

Speech of Chairman  
at the 88th Annual General Meeting of  
SIR SHADI LAL ENTERPRISES LIMITED

held on Monday, 26th September, 2022 by Video Conferencing

Ladies and Gentlemen,

I, along with my colleagues on the Board, have great pleasure in welcoming you to the 88th Annual General Meeting of your Company.

The Notice convening this meeting, Report of the Board of Directors and the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2022 have been with you for some time and with your permission, I shall take them as read.

**OUTLOOK AND CHALLENGES BEFORE THE SUGAR INDUSTRY**

As per the Indian Sugar Mills Association (ISMA), the sugar production in 2022-23 is estimated at 355 lakh tonnes as against 360 lakh tonnes in the current marketing year ending September.

Net sugar production before considering diversion towards ethanol is estimated to be higher at 399.97 lakh tonnes in 2022-23 as against 394 lakh tonnes in the current 2021-22 marketing year.

ISMA estimates that the diversion of cane juice and B-molasses to ethanol will reduce sugar production by about 45 lakh tonnes in the next marketing year. In the current 2021-22 marketing year, about 34 lakh tonnes diversion has been estimated.

The annual domestic demand is seen at around 275 lakh tonnes in the 2022-23, which will leave a surplus of about 80 lakh tonnes for exports.

The government had restricted the export of sugar to 100 lakh tonnes in the current 2021-22 season but later allowed shipment of 12 lakh tonnes taking total sugar export to 112 lakh tonnes on better demand for the Indian sweetener from Indian sub-continent, Middle East and Indonesia. After exports, it is estimated that there will be a closing balance of 6.1 Million Metric Tonnes at the end of the sugar season on 30th September 2022. India has had an opening balance of sugar between 8-10 million tonne in past few years, however, it is expected to be 6 million tonne in the 2022-23 season.

The sugar diverted for ethanol production will also be increased to 45 lakh tonnes in 2022-23 as against 34 lakh tonnes in 2021-22 which indicates that the actual sugar production in 2022-23 will be 355 lakh tonnes. Given that domestic sugar consumption is around 275 lakh tonnes, to maintain the optimum balance of sugar stocks, the industry is hoping to export at least 80 lakh tonnes of surplus sugar. The industry is expecting the government to come out with a new export policy for the ensuing season soon.

## **AN OVERVIEW OF COMPANY**

At present your Company's operations are broadly divided into two business segments i.e. "Sugar" and "Alcohol."

1. The Company registered a total revenue from operation amounting Rs. 470.30 Crore as against Rs. 551.41 Crore last year and incurred net loss of Rs. 15.56 crore as compared to Rs. 14.11 Crore in the previous year.
2. The Company is taking steps to reduce Fixed Cost and is making efforts to improve the operational efficiencies both in the sugar and distillery business
3. At the overall level notwithstanding adverse Business Situation the Company has been able to deliver reasonable Performance.
4. In the crushing season 2021-22, the factory crushed 107.50 lac/ quintals of cane at an average recovery of 9.63% producing 10.35 lac / quintals of Sugar in 190 days of working.
5. During the financial year 2021-22, the distillery produced 119.38 lac/ BL of Rectified Spirit (RS) (last year 167.35 lac / BL). During the year 2021-22, fermentation efficiency was 89.05% (last year 89.05), distillation efficiency was 98.57 % (last year 98.57 %). During the year 2021-22, the recovery from B Heavy Molasses was 27.94 AL/ quintal and from C Heavy Molasses 21.21 AL/ quintal (last year 21.48 AL/ quintal from C Heavy). During the year 2021-22 Distillery unit earned profit of Rs. 498.46 lacs. (last year profit Rs. 1665.54 lacs). The lower production has been on account of late start of the distillery plant, post expansion.
- 7 Company had paid all Cane dues of Sugar Season 2020-21 and also paid Rs.18014.82 Lakh out of cane dues of Rs. 37482.92 of the Sugar season 2021-22 as on 23.09.2022 and we hope that we will pay all the Cane dues soon.

## **FUTURE PLAN OF ACTION**

### **Distillery Unit**

We had expanded the capacity of our Distillery Unit from existing 70 KLPD to 100 KLPD. and also installed Incineration Boiler to comply with the pollution norms. Presently, company is facing shortage of molasses and efforts are being made to procure the same from alternative sources.

### **Sugar unit**

We are working on various options for improving the operational efficiencies and improving the capacity utilization of the plant to improve the overall performance which is expected to lower the production cost and thereby improve the margins.

Before I conclude, I take this opportunity to convey my sincere thanks and gratitude to my colleagues on the Board and to our Shareholders, Business Associates, Officers, Staff, Workers, Bankers, Financial Institutions and all other Government Departments for their co-operation and support to your company throughout the year.  
Thank you once again for your support.

This does not purport to be record of the proceedings of the Annual General Meeting of the Company.