2012-2013
ANNUAL REPORT

RIGA SUGAR COMPANY LIMITED

RIGA SUGAR COMPANY LIMITED
Annual Report : 2013

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 Second Annual General Meeting of the Members of RIGA SUGAR COMPANY LIMITED will be held on Friday, the 27th September, 2013 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, 2013 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pankaj Tibrawalla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Suyash Borar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Registered Office :
14, Netaji Subhas Road
2nd Floor
Kolkata-700 001
Dated : 31st May, 2013

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 24.09.2013 to 27.09.2013(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 in 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 dematerialization 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 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 Shareholding 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. Pankaj Tibrawalla and Mr. Suyash Borar, 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. Pankaj Tibrawalla 38 years old, a Commerce Graduate, having done M.Sc. in Business Management at the Stathclydo Graduate Business School, Glasgow, U. K. is presently director in Shree Shyam Coal Co. Ltd., Accent Industries Ltd., Mica Pvt. Ltd., Ishaan Properties & Inv.Pvt. Ltd., Kejriwal Investment Co. Pvt. Ltd., Garima Developers Pvt. Ltd., Ramsarup Towers Ltd. and Invictus Infrastructure Pvt. Ltd. Mr. Pankaj Tibrawalla does not hold any share of the Company.

   Mr. Suyash Borar 50 years old a Chartered Accountant having knowledge in Accounting, finance and Corporate Management. Mr. Suyash Borar does not hold any share of the Company.

10. 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

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, 2013.

FINANCIAL & OPERATIONAL RESULTS

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

		Financial Year 31st March, 2013	Financial Year 31st March, 2012
(a)	Gross Turnover	19,999.76	14,989.55
(b)	Operating Profit Before Finance Cost & Depreciation	1,979.14	1,708.37
(c)	Finance Cost	1,559.36	1,570.65
(d)	Cash Accruals	419.78	137.72
(e)	Depreciation & Amortization	679.53	662.18
(f)	Profit (Loss) before extraordinary items	(259.75)	(524.46)
(g)	Extraordinary Item of Exp.	90.83	—
(h)	Profit (Loss) Before Tax	(350.58)	(524.46)
(i)	Provision for Tax – Deferred Tax	(29.25)	(51.15)
	– Income Taxes of earlier year	(0.42)	(4.27)
(j)	Profit (Loss) After Tax	(320.91)	(469.04)
(k)	Balance brought forward from last year	(411.24)	57.80
(l)	Profit (Loss) Carried Forward to Balance Sheet	(732.15)	(411.24)

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 and production for the year ended 31st March, 2013 vis -a-vis previous financial year ended 31st March, 2012 in respect of the Sugar Factory of your Company are given below :-

	Financial Year 31st March, 2013	Financial Year 31st March, 2012
1. Duration of crushing (gross days)	115	113
2. Cane crushed (Lac Qtls.)	46.85	46.54
3. Recovery (%)	8.91	9.31
4. Production (Lac Qtls.) – From Sugarcane	4.17	4.37
5. Production from Raw Sugar	0.24	—
6. Total Production of Sugar	4.41	4.33

During the season 2012-13 due to prolonged fog and severe cold in season period the temperature dipped extremely and affected the sugar content in sugarcane. Thus the recovery went down sharply. The overall recovery in Bihar was 8.77 against 9.23 last year. Due to decrease of recovery from 9.31% last year to 8.91% the company's production loss went down by 0.19 Lac qtl. which translates into loss of about Rs. 5.9 Cr.

Due to lower availability of cane the sugar factory run at lower capacity which increased cost of production owing to lower economy of scale. To compensate the lower production the company purchased and processed raw sugar and produced 0.24 Lac Qtls. of sugar. Thus for whole year the company produced 4.41 Lac qtls. of sugar against 4.33 Lac qtls. last year.

The sales of sugar unit increased from Rs.116 Cr. to Rs. 158 Cr. i.e. an increase of 36%.

During first half of the financial year 2012-13 the sugar price remains steady at around Rs. 3,600 -3,700 per qtls and touched Rs. 3800 per qtls. in August, 2012. The estimated all India production for the season 2012-13 is more than domestic consumption, with this is the high carry forward stock of sugar from last year. Thus there is more than comfortable stock of sugar in the country. Inspite of surplus availability of sugar the government of India allowed import of sugar and reduced the import duty progressively from 60% to 10%. Due to reduction of import duty raw and white sugar began imported into the country and thus sugar price depressed in 2nd half of the reporting financial year and tumbled down to Rs. 3200 per qtl. Though the Central Government was well aware of the fall in sugar prices and consequent acute hardship caused to the domestic Sugar Industry due to such cheap and unrestricted sugar imports in the country, but did not take any step in the matter.

The world sugar production for the year 2012-13 poised to outpace the consumption and there will be worldwide surplus production of sugar. The surplus production also reflected in bearish international market for white sugar which plummeted down from USD 650 per MT to USD 490 from March, 2012 to March, 2013.

India yet again fumbled and floundered during 2011-12 to capitalize on buoyant world sugar prices. By restricting and controlling export quotas, India could not export sufficient quantity of sugar at then lucrative international price and thus also could not reduce the ballooning inventory level. The export was restricted on unfounded fear of domestic shortage and to contain inflation, although it has been amply proved that sugar has no role in inflation during last 3 years.

Meanwhile the sugarcane price increased by state government over and above FRP announced by central government of Rs. 170 per qtl. linked with recovery of 9.5%, disregarding the facts about the sugar price prevailing. This increase of sugarcane price has no link with sugar price and was disproportionately very high.

In Bihar the cane Price for the season 2012-13 was increased from Rs. 225 to Rs. 255 per qtl. for normal varieties (about 35%), from Rs. 210 to Rs. 245 per qtl. for rejected varieties (about 62%) and from Rs. 230 to Rs. 265 for premium Variety (about 3%). On the other hand the Transport rebate on out center cane has been increased from Rs. 10 to Rs. 15 per qtls.

The result of government's above ill conceived policies are reflected in the form of glut of sugar in the country, falling sugar price well below cost of production, consequent unmanageable losses to sugar industry eroding their net worth, cane price arrears to farmers and disillusionment of investment from sugar sector by Lenders and Investors.

The molasses price in Bihar during the year remained unchanged at Rs. 190 per qtls.

The higher interest rate during the year was another dampener. For sugar industry due to downgrading of rating the bank increased the interest rate which further increased interest burden.

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

DISTILLERY UNIT

	Financial Year 31st March, 2013	Financial Year 31st March, 2012
1. Production of Industrial Alcohal (Lac BL)	129.87	105.14
2. Sale of Industrial Alcohal (Lac BL)	127.63	119.66

The Distillery Unit of your company made record production and sales during the financial year 2012-13.

The company also foray into Country Liquor and got exclusive license for 3 districts of Muzzafarpur, Seohar and Sitamarhi, which is contributing to profitability to the company.

The Rectified Spirit price of 24.55 per BL which was fixed in April, 2009 still continued. The company as well as industry is making several representation for increase in Rectified Spirit price with the state government of Bihar, which is pending for long time.

ETHANOL

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 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 halted.

The ethanol price has been fixed at Rs. 34 in UP from Rs. 27 provisionally fixed last year.

SEGMENT-WISE PERFORMANCE :

During the reporting period sugar segment contributed 81 percent of net sales of the company whereas Distillery accounted for 19 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.32 of financial statement enclosed with the Annual Report.

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 industries 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. 85,000 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 tax 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.

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. 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.

Rangrajan Committee Report

An Expert Committee was set up by Government of India under the Chairmanship of Dr. C. Rangarajan to recommend reforms in sugar sector, submitted its report to the Government on 12th October, 2012. The recommendations made by the said Committee, inter alia, were as under :-

(a) Removal of obligation from the sugar industry to supply levy sugar for the PDS at a discounted price and the Government to procure the same from open market.
(b) Abolition of regulated release mechanism under which the Government uses to decide how much each mill would sell every month/quarter.
(c) A stable trade policy on sugar with appropriate tariff on imports and exports.
(d) Removal of sugar industry from the purview of Jute Packaging and Materials Act, 1987 thereby giving freedom to the sugar industry to choose its packing material.
(e) A market determined pricing of by-products.
(f) Revenue sharing model under which 70% of sugar value and each of its major three by-products would be paid to farmers.
(g) Removal of the minimum distance criterion of 15 kms/25 kms between two sugar mills.
(h) Discontinuing the practice of cane area reservation and allow farmers the freedom to sell their produce to any mill of their choice.

Sugar Decontrol

The central Government has finally taken the crucial decision to liberate the sugar sector from the clutches of excessive control. Pursuant to the recommendation of Dr. C. Rangrajan Committee, CCEA on 4th April, 2013 decided the followings :-

(a) To do away with the levy obligation for sugar produced from October, 2012. While government would continue with PDS sugar for BPL families, the subsidy burden would henceforth shift from industry to the government.

(b) Sugar release mechanism has been dismantled to confer greater freedom on industry for managing its cash flows. This indeed is a watershed decision to bring about greater certainty, stability and rationality into the system and has the potential to propel the sugar sector to higher trajectory.

The above decontrol move is well begun but is just half done. The major decision on parity of sugarcane price with sugar price has been left out. The centre has pragmatically left certain major decision to states like linking of sugarcane price to realization of sugar, cane area reservation and minimum distance criteria between two sugar mills and pushed ahead with only the first phase of reforms. It is however imperative that a long term formula on cane price with linkage to revenue from sugar and its by-products is evolved soon to decisively address the cyclicality in sugar production and built a long term healthy and prosperous relationship between industry and cane farmers.

Even the government can work on well devised existing 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.

Linkage of Raw Material Costs and Sugar Realization

Rangrajan Committee has indicated a derived cane price formula. It indicates that cane price will not be an absolute but linked to another variable. Cane price will be linked to the price of sugar in the market place. The higher the rise in the sugar realizations, the greater the cane price will be paid to farmers. This is an internationally tested model. This ensures that any increase in sectors profitability is equitably shared between its manufactures and growers. The cane grower will not be treated vendor, but as partner. The Rangrajan committee has gone a step further in this proposed linkage; it has proposed a sharing percentage at a level higher than what is practiced abroad, which more than secures the interest of farmers. Since this is an individual state-based subject, this may be more difficult to implement than decision taken at the centre. However the Karnataka Government moved ahead with the proposed linkage to deregulate raw material pricing from arbitrary government pricing, a responsible step for the industry. When it will happen in all states , which will lead to complete decontrol.

Distillery & Ethanol

Movement and distribution of Molasses and Alcohol (co-products) are governed by the State Governments. 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.

Co-Gen of Power

The Company is in the process of setting up Co-generation Plant for producing additional 3 MW of Electricity through purchase of turbine and related equipments. The Company has received all statutory approval for signing of Power Purchase Agreement (PPA). The power supply to grid will start from next sugar season 2013-14. This forward integration will significantly contribute to the profitability of the company.

CANE & SUGAR POLICY

- The ratio of levy and free-sale sugar at 10:90 has been changed to 100% free. The levy and the release requirement was abolished from season 2012-13 onwards.
- The Fair and Remunerative Price (FRP) price for the season 2012-13 was 170 (last year Rs. 145) linked with basic recovery of 9.5% subject to premium of Rs. 1.70 per qtl. for every 0.1% increase.
- The monthly release system of sugar abolished.
- Compulsory jute packaging stand reduced from 100% to 40% of sugar production for the year 2012-13 upto 30th June, 2013. It is first ever occurrence of such major relaxation.
- Ad-hoc price of ethanol fixed at Rs. 27/- litre by CCEA in 2010 now stand revised to Rs. 34/litre. Oil Marketing Companies having floated tenders would buy ethanol at this price.
- Tariff rate of export duty was introduced by Finance Act, 2013 at 20% and standard import duty retained at 100%. Effective rate is 10% for import and 0% for export.

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. Ethanol production improves oil security and contributes to environmental protection. The increase in ethanol price to Rs. 34 per BL and proposed parity price with petroleum will have positive impact on sugar sector.

Power

Sugar Industry offer immense scope for renewal energy project on co-generation basis, which provide clean energy. Due to this the increased demand of surplus bagassee has added imputes to revenue generation.

Bio-Compost Fertiliser

The bio-compost and vermi-compost fertilizers being produced by the company has got immense scope of demand in all major agriculture cultivation as it not only preserve the soil from excessive use of chemical fertilizer but also increase its fertility. The company is using distillery effluent and press mud from sugar and other agricultural waste to produce bio-compost which is very cost efficient. Thus the company apart from treatment of effluent and zero discharge adding value and thus expect good cash flow in near future.

THREATS

- The sugar sector is exposed to political intervention.
- Unreasonable increase in cane price in comparison to sugar selling price.
- Industry cyclicality.

FUTURE PROSPECTS/OUTLOOK

The sugar year 2012-13 opened with a stock of 65 lac M/T against 55 lac M/T in 2011-12. The production for the season 2012-13 expected at 246 Lac M/T against 263 lac MT during previous season. The domestic consumption of sugar for 2012-13 expected at 230 lac M/T against 220 Lac M/T last year. The export of sugar for 2012-13 is nil against 34 Lac M/T last year, whereas net import at 4 Lac MT against nil last year. The closing stock thus will be 85 Lac MT, which is 20 lac MT more than last year and is more than 4 months domestic consumption.

RISK AND CONCERN

SUGAR

(a) Delay in evolving a rational Sugarcane Pricing Policy having link with sugar price is detrimental to growth of the industry.

(b) The output of sugar, an agro-based product, is influenced by climatic vagaries.

(c) Sugar Industry being cyclic in nature, the growth is hampered during downtrend.

DISTILLERY

(a) Lack of clear cut policy of the State Government and time consuming regulation of the movement, distribution and pricing of molasses and Industrial Alcohol are major concerns in respect of Distillery operations.

(b) Inconsistent policy of the State government in the implementation of the Ethanol Blending Programme is matter of concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Your Company has adequate systems and internal control procedures to safeguard the assets of the company and to ensure maintenance of proper accounting records. Computerized Information System is available to capture, present and analysis the data for management information and decision-making. The company has installed ERP system for entire factory operation including sugarcane, raw material, Store, manpower, sales, accounting. The company has implemented GPS system for survey and measurement of cane area which gives authentic figures. The management and control of factory operation is also under computerization and automation. There is also an Internal Audit System in place which reviews the key business and controls and also test checks on routine transactions and reports deviations. Besides, an Audit Committee periodically reviews the functioning of the entire system. The company has surveillance systems at critical places to control.

CHANGE IN SHARE CAPITAL

The company on 23.11.2012 allotted 14,50,000 convertible equity share warrants to promoters and to other on preferential allotment basis as per SEBI (ICDR) Regulation, 2009 at a exercise price of Rs. 17.20 per share warrant and received application money of Rs. 4.30 per warrant. The said amount of Rs. 62.35 Lacs were utilized to meet business requirement and to strengthen the financial parameters of the company. The warrants will be converted into share within financial year 2013-14.

The company during last 4 years brought Rs.11 Cr. as equity and with above conversion it will be Rs.13.5 Cr.

FIXED DEPOSITS :

The company is complying with Fixed Deposit Rules. There is no overdue Fixed Deposit or interest thereon at the end of the year.

AUDITORS' REPORT :

The Notes on the Financial Statement 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, 2013 in respect of Sugar and Industrial Alcohol are being conducted by M/s. Mani & Co., Cost Accountants, Kolkata, and necessary Report will be submitted to the Ministry of Corporate Affairs, Government of India.

The cost audit report for the financial year ended 31st March, 2012 was filed by the cost auditors with respect to sugar unit of the company on 09.01.2013, which was within the extended due date of 28.02.2013.

DIRECTORS :

Mr. Pankaj Tibrawalla, Director who retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Suyash Borar, Director who retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

DIRECTORS' REPONSIBILITY STATEMENT :

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

(i) That in preparation of accounts for the financial year ended 31st March, 2013 , the applicable accounting standards have been followed;

(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, 2013 and of the loss of the Company for the year ended 31st March, 2013.

(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 year ended 31st March, 2013 on 'going concern' basis.

CORPORATE GOVERNANCE :

The Corporate Governance form an integral part of this Report and are set out as separate annexures to this Report. The certificate from the Auditors of the company certifying compliance of condition of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed to Report on Corporate governance. The voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, Government of India, will be considered after the enactment of the new Companies Bill by the Government.

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.

LISTING OF SHARES :

The Shares of the Company are listed on the Stock Exchanges of Calcutta and Mumbai. The Company has been regularly paying the Listing Fees to each Stock Exchanges.

CONSERVATION OF ENERGY :

Particulars in respect of conservation of energy, technology absorption and Foreign Exchange earning and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are given in a separate annexure hereto and forming part of this report.

AUDITORS :

M/s. K. N. Gutgutia & Co., Chartered Accountants, Kolkata, Auditors of the Company, retire and being eligible offer themselves for re-appointment.

APPRECIATION :

Your Directors express their appreciation for the support and contribution by Cane Growers, Bankers, Central and State Government, Suppliers, Customers and the valuable services rendered by the Employees at all levels.

For and on behalf of the Board,

Kolkata,
Dated : 31st May, 2013

O. P. Dhanuka
Chairman & Managing Director