



KESAR ENTERPRISES LIMITED

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CIN : L24116MH1933PLC001996

20th September, 2022

BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Scrip Code: 507180

Dear Sir,

Sub: Chairman Speech at 87th Annual General Meeting of the Company.

Please find attached herewith a copy of the Chairman Speech as delivered at 87th Annual General Meeting of the Company held on Tuesday, 20th September, 2022 through Video Conference/ Other Audio-Visual Means. The same is also available on the website of the Company.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,
For Kesar Enterprises Ltd.

Gaurav Sharma
Company Secretary & General Manager (Legal)



CHAIRMAN SPEECH (87TH AGM)

Dear Members,

Welcome to the 87th Annual General Meeting of the Company. On behalf of the Board of Directors, I thank you all for taking the time out to join us today.

Indian Sugar Industry:

As per the report of Indian Sugar Mills Association (ISMA), Sugar Production for SS 2021-22 (up to 15th July, 2022) was 353.69 lac tons (after diversion), which is expected to be 360 lac tons by end of the current season. Upto 10th July, 2022, the total contracted quantity of ethanol is 444.42 crore litres. Out of this, 362.16 cr ltrs is from the sugar industry, which translates into diversion of about 34 lac tons of sugar into ethanol.

India's sugar consumption is set to hit a record high by nearly 3% from a year ago to an all-time high of 27.2 million tonnes in the current summer season as demand from bulk consumers such as cold drink and ice cream-makers rises after the lifting of COVID-19 restrictions.

The government has notified capping of sugar exports to 10 million tonnes in the ongoing 2021-22 marketing year (October-September), so as to ensure enough domestic availability of sugar during the festival season in October-November, which is also the beginning of the new sugar marketing year.

Operational performance:

Sugar Division

During the season 2021-22, the plant crushed 115.39 lakh quintals of sugarcane as against 115.90 lakh quintals in the previous season. The crushing was slightly lower by 0.51 lakh quintals during the season as compared to the last season, because crushing for the Season 2021-22 started 8 days later, due to heavy rains in the third week of October 2021, when compared to the previous session.

The overall sugar recovery was 10.49% as against 11.01% in the previous season. The fall in recovery was a common phenomenon experienced by all sugar factories in the State of UP, during this season. During the season, the sugar production was 12.10 lakh quintals, as against 12.76 lakh quintals in the previous season.

The Central Government has recently announced the Fair and Remunerative Price (FRP) of sugarcane for sugar season 2022-23 (October-September). The FRP of sugarcane has been fixed at Rs 305/- a quintal for a basic recovery rate of 10.25% with a premium of Rs. 3.05 a quintal for each 0.1% increase in recovery over and above 10.25% for sugar season 2022-23 as against FRP of Rs. 290/- a quintal for a basic recovery rate of 10.00% with a premium of Rs. 2.90 a quintal for each 0.1% increase in recovery over and above 10.00% for sugar season 2021-22. Further, during the year, the UP Government had also increased their State Advised Price (SAP) of Sugarcane to Rs. 340/- a quintal for normal variety and to Rs. 350/- a quintal for early variety for sugar season 2021-22 from Rs. 315/- a quintal and Rs. 325/- a quintal respectively for sugar season 2020-21.

During the year, there was a moderate increase in the sugar selling price, as compared to previous year. However, the increase in the sugar realisation is much lower than the impact of increase in the cane price. Even the fall in sugar recovery % over previous year also had an adverse impact on the overall cost of production of sugar. The Central Government also has not raised the Minimum Selling Price (MSP) of sugar since 2019, although the industry has been requesting the Government to do so inspite of increase in the FRP 3 times.

Power Division

The Plant generated 1.33 lakh MW power as against 1.61 lakh MW power in the previous Season.



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The total power exported to the grid of Uttar Pradesh Power Corporation Limited (UPPCL) was 0.86 lakh MW amounting to Rs. 31.66 crores as against 1.09 lakh MW amounting to Rs. 40.97 crores in the previous Season. This season, it was strategically planned to stop the power plant immediately after the closure of sugar plant operations and not to run the power plant during off-season, on account of reduced power tariff with effect from 01st April, 2022 by UPPCL, making the selling of power unviable.

Spirits Division

During the year, the Distillery plant was operated under lesser capacity of 30 KLPD, as per the guidelines of Pollution Control Board till middle of February 2022. Although, the required incineration boiler was installed and put into use during October, 2021, the full capacity operation was restricted till permission was obtained from Central Pollution Control Board during February, 2022 and since then, the plant is operating under full present capacity of 45 KLPD.

With respect to Ethanol supply, the Company has restricted sales to the extent of honouring its commitments to supply for the Ethanol year ended on 30th November, 2021. The Company has decided to supply RS / SDS directly in the open market. Between December, 2021 to present, the Company has managed to supply RS at a better sale price than that being fetched by Ethanol. The rate for ethanol from C-heavy molasses was increased to Rs 46.66 per litre from Rs 45.69 per litre, that of ethanol from B-heavy to Rs 59.08 per litre from Rs 57.61 per litre and that of ethanol from sugarcane juice to Rs 63.45 per litre from Rs 62.65 per litre.

Financial Performance:

During the financial year 2021-22, the Company achieved Revenue from Operations of Rs. 46,917.19 Lakhs as against Rs. 54,745.92 Lakhs in the year 2020-21.

The Company generated EBIDTA of Rs. 1,536.87 lakhs during F.Y. 2021-22 as against Rs. 13,607.75 lakhs last year. In previous year, EBIDTA was higher due to substantial increase in other income arising out of write back of Rs. 5,474.12 lakhs towards principal Loan amount and Rs. 4,818.51 lakhs towards Interest consequent upon One Time Settlement (OTS) entered into with Indian Bank (erstwhile Allahabad Bank).

Outlook for 2021-22:

During the Financial Year 2022-23, the sugar price is expected to be steady due to expected reasonable level of closing stock of sugar. This may result into the Company generating better operational margin gradually. The industry outlook is positive in the short term and long term with sugar prices expected to be stable as there is lot of focus on reducing / curtailing sugar production, and to manufacture Ethanol directly from sugar syrup, besides diverting from C Heavy to B Heavy molasses, in addition to the focus on Exports.

The Company is planning to enhance the capacity of the Distillery to 80 KLPD; after which, the company is hopeful of a better performance of its Spirits division.

Acknowledgements:

We thank our employees, customers, vendors and members for their continuous support. We also thank the Government of India and the State Government and concerned Government departments and agencies for their co-operation.

Thank you.

Harsh R Kilachand
Chairman & Managing Director