

Annual Report 2000-2001



RIGA SUGAR CO. LTD.

RIGA SUGAR COMPANY LIMITED

Annual Report : 2000-2001

Board of Directors	:	Shri P. L. Dhanuka – Chairman Shri J. M. Tandon Shri R. V. Tyagarajan Shri J. J. Bhagat Shri Vivek Saraogi Shri J. K. Acharya (IIBI Nominee) Shri Alok Agarwal (ICICI Nominee) Shri O. P. Dhanuka – Vice Chairman & Managing Director Shri Pankaj Tibrawalla Shri B. P. Ray
Company Secretary	:	Shri Shailendra Prasad
Auditors	:	K. N. Gutgutia & Co. Chartered Accountants Kolkata
Bankers	:	Bank of India
Registered Office	:	14, Netaji Subhas Road 2nd Floor Kolkata-700 001
Works	:	Dhanuka Gram P. O. Riga Dist. Sitamarhi Bihar-843 327
Registrars	:	AMI Computers (India) Ltd. 60A & 60B, Chowringhee Road Kolkata-700 020
Shares Listed at	:	The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata-700 001 The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400 001

Fifteen Years' Working Highlights

Sugar Season	Duration (Actual Number of crushing days)	Cane Crushed (Lakh Quintals)	Sugar Produced (Lakh Quintals)	Recovery (Percent)
1986-87	164	19.19	1.84	9.58
1987-88	150	19.06	1.83	9.60
1988-89	144	19.54	1.90	9.74
1989-90	125	21.81	2.05	9.40
1990-91	198	34.68	3.24	9.33
1991-92	232	42.25	3.73	8.83
1992-93	133	25.29	2.44	9.65
1993-94	91	17.18	1.62	9.46
1994-95	176	32.94	3.01	9.12
1995-96	169	35.85	3.34	8.68
1996-97	134	28.07	2.60	9.25
1997-98	110	21.96	2.09	9.51
1998-99	114	24.01	2.16	9.00
1999-00	100	31.30	2.82	9.00
2000-01	135	35.52	3.32	9.35

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of RIGA SUGAR COMPANY LIMITED will be held on Friday, the 28th September, 2001 at 4.30 P.M. at SITARAM SEKSERIA SABHAGAR (Auditorium), Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata-700 017 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2001 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vivek Saraogi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J. M. Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as **SPECIAL RESOLUTION :**

"RESOLVED that pursuant to the provisions of Section 17 of the Companies Act, 1956 and other applicable provisions of the said Act, if any, and subject to such approvals consents, permissions and sanctions as may be necessary from appropriate authorities or bodies, the Memorandum of Association of the Company be and is hereby altered by inserting the following Sub-Clause (3) as new Sub-Clause immediately after the existing Sub-Clause 3(A) (2) of the Memorandum of Association of the Company :

- (3) To carry on the business of sale, distribution, generation, co-generation of all forms of energy and/or power by installation of Power Plant or otherwise and/or power from hydel, conventional and/or non-conventional sources including setting up of the facilities for distribution of all forms of power and energy and also to buy, sell power from/to any person, Government of India, State Government(s), Municipal or local authority, Company or person(s) in India or elsewhere and to transfer power to its own units for captive use".

6. To consider, and if thought fit, to pass with or without modification(a), the following resolution as a **SPECIAL RESOLUTION :**

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be altered in the following manner :-

A new Article being Article No. 62A be inserted after the existing Article No. 62 :

Passing of a Resolution by Postal Ballot

Notwithstanding anything contained in the Articles, the Company do adopt the mode of passing a resolution by the Members of the Company by means of a Postal Ballot and/or any other method as may be provided under Section 192A of the Companies Act, 1956 (the Act) and/or as may be prescribed by the Central Government in this behalf in respect of :

- (i) any business that can be transacted by the Company in General Meeting; and

RIGA SUGAR COMPANY LIMITED

- (ii) particularly, any resolution relating to any business as the Central Government may, by notification, declare to be conducted only by Postal Ballot.

The Company shall comply with the procedure for such Postal Ballot and/or any other method prescribed by the Act and/or Central Government in this regard".

Registered Office :
14, Netaji Subhas Road
2nd Floor
Kolkata-700 001
Dated : August 25, 2001

By Order of the Board

SHAIENDRA PRASAD
Company Secretary

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote on poll instead of himself and the Proxy need not be a member of the Company. The enclosed Proxy Form, if intended to be used, should reach the Registered Office of the Company, duly completed, not less than fortyeight hours before the scheduled time of the Meeting.
2. The Register of Members and the Register of Transfer will remain closed from 25th September to 28th September, 2001 (both days inclusive).
3. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days advance of the Annual General Meeting.
4. Please bring your copy of the Annual Report to the Meeting.
5. Since the Equity Shares of the Company have come under compulsory dematerialisation and the same have been activated in demat form on both the Depositories i.e. NSDL and CDSL, Members are advised to get their Shares dematerialised.
6. Members can avail of the nomination facility by filling Form 2B with the Company.
7. Members are hereby informed that Dividend(s) which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund of the Central Government.

In view of the new regulation, the Shareholders are advised to send all unencashed Dividend Warrants for the year ended 1994-95 onwards to the Company for revalidation.

8. Members are requested to notify any change in the their address to the Company's Registrars and Share Transfer Agents at the Following address :

AMI Computers (India) Ltd.
60A & 60B, Chowringhee Road
Kolkata-700 020

9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Secretary of the Company well in advance, so that the same are received at least ten days before the date of the Meeting to enable the Management to keep the information readily available at the Meeting.

ANNEXURE TO THE NOTICE :**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :****ITEM NO. 5 :**

Your Company is at present engaged in the manufacture and sale of Sugar and Industrial Alcohol. Co-generation of Power by using Bagasse, which is a bye-product of Sugar and distribution of Power now has become thrust area of Sugar Industry. The Government is also encouraging to go for Co-generation Power Plant based on renewable energy sources.

In future, entering into co-generation of power will be in the interest of the Company. Amendments proposed by way of addition to the Object Clause in the Memorandum of Association as set out in the Resolution are to facilitate diversification and to enable the Company to enlarge its area of operations in co-generation of power. Hence it is necessary to alter the Memorandum of Association of the Company by inserting a new sub-clause for generation of power.

The Board seeks your approval under Section 17 of the Companies Act, 1956 for alteration of the Object Clause 3 of the Memorandum of Association of the Company.

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

ITEM NO. 6 :

The Companies (Amendment) Act, 2000 has inserted a new Section viz. Section 192A providing for a regulatory frame work for adopting a resolution by a Postal Ballot. It is, therefore, proposed to incorporate an Article viz. Article No. 62A in the articles of Association of the Company to enable the Company to adopt any resolution by a Postal Ballot.

None of the Directors of the Company is concerned or interested in the Resolution, except to the extent of their respective shareholding, if any, in the Company.

The Articles of Association of the Company referred to in Item No. 6, together with the proposed alterations incorporated therein is available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days of the Company upto and including the day of the Meeting.

Registered Office :
14, Netaji Subhas Road
2nd Floor
Kolkata-700 001
Dated : August 25, 2001

By Order of the Board

SHAIENDRA PRASAD
Company Secretary

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RIGA SUGAR COMPANY LIMITED

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS :

	Current Year	Rs. in Lacs Previous Year
(a) Operating Profit Before Interest and Depreciation	878.78	566.56
(b) Interest	495.81	264.61
(c) Cash Accruals	382.97	301.95
(d) Depreciation	209.21	173.52
(e) Profit before Tax	173.76	128.43
(f) Provision for Tax (MAT)	10.95	—
(g) Net Profit after Tax	162.81	128.43
(h) Balance brought forward from last year	171.81	43.38
(i) Balance carried to Balance Sheet	334.62	171.81

DIVIDEND :

Considering the conservative scenario in the Sugar Industry, your Directors do not recommend payment of Dividend.

OPERATIONAL RESULTS :**SUGAR DIVISION :**

The comparative figures of Cane Crush, Sugar Recovery and duration for the seasons/years 2000-01 and 1999-2000 of your Sugar Factory vis-a-vis the State of Bihar as a whole are given below :-

	Financial Year		Season		Bihar (Season)	
	2000-01	1999-2000	2000-01	1999-2000	2000-01	1999-2000
1. Duration of crushing (Gross Days)	159	130	148	158	110	144
2. Cane crushed (Lac Qtls.)	37.45	25.72	35.52	31.30	316.07	399.42
3. Recovery (%)	9.20	9.16	9.35	9.00	9.11	9.20
4. Production (Lac Qtls)	3.46	2.32	3.32	2.82	28.78	36.76

During the financial year 2000-01 the Company installed various Balancing Equipments to stabilise the Plant for crushing at 3500 TCD which has resulted in improved working.

Due to excessive production of sugar in the country there was huge mismatch between demand and supply. There was also slow export movements. These factors have resulted in depressed market conditions and the average All India Free Sugar sale realisation remained almost static since three years, rather it has gone down during this year.

SUGAR & CANE POLICY :

- * As a beginning to implement the "Mahajan Committee" recommendations, the Government of India had revised the Levy : Free ratio from 30 : 70 to 15 : 85, with effect from 1st February, 2001, a step towards Decontrol. Simultaneously, it has been decided that Sugar under Public Distribution System (PDS) will only be available to those who live 'Below Poverty Line' (BPL) with an increased per capita monthly quota of 500 Grams instead of 425 Grams distributed earlier. The issue price of Sugar under PDS has also been slightly increased by the Central Government from Rs. 13/- per Kg. to Rs. 13.25 per Kg.
- * The Statutory Minimum Cane Price (SMP) for the season 2000-2001 was fixed by the Central Government at Rs. 59.50 per Qtl. linked with a basic recovery of 8.5% against Rs. 56.10 per Qtl. for the previous season 1999-2000. The SMP in case of the Sugar Mill of your Company was Rs. 64.40 per Qtl. against Rs. 59.40 per Qtl. in the previous season, but the Bihar Sugar Factories had to pay a price of Rs. 86.00 per Qtl. during the season 2000-2001 (against previous season's Rs. 82.50 per Qtl.), (consisting of SMP and advance against Clause 5A under 'Bhargav Formula').
- * Sugar was put under OGL and the Government have removed quantity restriction of 10 Lac Tons for current year. The international prices though improved to some extent are not adequate to boost exports to the desired level. The incentives being offered by the Government presently for boosting exports of sugar are not sufficient and the Industry have made representation to the Government for further incentive considering the following to give impetus to Sugar Exports :
 - (1) The facility of advance release to exporting units for a period of 12 months be increased to 18 months.
 - (2) The State Governments be prevailed upon to remit Purchase Tax on Sugarcane prorata of sugar exported.
 - (3) Subsidisation of transportation cost of sugar to the ports in a manner compatible with the WTO provision.
- * With a view to achieve stability in sugar prices, go towards globalisation and deregulation, the Government in principle have agreed for Forward and Future Trading in Sugar and for which Future Trading Exchange are under formation in the country. It will allow the Traders and Industry to operate in international market too.
- * The Levy Sugar price of North Bihar Zone under which your Sugar Factory falls has been revised by the Central Government from Rs. 1085.43 to Rs. 1165.24 per Qtl. However, still the same is much lower than the actual cost of production.

The North Bihar Factories being aggrieved by the gross injustice done to them in regard to fixation of levy sugar price have appealed to the Hon'ble Patna High Court for relief. We are glad to state that the Hon'ble High Court have since passed an Order directing the concerned Ministry to look into the costing and if required revise the levy sugar price to a reasonable level.
- * The Government have, in principle, decided that SDF soft term loan would be made available to the Sugar Factories for setting up co-generation projects also.

SUGAR SCENARIO :

The Sugar year 2000-2001 opened with a stock of 100 Lac M/T against 69 Lac M/T in the previous year. The current year's production is estimated at an all time record high of 185 Lac M/T against 182 Lac M/T in the previous year. This again makes India the largest producer of Sugar in the world.

RIGA SUGAR COMPANY LIMITED

After a long delay the Government, with an intention to stop imports of sugar to the country took various measures and increased Import Duty to 60% (although it is around 130% in other countries) and brought imported sugar under Levy and released mechanism. As a result the undesired imports of sugar to the country had been stopped.

Though the sugar export is not economical, some exports are taking place and it is expected that the sugar export will touch the figure of 11 Lac Tonnes during the current year.

Sugar Exports are possible only by the factories which are nearer either to the Ports or the Wagah Border. However, for the factories like yours which are situated far away from the Ports and main line, export of sugar becomes further more uneconomical.

Domestic consumption of Sugar is expected to be around 158 Lac M/T, and thus the Carry Forward stock of Sugar will further increase from 100 Lac Tonnes to 116 Lac Tonnes, an increase by 16 Lac Tonnes.

FUTURE PROSPECTS :

With continuous impetus to extensive Cane Development Programmes under the guidance of Vasantdada Sugar Institute coupled with normal monsoon and natural climatic conditions, it is expected that crushing and recovery at your Factory will continue to improve in coming seasons and all out efforts are being taken to maintain the upward trend.

Presently your Company is mainly concentrating in the following areas so as to achieve higher cane potential to take care of the increasing demand of Cane :

- (1) Sub-soiler cultivation.
- (2) Preparation of sand-bore.
- (3) Trash burning.
- (4) Foliar application of soluble Fertiliser (NPK + Micro Nutrients)
- (5) Paired Row Plantation.
- (6) Application of modified fertilizer dose.
- (7) Increase in area under irrigation by Bore/Dug-wells.
- (8) Replacement of Cane varieties.
- (9) Pest Control.

Your Company have installed Wireless communication system for connecting the Cane Centres and Areas with the Sugar Factory so as to have smooth communication with the Cane Growers.

DISTILLERY DIVISION :

The Distillery Unit of your Company produced 74.96 Lac B.L. of Industrial Alcohol during the year under review against 67.26 Lac B.L. during the previous year.

The Industrial Alcohol prices have continued on lower side during the year, thereby affecting profitability of the Company. However, your Company had been able to cut the cost especially in regard to Power and Fuel.

With the international market of Molasses and Industrial Alcohol looking up, some exports of these products from India have taken. Thus indigenous prices of Alcohol have improved.

The Central Government have in principle accepted that Ethanol can be admixed with Diesel and Petrol for increasing efficiency of the vehicles and reducing atmospheric pollution. Three Pilot Plants for the purpose have since been installed in the country. It is very likely that in near future Industrial Alcohol with little more refining will be admixed with Petrol and Diesel in our country as being done in all other developed countries. It is expected that this measure will increase the demand of Alcohol in the country and hence higher capacity utilisation of Indian Distilleries.

FIXED DEPOSITS :

The Fixed Deposits accepted/renewed have been repaid on due dates. There is no overdue Fixed Deposit or interest thereon at the end of the year.

AUDITORS' REPORT :

The Notes on the Statement of Accounts referred to in the Report of the Auditors have been suitably explained by way of 'Notes on Accounts'.

COST AUDIT :

Cost Audit of Accounts of the Company for the year ended 31st March, 2001 is being conducted by M/s. Mani & Co., Cost Accountants, Kolkata, and necessary Report will be submitted to the Department of Company Affairs, Government of India.

DIRECTORS :

Mr. Vivek Saraogi and Mr. J. M. Tandon, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Sections 217 (2AA) of the Companies Act, 1956 as amended, with respect to the Directors' Responsibility Statements, it is hereby confirmed :

- (i) That in preparation of accounts for the financial year ended 31st March 2001, the applicable accounting standards have been followed along with proper explanation relating to the material departures;
- (ii) That the Directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the profit of the Company for the year ended 31st March, 2001;
- (iii) That the Directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors of the Company have prepared the accounts of the Company for the financial year ended 31st March, 2001 on going concern basis.

PERSONNEL :

There was no employee of the Company getting remuneration so as to attract the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 as amended as on date.