



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

*Eighteenth Annual Report
2012 - 2013*

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>35</i>
<i>PROFIT AND LOSS ACCOUNT</i>	<i>36</i>
<i>NOTES TO FINANCIAL STATEMENTS:</i>	<i>37</i>
<i>CASH FLOW STATEMENT</i>	<i>57</i>
<i>STATEMENT OF HOLDING COMPANY'S INTEREST IN SUBSIDIARY COMPANIES</i>	<i>59</i>
<i>ANNUAL REPORT OF WHOLLY OWNED SUBSIDIARIES</i>	
<i>- THE EIMCO - K.C.P. LIMITED</i>	<i>61</i>
<i>- KCP SUGARS AGRICULTURAL RESEARCH FARMS LIMITED</i>	<i>85</i>
<i>CONSOLIDATED FINANCIAL STATEMENTS</i>	<i>99</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 29.05.2013)

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

Chief Financial Officer

Shri.R. Ganesan

General Manager (Finance) and Company Secretary

Shri.S.Chidambaram, B.Sc.,ACMA, 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.V.Srinivasan, No.28, 'BETA' Block, Jaihind Apts
175-A, Velachery Main Rd, Gowrivakkam, Chennai 600073.

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.
Telephone: 044-28555171-76 / E-mail: kcpsugar@vsnl.com
Website: www.kcpsugar.com

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.

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 – except Ratios

Particulars	Year Ended									
	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004
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
Reserves and Surplus	20,789.08	18,239.51	16,519.46	15,925.95	14,546.49	14,342.19	14,475.97	12,784.19	9,012.45	6,554.82
Net Worth	21,922.93	19,373.36	17,653.31	17,059.80	15,680.34	15,476.04	15,609.82	13,918.04	10,146.30	7,688.67
Fixed Assets (Net)	11,713.94	12,243.89	13,102.44	13,698.22	13,959.19	14,758.28	15,541.25	13,970.66	10,448.77	9,649.21
Gross Income	43,460.93	34,760.85	22,109.35	26,306.43	19,954.65	25,428.43	33,611.64	36,184.68	29,977.81	20,890.02
Gross Profit	7,215.30	4,892.15	2,924.04	4,813.10	3,270.26	2,280.74	5,000.54	10,555.24	8,033.82	3,022.50
Depreciation	1,087.40	1,082.87	1,095.44	1,062.54	1,085.35	1,059.37	1,001.49	743.45	619.97	626.02
Finance Cost*	567.58	*634.16	*500.57	319.62	360.18	459.93	351.56	420.53	915.01	1,373.05
Profit / (Loss) before Tax	5,560.32	3,175.12	1,328.03	3,430.94	1,824.73	761.44	3,647.49	9,391.26	6,498.84	1,023.43
Profit / (Loss) after Tax	3,876.13	2,642.50	1,183.23	2,374.37	1,132.88	710.97	2,355.05	5,711.05	4,065.21	1,911.79
Earnings per Share (Rs.)	3.42	2.33	**1.04	**2.09	**0.999	**0.63	**2.08	**5.04	35.85	16.86
Cash Earnings per Share (Rs.)	**4.38	**3.29	**2.01	**3.03	**1.96	**1.56	**2.96	**5.69	41.32	22.38
Book Value per Share (Rs.)	**19.33	**17.09	**15.57	**15.05	**13.83	**13.65	**13.77	**12.28	89.49	67.81
Dividends on Equity %	100.00	70.00	45.00	75.00	70.00	50.00	50.00	150.00	100.00	25.00
Long term Debt Equity Ratio (excluding working capital borrowings)	0.19	0.26	0.26	0.25	0.25	0.22	0.12	0.16	0.30	0.49

* Finance cost in FY 2012-13, 2011-12 & 2010-11 consists Interest and other borrowing costs as per Revised Sch.VI. Rest of the Financial Years, it represents only Interest.

** 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	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
SUGAR UNIT, VUYYURU										
Cane Crushed in MTS	7,69,209	8,71,574	7,86,393	4,89,522	5,38,686	8,46,674	12,21,209	10,72,145	9,97,945	10,14,957
Sugar bagged in QTLS	7,78,220	8,59,940	8,05,960	4,64,110	5,64,150	9,19,000	13,19,880	11,97,470	11,44,442	10,60,812
Recovery (%)	10.10	9.88	10.25	9.50	10.45	10.85	10.83	11.15	11.46	10.47
SUGAR UNIT, LAKSHMIPURAM										
Cane Crushed in MTS	2,27,531	2,81,847	2,75,222	1,50,759	1,35,957	2,74,193	4,53,307	4,35,534	3,72,153	3,13,619
Sugar bagged in QTLS	2,06,768	2,41,447	2,50,160	1,29,206	1,22,686	2,68,948	4,67,905	4,61,679	4,13,580	3,14,879
Recovery (%)	9.11	8.87	9.09	8.58	9.05	9.80	10.32	10.63	11.10	10.05

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighteenth 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 Friday, the 30th day of August 2013 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 2013, 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 dividend on Equity Shares.
3. To appoint a Director in place of Shri. K.A. Rangaswamy 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 appoint Shri. Prathap K. Moturi, as an additional Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of five hundred rupees, signifying the intention to move the following Resolution as an **Ordinary Resolution**:

"RESOLVED that Shri. Prathap K. Moturi be and is hereby appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, (the "Act") read with Article 110 of the Articles of Association of the Company, to hold office of the Director upto the date of the next Annual General Meeting, subject to retirement by rotation in accordance with the Articles of Association of the Company."

// BY ORDER OF THE BOARD //

Place : Chennai
Date : 21.06.2013

VINOD R. SETHI
EXECUTIVE CHAIRMAN

NOTES:

- 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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item 6 is given below:

Shri.Prathap K Moturi aged 63 years is a practicing Chartered Accountant with over three decades of rich experience in handling the accounts/audits of various public limited companies and is a Director in a few Private Limited Companies. He was co-opted on the Board of the Company on 26.10.2005 as an Independent Additional Director and held Office upto Eleventh Annual General Meeting held on 12.10.2006. He was elected as Director at the Eleventh AGM held on 12.10.2006. He did not seek reappointment on retirement by rotation at the Fourteenth Annual General Meeting held on 23.09.2009, and the Company resolved not to fill the vacancy caused by his retirement by rotation.

The Company has received notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Shri.Prathap K Moturi for the office of Director under the provisions of Section 257 of the Companies Act, 1956, at the ensuing General Meeting. He was co-opted on the Board of the Company on 21.06.2013 as an Independent Additional Director and holds Office upto the date of Eighteenth Annual General Meeting to be held on 30.08.2013. Hence this resolution.

The Directors recommend the appointment of Shri.Prathap K Moturi as a Director.

None of the Directors other than Shri.Prathap K Moturi may be deemed to be concerned or interested in this resolution.

Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to Shri.Prathap K.Moturi is given below:

Directorships and Committee Memberships in other Companies.	Directorship: 1. Rosy Management Consultants (Pvt) Ltd. 2. KFD Technologies India Private Ltd. 3. G.Cast Private Limited
No. of Shares held in his own name/relatives.	NIL

Information required under Clause 49 of the Listing Agreement (relating to Corporate Governance) with respect to the Directors retiring by rotation at the Eighteenth Annual General Meeting and being eligible seeking re-appointment is as under:

	Shri. K.A. Rangaswamy	Shri. M.S.V.M.Rao
Profile of the Director	Shri.K.A.Rangaswamy is an experienced Chartered Accountant and Company Secretary and in addition holds a Master's Degree in Business Administration, with over 48 years of experience and expertise in the fields of finance, management, business administration, taxation and other related fields. He served as Executive Director of this Company for five years and retired at the close of the tenure on 01.04.2001 and was inducted again in the Board on 29.03.2002 as Non Executive Director, liable to retire by rotation. He retired by rotation at the Fifteenth AGM held on 19.08.2010 and was reappointed. Again, he retires by rotation at the ensuing Eighteenth 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 Sixteenth AGM held on 29.09.2011 and was reappointed. Again, he retires by rotation at the ensuing Eighteenth AGM and being eligible, seeks reappointment.
Directorships and Committee Memberships in other Companies.	Energy Device Technology (India) Pvt.Ltd. – Director.	---
No. of Shares held in their own name.	2,260 equity shares of F.V.Re.1/- each.	10 equity shares of F.V.Re.1/- each.

- c. The Register of Members, Register of Beneficial Owners and Share Transfer Books** of the Company will remain closed from 23rd day of August 2013 to 30th day of August 2013, both days inclusive, **for the purpose of payment of dividend.**
- d. Dividend on equity shares**, recommended by the Board, if approved by the shareholders at the AGM, will be paid on or after 30.08.2013 but within the stipulated time:
- to those Members whose names appear on the Register of Members of the Company as on 22nd August 2013; and
 - in respect of **shares held in electronic form**, the dividend will be payable on the basis of beneficial ownership as at the close of 22nd August 2013 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.
- e. 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.
- d. 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.
- e. 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:

- i. Name of the Sole / First joint holder and the Folio Number.
 - ii. 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.
- f. **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.**
- g. **Electronic Clearing System (ECS)** credit has been moved completely to the National Electronic Clearing System (NECS) platform through core banking system, effective from 01.10.2009. 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.
- h. 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**.
- i. **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.
- j. As required under the provisions of the Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2006 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
31.03.2006	(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
31.03.2011		29.09.2011	28.09.2018	27.10.2018
31.03.2012		28.09.2012	27.09.2019	26.10.2019

- k. Members are informed that the final dividend for the financial year 2005-06 shall become due for transfer to IEPF on 16.11.2013. Any member who has not claimed dividend in respect of the said financial year is requested to approach the Company / Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 17.10.2013. The Company has already sent reminders to all such members at their registered address in this regard.

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), 2005–06 (final), 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 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.]

- l. 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.P.V.Churian 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.
- m. 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.
- n. **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.
- o. 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.

// BY ORDER OF THE BOARD //

Place : Chennai
Date : 21.06.2013

VINOD R. SETHI
EXECUTIVE CHAIRMAN

DIRECTORS' REPORT

Your Directors present their 18th Annual Report and the audited statement of accounts for the year ended 31st March 2013. The financial statements have been presented in the new format in accordance with the changes brought about by the Revised Schedule VI to the Companies Act, 1956.

I. FINANCIAL RESULTS:

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
Physical Performance		
Cane crushed – in Tonnes	10,45,524	11,16,558
Sugar bagged – In Quintals	10,44,649	10,63,267
Financial Performance – Rs. Crores		
Turnover	505.57	410.60
Other Income	5.20	8.61
Profit Before Tax	55.60	31.75
Profit After Tax	38.76	26.42
Surplus from Previous Year	71.39	56.89
Amount available for appropriation	110.15	83.31
Appropriations		
Transfer to General Reserve	4.00	2.70
Proposed Dividend	11.34	7.94
Tax on proposed Dividend	1.92	1.28
Carried forward	92.89	71.39

II. PERFORMANCE:

During the financial year under review your Company recorded a Turnover of Rs. 505.57 crores (Prev.Year: Rs.410.60 cr.) including Excise Duty of Rs. 12.63 crores (Prev.Year: Rs.11.05 cr.) and Inter-divisional transfers of Rs. 76.16 crores (Prev. year: Rs.71.60 cr.). The profit before finance cost and depreciation is Rs. 72.15 crores. Profit before tax is Rs. 55.60 crores and after adjustments relating to payment of Income Tax pertaining to earlier years, provision for current tax and Deferred Tax, the Profit after tax is Rs. 38.76 crores.

The increase in profit is due to higher quantum of sale of sugar coupled with better realisation.

III. DIVIDEND:

The Board of Directors recommends a dividend of Re.1/- per equity share of face value of Re.1/- each on the Paid-up Equity Capital for the year ended 31.03.2013 as against Re.0.70 per equity share, approved for the previous year ended 31.03.2012. 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 01.04.2012 was Rs.109.00 crores and after transferring from Net Profits a sum of Rs. 4.00 crores to the General Reserve for the year ended 31.03.2013 the General Reserve stood at Rs. 113.00 crores as on 31.03.2013. The total Reserves and Surplus has increased to Rs.207.89 crores as on 31.03.2013 as against Rs. 182.40 crores as on 31.03.2012.

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:

- Removal of Levy obligation recently announced by Government of India will improve the profitability and liquidity of sugar mills for prompt payment of sugarcane dues.
- Removal of Release Mechanism recently announced by Government of India will place the sugar mills in a better financial position and sustained revenue inflow.
- Mandatory blending of Ethanol with petrol will boost the revenue of sugar mills and profitability.
- 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.
- Expected flow of funds from Trading of Renewable Energy Certificate (REC).
- 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.
- 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:

- 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.
- Shrinkage of sugarcane area under cultivation due to growing urbanisation.

Future Outlook:

The future outlook of sugar would depend on the following:

- Development of high breed varieties of sugarcane suitable for Indian climatic conditions and to achieve vertical growth in sugarcane productivity.
- Development of suitable sugarcane harvesting machine for Indian soil conditions and operable in fragmented land holdings.
- Swift adaptation of new cultivation method for mechanised harvesting.
- Agro-climatic conditions in major sugar-producing states.
- Permitting Green Energy producers to market directly to third parties.