



RAJSHREE SUGARS & CHEMICALS LIMITED

Registered Office: 'The Uffizi', 338/8, Avanashi Road, Peelamedu
Coimbatore 641 004.

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Transcript of the 37th Annual General meeting of Rajshree Sugars & Chemicals Limited

Ms. Rajshree Pathy

Good evening, ladies and gentlemen. Welcome to the 37th Annual General meeting held on the 30th August, 2023 at 4:00 PM at our registered office at 338/8, Avanashi Road, Peelamedu, Coimbatore. I am advised that the quorum is present and the meeting is called to order. Pursuant to various circulars issued by the Ministry of Corporate Affairs, this AGM is held through the two-way Video conferencing facility arranged with the National Securities Depository Limited (NSDL). I request all the directors present to introduce themselves by stating their name and place from where they are participating.

I am Rajshree Pathy, Chairperson participating from the registered office of the company at Coimbatore.

I am Varadarajan, Wholetime Director participating from the registered office of the company.

Krishnaswamy, Independent Director I am in Chennai. I am in my house. Nobody is with me.

I am Vasudevan, Independent Director joining this meeting from my residence in Chennai.

I am Sheilendra Bhansali, Independent Director. I have joined this meeting from my office at Coimbatore.

I'm Ilango, Independent Director, joining this meeting from my office in Coimbatore.

Thank you.

Statutory auditors, Secretarial auditor and Scrutinizer are also present.

I have satisfied myself that all efforts feasible under the circumstances and indeed been made by the company to enable members to participate and vote on the items being considered in this meeting. The Annual Report for the Financial year ended 31st March 2023, along with notice of AGM has already been circulated to the members only through emails registered with the company or with the depository. The said documents have also been uploaded on the websites of the company, NSDL and stock exchanges. Our company had also published a notice in the newspapers informing the members on the above.



I am pleased to deliver the Chairman's speech.

Ladies and gentlemen

I welcome you to the 37th Annual General Meeting of your Company. The notice convening the meeting has been with you for some time now and with your permission I shall take it as read.

The global economy has seen a recovery from effects of the COVID-19 pandemic though the geopolitical scene is still weighed down with uncertainty over Russia's invasion of Ukraine and China's aggressive posture in the South China Sea.

From the time the World Health Organization (WHO) announced in May-2023 that it no longer considers COVID-19 to be a "global health emergency", supply chains have largely recovered and shipping costs and suppliers' delivery times are regaining an even keel. But forces that hindered growth in 2022 persist. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity.

The International Monetary Fund's global growth is projected to fall from an estimated 3.5% in 2022 to 3% in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook, it remains weak by historical standards.

While the Reserve Bank of India estimates growth of Indian GDP at 6.5% for the financial year 2023-24, World Bank expects growth in India to slow down further to 6.3% in the financial year 2023-24. This is a 0.3% downward revision from the previous estimates of 6.6%.

Commodity inflation has been high on fears of supply shortage. The Government has introduced inflation control measures on the supply side in several sectors instead of depending only on monetary policies. From banning exports of non-parboiled rice to imposing export duty on export of parboiled rice and a floor price for export of basmati rice, to export duty on onions, the Government is micro-monitoring the supply side. They are also continually reviewing sugar production and stocks to decide on further exports.

The Sugar Industry

It is estimated that the sugar production for the sugar season 2022-23 would be 31.68 million tons, down by 4.08 million tons (after diversion to ethanol) from the previous year. Domestic consumption is estimated at 27.5 million tons compared to 27.33 million tons the previous year. With export of 6.15 million tons, the closing stock is estimated at 5.03 million tons against last years closing stock of 7 million tons. The reduced closing stock should have a positive support on domestic sugar prices in the coming year.

The sugarcane price has been revised upward marginally to Rs 3050 per ton for a base sugar recovery of 10.25% with a pro-rated discount for low recovery regions up to 9.5%. The Government continues with its aggressive ethanol blending program and has an ambitious plan to reach 20% blend even by 2025. The price incentive given for direct conversion of sugarcane juice and B-heavy molasses to ethanol will result in a reduction in sugar production and proportionately reduce sugar stocks.



Good monsoons in the previous season in Tamil Nadu have helped the state to renew agricultural operations with increased sugarcane production. The sugar production in Tamilnadu has improved from 12.39 lac tons in 2021-22 and the state may close the current season 2022-23 with an estimated sugar production of 15.4 lac tons.

Operations

Your Company has crushed 17.81 lakh tons of sugarcane during the financial year 2022-23 as against 12.78 lakh tons during the previous year. The Company has produced 1.58 lakh tons of sugar with an average recovery of 8.87% as against the production of 1.15 lakh tons with average recovery of 9.01% during the previous year.

Your Company has produced 223.35 lakh litres of Alcohol during the year under review against 160.03 lakh litres during the previous year.

The Company generated 2,042 lakh units of electricity against 1,535 lakh units during the previous year. After captive consumption the Company exported 1253 lakh units to the state grid.

Your Company recorded a total income of Rs.773.95 crores for the financial year 2022-23 as against Rs.479.37 crores in the previous financial year. Your Company has earned a net profit before tax of Rs.20.73 crores as against net loss before tax of Rs.2.60 crores in the previous year. The net loss after tax has been at Rs.8.97 crores as against the net loss after tax of Rs.3.18 crores the previous year. This is due to the Company restating Minimum Alternate Tax credit and Deferred Tax Asset.

Acknowledgements

I thank the lender banks, the central and state governments for their support. I am ever grateful to the sugarcane growers, business associates, employees and shareholders for their continued support.

Thank you.

Now the auditor's report does not contain any qualification, observations or comments.

4 shareholders have registered speakers address AGM. I request each shareholder to ask their queries on the annual report to be adopted at this meeting, within 3 minutes. Please be advised that any forward-looking queries will not be addressed as it may lead to speculation which is prohibited under SEBI (Prohibition of Insider Trading) Regulations, 2015. I request the Moderator of this AGM to enable the shareholders to speak at the following order based on the date of their registration.

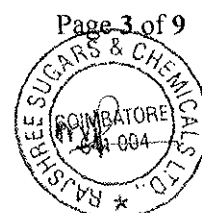
First, Mr. Sanjeev Damania.

Second, Mr. Kankanala Bharat Raj

3rd Mr. Atul Gadodia.

The final speaker will be Mr. Saket Kapoor.

I should respond at the end after hearing from all of you. Thank you.



Moderator

Mr. Sanjeev Damania, please go ahead, Sir. You can unmute yourself, start your video.

Mr. Sanjeev Damani

Namaskar and my respect for Chairperson, Madam Srimathi Raj Shreeji and Board of Directors and all the employees of the company. Really it has been a very good performance on operational side as well as on financial side and I only wish good luck for the next season as well. That rain God be kind on us and we continue to grow at this juncture while giving my appreciation and respect for all of you, I would just like to know if some statements can be made on the current prospect of the crop in our area and how the company is viewing our future. You have certain assets yet to be sold. Is it likely to be completed in the balance period of this financial year that is 23-24? Thank you very much and all the best wishes from my side.

MS. Rajshree Pathy

Thank you very much Sanjeev Ji, very kind of you to give us all your generous praise. We will move on to the second speaker.

Mr. Baratraj Kanakanala

Hello.

Moderator

Yes, Mr. Bharath Raj, please go ahead. Yeah.

Mr. Bharatraj Kanakanala

Very Good Afternoon, Madam Chairperson, Board of Directors and I am Bharat raj calling from Hyderabad. Madam, under your leadership the Company has done a wonderful performance and you have turned around our company to the next level. My share price has increased thereby my revenue has increased. What magic you have done, I don't know. But I believe your leadership has done this. At the end of the day, we are seeing the light of the tunnel. Madam. So, best wishes to you and your Board/ Team. Madam, I believe that in coming days we will receive dividends and also my shares would reach ₹ 100 and more than that Madam.

We expect the same results for current financial year also. One more request is that a plant visit may be arranged, if possible. I am satisfied with the Secretarial Department, Mr. Ponraj, sent me the entire annual report on time. I think our CFO is putting his efforts to make our company into the profit making. My best wishes to the entire Board of Director. All the best for coming years. God bless you all.

Ms. Rajshree Pathy

Thank you very much, Mr. Bharat Raj, thank you for all your best wishes to us. Thank you for



your support. Next Speaker Mr. Atul Gadodia please.

Mr. Jayakumar K

Madam, Mr. Atul Gadodia has not joined, so we can move on to the Next Speaker shareholder,

Ms. Rajshree Pathy

Mr. Saket Kapoor Thank you.

Mr. Saket Kapoor

Namaskar, Madam.

Mr. Jayakumar K

Yes Mr. Saket, please. Yeah, please go ahead

Mr. Saket Kapoor

Yes, Maam. Can you hear me now? Thank you. Yeah. Thank you for leading the company out of the woods. I remember Maam, my first interaction was at the EGM in 2020 December. At that time, we were seeking shareholders' approval for some preferential allotment and some conversion of debt. And from there to now in 2023, we have really turned things around and as you said that let Goddess Lakshmi blessings all with his showers. Going ahead also we can move along and tread along a trenchless path since we are in agriculture-based company.

Mam, you have very well-articulated earlier about the groundwater getting replenished and leading to better crops. So that has been the case over the last 2 years. So, taking into account the current state of the monsoon, what is your understanding about the crop and the yields going ahead. Also mam, what is our capex for capacity augmentation, operational and maintenance for the financial year 23-24 and what have been our Capex last year. On the interest cost, Mam, when is our next rating due and what is our cost of fund currently.

Mam, if you could throw some light on how the quarter one performance have been. Mam, we have been able to interact with you on an annual basis only and do consider providing us some more input on how the quarter has been once the figures are in the public domain. Hello. Yes, mam. I thought you were talking, so I just stopped thinking that you wanted to say something.

Ms.Rajshree Pathy:

I was just asking my team on the clarification for the points your are raising. You please go ahead.



Mr. Saket Kapoor

Yes mam, I would again. So, mam, my point was regarding the finance cost part, what is our current long-term debt, what is the working capital requirement and what are our current maturities for this year. Mam, I have earlier also requested you to provide some more inputs to your investors, post quarter or on a half yearly basis so that all the information are there in the public domain for the benefit of your investors and also for the investing community who want to get invested in Rajshree sugar going ahead. So, mam please do consider as many sugar companies do, go for conference call and press release post the numbers.

If you could provide us with how much is the ethanol production? What steps are you taking to increase ethanol production if any going ahead. Also mam currently FCI has banned rice supply to the grain-based distilleries that have been set up in a big way across the country and I think ethanol prices have moved up by Rs.10 to Rs.12 per litre last month. So, if you could just articulate to us how is that going to benefit our Company. All these information are there in public domain and it is only for you Mam to articulate for us to how should we read them. Since you have very categorically mentioned in your opening remark we will not seek any forward looking details but the prices of ethanol there is in public domain and FCI banning the grain-based is in the public domain. Some distilleries have been closed. So, what is the impact on our molasses-based distillery, if you could give some understanding Madam.

This this being the only medium for us to interact and this is my 5th appearance to interact with You mam. I congratulate you also mam first time you are in India to participate in the AGM all the other time you have been in Singapore so this is the first time you are also here. With now Covid factors waning away and if time permits, next month I had a scheduled trip to Coimbatore. If I get an opportunity to interact and meet the Management that would be good gesture on their part. So let me know Mam and if there is any follow up, please do provide us with the follow up opportunity also. So, I conclude my remarks, Mam. Thank you.

Ms. Rajshree Pathy

Thank you very much Mr. Kapoor. So, I will now first consolidate my responses. First of all thank you so much for all your nice words. As you know, we have come out of very difficult period of long drawn drought in Tamil Nadu and with the all gratitude to God, supporters, lenders, our farmers and most of all to the leadership at every level at Rajshree Sugars and our team has been absolutely amazing in the way we have come out and produced the results that you are seeing now. And my gratitude for the support of all the shareholders. Thank you very much.

So, Mr. Damania asked to know about the statement of the current prospects of the crop. Let me say that we are increasing our cane planting and it is coming back to the optimal levels. Our Capacity utilization is growing and we are making every endeavor to increase the planting as the water bodies in our areas looking very replenished. We are very confident that this trajectory of increased cane planting thereby leading to higher cane crushing and which is happening, so, I should say that you know things are looking very positive for us. Now, regarding the assets that still required to be sold as part of our restructuring plan, you will note that most of the bulk sale

has already happened and we have brought down the debt by about Rs.100 crores already and what is remaining is not that much. But we are making every endeavor and progress to complete this during the financial year.

Again, Mr. Bharat Raj, thank you very much. You know you have said only very encouraging things and I am very happy that you are satisfied with the performance of the company.

Mr. Kapoor, thank you. You have been consistently speaking to us from 2020 and yes, we have great pleasure to meet with you at some mutual convenient time. It can be arranged during your visit to Coimbatore and we welcome you to our registered office. You had given a long list of queries that you like us to respond to. First of all, the ground water has been replenished and we are looking forward to the next monsoon. We are confident that we have adequate water now to take care of our existing crop which is still on the ground and also for enhancing the further cane planting and we are monitoring this on weekly basis and we feel very confident about it. We are getting sporadic rainfall in Tamil Nadu and we hope to have a very good North East monsoon. So, we are quite confident about it. The yield has been going up, it was about 30 tonnes per acre. Now we it has increased almost 40-42 tonnes in some areas and we are very hopeful that it will be maintained at this level if not go higher.

Regarding the Capex questions, I will ask Mr. Varadarajan, our Wholetime Director, who handles all the Capex details and we are very happy to give you those details. Regarding the quarter prospects, yes, it's all out in the public domain and as you see results have been good and again, I will ask Mr. Varadarajan to detail about the financial cost and the working capital term loan, all the things that you have asked. DIN:

I will address the question on the grain based alcohol as well. First of all, in Tamil Nadu, grain based distilleries are not encouraged because we do not have that level, that amount of grain produced and growing in Tamil Nadu itself as a state. And therefore it doesn't become financially feasible for Tamil Nadu to go for grain based investments, grain-based distilleries. So as far as we are concerned, we looked at it, we did a study of it and then we put it on the back burner because it doesn't make any financial sense.

On ethanol, we are nearly running to full capacity from our molasses and from time to time we also purchase molasses from neighboring states to add to our capacities. However, in Tamil Nadu, the extra neutral alcohol (ENA) have been consistently giving us very high prices because the market and the consumption of potable alcohol. The potable alcohol distilleries in Tamil Nadu are purchasing a lot of ENA from Tamil Nadu distillers and also importing them. So, we are selling more on the ENA side than on the ethanol currently. However, we do keep our commitment to the central government and the world in the whole green energy commitment and producing ethanol.

I will ask Mr. Varadarajan to address many other questions on the Capex, the financial cost, all of those things. I will hand over to Mr. Varadarajan.

Mr. R. Varadarajan

Thank you, Madam Chairperson, I would just like to add a few points to the question of the ethanol which the chairperson was addressing. We produce ethanol even from cane Juice in one

of our plants, but in smaller quantities because as she rightly pointed out, we make better prices in Tamil Nadu from potable alcohol currently. When the states total production of sugarcane comes back to its full normalcy, then yes, we will be having much more molasses which we would be able to divert to the ethanol program.

In so far as the maintenance Capex is concerned, we are maintaining it right at low level. The last financial year we have recorded at Rs.3.38 crores because we have been trying to renew as much equipment as possible. And obviously we are not expanding any capacities right now because we wanted to first get our capacity utilization back to normal before we even think of any further Capex, which we do not anticipate at this point of time.

Insofar as the loan book you are asking, Mr.Saket, it has come down in the financial year 22-23 ending to Rs.400 crores and at the time of restructuring it was at about Rs.500 crores. So, we have come down to 400 crores now. So that's good 20% reduction and the finance costs for the financial year ending 23 is around Rs.14 crores, because MCLR keeps rising and that will entirely depend upon the monetary policies of the Reserve Bank of India and that affects all industries in India, because all-lending today is linked to MCLR. So therefore, we only hope that we are able to contain inflation, because only then RBI is likely to hold these rates, at least we are happy that the last 2 quarters, the Monetary Policy Committee did not increase the repo rate. So, at least it's not gone up further than that.

You had one other question regarding whether the diversion to grain based alcohol and whether it has any disruption because of the short supply of rice, yes, to a certain extent yes, because that gap has to be borne by other sectors. The government is currently trying to promote the use of corn i.e. maize much more than rice. All these days we were using rice because we had surplus. But this year you would appreciate that we have banned export of rice, because we feel that commodity prices were heating up in this country in an election year. Obviously, the government would also strive to maintain the consumer support. The government is now clearly pushing the production of maize. But the point is the ethanol blending policy is gaining strength. You would notice that even yesterday the Minister of Road Transport Mr.Nitin Gadkari released the world's first 100% Flexible fuel engine with electric hybrid variety that is Innova Hycross. All these days Innova Hycross was running as a strong hybrid with an IC engine with the internal combustion engine. Yesterday they have released it as a fully flexible fuel engine which means it can take 100% petrol or it can take 100% alcohol or any ratio in between. That is something which is the future because this will drive much of the developing technology in this country. So, the ethanol blending program is on a very strong footing in this country. So I would only say that the industry will continue to grow on this foundation. Thank you!

Ms. Rajshree Pathy

I hope we have answered most of the queries and you are satisfied with it. Anything further.

Mr. R. Varadarajan

You can always send us an email and we will respond to it on our website so that as it will be available to the knowledge of all the shareholders.



Ms. Rajshree Pathy

But once again thank you for all your support and all your kind words.

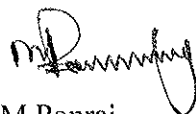
As per the provisions of the Companies Act 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company had made arrangements for remote e-voting by entering into an agreement with NSDL. The remote e-voting had commenced on 27th August 2023 at 9 AM and ended at 5 PM on 29th August 2023 Mr. B.Krishnamoorthi, Practicing Chartered Accountant, who was the scrutinizer for the remote e-voting will also act as the scrutinizer for the e-voting process at the AGM.

The resolutions along with explanatory statements have already been circulated to the members by e-mail, which explains the objectives and implications of each of the resolutions placed for voting. I request the members, who have not already voted through remote e-voting system, to cast their votes through the e-voting access which will be available on this portal for a further 30 minutes and the meeting will be treated as closed after completion of the voting.

The results of voting on the resolutions shall be declared within 2 days of conclusion of this meeting. The results declared along with the Scrutinizer's report shall be placed on the Company's website & Notice Board at the Registered office and on the website of NSDL for the information of the members and will also be communicated to the Stock Exchanges.

Namaskar !

For and on behalf of
RAJSHREE SUGARS & CHEMICALS LIMITED



M.Ponraj
Company Secretary
ICSI Membership No.A29858

