



*K.C.P. SUGAR AND INDUSTRIES
CORPORATION LIMITED*

*Sixteenth Annual Report
2010- 2011*

CONTENTS

<i>BOARD OF DIRECTORS</i>	<i>1</i>
<i>AT A GLANCE</i>	<i>2</i>
<i>NOTICE TO SHAREHOLDERS</i>	<i>3</i>
<i>DIRECTORS' REPORT</i>	<i>7</i>
<i>REPORT ON CORPORATE GOVERNANCE</i>	<i>17</i>
<i>AUDITORS' REPORT</i>	<i>31</i>
<i>BALANCE SHEET</i>	<i>34</i>
<i>PROFIT AND LOSS ACCOUNT</i>	<i>35</i>
<i>SCHEDULES ANNEXED TO :</i>	
- <i>BALANCE SHEET</i>	<i>36</i>
- <i>PROFIT AND LOSS ACCOUNT</i>	<i>43</i>
<i>STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</i>	<i>45</i>
<i>NOTES FORMING PART OF ACCOUNTS</i>	<i>47</i>
<i>CASH FLOW STATEMENT</i>	<i>54</i>
<i>BALANCE SHEET ABSTRACT & GENERAL BUSINESS PROFILE</i>	<i>56</i>
<i>STATEMENT OF HOLDING COMPANY'S INTEREST IN SUBSIDIARY COMPANIES</i>	<i>57</i>
<i>ANNUAL REPORT OF WHOLLY OWNED SUBSIDIARIES</i>	
- <i>THE EIMCO - K.C.P. LIMITED</i>	<i>59</i>
- <i>KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED</i>	<i>79</i>
<i>CONSOLIDATED FINANCIAL STATEMENTS</i>	<i>91</i>
<u>FORMS</u>	
<i>ELECTRONIC CLEARING SERVICES FORM</i>	
<i>NOMINATION FORM</i>	
<i>ATTENDANCE SLIP & PROXY FORM</i>	

BOARD OF DIRECTORS as on 27.05.2011

WHOLETIME DIRECTORS:

Shri.Vinod R. Sethi	Executive Chairman
Smt.Irmgard Velagapudi M. Rao	Managing Director
Smt.V.Kiran Rao	Executive Director

NON-WHOLETIME DIRECTORS:

Shri.K.A.Rangaswamy	Independent Director
Shri.Ranvir R.Shah	Independent Director
Dr.Vithal Rajan	Independent Director
Shri.M.S.V.M.Rao	Independent Director

Board Committees

Audit Committee

Shri.K.A.Rangaswamy
Shri. Vinod R. Sethi
Dr.Vithal Rajan
Smt.V.Kiran Rao
Shri.M.S.V.M.Rao

Remuneration Committee

Shri.K.A.Rangaswamy
Dr. Vithal Rajan
Shri. Vinod R. Sethi
Shri. Ranvir R.Shah

Share Transfer & Grievances Committee

Shri. K.A. Rangaswamy
Smt.Irmgard Velagapudi M.Rao
Smt.V.Kiran Rao

General Manager (Finance)

Shri.R. Ganesan

**Deputy General Manager (Finance)
and Company Secretary**

Shri.S.Chidambaram, B.Sc.,AICWA, ACS,

Auditors

Messrs. B.Purushottam & Co.
Chartered Accountants,
Flat No.3-D, "Pioneer Homes"
23/A, North Boag Road, T.Nagar
Chennai 600017.

Cost Auditor

Shri.G.Suryanarayanan

Legal Advisor

Shri.T.Raghavan

Bankers

State Bank of India
Punjab National Bank
ICICI Bank Ltd
ING Vysya Bank Ltd
Axis Bank Ltd

Registered & Corporate Office

"Ramakrishna Buildings"
239, Anna Salai,
Chennai - 600 006.

Plant Locations:

1) Vuyyuru, Krishna Dist, Andhra Pradesh 521 165
Sugar, Industrial Chemicals, Incidental Co-generation Power,
Biotech, CO2, Calcium Lactate Divisions.

2) Lakshmipuram, Krishna Dist, Andhra Pradesh 521 131
Sugar, Incidental Co-generation Power.

Registrars to Deposits

Being handled In-House at the Registered Office of the Company.
(Earlier outsourced to TIPS Data Systems Pvt.Ltd., Chennai).

**Registrars & Share Transfer Agent &
Depository Registrars**

M/s Integrated Enterprises (India) Limited,
2nd Floor, "Kences Towers", No.1,Ramakrishna Street,
North Usman Road, T.Nagar, Chennai - 600 017.
Ph: 28140801 to 28140803 Fax: 28142479
Website: www.iepindia.com

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

Particulars	Year Ended										
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002	31.03.2001
Share Capital	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	1,133.85	*1,133.85
Reserves and Surplus	16,519.46	15,925.95	14,546.49	14,342.19	14,475.97	12,784.19	9,012.45	6,554.82	4,962.81	5,384.94	6,772.84
Net Worth	17,653.31	17,059.80	15,680.34	15,476.04	15,609.82	13,918.04	10,146.30	7,688.67	6,096.66	6,518.79	7,906.69
Fixed Assets (Net)	13,102.44	13,698.22	13,959.19	14,758.28	15,541.25	13,970.66	10,448.77	9,649.21	10,141.13	10,114.89	9,589.37
Gross Income	22,111.97	26,306.43	19,954.65	25,428.43	33,611.64	36,184.68	29,977.81	20,890.02	17,690.59	14,947.76	22,204.78
Gross Profit	2890.57	4,813.10	3,270.26	2,280.74	5,000.54	10,555.24	8,033.82	3,022.50	1,535.38	2,542.94	3,720.16
Depreciation	1,095.44	1,062.54	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02	611.21	575.87	531.30
Interest	467.10	319.62	360.18	459.93	351.56	420.53	915.01	1,373.05	1,501.80	1,430.90	1,520.70
Profit / (Loss) before Tax	1,328.03	3,430.94	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43	-577.63	536.17	1,668.16
Profit / (Loss) after Tax	1,183.23	2,374.37	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79	-422.13	340.19	1,368.16
Earnings per Share (Rs.)	**1.04	**2.09	**0.999	**0.63	**2.08	**5.04	35.85	16.86	-3.72	3.00	*10.79
Cash Earnings per Share (Rs.)	**2.01	**3.03	**1.96	**1.56	**2.96	**5.69	41.32	22.38	1.67	8.08	*14.97
Book Value per Share (Rs.)	**15.57	**15.05	**13.83	**13.65	**13.77	**12.28	89.49	67.81	53.77	57.49	69.73
Dividends on Equity %	45.00	75.00	70.00	50.00	50.00	150.00	100.00	25.00	--	25.00	25.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.26	0.25	0.25	0.22	0.12	0.16	0.30	0.49	0.58	0.70	0.73

* During the year 2000-01, the Company bought back 15,54,511 shares and hence EPS & CEPS have been calculated on the weighted average of Capital held during the year.

** Face value of each equity share of Rs.10/- has been sub-divided into 10 equity shares of Face Value of Re.1/- each w.e.f. 17.03.2006.

SEASON WISE CANE CRUSHED, SUGAR BAGGED AND RECOVERY

SEASON	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
SUGAR UNIT, VUYYURU											
Cane Crushed in MTS	7,86,393	4,89,522	5,38,686	8,46,674	12,21,209	10,72,145	9,97,945	10,14,957	9,74,932	6,88,821	6,09,355
Sugar bagged in QTLS	8,05,960	4,64,110	5,64,150	9,19,000	13,19,880	11,97,470	11,44,442	10,60,812	9,81,994	7,22,284	6,31,820
Recovery (%)	10.25	9.50	10.45	10.85	10.83	11.15	11.46	10.47	10.07	10.48	10.38
SUGAR UNIT, LAKSHMIPURAM											
Cane Crushed in MTS	2,75,222	1,50,759	1,35,957	2,74,193	4,53,307	4,35,534	3,72,153	3,13,619	2,27,826	82,058	1,85,586
Sugar bagged in QTLS	2,50,160	1,29,206	1,22,686	2,68,948	4,67,905	4,61,679	4,13,580	3,14,879	2,09,638	68,658	1,75,071
Recovery (%)	9.09	8.58	9.05	9.80	10.32	10.63	11.10	10.05	9.07	9.40	9.36

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held at "Sathguru Gnanananda Hall" Narada Gana Sabha, 314, T.T.K.Road, Alwarpet, Chennai 600018, on Thursday, the 29th day of September 2011 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, the Profit and Loss Account for the year ended on that date, and the Report of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Dr. Vithal Rajan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. M.S.V.M.Rao, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Article 148 of the Articles of Association of the Company and the provisions of Section 309 and other applicable provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, the Non Whole time Directors of the Company (other than the Wholetime Directors and Nominee Directors) be paid as remuneration for each of the five financial years beginning from 2011 – 12 to 2015- 16, an amount not exceeding one percent of the net profits of the Company and computed in the manner laid down in Section 198, 349, and 350 of the Companies Act, 1956 and to be divided amongst the said Non Wholetime Directors in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally, provided that none of the Directors aforesaid shall receive individually in a financial year a sum exceeding Rs.1.75 lakhs (Rupees One lakh and seventy five thousand only) and further that the payment of the sum in the above manner shall be in addition to the sitting fee per meeting of the Board/Committee which each such Director is entitled to receive under the Articles of Association and the approval of the Board of Directors from time to time."

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be deemed expedient or desirable to give effect to this resolution."

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 27.05.2011

VINOD R. SETHI

EXECUTIVE CHAIRMAN

NOTES:

- (i) a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The **proxy form**, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

- b. **The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 22nd day of September 2011 to 29th day of September 2011, both days inclusive, **for the purpose of payment of dividend.**
- c. **Dividend on equity shares**, recommended by the Board, if approved by the shareholders at the AGM, will be paid on or after 29.09.2011 but within the stipulated time:
 - i. to those Members whose names appear on the Register of Members of the Company as on 21.09.2011. and
 - ii. in respect of **shares held in electronic form**, the dividend will be payable on the basis of beneficial ownership as at the close of 21st September 2011 as per the details furnished by the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for the purpose as on that date.
- d. **M/s. Integrated Enterprises (India) Ltd**, Kences Towers, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrar and Transfer Agents and Depository Participants of the Company for physical / electronic shares and all correspondences with regard to transfer of shares etc may be addressed to them directly.
- e. Securities and Exchange Board of India has made **trading** in the shares of the company **compulsory in dematerialized form** for all investors. Members are requested to open a Beneficiary owner account with a Depository Participant, if not done so far.

- f. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Integrated Enterprises (India) Ltd, Chennai, under the signature of the sole / first joint holder, the following information to be incorporated on dividend warrants:
- Name of the Sole / First joint holder and the Folio Number.
 - Particulars of Bank Account, viz, Name of the Bank, Name of the Branch, Complete address of the Bank with PIN code, Account type and the Bank Account Number.
- g. **Members holding shares in dematerialized form**, may please note that while opening a depository account with participants they might have given **their bank account details**, which will be printed on their dividend warrants. However, if Members want to change/correct the Bank details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR code of their bank to their Depository Participant. **The Company will not entertain any direct request from Members for addition/deletion/change in bank account details furnished by Depository Participants to the Company.**
- h. **Electronic Clearing System (ECS)** credit has been moved completely to the National Electronic Clearing System (NECS) platform through core banking system, effective from 30.09.2009. Accordingly, dividend will be credited to the shareholders bank account through NECS where complete core banking details are available with the Company. In the event any branch of a bank has not migrated to core banking system, or where core banking account is not furnished by the shareholders to the Depository / Company, as the case may be, the Company will print details available in its records on the Dividend Warrants to be issued to such shareholders. This service provides instantaneous credit to the shareholders and also protects against fraudulent interception and encashment of dividend warrants, besides eliminating dependence on the postal system, loss or damage of dividend warrants in transit and correspondence relating revalidation / issue of duplicate warrants.
- i. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar the details of all such folios together with the Share Certificates for **consolidation of their holdings into a single folio**.
- j. **Members who hold shares in the physical form** can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility by filling **Form 2B printed with this Annual Report**. Members holding shares in dematerialized form may please contact their Depository Participants for recording nomination in respect of their shares.
- k. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter, which remain unclaimed for a period of seven years will be transferred to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial year ended		Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31.03.2004		02.09.2004	08.09.2011	07.10.2011
31.03.2005	(interim)	10.11.2004	22.11.2011	21.12.2011
	(Final)	31.08.2005	04.09.2012	03.10.2012
31.03.2006	(interim)	27.10.2005	07.11.2012	06.12.2012
	(Final)	12.10.2006	17.10.2013	16.11.2013
31.03.2007		27.09.2007	02.10.2014	01.11.2014
31.03.2008		11.09.2008	12.09.2015	11.10.2015
31.03.2009		23.09.2009	24.09.2016	23.10.2016
31.03.2010		19.08.2010	22.08.2017	21.09.2017

- l. Shareholders are requested to **encash their Dividend Warrants on receipt** as Dividend remaining **unclaimed for seven years**, are required to be **transferred to the Investor Education and Protection Fund** established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are **transferred to**

this fund, shareholders will **not be entitled to claim** these dividends.

[The **Unclaimed Dividend** for the above year(s), 2004 – 05 (interim & final), 2005–06 (interim & final), 2006-07, 2007-08, 2008-09 and 2009-10 are held in separate Bank Accounts and Shareholders who have not received the dividend/ encashed the said warrants, are in their own interest advised to write to the Registrar immediately with complete details. **Shareholders are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claim.]**

- m. Shareholders who have **not lodged their old share certificates of “The K.C.P.Ltd”** for exchange of new share certificates of both the Companies in terms of the approved Scheme of Arrangement are requested to surrender the same to The K.C.P.Ltd, No.2, Dr.PV.Chcrian Crescent, Chennai – 600 008 at the earliest with a copy marked to the Registrar. New share certificates of this Company will be despatched after receipt of confirmation from The K.C.P.Ltd.
- n. Members/Proxy holders must bring the **Attendance Slip duly filled and signed, to the meeting** and hand it over at the entrance. Xerox copy/torn attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to **bring their copy of the Annual Report to the Meeting**, as copies will not be distributed at the Meeting hall, as a measure of austerity. Corporate Members are requested to send to the Company's Registrar and Transfer Agents, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
- o. **Members desirous of obtaining any information** concerning the accounts and operations of the Company are requested to **address their queries in writing** to the Secretarial Division **at least two weeks before the Meeting** so that the information may be made available at the Meeting.
- p. The members are requested to register their e-mail address / any change in the already registered e-mail address, to the Company / Registrar and Transfer Agents to enable service of documents through electronic mode, in line with the Green Initiatives in Corporate Governance taken by the Ministry of Corporate Affairs, allowing paperless compliance by the Companies.
- q. Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation and being eligible seeking re-appointment is as under:

	Dr. Vithal Rajan	Shri. M.S.V.M.Rao
Profile of the Director	Dr. Vithal Rajan is a Doctorate from the London School of Economics. He was a founder faculty member of the School of Peace Studies, Bradford University, U.K.; Executive Director of the Right Livelihood Award Foundation, Sweden; and Director, World-Wide Fund for Nature International, Switzerland. The Governor General of Canada had appointed him an Officer of the “Order of Canada”, the country's highest honor for a lifetime of achievement for voluntary service and merit of a high degree, especially in service to Canada and to humanity at large. He was co-opted as an additional Director on the Board of the Company on 26.10.2005. He retired by rotation at the Thirteenth AGM held on 11.09.2008 and was reappointed. Again, he retires by rotation at the ensuing Sixteenth AGM and being eligible, seeks reappointment.	Shri.M.S.V.M.Rao is a Post-graduate in Political Science. He was co-opted on the Board of the Company on 17.12.2005 as an Independent Additional Director. He retired by rotation at the Thirteenth AGM held on 11.09.2008 and was reappointed. Again, he retires by rotation at the ensuing Sixteenth AGM and being eligible, seeks reappointment.
Directorships and Committee Memberships in other Companies.	---	---
No. of Shares held in their own name.	NIL	10 equity shares of F.V.Re.1/- each

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956:

Item No.6:

At the Eleventh Annual General Meeting held on 12th October 2006 the Shareholders had approved the payment of remuneration to the Non-Whole Time Directors by way of commission on the profits of the Company not exceeding one per cent subject to a limit of Rs.1,75,000/- (Rs. One Lakh and Seventy five thousand) per Director for each of the five financial years ending with 31st March,2011, in addition to sitting fees paid for the meetings of the Board/Committee. Your Board of Directors consists of senior seasoned professionals in their respective fields who with their knowledge and exposure are guiding the growth of this Company. With the increasing thrust on good Corporate Governance your Board has inducted professionals from different walks of life and functional areas so that they can contribute to the success of the Company. There is a need for the compensation to be commensurate with the responsibilities shouldered by the Non Wholetime Directors. In appreciation of their valuable continuing guidance for the growth of the Company and also considering the attention devoted and responsibilities undertaken by these Non-Whole Time Directors in the activities of the Company, the Board of Directors at their Meeting held on 27th May 2011, has recommended the payment of commission not exceeding one per cent of the profits of the Company to be divided amongst the said Non Whole time Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally subject to a maximum of Rs.1,75,000/- (Rs. One Lakh and Seventy five thousand) per Director for each of the five financial years from 2011 – 12 to 2015 -16, in addition to sitting fees paid for the meetings of the Board/Committee. Section 309 of the Companies Act, 1956 stipulates inter alia that the payment of remuneration to the Non-Whole Time Directors not exceeding one per cent of the profits of the Company could be made if authorized by a Special Resolution.

The Directors, therefore recommend the Special Resolution for the approval of the Shareholders.

Shri.K.A.Rangaswamy, Shri.Ranvir Shah, Dr.Vithal Rajan, and Shri.M.S.V.M.Rao being Non Wholetime Directors may be deemed to be concerned or interested in this resolution.

// BY ORDER OF THE BOARD //

Place : Chennai

Date : 27.05.2011

VINOD R. SETHI

EXECUTIVE CHAIRMAN

DIRECTORS' REPORT

Your Directors present their 16th Annual Report and the audited statement of accounts for the year ended 31st March 2011.

I. FINANCIAL RESULTS:

	For the Year ended 31.03.2011	For the Year ended 31.03.2010
Physical Performance		
Cane crushed – in Tonnes	10,49,613	6,40,281
Sugar bagged – In Quintals	10,34,579	5,93,316
Financial Performance – Rs. Crores		
Turnover	269.76	301.55
Other Income	8.32	4.10
Profit Before Tax	13.28	34.31
Profit After Tax	11.83	23.74
Surplus from Previous Year	52.22	40.81
Amount available for appropriation	64.05	64.55
Appropriations		
Transfer to General Reserve	1.27	2.38
Proposed Dividend	5.10	8.50
Tax on proposed Dividend	0.79	1.45
Carried forward	56.89	52.22

II. PERFORMANCE:

During the financial year under review your Company recorded a Turnover of Rs. 269.76 crores (Prev. Year: Rs.301.55 cr.) including Excise Duty of Rs. 7.12 crores (Prev.Year: Rs.9.27 cr.) and Inter-divisional transfers of Rs. 56.97 crores (Prev. year: Rs.42.58 cr.). The profit before interest and depreciation is Rs. 28.90 crores. Profit before tax is Rs. 13.28 crores and after adjustments relating to refund / payment of Income Tax pertaining to earlier years, and provision for current tax, the Profit after tax is Rs. 11.83 crores.

The decrease in profit is due to reduction in quantum of sale of sugar coupled with steep increase in cost of production.

III. DIVIDEND:

The Board of Directors recommends a dividend of 45 % on the Paid-up Equity Capital for the year ended 31.03.2011 as against 75 % approved for the previous year ended 31.03.2010. The dividend recommended by your Directors, if approved at the ensuing Annual General Meeting by the Shareholders would be paid within the stipulated time.

IV. SHARE CAPITAL AND RESERVES:

The Share Capital of the Company is Rs.11.33 crores. The General Reserve as at 01.04.2010 was Rs.105.03 crores and after transferring from Net Profits a sum of Rs. 1.27 crores to the General Reserve for the year ended 31.03.2011 the General Reserve stood at Rs.106.30 crores as on 31.03.2011. The total Reserves and Surplus has increased to Rs.165.19 crores as on 31.03.2011 as against Rs. 159.26 crores as on 31.03.2010.

V. MANAGEMENT DISCUSSION AND ANALYSIS:**a. Sugar Industry - Opportunities, Threats and Future Outlook:****Opportunities:**

The long term outlook for sugar remains positive and promising on account of:

- Bright scope for substantial reduction in cost of cultivation of sugarcane on account of continued efforts on complete mechanization of sugar cane cultivation including harvesting of sugarcane.
- Continued efforts towards reduction in process energy consumption by adopting innovative process control methods.
- Growing energy consumption in India allowing the sugar industry to play a vital role.
- Environmental friendly power generated by Cogeneration Units equipped with high-pressure boilers and turbines that intelligently use the fuel to get optimum energy output.
- Usage of dry sugarcane trash to its full potential through better collection mechanism as bio-mass fuel for generating energy through incidental cogeneration plants.
- More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- Clearly defined Clean Development Mechanism and the expected flow of Carbon Credits.
- Implementation of Kyoto Protocol by India requiring fuel Ethanol blending with petrol and exploring the possibilities of enhancing the blending proportion.
- Growing demand for bio manure, which works as the perfect soil conditioner. Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.

Threats:

Sugar industry is at present confronted by the following threats:

- Continued impact on the industry on account of various controls and administrative measures by the Central and State Governments.
- Dearth in availability of farm labour for harvesting, transportation, loading and unloading of sugar cane and sugar.
- The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available.
- Sugar weightage in WPI.
- Short crushing season.

Future Outlook:

The future outlook of sugar would depend on the following:

- Volume of cane crushed.
- Agro-climatic conditions in major sugar-producing countries.
- Fair and reasonable allotment of sugar for public distribution system considering the availability of sugar.
- Fixation of fair and remunerative prices for levy quota.
- Industry-friendly release mechanism to ensure standard and remunerative prices for sugar.
- Fixation of fair and remunerative prices for encouraging higher production of Ethanol and Energy.
- Total decontrol of sugar for sustained growth of sugar industry, as the present trend is very much in favour of decontrol.