

**83rd Annual General Meeting of the Members of the Company on 14.08.2018**

**From the Chairman's Desk**

**My Dear Shareholders,**

Greetings and a warm welcome to the 83rd Annual General Meeting of the Company.

**Statement of Accounts:**

The Annual Report and audited Accounts for the year ended 31.03.2018 are with you for some time now. There is a loss of Rs.5,359.71 lakh as against a profit of Rs.794.56 lakh in the previous year due to a mismatch between high Sugar Cane Price set by the State Government and low Sugar Sales realization and consequential inadequate recovery of cost of production. These factors have adversely affected the Company's operations and financial performance.

**Dividend:**

In view of the accumulated losses, your Directors have not recommended any dividend on Equity Shares.

**WORKING OF DIVISIONS:**

**Sugar & Power Division**

	<b>Season 2017-18</b>	<b>Season 2016-17</b>
Crushing started on	03.11.2017	13.11.2016
Crushing ended on	30.04.2018	10.03.2017
Duration of Crushing Operations (Days)	179	118
Sugarcane Crushing [(Qtls)	1,05,99,338	65,08,998
Sugar Production (Qtls)	11,22,730	7,04,820
Sugar Recovery	10.63 %	10.81 %
Fair & Reasonable Price [FRP] of sugarcane (a Qtl) at a base recovery of 9.50%	255	230
State Advised Price (SAP) of sugarcane (a Qtl) (For General variety cane)	315	305
Molasses Production (Qtls)	4,62,350	2,74,168
Bagasse Produced (Qtls)	30,55,023	18,20,210
Cogen Plant Operations started on	31.10.2017	11.11.2016
Cogen Plant Operations ended on	27.05.2018	11.04.2017
Duration of Cogen Plant Operations (Days)	209	152
Cogen Plant Generated Power (lakh MW)	1.65	1.21
Power Exported to the Grid (lakh MW)	1.20	0.91
Power Exported to the Grid (Rs. in crore)	66.45	51.44

During the season 2017-18, the crushing was higher by 40.91 lakh quintals due to better cane yield, allocation of additional Cane Area and more supply of sugarcane by the farmers due to timely cane price payment to the farmers. Recovery was good due to our cane development programme of changing the varieties into early maturing high sugar canes. But for additional cane from neighboring areas, which we were allotted where recovery was much lower, our overall recovery could have been much better..

During the last few years, the cost of production in UP was the highest in the country, which rendered the UP Sugar Industry unviable, cash-starved and uncompetitive. There is an urgent need to rationalize the cane pricing policy in UP and adopt a 'linkage formula' as recommended by the Rangarajan Committee linking sugar cane price to sugar prices. The two major sugar producing States i.e. Maharashtra and Karnataka and now even Tamilnadu have adopted and implemented the 'linkage formula' for determining cane price.

There has been decrease in sugar prices from the levels prevailing in the previous year due to excessive selling by all Mills. This has resulted in the Company making losses for the financial year ended 31.03.2018. Molasses price have dropped from Rs.400 a quintal to almost zero.

The UP Government had announced the Molasses Policy for 2017-18 (November-October), wherein the molasses reservation rate for the country liquor manufacturers had been retained at 12%.

**Spirits Division:**

The Spirits Division was put out of operations as the Company is required to install a multiple effect evaporation system to reduce the effluent volume and finally incineration boiler as well which would enable the Distillery to become zero discharge compliant. As the Company does not have such capability, the Company has voluntarily taken a shut down for Distillery operations since October 2015.

**Power Division**

During the Sugar Season 2017-18, the Plant operated for 209 days as against 152 days, higher by 57 days than in the previous Season, due to higher crushing of sugarcane and purchase of additional alternate fuel. The Plant consumed 3.57 lakh MT of bagasse / alternate fuel to generate 1.65 lakh MW power as against 2.37 lakh MT of bagasse / alternate fuel to generate 1.21 lakh MW power in the previous Season. The total power exported to the grid was 1.20 lakh MW amounting to Rs.66.45 crore as against 0.91 lakh MW amounting to Rs.51.44 crore in the previous Season.

**WORKING FOR THE CURRENT YEAR:****Sugar Division**

The crushing for the Season 2018-19 is expected to start in early November 2018.

During the Financial Year 2018-19, there may be a steady increase in sugar prices due to the government intervention. Production of sugar is expected to surpass last season 2017-18. With a carryover of 100 lac tones, the sugar prices may not rise as needed unless the Government intervenes.

The Central Government has fixed the Fair and Remunerative Price (FRP) of sugarcane at Rs.275/- per quintal for sugar season 2018-19 linked to a basic recovery rate of 10% i.e. Rs. 27.50 per 1% increase in recovery. However, the FRP price is still below the State Advised Price (SAP) of cane.

**Power Division**

The Cogen Power Plant is also planned to start in early November 2018.

**Credit Facilities by the Banks**

The credit facilities have been classified as Non-Performing Assets (NPA) by Banks.

**DIRECTORS**

Shri H R Kilachand, Chairman & Managing Director of the Company retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment as per the provisions of the Companies Act, 2013.

**Employees:**

I would also like to place on record the deep sense of appreciation for the devotion and hard work of the officers, staff and workers of the Company during the year under report, without whose efforts the results achieved would not have been possible.

**Acknowledgement:**

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Banks & Financial Institutions during the year under review.

Thanking you.

**H R KILACHAND**  
Chairman & Managing Director

**14th August, 2018**