



# KESAR ENTERPRISES LIMITED

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CIN : L24116MH1933PLC001996

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22<sup>nd</sup> August, 2024

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

**Scrip Code: 507180**

Dear Sir,

**Sub: Chairman Speech at 89th Annual General Meeting of the Company**

Please find attached herewith a copy of the Chairman Speech as delivered at 89th Annual General Meeting of the Company held on Thursday, 22nd August, 2024 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 Limited**

**Gaurav Sharma**  
**Company Secretary &**  
**Assistant Vice President (Legal & HR)**

## KESAR ENTERPRISES LIMITED

### CHAIRMAN SPEECH (89<sup>TH</sup> AGM)

Dear Members,

Welcome to the 89th 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:**

Sugar production in the season 2023-24 is 330 Lakh Tons, which is slightly higher than 324.30 Lakh Tons in the previous season, the sugar recovery is higher. Maharashtra is the leading producer of sugar in the current season, followed by Uttar Pradesh and Karnataka.

This year, the sugarcane production was marginally less than the previous year, because of lesser yield. However, the sugar production has been higher to the extent of around 6 L MT due to higher recovery.

The Indian Sugar Mills Association (ISMA) has requested the government to allow export of 10 lakh tonne of sugar in the 2023-24 season, anticipating a healthy closing stock by the season-end. However, the Government has ruled out the possibility of allowing sugar exports in the current 2023-24 season ending October.

In an effort to achieve a 20 percent blending target by 2025-26, the Centre is mulling a revision in ethanol prices for the upcoming season starting November 2024 to incentivise production. The government sees the ethanol blending program as a key to meeting its green energy commitments and improving the financial health of sugar mills. Ethanol blending in India has reached 13.3 percent by July of the current season 2023-24, up from 12.6 per cent during the 2022-23 season. The country's total ethanol production capacity currently stands at 1,589 crore litres. Oil marketing companies purchased 505 crore litres of ethanol for blending purposes during 2023-24 season.

#### **Company's Operational performance:**

##### **Sugar Division**

During the season 2023-24, the plant has crushed 94.24 lakh quintals of sugarcane as against 115.99 lakh quintals in the previous season. The overall sugar recovery was 10.81%, as against 10.49% in the previous season. Also, there was a considerable reduction in the cane area due to diversion of some area to the neighbouring factories by the cane authorities, due to delayed cane price payment. The reduction in the cane crush is mainly due to lower yield of cane per hectare as compared to previous years; this has been a common factor for all the sugar units in the State of Uttar Pradesh, especially in Central and Eastern part of the State. This season, the sugar production was 10.18 lakh quintals, as against 12.16 lakh quintals in the previous season.

Due to the system of adopting cane price payments based on State Advisory Price (SAP), in the State of UP, the Company has been compelled to pay a higher price for cane as compared to the factories that are able to adopt the Fair and Remunerative Price (FRP) based cane price. SAP fixed for SS 2023-24 was Rs. 370 per quintal for early variety and Rs. 360 for general variety as against Rs. 350 per quintal and Rs. 340 per quintal respectively for SS 2022-23.



During the year under review, there is an increase in the sugar selling price, as compared to the previous year. However, the increase in the sugar realisation is not in line with the increase of SAP announced by the UP State Government. The Central Government has not approved an increase in the Minimum Selling Price (MSP) for sugar for the last 5 years.

The molasses produced was 4.20 lakh quintals as against 5.28 lakh quintals in the previous season. The UP Government had announced the Molasses Policy for 2023-24 (November-October), wherein the molasses reservation ratio for the country liquor manufacturers had been increased to 26.18% as against revised order of 20.00% for the previous season.

### **Power Division**

The Plant consumed 2.44 Lakh MT of bagasse and 0.16 Lakh MT of alternate fuel to generate 1.17 Lakh MW power as against 2.82 lakh MT of bagasse and 0.39 lakh MT of alternate fuel to generate 1.39 Lakh MW power in the previous Season. The total power exported to Uttar Pradesh Power Corporation Limited (UPPCL) was 0.76 lakh MW amounting to Rs. 26.50 Crores as against 0.94 lakh MW amounting to Rs. 30.70 Crores in the previous Season.

### **Spirits Division**

During the year, Distillery plant was operated at its full capacity of 45 KLPD, as per the guidelines of Pollution Control Board (PCB).

With a view to capitalise change in the market scenario, the Company has not offered any quantity of Ethanol to Oil Marketing Companies (OMCs) and has decided to supply RS / SDS directly in the open market. However, even the RS / SDS market has not picked up in terms of the rates offered by major players who were our customers all these years. The maximum price that they could offer is only Rs. 45 per BL of SDS as against our previous year's average realisation of Rs. 52.90 per BL. After evaluating the profitability scenario of distillery operations, and in view of cost of producing RS / SDS vis-à-vis sales realisation, it was decided to discontinue production of RS / SDS also from the month of Feb 2024 and hence we have stopped the distillery plant operations from 22nd Feb 2024, after producing around 43 Lakh BL of RS during this SS 2023-24. It was also decided to sell the balance of 1.20 Lakh quintals of free sale C molasses in the market directly, which will relatively increase the profitability for the company as a whole.

### **Financial Performance (F.Y. 2023-24):**

For the Financial Year 2023-24, Revenue from total operations is Rs. 53,105.61 lakhs against revenue from operations of Rs. 55,276.04 in the previous year. Reduction in revenue from operations is on account of lesser availability of sugarcane, lesser sugar sale and reduction in sale of the other by-products.

For the Financial Year 2023-24, there is a profit of Rs. 8358.81 lakhs as against a loss of Rs. 4,405.58 lakhs in the previous year. After taking into account the effect of other Comprehensive Income based on Ind-AS norms, there is a profit of Rs. 8768.05 lakhs for the Financial Year 2023-24 as against a loss of Rs. 4,484.18 lakhs in the previous year. Increase in profit is majorly on account of increase in other income due to write back of the earlier years' provision of liability of Rs. 9113.77 Lakhs on account of One Time Settlement with UCO Bank. The last instalment of the said OTS was due in March 2024, which has been paid on time. With the payment of last instalment, the Company has fully complied with all terms and conditions of the OTS. The Company is also in the process of restructuring / settlement with other lenders, which is expected to be closed shortly.



## **Outlook for 2024-25:**

During the Financial Year 2024-25, the overall crop condition looks good as of now and we expect comparatively better yield than last year. With regard to sugar price, it is expected to be steady due to expected lower level of opening stock of sugar, as well as the possibility of reduced availability of cane. This may result in the Company generating better operational margins gradually.

With the completion of installation of incineration boiler during the Financial Year 2021-22, the focus will now be on Distillery expansion project of installing a new 80 KLPD MPR plant. Although the original plan was to complete this 80 KLPD plant by September 2022, it got deferred due to certain factors. The Company will then start running the Distillery at its new capacity of 80 KLPD, which can go upto 96 KLPD with B Heavy molasses. With the higher sales revenue /margin from B Hy molasses, the Company is hopeful of a better performance of its Spirit division. Till such time, the Company may run its Distillery at 45 KLPD capacity. However, all these decisions will depend upon the required availability of funds for expansion as also the market scenario which is unpredictable.

## **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.

**Sd/-**

**Harsh R Kilachand**  
**Chairman & Managing Director**

## **CAUTIONARY STATEMENT**

*The above contains "forward looking statements" within the meaning of applicable laws, and regulations and is futuristic in nature. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward-looking statements. Investors are requested to make their own independent judgments before taking any investment decisions and the Company assumes no responsibility*

