ANNUAL REORT
2011-2012

60 years

RIGA SUGAR COMPANY LIMITED

RIGA SUGAR COMPANY LIMITED
Annual Report : 2012

Board of Directors	:	Shri O. P. Dhanuka – Chairman & Managing Director Shri N. C. Majumdar Shri Pankaj Tibrawalla Shri S. Borar Shri Sarad Jha Shri S. K. Goenka
CEO & Company Secretary	:	Shri S. Prasad
Auditors	:	K. N. Gutgutia & Co. Chartered Accountants Kolkata
Bankers	:	Bank of India Union 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 & Share Transfer Agent	:	S. K. Infosolutions Pvt. Ltd. 34/1A, Sudhir Chatterjee Street Kolkata-700 006 Phone : 22194815
Shares Listed at	:	The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata-700 001 Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400 001
Legal Advisor and Soliciator	:	Khaitan & Co. Emerald House 1B, Old Post Office Street Kolkata-700 001

NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of the Members of RIGA SUGAR COMPANY LIMITED will be held on Monday, the 27th September, 2012 at 10.00 a.m. at SITARAM SEKSARIA SABHAGAR (Auditorium), Bhartiya Bhasa 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, 2012 and the reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Suyash Borar, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. S. K. Goenka, 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 an **ORDINARY RESOLUTION**.

   “RESOLVED that Mr.N.C.Majumdar, who was appointed on 24.10.2011 by the Board of Directors as Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting , being eligible for appointment and in respect of whom notice in writing under section 257 of the Companies Act,1956 has been received from a member, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION.

   “RESOLVED that Mr.Sarad Jha, who was appointed on 25.01.2012 by the Board of Directors as Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting , being eligible for appointment and in respect of whom notice in writing under section 257 of the Companies Act,1956 has been received from a member, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

Registered Office :
14, Netaji Subhas Road
2nd Floor
Kolkata-700 001
Dated : 30th May, 2012

By Order of the Board

S. 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 forty eight hours before the scheduled time of the Meeting.

2. The Register of Members and the Register of Transfer will remain closed from 24th September 2012 to 27th September 2012 (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. Members are requested to bring copy of the Annual Report to the Meeting.

5. The Equity Shares of the Company is 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. The ISIN No. is INE 909 C01010.

6. Members are hereby informed that Dividend(s) which remain unclaimed/ un encashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund of the Central Government. The shareholders who have not encashed their Dividend Warrant are requested to claim the outstanding dividend declared by the Company for the financial year 2004-05, 2005-06 and 2008-09.

7. Members holding shares in physical form are requested to advise the Company and the members holding shares in dematerialized form are requested to advise their Depository Participants immediately about any change in their address.

8. Members holding Shares in Physical Form and desirous of making a nomination in respect of their Share Holding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company's Registered Office.

9. Appointment/Re-appointment of Director :

   Mr. Suyash Borar and Mr. S. K. Goenka, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

   Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Director(s) proposed to be appointed/re-appointed :

   Mr. Suyash Borar 49 years old is a Chartered Accountant having knowledge in Accounting, finance and Corporate Management. Mr. Suyash Borar does not hold any share of the Company.

   Mr. S.K. Goenka 62 years old, B.Com.(H), L.L.B. is presently Director in Paramount Stock & Share Broking Services Ltd., Bharat Produce Co. Ltd., O. P. Vanyjya Ltd., Eastern Ganges Corporation (P) Ltd., Vimla Mercantile Pvt. Ltd. Mr. S. K. Goenka does not hold any share of the Company.

   Mr. N. C. Majumdar 62 years old is a retired Bank Manager, having vast knowledge in Accounting, Banking and finance. Mr. N. C. Majumdar does not hold any share of the Company.

   Mr. Sarad Jha 58 years old a Chartered Accountant, is a senior partner in Vidya & Co. a Chartered Accountant firm having wide experience in the field of Auditing and serving as a Technical/financial consultant to various corporate/non-corporate clients. Mr. Jha is presently director in Kant & Co.Ltd., Adroitec Information System Pvt.Ltd.,Cosmopolitan Investments Ltd., Ganges Properties Ltd. and Novogreen Energy Solutions Consultancy (P) Ltd.

   Mr. Sarad Jha does not hold any share of the Company.

11. As per Section 53 of the Companies Act, 1956, which provides for service of documents under 'Certificate of Posting' as one of the accepted mode of service, whereas the 'Department of Posts' has discontinued the postal facility under 'Certificate of Posting' vide their letter dated 23.02.2011. 'The Information Technology Act, 2000' also permits service of documents etc. in electronic mode .Keeping this in view the Ministry of Corporate Affairs vide their circular no. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively clarified that a Company would have complied with Section 53 of the Companies, Act,1956, if the service of document has been made through electronic mode provided the Company has obtained email addresses of its members. However such members have given option to receive the documents in physical form.

    Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address as mentioned below quoting their folio number(s).

    S.K.Infosolutions Pvt. Ltd.
    34/1A, Sudhir Chatterjee Street,
    Kolkata - 700 006

ANNEXURE TO THE NOTICE :

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES Act, 1956

ITEM NO. 5

Mr. N. C. Majumdar was appointed as Additional Director of the Company on 24.10.2011, accordingly he is liable to retire at the ensuing Annual General Meeting. The Company has received a Notice in writing under Section 257 of the Companies Act,1956 from a member proposing the appointment of Mr. N. C. Majumdar as a Director liable to retire by rotation.

The Board recommend his appointment as a Director.

No other Directors of the Company are concerned or interested in the aforesaid Resolution.

ITEM NO. 6

Mr. Sarad Jha was appointed as Additional Director of the Company on 25.01.2012, accordingly he is liable to retire at the ensuing Annual General Meeting . The Company has received a Notice in writing under Section 257 of the Companies Act,1956 from a member proposing the appointment of Mr.Sarad Jha as a Director liable to retire by rotation.

The Board recommend his appointment as a Director.

No other Directors of the Company are concerned or interested in the aforesaid Resolution.

Registered Office :
14, Netaji Subhas Road
2nd Floor
Kolkata-700 001
Dated : 30th May, 2012

By Order of the Board

S. PRASAD
Company Secretary

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting their Report and audited Accounts of the Company for the financial year ended 31st March, 2012.

FINANCIAL & OPERATIONAL RESULTS

FINANCIAL RESULTS **(Rs. in Lacs)**

		For 12 months Financial Year 31st March, 2012	For 18 months Financial Year 31st March, 2011
(a)	Operating Profit Before Finance Cost & Depreciation	1,708.37	1,806.62
(b)	Finance Cost	1,570.65	1,095.19
(c)	Cash Accruals	137.72	711.43
(d)	Depreciation & Amortization	662.18	597.11
(e)	Profit (Loss) Before Tax	(524.46)	114.32
(f)	Provision for Tax – Current Tax	—	11.13
	– Deferred Tax	(51.15)	52.85
	– Income Taxes of earlier year	(4.27)	(0.50)
(g)	Profit (Loss) After Tax	(469.04)	50.84
(h)	Balance brought forward from last year	57.80	6.96
(i)	Profit (Loss) Carried Forward to Balance Sheet	(411.24)	57.80

DIVIDEND :

In view of losses company is unable to pay Dividend.

OPERATIONAL RESULTS

SUGAR UNIT

The comparative figures in regard to duration of season, cane crush and sugar recovery for the year ended 31st March, 2012 vis -a-vis previous reporting period of 18 months financial year ended 31st March, 2011 (1st October, 2009 to 31st March, 2011, comprising 2 seasons) in respect of the Sugar Factory of your Company are given below :-

	12 Months Financial Year ended 31st March, 2012	18 Months Financial Year ended 31st March, 2011
1. Duration of crushing (gross days)	113	193
2. Cane crushed (Lac Qtls.)	46.54	70.21
3. Recovery (%)	9.31	9.13
4. Production (Lac Qtls.) – From Sugarcane	4.33	6.39

Season 2011-12

For whole season 2011-12 the sugar factory operated for 120 days with cane crush of 48.13 Lac Qtls. with recovery of 9.31% against 121 days operation and cane crush of 48.11 Lac qtls. last year with recovery of 9.16%. The sugar factory successfully achieved and ran at expanded crushing capacity of 5,500 TCD during the season 2011-12. It made substantial saving of bagassee due to better operational performance which has got good market apart from own requirement for power in off-season and in Distillery.

The cane Price for the season 2011-12 was increased from Rs. 205 to Rs. 225 per qtl. for normal varieties (about 25%), from Rs. 195 to Rs. 210 per qtl. for rejected varieties (about 65%) and from Rs. 210 to Rs. 230 for premium Variety (about 10%). The rejected category has increased because many varieties has been declared as discarded this year by the state government. On the other hand the Transport rebate on out center cane has been increased from Rs. 8.50 to Rs. 10.00 per qtls. Moreover the state government has exempted the purchase tax of Rs. 1.75 per qtls. for 2010-11 and 2011-12 and has reduced the ZDC commission from 1.8% to to 1%. The above factors have overall actual impact on cane price increased by about Rs. 10/- per qtl.

The molasses price during the year increased from Rs. 175 to Rs. 190 per qtls.

The sugar price during the year continued to remain below cost of production and thus sugar industry as a whole incurred losses. Although there was surplus production in the country but the government kept check on export of sugar. It was only from April, 2011 onward the government allowed restricted export of sugar on quota basis, according to which the total intended quantity of export were divided amongst all the sugar factories of country in proportionate to their production during last three years and option were given to sell the quota to other factories who actually doing physical export. As the export market was higher than domestic price it fetched premium to sell the export quota. Your company also sold the quota of export during the year on premium. This system works very well as all the factories were given equal opportunity to participate in export directly or indirectly and share profit and loss. However from April, 2012 the government removed this system and now any factory can export any quantity of sugar subject to registration with DGFT. Consequently now only sugar factory in coastal areas can export as for interior factories the transportation cost put them at disadvantageous position.

Due to higher production during the year the factories had to maintain higher level of inventory. The losses incurred by the factory compel them to bring more borrowing to fill the gap. Thus overall the working capital requirement increased during the year. Moreover the interest rate also increased in general. For sugar industry also due to downgrading of rating the bank increased the interest rate. Thus the interest expenses during the year increased tremendously.

Therefore higher cane price, lower realization and increase of interest burden impacted the profitability of the company and industry.

Expansion of Sugar Plant Capacity & Incentives

The sugar plant of the company successfully achieved expanded capacity from 5,000 TCD to 5,500 TCD during season 2011-12. The company has got Memorandum of acknowledgement from SIA, Ministry of Commerce and Industry, Government of India for expansion from 5,000 to 6,000 TCD. The company proposes to undertake expansion to 6,000 TCD in season 2012-13 after addition of few equipments. The company has applied to Bihar State Investment Promotion Board for registration of our expansion project. After achieving expansion to 6,000 TCD the company will be entitled for benefit for further expansion of 1,000 TCD (i.e. 5,000 TCD to 6,000 TCD).

DISTILLERY UNIT

	12 Months Financial Year ended 31st March, 2012	18 Months Financial Year ended 31st March, 2011
1. Production of Industrial Alcohal (Lac BL)	105.14	98.61
2. Sale of Industrial Alcohal (Lac BL)	119.66	68.93

The Distillery Unit of your company made record production and sales during the financial year 2011-12.

The Ethanol Plant supplied only 5.20 Lac BL against 0.20 Lac B.L. in previous year. The state control price of Rectified Spirit remained at Rs. 24.55 per BL, which is continuing since April, 2009. The industry is making representation to state government for increase of the same, which is under consideration.

ETHANOL

The provisional ethanol price since last two years is continued at Rs. 27.00 per BL. Recommendations of Expert Committee led by Dr Saumitra Chaudhuri on pricing of ethanol are still under consideration of the Government.

The company participated in Tender floated by Oil Marketing Companies (OMC) and got LOI for supply of ethanol to the depot of OMC in Bihar. However the state government of Bihar has no policy on Ethanol and thus not allowing sufficient transfer of Rectified Spirit, which is under state control, for manufacture of Ethanol. In absence of that the production and supply of Ethanol in the state of Bihar is negligible.

In the state of Bihar the ambitious Central Government Ethanol Blending scheme is failing, unlike other states where there are least restriction on Ethanol production.

SEGMENT-WISE PERFORMANCE :

During the reporting period sugar segment contributed 80 percent of net sales of the company whereas Distillery accounted for 20 percent. The company identified two business segments in line with the Accounting Standard on Segment Reporting, Segment-wise Revenue, Results and Capital Employed is stated in Note No.34 of financial statement enclosed with the Annual Report.

The company has got common excise registration of sugar and distillery unit. Thus on molasses transfer there is no applicability of excise duty, besides entitlement of utilization of accumulated cenvat credit lying in distillery for clearance of sugar also. Thus company's cash flow has been increased to that extent.

INDUSTRY STRUCTURE & POLICY

Structure

Sugar Industry, is seasonal in nature and directly dependent on monsoon for availability of adequate sugar cane. India is the largest consumer and second largest producer of sugar in the world, contributing over 15 percent of the world's sugar production through over 600 sugar factories situated in different parts of the country. The sugar Industry is the largest agro based industry in India. This industry also provides valuable by-products like bagasse, molasses and press mud. The availability of these by-products had led to setting up of Alcohol/Ethanol/co-generation of Power and Organic Manure plants. Over 5 Crore farmers, large number of agricultural labourer are involved in sugarcane cultivation and its harvesting operations. The growth of sugar industry has a powerful impact on the rural economy. Integrated Sugar Industry (comprising sugar, molasses, alcohol, power and bio-fertilizer) enjoys annual turnover of about Rs. 75,000 Crore and contribute about Rs.3,000 crore to the Central Government Exchequer by way of central excise duty every year beside state taxes on sugarcane and hefty taxes collected by state as excise and VAT on sale of spirit in the state which run an estimated Rs.10,000 crores annually. Beside the direct taxes by way of income is additional source of revenue to the government from sugar industry. Sugar Industry accelerates rural development through farm employment as well as business opportunities in transport and communication.

Sugar has been declared as an 'essential commodity' under the Essential Commodities Act, 1955. Under Sugarcane (Control) Order 1966. The Government of India fixes cane price called Fair and Remunerative Price (FRP) for sugarcane every year based on the recommendations of the Commission on Agricultural Costs & Prices.

10% of sugar production is earmarked as Levy sold under PDS to BPL families and balance as free which is regulated by government through monthly release.

Sugar Cycle

The Indian sugar industry is characterized by cycle of high and low sugar production. This cycle of 5-7 years is broadly of two types viz. Natural comprising climatic variation, water availability and pest attacks. The other is induced cyclicality which have sequence like – higher sugar production and accumulation of stock – decline in sugar prices & profitability – higher sugarcane arrears – decline in area under cultivation & Lower cane production – lower sugar production – lower sugar availability and stock and thus increase in sugar prices – improved profitability & low cane arrears – higher cane production – higher sugar production and so on. Every time the cyclicality reaches its low government have to step in to provide Fiscal support in the form of Export subsidy, Buffer Stock creation, Interest Free Loans etc.

The fundamental problem of the Indian Sugar Industry is that there is no parity between the price of raw material i.e. sugarcane and its finished goods i.e. Sugar. In some states cane price is fixed by the state government unreasonably high. Sugar Price are regulated by Union Government through varieties of measures including regulation of monthly release and control on international trade. Illogical intervention of state government cause wide economical distortation in sugar industry. In almost all major sugar producing countries of the world the price of cane paid to the farmers depends on realization from sugar.

Government control on Sugar Industry

Every hook and corners of sugar industry are desperately controlled by Central and State Governments in a bit to show their supremacy but their steps are in contradictory track. State Governments have been entrusted for the development of sugarcane areas but they are fixing sugarcane price at their whims and fancies whereas sugar prices are subject matter of Central

Government. State has no regard for realization of sugar prices while fixing the cane price and at the same time Central Government does not pay any attention while capping/ controlling the sugar prices with regard to cane prices being actually paid.

Central Government has kept the levy price at lower level by fixing FRP at very low which even does not cover the cost of growing of sugarcane, whereas state announces SAP which is much higher than FRP and ultimately becomes unviable for sugar factories. FRP price announced by central government since its introduction has been neither fair nor remunerative from any angle. This year the industry was forced to pay cane price of Rs. 225 against governments FRP of Rs. 145. The FRP announced by Central Government has no basis, no comparison with other crops, no linkage to the cost of production to farmers, no relation with inflation rate and are far from realistic. This has been done with single objective of keeping Levy price of sugar at lower level, far below than cost of production. Sugarcane prices in India are highest in the world wherein sugar prices are lowest in the world which is clearly unviable economic due to deficiency of the Government's policy.

Both central and state government should work on well devised Bhargava Formula which state that whenever there is extra realization over and above the Base sugar price fixed on the basis of SMP (now FRP) the same should be shared equally between the farmers and factory.

This is the only private industry in India which has to bear the unwarranted burden of subsidy in PDS by giving levy sugar.

A number of studies have shown that only about 35% sugar is directly consumed by household and rest by the Institutional Buyers for commercial use like Beverage, Confectionery and sweet makers. Again majority amongst the direct consumers are high income group. Still the sugar has been kept under Essential Commodities Act. This has got no logic.

Government never allows the sugar industry to flourish, disregarding the facts that its orderly development will ultimately help the farmers and will attract investment in the sector.

Levy Sugar

The sugar industry is the only industry in the country which is made to bear the burden of food subsidy under which it is required to supply 10% of its production to the Government as levy sugar at a discounted price, which at present is about 2/3rd of the open market sugar price. The sizable quantity of levy sugar lifted by state government nominee is diverted by unscrupulous traders in the open market and not actually goes to concerned poor family. There is no other industry in the country which is required to supply any part of its production for the public distribution system. The Government procures other commodities from the market like wheat, paddy, kerosene, pulses etc. for the PDS. The Food subsidy bill of the Central Government is around Rs.1,00,000 crores. A rough calculation of the subsidy burden the Central Government will have to bear, if it procures sugar for its PDS directly from the market, indicates that the additional subsidy burden on account of sugar would be around Rs.2,500 crore only. But this burden of Rs. 2500 Crores on sugar industry is unbearable.

Export policy

The government's decision making process to allow export in case of surplus takes inordinate time, by which the opportunity are lost. Thus government needs to create a predictable export direction in case of sugar-surplus year making it possible to capitalize in ever changing global market of sugar.

Distillery & Ethanol

Movement and distribution of Molasses and Alcohol (co-products) are governed by the State Governments. Here also due to lack of clear cut cohesive policy, which varies from state to state, it take considerable time to even allot the sugar factory's own molasses to Distillery and allotment of finished goods Alcohol due to several bureaucratic hurdles. The ethanol blending program also suffer as states are reluctant to allow permission for allocation of alcohol for production of ethanol. The state authority put hurdles on ethanol production due to perceptible fear of losing revenue and meeting state requirement for potable. The final price of ethanol is still awaited although the Expert Committee headed by Dr. Soumitra Chaudhuri , Member of Planning Commission has submitted his report long back.

Decontrol of Sugar Sector

The proposal to de-regulate sugar sector was considered by the Government in 2008 which included - (a) Abolition of levy sugar obligation from sugar mills (b) Abolition of regulated monthly release mechanism (c) Provide stable export-import regime and (d) Include denatured alcohol in the list of goods of special importance for free manufacture and movement of ethanol.

The Planning Commission and Ministry of Commerce had given their consent to the proposal of Department of Food to deregulate the Industry with little modification. However, decision on the proposal was deferred by the Government in view of the parliamentary elections in 2009. The matter was again taken up for consideration by the Government in 2010 when the proposal included (a) Abolition of levy sugar obligation from sugar mills (b) Abolition of regulated monthly release mechanism (c) Cane area de-reservation and (d) Cane price linkage to sugar price.

The Prime Minister has constituted a Committee under the Chairmanship of Dr. Rangrajan, Chairman of PM's Economic Advisory Council (PMEAC) to study the matter relating to de-control of the sugar industry and make its recommendations thereon. Dr. Rangrajan Committee is in the process of consultation with all the stake holders and thereafter may recommend to the Government to de-regulate sugar sector.

Linkage of Sugarcane Price with Sugar Price

Presently, there is no relationship between sugarcane & sugar price in India. Major sugar producing nations like Brazil, Australia, Thailand, Mauritius, even Kenya and Tanzania have such a direct linkage. Nandakumar Committee recommended such a formula in the year 2010 which are yet to be implemented. The Prime Minister's Office has formed a Committee under the Chairmanship of Dr. Rangarajan to examine possibilities of such linkages in India also. The government has asked opinion from industry about sharing of sugar and by-product realization with the farmers by formulating a formula of sharing realization of about 60% and thereby fixing the most rational basis of cane price. On implementation this will be most positive steps by the government which will stabilize the sugar industry and will lessen the adverse effect of sugar cycle. The political consideration of fixing cane price will also be removed.

CANE & SUGAR POLICY

The ratio of levy for the season 2011-12 remained at 10%.

The Fair and Remunerative Price (FRP) price for the season 2011-12 was 145.00 (last year Rs. 139.12) linked with basic recovery of 9.5% subject to premium of Rs.1.37 per qtl. for every 0.1% .

The levy sugar price for the season 2011-12 was Rs. 2115.94 per qtl. against Rs. 2052.01 per qtl in previous season.

The monthly release order of levy-free sugar has been made on quarterly basis with stipulation to sell between minimum 25% and maximum 50% per month of released quota of the quarter.

Government allowed export under OGL of 15 Lacs MT in tranches of 5 Lac MT each till September, 2011. Again during the season 2011-12 the government permitted export of 20 Lac MT of sugar in tranches of 10 Lac MT each under Open General License. Each sugar factory were allocated proportionate tradable license based on its average sugar production in the previous three seasons. From 14th May, 2012 the government made the sugar export free subject to registration with DGFT.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Sugar

India is largest consumer and second largest producer of sugar in world. Sugar is an essential item of mass consumption and with increase in income and spending power the consumption pattern of rural India is changing. The consumption of sugar is on increasing trend and there are huge scope for further increase in demand as India is still lagging behind from many advanced countries in respect of per capita consumption of sugar. Thus there are opportunity in production and consumption of higher quantity of sugar in coming period. Further there is no alternative to sugar as sweetener is having mass value which add weight to products.

Distillery

The consistent increase of demand of Rectified Spirit /Ethyl Alcohol in varied segment and mandatory provision of ethanol doping of 5% and its proposed increase to 10% will have strong support for growth of sugar industry.

Power

The freewheeling policy of export of power from co-generation will give further opportunity to sugar factories to start feasible bagasse based co-generation at much lower capital investment. Due to this the increased demand of surplus bagassee has added imputes to revenue generation.