DWARIKESH SUGAR INDUSTRIES LIMITED

"We will either find a way or make one..."

Annual Report 2012-13

Mission Statement

" In our endeavour to be the torch-bearers of the Indian sugar industry, we are specially committed to our farmers, workforce and shareholders. It is our endeavour to provide our farmers the agreed price in time and to provide a transparent system of sugar cane procurement. We also seek to provide a congenial atmosphere and work place for the employees of the company, who are our lifeline. Adherence to the best corporate governance practices and a deep-rooted commitment to excellence is our resolve. All these culminate in our permanent effort to enhance shareholder value and wealth through growth of the company."

Contents

CORPORATE INFORMATION

DIRECTORS

G. R. Morarka	Chairman & Managing Director
K. L. Garg	IDBI Nominee Director
B. K. Agarwal	Independent Director
K. N. Prithviraj	Independent Director
L. P. Aggarwal	Independent Director
B. J. Maheshwari	Whole Time Director & Company secretary cum Chief Compliance Officer
Vijay S. Banka	Whole Time Director & Chief Financial Officer

REGISTERED OFFICE & UNIT I

Unit I: Dwarikesh Nagar - 246 762.
District: Bijnor,
Uttar Pradesh.

CORPORATE OFFICE

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

OTHER UNITS

Unit II: Dwarikesh Puram - 246 722.
Tehsil Dhampur, District Bijnor,
Uttar Pradesh.

Unit III: Dwarikesh Dham - 243 503.
Tehsil Faridpur, District Bareilly,
Uttar Pradesh.

VICE PRESIDENT (WORKS) – DN UNIT

A. K. Misra

VICE PRESIDENT – COMMERCIAL

K. P. Gadia

VICE PRESIDENT (WORKS) – DD UNIT

R. K. Gupta

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe
Kanga & Co.

BANKERS

Punjab National Bank
IDBI Bank
Sarva UP Gramin Bank Limited
U.P. Co-operative Bank Limited
Zila Sahkari Bank Ltd.

AUDITORS

S. S. Kothari Mehta & Co.
Chartered Accountants

BOARD OF DIRECTORS

Meet the Directors:

G. R. Morarka - Chairman & Managing Director

A visionary and a dynamic entrepreneur with more than two decades of experience, he started his career by overseeing the family-run Pampasar Distillery Limited (PDL), which he subsequently divested in favour of Shaw Wallace. This son of late parliamentarian Mr. Radheshyam Morarka, G. R. Morarka launched his own business by setting up a sugar plant at Dwarikesh Nagar, Uttar Pradesh in a record period of 14 months. With his far–sighted vision and strategic thought, he then expanded his business by setting up the Dwarikesh Puram and Dwarikesh Dham sugar plants and co-generation plant.

A Commerce graduate and ICWA Inter, Mr. G. R. Morarka is the recipient of Indira Gandhi Priyadarshini Award for Management. He has also been honoured with "Bhamasha Award" for the year 2006 and again in the year 2011 by Rajasthan State Government for social service in the field of education. He has also been awarded "Indira Gandhi Sadbhavna Award" in the year 2011. He has recently been awarded "Swami Krishnanand Saraswati Purashkar".

K. L. Garg - Independent Nominee Director

Shri Garg is a science graduate and having degree in Law and he has also done his CAIIB and PG Diploma in Disaster Preparedness and Rehabilitation. He has 33 years of experience of working in various departments of IDBI including Corporate Finance, Administration, Recovery and Rehabilitation.

B.K. Agarwal - Independent Director

A former representative of the Government of Maharashtra on the BSE Board, Mr. B. K. Agarwal is an IAS officer who retired as Additional Chief Secretary, Govt. of Maharashtra. This Commerce and Law graduate was also on the Boards of Industrial Investment Bank of India, SIDBI and SICOM, besides being Managing Director of the Maharashtra State Financial Corporation.

K. N. Prithviraj - Independent Director

As Independent Director of various Boards, he contributed significantly to the growth of many entities, such as Surana Ind. Ltd; Falcon Tyres Ltd; Brickwork Ratings India Pvt. Ltd. Mr. K. N. Prithviraj was also a Research Fellow of Department of Economics, University of Madras. Masters in Economics, he has also done his CAIIB (I) and is associated with organizations of repute like Axis Bank Ltd., PNB Investment Services Ltd., Falcon Tyres Ltd. to name a few.

L. P. Aggarwal - Independent Director

He is a rank holder chartered accountant with 30 years of experience in finance, treasury, syndication of funds & has gained wide knowledge of Indian companies in various industries and also as a nominee director of IDBI Bank on various Companies in past. He has deep knowledge and understanding of Indian equity and financial markets as well as of banking operations. He has recently joined M/s Suresh Chandra & Associates, (SCA) Chartered Accountants, as Partner. He was Group CFO of India Infoline Ltd. (IIFL) from September 2010 to August 2012. Before joining, IIFL, he was CFO of Bombay Stock Exchange Ltd from September 2007 to September 2010. Earlier he was with IDBI Bank from March 1984 to September 2007 (23 years) and grown there from a Management Trainee to CFO.

B. J. Maheshwari – Whole Time Director & Company Secretary cum Chief Compliance Officer

A qualified Chartered Accountant and Company Secretary, he has been inducted on the Board in May, 2009 and been appointed as "Whole Time Director & Company Secretary (CS) & Chief Compliance Officer (CCO), associated with the Company since 1994, Shri B. J. Maheshwari has more than 29 years of relevant experience spanning Legal, Taxation, Secretarial and Administrative matters.

Vijay S. Banka – Whole Time Director & Chief Financial Officer

A qualified Chartered Accountant, he has been inducted on the Board in May, 2009 and been appointed as "Whole Time Director & Chief Financial Officer", associated with the Company since the past five years, Mr. Vijay S. Banka has nearly two decades of rich experience in handling Finance and Strategy.

LETTER FROM THE CMD

DEAR FELLOW STAKE HOLDERS

It is my pleasure to present to you the 20th Annual General Report of your company.

As you know, the world economy weakened considerably in 2012 and a number of developed economies have already fallen into a double-dip recession, while many developed economies are caught in downward spiraling dynamics from weak aggregate demand compounded by fiscal austerity, high public debt burdens, and financial fragility. The economic woes of the developed countries are spilling over to developing countries through weaker demand for their products and heightened volatility in capital flows and commodity prices. The prospects for the next two years continue to be challenging.

However, the global economy appears to be transitioning toward a period of more stable, but slower growth. Global gross domestic product (GDP), which slowed in mid 2012, is recovering and a modest acceleration in quarterly GDP is expected during the course of 2013. The World Bank has projected the whole-year growth for 2013 at 2.2 percent, a bit slower than in 2012. A weakening global economy, coupled with domestic problems including policy uncertainties and structural capacity constraints contributed to weaker growth in 2012. The strengthening of quarterly growth is likely to show up in whole-year global GDP growth of 3.0 percent for 2014 and 3.3 percent in 2015 mainly on account of improved financial conditions.

The majority of developing countries have navigated the crisis. In many countries, policy attention is appropriately returning to simplifying regulations, opening up trade and investment and investing in infrastructure. Overall, the global economy is moving into a new and hopefully less volatile phase. However, for the Indian economy, sharp decline in commodity prices remains a cause of concern. Policy makers need to take a closer look at the potential consequences of a sharper than anticipated decline in commodity prices specially those of sugar in the larger interest of millions of sugarcane farmers.

A STEP IN THE RIGHT DIRECTION

Government of India constituted a High Power Committee headed by Dr. C. Rangarajan, Chairman, Economic Advisory Council to Hon'ble Prime Minister to comprehensively look into all the issues related to regulation of the sugar sector, and suggest ways and means to change those regulations in a manner that better promotes efficiency and investments, and sets this sector on a higher growth trajectory, increasing employment in rural areas and enhancing incomes of all the stake holders.

In October, 2012, the Rangarajan Committee recommended complete decontrol of the sugar sector. The Committee asked the government to remove levy sugar obligation and to do away with the regulated release mechanism immediately beside rationalization of sugarcane pricing and liberalization of sugar trade in a calibrated and phased manner.

In April, 2013, the central government took a decision to partially decontrol sugar sector, the only industry left under the government control, whereby the government removed the levy obligation from the sugar season 2012-13 and dispensed with the regulated release mechanism with immediate effect. The government further decided that levy sugar may be procured by the state governments through transparent system and the central government will reimburse the difference between the current retail issue price i.e. ₹ 13.50 per kg and prevailing ex-mill price calculated provisionally at that time at ₹ 32 per kg. The ex-mill price was capped at ₹ 32 for the season 2012-13 and 2013/14 for the purpose of reimbursement of subsidy.

LARGER ISSUE STILL UNRESOLVED

Although the removal of much awaited release mechanism and removal of levy sugar obligation are expected to provide some relief to the sugar mills, the larger issue of sugarcane pricing remains unresolved. With the intention of ensuring profitability of sugar mills and stability of farmer revenues, the Rangarajan Committee recommended abolishing SAP and sharing 70 per cent of the revenues from the sale of sugar and its major by-products with farmers. The government is, however, yet to implement this recommendation. I believe that linking sugarcane prices to the prices of end-products is vital for safeguarding the long-term financial health and sustenance of the sugar sector. This will also help in reducing the extent of volatility in sugar production by enabling more efficient transmission of price signals to farmers so that they may be able to plant the crop accordingly.

PROLONGED CRISIS

Sugar sector in general and sugar mills particularly in U.P. have faced the unprecedented crisis and posted heavy losses in 2012-13 sugar season because of the widening gap between the sugarcane and sugar prices. While sugar distribution has been decontrolled with effect from April 2013 following the abolition of the regulated releases mechanism and levy sugar obligation, sugarcane prices continue to be dually regulated by the central and state governments.

Over the last few years, the increase in sugar prices has not kept pace with the increase in cane prices. While average sugarcane prices paid by mills in U.P. (SAP) increased at a CAGR of 19% over the last 3 years vis-à-vis 2% rise in sugar prices. The steep rise in sugarcane price (accounting for about 70 per cent of total operating costs in general) vis-à-vis sugar prices has significantly impacted the profitability of sugar mills during this period. In the last three seasons ending sugar season 2012-13, the ratio of sugarcane costs to revenues from the sale of sugar and its by-products has been as high as 76-79 per cent as compared with the previous decadal average of about 67 per cent. As a proportion of sugar price, cane cost for U.P. sugar mills was as much as 97% in the sugar season 2012-13, as compared to an average of about 75% in other sugar producing states. Increasing cane costs have pushed even best performing sugar mills to face heavy losses during this period and the crisis seems to be prolonged this time.

LEVEL PLAYING FIELD IS REQUIRED

As you know, sugar is produced in select states but it is consumed throughout the country. Whereas price of sugar is almost same throughout the country, sugar production cost is different in various states and hence the level playing field is required to make it a viable business proposition. Mills in U.P. pay SAP for sugarcane which is significantly higher than the FRP paid by sugar mills in Southern/Western States. On account of agro-climatic conditions, the average recovery in Maharashtra is around 11-12% and above whereas the same is around 9.1% in UP. Taking into consideration the recovery difference, the cane cost per qtl. of sugar in the SAP States of Uttar Pradesh, Uttarakhand, Bihar, Haryana and Punjab works out to be higher by ₹ 700 to ₹ 800 per qtl. as compared to the non-SAP States. Moreover, the transportation cost from South and Maharashtra to Northern Market is hardly about ₹ 200/- per qtl. Therefore, clearly there is a ₹ 500/- per qtl. marketing advantage for Southern mills vis-a-vis their Northern counterparts. Since there are no geographical barriers, low cost sugar produced there, makes inroads into the Northern markets, causing a dent in the margins of the mills in North, who are already victims of a much higher cane cost. Beside that Southern/ Western mills have location advantage being near to the ports, which increases their export and import competitiveness. Uniform cane price across the nation based on a proven formula linking sugarcane price with sugar prices, recovery and sugar contents etc. will ensure equality and a level playing field to both the famers and the millers.

CAPITAL EMPLOYED IS NOT BEING FULLY UTILISED

The state of U.P. has an excess capacity which cannibalized on account of the Sugar Industry Promotion Policy announced by the state government in 2004. Through the policy, state government had then offered a 10 per cent capital subsidy on investment, reimbursement of transport cost of sugar from factory up to a distance of 600 km, reimbursement of purchase tax on cane and society commission among others. Such concessions were to be given for five years to a company investing a minimum of ₹ 350 crore and for 10 years in case of investment of ₹ 500 crore and above.

Buoyed by such incentives, sugar companies rushed to set up green field projects and a total of 29 units with a capacity exceeding 2 lakh tons crushed per day (TCD) came up. However, by the time these mills started making claims, the state administration saw a change in guard and the new incumbent government scrapped the policy. Total claims under the sugar policy of 2004 runs into hundreds of crores, which have not been reimbursed, resulting in to heavy losses for the industry. No new sugar mill came up since then. Sugar is the largest industry in U.P. both in terms of turnover and employment generated. However, the state government announced a New Sugar Policy 2013 but no capital investment could be made in the sugar sector due to prolonged crisis and lack of appropriate policy environment for business viability.

Excess capacity has not only reduced the number of crushing days, but has resulted in mills competing with one another for their cane requirement. As compared, the average crushing days for mills in Western and Southern states are 175 to 200 days as against 100 to 150 days in UP. In other words, the mills in Maharashtra and Southern India have much better asset turnover ratio and the capital employed is more optimally utilised. Therefore, it is imperative that efforts should be made to fully utilise the existing capacity and no new sugar mill should be allowed within the radial distance of 25 kms from the existing mill till then.

GLUT IN SUGAR MARKET

Sugar production in the country has been estimated at 25.1 million tons in the season 2012-13 as against 26.34 million tons in the previous season. Continuous hike in sugarcane price led to an increase in the cane area, cane production vis-a-vis sugar production. Besides, carryover stocks of about 6.13 million tons of sugar from the previous season created a glut in the domestic sugar market. Meanwhile, domestic consumption remained at about 23 million tons. Similar situation prevailed in the world sugar market due to which India could hardly export about 3.4 lakh tons of sugar against 3.4 million tons in the previous season. In the given scenario, domestic sugar prices continued to remain depressed whereas the cane price was record high. This resulted into heavy losses even to the best performing units. Excessive import of cheap sugar further aggravated the problem.

CHALLENGES AHEAD

The SAP for sugarcane was increased by a whopping 17% to ₹ 280 per qtl. in the season 2012-13 for the general variety from ₹ 240 per qtl. in the previous season. Higher cane price has encouraged the farmers to plant more sugarcane and divert more sugarcane to the sugar factories as compared to the unorganized sector like Gur and Khandsari. This has led to an increase in sugar production in U.P. to 74.85 lakh tons in the season 2012-13 as against 69.74 tons in the previous season i.e. an increase of about 5.11%. It is estimated that production of sugar in U.P. in the crushing season 2013-14 would be around 78 lakh tons. While cane price is increasing, sugar price is not following the trend as excessive production and stocks have softened the sugar prices. Thus viability of the sugar sector has been severely affected. Therefore, rationalization of cane price is vital for sustenance of sugar sector in U.P.

As sugar is produced in few states but it is consumed across the nation, it is imperative that uniform rates of taxation and other levies should be applicable throughout the country in order to ensure a fair competition and provide a level playing field to all sugar producers.

Strict controls on by-products also affect the viability of the sugar sector. Reservation of molasses for country liquor is one example. Sugar industry is asked to subsidise other industries at its cost is unfair and such controls need to be removed immediately.

However, mills face a yet another big challenge. Rejected and low recovery variety of sugarcane is still thriving in the command area of many mills. That's why yield and average recovery is still lower. It will require gigantic effort on the part of sugar mills to eradicate such variety. Some help from the government is also required. New varieties with better yield and recovery should be encouraged for plantation.

DWARIKESH SUGAR INDUSTRIES: 2012-13

The overall negative environment prevailing in the industry impacted the working of your Company as well. Higher sugarcane cost vis-a-vis lower sugar sales realisation together pulled the performance down. Throughout the year sugar price hovered in the range of ₹ 2,800 to ₹ 3,200 per qtl. and are currently hovering around ₹ 2,800-2,900 per qtl. which are far below the cost of sugar production. This has resulted into heavy losses and accumulation of all time high cane price arrears. In view of this, sugar mills are having excessive pressure to clear cane price arrears.

DWARIKESH – HIGHLIGHTS: 2012-13

On the operational side, I am happy to inform you that DN plant maintained its highest standards of manufacturing efficiencies and clocked the best recovery in the State. Another notable achievement of your company for the season was that the process losses recorded at DN and DP unit are among the lowest in the sugar industry in Uttar Pradesh. In totality, crushing and production was in line with the expectation and was quite comparable at all the three units.

Recovery at DD plant is better than the recovery recorded last year. Massive cane development efforts have been embarked upon in the Command Area of DD unit and it is expected that in a couple of years crushing and recovery at DD plant would improve by leaps and bounds.

I am pleased to inform you that your company excelled in cogeneration of power. We exported cogenerated power worth ₹ 7,181 lakhs to the state grid in the season 2012-13 against ₹ 7,316 lakh in the previous season. However, multiple barriers on sale of molasses adversely impacted the top-line and cash-flows of sugar companies including your company as well.

FINANCIAL SCORE CARD

Particulars	2012-13 (₹ Lacs)	%	2011-12 (₹ Lacs)	%
Net Sales	92,391	100.00	68,887	100.00
EBIDTA	7,183	7.77	9,611	13.95
EBDTA	127	0.14	1,725	2.50
EBT	(3,192)	(3.45)	(1,564)	(2.27)

Depressed sugar market conditions impacted the prices. While the year started on a positive note with sugar prices at reasonable level, it started sliding thereafter on the back of higher global production of sugar and estimates of higher production in India. The State Government of Uttar Pradesh announced a very high and unaffordable SAP of ₹ 280 per quintal. Melange of high cost of sugarcane and lower price of sugar played havoc with the economics and the bottom-line of most sugar companies in Uttar Pradesh. Mismatched raw material price and finished product dented the profitability of the Company.

TRENDZ: 2013-14

Sugar production in the country is estimated to be in excess of domestic consumption by about 2 million tons due to an increase in cane area. With the surplus from the preceding season estimated at about 8.5 million tons, the market is currently facing the bearish trend in sugar prices. Spot prices have declined from ₹ 3,400 per qtl before partial decontrol to ₹ 2,800-2,900 per qtl now.

Meanwhile, import of cheap foreign sugar has further added to the woes as in the previous season few millers and traders have imported the substantial quantity of sugar due to lower sugar prices in the world market, lower import duty and fluctuating currency. Imports of cheap sugar have crashed the prices in the domestic market and the mills are not in a position to clear the all time high cane price arrears of the previous season. Therefore, unnecessary imports of sugar need to be stopped completely.

At the state level, Government of U.P. declared the SAP for the season 2013-14 at last years' level which is ₹ 275, 280, 290 per quintal of sugarcane respectively for rejected, general and early varieties. In 2011-12, a price of ₹ 240 per quintal was announced for the general variety of sugarcane as compared to ₹ 205 per quintal in 2010-11. A sharp increase in sugarcane prices without a commensurate increase in sugar prices has resulted in a spike in cane price arrears in U.P. over the last 3 years. As of June 2013, U.P. accounted for 73 per cent of all-India cane arrears (as compared to 61 per cent as of March 2013), reflecting the relative inability of U.P. mills to pay farmers.

Due to continuous losses to the sugar industry, it has been regularly representing to the Government to rationalize the cane price on the basis of its paying capacity which is further based on a well proven revenue sharing formula as also to grant certain immediate reliefs for the survival of the sugar sector.

Currently, sugar mills are under abnormal stress to clear cane price dues and situation is so grim that the industry association as well as most of the mills in the state of U.P. submitted the notices of suspension of operations in the season 2013-14 until the SAP is brought down to ₹ 225 per qtl of cane i.e. in accordance with the current paying capacity of the mills as per established formula. However, the state government granted some relief measures on 28th November, 2013 but the relief amount was insufficient to overcome the current crisis situation and start the factories until a viable cane price is announced and sufficient relief measures are granted.

On 1st December 2013, a delegation of the sugar industry met Hon'ble Chief Minister of U.P. and also submitted a memorandum on behalf of the association seeking some relief, which was accepted by the state government to arrive at an adhoc settlement despite crushing operation being unviable at the present cane price in the larger interest of millions of sugarcane farmers.

Under this settlement, industry will make payment for sugarcane price in 2 tranches i.e. ₹ 260/- per quintal in the first within the stipulated time period and balance ₹ 20/- per quintal in the 2nd by the closing of the crushing season i.e. by 30th September, 2014. The state government also agreed for a relief of ₹ 11.03 per quintal in the form of Entry Tax Waiver ₹ 2.73, Purchase Tax Waiver ₹ 2 and the Society Commission ₹ 6.30 per quintal of cane.

Meanwhile, the state government assured that a viable long term cane price formula would be worked out as per recommendation of the Rangarajan Committee so as to ensure the long term viability and growth of the sugar industry in the state.

Of late, the Government of India has come forward with a Scheme for Extending Financial Assistance to Sugar Undertakings vide its Notification dated 3rd January, 2014 to grant five year loans equal to three year's excise duty plus cess to clear the cane price arrears. Meanwhile, the Government is also considering granting some WTO compatible support measures to boost sugar export.

The international market price are still under pressure for 2013-2014, where Brazil already started harvesting the estimated bumper crop; Thailand, the world's largest exporter after Brazil expanded the production by 10% which adds to the estimated global surplus of about 4.5 million tons this season 2013-2014, a surplus for the 4th consecutive season, which is a rare phenomenon.

Given the surplus scenario for the season, the way out for millers is to take control over the excess supply through export markets. Again with the infrastructure, the mills closer to ports may explore the opportunity. Meanwhile, government can help to mitigate the crisis by facilitating export of sugar through WTO compatible measures and other policy measures such as creation of buffer stock, provision of soft loans and other concessions by way of remission of levies and taxes as applicable in the interest of all the stake holders including millions of sugarcane farmers. This will provide immediate relief to the crisis ridden sugar industry in the short term. However, linkage of sugarcane and sugar price will play pivotal role for sustenance of the largest agro processing industry in the long run.

GOING FORWARD

Both sugar and sugarcane are treated as 'essential commodity'. The government's focus to give high cane price to farmer and maintain low sugar price for the consumer is economically unsustainable. Low sugar price leads to unremunerative cane price and its delayed payment, leading to accumulation of cane price arrears and forcing the cane farmers to switch to other crops. This kick starts sugar shortage and high sugar price, in turn prompting higher sugarcane price to lure the farmer back to sugarcane. This cycle gets repeated ad infinitum with resultant spike in sugar production causing demand-supply in-equilibrium and driving sugar prices on a roller-coaster ride. However, fundamental changes in the consumer profile and demonstrated ability of the sector to continuously ensure availability of sugar for domestic consumption has diluted the need for sugar and sugarcane to be considered as an essential commodity. Time is now overripe for removal of sugarcane and sugar from the ambit of essential commodities.

Due to wide production swings, India is an erratic driver of the world sugar market. It is the only big sugar producer exporting sugar in some years at through away prices, soon followed by importing sugar at very high prices. Unlike this, Brazil, Thailand and Australia are steady and sustained exporters. India has enough potential to produce and export sugar and earn a lot of precious foreign exchange as about 5-6 million ton refining capacity has come up in the neighbouring countries and India is one of the most efficient processors. Besides, India offer freight advantage as compared to far off exporting countries. However, to become an important player, it only needs to align the sugarcane and sugar prices.

Central government in April 2013 advised respective state governments to implement revenue sharing model for determination of cane price. Karnataka state has already passed The Karnataka Sugarcane (Regulation of purchase and supply) Act, 2013. It provides for the formation of a Sugar Board consisting of representatives from the farmers, sugar mills and the government. The board shall meet at least thrice in a year, before commencement of crushing, after closure of crushing and at the end of sugar season to decide sugarcane prices on revenue sharing basis taking into consideration actual revenue realised from sugar, bagasse, molasses and press mud. Maharashtra state is also in the process of framing a new law for linking cane prices with end product prices. Meanwhile, other sugar producing states have not taken any steps in this regard.

Indian millers pay a high price for sugarcane and realize a low price for sugar. The intrinsic imbalance between sugar and cane price often leads to huge build up of cane price arrears that accelerates the infamous Indian sugar cycle. A long term pricing formula for sugarcane based on sugar sales realization in accordance with proven global sugarcane price model and as recommended by the Rangarajan Committee would bring stability and eliminate the vicious sugar cycle. In the long run, this will benefit all the stake holders i.e. consumers, farmers and millers.

SUMMING UP

I would like to take this opportunity to thank you for all your support. I seek your continued support in our endeavor to achieve better results in future. I would also like to use this opportunity to thank all our business associates, our employees, our farming brethren who have reposed immense confidence in us, our Banks and Financial Institutions who have proved to be our reliable and trustworthy friends, various Government agencies and last but not the least the illustrious members of our Board who have provided their valuable guidance whenever required.

G. R. MORARKA

(Chairman and Managing Director)

A VIRTUAL TOUR OF THE COMPANY'S PLANT & MANUFACTURING PROCESS

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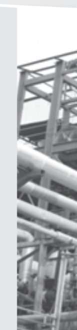

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