

**ANNUAL
REPORT**

2015



RIGA SUGAR COMPANY LIMITED

An ISO 9001 and 14001 Certified Company

RIGA SUGAR COMPANY LIMITED

Annual Report : 2015

Board of Directors	:	Shri O. P. Dhanuka - Chairman & Managing Director Shri N. C. Majumdar Shri S. Borar Shri Sarad Jha Shri S. K. Goenka Smt. Sulekha Dutta
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 Phone : 2231 3414 / 15
Registrars & Share Transfer Agent	:	S. K. Infosolutions Pvt. Ltd. 34/1A, Sudhir Chatterjee Street Kolkata - 700 006 Phone : 2219 4815
Shares Listed at	:	The Calcutta Stock Exchange Ltd. 7, Lyons Range Kolkata - 700 001 Bomaby Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001
Legal Advisor and Solicitor	:	Khaitan & Co. Emerald House 1B, Old Post Office Street Kolkata - 700 001

RIGA SUGAR COMPANY LIMITED

CIN: L15421WB1980PLC032970

14, Netaji Subhas Road, Kolkata- 700 001

NOTICE

Notice is hereby given that the Thirty forth Annual General Meeting of the Members of RIGASUGAR COMPANY LIMITED will be held on 29th day of September, 2015 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:

Item No.1 : Adoption of financial statements

To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 together with the Reports of the Board of Directors and the Auditors thereon

Item No.2: Appointment of Auditors

- To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s K.N. Gutgutia & Co., Chartered Accountants (ICAI Firm Registration No. 304153E), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company ."

SPECIAL BUSINESS:

Item No.3: Appointment of Mrs.Sulekha Dutta as an independent Director

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of sections 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules framed there under Mrs. Sulekha Dutta (DIN: 07114240), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31st March, 2015 and who holds office till the date of the Annual General Meeting of the company, in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Sulekha Dutta as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to 30th March, 2020, not liable to retire by rotation."

Item No.4: Appointment of Cost Auditors for the financial year ending 31st March, 2015

To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution:

"Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and all other applicable provisions (including any statutory modification (s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the explanatory statement annexed hereto

Resolved further that the Board of Directors of the Company be and is hereby authorized to do all acts and all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item No.5: Appointment of Cost Auditors for the financial year ending 31st March, 2016

To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution:

"Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 and all other applicable provisions (including any statutory modification (s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the Cost Records of the Company for the financial year ending 31st March, 2016, be paid the remuneration as set out in the explanatory statement annexed hereto

Resolved further that the Board of Directors of the Company be and is hereby authorized to do all acts and all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place : Kolkata

Date : 8th August, 2015

By Order of the Board of Directors

Shailendra Prasad
Company Secretary

Notes:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) and pursuant to clause 49 of the Listing Agreements in respect of business under Item Nos. 3 to 5 of the Notice are annexed hereto.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.
3. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
4. The Register of Members and Transfer Books of the Company will be closed from 26th September, 2015 to 29th September, 2015, both days inclusive.
5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, S. K. Infosolutions Pvt. Ltd (SKIPL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to SKIPL.
6. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or SKIPL for assistance in this regard.
7. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members seeking any information with regard to the Accounts, are requested to write to the Company at least 7 days in advance of AGM date to enable the Management to keep the information ready at the meeting.
9. Members are hereby informed that dividends which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund (IEPF) established by the Central Government. Unclaimed / un-encashed dividend (Final dividend) declared by the Company for the year ended 31st March, 2009 would be transferred to the said fund after 2nd April, 2017 within 30 days. Shareholders are advised to send all the unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them immediately. Unclaimed/ Unencashed dividend upto the years ended 31st March, 2008 have already been transferred to the IEPF.
10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 11, 2014 (date of last Annual General Meeting) on the website of the Company (www.rigasugar.com) as also on the Ministry of Corporate Affairs website (www.mca.gov.in)
11. The Notice of the AGM along with the Annual Report 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. To support the 'Green Initiative' the Members who have not registered their e-mail addresses are requested to register the same with SKIPL /Depositories.
13. Voting Right by electronic means
 - I. In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rules framed thereunder and clause 35B of the Listing Agreement, the company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the above Annual General Meeting (AGM) by electronic means and business may be transacted through e-Voting Services. The Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL, on all resolutions set forth in this Notice.
 - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not casted their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

- i. Open the e-mail and also open PDF file namely "RSCL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder - Login.
- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of Riga Sugar Company Limited. Now you are ready for e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to hmchoraria@gmail.com with a copy marked to evoting@nsdl.co.in.
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- i. Initial password is provided as below/ at the bottom of the Attendance Slip for the AGM:
EVEN (E-Voting Event Number) USER ID PASSWORD/PIN
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

C. Other Instructions:

- i. The e-voting period commences on 26th September, 2015 (9.00 a.m. IST) and ends on 28th September, 2015 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 22nd September, 2015 (cut-off date), may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the date of cut-off date. In case of joint holders, only one of the joint holders may cast his vote.
- iii. Mr. H.M.Choraria, Practicing Company Secretary (Membership No. FCS 2398), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- iv. The Scrutinizer shall, after conclusion of voting at AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in presence of at least two witnesses not in the employment of the Company. The

Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than three days after conclusion of AGM to the Chairman or person authorized by him in writing, who shall countersign the same and declare the result of voting forthwith.

- v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.rigasugar.com and on the website of NSDL www.evoting.nsdl.com and communicated to the Stock Exchanges, where the shares of the Company are listed. Subject to receipt of requisite nos. of votes, the resolutions set out in the Notice shall be deemed to be passed on the date of AGM.
- vi. All documents referred to in the accompanying Notice and the Explanatory Statements shall be open for inspection at the Registered Office of the company during normal business hours on all working days except Saturday.

Explanatory Statement

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 5 of the accompanying Notice:

Item No 3 :

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mrs Sulekha Dutta as an Additional Director of the Company, who holds office upto the date of the forthcoming AGM of the Company.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs Sulekha Dutta for the office of Director of the Company.

Mrs Sulekha Dutta is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mrs Sulekha Dutta that she meets with the criteria of independence as prescribed both under subsection (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, Mrs Sulekha Dutta fulfills the conditions for her appointment as an Independent Director as specified in the Act and in the Listing Agreement. Mrs Sulekha Dutta is independent of the management.

Brief resume of Mrs Sulekha Dutta, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement is annexed to the Notice.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of shareholders.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that Mrs Sulekha Dutta is appointed as an Independent Director.

Copy of the draft letter for appointment of Mrs Sulekha Dutta as an Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreements with the Stock Exchanges. Mrs Sulekha Dutta does not hold any shares in the Company.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice. Mrs Sulekha Dutta is not related to any director of the Company.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members

Item No 4:

The Companies (Cost Records and Audit) Amendment Rules, 2014 was notified on 31.12.2014, which made our company applicable for maintenance of cost record and Cost Audit. Accordingly company received eligibility and consent letter from M/s. Mani & Co., Cost Accountants on 07.02.2015 to be appointed as Cost Auditor for Sugar and Sugar products and Ethyl Alcohol & Other spirit. The proposal for re-appointment of Cost Auditor for the year 2014-15 was recommended by the Audit Committee to the Board. It was proposed to re-appoint M/s. Mani & Co., Cost Accountants, 'Ashoka', 111, Southern Avenue, Kolkata - 700 029 as Cost Auditors for conducting the cost audit of the cost records of the Company for the Financial Year 2014-15 on a remuneration of Rs. 80,000/- (Rupees eighty thousand only) per annum plus out of pocket expenses.

The letter dated 07.02.2015 of Cost Auditors regarding their eligibility for re-appointment as Cost Auditor will be available for inspection at the Registered office of the Company between hours of 10.00 a.m. and 12 Noon on any working day except Saturday.

As per Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Members. Hence this Resolution is put for the consideration of the Members.

The Board recommends the resolution set forth in item no. 4 for the approval of the Members.

None of the Directors, key managerial personnel and relatives of such persons is in any way , concerned or interested, financially or otherwise, in the resolution.

Item No 5:

A proposal for re-appointment of Cost Auditor for the the year 2015-16 was recommended by the Audit Committee to the Board. It was proposed to re-appoint M/s. Mani & Co., Cost Accountants, 'Ashoka', 111, Southern Avenue, Kolkata - 700 029 as Cost Auditors for conducting the cost audit of the cost records of the Company for the Financial Year 2015-16 on a remuneration of Rs.80,000/- (Rupees eighty thousand only) per annum plus out of pocket expenses.

The Company has received the Certificate dated 12.05.2015 , issued by the above firm regarding their eligibility for re-appointment as Cost Auditor which will be available for inspection at the Registered office of the Company between hours of 10.00 a.m. and 12 Noon on any working day except Saturday.

As per Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Members. Hence this Resolution is put for the consideration of the Members.

The Board recommends the resolution set forth in item no. 5 for the approval of the Members.

None of the Directors, key managerial personnel and relatives of such persons is in any way , concerned or interested, financially or otherwise, in the resolution.

Kolkata, 8th August, 2015
CIN: L15421WB1980PLC032970
Registered Office:
14, Netaji Subhas Road
Kolkata- 700 001

By Order of the Board of Directors

Shailendra Prasad
Company Secretary

Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting

Particulars	Mrs. Sulekha Dutta
Date of Birth	21.05.1974
Date of Appointment	31.03.2015
Qualifications	ACS, LLB
Expertise in specific functional areas	Corporate compliance
Directorships held in other companies (excluding foreign companies)	Khaitan (India) Ltd.
Memberships/ Chairmanships of committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	None
Number of shares held in the Company	NIL

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, 2015.

FINANCIAL & OPERATIONAL RESULTS

(Rs. in Lacs)

	Financial Year 31st March, 2015	Financial Year 31st March, 2014
FINANCIAL RESULTS		
(a) Gross Turnover	18,949.35	16,472.34
(b) Operating Profit Before Finance Cost & Depreciation	561.56	1,637.29
(c) Finance Cost	1,607.46	1,318.29
(d) Cash Accruals	(1,045.90)	319.00
(e) Depreciation & Amortization	396.01	591.18
(f) Profit (Loss) before extraordinary items	(1,441.91)	(272.18)
(g) Extraordinary Item of Exp.	-	-
(h) Profit (Loss) Before Tax	(1,441.91)	(272.18)
(i) Provision for Tax		
- Deferred Tax	(401.82)	23.68
- Income Tax of earlier year	-	0.02
(j) Profit (Loss) After Tax	(1,040.09)	(295.88)
(k) Balance Brought Forward from last year	(897.11)	(732.15)
(l) Transfer from General Reserve	-	130.92
(m) Profit (Loss) Carried Forward to Balance Sheet	(1,937.20)	(897.11)

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, sugar recovery and production for the year ended 31st March, 2015 vis -a-vis previous financial year ended 31st March, 2014 in respect of the Sugar Factory of your Company are given below:-

	Financial Year 31st March, 2015	Financial Year 31st March, 2014
1. Duration of crushing (gross days)	131	110
2. Cane crushed (Lac Qtls.)	52.35	48.42
3. Recovery (%)	8.62	9.16
4. Production (Lac Qtls.) -	4.51	4.43

Your company has faced extensive damage and losses due to 2 consecutive years' of natural calamities. The Phailin Cyclone occurred in October' 2013 followed by Hudhud Cyclone in October' 2014 which devastated the sugarcane quality in Riga area and reduced recovery in both years by about 0.5%. This resulted into estimated loss of Rs. 7 Crores for each financial year of 2013-14 and 2014-15. The State government of Bihar constituted a committee and visited the affected area to assess losses, but till date no relief has been provided to affected sugar mills inspite of genuine demand.

The net sales of sugar unit increased from Rs. 123 Cr. to Rs. 138 Cr. i.e. increase of 12%. The sales increased due to volume increase in sales quantity of sugar.

There has been five years of continuous surplus production of sugar in the country leading to glut in domestic market and price decline drastically. The closing stock of sugar during the year end was valued lower than cost of production, leading to substantial loss in sugar segment despite accounting for the financial assistance equivalent to of Rs. 26.75 per qtl. of sugarcane from state government of Bihar.

Throughout the year 2014-15 the sugar price remains subdued. After protected submission by the industry the government increased the import duty on sugar from 15% to 25% and then to 40%. But by then the unfettered import did irreparable damage to the domestic sugar industry. Moreover the import of raw sugar under advance license were allowed with exporting obligation of white sugar within 18 months. This also flooded the domestic market, which were already facing glut.

The FRP for the season 2014-15 were increased by Central Government from Rs. 210 per qtl. to Rs. 220 per qtl. linked with basic recovery of 9.5%. During last 5 years the FRP has been increased by 110% inspite of the facts that sugar price has not shown any increase during these period. The CACP while recommending FRP for 2014-15 had projected sugar price of Rs.3200 to Rs. 3400 per qtl. But actual realization is much lower than that. Further the State governments continued to interfere in determination of sugarcane price, which is much higher than FRP, disregarding the sugar price realization in the market. This sugarcane price forced on sugar factories by state government has no link with sugar price and is disproportionately very high.

Relief by Bihar Government

In Bihar the cane Price for the season 2014-15 was maintained at Rs. 255 per qtl. for normal varieties, Rs. 245 per qtl. for lower varieties and Rs. 265 for premium Varieties. Transport rebate on out center cane remains at Rs. 15 per qtls.

In a major boost the state government of Bihar has realized the problems being faced by the sugar industry and announced relief measures by way bonus on cane price of Rs. 5 per qtl. directly to the farmers and extend relief to sugar factories of Bihar equivalent to Rs. 27.50 per qtl. of sugarcane by way of reduction of purchase tax (Rs. 1.75 per qtl.), ZDC Commission (Rs. 4.00 per qtl.) , increase in molasses price by Rs. 100 per qtl. (equivalent Rs. 5 per qtl of cane.) and subsidy in cash of Rs.16.75 per qtl. The above steps of state government has resulted into financial saving/benefit/ relief to the company to the extent of Rs. 13.18 Crores on cane crush of 47.94 Lacs Qtl. during the season 2014-15 in comparison to last year. However these relief proved insufficient in view of wide gap between lower sugar price realization in comparison to cost of production.

The molasses price in Bihar during the year were revised from Rs. 187.50 to Rs. 287.50 per qtl.

The continued higher interest rate during the year further impacted the profitability. Due to negative outlook of sugar industry the Bank downgraded the rating of sugar companies and thus cost of funds increased.

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

DISTILLERY UNIT

	Financial Year 31st March, 2015	Financial Year 31st March, 2014
1. Production of Industrial Alcohol (Lac BL)	130.82	121.49
2. Sale of Industrial Alcohol/ Transfer for Country Liquor (Lac BL)	111.73	111.34
3. Supply of Ethanol (Lac BL)	7.20	2.00

The Rectified Spirit price has been revised by Bihar Government from Rs. 28.80 to Rs. 35.80 wef 5.12.2014 per BL for Grade I, which the company is making.

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. The state government of Bihar during the year continued policy to allow only 5% of total molasses production in the state for manufacture of Ethanol by the state distilleries. As such our production of Ethanol during the year was 7.5 Lacs Litre . Now state government are considering to increase molasses allotment to 10% , which will definitely increase the Ethanol production.

The ethanol supply price were revised to Rs. 49 per BL within delivery of 100kms and Rs. 49.50 per BL within delivery beyond 100 kms. to the Depot of OMC all inclusive.

COUNTRY LIQUOR

The manufacturing and supply of Country Liquor in sachets performed well during the year. The company's distillery got exclusive License for manufacture and supply of Country Liquor in Pet Bottle to Bihar State Beverage Corporation Limited for a period of 5 years starting from 1st April, 2014 in Muzzafarpur Zone. But due to delay in implementation by the state excise department in switching from sachet to pet bottle it started manufacturing in pet bottle from February, 2015.

SEGMENT-WISE PERFORMANCE:

During the reporting period sugar segment contributed 75 percent of net sales of the company whereas Distillery accounted for 25 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 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. 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. Since sugar industry is in loss income tax is not being paid present, but the cola and confectioneries, Biscuit, Ice-cream company are making huge profit due to lower cost of sugar and thus paying higher Income Tax. 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. However many state government fixes higher cane price for the sugar factories in their state which is about 25% higher than FRP.

Sugar Cycle

The Indian sugar industry is characterized by cycle of high and low sugar production. This cycle of 3-4 years is broadly of two types viz. Natural comprising climatic variation, water availability and pest attacks. The other is induced cyclicity 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 cyclicity 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. This cycle has broken and India is having higher production of sugar for last five consecutive years.

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 of sugar. Illogical intervention of state government cause wide economical distortion 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-Linkage of Raw Material Costs and Sugar Realization

The main recommendation of Rangrajan Committee report of the year 2012 regarding linkage of cane price with sugar price and its by products has not been implemented so far. The committee has suggested for revenue sharing model under which 70% of sugar value and each of its major three by-products would be paid to farmers. 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 sugar realizations, the greater will be the cane price. 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 outsider, but as partner of entire value chain. 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.

Fixation of cane price at high level than the market price of sugar should be made illegal. Various committees and high-level committee like Rangarajan have said so. According to Rangrajan Committee, "A sugar unit without any by-products' business will have to pay cane price of 70% of its revenue realisation, while it will have to spend 30% on its functioning. On the other hand, a sugar factory with by-products business will have to pay cane price of 75% of its revenue realization from sugar. The cane price to be fixed taking into account this formula."

Maharashtra and Karnataka Government have established Control Board to address market linked cane pricing over a period of time. But until these Board become fully effective and other key states also creates a similar mechanism for cane price, India