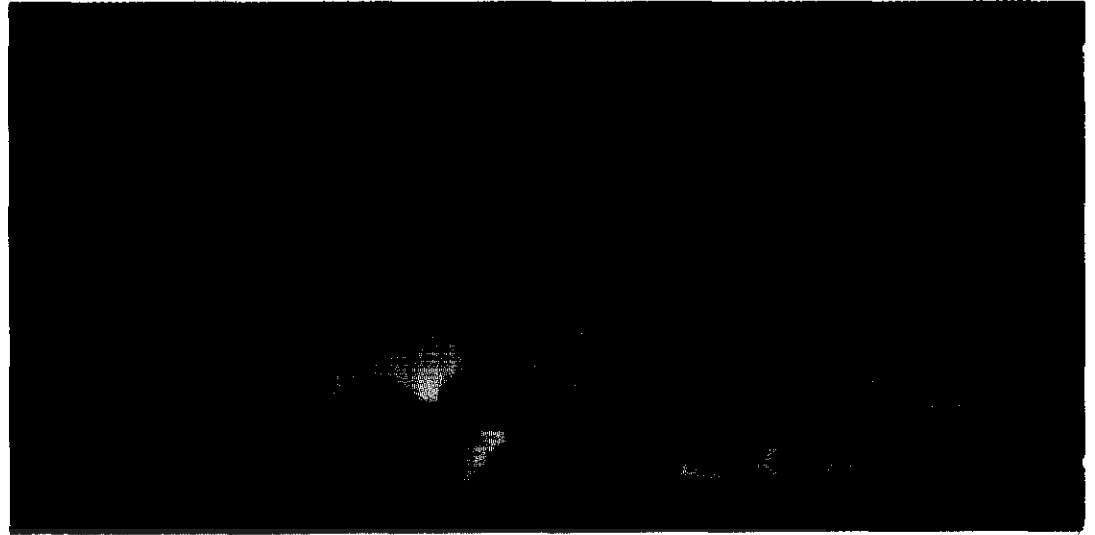


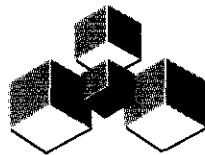
Sixth Annual Report
1998 - 99

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DWARIKESH SUGAR INDUSTRIES LTD.

6TH ANNUAL REPORT 1998-99

ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

G.R. Morarka - Chairman & Managing Director
Suresh K. Neotia
Mangal Singh
Mukund G. Diwan
Vivek K. Saraogi
Shailesh S. Vaidya
Ajay Kumar Modi
Laxminarayan S. Heda
B. Rajagopal - IDBI Nominee

REGISTERED OFFICE & FACTORY

Dwarikesh Nagar,
Village Bundki,
P.O. Medhpurasultan 246 762,
Tehsil Nagina,
Dist: Bijnore,
Uttar Pradesh.

CORPORATE OFFICE

511, Maker Chambers - V,
221, Nariman Point,
Mumbai - 400 021.

GENERAL MANAGER - WORKS

S.K. Bhatnagar

COMPANY SECRETARY & GENERAL MANAGER - TAXATION

B.J Maheshwari

GENERAL MANAGER - FINANCE

V.S. Banka

AUDITORS

Sharp & Tannan, Chennai

SOLICITORS

Kanga & Co.

BANKERS

Punjab National Bank



DWARIKESH SUGAR INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Company will be held on Tuesday, 28th March, 2000 at 10.00 a.m. at the Registered Office of the company at Dwarikesh Nagar, Village Bundki, P.O. Medhpurasultan 246-762, Tehsil Nagina, Dist. Bijnore, Uttar Pradesh, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt Audited accounts for the year ended 30th September, 1999, Directors' Report and the Auditors Report thereon.
2. To declare Dividend on Preference Shares.
3. To declare Dividend on Equity Shares.
4. To appoint a Director in place of Shri G.R. Morarka, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri L.N. Heda, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Shri M.G. Diwan, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

RESOLVED that M/s. Sharp & Tannan, Chartered Accountants' be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on the remuneration to be decided between the Board of Directors and them plus service tax as applicable & reimbursement of any out of pocket expenses that may be incurred by the said Auditors for discharging their duties.

8. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED that in accordance with provision of Section 16, and all the other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the company of Rs. 24 crores, consisting of 2,25,00,000 (Two Crore Twenty Five Lacs Only) Equity Shares of Rs. 10/- each and 1,50,000 (One Lac Fifty Thousand Only) Cumulative Redeemable Preference Shares of Rs. 100/- each be reclassified into 1,25,00,000 (One Crore Twenty Five Lacs Only) Equity Shares of Rs. 10/- each & 1,50,000 (One Lac Fifty Thousand Only) Cumulative Redeemable Preference Shares of Rs. 100/- each (Series - I) and 10,00,000 (Ten Lacs Only) Preference Shares of Rs. 100/- each (Series - II) & Consequently the existing Clause V(a) of Memorandum of Association be and is hereby altered

by deleting the same & substituting the following in its place as a New Clause V (a):

The Authorised Share Capital of the company is Rs. 24,00,00,000(Rs. Twenty Four Crores only) divided into 1,25,00,000 (One Crore Twenty Five Lacs Only) Equity Shares of Rs. 10/- each & 1,50,000 (One Lac Fifty Thousand Only) Cumulative Redeemable Preference Shares of Rs. 100/- each (Series - I) and 10,00,000 (Ten Lacs Only) Preference Shares of Rs. 100/- each (Series - II) with powers to increase or reduce the same.

9. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED that in accordance with the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), Article 4(a) of the Articles of Association of the company be and is hereby deleted and the following new article be substituted therefore:

The Authorised Share Capital of the company is Rs. 24,00,00,000(Rs. Twenty Four Crores only) divided into 1,25,00,000 (One Crore Twenty Five Lacs Only) Equity Shares of Rs. 10/- each & 1,50,000 (One Lac Fifty Thousand Only) Cumulative Redeemable Preference Shares of Rs. 100/- each (Series - I) and 10,00,000 (Ten Lacs Only) Preference Shares of Rs. 100/- each (Series - II).

10. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution:

RESOLVED that in terms of Section 80, 81 and all other applicable provisions if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of Articles of Association of the company and subject to the consent of all concerned authorities, if any and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals permissions and sanctions which may be agreed to by Board of Directors of the Company and/ or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors(hereinafter referred to as "the Board") at its absolute discretion, the consent of the Company be and is hereby accorded to the Board to offer/ issue/ allot Preference Shares, consequent to redemption of Preference Shares already issued or to be issued hereafter or to make the fresh issue of preference shares of aggregate nominal amount not exceeding Rs. 10 Crores(Rupees Ten Crores Only)

6TH ANNUAL REPORT 1998-99

in one or more tranches, to persons, whether or not shareholders of the Company, as the Board may at its absolute discretion decide, whether through private placement or otherwise and on such terms and conditions including the dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto;

RESOLVED further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable or settle matter and thing as it may arise in regard to the offer/ issue, allotment and utilisation of the proceeds and further to do all such acts, deeds, matters and things and to finalise, execute all documents and writings as may as necessary, proper, desirable or expedient as it may deem fit.

11. To consider and if thought fit to pass, with or without modification(s), the following as a Special Resolution:

"RESOLVED that, in exercise of the powers conferred under Section 31, and subject to other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be, and are hereby, altered as follows:

1. Existing Article 196 shall be deleted and the following new Articles 196 & 196A shall be inserted thereto:

"196 Unclaimed / unpaid dividend shall be deposited or dealt with in accordance with the provisions contained in Section 205, 205A, 205B, 205C of the Act or in accordance with any rules framed under these Sections or any amendments thereof.

"Transfer of unpaid/ unclaimed Dividend"

"196A Any money transferred to unpaid dividend account of the Company in pursuance of Section 205A of the Act, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the fund established under Sub-section (1) of Section 205C".

- II. The following new articles 11C & 11D shall be inserted after existing Article 11B

"Nomination"

"11C (a) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.

(b) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom

all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

- (c) Notwithstanding anything contained in any other law for the time being in force or in any deposition, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

- (d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares, or debentures of the Company, in the manner prescribed under the Act, in the event of his death, during the minority".

"11 D 1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:-

- a) to register himself as holder of the share or debenture, as the case may be; or
b) to make such transfer of the shares and / or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

- ii) If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

- iii) A nominee shall be entitled to the share dividend / interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.



DWARIKESH SUGAR INDUSTRIES LIMITED

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares or debentures, until the requirement of the notice have been complied with".

"RESOLVED further that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, appropriate and desirable to give effect to this resolution."

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer books of the Company will remain closed from Tuesday, 21st March, 2000 to Tuesday, 28th March, 2000 (both days inclusive).
4. Dividend, when declared, will be paid to those Shareholders whose names shall appear on the Register of Members as on Tuesday, 28th March, 2000.
5. Members are requested to notify any change in their address immediately to the company.
6. Members/proxies are requested to bring their copy of Annual Report, while coming to attend the Annual General Meeting.
7. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos; 7 to 11 are annexed to and form part of this Notice.
8. While opening a depository account with participant of NSDL, you may have given your bank account details (if bank account details are not given the same may be given), which will be used by your company for printing on dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the account specified on the dividend warrant. This ensures safety for investors. However, you may want to receive dividend in an account other than the one specified, while opening the depository account. If so, you may change/correct bank account details with your depository participant. We also request you to kindly give MICR code of your bank to your depository participant.
9. A copy of the Articles of Association of the Company together with the proposed alterations / inserted articles, is available for inspection by the members of the company at its Registered Office between 10.30 a.m. to 4.00 p.m. on any working days of the Company.
10. A recent amendment to the Companies Act, 1956 has introduced provisions for nomination by the holders of shares, debentures. The prescribed nomination form is enclosed with this Annual Report.

By Order of the Board

For **DWARIKESH SUGAR INDUSTRIES LIMITED**

B.J. MAHESHWARI
COMPANY SECRETARY &
GENERAL MANAGER [TAXATION]

PLACE: Mumbai,
DATED: 24th January, 2000.

Registered Office:

Dwarikesh Nagar, Village Bundki
P.O. Medhpurasultan 246 762
Tehsil Nagina, Dist. Bijnore
Uttar Pradesh.

6TH ANNUAL REPORT 1998-99**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 7:**

As per the provisions of Section 224A of the Companies Act, 1956 if a company in which not less than 25% of the subscribed capital is held by public financial institution or any financial or other institutions or a nationalised bank or insurance company, then the appointment of an auditor in such a case has to be made by a special resolution. In the case of your company, Unit Trust of India is holding more than 25% of the subscribed capital of the company and hence there is a need to pass a special resolution for appointment of the auditors.

The Directors recommend the passing of this resolution.

None of the directors of the Company is concerned or interested in the passing of the said resolution.

ITEM NOS. 8 & 9:

The present Authorised Share Capital of the Company is Rs. 24 Crores divided into 2,25,00,000 (Two Crores Twenty Five Lacs Only) Equity Shares of Rs. 10/- each and 1,50,000 (One Lac Fifty Thousand Only) Cumulative Redeemable Preference Shares of Rs. 100/- each.

In order to facilitate the funding plans of the Company it is proposed to reclassify the present Authorised Share Capital of 24 Crores into 1,25,00,000 (One Crore Twenty Five Lacs Only) Equity Shares of Rs. 10/- each & 1,50,000 (One Lac Fifty Thousand Only) Cumulative Redeemable Preference Shares of Rs. 100/- each (Series - I) and 10,00,000 (Ten Lacs Only) Preference Shares of Rs. 100/- each (Series - II).

The alteration of the Capital Clause of the Memorandum of Association and Article 4 of the Articles of Association of Company are consequential to the abovesaid proposed change in the Authorised Capital of the Company.

None of the Directors of the Company is concerned or interested in passing of the said Resolutions.

ITEM NO. 10:

It is proposed to raise the funds by issue of Preference Shares to meet Company's long term working capital requirement.

The Board of Directors has proposed to authorise to issue preference shares to such persons and in such manner as stated in the resolution.

The Company, if necessary, in consultation with appropriate authorities and also advisors, will fix at the relevant time, the detailed terms of the issue including the price of issue, rate of dividend, period of redemption etc.

The said resolution is an enabling resolution conferring authorities on the Board to cover all present and future contingencies and corporate requirement.

Section 81 of the Companies Act, 1956, provides, inter-alia, that when it is proposed to increase the issued capital of the Company by allotment of future shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in Section 81 unless the shareholders in a General Meeting decide otherwise.

Accordingly, consent of the Shareholders is being sought pursuant to the provisions of section 80, 81 and all other applicable provisions of the Companies Act, 1956.

Memorandum of Interest:

All the directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that may be offered to them, applied for and allotted to them.

The Directors recommend this resolution for approval of shareholders.

ITEM NO. 11:

The Companies (Amendment) Act, 1999, has made certain changes in the Companies Act, 1956, necessitating corresponding changes in the Articles of Association of the Company as follows:

Article 196 & 196A Section 205C of the Companies (Amendment) Act, 1999 states that any unclaimed unpaid dividend, unclaimed application moneys, matured deposits, matured debentures, and also interest received thereon, shall be transferred by the Company to "Investor Education and Protection Fund", which remains unpaid or unclaimed for a period of 7 years. (earlier it was 3 years period). The Articles is accordingly proposed to be amended.

Article 11C & 11D The Companies (Central Government's) General Rules and Form (Amendment) Rule 1999 and with Section 109A(1) of the Companies (Amendment) Act, 1956, has made certain changes in the Companies Act, 1956, necessitating corresponding changes in the Articles of Association of the Company. Accordingly, the shareholders / debenture holders of the Company can nominate any person as Nominee and such nominated person only shall be recognised by the Company as having any right, title or interest in such shares, instead of joint shareholders, executors or administrators or holders of a Succession Certificate, if any, or the legal representatives of a deceased member.

The Directors therefore recommend the adoption of this resolution.

None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board

For **DWARIKESH SUGAR INDUSTRIES LIMITED**

B.J. MAHESHWARI
COMPANY SECRETARY &
GENERAL MANAGER [TAXATION]

PLACE: Mumbai,

DATED: 24th January, 2000

Registered Office:

Dwarikesh Nagar, Village Bundki

P.O. Medhpurasultan 246 762

Tehsil Nagina, Dist. Bijnore

Uttar Pradesh.



DWARIKESH SUGAR INDUSTRIES LIMITED

SHAREHOLDER INFORMATION

Corporate Office :

511, Maker Chambers V, 221, Nariman Point,
Mumbai - 400 021.

Phone : 283 2468, 202 5810, 204 2945

Fax 287 4190 * Email : dsil@bom5.vsnl.net.in

Website : www.dwarikesh.com

Transfer Agent & Registrars :

Mondkar Computers Pvt. Ltd.

21, Shakil Niwas, Mahakali Caves Road,
Andheri (E), Mumbai 400 093.

Tel: 836 6620 Fax: 91-22 821 1996.

Shareholding pattern of the Company :

Sr. No.	Particulars	Percentage
1	Promoters, Directors, Relatives	25.46 %
2	Domestic Companies	37.55 %
3	NRIs (Repatriable)	3.36 %
4	Financial Institutions	33.63 %

Dividends:

Dividend @ 15% on Equity share and @ 12% on 12% Cumulative Redeemable Preference Share is recommended by the Board of Directors subject to approval of shareholders and Financial institutions and will be paid to the shareholders within 42 days from the date of AGM.

Shares Transfer Record Year	1998-99	1997-98
Number of Shares transferred	236,800	591,900
Number of Transfer	31	38

Dematerialisation of shares:

In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL).

As of the end of the August, 1999, shares comprising approximately 74.97% of the Company Equity Share Capital have been dematerialised. With effect from 29th November, 1999 the trading in company shares in the dematerialised form has become compulsory.

Investor Correspondence:

In case of queries, investors are requested to get in touch with Company's Registrar at the mentioned address.

Distribution of Shareholding

Sr. No.	Holding range	No of Shareholders	Percentage	No of shares	Total Percentage
1	1 - 1,000	304	73.43	2,38,100	2.67
2	1,001 - 5,000	83	20.05	2,37,700	2.66
3	5,001 - 10,000	11	2.66	92,000	1.03
4	10,001 - 1,00,000	8	1.93	3,93,500	4.41
5	1,00,001 - 1,00,00,000	8	1.93	79,59,400	89.22
	Total	414	100.00	89,20,700	100.00

6TH ANNUAL REPORT 1998-99**DIRECTORS REPORT**

The Shareholders of the Company,

Your Directors take pleasure in presenting their 6th Annual Report together with the audited accounts for the year ended 30th September 1999.

1. FINANCIAL RESULTS

	Rs. In lacs Year ended 30.09.1999	Rs. In lacs Year ended 30.09.1998
Gross profit before depreciation, interest & tax	2,034.62	2,129.12
Less: Depreciation	357.49	271.85
Interest	913.87	973.07
Profit before tax	763.26	884.20
Less: Provision for taxes	42.62	63.59
Profit after tax	720.64	820.61
Add: Balance brought forward from previous year	231.13	172.23
Amount available for appropriation	<u>951.77</u>	<u>992.84</u>
Appropriations :		
Proposed Dividend		
– On equity Shares	133.81	133.81
– On preference Shares	13.20	13.20
Additional tax on dividend	16.17	14.70
Transfer to general reserve	500.00	600.00
Balance carried forward to next year	288.59	231.13
	<u>951.77</u>	<u>992.84</u>

2. DIVIDEND

Your directors are pleased to recommend payment of dividend @ 12% on 12%-Cumulative redeemable preference shares (Rs.12/- per share of Rs.100/- each) and @15% on equity shares (Rs.1.50 per equity share of Rs.10/- each). The total amount on account of dividend outgo (including additional tax on dividend) will be Rs. 163.18 lacs.

3. OPERATIONS REVIEW

During the crushing season 1998-99 your company crushed 64.75 lac quintals of sugar cane and produced 6.22 lac quintals of sugar as against 57.44 lac quintals of sugar cane crushed and 5.89 lac quintals of sugar produced in the previous season.

Erratic and unprecedented rainfall before the commencement of the season dealt an excruciating blow to the fortunes of the sugar industry in the state of Uttar Pradesh. Recovery recorded by most of the sugar mills in Uttar Pradesh plummeted by at least .50 to .80 percentage point. Although excellence achieved in technical parameters to a certain extent mitigated the negative impact of the unseasonal rainfall, the recovery recorded in your Company declined from a high of 10.28% in 1997-98 to a low of 9.61% during the year.

4. FINANCIAL PERFORMANCE

Profit after tax was Rs.720.64 lacs, as against Rs.820.61 lacs during the previous year indicating a decline of 12.18%.

Cash profit also declined marginally from Rs.1,092.46 lacs in 1997-98 to Rs.1,078.13 lacs.

The fall in profit is attributable to a medley of factors viz.

1. Lower recovery – From a high of 10.28% in 1997-98 to a low of 9.61% during the year under review.
2. Lower sales – Lesser release of free-sale sugar resulted in sales dropping by 4.16% as compared to the previous year.
3. Cost inflation and increase in sugar cane price without commensurate increase in the selling price of sugar and other by-products.



DWARIKESH SUGAR INDUSTRIES LIMITED

5. YEAR 2000 (Y2K)

The Company had taken adequate steps to deal with the risks associated with the year 2000 problem. The transition was smooth and no disruptions were reported when the year changed. All the hardware, operating systems, network devices, application software and process control equipment were found to be Y2K compliant and continue to perform satisfactorily.

6. DEPOSITORY SYSTEM

In order to provide efficient services & better facilities to the shareholders of the Company such as protection from fraud or loss in transit, to avoid delay in transit, to provide instant transfer & saving in stamp duty on transfer etc., your company signed an agreement with National Securities Depository Ltd., (NSDL) for converting its equity shares from holding in physical form to electronic form. Consequently as at year-end, 74.98% of equity shares of the company have been dematerialised. The Company has also signed an agreement with Central Depository Securities Ltd. (CDSL) to provide an inter se connectivity with NSDL.

7. SUGAR – NATIONAL & INTERNATIONAL PERSPECTIVE

During the crushing season the sugar output in the country increased to 15.4 million tons. Although sugar production and sugar consumption were balanced, the policy of the Government to allow unabated import of sugar has dealt coup-de-grace to the aspirations of the sugar industry as the stock level at the end of the year reached diabolic proportion. The carrying of huge inventory has resulted in mammoth interest burden to the industry and mounting cane arrears to the farmers. The industry had to function in an environment of intense frustration, utmost dejection and extreme disappointment.

During the year there were two half-hearted measures by the Government to increase the import duty with a view to create level playing field for the local industry. However the modicum increase in import duty could not bridge the gap between the cost of imported sugar and the reasonable price which the indigenous sugar manufactures ought to have realised for their produce. The increase in duty therefore did not in any way block the steady stream of imports.

Recently announced measures such as increase in duty to 40% and subjecting the imported sugar to regulatory monthly release mechanism will provide some succour to the ailing domestic sugar industry although the measures have come a bit late in the day.

The existing rate of duty levied on import of sugar (40%) should be viewed against the backdrop of 60% import duty levied by the Government of Pakistan & Sri Lanka, 65% levied by the Government of Brazil, 200% levied by the Government of Bangla Desh and 300% levied by the Governments in the European Union. Besides levying higher rate of import duty the Governments of these countries also substantially subsidise sugar exports thus protecting their domestic industry from predators of other countries.

Sugar production world-wide, during the year 1999-00 is estimated at 135 million tonnes as against a demand of only 130 million tonnes. Unless import duty is raised substantially the imports will continue to flood the Indian markets triggering a further fall in the price of sugar which does not augur well for the hapless domestic sugar industry.

Intriguingly, while the Government does nothing noteworthy to benefit the domestic sugar industry it is unwilling to unentangle labyrinth of controls within which the industry has to function. The presence of Government is ubiquitous except when the beleaguered industry is to be protected from the preying sharks. A comprehensive policy therefore needs to be drawn by virtue of which not only import duty is raised to the maximum of 150% as is permissible under the WTO rules but also export subsidy is granted to enable the domestic industry to compete effectively in the Global market. It is absolutely necessary for the Government to shed its apathy towards the industry by responding to desperate pleas of the industry and draw a comprehensive policy for the growth and consolidation of sugar industry.

8. 1999-00 OVERALL SCENARIO VIS-A-VIS YOUR COMPANY

The picture ahead is indeed very gloomy, as the gap between supply and demand has assumed yawning proportions. The domestic industry continues to be saddled with the problems of carrying huge inventory, crippling interest burden, mounting cane arrears to the farmers and many more problems generally associated with industrial sickness. Unless the Government formulates industry friendly policies, the year ahead is expected to witness difficult times for the prima donnas of the sugar industry, not to speak of the lesser companies.

The policy of your company to steadfastly pay the dues of farmers in time has resulted in farmers continuing to repose faith in the company and planting more and more sugar cane to be supplied to your company. In the years gone by, phased increase in capacity together with corresponding increase in cane crushed has enabled the company to tide over seemingly insurmountable situation.

The company is committed to continue such time-tested policy and strives to achieve excellence in areas, which are outside the ambit of Government interference.

In the year ahead there should be modest increase in quantity of cane crushed. As per the trends available recovery should be significantly better when compared to the recovery recorded in the year 1998-99. Fortune of your company