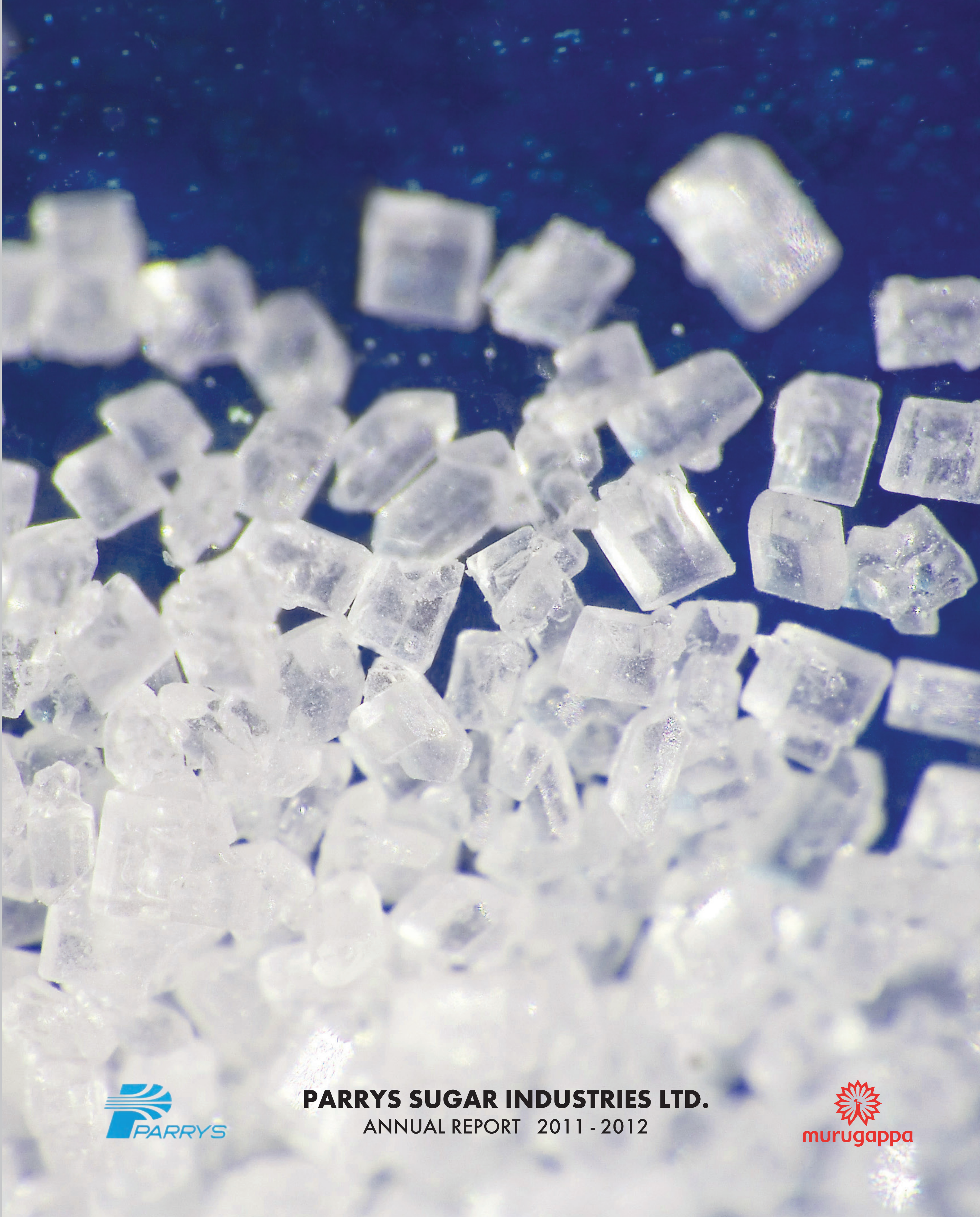


PARRYS

PARRYS SUGAR INDUSTRIES LTD.

ANNUAL REPORT 2011 - 2012

murugappa

Contents

Consolidated Accounts

Corporate Information

Board of Directors	S. Sandilya , *Chairman*
	D. Kumaraswamy, *Managing Director*
	K. Balasubramanian
	K. Ramadoss
	V. Ravichandran
	N. Srinivasan
Company Secretary	B. M. Rath
Registered Office	Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road Jakkasandra, Koramangala Bengaluru - 560 034
Auditors	R.G.N Price & Co.
Bankers	State Bank of India
	Axis Bank Ltd.
	ICICI Bank Ltd.

Investor Contacts

Registrar & Transfer Agents	Karvy Computershare Pvt. Ltd. *Unit: Parrys Sugar Industries Limited* Plot No. 17 to 24, Vittal Rao Nagar Madhapur, Hyderabad – 500081 Tel.: +91 40 44655000 Fax: +91 40 23420814 E-mail: einward.ris@karvy.com
Company	B.M. Rath General Manager (Legal) & Company Secretary Tel: +91 80 49006666 Fax: +91 80 49006600 E-mail: investorgrievancescell@psil.murugappa.com Website: www.parrysugar.in

Notice

Notice is hereby given that the twenty-sixth Annual General Meeting of **Parrys Sugar Industries Limited** will be held on **Thursday, July 26, 2012 at 10.30 A.M. at Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001**, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the period ended as on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K. Ramadoss, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. Ravichandran, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint M/s. R.G.N Price & Co., Chartered Accountants as Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

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

   "RESOLVED THAT M/s. R.G.N Price & Co., Chartered Accountants, bearing Registration No. 002785 S with the Institute of Chartered Accountants of India, be and they are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company".

By Order of the Board of Directors

Chennai | **B. M. Rath**

April 24, 2012 | Company Secretary

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote, instead of himself / herself and such proxy need not be a member of the Company. However, the duly filled in and signed proxy form(s) in order to be valid, shall be lodged with the Company at its Registered Office not less than forty-eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 18th July, 2012 to Thursday, the 26th July, 2012, both days inclusive.
4. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the Company/Registrar and Transfer Agent M/s Karvy Computershare Pvt. Ltd. (Karvy).
5. Members desiring any information as regards to the Accounts and operations of the Company are requested to send their queries at least 7 days before the date of the meeting to the Company alongwith their email Id so that the desired information may be made available at the Meeting or sent to the members after the meeting.

6. Members who have not yet encashed their dividend warrant(s) for the financial year 2004-05, are requested to make their claims without any delay to Karvy. It may be noted that the unclaimed/unpaid dividend for the financial year 2004-05 declared on August 20, 2005 can be claimed by the Members by August 19, 2012. Members attention is particularly drawn to the Corporate Governance section of the Annual Report in respect of unclaimed dividend.
7. As per the provisions of Section 109A of the Companies Act, 1956, nomination facility is available to the members in respect of the equity shares held by them. Nomination forms are available and can be obtained from the RTA.
8. Detailed information regarding the Stock Exchanges where the equity shares of the Company are listed, along with their address and the stock code given to the Company by the respective Stock Exchanges are indicated in the Corporate Governance Report, forming part of the Directors' Report.
9. Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Karvy.
10. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or karvy for assistance in this regard.
11. The profile of the Directors seeking re-appointment is indicated in the Corporate Governance Report.
12. Members are requested to bring their copy of Annual Report together with the notice for the meeting. In order to enable us to register your attendance at the venue of the Meeting, we request you to please bring your folio number/Client Id / DP Id.
13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy for consolidation into a single folio.
15. The Ministry of Corporate Affairs (vide circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address to the said purpose. Members are requested to support this Green Initiative by registering/updating their email addresses for receiving electronic communication.

By Order of the Board of Directors

Chennai
April 24, 2012

B. M. Rath
Company Secretary

Directors' Report

Your Directors have pleasure in presenting their 26th Annual Report together with the audited financial statements for the Financial Year (9 months) ended 31st March 2012.

The financials for the year 2011-2012 are summarized below.

(₹ in Lakhs)

	2011-12 (9 months)	2010-11 (15 months)
Revenue from operations	**46739.09**	41784.06
Other Income	**5.75**	10.61
Total Income	**46744.84**	41794.67
Profit before Interest and Depreciation	**5515.20**	1035.42
Interest	**5178.17**	7823.24
Depreciation	**2349.96**	3665.80
(Loss) before taxation	**(2012.93)**	(10453.62)
Provision for tax:		
– Current	**-**	(123.97)
– Deferred Tax	**(1375.60)**	(862.24)
(Loss) after Tax	**(637.33)**	(9467.41)

CHANGE IN FINANCIAL YEAR

The financial year 2010-11 of the Company was extended up to 30th June 2011. Consequently the current financial year of the Company is for a period of 9 months ended on 31st March 2012 and hence not comparable with the results of the previous financial year 2010-2011 which was for a 15 months period.

DIVIDEND

In view of the losses incurred, your Board is unable to recommend any dividend for the financial year ended 31st March 2012.

COMPANY PERFORMANCE

During the year under review, your Company's total income was ₹ 46744.84 lakhs as against ₹ 41794.67 lakhs in the previous year. The profit before interest and depreciation was ₹ 5515.20 lakhs vs. ₹ 1035.42 Lakhs of last year. The interest cost was ₹ 5178.17 Lakhs vs ₹ 7823.24 Lakhs last year. During the year the operations of the Company improved across all parameters. The cane crushed was higher, the average recovery was higher, the Company could mobilise harvesting labour in time leading to consistent and continuous operation at all the units. The capacity enhancement at Haliyal and Ramdurg and debottlenecking of the facilities helped the Company to achieve sustained performance during the current sugar season. The operations at Sankili was stabilized.

The sugar prices which showed an increasing trend till the start of season 2011-12 in October 2011 fell once new sugar started coming to the market and remained sluggish till March 2012 due to anticipated higher sugar output during sugar year 2011-12. With the close of season, prices have started showing some improvement. The sugar production in the Country witnessed a 16% percent growth over the last two years driven mainly by improved cane acreage in response to higher cane prices. In line with the industry in North Karnataka, the Company had to pay ₹ 200 per tonne of cane as additional cane price for the cane supplied in Karnataka units during the previous sugar season. The continued increase of cane price year after year with no significant and proportionate increase in sugar sales price is a challenge for the sugar industry in the long term to sustain performance. The Government's continued control over the sugar industry through release mechanism, cane price and other restrictions affect the Industry.

Sugar Division

In Karnataka, the unit at Haliyal performed significantly better with improved reliability of machinery and equipment. The unit recorded a peak recovery of 13.3%, which is the highest in Karnataka and average recovery of 12.2%. The unit crushed a total quantity of 5.52 lakhs MT of Cane vs. 3.48 Lakhs MT last year, an increase of 59%. The average cane crushed per day was 3248 MT with the crushing touching a maximum of 4835 MT in a particular day. The crushing of cane in the month of March 2012 was affected due to the limited availability of cane and drop in the cane yield.

The performance of the plant at Ramdurg was also significantly better than last year with a crushing of 5.39 Lakhs MT of cane vs 3.95 Lakhs MT last year, an increase of 36%. The average annual recovery was at 12.10% and the crushing touched a maximum of 4000 MT in a particular day. The Company has already placed order for the enhancement of its cogen unit at Ramdurg to 13 MW and the enhanced capacity is expected to be operational before the next crushing season resulting in higher earnings for the unit.

The performance of the plant at Sankili was also significantly better than last year with a crushing of 5.55 Lakhs MT of cane vs 3.67 Lakhs MT last year, an increase of 51%. The average annual recovery was at 9.88% and the crushing touched a maximum of 4348 MT in a particular day.

During the year, the Company crushed a total 16.45 Lakhs MT of cane, produced 18.77 Lakhs qtls. of sugar as against 11.11 Lakhs MT of cane, 11.95 Lakhs qtls. of sugar during the previous year, an increase of 48% and 58% respectively. The average recovery rate was 11.41% vs 10.76 % last year.

The major challenge for the Company for the future is to further improve operating efficiencies and improve the quality of output.

Distillery Division

The distillery division produced 186 Lakh liters of industrial Alcohol /Ethanol/ENA as against 139 Lakh litres in the previous year registering an increase of 34%. In value terms, the sale of industrial alcohol/Ethanol/ENA during the year was ₹ 51.22 Crores as against ₹ 41.88 Crores in the previous year registering an increase of 22%. Increase in production and sale was due to higher cane crushing resulting in higher production of molasses. The sale of ENA/Ethanol produced at Distilleries fetches better revenue and can act as a stabilizer to the threat of cyclicality of sugar business. The Company is availing the Certified Emission Reduction (CER) benefits for its distillery unit at Sankili, Andhra Pradesh under Clean Development Mechanism (CDM) of United Nations Framework Convention on Climate Change (UNFCCC).

Power Division

The total power generated by our Co-generation plants were 1345 Lakhs units as against 1267 Lakhs units in the previous year mainly due to availability of more bagasse from higher sugarcane crushing. The Company has not purchased any coal during the year due to maximum availability of bagasse thereby substantially improving the performance and operations of its cogen units. The sale of power was at ₹ 2842 Lakhs in the current year as against ₹ 2263 Lakhs recorded in the previous year registering an increase of 26%. The revenue on power sales was better than last year due to higher export coupled with higher rate on account of the sale through power exchange by the Haliyal unit which was earlier under the power purchase agreement with the State Government Utility. The issuance of Order by the Government of Karnataka under Section 11 of the Electricity Act, 2003 mandating to supply to the State Government utilities at a remunerative rate had also contributed to the revenue. At Sankili the Company continues to reel under pressure due to the lower tariff offered by the State Government under the long term Power Purchase Agreement entered into by the Company. The dispute pertaining to the revision of power tariff from the Year 2004 as pronounced by the State Commission is pending before the Appellate Tribunal for Electricity (ATE). Any favourable Order by the ATE will be in the interest of the Cogen power producers in the state of Andhra Pradesh. Increase in power generation capacity, both during the season and off season shall be the future thrust area for the Company.

The Government has launched the Renewable Energy Certificate (REC) mechanism to mainstream the renewable energy sources across the nation. Though REC is a market based instrument enabling the obligated entities to meet their Renewable Purchase Obligation (RPO) and in the process enabling the renewable energy producers to get higher revenue through sale of such Certificates, the regulations framed by the State Electricity Commissions pose a hindrance to avail such benefit. Going forward it is expected that the various State Commissions will modify the regulations in due course to enable all renewable energy producers to take advantage and benefit from the REC Mechanism.

CHANGE IN CAPITAL STRUCTURE

During the year, the Company allotted 250 Lakhs, 8% cumulative preference shares of ₹ 10/- each to the Holding Company, E.I.D. - Parry (India) Ltd. aggregating to ₹ 25 Crores. Consequently, the paid up share capital of the Company has increased to ₹ 134.08 Crores w.e.f. 30th August, 2011.

SOCIAL RESPONSIBILITY

The Company in collaboration with Help Age India, have launched a project to run a Mobile Medicare Unit in and around Rajam, Srikakulam District, Andhra Pradesh to provide basic and essential medicare, to the poor, needy and elderly population of the society irrespective of caste, creed or religion. At Sankili, the Company is providing assistance to children of sugar cane farmers for quality education by rembursing their school fees. The Company has taken measures to provide drinking water facilities in the villages in and around its command area. During the year, medical facilities were provided and blankets were distributed during the winter to the harvesting and transportation labourers working in the cane field. The Company is in the process of improving the infrastructure to provide better facilities to these migrant labourers and their children in the field of education and health care. The Company is also rembursing the collage fees, cost of books etc., for one child in the family of those who have sold land to the company in Haliyal.

SUBSIDIARY COMPANY

The Company's wholly owned subsidiary, Alagawadi Bireshwar Sugars Pvt. Ltd. (ABSPL), proposes to set up an integrated sugar plant at Raibagh, Karnataka and the land acquisition process has been completed. The Company is in the process of conversion of land and obtaining various other clearances/approvals.

SUBSIDIARY ACCOUNTS

In terms of the Circular No.: 2 /2011 dated 8th February 2011 issued by the Central Government u/s 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit & Loss Account, and Reports of the Board and the Auditors of the Company's wholly owned subsidiary, Alagawadi Bireshwar Sugars Pvt. Ltd. have not been attached to the Balance Sheet of the Company as at 31st March 2012.

However, as directed by the Central Government, the financial data of the subsidiary has been separately furnished forming part of this Annual Report. These documents will also be available for inspection at the Registered Office of the Company and of the concerned subsidiary company during working hours up to the date of the Annual General Meeting. However, the related detailed information of the Annual Accounts of the Subsidiary Company will be made available to the Holding Company's shareholders seeking such information at any point of time. The Annual Accounts of the Subsidiary Company will also be kept for inspection by the investors at the Registered Office of the Company and that of the Subsidiary Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual Report.

REPORT TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

As the Members are aware, a meeting of the Members was convened on November 17, 2011 to consider the erosion in net worth of the Company as on June 30, 2011 by more than 50% of the peak net worth during the immediately preceding four financial years and to report the fact of such erosion to the Board for Industrial and Financial Reconstruction ("BIFR") as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, the Company has reported the fact of such erosion to the BIFR".

CREDIT RATING

During the year, rating agency ICRA has reaffirmed the Long term ratings at [ICRA] BBB+ (Pronounced as ICRA triple B Plus) and Short term ratings at [ICRA] A2 (Pronounced as ICRA A two). The aforesaid ratings are valid till January 2, 2013.

DIRECTORS

Mr. K. Ramadoss and Mr. V. Ravichandran, Directors retire by rotation in terms of Article 108 of the Articles of Association of the Company and being eligible, offers themselves for re-appointment. A brief resume, expertise and details of other directorships of Mr. K. Ramadoss and Mr. V. Ravichandran are provided in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation given by the Executives of the Company and also subject to disclosures in the Annual Accounts, your Directors to the best of their knowledge and belief confirm as under:

i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.

ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.

iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2012 on a going concern basis.

FIXED DEPOSITS

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public as per the provisions of Section 58A of the Companies Act, 1956. As such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements as set out by SEBI and is in conformity with most of the requirements of the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs.

CEO/CFO CERTIFICATION

Mr. D. Kumaraswamy, Managing Director and Ms. G. Jalaja, Chief Financial Officer, have given a certificate to the Board as contemplated under Clause 49 of the Listing Agreement with the Stock Exchanges.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of ₹ 10.09 Lakhs being the unclaimed dividend was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

PERSONNEL RELATIONS

Your directors hereby place on record their appreciation for the dedication and competence of all the executives, staff and workers of the Company. During the year under review, relations between the employees and the management continued to remain cordial.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technical absorption and foreign exchange earnings and outgo pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of

Directors) Rules, 1988 is given in the Annexure forming part of this Report.

AUDITORS

The Auditors, M/s. R.G.N Price & Co., retire at the conclusion of the ensuing Annual General Meeting. The Auditors have confirmed their willingness to act as Auditors of the Company for the financial year 2012-13 and have confirmed that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

COST AUDITORS

M/s Narasimha Murthy & Co., Cost Accountants, were appointed as the Cost Auditors for conducting the cost audit of Sugar, Distillery and Cogen divisions of the Company for the financial year 2011-12. M/s Narasimha Murthy & Co. have confirmed their willingness to act as Cost Auditors of the Company for the financial year 2012-13 and have confirmed that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure forming part of this Report.

ACKNOWLEDGEMENT

Your directors acknowledge and express their grateful appreciation for the co-operation and assistance received from Banks, Government Authorities, Customers, Farmers, Vendors and also the Members for the confidence reposed by them in the management of the Company and for their continued support and co-operation. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board of Directors

Chennai
April 24, 2012

S. Sandilya
Chairman

Addendum to the Directors' Report

The Board of Directors at their meeting held on April 25, 2012 have approved a Scheme of Arrangement (Demerger) between the Company and the Holding Company, .E.I.D.-Parry (India) Ltd., (EID Parry) under Sections 391 to 394 of the Companies Act, 1956 for transfer and vesting of the Company's manufacturing facilities located at Haliyal and Sankili, to and in EID Parry, w.e.f 1st April 2012 subject to approval of the shareholders and various other statutory and regulatory approvals.

For and on behalf of the Board of Directors

Chennai
April 25, 2012

S. Sandilya
Chairman

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the 9 months period ended 31st March 2012

A. Conservation of Energy

a.	Energy Conservation Measures Taken	**Haliyal Plant** ● Installed one VFD Zero Discharge System (ZDS), boiler Forced Draft (FD) fan in Distillery for ease of operation and energy conservation ● Introduction of Dynamic juice heater for heating scalding juice with third body vapour in place of second body vapour. ● Other steam saving measures such as condensate flash vapour recovery system and introduction of heat recovery for super heat wash water system. **Ramdurg Plant** ● Installation of Dynamic juice heater for heating raw juice with third body vapour in place of second body vapour. ● Installed Vapour line juice heater between fifth body & condenser. ● Installed Variable Frequency Drives (VFD) for Induced Draft (ID) fans, clear juice, Sulpher juice & raw juice pumps. ● Installed VFD for bagasse extractor in both boilers ● Installed Planetary gear box for bagasse elevator, Main Bagasse Carrier & Rake Type Inter Carrier. **Sankili Plant** ● Installed Duplex Heater ● Installed VFD for molasses pump ● Installed NHEC Direct Current drives
b.	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	Nil
c.	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	**Haliyal Plant** Better control over operating parameters. Better control over steam consumption per ton of cane & power per ton of cane. **Ramdurg Plant** Better control over steam consumption per ton of cane & power per ton of cane. **Sankili Plant** Better control over operating parameters. Better control over steam consumption per ton of cane & power per ton of cane.
d.	Total Energy Consumption and energy consumption per unit of production	As per Form A attached.

B. Technology absorption

Efforts made in technology absorption	As per Form B

C. Foreign Exchange Earnings and Outgo:

(₹ In Lakhs)

		2011-12	2010-2011
a.	Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;	**Nil**	Nil
b.	Total foreign exchange used and earned.		
	Foreign Exchange used		
	a) Capital Items	**–**	12.50
	b) Stores & Spares	**9.82**	–
	c) Travel Expenses	**0.69**	1.25
	d) Consultancy Fees	**–**	0.68
	Foreign Exchange earned		
	Sale of CER	**70.13**	–

FORM A
Form for Disclosure of particulars with respect to Conservation of Energy

POWER AND FUEL CONSUMPTION	2011-12	2010-11
1. Electricity		
(a) Purchased units	**3,189,523**	32,34,327
Amount (₹ in lakhs)	**95.93**	113.48
Rate/ Unit (₹)	**3.01**	3.51
(b) Own Generation		
(i) Through Diesel Generator		
Units	**255,789**	2,12,219
Diesel Consumed (Ltrs.)	**115,554**	89,851
Cons. value of diesel (₹ in Lakhs)	**53.60**	37
Units per Litre of Diesel Oil	**2.21**	2.36
Cost / Unit (₹)	**20.95**	17.63
(ii) Through Steam Turbine		
Units generated	**105,124,036**	4,59,33,410
Cost / Unit (₹)	**2.03**	5.23
2. Furnace Oil		
Units (Litre)	**n.a.**	n.a.
Amount (₹)	**n.a.**	n.a.
Cost / Unit (₹)	**n.a.**	n.a.
3. HSD Oil		
Units (Litre)	**14,844.00**	4,247.67
Amount (₹ in Lakhs)	**6.80**	17.86
Rate / Unit (₹)	**44.65**	42.00
CONSUMPTION PER UNIT OF PRODUCTION/SUGAR (QTL.)		
1. Electricity (Units)	**75.76**	89.44
2. Furnace Oil (Litre)	**–**	Nil
3. HSD Oil (Litre)	**–**	0.1

FORM B

(See Rule 2)

Form for disclosure of particulars with respect to technology absorption.

Research and development (R & D)

1. Specific areas in which R & D carried out by the company.	Trial done on wood chip in place of coal in distillery boiler
2. Benefits derived as a result of the above R & D	Coal consumption per day to a level of 200 MT could be reduced. Distillery condensate treatment system for handling liquid effluent and recirculation.
3. Future plan of action	
4. Expenditure on R & D :	
(a) Capital	Nil
(b) Recurring	
(c) Total	
(d) Total R & D expenditure as a percentage of total turnover	

Technology, absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	Introduction of automation and instrumentation equipment 1. Cane diffuser in sugar unit 2. Spent wash boiler in zero discharge system in distillery
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	1. Cane diffuser could give good improvement in sugar recovery from a level of 10 – 11 % to 12 % and above 2. Productivity could be raised in distillery from 41 lac lit. to 86 lac lit.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished:	
(a) Technology imported	Nil
(b) Year of import	
(c) Has technology been fully absorbed?	
(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	

For and on behalf of the Board of Directors

Chennai
April 24, 2012

S. Sandilya
Chairman

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the Financial Year (9 months) ended 31st March 2012.

Name/Age	Designation and Nature of Employment	Remuneration (₹ in Lacs)	Qualifications/ Experience	Date of Commencement of employment	Previous Employment
D. Kumaraswamy	Managing Director	71.30	Bachelor of Commerce, Chartered Accountant & Company Secretary 35 years	28.08.2010	E.I.D.-Parry (India) Ltd.

- The nature of appointment is contractual.
- Mr. D. Kumaraswamy is not related to any Directors of the Company.
- Neither Mr. D. Kumaraswamy nor his spouse or dependent children hold any shares of the Company.
- Remuneration as shown above includes salary, allowances, incentive, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Medical facilities and perquisites valued in terms of actual expenditure incurred by the Company in providing the benefits excepting in case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, and in such cases, notional amount as per Income-tax Rules has been adopted.

For and on behalf of the Board of Directors

Chennai
April 24, 2012

S. Sandilya
Chairman

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

Sugar Industry is the second largest agro-based industry, next only to the textile industry and India is one of the largest producers and consumers of sugar in the world. The Indian Sugar Industry is playing a pivotal role in rural development, supporting over 50 million sugarcane farmers, their dependents and a large mass of agricultural labourers involved in sugarcane cultivation, harvesting, machine manufacturing etc. constituting about 7.5% of the rural population. In addition, about 0.5 million skilled and semiskilled workers, mostly from the rural areas are engaged in the sugar industry. Thus, the sugar industry has been a focal point for socio-economic development in the rural areas by mobilizing rural resources, generating employment & higher income, besides giving a fillip to transport and communication facilities. The sugar industry in India is highly fragmented. Since sugarcane is the primary raw material from which sugar is manufactured in India, sugar mills are set up in cane growing states such as Uttar Pradesh, Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh and Gujarat. These six states together account for around 85-90 percent of the sugarcane production in the country. Hence, sugar capacities and production are concentrated in these states.

The sugarcane crop grows for 8-14 months, depending on the climate and the seeds used. Factors that determine the yield and quality of sugarcane are temperature, rainfall and soil. Sugarcane is usually grown in a frost-free, warm and humid climate. In India, around 90 per cent of the sugarcane cultivation happens in irrigated land. In a year of surplus sugarcane production, sugarcane crushing continues beyond April and extends up to June/July, when sugar recovery declines and molasses formation increases significantly.

In most parts of the world, sugarcane is handled manually and involves extensive labour. However, this trend has been changing with the increasing need to mechanize the operations to improve the recovery rate. Given the nature of regulations in the sugar industry, there are no foreign sugar producers in India. Industrial consumers and households in the country determine the growth of the domestic sugar consumption. Population growth and relative prices of sugar vis-a-vis substitutes such as gur/khandsari determine the direct demand for either of the sweeteners. Indirect (industrial) consumption of sugar can be broadly classified into bakeries, confectioneries & chocolates, soft & fruit drinks, sweetmeats, tea & coffee and other segments like ice-creams, jams, alcoholic beverages etc. Growth in production volumes of these various segments coupled with I/O norms (input-output) of sugar content in each of these end-use products is used to forecast growth for sugar consumption from the industrial user segment.

The sugar supply in India also depends on various government controls on the distribution of sugar. The government controls the sale of sugar in the open market through its regulated release mechanism. In addition to the above factors, the import and export of sugar determine the final supply in the market. Sugar prices, as a result, depend on the demand-supply situation during the year.

The sugar sector in India, hence, goes through a phase of cyclicality, primarily on account of situations of high cane pricing, which impacts the profitability of the sugar mills as a result of which payment arrears to farmers increase. The farmers, hence, shift from the production of cane to other competing crops, thereby impacting the sugarcane output. A typical Indian sugar cycle goes through a phase of 1-2 years of up cycle followed by 3 years of down cycle. The Indian sugar sector currently has 500 operational mills, including a mix of private and co-operative mills. The area under sugarcane has been closely linked to the Indian sugar cycle, though the area has registered a CAGR of 1.7% since 1950-51 to 2010-11. Sugar production, on the other hand, has recorded a CAGR of 2.9%, primarily led by gains in productivity and irrigation facilities.

BY PRODUCTS

Molasses is a thick syrup by-product which arises from the processing of the sugarcane into sugar. In sugar factories, sugar is crystallised from a concentrated juice in three separate stages wherein each stage results in the production of a crystallised sugar fraction and a non-crystalline fraction or molasses fraction called molasses.

Fermentation of molasses at distilleries yields extra neutral alcohol, rectified spirit and ethanol. Ethanol, or anhydrous alcohol, is produced from the fermentation of molasses. It is 99.5 per cent pure alcohol. Ethanol can also be produced directly from sugarcane, instead of through the molasses route. In India, ethanol is mostly manufactured from the ‘C’ molasses obtained during the process of crushing sugarcane. In Brazil, ethanol is produced directly from sugarcane. In September 2008, the government announced a National Policy on bio-fuels which targets 20 per cent ethanol-blending by 2017. However, the ethanol blending programme, which calls for 5 per cent blending of ethanol with petrol, has not taken off so far due to limited feedstock availability, unattractiveness of manufacturing ethanol directly from sugarcane or C molasses, issues related to pricing, tendering and taxation issues at the State level.

COGENERATION OF POWER

Globally, most sugar factories use bagasse to meet their electricity and steam requirements. Bagasse is burnt in boilers which releases large amounts of heat for boiling water and generating high-pressure steam. The steam is used to drive a turbine, which generates electricity. The residual low-pressure steam is used in the sugar making process. Cogenerated power has environmental benefits in terms of replacing fossil fuels, and is also renewable in nature. For a sugar mill, opting for cogeneration of power has the advantages of getting an additional stream of revenue. The mill can also partly protect itself from the cyclical nature of sugar business. The Indian sugar industry went through a phase of backward integration in early 2000, wherein most of the large mill owners had setup co-generation capacities along with alcohol manufacturing facilities. The renewable power capacity within India is pegged at 32% (2010) out of which, renewable other than hydro accounts for 9.88% or 16,786 MW. The sugar sector contributes 900 MW capacity out of the total of 16,786 MW with a potential to reach 21,000 MW. The Indian sugar industry over the years has tried to diversify its revenue mix from sugar to a mix of power, sugar and alcohol. In India, the government is offering a number of incentives to encourage investment in the bagasse-based cogeneration projects in terms of lower financing rates and capital subsidies to cooperatives or public sector sugar mills. Other benefits like accelerated depreciation, income tax holidays, reduced customs duty, central excise exemption and sales tax exemption are also given in some States. However, the potential for bagasse-based cogeneration of power is yet to be realised fully. Cogeneration sector growth is expected further by various regulatory measures including the renewable energy portfolio obligation fixed under the National Action Plan for Climate Control (NAPCC) of Government of India, generic tariff norms announced for co-generation projects; norms and pricing framework for Renewable Energy Certificates (RECs); and amendment of the provisions of the grid code to ensure smoother off take and transmission of power by utilities. However, the major bottlenecks in harnessing the co-generation potential has been lack of management focus; weak financial position of many sugar mills, especially smaller units including those run by the co-operative sector; and relatively unattractive tariffs.

SUGAR SCENARIO

The Indian sugar sector is highly cyclical in nature primarily on account of (i) government policy intervention and (ii) weather conditions. The Indian sugar sector remains regulated, as far as government control is concerned, primarily on account of following factors:

- **Government intervened sugarcane pricing:** The Central Government each year releases a country-wide Minimum Support Price (MSP) for cane, which is known as Fair and Remunerative Pricing (FRP), while State Governments decided their own MSP known as State Advisory Price (SAP). The sugar mills are expected to pay based on the SAP, wherever applicable and FRP is for States where the state government does not declare its own prices. Given that a large proportion of rural farmers in the key cane growing states are dependent on the sugarcane sector, the SAP is largely politicised.
- **Restriction in open market sales:** Sale of sugar in the open market is also restricted based on a monthly release quota system which is fixed by the Government at mill level. Further, the government has also prescribed holding limits for industrial users to regulate the supply in the system. Recently the Govt. has started releasing quarterly quota instead of monthly quota.
- **Levy sugar pricing:** On the pricing front, the government currently has imposed a 10% levy sugar quota, wherein the mills are supposed to sell 10% of their production to the government for distribution under the PDS system.
- **Import and export restrictions:** On the trading side, the import and export of sugar is regulated by the Government, wherein Government permits are required for either importing or exporting sugar into and from the country. However, companies are free to import sugar for re-export, whereby they convert raw sugar into white and re-export the same out of the country without any sugar actually coming into the country.

The Indian sugar production in the past couple of years has gone through a volatile phase, primarily on account of bad weather conditions in 2008-09 and 2009-10. Sugar production in India fell from 28.63 Mn tonnes in 2007-08 to a low of 15.95 Mn tonnes in 2008- 09, though, it has recorded gains in subsequent years and was at 26 Mn tonnes in 2011-12.

Industry sources say that the Sugar output in India, will drop for the first time in four years in the next season as dry weather in some regions spur farmers to plant other crops. The harvest may total 25 million metric tons in the season beginning October 1 from as much as 26 million tons this year. The nation may continue exports for a third year as supplies from the new crop and inventories will exceed domestic demand by about 6.5 million tons. It is expected that the surplus in 2012-2013 would not be as large as in 2011-2012, but it will definitely be big enough to keep world prices under pressure. Both the Thai and the Indian crop are expected to be large in 2012-2013.

Recently, the Government of India has been actively considering partial or total de-control of the sugar industry. The Govt. has constituted a committee headed by Economic Advisory Council Chairman, Mr. C. Rangarajan to examine issues related to deregulating the sugar industry. The Industry has made a number of representations to the Committee for deregulation in the area of levy mechanism, release order, packing of sugar, export of sugar, cane price fixation and remunerative prices for co-generation and ethanol. It is expected that the de-control of the sugar sector could be in a phased manner starting from removal of the levy price mechanism, monthly release quotas, linking of ethanol prices to petrol prices and export/ import restrictions. The decontrol of cane pricing may not come in a hurry, however, a phased manner of de-control would act sentimentally positive for the sector.

The world sugar market continues to experience considerable price volatility. The world indicator price for raw sugar witnessed a succession of peaks and downward corrections in 2010 before soaring to a 30-year high of USD 36.08 cts/lb (USD 795.4/t) in February 2011. Market fundamentals driving volatile prices were large global sugar deficits in the previous two seasons and adverse weather in a number of countries that reduced the size of the expected rebound in production to higher prices. World sugar stocks, which had already been drawn down, fell to their lowest level in 20 years in 2010-11, supporting higher as well as more volatile market prices. International sugar prices are expected to ease back over the remainder of 2011 and into 2011/12, as production responds around the world to recent high prices and the global balance moves into a larger surplus that allows the start of stock rebuilding.

REVIEW OF COMPANY'S BUSINESS

The Company has three Sugar Plants located at:

(i) Sankili in Andhra Pradesh having a cane crushing capacity of 5000 tonnes per day, Co-generation capacity of 16 Megawatt (MW) and a Distillery unit capacity of 40 Kilo litres per day (KLPD). This unit commenced commercial operation in December 1997.

(ii) Haliyal in Karnataka having a cane crushing capacity of 4000 tonnes per day (TCD) expandable to 5000 TCD, Co-generation capacity of 24 Megawatt (MW) and a Distillery unit capacity of 45 Kilo litres per day (KLPD). This unit commenced commercial operation in December 2008.

(iii) Ramdurg in Karnataka taken on lease from Shri Dhanalakshmi Sahakari Sakkare Karkhane Niyamat (DSSKN) having a cane crushing capacity of 3500 TCD and Co-generation capacity of 6 MW expandable to 13 MW. This unit commenced commercial operation in December 2008.

All the company's sugar plants are integrated with co-generation and distillery facility except Ramdurg plant which has 6MW cogen. The Company is enhancing the cogen capacity to 13 MW at Ramdurg. The Company is continuously working on improving operational efficiencies and production techniques, benchmarking with the best in the industry. The Company converts bagasse into electricity in its Co-generation units and processes molasses into various types of alcohol, thus completing the value chain.

CANE AND SUPPORT TO FARMERS

Majority of the sugar facilities of the Company are located in North Karnataka, offering the company a geographical advantage of being in the highest sugar recovery zone in India, good soil conditions and availability of abundant water coupled with sugarcane recovery being highest across India. North Karnataka usually gets good rainfall from June onwards during south west monsoon and the cane plantation starts from October to March, peak during December to February. Growers grows more than 80% of high sugarcane verities like coc 671, co 86032 and gets average yield of 30 Mts per acre. Though the Factories have officially demarcated cane command area, practically it is not enforced. Crushing starts from October and ends before March end and during the period of excess cane, crushing lasts till April and May depending upon the available cane volume for that particular sugar season. Most of the mills in North Karnataka, fixes cane price on their own and if the growers feel that cane price is less, representation is made through the Government and the cane price is decided by mutual negotiations. In Karnataka, normally the cane price is paid as first advance immediately after harvest and the final cane price is paid after the crushing is over. There has been continued increase of cane price year after year with successive governments treating this as a populist measure with no proportionate improvement in sugar sales price which is a challenge for the sugar industry.

Cane harvest and transport arrangements lies with sugar mills and more than 60-70% of cane harvest and transport gangs are arranged from south Maharashtra districts every year. Mills have to engage dedicated cane team for this arrangement. This is one of the major areas where the Company has to devote substantial efforts so that harvesting is done smoothly. Holding these gangs and to make continuous crushing operation at optimum capacity is a great challenge. Most of the mills do not focus much on cane development since they get good recovery because of conducive climate, good soil condition and improved varieties of cane. The growers manage their own and grow the sugarcane without much difficulty. The Company arranges inputs like fertilizer and micro nutrients through its own depots and through agencies with help of "Mana Gromor". Because of climatic condition there are not much pest and diseases problems in cane cultivation in North Karnataka. During summer, the cultivation faces early shoot borer attack. There are also micro nutrients like Zinc and iron deficiencies seen in some pockets particularly in ratoon crops. In the Company's command area, the growers are good, hardworking and harvest their cane in time. In the state of Andhra Pradesh unlike Karnataka, well-disciplined cane command area prevails. In Andhra Pradesh planting starts from December and closes by February. Like Karnataka the practice of harvest labourers also prevails and more than 50-60 % is arranged from nearby pockets. In AP, cane price fixed as factory gate price. Growers pay cane harvest and transport charges and also provide some portion of cane transport charges as subsidy like other Mills. Growers are marginal, holdings are small and there is scope for further improving the cane area. For cane development, the growers need infrastructures like wells, bore wells, micro irrigation and pump sets through medium term loan. There is a possibility of increasing the average yield also by way of arranging inputs and working capital in time.

The Company has developed a multipronged plan through infrastructure development, quality seed nursery programme, inputs arrangements, mechanization and technical infrastructure support to increase the availability of cane which is the basic raw material for the manufacture of sugar and life line of any Sugar Company.

MARKETING

With increasing production in Karnataka, the Company is targeting other sugar markets besides local trade. These include sales to institutions, retail and to sugar deficit regions primarily in and around West Bengal and Orissa. With the production of M30 grade sugar the Company is expanding its customer base. Besides the ability to sell the higher volumes of production, sales to these markets also has the advantage of a premium price as compared to local trade. The target markets for Extra Neutral Alcohol (ENA) will continue to be primarily IMFLs, while Ethanol sales will be to OMCs for petrol blending and to the Pharma Sector.

RISK MANAGEMENT

The Company has adopted a system based approach for risk management, with the clear objectives of identification, evaluation, monitoring and minimization of the identifiable risks. The Company has a Risk Management Committee for assessment and evaluation of the risks associated with the business through its risk document. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and works out their mitigation strategy.

The major risks faced by Sugar business are the availability of cane, regulatory risks, price of sugar and that of sugarcane.

Sugarcane is the key raw material for sugar and any difficulty in getting cane at right time will have impact on the business.

The key factors that influence cane availability are climatic condition, availability of cane harvesting labour and farmers opting competitive crops.

Availability of sugarcane is ensured by fostering good relationship with the cane growers. This is done by undertaking various measures in supporting them in cultivating cane besides making payment for their supplies in time. These are in the form of providing assistance in drip irrigation, mechanical harvesting and improved cane varieties. The company also extends subsidies on good quality seeds, fertilisers and manure, ensures timely cane payment to farmers, timely distribution of indents, proper surveys and incentivizing the farmers to cultivate higher volumes of cane in the Company's command area through various means.

The sugar industry is regulated by the Central and State Governments. Sugarcane price, known as FRP, is fixed by the Central Government well before the advent of the season while the state government fixes the State Advised Price (SAP), always significantly higher than FRP. The State Government controls the sugarcane command area while the Central Government regulates exports and imports. The Company is in close association with the Indian Sugar Mills Association (ISMA) and The South Indian Sugar Mills Association (SISMA), who are in the process of developing a common strategy to place appropriate policies in for the sugar sector.

FINANCIAL PERFORMANCE

The current financial year is for a period of 9 months i.e. from 1st July 2011 to 31st March 2012. During the year 2011-12, the Company has reported a profit before interest and depreciation of ₹ 5515.20 Lakhs. The segment-wise performance of the Company is as under:

Product/Services	**2011-12**			2010-11		
	Sales		**PBIT**	Sales		PBIT
	Quantity	**Value (₹ in Lakhs)**	(₹ in Lakhs)	Quantity	Value (₹ in Lakhs)	(₹ in Lakhs)
Sugar (Quintals)	**1,589,519**	**40,013.30**	1,341.10	12,41,396	32,768.23	(2,536.27)
Cogen (Units)	**79,408,742**	**2,343.24**	1,433.02	9,01,72,760	3,179.31	(549.46)
Distillery (Ltrs)	**12,416,700**	**3,773.93**	728.23	18,413,950	5,591.36	617.46

Finance charges

The Company had term loans and working capital borrowings aggregating to ₹60724.16 Laksh as on 31st March 2012. The Company incurred finance charges of ₹ 5,178.17 Lakhs during the year 2011-12 as compared to ₹ 7,823.24 Lakhs for the year 2010-11.

Loss after tax

The loss after tax stood at ₹ 6.37 Crores as against ₹ 94.67 Crores in the previous year.

INTERNAL CONTROL AND SYSTEMS

The Company believes that internal control is a necessary part of the principle of governance and that freedom of management should be exercised within a framework of appropriate checks and balances. The Company remains committed in its endeavour to ensure an effective internal control environment that provides assurance on the efficiency and effectiveness of operations, reliability of financial reporting, statutory compliance and security of assets. The Company has a well-established and robust internal systems and processes in place to ensure smooth functioning of the operations. An effective internal control system, supported by an Enterprise Resource Planning platform for all business processes, ensures that all transaction controls are continually reviewed and adequately addressed. The control mechanism involves well documented policies, authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses. The Company has an Internal Audit department that monitors and makes continuous assessments of the adequacy and effectiveness of the internal controls and systems across the Company. The status of compliance with operating systems, internal policies and regulatory requirements are also monitored. The Board, Audit Committee and the Management review the findings and recommendations of the Internal Audit department and take corrective actions wherever necessary.

HUMAN RESOURCES

The company recognizes people as the primary source of its competitiveness and continues to focus on people capabilities by leveraging technology and creating a learning environment. The Company had a total employee strength of 607 as on March 31, 2012. The Human Resources function is proactively focused to meet the vision – "To build Credible, Reliable & Capable Human Capital to deliver superior Individual and Business performance". In order to achieve this vision, the Company has evolved focused HR Strategy of "Attracting, engaging, developing and retaining of people to enable the fulfillment of business aspirations and competitive success of Parrys Sugar" and endeavor to shape its employees as a vital strategic asset and thus has initiated on a priority basis various HR initiatives. There is a major thrust on realigning, integrating and strengthening of people processes to cater turn-around and debottlenecking plans in Karnataka & Andhra Pradesh.

Talent Management

A thrust is given to addressing critical position talent gaps and strengthens Plant leadership (HODs) with right capabilities through focused talent acquisition. The Company has identified and established partnership with VSI, NSI Agri & Management Institutions for sourcing of young & fresh talents.

Foster Employee Engagement

Employee Engagement is a critical driver of retention, employee productivity and business performance. The Company has initiated Rationale Engagement process like, PPMM, Cane & Manufacturing meets (Exerg & Canect), timely & periodical communication to all segments, Parrys Quality Day, etc. and Emotional Engagement process like, rewarding exceptional performance & recognizing exemplary behavior, employee get-togethers, etc.

Enhance People Capability

Building and enhancing people capabilities is central to strategy execution. The Company endeavor to build the right skills & capabilities for current and future needs. During the year 2011-12, the Company has identified and established partnership with technical training institutions like NTTF (for engineering skills), VSI & NSI (for sugar process skills) and conducted customized skills training to improve the skill levels of employees.

Enable Performance Culture & Being Cost Advantaged to propel performance

The Company has implemented a performance and reward architecture that is aligned to its strategy. This initiative was aimed at inculcating a performance & achievement orientation driven culture which is focused on achievement of annual business results and goals that go beyond a year.

Safety

The Company has placed a strong emphasis on the need to have safe healthy work environment and culture of Zero tolerance on safety violations. An integrated Quality, Health, Safety & Environment Policy was evolved to reinforce and reaffirm the untiring commitment of leadership towards Safety.

Employee Wellbeing

To reiterate the Company's commitment to the culture of care, concern & wellbeing for the employees, welfare amenities were established by introducing subsidized employee residential quarters, canteen facilities and occupational health centre.

CAUTIONARY STATEMENT

The management discussion and analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Your Company's operation may inter-alia be affected by the supply and demand situations, input price and the availability, changes in the government regulations, tax laws and other factors. The Company cannot guarantee the accuracy of the assumptions and perceived performance of the Company in future. The investors should bear the above in mind.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Parrys Sugar Industries Limited, a member of Murugappa Group of Companies, adheres to good corporate practices and is constantly striving to improve them and adopt the best practices. Adherence to business ethics and commitment to corporate social responsibility are the enablers for a company to maximising value for all its stakeholders. Parrys Sugar Industries Limited is committed to the spirit of Murugappa Group by upholding the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company.

1. Board of Directors

A. Composition

- As on March 31, 2012, the Company had six Directors including a Non-Executive Chairman and a Managing Director. Of the six Directors, Five are Non-Executive and three are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements with the Stock Exchanges.
- The day-to-day management of the Company rests with the Managing Director.
- None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five committees across all the companies in which they are Directors.
- The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in clause 49 of the listing agreement.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the period July 1, 2011 to March 31, 2012 and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies as on March 31, 2012 are given below:

Name of the Director	Category	Number of Board Meetings during the year 2011-12		Whether attended last AGM held on September 28, 2011	No. of Directorships in other public limited companies #		No. of Committee positions in other public limited companies $	
		Held	Attended		Chairman of the Board	Member of the Board	Chairman of the Committee	Member of the Committee
Mr. S. Sandilya Chairman DIN: 00037542	Independent and Non-Executive	5	5	Yes	1	4	2	6
Mr. K. Balasubramanian Director DIN: 00009132	Independent and Non-Executive	5	2	No	-	7	2	3
Mr. K. Ramadoss Director DIN: 03230018	Independent and Non-Executive	5	4*	Yes	-	-	-	-
Mr. V. Ravichandran Director DIN: 00110086	Non-Independent and Non- Executive	5	4	Yes	-	4	-	3
Mr. N. Srinivasan Director DIN: 00123338	Non-Independent and Non- Executive	5	4	Yes	-	6	-	4

Name of the Director	Category	Number of Board Meetings during the year 2011-12		Whether attended last AGM held on September 28, 2011	No. of Directorships in other public limited companies #		No. of Committee positions in other public limited companies $	
		Held	Attended		Chairman of the Board	Member of the Board	Chairman of the Committee	Member of the Committee
Mr. D. Kumaraswamy Managing Director DIN: 00149344	Non-Independent and Executive	5	4	Yes	-	1	-	1

There are no inter-se relationships between our Board members.

* In addition to attending four meetings, Mr. Ramdoss participated in one meeting over teleconference.

\# Excludes Directorships / Committee Positions in Private Limited Companies which are not subsidiaries of Public Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act,1956.

$ Figures include Directorships / Committee Positions in Audit Committee and Shareholders / Investors Grievance Committees only.

None of the above Directors hold any shares in the Company as on March 31, 2012.

B. Board Meetings

The Board meets atleast once in a quarter to review the financial results and other items on the agenda, which are distributed to the Directors in advance. Five Board meetings were held during the period ended March 31, 2012. These were held on July 25, 2011, September 28, 2011, October 21, 2011, January 25, 2012 and March 28, 2012 and the maximum gap between the two Board Meetings did not exceed four months.

None of the Non-Executive Directors have any material pecuniary relationship or transaction with the Company.

C. Changes in the composition of Directors during the financial year 2011-12 (9-months period).

There was no change in composition of the Board.

D. Code of Conduct

The Company has adopted the code of conduct for all Board members and Senior Management as required under Clause 49 of the Listing Agreement. The Code is posted on the Company's website: www.parrysugar.in. All Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis and a declaration to this effect by Mr. D. Kumaraswamy, Managing Director is attached to this Report.

E. Profile of Directors retiring by rotation and seeking re-appointment in pursuance of Clause 49 of the Listing Agreement.

Name of the Director	Mr. K. Ramadoss	Mr. V. Ravichandran
Date of Birth	26/04/1950	09/06/1956
Date of Appointment	27/08/2010	27/08/2010
Qualifications	B.Sc, C.A.I.I.B	Engineering Graduate and holds a Post Graduate Diploma in Management from IIM, Ahmedabad besides being a Cost Accountant and a Company Secretary.
Expertise in specific functional area	Banking Operations, Business Development, Policy matters, Credit Management with special emphasis on stressed assets.	Finance, Marketing and General Management

Chairman/Director of other Companies	Nil	**Director of other Companies** ● Coromandel International Ltd. ● E.I.D.-Parry (India) Ltd. ● Silkroad Sugars Pvt. Ltd. ● CFL Mauritius Ltd. ● Parry America Inc. ● US Neutraceuticals LLC ● Foskor (Pty) Ltd. ● Sabero Organics Gujarat Ltd. ● Murugappa Holdings Ltd.
Chairman/Member of the Committees(*) of the Boards of which he is a Director	Nil	**Audit Committee-Member** ● E.I.D.- Parry (India) Ltd. **Share Transfers & Investors Grievance Committee - Member** ● Coromandel International Ltd. ● E.I.D.- Parry (India) Ltd. **Compensation & Nomination Committee - Member** E.I.D.-Parry (India) Ltd.
No. of shares held in the Company	Nil	Nil

(*) includes Audit, Remuneration/nomination/compensation and Shareholders/Investors Grievance Committees of other Companies.

2. Audit Committee

A. Composition of the Audit Committee:

The Audit Committee of the Board comprises four members viz., Mr. S. Sandilya, Mr. K. Balasubramanian, Mr. K. Ramadoss and Mr. N. Srinivasan. Mr. S. Sandilya is the Chairman of the Audit Committee. He is an Independent Director. The Audit Committee comprises of three Independent Directors and the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements have been complied with. Mr. B. M. Rath, Company Secretary acts as the Secretary of the Committee.

Chief Financial Officer and the Managing Director are permanent invitees to the Audit Committee Meetings. Besides the Statutory Auditors and Internal Auditors, Cost Auditor and other members of the senior management also attend when invited to the meetings.

B. Meetings and Attendance during the year

During the period ended March 31, 2012, the Audit Committee met three times on July 25, 2011, October 21, 2011 and January 25, 2012 and the maximum gap between the two Audit Committee Meetings did not exceed four months. The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

SL. No.	Name of the Member	No. of Meetings	
		Held	Attended
1.	Mr. K. Balasubramanian	3	2
2.	Mr. S. Sandilya	3	3
3.	Mr. N. Srinivasan	3	3
4.	Mr. K. Ramadoss	3	2*

(*) in addition to attending two meetings, Mr. Ramdoss participated in one meeting over teleconference.
Necessary quorum was present at all the meetings.

Mr. S. Sandilya, the Chairman of the Audit Committee was present at the Annual General Meeting held on September 28, 2011.

C. The Terms of reference of Audit Committee:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and approval of payment to statutory auditors for any other services rendered by the statutory auditors.
3. Review with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
4. Review with the management, the quarterly financial statements before submission to the Board for approval.
5. Review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discuss with internal auditors any significant findings and follow up thereon.
9. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.

The scope of Audit Committee includes matters which are set out in Clause 49 of the Listing Agreement with Stock Exchanges as amended from time to time read with Section 292A of the Companies Act, 1956.

3. Remuneration Committee

A. Composition of the Remuneration Committee

The Remuneration Committee comprises four members viz, Mr. S. Sandilya, Mr. K. Balasubramanian, Mr. V. Ravichandran and Mr. K. Ramadoss. Mr. S. Sandilya, an Independent Director, is the Chairman of the Remuneration

Committee. Mr.B. M. Rath, Company Secretary acts as Secretary to the Remuneration Committee. Mr. S. Sandilya, the Chairman of the Remuneration Committee was present at the Annual General Meeting held on September 28, 2011.

B. Terms of Reference

- Determine and recommend to the Board, the remuneration payable including any revision in remuneration payable to Managing Director / Executive Directors / Non-Executive Directors.
- Take into consideration and ensure compliance of the provisions under Schedule XIII of the Companies Act, while determining the remuneration.
- Consider such other matters as the Board may advise the Committee.

C. Remuneration Committee Meetings

The Remuneration Committee Meetings are held whenever matters pertaining to the remuneration payable including any revision in remuneration to Managing Directors/Executive Directors/Non Executive Directors, are considered.

During the period ended March 31, 2012 the Committee met once on July 25, 2011.

D. Attendance of Remuneration Committee Members during period ended March 31, 2012

Sl. No.	Name of the Member	No. of Committee Meetings	
		Held	Attended
1.	Mr. S. Sandilya	1	1
2.	Mr. K. Balasubramanian	1	1
3.	Mr. V. Ravichandran	1	1
4.	Mr. K. Ramadoss	1	1*

(*) Mr. K. Ramadoss participated over teleconference.

E. Remuneration Policy

i) Remuneration to Executive Directors

Remuneration to the Executive Directors comprises Salary, Allowances & Perquisites and performance incentive. While determining the remuneration, the Committee takes into account the financial position of the Company, prevailing trend in the industry, qualification, experience and past performance of the person. The performance incentive is determined based on performance parameters as per the Company's Policy and also based on certain pre-agreed performance parameters. The Company does not have any Employees Stock Option Scheme.

Details of remuneration paid during the financial year 2011-12 (9 months) are furnished hereunder:

(₹ in Lakhs)

Name of the Director	Salary	Allowances & Perquisites	Incentive	Total (*)
Mr. D. Kumaraswamy Managing Director	18.59	38.53	8.26	65.37

(*) Contribution to provident fund and other benefits are excluded.

Note: In view of the inadequacy of profit during the financial year 2011-12, the Company had obtained approval of the Central Government for payment of remuneration in excess of the limits specified in Schedule XIII of the Companies Act, 1956.

ii) Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees at ₹ 15,000/- for each Board and Audit Committee Meetings and ₹ 10,000/- each for other Committee Meetings. The Company also reimburses the out of pocket expenses incurred by the Directors for attending the Meeting. The details of sitting fees paid to the Non-Executive Directors for the financial year 2011-12 (9 months) are as under:

Name of the Director	Sitting Fees (₹ in Lakhs)
Mr. S. Sandilya	1.30
Mr. K. Balasubramanian	0.90
Mr. V. Ravichandran	0.70
Mr. N. Srinivasan	1.15
Mr. K. Ramadoss	1.30
Total	**5.35**

4. Shareholders / Investors Grievance Committee

A. Composition of the Committee:

The Shareholders/Investors Grievance Committee comprises Mr. K. Balasubramanian, Mr. D. Kumaraswamy and Mr. K. Ramadoss. Mr. K. Balasubramanian, Non-Executive Independent Director, is the Chairman of the Committee. The composition of the Committee meets the requirements of Clause 49 of the Listing Agreement. Mr. B. M. Rath, Company Secretary & Compliance Officer acts as the Secretary of the Committee.

The functions of the committee include (i) dealing with the investors complaints like delay in transfers of shares, non-receipt of balance sheet, non-receipt of declared dividends/share certificates, dematerialization of shares, replacement of lost/stolen/ mutilated share certificates, etc, (ii) investigate into investors complaints and take necessary steps for redressal thereof (iii) to perform all functions relating to the interest of shareholders/investors of the Company as may be required by the provisions of the Companies Act, 1956, Listing Agreements and the guidelines issued by SEBI or any other regulatory authority.

Name and designation of Compliance Officer:

Mr. B. M. Rath, General Manager (Legal) & Company Secretary

B. Meetings of the Shareholders/Investors Grievance Committee

During the financial year 2011-12 (9 months), the Committee met three times on July 25, 2011, October 21, 2011 and January 25, 2012.

C. Attendance of Shareholders/Investors Grievance Committee Members are as under:

SL. No.	Name of the Member	No. of Meetings	
		Held	Attended
1.	Mr. K. Balasubramanian	3	2
3.	Mr. D. Kumaraswamy	3	2
4.	Mr. K. Ramadoss	3	2*

(*) In addition to attending two meetings Mr. K. Ramadoss participated in one meeting over teleconference.

D. The details of complaints received during the financial year 2011-12 (9 months) and status of the same are given below:

SL. No.	Particulars	No. of complaints		
		Received	Resolved	Pending
1.	Non-receipt of dividend warrants	3	3	-
2.	Non-receipt of securities	4	4	-
3.	Non-receipt of Annual Report	2	2	-
	Total	**9**	**9**	**-**

5. General Body Meetings

(a) Annual General Meetings

The venue, date and time of the Annual General Meetings held during the preceding three years and the Special Resolution passed thereat are as under:

Year	Date & Time of Meeting	Venue	Special resolutions passed
2010-11	September 28, 2011 at 11.00 A.M.	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	-
2009-10	August 4, 2010 at 11.00 A.M.	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	-
2008-09	September 17, 2009 at 10.30 A.M.	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	1) Payment of remuneration to the Managing Director in excess of the limits as per Sub Clause C of Section II of Part II of Schedule XIII of the Companies Act, 1956. 2) Payment of remuneration to the Director – Technical in excess of the limits as per Sub Clause B of Section II of Part II of Schedule XIII of the Companies Act, 1956. 3) Payment of remuneration to the erstwhile Managing Director in excess of the limits as per Sub Clause B of Section II of Part II of Schedule XIII of the Companies Act, 1956.

(b) Extraordinary General Meetings

The venue, date and time of the Extraordinary General Meeting held during the preceding three years and the Special Resolution passed thereat are as under:

Year	Date & Time of Meeting	Venue	Special resolutions passed
2011-12	November 17, 2011 at 11.30 A.M.	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	-
2010-11	June 28, 2011 at 11.00 A.M.	Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru-560001	Issue of Preference shares of ₹ 10/- each aggregating to a nominal amount not exceeding ₹ 100 Crores.

(c) Postal Ballot

There were no Special Resolutions passed through postal ballot during the Financial year 2011-12.

6. Disclosures

(i) Disclosure on materially significant related party transactions that may have potential conflict with the interests of company at large:

There are no transactions which may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 47 of the Significiant Accounting Policies and Notes on Account.

Disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

(ii) Disclosure of Accounting Treatment

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

(iii) Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed by the stock exchanges or SEBI or any statutory authority.

(iv) Whistle blower policy and affirmation that no personnel have been denied access to the Audit Committee.

With a view to maintain high level of legal, ethical and moral standards and to provide a platform for the employees to voice their concern on any malpractices, impropriety, abuse or wrongdoing, the Company has formulated a whistle blower policy which is applicable to the company. The employees can raise his/her concern to the designated person and necessary action will be taken.

(v) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with all the mandatory requirements on Corporate Governance as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. Compliance reports in the prescribed format has been submitted to the Stock Exchanges for all the quarters.

As regards the non-mandatory requirements, the following have been adopted:

1. Remuneration Committee

As detailed in the earlier paragraphs, the Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 28th September, 2011.

2. Risk Management Committee

The Board has constituted a “Risk Management Committee” under the Chairmanship of Mr. K. Ramadoss, Independent Director and the Managing Director as member. The other business heads, departmental heads are invited to the Committee meetings as and when required. The details of risk assessments and the mitigation plans appear under the Management Discussion and Analysis Report forming part of the Annual Report.

3. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy with the objective to provide employees, customers and vendors an avenue to raise concerns, in line with Parrys Sugar Industries Ltd.'s commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The Audit Committee periodically reviews the functioning of the Whistle Blower Mechanism. The Whistle Blower Policy has also been posted on the Company’s website www.parrysugar.in

4. Shareholder Rights

The quarterly financial results are published in leading financial newspapers and uploaded on the Company’s website besides being sent to the Stock Exchanges. The Company has therefore not been sending the half yearly financial results to the shareholders.

5. Other non-mandatory requirements have not been adopted by the Company.

(vi) Corporate Identity Number (CIN)

The Corporate Identity Number of the Company allotted by the Ministry of Corporate Affairs, Government of India is: L28100KA1986PLC049077.

(vii) Compliance certificate

Certificate from a Practicing Company Secretary, M/s. V. Sreedharan & Associates confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

(viii) Share Capital Audit

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Share Capital audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The audit is carried out every quarter and report thereon is submitted to the Stock Exchanges and is placed before the Board of Directors.

(ix) Compliance

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

(x) Subsidiary Company

The Company does not have any material non listed Indian Subsidiary Company. The Audit Committee reviews the financial statements of the unlisted subsidiary company. The minutes of the Board meetings as well as the financial statements of the unlisted subsidiary company are placed before the Board of Directors of the Company for their review.

(xi) Equity shares in the Suspense Account

As per Clause 5A of the Listing Agreement with Stock Exchanges, 141091 equity shares held in physical form which remain unclaimed has been transferred to the Unclaimed Suspense Account. All corporate benefits that accrue on these shares shall also be credited to the said suspense account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

(xii) Transfer of Unpaid/Unclaimed amounts to Investor Education and Protection Fund

Pursuant to the provisions of Sections 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for the financial year 2003-04 to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the Company or IEPF for the amounts so transferred nor shall any payment be made in respect of such claims.

The information relating to outstanding unclaimed dividend accounts and the dates by which they can be claimed by the members are given below:

Financial year	Date of Declaration	Date of Payment	Last date for claiming unpaid dividend
2004-05	August 20, 2005	September 16, 2005	August 19, 2012
2005-06	September 28, 2006	October 27, 2006	September 27, 2013
2006-07	September 25, 2007	October 22, 2007	September 24, 2014
2007-08	September 25, 2008	October 3, 2008	September 25, 2015

The Members are requested to claim their unpaid/unclaimed dividends for the financial years 2004-05; 2005-06; 2006-07 and 2007-08 at the earliest. Once the above amounts are transferred to IEPF, no claim of the shareholder shall lie against the Company or the IEPF.

7. Means of Communication

The Annual Reports, notices and other communications have been sent to each shareholder through post, e-mail. As per the statutory requirements under Clause 41 of the Listing Agreement with the Stock Exchanges, the quarterly/ annual (consolidated) financial results and the segment-wise reports are generally published in "Business Standard" and "Samyukta Karnataka" (a regional daily in Kannada language). The financial results, shareholding pattern and other updates on the working of the Company have been posted on the Company's website: www.parrysugar.in. Besides the above, the Company also submits, inter-alia, to the Stock Exchanges, the full version of the Annual Report; information on corporate governance; quarterly/half yearly/yearly financial results; quarterly shareholding pattern; details of appointment/resignation of Directors and Company Secretary and such other reports as may be specified. In terms of clause 52 of the Listing Agreement with the Stock Exchanges, the Company also submits the statements, information and reports on the Corporate Filing and Dissemination System (CFDS) which are available at www.corpfiling.co.in

8. General Shareholder Information

I.	**AGM:**	Date: July 26, 2012 Time: 10.30 A.M. Venue: Khincha Hall, Bharatiya Vidya Bhavan, Race Course Road, Bengaluru – 560 001.
II.	**Financial Calendar**	Financial year: April to March
		The financial results are proposed to be declared as per the following tentative schedule:

Particulars	Tentative schedule
Financial reporting for the quarter ending June 30, 2012	Before August 14, 2012
Financial reporting for the quarter/half year ending September 30, 2012	Before November 14, 2012
Financial reporting for the quarter/nine months ending December 31, 2012	Before February 14, 2013
Financial reporting for the quarter/year ending March 31, 2013.	In April/May 2013
Annual General Meeting for the year ending March 31, 2013.	July/August, 2013

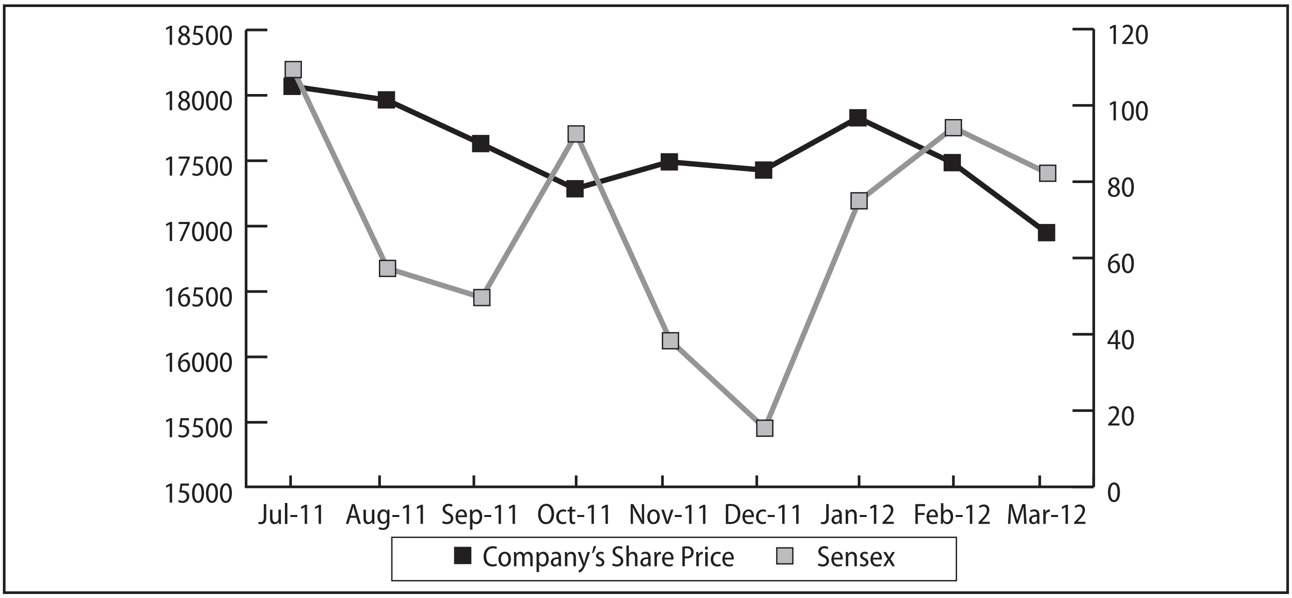
III.	**Date of Book Closure**	Wednesday, the July 18, 2012 to Thursday, the July 26, 2012, both days inclusive
IV.	**Dividend payment date**	Not Applicable
V.	**Listing on Stock Exchanges**	**Bombay Stock Exchange Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. Tel Nos: (022) 22721233/34 Fax: (022) 22723121 Stock Code: 500162 **National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G. Block Bandra - Kurla Complex, Bandra (E), Mumbai – 400 051 Tel Nos. (022) 26598100-8114 Fax: (022) 26598237/38 Stock Code: PARRYSUGAR The Company has paid listing fees for the financial year 2012-13 to each of the Stock Exchanges.

VI. Market Price Data: Monthly, High, Low and trading volume for equity shares

Month	NSE			BSE		
	High ₹ P	Low ₹ P	Volume No. of shares	High ₹ P	Low ₹ P	Volume No. of shares
July, 2011	142.00	104.15	12,825	139.85	105.00	6,993
August, 2011	106.80	95.00	4,478	108.00	92.20	2,025
September, 2011	102.00	84.30	9,769	101.00	85.00	2,760
October, 2011	89.00	69.50	6,188	95.70	71.05	1,975
November, 2011	106.50	80.00	16,758	99.90	76.55	3,197
December, 2011	115.50	82.00	6,779	112.90	82.70	2,555
January, 2012	110.00	82.05	4,577	111.30	86.00	7,810
February, 2012	95.95	79.00	4,481	101.00	79.80	4,768
March, 2012	85.90	62.50	2,07,463	85.00	65.00	2,02,514

VII. Share price performance compared with broad-based indices

Company's share price performance in comparison with BSE Sensex



VIII. Registrar & Transfer Agents

Main Office
Karvy Computershare Pvt. Ltd.
Unit: Parrys Sugar Industries Limited
Plot No.17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Phone: (040) 23420819 to 24
Fax: (040) 23420814
Email ID: einward.ris@karvy.com

Branch Office
Karvy Computershare Pvt. Ltd.
Unit: Parrys Sugar Industries Limited
No.51/2, TKN Complex, Vani Vilas Road
Opp: National College, Basavanagudi
Bengaluru - 560 004
Phone: (080) 41204350
Fax: (080) 26621169
Email Id: Bangalore@karvy.com

IX. Share Transfer System

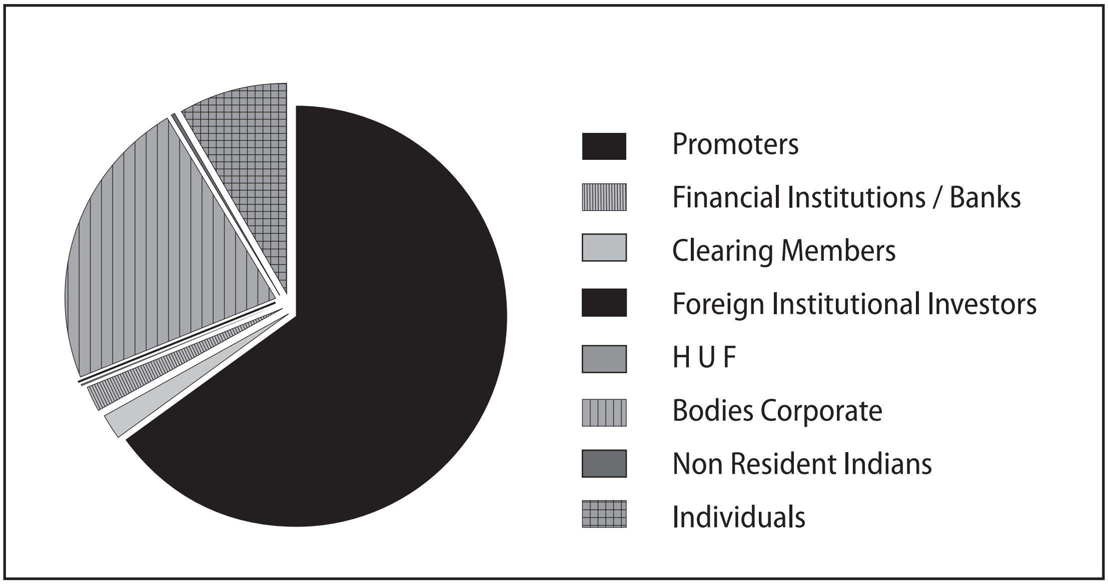
96.28% of the shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. Regarding transfer of shares held in physical form, the transfer documents can be lodged with Karvy Computershare Pvt. Ltd. at any of the above mentioned addresses or at the Registered Office of the Company. The share transfers received in physical form are processed within a period of 30 days from the date of receipt subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated the powers of approving transfers, transmission, issue of duplicate share certificates etc., to the Managing Director, Chief Financial Officer and Company Secretary. The quarterly details of shares transferred, transmitted, dematerialised etc., are placed before the Board. The Company obtains half yearly certificate from a Company Secretary in practice in compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47(c) of the Listing Agreement.

X. Distribution of shareholding of equity shares as on March 31, 2012

Sl. No.	Distribution of Holdings	No. of Shareholders	% of Shareholders	Total Shares
1.	1 - 5000	15,764	97.43%	1,337,583
2.	5001 - 10000	292	1.80%	206,132
3.	10001 - 20000	77	0.48%	103,069
4.	20001 - 30000	18	0.11%	44,531
5.	30001 - 40000	10	0.06%	33,708
6.	40001 - 50000	3	0.02%	14,571
7.	50001 - 100000	8	0.05%	57,221
8.	100001 & Above	7	0.04%	18,164,892
	Total	**16,179**	**100%**	**19,961,707**

XI. Shareholding Pattern as on March 31, 2012

Sl. No.	Description	No. of cases	Total shares	% Equity
1.	Promoters	1	12,975,110	65.00
2.	Financial Institutions / Banks	3	387,690	1.94
3.	Clearing Members	14	393,194	1.97
4.	Foreign Institutional Investors	1	2,651	0.01
5.	H U F	139	28,845	0.14
6.	Bodies Corporate	220	4,477,448	22.43
7.	Mutual Funds/UTI	3	868	0.00
8.	Non Resident Indians	131	75,940	0.38
9.	Overseas Bodies Corporate	1	248	0.00
10.	Individuals	15,666	1,619,713	8.12
	TOTAL	**16,179**	**19,961,707**	**100.00**



XII. Distribution and Shareholding Pattern of Preference Shareholders as on March 31, 2012.

The entire Preference Shares of the Company are held by M/s E.I.D.-Parry (India) Limited, the Company's holding Company, as detailed below:

1,28,31,880, 8% Non-Cumulative Redeemable Preference shares of the face value of ₹ 11/- each.

10,00,00,000, 8% Cumulative Redeemable Preference shares of the face value of ₹ 10/- each.

XIII. Dematerialisation of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerialising the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate (s) to the DP. The DP allocates a demat request number and forwards the request physically and electronically, through NSDL/ CDSL, to the R&T Agent. On receipt of the demat request both physically and electronically and after verification, the Shares are dematerialised and an electronic credit of shares is given in the account of the shareholder.

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India viz., National Securities Depository Ltd. and Central Depository Services (India) Limited (CDSL). The Company's shares are regularly traded on the National Stock Exchange of India Limited and the Bombay Stock Exchange Ltd. in electronic form.

Mode of Equity Shares held

The Company has registered itself with NSDL and CDSL and the ISIN pertaining to the equity shares of the Company is: INE353B01021. The modes of holding of the Company's equity shares as on March 31, 2012 is as under:

Description	No. of Shareholders	No. of Shares	% Equity
Physical	7,006	7,43,874	3.73
NSDL	6,855	1,89,84,787	95.11
CDSL	2,318	2,33,046	1.17
Total:	**16,179**	**1,99,61,707**	**100.00%**

XIV. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments.

XV. Prevention of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has instituted a comprehensive Code of Conduct for Prohibition of Insider Trading in the Company's shares. This code is applicable to all Directors/officers (including Statutory Auditors) / designated employees. The Code ensures prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

XVI. Plant Locations

(i) Sugar Complex- Sugar, Co-generation power, Distillery & Bio-fertilizers Unit at Sankili Village, Regidi Amadalavalasa Mandal, Srikakulam District 532 440, Andhra Pradesh

(ii) Sugar complex – Sugar, Co-generation Power & Distillery Units at Hullatti Village, Haliyal Mandal, Uttara Kannada District, Karnataka

(iii) Sugar complex – Sugar & Co-generation Power (leased unit) at Khanpet Village, PO Toragall, Ramdurg Taluk, Belgaum District, Karnataka.

XVII. Address for Correspondence

Registered office Address:

Parrys Sugar Industries Limited
Venus Building, 3rd Floor,
1/2 Kalyanamantapa Road
Jakkasandra, Koramangala,
Bengaluru – 560 034
Phone: 080-49006666
Fax: 080-49006600

Registrar & Share Transfer Agents:

Karvy Computershare Pvt. Ltd.
(Unit: Parrys Sugar Industries Limited)
Plot Nos.17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Phone: +91 40 44655000
Fax: +91 40 23420814
Email: einward.ris@karvy.com

XVIII. Corporate Governance Voluntary Guidelines 2009

The Company, in line with its stated policy of being committed to the principles and practices of good corporate governance, is in compliance with many of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility for implementation progressively.

XIX. Management Discussion and Analysis

The Management Discussion and Analysis forms part of the Annual Report.

Declaration regarding compliance by Board Members and Senior Management with the Company's Code of Conduct

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year (9-months) ended March 31, 2012 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

D.Kumaraswamy
Managing Director

Chennai
April 24, 2012

Corporate Governance Compliance Certificate

Corporate Identity No: L28100KA1986PLC049077
Nominal Capital : ₹ 175 Crores

To the Members of Parrys Sugar Industries Limited

We have examined all the relevant records of Parrys Sugar Industries Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the 9 (Nine) months period from July 1, 2011 to March 31, 2012. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced and the explanations and information furnished, we certify that the Company has complied with:

(a) All the mandatory conditions of the said Clause 49 of the Listing Agreement

(b) The following non-mandatory requirements of the said Clause 49:

  (i) Clause 2 relating to Remuneration Committee

  (ii) Clause 7 relating to Whistle Blower Policy

For V. Sreedharan & Associates
Company Secretaries
V. SREEDHARAN
Partner
FCS 2347; CP No. 833

Bengaluru
April 17, 2012

Auditors' Report

To the Members of Parrys Sugar Industries Limited

1. We have audited the attached Balance Sheet of Parrys Sugar Industries Limited as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the nine months period 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 the 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) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

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

   c. The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of accounts of this Company;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

   e. On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the Notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012,

      ii) In the case of the Statement of Profit and Loss, of the Loss of the Company, for the nine months period ended on that date.

      iii) In the case of Cash Flow Statement, of the Cash Flow for the nine months period ended on that date.

For R.G.N Price & Co.,
Chartered Accountants
Firm Regn. No.: 002785S

H. S. Venkatesh
Partner
Membership No. 026666

Chennai
April 24, 2012

Annexure to the Auditors' Report

Annexure referred to in Para 3 of our report of even date on the Accounts of Parrys Sugar Industries Limited, for the nine months period ended 31st March 2012

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the management has generally carried out the physical verification of a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and discrepancies, if any, were properly dealt with on such verification during the nine months period.

(c) During the nine months period, the Company has not disposed off substantial portion of the fixed assets.

(ii) (a) The Raw material, Stores and Spare Parts, Tools, Work in Progress inventory with the Company have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable. In case of finished goods, stock verification was done at the nine months period end.

(b) The procedures of physical verification of Raw material, Stores and Spare Parts, Tools, Work in Progress inventory and Finished goods followed by the management are generally 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. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt in the books.

(iii) The Company has not granted / taken any loans to / from parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence, Clause No. 4 (iii) of Companies Audit Report Order, 2003, as amended in 2004, is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered in register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58 A and 58 AA of the Companies Act, 1956 and rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not , however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax (VAT), Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Service Tax, Sales Tax(VAT), Customs Duty, Excise Duty and Cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, Sales Tax(VAT), Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute except as follows:

Sl. No.	Statute	Nature of Dues	Forum where the dispute is pending	Amount (₹ In Lakhs)	Period to which the matter pertains
1.	Central Excise Act, 1944	Central Excise Duty	The Additional Commissioner of Central Excise and Customs	16.74	2011-12
		CENVAT Credit	The Additional Commissioner of Central Excise & Service Tax	3.42 166.10 0.96 3.86	2008-09 2011-12 2008-09 2009-10
			The Assistant Commissioner of Central Excise and Customs	0.45 6.16	2007-08 2011-12
			The Commissioner of Central Excise	39.69	2007-08
			The Superintendent of Central Excise and Customs	0.25	2010-11
		Goods cleared without excise invoice	The Additional Commissioner of Central Excise and Customs	1.50	2008-09
2.	Finance Act, 1994 (Service Tax)	GTA on Outward Freight	Commissioner of Central Excise & Customs	60.48	2011-12
			The Additional Commissioner of Central Excise and Customs	1.68	2008-09
			The Assistant Commissioner of Central Excise and Customs	4.63	2011-12
		Non-payment of Service Tax	The Assistant Commissioner of Central Excise and Customs	3.11	2008-09
3.	Karnataka Tax on Entry of Goods Act, 1979	Levy of Entry Tax	Deputy Commissioner of Commercial Taxes (Audit-1)	18.95	2010-11
4.	Andhra Pradesh General Sales Tax Act, 1956	Excess ITC claimed	Appellate Deputy Commissioner	3.27	2010-11
			Asst. Commissioner (CT) LTU	1.85	2010-11
		Sales Tax	High Court of Andhra Pradesh	37.01	2004-05
5.	Andhra Pradesh Electricity Duty Act, 1939	Electricity Duty	Government of Andhra Pradesh – Electrical Inspectorate	314.63	2004-05 to 2011-12

(x) The Company has accumulated losses amounting to ₹ 66.35 crores as at March 31, 2012 and the same has exceeded 50% of net worth. The Company has not incurred cash losses during the nine months period. However the Company has incurred Cash losses of ₹ 67.88 Crores in the immediately preceding financial period. During the period, the Company has informed BIFR under Section 23 (1) (a) of Sick Industrial Companies (Special Provisions) Act, 1985 since accumulated losses exceeded 50% of networth as on 30th June 2011.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank and financial institutions at the Balance Sheet date.

(xii) According to the information furnished, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions during the period except for Agricultural loans availed by Sugarcane suppliers from Banks, the repayment of which is out of Cane price payable and in our opinion the terms and conditions of which, are not prima facie prejudicial to the Company.

(xvi) In our opinion, based on our examination of books on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debentures.

(xx) The Company has not raised money by Public Issues and hence Clause 4 (xx) of CARO 2003 is not applicable to the Company.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the period nor have we been informed of any such case by the management, that causes the financial statements to be materially misstated.

For R.G.N Price & Co.,
Chartered Accountants
Firm Regn. No.: 002785S

H. S. Venkatesh
Partner
Membership No. 026666

Chennai
April 24, 2012

Balance Sheet as at March 31, 2012

₹ in Lakhs

Sl. No.	Particulars	Note No.	As at March 31, 2012	As at June 30, 2011
I.	**Equity and Liabilities**			
	1. Shareholders' Funds			
	(a) Share Capital	1	**13,407.68**	10,907.68
	(b) Reserves and Surplus	2	**(6,637.46)**	(6,000.13)
	(c) Money received against share warrants		**-**	-
	2. Share Application Money Pending Allotment		**-**	-
	3. Non-Current Liabilities			
	(a) Long Term Borrowings	3	**41,922.51**	38,128.87
	(b) Deferred Tax Liability (Net)	33	**-**	1,375.60
	(c) Other Long Term Liabilities	4	**852.96**	555.42
	(d) Long Term Provisions	5	**-**	-
	4. Current Liabilities			
	(a) Short Term Borrowings	6	**18,239.50**	23,144.74
	(b) Trade Payables	7	**9,130.89**	2,246.68
	(c) Other Current Liabilities	8	**9,903.12**	3,201.96
	(d) Short Term Provisions	9	**52.92**	68.64
	TOTAL		**86,872.12**	73,629.46
II.	**Assets**			
	1. Non-Current Assets			
	(a) Fixed Assets	10		
	(i) Tangible Assets		**51,174.14**	48,645.12
	(ii) Intangible Assets		**247.32**	330.63
	(iii) Capital Work in Progress		**1,123.96**	139.81
	(iv) Intangible assets under development		**-**	-
	(b) Non Current Investments	11	**1,362.94**	1,362.94
	(c) Deferred Tax Asset (Net)		**-**	-
	(d) Long Term Loans & Advances	12	**2,928.43**	2,311.14
	(e) Other Non-Current Assets	13	**526.06**	582.64
	2. Current Assets			
	(a) Current Investments	14	**5.00**	5.00
	(b) Inventories	15	**17,661.09**	12,459.31
	(c) Trade Receivables	16	**4,601.45**	1,393.87
	(d) Cash and Cash Equivalents	17	**1,329.20**	875.00
	(e) Short Term Loans & Advances	18	**5,905.59**	5,521.65
	(f) Other Current Assets	19	**6.94**	2.35
	TOTAL		**86,872.12**	73,629.46

See accompanying notes to the financial statements 26-49

The notes referred to above form an integral part of the Balance Sheet

In terms of our report of even date attached

For and on behalf of the Board

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785S

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Statement of Profit and Loss for the period ended March 31, 2012

₹ in Lakhs

Sl. No.	Particulars	Note No.	9 months ended March 31, 2012	15 months ended June 30, 2011
I.	**Revenue from Operations**	20	**46,739.09**	41,784.06
II.	**Other Income**	21	**5.75**	10.61
III.	**Total Revenue (I + II)**		**46,744.84**	41,794.67
IV.	**Expenses:**			
	Cost of materials consumed		**37,800.90**	34,882.44
	Purchases of Stock-in-Trade		**-**	-
	Changes in Inventories	22	**(4,819.32)**	(3,308.61)
	Employee benefit expenses	23	**1,961.64**	1,974.10
	Finance costs	24	**5,178.17**	7,823.24
	Depreciation and amortisation expenses		**2,349.96**	3,665.80
	Other expenses	25	**6,286.42**	7,211.32
	Total Expenses		**48,757.77**	52,248.29
V.	**Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)**		**(2,012.93)**	(10,453.62)
VI.	Exceptional items		**-**	-
VII.	**Profit / (Loss) before extraordinary items and tax (V - VI)**		**(2,012.93)**	(10,453.62)
VIII.	Extraordinary items		**-**	-
IX.	**Profit / (Loss) before tax**		**(2,012.93)**	(10,453.62)
X.	**Tax Expenses:**			
	(1) Current Income Tax		**-**	(123.97)
	(2) Deferred Income Tax	33	**(1,375.60)**	(862.24)
	(3) Total		**(1,375.60)**	(986.21)
XI.	**Profit / (Loss) for the period (IX - X)**		**(637.33)**	(9,467.41)
XII.	**Earning Per Equity Share**	46		
	(1) Basic		**(6.50)**	(47.44)
	(2) Diluted		**-**	-

See accompanying notes to the financial statements 26-49

The notes referred to above form an integral part of the Statement of Profit and Loss.

In terms of our report of even date attached

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785S

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

For and on behalf of the Board

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Notes forming part of the Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 1		
SHARE CAPITAL		
AUTHORISED :		
5,19,00,000 (2011: 5,19,00,000) Equity Shares of face value of ₹ 10/- each	**5,190.00**	5,190.00
2,10,00,000 (2011: 2,10,00,000) (8%) Redeemable Non Cumulative Preference Shares of face value of ₹ 11/- each	**2,310.00**	2,310.00
10,00,00,000 (2011: 10,00,00,000) (8%) Redeemable Cumulative Preference Shares of face value of ₹ 10/- each	**10,000.00**	10,000.00
	17,500.00	17,500.00
ISSUED, SUBSCRIBED AND PAID-UP:		
19,961,707 [2011: 19,961,707] Equity Shares of ₹ 10/- each fully paid up	**1,996.17**	1,996.17
Of the above:		
[13,963,002 Equity shares of ₹ 10 each per share were issued as fully paid up to the shareholders' of erstwhile M/s Varalakshmi Sugars Limited and M/s Varalakshmi International Limited on their respective amalgamation with the Company, for consideration otherwise than in cash.]		
[12,975,110 Shares [2011: 12,975,110] of ₹10/- each are held by the Holding Company M/s E.I.D.-Parry (India) Ltd.]		
Preference Shares		
(i) 12,831,880 8% Redeemable Non Cumulative Preference shares of ₹ 11/- each	**1,411.51**	1,411.51
[The above Non Cumulative Preference shares are held by E.I.D.-Parry (India) Ltd. and were transferred from GMR Holdings Pvt. Ltd. pursuant to the Share Purchase Agreement dated 25.04.2010. These shares were earlier issued as fully paid up to M/s. GMR Holdings Private Limited and other shareholders' of erstwhile M/s. Varalakshmi International Limited on its amalgamation with the Company, for consideration otherwise than in cash.]		
[The Preference shares are redeemable not later than 8 years from the date of issue i.e. August 14, 2004 with a call option to the shareholders for redemption after three years from the date of issue.]		
(ii) 100,000,000 8% Redeemable Cumulative Preference shares of ₹ 10/- each	**10,000.00**	7,500.00
[The Preference shares are redeemable not later than 8 years from the date of issue, i.e. June 30, 2011 for 75,000,000 shares and August 30, 2011 for 25,000,000 shares, with a call option to the shareholders for redemption after three years from the date of issue.]		
	13,407.68	10,907.68

Notes forming part of the Accounts

(i) Details of shareholders holding more than 5 percent of equity shares in the company are as follows:

Name of the Shareholder	No. of Shares held			
	As at March 31, 2012		As at June 30, 2011	
	Nos.	%	Nos.	%
E.I.D.- Parry (India) Limited	12,975,110	65	12,975,110	65
GMR Holdings Private Limited	4,397,295	22	4,397,295	22

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2012		As at June 30, 2011	
	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
Equity Shares				
At the beginning of the period	**19,961,707**	**1,996.17**	19,961,707	1,996.17
Issued during the period	**-**	**-**	-	-
Outstanding at the end of the period	**19,961,707**	**1,996.17**	19,961,707	1,996.17
Preference Shares				
At the beginning of the period	**87,831,880**	**8,911.51**	12,831,880	1,411.51
Issued during the period	**25,000,000**	**2,500.00**	75,000,000	7,500
Outstanding at the end of the period	**112,831,880**	**11,411.51**	87,831,880	8,911.51

NOTE 2
RESERVES AND SURPLUS

	As at July 1, 2011	Additions	Deductions	**As at March 31, 2012**
Capital Reserves				
Capital Redemption Reserve	1,175.00	-	-	**1,175.00**
Securities Premium	991.97	-	-	**991.97**
	2,166.97	-	-	**2,166.97**
Revenue Reserves				
General Reserve	1,570.73	-	-	**1,570.73**
	1,570.73	-	-	**1,570.73**
	3,737.70	-	-	**3,737.70**

	As at March 2012	As at June 2011
Profit and Loss Account Balance	**(9,737.83)**	(270.42)
Add: Profit (Loss) for the period	**(637.33)**	(9,467.41)
	(10,375.16)	(9,737.83)
Less:		
Interim Dividend on Equity Shares -₹ Nil per share (2011 : ₹ Nil per share)	**-**	-
Proposed Dividend on Equity Shares -Nil (2011 : ₹ Nil per share)	**-**	-
Dividend Distribution Tax	**-**	-
Transfer to Debenture Redemption Reserve	**-**	-
Transfer to General Reserve	**-**	-
	(10,375.16)	(9,737.83)
Total Reserves and Surplus	**(6,637.46)**	(6,000.13)

Notes forming part of the Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 3		
LONG TERM BORROWINGS (Also Refer Note 28)		
(a) Secured Term Loans from:		
- Banks - Rupee Loan	**25,950.00**	20,500.00
- Government of India - Sugar Development Fund	**2,475.35**	3,131.71
	28,425.35	23,631.71
(b) Unsecured Term Loans from:		
- Inter Corporate Loan	**13,497.16**	14,497.16
	41,922.51	38,128.87
NOTE 4		
OTHER LONG TERM LIABILITIES		
Trade payables	**852.96**	555.42
	852.96	555.42
NOTE 5		
LONG-TERM PROVISIONS		
Provision for employee benefits	**-**	-
	-	-
NOTE 6		
SHORT TERM BORROWINGS		
(a) Loans repayable on demand		
- Cash Credit from Bank	**2,072.83**	7,144.74
- Secured Short Term loan from Banks - Rupee loan	**4,166.67**	10,000.00
- Unsecured Short Term loan from Banks - Rupee loan	**10,000.00**	4,000.00
- Inter Corporate Loans	**2,000.00**	2,000.00
	18,239.50	23,144.74
(b) Deposits		
- Secured Deposits	**-**	-
- Unsecured Deposits - From Customers	**-**	-
	-	
	18,239.50	23,144.74

Notes forming part of the Accounts

Note 6 (a)

Details of Loans and terms of repayment

Lender Name	Refer Note	**As at March 31, 2012**	As at June 30, 2011	Terms of Repayment (as at March 31, 2012)
SBI Term Loan	27 (i)	**3,000.00**	-	Repayable during next 7 years
Axis Bank Loan	27 (ii)	**20,500.00**	20,500.00	Repayable during next 7 years
ICICI Bank Loan	27 (iii)	**2,500.00**	-	Repayable during next 6 years
AB Central Excise Loan		**-**	191.02	Not Applicable
SBM Central Excise Loan		**-**	93.07	Not Applicable
SDF Term Loan I - Sankili Unit		**-**	76.61	Not Applicable
SDF Term Loan II - Sankili Unit	27 (iv)	**926.86**	1,158.57	Repayable during next 4 years
Cane Development Loan - Sankili Unit	27 (iv)	**112.50**	112.50	Repayable during next 2 years
SDF - Cogen Loan - Haliyal Unit	27 (v)	**1,783.14**	1,854.32	Repayable during next 5 years
SDF - Raw Sugar Processing Loan - Haliyal Unit	27 (v)	**15.00**	22.50	Repayable during next 2 years
SDF Cane Development Loan - Haliyal Unit	27 (v)	**75.00**	75.00	Repayable during next 2 years
SDF Cane Development Loan - Ramdurg Unit	27 (vi)	**75.00**	75.00	Repayable during next 2 years
Andhra Bank Short Term Loan		**-**	2,500.00	Not Applicable
Bank of India Short Term Loan	27 (vii)	**4,166.67**	5,000.00	Repayable during next 5 months
Axis Bank Short Term Loan		**-**	2,500.00	Not Applicable
SBI Cash Credit	27 (viii)	**2,072.83**	7,144.74	On Demand
Indian Bank Short Term Loan		**-**	4,000.00	Not Applicable
L&T Finance Ltd. Short Term Loan	28 (i)	**2,000.00**	2000.00	Repayable during next 3 months
Dena Bank Short Term Loan	28 (ii)	**5,000.00**	-	Repayable during next 9 months
Axis Bank Short Term Loan	28 (iii)	**5,000.00**	-	Repayable during next 6 months
EID Parry (India) Ltd. Loans	28 (iv)	**13,497.16**	14,497.16	Repayable during next 6 months
Total		**60,724.16**	61,800.47	

Notes forming part of the Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 7		
TRADE PAYABLES		
(a) Dues to Micro Enterprises and Medium Enterprises (Refer Note 34)	-	-
(b) Other Trade Payables	9,130.89	2,246.68
	9,130.89	2,246.68
NOTE 8		
OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Also Refer Note 28)		
- Banks - Rupee Loan	50.00	284.08
- Government of India - Sugar Development Fund	512.15	242.79
- Financial Institutions	-	-
(b) Interest accrued but not due on borrowings	1,970.44	1,115.59
(c) Unpaid dividends	46.57	56.86
(d) Other payables		
- Other Misc Liabilities	6,401.28	891.74
- Advances and Deposits from Customers/Others	922.68	610.90
- Due to Directors	-	-
	9,903.12	3,201.96
NOTE 9		
SHORT-TERM PROVISIONS		
Provision for employee benefits	52.92	68.64
	52.92	68.64

NOTE 10
FIXED ASSETS

₹ in Lakhs

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost/Value As at 01-07-2011	Additions	Deletions	Cost/Value As at 31-03-2012	As at 01-07-2011	For the year	Deletions	As at 31-03-2012	As at 31-03-2012	As at 30-06-2011
Tangible Assets										
Land	2,440.43	31.84	-	2,472.27	-	-	-	-	2,472.27	2,440.43
Buildings	9,779.62	381.79	-	10,161.41	1,176.92	220.16	-	1,397.08	8,764.33	8,602.70
Plant and Equipment	46,560.11	4,309.10	-	50,869.21	10,586.34	1,987.81	-	12,574.15	38,295.06	35,973.77
Furniture and Fixtures	2,355.76	17.41	-	2,373.17	966.19	25.48	-	991.67	1,381.50	1,389.57
Vehicles	414.70	65.23	15.34	464.59	176.05	33.23	5.67	203.61	260.98	238.65
	61,550.62	**4,805.37**	**15.34**	**66,340.65**	**12,905.50**	**2,266.68**	**5.67**	**15,166.51**	**51,174.14**	**48,645.12**
Intangible Assets										
SAP & CMS Project	666.49	-	-	666.49	335.86	83.31	-	419.17	247.32	330.63
	62,217.11	**4,805.37**	**15.34**	**67,007.14**	**13,241.36**	**2,349.99**	**5.67**	**15,585.68**	**51,421.46**	**48,975.75**
Previous Year	59,115.65	3,159.44	57.98	62,217.11	9,626.79	3,665.80	51.23	13,241.36		
Capital Work-in-Progress									1,123.96	139.81
Intangible assets under development									-	-
									52,545.42	**49,115.56**

Notes forming part of the Accounts

NOTE 11

NON-CURRENT INVESTMENTS

	Nominal Value	Nos.				Amount (₹ In Lakhs)			
	₹	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012
I. Quoted Investments									
Total Quoted Investments	-	-	-	-	-	-	-	-	-
Market Value of Quoted Investments	-	-	-	-	-	-	-	-	-
II. Unquoted Investments									
(a) Trade Investments									
- Investments in Equity Instruments									
Subsidiary Company									
Alagawadi Bireshwar Sugars Private Limited	100	102,222	-	-	**102,222**	1,362.94	-	-	**1,362.94**
Total Unquoted Investments						1,362.94	-	-	**1,362.94**
Total Non-Current Investments						1,362.94	-	-	**1,362.94**
Aggregate provision for diminution in value of investments						-	-	-	-
Total Non-Current Investments						1,362.94	-	-	**1,362.94**

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 12		
LONG-TERM LOANS AND ADVANCES		
Unsecured and considered good unless otherwise stated :		
(a) Capital Advances	**775.88**	-
(b) Security Deposits	**585.57**	606.19
(c) Loans and advances to related parties	**1,322.99**	1,312.65
(d) Other loans and advances		
- Advance Tax less Provision for Tax	**70.20**	68.68
- Balance with Customs and Central Excise Authorities	**-**	-
- MAT Credit Entitlement	**125.35**	125.35
- Advance recoverable in cash or in kind or for value to be received		
• Unsecured and Considered Good	**48.44**	198.27
• Considered Doubtful	**-**	-
	2,928.43	2,311.14
NOTE 13		
OTHER NON-CURRENT ASSETS		
(a) Long Term Trade Receivables	**-**	-
- Secured, considered good	**-**	-
- Unsecured considered good	**526.06**	582.64
- Doubtful	**-**	-
(b) Others	**-**	-
	526.06	582.64

Notes forming part of the Accounts

NOTE 14
CURRENT INVESTMENTS

	Nominal Value	Nos.				Amount (₹ In Lakhs)			
	₹	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012
I. Quoted Investments									
Other Investments									
Metkore Alloys & Industries Ltd. (formerly Cronimet Alloys India Ltd .)	2	250,000	-	-	**250,000**	5.00	-	-	**5.00**
Total Quoted Investments						**5.00**	-	-	**5.00**
Market Value of Quoted Investments						62.13	-	-	**38.00**

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 15		
INVENTORIES		
(a) Raw materials	**129.87**	101.82
(b) Work-in-progress	**739.26**	149.58
(c) Finished goods	**14,783.17**	10,658.23
(d) Finished goods in Transit	**6.63**	15.32
(e) By Products	**690.34**	576.95
(f) Stock-in-trade (in respect of goods acquired for trading)	**-**	-
(g) Stores and spares	**1,311.82**	957.41
	17,661.09	12,459.31
NOTE 16		
TRADE RECEIVABLES (UNSECURED)		
Debts outstanding for a period exceeding six months:		
(a) Considered good	**2,878.58**	529.19
(b) Considered doubtful	**-**	-
	2,878.58	529.19
Other Debts:		
Considered good	**1,722.87**	864.68
	4,601.45	1,393.87

Notes forming part of the Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 17		
CASH AND CASH EQUIVALENTS		
(a) Balances with banks		
In Current account	**259.07**	795.30
In Dividend account	**46.57**	56.86
In Margin Money accounts towards Bank Guarantee	**18.68**	18.68
In Deposit account		
• More than 12 months of maturity	**-**	-
• Others	**1,000.00**	-
(b) Cheques, drafts on hand	**-**	-
(c) Cash on hand	**4.88**	4.16
	1,329.20	875.00
NOTE 18		
SHORT-TERM LOANS AND ADVANCES		
(a) Capital Advances	**-**	-
(b) Security Deposits	**29.79**	-
(c) Loans and advances to related parties	**-**	-
(d) Other loans and advances		
- Balance with Customs and Central Excise Authorities	**2,452.19**	2,580.81
- Advance recoverable in cash or in kind or for value to be received		
• Unsecured and Considered Good	**3,423.61**	2,940.84
• Considered Doubtful	**622.36**	32.44
• Less: Provision for Doubtful Advances	**(622.36)**	(32.44)
	5,905.59	5,521.65
NOTE 19		
OTHER CURRENT ASSETS		
Income Accrued on Deposits etc.	**6.94**	2.35
	6.94	2.35

Notes forming part of the Accounts

₹ in Lakhs

	9 months ended March 31, 2012		15 months ended June 30, 2011	
NOTE 20				
REVENUE FROM OPERATIONS				
(a) Sales of Products	**47,153.66**		42,984.90	
Less : Excise Duty	**1,701.08**		1,603.60	
		45,452.58		41,381.30
(b) Sale of services				
(c) Other operating revenues		**-**		-
- Liabilities/ Provisions no longer required written back		**9.27**		24.44
- Other income from Power		**-**		60.30
- Insurance Claims Received		**353.25**		16.55
- Scrap Sales		**200.97**		61.04
- Sundry Income		**723.02**		240.43
		46,739.09		41,784.06
NOTE 21				
OTHER INCOME				
Profit on sale of Fixed Assets		**-**		-
Profit on sale of Investments		**-**		-
Dividend Income		**-**		-
Interest on Deposits, etc.		**5.75**		10.61
		5.75		10.61
NOTE 22				
CHANGES IN INVENTORIES				
(Increase)/Decrease in Stocks				
Opening Stock:				
Work-in-process	**149.58**		235.77	
Finished Goods	**11,250.50**		7,855.70	
		11,400.08		8,091.47
Closing Stock:				
Work-in-process	**739.26**		149.58	
Finished Goods	**15,480.14**		11,250.50	
		16,219.40		11,400.08
		(4,819.32)		(3,308.61)
NOTE 23				
EMPLOYEE BENEFIT EXPENSES (Refer Note 36)				
Salaries, Wages and Bonus		**1,446.03**		1,589.53
Deputed Employee Cost		**271.10**		166.45
Contribution to Provident and Other Funds		**98.84**		106.82
Expenses on Employee Stock Option Scheme (ESOP)		**-**		-
Workmen and Staff Welfare Expenses		**145.67**		111.30
		1,961.64		1,974.10

Notes forming part of the Accounts

₹ in Lakhs

		9 months ended March 31, 2012		15 months ended June 30, 2011
NOTE 24				
FINANCE COST				
(a) Interest expense;				
- Debentures		**-**		-
- Other Fixed Loans		**4351.71**		6,168.64
- Others		**580.30**		997.50
(b) Other borrowing costs		**246.16**		657.10
(c) Net gain/loss on foreign currency transactions and translation		**-**		-
		5,178.17		7,823.24
NOTE 25				
OTHER EXPENSES				
(a) Consumption of Stores, Spares and Consumables		**1,312.03**		1,373.07
(b) Power and Fuel		**475.15**		662.29
(c) Rent		**22.58**		57.41
(d) Repairs and Maintenance				
- Buildings	**50.12**		60.99	
- Plant and Machinery	**1,258.30**		1,231.81	
- Others	**170.22**		390.57	
		1,478.64		1,683.37
(e) Insurance		**95.81**		116.90
(f) Rates and Taxes		**74.93**		167.87
(g) License Fee		**64.14**		220.57
(h) Material Handling Expenses		**311.37**		312.16
(i) Other Manpower Cost		**257.67**		629.64
(j) Distribution Expenses		**15.45**		15.16
(k) Travelling and Conveyance		**186.10**		304.54
(l) Communication Expenses		**40.31**		64.99
(m) Operation Lease Rentals		**560.57**		912.51
(n) Printing and Stationery		**22.46**		24.46
(o) Auditors' Remuneration		**12.62**		20.00
(p) Directors' Remuneration		**71.30**		126.74
(q) Directors' Fees and Commission		**5.35**		7.95
(r) Sales Promotion and Publicity		**-**		-
(s) Fixed Assets scrapped		**2.71**		2.25
(t) Professional Charges		**99.54**		101.76
(u) Provision for Doubtful Debts and Advances		**589.92**		-
(v) Bad Debts/Advances written off		**-**		-
(w) General Manufacturing, Selling and Administration Expenses		**587.77**		407.68
		6,286.42		7,211.32

26. Significant Accounting Policies and Notes on Accounts

26.1 Basis of preparation of financial statements

The financial statements of the Company are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under Sub-section (3C) of Section 211 of the Companies Act, 1956 (hereinafter referred as "the Act") and other relevant provisions of the Act.

26.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities on the date of the financial statements and reported amounts of income and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

26.3 Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses for bringing the asset concerned to its working condition for its intended use, less accumulated depreciation and impairment loss. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate. Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

26.4 Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis as per terms of the lease.

26.5 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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 costs are charged to revenue.

26.6 Depreciation and Amortisation

Depreciation is provided on straight line method, pro rata to the period of use, at the rates specified in Schedule XIV of the Act or the rates based on the useful lives of the assets as estimated by the management, whichever is higher. The rates based on the useful lives of the assets in the following categories are estimated to be higher than those specified in Schedule XIV of the Act:

Electrical Equipment	5.38%
Telephone Equipment	6.33%
Computer Software	16.67%

Leasehold assets are amortized at rate based on the remaining period of lease or the rate specified in Schedule XIV of the Act, whichever is higher.

All individual assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

26.7 Investments

Long term investments are valued at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments. Current Investments are stated at lower of cost or market value.

26.8 Inventories

a. Stock of Raw-materials is valued at lower of cost or Net Realizable Value. The costs are, in general, determined on Weighted Average Basis.

b. Finished goods and Work-in-process: Finished goods are valued at lower of cost or Net Realizable Value. Cost includes direct materials, Labour and a proportion of manufacturing overheads based on normal operating capacity.

   Work In process is valued at lower of cost or Net Realizable Value. The cost is determined up to the estimated stage of process and includes direct materials, Labour and a proportion of manufacturing overheads based on normal operating parameters.

c. By Products: At estimated realizable value.

d. Stores and Spares: At lower of cost or Net Realizable Value. The costs are, in general, determined on weighted average basis.

26.9 Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed on to the buyer. Sale of goods is exclusive of sales tax and captive consumption of Molasses, Power and Baggasse. Dividend Income is recognized in the year in which the right to receive the payment is established.

Income from investments is recognized in the year in which it is accrued and stated at gross of tax deducted at source.

26.10 Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below:

(a) In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and

(b) In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/liability but not beyond March 31, 2020.

All other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/losses arising there from are adjusted to the Profit and Loss Account, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

26.11 Employee Benefits

a. Short Term Employee Benefits

Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

b. Defined Contribution Plans

These comprise of contributions to employees' provident fund with the government and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

c. Defined Benefit Plans

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

d. Other Long Term Employee Benefits

Other Long term employee benefits comprise of Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on actuarial valuation carried out at each balance sheet date.

26.12 Earnings per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

26.13 Taxes on Income

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

26.14 Provisions

A provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

26.15 Contingencies

Obligations which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes on the accounts.

26.16 Impairment of Assets

Impairment loss is provided to the extent carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of asset's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

26.17 Expenditure

Expenses are net of taxes recoverable, where applicable.

27. Secured Loans

(i) Term Loan & Short Term (Bridge) Loan extended by State Bank of India is primarily secured by Pari-passu first charge on fixed Assets of the Company and collaterally secured by second charge on the current assets of the Company.

(ii) Term Loan extended by Axis Bank Ltd. is primarily secured by Pari-passu first charge on fixed Assets of the Haliyal & Sankili Units.

(iii) Term Loan extended by ICICI Bank Ltd. is secured by Pari-passu second charge on fixed Assets of the Company. The process of charge creation in favour of ICICI Bank Ltd. is pending.

(iv) Loans extended by Sugar Development Fund, Government of India (SDF) for Modernisation/Expansion/Cane Development at the Sankili Unit is secured by Pari-passu first charge on movable & immovable properties of Sankili Unit.

(v) Loans extended by SDF for Congeneration Project/Raw-sugar processing/Cane development at the Haliyal Unit are secured by Pari-passu first charge on the movable & immovable properties of Haliyal Unit.

(vi) Loans extended by SDF for Cane development at the Ramdurg Unit is secured by Bank Guarantee.

(vii) Short term Loan extended by Bank of India is secured by Pari-passu first charge on fixed Assets of the Haliyal Unit.

(viii) Cash Credit facility extended by State Bank of India is secured by way of hypothecation of entire current assets of the Company and further secured by second charge on Company's fixed assets.

The above loans extended by SDF & Banks carry interest rates ranging from 4.00% p.a. to 13.50% p.a. The loans extended by banks are linked to their Base Rate.

28. Unsecured Loans

(i) Loan extended by L & T Finance Ltd. is unsecured in nature.

(ii) Loan extended by Dena Bank is unsecured in nature

(iii) Loan extended by Axis Bank Ltd. is unsecured in nature.

(iv) Loans extended by the Holding Company, EID Parry (India) Ltd. are unsecured in nature.

These loans cannot be withdrawn during the tenancy of the loans extended by SBI, Axis Bank Ltd. & ICICI Bank Ltd. and hence Classified as Long Term Borrowings.

The above loans extended by EID Parry (India) Ltd. & Banks carries interest rates ranging from 9.50% p.a. to 13.50% p.a. The loans extended by banks are linked to their Base Rate.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of ₹ 1819.03 Lakhs (2011: ₹ 1,587.95 Lakhs).

30. Contingent Liabilities not provided for on account of :

₹ in Lakhs

Particulars	**2012**	2011
a) Bank Guarantees	**254.00**	247.42
b) Letter of Credit	**-**	-
c) Corporate Guarantees given by the Company to banks in respect of crop loans to farmers and H&T loan	**4599.07**	1291.70
d) Arrears of fixed cumulative dividends of Preference shares	**1.64**	-
e) Claims made by Government Departments against the Company not acknowledged as debts:		
i. Excise claims under appeal	**309.04**	263.79
ii. Sales tax & Commercial taxes appeal under various states	**61.08**	79.76
iii. Other claims	**-**	-
f) Preference Dividend attributable to Cumulative Preference Shares	**568.31**	1.64

31. a) The Ministry of Corporate Affairs, Government of India has vide its Notification No. GSR 225(E) dated March 31, 2009 has announced Companies Accounting Standards (Amendment) Rules 2009 prescribing changes to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' extended till 31-03-2020.

The Company has, pursuant to the adoption of such principles of Companies (Accounting Standards) Amendment Rules 2009, exercised the option of recognizing the exchange differences arising on reporting of foreign currency monetary items at rates different from those at which they were recorded earlier, in the original cost of such depreciable fixed assets in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of a depreciable asset.

Exchange differences aggregating to ₹ NIL arising during the year ended March 31, 2012 (2011: ₹ 0.54 Lakhs) have been adjusted to the cost of the depreciable assets.

b)

Particulars	**2012**	2011
Borrowing Cost Capitalised on fixed assets/CWIP	**294.34**	113.08

32. Operating Leases

i. The Company has entered in to a non-cancellable operating lease agreement with Shri Dhanalakshmi Sahakari Sakkare Karkhane Niyamit, Ramdurg for the lease of sugar factory together with the specified assets on Built, Own, Operate and Transfer basis (BOOT) for a period of 25 years. Lease rentals of ₹ 560.57 Lakhs (2011: ₹ 912.51 Lakhs) in respect of the obligation under such lease agreement have been recognized in the Profit and Loss Account.

Future obligations of lease rentals applicable to the above lease agreement aggregate to ₹14,238.40 Lakhs (2011: ₹ 14,798.97 Lakhs) and are due:

(₹ in Lakhs)

Particulars	2012	2011
Not later than one year	**769.85**	753.04
Later than one year and not later than five years	**3,317.37**	3,244.91
Later than five years	**10,151.18**	10,801.02
Total	**14,238.40**	14,798.97

ii. The Company has certain operating leases for office facilities and residential premises under a cancellable operating lease agreement. Such agreements are generally with the option of renewal against increased rent and premature termination of agreement. The charge on account of lease rentals under such agreements to the Profit and Loss Account for the year is ₹22.58 Lakhs (2011: ₹ 57.41 Lakhs). The future obligations of lease rentals applicable are as under:

(₹ in Lakhs)

Particulars	2012	2011
Not later than one year	**25.14**	24.37

33. Deferred Tax

(₹ In Lakhs)

The major components of the deferred tax assets and liabilities on account of timing differences are as follows:

	Deferred Tax Liability/(Asset)	
	2011-12	2010-11
Deferred Tax Liability		
Difference between the written down value of assets as per books of account and Income Tax Act.	**1,375.60**	4,475.92
Deferred Tax Asset		
Unabsorbed Depreciation	**(398.50)**	(3070.46)
Business Loss	**(977.10)**	-
Others	-	(29.86)
Net Deferred Tax Liability	–	1,375.60

34. There are no suppliers falling under the Micro, Small and Medium Enterprise registered with the company.

35. With respect to receivables from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) included under Sundry Debtors:

a) Amounts aggregating to ₹777.78 Lakhs [2011:₹ 715.87 Lakhs] relate to price difference matter in dispute where the Company has appealed before the Apellate Tribunal for Electricity (ATE) against an order of State Commission. As the matters are pending before the ATE, the Company, as a matter of prudence, has postponed the recognition of such amounts as income and a corresponding credit is retained as liability in the books of account and adjusted against Sundry Debtors as at March 31, 2012.

b) Amounts aggregating to ₹526.06 Lakhs [2011: ₹ 582.64 Lakhs] relate to other matters in dispute where the Company has appealed before the ATE against the orders of State Commission. As the matters are pending before the ATE, no adjustment has been made in respect of such dues recognised as receivable as at March 31, 2012.

36. (a) The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Profit and Loss Account.

(₹ in Lakhs)

Particulars	Gratuity (Funded)			
	2011-12	2010-11	2009-10	2008-09
Present Value of obligations at the beginning of the year	**94.54**	104.65	84.09	62.03
Current service cost	**4.51**	16.11	30.62	34.62
Interest Cost	**19.58**	9.62	6.08	4.25
Benefits Settled	**(20.61)**	(21.60)	(16.11)	(2.59)
Actuarial loss/(gain)	**(0.35)**	(14.24)	(0.03)	(14.22)
Present Value of obligations at the end of the period	**97.67**	94.54	104.65	84.09
Changes in the fair value of planned assets				
Fair value of plan assets at beginning of year	**136.55**	67.38	76.97	41.44
Expected return on plan assets	**8.05**	8.76	5.51	4.42
Contributions	**-**	79.75	-	30.12
Benefits Paid	**(20.61)**	(21.60)	(16.11)	(2.59)
Actuarial gain/(Loss) on plan assets	**(0.79)**	2.26	1.01	3.58
Fair Value of plan assets at the end of the year	**123.20**	136.55	67.38	76.97
Amounts recognized in the Balance Sheet				
Projected benefit obligation at the end of the period	**97.67**	94.54	104.65	84.09
Fair value of plan assets at end of the period	**123.20**	136.55	67.38	76.97
Funded status of the plans – asset/(Liability) recognised in the balance sheet	**25.53**	42.01	(37.27)	(7.12)
Cost for the period				
Current service cost	**4.51**	16.11	30.62	34.62
Interest Cost	**19.58**	9.62	6.08	4.25
Expected return on plan assets	**(8.05)**	(8.76)	(5.51)	(4.42)
Net actuarial (gain)/loss recognised in the period	**(20.61)**	(11.98)	(1.32)	(17.81)
Net Cost	**(4.57)**	4.99	29.87	16.64
Assumptions				
Discount rate	**8.50%**	8%	8%	7%
Expected return on assets	**8.50%**	8%	8%	8%
Rate of Compensation increase	**6%**	6%	6%	6%
Attrition rate	**5%**	5%	5%	5%
Retirement expectancy (in years)	**60**	60	60	58
Expected average remaining service (in Years)	**23.20**	23.27	23.36	22.12
Mortality rates	**LIC 1994-96 ultimate table**	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table
Actual return on plan assets (₹ In Lakhs)	**7.26**	9.71	6.52	8.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

As per the best estimate of the management, contribution of ₹5.00 lakhs is expected to be paid to the plan during the year ending March 31, 2013.

(b) Provision made during the year for other long term employee benefits based on the actuarial valuation report amounted to ₹NIL (2011: ₹ 41.54 Lakhs).

(c) During the period, the Company has recognised the following amounts in the Profit and Loss Account, which are included in Contribution to Provident and Other Funds.

(₹ in Lakhs)

Particulars	**2012**	2011
Provident Fund and Employees' Pension Scheme	**98.84**	96.40

37. Auditors' Remuneration and Expenses:

(₹ in Lakhs)

	2011-12	2010-11
(i) Audit Fees	**12.50**	14.00
(ii) Tax Audit	-	-
(iii) Company Law matters	-	-
(iv) Management Services	-	-
(v) Fees for other services	-	6.00
(vi) Reimbursement of out of pocket expenses	**0.12**	-
Total	**12.62**	20.00

38. Particulars in respect of Finished Goods Stock

Classes of Goods	**Unit**	**Opening Stock**				**Closing Stock**			
		2011-12		2010-11		**2011-12**		2010-11	
		Qty.	**Value ₹ Lakhs**	Qty.	Value ₹ Lakhs	**Qty.**	**Value ₹ Lakhs**	Qty.	Value ₹ Lakhs
Sugar	Quintals	437,855	10,096.61	281,732	6,248.63	620,550	13,995.69	437,855	10,096.61
Molasses	MT	19,347	560.95	22,010	1,070.61	20,828	545.26	19,347	560.95
Work-in-process	Quintals	7,713	173.77	10,008	226.69	34,214	728.00	7,713	173.77
WIP-Molasses	MT	30	0.80	19	9.08	1,628	33.34	30	0.80
Bagasse/Bio-mass	MT	2,239	16.00	2,393	15.55	26,260	184.83	2,239	16.00
Distillery:									
Rectified Spirit	Litres	414,723	98.81	708,860	198.72	393,092	90.71	414,723	98.81
Impure Spirit	Litres	32,630	38.10	264,978	55.78	349,450	62.90	32,630	38.10
ENA	Litres	1,107,172	275.34	242,941	85.49	1,850,467	427.16	1,107,172	275.34
Ethanol	Litres	594,093	125.97	535,344	180.92	750,353	151.51	594,093	125.97
Work in progress	Litres	-	-	-	-	-	-	-	-
			11,386.35		8,091.47		**16,219.40**		11,386.35

39. Particulars in respect of Finished Goods – Sales

Classes of Goods	Unit	Sales (including Excise Duty)			
		2011-12		2010-11	
		Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs
Sugar	Quintals	1,589,519	40,013.30	1,241,396	32,768.23
Molasses*	MT	57,220	698.50	65,876	1,298.94
Cogeneration - Power#	Units	79,408,742	2,343.24	90,172,760	3,179.31
Distillery **					
Rectified Spirit	Litres	3,628,100	1,073.95	3,731,100	859.27
ENA	Litres	4,703,000	1,564.59	7,800,000	2,467.27
Impure Spirit	Litres	548,600	38.46	539,250	108.07
Ethanol	Litres	3,537,000	1,096.93	6,343,600	2,156.75
Others			324.69		147.06
			47,153.66		42,984.90

* Includes inter division transfers of 40,833 MT (2011: 31,571 MT) at Nil value.

\# Net of captive consumption

** Excludes quantities used in the processing of other distillery products mentioned above.

40. Analysis of Raw Materials Consumed

Description	Unit	2011-12		2010-11	
		Qty.	Value ₹ Lakhs	Qty.	Value ₹ Lakhs
Sugarcane	MT	1,460,989	37,280.37	1,295,502	30,871.88
Coal	MT	1,146	47.98	55,095	2,046.51
Others			472.55		1,964.05
			37,800.90		34,882.44

(₹ In Lakhs)

		2011-12	2010-11
41.	**Value of Imports on C.I.F Basis**		
	Capital Goods	-	12.50
	Spares	9.82	-
		9.82	12.50
42.	**Expenditure in Foreign Currency**		
	Travel	0.69	1.25
	Professional Fee	-	0.68
		0.69	1.93
43.	**Earnings in Foreign Currency**		
	Sale of Carbon Credit Emission Reduction	70.13	-
		70.13	-

44. The Closing Stock of Finished goods has been valued net of Excise duty payable amounting to ₹659.83 Lakhs.

45. Segment Reporting

The Company has identified three business segments viz. Sugar, Power and Distillery. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organizational structure and internal business reporting system.

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Un-allocable".

(b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segment. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as "Un-allocable".

(c) The Company generally accounts for inter segment sales/transfer as if the sales/transfers were to external parties at prevailing average market price on the date of transfer.

Information about primary business segments:

(₹ in Lakhs)

Business Segments	Sugar		Power		Distillery		Unallocable		Total	
Particulars	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Revenue										
Revenue from Customers	**39,254.35**	32,655.64	**2,343.24**	3,199.73	**3,854.99**	5,525.93	**-**	-	**45,452.58**	41,381.30
Job work Income - Raw Sugar processing	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Inter Segment Revenue	**3,837.10**	3,405.69	**3,492.49**	3,420.39	**-**	-	**-**	-	**7,329.59**	6,826.08
Segment Revenue	**43,091.45**	**36,061.33**	**5,835.73**	**6,620.12**	**3,854.99**	**5,525.93**	**-**	-	**52,782.17**	**48,207.38**
Operating Expenses	**38,293.39**	33,822.57	**1,232.60**	3,679.25	**1,425.42**	3,257.44	**278.23**	-	**41,229.64**	40,759.26
Inter Segment Cost	**3,317.74**	3,245.83	**2,512.36**	2,437.39	**1,499.49**	1,142.86	**-**	-	**7,329.59**	6,826.08
Depreciation/Amortisation	**1,243.06**	1,859.85	**681.58**	1,122.52	**326.02**	521.31	**99.30**	162.12	**2,349.96**	3,665.80
Segment Result	**237.26**	**(2,866.92)**	**1,409.19**	**(619.04)**	**604.06**	**604.32**	**(377.53)**	**(162.12)**	**1,872.98**	**(3,043.76)**
Interest Expenses	**(2,674.48)**	(4,341.46)	**(1,984.46)**	(2,725.58)	**(517.34)**	(756.20)	**(1.89)**	-	**(5,178.17)**	(7,823.24)
Interest Income	**0.14**	4.91	**-**	5.69	**-**	-	**5.61**	42.44	**5.75**	53.04
Other income	**1,103.70**	325.74	**23.83**	63.89	**124.17**	13.15	**34.81**	(42.44)	**1286.51**	360.34
Profit/(Loss) before tax	**(1,333.38)**	**(6,877.73)**	**(551.44)**	**(3,275.04)**	**210.89**	**(138.73)**	**(339.00)**	**(162.12)**	**(2,012.93)**	**(10,453.62)**
Taxation										
Current tax									**-**	(123.97)
Deferred tax									**(1,375.60)**	(862.24)
Net Profit/(Loss) after taxation/ Adjusted Profits									**(637.33)**	(9,467.41)
Other Information										
Segment Assets	**54,487.30**	44,435.22	**17,258.38**	15,593.42	**9,453.63**	8,934.38	**5,672.81**	4,666.43	**86,872.12**	73,629.45
Segment Liabilities	**18,051.01**	6,193.14	**2,066.21**	2,225.57	**883.95**	795.74	**59,100.73**	59,507.46	**8,0101.90**	68,721.91
Capital Expenditure	**3,636.24**	1,569.07	**793.26**	210.24	**324.42**	302.12	**51.45**	1,078.01	**4,805.37**	3,159.44
Other Non-cash expenses/(income) (net)	**592.63**	0.30	**-**	-	**-**	-	**-**	(22.50)	**592.63**	(22.20)

During the year under report, the Company has engaged in business only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

46. Earnings per Share

The computation of earnings per share is set out below:

Particulars	2012	2011
Nominal Value of Equity Shares (₹)	**10**	10
Net Profit/(Loss) after Tax (₹ Lakhs)	**(637.33)**	(9,467.41)
Less : Preference Dividend attributable to Preference Shares (including corporate tax thereon) (₹ Lakhs)	**660.49**	1.64
Net Profit/(Loss) attributable to the Equity Shareholders (₹ Lakhs)	**(1,297.82)**	(9,469.05)
Shares:		
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year	**19,961,707**	19,961,707
Basic and diluted Earnings/(Loss) – ₹ Per Share	**(6.50)**	(47.44)

47. Related Party Disclosures

i. Names of the related parties and description of relationship.

Relationship	Name of the Parties
Holding Company	EID Parry (India) Limited
Subsidiary Company	Alagawadi Bireshwar Sugars Private Limited (ABSPL)
Fellow Subsidiaries	Coromandel International Ltd. Parry Chemicals Ltd. CFL Mauritius Limited Coromandel Brasil Limitada – Partnership. Sabero Organics Gujarat Limited Sabero Europe BV Sabero Australia Pty. Ltd. Sabero Organics America SA Sabero Argentina SA Sadashiva Sugars Ltd. Parry America Inc. Parrys Investments Limited Parrys Sugar Limited Parry Infrastructure Company Private Limited Parry Phytoremedies Private Limited US Nutraceuticals Inc. Parry Agrochem Exports Limited Valensa Europe AG La Belle Botanics LLC
Key Management Personnel	Mr. D. Kumaraswamy

ii. Summary of transactions with the above related parties are as follows:

Nature of the Transaction	2012	2011
Purchase of Machinery		
i. Holding Company		
EID Parry (India) Limited	**-**	965.42
Purchase of Goods/Services		
i. Holding Company		
EID Parry (India) Limited	**456.61**	448.61
ii. Fellow Subsidiary		
Coromandel International Limited	**15.75**	15.72
Sadashiva Sugars Limited	**117.64**	97.16
Interest on Unsecured Loan		
i. Holding Company		
EID Parry (India) Limited	**908.45**	1,029.87
ii. Fellow Subsidiary		
Coromandel International Limited	**16.38**	2.17
Sadashiva Sugars Limited	**37.17**	-
Sale of Goods/Service		
i. Holding Company		
EID Parry (India) Limited	**332.89**	12.79
ii. Fellow Subsidiary		
Sadashiva Sugars Limited	**264.02**	255.26
Coromandel International Limited	**55.75**	40.20
Investment in Equity Shares		
Subsidiary ABSPL	**-**	-
Unsecured loans given		
Subsidiary – ABSPL	**10.34**	13.65
Unsecured loans taken		
i. Holding Company - EID Parry (India) Limited	**3,000.00**	23,997.16
ii. Fellow Subsidiary - Coromandel International Limited	**2,000.00**	900.00
iii. Fellow Subsidiary - Sadashiva Sugars Limited	**1,500.00**	-
Issue of Preference Shares		
i. Holding Company - EID Parry (India) Limited	**2,500.00**	7,500.00
Remuneration		
Key Management Personnel		
Mr D. Kumaraswamy	**71.30**	68.50
Balance Payable /(recoverable) at the end of the year:		
i. Holding	**15,859.61**	15,802.97
ii. Subsidiary	**(1,322.99)**	(1,312.65)
iii. Fellow Subsidiaries	**(65.23)**	43.12
iv. Individuals exercising control or significant influence and their relatives	**-**	-
v. Enterprises where Individuals exercising control or significant influence over the company have significant influence	**-**	-

48. Previous year's figures have been regrouped/reclassified to conform to Current year's classification.

49. Previous financial year was for a period of fifteen months, whereas 2011-12 is for a period of nine months and hence figures are not comparable.

For and on behalf of the Board

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785 S

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Cash Flow Statement for the nine months period ended March 31, 2012

₹ in Lakhs

	2012		2011	
A. Cash flow from Operating Activities				
Net Profit/(Loss) before Taxation		**(2,012.93)**		(10,453.62)
Adjustments for:				
Depreciation	**2,349.96**		3,665.80	
Bad debts written off	**-**		-	
Provision for doubtful advances	**-**		-	
Interest received	**(5.75)**		(53.04)	
Interest and finance charges	**5,178.17**		7,823.24	
Provisions no longer required written back	**(9.27)**		(24.44)	
(Profit) / Loss on sale of fixed assets	**2.71**	**7,515.82**	2.25	11,413.81
Operating profit/(loss) before working capital changes		**5,502.89**		960.19
Adjustments for:				
Trade and other receivables	**(4,150.71)**		(1,627.97)	
Inventories	**(5,201.78)**		(3,599.93)	
Trade and other payables	**12,995.10**	**3,642.61**	(2,309.89)	(7,537.79)
Cash generated from/ (used in) operations		**9,145.50**		(6,577.60)
Interest paid		**(4,323.32)**		(6,809.91)
Income taxes paid		**-**		332.20
Net cash from / (used in) operating activities		**4,822.18**		(13,055.31)
B. Cash from Investing Activities				
Purchase of Fixed assets	**(5,789.52)**		(2,365.22)	
Proceeds from sale of fixed assets	**6.99**		4.50	
Investments in Equity shares of Subsidiaries	**-**		-	
Proceeds from sale of investments	**-**		-	
Proceeds from transfer of Aircraft business	**-**		-	
Interest / dividends received	**1.16**		51.52	
Net cash from / (used in) investing activities		**(5,781.37)**		(2,309.20)
C. Cash Flow from Financing Activities				
Proceeds from issuance of Share Capital	**2,500.00**		7,500.00	
Proceeds from Short Term loans	**16,500.00**		28,897.16	
Repayments of Short Term loans	**(22,405.23)**		(8,400.00)	
Proceeds from Long Term loans	**5,500.00**		59,865.19	
Repayment of Long Term loans	**(671.09)**		(71,934.84)	
Dividend Paid	**(10.29)**		(0.06)	
Net cash from / (used in) financing activities		**1,413.39**		15,927.45
Net Change In Cash And Cash Equivalents		**454.20**		562.94
Cash And Cash Equivalents -Opening Balance		**875.00**		312.06
Cash And Cash Equivalents - Closing Balance		**1,329.20**		875.00
[Refer Note 3 Below]				

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2012 and the related Profit and Loss Account for the nine months period ended on that date.
2. The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash flow Statements, as notified under Section 211 (3C) of the Companies Act, 1956.
3. Cash and Cash Equivalents - closing balance include balances aggregating to ₹46.57 Lakhs [2011: ₹56.86 Lakhs] with Scheduled banks in respect of unclaimed dividend, which are not available for use by the Company.
4. Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

This is the Cash Flow Statement referred to in our report of even date

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785 S

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

For and on behalf of the Board

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Auditors' Report on Consolidated Financial Statements

To the Board of Directors,
Parrys Sugar Industries Limited,

We have audited the attached Consolidated Balance Sheet of Parrys Sugar Industries Limited as at 31st March 2012 and the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the nine months period ended on that date annexed thereto. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis of our opinion.

We did not audit the financial statements of the Subsidiary M/s. Alagawadi Bireshwar Sugars Private Limited whose financial statements reflect total assets and Liabilities of ₹ 14.29 Crores as at 31st March 2012, total revenues of ₹ Nil Crores and Cash Out Flows amounting to ₹ 0.04 Crores for the period ended 31st March, 2012, whose financial statements were audited by other auditors. These financial statements and other financial information have been audited by other Auditors whose report has been furnished to us and opinion on the consolidated financial statements to the extent they have been derived from such financial statement is based solely on the report of such other Auditor.

We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard -21- Consolidated Financial Statements issued by the Institute of Chartered Accountants of India to the extent they are applicable.

Based on our audit and on consideration of the reports of other auditors on separate financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principle generally accepted in India:

a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;

b) In the case of the Consolidated Statement of Profit and Loss, of the loss for nine months period ended on that date; and

c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the nine months period ended on that date.

For R.G.N Price & Co.
Chartered Accountants
Firm Regn. No.: 002785 S

H. S. Venkatesh
Partner
Membership No. 026666

Chennai
April 24, 2012

Consolidated Balance Sheet as at March 31, 2012

₹ in Lakhs

S. No.	Particulars	Note No.	As at March 31, 2012	As at June 30, 2011
I.	**EQUITY AND LIABILITIES**			
	Shareholders' Funds			
	(a) Share Capital	1	**13,407.68**	10,907.68
	(b) Reserves and Surplus	2	**(6,639.43)**	(6,000.13)
	(c) Money received against share warrants		**-**	-
2.	**Share Application Money Pending Allotment**		**-**	-
3.	**Non-Current Liabilities**			
	(a) Long Term Borrowings	3	**41,922.51**	38,128.87
	(b) Deferred Tax Liability (Net)	33	**-**	1,375.60
	(c) Other long Term Liabilities	4	**852.96**	555.42
	(d) Long Term Provisions	5	**-**	-
4.	**Current Liabilities**			
	(a) Short Term Borrowings	6	**18,239.50**	23,144.74
	(b) Trade Payables	7	**9,130.89**	2,258.39
	(c) Other Current Liabilities	8	**9,913.79**	3,201.96
	(d) Short Term Provisions	9	**52.92**	69.09
	TOTAL		**86,880.82**	73,641.62
II.	**ASSETS**			
1.	**Non-Current Assets**			
	(a) Fixed Assets	10		
	(i) Tangible Assets		**52,338.94**	49,809.92
	(ii) Intangible Assets		**247.32**	330.63
	(iii) Capital Work in Progress		**1,279.38**	279.23
	(iv) Intangible assets under development		**-**	-
	(b) Goodwill on Consolidation		**1,264.73**	1,264.73
	(c) Non Current Investments	11	**-**	-
	(d) Deferred Tax Asset (Net)		**-**	-
	(e) Long Term Loans & Advances	12	**1,609.37**	1,001.79
	(f) Other Non-Current Assets	13	**526.06**	582.64
2.	**Current Assets**			
	(a) Current Investments	14	**5.00**	5.00
	(b) Inventories	15	**17,661.09**	12,459.31
	(c) Trade Receivables	16	**4,601.45**	1,393.87
	(d) Cash and bank equivalents	17	**1,429.92**	979.78
	(e) Short Term Loans & Advances	18	**5,905.55**	5,521.61
	(f) Other current assets	19	**12.01**	13.11
	TOTAL		**86,880.82**	73,641.62

See accompanying notes to the financial statements 26-46

The notes referred to above form an integral part of the Balance Sheet

In terms of our report of even date attached

For and on behalf of the Board

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785 S

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Consolidated Statement of Profit and Loss for the period ended March 31, 2012

₹ in Lakhs

S. No.	Particulars	Note No.	9 months ended March 31, 2012	15 months ended June 30, 2011
I	**Revenue from Operations**	20	**46,739.09**	41,784.06
II	**Other Income**	21	**5.75**	10.61
III	**Total Revenue (I + II)**		**46,744.84**	41,794.67
IV	**Expenses:**			
	Cost of materials consumed		**37,800.90**	34,882.44
	Purchases of Stock-in-Trade		**-**	-
	Changes in Inventories	22	**(4,819.32)**	(3,308.61)
	Employee benefit expenses	23	**1,961.64**	1,974.10
	Finance costs	24	**5,178.17**	7,823.24
	Depreciation and amortisation expenses	-	**2,349.96**	3,665.80
	Other expenses	25	**6,288.39**	7,211.32
	Total Expenses		**48,759.74**	52,248.29
V	**Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)**		**(2,014.90)**	(10,453.62)
VI	Exceptional items		**-**	-
VII	**Profit / (Loss) before extraordinary items and tax (V - VI)**		**(2,014.90)**	(10,453.62)
VIII	Extraordinary items		**-**	
IX	**Profit / (Loss) before tax**		**(2,014.90)**	(10,453.62)
X	**Tax Expenses:**			
	(1) Current Income Tax		**-**	(123.97)
	(2) Deferred Income Tax	33	**(1,375.60)**	(862.24)
	(3) Total		**(1,375.60)**	(986.21)
XI	**Profit / (Loss) for the period (IX - X)**		**(639.30)**	(9,467.41)
XII	**Earning Per Equity Share**	43		
	(1) Basic		**(6.51)**	(47.44)
	(2) Diluted		**-**	-

See accompanying notes to the financial statements 26-46

The notes referred to above form an integral part of the Statement of Profit and Loss

In terms of our report of even date attached

For and on behalf of the Board

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785 S

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Notes forming part of the Consolidated Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 1		
SHARE CAPITAL		
AUTHORISED :		
Preference Shares:		
5,19,00,000 (2011: 5,19,00,000) Equity Shares of face value of ₹ 10/- each	**5,190.00**	5,190.00
2,10,00,000 (2011: 2,10,00,000) (8%) Redeemable Non Cumulative Preference Shares of face value of ₹ 11/- each	**2,310.00**	2,310.00
10,00,00,000 (2011: 10,00,00,000) (8%) Redeemable Cumulative Preference Shares of face value of ₹ 10/- each	**10,000.00**	10,000.00
	17,500.00	17,500.00
ISSUED, SUBSCRIBED AND PAID-UP		
19,961,707 [2011: 19,961,707] Equity Shares of ₹ 10/- each fully paid up	**1,996.17**	1,996.17
Of the above:		
[13,963,002 Equity Shares of ₹ 10 each per share were issued as fully paid up to the shareholders' of erstwhile M/s Varalakshmi Sugars Limited and M/s Varalakshmi International Limited on their respective amalgamation with the Company, for consideration otherwise than in cash.]		
[12,975,110 Shares [2011: Nil] of ₹10/- each are held by the Holding Company M/s E.I.D.-Parry (India) Ltd.]		
Preference Shares		
(i) 12,831,880 8% Redeemable Non-Cumulative Preference shares of ₹ 11/- each	**1,411.51**	1,411.51
[The above Non-Cumulative Preference shares are held by E.I.D.-Parry (India) Ltd. and were transferred from GMR Holdings Pvt. Ltd. pursuant to the Share Purchase Agreement dated 25.04.2010. These shares were earlier issued as fully paid up to M/s. GMR Holdings Private Limited and other shareholders' of erstwhile M/s. Varalakshmi International Limited on its amalgamation with the Company, for consideration otherwise than in cash.]		
[The Preference shares are redeemable not later than 8 years from the date of issue i.e. August 14, 2004 with a call option to the shareholders for redemption after three years from the date of issue.]		
(ii) 100,000,000 8% Redeemable Cumulative Preference shares of ₹ 10/- each	**10,000.00**	7,500.00
[The Preference shares are redeemable not later than 8 years from the date of issue, i.e. June 30, 2011 for 75,000,000 shares and August 30, 2011 for 25,000,000 shares, with a call option to the shareholders for redemption after three years from the date of issue.]		
	13,407.68	10,907.68

Notes forming part of the Consolidated Accounts

(i) Details of shareholders holding more than 5 percent of equity shares in the company are as follows:

Name of the Shareholder	No. of shares held			
	As at March 31, 2012		As at June 30, 2011	
	Nos.	**%**	Nos.	%
E.I.D.- Parry (India) Limited	**12,975,110**	**65**	12,975,110	65
GMR Holdings Private Limited	**4,397,295**	**22**	4,397,295	22

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	**As at March 31, 2012**		As at June 30, 2011	
	Nos.	**₹ in Lakhs**	Nos.	₹ in Lakhs
Equity Shares				
At the beginning of the period	**19,961,707**	**1,996.17**	19,961,707	1,996.17
Issued during the period	**-**	**-**	-	-
Outstanding at the end of the period	**19,961,707**	**1,996.17**	19,961,707	1,996.17
Preference Shares				
At the beginning of the period	**87,831,880**	**8,911.51**	12,831,880	1,411.51
Issued during the period	**25,000,000**	**2,500.00**	75,000,000.00	7,500.00
Outstanding at the end of the period	**112,831,880**	**11,411.51**	87,831,880	8,911.51

NOTE 2

RESERVES AND SURPLUS

	As at July 1, 2011	Additions	**Elimination March 31, 2012**	**As at March 31, 2012**
Capital Reserves				
Capital Redemption Reserve	1,175.00	-	**-**	**1,175.00**
Securities Premium	991.97	-	**-**	**991.97**
	2,166.97	-		**2,166.97**
Revenue Reserves				
General Reserve	1,570.73	-	**-**	**1,570.73**
	1,570.73	-	**-**	**1,570.73**
	3,737.70	-	**-**	**3,737.70**

	As at March 2012	As at June 2011
Profit and Loss Account Balance	**(9,737.83)**	(270.42)
Add: Profit (Loss) for the period	**(639.30)**	(9,467.41)
	(10,377.13)	(9,737.83)
Less:		
Interim Dividend on Equity Shares - ₹ Nil per share (2011 : ₹ Nil per share)	**-**	-
Proposed Dividend on Equity Shares - ₹ Nil (2011 : ₹ Nil per share)	**-**	-
Dividend Distribution Tax	**-**	-
Transfer to Debenture Redemption Reserve	**-**	-
Transfer to General Reserve	**-**	-
	(10,377.13)	(9,737.83)
Total Reserves and Surplus	**(6,639.43)**	(6,000.13)

Notes forming part of the Consolidated Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 3		
LONG TERM BORROWINGS (Also Refer Note 28)		
(a) Secured Term Loans from:		
- Banks - Rupee Loan	**25,950.00**	20,500.00
- Government of India - Sugar Development Fund	**2,475.35**	3,131.71
	28,425.35	23,631.71
(b) Unsecured Loans from:		
- Inter corporate Loan	**13,497.16**	14,497.16
	41,922.51	38,128.87
NOTE 4		
OTHER LONG TERM LIABILITIES		
Trade payables	**852.96**	555.42
	852.96	555.42
NOTE 5		
LONG-TERM PROVISIONS		
Provision for employee benefits	**-**	-
	-	-
NOTE 6		
SHORT TERM BORROWINGS		
(a) Loans repayable on demand		
- Cash Credit from Bank	**2,072.83**	7,144.74
- Secured Short Term loan from Banks - Rupee loan	**4,166.67**	10,000.00
- Unsecured Short Term loan from Banks - Rupee loan	**10,000.00**	4,000.00
- Inter corporate Loans	**2,000.00**	2,000.00
	18,239.50	23,144.74
(b) Deposits		
- Secured Deposits	**-**	-
- Unsecured Deposits - From Customers	**-**	-
	-	
	18,239.50	23,144.74

Notes forming part of the Consolidated Accounts

Note 6 (a)

Details of Loans and terms of repayment

Lender Name	Refer Note.	As at March 31, 2012	As at June 30, 2011	Terms of Repayment (as at March 31, 2012)
SBI Term Loan	27 (i)	**3,000.00**	-	Repayable during next 7 years
Axis Bank Loan	27 (ii)	**20,500.00**	20,500.00	Repayable during next 7 years
ICICI Bank Loan	27 (iii)	**2,500.00**	-	Repayable during next 6 years
AB Central Excise Loan		**-**	191.02	Not Applicable
SBM Central Excise Loan		**-**	93.07	Not Applicable
SDF Term Loan I - Sankili Unit		**-**	76.61	Not Applicable
SDF Term Loan II - Sankili Unit	27 (iv)	**926.86**	1,158.57	Repayable during next 4 years
Cane Development Loan - Sankili Unit	27 (iv)	**112.50**	112.50	Repayable during next 2 years
SDF - Cogen Loan - Haliyal Unit	27 (v)	**1,783.14**	1,854.32	Repayable during next 5 years
SDF - Raw Sugar Processing Loan - Haliyal Unit	27 (v)	**15.00**	22.50	Repayable during next 2 years
SDF Cane Development Loan - Haliyal Unit	27 (v)	**75.00**	75.00	Repayable during next 2 years
SDF Cane Development Loan - Ramdurg Unit	27 (vi)	**75.00**	75.00	Repayable during next 2 years
Andhra Bank Short Term Loan		**-**	2,500.00	Not Applicable
Bank of India Short Term Loan	27 (vii)	**4,166.67**	5,000.00	Repayable during next 5 months
Axis Bank Short Term Loan		**-**	2,500.00	Not Applicable
SBI Cash Credit	27 (viii)	**2,072.83**	7,144.74	On Demand
Indian Bank Short Term Loan		**-**	4,000.00	Not Applicable
L&T Finance Ltd. Short Term Loan	28 (i)	**2,000.00**	2000.00	Repayable during next 3 months
Dena Bank Short Term Loan	28 (ii)	**5,000.00**	-	Repayable during next 9 months
Axis Bank Short Term Loan	28 (iii)	**5,000.00**	-	Repayable during next 6 months
EID Parry (India) Ltd. Loans	28 (iv)	**13,497.16**	14,497.16	Repayable during next 6 months
Total		**60,724.16**	61,800.47	

Notes forming part of the Consolidated Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 7		
TRADE PAYABLES		
(a) Dues to Micro Enterprises and Medium Enterprises (Refer Note 34)	**-**	-
(b) Other Trade Payables	**9,130.89**	2,258.39
	9,130.89	2,258.39
NOTE 8		
OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Also Refer Note 28)		
- Banks - Rupee Loan	**50.00**	284.08
- Government of India - Sugar Development Fund	**512.15**	242.79
- Financial Institutions	**-**	-
(b) Interest accrued but not due on borrowings	**1,970.44**	1,115.59
(c) Unpaid dividends	**46.57**	56.86
(d) Other payables		
- Other Misc. Liabilities	**6,411.95**	891.74
- Advances and Deposits from Customers/Others	**922.68**	610.90
- Due to Directors	**-**	-
	9,913.79	3,201.96
NOTE 9		
SHORT-TERM PROVISIONS		
Provision for employee benefits	**52.92**	69.09
	52.92	69.09

NOTE 10

FIXED ASSETS

₹ in Lakhs

	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Cost/Value As at 01-07-2011	Additions	Deletions	Cost/Value As at 31-03-2012	As at 01-07-2011	For the year	Deletions	As at 31-03-2012	As at 31-03-2012	As at 30-06-2011
Tangible Assets										
Land	3,605.23	31.84	-	**3,637.07**	-	-	-	**-**	**3,637.07**	3,605.23
Buildings	9,779.62	381.79	-	**10,161.41**	1,176.92	220.16	-	**1,397.08**	**8,764.33**	8,602.70
Plant and Equipment	46,560.11	4,309.10	-	**50,869.21**	10,586.34	1,987.81	-	**12,574.15**	**38,295.06**	35,973.77
Furniture and Fixtures	2,355.76	17.41	-	**2,373.17**	966.19	25.48	-	**991.67**	**1,381.50**	1,389.57
Vehicles	414.70	65.23	15.34	**464.59**	176.05	33.23	5.67	**203.61**	**260.98**	238.65
	62,715.42	4,805.37	15.34	**67,505.45**	12,905.50	2,266.68	5.67	**15,166.51**	**52,338.94**	49,809.92
Intangible Assets										
SAP & CMS Project	666.49	-	-	**666.49**	335.86	83.31	-	**419.17**	**247.32**	330.63
	63,381.91	**4,805.37**	**15.34**	**68,171.94**	**13,241.36**	**2,349.99**	**5.67**	**15,585.68**	**52,586.26**	**50,140.55**
Previous Year	**60,280.45**	**3,159.44**	**57.98**	**63,381.91**	**9,626.79**	**3,665.80**	**51.23**	**13,241.36**		
Capital Work-in-Progress									**1,279.38**	279.23
Intangible assets under development									**-**	-
									53,865.64	50,419.78

Notes forming part of the Consolidated Accounts

NOTE 11

NON-CURRENT INVESTMENTS

	Nominal Value	Nos.				Amount (₹ In Lakhs)			
	₹	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012
I. Quoted Investments		-	-	-	-	-	-	-	-
II. Unquoted Investments		-	-	-	-	-	-	-	-

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 12		
LONG-TERM LOANS AND ADVANCES		
Unsecured and considered good unless otherwise stated :		
(a) Capital Advances	**775.88**	-
(b) Security Deposits	**585.57**	606.19
(c) Loans and advances to related parties	**-**	-
(d) Other loans and advances		
- Advance Tax less Provision for Tax	**74.13**	71.98
- Balance with Customs and Central Excise Authorities	**-**	-
- MAT Credit Entitlement	**125.35**	125.35
- Advance recoverable in cash or in kind or for value to be received		
• Unsecured and Considered Good	**48.44**	198.27
• Considered Doubtful	**-**	-
	1,609.37	1,001.79
NOTE 13		
OTHER NON-CURRENT ASSETS		
(a) Long Term Trade Receivables		
- Secured, considered good	**-**	-
- Unsecured considered good	**526.06**	582.64
- Doubtful	**-**	
(b) Others	**-**	-
	526.06	582.64

Notes forming part of the Consolidated Accounts

NOTE 14
CURRENT INVESTMENTS

	Nominal Value	Nos.				Amount (₹ In Lakhs)			
	₹	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012	As at July 1, 2011	Acquisitions	Sales	As at March 31, 2012
I. Quoted Investments									
Other Investments									
Metkore Alloys & Industries Ltd. (formerly Cronimet Alloys India Ltd.)	2	250,000	-	-	250,000	5.00	-	-	**5.00**
II. Government Securities									
National Savings Certificate									
Total Quoted Investments						5.00	-	-	**5.00**
Market Value of Quoted Investments						62.13	-	-	**38.00**

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 15		
INVENTORIES		
(a) Raw materials	**129.87**	101.82
(b) Work-in-progress	**739.26**	149.58
(c) Finished goods	**14,783.17**	10,658.23
(d) Finished goods in Transit	**6.63**	15.32
(e) By Products	**690.34**	576.95
(f) Stock-in-trade (in respect of goods acquired for trading)	**-**	-
(g) Stores and spares	**1,311.82**	957.41
	17,661.09	12,459.31
NOTE 16		
TRADE RECEIVABLES (UNSECURED)		
Debts outstanding for a period exceeding six months:		
(a) Considered good	**2,878.58**	529.19
(b) Considered doubtful	**-**	-
	2,878.58	529.19
Other Debts:		
Considered good	**1,722.87**	864.68
	4,601.45	1,393.87

Notes forming part of the Consolidated Accounts

₹ in Lakhs

	As at March 31, 2012	As at June 30, 2011
NOTE 17		
CASH AND CASH EQUIVALENTS		
(a) Balances with banks		
In Current account	**259.08**	799.37
In Dividend account	**46.57**	56.86
In Margin Money accounts towards Bank Guarantee	**118.68**	18.68
In Deposit account		
• More than 12 months of maturity	**-**	100.00
• Others	**1,000.00**	-
(b) Cheques, drafts on hand	**-**	-
(c) Cash on hand	**5.59**	4.87
	1,429.92	979.78
NOTE 18		
SHORT-TERM LOANS AND ADVANCES		
(a) Capital Advances	**-**	-
(b) Security Deposits	**29.79**	-
(c) Loans and advances to related parties	**-**	-
(d) Other loans and advances		
- Balance with Customs and Central Excise Authorities	**2,452.19**	2,580.81
- Advance recoverable in cash or in kind or for value to be received	**-**	-
• Unsecured and Considered Good	**3,423.57**	2,940.80
• Considered Doubtful	**622.36**	32.44
• Less: Provision for Doubtful Advances	**(622.36)**	(32.44)
	5,905.55	5,521.61
NOTE 19		
OTHER CURRENT ASSETS		
Income Accrued on Deposits etc.	**12.01**	13.11
	12.01	13.11

Notes forming part of the Consolidated Accounts

₹ in Lakhs

		9 months ended March 31, 2012		15 months ended June 30, 2011
NOTE 20				
REVENUE FROM OPERATIONS				
(a) Sales of Products	**47,153.66**		42,984.90	
Less : Excise Duty	**1,701.08**		1,603.60	
		45,452.58		41,381.30
(b) Sale of services		**-**		-
(c) Other operating revenues				
- Liabilities/Provisions no longer required written back		**9.27**		24.44
- Other income from Power		**-**		60.30
- Insurance Claims Received		**353.25**		16.55
- Scrap Sales		**200.97**		61.04
- Sundry Income		**723.02**		240.43
		46,739.09		41,784.06
NOTE 21				
OTHER INCOME				
Profit on sale of Fixed Assets		**-**		
Profit on sale of Investments		**-**		
Dividend Income				
Interest on Deposits, etc.		**5.75**		10.61
		5.75		10.61
NOTE 22				
CHANGES IN INVENTORIES				
(Increase)/Decrease in Stocks				
Opening Stock:				
Work-in-process	**149.58**		235.77	
Finished Goods	**11,250.50**		7,855.70	
		11,400.08		8,091.47
Closing Stock:				
Work-in-process	**739.26**		149.58	
Finished Goods	**15,480.14**		11,250.50	
		16,219.40		11,400.08
		(4,819.32)		(3,308.61)
NOTE 23				
EMPLOYEE BENEFIT EXPENSES (Refer Note 36)				
Salaries, Wages and Bonus		**1,446.03**		1,589.53
Deputed Employee Cost		**271.10**		166.45
Contribution to Provident and Other Funds		**98.84**		106.82
Expenses on Employee Stock Option Scheme (ESOP)		**-**		-
Workmen and Staff Welfare Expenses		**145.67**		111.30
		1,961.64		1,974.10

Notes forming part of the Consolidated Accounts

₹ in Lakhs

			9 months ended March 31, 2012		15 months ended June 30, 2011
NOTE 24					
FINANCE COST					
(a)	Interest expense				
	- Debentures		**-**		-
	- Other Fixed Loans		**4,351.71**		6,168.64
	- Others		**580.30**		997.50
(b)	Other borrowing costs		**246.16**		657.10
(c)	Net gain/loss on foreign currency transactions and translation		**-**		-
			5,178.17		7,823.24
NOTE 25					
OTHER EXPENSES					
(a)	Consumption of Stores, Spares and Consumables		**1,312.03**		1,373.07
(b)	Power and Fuel		**475.15**		662.29
(c)	Rent		**22.58**		57.41
(d)	Repairs and Maintenance				
	- Buildings	**50.12**		60.99	
	- Plant and Machinery	**1,258.30**		1,231.81	
	- Others	**170.22**		390.57	
			1,478.64		1,683.37
(e)	Insurance		**95.81**		116.90
(f)	Rates and Taxes		**75.57**		167.87
(g)	License Fee		**64.14**		220.57
(h)	Material Handling Expenses		**311.37**		312.16
(i)	Other Manpower Cost		**257.67**		629.64
(j)	Distribution Expenses		**15.45**		15.16
(k)	Travelling and Conveyance		**186.10**		304.54
(l)	Communication Expenses		**40.31**		64.99
(m)	Operation Lease Rentals		**560.57**		912.51
(n)	Printing and Stationery		**22.46**		24.46
(o)	Auditors' Remuneration		**13.95**		20.00
(p)	Directors' Remuneration		**71.30**		126.74
(q)	Directors' Fees and Commission		**5.35**		7.95
(r)	Sales Promotion and Publicity		**-**		-
(s)	Fixed Assets scrapped		**2.71**		2.25
(t)	Professional Charges		**99.54**		101.76
(u)	Provision for Doubtful Debts and Advances		**589.92**		-
(v)	Bad Debts/Advances written off		**-**		-
(w)	General Manufacturing, Selling and Administration Expenses		**587.77**		407.68
			6,288.39		7,211.32

26. Significant Accounting Policies and Notes on Consolidated Accounts

26.1 (a) Principles of Consolidation

The consolidated financial statements include financial statements of the Company and its subsidiary companies. Subsidiary companies are those companies in which Parrys Sugar Industries Limited, either directly or indirectly, has interest of more than one half of voting power or otherwise has power to exercise control over operations. Subsidiaries are consolidated from the date on which effective control is transferred to the group till the date such control exists. The consolidated financial statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements as specified in the Companies (Accounting Standard) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

All intra group transactions, balances and unrealised profits and losses on transactions between the group companies are eliminated.

Minority interest represents the amount of equity attributable to minority shareholders/partners at the date on which investment in subsidiary is made and its share of movements in equity.

The details of the subsidiary considered in the consolidated financial statements for the year ended March 31, 2012, along with the shareholding, is listed below:

Name of the Company	Relationship	% of Shareholding as at	
		March 31, 2012	June 30, 2011
Alagawadi Bireshwar Sugars Private Limited	Subsidiary	100%	100%

(b) Basis of preparation of financial statements

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards notified under Sub-section (3C) of Section 211 of the Companies Act, 1956 (hereinafter referred as "the Act") and other relevant provisions of the Act.

26.2 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities on the date of the financial statements and reported amounts of income and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

26.3 Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses for bringing the asset concerned to its working condition for its intended use, less accumulated depreciation and impairment loss. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate. Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

26.4 Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis as per terms of the lease.

26.5 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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 costs are charged to revenue.

26.6 Depreciation and Amortisation

Depreciation is provided on straight line method, pro rata to the period of use, at the rates specified in schedule XIV of the Act or the rates based on the useful lives of the assets as estimated by the management, whichever is higher. The rates based on the useful lives of the assets in the following categories are estimated to be higher than those specified in Schedule XIV of the Act:

Electrical Equipment	5.38%
Telephone Equipment	6.33%
Computer Software	16.67%

Leasehold assets are amortized at rate based on the remaining period of lease or the rate specified in Schedule XIV of the Act, whichever is higher.

All individual assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

26.7 Investments

Long term investments are valued at cost. Provision is made to recognize a decline, other than temporary, in the value of long term investments. Current Investments are stated at lower of cost or market value.

26.8 Inventories

a. Stock of Raw-materials is valued at lower of cost or Net Realizable Value. The costs are, in general, determined on Weighted Average Basis.

b. Finished goods and Work-in-process: Finished goods are valued at lower of cost or Net Realizable Value. Cost includes direct materials, Labour and a proportion of manufacturing overheads based on normal operating capacity. Work In process is valued at lower of cost or Net Realizable Value. The cost is determined up to the estimated stage of process and includes direct materials, Labour and a proportion of manufacturing overheads based on normal operating parameters.

c. By Products: At estimated realizable value.

d. Stores and Spares: At lower of cost or Net Realizable Value. The costs are, in general, determined on weighted average basis.

26.9 Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed on to the buyer. Sale of goods is exclusive of sales tax and captive consumption of Molasses, Power and Baggasse.

Dividend Income is recognized in the year in which the right to receive the payment is established.

Income from investments is recognized in the year in which it is accrued and stated at gross of tax deducted at source.

26.10 Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

Liabilities/assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are accounted as below:

(a) In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and

(b) In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/liability but not beyond March 31, 2020.

All other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/losses arising there from are adjusted to the Profit and Loss Account, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

26.11 Employee Benefits

a. Short Term Employee Benefits :

Undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives.

b. Defined Contribution Plans:

These comprise of contributions to employees' provident fund with the government and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

c. Defined Benefit Plans:

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the balance sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

d. Other Long Term Employee Benefits :

Other Long term employee benefits comprise of Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on actuarial valuation carried out at each balance sheet date.

26.12 Earnings per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

26.13 Taxes on Income

Provision for income tax comprises current taxes and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

26.14 Provisions

A provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

26.15 Contingencies

Obligations which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes on the accounts.

26.16 Impairment of Assets

Impairment loss is provided to the extent carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of asset's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

26.17 Expenditure

Expenses are net of taxes recoverable, where applicable.

27. Secured Loans

(i) Term Loan & Short Term (Bridge) Loan extended by State Bank of India is primarily secured by Pari-passu first charge on fixed Assets of the Company and collaterally secured by second charge on the current assets of the Company.

(ii) Term Loan extended by Axis Bank Ltd. is primarily secured by Pari-passu first charge on fixed Assets of the Haliyal & Sankili Units.

(iii) Term Loan extended by ICICI Bank Ltd. is secured by Pari-passu second charge on fixed Assets of the Company. The process of charge creation in favour of ICICI Bank Ltd. is pending.

(iv) Loans extended by Sugar Development Fund, Government of India (SDF) for Modernisations/Expansion/Cane Development at our Sankili Unit is secured by Pari-passu first charge on movable & immovable properties of the Sankili Unit.

(v) Loans extended by SDF for Cogeneration Project/Raw-Sugar Processing/Cane development at our Haliyal Unit is secured by Pari-passu first charge on movable & immovable properties of the Haliyal Unit.

(vi) Loans extended by SDF for Cane development at the Ramdurg Unit is secured by Bank Guarantee.

(vii) Short Term Loan extended by Bank of India is secured by Pari-passu first charge on fixed assets of the Haliyal Unit.

(viii) Cash Credit facility extended by State Bank of India is secured by way of hypothecation of entire current assets of the company and further secured by second charge on company's fixed assets.

The above loans extended by SDF & Banks carry interest rates ranging from 4.00% p.a. to 13.50% p.a. The loans extended by banks are linked to their Base Rate.

28. Unsecured Loans

(i) Loan extended by L & T Finance Ltd. is unsecured in nature.

(ii) Loan extended by Dena Bank is unsecured in nature.

(iii) Loan extended by Axis Bank Ltd. is unsecured in nature.

(iv) Loans are extended by the Holding Company. EID Parry (India) Ltd. are unsecured in nature.

These loans cannot be withdrawn during the tenancy of the loans extended by SBI, Axis Bank Ltd. & ICICI Bank Ltd. and hence classified as Long Term Borrowings.

The above loans extended by EID Parry (India) Ltd. & Banks carries interest rates ranging from 9.50% p.a. to 13.50% p.a. The loans extended by banks are linked to their Base Rate.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of ₹1,819.03 Lakhs (2011: ₹1,587.95 Lakhs).

30. Contingent Liabilities not provided for on account of :

₹ In Lakhs

Particulars	2012	2011
a) Bank Guarantees	**354.00**	347.42
b) Letter of Credit	**-**	-
c) Corporate Guarantees given by the Company to banks in respect of crop loans to farmers and H&T loan	**4,599.07**	1,291.70
d) Arrears of fixed cumulative dividends of Preference shares	**1.64**	-
e) Claims made by Government Departments against the Company not acknowledged as debts:		
i. Excise claims under appeal	**309.04**	263.79
ii. Sales tax & Commercial taxes appeal under various states	**61.08**	79.76
iii. Other claims (Entry Tax)	**-**	-
f) Preference Dividend attributable to Cumulative Preference Shares	**568.31**	1.64

31. a) The Ministry of Corporate Affairs, Government of India has vide its Notification No. GSR 225(E) dated March 31, 2009 has announced Companies Accounting Standards (Amendment) Rules 2009 prescribing changes to

Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' extended till 31-03-2020.

The Company has, pursuant to the adoption of such principles of Companies (Accounting Standards) Amendment Rules 2009, exercised the option of recognizing the exchange differences arising on reporting of foreign currency monetary items at rates different from those at which they were recorded earlier, in the original cost of such depreciable fixed assets in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of a depreciable asset as below:

Exchange differences aggregating to ₹ NIL Lakhs arising during the year ended March 31, 2012 (2011: ₹ 0.54 Lakhs) have been adjusted to the cost of the depreciable assets.

b)

(₹ in Lakhs)

Particulars	2012	2011
Borrowing Cost Capitalised on fixed assets/CWIP	**294.34**	113.08

32. Operating Leases

i. The Company has entered in to a non-cancellable operating lease agreement with Shri Dhanalakshmi Sahakari Sakkare Karkhane Niyamit, Ramdurg for the lease of sugar factory together with the specified assets on Built, Own, Operate and Transfer basis (BOOT) for a period of 25 years. Lease rentals of ₹560.57 Lakhs (2011: ₹ 912.51 Lakhs) in respect of the obligation under such lease agreement have been recognized in the Profit and Loss Account.

Future obligations of lease rentals applicable to the above lease agreement aggregate to ₹14238.40 Lakhs (2011: ₹ 14,798.97 Lakhs) are due:

(₹ in Lakhs)

Particulars	2012	2011
Not later than one year	**769.85**	753.04
Later than one year and not later than five years	**3,317.37**	3,244.91
Later than five years	**10,151.18**	10,801.02
Total	**14,238.40**	14,798.97

ii. The Company has certain operating leases for office facilities and residential premises under a cancellable operating lease agreement. Such agreements are generally with the option of renewal against increased rent and premature termination of agreement. The charge on account of lease rentals under such agreements to the Profit and Loss Account for the year is ₹22.58 Lakhs (2011: ₹ 57.41 Lakhs). The future obligations of lease rentals applicable are as under:

(₹ in Lakhs)

Particulars	2012	2011
Not later than one year	**25.14**	24.37

33. Deferred Tax

The major components of the deferred tax assets and liabilities on account of timing differences are as follows:

	Deferred Tax Liability/ (Asset)	
	2011-12 ₹ in Lakhs	2010-11 ₹ in Lakhs
Deferred Tax Liability		
Difference between the written down value of assets as per books of account and Income Tax Act.	**1,375.60**	4,475.92
Deferred Tax Asset		
Unabsorbed Depreciation	**(398.50)**	(3,070.46)
Business Loss	**(977.10)**	-
Others	**-**	(29.86)
Net Deferred Tax liability	**-**	1,375.60

34. There are no suppliers falling under the Micro, Small and Medium Enterprise registered with the company.

35. With respect to receivables from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) included under Sundry Debtors:

a) Amounts aggregating to ₹777.78 Lakhs [2011:₹ 715.87 Lakhs] relate to price difference matter in dispute where the Company has appealed before the Apellate Tribunal for Electricity (ATE) against an order of the State Commission. As the matters are pending before the ATE, the Company, as a matter of prudence, has postponed the recognition of such amounts as income and a corresponding credit is retained as liability in the books of account and adjusted against Sundry Debtors as at March 31, 2012.

b) Amounts aggregating to ₹526.06 Lakhs [2011: ₹ 582.64 Lakhs] relate to other matters in dispute where the Company has appealed before the ATE against the orders of State Commission. As the matters are pending before the ATE, no adjustment has been made in respect of such dues recognised as receivable as at March 31, 2012.

36. (a) The following table sets forth the status of the Gratuity Plan of the Company and the amount recognized in the Balance Sheet and Profit and Loss Account.

Particulars	**Gratuity (Funded)**			
	2011-12 ₹ Lakhs	2010-11 ₹ Lakhs	2009-10 ₹ Lakhs	2008-09 ₹ Lakhs
Present Value of obligations at the beginning of the year	**94.54**	104.65	84.09	62.03
Current service cost	**4.51**	16.11	30.62	34.62
Interest Cost	**19.58**	9.62	6.08	4.25
Benefits Settled	**(20.61)**	(21.60)	(16.11)	(2.59)
Actuarial loss/(gain)	**(0.35)**	(14.24)	(0.03)	(14.22)
Present Value of obligations at the end of the period	**97.67**	94.54	104.65	84.09

Particulars	Gratuity (Funded)			
	2011-12	2010-11	2009-10	2008-09
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Changes in the fair value of planned assets				
Fair value of plan assets at beginning of year	**136.55**	67.38	76.97	41.44
Expected return on plan assets	**8.05**	8.76	5.51	4.42
Contributions	**-**	79.75	-	30.12
Benefits Paid	**(20.61)**	(21.60)	(16.11)	(2.59)
Actuarial gain/(Loss) on plan assets	**(0.79)**	2.26	1.01	3.58
Fair Value of plan assets at the end of the year	**123.20**	136.55	67.38	76.97
Amounts recognized in the Balance Sheet				
Projected benefit obligation at the end of the period	**97.67**	94.54	104.65	84.09
Fair value of plan assets at end of the period	**123.20**	136.55	67.38	76.97
Funded status of the plans – asset/(Liability) recognised in the balance sheet	**25.53**	42.01	(37.27)	(7.12)
Cost for the period				
Current service cost	**4.51**	16.11	30.62	34.62
Interest Cost	**19.58**	9.62	6.08	4.25
Expected return on plan assets	**(8.05)**	(8.76)	(5.51)	(4.42)
Net actuarial (gain)/loss recognised in the period	**(20.61)**	(11.98)	(1.32)	(17.81)
Net Cost	**(4.57)**	4.99	29.87	16.64
Assumptions				
Discount rate	**8.50%**	8%	8%	7%
Expected return on assets	**8.50%**	8%	8%	8%
Rate of Compensation increase	**6.00%**	6%	6%	6%
Attrition rate	**5.00%**	5%	5%	5%
Retirement expectancy (in years)	**60**	60	60	58
Expected average remaining service (in Years)	**23.20**	23.27	23.36	22.12
Mortality rates	**LIC 1994-96 ultimate table**	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table	LIC 1994-96 ultimate table
Actual return on plan assets (₹ In Lakhs)	**7.26**	9.71	6.52	8.00

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

As per the best estimate of the management, contribution of ₹5.00 lakhs is expected to be paid to the plan during the year ending March 31, 2013.

(b) Provision made during the year for other long term employee benefits based on the actuarial valuation report amounted to ₹NIL (2011: ₹ 41.54 Lakhs).

(c) During the period, the Company has recognised the following amounts in the Profit and Loss Account, which are included in 'Contribution to Provident and Other Funds'.

₹ in Lakhs

Particulars	**2012**	2011
Provident Fund and Employees' Pension Scheme	**98.84**	96.40

37. Auditors' Remuneration and Expenses:

₹ in Lakhs

	2011-12	2010-11
(i) Audit Fees	**13.83**	14.00
(ii) Tax Audit	**-**	-
(iii) Company Law matters	**-**	-
(iv) Management Services	**-**	-
(v) Fees for other services	**-**	6.00
(vi) Reimbursement of out of pocket expenses	**0.12**	-
Total	**13.95**	20.00

38. Value of Imports on C.I.F Basis

₹ in Lakhs

	2011-12	2010-11
Capital Goods	**-**	12.50
Spares	**9.82**	-
	9.82	12.50

39. Expenditure in Foreign Currency

₹ in Lakhs

	2011-12	2010-11
Travel	**0.69**	1.25
Professional Fee	**-**	0.68
	0.69	1.93

40. Earnings in Foreign Currency

₹ in Lakhs

	2011-12	2010-11
Sale of Carbon Emission Reduction	**70.13**	-
	70.13	-

41. The Closing Stock of Finished goods has been valued net of Excise duty payable amounting to ₹659.83 Lakhs.

42. Segment Reporting:

The Company has identified three business segments viz. Sugar, Power and Distillery. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organizational structure and internal business reporting system.

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Un-allocable".

Information about primary business segments:

₹ in Lakhs

Business Segments	Sugar		Power		Distillery		Unallocable		Total	
Particulars	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue										
Revenue from Customers	**39,254.35**	32,655.64	**2,343.24**	3,199.73	**3,854.99**	5,525.93	**-**	-	**45,452.58**	41,381.30
Job work Income - Raw Sugar processing	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Inter Segment Revenue	**3,837.10**	3,405.69	**3,492.49**	3,420.39	**-**	-	**-**	-	**7,329.59**	6,826.08
Segment Revenues	**43,091.45**	**36,061.33**	**5,835.73**	**6,620.12**	**3,854.99**	**5,525.93**	**-**	**-**	**52,782.17**	**48,207.38**
Operating Expenses	**38,295.36**	33,822.57	**1,232.60**	3,679.25	**1,425.42**	3,257.44	**278.23**	-	**41,231.61**	40,759.26
Inter Segment Cost	**3,317.74**	3,245.83	**2,512.36**	2,437.39	**1,499.49**	1,142.86	**-**	-	**7,329.59**	6,826.08
Depreciation/Amortisation	**1,243.06**	1,859.85	**681.58**	1,122.52	**326.02**	521.31	**99.30**	162.12	**2,349.96**	3,665.80
Segment Result	**235.29**	**(2,866.92)**	**1,409.19**	**(619.04)**	**604.06**	**604.32**	**(377.53)**	**(162.12)**	**1,871.01**	**(3,043.76)**
Interest Expenses	**(2,674.48)**	(4,341.46)	**(1,984.46)**	(2,725.58)	**(517.34)**	(756.20)	**(1.89)**	-	**(5,178.17)**	(7,823.24)
Interest Income	**0.14**	4.91	**-**	5.69	**-**	-	**5.61**	42.44	**5.75**	53.04
Other income	**1,103.70**	**325.74**	**23.83**	**63.89**	**124.17**	**13.15**	**34.81**	**(42.44)**	**1,286.51**	**360.34**
Profit/(Loss) before tax	**(1,335.35)**	**(6,877.73)**	**(551.44)**	**(3,275.04)**	**210.89**	**(138.73)**	**(339.00)**	**(162.12)**	**(2,014.90)**	**(10,453.62)**
Taxation										
Current tax									**-**	(123.97)
Deferred tax									**(1,375.60)**	**(862.24)**
Net Profit/(Loss) after taxation/ Adjusted Profits									**(639.30)**	**(9,467.41)**
Other Information										
Segment Assets	**54,496.00**	44,435.22	**17,258.38**	15,593.42	**9,453.63**	8,934.38	**5,672.81**	4,666.43	**86,880.82**	73,629.45
Segment Liabilities	**18,061.68**	6,193.14	**2,066.21**	2,225.57	**883.95**	795.74	**59,100.73**	59,507.46	**80,112.57**	68,721.91
Capital Expenditure	**3,636.24**	1,569.07	**793.26**	210.24	**324.42**	302.12	**51.45**	1,078.01	**4,805.37**	3,159.44
Other Non-cash expenses/(income) (net)	**592.63**	0.30	**-**	-	**-**	-	**-**	(22.50)	**592.63**	(22.20)

During the year under report, the Company has engaged in business only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical segment disclosure is considered necessary.

(b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segment. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as "Un-allocable".

(c) The Company generally accounts for inter segment sales/transfer as if the sales/transfers were to external parties at prevailing average market price on the date of transfer.

43. Earnings per Share

The computation of earnings per share is set out below:

Particulars	2012	2011
Nominal Value of Equity Shares (₹)	**10**	10
Net Profit/(Loss) after Tax (₹ Lakhs)	**(639.30)**	(9,467.41)
Less : Preference Dividend attributable to Preference Shares (including corporate tax thereon)	**660.49**	1.64
Net Profit/(Loss) attributable to the Equity Shareholders	**(1,299.79)**	(9,469.05)
Shares:		
Weighted average number of Equity Shares of ₹ 10 each outstanding during the year	**19,961,707**	19,961,707
Basic and diluted Earnings/(Loss) – ₹ Per Share	**(6.51)**	(47.44)

44. Related Party Disclosures

i. Names of the related parties and description of relationship

Relationship	Name of the Parties
Holding Company	EID Parry (India) Limited
Subsidiary Company	Alagawadi Bireshwar Sugars Private Limited (ABSPL)
Fellow Subsidiaries	Coromandel International Ltd.
	Parry Chemicals Ltd.
	CFL Mauritius Limited
	Coromandel Brasil Limitada – Partnership
	Sabero Organics Gujarat Limited
	Sabero Europe BV
	Sabero Australia Pty. Ltd.
	Sabero Organics America SA
	Sabero Argentina SA
	Sadashiva Sugars Ltd.
	Parry America Inc.

Relationship	Name of the Parties
Fellow Subsidiaries	Parrys Investments Limited
	Parrys Sugar Limited
	Parry Infrastructure Company Private Limited
	Parry Phytoremedies Private Limited
	US Nutraceuticals Inc.
	Parry Agrochem Exports Limited
	Valensa Europe AG
	La Belle Botanics LLC
Key Management Personnel	Mr. D. Kumaraswamy

ii. Summary of transactions with the above related parties are as follows:

Nature of the Transaction	2012	2011
Purchase of Machinery		
i. Holding Company		
EID Parry (India) Limited	-	965.42
Purchase of Goods/Services		
i. Holding Company		
EID Parry (India) Limited	**456.61**	448.61
ii. Fellow Subsidiary		
Coromandel International Limited	**15.75**	15.72
Sadashiva Sugars Limited	**117.64**	97.16
Interest on Unsecured Loan		
i. Holding Company		
EID Parry (India) Limited	**908.45**	1,029.87
ii. Fellow Subsidiary		
Coromandel International Limited	**16.38**	2.17
Sadashiva Sugars Limited	**37.17**	-
Sale of Goods/service		
i. Holding Company		
EID Parry (India) Limited	**332.89**	12.79
ii. Fellow Subsidiary		
Sadashiva Sugars Limited	**264.02**	255.26
Coromandel International Limited	**55.75**	40.20
Unsecured loans taken		
i. Holding Company- EID Parry (India Limited)	**3,000.00**	23,997.16

Nature of the Transaction		2012	2011
ii.	Fellow Subsidiary- Coromandel International Limited	**2,000.00**	900.00
iii.	Fellow Subsidiary- Sadashiva Sugars Limited	**1,500.00**	-
Issue of Preference Shares			
i.	Holding Company- EID Parry (India Limited)	**2,500.00**	7,500.00
	Remuneration		
	Key Management Personnel		
	Mr D. Kumaraswamy	**71.30**	68.50
Balance Payable /(recoverable) at the end of the year:			
i.	Holding	**15,859.61**	15,802.97
ii.	Fellow Subsidiaries	**(65.23)**	43.12
iii.	Individuals exercising control or significant influence and their relatives	**-**	-
iv.	Enterprises where Individuals exercising control or significant influence over the company have significant influence	**-**	-

45. Previous year's figures have been regrouped/reclassified to conform to Current year's classification.

46. Previous financial year was for a period of fifteen months, whereas 2011-12 is for a period of nine months and hence figures are not comparable.

For and on behalf of the Board

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785 S

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Consolidated Cash Flow Statement for the nine months period ended March 31, 2012

₹ In Lakhs

	2012		2011	
A. Cash Flow from Operating Activities				
Net Profit/(Loss) before Taxation		(2,014.90)		(10,453.62)
Adjustments for:				
Depreciation	2,349.96		3,665.80	
Bad debts written off	-		-	
Provision for doubtful advances	-		-	
Interest received	(5.75)		(53.04)	
Interest and finance charges	5,178.17		7,823.24	
Provisions no longer required written back	(9.27)		(24.44)	
(Profit) / Loss on sale of fixed assets	2.71	7,515.82	2.25	11,413.81
Operating profit/(loss) before working capital changes		5,500.92		960.19
Adjustments for:				
Trade and other receivables	(4,142.52)		(1,399.30)	
Inventories	(5,201.78)		(3,599.93)	
Trade and other payables	12,995.13	3,650.83	(2,539.20)	(7,538.43)
Cash generated from/ (used in) operations		9,151.75		(6,578.24)
Interest paid		(4,323.32)		(6,809.91)
Income taxes paid		-		331.42
Net cash from / (used in) operating activities		4,828.43		(13,056.73)
B. Cash from Investing Activities				
Purchase of Fixed assets	(5,805.49)		(2,419.51)	
Proceeds from sale of fixed assets	6.96		4.51	
Investments in Equity shares of Subsidiaries	-		-	
Proceeds from sale of investments	-		-	
Proceeds from transfer of Aircraft business	-		-	
Interest / dividends received	6.85		40.75	
Net cash from / (used in) investing activities		(5,791.68)		(2,374.25)
C. Cash Flow from Financing Activities				
Proceeds from issuance of Share Capital	2,500.00		7,500.00	
Proceeds from Short Term loans	16,500.00		28,897.16	
Repayments of Short Term loans	(22,405.23)		(8,400.00)	
Proceeds from Long Term loans	5,500.00		59,865.19	
Repayment of Long Term loans	(671.09)		(71,934.84)	
Dividend Paid	(10.29)		(0.06)	
Net cash from / (used in) financing activities		1,413.39		15,927.45
Net Change In Cash And Cash Equivalents		450.14		496.47
Cash And Cash Equivalents - Opening Balance		979.78		483.31
Cash and Cash Equivalents transferred pursuant to Sale of Aircraft Division		-		-
Cash And Cash Equivalents - Closing balance [Refer Note 3 Below]		1,429.92		979.78

Notes:

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2012 and the related Profit and Loss Account for the nine months period ended on that date.
2. The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash flow Statements, as notified under Section 211 (3C) of the Companies Act, 1956.
3. Cash and Cash Equivalents - closing balance include balances aggregating to ₹46.57 Lakhs [2011: ₹56.86 Lakhs] with Scheduled banks in respect of unclaimed dividend, which are not available for use by the Company.
4. Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

For R.G.N Price & Co.
Chartered Accountants
FRN : 002785 S

S. Sandilya
Chairman

D. Kumaraswamy
Managing Director

H.S. Venkatesh
Partner
Membership No.: 026666
Chennai
April 24, 2012

G. Jalaja
Chief Financial Officer

B.M. Rath
Company Secretary

Statement pursuant to general exemption provided under Section 212 (8) of the Companies Act, 1956 relating to subsidiary company.

Name of the Subsidiary Company: M/s Alagawadi Bireshwar Sugar Pvt. Ltd.

(₹ in Lakhs)

Particulars	2011-12 **	2010-11*
Share capital	**102.22**	102.22
Reserves & Surplus	**-**	-
Total Assets	**1,429.93**	1,414.88
Total Liabilities	**1,429.93**	1,414.88
Total Turnover	**-**	-
Profit/Loss) Before Tax	**(1.97)**	-
Provision for Tax	**-**	-
Profit/Loss After Tax	**(1.97)**	-
Proposed Dividend	**-**	-
Investments	**-**	-

* For the 15 months period ended June 30, 2011
** For the 9 months period ended March 31, 2012.

Parrys Sugar Industries Limited

Regd. Office: Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road, Jakkasandra,
Koramangala, Bengaluru - 560034

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand
it over at the entrance of the meeting hall)

Name & Address of the Member	Registered Folio No.	Client ID & DP ID No.	No. of shares held

I hereby record my presence at the Annual General Meeting of the Company held on Thursday, the July 26, 2012.

SIGNATURE OF THE MEMBER OR PROXY ATTENDING THE MEETING

If member, please sign here	If Proxy, please sign here

Note: Members are requested to bring their copy of the AGM Notice to the Meeting as the same will not be circulated at the Meeting.

Parrys Sugar Industries Limited

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Koramangala, Bengaluru - 560034

PROXY FORM

Folio No. ....   Client ID No. & DP ID No. ....

I/We .... of ....

being a Member/Members of Parrys Sugar Industries Limited, hereby appoint .... of

....or failing him/her ....

of...as my/our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the July 26, 2012 at 10.30 A.M. and at any adjournment thereof.

Signed ....

Date...

Affix Revenue stamp

Note: The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. The Proxy need not be a Member of the Company.

The Spirit of the Murugappa Group

Integrity

Responsibility

Passion

The five lights

The values, principles and beliefs that have always guided us and continue to show the way forward.

Respect

Quality

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

murugappa

Be the energy

PARRYS SUGAR INDUSTRIES LTD.
Registered Office : 3rd Floor, 1/2 Kalayanamantapa Road,
Jakkasandra, Koramangala, Bengaluru - 560034
Ph : 080 4900 6666 Fax : 080 4900 6600.