

Management discussion and analysis

Business review: Sugar

Global sugar Industry overview

Given that India is one of the largest producer and consumer of sugar in the world, it impacts the global sugar industry in a big way and vice versa, thus making it necessary to discuss the global sugar industry.

Global sugar production in 2009-10 grew 4.23% to 158.2 million tonnes even as consumption is expected to grow at a rate significantly lower than the 10-year average (1.7%) to 166.7 million tonnes. The reasons for this can be ascribed to strong world sugar prices and effects of the 2008-09 global melt down on consumption growth. Despite this reality, the point of interest is that overall consumption was still higher than the global production of sugar, resulting in a deficit of 8.5 million tonnes for 2009-10 according to ISO (May 2010).

World sugar balance

World Sugar (mln t)

Particulars	2009/ 10	2008/ 09	Changes	
			in mln t	in %
Production	158.2	151.8	6.4	4.2
Consumption	166.7	164.0	2.7	1.7
Surplus / Deficit	-8.5	-12.2		
Import demand	52.9	50.2	2.7	5.4
Export Availability	52.3	49.2	3.1	6.2
End Stocks	52.8	60.7	-7.9	-13.0
Stocks/ Consumption ratio in %	31.7	37.0		

Source: ISO Quarterly Market Outlook, May 2010

Global realisations softened from over US\$700 per tonne in January 2010 to under US\$500 per tonne by April 2010 primarily owing to increased production in Brazil (17%) and lower imports going into India (now beginning to experience a sugar surplus). Besides, EU sugar companies were among the largest beneficiaries of Europe's Common Agricultural Policy (CAP) payments. This aid allowed European exporters to remain competitive by compensating for the EU's higher prices compared with the world markets. Sugar prices in Australia will increase in 2010-11, leading to a 7% increase in cane acreage [Source: ISMA]. It is expected that the Thailand's sugar exports will drop to 3.5-3.7 million tonnes in 2010-2011 to satisfy rising domestic demand (Source: Reuters, 10th August, 2010).

Indian sugar overview

India is the world's largest consumer and second-largest producer of sugar after Brazil [Source: ISMA]. With over 600 mills across India in the public, private and co-operative sectors, it is the only industry providing subsidised sugar to below poverty line (BPL) families via a nationwide public distribution system [Source: The Hindu Business Line, 15th July, 2010].

India's sugar industry is the second-largest domestic agro-processing industry after cotton textiles, accounting for around 13% of the global sugar production. The industry contributed about Rs. 1,700 crore to the central and state exchequer, generated employment for around 2 million skilled/semi-skilled rural workers. Besides, about 50 million sugarcane farmers and

their families and many agricultural labourers (about 7.5% of the rural population) are involved in sugarcane cultivation and auxiliary activities [Source: *The Financial Express*, 6th August, 2010].

India's per capita sugar consumption at 20 kg is lower than Brazil's (58 kg), but higher than China's (14 kg) with 3.75% year-on-year growth. India's sugarcane and sugar production typically follows a 6-8 year cycle, wherein 3- 4 years of glut are followed by 2-3 years of deficiency. After two consecutive years of declining sugar production (2007-08 and 2008-09), production surged in 2009-10 and is set to be robust in 2010-11.

India's sugar production is subject to high volatility with its share of world production ranging from 10-18% across the last decade. The value of the output of sugar at current prices increased from Rs. 10,670 crore in 1994 to Rs. 29,500 crore in 2009. The share of sugar in the value of output from agriculture declined from 5.1% in FY2004 to 4% in FY2009 [Source: *The Financial Express*, 6th August, 2010].

Production: India's sugar production in the recent season (October 2009-September 2010) was estimated at 18.8 million tonnes against 14.5 million tonnes in 2008-09, growing 29.65% owing to a better harvest. Acreage rose 13.3% to 4.74 million hectares in 2009-10. Consumption is projected at 21.5 million tonnes, reflecting a 2.7-million tonne deficit. (Source: ISMA)

Sugar production in Uttar Pradesh, India's largest sugar producing state, is expected to increase from 51.6 lt in 2009-10 to 60-67 lt in 2010-11 following an increase in average yield to 8-10 tonnes per hectare. The industry is estimated to crush 115 lakh quintals of sugarcane in 2010-11 season, incentivised by a higher cane remuneration of Rs. 220 in 2009-10 (Rs. 150-155 per quintal in 2008-09). Consequently, cane acreage is expected to increase from 1.79 million hectares in 2009-10 to 2.15 million hectares in 2010-11 [Source: *Business Standard*, 28th April, 2010]. The average crushing duration during 2009-10 was 150 days compared with 120 days last season with an average recovery of 10.3% (10% in the previous year) [Source: USDA].

Sugar – surplus/deficit (million tonnes raw value) [draw a line graph]

Year	World	India
2005-06	4.8	0.9
2006-07	8.2	7.9
2007-08	5.9	4.1
2008-09	-11.3	-8.7
2009-10	-8.5	-2.8
2010-11	2.5	2.0

Source: ISO & ISMA

India's Sugar Balance

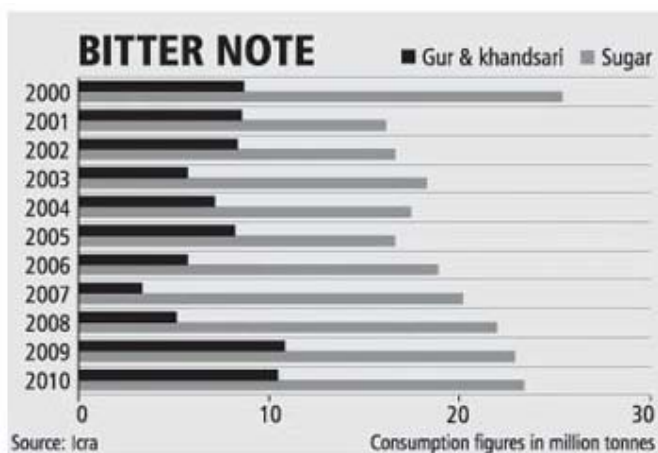
Sl.No		For the Season 2008-09	For the Season 2009-10	For the Season 2010-11
		October, 2008 to September, 2009	October, 2009 to September, 2010 (Estimated)	October, 2009 to September, 2010 (Estimated)
1.	Opening Stock as on 1 st October	100.72	44.00	58.50
2.	Production during the Season	145.38	187.50	250.00
3.	Imports	25.00	42.00	5.00
4.	Total Availability	271.10	273.50	313.50
5.	Domestic Consumption	225.00	215.00	225.00
6.	Exports	2.00	--	10.00
7.	Closing Stock	44.00	58.50	78.50

Realisations: There was a strong correction in sugar prices after the peak prices early this year, although there was a tight stock position. Sugar prices reached a peak of around Rs. 40,000/tonne in early 2010, falling to Rs. 28,000/tonne by April 2010 owing to an upward revision in production estimates, a significant drop in international prices and lower dependence on imports by India in the current sugar season (October 2009-September 2010), followed by higher output. Besides, measures taken by the government to curb sugar prices also played a role, including a continued zero duty on imports, allowing bulk consumers to import sugar freely, tight inventory restrictions imposed on buyers and changes in release norms (from monthly to weekly) for free sugar sale

Region-wise average realisation (excluding excise duty and cess) from non-levy sugar sale during 2009-10 (up to April, 2010)

Region	Average realisation during the season (2008-09)	October, 2009	November, 2009	December, 2009	January, 2010	February, 2010	March, 2010	April, 2010	Average realisation during the season upto, April, 2010
Tropical region	2,015.76	2,743.74	3,106.34	3,139.30	3,586.16	3,402.08	2,968.43	3,081.58	3,081.58
Sub-tropical region	2,090.61	2,687.80	2,949.64	3,315.09	3,834.23	3,637.90	3,193.85	2,849.80	3,144.56
Total All India	2,034.87	2,730.81	3,083.74	3,160.23	3,618.57	3,433.46	2,999.87	2,695.59	3,090.82

Consumption: India is the world's largest consumer, accounting around 15% of global consumption. Despite production fluctuations, India's sugar consumption increased at an annual 3.5% over the past decade. Driven by the continuing switch from the consumption of gur to sugar, rising incomes and growing population, India's sugar consumption is projected to increase at 2.5-3% annually well into the medium term (source: ICRA Management Consultancy Services). Moreover, the growth of sugar demand by food industries and other non-household users, estimated to account for about 60% of total consumption, could provide additional impetus to longer-term market growth. Sugar consumption was estimated at 23.5 million tonnes in 2009-10. Per capita sugar consumption increased from 19.9 kg in 2008-09 to 20 kg in 2009-10, while that of gur and khandsari declined from 9.3 kg to 8.9 kg (Source: ICRA).



Cane costs: For season 2009-10, the statutory minimum price set by the Centre was Rs.129.84 per quintal at a 9.5% recovery rate, against Rs. 81.18 per quintal in 2008-09 based on a recovery rate of 9%. However, the industry paid around Rs. 220 per quintal against the Centre's FRP.

Box item

Industry highlights

- Sugarcane crop occupied merely 2.2-2.7% of India's cultivable land.

- Sugar industry contributed 0.7% to India's GDP in 2009.
- Around 2/3rd of the sugar produced in India is consumed by soft-drink manufacturers, *mithai* makers and other confectioners, among others.
- Sugar cane has a long growth period; it stays in the field for 11 to 15 months.
- Cane crushing starts around October and keeps crushers occupied for up to 6 months. The accounting year in the context of sugar – the sugar season – is October to September.
- Around 20% of sugar mill production procured by the government at a predetermined price for subsidised distribution in the public distribution system (PDS).
- Each tonne of cane yields 300 kg of bagasse and 1.2 barrels of petroleum equivalent

Box ends

Exports: India's sugar export balance was nil during 2009-10 from 0.2 million tonnes in the last year. The country expects to export in 2010-11 following a rise in sugar production in 2009-10 and a projected surplus in 2010-11 (October 2010-September 2011).

Imports: To contain sugar prices, the government permitted sugar imports at zero customs duty. For the sugar season October 2009-September 2010, imports were estimated at 4.2 million tonnes after taking into account the opening inventory of 1.2 million tonnes of raw sugar. Indian sugar millers cancelled a number of import contracts owing to a decline in domestic prices and are unlikely to sign new deals following expectations of a surge in local output [Source: ISMA].

Government initiatives: In April 2010, the Central Government raised the statutory minimum price to be paid by mills to farmers by 7% to Rs. 139.12 per 100 kgs of sugar.

Outlook

India's sugar production for 2010-11 has been estimated at 25 million tonnes following higher cane planting, better yield and attractive statutory minimum price. Sugar consumption is forecast at 21.5 million tonnes on account of an increase per capita incomes, growing population (at 1.376% per year) and sustained economic growth. Consequently, sugar realisations are expected to decline.

Box item

Growing acreage

Following higher incentives in 2009-10, sugarcane acreage is expected to increase from 44.5 lakh hectares in 2009-10 to 52.8 lakh hectares in 2010-11 resulting in a sugar production of 25-28 mn tonnes (10.2% recovery), which should be comfortable to meet the country's demand of 22-23 mn tonnes.

Box item ends

Operational review

The Company produced 14.10 lakh qtls of sugar in 2009-10, an increase of 17.11% from 12.04 lakh qtls in 2008-09. However, realisation per tonne (net of excise) of free sugar increased from Rs. 19,209 per Ton in 2008-09 to Rs. 28,922 per Ton in 2009-10.

Fair and remunerative prices

(Rs. per quintal)

	2007-08	2008-09	2009-10
Seohara	89.28	92.88	135.32
Sidhwalia	81.18	81.18	129.84
Hasanpur	-	81.18	129.84

Note: With effect from 2009-10, the term 'Statutory Minimum Price (SMP)' was replaced by 'Fair and Remunerative Price (FRP)'.

Highlights 2009-10

- The Company crushed 147.93 lakh qtls of sugarcane, an increase of 27.20%, from 116.30 lakh qtls in 2008-09.
- The Company produced 189.38 lakh litres of spirit in 2009-10, a 162.61% increase from a mere 72.11 lakh litres produced in 2008-09.

- The Company marketed 412.77 lakh units of power from two of its plants compared with 397.11 lakh units sold in 2008-09.

Comparative operational figures

	Year 2008-09				Year 2009-10			
	Seohara	Sidhwalia	Hasanpur	Total	Seohara	Sidhwalia	Hasanpur	Total
Sugarcane crushed (lakh quintals)	89.18	16.34	10.78	116.30	113.66	21.64	12.63	147.93
Recovery (%)	9.88	8.5	8.25	9.54	9.65	9.11	9.09	9.52
Sugar produced (lakh quintals)	9.85	1.36	0.84	12.04	10.98	2.02	1.10	14.10
Crushing days (Gross)	121	67	68		134.00	69	58	

Business review

Ethanol business

Global scenario

Ethanol (generated as a by-product in sugar manufacture) is a clear, colourless liquid with an agreeable odour. It is used as an automotive fuel, can be mixed with gasoline to form 'gasohol' and is also considered as renewable fuel.

Global renewable energy capacity grew 10% to 60% annually during the five-year period from 2004 to 2009 with biofuels like ethanol growing an average 20%. A number of countries are securing their energy needs by expanding the production of domestic renewable fuels like ethanol and biodiesel. Global ethanol production is expected to increase 16.2% from 73.9 billion litres in 2009 to 85.9 billion litres in 2010. US leads the global ethanol market with a projected production of 45 billion litres in 2010; a further increase in production is anticipated following the mandate of the Energy Independence and Security Act of 2007 to blend 36 billion gallons of renewable fuel into gasoline by 2022 (*Source: F.O.Licht and Renewable Fuels Association*). In 2009, global ethanol production reached nearly 73.9 billion litres in over 40 countries across six continents, representing a near 400% growth since 2000. The International Energy Agency (IEA) estimates that over one million barrels of oil demand are displaced by worldwide biofuel production each day.

USA and Brazil accounted for 88% of the global ethanol production in 2009 along with production increases in Canada, Germany, and France. In recent years, a significant global trade in fuel ethanol has emerged, Brazil being the leading exporter. However, Brazilian ethanol export declined almost 31% in 2009 owing to capacity delays and higher sugar prices. At the other end of the spectrum, developing countries, including Nigeria and Malawi, are turning to ethanol to boost their economies and secure energy needs (*Source: Renewable Fuels Association*). Biofuel markets are projected to be highly influenced by mandates and other incentives in countries, especially US, Brazil and the EU. Mandates calling for growing ethanol use along with higher crude oil prices means that global biofuel production is projected to reach 200 bn litres in 2019 (159 bn litre of ethanol, as per *OECD*). Based on sustained political support for biofuels, world biofuel prices are expected to increase: reach USD 54.4 per hl in 2019 supported by demand conditions in the US market where the Conventional Renewable Fuels mandate is assumed to be binding over the entire projection period (*Source: OECD*). Demand should also be strong in Brazil owing to the continuation of the government's blending regulation.

Regulatory mandates would help in spurring future ethanol demand

Country	Policy
USA	As per the "Renewable fuels standard", retail distributors are required to increase the annual volume of blended biofuels to 136 billion liters by 2022.
Brazil	Brazil was the pioneer in mandating ethanol blending in gasoline under the "ProAlcool" programme, which has remained in the range of 20-25%. The country also began mandating B2-B3 biodiesel blending in 2008, increased to B5 in early 2010.
China	The country's target is to reach an annual production level of 13 billion litres of ethanol and 2.3 billion litres of biodiesel by 2020.
Japan	The country's strategy for long-term ethanol production targets 6 billion litres/year by 2030, representing 5% of transport energy.
UK	The country targets to attain a fuel blending target of 5% by 2010.
France	The country targets to achieve a 10% share of transport energy from renewable sources by 2015, following the much broader 2009 EU Renewable Energy Directive, which mandates the member nations to achieve the 10% target by 2020.
Belgium	The country targets to achieve a 5.75% share of transport energy from renewable sources by 2010.
India	The government fails to implement mandatory blending of 5% ethanol in all gasoline, proposes a target of 20% blending (bio-diesel and bio-ethanol) by 2017.

(Source: REN21)

Indian scenario

India produces conventional bio-ethanol from sugar molasses while the production of advanced bio-ethanol is still at the research and development stage. India has 330 distilleries which produce 4 billion litres of rectified spirit (alcohol) per year. Of the total distilleries, about 115 distilleries have the capacity to distil 1.8 billion litres of conventional ethanol annually, sufficient to meet the 5% blending mandate. Demand for ethanol was driven by the mandatory blending of petrol with ethanol, wherein under the National Biofuel Policy, it will be mandatory to blend 20% by 2017. At a 10% blending level, ethanol demand is expected to ramp to 1,859 million litres by 2011-12.

Conventional bio-ethanol production and distribution (million litres)

Calendar year	2006	2007	2008	2009	2010	2011
Opening stock	483	747	1,396	1,673	1,243	1,145
Production	1,898	2,398	2,150	1,073	1,435	1,859
Imports	29	15	70	280	300	300
Total supply	2,410	3,160	3,616	3,026	2,978	3,304
Exports	24	14	3	3	3	10
Consumption						
Industrial use	619	650	700	700	720	750
Potable liquor	745	800	850	880	950	1,010
Blended petrol	200	200	280	100	50	200
Other use	75	100	110	100	110	110
Total consumption	1,639	1,750	1,940	1,780	1,830	1,970
Ending stocks	747	1,396	1,673	1,243	1,145	1,224
Total distribution	2,410	3,160	3,616	3,026	2,978	3,304
Feedstock A ('000 tons)	7,910	9,992	8,958	4,469	5,981	7,746

[Source: FAS/New Delhi Estimates based on information from Trade Sources]

Production: Higher sugarcane and sugar production in FY 2009-10 raised ethanol production from 1,073 million litres in 2008-09 to 1,435 million litres in 2009-10, but total supply remained at the 2008-09 level owing to short stocks carried forward from the previous year (2008-09). Short supply of sugar molasses in 2008-09 constrained ethanol production and the consequent higher prices made it unviable to supply ethanol to petroleum companies at negotiated prices.

Consumption: Strong growth in the consumption of ethanol across the chemical and potable liquor industry is expected to raise total ethanol consumption to nearly 2 billion litres in 2010-11, up 140 million litres over the previous year, resulting in constrained supplies to the Ethanol Blending Program (EBP). Consequently, the availability of ethanol in 2010-11 for blending with petrol is estimated at 200 million litres, against the target of 800 million litres set by ethanol manufacturers in India. However, ethanol usage for blending in 2009-10 was drawn down to 50 million litres from 100 million litres in the previous year, mainly owing to a reduced supply of molasses, higher demand for ethanol from competing industries and higher market prices for ethanol attracting suppliers to divert their supplies from EBP.

Box item

How ethanol blending can be beneficial in India

India has become a significant consumer of energy resources. Its oil consumption rose from 643,000 barrels of oil per day in 1980 to 3.3 million barrels per day in 2009, making it the world's fourth-largest oil consumer. By blending petrol with 10% biofuel, 80 million litres of petrol could be saved annually in India (source: Institute of Defence Studies and Analyses).

Box item ends

Trade: India does not import ethanol or other biofuels for fuel purposes, and although there are no quantitative restrictions on imports, high duties make imports economically unviable. During years of low sugar production, and consequent shortage of molasses and alcohol, India imported alcohol, mainly for industrial and potable liquor production. India exports small quantities of ethanol, mainly for non-fuel use, to Sri Lanka, the U.A.E and some African countries. The GOI does not provide any financial assistance for biofuel exports (bio-diesel and ethanol).

End stocks

End stocks of ethanol for 2010-11 are likely to recover to 1.2 billion litres, up 79 million litres over 2009-10. However, stocks are down 449 million litres, compared with 1.7 billion litres in 2008, owing to a steady growth in consumption.

Box item

Mandatory ethanol blending

The Government of India approved the proposal for the implementation of a 5% mandatory ethanol blending programme across the country, barring north-eastern states, J&K, Andaman, Nicobar and Lakshadweep, with the fixing of an ad-hoc uniform ex-factory price of Rs. 27 per litre for ethanol procured by oil marketing companies. This is expected to boost the ethanol blending programme and enhance sugar mill profitability.

Box item ends

Business review

Cogeneration

Industry overview

In technical terms, cogeneration is the process of producing electricity and usable thermal energy (heat and/or cooling) at high efficiency and near the point of use. The combined generation of electricity and heat increases the total efficiency by nearly 50%, against the separate production of electricity and heat. Practically every phase in sugar manufacturing (juice extraction, bagasse/pulp drying, juice purification, evaporation and crystallisation) requires heat. The excess electricity can be exported to the national grid if the electricity market regulations allow. Electricity exports can make sugar mill/factory cogeneration an attractive and cost-efficient means of cutting production costs, reducing pollution and generating additional revenue, depending on the ratio between the price secured and production cost of electricity generated in the sugar industry. Moreover, in the case of sugarcane processing, electricity and heat are generated from burning bagasse, practically a cost-free fuel for sugarcane mills.

Typically, the processing of one tonne of cane yields about 250- 280 kg of bagasse (moisture 50%), which can generate 500-600 kg of steam, close to the 400-600 kg of steam consumed in the processing. On the other hand, the use of more efficient high-pressure boilers together with condensing extraction steam turbines can substantially increase the level of exportable electricity. Such gains are possible because there is a degree of flexibility in the way steam is produced and used to power steam turbines in sugar mills [Source: *Sugarcane-Based Bioethanol – Energy for Sustainable Development. BNDES, Rio de Janeiro, November 2008*].

Advantages

- Cogeneration and, hence, additional income revenues from electricity sales to the national grid may contribute substantially to the economic viability of the sugar sector.
- Cogeneration may also bring additional revenues from the monetisation of Certified Emission Reduction (CER) credits within the terms of the CDM.

Apart from direct benefits to the sugarcane processing sector, there are also broader economic benefits of bagasse-based cogeneration including:

- More diverse and, hence, secure and reliable supply of electricity to the national grid
- More widespread electricity supply, in particular, in rural areas
- Possibility of increased electricity supply during the dry season when hydroelectric plants are particularly stretched
- Lower expenses on fossil fuel imports in the case of fuel net-importing countries and higher earnings from fuel exports in the case of the net-exporter

Cogeneration: environment and CDM

Bagasse-based energy is totally renewable and does not involve mining, extraction and long-distance transportation expenses of fossil fuel. It is regarded as environmentally clean fuel. As a biomass, bagasse supplies raw material for the production of natural, clean and renewable energy, reducing the need for and use of fossil fuels. The environmental advantages of bagasse cogeneration are lower emission of particles, CO₂ and other green house gases (GHGs) compared with carbon-intensive fossil fuels, and lower emission as against that during composting. Besides, if bagasse was to be composted, it would also release methane, a GHG, which is 27 times more potent than CO₂ [Source: *Bagasse Cogeneration –Global Review and Potential. WADE, June 2004*]. The reduction of emissions is estimated to be about 0.55 tonnes of CO₂ equivalent per tonne of used bagasse [Source: *Sugarcane-Based Bioethanol – Energy for Sustainable Development. BNDES, Rio de Janeiro, November 2008*]. There are presently about 70 CDM bagasse cogeneration projects registered with the UN Framework Convention on Climate Change (UN-FCCC). There are 28 registered projects in India, 26 in Brazil, 3 in Thailand, 2 in El Salvador, 2 in Honduras, 1 in Ecuador and 1 in the Philippines [Source: *Compiled from <http://cdm.unfccc.int/Projects/projsearch.html>*]

Barriers and constraints

- The output of electricity cogeneration by sugarcane mills is dependent on the existing legal framework and prevailing electricity market rules. The monopolistic behaviour of electricity companies and the rigidity of regulatory frameworks virtually block Independent Power Producers (IPP) from being connected to the grid and selling their available surpluses.
- Secondly, pricing in the electricity market is another issue which might disallow cogeneration. To make cogeneration commercially viable, millers' production costs, including capital costs, have to be covered.
- Thirdly, over the years the out-of-season energy requirements of sugar mills increased owing to the development of downstream units such as packing, chemical, paper, effluent treatment and biogas generation plants.

India

The optimum cogeneration capacity installed in Indian sugar mills is one of the highest among all major sugar producing countries. The country achieved the capability to build and operate modern cogeneration plants in sugar mills. The bagasse cogeneration system based on 45 ata/440°C steam pressures has progressively advanced to 110 ata/540°C steam project configurations, which translates to surplus electricity generation of about 100 kWh/tonne of cane crushed. These optimum bagasse cogeneration projects benefit not only the sugar mills but also the sugarcane farmers as the value addition to their cane is enhanced and thus they can realise more for it. During the year 2010-11 (up to 30th June, 2010), additional bagasse-based cogeneration was 67.50 MW and 1,411.53 MW in total [Source: MNRE].

Business review

Tea plantation

Domestic tea production stood at 991.3 million kg in 2009-10 against 972.7 million kg in 2008-09. India's tea consumption rose to 813 million kg in 2009 compared with 798 million kg in 2008-09. The country consumes nearly 80% of the tea production.

Imports: The imports in India increased from 20.28 million kg in 2008 to 25.46 million kg in 2009, owing to the drought prevailing over the region. This should have 2010 figures.

Exports: Though India's exports reduced from 203 million kg in 2008 to 191 million kg in 2009, it still earned better margins compared with last year, owing to increased average auction prices from Rs. 117.81/kg in 2008 to Rs.136.64/kg in 2009. The export value registered a growth of 9% from Rs. 2,393 crores in 2008 to Rs. 2,616 crores in 2009. These figures should be of 2010 and not 2009

The Company's tea production increased 5.62% from 12.45 lakh kg in 2008-09 to 13.15 lakh kg in 2009-10, owing to better cultural practices followed by the Company. The entire production of Tea was of CTC tea. Average realisation increased from Rs. 112.37 kg in 2008-09 to Rs. 144.60 in 2009-10, owing to higher demand and production of high-quality tea. The Company improved several agricultural operations like the drainage system, among others. The Company also took initiatives like uprooting and re-plantation programmes in uneconomical areas to ensure gradual increase in yield. The Company had cordial relationship with employees and the Company's operations were not disturbed for a single day owing to labour problems.