

## Financial Review

(₹ in lakhs)

Description	2021-22	2020-21	Change %
Income from operations (Gross)	467744	469321	0%
Excise Duty on Alcoholic Beverages	40310	2918	
Income from operations (Net)	427434	466403	-8%
<b>EBITDA</b>	<b>66018</b>	<b>58423</b>	<b>13%</b>
Depreciation & Amortisation	8074	7909	2%
Finance Cost	4948	5144	-4%
<b>Profit Before Exceptional/Non-recurring items &amp; Tax</b>	<b>52996</b>	<b>45370</b>	<b>17%</b>
Exceptional income / (expenses)	-999	-2183	
Tax	13780	15856	-13%
<b>Profit After Tax</b>	<b>38217</b>	<b>27331</b>	<b>40%</b>
Other Comprehensive income	123	-29	-
<b>Total Comprehensive income</b>	<b>38339</b>	<b>27302</b>	<b>40%</b>

There is a decline of 8% in the net turnover during the year. The turnover of all the businesses improved over the previous year except for Sugar Business, wherein the turnover declined by 15% due to 23% lower sugar despatches and also because no exports took place for the SS 2021-22. However, the impact of lower despatches was somewhat mitigated due to the higher realisation price of 7%.

Despite the lower turnover, the Company achieved a higher PBT (Profit before Tax) before exceptional items by 17% in the current year. All the businesses have reported higher segment profits, except for the Water Business where there is a marginal decline.

Finance cost during the year is 20% lower than the previous year (without considering buffer stock subsidies of ₹ 10.55 crore received in the previous year), mainly due to lower utilisation of term loans by 28% and lower cost of funds by 105 basis points. Further, despite faster cane price payment in SS 2021-22, average working capital utilisation is marginally lower by 2% due to better inventory management, realisation of subsidies and faster receipt of power dues from UPPCL.

Exceptional items comprise an impairment provision in respect of consideration receivable towards divestment of investments in the erstwhile associate company, Aqwise Wise Water Technologies Ltd. This is in addition to the impairment provision of ₹ 23.20 crore made in the previous year.

Tax charge for the year includes ₹ 8.86 crore pertaining to the financial year 2020-21, representing lapse of certain tax benefits in view of the decision of the Company to opt for the lower tax rates prescribed under section 115BAA with effect from FY 21. The effective tax rate during the year is 24.8% as against 34.9% in the previous year. Accordingly, profit after tax is 40% higher at ₹ 382.17 crore.

### RAW MATERIAL AND MANUFACTURING EXPENSES

(₹ in lakhs)

Description	2021-22	2020-21	Change %
Cost of material consumed	314093	323693	-3%
Percentage to net sales	73%	69%	
Manufacturing expenses	31557	24892	27%
Percentage to net sales	7%	5%	

During the year, sugarcane price has increased by ₹ 250/MT for the SS 2021-22 and despite such increases, Raw Material cost is 3% lower due to 9% lower sugarcane crush, primarily due to late start of SS 2021-22 and lower crush in the terminal part of SS 20-21 falling in the current year.

Manufacturing expenses have increased by 27% due to higher turnover in engineering business, additional activities in Alcoholic Beverages and higher charge of offseason expenses in the sugar operations. In the previous year, the manufacturing expenses of sugar operations were lower due to the production of raw sugar which requires lower process cost.

Further, in sugar business as well as in distillery, manufacturing costs are directly linked to the production rather than to the sales.

### PERSONNEL COST, ADMINISTRATION EXPENSES AND SELLING EXPENSES

Description	₹ in lakhs		
	2021-22	2020-21	Change %
Personnel cost	30123	27006	12%
Percentage to net sales	7%	6%	
Administration	14059	9450	49%
Percentage to net sales	3%	2%	
Selling expenses	3704	6455	-43%
Percentage to net sales	1%	1%	

The increase in personnel cost is due to normal annual salary increase and a provision of ₹ 9 crore made towards wage arrears relating to wage board employees of certain sugar units, pending final notification.

The increase in Administrative expenses is mainly due to higher impairment loss, higher CSR obligation, sugar export expenses pertaining to the previous season, and higher warranty expenses. Further, other expenses are higher than previous year levels which were depressed due to COVID-19 related restrictions.

Selling expenses include transport logistics cost of ₹ 35.41 crore in the previous year related to the export of sugar. However, it is considerably lower at ₹ 6.32 crore in FY 22 as no exports took place in respect of the sugar produced in the SS 2021-22.

### SEGMENT ANALYSIS

Description	Revenue (Net)			PBIT*		
	2021-22	2020-21	Change %	2021-22	2020-21	Change %
	₹ in lakhs					
Business Segments						
- Sugar	414236	457769	-10%	53587	47555	13%
- Engineering	43824	38068	15%	8147	5975	36%
- Others	13582	7144	90%	-453	-45	
Unallocated/inter unit adjustment	-44208	-36578	-21%	-3338	-2971	-12%
Total	427434	466403	-8%	57943	50514	15%

\*Before exceptional items

The Company has two major business segments - Sugar and Engineering. Sugar business comprises sugar manufacturing operations across 7 Sugar mills, 03 independent Co-generation plants located at two of its Sugar mills, 03 incidental cogeneration facilities at three of its sugar mills and two Distillery units, all located in the State of U.P. Further, Distillery also includes production of alcoholic beverages. Co-generation plants and Distillery units source captive raw materials, namely, bagasse and molasses respectively, from the sugar mills. Engineering business comprises Power Transmission manufacturing facilities at Mysuru and Water and Waste Water Treatment business operating from Noida, UP.

### SUGAR BUSINESS SEGMENTS

#### Sugar Operations

Description	₹ in lakhs		
	FY 2021-22	FY 2020-21	Change %
Turnover	341147	399476	-15%
Power exported to UPPCL (including incidental)	6238	6835	-9%
PBIT (Segment Profit)	38651	37450	3%
PBIT/Turnover (%)	11%	9%	
Cane crush (MT)	8251773	9049439	-9%
Recovery % Gross	11.78%	11.80%	(2 basis points)
Recovery % (net of sugar diverted in BHM*)	10.73%	11.12%	(39 basis points)
Production of sugar (MT)	887373	1007299	-12%
<b>Volume of sugar sold (MT)</b>			
Domestic	806093	879568	-8%
Export	38066	223665	-83%
Total	844159	1103233	-23%
<b>Average sugar realisation price (₹/MT)</b>			
Domestic	35020	32703	7%
Export (Ex-mill price excluding subsidies)	25785	24381	6%
Average	34604	31016	12%

(\*) B- heavy molasses

Crush during the year is lower due to late start of SS 2021-22 and lower crush in the terminal part of SS 2020-21 falling in the current year and also there was a general trend of lower yields. The turnover in Sugar is lower by 15% due to lower sugar despatches by 23% or 259074 MT (including lower export by 185599 MT), partly offset by improved sugar prices.

Segment profit during the year has increased by 3% due to higher sugar realisation price and receipt of export subsidies of ₹ 57 crore pertaining to the previous year post fulfilment of the prescribed conditions.

### Distillery Operations

Description	(₹ in lakhs)		
	2021-22	2020-21	Change %
Gross Turnover	107161	54376	97%
Excise duty on Alcobev	40310	2918	
Net Turnover	66851	51458	30%
PBIT	14936	10105	48%
PBIT/Net Turnover (%)	22%	20%	
Operating days	319	329	-3%
Production (KL)	107604	107027	1%
% Production from B-Heavy Molasses	83%	56%	
Total Sales Volume (KL)	117837	103637	14%
% Ethanol to total sales volume	90%	92%	
% Ethanol sales produced from B- heavy molasses	83%	55%	
Avg. realisation price of alcohol ₹ /litre	54.13	48.90	11%

The turnover in Distillery operations is higher than the previous year due to higher despatches by 14% (142 lakh litre) and higher realisation price by 11% due to increase in the average sale price and product mix. Further, the net turnover of the Distillery segment includes turnover for Alcoholic Beverage at ₹ 40.91 crore as against ₹ 2.81 crore during the previous year (the plant was commissioned in December '20).

The profitability in distillery business is higher mainly due to higher turnover by 30% and increased margins on account of operational efficiencies and increase in output prices.

As at end of FY 22, the distillation capacity was 320 KLPD and the third distillery of 160 KLPD was commissioned subsequent to the year in April 2022, at the sugar unit at Milak Narayanpur. This distillery is multi-feed and can utilise feedstocks, such as, sugarcane juice/grain along with B-heavy molasses, to produce ethanol. The capacity of the existing distillery at Sabitgarh has also been enhanced from 160 KLPD to 200 KLPD. Thus the current capacity of the Company is 520 KLPD. With the imminent commissioning of the 60 KLPD grain-based distillery at the existing distillery complex at Muzaffarnagar, the total installed capacity will

increase to 580 KLPD, and the Company plans to further increase it to 660 KLPD by July 2022.

### ENGINEERING BUSINESS SEGMENT

#### Power Transmission Business (PTB)

Description	(₹ in lakhs)		
	2021-22	2020-21	Change %
Turnover	18463	13008	42%
PBIT (Segment Profit)	6416	4091	57%
PBIT/Turnover (%)	35%	31%	

The business has performed well – both in terms of turnover and the profitability. There is a significant improvement in the performance over the previous year, which is also because the performance of the previous year was impacted by the pandemic and the restrictions imposed. The turnover during the year has increased by 20% and PBIT by 32% even over FY 20 (pre-COVID-19 levels).

Orders of ₹ 251.04 crore have been received during the year as against ₹ 157.76 crore received last year. The outstanding order book as on March 31, 2022 stands at ₹ 221.34 crore, including orders of ₹ 97.65 crore executable beyond FY 2022-23.

**Water and Waste Water Treatment Business**

(₹ in lakhs)

Description	Standalone			Consolidated		
	2021-22	2020-21	Change %	2021-22	2020-21	Change %
Turnover	25361	25060	1%	27022	26074	4%
PBIT	1731	1884	-8%	3102	2674	16%
PBIT/Turnover (%)	7%	8%		11%	10%	

The consolidated results include financial results of the wholly owned subsidiary, Mathura Wastewater Management Private Limited (MWMPL) & Pali ZLD Pvt. Ltd. MWMPL is engaged in the execution of a project awarded by National Mission of Clean Ganga (NMCG) under Namami Gange programme for the city of Mathura, UP, and Pali is executing a project in Pali (Rajasthan) for a cluster of printing and dyeing units.

The turnover of WBG has marginally increased by 1% to ₹ 253.61 crore but its segment profit has declined marginally from ₹ 18.84 crore in FY 2020-21 to ₹ 17.31 crore in the current year.

During the year, EPC orders of ₹ 333.45 crore have been received by the Company. The Company is bidding for many projects and expects to secure orders of significant amounts. Orders in hand at the year-end are at ₹ 1512.81 crore (including long term O&M contracts of ₹ 939.92 crore).

**REVIEW OF BALANCE SHEET**

Major changes in the Balance Sheet items are explained as hereunder:

**NON-CURRENT ASSETS**
**Property Plant and equipment**

During the year, there have been additions to the extent of ₹ 81.43 crore. Additions of around ₹ 62.51 crore (including ₹ 23 crore for construction of sugar godowns) have taken place in the Sugar segment and ₹ 10.62 crore (including ₹ 6 crore pertaining to expansion of bottling plant facilities for alcoholic beverages) in the Distillery segment.

**Capital work-in progress**

The Capital work-in-progress of ₹ 256.53 crore mainly comprises expenditure of ₹ 236 crore relating to new distilleries - 160 KLD distillery at Milak Narayanpur & 60 KLD grain-based distillery at Muzaffarnagar.

**Investments in subsidiaries and Associates**

Investments are higher at ₹ 52.84 crore as on March 31, 2022 as compared to ₹ 41.95 crore as on March 31, 2021 mainly due to investment of ₹ 9 crore in the new subsidiary formed namely PALI ZLD Private Limited.

**CURRENT ASSETS**
**Inventories**

Inventories are higher by 17% at ₹ 2036.87 crore as on March 31, 2022 due to 9% higher sugar inventories held in quantitative terms and higher inventory valuation by 9% due to increase in cane price by ₹ 250/MT for SS 2021-22.

**Trade Receivables**

Trade receivables are higher by 20% at ₹ 263.95 crore as on March 31, 2022 from ₹ 220.63 crore as on March 31, 2021. The receivables have increased by ₹ 19.64 crore due to higher sales volumes in Distillery segment and by ₹ 25.24 crore in Engineering business due to increased turnover.

**Loans & Advances - Current**

Loans & Advances have reduced to ₹ 0.46 crore as on March 31, 2022 from ₹ 18.44 crore as on March 31, 2021 mainly due to repayment of ₹ 18.31 crore by the erstwhile associate company, Aqwise of temporary funding given last year.

**Other Current Assets**

This has reduced to ₹ 255.11 crore as on March 31, 2022 from ₹ 269.35 crore as on March 31, 2021, mainly due to impairment provision made in respect of amount receivable towards divestment of investment in the erstwhile associate company, Aqwise, by ₹ 9.88 crore.

**Other Equity**

During the year, the reserves and surplus increased by ₹ 310.98 crore (22%) to ₹ 1750.04 crore due to profit earned during the year and transferred to Retained Earnings.

**Term Borrowings (Non-Current & Current)**

Total long-term borrowings at the year-end, including current maturities of long-term borrowings, are at ₹ 395.83 crore as against ₹ 382.09 crore as at the end of the previous year. During the year, fresh term loan of ₹ 131.22 crore was availed towards capital expenditure incurred for setting up a new distillery at Milak Narayanpur and repayments were made to the extent of ₹ 118.40 crore during the year.

Almost all outstanding Term loans are at concessional interest rate or carry substantial interest subvention.

**CURRENT LIABILITIES****Borrowings**

Short-term borrowings (excluding current maturities of long-term borrowings) are higher at ₹ 1107.92 crore (including ₹ 50 crore Commercial Paper) as on March 31, 2022 as against ₹ 561.57 crore as on March 31, 2021. The utilisation is higher due to faster cane price payment and higher inventory level by 17% over previous year.

**Trade Payables**

Trade payables are lower at ₹ 350.76 crore as on March 31, 2022 as against 624.13 crore as on March 31, 2021. It comprises cane dues of ₹ 213.48 crore as on March 31, 2022 as against ₹ 520.07 crore as on March 31, 2021.

**OTHER FINANCIAL LIABILITIES**

Other Financial liabilities are higher at ₹ 81.81 crore as on March 31, 2022, as against ₹ 47.27 crore as on March 31, 2021. The increase is mainly owing to increase in capital creditors due to ongoing capex at new distilleries and few other miscellaneous items.

**OTHER CURRENT LIABILITIES**

Other Current liabilities are lower at ₹ 127.40 crore as on March 31, 2022 as against ₹ 164.26 crore as on March 31, 2021. It includes liability of ₹ 35.52 crore to customers under construction contracts for Water Business as against ₹ 80.76 crore as on 31.03.2021.

**KEY FINANCIAL RATIOS**

Ratios	Mar '22	Mar '21	Remarks	Formula used for ratios
Debtors Turnover	19.31 ↑	18.19	The ratio is higher mainly due to lower average trade receivables.	Revenue from operations / Average Trade Receivable
Inventory Turnover	2.27 ↓	2.56	The ratio is lower due to marginal decline in net turnover by 8% and higher inventories by 17% mainly on account of reduced export volumes of sugar.	Revenue from operations (net of excise duty) / Average Inventory
Interest coverage	10.36 ↑	7.85	The ratio has improved due to better profitability and lower finance cost.	(PAT + Depreciation & Amortisation + Finance Cost) / Finance Cost
Current ratio	1.39 ↓	1.44	The ratio is marginally lower than last year due to increase in cane price and utilisation of surplus fund for Capex.	Current Assets / Current Liabilities
Long-Term Debt-Equity	0.22 ↑	0.26	The ratio is lower due to increase in equity on account of accretion of profits during the year.	Long Term Debt / Total Equity
Total Debt-Equity ratio	0.85 ↓	0.64	The ratio is higher due to increase in short-term borrowings mainly on account of faster cane price payment and high inventory and receivable levels.	Total Debt / Total Equity
Operating Profit Margin (%) (OPM)	12.63% ↑	10.10%	The ratio is better due to improved margins in both Sugar (including distillery) and Engineering businesses.	PBIT (before exceptional items and other income) / Revenue from operations (net of excise duty)
Return on Net Worth (%)	24.18% ↑	20.56%	The ratio has improved due to 40% higher profit after tax (PAT) owing to improved performance and lower tax incidence.	PAT / Average Network (excluding Capital, Amalgamation & Hedging Reserves)

↑ Indicates favourable ratio movement from previous year

↓ Indicates adverse ratio movement from previous year