Rural economy driver

Riddhi Siddhi Gluco Biols Limited | Annual report 2008-09

Disclaimer

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

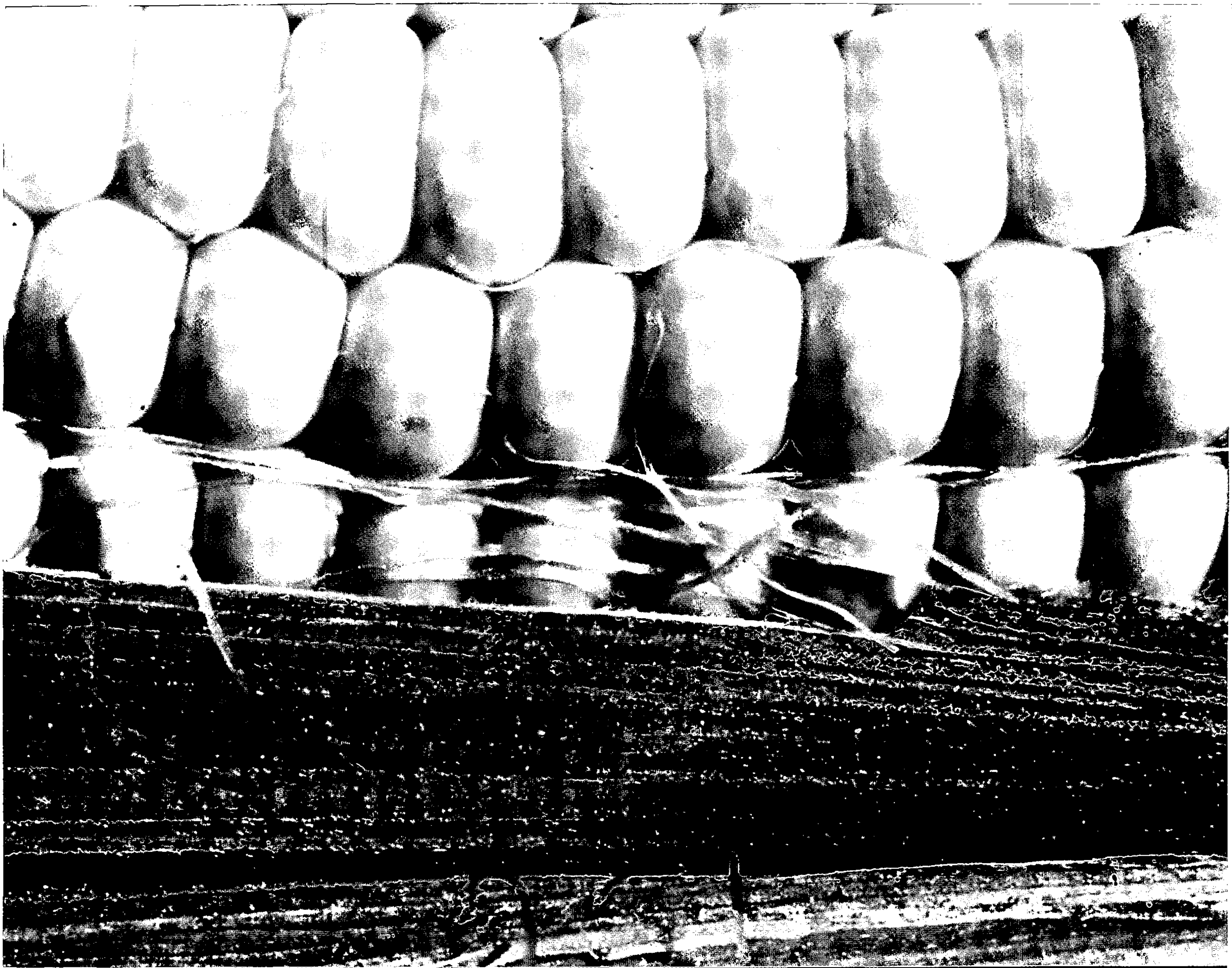
We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Across the pages

Riddhi Siddhi Gluco Biols is more than just a corn starch derivatives company.

It is the silent hope in a farmer's thoughts when he plants additional corn and fleetingly worries about who might want to buy it.
It is the yearning aspiration in the village girl's mind when she sits for her exam and dreams of becoming a scientist.
It is the gleam in the newly turned entrepreneur's vision when he decides to buy his first truck on the basis of an expansion announced by us.

One company.



Thousands of dreams.

On the completion of '15 Years Excellence' we re-dedicate ourselves to what we were, what we are and what we want to be. Rural economy driver.

Background

■ Riddhi Siddhi Gluco Biols Limited (RSGBL) was promoted by the Ahmedabad-based Chowdhary family who were traditionally engaged in the trading of 'sago' and tapioca starch for decades.

■ Incorporated in 1990, Riddhi Siddhi Gluco Biols Limited established its first manufacturing unit in 1994 at Viramgam, Gujarat.

■ We are India's largest corn wet miller with 1,500-tonne daily capacity, producing a variety of starches and derivative products (around 40 products to offer customers).

Products

■ We manufacture a wide range of starches and value-added products - Liquid Glucose, Maltodextrin, Dextrine monohydrate, Dextrose syrups, High Maltose Corn syrups, Gluten, Germs and Corn Fibre.

■ Our products enjoy widespread downstream applications in food processing, pharmaceuticals, paper, textiles, adhesives, biscuits, confectioneries, dairies, ice-cream, beverages, leather applications and other industries.

Our presence

■ Headquartered in Ahmedabad (Gujarat), we have strategically located manufacturing plants proximate to raw material growing areas and markets, i.e. in Viramgam (Gujarat), Gokak (Karnataka), Pantnagar (Uttarakhand) and Puducherry (Union Territory)

■ We have seven marketing offices across India, catering to varied industry needs.

■ We enjoy a prominent export presence.

Unit locations	Year of commencement	Present corn processing capacity
Viramgam (Gujarat)	1993-94	250 TPD
Gokak (Karnataka)	1995-96	750 TPD
Puducherry (Union Territory)	2005-06	8,000* tonnes annually
Pantnagar (Uttarakhand)	2007-08	500 TPD

*Modified starch unit.

Prestigious corporate clients

Our pride-enhancing clients are large and respected corporates in various industrial spaces.

Food and confectionery	Pharmaceutical	Paper	Textile	Others
Nestle	Ranbaxy	BILT	Grasim	Amul
Heinz	Novartis	ITC	Bombay Dyeing	Hindalco
Cadbury	Nicholas Piramal	JK Paper	Indian Rayon	Emami
Uniliver	Wockhardt	TNPL	Lakshmi Mills	SAB
Britannia	Lupin	West Coast	Precot Mills	United Breweries
Wrigley's	Pfizer	Seshasayee	Anglo French	Micro Inks
Perfetti	Biocon	A.P. Paper	Paramount	Godrej Agrovet
Vadilal Industries	Cadila Health care	Khanna Paper		Suguna Poultry
Parle	Dabur India	Century		Venkateshwara Hatcheries
Godrej Hersheys				India Gypsum
Ashwin Vanaspati				

About the Company

■ We are listed on the Bombay Stock Exchange.

Pride

■ Our Gokak (Karnataka) unit is India's single largest corn wet milling plant, followed by our Pantnagar plant, which is the second largest in the country.

■ Roquette Freres, France – the world's fourth largest corn starch and derivatives company with a turnover of over Euro 2.6 billion – is our strategic partner with 14.95% in our equity.

■ We possess the ISO 9001:2000 certification and ISO 22000 certification for our Uttarakhand unit as well as the HACCP and Export House certifications.

■ Each of our products enjoys the trademark registration and is protected under the Indian Trade Marks Act, 1999.

■ We are one of the largest exporters in the Indian starch industry.

Export performance *(Rupees in lacs)*

Year	Exports
2005-06	1,549.70
2006-07	1,161.15
2007-08	2,358.33
2008-09	5,400.01

Mission

■ We are dedicated to provide customised products that combine quality, performance and customer satisfaction.

■ We believe in continuous and successful partnership with our customers; we care for our employees and our suppliers, respecting the interests and goals of both.

■ Raise the half-a-million tonnes annual corn wet milling capacity to one million tonne annually in the next five years

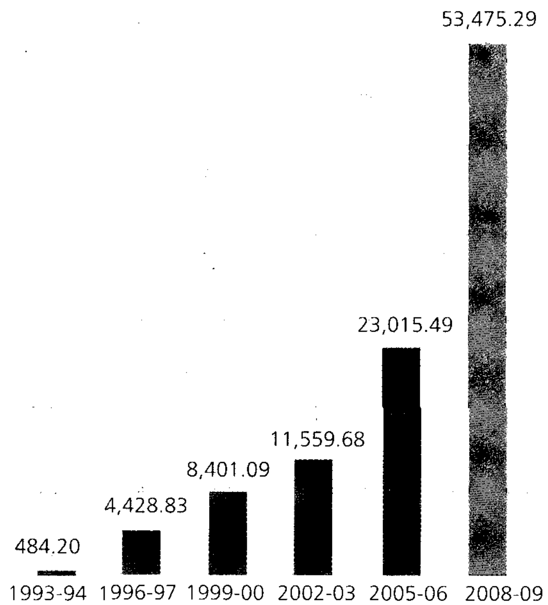
■ Customise more products to increase number of corporate sector clients

■ Closely work with our strategic partner Roquette Freres, France and innovate products and applications to service needs in India

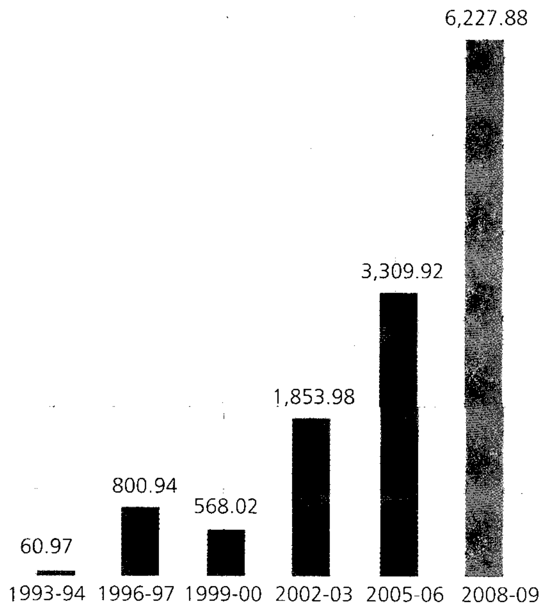
■ Enhance raw material sourcing directly from farmers to further enrich the rural economy

Impressive growth

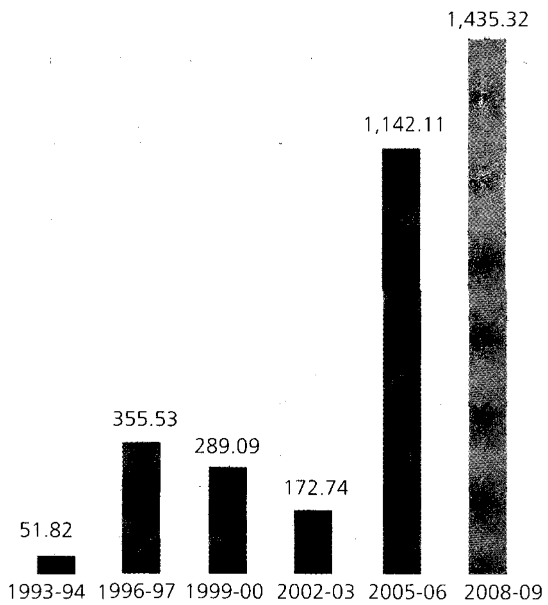
Revenue *(Rs. lacs)*



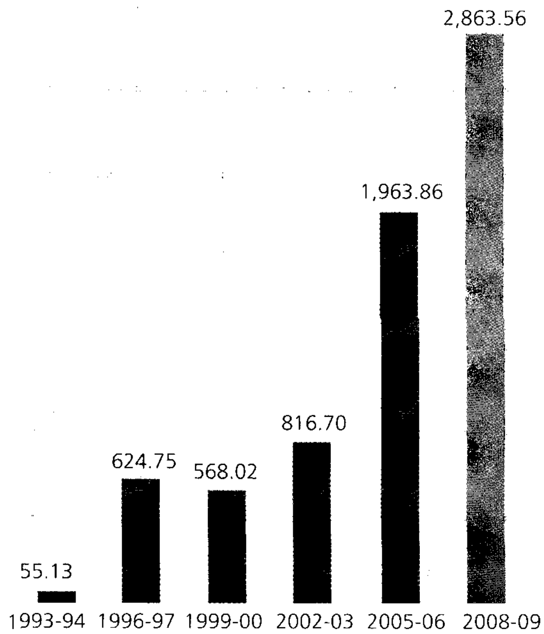
EBIDTA *(Rs. lacs)*

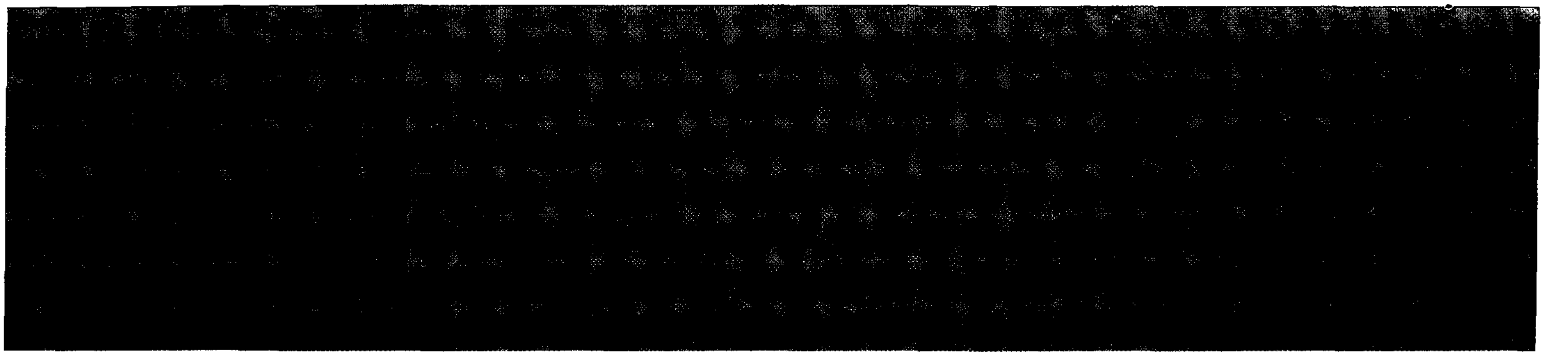


Net profit (before exceptional items) *(Rs. lacs)*



Cash profit *(Rs. lacs)*





Operations

- The Pantnagar plant (commenced commercial production in January 2008), achieved a 68% capacity utilisation in 2008-09.
- Starch and allied products achieved a capacity utilisation of 83% in 2008-09.

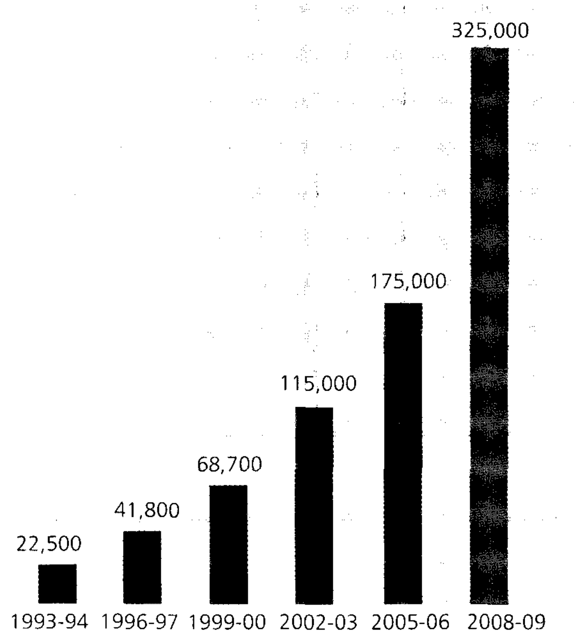
Marketing

- The Company enhanced its presence and visibility in the relatively under-penetrated northern and eastern India, increasing its overall domestic market share to 25%.
- Domestic revenue increased around 61% while exports increased 129%.

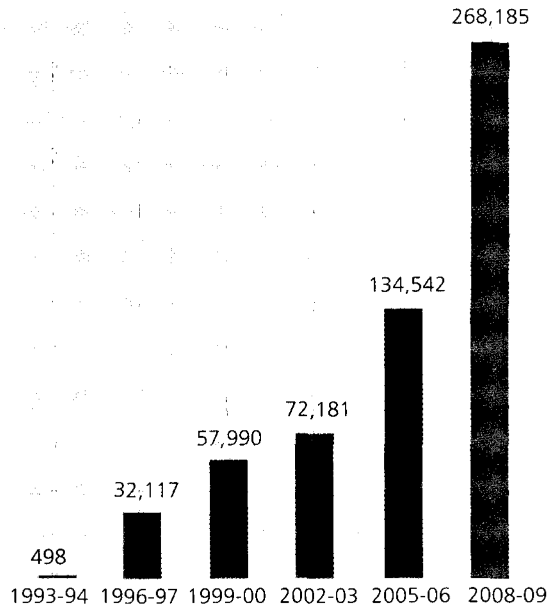
Finance

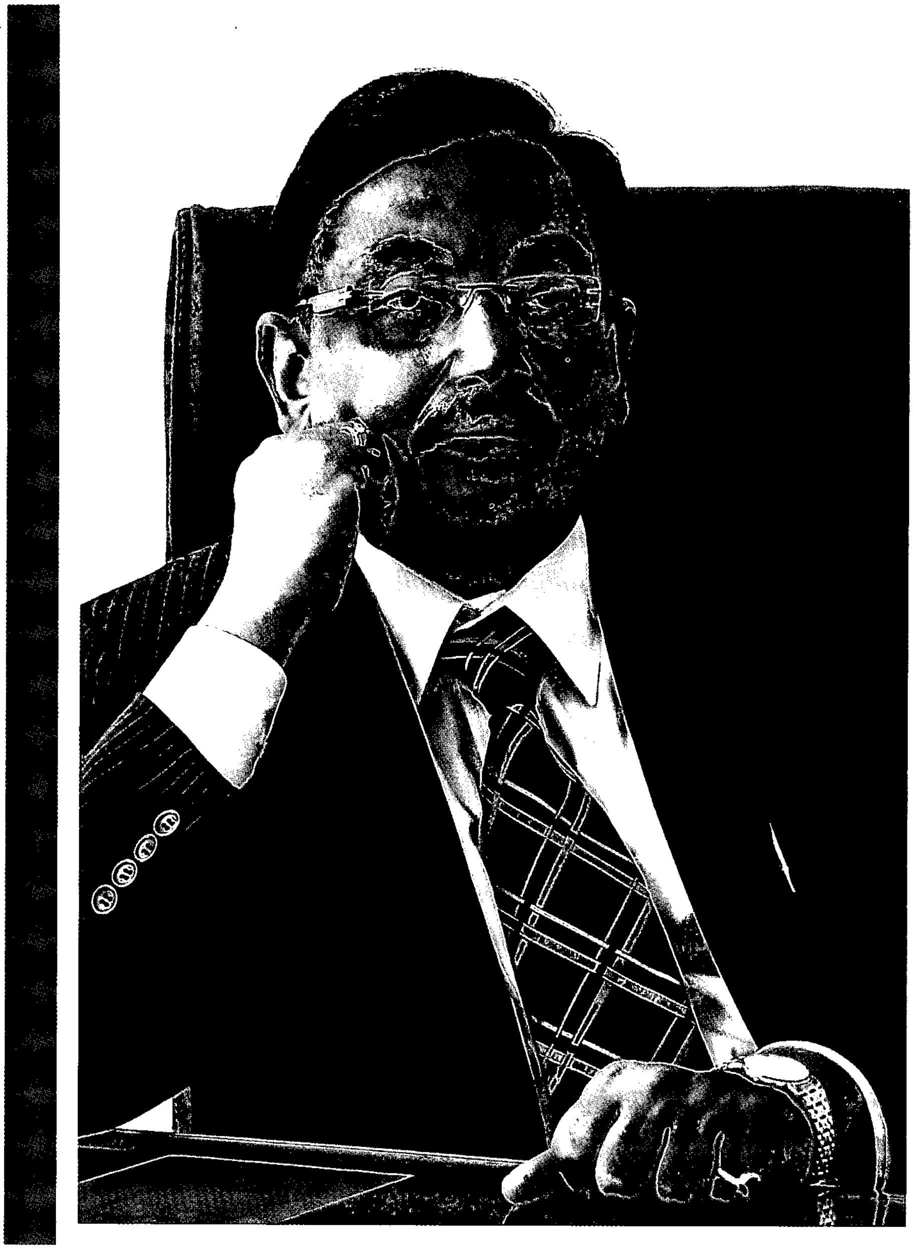
- Net sales increased 60.65% from Rs. 33,239.97 lacs in 2007-08 to Rs. 53,399.03 lacs in 2008-09.
- We generated a 60% higher turnover with lower inventory level.
- Our receivables came in faster – from 72 days of turnover equivalent in 2007-08 to 45 days in 2008-09.
- We embarked on the process of correcting our debt-equity ratio, reflected in a decline from 1.63 in 2007-08 to 1.58 in 2008-09.

Starch and allied products' capacity *(Tonnes per annum)*



Starch and allied products' production *(Tonnes per annum)*





"Riddhi Siddhi is currently exploring hitherto unknown terrain – developing new products and applications, addressing widening and complex market needs, tapping uncharted territories and adopting strategies for sustainable development.

With an unwavering determination to achieve our goals, the Company is poised to report phenomenal growth in the foreseeable future."

Sampatraj L. Chowdhary
Chairman, Riddhi Siddhi Gluco Biols Ltd.

Rural economy driver

Four ways in which we have enriched the regions of our presence

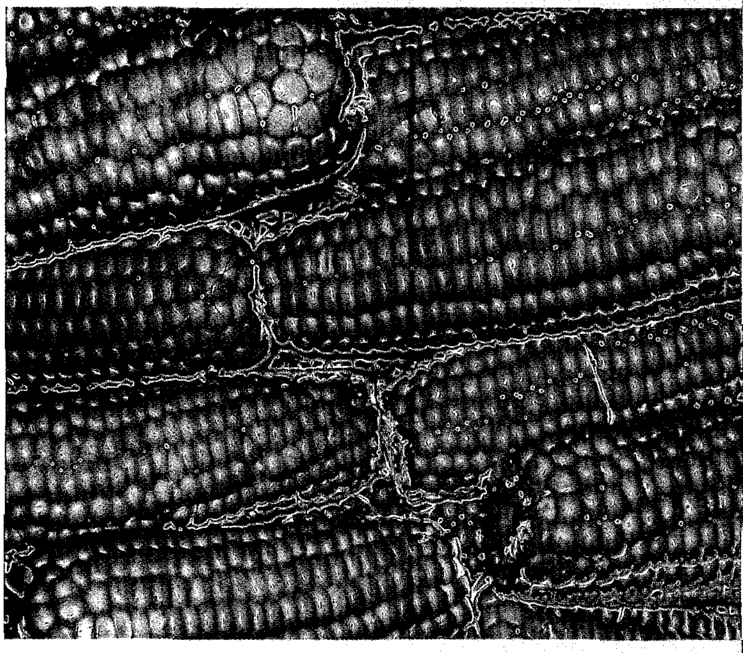
1 Sheer purchase quantum

At Riddhi Siddhi, when we entered the business, we bought Rs. 5.04 crores of corn in a single year. In 2008-09, we injected Rs. 325.30 crores into the Indian rural economy through corn purchases. Benefiting farmers. Enhancing disposable incomes. Catalysing grass root demand. Enriching the rural economy. Strengthening the nation.

Also, by processing about 5 lac tonnes of corn a year, we encourage corn cultivation across about 5.28 lac acres, benefiting about 1.65 lac farmers. Enriching the rural economy.

2 Corn sourcing mechanism

At Riddhi Siddhi, when we entered the business, we remunerated farmers within 15 days of corn purchase as per the industry practice. Besides, we would buy in season only to the extent that our finances permitted. In 2008-09, we paid for corn purchase upfront, based on a practice that we inititated in 2004. Besides, we pioneered the creation of depots and warehouses to maximise inventory during the season for consumption throughout the year. Accelerating incomes in the hands of farmers and strengthening their cash flow. Encouraging them to enhance corn productivity of corn. Strengthening the country's corn economy. Widening the prospects of diverse downstream uses. Creating more downstream consumers. Enhancing the quality of life.



3 Direct purchase

At Riddhi Siddhi, when we entered the business, we would buy 100% of our annual corn requirement from intermediaries, who in turn, would buy from farmers. In 2008-09, we bought nearly a quarter of our annual corn requirement directly from farmers. Eliminating middlemen. Reducing commission costs. Sharing the savings with farmers. Encouraging a direct interaction with suppliers. Strengthening their confidence in us by emphasising that we really care. Creating a strong supply chain.

4 Enhancing yields

As in case of any agricultural crop, farmer output depends a lot on the cropping pattern and the vagaries of the monsoons. When we started business in Karnataka, the per hectare yield of corn was around 2.5 tonnes. Support and advice to farmers enhanced confidence, driving per hectare yield to more than 3.30 tonnes as against the 2.24 tonnes national average. Also, of the total all India production output, Karnataka's share is almost 18%.

Riddhi Siddhi enriched farmers through a better return from the given tract. Strengthening their return on capital employed. Making farming a more remunerative and growing occupation.

Managing Director's review

"We are optimistic of growing by about 20% CAGR to achieve a rupees one billion turnover and touch a million tonne annual production capacity in five years."

Mr. Ganpatraj L. Chowdhary, *Managing Director,* Riddhi Siddhi Gluco Biols Ltd, reviews the year gone by and the Company's prospects

Were you pleased with the performance of the Company in 2008-09?

There are two ways of looking at our performance for the year ended 2008-09. On the face of it, we reported a Rs. 1,435.32 lacs net profit (before exceptional item) compared with a net profit (before exceptional item) of Rs. 1,944.52 lacs in 2007-08 owing to the global economic slowdown, currency fluctuation of the Rupee versus US$, an unprecedented increase in corn prices and a rise in interest costs.

On the other hand, the Company reported a 61% growth in its topline, even when a number of downstream customers complained of a slowdown and other sectoral performances were hit.

If you compare these two divergent realities, then one can be analysed as a one-time phenomenon (unless the Rupee weakens further, which is unlikely as the prevailing trend reveals) while the other can be interpreted as enduring. That is why in our business, customers enter into relationships for their demanding needs after considerable dialogue, strict scrutiny of vendor facilities, quality and service. Switching vendors also represents a cost, which is why our business is relationship-driven rather than price-influenced.

In fact, we generated a substantial portion of our revenues from repeat customers, who have been with us for more than a decade. An increasing topline means that our key input procurement strategy is in place; we enjoy an uninterrupted raw material supply chain in a cyclical business to support our volume growth. Consequently, the increased revenues that we generated in 2008-09 represent a reasonable assurance that these sales will sustain over the years and it is only a matter of time before this scale translates into an attractive bottomline. As such, I would be more inclined to see our performance of 2008-09 from a broader and sustainable business-strengthening perspective rather than a one-time phenomenon.

What were some of the highlights of the Company's performance in 2008-09?

Albert Elnstein once famously remarked "In the middle of every difficulty there lies an opportunity." The big message that I want to send out to our shareholders is that even as we were faced with a number of challenges, we worked hard to manage all variables that were under our control. Thereby, I am convinced that we finished 2008-09 with a business stronger than when the year started. Moreover, I am prepared to state that these initiatives will translate into attractive returns in the foreseeable future. I must congratulate my marketing, finance and supply chain teams as well as all those at our plants for their ability to face up to challenges and achieve targets.

- We stabilised our newly commissioned Pantnagar plant, achieving a capacity utilisation of 68%, usually a challenging and extended exercise.
- Consequently, we enhanced our visibility in North and East India (Bihar, Orissa, West Bengal and Chhattisgarh) where our presence was negligible. We capitalised on customer proximity in Northern India as downstream users shifted there due to fiscal benefits in the excise-free zones. From our strategically positioned Pantnagar plant (Uttarakhand), we were able – service customers more effectively – in quicker time and at lower logistics costs - than from our Gokak plant in Southern India (Karnataka).
- I am also happy that we increased our Indian market share to about 25% in 2008-09; we are optimistic of not only retaining it, but expanding the market by introducing new product applications of international quality standards and strengthening our marketing network, enabling us to cater to a wider market segment.
- We increased our exports 129% from Rs. 2,359 lacs in 2007-08 to Rs. 5,400 lacs in 2008-09 following the increase in production from our Viramgam and Pantnagar plants and the effective leverage of the proximity to the Mundra and Kandla ports.
- I am also happy to share with you that we are one of the largest exporters of corn starch and derivatives from India. We expanded markets beyond the Middle East, Japan and Southeast Asia to a relatively under-penetrated Africa where demand from the food and confectionery market witnessed phenomenal growth.

Shareholders would want to know how the bottomline declined, despite an increase in the Company's topline in 2008-09.

This divergence stemmed from factors well beyond our control, which I would like to explain.

- The government raised the Minimum Support Price (MSP) for corn by an unprecedented 36% from Rs. 620 in 2007-08 to Rs. 840 per quintal in 2008-09 for the first time in the history of India's corn cultivation. As our contracts were stable with long-standing customers, this increase could not be fully passed on. It is a credit to our resilience that despite such a sharp cost swing in a raw material-intensive business, we reported a profit before interest and depreciation.
- During 2008-09, a declining trend in sugarcane production was noted, affecting the availability of bagasse – our principal agro fuel – whereupon we were compelled to switch over to the use of imported coal. This increased our cost inputs.
- Rise in the cost of petroleum products and High Density Polyethylene (used for packing material) inflated our packing cost.
- The increase in interest cost had some impact on our operations.
- Nevertheless, I may state here that since a majority of our revenues were derived from customers in the food and pharmaceutical businesses, we remained insulated from the economic slowdown and actually grew revenues by an unprecedented 61% in 2008-09.

What is the Company's strategy to sustain its growth?

We have chalked out the following strategies to achieve at least a 20% topline (revenue) growth during 2009-10:

- We are a leading player in India's corn starch industry and intend to leverage a number of our business strengths

The increased revenues that we generated in 2008-09 represent a reasonable insurance that these sales will sustain over the years and it is only a matter of time before this scale translates into an attractive bottomline.

to widen our international presence. Consequently, we expect our export revenue to grow by 50%.

- We will increase the volume of our product lines on the one hand and increase the production of value-added products of modified starches and starch derivatives, on the other, for a wider customer spread.
- The Company is optimistic of growing at about 20% CAGR to achieve a Rs.1 billion turnover and one million tonne corn wet milling mark in five years. What gives me a sense of optimism is that changes in lifestyles and food habits have increased the potential use of corn starch and its derivatives. Besides, disposable incomes are rising and the consuming class is expected to constitute 80% of India's population by 2010. In view of these realities, we foresee opportunities for sustained growth, strengthening our financials and value in the hands of those who own a stake in our Company.

What is your downstream optimism based on?

There is a considerable optimism due to the robust performance of the following sectors:

Snacks and confectioneries: The Indian market holds an enormous potential for snacks and confectioneries. This US$3bn market is equally divided across the organised and unorganised sectors; the organised sector is growing at 15-20% annually, while the US$1.56 billion unorganised sector is growing at 7-8% annually.

Beverages: The Indian market for carbonated drinks is estimated at US$1.5 billion, while the juice and juice-based drinks market is around US$0.25 billion. Growing at 25%, the fruit drinks category is one of the fastest growing in the beverages market. Sports and energy drinks, which currently have a low penetration in the Indian market, hold attractive potential.

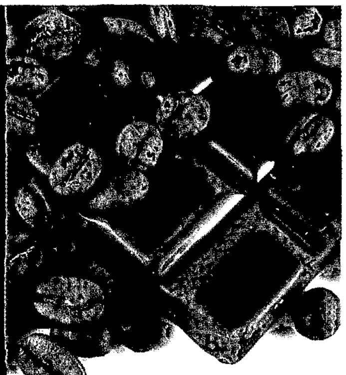
Pharmaceuticals: The Indian pharmaceutical industry globally ranks fourth in volume and 13th in value. India accounted for 8% of the global production and the US$10.76 bn domestic pharmaceutical market (2008) is expected to grow at 9.9% over the foreseeable future, higher than the growth rate in some developed countries.

Textiles: India's textiles and apparels market is witnessing robust growth owing to increasing youth population, increase in disposable incomes, rapid organised retail growth and the government's decision to allow 100% FDI in new textile companies. Consequently, the domestic market is estimated to grow to over US$50 billion by 2014.

Paper: India's paper industry is estimated at around US$5.95 bn, accounting for 1.6% of the global paper and paperboard production. India is one of the fastest growing global paper markets; paper production and consumption are likely to grow at 8.4% and 9% CAGR over the next three to four years. *(Source: IBEF)*

Our enduring strengths

Diverse applications: The Company's products enjoy diverse applications in the core downstream uses of food processing, pharmaceuticals, textiles, paper and others (poultry, animal feed or corn oil).



Strategic locations: The Company's units in Viramgam, Gokak, Pantnagar and Puducherry are proximate to customers, raw materials and water sources.

Strategic alliance: Roquette Freres, who invested as a stakeholder in the equity of our Company, facilitates process improvement and new product development.

Vast potential: Riddhi Siddhi possesses a portfolio of 40 products as against an industry potential of more than 600 that can be developed.

Scale of operations: The Company's cumulative 1,500-TPD corn wet milling capacity is the largest in the domestic industry.

Brand-enhancing clients: The Company's clients comprise prominent brands like Nestle, Heinz, Perfetti, Cadbury and ITC, among others; the Company's business from long-standing customers accounted for 60% of revenues in 2008-09.

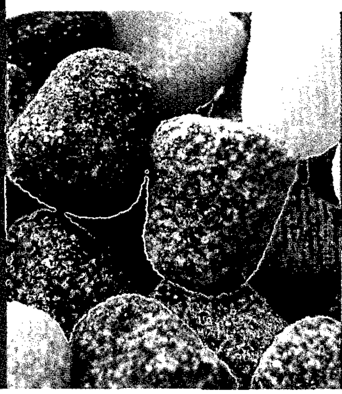
Pioneering launches: The Company pioneered the launch of a number of products like low DE maltodextrin and high maltose corn syrup in India.

Comprehensive portfolio: The Company possesses a comprehensive product range comprising various grades of corn starches, liquid glucose, high maltose corn syrup, dextrose monohydrate and maltodextrin and dextrose syrup – a one-stop customer solution provider.

Rural economy driver: The Company is the single largest corn buyer in Karnataka, sourcing about 10-15% of the state's annual corn cultivation.

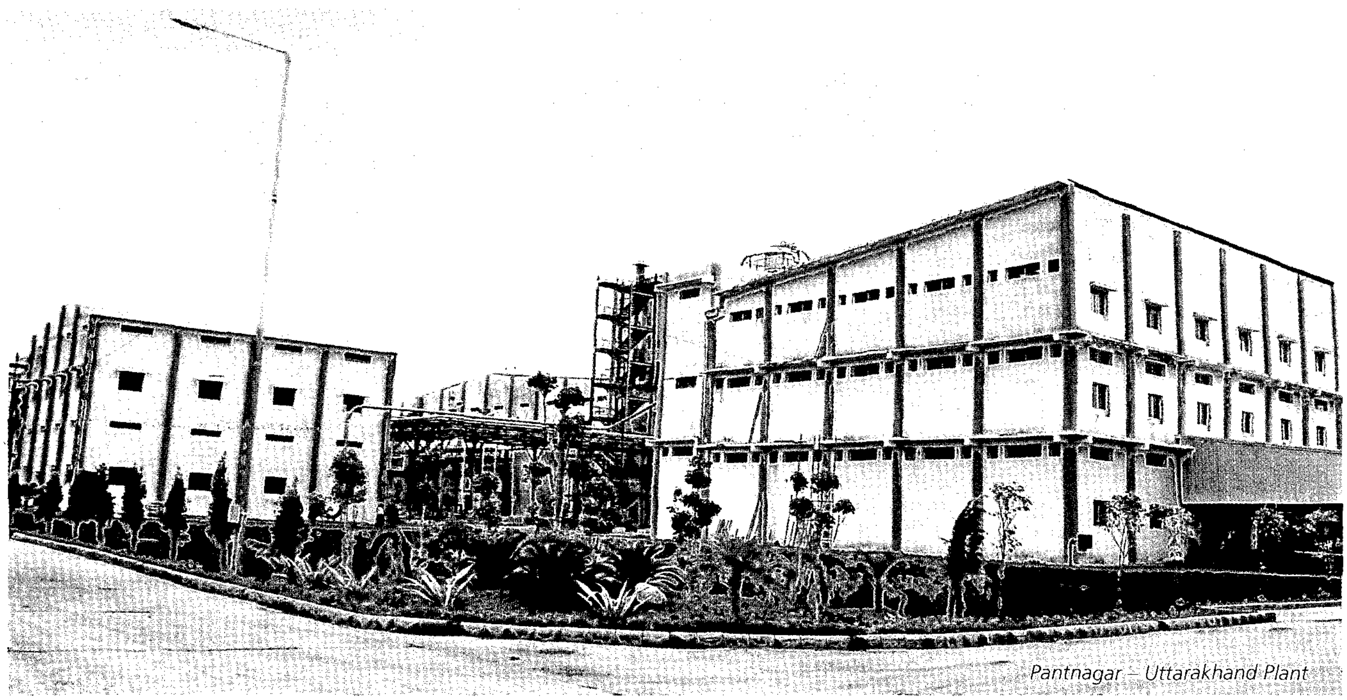
Fiscal prudence: The Company enjoys an established track record in turnaround management, turning around the sick unit of KG Gluco Biols Ltd and growing the bio-polymer division acquired from Hindustan Unilever.

Service: The Company's customer-centricity accelerates timely delivery, delighting and retaining clients.



New product development: The Company has a strong research and development team for product development and process upgradation. This resulted in the successful launch of 10 products of different grades in the last three years, totalling 40 different products, enabling the Company to cater to new and unexplored pharmaceutical and textile market segment.

In-depth knowledge: The Company's in-depth knowledge base has translated into a 25% market share for corn starch and its derivatives in India.


Pantnagar – Uttarakhand Plant

Management discussion and analysis

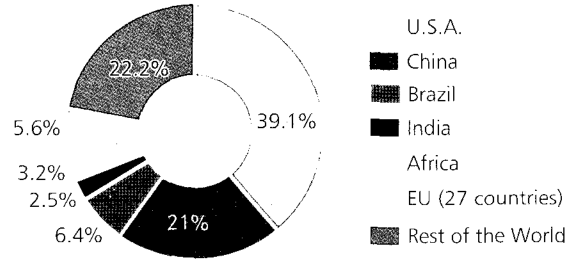
Industry overview

Starch, an abundant carbohydrate, is a major ingredient in the human diet and over decades, has emerged as a prominent industrial raw material as well. Plant seeds, roots and tubers are all sources of industrial starch production. Versatile in applications, starch's high carbohydrate content makes it useful for use in multiple industries. It has the potential to produce about 600 downstream derivatives in the form of high fructose corn syrup, liquid glucose, dextrose, dextrose monohydrates, maltodextrin and sorbitol, among others.

Global overview

The global corn starch consumption, estimated at 62 MMTPA, is projected to increase to 70 MMTPA by 2010. The consumption in the United States, Europe and Japan is estimated to grow at only 1-2% as against 3-4% globally, while Sino-Indian consumption growth is estimated at 4-5% *(Source: Kotak)*. During 2008-09, unfavourable weather conditions and flood-induced crop damage in Midwest US during sowing time reduced corn acreage. Consequently, global corn production in 2008-09 is projected to be 787.83 million metric tonnes, with the US as the major producer with 39% (307.39 million metric tonnes) followed by China's 21% (165.50 million metric tonnes), Brazil's 6% (50.50 million tonnes), India's 2.5% (20 million tonnes), Africa's 3.2% (25.25 million tonnes), the EU's 5.6% (44.40 million tonnes) and other countries comprising about 22.2% (174.79 million tonnes).

Country-wise share of corn production



(Source: Agricultural Statistics Board, NASS USDA - Estimates)

Area - million hectares *Production - million tonnes* *Tonnes/Hectare*

Countries	2006-07			2007-08 Preliminary estimates			2008-09 Projected		
	Area	Production	Yield per hectare	Area	Production	Yield per hectare	Area	Production	Yield per hectare
U.S.A.	28.59	267.60	9.36	35.01	332.18	9.49	31.83	307.39	9.66
China	28.46	151.60	5.33	29.48	152.30	5.17	29.40	165.50	5.63
Brazil	14.00	51.00	3.64	14.70	58.60	3.99	14.20	50.50	3.56
India	7.80	15.10	1.94	8.26	18.96	2.30	8.30	20.00	2.41
African countries	11.03	20.60	1.87	10.92	25.13	2.30	10.76	25.25	2.35
EU (27 countries)	6.55	40.54	6.11	6.42	33.54	5.22	6.74	44.40	6.59
Rest of the world	53.39	166.50	3.12	55.67	170.92	3.07	56.28	174.79	3.11
Total	**149.82**	**712.94**	**4.76**	**160.46**	**791.63**	**4.93**	**157.51**	**787.83**	**5.00**

Area in million hectares; production in million tonnes

Domestic overview

The Indian corn starch industry initially addressed the requirements of the textiles sector. However, over the last three decades, the industry saw the introduction of starch sweeteners and other derivatives for the growing demands of the pharmaceutical, food, paper, adhesives, poultry and animal feed sectors.

However, India's per capita starch consumption is still less than 1 kg, compared with the US (64 kg) and the global average (6 kg). Therefore, the Indian corn starch industry is still considered a sunrise industry comprising few players and with user industries growing substantially.

India's confectionery market grew 8.2% from 2003-07 while the pharmaceutical industry grew at 12-13% over six years, the food processing sector at 20% and the textile industry at about 6%.

Corn overview

Area and application: Globally, corn occupies the third largest area after wheat and rice across 70 countries, while its productivity surpasses all cereal crops. In India, corn is used as poultry and cattle feed, food grain for human consumption and in the manufacture of industrial products like starch and derivative products like syrups and sorbitol, among others. From an industrial perspective, there is an attractive room for corn to grow its presence and enlarge its use from poultry and animal feed to more industrial applications.

Weather: Corn cultivation requires warm weather, fertile and well-drained soil. It is adapted to grow under diverse climatic conditions. In India, major corn cultivation is taken up in rain-fed conditions and cultivated during the *Kharif* (June to

India's corn starch and its derivatives industry in 2008

Rs.1,800 cr

Number of major domestic players in 2008

6

Number of products in the domestic market in 2008

40

Global starch and starch derivatives market

1,000 products

(Source: www. India Infoline.com)

August) and *Rabi* (October to November) seasons.

India cultivated corn across an estimated 8.30 million hectares in 2008-09, compared with 7.80 million hectares in 2006-07. It is estimated that around 80-85% of the annual production was derived from the *Kharif* season alone, while the remaining quantum was derived from the *Rabi* crop in summer.

Corn production trend during the past few years

(Milion tonnes)

Year	Cropwise production output			Annual
	Kharif	Rabi	Total	Growth %ge
2003-04	12.73	2.25	14.98	34.35
2004-05	11.48	2.70	14.18	(5.34)
2005-06	12.16	2.55	14.71	3.74
2006-07	11.56	3.54	15.10	2.65
2007-08	14.82	3.72	18.54	22.78
2008-09	NE*	NE*	20.00#	7.87

(Source: Compiled from Agricultural Statistics Division, Directorate of Economics and Statistics, Ministry of Agriculture Department of Agriculture Cooperation, Govt. of India, New Delhi Indian Corn Development Association, reviews)

* *Estimates of break-up not available # Projected output*

States: About 59% of overall domestic corn production in the country was contributed by Karnataka (18%) followed by Andhra Pradesh (15%), Uttar Pradesh and Bihar (9% each) and Rajasthan (8%), while the remaining 41% was derived from other states.

Yield: Prior to the beginning of the 21st century, India was a net corn importer as production in the country was not commensurate to meet the growing demand from the poultry and other market segments. However, adoption of hybrid variety seeds, particularly in Karnataka, Andhra Pradesh, Bihar and Maharashtra, as well as the crop's growing potential catalysed an increase in corn yield and production. Over the last two decades, India's corn consumption grew around 5% annually, while production grew over 6%, putting India on the world map as a net exporter.

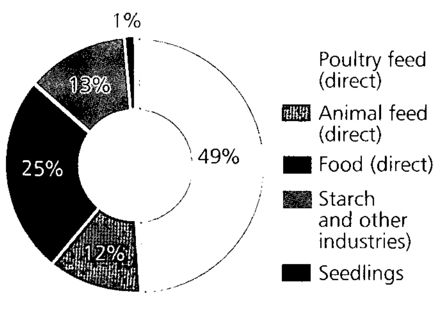
Prices: Corn prices rallied from Rs. 390 per quintal in 1998-99 to Rs. 620 per quintal in 2007-08 but skyrocketed to Rs. 840 per quintal in 2008-09, following enhanced export demand and increase in the minimum support price announced by the government. When user profitability (in poultry feed and starch industries) disappeared, the Directorate General of Foreign Trade banned corn exports until October 15, 2008.

In the later half of 2008-09, there was a fall in exports due to sluggish demand and higher domestic prices. The government procured less than a million tonnes (about a tenth of the quantity traded in the physical market), translating into a price correction.

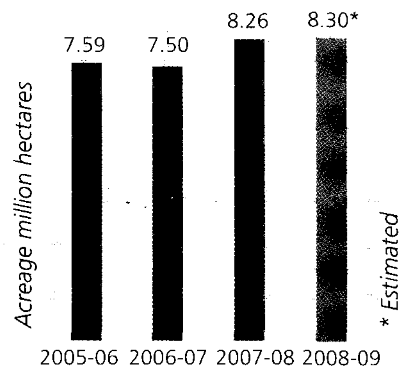
Outlook: Despite industry challenges like vagaries of the monsoons and higher farmer returns, overall corn availability can be expected to grow at about 6% annually based on past trends, leading to an overall production of around 23.4 million tonnes by 2011-12. The industry growth is expected to be driven by the following realities in the end user industries:

- Paper production and consumption are likely to grow at about 7-8% CAGR across the next five years due to increasing packaging applications.
- The pharma sector is expected to grow at 12-13% annually over the next few years.
- The textile sector is expected to generate a US$50 billion revenue potential by 2014 and over US$125 billion by 2020 *(Source: IBEF)*.
- The global confectionery market is expected to grow at about 16% annually over the next few years, with volume sales pegged at around 17.8 mn tonnes and value terms at US$145 bn by 2010 *(Source: Kotak Securities)*.

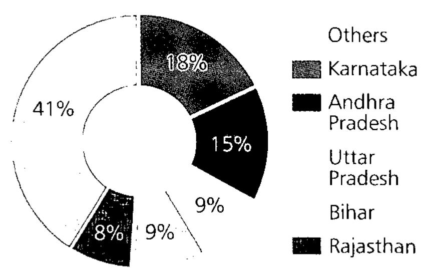
Corn consumption pattern in India



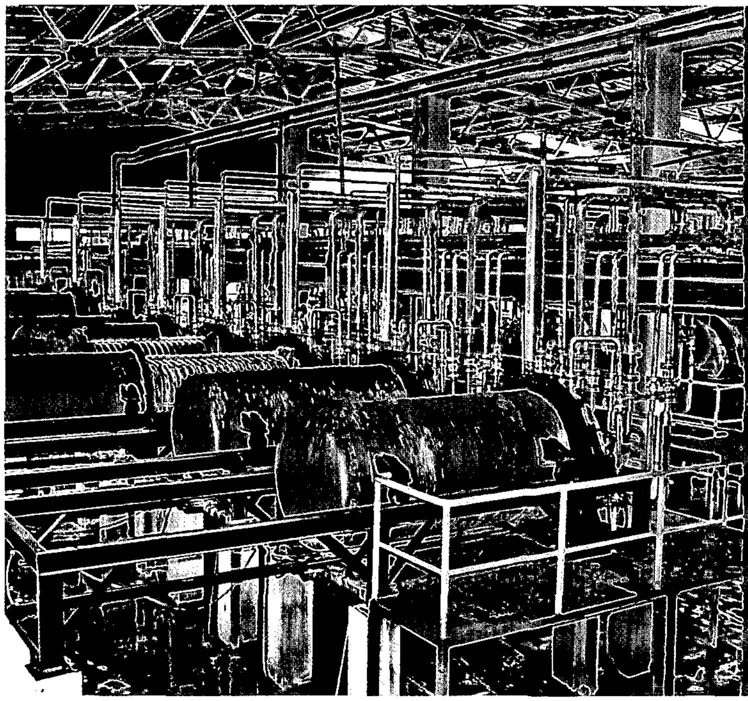
Corn-cultivated area in India



State share in corn production



(Source: Karvy report)



Efficiency driver 1

Supply chain management

IN A BUSINESS WHERE THE RAW MATERIAL HAS TO BE PROCURED SEASONALLY FROM DIVERSE SOURCES AND THEN STORED OVER TIME FOR CONSISTENT USE, THE EDGE LIES IN A SUPPLY CHAIN THAT MAKES IT EASY TO PROCURE, STORE AND CONSUME.

Corn represents the key input in corn starch manufacture, accounting for around 62-65% of the total operating cost. Therefore, efficiency in collection immediately translates into a lower material cost and a higher corresponding margin or vice-versa in other situation.

The most decisive supply chain initiative by the Company is the strategic location of its largest processing units. Slightly more than half of the Company's corn requirements are derived from the states of its manufacturing presence and the remaining 50% from within a 350-km radius of its manufacturing locations in Karnataka, Uttaranchal and Gujarat.

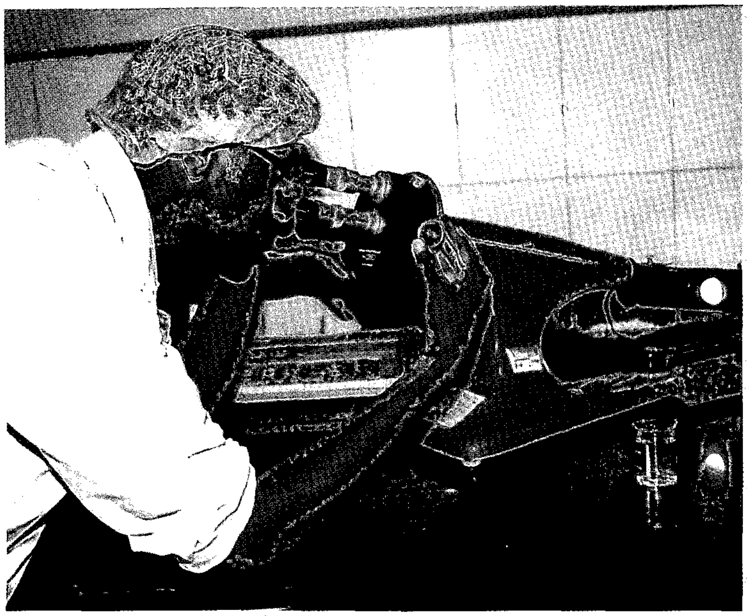
The Company's Gokak plant is an example of this strategy. The plant is located amid one of the largest corn granaries of India. It procures 50% of its corn requirement from within 200 kms of its plant location, facilitating low-cost transportation, timeliness and predictability.

Besides, 70% of the Company's raw material is procured between December and March, the annual peak procurement season when supply is relatively high and prices low. Over the years, the Company invested in dispersed depots and warehouses proximate to farmers, enabling them to deliver material in the quickest possible time covering the shortest distance. These storage points are proximate to the Gokak plant. Besides, dispersed storage also reduced the Company's risk of storing all the material in one location.

Our strategy has also helped facilitate farmers/suppliers to stock corn during season as we have arrangements to source the same during off season, helping the 'rural economy'

The Company prudently strengthened its supply chain through direct sourcing from farmers to the extent of a quarter of its total annual procurement, doing away with intermediaries, enhancing farmers' returns, while also ensuring quality procurement.

These initiatives helped the Company enhance its raw material procurement.



Efficiency driver 2

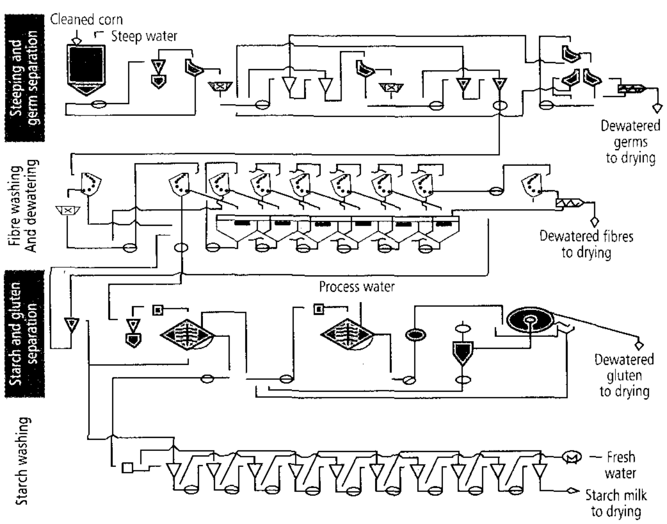
Operations

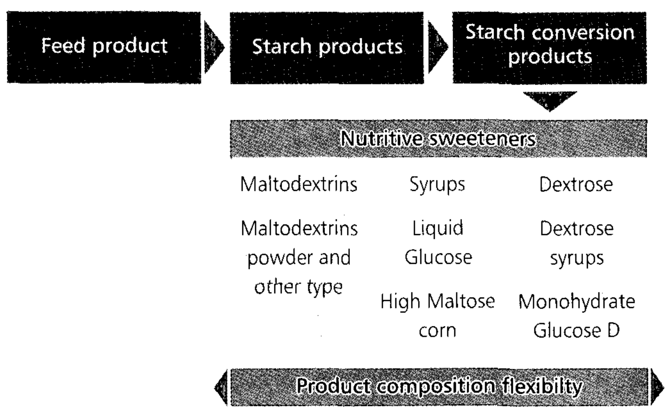
IN A BUSINESS WITH A HIGH RAW MATERIAL COST AND STEADY PRODUCT REALISATIONS, MARGINS MUST INEVITABLY BE DERIVED FROM A HIGH OPERATIONAL EFFICIENCY.

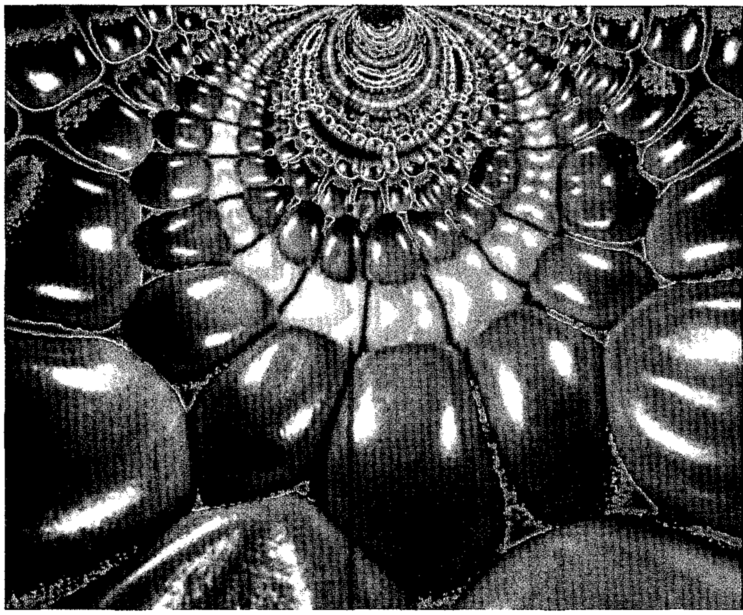
The principal driver of a high operational efficiency is asset utilisation. In 2008-09, the Company enjoyed the benefit of the Pantnagar plant. The new plant reported a capacity utilisation of 68% in terms of its corn wet milling capacity during the year under review and in the current operational year (2009-10), it is likely to increase further to 80-85% optimally. The plants at Viramgam and Gokak achieved capacity utilisation levels of 90% and 80% in 2008-09.

To enhance operational efficiency, the Company embarked on a number of investments and initiatives: it added an engine to the captive power plant at Gokak; reduced power consumption through energy conservation measures; it enhanced starch recovery through superior manufacturing insights from Roquette Freres, its strategic partner; and leveraged the complete automation of its state-of-the-art Pantnagar plant.

Brief process of corn wet milling







Efficiency driver 3

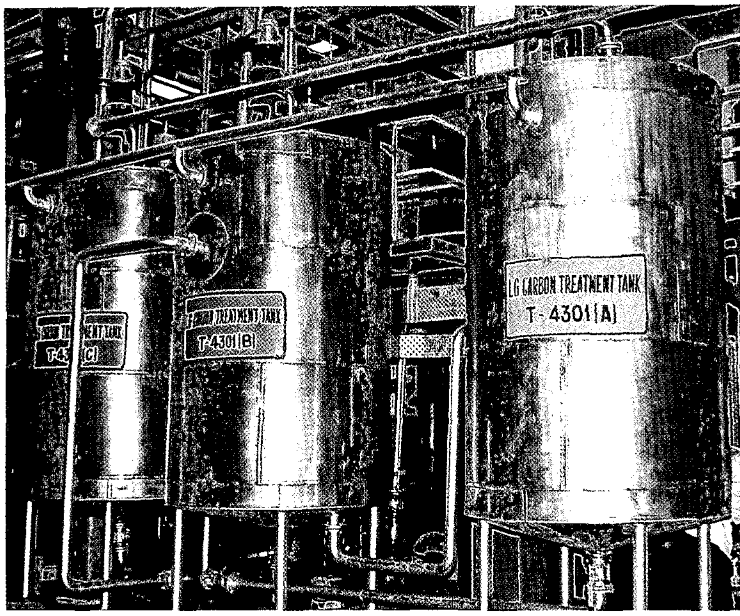
Quality

IN A BUSINESS WHERE CUSTOMER REQUIREMENTS ARE BECOMING INCREASINGLY DEMANDING AND WHERE DIFFERENT GRADES MUST BE MANUFACTURED TO MEET DIVERSE CUSTOMER NEEDS, THE MOST EFFECTIVE DRIVER OF THE BRAND IS A CONSISTENTLY HIGH PRODUCT QUALITY.

Riddhi Siddhi invested in robust operational, packing and delivery systems that ensure products are made and delivered exactly how customers want them from batch-to-batch and consignment-to-consignment. Over the years, this discipline has been achieved through experience, training, documentation, certifications, audits, additional investments, customer interactions as well as the insight of Roquette Freres, the Company's technology collaborator.

- The Company invested in the latest equipment and technology to ensure that the principal part of the checking is done while the material is still being manufactured, resulting in immediate in-process corrections at any stage. Our Pantnagar plant is equipped with PLC-based technology that facilitates product consistency with minimal human intervention.
- The Company's quality discipline starts from the moment the raw material is procured with a clear understanding among purchasing executives how raw material variations will translate into changes in the end product. This discipline is reinforced through multi-stage checks right to the production of the final output across particle size, bulk density and viscosity, among other parameters generally demanded by customers.
- The Company made forward-looking investments in research and development professionals on the one hand and advanced laboratory equipment (high-performance liquid chromatography, brightness meter, viscometer, spectrophotometer and laminar flow of units, among others) on the other, resulting in a quality-enhancing organisational culture.
- The Company enhanced its standards as appraised by confidence-enhancing certifications. For instance, our Pantnagar unit was the first facility in the Indian starch industry to receive the ISO 22000 certification, indicating its commitment towards high safety and hygiene parameters.
- The Company evolved quality from a fixed idea into a moving target through continuous interactions with customers on their evolving needs as well as with technology collaborator regarding rising quality standards the world over.

The result is that the Company's products have achieved a *reputation for high potency and consistency, leading to* complete customer assurance. In turn, this has translated into the addition of new clients as well as the extension of relationships with existing ones. Consequently, the Company derived about 60% of its income in 2008-09 from customers who have been associated with it for more than a decade.



Efficiency driver 4

Technology

IN A BUSINESS WHERE DEMANDING QUALITY SPECIFICATIONS CAN BE POTENTIALLY COMPROMISED THROUGH HUMAN INTERVENTION, TECHNOLOGY UPGRADATION FOR PRODUCT AND PROCESS CONSISTENCY IS ESSENTIAL.

Over the years, Riddhi Siddhi has endeavored to stay ahead of the technology curve, with an edge over competitors.

For one, the Company entered into a strategic alliance with Roquette Freres of France, one of the world's largest corn processing companies. This facilitated in the transfer of technology know-how, helping the Company enhance its standards and technology leadership in the industry.

The Company sourced equipment from leading equipment suppliers of Indian and international repute, leading to ongoing support on the one hand and benchmarking with emerging technologies on the other.

The Company invested in multi-fuel boilers to rationalise power cost, the second major cost component in corn starch processing.

The result of this technology commitment was the highest yield in the Indian corn processing industry, product consistency across batches as well as negligible downtime in 2008-09.

Efficiency driver 5

Marketing

IN THE BUSINESS OF CORN PROCESSING, THE WINNER IS INEVITABLY THE COMPANY THAT DELIVERS TO ITS CUSTOMERS THE MOST COMPELLING PRICE-VALUE PROPOSITION.

Riddhi Siddhi is competently placed to deliver this superior proposition; it enjoys the largest pan-India network in its industry with four manufacturing units and seven marketing offices across Coimbatore, Bangalore, Mumbai, Ahmedabad, Delhi, Hyderabad and Chennai.

In 2008-09, we strengthened this proposition through various initiatives too.

The commissioning of our Pantnagar plant widened our reach across the hinterland to under-serviced customers in North and eastern India. The Company strengthened its marketing network to explore under-penetrated areas, remove intermediaries and establish a stronger customer relationship.

The Company increased the institutional proposition in its customer mix to 60% in 2008-09, following an enhanced capability to supply larger volumes of material with required specifications and enhanced customer satisfaction through prompt technical assistance in downstream product applications.

The result was that the Company added 40 clients to its strong customer base in 2008-09 and exported products to 25 countries including Japan, the Netherlands, the US, the Middle East, Southeast Asia and Africa.

As the market expands, the Company intends to expand its marketing network to northern and Northeastern states of India to ensure close co-ordination for customer relationships.

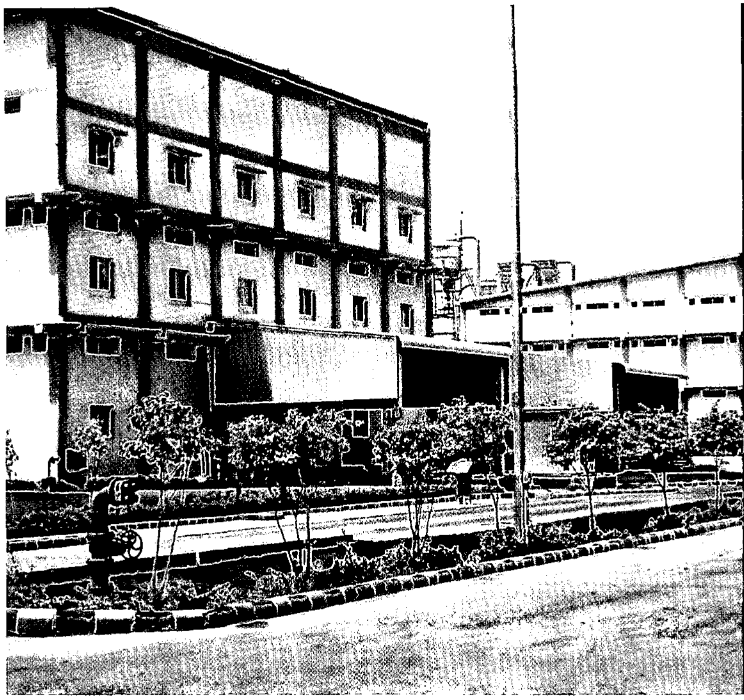
We are clearly focused on maximising exports from the Viramgam plant due to its proximity to ports in Gujarat and aim to double our exports in 2010-11.

Exports *(Rs. cr)*

Year	2007-08	2008-09
Export revenue	23.58	54.00
Growth%		129%

Domestic revenue *(Rs. cr)*

Domestic revenue	308.82	479.99
Growth%		+71%



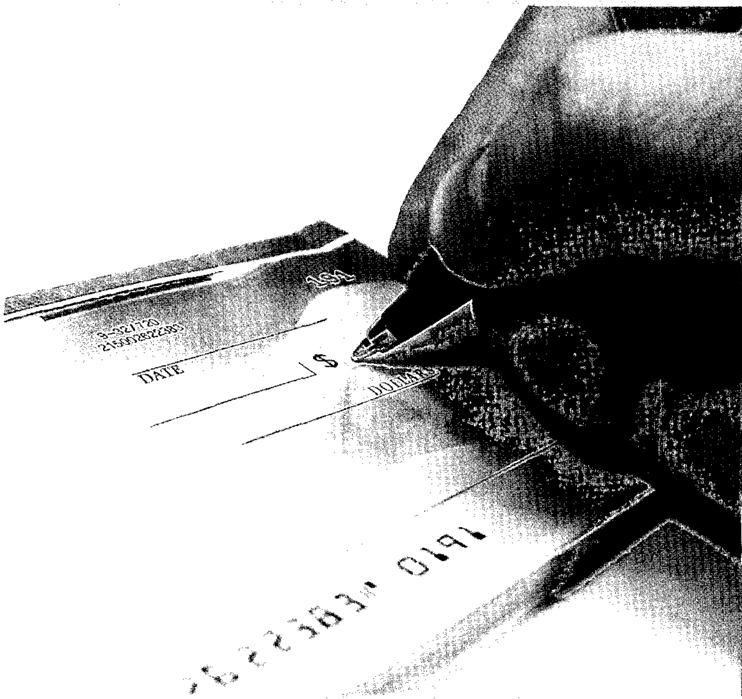
Efficiency driver 6

Environment

IN THE BUSINESS OF CORN PROCESSING, COMPANIES ARE REQUIRED TO MANAGE EMISSIONS AND EFFLUENTS DISCHARGE WITHOUT COMPROMISING THE INTERESTS OF EMPLOYEES, COMMUNITY AND THE WORLD AT LARGE.

Over the years, Riddhi Siddhi made responsible investments in plants, processes and manufacturing practices.

- The Company invested in an electrostatic precipitator, minimising emissions to well within the statutory norms prescribed by the state pollution control board.
- The Company maintained its effluent discharge at the lowest level per tonne of corn, well below CPBP's prescribed norm.
- The Company's effluent treatment plant recycled and reused water in the manufacturing process and in steam generation, conserving energy and reducing effluent discharge. The harmless release of water from the effluent treatment plant is used for gardening within the plant premises. The biogas recovered from the effluent treatment plants was used to generate steam and power, one of the first such instances in the Indian corn processing industry.



Finance review

Highlights, 2008-09

■ The topline increased by about 61% from Rs. 33,239.97 lacs in 2007-08 to Rs. 53,399.03 lacs in 2008-09, despite an overall economic slowdown.

Revenue

■ This topline growth was achieved with stabilisation of production in all the plants, the Company achieving an overall capacity utilisation of 83% in 2008-09 as compared with about 47% in 2007-08.

■ EBIDTA increased 14.01% from Rs. 5,462.78 lacs in 2007-08 to Rs. 6,227.86 lacs in 2008-09

■ PBT declined 27.1% from Rs. 2,951.85 lacs in 2007-08 to Rs. 2,153.05 lacs in 2008-09

■ The profit after tax (PAT) after exceptional items declined 29.68% from Rs. 1,989.24 lacs in 2007-08 to Rs. 1,398.75 lacs in 2008-09.

■ Cash profit declined by about 14.7% from Rs. 3,206.39 lacs in 2007-08 to Rs. 2,908.14 lacs in 2008-09.

■ Earnings per share (diluted) declined from Rs. 17.96 in 2007-08 to Rs. 12.13 in 2008-09

■ Almost 60% of the total revenue came from institutional clients and others who have been with the Company for the past five years.

Accounting policy

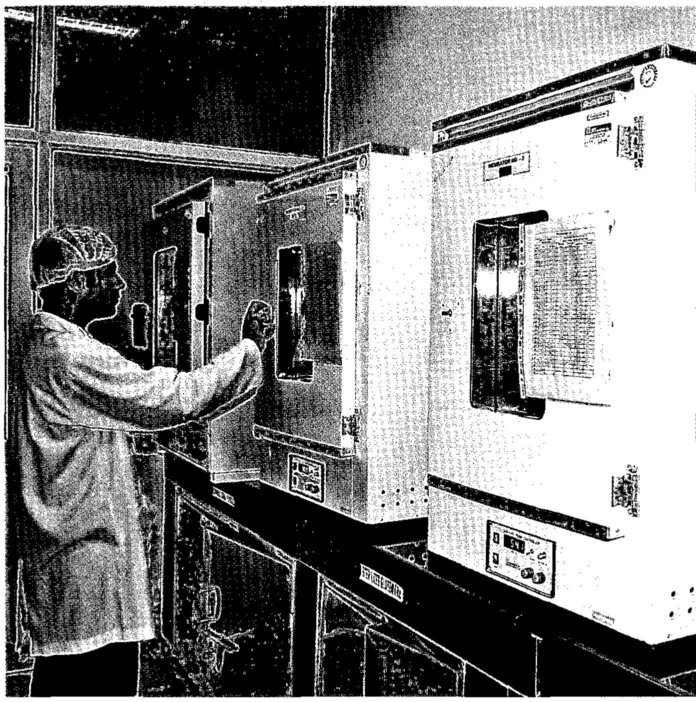
■ The accounts were prepared under the historical cost convention and on a going concern basis. All expenses and incomes to the extent considered payable and receivable respectively, unless stated otherwise, were accounted for on a mercantile basis.

Exports

■ Exports constituted about 10% of the Company's overall sales revenue as compared with about only 7% in the previous year 2007-08.

Foreign exchange management

The Company was exposed to foreign exchange fluctuations owing to foreign currency loans of US$30 million on its books as well as foreign exchange earnings and expenditure. This is mainly on account of the depreciation of rupee. Going ahead, investment in forward contracts and the natural cover by exports will act as a suitable hedge against the foreign exchange fluctuations. A rebound in the strength of the Rupee is also expected to result in a forex gain should the trend persist.



Risk management

Risk is the uncertainty involving future situations and their possible impact on events. Every responsible corporate, therefore, puts in place certain risk mitigation mechanisms that protect the business from adverse circumstances/business situations. Riddhi Siddhi, like any other business, is exposed to various external and internal risks. Hence, we have taken the following initiatives to mitigate their impact.

1. Raw material risk

The inadequate availability of corn could impact profitability.

Risk mitigation

- India is the world's seventh largest corn producer (about 18.54 million tonnes produced annually) with adequate raw material availability.
- The Gokak unit is strategically located in the heart of Karnataka, one of the largest corn producing Indian states (contributed around 18% to India's corn production). The Company's other units also source raw materials from Gujarat, Rajasthan, Bihar, Madhya Pradesh, Uttar Pradesh and Maharashtra.

2. Industry risk

Any likely slowdown in downstream industries could affect the Company's topline.

Risk mitigation

- The packaged food industry is expected to grow at 20% CAGR owing to the rapid growth of India's organised retail sector and improving lifestyles (Source: Ministry of Food Processing Industry).
- The global confectionery market is expected to grow at over 16% from 2006 to 2010 with sales of around 17.8 mn tonnes at US$145 bn by 2010 (Source: Kotak Securities).
- India's pharma, paper and textile sectors are expected to grow, driven by modern lifestyles, government initiatives and general economic growth.

3. Quality risk

Since the Company's products are applied in quality-intensive downstream applications, any inconsistency can dent the brand.

Risk mitigation

- The Company's products undergo multi-stage quality checks from raw material procurement to manufacturing processes to finished goods and eventual delivery at customers end.
- All products are checked batch-wise at regular frequencies, enhancing quality assurance.

4. Location risk

Any change in distances between raw material sources, manufacturing units and clients could increase transportation costs.

Risk mitigation

- The ports of Mundra and Kandla (Gujarat) are only within

200-250 km of the Viramgam plant, benefiting logistics in exports.

- A fifth of the Company's client base is present within 25 km of the Pantnagar unit, facilitating prompt low-cost deliveries.
- The Gokak plant's raw material requirement is sourced from within a radius of 200 km.

5. Geographic risk

Overdependence on any particular region could threaten revenues.

Risk mitigation

- The Company's pan-India presence – especially after the commissioning of the Pantnagar plant–allows it to cater to customers across the country.
- The Company is present in 25 countries.
- The Company derived around 90% of its revenues from within India in 2008-09, while 10% came from exports.

6. Product portfolio risk

The inability to expand the product portfolio could lead to stagnation.

Risk mitigation

- The Company is widening its product portfolio through strategic alliance with Roquette Freres of France. The latter possesses a portfolio of more than 600 products that will help Riddhi Siddhi enhance its products portfolio over the years.
- The Company's portfolio increased from 30 in 2004-05 to 40 in 2008-09, comprising pharma grade and modified starch products for pharmaceutical, textile and paper industries.
- The Company is developing new grades of Maltodextrin and Dextrose Monohydrate for the pharmaceutical, health and food segments.

7. Margin risk

Margins might get affected due to a disproportionate increase in costs over sales.

Risk mitigation

- The sharp increase in corn cost in 2008-09 could not be immediately covered by an increase in realisations, especially due to the long-standing relations with customers revolving around stable pricing. The Company protected itself from the full impact of the increase in corn costs through its capacity to pay upfront for corn and store across the year, when costs increased further.
- The Company enhanced its focus on the manufacture of value-added products like Maltodextrin and Dextrose Monohydrate.

8. Customer relationship risk

An inability to address customer needs could lead to customer attrition.

Risk mitigation

- The Company derived 60% of its income in 2008-09 from customers who have been associated with it for more than five years.
- The newly commissioned 500-TPD Pantnagar plant enabled the Company to service customers in a better way, in large volumes and quicker turnarounds.
- All the Company's plants have adequate capacity and capability to process and supply all kinds of products.
- The Company possesses the ability to customise product grades according to demanding customer specifications.
- The Company services its customers even through post-sale technical assistance, enhancing customer delight.

9. Forex risk

Any weakening of the Indian Rupee vis-à-vis the US dollar might affect the Company's profitability.

Risk mitigation

- The Company intends to cover 50-60% of its foreign currency exposure through forward contracts to mitigate the adverse impact of currency fluctuations.
- The Company intends to increase exports which would act as natural hedge against its foreign currency debt.

Directors' report

Dear Shareholders,

Your Directors are pleased to present the 18th Annual Report and audited accounts of your Company for the year ended 31/03/09.

Financial highlights

(Rs. lacs)

Year ended 31/03	2009	2008
Sales and other operational income	53,399.03	33,239.97
Profit before interest, depreciation and tax (PBIDT)	6,227.87	5,462.75
Less		
Financial expenses	2,601.99	1,249.05
Depreciation	1,472.82	1,261.86
Profit before tax	2,153.05	2,951.83
Provision for taxation	717.73	1,007.32
Profit after tax and exceptional items	1,398.75	1,989.24
Amount available for appropriation	4,938.35	4,477.32
Appropriations		
Proposed dividend - Preference capital	40.00	40.00
- Equity capital	222.69	334.13
Tax on dividend (equity and preference)	44.64	63.58
General reserve	400.00	500.00
Balance carried forward	4,231.02	3,539.60

Performance

The Company's performance, considering the overall economic condition, continued to be positive. However, there was a pressure on margins owing to an increase in the price of the essential raw materials and other inputs.

- Your Company achieved a gross turnover of Rs. 53,399 lacs for 2008-09, as against turnover of Rs. 33,239 lacs showing growth of about 61%.
- Your Company produced finished goods at 2,68,185 MT, which was also higher than the previous year, showing a growth of about 77% over the previous year.
- The PBDIT at Rs. 6,227.87 lacs was higher than that of previous year's figure of Rs. 5,462.75 lacs.
- The PAT (impact after exceptional items) however, was lower at Rs. 1,398.75 lacs.

Exports

The export turnover increased from Rs. 2,359 lacs in 2007-08 to Rs. 5,400.01 lacs in 2008-09. The thrust on export, that started a few years back, has started to show positive results with addition of new markets and increasing market share with respect to the existing ones. This would substantially help the Company in increasing its volumes and profitability.

Dividend

Your Directors have recommended a dividend of 20% on the equity share capital of Rs. 1,114.14 lacs. Besides, the Board also recommended a dividend of 8% towards the non-cumulative redeemable preference shares. The total outgo towards the dividend would be Rs. 262.69 lacs (excluding dividend tax).

Raw material

The Company's procurement policy for corn was countered to a larger extent despite an increase resulting from the fixation of minimum support price (MSP) for corn by the government. With larger procurement during the season, the Company ensured continuous supply of maize to support its production plan and meet its marketing requirement.

Corporate Governance

Your Company complied with the relevant provisions of Corporate Governance as prescribed in Clause 49 of the Listing Agreement and provisions of Companies Act, 1956. A report on compliance of Corporate Governance forms a part of the Annual Report.

Directors

Mr. Marc Roquette and Mr. Pramod Kumar G. Zalani, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment. During the year, the appointment of the Managing Director and Wholetime Directors was reviewed by the Remuneration Committee and the Board. The same will be put up for the approval of the shareholders at the ensuing Annual General Meeting.

Listing

The equity shares of your Company are listed on the Bombay Stock Exchange Ltd and the Company has paid the listing and other payable fees for the year 2009-10.

Director's responsibility statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state that

- In the preparation of annual accounts, applicable accounting standards were followed along with proper explanation relating to material departures
- The Directors selected such accounting policies and applied them consistently and made estimates and judgements that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- The Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities.
- The annual accounts were prepared on a going concern basis.

Energy, technology and foreign exchange

As a part of continuing efforts to conserve energy, your Company is implementing a project for generation of power form effluents. Details of energy conservation, R & D activities undertaken and foreign exchange earned in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, are annexed with the Directors' Report.

Particulars of employees

Employees whose remuneration fall under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and amended from time to time is annexed with this Report.

Auditors

The auditors, Mehta Lodha & Company, Chartered Accountants, retire at the ensuing Annual General Meeting. They have, however, shown their inability to continue as statutory auditors of the Company. The Board has proposed the appointment of M/s S. V. Ghatalia & Associates, Chartered Accountants, as statutory auditors for the financial year 2009-10. The Company received a letter from M/s S. V. Ghatalia & Associates, Chartered Accountants confirming that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Auditors, in their report, pointed out that the Company's has an internal audit system commensurate with the size and nature of its business; however, the same is required to be further strengthened with regard to the scope, reporting and its compliance. The Board is of the opinion that the scope provided and the present internal audit system is suitable and adequately covers the Company's requirements.

Acknowledgements

Your Directors place on record their appreciation for the contributions made by all employees in the progress of your Company. Your Directors also take this opportunity to acknowledge with sincere gratitude, the support extended by the Company's bankers, financial institutions, business associates and valued shareholders.

For and on behalf of the
Board of Directors

Chairman

Place: Ahmedabad
Date: 25/06/09

Annexure to the Directors' Report

Power Consumption	2008-09	2007-08
1. Electricity		
a. Purchased		
Units	41520604	26415232
Total amount (Rs. lacs)	1856.73	1180.98
Rate / unit	4.47	4.47
b. Own Generations		
(i) Through Diesel Generator sets		
Units	273626	278812
Units / ltr of diesel	2.09	1.62
Cost / unit	17.96	19.53
(ii) Through Steam trubine / generator (Units)	20111276	20745860

2. Fuel

a. Coal and Lignite		
Quantity (MT)	53429.48	27338
Total cost (Rs. lacs)	2109.16	752.55
Average rate / MT (Rs.)	3948	2658
b. Agro waste (Husk & Bagasse)		
Quantity (MT)	79035	57647
Total cost (Rs. lacs)	1352.57	738.93
Average rate / MT (Rs.)	1711	1282
c. Diesel		
Quantity (per '000 KL)	274	335.48
Total cost (Rs. lacs)	49.15	65.86
Average rate (Per KL) (Rs.)	17961	19633
Consumpt / MT of production		
i) Electricity (kwh/MT)	230.83	312.80
ii) Fuel (MT/mt of Production)	0.49	0.56

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31/03/2009

Name and Age (years) (1)	Designation/ Nature of duties (2)	Remuneration (Gross Rs.) (3)	Qualification (4)	Experience (Years) (5)	Date of Commencement of employment (6)	Last employment held (7)	%age of equity shares held (8)
Mr. Sampatraj L Chowdhary Age (56)	Chairman – Overall in charge of Gokak unit	48,88,940	B.Com	31	Since Inception	Self-employed	1.80%
Mr. Ganpatraj L Chowdhary Age (46)	Managing Director – overall in charge of operations of Company	50,12,683	B.Com	21	Since Inception	Self-employed	1.75%
Mr. Mukesh Kumar Chowdhary Age (35)	Director – Incharge Operations of Gokak plant	35,23,044	MBA (Finance)	16	Since 1994	Self-employed	0.47%

Compliance report on Corporate Governance

A. Company's philosophy on the Code of Governance

Your Company believes in simple, moral, accountable, responsive and transparent policies to attain the highest standards of Corporate Governance by ensuring transparency in all its actions and operations and to maximise values of its stakeholders.

The Company recognises its responsibility towards all its stakeholders and therefore constantly endeavours to create and enhance their wealth and value, by implementing its business plans at appropriate times and thus, taking maximum advantage of available opportunities to benefit the Company, its stakeholders and the society at large.

B. Board of Directors

Board meetings

The Board of Directors comprises six directors, of which three are Executive Directors and three are Non-Executive Directors. All Non-Executive Directors are Independent Directors.

The Company places before the Board all the relevant and necessary information at their meetings for the information of the Board. During 2008-09, five Board meetings were held on 30/06/08, 31/07/08, 30/09/08, 30/10/08 and 30/01/09.

Composition and attendance of each Director at the meetings of the Board and the last AGM

Directors	Category and designation	No. of Board meetings held	No. of Board meetings attended	Last AGM attendance (Yes/No)
Mr. Sampatraj L. Chowdhary	Promoter/Chairman	5	5	Yes
Mr. Ganpatraj L. Chowdhary	Promoter/Managing Director	5	5	Yes
Mr. Pramodkumar G. Zalani	Independent Director	5	5	Yes
Mr. Mukesh Kumar Chowdhary	Promoter/ Wholetime Director	5	5	Yes
Mr. R. Sathyamurthi	Independent Director	5	4	Yes
Mr. Marc Roquette	Independent Director	5	1	Yes

- None of the Non-Executive Directors of the Company have any pecuniary relationships or transactions with the Company, except holding shares in the Company

- The Non-Executive Directors of the Company are highly respected and accomplished professionals in the corporate and academic world.

- There was no compensation package for Non-Executive Directors.

- There is no Nominee Director on the board as on 30/03/09.

- All the information required to be furnished to the Board was made available to them along with detailed agenda notes.

Remuneration of Directors

(Rs. in lacs)

Directors	Salary	Perquisites*	Sitting fees	Total
Mr. Sampatraj L. Chowdhary	39.27	9.62	0.00	48.89
Mr. Ganpatraj L. Chowdhary	39.27	10.86	0.00	50.12
Mr. Pramod Kumar G. Zalani	0.00	0.00	0.40	0.40
Mr. Mukesh Kumar Chowdhary	28.09	7.14	0.00	35.23
Mr. R. Sathyamurthi	0.00	0.00	0.50	0.50
Total	**106.63**	**27.62**	**0.90**	**135.14**

*Perquisites are valued inclusive of contribution to provident fund of Directors.

C. Audit Committee

The Company formed an Audit Committee comprising two Independent Directors and Managing Director. Mr. Pramod Kumar G. Zalani is the Chairman and Mr. R. Sathyamurthi, Mr. Ganpatraj L. Chowdhary are members of the Audit Committee. Mr. Pramod Kumar G. Zalani, Chairman of the Audit Committee, was present at the Company's last Annual General Meeting.

The terms of reference and powers of the Audit Committee are in compliance with the provisions of the Corporate Governance – Clause 49 of the Listing Agreement and Section 292(A) of the Companies Act, 1956. Minutes of the Committee meetings are circulated and discussed at the Board meetings.

During 2008-09, five meetings of the Audit Committee were held on 30/06/08, 31/07/08, 30/09/08, 30/10/08 and 30/01/09. All the Committee members attended all the meetings, save and except Mr. R. Sathyamurthi who was absent in one Audit Committee meeting.

D. Remuneration Committee

Composition, name of members

Name of Directors	Category	Remarks
Mr. Pramod Kumar G. Zalani	Independent Director	Chairman
Mr. Marc Roquette	Independent Director	Member
Mr. R. Sathyamurthi	Independent Director	Member

The Company formed the Remuneration Committee comprising three Independent Directors of the Company. During the year, only one Meeting of the Remuneration Committee was held on 30/09/08. The Remuneration Committee considered the new salary structure and reappointment of the Managing Director, Wholetime Directors and that of relatives of the Director's made during the year.

E. Investor Grievance Committee

The Company formed the Investor Grievance Committee. The Committee oversees the share transfers as well as takes care of investors' grievances.

The members of the Company's Investor Grievance Committee are:

Mr. Ganpatraj L. Chowdhary

Mr. Pramod Kumar G. Zalani

Name and designation of the Compliance Officer
- Mr. Mukesh R. Jain, Dy. General Manager (Finance)

Number of shareholders complaints received, solved and pending complaints.

Nature of complaints	Received	Solved	Pending
Non-receipt of share certificates/refund/demat	25	25	–
Stock Exchange	4	4	–
SEBI	2	2	–

The Company attended to most of the investors' grievances / correspondence with in a period of 15 days from the date of receipt of the same.

F. Share Transfer Committee

The Board of Directors also constituted, separately, a Share Transfer Committee for transfer of shares. The Executive Directors are members of the said Transfer Committee meeting. Mostly in every month there are two meetings and the shares are being transferred to the transferees within a period of one month as stipulated in the Listing Agreement with Stock Exchange.

G. General Body meeting

Location and time for the last three AGMs

Year ending	Date	Venue	Time	No. of special resolutions passed
31/03/08	30/09/08	*Chapter of ICSI	10.00 am	Nil
31/03/07	29/09/07	ATMA Hall, Ashram Road, Ahmedabad	10.00 am	Nil
31/03/06	12/09/06	*Chapter of ICSI	10.00 am	3

*Ahmedabad Chapter of WIRC of ICSI at S-2, B- Tower, Chinubhai tower, Ashram Road, Ahmedabad

During the period under report, the Company had not held any Extraordinary General Meeting

H. Disclosures

Disclosures on materially significant related party transactions

The related party transactions entered during the year are disclosed in the notes to the accounts in this Annual Report.

Code of Conduct

The Code of Conduct for all Board members and senior management of the Company is prescribed by the Company.

Certification under Clause 49 V

The Managing Director of the Company furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.

Cases of Non-compliance / penalties

There were no non-compliances by the Company on any matter related to capital markets, during last three years. Similarly, there were no penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authorities on any matter related to capital markets during last three years.

I. Means of communication

The Company normally publishes the quarterly results in Business Standard in English and Jansatta in vernacular language.

The Company has its own website "www.riddhisiddhi.co.in", on which the quarterly results are displayed.

Half-yearly results are not sent to the shareholders. The Management discussion and analysis Report is attached with Directors' Report and forms a part of the Annual Report.

J. General shareholder information

1. Annual General Meeting

Date	: 29/09/09
Time	: 2.00 pm

2. Venue

: ATMA Hall
Ashram Road, Ahmedabad

3. Financial calendar (Tentative)

Financial year	: April-March
First quarter results	: End July, 2009
Half-yearly results	: End October, 2009
Third quarter results	: End January, 2010
Result for the year ending 30/03/10	: End April/June, 2010

4. Book closure date

: 21/09/09 to 30/09/09
(both days Inclusive)

5. Dividend payment date

On or before 04/10/09

6. Listing on Stock Exchange(s)

Your Company's Shares are listed on

Serial number	Name of stock exchange	Address of stock exchange
1.	The Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400 001

Notes

1. Annual listing fees for the year 2008-09 was duly paid to the stock exchange.

Stock code

a) The Bombay Stock Exchange Ltd	: 524480
b) ISIN with NSDL and CDSL	: INE249D01019

7. Market price data and stock performance

Market price data of the Bombay Stock Exchange Limited for the year 2008-09 and performance of share price in comparison to BSE Sensex is as follows:

Month	High	Low	BSE Sensex
April 2008	258.00	210.10	17,287.31
May 2008	284.00	200.00	16,415.57
June 2008	243.95	200.00	13,461.60
July 2008	209.20	166.05	14,355.75
August 2008	226.00	180.00	14,564.53
September 2008	229.00	187.00	12,860.43
October 2008	204.95	115.10	9,788.06
November 2008	154.80	103.50	9,092.72
December 2008	129.60	68.00	9,647.31
January 2009	97.85	66.00	9,424.24
February 2009	84.00	62.00	8,891.61
March 2009	74.00	57.95	9,708.50

8. Registrars and Transfer Agents

M/s Link Intime India Private Ltd (formerly M/s Intime Spectrum Registry Limited) is the Share Transfer Agent for entire functions of share registry, both for physical transfers as well as dematerialisation / rematerialisation of shares and issue of duplicate / split / consolidation of shares, etc.

Shareholders are requested to send their share transfer related requests at the following address

Link Intime India Private Ltd
211, Sudarshan Complex
Near Mithakhali under Bridge
Navrangpura, Ahmedabad – 380 009
Phone: (079) 2646 5179
E-mail Address: ahmedabad@linkintime.co.in

9. Share Transfer Systems

Since the Company's shares are compulsorily traded in the demat segment on stock exchanges, bulk of the transfers take place in the electronic form.

10. Categories of shareholding pattern as on 31/03/09

Sr. No.	Category	No. of shares held	% age of shareholding
1.	Promoters	47,96,840	43.05
2.	Mutual funds	712	0.01
3.	Banks, financial institutions, insurance companies	0	0.00
4.	Foreign institutional investor	4,92,351	4.42
5.	Private bodies corporate	29,15,270	26.17
6.	Indian public	11,81,829	10.60
7.	NRIs/ OCBs	17,54,398	15.75
8.	GDR / ADR	0	0.00
	Grand total	**1,11,41,400**	**100.00**

11. Distribution of shareholding as on 31/03/09

No. of equity shares	No. of folio	% to total folios	No. of shares	% share holding
Less than 500	5,415	92.28	4,94,321	4.44
501 to 1000	226	3.85	1,81,442	1.63
1001 to 2000	86	1.47	1,32,394	1.19
2001 to 3000	34	0.58	88,600	0.79
3001 to 4000	16	0.27	57,892	0.52
4001 to 5000	21	0.36	1,00,698	0.90
5001 to 10000	21	0.36	1,73,672	1.56
10001 and above	49	0.83	99,12,381	88.97
Total	**5,868**	**100.00**	**1,11,41,400**	**100.00**

12. Dematerialisation of shares and liquidity

The Company's shares are available for dematerialisation on both the Depositories viz. the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL). The Company's Shares are compulsorily traded in the demat form on Stock Exchanges by all investors. A total of 72,23,067 shares amounting to 64.83% of the capital have been dematerialised by investors and bulk of the transfer takes place in the demat form.

13. Outstanding GDRs/ADRs/Warrants or any convertible instruments and conversion date and likely impact on equity

Nil

14. Plant locations

1. Riddhi Siddhi Nagar
   Village Juna Paddar, Taluka- Viramgam
   District Ahmedabad (Gujarat)
2. Gokak Falls Road
   Gokak – 591307, Dist. Belgaum (Karnataka)
3. Vazhudavoor Road
   Iyyahkuttipalayam, Pondicherry – 605009
4. Uttarakhand
   Plot no 12, Sector-9, IIE Pantnagar, Uttarakhand

15. Address for correspondence

Shareholders may correspond to the Company at the Company's registered office

The Secretarial Department
Riddhi Siddhi Gluco Biols Limited
701, Sakar – I, opposite Nehru Bridge
Near Gandhigram Railway Station,
Ashram Road, Ahmedabad – 380 009

The above report was placed before the Board at its meeting held on 25/06/09 and the same was approved.

Ganpatraj L. Chowdhary
Managing Director

25/06/09
Ahmedabad

Auditor's Certificate

The Members of
Riddhi Siddhi Gluco Biols Limited

We have examined the compliance conditions of Corporate Governance by Riddhi Siddhi Gluco Biols Limited for the year ended on 31/03/09 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we state that no investor grievances are pending unattended for a period exceeding one month against the company as per the information and explanation given and records maintained by the company.

In our opinion and to the best of our information and according to explanation given to us, and the representation made by the Directors and the Management, we certify that the company has materially complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

For Mehta Lodha & Co.
Chartered Accountants

25/06/09
Ahmedabad

Prakash D. Shah
Partner
Membership No.34363

Financial section

Auditors' Report

To
The Members
Riddhi Siddhi Gluco Biols Limited

1. We have audited the attached Balance Sheet of **RIDDHI SIDDHI GLUCO BIOLS LIMITED** as at 31/03/09 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amended order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, for the year under consideration.

4. Further to our comments in the Annexure referred to above, we broadly report that: -

   i. We have obtained all the information and explanation to the best of our knowledge and belief, were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, read with the notes to accounts and accounting policy, comply with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v. On the basis of written representations received from the directors, as on 31/03/09 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31/03/09 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said account read together with the significant accounting policies and notes to account give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with accounting principles generally accepted in India :-

      a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31/03/09;

      b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and

      c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Mehta Lodha & Co.
Chartered Accountants

Prakash D. Shah
Partner
Membership. No. 34363

25/06/09
Ahmedabad

Annexure to the Auditors' Report

The Annexure referred to in paragraph (3) of the auditors' report to the members of Riddhi Siddhi Gluco Biols Limited for the year ended 31/03/09.

We report that:

1. a) The Company has maintained records including quantitative details and situation of fixed assets.

   b) As informed to us, the Company has three years phased manner program of physical verification of its fixed assets by which all fixed assets of the Company are verified by the management and in pursuance to phased program, during the year the fixed assets of factory at Gokak (Karnataka) and Pondicherry have been physically verified and as informed to us, no material discrepancy between the available records and the physical verification have been found.

   c) There was no substantial disposal of fixed assets during the year.

2. (a) The management has conducted physical verification of inventory at reasonable intervals.

   b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. a) As informed to us, the Company has not taken any unsecured loan from the parties covered in the register maintained under section 301 of the Companies Act, 1956.

   b) As informed to us, the Company has granted unsecured loans to the parties covered in the register maintained under section 301 of the Companies Act, 1956, to two such parties aggregating to Rs. 78.29 lacs. The loan has been settled in its entirety during the financial year and therefore other details are not required to be stated.

   c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms are not stipulated.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.

   b) There are no such parties with whom transactions exceeding value of Rupees five lacs have been entered into during the financial year.

6. As informed to us, the Company has not accepted deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business; however, the same is required to be further strengthened with regard to the scope, reporting and its compliance.

8. As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of any of Company's product.

9. a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company is generally regular, in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it.

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty were outstanding at the year end for a period of more than six months from the date they became payable.

c) The particulars of dues as at the year end, with regard to said items, which have not been paid on account of disputes, are as follows:-

Name of the statute	Nature of the dues	Amount	Forum where dispute is pending
Income Tax Act	Income tax	1012.57 lacs	Custom, Excise & Service Tax Appellate Tribunal.
Central Excise Act	Excise duty	774.47 lacs	The Commissioner of Central Excise
Gujarat Sales Tax Act	Sales Tax	6.81 lacs	Gujarat Sales Tax Tribunal

10. Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and bank. The Company does not have any borrowings by way of debentures.
12. Based on our examination of documents and records and according to information and explanation given to us by the management, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/societies.
14. The Company has not undertaken any trading in shares and debentures.
15. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are, not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us and on the basis of overall fund flow position, we report that the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that generally, no funds raised on short-term basis have been used for long term investment.
18. The Company has not made allotment of any Shares to the parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Mehta Lodha & Co.**
Chartered Accountants

Prakash D. Shah
Partner
Membeship. No. 34363

25/06/09
Ahmedabad

Balance Sheet As at 31/03/09

(Rs. in lacs)

	Schedule	As at 31/03/09		As at 31/03/08	
A. SOURCES OF FUNDS					
1. Shareholders' Funds					
a. Share Capital	1	1613.79		1613.79	
b. Reserves & Surpluses	2	16912.67		16068.50	
			18526.46		17682.29
2. Loan Funds					
a. Secured Loans	3	22326.92		21922.99	
b. Unsecured Loans	4	3720.74		3270.94	
			26047.66		25193.93
3. Deferred Tax Liability			1835.06		1380.06
			46409.18		**44256.28**
B. APPLICATION OF FUNDS					
1. Fixed Assets	5				
a. Gross Block		41820.96		37202.38	
b. Less:Depreciation		10382.49		8747.31	
Net Block		31438.47		28455.07	
c. Capital Work in Progress and net advances		609.88		41.93	
			32048.35		28497.00
2. Investments	6		14.71		14.71
3. Current Assets, Loans and Advances	7				
a. Inventories		7842.19		8165.57	
b. Sundry Debtors		5816.04		7521.91	
c. Cash and Bank balances		609.57		638.50	
d. Loans & Advances		1348.89		1468.92	
		15616.69		17794.90	
Less:Current Liabilities and Provisions	8	1946.31		2050.33	
Net Current Assets			13670.38		15744.57
4. Foreign Currency Monetary Translation Difference Account			675.74		–
			46409.18		**44256.28**
Notes on Accounts	14				

As per our Report of even date attached.

For **Mehta Lodha & Co.**
Chartered Accountants

Prakash D. Shah
Partner

Date : 25/06/09
Place : Ahmedabad

Kinjal Shah
Company Secretary

For and on behalf of the Board of Directors

Ganpatraj L. Chowdhary
Managing Director

Sampatraj L. Chowdhary
Chairman

Marc Roquette
Director

R. Sathyamurthi
Director

P.G. Zalani
Director

Mukesh Kumar Chowdhary
Director

Profit and Loss Account For the year ended 31/03/09

(Rs. in lacs)

	Schedule	Year ended 31/03/09		Year ended 31/03/08	
INCOME					
Sales & Other operational income		54802.75		35412.88	
Less: Excise Duty		1403.72	53399.03	2172.91	33239.97
Other Income	9		76.26		79.44
Increase in Stocks	10		925.47		472.48
			54400.76		**33791.89**
EXPENDITURE					
Material Cost			35393.81		21318.30
Manufacturing Expenses	11		8746.90		4358.24
Administrative & Office Expenses	12		4032.18		2652.59
Financial Expenses	13		2601.99		1249.05
Depreciation		1635.18		1424.22	
Less: Withdrawn from Revaluation Reserve		162.36	1472.82	162.36	1261.87
			52247.70		**30840.05**
Net Profit before Taxation			**2153.05**		**2951.84**
Less: Provision for Taxation					
i) Current Tax		243.94		334.44	
ii) Fringe Benefit Tax and wealth tax		18.79		22.88	
iii) Deferred Tax		455.00	717.73	650.00	1007.32
Profit after Taxation and before exceptional Item			**1435.32**		**1944.52**
Less: Adjustment of Earlier Year(s) Income Tax & Fringe Benefit Tax			37.60		(48.49)
Add :Excess Provision of dividend and dividend distribution tax written back			0.12		0.25
Less: Prior Period Adjustments			(0.91)		4.01
Profit after Taxation and exceptional items			1398.75		1989.24
Add: Balance Brought Forward from last year			3539.60		2488.08
Amount Available for Appropriations			**4938.35**		**4477.32**
Appropriations					
- Transferred to General Reserve		400.00		500.00	
- Proposed Dividend on Preference Share Capital		40.00		40.00	
- Proposed Dividend on Equity Share Capital		222.69		334.14	
- Tax on dividend		44.64		63.58	
			707.33		937.72
Balance Carried to Balance Sheet			**4231.02**		**3539.60**
Notes on Accounts	14				
Earnings Per Share (See note no.B- 19 of Schedule 14)					
Basic & Diluted (Rs.)			12.13		17.96
Face Value per Share (Rs.)			10.00		10.00

As per our Report of even date attached.

For Mehta Lodha & Co.
Chartered Accountants

Prakash D. Shah
Partner

Date : 25/06/09
Place : Ahmedabad

Kinjal Shah
Company Secretary

For and on behalf of the Board of Directors

Ganpatraj L. Chowdhary
Managing Director

Sampatraj L. Chowdhary
Chairman

Marc Roquette
Director

R. Sathyamurthi
Director

P.G. Zalani
Director

Mukesh Kumar Chowdhary
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in lacs)

	As at 31/03/09		As at 31/03/08	
Schedule 1 SHARE CAPITAL				
Authorised				
120,00,000 (120,00,000) Preference shares of Rs. 10/- each		1200.00		1200.00
140,00,000 (140,00,000) Equity Shares of Rs. 10/- each		1400.00		1400.00
		2600.00		2600.00
Issued, Subscribed & Paid Up Capital				
Preference Share Capital				
50,00,000(50,00,000) 8% Non Cumulative Redeemable Preference Share of Rs. 10/- each fully paid up (redeemable at par on 3rd November 2012 with a put and call option after 3rd November 2009)		500.00		500.00
Equity Share Capital				
111,41,400 (111,41,400) Equity Shares of Rs. 10/- each fully paid	1114.14		1114.14	
Less: Calls in arrears-Other than Directors	0.35		0.35	
		1113.79		1113.79
		1613.79		1613.79

	As at 31/03/09		As at 31/03/08	
Schedule 2 RESERVES & SURPLUSES				
Capital Reserve				
a. Share Premium Account				
Balance as per last year	6802.90		5691.40	
Addition during the year	–	6802.90	1111.50	6802.90
b. Amalgamation Reserve Account				
Balance as per last year		574.05		574.05
c. Government Capital Subsidy				
Balance as per last year	525.20		40.00	
Addition during the year	72.90	598.10	485.20	525.20
d. Revaluation Reserve				
Balance as per last year	2245.45		2407.80	
Less: Withdrawn for depreciation	162.36	2083.09	162.36	2245.44
e. Capital Redemption Reserve				
Balance as per last year		500.00		500.00
General Reserve				
Balance as per last year	1881.31		1381.31	
Less: Reduction for Foreign Exchange Fluctuations gain of earlier year	157.81		–	
(Refer note No -A-12 & B-9 of Schedule 14)				
Addition during the year	400.00	2123.50	500.00	1881.31
Profit and Loss Account		4231.02		3539.60
		16912.66		16068.50

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in lacs)

	As at 31/03/09	As at 31/03/08
Schedule 3 SECURED LOANS		
Term loans from IDBI Bank Ltd, Oriental Bank Of Commerce and Indian Overseas Bank Secured by first Pari-Passu charges on the present and future fixed assets of the Company, excepting the corporate loan of the Rs. 10 crore from Oriental Bank of Commerce by first Pari Passu charge on the assets of Gokak unit.It is further secured by personal guarantee of the Directors of the Company.	10317.04	12091.92
Term loan from Standard Chartered Bank is secured against hypothecation of specific Machinery at Gokak plant.	612.04	574.36
Working capital loan from Oriental Bank of Commerce and Indian Overseas Bank, secured by way of the first pari passu charge on current assets of the Company and second charge on entire fixed assets of the Company and further secured by personal guarantee of some of the directors of the Company.	11353.87	9247.53
Hire purchase finance - Secured against Hypothecation of Vehicles	43.97	9.18
	22326.92	21922.99
Schedule 4 UNSECURED LOANS		
Loans from:		
- Sales Tax Deferment	1829.21	1454.27
- Banks	1891.53	1816.67
	3720.74	3270.94

Schedule 5 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31/03/08	Addition	Deduction	As on 31/03/09	As on 1/04/08	Addition	Deduction	As on 31/03/09	As on 31/03/09	As on 31/03/08
Trade mark	4.91	–	–	4.91	0.45	0.49	–	0.94	3.97	4.46
Leasehold Land	1151.80	–	–	1151.80	–	–	–	0.00	1151.80	1151.80
Freehold Land	360.00	26.58	–	386.58	–	–	–	0.00	386.58	360.00
Buildings	6832.50	818.98	–	7651.48	1202.37	233.91	–	1436.28	6215.20	5630.13
Plant & Machineries	28560.46	3583.36	–	32143.82	7451.30	1371.29	–	8822.59	23321.23	21109.16
Furniture and Fixtures	183.37	116.68	–	300.05	51.49	13.35	–	64.84	235.21	131.88
Vehicles	109.33	72.99	–	182.32	41.70	16.14	–	57.84	124.48	67.63
Total	**37202.37**	**4618.59**	**–**	**41820.96**	**8747.31**	**1635.18**	**–**	**10382.49**	**31438.47**	**28455.06**
Previous Year	24049.60	13234.01	81.23	37202.38	7323.45	1424.22	0.37	8747.31	28455.07	16726.14

1. Gross Block of Assets includes Rs. 3869.02 lacs being the amount of writing up of fixed assets on account of revaluation made in the year 1998-99 and depreciation of Rs. 162.36 lacs charged thereon during the year.
2. Includes Rs. 2187.61 lacs (Previous Year Rs. Nil) of the amount of foreign exchange fluctuation on the long term foreign exchange monetary item relating to depreciable assets.

	As at 31/03/09	As at 31/03/08
Schedule 6 INVESTMENT		
Unquoted -Non Trade		
- National Saving Certificates	5.49	5.49
- 80 (80) IDBI Flexibond face value of Rs. 5000/- each	4.00	4.00
- 5000 (5000) equity shares of Vishwas Organics Tech P. Ltd. of Rs. 100/- each	5.00	5.00
Quoted - Trade		
900 (900) Equity Share of Indian Overseas Bank face value of Rs. 10/- each (Market value of Quoted Shares Rs. 40950/- (Previous year Rs. 121680/-)	0.22	0.22
	14.71	14.71

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in lacs)

	As at 31/03/09	As at 31/03/08
Schedule 7 CURRENT ASSETS LOANS & ADVANCES		
A. **Inventories** (As valued,verified & certified by the Management)		
a. Raw Materials	4620.45	5740.69
b. Work in Progress	880.26	719.57
c. Finished goods	1280.53	526.51
d. Consumables Stores & fuels	1060.95	1178.80
	7842.19	8165.57
B. **Sundry Debtors** (Unsecured and Considered good)		
a. exceeding six months	152.99	67.84
b. Others	5663.05	7454.11
	5816.04	7521.95
C. **Cash and Bank Balances**		
a. Cash on Hand	32.97	33.72
b. Balance with Scheduled Banks		
i. Current Accounts	261.83	378.29
ii. Fixed Deposit Accounts [Net of loans taken of Rs. 956.96 lacs (Previous Year Rs. 169.93 lacs) against the Bank Fixed Deposits]	302.16	218.23
iii. Dividend Unpaid Accounts	12.61	8.26
	609.57	638.50
D. **Loans And Advances** (Unsecured Considered good)		
a. Advances recoverable in cash or in kind for value to be received	1050.05	1145.09
b. Balances with Excise Department	84.31	109.64
c. Income Tax & Fringe Benefit tax refund Receivable	6.65	18.91
d. Deposits	207.88	195.28
	1348.89	**1468.92**

Schedule 8 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
a. Sundry Creditors	1346.33	1479.89
b. Trade Deposits & Advances	113.07	31.03
c. Unclaimed Dividend	12.61	8.26
Provisions		
a. Proposed Dividend	262.69	374.14
b. Dividend Tax	44.64	63.58
c. Taxation(net of advance taxes paid)		
- Income Tax	70.22	21.93
- Fringe benefit and Wealth Tax	3.80	2.88
d. Leave Encashment Payable	66.65	54.96
e. Gratuity Payable	26.30	13.66
	1946.31	**2050.33**

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in lacs)

	Current Year	Previous Year
Schedule 9 OTHER INCOME		
a. Insurance Claim	13.97	28.21
b. Profit on sale of fixed Assets	–	11.75
c. Bad-Debts Recovered	0.61	3.04
d. Others	61.68	36.44
	76.26	**79.44**
Schedule 10 INCREASE IN STOCKS		
Opening Stock		
- Finished goods	526.51	493.42
- Work In Progress	719.57	276.12
	1246.08	**769.54**
Closing Stock		
- Finished goods	1280.53	526.51
- Work In Progress	880.26	719.57
	2160.79	**1246.08**
Effect of excise duty payable on stocks of finished goods	(10.75)	4.05
Increase In Stocks	**925.46**	**472.49**
Schedule 11 MANUFACTURING EXPENSES		
Power & Fuel	5360.14	2809.35
Consumable Stores & packing materials	2995.24	1436.13
Freight & Octroi	391.52	112.76
	8746.90	**4358.24**
Schedule 12 ADMINISTRATIVE & OFFICE EXPENSES		
Salaries wages & allowances and Labour Charges	1972.22	1276.28
Selling & Distribution expenses and Discount	514.88	278.19
Insurance	110.71	85.16
Rent, Rates & Taxes	219.70	89.37
Contribution to Provident and other funds	140.46	107.04
Director Remuneration	106.63	66.00
Travelling expenses	96.79	77.05
Staff -welfare	108.20	107.68
General expenses	87.41	78.53
Postage,telephone & telegram	58.64	45.88
Security Expenses	93.87	44.65
Legal, professional & consultancy	64.71	47.77
Vehicle running and conveyance	45.65	39.53
Printing & stationary	47.69	27.64
Advertisement	7.04	7.09
Director sitting fees	0.90	0.70
Repair & Maintenance		
- Plant & Machineries	269.71	212.26
- Building	57.33	34.90
- Others	23.40	21.58
Auditor's remuneration		
- Audit Fees	5.52	4.49
- Taxation & other matters	0.72	0.79
	4032.18	**2652.58**

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. in lacs)

	Current Year	Previous Year
Schedule 13 FINANCIAL EXPENSES		
Interest and Financial Charges		
- On Fixed loans	1221.77	578.52
- On Others	1495.52	733.78
	2717.29	1312.30
Interest Income {TDS Rs. 25.69 lacs (Previous year Rs. 11.27 lacs)}	115.30	63.24
	2601.99	1249.06

Schedule 14 NOTES ON ACCOUNTS

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

Financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

2. Fixed Assets

The Gross Block of fixed assets are shown at cost (net of availed CENVAT) and those which were revalued are stated at revalued amounts. The cost includes taxes & duties, interest and financial costs, preoperative expenses up to the date of put to use and exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset.

Capital work in progress is shown at cost. It includes the amount of capital work in progress, advances for capital goods, debit recoverable amount of non recurring transaction or an exceptional nature, less liability for capital goods and expenses.

3. Depreciation

The Depreciation has been provided as per Schedule XIV of the Companies Act, 1956 on the Straight Line Method (SLM) on the assets of the Company. Depreciation on revalued amount is provided on SLM and adjusted from revaluation reserves. The rate of depreciation for plant and machinery is provided on continuous process plant basis or at higher rate of depreciation, as may be decided by the management. In respect of fixed assets acquired during the year, the depreciation is provided on pro-rata basis.

The amount of Long Term lease hold land is amortised by equal installments during the last fifteen years of the residual lease period.

4. Expenditure During Construction Period

In case of new project and substantial expansion of existing factories, direct expenditure incurred, including trial production expenses and other cost prior to commencement of commercial production are capitalised.

5. Inventories

Finished goods and raw material are valued at cost or Market value whichever is lower. Goods in transit, Work-in-progress, consumable stores, fuel and chemicals are stated at cost. The cost is determined on FIFO / specific identification basis, as applicable.

6. Sales and Other Operational Income

It includes sales value of goods, export incentives and excise duty.

7. Retirement Benefits

i) Provision for Leave encashment is made on accrual basis at the end of each year.

ii) The Company has opted for the scheme managed by Life Insurance Corporation of India for Gratuity of the employees of Company. Gratuity liability under the payment of Gratuity Act is provided and funded on the basis of an actuarial valuation made at the end of each financial year.

8. Deferred Revenue Expenses & Share Issue Expenses

Preliminary and shares issue expenses have been amortised over a period of 5 years from the end of year in which they were incurred.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 14 NOTES ON ACCOUNTS

9. Investments

   Long term investments are stated at cost. Diminution in value, if any, which is of a permanent nature, is provided.

10. Taxation

    Income Tax expenses comprises current tax and deferred tax charged or credit, is recognised using current tax rates. Tax on income for the current period is determined on the basis of taxable income and provision of Minimum Alternate Tax and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of assessments/ appeals. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation /liabilities.

11. Borrowing Cost

    Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost after the date of put to use of the assets is charged to revenue.

12. Foreign Exchange Transaction

    a) The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transaction. Monetary foreign currency assets and liabilities (Monetary items) are reported at the exchange rate prevailing on the balance sheet date.

    b) Pursuant to the notifications of the Companies (Accounting Standards) Amendment Rules 2009, dated 31/03/09 which amended accounting standard 11 of the effects of changes in foreign exchange rate, exchange differences relating to monetary items are dealt with in the following manner:

       1) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset.

       2) In cases of periodical renewable foreign currency working capital loan not repayable with in 12 months in normal circumstances such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised to the Profit and Loss account over the balance life of the long term monetary item, however that the period of amortization does not extend beyond 31/03/11.

       Exchange differences relating to long term monetary items that have been recognised in the profit and loss account in the previous year have been reversed from the general reserve and accounted for in accordance with (1) & (2) above.

       All other exchange differences are dealt with in the profit and loss account.

13. Impairment of Assets

    The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is, reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

14. Provisions and Contingent Liabilities

    a) Provisions are recognised when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement, and the amount of obligation can be reliably estimated.

    b) Contingent Liabilities are disclosed in notes to account, after a careful evaluation of facts and legal aspects of the matter involved.

    c) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 14 NOTES ON ACCOUNTS

15. Insurance Claims

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor.

However, claims and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance / actual receipt basis.

16. Accounting policies not specifically referred to are consistent with generally accepted accounting practices.

B NOTES ON ACCOUNTS

1. The deferred tax liability as at 31/03/09 comprises of the following: *(Rs. in lacs)*

Particulars	Current Year	Previous Year
Opening Deferred Tax Liability	1380.06	730.06
Add Effect of difference of depreciation	455.00	650.00
Balance Deferred Tax Liability (Net)	1835.06	1380.06

2. In the Opinion of the Director, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of the business and there is no contingent liability other than stated and provisions for all known liabilities are adequately made.

3. The balances of loans, capital work in progress, current liabilities, debtors, loans and advances are subject to confirmation and subsequent clearance of cheques and necessary adjustment/ provisions or proper classification, if any required will be made on its reconciliation.

4. a) The amount of capital work in progress consists of capital work in progress & sundry advances of Rs. 1029.76 lacs (Previous year Rs. 568.65 lacs) and creditors for capital goods of Rs. 419.88 lacs (Previous year Rs. 526.67 lacs).

   b) Amount of sales bills/orders discounted with the bankers of Rs. 766.82 lacs (Previous year Rs. Nil) has been reduced from the balance of Sundry debtors.

5. The Company has acted as a facilitator for providing the finance to the Village Level Aggregators for purchase of raw materials and dues of the bank has been shown under the head "Unsecured Loan".

6. During the year, against the claim for damage of Corn Starch Drying Plant at Gokak of Rs. 168.83 lacs Rs. 75.00 lacs was received and balance amount is still to be settled and received and the same has been shown as receivable.

7. During the year the Company has been granted capital subsidy for Development of Project from Government of India of Rs. 72.90 *lacs (Previous year* Rs. 485.20 *lacs) and the same has been credited to Capital Reserve Account.*

8. Company is contingently liable for: -

   a) Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 848.00 lacs (Previous year Rs. 250.00 lacs).

   b) Disputed Income tax liability of Rs. Nil (other than the matters in which department is in appeal) (Previous year 12.46 lacs) against which appeals are pending before an Appellate Authority.

   c) Disputed Sales Tax Liability of Rs. 6.81 lacs (Previous year Rs. 6.81 lacs).

   d) Excise Liability of Rs. 1787.04 lacs (Previous year Rs. 1510.40 lacs) other than interest and penalty on account of dispute in classification of products, against which Company has preferred appeals before an Appellate Authority.

   e) Counter Guarantees of Rs. 86.00 lacs (Previous year Rs. 134.27 lacs) given to the bank.

   f) Electricity Tax of Rs. Nil lacs (Previous year Rs. 23.39 lacs).

   g) Estimated amount relating to disputed labour law matters Rs. 5.85 lacs (Previous year Rs. 3.50 lacs).

   h) Estimated amount relating to case lodged against Company for an accident at MSP Plant of Gokak unit Rs. 5 lacs (Previous year Nil).

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 14 NOTES ON ACCOUNTS

9. Pursuant to the amendment of the transitional provisions of Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences have been accounted for as described in A(12) of Schedule 14 foregoing.

   Accordingly Rs. 2187.61 lacs has been added to the cost of Fixed assets, Rs. 1013.61 lacs transferred to Foreign Currency Monetary Item Translation Difference Account (unamortised balance at year end Rs. 675.74 lacs) and consequently, the Profit for the year is higher by Rs. 3021.16 lacs and the General Reserve is lower by Rs. 157.80 lacs.

10. Exchange differences on account of fluctuations in foreign currency rates have been accounted under the following heads.

(Rs. in lacs)

	Current Year	Previous Year
Financial Expenses	563.18	157.79
Selling & Distribution	(10.60)	7.36
Consumables	0.08	6.70
Total	**552.66**	**171.85**

11. The amount of sales tax deferment loan of Rs. 1829.21 lacs (Previous Year Rs. 1454.27 lacs) shown under the head "Unsecured Loans", is subject to final assessment by Commercial Tax Department

12. Details of Directors Remuneration: *(Rs. in lacs)*

	Current Year	Previous Year
Remuneration	106.63	66.00
Perquisites	14.82	10.39
Contribution to Provident Fund	12.79	7.92
	134.24	**84.31**

13. The Company has fulfilled the export obligation against import of capital goods / consumable stores under EPCG Scheme and procedure for closures of license with the concerned authorities is in progress.

14. During the year, on the basis of records, the Company has capitalised various indirect expenses related to the project, amounting to Rs. 19.90 lacs (Previous year Rs. 1220.92 lacs).

15. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this act and as required by Schedule VI of the Companies Act, 1956 have not been given.

16. The Company is engaged in Corn-Wet-Milling and as an integrated business of manufacturing Starches and its derivatives, since there is only one economical & political condition and exchange control regulation: hence does not have a reportable segment, identifiable in accordance with AS- 17, issued by The Institute of Chartered Accountants of India.

17. The Company has opted for the Group gratuity cum life insurance scheme of the Life Insurance Corporation of India (LIC). The Company charge actuarial valuation to the profit and loss account. LIC has confirmed that the contribution taken together with the fund available with LIC in the corpus cover adequately the actuarially valued gratuity liability of the Company, LIC would, however, seek replenishment of funds, should the funds get depleted due to abnormal withdrawal in any year.

18. Related Parties Disclosures as identified by the Company :

   A) Associate Concern

Name of the related parties	Nature of Relationship
Shreepal Starch Products	Associate concern
Vicas Vehicle Private Limited	Associate concern
Creelotex Engineering Private Limited	Associate concern
Vascroft Design Private Limited	Associate concern
Safari Biotech Private Limited	Associate concern
Telecon Infotech Private Limited	Associate concern

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 14 NOTES ON ACCOUNTS

B) Key Management Personnel:

Mr. Sampatraj L. Chowdhary	Chairman
Mr. Ganpatraj L Chowdhary	Managing Director
Mr. Mukesh Kumar Chowdhary	Director

C) Relative of Key Management Personnel (with whom transactions have taken place)

Mr. Shrenik Chowdhary	Relative
Mr. Shreepal Chowdhary	Relative
Mr. Siddharth Chowdhary	Relative

D) Transaction with Associate Concerns *(Rs. in lacs)*

	Current Year	Previous Year
i) Amount adjusted/received	78.29	349.90
ii) Amount given	78.29	349.90

E) Details of Transactions relating to item (B) persons referred to in item *(Rs. in lacs)*

	Current Year	Previous Year
i) Remuneration & Perquisites	134.24	84.31
ii) Amount given & received/adjusted	0.00	12.89

F) Details of Transactions relating to item (C) persons referred to in item *(Rs. in lacs)*

	Current Year	Previous Year
Remuneration & Perquisites	21.00	12.00

Note:

There is no other transaction with associated concerns.

19. Calculation of Earning Per Share

Particulars	Current Year	Previous Year
Profit as per Profit & loss Account available for Equity Shareholders (Rs. in lacs)	1351.95	1942.44
Number of equity shares-Basic	11141400	10813736
Earning Per Share Basic (Rs.)	12.13	17.96
Earning Per Share Diluted (Rs.)	12.13	17.96

20. Additional information pursuant to the provision of paragraph 3, 4C and 4D of Part II of the Schedule VI to the Companies Act. (To the extent applicable, certified and taken by the management and as relied upon by the auditors).

	Unit	Current Year	Previous Year
I. Installed Capacity			
- Starch & Allied Products	M.Ton	325000	325000
II. Production & procured from others			
- Starch & Allied Products	M.Ton	268185	151660

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 14 NOTES ON ACCOUNTS

III. Quantitative Information in respect of Stock, Purchases, Sales & Consumption of Raw Materials.* *(Rs. in lacs)*

Particulars	Unit	Current Year		Previous Year	
		Quantity*	Amount	Quantity*	Amount
A. Opening and Closing Stocks of Finished Goods					
1 a) Opening Stocks					
a. Starch & Allied Products	M Ton	2658	520.86	3821	480.85
b. Maize Grain & others	M Ton	39	5.64	80	12.57
		2697	**526.50**	**3901**	**493.42**
b) Closing Stocks					
a. Starch & Allied Products	M Ton	5996	1280.52	2658	520.86
b. Maize Grain & others	M Ton	–	–	39	5.64
		5996	**1280.52**	**2697**	**526.50**
2 Purchases					
Maize Grain & others	M Ton	5208	1299.09	26769	2879.60
3 Sales					
a. Starch & Allied Products	M Ton	264847	52919.37	152823	32282.25
b. Maize Grain & others	M Ton	5247	1542.77	26810	3103.59
c. Export Incentives		–	340.61	–	27.03
		270094	**54802.75**	**179633**	**35412.87**
B Raw Material Consumed					
a. Maize Grain	M Ton	399915	32529.97	231017	17457.54
b. Others		–	1564.75	–	981.16
		399915	**34094.72**	**231017**	**18438.70**
C Composition of Raw Material /Stores Consumed		Rs.	%	Rs.	%
i. Raw Material					
a. Imported		336.81	0.98	182.42	1.53
b. Indigenous		33757.91	99.02	18256.28	98.47
		34094.72	**100.00**	**18438.70**	**100.00**
ii Stores & Consumables					
a. Imported		18.65	0.63	5.41	0.67
b. Indigenous		2976.59	99.37	1430.72	99.33
		2995.24	**100.00**	**1436.13**	**100.00**

* excluding by-products' quantity

IV) Value of Imports

- CIF value of imports:- - Capital Goods Rs. 208.17 lacs (Rs. 305.42 lacs)
  - Raw material & Chemicals Rs. 336.81 lacs (Rs. 182.42 lacs)
  - Stores & consumables Rs. 18.65 lacs (Rs. 5.41 lacs)
  - Technical services & expenditure Rs. 12.93 lacs (Rs. 10.84 lacs)

V) Expenditure in foreign currency

- Travelling expenses of Rs. 12.44 lacs (Rs. 7.16 lacs)

VI) Earning in foreign exchange:

- FOB Value of Exports Rs. 5400.01 lacs (Rs. 2358.33 lacs).

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule 14 NOTES ON ACCOUNTS

21. Previous year figures have been rearranged or regrouped wherever necessary. Figures in brackets are of previous year.

22. Signed Schedule No. 1 to 14 forms part of the annexed accounts of the Company.

As per our Report of even date attached.

For Mehta Lodha & Co.
Chartered Accountants

Prakash D. Shah
Partner

Date : 25/06/09
Place : Ahmedabad

Kinjal Shah
Company Secretary

For and on behalf of the Board of Directors

Ganpatraj L. Chowdhary
Managing Director

Sampatraj L. Chowdhary
Chairman

Marc Roquette
Director

R. Sathyamurthi
Director

P.G. Zalani
Director

Mukesh Kumar Chowdhary
Director

CASH FLOW STATEMENT For the year ended 31/03/09

(Rs. in lacs)

	Year ended 31/03/09		Year ended 31/03/08	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extra-Ordinary Items		2153.06		2951.84
Adjusted for :				
- Depreciation (After transfer from Revaluation Reserves)	1472.82		1261.50	
- Profit on sale of fixed assets	–		(11.75)	
- Prior Period Adjustments	0.91		(4.01)	
- Financial Expenses Charged	2602.00		1249.05	
		4075.73		2494.79
Operating Profit Before Working Capital Changes		6228.79		5446.63
Trade & Receivables	1825.93		(1973.91)	
Inventories	323.38		(1755.05)	
Trade Payables	26.36		(26.26)	
		2175.67		(3755.22)
Cash Generated From Operations		8404.46		1691.41
Financial Expenses	(2602.00)		(1249.05)	
Dividend Paid	(437.60)		(417.07)	
		(3039.59)		(1666.12)
Cash from Operating Activities		5364.86		25.29
Income tax & fringe benefit tax paid		(300.34)		(357.32)
Net Cash from Operating Activities (a)		5064.53		(332.03)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (net)	(4776.40)		(13234.01)	
Capital WIP	(567.95)		7655.91	
Proceeds form sales/ loss of fixed assets	–		92.98	
Investment	–		(0.21)	
Net Cash Used in Investing Activities (b)		(5344.35)		(5485.33)
C. CASH FLOW FROM FINANCIAL ACTIVITIES				
Proceed from issue of Share Capital on conversion of warrants	–		1053.00	
Capital Subsidy	72.90		485.20	
Proceeds from Borrowings (net)	177.99		4334.13	
Net Cash from Financing Activities (c)		250.89		5872.33
Net Changes in Cash & Cash Equivalents (A+B+C)		(28.93)		54.98
Cash & Bank Equivalents - Opening Balance		638.50		583.52
Cash & Bank Equivalents - Closing Balance		609.57		638.50

Note: a) Figures in bracket indicate out-flow.
b) Figures of previous year have been regrouped and rearranged wherever necessary.

As per our Report of even date attached.

For Mehta Lodha & Co.
Chartered Accountants

Prakash D. Shah
Partner

Date : 25/06/09
Place : Ahmedabad

Kinjal Shah
Company Secretary

For and on behalf of the Board of Directors

Ganpatraj L. Chowdhary
Managing Director

Sampatraj L. Chowdhary
Chairman

Marc Roquette
Director

R. Sathyamurthi
Director

P.G. Zalani
Director

Mukesh Kumar Chowdhary
Director

Balance Sheet Abstract

Information Information pursuant to part IV of Schedule VI to the Companies Act, 1956

I.	**Registration Details**	
	Registration No.	13967
	State Code	04
	Balance Sheet Date	31-03-2009
II.	**Capital Raised During the year (Amount in thousands)**	
	Public Issue	Nil
	Bonus Issue	Nil
	Right Issue	Nil
III.	**Position of Mobilization and Deployment of Funds (Amount in thousands)**	
	Total Liabilities	4640918
	Total Assets	4640918
	Sources of Funds	
	Paid-up Capital	161379
	Reserves & Surplus	1691267
	Secured Loans	2232692
	Unsecured Loans	372074
	Deferred Tax Liability	183506
	Application of Funds	
	Net Fixed Assets & Capital Work in progress	3204836
	Investments	1471
	Net Current Assets	1367038
	Foreign currency translation a/c	67574
IV.	**Performance of Company (Amount in thousands)**	
	Turnover with excise, sales tax and other income	5487902
	Total Expenditure	5272596
	Profit before extraordinary items and tax	215305
	Profit before tax	215397
	Profit after tax	139875
	Earning Per Share (Rs.)-Basic & Diluted	12.13
	Dividend Rate	20%
V.	**Generic Names of Three Principal Products**	
	Product Description	**Item Code No.(ITC Code)**
	i) Starch	110812
	ii) Liquid Glucose	170230
	iii) Dextrose Monohydrates	170230

For and on behalf of the Board of Directors

Ganpatraj L. Chowdhary
Managing Director

Sampatraj L. Chowdhary
Chairman

Marc Roquette
Director

R. Sathyamurthi
Director

Date : 25/06/09
Place : Ahmedabad

Kinjal Shah
Company Secretary

P.G. Zalani
Director

Mukesh Kumar Chowdhary
Director

Corporate information

Board of Directors

Mr. Sampatraj L. Chowdhary – *Chairman*

Mr. Ganpatraj L. Chowdhary – *Managing Director*

Mr. Mukesh Kumar Chowdhary – *Whole Time Director*

Mr. Marc Roquette

Mr. Pramodkumar G. Zalani

Mr. R. Sathyamurthi

Auditors

M/s. Mehta Lodha & Co.
Chartered Accountants

Bankers

Oriental Bank of Commerce
Indian Overseas Bank

Registered Office

701, Sakar-1, Opp. Gandhigram Railway Station,
Ashram Road, Ahmedabad – 380 009 (India).

Works

1. Block No. 51-52, Riddhi Siddhi Nagar, Village Juna Paddar,
   Taluka - Viramgam, District Ahmedabad (Gujarat).
2. Gokak Falls Road, Gokak – 591 307, District Belgaum (Karnataka).
3. Vazhudavoor Road, Iyyahkuttipalayam, Pondicherry – 605 009.
4. Plot no 12, Sector-9, IIE Pantnagar, Uttaranchal.

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