

# The Oudh Sugar Mills Limited



**Keeping our faith**

Annual Report 2009-10



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# Corporate information

## The Oudh Sugar Mills Limited

### BOARD OF DIRECTORS

Mr. Chandra Shekhar Nopany,  
Chairman-cum- Mg. Director  
Mr. S. V. Muzumdar  
Mr. Ashvin C. Dalal  
Mr. C.B. Patodia  
Mr. Rohit Kumar Dhoot  
Mrs. Madhu Vadera Jayakumar  
Mr. Haigreve Khaitan  
Mr. J.N. Godbole

### COMMITTEES OF DIRECTORS

#### Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany  
Mr. S.V. Muzumdar  
Mr. Ashvin C. Dalal  
Mrs. Madhu Vadera Jayakumar

#### Audit Committee

Mr. Ashvin C. Dalal  
Mr. C.B. Patodia  
Mr. S.V. Muzumdar  
Mr. Rohit Kumar Dhoot

#### Investors' Grievance Committee

Mr. S.V. Muzumdar  
Mr. Rohit Kumar Dhoot  
Mrs. Madhu Vadera Jayakumar

#### Remuneration Committee

Mr. S.V. Muzumdar  
Mr. Ashvin C. Dalal  
Mr. Rohit Kumar Dhoot

### EXECUTIVES

Mr. G.N. Pareek – Company Secretary  
Mr. V P Singh  
- Executive President, Hargaon  
Mr. Chandra Mohan Singh,  
- Executive President, Narkatiaganj  
Mr. B.K. Malpani, Executive President, Rosa  
Mr. M. P.Singh , Vice President, Allahabad  
Mr. J S Cheema, Executive President, Hata

### AUDITORS

S.R. Batliboi & Co.  
Chartered Accountants

### ADVOCATES & SOLICITORS

Khaitan & Co.

### BANKERS

State Bank of India  
IDBI Bank Ltd.  
State Bank of Hyderabad  
Union Bank of India

### REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
(Unit : The Oudh Sugar Mills Limited)  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078  
Tel. No. : 91- 022 – 2596 3838  
Fax No. : 91- 022 – 2594 6969  
e-mail : mumbai@linkintime.co.in

### REGISTERED OFFICE

P. O. Hargaon District – Sitapur, (U. P.)  
Pin Code – 261 121  
CORPORATE OFFICE  
Unit No. 210/212, Solaris - 1, 'A' Wing, 2nd Floor  
Saki Vihar Road, Opp : L&T Gate No. 6,  
Andheri (East), Mumbai – 400 072.  
Tel. No. : 91 - 022-2847 0249  
Fax No. : 91 - 022-2847 0275  
e-mail : oudhsugar@mtnl.net.in

### HEAD OFFICE

9/1, R.N. Mukherjee Road,  
Kolkata - 700 001  
Tel. No. : 91-033-2243 0497/8  
Fax No. : 91-033-2248 6369  
e-mail : birlasugar@birla-sugar.com  
Website : www.birla-sugar.com/osugar

### SUGAR MILLS

1. Hargaon, Dist. Sitapur, (U. P.)
2. Rosa, Dist. Shahjahanpur, (U. P.)
3. Narkatiaganj, Dist. West Champaran, (Bihar)
4. Hata, Dist. Kushinagar (U.P.)

### DISTILLERY

1. Hargaon, Dist. Sitapur, (U. P.)
2. Narkatiaganj, Dist. West Champaran, (Bihar)

### FOOD PROCESSING FACTORY

P.O. Bamrauli, Allahabad, (U. P.)

### CO-GENERATION POWER PLANT

1. Hargaon, Dist. Sitapur, (U. P.)
2. Narkatiaganj, Dist. West Champaran, (Bihar)
3. Hata, Dist. Kushinagar (U.P.)



# The Oudh Sugar Mills Limited

Regd. Office : P.O. Hargaon, Dist. Sitapur (U.P.), Pin - 261 121

## NOTICE

Notice is hereby given that the Seventy-eighth Annual General Meeting of the members of The Oudh Sugar Mills Limited will be held at the Registered Office of the Company at Meeting Hall, Oudh Sugar Mills Complex, Hargaon, District Sitapur, Uttar Pradesh, Pin – 261121, on Tuesday, the 21st December, 2010 at 11.AM. to transact the following businesses :

### Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 30th June, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J N Godbole who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mrs. Madhu Vadera Jayakumar who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S V Muzumdar who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

“RESOLVED that Messrs S. R. Batliboi & Co., Chartered Accountants, 22, Camac Street, Kolkata having Firm registration No. 301003E be and are hereby re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.

### As Special Business:

6. To consider and if thought fit to pass the following special resolution with or without modifications:

“RESOLVED that the Company do continue to pay commission not exceeding 1% of the net profit of the Company to be computed in accordance with Section 349 of the Companies Act, 1956 to all the Directors (except the Managing Director) equally over and above the usual sitting fees for a further period of 5 years with effect from 1st July, 2010.”

7. To consider and if thought fit to pass the following ordinary resolution with or without modifications:

“RESOLVED in supersession of the resolution passed at the Annual General Meeting of the Company held on the 6th November, 2006 THAT pursuant to Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow

from time to time such amount of moneys as they may consider adequate for the purposes of the business of the Company, notwithstanding that the moneys to be so borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, subject, however, to the only condition that the total amount of money so borrowed shall not exceed a sum of Rs.1000 crores (Rupees one thousand crores only) outstanding at any one time.”

By Order of the Board

Mumbai,

Dated 27th August, 2010

G. N. Pareek

Company Secretary

### NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.** The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.
2. The Register of the Members of the Company will remain closed from 17th December, 2010 (Friday) to 21st December, 2010 (Tuesday), both days inclusive, for the purpose of holding the Annual General Meeting of the Company on 21st December, 2010 in terms of this Notice.
3. In terms of Article 82 of the Articles of Association of the Company, Mr. J N Godbole, and Mrs. Madhu Vadera Jayakumar, and Mr S V Muzumdar Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief resume of these Directors, nature of their expertise in specific functional areas, names of the other companies in which they hold Directorship and Membership/Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends their respective re-appointments.

4. Members are requested to notify, the change in their addresses, if any to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
5. In all correspondences with the Company/Registrar & Share Transfer Agent, the members are requested to quote their account/folio numbers and in case their shares are held in the dematerialised form, they must quote their Client ID Number and their DP ID Number.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/ unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed / unpaid dividends till the financial year up to and including 31.03.1999 have since been transferred to the said fund. There had been no payment of dividend after 31.03.1999 till the financial year 2003-04. Therefore, Members who have not encashed the dividend warrants so far for the financial years 2003-04 and for subsequent financial years may make their claim to the Company / Registrar and Share Transfer Agent. Once the unclaimed/ unpaid dividend is transferred to the Fund no claim in this regard, shall lie as against the Fund or the Company.
7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the Government can be obtained for the purpose from the Company/Registrar & Share Transfer Agent. The said Form 2B can also be downloaded from the Company's website.
8. The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. The listing fee for the year 2010-2011 has been paid to both the above Stock Exchanges.
9. Equity Shares of the Company are compulsorily tradable on Bombay Stock Exchange Limited and National Stock Exchange of India Limited in the dematerialised form. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialised form to have a better liquidity of their shareholding.

By Order of the Board

Mumbai,  
Dated 27th August, 2010

G. N. Pareek  
Company Secretary

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item No. 6

In an effort to recognise the valuable contributions made by the Non-Executive Directors in making the Company profitable and economically viable the Company has the policy of paying all the Non-Executive Directors commission @ 1% of the net profit of the Company calculated in accordance with the terms and provisions of Section 349 of the Companies Act, 1956. For that purpose authority is vested in the Board of Directors of the Company and such authority has expired on 30th June, 2010 by efflux of time. Therefore, there is necessity to renew such an authority of the Board to continue to pay commission to the Directors.

Hence, the subjoined resolution is submitted for your sanction for continuing to pay commission not exceeding @ 1% of the net profit of the Company to all the Directors (except the Managing Director) equally over and above the usual sitting fees for a further period of 5 years with effect from 1st July, 2010 in such proportion and in such manner as may be determined by the Board of Directors from time to time.

All the Directors (except the Managing Director) may be deemed to be interested in the resolution.

### Item No. 7

By an Ordinary Resolution passed by the shareholders of the Company at an Annual General Meeting held on the 6th November, 2006 the Board of Directors of the Company was authorised to borrow money upto a sum of Rs.750 crores (Rupees Seven hundred fifty crores only) in aggregate (apart from the temporary loans obtained from the Company's Bankers in the Ordinary course of business) notwithstanding that such borrowed money may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserve not set apart for any specific purpose.

In view of increased and diversified nature of activities of the Company it is proposed to increase the said limit from Rs. 750 crores to the proposed Rs. 1000 crores.

The aforesaid proposal for increase in the borrowing limit requires consent of the Members in a General Meeting in terms of Section 293(1)(d) of the Companies Act, 1956 by passing an Ordinary Resolution. Accordingly, the resolution as set out in Item No. 7 of the Notice is proposed to be approved by you.

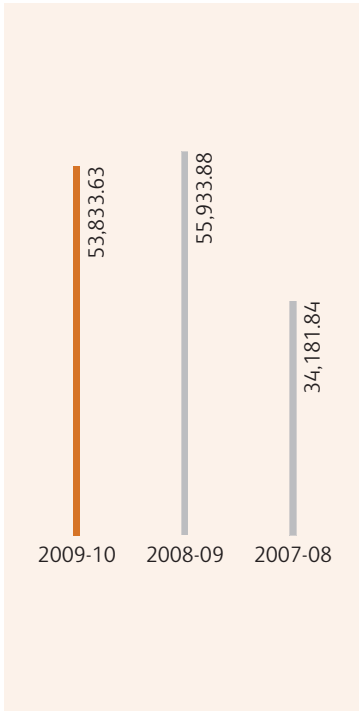
None of the Directors is interested in the aforesaid resolution.

# Performance at a glance

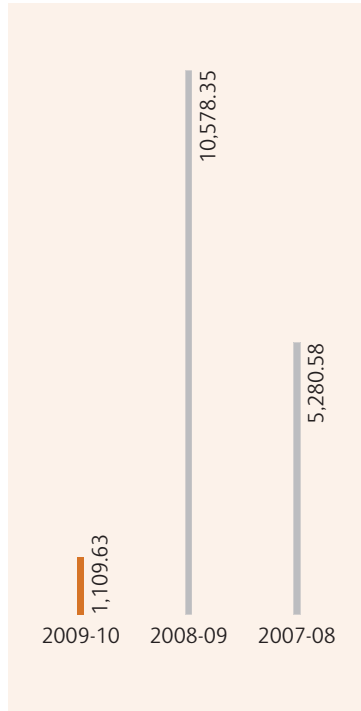
(Rs. in Lakh)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Turnover	52864.92	46812.06	35393.59	58309.13	55498.33
Operating Profit	10297.66	129.80	5280.58	10578.35	1109.63
Interest & Finance Charges (net)	1684.79	2044.23	3677.82	4941.53	8105.81
Depreciation	1558.68	2028.67	2229.68	2632.03	4077.30
Profit/(Loss) before Tax	7054.19	(3943.10)	(626.92)	3004.79	(11073.48)
Profit/(Loss) after Tax	4536.51	(2689.55)	(451.27)	1917.38	(8227.90)
Net Worth	13329.60	10603.02	10083.42	13770.06	7251.91
Net Worth per Equity Share (Rs.)	73.35	58.34	55.48	62.82	(27.98)
Dividend per Equity Share (Rs.)	4.50	--	--	1.50	--
Earning per Equity Share (Rs.)	24.96	(14.80)	(2.48)	8.81	(32.88)
Cane Crushed (Season) (In Lakh Qtls.)	233.59	290.04	237.06	147.83	214.34

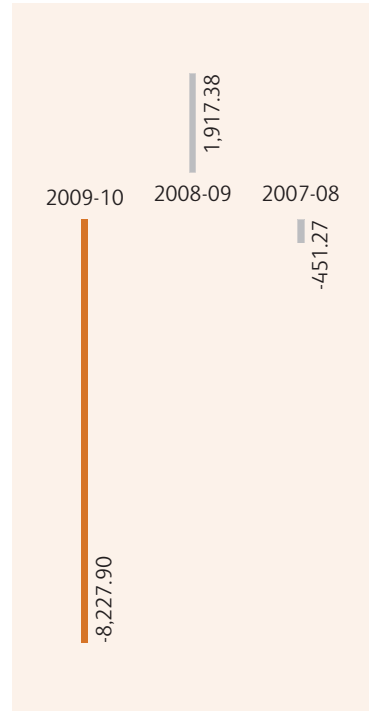
### Total income (Rs. in Lakh)



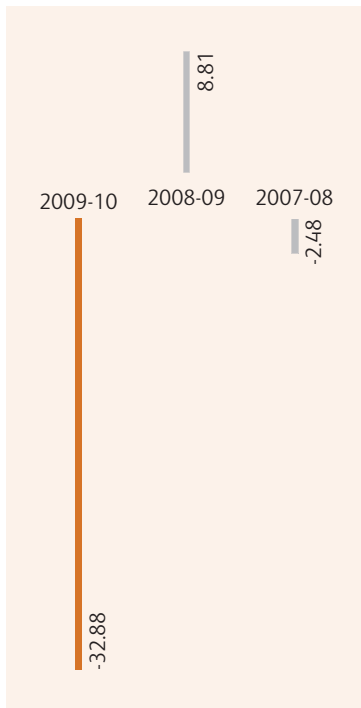
### EBIT (Rs. in Lakh)



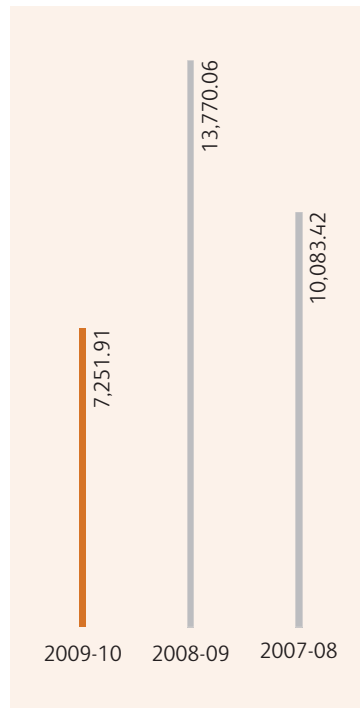
### PAT (Rs. in Lakh)



### EPS (Rs.)



### Net worth (Rs. in lakh)





## Chairman's message

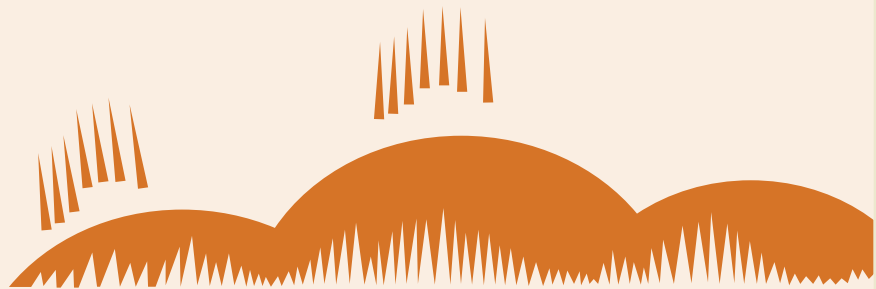
### **Dear Shareholders,**

While the global and domestic business scenario in India witnessed a moderate stability in 2009-10, the domestic sugar industry presented a bitter irony. At a time when sugar prices touched a record high in the first half of the sugar season 2009-10, the millers incurred losses owing to increase in levy quota of sugar, cane shortage despite payment of higher cane price, adverse government regulations and the faulty handling of the release mechanism of the non-levy sugar.

At Oudh Sugar, we suffered considerable loss due to raw material shortage, resulting in capacity under-utilisation and increased unit costs. The enhanced percentage of levy sugar from 10% to 20% further hit us. To make matters worse, revenues from the by-products segment also declined because of low availability of molasses and bagasse.

Cane price fluctuation represents one of sugar industry's most daunting challenges. The farmers will naturally tend to select that crop, which would give them attractive returns. At Oudh Sugar Mills, we have realised the importance of monetary incentives provided to the farmers. We are focusing on improving farmer education by our constant drive to familiarise





them about better varieties of cane and the advanced methods of cane farming and achieving improved yields through rigorous training and education programmes. This will also help them to deal with crop cycle fluctuations in a better way.

I am optimistic that with the reversal of the sugar cycle the gloom will slowly dissipate. A sharp jump in sugarcane production is expected in the coming season, which will help in optimum capacity utilisation and better returns from the by-products. Such a scenario would improve the bottomlines. India's shift from a sugar-import focused country to a sugar export-focused one is expected to boost the industry growth besides changing the profile of the industry.

We concentrated on our business consolidation and enhancing operational efficiencies. An anticipated increase in capacity utilisation of around 80% is expected to reduce production cost considerably besides making higher quantum of sugar, molasses and bagasse available to reap the price advantages currently associated with the manufacture of ethanol and alternate energy. As a matter of fact, the by-products segment of the sugar industry is gradually looking up with strategic capacity utilisation and regulatory Government support in the form of ethanol blending program.

Let me take this opportunity to acknowledge with pride the high spirit and sense of dedication of our employees, the support of farmers and the enduring faith of our bankers and shareholders in our corporate strategy. On the strength of our collective efforts and with the external scenario reviving gradually but firmly, Oudh Sugar Mills Limited will grow sustainably in the long run.

Warm regards,

**Chandra Shekhar Nopany**

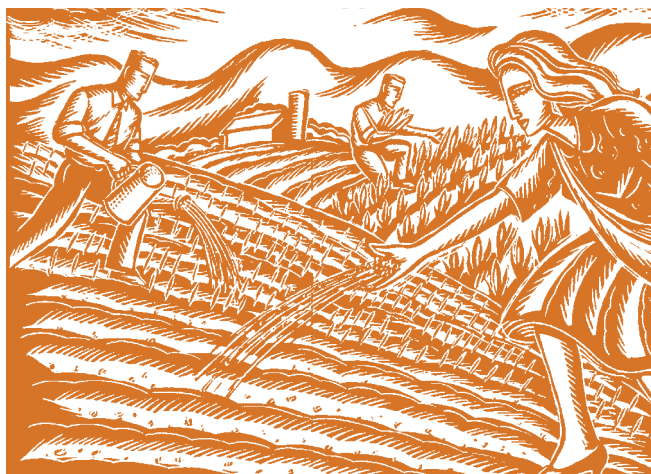
I am optimistic that with the reversal of the sugar cycle the gloom will slowly dissipate. A sharp jump in sugarcane production is expected in the coming season which will help in optimum capacity utilisation and better returns from the by-products.

# Directors' Report

To

The Members,

Your Directors take pleasure in presenting their Report and the audited Accounts of the Company for the year ended 30th June, 2010.



## 2. Financial Results And Appropriations

	2009-10		(Rs. in Lakh)	
			2008 – 09	
Net Revenue		53833.63		55912.40
Gross Profit/(Loss) before Depreciation and Interest		1109.63		10578.35
Less: Interest	8105.81		4941.53	
Depreciation	4077.30	12183.11	2632.03	7573.56
<b>Profit/(Loss) Before Tax</b>		(11073.48)		3004.79
Less: Provision for Tax:				
-Current	3.40		122.02	
-Deferred Tax Charge/(Credit)	(3684.77)		1062.33	
-MAT Credit (entitlement) / Reversal	836.59		(119.02)	
-Income Tax provisions no longer required written back	(3.62)		(1.67)	
-Fringe benefit Tax	2.82	(2845.58)	23.75	1087.41
<b>Profit/(Loss) After Tax</b>		(8227.90)		1917.38
Add: Surplus brought forward	1511.40		78.69	
: Transfer from General Reserve	1725.12	3236.52	--	78.69
Amount available for Appropriation		(4991.38)		1996.07
<b>APPROPRIATIONS</b>				
- Transfer to General Reserve		--	100.00	
- Dividend		--	328.79	
- Dividend Tax (Net)		--	55.88	484.67
<b>Balance carried to Balance Sheet</b>		(4991.38)		1511.40

## PERFORMANCE

3. The Company had recorded a Net Revenue of Rs. 53833.63 lakh (including other income and Agricultural Profit aggregating to Rs. 261.30 lakh) for the year ended 30th June, 2010. The Gross Sales (inclusive of Excise Duty) of the Company for the year 2009-10 declined by 4.82% to Rs. 55498.33 lakh from Rs. 58,309.13 lakh in the year 2008-09.

The earning before interest, depreciation, tax for the year under review stood at Rs. 1109.63 Lakh representing 2% of the Gross Sales of the year though it was lower by 89.51% over previous year's Rs. 10578.35 Lakh.

Sugar sales decreased from Rs. 48973.09 Lakh to Rs. 43869.48 Lakh in 2009-10, showing a decline of 10.42% fuelled by lower sales. Sale of Industrial Alcohol based on Ethanol increased by 5.90% as a direct result of increased generation of molasses. Revenue from bagasse based power recorded an increase of 122.30%.

The performance of sugar segment of the Company was marked with oscillating operations. While the first half of the current year under review witnessed higher demand of sugar and lower availability of the principal raw material namely the sugarcane and at unprecedented high rate resulting in compressed production, the second half was affected by considerably lower realisation of sugar prices due to various measures taken by the Government of India. The profit performance of the Company was also impacted due to doubling of the quota of levy sugar and low recovery.

4. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis, which is attached and is an integral part of this Report.

## CONVERSION OF DETACHABLE WARRANTS INTO EQUITY SHARES.

5. During the year under review, the Company had raised funds by way of conversion of 39,98,240 Detachable Warrants into same number of Equity Shares at a conversion price of Rs. 42.63 per warrant determined in accordance with the formula suggested in the Letter of Offer dated 17th July, 2008.

## EXPENDITURE ON CANE DEVELOPMENT

6. During the year under review the Company had incurred a sum of Rs. 192.52 lakhs on account of Research & Development to improve the recovery ratio and in educating the cane growers to cultivate improved variety of sugar cane.

## DIVIDEND

7. The Board of Directors do not recommend any dividend for the year under review.

## CORPORATE GOVERNANCE

8. Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis, Statement in respect of Conservation of Energy, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance are all attached to and form integral part of this Report and are annexed to this Report as Annexure "A", "B", "E", "F" and "G" respectively.

## DIRECTORS

9. The Company has seven Non Executive directors having experience in varied fields and a Chairman cum Managing

Director. Three directors Mr. J N Godbole, Mrs. Madhu Vadera Jayakumar and Mr. S V Muzumdar retire from the Board by rotation and are eligible for re-appointment.

10. Other information on the directors including required particulars of directors retiring by rotation is provided in the Report of Corporate Governance annexed to this Report as Annexure "E".

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

11. Your Directors confirm that -
- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures;
  - ii) such accounting policies have been selected and applied consistently and judgments and estimates made 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 profit of the Company for that year;
  - iii) proper and sufficient care has been taken 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.

To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, in weighing the assurance provided by any such system of internal controls and in recognising its inherent limitations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits

are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit functions;

- iv) the financial statements have been prepared on a going concern basis.
- v) the annual accounts have been prepared on a 'going concern' basis.

#### **AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS**

12. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Assets amounting to Rs. 3054.68 lakh for the year. The Company's projections are that there would be sufficient taxable income in the future to claim credit of Deferred Tax Assets.
13. The Auditors, Messrs S. R. Batliboi & Co, Chartered Accountants, retire and are eligible for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Board, on the recommendation of the Audit Committee, has proposed that Messrs S. R. Batliboi & Co, Chartered Accountants, be re-appointed as the Statutory Auditors of the Company and to hold office till the conclusion of the next Annual General Meeting of the Company.

#### **COST AUDITORS**

14. In accordance with the directives of the Central Government under Section 233 B of the Companies Act, 1956, M/s. D

Radhakrishnan & Co., Cost Accountant, has been appointed as Cost Auditor to audit the cost accounting records relating to Sugar and Industrial Alcohol units situated at Hargaon, Rosa, Narkatiaganj and Hata for the current year.

#### **SUBSIDIARY COMPANIES**

15. The audited accounts of Champaran Marketing Company Limited, OSM Investment & Trading Company Limited, Hargaon Investment & Trading Company Limited, subsidiaries of the Company and Hargaon Properties Limited, a subsidiary of Hargaon Investment & Trading Company Limited, for the year ended 31st March, 2010 are attached. In this regard, the Statement pursuant to Section 212 of the Companies Act, 1956 is attached and is marked as Annexure "D".

#### **CONSOLIDATED FINANCIAL STATEMENTS**

16. As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements, conforming to the Accounting Standard 21,23 and 27 are attached.

#### **PARTICULARS OF EMPLOYEES**

17. Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is attached as a separate Annexure "C" and forms an integral part of this Report.

#### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

18. Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are as per Annexure "B" and form part of this Report.

#### **FIXED DEPOSITS**

19. As on 30th June, 2010, your Company had 572 depositors with fixed deposits of Rs. 453.64 lakh. The depositors are being advised at regular intervals to claim their deposits. Efforts are being made to contact all such depositors to facilitate the refund of the dues to them.

#### **CEO/CFO CERTIFICATION**

20. Mr Chandra Shekhar Nopany, the Chairman cum Managing Director and Mr. B M Agarwal, CFO have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

#### **ACKNOWLEDGEMENTS**

21. Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers for extending their support to the Company. Your Directors are also grateful to the various ministries in the Central Government and State Governments of Uttar Pradesh, and Bihar, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Directors also recognise the valuable contribution made by the employees at all levels to the Company's progress.

Place : Mumbai, **Chandra Shekhar Nopany**  
Dated : 27th August, 2010 Chairman-cum-Managing Director

For and on behalf of the Board

# Management Discussion and Analysis



## GLOBAL SUGAR INDUSTRY REVIEW

The sugar industry is one of the world's major agro-based industries. Around 75% of the global sugar production comes from the top 10 producers, of which the top three (Brazil, India and the European Union) contribute 40% of the total.

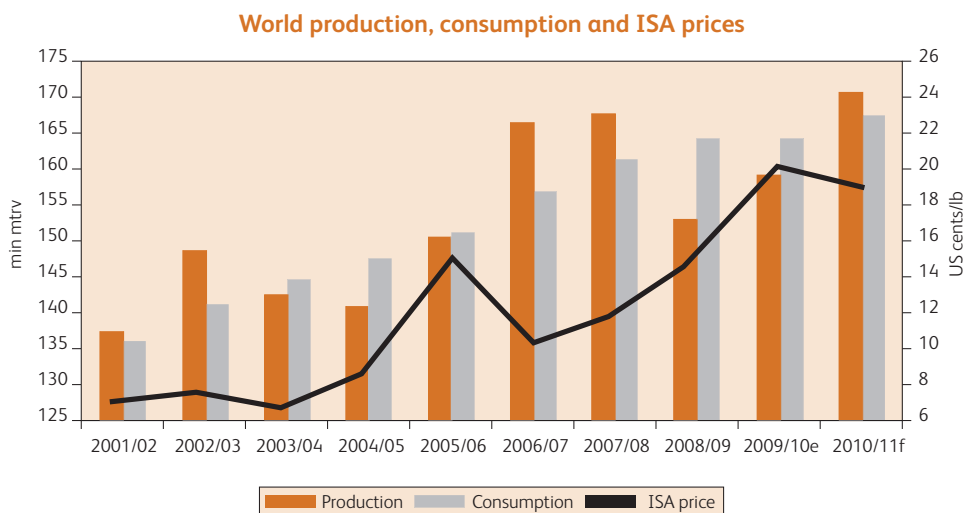
As of August, 2010, global sugar production stands at 158.830

million tonnes, increasing just 4.65% over that of the previous year. Owing to high international prices and lingering impacts of global downturn, the world's global consumption (163.779 million tonnes) posted a negative growth rate of 0.1244%, compared to last 10 years' average of 2.64%. The world sugar economy witnessed a statistical deficit for a second year in a row.

### World sugar balance (million tonnes, raw value)

	2009/10	2008/09	Change	
			in million tonnes	in %
Production	158.830	151.769	7.061	4.65
Consumption	163.779	163.983	-0.204	-0.1244
Surplus/deficit	-4.949	-12.214		
Import demand	52.722	50.167	2.555	5.093
Export availability	52.688	49.216	3.472	7.0546
End stocks	54.903	60.676	-5.773	-9.5145
Stocks/consumption ratio in %	33.52	37.00		

However, the first forecast of world sugar balance (for October, 2010 to September, 2011) projects an optimistic world statistical surplus of 3.221 million tones, eliminating the global demand supply gap after a considerable period. With an expected total production of 170.37 million tones and consumption of 167.15 million tones, the global export availability is forecasted to exceed the import demand.

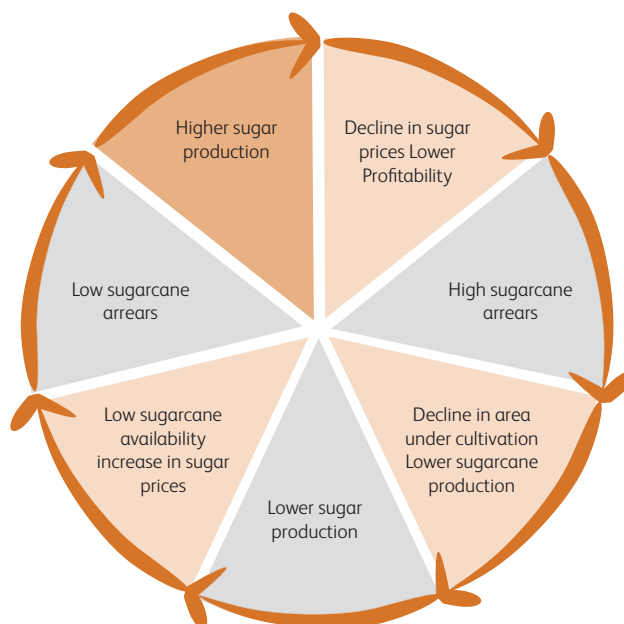


**INDIAN SUGAR INDUSTRY REVIEW**

In India, sugar industry is the second largest industry after textiles. The country is the second largest sugar producer in the world (accounting 13% of the world’s sugar production). The sub-tropical region (Uttar Pradesh) contributes almost 60% of India’s total sugar production, while the balance comes from the tropical region, mainly from Tamil Nadu, Karnataka, Maharashtra and Madhya Pradesh.

**The sugar cycle**

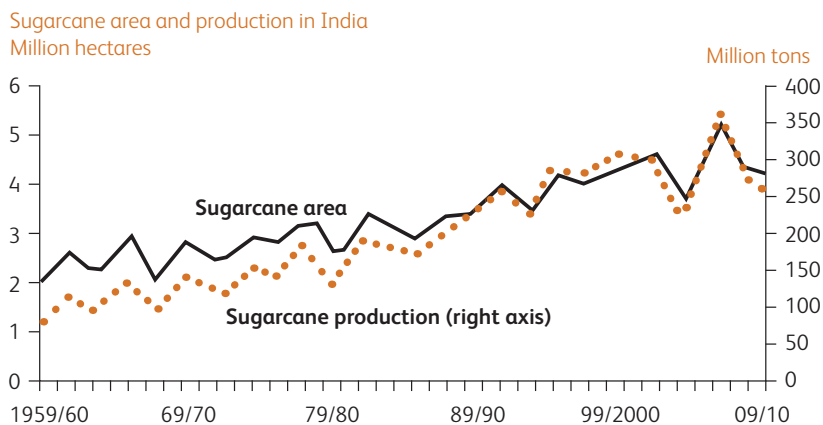
The Indian Sugar Industry is cyclical in nature. The industry downtrend starts with improved mill profitability, prompt farmer payment resulting in higher sugarcane acreage and a bumper sugar output. This results in supply exceeding demand, leading to a decline in sugar prices which in turn leads to lower mill profitability, delayed payment to farmers, high sugarcane arrears, lower cane production, all culminating into higher sugar prices.



**Production and consumption of sugar in India**

After consecutive decline in production in 2007-08 and 2008-09, India's sugar production has started increasing. With the increase in the sugarcane output to 274 million tonnes in sugar season 2009-10, the production of sugar is expected to touch 18.75 million tonnes by the time the current sugar season

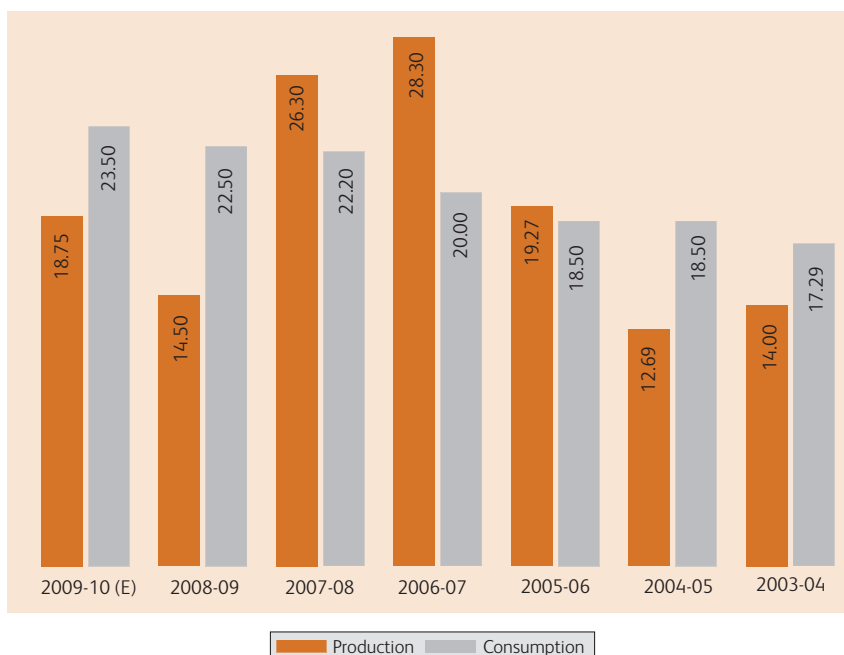
comes to an end in September, 2010. According to ISO, a further 34% production recovery is expected in the sugar year 2010-11, with a revised production of 25.5 million tonnes. India's sugar is mostly produced from sugarcane, and the swings in production were driven primarily by large swings in the acreage of land cultivated for sugarcane and rainfall patterns.



The sugar consumption, on the other hand, is estimated to have grown marginally to 23.5 million tonnes. The growth is on account of rising per capita income and government interventions to adjust stocks and facilitate trade to assure adequate monthly availability. Despite rising price, the sugar demand did not reduce

among bulk consumers. Bakeries, soft drinks and local sweet manufacturers accounted for around 60% of the sugar demand. ISO estimates an approximate growth of 4% in 2010-11 in India's sugar consumption, accounting for about 19.8% of the global sugar consumption.

**India's sugar production and consumption (Million tons)**





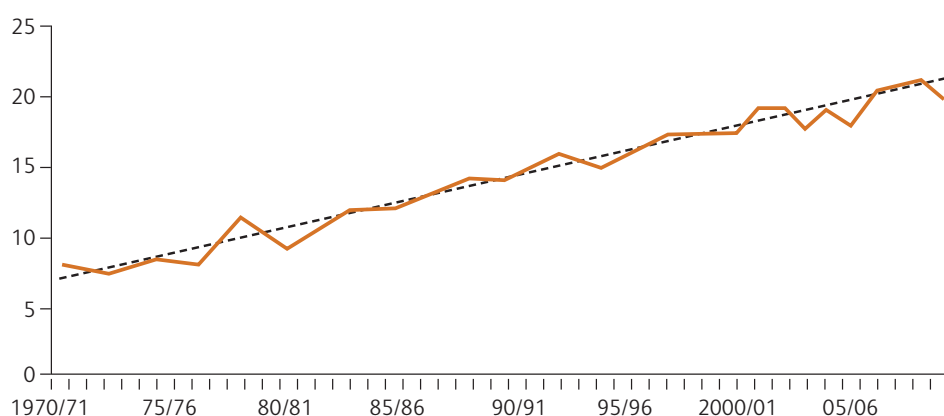
The industry is highly fragmented with the presence of organised and unorganised players. The unorganised sector usually produces jaggery (unrefined concentrated sugar) or *khandsari* accounting for smaller shares of overall use. The production and consumption of *khandsari* has been declining, while it is a reverse situation in case of jaggery. Its production and consumption are unregulated and tend to rise in years, when higher jaggery prices or increase in payment arrears by sugar mills incentivise farmers to divert sugarcane for jaggery production. During 2009-10,

jaggery's market share rose to about 35% of the total demand of the sweetener, reflecting a drop in sugar production caused by reduced sugarcane plantings.

India ranks sixth in per capita sugar consumption. India's sugar consumption currently hovers around 20 kg/capita compared to 57.6 kg of Brazil. The lower per capita consumption leads to anticipation of increasing demand in the future, though in the last few years, the per capita consumption is increasing at a steady 3.7% annually.

Kgs per capita

Per capita sugar consumption in India



### Recovery rate

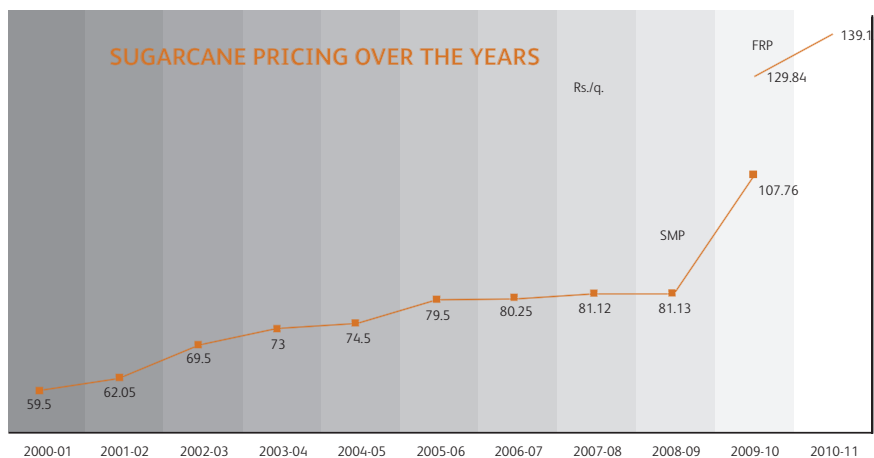
A higher recovery rate (percentage of sugar produced from sugarcane crushed) ensures higher production. Frequent switching of crops and climatic conditions affect the recovery rate considerably. In India, the recovery varies from the plantation in the subtropical region and tropical region. India's current recovery rate stands at around 10%, compared to Brazil's recovery rate of 13-14%.

### Pricing

Until the last sugar season (SS), there were two types of pricing that were followed by the sugar mills to remunerate the farmers – State Advised Price (SAP) and Statutory Minimum Price (SMP).

The Commission on Agricultural Costs and Prices (CACP) decides the SMP, whereas the state governments fix the SAP, which is significantly higher than SMP.

The difference in pricing led to regional variation in productivity and profitability. To include reasonable margin for both the sugarcane and sugar producers, the Centre replaced the Statutory Minimum Price (SMP) with Fair and Remunerative Price (FRP) in early 2010, for the minimum price to be paid to sugarcane farmers for the sugar season 2009-10. FRP for 2009-10 sugar season was fixed at Rs. 129.84 per quintal and has been further raised to Rs. 139.12 per quintal for the 2010-11 season. SAP was fixed at Rs. 165 per quintal.



### Distribution of levy sugar

It is mandatory for the sugar millers to sell a portion of their production to consumers below poverty line through the Public Distribution System (PDS), at a pre-determined below-market price (levy price). Rest of the stock is sold in the free market under monthly release mechanism. Since October 2009 the GOI increased the levy quota from 10% to 20% of the total production as a measure to deal with the shortfall in the domestic sugar production. There was a revision in the pricing as well. After seven consecutive years of unchanged price, the Supreme Court directed the government to announce a different price for mills that pay SAP to buy sugarcane from farmers. Consequently, the food ministry increased the levy price by 50% in Maharashtra and 63% in Uttar Pradesh (UP). The mills across the country will further benefit, as the price of levy sugar will be calculated on the revised SMP.

### Sugar trade

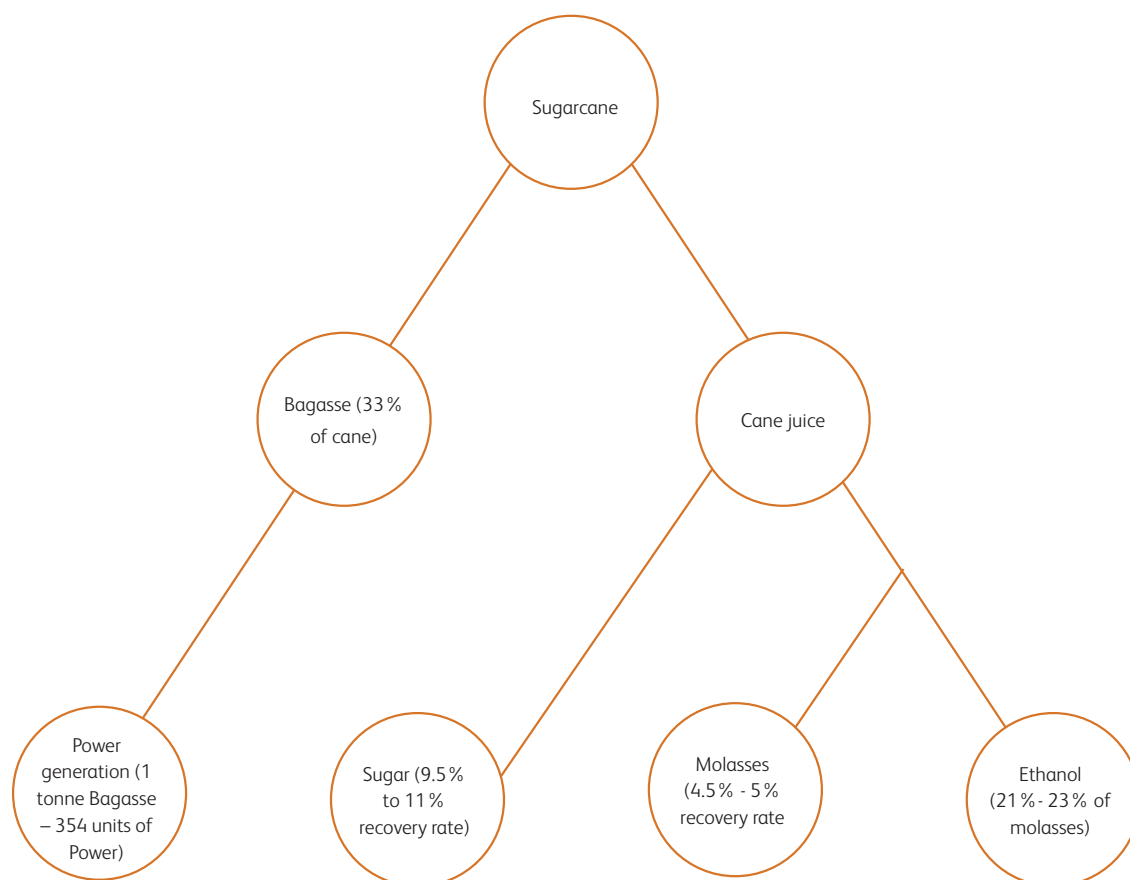
The Government regulates the trade of both raw and refined sugar through import tariffs, export quotas and financial support in order to maintain the demand-supply gap. During early 2009, the Government relaxed the re-export requirement for the Advanced License Scheme in order to deal with the shortfall in domestic supply. Unrestricted duty free raw sugar import was permitted till April 2010, which eliminated the 60% basic ad valorem tariff, the Rs. 950/tonne countervailing duty and 3% educational cost from the total tariff. The Government further allowed free import of 1 million tonnes refined sugar during August-November 2009. Consequently, 2.5 million tonnes sugar was imported in 2009, and it is further expected to reach around 4.3 million tonnes in 2010. However, exports on the other hand, declined significantly on account of lower production.



\* Import figure for SY 2008-09 includes 1.2 million of unprocessed raw sugar lying with sugar mills.

### SUGAR BY-PRODUCTS AND ITS CONTRIBUTION

The seasonality in Indian sugar production exposes the manufacturers to fluctuating profit margins. However, by-products like molasses and bagasse contribute significantly to the bottomline and diversify the risk. Sugar by-products are classified in the following figure.



The Cabinet Committee on Economic Affairs mandated 5% blending of ethanol with petrol in November, 2009. The ethanol blending programme is primarily based on indigenously produced ethanol from sugarcane molasses, which, besides augmenting fuel availability in the country, would also provide better returns for sugarcane farmers. The Ministry also recommended the fixation of an interim ethanol price at Rs. 27 per litre for three years in December, 2009, which came into effect from August, 2010. The final price will be determined by a high-powered committee set up under the Chairmanship of Mr Saumitra Chaudhari. The above recommendations were made after ensuring that even in years of shortage, the production of molasses based alcohol would be enough to meet the 5% blending requirements.

Bagasse has a very strong demand in paper and biomass-based power projects. Currently, bagasse generation accounts for just 0.6% of the total power generated, but it has the potential to generate 6% of future power requirements in 2017. Due to sugarcane shortage, the production of bagasse was restricted, which further increased the price to Rs. 1,500 per MT.

The State Electricity Regulatory Commission SERCs also supported the cogeneration projects by increasing price and providing permission to sell a part of power produced through open access in the market route. The cogeneration tariff has been increased to Rs. 4 per unit in 2010 from that of Rs. 3 per unit in 2009 by Uttar Pradesh Electricity Regulatory Commission, and it has also permitted companies to sell 50% of the power generated by it to third parties in the off-season.

## PESTEL ANALYSIS OF SUGAR

**Political factors:** The sugar industry operates under high political influence. The farmers usually deal through co-operative societies, on which the local parties have a strong influence. To protect the interest of sugar producers, the government came up with FRP pricing. The regulation is facing strong opposition from farmers as well as the state governments, as they want to retain the flexibility of having a higher SAP without bearing any additional cost.

**Economic factors:** India's sugarcane cultivation area constitutes 2.2-2.7% of India's total cropped area, notwithstanding annual fluctuations in acreage. In Financial Year, 2009, 0.7% of India's GDP came from the sugar industry. In addition, the industry usually contributes around Rs. 1,700 crore annually to various state government treasuries by way of excise duties and purchase tax on sugar cane. The contribution of sugar in the value of agriculture output was as high as 6.4% in Financial Year 2006, though in Financial Year, 2009 it came down to 4% due to price and production fluctuation in the industry.

**Social factors:** About 7.5% of the rural population banks on sugarcane farming. The sugar industry directly employs around 2 million workers, and there is also significant indirect employment generation through various ancillary services.

**Technological factors:** The department of Food and Public Distribution of India is taking initiatives for technological upgradation in sugar mills. Indian sugar mills suffer from lower capacity utilisation. Combined with the Department of Science and Technology, Government of India, it works on improvement of plant efficiencies, energy saving and reduction of utilisation of major inputs.

**Environmental factors:** Ethanol emits less carbon dioxide than crude oil. The use of ethanol not only benefits environment, but also helps the industry to earn carbon credits.

**Legal factors:** The industry operates under strict legal regulations. Although in some cases it affects the industry and producers, mostly it ensures financial supports and regulations to balance the domestic demand-supply.

## Outlook

Sugar Season 2010-11 is expected to have potentially strong recovery in sugarcane and sugar output that could sharply reduce or eliminate the need for additional imports. With the financial condition of the sugar mills strengthened by high prices for free-sale sugar in 2009, combined with a recent proposal to entitle growers to two-thirds of the mills' total realisation (from sugar, molasses and bagasse) growers may be more responsive to price support policies announced during 2009-10.

Along with sugar, there will also be an increase in demands of ethanol and bagasse, because of the country's socio-

economic growth. Proposals related to the removal of monthly release mechanism, alignment of sugarcane and sugar prices, establishment of strategic sugar stocks along with a price-band mechanism are under government review. On the other hand, supportive legislations in ethanol and cogeneration sector will result in upward price movements of the aforesaid products. Taking all factors into consideration, the Indian sugar industry is poised for rebound in the coming fiscal.

## COMPANY REVIEW

### Operating performance

The operating performance of the Company, like the rest of the industry, was severely under strain during the year 2009-10. The season 2009-10 started with very firm sugar prices. An ordinance by the Central Government to scrap State Advisory Prices without offering an alternative pricing formula that protects the interests of the farmers resulted in widespread agitation in New Delhi. Under tremendous political pressure, the Central Government was forced to withdraw the ordinance. Firm sugar prices at the start of the season and scarcity of sugarcane compelled the sugar industry to pay attractive sugarcane prices to farmers, even higher than Rs. 200 per quintal.

However, within a month, there was another public outcry- on consumer prices of sugar and other food items. The Government of India, in an effort to control food inflation, implemented several draconian measures:

- The levy obligation was increased from 10% to 20% of a sugar factory's production. Furthermore, the levy prices payable to the industry is around Rs. 1820 per quintal as against the cost of production of Rs. 3200 per quintal. This itself has resulted in a huge loss for the Company.
- Stock holding limit of 10 days was imposed on traders and bulk consumers. The bulk consumers account for 55% of the consumption of sugar in India. The bulk consumers were exempted from these limits if they were holding imported sugar and not Indian sugar.
- Import duty on both raw and white sugar was brought down to zero level.

All these measures had a combined effect of sugar prices crashing in India and lack of demand for Indian sugar. Sugar prices that were hovering around Rs. 4000 per quintal came tumbling down to Rs. 2500 per quintal with no buyers. The industry that was slowly limping back to revival incurred substantial losses. The industry association has taken up this matter with the Central Government which has acknowledged the seriousness of the problem. In fact the Government has also slowly started relaxing some of the measures like the weekly release mechanism etc to revive sugar demand and sugar prices.

Operating in such an environment the Company's performance was as follows:

	Year 2009-10 (Actual)					Year 2008-09 (Actual)				
	Hargaon	Rosa	Narka-tiaganj	Hata	Total	Hargaon	Rosa	Narka-tiaganj	Hata	Total
<b>Sugarcane Crushed (Lakh quintals)</b>	102.54	30.58	51.65	29.58	214.35	71.67	29.55	45.16	1.45	147.83
<b>Recovery (%)</b>	9.41	8.51	9.51	9.26	9.28	9.34	8.59	9.02	8.00	9.07
<b>Sugar Produced (Lakh quintals)</b>	9.65	2.60	4.91	2.74	19.90	6.69	2.54	4.07	0.12	13.42
<b>Crushing days</b>	120	92	83	85	380	102	86	73	11	272

### INTERNAL CONTROL

The Company has an extensive internal control system to ensure the smooth functioning of each and every department of the organisation. The internal control system is totally in alignment with the business nature and the size of the company. It tracks various financial transactions effectively and certifies the compliance with rules and regulations, thus contributing to the operational efficiency of the Company.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company continues to attribute high priority to human resources. It is committed to providing an environment that is encouraging, nurturing, appreciative of talent and one in which the employees can work to realise their potential and grow professionally as well as personally. Therefore, vigorous efforts were made to upgrade and improve skills and knowledge of Company's employees and to address specific knowledge and skill gaps. The Company also continued to maintain cordial relations in all the mills and offices during the year under review.

### RISK MANAGEMENT

Risks	Mitigation
Farmers switching over to other profitable crops	<ul style="list-style-type: none"> <li>The government has come up with different pricing to ensure a proper remuneration to the farmers; additionally, millers also have the permission to attract farmers with competitive prices, which are higher than the FRP.</li> </ul> <p>At Oudh, we have introduced farmer-friendly initiatives and otherwise share harmonious relationship with them that results in sufficient availability of sugarcane even during the period of low sugarcane output; we also conduct regular training programmes to educate farmers about advanced methods and technologies of sugarcane farming resulting in higher cane yield in the area allotted to us.</p>
Higher operating cost affecting the Company's profitability	<ul style="list-style-type: none"> <li>At Oudh, we have optimised the production through various initiatives; we have further installed latest cutting edge technologies for enhanced operational efficiencies.</li> </ul> <p>Our efficient working capital management also ensured improved financial leverage.</p>
Lower recovery rates affecting the sugar production	<ul style="list-style-type: none"> <li>Enhanced capacity utilisation by the units improved overall recovery rates considerably from 9.07% in 2008-09 to 9.28% in 2009-10.</li> </ul>
Shortage of sufficient electricity affecting the regular plant operations	<ul style="list-style-type: none"> <li>The Company possesses three co-generation plants with a production capacity of 60 MW that suffices the captive needs of the plant ensuring uninterrupted operations besides transferring the surplus power generated to the state grid.</li> </ul>
Single product dependency for the source of revenue	<ul style="list-style-type: none"> <li>At Oudh, our revenues are diversified through sugar, ethanol, co-generation of power and food processing segments.</li> </ul> <p>The demands for these products are also growing considerably, which is expected to provide a steady return to the Company throughout the year.</p>

**Statement showing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2010**

**I. CONSERVATION OF ENERGY :**

- i) Following initiatives have been taken by the Company to conserve Energy during the year 2009-10:
- The Company has installed AC motors on the cane predatory devices and DC motors in the mills in place of steam turbines for considerable energy savings.
  - The Company has installed various machinery and equipments which besides increasing generation of steam are also dedicated to reduce consumption of steam and fuel.
  - The Company has installed automatic drum level controllers on old boilers which in turn have reduced the amount of blow down and thus conserve energy .
  - The Company has installed auto control system on all boilers to reduce the consumption of bagasse by putting auto control combustion system.
  - The Company has modified system of heating of juices and bleeding of vapors for pan boiling to considerably reduce consumption of steam and fuel .
- ii. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
- In view of lesser availability of funds the Company does not intend to commit its already strained financial resources towards implementation of energy reduction programmes though the Company shall continue to use its existing resources and implement conventional methods to substantially reduce consumption of energy.
- iii. Impact of measures of i and ii above for the reduction of energy consumption and consequent impact on the cost of production of goods.
- None significant.
- iv. Total energy consumption and energy consumption per unit of production

**(A) Power & Fuel Consumption :**

	Current Year		Previous Year	
	Sugar	Food Processing	Sugar	Food Processing
1. Electricity				
a) Purchased :				
Units (in lakh)	28.18	2.75	14.43	1.75
Total amount (Rs. in lakh)	160.82	14.27	93.17	10.33
Rate/Unit(Rs.)	5.71	5.19	6.46	5.91
b) Own Generation :				
i) Through Diesel Generator :				
Units (in lakh)	23.14	1.03	23.62	0.87
Units/litre of diesel-oil	3.21	2.8	3.31	3.07
Cost/Unit (Rs.)	11.00	12.85	10.25	13.15
ii) Through Steam Turbine/ Generator :				
Units (in lakh) (Excluding units sold to and used in other segment	676.68	--	471.29	--
Units/litre of fuel oil/gas	Not ascertainable as the bagasse which is a by-product is being used as fuel			

**(A) Power & Fuel Consumption : (Contd.)**

	Current Year		Previous Year	
	Sugar	Food Processing	Sugar	Food Processing
Coal :				
Quantity (Tonnes)	--	756.70	--	1183.00
Total Cost (Rs. in lakh)	--	43.22	--	62.82
Average Rate (Rs.)	--	5711.95	--	5309.94
<b>(B) Consumption per unit of production :</b>				
Products Sugar - (in lakh Qtls)/				
Food Processing (in Lakh Qtls)	20.32	0.49	14.12	0.40
Electricity (unit)	35.82	7.68	36.07	6.60
Coal (in kg)		0.15		0.30

**II. Research & Development and Technology Absorption:**

The Company has been carrying out Research & Development in the following specific areas :

**(1) Control of Insect, Pest and Disease-**

- Through Moist, Hot Treatment- In order to maintain the genetic purity of varieties of Sugarcane, treatment is given to cane seed with moist hot air treatment. It improves the quality and yield of sugarcane. This process shall continue for the future also.
- Chemical Control:- In order to control the insect, pest and borer, insecticide and pesticide is being applied on the crop just before indent of pest and fore's for its control.
- Biological Control of Bores:- Parasites (Tricogranna Cards) have been applied in the crop to protect Insects, Pests, and Borers.

**(2) Ratoon Management :- To increase the yield of the Ratoon,**

farmers are being educated on constant basis to burn the trash in the field, stubbing the plant and giving the proper dose of fertilisers and irrigation. Farmers are educated also to fill the gaps by new and improved plants.

Owing to above efforts, higher yield of disease free cane is being made available to the Company's sugar mills resulting in higher return to cane growers as well as to the Company. This has also contributed to higher recovery of cane.

- On the Distillery front, the Company has installed slope fire boilers and evaporators. In the system, the effluent coming from distillation plant is being concentrated in evaporators. This concentrated effluent having 60-62 degree brix is being burnt in boilers as a slope. By burning the slope in the boiler we are consuming very little quantity of bagasse for getting the adequate quantity of steam for distillery from the boilers. This also helps us to maintain ecological balance.

The Company has not imported any new technology.

**III. Foreign Exchange Earnings and Outgo :**

- Activities relating to exports, initiatives taken to increase exports
- Development of new export markets for products and services and export plan
- Earnings in Foreign Exchange -
- Expenditure in Foreign Currency -

During the year under review the Company has not made any export of sugar. As and when there is an export obligation the same is discharged through channelised agencies. As regards export of canned fruits, jam and jelly through Allahabad Canning Co., a Division of the Company, the same is managed through correspondence and personal contacts with overseas buyers. The total export of Rs. 679.50 lakh during the year 2008-09 has been decreased to Rs. 617.89 lakh (CIF value) during the year 2009-10. The size of the order book position as on the date of this report is Rs. 800 lakh supported by established L/Cs in favour of the Company and to be executed during the current year 2010-11.

Rs. 604.63 Lakh (FOB Value)

Rs. 21.77 Lakh

**PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 2010**

Name	Designation	Remuneration (Rs.)	Nature of Duties	Qualification	Experience (years)	Age (years)	Year of commen- cement of employment	Last employment held
Employed throughout the year :								
Mr. Chandra Shekhar Nopany	Chairman cum Managing Director	1,11,30,167	Overall manage- ment of the affairs of the Company	B. Com., A.C.A., M.S.I.A.	20	45	1995	None
Mr. Chandra Mohan	Executive President, Narkatiaganj	29,97,720	Overall manage- ment of the affairs of the Company's unit, Narkatiaganj	Diploma in Mechanical Engineering	29	50	May, 2007	Bajaj Hindustan Ltd., Sharanpur
Mr. V.P. Singh	Excutive President (Upto 9th August, 2009) Technical Advisor (from 10th August, 2009 till 14th July, 2010)	30,27,300	Overall incharge of Technical Affairs of the Company	Diploma in Mechanical Engineering	40	60	June, 2004	The Dhampur Sugar Mills Ltd., Executive President
Employed for part of the year:								
Mr. N C Paliwal	Ex Executive President from 10th August, 2009 to 23rd June, 2010	28,11,793	Overall manage- ment of the affairs of the Company's unit, Hargaon	B.Com, FCA	26	52	August, 2009	DCM Shriram Consolidated Ltd. (Ajrapur Sugar Unit), CGM

- Notes :
1. The remuneration includes salary, Company's contribution to provident fund and perquisite value of rent paid.
  2. The appointment is contractual.
  3. Other terms and conditions are as per rules of the Company.

Place : Mumbai,  
Dated : 27th August, 2010

For and on behalf of the Board  
**Chandra Shekhar Nopany**  
Chairman-cum-Managing Director



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

The entire subscribed equity capital of Champaran Marketing Company Limited, Hargaon Investment & Trading Company Limited and OSM Investment & Trading Company Limited as on 31st March, 2010 was held by the Company. As on 31st March, 2010, 55.56% and 44.44% of the subscribed equity capital of Hargaon Properties Limited was held by Hargaon Investment & Trading Company Limited and Champaran Marketing Company Limited respectively, wholly owned subsidiaries of the Company and accordingly the said company is the stepped down subsidiary of the Company.

Name of the Subsidiary Company	(Rs. in Lakh)			
	Net aggregate of subsidiaries' profit/ (loss) not dealt with in Holding Company's Accounts		Net aggregate of subsidiaries' profit/(loss) dealt with in Holding Company's Accounts	
	Current year	Upto Previous year since became subsidiary	Current year	Upto Previous year since became subsidiary
Champaran Marketing Company Limited	12.51	78.8	--	43.41
OSM Investment & Trading Company Limited	10.39	124.38	--	26.06
Hargaon Investment & Trading Company Limited	32.55	493.28	--	57.22
Hargaon Properties Limited	(0.19)	2.36	--	--

Since the close of the accounts of Champaran Marketing Company Limited, Hargaon Investment & Trading Company Limited, OSM Investment & Trading Company Limited and Hargaon Properties Limited on 31st March, 2010, no change has taken place in the holding Company's interest in the said subsidiary Companies nor has any material change taken place in subsidiary Companies in regard to any of the matters specified in Section 212(5)(b) of the Companies Act, 1956 except that the monies lent and loan received by Hargaon Investment & Trading Company Limited decreased by Rs. 1,00,00,000 and receipt of a loan of Rs. 10,000 by Hargaon Properties Limited from Hargaon Investment & Trading Co. Ltd., its holding company.

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

ANNEXURE - E

# Report on Corporate Governance



## 1. COMPANY'S PHILOSOPHY

The Oudh Sugar Mills Limited (OSML), a part of Birla Group of Sugar Industries, is committed to the adherence of such globally accepted corporate practices as would continuously enhance the stakeholders' value. Adherence to business ethics and commitment to corporate social responsibility are the enablers for a company to maximize value for all its stakeholders. OSML in its said commitment is guided by the value based business philosophies of its past Chairman Emeritus late Dr K K Birla who had synergised during his life time the business values with humanity with the result that core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness had been the fulcrum of business operations of OSML and continues to be so. OSML through these pages renews its commitment to uphold and nurture the core values of integrity, passion, responsibility, quality and respect in dealing with its customers, cane growers and other stakeholders of the Company.

## 2. BOARD OF DIRECTORS

- i) The Company has in all 8 Directors with considerable professional experience in divergent areas connected with corporate functioning. The Board is headed by the Executive Chairman Mr. Chandra Shekhar Nopany who also acts as the Managing Director of the Company and is entrusted with the management of the Company subject to superintendence, control and directions of the Board.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he or she is a Director.
- iii) With a view to institutionalise all corporate affairs and set up values, systems, standards and procedures for advance planning for matters requiring discussions at/decisions by the Board, the Company has unwritten rules and procedures for the meetings of the Board of

Directors and Committees thereof. These rules and procedures seek to systematise the decision making process at the meetings of the Board/Committees in an informed and most efficient manner.

- iv) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/ approval/ decisions in the Board/Committee Meetings. All such matters are communicated to the Company Secretary well in advance so that the same could be included in the Agenda of the Board Meetings.
- v) The Chairman-cum-Managing Director and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.
- vi) Agenda papers are circulated to the Directors in advance. All material information is incorporated in the Agenda papers for facilitating meaningful and

focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

- vii) In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated in advance or at the meeting.
- viii) The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Clause 49 of the Listing Agreement.
- (x) During the year under review there had been no resignation/appointment of Directors save and except reappointment of Directors who had retired by rotation at the last Annual General Meeting and being eligible were reappointed by the shareholders.

During the year under review six Board Meetings were held on 25th August, 2009, 1st September, 2009, 28th October, 2009, 27th January, 2010, 11th March, 2010 and 30th April, 2010. The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also the number of directorships in other bodies corporate by all the directors are as follows :

Name of the Director	Category of the Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other bodies corporate	No. of Chairmanship/ Membership of Board Committees in other Companies		No. of Equity Shares held
					Chairman	Member	
Mr. Chandra Shekhar Nopany	MD	4	No	11	2	2	73,804
Mr. S V Muzumdar	I/NED	4	No	2	1	3	1050
Mr. Ashvin C Dalal	I/NED	5	Yes	0	0	0	NIL
Mr. C B Patodia	I/NED	3	No	0	0	0	NIL
Mr. Rohit Kumar Dhoot	I/NED	5	No	5	0	0	NIL
Mrs. Madhu Vadera Jayakumar	I/NED	3	No	0	0	0	NIL
Mr. Haigreve Khaitan	NED	1	No	14	0	10	NIL
Mr. J N Godbole	I/NED	3	No	10	1	6	NIL
MD	- Managing Director			I		- Independent	
NED	- Non-executive Director						

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Membership/Chairmanship of only the Audit Committee and Shareholders' / Investors' Grievance Committee of all public limited companies has been considered.

Mr. J N Godbole, Mrs. Madhu Vadera Jayakumar and Mr S V Muzumdar are liable to retire by rotation and are eligible for re-appointment. Particulars of these Directors form part of the Corporate Governance Report.

### 3. AUDIT COMMITTEE (CONSTITUTED ON 25TH AUGUST, 2000)

#### Overall purpose/objective

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. The purpose of the Audit Committee is to assist the Board of Directors (“the Board”) in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/ internal auditors and overseeing the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements.

#### a) Terms of Reference

The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Holding periodic discussions and reviewing with the management, the Statutory Auditors and internal Auditors the annual and quarterly financial reports and statements before submission to the Board, focusing primarily on:
  - i. any changes in accounting policies and practices;
  - ii. major accounting entries based on exercise of judgment by management;
  - iii. qualifications and observations in draft audit report;
  - iv. significant adjustments arising out of audit;
  - v. the going concern assumption;

- vi. compliance with accounting standards;
- vii. compliance with stock exchange and legal requirements concerning financial statements;
- viii. any related party transactions as per Accounting Standard 18
- ix. Significant findings of the statutory and internal auditors and follow up thereon.
  - Reviewing the Company’s financial and risk management policies.
  - Reviewing with the management, statutory and internal auditors, the adequacy of and compliances with internal control systems.
  - Reviewing the adequacy of internal audit function, including structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Reviewing 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.
  - Reviewing the functioning of the Whistle Blower mechanism.

#### b) Composition and Meetings

The Audit Committee comprises of four Non-executive Directors viz. Mr Ashvin C Dalal (Chairman), Mr. C B Patodia, Mr. S V Muzumdar and Mr. Rohit K Dhoot, all of whom, are independent Directors. Mr. G N Pareek, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside internal auditors, the Chief Financial Officer and the Company Secretary. During the year the Committee met four times on 25th August, 2009, 28th October, 2009, 27th January, 2010 and 30th April, 2010 and attendance of the members at the meetings was as follows :

Name of the Member	Status	No. of meetings attended
Mr. Ashvin C Dalal	Chairman	4
Mr. C B Patodia	Member	2
Mr. S V Muzumdar	Member	3
Mr. Rohit K Dhoot	Member	4

The Secretary of the Audit Committee attended the meetings. At the invitation of the Committee, the Internal Auditors, Statutory Auditors and Cost Auditors also attended the Audit Committee Meetings to answer and clarify the queries raised at the Meetings.

#### 4. REMUNERATION COMMITTEE (CONSTITUTED ON 2ND SEPTEMBER, 2002)

##### Objectives:

- i) Though the constitution of the Remuneration Committee is not mandatory, the Company has constituted the Remuneration Committee to review and determine the Company's policy on managerial remuneration and recommends to the Board on the specific remuneration of Executive Directors, so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance and their remuneration is in line with the industry practice and standards.

The Committee has all the powers and authority as may be necessary for implementation, administration and superintendence of various fringe benefits for managerial remuneration.

##### Terms of Reference:

The broad terms of reference of the Remuneration Committee are as under:

- a. To recommend to the Board salary, perquisites and incentive payable to the Company's executive Directors and increments in their salaries.
- b. To recommend to the Board any new appointments including re-appointments and tenure of office, whether of executive or non-executive Directors Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

##### Composition and Meetings:

The Committee, presently, comprises of three Independent Non-executive Directors, viz. Mr. S V Muzumdar (Chairman), Mr. Ashvin C Dalal and Mr. Rohit K Dhoot. One meeting of the Committee was held during the year.

##### Remuneration Policy:

The Company, while deciding the remuneration package of the senior management, takes into consideration the following items:

- a. Job profile and special skill requirements.
- b. Prevailing compensation structure in companies of similar size and in the industry.
- c. Remuneration package of comparable managerial talent in other industries.

The Non-Executive Directors are paid remuneration by way of commission besides sitting fees, if approved by the Board, on the net profit of the Company at the rate not exceeding 1% of the net profit of the Company determined in accordance with the terms and provisions of Section 349 of the Companies Act, 1956. The distribution of such commission amongst the non-executive directors is placed before the Board for its decision subject to a maximum of Rs. 1 lac per Director per year.

During the last 4 years the Company has not been able to pay any commission to the Non- Executive Directors in view of inadequacy of the net profit of the Company determined in the aforesaid manner.

##### v) Remuneration of Directors

Details of remuneration paid to the Directors for the year 2009-10:

##### a) Executive Director

Managing Director	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.
Mr. Chandra Shekhar Nopany	3,900,000	6,544,764	685,403

Mr. Chandra Shekhar Nopany's remuneration package includes salary, free furnished accomodation with all expenses for upkeep and maintenance thereof, contribution to Provident Fund, reimbursement of medical expenses, leave travel concession, car with driver and telephone etc.

##### b) Non-executive Directors

The Company pays a sitting fee of Rs.5,000 and Rs.2,500 per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The details of sitting fees paid during the year 2009-10 are as follows:

Sl. No.	Name of the Director	Gross Amount (Rs.)
1	Mr. S. V. Muzumdar	47500
2	Mr. Ashvin C. Dalal	47500
3	Mr. C. B. Patodia	20000
4	Mr. Rohit Kumar Dhoot	42500
5	Mrs. Madhu Vadera Jayakumar	22500
6	Mr. Haigreve Khaitan	5000
7	Mr. J. N. Godbole	10000

#### 5. INVESTORS' GRIEVANCE COMMITTEE (CONSTITUTED ON 7TH FEBRUARY, 2003)

##### Terms of Reference:

The Investors' Grievance Committee oversees the redressal of complaints of investors such as transfer of credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 shares, etc. It also approves allotment of shares and matters incidental thereto including listing thereof.

##### Composition & Meetings:

The Committee, presently, comprises of three Non-executive Directors viz. Mr. S V Muzumdar (Chairman), Mr. Rohit K Dhoot and Mrs. Madhu Vadera Jayakumar. Mr. G N Pareek, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges. During the year the Committee met two times on 6th August, 2009 and 11th June, 2010 and attendance of the members at the meetings was as follows :

Name of the Member	Status	No. of meetings attended
Mr. S V Muzumdar	Chairman	2
Mr. Rohit K Dhoot	Member	0
Mrs. Madhu Vadera Jayakumar	Member	2

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of Shares in physical form upto 1000 shares. The transfers/transmissions approved by the Secretary are periodically placed before the Committee. During the year under review the Company received 3 complaints/grievances from the shareholders which were duly attended. The average period in which grievances are redressed is 7 days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2010. There were no share transfer applications pending for registration as on 30th June, 2010.

#### 6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as under

Financial Year	Date	Time	Location
2008-2009	26.11.2009	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2007-2008	18.12.2008	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121
2006-2007	17.12.2007	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121

No Special resolution was passed at the Annual General meeting held on 26th November, 2009 and 17th December, 2007. A Special resolution was passed at the Annual General Meeting held on 18th December, 2008 for re-appointment of Mr. Chandra Shekhar Nopany as the Managing Director for a further period of three years with effect from 1st July, 2008.

As of now there is no proposal for passing of any Special Resolution through Postal Ballot. The last Annual General Meeting was held on 26th November, 2009 which was chaired by Mr Ashvin C Dalal, Chairman of the Audit Committee.

#### 7. DISCLOSURES

- There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties are disclosed in Note No 20 of Schedule 23 to the Accounts in the Annual Report.
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.
- The Company has complied with all the applicable mandatory requirements. The Company has not adopted the non mandatory requirements of the Listing Agreement except relating to the Remuneration Committee.
- Periodical 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.

- v) The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India in preparation of its financial statements.
- vi) During the year under review, the Company had raised funds by way of conversion of Detachable Warrants into Equity Shares.

## 8. MEANS OF COMMUNICATION

- i) Since the financial results in respect of each quarter and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board/Committee and posted on the Company's Website and also published in 'Business Standard', in English in Lucknow and Mumbai editions and 'Business Standard', in Hindi in Lucknow edition, the same were not separately sent to the shareholders.
- ii) The financial results are simultaneously posted on the Company's website at [www.birla-sugar.com/osugar](http://www.birla-sugar.com/osugar). Distribution of shareholdings is also displayed on the website.
- iii) The Company also displays official press releases every quarter on the above website.
- iv) No presentation was made to any Analysts during the year.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### i) 78th Annual General Meeting

Day : Tuesday

Date : 21st December, 2010

Time : 11.00 AM

Venue : Registered Office:

Sugar Mills Complex, Hargaon, District – Sitapur

Uttar Pradesh – 261 121.

### ii) Tentative Financial Calendar for the year 2010-11.

Approval of Audited Annual Results (2009-10)	27th August, 2010
Publication of Audited Results	28th/29th August, 2010
Mailing of Annual Report	November, 2010
First Quarter Results	On or before middle of November, 2010
Second Quarter Results	On or before middle of February, 2011
Third Quarter Results	On or before middle of May, 2011
Audited Annual Results (2010-11)	August, 2011

### iii) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 17th December, 2010 to 21st December, 2010 (both days inclusive) for the purpose of Annual General Meeting.

### iv) Dividend Payment Date

The Board of Directors do not recommend any dividend for the year under review.

### v) Listing on Stock Exchanges and Stock Codes

The names of the stock exchanges at which the Equity Shares of the Company are listed and the respective stock codes are as under :

Sl. No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd. (BSE)	507260
2.	National Stock Exchange of India Ltd. (NSE)	OUHDSUG

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE594A01014. Annual Listing Fee for the year 2010-11 has been paid to BSE and NSE.

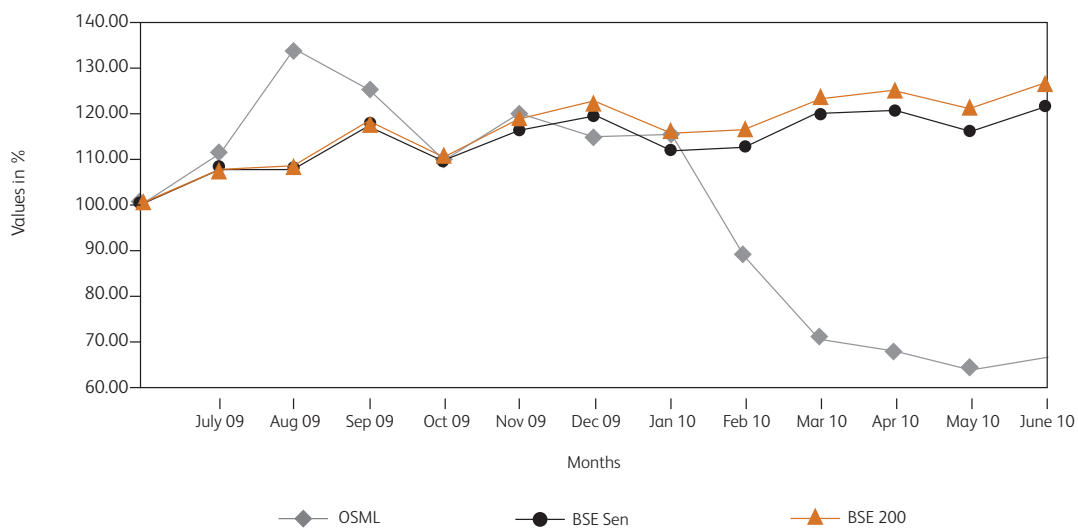
**vi) Market Price data**

Monthly high/low of market price of the Company's Equity Shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. during the last financial year was as follows :

Month	Bombay Stock Exchange.		National Stock Exchange	
	High Rs.	Low Rs.	High Rs.	Low Rs.
July, 2009	68.00	44.50	68.00	44.00
August, 2009	85.75	64.00	85.55	64.00
September, 2009	85.15	68.00	84.80	65.10
October, 2009	77.00	62.50	76.00	62.00
November, 2009	77.80	57.25	79.70	58.10
December, 2009	69.50	61.60	70.00	61.50
January, 2010	84.80	60.00	85.80	62.50
February, 2010	70.75	50.00	71.15	48.05
March, 2010	56.85	37.80	57.30	38.35
April, 2010	44.90	36.85	44.85	36.75
May, 2010	41.90	32.00	42.40	31.15
June, 2010	41.75	35.50	41.85	35.50

**vii) Performance of Company's Equity Shares in comparison to BSE Sensex and BSE 200**

A graphical presentation is as follows :





### viii) Registrar & Share Transfer Agent

The Company has appointed Link Intime India Pvt. Ltd. as its Registrar & Share Transfer Agent (RTA) for handling work related to share registry in terms of both physical and electronic modes. Accordingly, all correspondence, shares for transfer, demat/remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

Link Intime India Pvt. Ltd.  
Unit : The Oudh Sugar Mills Ltd.  
C-13, Pannalal Silk Mills Compound  
L.B.S Marg, Bhandup (West)  
Mumbai - 400 078  
Tel : 91 022 2596 3838  
Fax : 91 022 2594 6969  
e-mail : mumbai@linkintime.co.in

### ix) Share Transfer System

After the requests for transfer/transmission of shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and despatch to the shareholders. The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares. Share transfer requests, if found valid and complete in all respects, are normally effected within a period of 15 days from the date of receipt. A total of 5,589 shares were transferred/ transmitted during the year 2009-10. The dematerialised shares are directly transferred to the beneficiaries by the Depositories.

### x) Distribution of Shareholding

a) The Distribution of Shareholding as on 30th June, 2010 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 - 500	12773	84.30	1837583	7.09
501 - 1000	1150	7.60	901884	3.48
1001 - 2000	614	4.05	908496	3.51
2001 - 3000	211	1.39	539639	2.08
3001 - 4000	94	0.62	333304	1.29
4001 - 5000	64	0.42	299341	1.16
5001 - 10000	118	0.78	859401	3.31
10001 & above	127	0.84	20237527	78.08
<b>Total</b>	<b>15151</b>	<b>100.00</b>	<b>25917175</b>	<b>100.00</b>

b) Details of Shareholding pattern of the Company as on 30th June, 2010 was as follows:

Sl. No.	Category	No. of Shares held	% of Shareholding
1.	Promoters	13982867	53.95
2.	Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	2065855	7.97
3.	Bodies Corporate	3305473	12.75
4.	Indian Public	6289615	24.27
5.	NRIs / OCBs / FIIs / Foreign Nationals/Clearing Members	273365	1.06
<b>Total</b>		<b>25917175</b>	<b>100.00</b>

**xi) Dematerialisation of Shares and Liquidity**

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. Over 97% of the Equity Shares of the Company have already been dematerialised.

**xii) Outstanding GDRs /ADRs/Warrants or Convertible Instrument**

As on 30th June, 2010, the Company did not have any outstanding GDRs/ ADRs/Warrants or Convertible Instrument.

**xiii) Location of Plants:**

**Sugar Mills:**

- a. Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- b. Rosa, District Shahjahanpur, Uttar Pradesh, Pin-242 406.
- c. Narkatiaganj, District West Champaran, Bihar, Pin-845 455.
- d. Hata, District Kushinagar, Uttar Pradesh, Pin-274207

**Distilleries:**

- a. Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- b. Narkatiaganj, District West Champaran, Bihar, Pin-845 455.

**Co-generation Power Plant:**

- a. Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- b. Narkatiaganj, District West Champaran, Bihar, Pin-845 455.
- c. Hata, District Kushinagar, Uttar Pradesh, Pin-274207

**Food Processing Factory:**

P.O. Bamrauli, Allahabad, Uttar Pradesh, Pin-211 012.

**xiv) Address for Correspondence :**

The Company Secretary	Link Intime India Private Limited	Link Intime India Private Limited
The Oudh Sugar Mills Ltd.	(Unit: The Oudh Sugar Mills Ltd.)	(Unit: The Oudh Sugar Mills Ltd.)
5th Floor	C-13,Pannalal Silk Mills Compound	203 Daver House
Birla Building	L.B.S. Marg, Bhandup (West)	197/199 D.N. Road
9/1, Sir R N Mukherjee Road	Mumbai 400 078	Mumbai - 400 001
Kolkata 700 001	Tel. No.: 91- 022 – 2596 3838	Tel. No.: 91-022-2269 4127
Tel No: 91 033 2243 0497	Fax No.: 91- 022 – 2594 6969	
Fax No: 91 033 2248 6369	e-mail : mumbai@linkintime.co.in	
e-mail: birlasugar@birla-sugar.com		

## 10. RE-APPOINTMENT OF DIRECTORS

Three Non-executive Directors namely Mr. J N Godbole, Mrs Madhu Vadera Jayakumar and Mr S V Muzumdar are due for retirement by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. Brief particulars of the said Directors are given below :

- i) Mr. J N Godbole, aged 64 years, is a B. Tech (Hons) from IIT Powai and Certificate in Financial Management from Jamnalal Bajaj Institute of Management Studies. His expertise include banking, financial management corporate restructuring mechanism etc. He joined the Board of the Company in 2007.

Names of other Indian public limited companies in which Mr. J N Godbole is a Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/ Member
1.	Embio Ltd.	Audit Committee	Member
2.	J.K. Cements Ltd.	--	--
3.	Gilander Arbutnot Ltd.	Audit Committee	Member
4.	I M P Powers Ltd.	Audit Committee	Chairman
5.	Emami Paper Mills Ltd.	Audit Committee	Member
6.	Madhya Bharat Papers Ltd.	Audit Committee	Member
7.	Zuari Industries Ltd.	Audit Committee	Member
8.	Saurashtra Cement Ltd.		
9.	Gujrat Alkalies & Chemicals Ltd.	Audit Committee	Member
10.	Kesar Terminals & Infrastructure Ltd.		

- ii) Mrs. Madhu Vadera Jayakumar, aged 45 years, is a holder of Post Graduate Diploma from Indian Institute of Management, Ahmedabad and Mathematics Honours Degree from University of Delhi. She was associated with Mineral Metals Trading Corporation during 1985-1988 and later with Citi Bank N.A during 1988-2000. She joined the Board of the Company in 1987. She is not on the Board of any other public limited companies.

- iii) Mr. S V Muzumdar aged 81 years, is a B.A , L.L.B., Advocate and has got wide and varied experience in the legal field. He joined the Board of the Company in 1969.

Names of other Indian public limited companies in which Mr. S V Muzumdar is a Director or Chairman/Member of the Board Committees :

Sl. No.	Name of the Company	Name of Board Committee	Chairman/ Member
1.	Titanagar Industries Limited	Audit Committee	Member
		Investors' Grievance Committee	Chairman
2.	Phil Corporation Limited	Audit Committee	Member
		Investors' Grievance Committee	Member

#### 11. INTERNAL CONTROL SYSTEM

The Internal Control System prevalent in the Company is aimed at proper utilisation and safeguarding of the Company's resources and also at promoting operational efficiency. The system is reviewed periodically by the Audit Committee in consultation with the senior management of the Company, the Statutory Auditors and the external internal auditors. The Internal Audit of the Company is conducted by PARM & SMRN, Chartered Accountants. The findings of the Internal Audit and consequent corrective actions initiated and implemented from time to time by the Executive Management are placed before the Audit Committee. The Audit Committee reviews such audit findings and the adequacy of Internal Control System.

#### 12. HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATION

Continuous learning is the cornerstone of the Company's human resource policy. The Company's human resource policy is structured to meet the aspirations of the employees as well as of the organisation. The Company has adopted a progressive policy of continuous development of its human resources by training and motivating its employees to attain greater efficiency and competence besides striving to retain the talent.

The current strength of management staff is 77 and non-management staff is 1801.

Industrial relations in all the units were cordial throughout the year under review.

#### 13. RISK MANAGEMENT

The Company has in place a Risk Management Policy, which lays down the process for identification and mitigation of risks. This Policy has been approved by the Board of Directors of the Company. The Board of Directors reviews the risk management and mitigation policy from time to time, the last such review having been made on 25th August, 2009.

#### 14. PREVENTION OF INSIDER TRADING

The Company has adopted the Code of Internal Procedures and Conduct framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, to, inter alia, prevent insider trading in the shares of the Company. This code is applicable to all Directors/officers (including statutory auditors)/designated employees. The Code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

#### 15. CODE OF CONDUCT & ETHICS

The Company has also adopted a Code of Conduct and Ethics (Code) for the members of Board of Directors and Senior Management Personnel of the Company to follow. The Code is posted on the website of the Company at [www.birla-sugar.com](http://www.birla-sugar.com). The essence of the Code is to conduct the business of the Company in an honest and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors and Senior Management Personnel have affirmed their compliance with the Code, and a declaration to this effect, signed by the Managing Director, is attached to this report.

#### 16. LEGAL COMPLIANCES

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.

#### 17. COMPLIANCES WITH CORPORATE GOVERNANCE NORMS

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended September 30, 2009, December 30, 2009, March 2010 and June 2010. The Statutory Auditors have certified that the Company has

complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreements with the stock exchanges. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Uttar Pradesh along with the Annual report.

As regards compliance with 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 is Mr. S.V. Muzumdar.

**2. Whistle Blower Mechanism**

Though a codified Whistle Blower Policy of the Company is not in place every employee of the Company is encouraged to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in any way. The company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith.

**3. Other non mandatory requirements have not been adopted by the Company.**

**18. SUBSIDIARY COMPANIES:**

The Company does not have any material non listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and in particular, the investments made by unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

**19. SHAREHOLDERS' RIGHTS:**

The quarterly financial results are published in leading financial newspapers, uploaded on the Company's website and any major developments are covered in the press releases/intimation to stock exchanges by the Company. The Company therefore has not been sending the half yearly financial results to the shareholders.

**20. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009**

The Ministry of Corporate Affairs recently announced a set of voluntary guidelines on Corporate Governance. 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 of implementing the same progressively.

## ANNEXURE - F

### DECLARATION ON CODE OF CONDUCT

To

The Members

**The Oudh Sugar Mills Ltd.**

P.O. Hargaon, Dist – Sitapur

U.P – 261 121

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Chandra Shekhar Nopany, Chairman-cum-Managing Director of The Oudh Sugar Mills Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2009-10.

Place : Mumbai

Dated, 27th August, 2010

**Chandra Shekhar Nopany**

Chairman-cum-Managing Director

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## ANNEXURE -G

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

**The Oudh Sugar Mills Limited**

We have examined the compliance of conditions of Corporate Governance by THE OUDH SUGAR MILLS LIMITED, for the year ended 30th June, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **S. R. BATLIBOI & CO.**

Firm Registration No. 301003E

Chartered Accountants

Per

**R. K. AGRAWAL**

Partner

Membership No. 16667

Place: Kolkata

Date: 27th August, 2010

# Auditors' Report

To

The Members of

## The Oudh Sugar Mills Limited

1. We have audited the attached Balance Sheet of THE OUDH SUGAR MILLS LIMITED as at 30th June, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 of India 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. Without qualifying our opinion, we draw attention to Note No. 7 on Schedule 23, regarding accounting of Sugarcane purchases at Hargaon & Rosa Sugar units in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs. 2422.74 Lakh. However, since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.
5. Further to our comments in the Annexure referred to above, we report that :-
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us;

- (iv) 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 sub-section (3C) of Section 211 of the Companies Act, 1956, *subject to our comments in para (vi) below.*
- (v) On the basis of written representations received from the directors as on 30th June, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2010 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- (vi) *Attention is drawn to Note No. 8(a) on schedule 23 regarding recognition of Deferred Tax Asset (DTA) (net) of Rs. 3,054.68 Lakh up to 30th June 2010, based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the impact of above been considered, there would be a loss of Rs. 11,282.58 Lakh as against the reported loss of Rs. 8,227.90 Lakh for the year and the profit and loss account debit balance would be Rs. 8,046.06 Lakh as against the reported figure of Rs. 4,991.38 Lakh as on the balance sheet date.*

In our opinion and to the best of our information and according to the explanations given to us, the said Statements of Account, *Subject to the matters stated in para (vi) above*, 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:

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2010;
- (b) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667

Place: Kolkata  
Dated: 27th August, 2010

## Annexure To The Auditors' Report (referred to in our report of even date to the members of The Oudh Sugar Mills Limited as at and for the year ended 30th June, 2010)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) Fixed Assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature and value of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the requirements of clauses (iii) (b) to (d) of the order are not applicable.
- (b) The Company has taken loans of Rs. 500 Lakh from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding during the year as well as the year-end balance of such loan was Rs. 500 Lakh.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) There are no stipulations for repayment of the above loans but the same are stated to be repayable on demand. As informed, the lenders have not demanded repayment of the above loan during the year and thus, there has been no default on the part of the company. Further, interest on the above loans, as informed, was regularly paid by the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the above section, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five Lakh entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.



## Annexure To The Auditors' Report (Contd.)

- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with by the Company. We are informed by the management that no order has been passed by the Company law Board, National Company Law Tribunal or Reserve Bank of India or any other Tribunal.
- (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 account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax,

service tax, custom duty, excise duty, cess and other material statutory dues with appropriate authorities *except for Cane Purchase Tax of Rs. 75.75 Lakh relating to the sugar unit in Bihar which has remained unpaid as on the Balance sheet date.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess on account of any dispute are as follows:

## Annexure To The Auditors' Report (Contd.)

Name of the statute	Nature of dues	Amount (Rs in Lakh)	Period to which the amount relates	Forum where dispute is pending
Bihar Finance Act, 1981	Tax on sale of Alcohol to country vendors & non submission of declaration forms	31.95	1984-85 to 1989-90, 1995-96, 2002-03	Joint Commissioner (Appeals); Appellate Tribunal; High Court, Patna
The Uttar Pradesh Tax on entry of goods Act, 2000	On Sales of sugar	3.50	2000-01	High Court, Allahabad
	On Sales of Baggasse	19.05	2006-07	Additional Commissioner (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax demand on interstate sale	9.29	1993-94 to 2004-05	Joint Commissioner Appeals
	Various Sales Tax / Entry tax demands on assessment	4.15	1977-78 to 1981-82, 2000-01	Appellate Tribunal, Lucknow / High Court, Allahabad
	Interstate Baggasse sales	11.17	2001-02, 2006-07	High Court, Lucknow
	Demand for Sales Tax / non – submission of Declaration Forms	3.36	2003-04	Joint Commissioner (Appeals) / High Court, Allahabad
Central Excise Act, 1944	Disallowance of Cenvat Credit on certain inputs / capital items	307.74	1998-99, 2001-02 to 2008-09	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Excise Duty on burnt / waste and loss on storage of molasses etc.	41.27	1992-93, 2002-03 to 2005-06	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Non-payment of Sugar Cess	86.18	2007-08	Commissioner (Appeals)
	Reversal of excise duty on Baggasse sales	36.50	2009-10	Commissioner (Appeals)
	Excise duty on loss on reprocessing of brown sugar	47.48	1988-89, 2003-04, 2006-07 to 2008-09	Commissioner Appeals; CESTAT, Delhi

## Annexure To The Auditors' Report (Contd.)

- (x) *The Company's accumulated losses at the end of the financial year (after considering the impact of deferred tax assets), are more than fifty per cent of its net worth and it has incurred cash losses in the current year but it had not incurred cash loss in the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank and / or financial institution, read with the fact that the due date of 30th June, 2010 for loan repayment of Rs. 2,197 Lakh (including interest) has been rescheduled by the bank and hence, there is no default as on the balance sheet date. There were no debentures outstanding during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and therefore, the provisions of clause 4(xiv) of the order are not applicable.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from a bank, the terms and conditions whereof are stated to be not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that Rs. 19,784 Lakh approx. raised on short-term basis have been used for long-term investment (without considering permanent working capital).*
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**

Place: Kolkata

Partner

Dated: 27th August, 2010

Membership No. 16667

# Balance Sheet

 as at 30th June 2010

	Schedule	30th June, 2010	(Rs. in Lakh) 30th June, 2009
<b>SOURCES OF FUNDS</b>			
<b>A. Shareholders' Funds</b>			
(a) Share Capital	1	2,604.49	2,204.66
(b) Reserves & Surplus	2	9,638.80	11,565.40
		<b>12,243.29</b>	<b>13,770.06</b>
<b>B. Loan Funds</b>			
(a) Secured	3	65,002.21	53,103.55
(b) Unsecured		25,209.40	16,091.80
		<b>90,211.61</b>	<b>69,195.35</b>
<b>C. Deferred Tax Liability (net)</b>			
		-	<b>630.09</b>
		<b>102,454.90</b>	<b>83,595.50</b>
<b>APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets</b>			
(a) Gross Block	4	81,785.48	71,732.45
(b) Less: Accumulated Depreciation		21,510.32	17,493.15
(c) Net Block		60,275.16	54,239.30
(d) Capital Work- in- Progress		210.60	209.90
(e) Capital Expenditure on New / Expansion Projects	5	6,552.77	14,319.69
		<b>67,038.53</b>	<b>68,768.89</b>
<b>B. Investments</b>			
	6	<b>1,079.73</b>	<b>1,079.23</b>
<b>C. Deferred Tax Asset (net)</b>			
		<b>3,054.68</b>	-
<b>D. Current Assets, Loans &amp; Advances</b>			
(a) Inventories	7	31,291.51	17,380.17
(b) Sundry Debtors	8	1,142.15	775.32
(c) Cash & Bank Balances	9	405.12	520.04
(d) Other Current Assets	10	4.70	9.02
(e) Loans & Advances	11	6,163.45	6,052.14
		<b>39,006.93</b>	<b>24,736.69</b>
<b>E. Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	12	12,495.04	10,443.89
(b) Provisions		221.31	545.42
		<b>12,716.35</b>	<b>10,989.31</b>
<b>Net Current Assets</b>			
		<b>26,290.58</b>	<b>13,747.38</b>
<b>E. Profit &amp; Loss Account - Debit Balance</b>			
		<b>4,991.38</b>	-
		<b>102,454.90</b>	<b>83,595.50</b>
<b>Accounting Policies and Notes to Accounts</b>			
	23		

Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667  
Place: Kolkata  
Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Profit & Loss Account for the year ended 30th June 2010

	Schedule	2009-2010		(Rs. in Lakh) 2008-2009
<b>INCOME</b>				
Gross Sales	13		55,498.33	58,309.13
Less : Excise Duty		1,646.13		2,085.46
: Cess		279.87	1,926.00	574.30
Net Sales			53,572.33	55,649.37
Other Income	14		246.42	284.51
Agricultural Profit / (Loss)	15		14.88	(21.48)
			<b>53,833.63</b>	<b>55,912.40</b>
<b>EXPENDITURE</b>				
Decrease / (Increase) in Stocks	16		(14,495.38)	12,606.43
Excise Duty & Cess on Stocks (Refer note no. 4 on Schedule 23)			497.45	(1,242.30)
Purchase of Finished Goods			259.99	260.67
Raw Materials Consumed	17		55,013.40	24,430.58
Stores, Spares & Packing Materials Consumed	18		3,007.40	2,406.05
Fuel & Electricity			1,031.44	700.89
Payments to and Provisions for Employees	19		3,980.49	2,928.36
Manufacturing, Selling and Other Expenses	20		3,381.38	3,196.48
Directors' Remuneration	21		47.83	46.89
			<b>52,724.00</b>	<b>45,334.05</b>
<b>Profit before Interest, Depreciation &amp; Taxation</b>			<b>1,109.63</b>	<b>10,578.35</b>
Less : Interest & Finance Charges (net)	22		8,105.81	4,941.53
Depreciation			4,077.30	2,632.03
			<b>12,183.11</b>	<b>7,573.56</b>
<b>Profit / (Loss) before Taxation</b>			<b>(11,073.48)</b>	<b>3,004.79</b>
Provision for Taxation:				
Current tax [including wealth tax Rs. 3.40 Lakh (Rs. 3.00 Lakh)]			3.40	122.02
Deferred Tax charge / (credit)			(3,684.77)	1,062.33
Minimum Alternative Tax Credit (Entitlement) / Reversal			836.59	(119.02)
Provision for Income Tax no longer required written back			3.62	1.67
Provision for Fringe Benefit Tax [including Rs. 2.82 Lakh (Rs. Nil) for earlier years ]			2.82	23.75
<b>Profit / (Loss) after Taxation</b>			<b>(8,227.90)</b>	<b>1,917.38</b>
Surplus brought forward from previous year			1,511.40	78.69
Transfer from General Reserve			1,725.12	-
Profit available for Appropriation			<b>(4,991.38)</b>	<b>1,996.07</b>
<b>Appropriations</b>				
Transfer to General Reserve			-	100.00
Proposed dividend on Equity Shares			-	328.79
Tax on Dividend			-	55.88
Balance carried to Balance Sheet			(4,991.38)	1,511.40
			<b>(4,991.38)</b>	<b>1,996.07</b>
Earning per Share of Rs. 10 each (Refer note no. 16 on Schedule 23) :				
Basic Earning per share (Rs.)			<b>(32.88)</b>	<b>8.81</b>
Diluted Earning per share (Rs.)			<b>(32.88)</b>	<b>8.77</b>
<b>Accounting Policies and Notes to Accounts</b>	23			

Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date.

For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667  
Place: Kolkata  
Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Cash Flow Statement

 for the year ended 30th June 2010

	2009-2010	(Rs. in Lakh) 2008-2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit / (Loss) before Tax	(11,073.48)	3,004.79
Adjustments for :		
Depreciation	4,083.89	2,634.91
Interest & Finance Charges (net of capitalisation & Subsidy)	8,140.34	5,120.35
Molasses Storage and Maintenance Reserve	5.30	4.02
Loss / (Profit) on Fixed Assets sold / discarded (net)	2.89	(21.38)
Interest & Dividend Income	(34.87)	(178.86)
Bad Debts, irrecoverable claims & advances written off	5.37	29.03
Provision for Warranties & Claims	11.65	5.78
Provision for bad and doubtful debts / advances (net)	186.92	101.31
<b>Operating Profit before Working Capital Changes :</b>	<b>1,328.01</b>	<b>10,699.95</b>
Adjustments for :		
Increase / (Decrease) in Trade Payables	3,102.95	(748.91)
Decrease / (Increase) in Trade & Other Receivables	(269.44)	(324.06)
Decrease / (Increase) in Inventories	(13,911.34)	11,659.65
	(11,077.83)	10,586.68
<b>Cash Generated from Operations :</b>	<b>(9,749.82)</b>	<b>21,286.63</b>
Direct Taxes Refund / (Paid)	(162.42)	51.40
<b>Net Cash from / (used in) Operating Activities</b>	<b>(9,912.24)</b>	<b>21,338.03</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale of Fixed Assets	50.75	194.84
Capital Subsidy	113.27	142.18
Sale of Investments	-	0.23
Loans Received back / (Given)	(1,124.53)	20.42
Interest Received	38.93	174.35
Dividend Received	0.26	0.04
Purchase of Investments	(0.50)	-
Fixed deposits	191.40	(173.16)
Purchase of Fixed Assets	(2,505.61)	(8,600.88)
<b>Net Cash used in Investing Activities</b>	<b>(3,236.03)</b>	<b>(8,241.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Borrowings	26,818.72	10,243.17
Repayment of Loans	(5,747.74)	(16,972.99)
Proceeds from Right issue of Shares	399.83	387.17
Share Premium on rights issue of shares	1,304.62	1,935.84
Rights Shares Issue Expenses	-	(173.10)
Interest & Finance Charges Paid	(9,727.86)	(8,591.45)
Subsidy towards interest on Excise Duty Loan	557.55	-
Dividend Paid (including dividend tax)	(384.67)	(10.83)
<b>Net Cash from / (used in) Financing Activities</b>	<b>13,220.45</b>	<b>(13,182.19)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>72.18</b>	<b>(86.14)</b>
* Cash & Cash equivalents - Opening Balance	279.65	365.79
* Cash & Cash equivalents - Closing Balance	351.83	279.65

\*Represents Cash and Bank balances as indicated in Schedule - 9 and excludes Rs. 53.29 Lakh (Rs. 240.39 Lakh) being bank balances with restricted use or with maturity of more than three months.

As per our report of even date.

For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667  
Place: Kolkata  
Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Schedules to the Balance Sheet

	(Rs. in Lakh)	
	30th June, 2010	30th June, 2009
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
4,00,00,000 Equity Shares of Rs. 10 each	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued :</b>		
2,61,70,300 (2,21,72,060) Equity Shares of Rs. 10 each	2,617.03	2,217.21
1,883 1/2 Equity Shares of Rs. 100 each	1.89	1.89
	<b>2,618.92</b>	<b>2,219.10</b>
<b>Subscribed &amp; Paid-up :</b>		
2,59,17,175 (2,19,18,935) Equity Shares of Rs. 10 each fully paid	2,591.72	2,191.89
44 Quarter Equity Shares of Rs. 25 each fully paid	0.01	0.01
Bearer Equity Share Coupons of Rs. 25 and Rs. 12.50 each fully paid	0.06	0.06
	<b>2,591.79</b>	<b>2,191.96</b>
Add: Forfeited Shares (amount originally paid-up)	12.70	12.70
	<b>2,604.49</b>	<b>2,204.66</b>

Note :

Out of the above, 6,11,550 Equity Shares have been issued for consideration other than cash and 11,55,575 Equity Shares have been allotted as Bonus Shares by capitalisation of Securities Premium and General Reserve.

<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve :</b>		
As per last account	<b>195.88</b>	<b>195.88</b>
<b>Capital Redemption Reserve :</b>		
As per last account	<b>37.69</b>	<b>37.69</b>
<b>Securities Premium :</b>		
As per last account	8,010.41	6,247.67
Add : Received on Rights Shares issued	1,304.62	1,935.84
	9,315.03	8,183.51
Less : Adjustment of Rights Shares issue expenses	-	173.10
	<b>9,315.03</b>	<b>8,010.41</b>
<b>General Reserve :</b>		
As per last account	1,725.12	1,625.12
Add : Transfer from Profit & Loss Account	-	100.00
Less : Transfer to Profit & Loss Account	1,725.12	-
	<b>-</b>	<b>1,725.12</b>
<b>Molasses &amp; Alcohol Storage and Maintenance Reserve :</b>		
As per last account	82.06	78.04
Add : Provided during the year	5.30	4.02
	<b>87.36</b>	<b>82.06</b>
<b>Effluent Disposal Reserve :</b>		
As per last account	<b>2.84</b>	<b>2.84</b>
Surplus as per Profit & Loss Account	-	<b>1,511.40</b>
	<b>9,638.80</b>	<b>11,565.40</b>

## Schedules to the Balance Sheet (Contd.)

	30th June, 2010	30th June, 2009
(Rs. in Lakh)		
<b>SCHEDULE - 3 : LOAN FUNDS</b>		
<b>A. Secured Loans :</b>		
Term Loans		
<b>Long Term</b>		
From Scheduled Bank(s):		
Under Project Finance Loan Scheme	28,439.92	30,497.23
Under Financial Assistance Scheme (Excise Duty Loan)	4,006.60	4,674.99
From Sugar Development Fund	8,463.50	5,334.05
From a Body Corporate	-	1,200.00
<b>Short Term</b>		
From a Scheduled Bank	-	2,100.00
<b>Other Loans</b>		
From a Scheduled Bank on Cash Credit Account	24,092.19	9,297.28
	<b>65,002.21</b>	<b>53,103.55</b>
<b>B. Unsecured Loans :</b>		
Short Term Loan from Scheduled Banks	4,500.00	-
From State Bank of India against Crop Loan to Canegrowers	4,063.05	2,560.34
From Subsidiary Companies (not bearing interest)	-	123.25
Inter Corporate Loans	16,100.00	13,010.00
Fixed Deposits from Staff and Others	453.64	306.29
Trade and other Deposits (partly not bearing interest)	92.71	91.92
	<b>25,209.40</b>	<b>16,091.80</b>
	<b>90,211.61</b>	<b>69,195.35</b>

### NOTES :

- Term loans from Scheduled Bank(s) (except Excise Duty Loan) are secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Hargaon, Narkatiaganj and Dhadha Bujurg (Hata) and Distillery Unit at Hargaon, ranking pari-passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.  
Term loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Hargaon, Rosa and Narkatiaganj and include Rs. 685.77 Lakh (Rs. 689.99 Lakh) towards interest which is recoverable as subsidy from Government of India and included in Claims & Refund Receivable under the head Loans & Advances in Schedule-11.
- Term loans from the Sugar Development Fund are secured by a second charge on all the immovable / movable assets (save and except book debts) present and future of the Company's Sugar Units at Hargaon and Narkatiaganj and include Rs. 688.16 Lakh (Rs. 738.66 Lakh) towards interest which, as per stipulated terms, is payable on a long term basis.
- Short term loan from a Scheduled Bank is secured as under.
  - Rs. Nil (Rs. 900 Lakh) by the pledge of certain shares held as Investments by the Company's Subsidiaries.
  - Rs. Nil (Rs. 1200 Lakh) by first mortgage / charge on all the immovable and movable assets, present and future, of the Company's Sugar Unit at Rosa, ranking pari-passu amongst the various lenders.
- Cash Credit borrowings are secured / to be secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows :-
  - Canning factory at Allahabad - First Charge
  - Sugar Unit at Rosa - Third Charge
  - Sugar Unit at Hata - Second Charge
  - Sugar Units at Hargaon and Narkatiaganj - Third Charge
- Unsecured loans, as stated above, include Rs. 24,822.16 Lakh (Rs. 15,777.17 Lakh) falling due for payment within one year.



# Schedules to the Balance Sheet (Contd.)

(Rs. in Lakh)

PARTICULARS	GROSS BLOCK		As at 30th June, 2010	ACCUMULATED DEPRECIATION		NET BLOCK AS AT		
	As at 1st July, 2009	Additions during the year		Deductions/ Adjustments	As at 1st July, 2009	For the year	Upto 30th June, 2010	30th June, 2010
Free Hold Land	1,752.56	505.72	2,258.28 (a) & (b)	-	-	-	2,258.28	1,752.56
Lease Hold Land	-	23.50	23.50	-	1.70	1.70	21.80	-
Buildings	4,596.68	653.91	5,240.37	574.60	126.17	1.31	4,540.91	4,022.08
Plant & Machinery	64,596.13	9,052.26	73,476.10	16,470.64	3,891.87	27.12	53,140.71	48,125.49
Railway Sidings	1.48	-	1.48	1.41	-	-	0.07	0.07
Motor Cars, Lorries & Other	-	-	-	-	-	-	-	-
Conveyance	283.67	17.65	275.48	145.26	20.22	16.96	126.96	138.41
Furniture & Fixtures	501.93	33.62	510.27	301.24	43.93	21.33	186.43	200.69
<b>Capital Work-in-Progress</b>	<b>71,732.45</b>	<b>10,286.66</b>	<b>81,785.48</b>	<b>17,493.15</b>	<b>4,083.89</b>	<b>66.72</b>	<b>60,275.16</b>	<b>54,239.30</b>
	209.90	108.13	210.60(d)	-	-	-	210.60	209.90
<b>Total</b>	<b>71,942.35</b>	<b>10,394.79</b>	<b>81,996.08(e)</b>	<b>17,493.15</b>	<b>4,083.89</b>	<b>66.72</b>	<b>60,485.76</b>	<b>54,449.20</b>
Total-Previous Year	48,941.87	23,869.09	71,942.35	15,174.12	2,634.91	315.88	54,449.20	54,449.20

## NOTES :

- (a) Includes Rs. 3.46 Lakh (Rs. 3.46 Lakh) being the value of agricultural land measuring about 3839 acres together with estimated written down value of immovable assets thereon, taken over by the Government of Uttar Pradesh under the U.P. Imposition of Ceiling of Land Holding Act, 1960, a case whereof is pending in the court.
- (b) Title deeds for Rs. 516.99 Lakh are yet to be executed in favour of the Company.
- (c) Includes capital subsidy Rs. 113.27 Lakh (Rs. Nil) .
- (d) Includes advance against purchase of fixed Assets Rs. 111.70 Lakh (Rs. 83.85 Lakh).
- (e) Includes assets held in joint ownership with others Rs. 39.56 Lakh (Rs. 46.66 Lakh).

## Schedules to the Balance Sheet (Contd.)

	30th June, 2010	30th June, 2009
(Rs. in Lakh)		
<b>SCHEDULE - 5 : CAPITAL EXPENDITURE ON NEW / EXPANSION PROJECTS</b>		
<b>A. Freehold Land</b>	529.22	997.99
<b>B. Fixed Assets</b>		
(1) Buildings	-	40.16
(2) Plant & Machinery	-	128.52
(3) Motor Cars, Lorries & Other Conveyance	14.78	1.17
(4) Furniture & Fixtures	9.22	71.67
	<b>24.00</b>	<b>241.52</b>
Less: Depreciation (charged to Pre-operative expenses as below)	-	76.57
	24.00	164.95
<b>C. Machinery and Building under erection</b>	11,708.81	27,171.02
<b>D. Materials at site including goods in transit     [net of sales Rs.Nil (Rs. 175.36 Lakh)]</b>	-	224.81
<b>E. Advances against purchase of fixed assets</b>	91.86	1,234.97
	<b>12,353.89</b>	<b>29,793.74</b>
Less: Transfer to Fixed Assets during the year	7,599.82	18,242.29
	<b>4,754.07</b>	<b>11,551.45</b>
<b>F. Incidental Expenditure (including during trial run period)     pending allocation to Fixed Assets :</b>		
Amount brought forward from previous year	2,768.24	3,366.53
Add for the year :		
Salaries, Wages, Bonus, etc.	88.80	295.50
Contribution to Provident & Other Funds	6.24	12.32
Gratuity	2.10	1.43
Fuel & Electricity	27.87	246.51
Raw Materials Consumed	-	256.27
Stores, Spares & Packing Materials consumed	-	40.18
Project Consultancy / Supervision Charges	63.75	7.33
Insurance Charges	3.63	21.72
Miscellaneous Expenses [Including Rs. Nil (Rs. 1.20 Lakh) paid for various certificates to the Statutory Auditors]	38.69	184.94
Interest & Finance Charges [Including Rs. 681.79 Lakh (Rs. 2105.55 Lakh) on fixed loans]	1,020.89	3,442.48
Depreciation	-	17.52
	<b>4,020.21</b>	<b>7,892.73</b>
Less: Closing Stocks :		
Finished Goods	-	176.20
By-Products	-	24.03
Goods under Process	-	72.97
	<b>4,020.21</b>	<b>7,619.53</b>
Less: Capitalised / Allocated to Fixed Assets during the year	2,221.51	4,851.29
	<b>1,798.70</b>	<b>2,768.24</b>
	<b>6,552.77</b>	<b>14,319.69</b>

## Schedules to the Balance Sheet (Contd.)

			(Rs. in Lakh)	
	No. of Shares	Face Value per share (Rs.)	30th June, 2010	30th June, 2009
<b>SCHEDULE - 6 : INVESTMENTS (AT COST)</b>				
<b>Long Term</b>				
<b>Government Securities :</b>				
Quoted :				
			-	-
			0.60 (d)	0.60
			0.53	0.53
			<b>1.13</b>	<b>1.13</b>
Unquoted :				
			0.08 (d)	0.08
			0.02 (d)	0.02
			1.62	1.12
			0.04 (d)	0.04
			-	-
			0.01 (d)	0.01
			-	-
			<b>1.77</b>	<b>1.27</b>
<b>Equity Shares (Fully Paid)</b>				
Quoted :				
	18,562	10	13.23	13.23
			<b>13.23</b>	<b>13.23</b>
Unquoted :				
<b>In Subsidiary Companies</b>				
	43,49,000	2.50	192.96	192.96
	30,45,727	10	609.14	609.14
	17,40,418	10	261.06	261.06
			<b>1,063.16</b>	<b>1,063.16</b>
<b>In Other Companies</b>				
	70	100	0.07	0.07
	745	100	0.77	0.77
	2,502	5	0.13	0.13
	1,920	10	0.19	0.19
	25	100	0.03	0.03
	28,750	10	0.86 (d)	0.86
	80	25	-	-
	150	100	-	-
	54,000*	10	5.40 (d)	5.40
			<b>7.45</b>	7.45
			<b>1,086.74</b>	<b>1,086.24</b>
<b>Share Application Money :</b>				
	46,000*	10	4.60 (d)	4.60
			<b>1,091.34</b>	<b>1,090.84</b>
Less : Provision for diminution in the value of Investments				
			<b>11.61</b>	11.61
			<b>1,079.73 (b)</b>	<b>1,079.23</b>

## Schedules to the Balance Sheet (Contd.)

	30th June, 2010		30th June, 2009	
	Book Value	Market Value	Book Value	Market Value
(Rs. in Lakh)				
<b>SCHEDULE - 6 : INVESTMENTS (AT COST) (Contd.)</b>				
<b>Aggregate Value Of Investments :</b>				
Book Value				
Quoted	13.76	10.54	13.76	13.51
Unquoted	1,065.97		1,065.47	
	<b>1,079.73</b>		<b>1,079.23</b>	

### NOTES :

- All the above investments are Non-Trade, except those marked with an asterisk.
- Includes Government Securities of the face value of Rs. 2.26 Lakh (Rs. 1.76 Lakh) and Rs. 0.60 Lakh (Rs. 0.60 Lakh) deposited / pledged with various Government authorities and Hon'ble Allahabad High Court respectively (including Rs.0.73 Lakh (Rs. 0.73 Lakh) matured, but pending encashment).
- The figures, being less than Rs. 500, have not been shown above.
- Indicates securities where provision for diminution in the value of Investments has been made

<b>SCHEDULE - 7 : INVENTORIES</b>		
<b>At lower of cost and net realisable value</b>		
Raw Materials	238.82	886.36
Stores, Chemicals, Spare Parts, etc. [including in transit Rs. 25.66 Lakh (Rs. 7.46 Lakh)]	1,249.33	1,219.42
Finished Goods	28,263.84	13,859.51
Power - Banked	16.65	29.38
Goods under Process	398.76	478.88
Standing Crop	72.51	38.83
	<b>30,239.91</b>	<b>16,512.38</b>
<b>At estimated net realisable value</b>		
By Products	1,044.02	852.85
Scrap	6.27	13.54
Country Crop	1.31	1.40
	<b>1,051.60</b>	<b>867.79</b>
	<b>31,291.51</b>	<b>17,380.17</b>

## Schedules to the Balance Sheet (Contd.)

	(Rs. in Lakh)	
	30th June, 2010	30th June, 2009
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
<b>(Unsecured, unless otherwise specified)</b>		
(a) Debts due for a period exceeding six months :		
Considered Good	50.28	21.89
Considered Doubtful	45.78	44.62
	96.06	66.51
Less: Provision	45.78	44.62
	50.28	21.89
(b) Other Debts		
Considered Good		
[includes secured Rs. 2.57 Lakh (Rs. 2.79 Lakh)]	1,091.87	753.43
	<b>1,142.15</b>	<b>775.32</b>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES</b>		
Cash in hand	21.38	42.41
Cheques / Drafts in hand	139.95	36.59
	<b>161.33</b>	<b>79.00</b>
<b>With Scheduled Banks on :</b>		
Current Account	181.07	188.46
Unpaid Dividend Account	15.03	10.73
Fixed Deposit Account [Receipts for Rs. 15.01 Lakh (Rs. 216.45 Lakh) pledged with various Govt.authorities as security / Bank as margin money]	38.26	229.66
	<b>234.36</b>	<b>428.85</b>
<b>With Non-Scheduled Banks on Current Account :</b>		
<b>Name of the Bank</b>	<b>Maximum amount</b>	
	<b>outstanding during the year</b>	
Zila Sahkari Bank Limited	309.27 (172.24)	2.55 3.75
District Co-operative Bank Limited	714.49 (391.58)	3.25 4.42
Urban Co-operative Bank Limited	61.69 (27.11)	0.78 1.13
Avadh Gramin Bank	0.37 (0.40)	0.37 0.35
Baroda Uttar Pradesh Grameen Bank	160.77 (242.60)	2.04 2.10
		<b>8.99 11.75</b>
<b>With Post office on :</b>		
Savings Account (Pass Book lodged with various Govt. Authorities)		
		0.44 0.44
		<b>405.12 520.04</b>

## Schedules to the Balance Sheet (Contd.)

	(Rs. in Lakh)	
	30th June, 2010	30th June, 2009
<b>SCHEDULE -- 10 : OTHER CURRENT ASSETS</b>		
Accrued Interest on Loans, Advances, Deposits, Investments etc.		
Considered Good	4.70	9.02
[Including Rs. 0.37 Lakh (Rs. 0.43 Lakh) due for more than six months]	<b>4.70</b>	<b>9.02</b>
<b>SCHEDULE - 11 : LOANS AND ADVANCES</b>		
<b>Unsecured</b>		
<b>Considered good</b>		
<b>Loans :</b>		
Not bearing interest :		
To Subsidiary Companies	1,097.50	22.50
To Others	24.35	-
Bearing interest :		
To Employees	39.30	30.57
To Others	20.14	3.69
	<b>1,181.29</b>	<b>56.76</b>
<b>Advances</b>		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	914.88	771.16
Sales tax, Excise duty etc. paid under appeal and / or under dispute	100.63	107.03
Balance with Excise & other Govt. Authorities	2,969.25	3,445.38
Claims and Refunds receivable	843.27	783.20
Advance payment of Tax, Refunds receivable and Tax deducted at source (after adjusting provisions)	119.06	-
Advance for Fringe Benefit tax (net of provision)	-	6.01
Minimum Alternative Tax Credit Entitlement	-	836.59
Sundry Deposits	35.07	46.01
	<b>4,982.16</b>	<b>5,995.38</b>
	<b>6,163.45</b>	<b>6,052.14</b>
<b>Considered doubtful :</b>		
Advances & Claims	522.31	343.20
Less : Provisions	522.31	343.20
	-	-
	<b>6,163.45</b>	<b>6,052.14</b>
<b>NOTES:</b>		
Amount due from Officers of the Company		
Advances	11.58	-
Maximum amount due at any time during the year		
Advances	22.20	9.77
Loan to a Subsidiary Company :		
Champaran Marketing Company Limited	10.50	22.50
Hargaon Investment & Trading Co.Ltd.	482.75	-
OSM Investment & Trading Co.Ltd.	604.25	-
Maximum amount due at any time during the year		
Champaran Marketing Company Limited	22.50	32.50
Hargaon Investment & Trading Co.Ltd.	582.75	-
OSM Investment & Trading Co.Ltd.	604.25	-

## Schedules to the Balance Sheet (Contd.)

	30th June, 2010		(Rs. in Lakh) 30th June, 2009
<b>SCHEDULE - 12 : CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>A. Current Liabilities :</b>			
Acceptances	-		1,648.13
Sundry Creditors for goods, services, expenses etc.			
Due to Micro and Small Enterprises (Refer note no. 11 on Schedule 23)	121.80		342.91
Due to Others	11,383.63		6,178.19
For Other Finance	438.99		385.78
Excess price of sugar including excise duty	79.41		79.41
Advance against sale of goods	258.74		1,639.64
Interest accrued but not due on loans, deposits etc.	197.32		151.68
Preference Shares Redemption Account	0.05		0.05
Unclaimed Scrip Dividend	0.04	0.04	
Less: Shares held for distribution	0.04	-	-
Fractional entitlements for Bonus Shares and Bearer Coupons	0.07		0.07
Investor Education & Protection Fund : (not yet due)			
Unpaid & Unclaimed Dividends	15.03		10.73
Unclaimed matured Fixed Deposits	-		7.30
	<b>12,495.04</b>		<b>10,443.89</b>
<b>B. Provisions :</b>			
Leave	125.74		106.87
Gratuity	83.85		-
Warranties	11.72		7.11
Taxation (net of advance tax)	-		46.77
Proposed Dividend on Equity Shares	-		328.79
Tax on proposed dividend	-		55.88
	<b>221.31</b>		<b>545.42</b>
	<b>12,716.35</b>		<b>10,989.31</b>

## Schedules to the Profit & Loss Account

	2009-2010		(Rs. in Lakh) 2008-2009
<b>SCHEDULE - 13 : GROSS SALES</b>			
Finished Goods	52,224.31		56,724.39
Power	1,305.01		587.06
By-Products	1,863.66		998.11
Processing Charges	76.19		-
Others	40.12		14.32
	<b>55,509.29</b>		<b>58,323.88</b>
Less : Claims, Rebates etc.	10.96		14.75
	<b>55,498.33</b>		<b>58,309.13</b>

## Schedules to the Profit & Loss Account (Contd.)

	(Rs. in Lakh)	
	2009-2010	2008-2009
<b>SCHEDULE - 14 : OTHER INCOME</b>		
Income from Long Term Investments (Non-Trade)		
Dividend	0.26	0.04
Interest	0.08	-
Insurance & Other Claims	8.73	18.54
Rent & Hire Charges	19.64	17.38
Exchange rate fluctuations (net)	5.88	3.28
Export Incentives	44.79	49.81
Unspent liabilities, excess provisions and unclaimed balances written back (net)	76.38	172.93
Buffer Stock subsidy towards Insurance & storage charges	-	4.58
Profit on Fixed assets sold / discarded (net)	-	11.20
Excise duty Subsidy for earlier years	85.38	-
Items Pertaining to previous years (net)	-	0.10
Miscellaneous Receipts	5.28	6.65
	<b>246.42</b>	<b>284.51</b>
<b>SCHEDULE - 15 : AGRICULTURAL PROFIT / (LOSS)</b>		
<b>INCOME</b>		
Sales including inter- transfers Rs. 52.73 Lakh (Rs. 21.31 Lakh)	119.90	51.66
Other Income :		
Rent & Hire Charges	21.65	17.73
Profit on sale / discard of fixed assets	4.32	10.18
Miscellaneous Receipts	1.36	0.40
Increase in Stocks :		
Closing Stock	73.82	40.23
Less : Opening Stock	40.23	32.25
	<b>180.82</b>	<b>87.95</b>
<b>EXPENDITURE</b>		
Seeds, Manures and Fodder Consumed	39.63	34.14
Stores & Spares Consumed	2.72	1.50
Tractor Expenses	39.62	29.92
Repairs to :		
Machinery	0.36	0.62
Building	1.91	0.20
Others	2.54	1.25
Lease Land Rent	11.01	1.58
Rates & Taxes	0.06	0.19
Payments to and Provisions for Employees :		
Salaries, Wages & Bonus	51.85	31.24
Contribution to Provident and Other Funds	1.68	1.53
Gratuity	1.65	0.23
Insurance	0.11	0.12
Cartage & Transportation charges	0.26	0.23
Irrigation Expenses	0.93	0.97
Harvesting Expenses	1.79	0.44
Miscellaneous Expenses	3.23	2.39
Depreciation	6.59	2.88
	<b>165.94</b>	<b>109.43</b>
<b>Profit / (Loss) transferred to Profit &amp; Loss Account</b>	<b>14.88</b>	<b>(21.48)</b>



## Schedules to the Profit & Loss Account (Contd.)

	2009-2010	(Rs. in Lakh) 2008-2009
<b>SCHEDULE - 16 : DECREASE / (INCREASE) IN STOCKS :</b>		
<b>Opening Stocks :</b>		
Finished Goods	13,859.51	25,744.12
Power - Banked	29.38	30.75
By-Products	852.85	1,509.43
Goods under Process	478.88	262.20
Scrap	13.54	20.89
	<b>15,234.16</b>	<b>27,567.39</b>
<b>Add: Transfer of Stocks (Refer schedule- 5) :</b>		
Finished Goods	-	176.20
By-Products	-	24.03
Goods under Process	-	72.97
	<b>15,234.16</b>	<b>27,840.59</b>
<b>Less : Closing Stocks :</b>		
Finished Goods	28,263.84	13,859.51
Power - Banked	16.65	29.38
By-Products	1,044.02	852.85
Goods under Process	398.76	478.88
Scrap	6.27	13.54
	<b>29,729.54</b>	<b>15,234.16</b>
	<b>(14,495.38)</b>	<b>12,606.43</b>

<b>SCHEDULE - 17 : RAW MATERIALS CONSUMED</b>		
Opening Stock	886.36	235.44
Add : Purchase & Procurement Expenses [including transfer of sugarcane from own farms Rs. 52.73 Lakh (Rs. 21.31 Lakh)]	53,951.45	24,799.72
Purchase Tax & Cess (net)	414.41	281.78
	<b>55,252.22</b>	<b>25,316.94</b>
Less : Closing Stock	238.82	886.36
	<b>55,013.40</b>	<b>24,430.58</b>

<b>SCHEDULE - 18 : STORES, SPARES &amp; PACKING MATERIALS CONSUMED</b>		
Stores, Spare Parts, Chemicals etc. consumed [after adjusting Sales & Claims Rs. 215.07 Lakh (Rs. 200.71 Lakh)]	1,220.15	1,183.01
Packing Materials consumed	1,787.25	1,223.04
	<b>3,007.40</b>	<b>2,406.05</b>

<b>SCHEDULE - 19 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus, etc [Refer note no.15 on Schedule 23]	3,385.42	2,607.74
Contribution to Provident & Other Funds	274.87	218.59
Gratuity	191.35	7.49
Employees' Welfare Expenses	128.85	94.54
	<b>3,980.49</b>	<b>2,928.36</b>

## Schedules to the Profit & Loss Account (Contd.)

	(Rs. in Lakh)	
	2009-2010	2008-2009
<b>SCHEDULE - 20 : MANUFACTURING, SELLING AND OTHER EXPENSES</b>		
Repairs to and Maintenance of :		
Buildings	148.87	161.86
Machinery	1,051.75	1,030.09
Others	35.78	25.21
Rent	75.04	79.24
Rates & Taxes (net)	43.67	37.41
Insurance	88.60	84.60
Auditors' Remuneration :		
As Auditors		
Audit Fees	12.25	12.25
Tax Audit Fees	7.35	7.35
Limited Review Fees	7.35	7.35
In other capacity for Certificates & other services	10.71	4.71
For Expenses	2.54	2.06
Cost Auditors' Remuneration :		
For Audit Fees	0.70	0.60
For Expenses	0.24	0.09
Selling Commission & Expenses :		
Commission on sales	247.31	268.56
Other selling expenses	348.90	448.07
Charity & Donations	17.30	15.80
Provision for bad and doubtful debts / advances	186.92	101.31
Provision for Warranties & Claims	11.65	5.78
Bad Debts, irrecoverable claims & advances written off	12.02	142.71
Less : Adjusted against provisions	6.65	113.68
Loss on Fixed Assets sold/ discarded (net)	-	-
Molasses Storage & Maintenance Reserve	5.30	4.02
Sales Tax for earlier years	0.14	5.12
Sugar Hedging Transactions (net)	-	4.81
Miscellaneous Expenses [including Directors' travelling Rs. 19.66 Lakh (Rs.14.92 Lakh)]	1,066.43	861.16
	<b>3,381.38</b>	<b>3,196.48</b>

## Schedules to the Profit & Loss Account (Contd.)

	(Rs. in Lakh)	
	2009-2010	2008-2009
<b>SCHEDULE - 21: DIRECTORS' REMUNERATION</b>		
Profit / (Loss) before Taxation as per Profit & Loss Account	<b>(11,073.48)</b>	<b>3,004.79</b>
Add :		
Depreciation (as per Accounts)	4,083.89	2,634.91
Provision for bad & doubtful debts/advances	186.92	101.31
Net Loss / (Profit) on fixed assets sold and / or discarded (as per Accounts)	2.89	(21.38)
Directors' Fees & Remuneration	113.28	105.41
	<b>4,386.98</b>	<b>2,820.25</b>
	<b>(6,686.50)</b>	<b>5,825.04</b>
Less :		
Depreciation (under Section 350 of the Companies Act, 1956)	4,083.89	2,634.91
Bad debts/advances adjusted against provision	6.65	113.68
Net Loss / (Profit) on fixed assets sold / discarded (as per Section 349 of the Companies Act, 1956)	2.89	(21.38)
Directors' Fees	1.97	2.52
	<b>4,095.40</b>	<b>2,729.73</b>
Profit / (Loss) for the year	(10,781.90)	3,095.31
Less / (Add) : Loss brought forward from the previous year	(1,217.39)	(4,312.70)
Net Profit / (Loss) under Section 349 read with Section 198 of the Companies Act, 1956	<b>(11,999.29)</b>	<b>(1,217.39)</b>
(A) Managing Director's Remuneration :		
Salary	39.00	39.00
Contribution to Provident Fund	4.68	4.68
Gratuity	0.15	-
Leave	2.03	0.69
	45.86	44.37
(B) Directors' Fees	1.97	2.52
	<b>47.83 *</b>	<b>46.89</b>

\* Excludes Rs. 36.00 Lakh (Rs. 36.00 Lakh) and Rs. 29.45 Lakh (Rs. 22.52 Lakh) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under the head "Rent" and "Miscellaneous Expenses" in Schedule 20.

Note: In view of the loss, as stated above, no provision for Directors' Commission has been made.

<b>SCHEDULE - 22 : INTEREST &amp; FINANCE CHARGES (NET)</b>		
Interest:		
On Fixed Loans	7,219.28	6,897.32
On Other Loans	2,155.46	2,025.00
To Income Tax Department	0.03	8.03
Finance Charges:		
To Banks	321.48	139.36
To Others	18.31	21.62
	<b>9,714.56</b>	<b>9,091.33</b>
Less : At Credit :		
Amount Capitalised	1,020.89	3,458.08
Buffer Stock Subsidy towards interest	-	35.23
Subsidy towards interest on Excise Duty Loan	553.33	477.67
From Income Tax Department	-	14.54
On Unsecured Loans, Deposits etc. (Gross) :		
[Tax deducted at source Rs. 3.71 Lakh (Rs. 35.42 Lakh)]	34.53	164.28
	<b>1,608.75</b>	<b>4,149.80</b>
	<b>8,105.81</b>	<b>4,941.53</b>

# Schedule to the Balance Sheet and Profit & Loss Account

## SCHEDULE – 23: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. Statement Of Significant Accounting Policies:

#### (i) Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the Accounting Standards Notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

#### (ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

#### (iii) Revenue Recognition:

- (a) Revenue from sale of goods is recognized upon passage of title to the customers which generally coincides with delivery thereof.
- (b) Dividend Income is recognised when the shareholders' right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if the same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.
- (c) Due to uncertainty in realization, following incomes are accounted for on acceptance / actual receipt basis:-
  - (i) Insurance and other claims
  - (ii) Interest on doubtful loans and advances to cane growers.
  - (iii) Compensation receivable in respect of land surrendered to / acquired by the Government.

#### (iv) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection / commissioning expenses etc. upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

Assets awaiting disposal are valued at the lower of written down value and net realisable value.

#### (v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

#### (vi) Depreciation:

- (a) The classification of plant and machinery into continuous and non continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (b) Depreciation on fixed assets is provided as per straight line method, at the rates prescribed in schedule XIV of the Companies Act, 1956, or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.
- (c) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis, with reference to the date of addition / disposal.
- (d) Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.
- (e) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

### (vii) Government Grants and subsidies:

Government Grants and subsidies are recognised when there is reasonable assurance that the same will be received. Revenue grants / subsidies are recognised in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

### (viii) Borrowing Costs:

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### (ix) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and market rate on individual investment basis. Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

### (x) Inventories:

- (a) Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Goods under process, finished goods (including Power Banked) and traded goods, are valued at lower of cost and net realizable value. Finished goods and Goods under process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is computed on a weighted average basis.

By products, Country crop and Saleable scraps, whose cost is not identifiable, are valued at estimated net realizable value.

Net realizable value is the estimated selling price in

the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

- (b) In case of inter-transferred materials, the transfer price is considered as cost for the purpose of valuation of closing stock.

### (xi) Foreign Currency Transactions:

- (a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- (b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- (c) Exchange Differences

Exchange differences arising on the settlement/ conversion of monetary items are recognized as income or expenses in the year in which they arise.

- (d) Forward Exchange Contracts not entered for trading or speculation purpose

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year.

### (xii) Retirement Benefits:

- (a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

than the contribution payable to the respective trusts / funds.

- (b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.
- (c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.
- (d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

### (xiii) Taxation:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realized.

The carrying amounts of deferred tax assets is reviewed at each balance sheet date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available in future.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the

case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

### (xiv) Segment Reporting:

- (a) Identification of Segments:

The Company has identified that its business segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

- (b) Inter Segment Transfers:

The Company accounts for inter segment transfers at mutually agreed transfer prices.

- (c) Allocation of Common Costs:

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

### (xv) Fixed Assets Acquired under Lease

- (a) Finance Lease

Assets acquired under lease agreements which effectively transfer to the company substantially all

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value and present value of minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of their liability. Finance charges are charged directly to the expenses account.

(b) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account.

**(xvi) Share Issue Expenses:**

Share issue expenses are adjusted against Securities Premium Account.

**(xvii) Earning per Share:**

Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

**(xviii) Excise Duty:**

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the Balance Sheet date.

**(xix) Research Costs:**

Research costs are expensed as incurred. Development expenditure incurred on individual project is carried

forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sale from the related project, not exceeding ten years. The carrying value of development cost is reviewed for impairment annually when the asset is not yet in use and otherwise when events or changes in circumstances indicates that the carrying value may not be recoverable.

**(xx) Cash and Cash equivalents**

Cash and cash equivalents in the cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(xxi) Provisions:**

A provision is recognized when an enterprise has a present obligation as a result of 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 made in terms of Accounting Standard 29 are not discounted to its 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.

**(xxii) Derivative Instruments:**

As per the announcement made by the Institute of Chartered Accountants of India, Derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect of the underlying hedged item is charged to the income statement. Net gains are ignored as a matter of prudence.

**(xxiii) Contingencies:**

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

	(Rs. in Lakh)	
	As at 30th June, 2010	As at 30th June, 2009
2. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	278.63	1,371.16
3. Contingent Liabilities not provided for in respect of :-		
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:		
(i) Excise Duty & Service Tax	2,035.65	705.71
(ii) Sales & Entry Tax	110.96	156.41
(iii) Duty under State Acts	155.05	230.18
(iv) Others	124.26	56.41
<b>Total</b>	<b>2,425.92</b>	<b>1148.71</b>
(b) (i) Guarantees given to a bank against loans to cane growers	5,000.00	4,000.00
(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	4,773.95	3,047.93
(c) Unredeemed bank guarantees	0.96	0.96
(d) Bills discounted with banks [since realized Rs. Nil (Rs. 81.00 Lakh)]	92.91	176.00
4. Excise Duty & Cess on sales has been reduced from sales in Profit & Loss account and Excise Duty & Cess on increase / decrease in stocks has been considered as income / expenses in Profit & Loss Account.		Profit and Loss Account in respect of certain realizations aggregating to Rs. 52.05 Lakh in earlier years, which continue to be shown under the head "Liabilities for other Finance" in Schedule – 12. Against the above, fixed deposit receipts / bank guarantees for similar amount have been furnished by the Company.
5. Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs. 79.41 Lakh (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 83.79 Lakh, are in force in terms of the Court Orders, is included under the head 'Current Liabilities'. Necessary adjustment for the above amount together with interest, if any, in this regard will be made in the accounts as and when the matter will be finally settled.		
6. Pending decisions of various courts on writ petitions filed by / against the Company, no credit has been taken in the		
7. In view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court, the Company for its Hargaon and Rosa Sugar units in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-08 @ Rs. 110 per quintal as against the State Advised Price (SAP) of Rs. 125 per quintal. Pending final decision by the Hon'ble Supreme Court in this matter, the differential price of Rs. 2422.74 Lakh between SAP and the amount already provided, as stated above, has not been accounted for.		
8. (a) The break-up of net Deferred Tax Asset as on 30th June, 2010 is as under:		
	(Rs. in Lakh)	
	As at 30th June, 2010	As at 30th June, 2009
<b>(A) Deferred Tax Asset</b>		
(i) Carry forward of unabsorbed depreciation and business loss	9,939.02	5,188.26
(ii) Expenses allowable against taxable income in future years	1,188.73	739.03
	11,127.75	5,927.29
<b>(B) Deferred Tax Liability</b>		
(i) Timing difference in depreciable assets	8,073.07	6,557.38
	8,073.07	6,557.38
Net Deferred Tax Liability / (Asset) (A – B)	3,054.68	(630.09)



## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

Although, there is carried forward unabsorbed depreciation and business loss as on the Balance Sheet date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above Tax credit.

(b) Minimum Alternative Tax (MAT) Credit Entitlement of Rs. 836.59 Lakh carried forward from earlier years in books of accounts have been reversed in the current year in terms of Accounting Policy No. 1 (xiii) stated above.

9. a) Pending execution of the conveyance deed, no adjustment has been made in respect of 0.75 acre of land sold by the Company in earlier years.

b) An application filed by the Company for exemption of 3785.19 sq. mtrs. of land at Bamrauli under the Urban Land (Ceiling and Regulation) Act, 1976, is pending with the concerned authority.

10. A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.

11. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

	2009-2010	2008-2009
		(Rs. in Lakh)
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	96.07	318.80
(ii) Interest due on above.	3.52	9.82
Total of (i) & (ii)	99.58	327.56
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	11.50	-
(iv) Amount paid to the suppliers beyond the respective due date.	175.86	106.93
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	9.60	5.31
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	2.89	5.31
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	19.32	8.98

12. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of The Payment of Gratuity Act, 1972. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for gratuity.

	(Rs. in Lakh)	
	2009-10	2008-09
<b>(i) Net Employee Expense /(benefit)</b>		
Current service cost	57.14	49.45
Interest cost on benefit obligation	58.51	54.19
Expected return on plan assets	(64.19)	(53.23)
Past Service Cost	100.94	-
Net Actuarial Loss / (Gain) recognised in the year	42.85	(41.26)
Total employer expense *	195.25	9.15
* including Rs. 2.10 Lakh (Rs. 1.43 Lakh) capitalised as pre-operative expenses in Schedule-5		
<b>(ii) Actual return on plan assets</b>	83.48	155.39
<b>(iii) Benefit Asset / (Liability)</b>		
Fair Value of Plan Assets	931.79	840.81
Defined benefit obligation	1,015.64	802.93
Benefit Asset / (Liability)	(83.85)	37.88
<b>(iv) Movement in benefit liability</b>		
Opening defined benefit obligation	802.93	699.59
Interest cost	58.51	54.19
Current service cost	57.14	49.45
Past Service Cost	100.94	-
Benefits paid	(66.02)	(61.20)
Actuarial (gains) / losses on obligation	62.14	60.90
Closing benefit obligation	1,015.64	802.93
<b>(v) Movement in fair value of plan assets</b>		
Opening fair value of plan assets	840.81	628.78
Expected Return on plan assets	64.19	53.23
Contribution by employer	73.52	117.84
Benefits paid	(66.02)	(61.20)
Actuarial gains / (losses) on obligation	19.29	102.16
Closing fair value of plan assets	931.79	840.81
<b>(vi) The major categories of plan assets as a percentage of the fair value of total plan assets</b>		
Funded with insurer	100%	100%
<b>(vii) The Principal actuarial assumptions are as follows:</b>		
Discount rate	8.00%	7.60%
Expected Return on plan assets	7.60%	8.10%
Salary Increase	5.00%	5.00%
Withdrawal rates	Varying between 1% to 7% per annum depending upon the duration and age of the employees	

The overall expected rate of return on assets is assumed to be 7.60% per annum as at 1st July 2009 i.e. the same as discount rate as at 30th June 2009 because the assets are primarily invested in Government Bonds.

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

(viii) Amount incurred as expense for defined contribution to Provident / Pension fund plan Rs. 287.47 Lakh (Rs. 232.44 Lakh) [including Rs. 6.24 Lakh (Rs. 12.32 Lakh) capitalised as pre-operative expenses in Schedule-5].

(ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) The Company expects to contribute Rs. 150 Lakh (Rs. 120 Lakh) to Gratuity fund in 2010-2011.

	(Rs. in Lakh)		
(xi) The details for the current and previous years are as follows :	2009-2010	2008-2009	2007-2008
Defined Benefit Obligation	1,015.64	802.93	699.59
Plan Assets	931.79	840.81	628.78
Surplus / (Deficit)	(83.85)	37.88	(70.81)
Experience adjustments on plan liabilities		Not Available *	
Experience adjustments on plan assets		Not Available *	

\* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

13. The company has raised Rs.1704.45 Lakh (including securities premium Rs. 1304.62 Lakh) by allotment of 39,98,240 equity shares of Rs. 10 each on conversion of detachable warrants issued in term of Letter of Offer dated 17th July, 2008 at a premium of Rs. 32.63 per equity share during the year and has utilised the proceeds of the issue for repayment of a part of the working capital borrowings.
14. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.
- (b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.
- (c) The following items are included under other heads of expenses in the Profit & Loss Account:

	(Rs. in Lakh)	
	2009-2010	2008-2009
Stores and Spares, etc.	1,002.13	1,083.96
Insurance	0.16	0.20

15. Salary & Wages includes Rs. 53.92 Lakh in respect of earlier year on account of increase in wages with retrospective effect from 1st October, 2008 in terms of wage Board award / order received during the year.

### 16. Earnings per Share (EPS):

In terms of Accounting Standard - 20, the calculation of EPS is given below: -

Profit / (Loss) as per Profit & Loss Account (Rs in Lakh)	(8,227.90)	1,917.38
Weighted average number of Equity Shares outstanding during the year (Rs. 10 each)	25,027,708*	21,761,531*
Basic earnings per share (Rs.)	(32.88)	8.81
Diluted earnings per share (Rs.)	(32.88)	8.77

\* After considering the impact of equity shares issued on conversion of detachable warrants

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

### 17. Operating lease:

Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The lease term is ranging upto 3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable

Particulars	(Rs. in Lakh)	
	2009-2010	2008-2009
Lease payments made for the year	75.04	79.24

### 18. The movements in provision for warranties during the year are as follows: -

	(Rs. in Lakh)			
	Balance as at 01.07.2009	Additions during the year	Amount used during the year	Balance as at 30.06.2010
Warranties	7.11	11.65	7.04	11.72

### 19. The Company's segment information as at and for the year ended 30th June, 2010 are as below: -

	(Rs. in Lakh)					Total
	Sugar	Spirits	Co- generation	Food processing	Others	
<b>(a) Revenue (net of excise duty and cess)</b>						
External Sales	44,188.49	5,328.59	1,305.01	2,750.24	-	53,572.33
	(47,537.74)	(5,017.13)	(587.06)	(2,507.44)	(-)	(55,649.37)
Inter-segment Sales	4,266.92	0.75	1,940.95	-	-	6,208.62
	(4,082.09)	(13.40)	(1,490.57)	(-)	(-)	(5,586.06)
<b>Total Revenue</b>	<b>48,455.41</b>	<b>5,329.34</b>	<b>3,245.96</b>	<b>2,750.24</b>	<b>-</b>	<b>59,780.95</b>

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

### 19. The Company's segment information as at and for the year ended 30th June, 2010 are as below: - (Contd.)

	Sugar	Spirits	Co-generation	Food processing	Others	(Rs. in Lakh) Total
	(51,619.83)	(5,030.53)	(2,077.63)	(2,507.44)	(-)	(61,235.43)
<b>(b) Results</b>						
Segment Results	<b>-2826.55</b>	<b>-139.77</b>	<b>421.93</b>	<b>51.59</b>	<b>0.71</b>	<b>-2,492.09</b>
	(7,907.55)	(-64.42)	(379.01)	(195.06)	(-0.02)	(8,417.18)
Unallocated expenses net of unallocated Income						<b>475.58</b>
						(470.86)
Operating Profit / (-) Loss						<b>-2,967.67</b>
						(7,946.32)
Interest & Finance Charges (net)						<b>8,105.81</b>
						(4,941.53)
Income, Wealth & Fringe Benefit Tax (net)						<b>2.60</b>
						(144.10)
MAT Credit Entitlement /(-) Reversal						<b>-836.59</b>
						(119.02)
Deferred Tax Charge / (-) Credit						<b>-3,684.77</b>
						(1,062.33)
<b>Net Profit/(-) Loss</b>						<b>-8227.90</b>
						(1917.38)
<b>(c) Total Assets</b>						
Segment Assets	<b>76,600.83</b>	<b>11,910.53</b>	<b>13,838.03</b>	<b>1,534.63</b>	<b>1.39</b>	<b>103,885.41</b>
	(6,3584.56)	(13,664.38)	(13,255.70)	(1,176.18)	(1.41)	(91,682.23)
Unallocated Assets						<b>6,294.46</b>
						(2,902.58)
						<b>110,179.87</b>
						(94,584.81)
<b>(d) Total Liabilities</b>						
Segment Liabilities	<b>11,197.10</b>	<b>196.22</b>	<b>127.80</b>	<b>982.46</b>	<b>0.30</b>	<b>12,503.88</b>
	(8,919.02)	(649.20)	(28.73)	(790.96)	(0.12)	(10,388.03)
Unallocated Liabilities						<b>90,424.08</b>
						(70,426.72)
						<b>102,927.96</b>
						(80,814.75)
<b>(e) Other Information</b>						
(i) Non cash expenses	<b>5.30</b>	-	-	-	-	<b>5.30</b>
	(4.02)	(-)	(-)	(-)	(-)	(4.02)
(ii) Capital Expenditure	<b>1,407.21</b>	<b>43.72</b>	<b>1,024.17</b>	<b>45.34</b>	-	<b>2,520.44</b>
	(4,156.49)	(696.02)	(7,275.47)	(4.22)	(-)	(12,132.20)
(iii) Depreciation for the year	<b>3,015.11</b>	<b>614.90</b>	<b>447.32</b>	<b>6.53</b>	<b>0.03</b>	<b>4,083.89</b>
	(1,741.85)	(521.60)	(366.20)	(5.23)	(0.03)	(2634.91)
<b>(f) Geographical Segments</b>						
Revenue						
Domestic						<b>52,954.44</b>
						(54,969.87)
Overseas (Including through third party)						<b>617.89</b>
						(679.50)
						<b>53,572.33</b>
						(55,649.37)

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

### Notes:

- (i) Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Food processing" as the operating segments:
- Sugar - Consists of manufacture and sale of Sugar, Molasses & Bagasse  
 Spirits - Consists of manufacture and sale of Industrial Spirits (including Denaturants), Fusel Oil & Bio-Compost  
 Co-generation - Consists of generation and transmission of Power  
 Food Processing Products - Consists of Canned Fruits & Vegetables, Jams, Jellies, Squashes & Juices  
 Others – Consist of Miscellaneous business comprising of less than 10% revenues.
- (ii) Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations.
- (iii) The Company has common fixed assets located in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions thereof cannot be furnished.

### 20. Related Party Disclosure :

#### (a) Names of the related parties :

Subsidiary Companies :	Champaran Marketing Company Ltd. OSM Investment & Trading Co. Ltd. Hargaon Investment & Trading Co. Ltd. Hargaon Properties Ltd.	
Key Management Personnel :	Mr. Chandra Shekhar Nopany Mr. V. P. Singh  Mr. N.C. Paliwal  Mr. Chandra Mohan Mr. B. K. Malpani Mr. P. K. Saini  Mr. S. K. Premi Mr. G. N. Pareek	– Chairman-cum-Managing Director – Executive President, Hargaon Unit (Upto 9th August 2009) – Executive President, Hargaon Unit (From 10th August' 2009 to 23rd June' 2010)  – Executive President, Narkatiaganj Unit – Executive President, Rosa Unit – Executive President, Hata Unit (Upto 1st March 2010) – Executive President, Allahabad Unit – Company Secretary
Relatives of Key Management Personnel :	Mrs. Nandini Nopany	– Mother of Mr. Chandra Shekhar Nopany
Enterprises owned or significantly influenced by Key Management Personnel and their relatives :	Upper Ganges Sugar & Industries Ltd. Sutlej Textiles & Industries Ltd. SIL Investments Ltd. SCM Investment & Trading Co. Ltd. RTM Investment & Trading Co. Ltd. Uttar Pradesh Trading Co. Ltd. Nilgiri Plantations Ltd. Ronson Traders Ltd.	

# Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2010

(Rs. in Lakh.)

	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010
<b>Sale of Goods &amp; Services</b>										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	45.33	-	45.33	-
	(-)	(-)	(-)	(-)	(-)	(-)	(35.38)	(-)	(35.38)	(-)
<b>Purchase of Goods &amp; Services</b>										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	240.30	-	240.30	-
	(-)	(-)	(-)	(-)	(-)	(-)	(109.98)	(-)	(109.98)	(-)
<b>Sale of Fixed Assets</b>										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(21.76)	(-)	(21.76)	(-)
<b>Purchase of Fixed Assets</b>										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(11.61)	(-)	(11.61)	(-)
<b>Dividend Received</b>										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	0.22	-	0.22	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)
<b>Dividend Paid</b>										
Mr. Chandra Shekhar Nopany	-	-	0.94	-	-	-	-	-	0.94	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	35.55	-	35.55	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SIL Investments Limited	-	-	-	-	-	-	6.66	-	6.66	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	29.82	-	29.82	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Uttar Pradesh Trading Co. Ltd.	-	-	-	-	-	-	43.43	-	43.43	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Interest Expense</b>										
Sutlej Textiles & Industries Limited	-	-	-	-	-	-	241.59	-	241.59	-
	(-)	(-)	(-)	(-)	(-)	(-)	(149.24)	(-)	(149.24)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	377.33	-	377.33	-
	(-)	(-)	(-)	(-)	(-)	(-)	(432.32)	(-)	(172.05)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	520.96	-	520.96	-
	(-)	(-)	(-)	(-)	(-)	(-)	(620.88)	(-)	(620.88)	(-)
Nilgiri Plantations Ltd.	-	-	-	-	-	-	73.90	-	73.90	-
	(-)	(-)	(-)	(-)	(-)	(-)	(56.50)	(-)	(56.45)	(-)

# Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2010

(Rs. in Lakh.)

	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010
Ronson Traders Ltd.							11.95	-	11.95	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Loans/Intercompany deposits given / repaid</b>										
Champan Marketing Company Ltd.	-	10.50	-	-	-	-	-	-	-	10.50
	(1.00)	(22.50)	(-)	(-)	(-)	(-)	(-)	(-)	(1.00)	(22.50)
OSM Investment & Trading Company Ltd.	625.50	604.25	-	-	-	-	-	-	625.50	604.25
	(25.75)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(25.75)	(-)
Hargaon Investment & Trading Company Ltd.	726.25	482.75	-	-	-	-	-	-	726.25	482.75
	(50.75)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(50.75)	(-)
Mr. Chandra Mohan	-	-	10.21	10.21	-	-	-	-	10.21	10.21
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sutlej Textiles & Industries Limited	-	-	-	-	-	-	4,000.00	-	4,000.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(3,500.00)	(-)	(3,500.00)	(-)
SIL Investments Limited	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(1,675.00)	(-)	(250.00)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	5,310.00	-	5,310.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(855.00)	(-)	(855.00)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	5,935.00	-	5,935.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(4,060.00)	(-)	(4,060.00)	(-)
<b>Loans/Intercompany deposits taken</b>										
Champan Marketing Company Ltd.	12.00	-	-	-	-	-	-	-	12.00	-
	(11.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(11.00)	(-)
OSM Investment & Trading Company Ltd.	11.00	-	-	-	-	-	-	-	11.00	-
	(11.50)	(10.25)	(-)	(-)	(-)	(-)	(-)	(-)	(11.50)	(10.25)
Hargaon Investment & Trading Company Ltd.	130.50	-	-	-	-	-	-	-	130.50	-
	(23.25)	(113.00)	(-)	(-)	(-)	(-)	(-)	(-)	(23.25)	(113.00)
Sutlej Textiles & Industries Limited	-	-	-	-	-	-	5,000.00	1,000.00	5,000.00	1,000.00
	(-)	(-)	(-)	(-)	(-)	(-)	(500.00)	(-)	(500.00)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	2,740.00	-	2,740.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(525.00)	(2,570.00)	(525.00)	(2,570.00)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	2,515.00	-	2,515.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(3,030.00)	(3,420.00)	(3,030.00)	(3,420.00)



## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June,2010

(Rs. in Lakh.)

	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010	Transaction Value	Balance Outstanding as on 30.06.2010
Nilgiri Plantations Ltd.	-	-	-	-	-	-	75.00	540.00	75.00	540.00
	(-)	(-)	(-)	(-)	(-)	(-)	(465.00)	(465.00)	(465.00)	(465.00)
	-	-	-	-	-	-	100.00	100.00	100.00	100.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Rosson Traders Ltd.</b>	-	-	-	-	-	-	100.00	100.00	100.00	100.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>Balance Outstanding (net) (-) Debit</b>										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	-	(28.42)	-	(28.42)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(52.49)	(-)	(52.49)
<b>Remuneration</b>										
Mr. V.P.Singh	-	-	3.21	0.52	-	-	-	-	3.21	0.52
	(-)	(-)	(27.22)	(0.79)	(-)	(-)	(-)	(-)	(27.22)	(0.79)
Mr. N.C. Paliwal	-	-	24.52	1.54	-	-	-	-	24.52	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Chandra Mohan	-	-	29.98	-	-	-	-	-	29.98	-
	(-)	(-)	(28.56)	(0.90)	(-)	(-)	(-)	(-)	(28.56)	(0.90)
Mr. P.K. Saini	-	-	16.18	0.18	-	-	-	-	16.18	0.18
	(-)	(-)	(11.97)	(0.90)	(-)	(-)	(-)	(-)	(11.97)	(0.90)
Mr. S.K.Premi	-	-	17.42	0.12	-	-	-	-	17.42	0.12
	(-)	(-)	(15.29)	(0.93)	(-)	(-)	(-)	(-)	(15.29)	(0.93)
Mr. B.K.Malpani	-	-	16.54	2.00	-	-	-	-	16.54	2.00
	(-)	(-)	(9.77)	(1.00)	(-)	(-)	(-)	(-)	(9.77)	(1.00)
Mr. G.N.Pareek	-	-	9.40	-	-	-	-	-	9.40	-
	(-)	(-)	(3.14)	(-)	(-)	(-)	(-)	(-)	(3.14)	(-)

NOTE : Remuneration paid to Mr. Chandra Shekhar Nopany, Chairman-cum-Managing Director, is disclosed in Schedule 21 to the Accounts.

# Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

## 21. Additional information pursuant to the provisions of Clause 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 (to the extent applicable) :

(i) Licensed and Installed capacity, production, stock & sales of goods produced/traded during the year :

Class of Goods	Licensed Capacity *	Installed Capacity	Unit	Production	Opening Stock		Closing Stock (b)		Sales (b)		(Rs. in Lakh) Purchase of Finished Goods	
					Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sugar (Bagged)	<b>Not Applicable</b>	<b>28700</b>	<b>Qtls</b>	<b>2027032#</b>	<b>622614(c)</b>	<b>12034.24</b>	<b>1073973</b>	<b>26883.77</b>	<b>1573988(d)</b>	<b>43869.48</b>	<b>67.00</b>	<b>1.94</b>
		(28700) Tonnes Crushing per day		(1405576)	(1723521)	(24586.64)	(622614)	(12034.24)	(2504324)	(48973.09)	(-)	(-)
Power	(-do-)	<b>25</b>	<b>Units</b>	<b>48829385</b>	<b>1379423</b>	<b>29.38</b>	<b>501704</b>	<b>16.65</b>	<b>34353904(e)</b>	<b>1305.01</b>	-	-
		(25) M.W.		(36824300)	(1569000)	(30.75)	(1379423)	(29.38)	(19197988)	(587.06)	(-)	(-)
Molasses (sent out)	-	-	Qtls	<b>1044801</b>	<b>267313(g)</b>	<b>788.49</b>	<b>423719(g)</b>	<b>901.50</b>	<b>895767(d)</b>	<b>989.14</b>	-	-
	(-)	(-)		(720504)	(499652)	(1380.39)	(267313)	(788.49)	(974581)	(377.22)	(-)	(-)
Spirit	<b>48.00</b>	<b>48.00</b>	<b>Ltrs.</b>	<b>19897500</b>	<b>5246980</b>	<b>1180.37</b>	<b>2798662</b>	<b>546.24</b>	<b>22285319</b>	<b>5448.31</b>	-	-
	(48.00)	(48.00)		(23339973)	(3621292)	(506.60)	(5246980)	(1180.37)	(21692440)	(5144.49)	(-)	(-)
Bio Compost	<b>Not Applicable</b>	<b>335000</b>	<b>Qtls.</b>	<b>234700</b>	<b>67789</b>	<b>31.19</b>	<b>36745</b>	<b>20.26</b>	<b>265244(d)</b>	<b>145.32</b>	-	-
	(-do-)	(335000)		(233378)	(82636)	(41.72)	(67789)	(31.19)	(248225)	(84.62)	(-)	(-)
Fusel Oil	-	-	Ltrs.	-	3,600	-	3,600	-	-	-	-	-
	(-)	(-)		(8000)	(3600)	(-)	(3600)	(-)	(8000)	(1.12)	(-)	(-)
Canned Fruits & Vegetables	<b>Not Specified</b>	<b>10 Tonnes per day</b>	<b>Tonnes</b>	<b>3899</b>	<b>1259</b>	<b>565.39</b>	<b>1672</b>	<b>741.05</b>	<b>3869</b>	<b>2266.91</b>	<b>384</b>	<b>258.05</b>
	(-do-)	(-do-)		(2793)	(1428)	(562.39)	(1259)	(565.39)	(3529)	(1969.00)	(567)	(260.67)
Jams, Jellies, Squashes & Juices	<b>Not Specified</b>	<b>10 Tonnes per day</b>	<b>Tonnes</b>	<b>1025</b>	<b>126</b>	<b>48.32</b>	<b>178</b>	<b>72.52</b>	<b>973</b>	<b>483.33</b>	-	-
	(-do-)	(-do-)		(1168)	(128)	(46.77)	(126)	(48.32)	(1170)	(537.32)	(-)	(-)
Bagasse	-	-	Qtls.	<b>2757296(f)</b>	<b>66563</b>	<b>64.36</b>	<b>128671</b>	<b>142.52</b>	<b>2695188(d)</b>	<b>874.52</b>	-	-
	(-)	(-)		(2627434)	(195622)	(129.04)	(66563)	(64.36)	(2756493)	(620.89)	(-)	(-)
Processing Charges			Rs.			-		-		76.19	-	-
Others			Rs.			(-)		(-)		(-)	(-)	(-)
						<b>13.54</b>		<b>6.27</b>		<b>40.12</b>		-
						(20.89)		(13.54)		(14.32)		(-)
						<b>14755.28</b>		<b>29330.78</b>		<b>55498.33</b>		<b>259.99</b>
						(27305.19)		(14755.28)		(58309.13)		(260.67)

\* On per annum basis except stated otherwise

# Excluding 24073 Qtls. Sugar obtained from processing of Raw Sugar on Job work.

## Schedule to the Balance Sheet and Profit & Loss Account (Contd.)

(f) Licensed and Installed capacity, production, stock & sale of goods produced/traded during the year (contd.)

	Licensed Capacity	Installed Capacity	Unit	Production	Opening Stock*		Closing Stock*		Sales		Purchase of Finished Goods	
					Quantity	Amount	Quantity (d)	Amount	Quantity	Amount	Quantity	Amount
Agricultural Products (Refer schedule 16)												
Farm Produce Sugarcane			Qtls.	<b>50,061</b> (28376)	- (—)	- (—)	- (—)	- (—)	<b>50,061</b> (28376)	<b>110.09</b> (36.60)		
Cereals etc.			Qtls.	<b>682</b> (933)	<b>113</b> (120)	<b>1.40</b> (1.65)	<b>105</b> (113)	<b>1.31</b> (1.40)	<b>690</b> (940)	<b>6.75</b> (9.23)		
Gardens & Dairy Products			Qtls.							3.06 (5.83)		
* excludes standing crop						<b>1.40</b> (1.65)		<b>1.31</b> (1.40)		<b>119.90</b> (51.66)		

### NOTES:

- Licensed and installed capacities are as certified by the management and accepted as correct by the Auditors.
- Quantitative figures of closing stock are shown after adjusting shortage / excess, evaporation loss, samples etc. Sales figures are inclusive of excise duty.
- Includes 1748 (2155) quintals lost due to reprocessing during the year.
- Includes 16203 (10453) quintals of Sugar, 626319 (881608) quintals of Molasses, 2292466 (2297726) quintals of Bagasse and 1878 (53613) quintals of Bio-compost transferred / consumed departmentally.
- After adjusting inter-transfers 11173262 (14237297) units, transmission loss 96777 (314788) units and captive consumption 4083161 (3263804) units.
- Includes Bagasse used in Co-generation but excludes the quantum used for other own consumption in sugar units.
- Includes 76355 quintals of Sub-standard materials pending destruction, for which permission from excise authorities is awaited.

## (ii) Raw Materials Consumed (after adjusting sales and claims):

Class of Goods	Quantity (in quintals)	Rs. in Lakh
	<b>21,434,188</b>	<b>52,638.28</b>
Sugarcane (crushed)	(14,783,295)	(21,586.80)
Raw Sugar	<b>32,455</b>	<b>537.23</b>
	(79,755)	(1,325.53)
Molasses	<b>867,577</b>	<b>2,665.31</b>
	(1,066,645)	(3,366.13)
Bagasse	<b>1,834,184</b>	<b>1,861.71</b>
	(1,722,180)	(1,159.65)
Fresh Fruits & Vegetables	<b>50,788</b>	<b>720.25</b>
	(39,212)	(492.82)
Sugar	<b>10,557</b>	<b>315.70</b>
	(9,746)	(198.57)
Press Mud	<b>649,180</b>	<b>42.39</b>
	(640,410)	(50.80)
Total		<b>58,780.87</b>
		(28,180.30)
Less: Inter unit transfer of own produced materials		<b>3,767.47</b>
		(3,749.72)
Net Consumption of raw materials		<b>55,013.40</b>
		(24,430.58)

**NOTE:**

The above figures are after adjusting transit losses / shortages and include the quantity of materials produced during the process of manufacturing and consumed departmentally.

	2009-2010	2008-2009
		(Rs. in Lakh)
(iii) C.I.F. Value of Imports (including through canalizing agencies on invoice value) :		
Raw Sugar	-	1,648.13
Stores, Chemicals and Spares etc.	65.57	534.08
(iv) Expenditure in Foreign Currency (On Cash Basis):		
(a) Traveling	2.46	1.34
(b) Selling Commission	19.31	16.37
(v) Earning in Foreign Exchange (On Cash Basis):		
F O B value of Exports (including through third party)	604.63	633.34

(vi) Break-up of consumption of Raw Materials and Stores, Spare parts and Packing Material etc. (including debits to other heads of account and after adjusting sales and claims) :

	Raw Materials		Stores, Chemicals, Spare Parts etc.	
	Rs. in Lakh	%	Rs. in Lakh	%
Imported (as certified by the management)	<b>442.40</b> (1205.73)	<b>0.80</b> (4.94)	<b>206.88</b> (346.64)	<b>9.30</b> (15.287)
Indigenous	<b>54571.00</b> (23224.85)	<b>99.20</b> (95.06)	<b>2018.12</b> (1921.83)	<b>90.70</b> (84.72)
	<b>55013.40</b> (24430.58)	<b>100.00</b> (100.00)	<b>2225.00</b> (2268.47)	<b>100.00</b> (100.00)

(vii) Amount remitted in Foreign Currencies towards Dividend:-

	2009-2010	2008-2009
1. No. of Non-Resident Share Holders	111	101
2. Ordinary Shares held	70,963	72,027
3. Amount remitted and/or paid in Indian Currency (Rs. in Lakh)	1.06	-

22. Previous year's figures including those given in brackets have been regrouped and / or rearranged, wherever necessary.

Signatories to Schedules 1 to 23

As per our report of even date.  
For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667  
Place: Kolkata  
Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Balance Sheet Abstract

and company's general business profile

## I. Registration Details

CIN	L15432UP1932PLC025186	State Code	20
Balance Sheet Date	30.06.2010		

## II. Capital Raised during the year(Amount in Rs. thousands)

Public Issue	Nil	Rights Issue	39983
Bonus Issue	Nil	Private Placement	Nil

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	11517125	Total Assets	11517125
Sources of Funds			
Paid-up Capital	260449	Secured Loans	6500221
Reserves & Surplus	963880	Unsecured Loans	2520940
Application of Funds			
Net Fixed Assets	6703853	Net Current Assets	2629058
Miscellaneous Expenditure	Nil	Deferred Tax Asset (Net)	305468
Investments	107973	Accumulated Losses	499138

## IV. Performance of Company (Amount in Rs. thousands)

Turnover (including other income)	5383363	Total Expenditure	6490711
Profit before Tax	(1107348)	Profit after Tax	(822790)
Earning Per Share (Rs.)	(32.88)	Dividend Rate (Rs.)	Nil

## V. Generic Names of three Principal Products/Services of the Company : (as per monetary terms)

Item Code. No.	17011000	Item Code. No.	220710
Description	Sugar	Description	Industrial Alcohol
Item Code. No.	200600		
Description	Canning Products		

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Auditors' Report On Consolidated Financial Statements

To

The Board of Directors of

## The Oudh Sugar Mills Limited

1. We have examined the attached Consolidated Balance Sheet of THE OUDH SUGAR MILLS LIMITED and its subsidiaries as at 30th June, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 misstatements. 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. We have not audited the financial statements of the subsidiary companies, whose financial statements reflect total assets of Rs. 1,711.48 Lakh as at 31st March 2010 (refer note no. 1 (c) on schedule 23) and total revenues of Rs. 60.29 Lakh and net cash flow of Rs. 0.25 Lakh for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" notified under the Companies Accounting Standards Rules, 2006.
5. Without qualifying our opinion, we draw attention to Note No. 8 on Schedule 23, regarding accounting of Sugarcane purchases at Hargaoon & Rosa Sugar units in Uttar Pradesh @

Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs. 2,422.74 Lakh, however, since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.

6. Attention is drawn to Note No. 9 (a) on schedule 23 regarding recognition of Deferred Tax Asset (DTA) (net) of Rs. 3,054.68 Lakh up to 30th June, 2010 based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the impact of above been considered, there would be a loss of Rs. 11,227.30 Lakh as against the reported loss of Rs. 8,172.62 Lakh for the year and the profit and loss account debit balance would be Rs. 6,978.75 Lakh as against the reported figure of Rs. 3,924.07 Lakh as on the balance sheet date.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, subject to the matters stated in para 6 above, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of The Oudh Sugar Mills Limited and its subsidiaries as at 30th June, 2010;
- (b) in the case of Consolidated Profit & Loss Account, of the consolidated loss of The Oudh Sugar Mills Limited and its subsidiaries for the year then ended; and
- (c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of The Oudh Sugar Mills Limited and its subsidiaries for the year then ended

For **S. R. BATLIBOI & CO.**

Firm Registration No. 301003E

Chartered Accountants

Per **R. K. AGRAWAL**

Partner

Membership No. 16667

Place: Kolkata

Dated: 27th August, 2010

# Consolidated Balance Sheet

 of The Oudh Sugar Mills Limited  
and its Subsidiary Companies as at 30th June, 2010

	Schedule	30th June, 2010	(Rs. in Lakh) 30th June, 2009
<b>SOURCES OF FUNDS</b>			
<b>A. Shareholders' Funds</b>			
(a) Share Capital	1	2,604.49	2,204.66
(b) Reserves & Surplus	2	9,987.39	12,926.02
		<b>12,591.88</b>	<b>15,130.68</b>
<b>B. Loan Funds</b>			
(a) Secured	3	65,002.21	53,103.55
(b) Unsecured		25,209.40	15,968.55
		<b>90,211.61</b>	<b>69,072.10</b>
<b>C. Deferred Tax Liability (net)</b>			
		-	<b>630.09</b>
		<b>102,803.49</b>	<b>84,832.87</b>
<b>APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets</b>			
(a) Gross Block	4	81,893.53	71,840.50
(b) Less: Accumulated Depreciation		21,510.32	17,493.15
(c) Net Block		<b>60,383.21</b>	<b>54,347.35</b>
(d) Capital Work- in- Progress		210.60	209.90
(e) Capital Expenditure on New / Expansion Projects	5	6,552.77	14,319.69
		<b>67,146.58</b>	<b>68,876.94</b>
<b>B. Investments</b>			
	6	<b>3,479.71</b>	<b>2,229.21</b>
<b>C. Deferred Tax Asset (net)</b>			
		<b>3,054.68</b>	-
<b>D. Current Assets, Loans &amp; Advances</b>			
(a) Inventories	7	31,291.51	17,380.17
(b) Sundry Debtors	8	1,142.15	775.32
(c) Cash & Bank Balances	9	406.96	521.63
(d) Other Current Assets	10	7.99	9.02
(e) Loans & Advances	11	5,066.45	6,030.14
		<b>37,915.06</b>	<b>24,716.28</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	12	12,495.30	10,444.14
(b) Provisions		221.31	545.42
		<b>12,716.61</b>	<b>10,989.56</b>
<b>Net Current Assets</b>			
		<b>25,198.45</b>	<b>13,726.72</b>
<b>E. Profit &amp; Loss Account - Debit Balance</b>			
		4,248.57	-
Less: Set off with General Reserve (as per contra)		324.50	-
		<b>3,924.07</b>	-
		<b>102,803.49</b>	<b>84,832.87</b>
<b>Accounting Policies and Notes to Accounts</b>			
	23		

Schedules referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

For **S. R. BATLIBOI & CO.**

Firm Registration No. 301003E

Chartered Accountants

Per **R. K. AGRAWAL**

Partner

Membership No. 16667

Place: Kolkata

Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director



# Consolidated Profit & Loss Account of The Oudh Sugar Mills Limited and its Subsidiary Companies as at 30th June, 2010

	Schedule	2009-2010		(Rs. in Lakh) 2008-2009
<b>INCOME</b>				
Gross Sales	13		55,498.33	58,309.13
Less : Excise Duty		1,646.13		
: Cess		279.87	1,926.00	2,659.76
Net Sales			53,572.33	55,649.37
Other Income	14		306.73	330.73
Agricultural Profit / (Loss)	15		14.88	(21.48)
			<b>53,893.94</b>	<b>55,958.62</b>
<b>EXPENDITURE</b>				
Decrease / (Increase) in Stocks	16		(14,495.38)	12,606.43
Excise Duty & Cess on Stocks (Refer note no. 5 on Schedule 23)			497.45	(1,242.30)
Purchase of Finished Goods			259.99	260.67
Raw Materials Consumed	17		55,013.40	24,430.58
Stores, Spares & Packing Materials Consumed	18		3,007.40	2,406.05
Fuel & Electricity			1,031.44	700.89
Payments to and Provisions for Employees	19		3,980.49	2,928.36
Manufacturing, Selling and Other Expenses	20		3,385.16	3,199.56
Directors' Remuneration	21		47.95	47.02
			<b>52,727.90</b>	<b>45,337.26</b>
<b>Profit before Interest, Depreciation &amp; Taxation</b>			<b>1,166.04</b>	<b>10,621.36</b>
Less : Interest & Finance Charges (net)	22		8,105.81	4,941.53
Depreciation			4,077.30	2,632.03
			<b>12,183.11</b>	<b>7,573.56</b>
<b>Profit / (Loss) before Taxation</b>			<b>(11,017.07)</b>	<b>3,047.80</b>
Provision for Taxation:				
Deferred Tax charge / (credit)			(3,684.77)	1,062.33
Current tax [including wealth tax Rs. 3.40 Lakh (Rs. 3.00 Lakh)]			4.53	122.02
Minimum Alternative Tax Credit (Entitlement) / Reversal			836.59	(119.02)
Provision for Income Tax no longer required written back			3.62	1.69
Provision for Fringe Benefit Tax [including Rs. 2.82 Lakh (Rs. Nil) for earlier years ]			2.82	23.75
<b>Profit / (Loss) after Taxation</b>			<b>(8,172.62)</b>	<b>1,960.41</b>
Surplus brought forward from previous year			2,210.23	743.38
Transfer from General Reserve			1,725.12	-
Balance available for Appropriation			<b>(4,237.27)</b>	<b>2,703.79</b>
<b>Appropriations</b>				
Transfer to Reserve fund			11.30	8.89
Transfer to General Reserve			-	100.00
Proposed dividend on Equity Shares			-	328.79
Tax on Dividend			-	55.88
Balance carried to Balance Sheet			(4,248.57)	2,210.23
			<b>(4,237.27)</b>	<b>2,703.79</b>
Earning per Share of Rs. 10 each (Refer note no. 19 on Schedule 23) :				
Basic Earning per share (Rs.)			<b>(32.65)</b>	<b>9.01</b>
Diluted Earning per share (Rs.)			<b>(32.65)</b>	<b>8.97</b>
<b>Accounting Policies and Notes to Accounts</b>	23			

Schedules referred to above form an integral part of the Consolidated Profit & Loss Account.

As per our report of even date.  
For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667  
Place: Kolkata  
Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Consolidated Cash Flow Statement

 of The Oudh Sugar Mills Limited  
and its Subsidiary Companies for year ended 30th June, 2010

	2009-2010	2008-2009
		(Rs. in Lakh)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit / (Loss) before Tax	(11,017.07)	3,047.80
Adjustments for :		
Depreciation	4,083.89	2,634.91
Interest & Finance Charges (net of capitalisation & subsidy)	8,140.34	5,120.35
Molasses Storage and Maintenance Reserve	5.30	4.02
Loss / (Profit) on Fixed Assets sold / discarded (net)	2.89	(21.38)
Interest & Dividend Income	(95.17)	(225.08)
Preliminary Expenses written off	-	0.13
Bad Debts, irrecoverable claims & advances written off	5.37	29.03
Provision for Warranties & Claims	11.65	5.78
Provision for bad and doubtful debts / advances (net)	186.92	101.31
<b>Operating Profit before Working Capital Changes :</b>	<b>1,324.12</b>	<b>10,696.87</b>
Adjustments for :		
Increase / (Decrease) in Trade Payables	3,102.96	(748.85)
Decrease / (Increase) in Trade & Other Receivables	(269.44)	(324.07)
Decrease / (Increase) in Inventories	(13,911.34)	11,659.65
<b>Cash Generated from Operations :</b>	<b>(9,753.70)</b>	<b>21,283.60</b>
Direct Taxes Refund / (Paid)	(163.55)	51.42
<b>Net Cash from Operating Activities</b>	<b>(9,917.25)</b>	<b>21,335.02</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale of Fixed Assets	50.75	194.84
Capital Subsidy	113.27	142.18
Sale of Investments	-	0.23
Loans Received Back / (Given)	(49.53)	10.42
Interest Received	39.30	174.35
Dividend Received	56.90	46.26
Purchase of Investments	(1,250.50)	(75.00)
Fixed deposits	191.40	(173.16)
Purchase of Fixed Assets	(2,505.61)	(8,600.88)
<b>Net Cash used in Investing Activities</b>	<b>(3,354.02)</b>	<b>(8,280.76)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Borrowings	26,818.72	10,243.17
Repayment of Loans	(5,624.49)	(16,931.24)
Proceeds from Right issue of Shares	399.83	387.17
Share Premium on rights issue of shares	1,304.62	1,935.84
Rights Shares Issue Expenses	-	(173.10)
Interest & Finance Charges Paid	(9,727.86)	(8,591.45)
Subsidy towards interest on Excise Duty Loan	557.55	-
Dividend Paid (including dividend tax)	(384.67)	(10.83)
<b>Net Cash from Financing Activities</b>	<b>13,343.70</b>	<b>(13,140.44)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>72.43</b>	<b>(86.18)</b>
* Cash & Cash equivalents - Opening Balance	281.24	367.42
* Cash & Cash equivalents - Closing Balance	353.67	281.24

\*Represents Cash and Bank balances as indicated in Schedule - 9 and excludes Rs. 53.29 Lakh (Rs. 240.39 Lakh) being bank balances with restricted use or with maturity of more than three months.

As per our report of even date.

For **S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667  
Place: Kolkata  
Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Schedules forming part of the Consolidated Balance Sheet

	(Rs. in Lakh)	
	30th June, 2010	30th June, 2009
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
4,00,00,000 Equity Shares of Rs. 10 each	<b>4,000.00</b>	<b>4,000.00</b>
<b>Issued :</b>		
2,61,70,300 (2,21,72,060) Equity Shares of Rs. 10 each	2,617.03	2,217.21
1,883 1/2 Equity Shares of Rs. 100 each	1.89	1.89
	<b>2,618.92</b>	<b>2,219.10</b>
<b>Subscribed &amp; Paid-up :</b>		
2,59,17,175 (2,19,18,935) Equity Shares of Rs. 10 each fully paid	2,591.72	2,191.89
44 Quarter Equity Shares of Rs. 25 each fully paid	0.01	0.01
Bearer Equity Share Coupons of Rs. 25 and Rs. 12.50 each fully paid	0.06	0.06
	<b>2,591.79</b>	<b>2,191.96</b>
Add: Forfeited Shares (amount originally paid-up)	12.70	12.70
	<b>2,604.49</b>	<b>2,204.66</b>

Note :

Out of the above, 6,11,550 Equity Shares have been issued for consideration other than cash and 11,55,575 Equity Shares have been allotted as Bonus Shares by capitalisation of Securities Premium and General Reserve.

<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve :</b>		
As per last account	<b>198.59</b>	<b>198.59</b>
* Includes Rs. 2.71 Lakh arisen on consolidation		
<b>Capital Redemption Reserve :</b>		
As per last account	<b>82.69</b>	<b>82.69</b>
<b>Securities Premium :</b>		
As per last account	8,010.41	6,247.67
Add : Received on Rights Shares issued	1,304.62	1,935.84
	9,315.03	8,183.51
Less : Adjustment of Rights Shares issue expenses	-	173.10
	<b>9,315.03</b>	<b>8,010.41</b>
<b>Reserve Fund:</b>		
As per last account	289.58	280.69
Add : Transfer from Profit & Loss Account	11.30	8.89
	<b>300.88</b>	<b>289.58</b>
<b>General Reserve :</b>		
As per last Account	2,049.62	1,949.62
Add : Transfer from Profit & Loss Account	-	100.00
Less : Transfer to Profit & Loss Account	1,725.12	-
Less: Set off with Profit & Loss Account Debit Balance (as per contra)	324.50	-
	<b>-</b>	<b>2,049.62</b>
<b>Molasses &amp; Alcohol Storage and Maintenance Reserve :</b>		
As per last account	82.06	78.04
Add : Provided during the year	5.30	4.02
	<b>87.36</b>	<b>82.06</b>
<b>Effluent Disposal Reserve :</b>		
As per last account	2.84	2.84
<b>Surplus as per Profit &amp; Loss Account</b>		
	<b>-</b>	<b>2,210.23</b>
	<b>9,987.39</b>	<b>12,926.02</b>

## Schedules forming part of the Consolidated Balance Sheet (Contd.)

	30th June, 2010	(Rs. in Lakh) 30th June, 2009
<b>SCHEDULE - 3 : LOAN FUNDS</b>		
<b>A. Secured Loans :</b>		
Term Loans		
<b>Long Term</b>		
From Scheduled Bank(s):		
Under Project Finance Loan Scheme	28,439.92	30,497.23
Under Financial Assistance Scheme (Excise Duty Loan)	4,006.60	4,674.99
From Sugar Development Fund	8,463.50	5,334.05
From a Body Corporate	-	1,200.00
<b>Short Term</b>		
From a Scheduled Bank	-	2,100.00
<b>Other Loans</b>		
From a Scheduled Bank on Cash Credit Account	24,092.19	9,297.28
	<b>65,002.21</b>	<b>53,103.55</b>
<b>B. Unsecured Loans :</b>		
Short Term Loan from a Scheduled Bank	4,500.00	-
From State Bank of India against Crop Loan to Canegrowers	4,063.05	2,560.34
Inter Corporate Loans	16,100.00	13,010.00
Fixed Deposits from Staff and Others	453.64	306.29
Trade and other Deposits (partly not bearing interest)	92.71	91.92
	<b>25,209.40</b>	<b>15,968.55</b>
	<b>90,211.61</b>	<b>69,072.10</b>

### NOTES :

- Term loans from Scheduled Bank(s) (except Excise Duty Loan) are secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Hargaon, Narkatiaganj and Dhadha Bujurg (Hata) and Distillery Unit at Hargaon, ranking pari-passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.  
Term loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Hargaon, Rosa and Narkatiaganj and include Rs. 685.77 Lakh (Rs. 689.99 Lakh) towards interest which is recoverable as subsidy from Government of India and included in Claims & Refund Receivable under the head Loans & Advances in Schedule-11.
- Term loans from the Sugar Development Fund are secured by a second charge on all the immovable / movable assets (save and except book debts) present and future of the Company's Sugar Units at Hargaon and Narkatiaganj and include Rs. 688.16 Lakh (Rs. 738.66 Lakh) towards interest which, as per stipulated terms, is payable on a long term basis.
- Short term loan from a Scheduled Bank is secured as under.
  - Rs. Nil (Rs. 900 Lakh) by the pledge of certain shares held as Investments.
  - Rs. Nil (Rs. 1200 Lakh) by first mortgage / charge on all the immovable and movable assets, present and future, of the Company's Sugar Unit at Rosa, ranking pari-passu amongst the various lenders.
- Cash Credit borrowings are secured / to be secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows :-
  - Canning factory at Allahabad - First Charge
  - Sugar Unit at Rosa - Third Charge
  - Sugar Unit at Hata - Second Charge
  - Sugar Units at Hargaon and Narkatiaganj - Third Charge
- Unsecured loans, as stated above, include Rs. 24,822.16 Lakh (Rs. 15,777.17 Lakh) falling due for payment within one year.

# Schedules forming part of the Consolidated Balance Sheet (Contd.)

(Rs. in Lakh)

PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION			NET BLOCK AS AT		
	As at 1st July, 2009	Additions	Deductions/ Adjustments	As at 1st July, 2009	For the year	Less: On Deductions/ Adjustments	Upto 30th June, 2010	30th June, 2010
Free Hold Land	1,860.61	505.72	-	-	-	-	-	2,366.33
Lease Hold Land	-	23.50	-	-	-	1.70	1.70	21.80
Buildings	4,596.68	653.91	10.22 (c)	574.60	126.17	1.31	699.46	4,540.91
Plant & Machinery	64,596.13	9,052.26	172.29 (c)	16,470.64	3,891.87	27.12	20,335.39	53,140.71
Railway Sidings	1.48	-	-	1.41	-	-	1.41	0.07
Motor Cars, Lorries & Other	283.67	17.65	25.84	145.26	20.22	16.96	148.52	126.96
Conveyance	501.93	33.62	25.28	301.24	43.93	21.34	323.84	186.43
Furniture & Fixtures	71,840.50	10,286.66	233.63	17,493.15	4,083.89	66.72	21,510.32	60,383.21
Capital Work-in-Progress	209.90	108.13	107.43	-	-	-	-	210.60
<b>Total</b>	<b>72,050.40</b>	<b>10,394.79</b>	<b>341.06</b>	<b>17,493.15</b>	<b>4,083.89</b>	<b>66.72</b>	<b>21,510.32</b>	<b>60,593.81</b>
Total-Previous Year	49,049.92	23,869.09	868.61	15,174.12	2,634.91	315.88	17,493.15	54,557.25

## NOTES:

- (a) Includes Rs. 3.46 Lakh (Rs. 3.46 Lakh) being the value of agricultural land measuring about 3839 acres together with estimated written down value of immovable assets thereon, taken over by the Government of Uttar Pradesh under the U.P. Imposition of Ceiling of Land Holding Act, 1960, a case whereof is pending in the court.
- (b) Title deeds for Rs. 516.99 Lakh are yet to be executed in favour of the Company.
- (c) Includes capital subsidy Rs. 113.27 Lakh (Rs. Nil).
- (d) Includes advance against purchase of fixed Assets Rs. 111.70 Lakh (Rs. 83.85 Lakh).
- (e) Includes assets held in joint ownership with others Rs. 39.56 Lakh (Rs. 46.66 Lakh).

## Schedules forming part of the Consolidated Balance Sheet (Contd.)

	30th June, 2010	(Rs. in Lakh) 30th June, 2009
<b>SCHEDULE - 5 : CAPITAL EXPENDITURE ON NEW / EXPANSION PROJECTS</b>		
<b>A. Freehold Land</b>	529.22	997.99
<b>B. Fixed Assets</b>		
(1) Buildings	-	40.16
(2) Plant & Machinery	-	128.52
(3) Motor Cars, Lorries & Other Conveyance	14.78	1.17
(4) Furniture & Fixtures	9.22	71.67
	<b>24.00</b>	<b>241.52</b>
Less: Depreciation (charged to Pre-operative expenses as below)	-	76.57
	24.00	164.95
<b>C. Machinery and Building under erection</b>	11,708.81	27,171.02
<b>D. Materials at site including goods in transit [net of sales Rs. Nil (Rs. 175.36 Lakh)]</b>	-	224.81
<b>E. Advances against purchase of fixed assets</b>	91.86	1,234.97
	<b>12,353.89</b>	<b>29,793.74</b>
Less: Transfer to Fixed Assets during the year	7,599.82	18,242.29
	<b>4,754.07</b>	<b>11,551.45</b>
<b>F. Incidental Expenditure (including during trial run period)</b>		
Amount brought forward from previous year	2,768.24	3,366.53
Add for the year :		
Salaries, Wages, Bonus, etc.	88.80	295.50
Contribution to Provident & Other Funds	6.24	12.32
Gratuity	2.10	1.43
Fuel & Electricity	27.87	246.51
Raw Materials Consumed	-	256.27
Stores, Spares & Packing Materials consumed	-	40.18
Project Consultancy / Supervision Charges	63.75	7.33
Insurance Charges	3.63	21.72
Miscellaneous Expenses [Including Rs. Nil (Rs. 1.20 Lakh) paid for various certificates to the Statutory Auditors]	38.69	184.94
Interest & Other Financial [Including Rs. 681.79 Lakh (Rs. 2,105.55 Lakh) on fixed loans]	1,020.89	3,442.48
Depreciation	-	17.52
	<b>4,020.21</b>	<b>7,892.73</b>
Less: Closing Stocks :		
Finished Goods	-	176.20
By-Products	-	24.03
Goods under Process	-	72.97
	<b>4,020.21</b>	<b>7,619.53</b>
Less: Capitalised / Allocated to Fixed Assets during the year	2,221.51	4,851.29
	<b>1,798.70</b>	<b>2,768.24</b>
	<b>6,552.77</b>	<b>14,319.69</b>

# Schedules forming part of the Consolidated Balance Sheet (Contd.)

			(Rs. in Lakh)	
	No. of Shares	Face Value per share (Rs.)	30th June, 2010	30th June, 2009
<b>SCHEDULE - 6 : INVESTMENTS (AT COST)</b>				
<b>Long Term</b>				
<b>Government Securities :</b>				
Quoted :				
5 1/2 % U.P. State Development Loan,1977			- (c)	-
5 1/2 % U.P. State Development Loan,1981			0.60 (d)	0.60
11 % Bihar State Development Loan, 2001			0.53	0.53
			<b>1.13</b>	<b>1.13</b>
Unquoted :				
12 Years National Savings Certificates			0.08 (d)	0.08
7 Years National Savings Certificates			0.02 (d)	0.02
6 Years National Savings Certificates			1.62	1.12
12 Years National Defence Certificates			0.04 (d)	0.04
12 Years National Plan Savings Certificates			- (c)	-
10 Years National Savings Certificates			0.01 (d)	0.01
7 Years National Defence Certificates			- (c)	-
			<b>1.77</b>	<b>1.27</b>
<b>Equity Shares (Fully Paid)</b>				
Quoted :				
SIL Investments Ltd.	1,758,125	10.00	396.04	396.04
Sutlej Textiles & Industries Ltd.	1,773,351	10.00	514.72	514.72
Upper Ganges Sugar & Industries Ltd.	1,172,260	10.00	867.44	867.44
New India Retailing & Investment Ltd.	266,874	10.00	212.63	212.63
Chambal Fertilizers & Chemicals Ltd.	302,500	10.00	55.00	55.00
Manavta Holdings Ltd.	72,000	10.00	3.53	3.53
Manbhawani Investment Ltd.	67,500	10.00	2.07	2.07
			<b>2,051.43</b>	<b>2,051.43</b>
Unquoted :				
Bihar State Financial Corporation Ltd.	70	100.00	0.07	0.07
Modern DieGen Services Ltd.	23,752	10.00	2.38	2.38
Taparia Ltd.	3,500	10.00	0.40	0.40
Shree Vihar Properties Ltd.	747,692	10.00	65.77	65.77
India Educational & Research Inst. Pvt. Ltd.	4,900	10.00	0.49	0.49
Moon Corporation Ltd.('A' Class)	745	100.00	0.79	0.77
Moon Corporation Ltd.('B' Class)	2,502	5.00	0.11	0.13
Birla Buildings Ltd.	1,920	10.00	0.19	0.19
SCM Investment & Trading Co. Ltd	3,750,000	10.00	750.00	-
The Oudh Trading Co. Pvt.Ltd.	25	100.00	0.03	0.03
A.P.V.Texmaco Ltd.(in liquidation)	28,750	10.00	0.86 (d)	0.86
Leas Communication Ltd.	21,000	10.00	-	-
Chandausi Rice Mills Ltd.	1,000	10.00	-	-
Swadeshi Jute Machinery Corporation Ltd.	15,000	10.00	-	-
Maruti Ltd. ( In liquidation)	10,000	10.00	-	-
Jai Hind Publishing Co.Ltd.(in liquidation)	80	25.00	-	-
Akhil Bharat Printers Ltd.(in liquidation)	150	100.00	-	-
Indo International Distillers Association Pvt.Ltd.	54,000 *	10.00	5.40 (d)	5.40
			<b>826.49</b>	<b>76.49</b>

## Schedules forming part of the Consolidated Balance Sheet (Contd.)

				(Rs. in Lakh)	
		No. of Shares	Face Value per share (Rs.)	30th June, 2010	30th June, 2009
<b>SCHEDULE - 6 : INVESTMENTS (AT COST) (Contd.)</b>					
<b>Equity Shares (Partly Paid)</b>					
Unquoted :					
Modern DiaGen Services Ltd. (Rs. 2 paid up)	1,545,044	10.00	30.90		30.90
<b>Preference Shares (Fully Paid)</b>					
8% Non - Convertible Cumulative Redeemable Preference					
Shares of New India Retailing & Investments Ltd.	575,000 (75,000)	100	<b>575.00</b>		75.00
<b>Other Investments</b>					
Share Application Money :					
Indo International Distillers Association Pvt. Ltd.	46,000 *	10.00	4.60 (d)		4.60
			<b>3,491.32</b>		<b>2,240.82</b>
Less : Provision for diminution in the value of Investments			<b>11.61</b>		11.61
			<b>3,479.71 (b)</b>		2,229.21

		30th June, 2010		30th June, 2009	
		Book Value	Market Value	Book Value	Market Value
<b>Aggregate Value Of Investments :</b>					
Quoted		2,051.96	<b>5,655.83</b>	2,051.96	<b>3,461.39</b>
Unquoted		1,427.75		177.25	
		<b>3,479.71</b>		<b>2,229.21</b>	

### Notes :

- All the above investments are Non-Trade, except those marked with an asterisk.
- Includes Government Securities of the face value of Rs. 2.26 Lakh (Rs. 1.76 Lakh) and Rs. 0.60 Lakh (Rs. 0.60 Lakh) deposited / pledged with various Government authorities and Hon'ble Allahabad High Court respectively (including Rs. 0.73 Lakh (Rs. 0.73 Lakh) matured, but pending encashment).
- The figures, being less than Rs. 500, have not been shown above.
- Indicates securities where provision for diminution in the value of Investments has been made.

		(Rs. in Lakh)	
		30th June, 2010	30th June, 2009
<b>SCHEDULE - 7 : INVENTORIES</b>			
<b>At lower of cost and net realisable value</b>			
Raw Materials		238.82	886.36
Stores, Chemicals, Spare Parts, etc. [including in transit Rs. 25.66 Lakh (Rs. 7.46 Lakh)]		1,249.33	1,219.42
Finished Goods		28,263.84	13,859.51
Power - Banked		16.65	29.38
Goods under Process		398.76	478.88
Standing Crop		72.51	38.83
		<b>30,239.91</b>	<b>16,512.38</b>
<b>At estimated net realisable value</b>			
By Products		1,044.02	852.85
Scrap		6.27	13.54
Country Crop		1.31	1.40
		<b>1,051.60</b>	<b>867.79</b>
		<b>31,291.51</b>	<b>17,380.17</b>



## Schedules forming part of the Consolidated Balance Sheet (Contd.)

			(Rs. in Lakh)
		30th June, 2010	30th June, 2009
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>			
<b>(Unsecured , unless otherwise specified)</b>			
(a) Debts due for a period exceeding six months :			
Considered Good		50.28	21.89
Considered Doubtful		45.78	44.62
		<b>96.06</b>	<b>66.51</b>
Less: Provision		45.78	44.62
		<b>50.28</b>	<b>21.89</b>
(b) Other Debts			
Considered Good			
[includes secured Rs. 2.57 Lakh (Rs. 2.79 Lakh)]		1,091.87	753.43
		<b>1,142.15</b>	<b>775.32</b>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES</b>			
Cash in hand		21.40	42.43
Cheques / Drafts in hand		139.95	36.59
		<b>161.35</b>	<b>79.02</b>
<b>With Scheduled Banks on :</b>			
Current Account		182.89	190.03
Unpaid Dividend Account		15.03	10.73
Fixed Deposit Account [Receipts for Rs. 15.01 Lakh (Rs. 216.45 Lakh) pledged with various Govt.authorities as security / Bank as margin money]		38.26	229.66
		<b>236.18</b>	<b>430.42</b>
<b>With Non-Scheduled Banks on Current Account :</b>			
<b>Name of the Bank</b>	<b>Maximum amount outstanding during the year</b>		
Zila Sahkari Bank Limited, Sitapur	309.27 (172.24)	2.55	3.75
District Co-operative Bank Limited, Lakhimpur Kheri	714.49 (391.58)	3.25	4.42
Urban Co-operative Bank Limited, Lakhimpur Kheri	61.69 (27.11)	0.78	1.13
Avadh Gramin Bank, Hardoi	0.37 (0.40)	0.37	0.35
Baroda Uttar Pradesh Grameen Bank	160.77 (242.60)	2.04	2.10
		<b>8.99</b>	<b>11.75</b>
<b>With Post office on :</b>			
Savings Account (Pass Book lodged with various Govt. Authorities)		0.44	0.44
		<b>406.96</b>	<b>521.63</b>

## Schedules forming part of the Consolidated Balance Sheet (Contd.)

	30th June, 2010	(Rs. in Lakh) 30th June, 2009
<b>SCHEDULE -- 10 : OTHER CURRENT ASSETS</b>		
Accrued Interest on Loans, Advances, Deposits, Investments etc.		
Considered Good	7.99	9.02
[Including Rs. 0.37 Lakh (Rs. 0.43 Lakh) due for more than six months]		
	<b>7.99</b>	<b>9.02</b>
<b>SCHEDULE - 11 : LOANS AND ADVANCES</b>		
<b>Unsecured</b>		
<b>Considered good</b>		
<b>Loans :</b>		
Not bearing interest :		
To Employees & Others	24.35	-
Bearing interest :		
To Employees	39.30	30.57
To Others	20.14	3.69
	<b>83.79</b>	<b>34.26</b>
<b>Advances</b>		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	915.38	771.66
Sales tax, Excise duty etc. paid under appeal and / or under dispute	100.63	107.03
Balance with Excise & other Govt. Authorities	2,969.25	3,445.38
Claims and Refunds receivable	843.27	783.20
Advance payment of Tax, Refunds receivable and Tax deducted at source (after adjusting provisions)	119.06	-
Advance for Fringe Benefit tax (net of provision)	-	6.01
Minimum Alternative Tax (MAT) Credit Entitlement	-	836.59
Sundry Deposits	35.07	46.01
	<b>4,982.66</b>	<b>5,995.88</b>
	<b>5,066.45</b>	<b>6,030.14</b>
<b>Considered doubtful :</b>		
Advances & Claims	522.31	343.20
Less : Provisions	522.31	343.20
	-	-
	<b>5,066.45</b>	<b>6,030.14</b>
<b>NOTES:</b>		
Amount due from Officers of the Company		
Advances	11.58	-
Maximum amount due at any time during the year		
Advances	22.20	9.77

## Schedules forming part of the Consolidated Balance Sheet (Contd.)

	30th June, 2010		(Rs. in Lakh) 30th June, 2009
<b>SCHEDULE - 12 : CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>A. Current Liabilities :</b>			
Acceptances	-		1,648.13
Sundry Creditors for goods, services, expenses etc.			
Due to Micro and Small Enterprises (Refer note no. 13 on Schedule 23)	121.80		342.91
Due to Others	11,383.90		6,178.44
For Other Finance	438.99		385.78
Excess price of sugar including excise duty	79.41		79.41
Advance against sale of goods	258.74		1,639.64
Interest accrued but not due on loans, deposits etc.	197.32		151.68
Preference Shares Redemption Account	0.05		0.05
Unclaimed Scrip Dividend	0.04	0.04	
Less: Shares held for distribution	<u>0.04</u>	<u>0.04</u>	-
Fractional entitlements for Bonus Shares and Bearer Coupons	0.07		0.07
Investor Education & Protection Fund : (not yet due)			
Unpaid & Unclaimed Dividends	15.03		10.73
Unclaimed matured Fixed Deposits	-		7.30
	<b>12,495.31</b>		<b>10,444.14</b>
<b>B. Provisions :</b>			
Leave	125.74		106.87
Gratuity	83.85		-
Warranties	11.72		7.11
Taxation (net of advance tax)	-		46.77
Proposed Dividend on Equity Shares	-		328.79
Tax on proposed dividend	-		55.88
	<b>221.31</b>		<b>545.42</b>
	<b>12,716.62</b>		<b>10,989.56</b>

## Schedule forming part of the Consolidated Profit & Loss Account

	30th June, 2010		30th June, 2009
<b>SCHEDULE - 13 : GROSS SALES</b>			
Finished Goods	52,224.31		56,724.39
Power	1,305.01		587.06
By-Products	1,863.66		998.11
Processing Charges	76.19		-
Others	40.12		14.32
	<b>55,509.29</b>		<b>58,323.88</b>
Less : Claims, Rebates etc.	10.96		14.75
	<b>55,498.33</b>		<b>58,309.13</b>

	30th June, 2010		30th June, 2009
<b>SCHEDULE - 14 : OTHER INCOME</b>			
Income from Long Term Investments (Non-Trade)			
Dividend	56.90		46.26
Interest	3.74		-
Insurance & Other Claims	8.73		18.54
Rent & Hire Charges	19.64		17.38
Exchange rate fluctuations (net)	5.88		3.28
Export Incentives	44.79		49.81
Unspent liabilities, excess provisions and unclaimed balances written back (net)	76.39		172.93
Buffer Stock subsidy towards Insurance & storage charges	-		4.58
Profit on Fixed assets sold / discarded (net)	-		11.20
Excise duty Subsidy for earlier years	85.38		-
Items Pertaining to previous years (net)	-		0.10
Miscellaneous Receipts	5.28		6.65
	<b>306.73</b>		<b>330.73</b>

## Schedules forming part of the Consolidated Profit & Loss Account (Contd.)

	(Rs. in Lakh)	
	2009-2010	2008-2009
<b>SCHEDULE - 15 : AGRICULTURAL PROFIT / (LOSS)</b>		
<b>INCOME</b>		
Sales including inter- transfers Rs. 52.73 Lakh (Rs. 21.31 Lakh)	119.90	51.66
Other Income :		
Rent & Hire Charges	21.65	17.73
Profit on sale / discard of fixed assets	4.32	10.18
Miscellaneous Receipts	1.36	0.40
Increase in Stocks :		
Closing Stock	73.82	40.23
Less : Opening Stock	40.23	32.25
	<b>180.82</b>	<b>87.95</b>
<b>EXPENDITURE</b>		
Seeds, Manures and Fodder Consumed	39.63	34.14
Stores & Spares Consumed	2.72	1.50
Tractor Expenses	39.62	29.92
Repairs to :		
Machinery	0.36	0.62
Building	1.91	0.20
Others	2.54	1.25
Lease Land Rent	11.01	1.58
Rates & Taxes	0.06	0.19
Payments to and Provisions for Employees :		
Salaries, Wages & Bonus	51.85	31.24
Contribution to Provident and Other Funds	1.67	1.53
Gratuity	1.66	0.23
Insurance	0.11	0.12
Cartage & Transportation charges	0.26	0.23
Irrigation Expenses	0.93	0.97
Harvesting Expenses	1.79	0.44
Miscellaneous Expenses	3.23	2.39
Depreciation	6.59	2.88
	<b>165.94</b>	<b>109.43</b>
<b>Profit / (Loss) transferred to Profit &amp; Loss Account</b>	<b>14.88</b>	<b>(21.48)</b>

### SCHEDULE - 16 : DECREASE / (INCREASE) IN STOCKS :

<b>Opening Stocks :</b>		
Finished Goods	13,859.51	25,744.12
Power - Banked	29.38	30.75
By-Products	852.85	1,509.43
Goods under Process	478.88	262.20
Scrap	13.54	20.89
	<b>15,234.16</b>	<b>27,567.39</b>
<b>Add: Transfer of Stocks (Refer schedule- 5) :</b>		
Finished Goods	-	176.20
By-Products	-	24.03
Goods under Process	-	72.97
	<b>15,234.16</b>	<b>27,840.59</b>
<b>Less : Closing Stocks :</b>		
Finished Goods	28,263.84	13,859.51
Power - Banked	16.65	29.38
By-Products	1,044.02	852.85
Goods under Process	398.76	478.88
Scrap	6.27	13.54
	<b>29,729.54</b>	<b>15,234.16</b>
	<b>(14,495.38)</b>	<b>12,606.43</b>

## Schedules forming part of the Consolidated Profit & Loss Account (Contd.)

	(Rs. in Lakh)	
	2009-2010	2008-2009
<b>SCHEDULE - 17 : RAW MATERIALS CONSUMED</b>		
Opening Stock	886.36	235.44
Add : Purchase & Procurement Expenses [including transfer of sugarcane from own farms Rs. 52.73 Lakh (Rs. 21.31 Lakh)]	53,951.45	24,799.72
Purchase Tax & Cess (net)	414.41	281.78
	<b>55,252.22</b>	<b>25,316.94</b>
Less : Closing Stock	238.82	886.36
	<b>55,013.40</b>	<b>24,430.58</b>
<b>SCHEDULE - 18 : STORES, SPARES &amp; PACKING MATERIALS CONSUMED</b>		
Stores, Spare Parts, Chemicals etc. consumed [after adjusting Sales & Claims Rs. 215.07 Lakh (Rs. 200.71 Lakh)]	1,220.15	1,183.01
Packing Materials Consumed	1,787.25	1,223.04
	<b>3,007.40</b>	<b>2,406.05</b>
<b>SCHEDULE - 19 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus, etc [Refer note no.16 on Schedule 23]	3,385.42	2,607.74
Contribution to Provident & Other Funds	274.88	218.59
Gratuity	191.34	7.49
Employees' Welfare Expenses	128.85	94.54
	<b>3,980.49</b>	<b>2,928.36</b>
<b>SCHEDULE - 20 : MANUFACTURING, SELLING, AND OTHER EXPENSES</b>		
Repairs to and Maintenance of :		
Buildings	148.87	161.86
Machinery	1,051.75	1,030.09
Others	35.78	25.21
Rent	75.04	79.24
Rates & Taxes (net)	43.95	37.69
Insurance	88.60	84.60
Auditors' Remuneration :		
As Auditors		
Audit Fees	12.50	12.50
Tax Audit Fees	7.35	7.35
Limited Review Fees	7.35	7.35
In other capacity for Certificates & other services	10.82	5.00
For Expenses	2.54	2.06
Cost Auditors' Remuneration :		
For Audit Fees	0.70	0.60
For Expenses	0.24	0.09
C/O	<b>1,485.49</b>	<b>1,453.64</b>

## Schedules forming part of the Consolidated Profit & Loss Account (Contd.)

(Rs. in Lakh)  
2008-2009

2009-2010

### SCHEDULE - 20 : MANUFACTURING, SELLING, AND OTHER EXPENSES (Contd.)

	B/F	1485.49	1453.64
Selling Commission & Expenses :			
Commission on sales		247.31	268.56
Other selling expenses		348.90	448.07
Charity & Donations		17.30	15.80
Provision for bad and doubtful debts / advances		186.92	101.31
Provision for Warranties & Claims		11.65	5.78
Bad Debts, irrecoverable claims & advances written off			142.71
	12.02		
Less : Adjusted against provisions	6.65	5.37	113.68
Loss on Fixed Assets sold/ discarded (net)		7.21	-
Molasses Storage & Maintenance Reserve		5.30	4.02
Sales Tax for earlier years		0.14	5.12
Preliminary Expenses written off		-	0.13
Sugar Hedging Transactions (net)		-	4.81
Miscellaneous Expenses [including Directors' travelling Rs. 19.66 Lakh (Rs.14.92 Lakh)]		1,069.57	863.29
		<b>3,385.16</b>	<b>3,199.56</b>

### SCHEDULE - 21 : DIRECTORS' REMUNERATION

Directors' Remuneration			
(a) Managing Director's Remuneration :			
Salary		39.00	39.00
Contribution to Provident Fund		4.68	4.68
Gratuity		0.15	-
Leave		2.03	0.69
		<b>45.86</b>	<b>44.37</b>
(b) Directors' Fees		2.09	2.65
		<b>47.95*</b>	<b>47.02</b>

\* Excludes Rs. 36.00 Lakh (Rs. 36.00 Lakh) and Rs. 29.45 Lakh (Rs. 22.52 Lakh) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under the head "Rent" and "Miscellaneous Expenses" in Schedule 20.

Note: In view of loss, no provision for Directors' Commission has been made.

### SCHEDULE - 22 : INTEREST & FINANCE CHARGE (NET)

Interest:			
On Fixed Loans		7,219.28	6,897.32
On Other Loans		2,155.46	2,025.00
To Income Tax Department		0.03	8.03
Finance Charges			
To Banks		321.48	139.36
To Others		18.31	21.62
		<b>9,714.56</b>	<b>9,091.33</b>
Less : At Credit :			
Amount Capitalised		1,020.89	3,458.08
Buffer Stock Subsidy towards interest		-	35.23
Subsidy towards interest on Excise Duty Loan		553.33	477.67
From Income Tax Department		-	14.54
On Unsecured Loans, Deposits etc. (Gross) :			
[Tax deducted at source Rs. 3.71 Lakh (Rs. 35.42 Lakh)]		34.53	164.28
		<b>1,608.75</b>	<b>4,149.80</b>
		<b>8,105.81</b>	<b>4,941.53</b>

# Schedules to the Consolidated Balance Sheet and Profit & Loss Account

## SCHEDULE – 23: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Notes annexed to and forming part of the Company's Consolidated Balance Sheet and Profit & Loss Account as at and for the year ended 30th June, 2010.

### 1. Principles Of Consolidated Financial Statements:

The consolidated financial statements which relate to The Oudh Sugar Mills Ltd. and its subsidiary companies have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included therein in accordance with Accounting Standards (AS -21) "Consolidated Financial Statements".
- b) The consolidated financial statements have been

prepared using uniform accounting policies, except stated otherwise, for like transactions and are prepared, to the extent possible, in the same manner as the Company's separate financial statements.

- (c) As the financial year of the subsidiaries closes on 31st March, their audited accounts as at and for the year ended 31st March, 2010 have been incorporated in these accounts. However, in order to eliminate the intra group balances, certain adjustments pertaining to the period from 1st April, 2010 to 30th June, 2010 have been made in the accounts.
- d) The difference between the cost of the Company's investments in the subsidiaries and their respective equity as on the date of investment is treated as Goodwill / Capital Reserve, as the case may be, in the financial statements.
- e) The Subsidiary Companies considered in the financial statements are as follows

Name	Country of Incorporation	% of voting power / ownership as on 30th June, 2010
Hargaon Investment & Trading Company Ltd.	India	100
OSM Investment & Trading Company Ltd.	India	100
Champaran Marketing Company Ltd.	India	100
Hargaon Properties Ltd	India	100

### 2. Statement Of Significant Accounting Policies:

#### (i) Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the Accounting Standards Notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

#### (ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year

end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

#### (iii) Revenue Recognition:

- (a) Revenue from sale of goods is recognized upon passage of title to the customers which generally coincides with delivery thereof.
- (b) Dividend Income is recognised when the shareholders' right to receive the payment is established by the balance sheet date.
- (c) Due to uncertainty in realization, following incomes are accounted for on acceptance / actual receipt basis:-
  - (i) Insurance and other claims
  - (ii) Interest on doubtful loans and advances to cane growers.
  - (iii) Compensation receivable in respect of land surrendered to / acquired by the Government.

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### (iv) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection / commissioning expenses etc. upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

Assets awaiting disposal are valued at the lower of written down value and net realisable value.

### (v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

### (vi) Depreciation:

- (a) The classification of plant and machinery into continuous and non continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (b) Depreciation on fixed assets is provided as per straight line method, at the rates prescribed in schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.
- (c) Depreciation on fixed assets added / disposed of during the year is provided on pro-rata basis, with reference to the date of addition / disposal.
- (d) Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.
- (e) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

### (vii) Government Grants and subsidies:

Government Grants and subsidies are recognised when there is reasonable assurance that the same will be received.

Revenue grants / subsidies are recognised in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

### (viii) Borrowing Costs:

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### (ix) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and market rate on individual investment basis. Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

### (x) Inventories:

- (a) Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Goods under process, finished goods (including Power Banked) and traded goods, are valued at lower of cost and net realizable value. Finished goods and Goods under process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is computed on a weighted average basis.

Byproducts, Country crop and Saleable scraps, whose cost is not identifiable, are valued at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

- (b) In case of inter-transferred materials, the transfer price is considered as cost for the purpose of valuation of closing stock.



## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### (xi) Foreign Currency Transactions:

#### (a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### (c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

#### (d) Forward Exchange Contracts not entered for trading or speculation purpose

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year.

### (xii) Retirement Benefits:

(a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contribution payable to the respective trusts / funds.

(b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.

(c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.

(d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

### (xiii) Taxation:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realized.

The carrying amounts of deferred tax assets is reviewed at each balance sheet date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available in future.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

as an asset in accordance with the recommendations contained in the guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

### (xiv) Segment Reporting:

#### (a) Identification of Segments:

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

#### (b) Inter Segment Transfers:

The Company accounts for inter segment transfers at mutually agreed transfer prices.

#### (c) Allocation of Common Costs:

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

### (xv) Fixed Assets Acquired under Lease

#### (a) Finance Lease

Assets acquired under lease agreements which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value and present value of minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction

of the lease liability so as to achieve a constant rate of interest on the remaining balance of their liability. Finance charges are charged directly to the expenses account.

#### (b) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account.

### (xvi) Share Issue Expenses:

Share issue expenses are adjusted against Securities Premium Account.

### (xvii) Earning per Share:

Basic Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

### (xviii) Excise Duty:

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the Balance Sheet date.

### (xix) Research Costs:

Research costs are expensed as incurred. Development expenditure incurred on individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sale from the related project, not exceeding ten years. The carrying value of development cost is reviewed for impairment annually when the asset is not yet in use and otherwise when events or changes in circumstances indicates that the carrying value may not be recoverable.

### (xx) Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### (xxi) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of 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 made in terms of Accounting Standard 29 are not discounted to its 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.

### (xxii) Derivative Instruments:

As per the announcement made by the Institute of Chartered Accountants of India, Derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect of the underlying hedged item is charged to the income statement. Net gains are ignored as a matter of prudence.

### (xxiii) Contingencies:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

		(Rs. in Lakh)	
		As at 30th June, 2010	As at 30th June, 2009
3.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	278.63	1,371.16
4.	Contingent Liabilities not provided for in respect of :-		
	(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:		
	(i) Excise Duty & Service Tax	2,035.65	705.71
	(ii) Sales & Entry Tax	110.96	156.41
	(iii) Duty under State Acts	155.05	230.18
	(iv) Others	124.26	56.41
	<b>Total</b>	<b>2,425.92</b>	<b>1,148.71</b>
	(b) (i) Guarantees given to a bank against loans to cane growers	5,000.00	4,000.00
	(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	4,773.95	3,047.93
	(c) Unredeemed bank guarantees	0.96	0.96
	(d) Uncalled Capital on partly paid shares held as investments	123.60	123.60
	(e) Bills discounted with banks [since realized Rs. Nil (Rs. 81.00 Lakh)]	92.91	176.00

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

5. Excise Duty & Cess on sales has been reduced from sales in Profit & Loss account and Excise Duty & Cess on increase / decrease in stocks has been considered as income / expenses in Profit & Loss Account.
6. Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs.79.41 Lakh (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 83.79 Lakh, are in force in terms of the Court Orders, and is included under the head 'Current Liabilities'. Necessary adjustment for the above amount together with interest, if any, in this regard will be made in the accounts as and when the matter will be finally settled.
7. Pending decisions of various courts on writ petitions filed by / against the Company, no credit has been taken in the
8. Profit and Loss Account in respect of certain realizations aggregating to Rs. 52.05 Lakh in earlier years, which continue to be shown under the head "Liabilities for other Finance" in Schedule – 12. Against the above, fixed deposit receipts / bank guarantees for similar amount have been furnished by the Company.
8. In view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court, the Company for its Hargaon and Rosa Sugar units in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-08 @ Rs. 110 per quintal as against the State Advised Price (SAP) of Rs. 125 per quintal. Pending final decision by the Hon'ble Supreme Court in this matter, the differential price of Rs. 2,422.74 Lakh between SAP and the amount already provided, as stated above, has not been accounted for.
9. a) The break-up of net Deferred Tax Assets as on 30th June, 2010 is as under:

	(Rs. in Lakh)	
	As at 30th June, 2010	As at 30th June, 2009
<b>(A) Deferred Tax Asset</b>		
(i) Carry forward of unabsorbed depreciation and business loss	9,939.02	5,188.26
(i) Expenses allowable against taxable income in future years	1,188.73	739.03
	<b>11,127.75</b>	<b>5,927.29</b>
<b>(B) Deferred Tax Liability</b>		
(i) Timing difference in depreciable assets	8,073.07	6,557.38
	<b>8,073.07</b>	<b>6,557.38</b>
<b>Net Deferred Tax Asset / (Liability) (A – B)</b>	<b>30,254.68</b>	<b>(630.09)</b>

Although, there is carried forward unabsorbed depreciation and business loss as on the Balance Sheet date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

- (b) Minimum Alternative Tax (MAT) Credit Entitlement of Rs. 836.59 Lakh carried forward from earlier years in books of accounts have been reversed in the current year in terms of Accounting Policy No. 2 (xiii) stated above.
10. There is a diminution of Rs. 369.58 Lakh (Rs.180.86 Lakh) in the value of certain quoted investments based on the last quoted price. The above investments being long term and strategic in nature and diminution in value of said investments being temporary in nature, no provision there against is required in the accounts.
11. a) Pending execution of the conveyance deed, no adjustment has been made in respect of 0.75 acre of land sold by the Company in earlier years.
- b) An application filed by the Company for exemption of 3785.19 sq. mtrs. of land at Bamrauli under the Urban Land (Ceiling and Regulation) Act, 1976, is pending with the concerned authority.
12. A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

13. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

	2009-2010	(Rs. in Lakh) 2008-2009
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance)..	96.06	318.80
(ii) Interest due on above.	3.52	9.82
Total of (i) & (ii)	99.58	327.56
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	11.50	-
(iv) Amount paid to the suppliers beyond the respective due date.	175.86	106.93
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	9.60	5.31
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	2.89	5.31
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	19.32	8.98

14. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of The Payment of Gratuity Act, 1972. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for gratuity.

<b>(i) Net Employee Expense /(benefit)</b>		
Current service cost	57.14	49.45
Interest cost on benefit obligation	58.51	54.19
Expected return on plan assets	(64.19)	(53.23)
Past Service Cost	100.94	-
Net Actuarial Loss / (Gain) recognised in the year	42.85	(41.26)
Total employer expense *	195.25	9.15
* including Rs. 2.10 Lakh (Rs. 1.43 Lakh) capitalised as pre-operative expenses in Schedule-5		
<b>(ii) Actual return on plan assets</b>	83.48	155.39
<b>(iii) Benefit Asset / (Liability)</b>		
Fair Value of Plan Assets	931.79	840.81
Defined benefit obligation	1,015.64	802.93
Benefit Asset / (Liability)	(83.85)	37.88
<b>(iv) Movement in benefit liability</b>		
Opening defined benefit obligation	802.93	699.59
Interest cost	58.51	54.19
Current service cost	57.14	49.45
Past Service Cost	100.94	-
Benefits paid	(66.02)	(61.20)
Actuarial (gains) / losses on obligation	62.14	60.90
Closing benefit obligation	1015.64	802.93
<b>(v) Movement in fair value of plan assets</b>		
Opening fair value of plan assets	840.81	628.78

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

	2009-2010	(Rs. in Lakh) 2008-2009
Expected Return on plan assets	64.19	53.23
Contribution by employer	73.52	117.84
Benefits paid	(66.02)	(61.20)
Actuarial gains / (losses) on obligation	19.29	102.16
Closing fair value of plan assets	931.79	840.81
<b>(vi) The major categories of plan assets as a percentage of the fair value of total plan assets</b>		
Funded with insurer	100%	100%
<b>(vii) The Principal actuarial assumptions are as follows:</b>		
Discount rate	8.00%	7.60%
Expected Return on plan assets	7.60%	8.10%
Salary Increase	5.00%	5.00%
Withdrawal rates	Varying between 1% to 7% per annum depending upon the duration and age of the employees	

The overall expected rate of return on assets is assumed to be 7.60% per annum as at 1st July 2009 i.e. the same as discount rate as at 30th June 2009 because the assets are primarily invested in Government Bonds.

- (viii) Amount incurred as expense for defined contribution to Provident / Pension fund plan Rs. 287.47 Lakh (Rs. 232.44 Lakh) [including Rs. 6.24 Lakh (Rs. 12.32 Lakh) capitalised as pre-operative expenses in Schedule-5].
- (ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (x) The Company expects to contribute Rs. 150 Lakh (Rs. 120 Lakh) to Gratuity fund in 2010-2011.

	2009-2010	2008-2009	(Rs. in Lakh) 2007-2008
<b>(xi) The details for the current and previous years are as follows :</b>			
Defined Benefit Obligation	1,015.64	802.93	699.59
Plan Assets	931.79	840.81	628.78
Surplus / (Deficit)	(83.85)	37.88	(70.81)
Experience adjustments on plan liabilities		Not Available *	
Experience adjustments on plan assets		Not Available *	

\* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

15. The subsidiary companies have given undertakings to a bank / financial institution not to transfer, assign, pledge, hypothecate or otherwise dispose of their shareholding in Sutlej Textiles & Industries Ltd. and Modern DiaGen Services Ltd. without their prior approval in writing till the loans granted by them to these Companies remain outstanding
16. The company has raised Rs.1704.45 Lakh (including securities premium Rs. 1304.62 Lakh) by allotment of 39,98,240 equity shares of Rs. 10 each on conversion of detachable warrants issued in term of Letter of Offer dated 17th July, 2008 at a premium of Rs. 32.63 per equity share during the year and has utilised the proceeds of the issue for repayment of a part of the working capital borrowings.
17. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.
- (b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

(c) The following items are included under other heads of expenses in the Profit & Loss Account:

	2009-2010	2008-2009
		(Rs. in Lakh)
Stores and Spares, etc.	1,002.13	1,083.96
Insurance	0.16	0.20

18. Salary & Wages includes Rs. 53.92 Lakh in respect of earlier year on account of increase in wages with retrospective effect from 1st October, 2008 in terms of wage Board award / order received during the year

### 19. Earnings per Share (EPS):

In terms of Accounting Standard - 20, the calculation of EPS is given below: -

	2009-10	2008-09
Profit / (Loss) as per Profit & Loss Account (Rs. in Lakh)	(8172.62)	1960.41
Weighted average number of Equity Shares outstanding during the year (Rs. 10 each)	25,027,708*	21,761,531
Basic earnings per share (Rs.)	(32.65)	9.01
Diluted earnings per share (Rs.)	(32.65)	8.97

\* After considering the impact of equity shares issued on conversion of detachable warrants

### 20. Operating lease:

Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The lease term is ranging upto 3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

Particulars	2009-2010	2008-2009
		(Rs. in Lakh)
Lease payments made for the year	75.04	79.24

### 21. The movements in provision for warranties during the year are as follows: -

	Balance as at 01.07.2009	Additions during the year	Amount used during the year	Balance as at 30.06.2010
				(Rs. in Lakh)
Warranties	7.11	11.65	7.04	11.72





## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### 22. The Consolidated segment information as at and for the year ended 30th June, 2010 are as below: - (Contd.)

	Sugar	Spirits	Co- generation	Food processing	Others	(Rs. in Lakh) <b>Total</b>
<b>(e) Other Information</b>						
(i) Non cash expenses	<b>5.30</b>	-	-	-	-	<b>5.30</b>
	(4.02)	(-)	(-)	(-)	(-)	(4.02)
(ii) Capital Expenditure	<b>1,407.21</b>	<b>43.72</b>	<b>1,024.17</b>	<b>45.34</b>	-	<b>2,520.44</b>
	(4,156.49)	(696.02)	(7,275.47)	(4.22)	(-)	(12,132.20)
Depreciation for the year	<b>3,015.11</b>	<b>614.90</b>	<b>447.32</b>	<b>6.53</b>	<b>0.03</b>	<b>4,083.89</b>
	(1741.85)	(521.60)	(366.20)	(5.23)	(0.03)	(2,634.91)
(f) Geographical Segments						
Revenue						<b>52,954.44</b>
Domestic						(54,969.87)
Overseas (Including through third party)						<b>617.89</b>
						(679.50)
						<b>53,572.33</b>
						(55,649.37)

#### Notes :

- (i) Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Food processing" as the operating segments:
- Sugar - Consists of manufacture and sale of Sugar, Molasses & Bagasse
- Spirits - Consists of manufacture and sale of Industrial Spirits (including Denaturants), Fusel Oil & Bio-Compost
- Co-generation - Consists of generation and transmission of Power
- Food Processing Products - Consists of Canned Fruits & Vegetables, Jams, Jellies, Squashes & Juices
- Others – Consist of Miscellaneous business comprising of less than 10% revenues.
- (ii) Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations
- (iii) The Company has common fixed assets located in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions thereof cannot be furnished.

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### 23. Related Party Disclosure :

#### (a) Names of the related parties :

Key Management Personnel :	Mr. Chandra Shekhar Nopany	– Chairman-cum-Managing Director
	Mr. V. P. Singh	– Executive President, Hargaon Unit (Upto 9th August, 2009)
	Mr. N.C. Paliwal	– Executive President, Hargaon Unit (From 10th August, 2009 to 23rd June, 2010)
	Mr. Chandra Mohan	– Executive President, Narkatiaganj Unit
	Mr. B. K. Malpani	– Executive President, Rosa Unit
	Mr. P. K. Saini	– Executive President, Hata Unit (Upto 1st March, 2010)
	Mr. S. K. Premi	– Executive President, Allahabad Unit
	Mr. G. N. Pareek	– Company Secretary
Relatives of Key Management Personnel :	Mrs. Nandini Nopany	– Mother of Mr. Chandra Shekhar Nopany

Enterprises owned or significantly influenced by Key Management Personnel and their relatives :	Upper Ganges Sugar & Industries Ltd.
	Sutlej Textiles & Industries Ltd.
	SIL Investments Ltd.
	SCM Investment & Trading Co. Ltd.
	RTM Investment & Trading Co. Ltd.
	Uttar Pradesh Trading Co. Ltd.
	Nilgiri Plantations Ltd.
	Ronson Traders Ltd.

#### (b) Aggregated Consolidated Related Party Disclosures as at and for the year ended 30th June, 2010

(Rs. in Lakh)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010
<b>Sale of Goods &amp; Services</b>								
Upper Ganges Sugar & Industries Ltd.	- (-)	- (-)	- (-)	- (-)	<b>45.33</b> (35.38)	- (-)	<b>45.33</b> (35.38)	- (-)
<b>Purchase of Goods &amp; Services</b>								
Upper Ganges Sugar & Industries Ltd.	- (-)	- (-)	- (-)	- (-)	<b>240.30</b> (109.98)	- (-)	<b>240.30</b> (109.98)	- (-)
<b>Sale of Fixed Assets</b>								
Upper Ganges Sugar & Industries Ltd.	- (-)	- (-)	- (-)	- (-)	- (21.76)	- (-)	- (21.76)	- (-)
<b>Purchase of Fixed Assets</b>								
Upper Ganges Sugar & Industries Ltd.	- (-)	- (-)	- (-)	- (-)	- (11.61)	- (-)	- (11.61)	- (-)
Investments made SCM Investments & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	750.00 (-)	- (-)	750.00 (-)	- (-)

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### (b) Aggregated Consolidated Related Party Disclosures as at and for the year ended 30th June, 2010 (Contd.)

(Rs. in Lakh)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010
<b>Dividend Paid</b>								
Mr. Chandra Shekhar Nopany	0.94 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.94 (-)	- (-)
SCM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	<b>35.55</b> (-)	- (-)	<b>35.55</b> (-)	- (-)
SIL Investments Limited	- (-)	- (-)	- (-)	- (-)	<b>6.66</b> (-)	- (-)	<b>6.66</b> (-)	- (-)
RTM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	<b>29.82</b> (-)	- (-)	<b>29.82</b> (-)	- (-)
Uttar Pradesh Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	<b>43.43</b> (-)	- (-)	<b>43.43</b> (-)	- (-)
<b>Interest Paid</b>								
Sutlej Textiles & Industries Limited	- (-)	- (-)	- (-)	- (-)	<b>241.59</b> (149.24)	- (-)	<b>241.59</b> (149.24)	- (-)
SIL Investments Ltd.	- (-)	- (-)	- (-)	- (-)	- (73.28)	- (-)	- (73.28)	- (-)
SCM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	<b>377.33</b> (432.32)	- (-)	<b>377.33</b> (432.32)	- (-)
RTM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	<b>520.96</b> (620.88)	- (-)	<b>520.96</b> (620.88)	- (-)
Nilgiri Plantations Ltd.	- (-)	- (-)	- (-)	- (-)	<b>73.90</b> (56.45)	<b>(-)</b> (-)	<b>73.90</b> (56.45)	<b>(-)</b> (-)
Ronson Traders Ltd.	- (-)	- (-)	- (-)	- (-)	<b>11.95</b> (-)	<b>(-)</b> (-)	<b>11.95</b> (-)	<b>(-)</b> (-)
<b>Loans/Intercorporate deposits given / repaid</b>								
Mr. Chandra Mohan	10.21 (-)	10.21 (-)	- (-)	- (-)	- (-)	- (-)	<b>10.21</b> (-)	<b>10.21</b> (-)
Sutlej Textiles & Industries Limited	- (-)	- (-)	- (-)	- (-)	<b>4,000.00</b> (3,500.00)	- (-)	<b>4,000.00</b> (3,500.00)	- (-)
SIL Investments Ltd.	- (-)	- (-)	- (-)	- (-)	- (1,675.00)	- (-)	- (250.00)	- (-)
SCM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	<b>5,310.00</b> (855.00)	- (-)	<b>5,310.00</b> (855.00)	- (-)
RTM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	5,935.00 (4,060.00)	- (-)	5,935.00 (4,060.00)	- (-)
<b>Loans/Intercorporate deposits Taken</b>								
Sutlej Textiles & Industries Limited	- (-)	- (-)	- (-)	- (-)	<b>5,000.00</b> (500.00)	<b>1,000.00</b> (-)	<b>5,000.00</b> (500.00)	<b>1,000.00</b> (-)
SIL Investments Ltd.	- (-)	- (-)	- (-)	- (-)	- (100.00)	- (-)	- (100.00)	- (-)

## Schedules to the Consolidated Balance Sheet and Profit & Loss Account (Contd.)

### (b) Aggregated Consolidated Related Party Disclosures as at and for the year ended 30th June, 2010 (Contd.)

(Rs. in Lakh)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010	Transaction Value	Balance Outstanding as on 30.06. 2010
	SCM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	2,740.00 (525.00)	- (2,570.00)	2,740.00 (525.00)
RTM Investment & Trading Co. Ltd.	- (-)	- (-)	- (-)	- (-)	2,515.00 (3,030.00)	- (3,420.00)	2,515.00 (3,030.00)	- (3,420.00)
Nilgiri Plantation Ltd.	- (-)	- (-)	- (-)	- (-)	75.00 (465.00)	540.00 (465.00)	75.00 (465.00)	540.00 (465.00)
Ronson Traders Ltd.	- (-)	- (-)	- (-)	- (-)	100.00 (-)	100.00 (-)	100.00 (-)	100.00 (-)
<b>Balance Outstanding (net) Debit</b>								
Upper Ganges Sugar & Industries Ltd	- (-)	- (-)	- (-)	- (-)	- (-)	(28.42) (52.49)	- (-)	(28.42) (52.49)
<b>Dividend Received</b>								
Sutlej Textiles & Industries Ltd.	- (-)	- (-)	- (-)	- (-)	17.73 (17.71)	- (-)	17.73 (17.71)	- (-)
SIL Investments Ltd.	- (-)	- (-)	- (-)	- (-)	17.58 (17.58)	- (-)	17.58 (17.58)	- (-)
Upper Ganges Sugar & Industries Ltd	- (-)	- (-)	- (-)	- (-)	14.07 (-)	- (-)	14.07 (-)	- (-)
<b>Remuneration</b>								
Mr. V.P.Singh	3.21 (27.22)	0.52 (0.79)	- (-)	- (-)	- (-)	- (-)	3.21 (27.22)	0.52 (0.79)
Mr. N.C. Paliwal	24.52 (-)	1.54 (-)	- (-)	- (-)	- (-)	- (-)	24.52 (-)	1.54 (-)
Mr. Chandra Mohan	29.98 (28.56)	- (0.90)	- (-)	- (-)	- (-)	- (-)	29.98 (28.56)	- (0.90)
Mr. P.K. Saini	16.18 (11.97)	0.18 (0.90)	- (-)	- (-)	- (-)	- (-)	16.18 (11.97)	0.18 (0.90)
Mr. S.K.Premi	17.42 (15.29)	0.12 (0.93)	- (-)	- (-)	- (-)	- (-)	17.42 (15.29)	0.12 (0.93)
Mr. B.K.Malpani	16.54 (9.77)	2.00 (1.00)	- (-)	- (-)	- (-)	- (-)	16.54 (9.77)	2.00 (1.00)
Mr. G.N.Pareek	9.40 (3.14)	- (-)	- (-)	- (-)	- (-)	- (-)	9.40 (3.14)	- (-)

NOTE : Remuneration paid to Mr. Chandra Shekhar Nopany, Chairman-cum-Managing Director, is disclosed in Schedule 21 to the Accounts.

24. Previous year's figures including those given in brackets have been regrouped and / or rearranged, wherever necessary. Signatories to Schedules 1 to 23

As per our report of even date.

For **S. R. BATLIBOI & CO.**

Firm Registration No. 301003E

Chartered Accountants

Per **R. K. AGRAWAL**

Partner

Membership No. 16667

Place: Kolkata

Dated: 27th August, 2010

**G. N. Pareek**  
Company Secretary

**A. C. Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman - cum - Mg. Director

# Directors' Report

To

The Shareholders,

## Champan Marketing Company Limited

Your Directors have pleasure in presenting their Report and the audited Accounts of the Company for the year ended 31st March, 2010.

### 2. Financial Results : Rs.

The Profit & Loss Account shows a profit of	1,251,164
To which is added the balance brought forward from the previous year	7,880,139
Making a total of	<b>9,131,303</b>
Out of this provisions have been made for : Reserve Fund	260,000
Balance to be carried forward	<b>8,871,303</b>

### 3. Dividend :

Your Directors have not recommended any dividend.

### 4. Directors :

Shri Sunil Lohia resigned from the Directorship of the Company with effect from 28th December, 2009.

Shri R.N.Jhunjunwala retires from the Board by rotation and being eligible offers himself for re-appointment.

Shri Bajj Nath Bansal, who was appointed as an additional Director on 28th December, 2009 will hold office upto the date of the ensuing Annual General Meeting.

The Company received a notice under Section 257 of the Companies Act, 1956 proposing Shri Bansal 's appointment as a Director of the Company. The resolution for appointment of Shri Bajj Nath Bansal as a Director of the Company shall be placed at the ensuing Annual General Meeting for the approval of the members.

### 5. Auditors :

The Auditors, Messrs K.P. Gutgutia & Co., Chartered Accountants, retire and are eligible for re-appointment.

### 6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

As the Company has no manufacturing activity, it is not required to furnish any information with regard to conservation of energy. There is no information to furnish with regard to technology absorption. During the year, no foreign exchange was earned or used by the Company.

### 7. Particulars of Employees :

The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company as there is no employee.

### 8. Directors' Responsibility Statement :

Your Directors confirm that -

- i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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 profit of the Company for that year ;
- iii) they have 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) they have prepared the annual accounts on a going concern basis.

### 9. Compliance Certificate :

A copy of the Compliance Certificate from Messrs A.M. Bubna & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is attached and forms a part of this Report.

9/1, R.N. Mukherjee Road,

Kolkata - 700 001

Dated : 23rd April, 2010

**R. N. Jhunjunwala** }

**T. R. Chachan** }

Directors

# Compliance Certificate

To

The Members

We have examined the registers, records, books and papers of Champaran Marketing Company Limited ( the Company ) as required to be maintained under the Companies Act, 1956, (the Act ) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 ( Financial year ). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited company; clause 3 is not applicable.
4. The Board of Directors duly met 4 (Four) times respectively on 16th April 2009, 19th August 2009, 28th December 2009 & 30th March 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year since it is not listed with any stock exchange.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 22nd June, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act the Company was not required to obtain any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The company has :
  - a. not allotted/ transmitted securities during the financial year. It has however delivered all the certificates of equity shares on lodgment thereof for transfer in accordance with the provisions of the Act.
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - c. not posted warrants to any member of the Company as no dividend was declared during the financial year.
  - d. no amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and interest accrued thereon and as such it was not required to transfer any amount to Investor Education and Protection Fund.
  - e. duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of an additional director was duly made.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year as there was no need to do so.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not redeemed any Preference shares during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

# Compliance Certificate (Contd.)

23. The Company has not invited/accepted any deposits under Section 58A of the Act during the financial year. Memorandum with respect to share capital of the Company during the year under scrutiny.
24. The Company has not made any borrowings during the financial year ended 31st March 2010. 30. The Company has not altered its Articles of Association during the financial year.
25. The provisions of Section 372 A are not applicable to the Company as its principal business is acquisition of shares, stocks, debentures or other securities. 31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny. 32. Since the Company has no employees, it didn't receive any money as security from its employees during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny. 33. Since the Company has no employees, the provisions of EPF & Miscellaneous Provisions Act, 1952 are not applicable, consequently it was not required to deduct any contribution towards Provident Fund during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the

## Annexure A

### Registers/ Records as maintained by the Company

1. Register of Transfers u/s 108/111.
2. Register of Members u/s 150.
3. Minutes Book of Board Meetings u/s 193.
4. Minutes Book of General Meetings u/s 193.
5. Books of Accounts u/s 209.
6. Register of Contracts, Companies and firms in which directors are interested u/s 301.
7. Register of Directors, Managing Director, Manager and Secretary u/s 303.
8. Register of Directors Shareholding u/s 307.
9. Register of Loans & Investments.
10. Application for and allotment of shares.
11. Copies of Annual Return u/s 163

## Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

1. Form No. 32 filed u/s 303(2) on 27.04.2009 for the resignation of a director.
2. Compliance Certificate in Form No. 66 filed u/s 383A on 03.07.2009 for the financial year ended on 31.03.2009 with R.O.C.
3. Balance Sheet in Form No. 23AC along with Profit and Loss Account in Form 23ACA filed u/s 220 on 08.07.2009 for the financial year ended on 31.03.2009 with R.O.C
4. Annual Return in Form No.20B filed u/s 159 on. 20.07.2009 made upto 22.06.2009 with R.O.C.
5. Form No. 32 filed u/s 303(2) on 22.01.2010 for the resignation of one director and the appointment of one additional director

For **A.M. BUBNA & ASSOCIATES**

(Company Secretaries)

**ASHISH BUBNA**

(Partner)

3569

105, Cotton Street

Kolkata - 700 007

Dated : 23rd April, 2010

Name of the Co. Secretary :

C.P. No.:

# Auditors' Report

To

The Members

1. We have audited the attached Balance Sheet of Champaran Marketing Company Limited as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 of India 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 orders.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account as submitted to us.
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, 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 :-
    - a) in the case of Balance Sheet, of the state of affairs of the Company, as at 31st March, 2010 and
    - b) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date

For **K.P. GUTGUTIA & CO.**  
Chartered Accountants

2, Princep Street  
Kolkata - 700 072  
Dated : 23rd April, 2010

**K.P. GUTGUTIA**  
Proprietor  
Membership No. 7250



## Annexure referred to in Paragraph 3 of our Report of even date

1. The Company has no fixed assets, as such the question of maintenance of fixed assets records and physical verification thereof does not arise.
2. The Company has no manufacturing and/or trading activities and as such the question of having any stock and maintenance of records in respect thereof and physical verification of inventory does not arise.
3. The Company has not taken/granted any loans, secured or unsecured from/to companies, firms or others parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. The Company has not purchased any goods and fixed assets and also there is no sale of goods & services during the year and as such the question of having any internal control system with regard to purchase of inventory, fixed assets and sale of goods does not arise.
5. There were no transaction which required to be entered in the register in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. The internal audit was conducted by a service company and in our opinion the internal audit system is commensurate with the size of the Company and the nature of its business.
8. The Company is not required to maintain any cost records under Section 209(1)(d) of the Companies Act, 1956.
9. The Company has been regular in depositing undisputed statutory dues with the appropriate authorities as applicable. As the Company has no employee and no manufacturing and/or trading activities are carried on by the Company the question of payment of provident fund, employees' state insurance, sales-tax, custom duty, excise duty, service tax, cess etc., does not arise. According to the information and explanations given to us no undisputed amounts payable in respect of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable. There are no dues outstanding in respect of statutory dues on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediate preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from financial institutions, bank or debentures holders as such, the question of any default in repayment does not arise.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. In respect of dealing in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
15. The Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. The Company has not taken any term loan from any financial institution or bank. The Company does not have any borrowing by way of debentures.
17. We have been informed by the management that no funds were raised either on short term basis or on long term basis.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **K.P. GUTGUTIA & CO.**  
Chartered Accountants

2, Princep Street  
Kolkata - 700 072  
Dated : 23rd April, 2010

**K.P. GUTGUTIA**  
Proprietor  
Membership No. 7250

# Balance Sheet

as at 31st March, 2010

	Schedule	31st March, 2010 Rs	31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	10,872,500	10,872,500
Reserves & Surplus	2	41,101,303	39,850,139
		<b>51,973,803</b>	<b>50,722,639</b>
<b>Loan</b>			
<b>Unsecured Loan</b>			
The Oudh Sugar Mills Ltd., The holding company (not bearing interest)		1,050,000	2,200,000
		<b>1,050,000</b>	<b>2,200,000</b>
		<b>53,023,803</b>	<b>52,922,639</b>
<b>APPLICATION OF FUNDS</b>			
<b>Investments</b>			
	3	<b>52,915,352</b>	<b>52,915,352</b>
<b>Current Assets, Loans &amp; Advances</b>			
Current Assets	4	116,479	15,287
		<b>116,479</b>	<b>15,287</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	5	8,028	8,000
Provisions		-	-
		<b>8,028</b>	<b>8,000</b>
Net Current Assets		<b>108,451</b>	<b>7,287</b>
		<b>53,023,803</b>	<b>52,922,639</b>
<b>Accounting Policies and Notes on Accounts</b>			
	7		

In terms of our attached Report of even date.

2, Princep Street  
Kolkata - 700 072  
Dated : 23rd April, 2010

For **K.P. GUTGUTIA & CO.**  
Chartered Accountants  
**K. P.GUTGUTIA**  
Proprietor  
Membership No. 7250

**R. N. Jhunjunwala**  
**T. R. Chachan**

} Directors

# Profit & Loss Account for the year ended 31st March, 2010

	Schedule	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME</b>			
Dividend		1,346,861	1,105,852
		<b>1,346,861</b>	<b>1,105,852</b>
<b>EXPENDITURE</b>			
Directors' Fees		2,200	4,600
Other Expenses	6	93,497	91,205
		<b>95,697</b>	<b>95,805</b>
<b>Profit before Taxation</b>		1,251,164	1,010,047
Less : Provision for Taxation		-	-
<b>Profit after Taxation</b>		1,251,164	1,010,047
Add : Balance brought forward from last year		7,880,139	7,095,092
<b>Profit available for Appropriation</b>		<b>9,131,303</b>	<b>8,105,139</b>
<b>APPROPRIATIONS</b>			
Transfer to Reserve Fund		260,000	225,000
Balance carried to Balance Sheet		8,871,303	7,880,139
		<b>9,131,303</b>	<b>8,105,139</b>

In terms of our attached Report of even date.

	For <b>K.P. GUTGUTIA &amp; CO.</b>		
	Chartered Accountants		
2, Princep Street	<b>K. P.GUTGUTIA</b>	<b>R. N. Jhunjunwala</b>	} Directors
Kolkata - 700 072	Proprietor	<b>T. R. Chachan</b>	
Dated : 23rd April, 2010	Membership No. 7250		

## Schedules to the Balance Sheet

	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
6,406 Ordinary Shares of Rs. 10 each	64,060	64,060
59,74,376 Ordinary Shares of Rs. 2.50 each	14,935,940	14,935,940
2,50,000 Preference Shares of Rs. 10 each	2,500,000	2,500,000
	<b>17,500,000</b>	<b>17,500,000</b>
<b>Issued</b>		
43,50,000 Ordinary Shares of Rs. 2.50 each	10,875,000	10,875,000
	<b>10,875,000</b>	<b>10,875,000</b>
<b>Subscribed &amp; Paid-up</b>		
43,49,000 Ordinary Shares of Rs. 2.50 each fully paid up	10,872,500	10,872,500
	<b>10,872,500</b>	<b>10,872,500</b>

Notes :

- 1) Out of 43,49,000 Ordinary Shares, 1,08,750 Shares have been allotted as fully paid Bonus Shares by capitalisation of General Reserve.
- 2) The entire Subscribed Ordinary Share Capital is held by The Oudh Sugar Mills Ltd., the holding company.

## Schedules to the Balance Sheet (Contd.)

			31st March, 2010	31st March, 2009
			Rs.	Rs.
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>				
<b>Share Premium Account</b>				
As per last Account			86,95,000	86,95,000
<b>Reserve Fund</b>				
As per last Account			6,275,000	6,050,000
Add : Transfer from Profit & Loss Account			260,000	225,000
			<b>6,535,000</b>	<b>6,275,000</b>
<b>General Reserve</b>				
As per last Account			1,50,00,000	1,50,00,000
<b>Capital Redemption Reserve</b>				
As per last Account			20,00,000	20,00,000
<b>Surplus as per Profit &amp; Loss Account</b>				
			8,871,303	7,880,139
			<b>41,101,303</b>	<b>39,850,139</b>
<b>SCHEDULE - 3 : INVESTMENTS (At Cost)</b>				
<b>LONG TERM</b>				
<b>Quoted</b>				
Equity Shares (Fully Paid)				
Chambal Fertilisers & Chemicals Ltd.	302,500	10	5,500,000	5,500,000
New India Retailing & Investment Ltd.	94,077	10	7,523,560	7,523,560
Upper Ganges Sugar & Industries Ltd.	260,841	10	19,559,479	19,559,479
SIL Investments Ltd.	199,773	10	3,814,988	3,814,988
Sutlej Textiles & Industries Ltd.	206,540	10	6,441,985	6,441,985
Manavta Holdings Ltd.	72,000	10	352,755	352,755
			<b>43,192,767</b>	<b>43,192,767</b>
<b>Unquoted</b>				
Equity Shares (Fully Paid)				
Taparia Ltd.	3,500	10	40,105	40,105
Shree Vihar Properties Ltd.	7,47,692	10	65,76,920	65,76,920
Modern Diagen Services Ltd.	10,556	10	1,05,560	1,05,560
Hargaon Properties Ltd.	2,00,000	10	20,00,000	20,00,000
Leas Communications Ltd. (Value written off)	21,000	10	-	-
Chandausi Rice Mills Ltd. (Value written off)	1,000	10	-	-
Swadeshi Jute Machinery Corporation Ltd.(In liquidation) (Value written off)	15,000	10	-	-
Maruti Ltd. (In liquidation) (value written off)	10,000	10	-	-
			<b>8,722,585</b>	<b>87,22,585</b>
<b>Equity Shares (Partly Paid)</b>				
Modern Diagen Services Ltd.	5,00,000	2	1,000,000	1,000,000
			<b>9,722,585</b>	<b>9,722,585</b>
			<b>52,915,352</b>	<b>52,915,352</b>
<b>Aggregate Book Value of Quoted Investments</b>				
			<b>43,192,767</b>	<b>43,192,767</b>
<b>Aggregate Book Value of Unquoted Investments</b>				
			<b>9,722,585</b>	<b>9,722,585</b>
			<b>52,915,352</b>	<b>52,915,352</b>
<b>Market Value of Quoted Investments</b>				
			<b>79,157,638</b>	<b>41,028,318</b>

## Schedules to the Balance Sheet (Contd.)

	31st March, 2010	31st March, 2009
	Rs	Rs.
<b>SCHEDULE - 4 : CURRENT ASSETS</b>		
<b>Cash &amp; Bank Balances</b>		
With Scheduled Banks on Current Accounts	116,479	15,287
	<b>116,479</b>	<b>15,287</b>
<b>SCHEDULE - 5 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors for Expenses	8,028	8,000
	8,028	8,000
<b>Provisions</b>		
For Taxation	-	-
For Proposed Dividend	-	-
For Dividend Tax	-	-
	-	-
	<b>8,028</b>	<b>8,000</b>

## Schedules to the Profit & Loss Account

	2009 - 2010	2008 - 2009
	Rs.	Rs.
<b>SCHEDULE - 6 : OTHER EXPENSES</b>		
<b>Rates &amp; Taxes</b>		
Service Charges	7,450	7,300
General Charges	55,150	49,439
Auditors' Remuneration :	19,589	12,521
As Audit Fees	8,000	8,000
For Certificate etc.	3,308	13,945
	<b>93,497</b>	<b>91,205</b>

### SCHEDULE - 7 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. Accounting Policies
  - a) Recognition of Income & Expenditure :  
Income & Expenditure are recognised on accrual basis.
  - b) Investments :  
Long-term Investments are considered at cost on individual basis, unless there is permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of Investments.
2. Diminution of Rs. 89.43 Lakh in the value of certain quoted investments based on the last quoted price, has not been provided, as the break up value of the said shares supplemented by the market value as on 31st March 2009/ 30th June 2009 of the quoted investments held by the investee company, is much higher than the corresponding Book Value.
3. The Company has given undertaking to financial institution/bank not to transfer, assign, pledge, charge or create any lien or otherwise dispose of its shareholdings present or future in Damanganga Processors Ltd., without their prior approval in writing till the financial assistance provided by them to the said companies remain outstanding.

Signatories to Schedules 1 to 7

For **K.P. GUTGUTIA & CO.**

Chartered Accountants

**K. P.GUTGUTIA**

Proprietor

Membership No. 7250

**R. N. Jhunjunwala**

**T. R. Chachan**

} Directors

2, Princep Street  
Kolkata - 700 072

Dated : 23rd April, 2010

# Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.	U15424WB1951PLC019451	State Code	21
Balance Sheet Date	31.03.2010		

## II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

## III. Position of Mobilisation and Deployment of Funds : (Amount in Rs. Thousands)

Total Liabilities	53,024	Total Assets	53,024
Sources of Funds		Application of Funds	
Paid-up Capital	10,873	Net Fixed Assets	Nil
Reserves & Surplus	41,101	Investments	52,916
Secured Loans	Nil	Net Current Assets	108
Unsecured Loans	1,050	Miscellaneous Expenditure	Nil
		Accumulated Losses	Nil

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover	1,347	Total Expenditure	96
Profit before tax	1,251	Profit after Tax	1,251
Earning per share (Rs.)	0.29	Dividend Rate	Nil

## V. Generic Names of Principal Products / Services of the Company

(As per monetary terms)

Item Code No. (ITC Code)	}	Not Applicable
Product Description		

R. N. Jhunjhunwala

T. R. Chachan

}

Directors

# Schedule to the Balance Sheet of a Non-Banking Financial Company(As required in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

PARTICULARS	Rs. in Lakh	
	Amount	Amount
	outstanding (As on 31.03.2010)	overdue (As on 31.03.2010)

## Liabilities Side :

1) Loans and Advances availed by the NBFC'S inclusive of interest accrued thereon but not paid :		
(a) Debentures :		
Secured	Nil	Nil
Unsecured (Other than falling within the meaning of Public Deposits)	Nil	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-Corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans (specify nature)	10.50	10.50

## Assets Side :

### 2) Break-up of Loans and Advances including Bills receivables (other than those included in (4) below)

(a) Secured	Nil
(b) Unsecured	Nil

### 3) Break-up of Leased Assets and

#### Stock on Hire and other assets counting towards AFC activities

i) Lease Assets including lease rentals under sundry debtors :	
(a) Financial Lease	Nil
(b) Operating Lease	Nil
ii) Stock on hire including hire charges under sundry debtors :	
(a) Assets on Hire	Nil
(b) Repossessed Assets	Nil
iii) Other Loans counting towards AFC activities :	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

### 4) Break-up of Investments :

#### Current Investments :

1. Quoted :	
(i) Shares :	
(a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares :	
(a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

## Long Term Investments :

1. Quoted :	
(i) Shares :	
(a) Equity	431.93
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares :	
(a) Equity	97.23
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

### 5) Borrower group-wise classification of Assets financed as in (2) and (3) above :

Category	Rs. in Lakh		
	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### 6) Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/ Book Value	
	Break-up or Fair value or NAV	(Net of Provisions)
1. Related Parties		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	903.74	529.15
<b>Total</b>	<b>903.74</b>	<b>529.15</b>

### 7) Other Information

Particulars	Amount
i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
iii) Assets acquired in satisfaction of debt	Nil

R. N. Jhunjhunwala

T. R. Chachan

} Directors

# Directors' Report

To

The Shareholders,

## OSM Investment & Trading Co. Ltd

Your Directors have pleasure in presenting their Report and the audited Accounts of the Company for the year ended 31st March, 2010

2. Financial Results :		Rs.
The Profit & Loss Account shows a profit of	-	10,39,304
To which is added the balance brought forward from the previous year	-	1,24,38,828
Making a total of	-	<b>1,34,78,132</b>
Out of this provision has been made for Reserve Fund	-	2,10,000
Balance to be carried forward	-	<b>1,32,68,132</b>

### 3. Dividend :

Your Directors have not recommended any dividend.

### 4. Directors :

Shri C.K.Vyas retires from the Board by rotation and is eligible for re-appointment.

### 5. Auditors :

The Auditors, Messrs R.L. Agarwalla & Co., Chartered Accountants, retire and are eligible for re-appointment.

### 6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

As the Company has no manufacturing activity, it is not required to furnish any information with regard to conservation of energy. There is no information to furnish with regard to technology absorption. During the year, no foreign exchange was earned or used by the Company

### 7. Particulars of Employees :

The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company as there is no employee.

### 8. Directors' Responsibility Statement :

Your Directors confirm that -

- i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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 profit of the Company for that year ;
- iii) they have 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) they have prepared the annual accounts on a going concern basis.

### 9. Auditors Report :

As regards Auditors observations in their Report the notes to the Accounts should be referred to.

### 10. Compliance Certificate:

A copy of the Compliance Certificate from Messrs D. Raut & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is attached and forms a part of this Report.

9/1, R.N. Mukherjee Road,

Kolkata - 700 001

Dated : 22nd April, 2010

T.R. Chachan

A.L. Tulsian

} Directors



# Compliance Certificate

To

The Members

## **Osm Investment & Trading Co. Limited**

We have examined the registers, records, books and papers of Osm Investment & Trading Co. Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the period under scrutiny:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, clause No. 3 is not applicable.
4. The Board of Directors duly met Six (6) times respectively on 16th April 2009, 1st June 2009, 30th September 2009, 9th November 2009, 1st January 2010 and 25th January 2010. in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year, since it is not listed with any stock exchange.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 9th July 2009 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose
7. One Extra Ordinary General Meeting was held during the year on 24.02.2010 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members, or Central Government.
12. The Company has not issued any duplicate Share certificates during the financial year.
13. The Company has :
  - a. duly delivered the certificates on transfer of Shares, but has not made any allotment of Shares.
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - c. was not required to post warrants to member of the Company as no dividend was declared during the financial year.
  - d. no amount in unpaid dividend account , application money due for refund , matured deposits , matured debentures and the interest accrued thereon and as such it was not required to transfer any amount to Investor Education Protection Fund.
  - e. duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director / Whole time Director/ Manager during the financial year, as there was no need to do so.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/ Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any Shares during the financial year.
21. There was no redemption of preference Shares or debentures during the financial year, as the Company has not issued any preference Shares or debentures.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights Shares and bonus Shares pending registration of transfer of Shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has taken an unsecured loan of Rs. 60,425,000 from The Oudh Sugar Mills Limited during the financial year.
25. The Company being a Non Banking Financial Company registered under Sec. 45 IA OF RBI Act 1934 is exempt from the Provisions of Sec 372A of the Companies Act 1956.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.

## Compliance Certificate (Contd.)

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. Since the Company has no employees, it has not received any money as security from its employees during the financial year.
33. Since the Company has no employees, the provision of EPF & Miscellaneous Provisions Act, 1952 are not applicable; consequently it was not required to deduct any contribution towards Provident Fund during the financial year.

### Annexure A

Sl. No.	Registers/Records as maintained by the Company	Under Section
1.	Register of Transfers	108/111
2.	Register of Members	150
3.	Minutes of Board Meetings	193
4.	Minutes of General Meetings	193
5.	Books of Accounts	209
6.	Register of Notice of Interest given by the Directors	299
7.	Register of Contracts, Companies and firms in which Directors are interested	301
8.	Registers of Directors, Managing Director, Manager and Secretary	303
9.	Register of Directors' Shareholding	307
10.	Register of Loans & Investments	372A
11.	Application for and allotment of Shares	
12.	Copies of Annual Return	163

### Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies (ROC), Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2010:

Sl no.	Form No./ Return	Filed u/s	For the period	Date of filing	Whether Filed within the Prescribed time Yes/No	If delay in filing whether additional fess have been paid
1.	Form 23AC & Form 23ACA relate to Balance Sheet & Profit & Loss Account	220(1)	Financial year ended 31.03.2009	15.07.2009	Yes	NA
2.	Form 66 relate to Compliance Certificate	383A	Financial year ended 31.03.2009	15.07.2009	Yes	NA
3.	Form 20B relate to Annual Returns	159(1)	For AGM held on 09.07.2009	15.07.2009	Yes	NA
4.	Form 20A	149(2A)	Declaration regarding compliance of Sec 149(2A) and (2B) regarding commencement of business in relation to object other then main object	16.03.2010	Yes	NA
5.	Form 23	192	Registration of Special Resolution regarding commencing new line of Business	12.03.2010	Yes	NA

2A, Ganesh Chandra Avenue  
Commerce House, Room No. 8c  
8th Floor, Kolkata- 700013  
Dated: 22nd April, 2010

Name of the Co Secretary.

C.P. No

For **D. Raut & Associates**  
Company Secretaries  
**DEBENDRA RAUT**

Proprietor

2053

# Auditors' Report

To

The Members

## Osm Investment & Trading Company Limited

1. We have audited the attached Balance Sheet of Osm Investment & Trading Company Limited as at 31st March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatements. 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 of India 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 & 5 of the said order.
4. Further we reported that:-
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by the laws have been kept by the Company, so far as appears from our examination of those books;
  - iii) The Balance Sheet and the Profit & Loss Account dealt with by this report, are in agreement with the books of account as submitted to us;
- iv) In our opinion, the Balance Sheet and profit & Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to Note No. 3, on Schedule-6, regarding non-provision for diminution of market value of quoted investments amounting to Rs. 50.35 Lakh, as in the opinion of the management the break-up value of those investments are higher than the corresponding book value, whose impact on the Company's profit/reserves is not presently ascertainable and read together with Notes thereon and attached thereto 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:*

  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
  - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

For **R.L. AGARWALLA & CO.**

Chartered Accountants

**R. L. AGARWALLA**

Proprietor

Membership No. 50516

7, Rabindra Sarani

Kolkata – 700 001

Dated : 22nd April, 2010

## Annexure referred to in Paragraph 3 of our Report of even date

- (i) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation thereof. Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. There was no substantial disposal of fixed assets during the year.
- (ii) The Company has no manufacturing and or trading activities and as such the question of having any stock and maintenance of records in respect thereof and physical verification of inventory does not arise.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the requirement of sub clauses (b) to (d) of clause (iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the

## Annexure referred to in Paragraph 3 of our Report of even date (Contd.)

- requirement of sub clauses (f) & (g) of Clause (iii) of the Companies (Auditor's Report) Order, 2003 ( as amended) are not applicable.
- (iv) The Company has not purchased any goods and fixed assets and also there is no sale of goods and services during the year and as such the question of having any internal control system with regard to purchase of inventory, fixed assets and sale of goods does not arise.
- (v) There was no transaction which was required to be entered in the register maintained under section 301 of the Companies Act. 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The internal audit was conducted by a service company and in our opinion the internal audit system was commensurate with the size of the Company and the nature of its business.
- (viii) The Company is not required to maintain any cost records under section 209(1)(d) of the Companies Act, 1956.
- (ix) The Company is regular in depositing undisputed statutory dues with the appropriate authorities, as applicable. As the Company has no employee and no manufacturing and or trading activities are carried on by the Company, the question of payment of Provident Fund, Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, Service tax, Cess etc, does not arise. According to the information and explanations given to us no undisputed amounts payable in respect of statutory dues were outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable. There are no dues outstanding in respect of statutory dues on account of any dispute.
- (x) The company has no accumulated loss at the end of financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from financial institutions, bank or debenture holders, as such, the question of any default does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities hence maintenance of records in respect thereof does not arise.
- (xiii) In our opinion, and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/ societies.
- (xiv) In respect of dealing of shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) As informed, the Company has not given any guarantee for loans taken by others from bank and financial institutions.
- (xvi) The Company has not taken any term loan from any financial institutions or bank. The Company does not have any borrowing by way of debentures.
- (xvii) We have been informed by the management that funds raised on short term basis were not utilized for long term purpose.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies Covered in the register maintained under section 301 of the Companies Act.1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **R.L. AGARWALLA & CO.**  
Chartered Accountants

7, Rabindra Sarani  
Kolkata – 700 001  
Dated : 22nd April, 2010

**R. L. AGARWALLA**  
Proprietor  
Membership No. 50516

# Balance Sheet

as at 31st March, 2010

	Schedule	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	17,404,180	17,404,180
Reserves & Surplus	2	35,550,192	34,510,888
		<b>52,954,372</b>	<b>51,915,068</b>
<b>Loans</b>			
Loan from The Oudh Sugar Mills Ltd., the holding company (not bearing interest)		60,425,000	-
		<b>113,379,372</b>	<b>51,915,068</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
<b>Land</b>			
As per last account		<b>3,145,415</b>	<b>3,145,415</b>
<b>Investments</b>			
	3	<b>110,207,627</b>	<b>47,707,627</b>
<b>Current Assets, Loans &amp; Advances</b>			
<b>Current Assets</b>			
Cash & Bank Balances	4	34,330	20,026
Loans & Advances :			
Loan to The Oudh Sugar Mills Ltd., the holding company (not bearing Interest)		-	1,050,000
		<b>34,330</b>	<b>1,070,026</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	5	8,000	8,000
		8,000	8,000
Net Current Assets		<b>26,330</b>	<b>1,062,026</b>
		<b>113,379,372</b>	<b>51,915,068</b>
<b>Accounting Policies and Notes on Accounts</b>			
	6		

Schedules referred to above form an integral part of the Balance Sheet.

In terms of our attached Report of even date.

For **R.L. AGARWALLA & CO.**

Chartered Accountants

2, Princep Street

Kolkata - 700 072

Dated : 22nd April, 2010

**R.L. AGARWALLA**

Proprietor

Membership No. 50516

**T.R Chachan**

**A.L. Tulsian**

} Directors

# Profit & Loss Account

 for the year ended 31st March, 2010

Schedule	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME :</b>		
Dividend from Long Term Investments	1,178,095	1,166,225
	<b>1,178,095</b>	<b>1,166,225</b>
<b>EXPENDITURE :</b>		
Rates & Taxes	8,800	8,800
<b>Auditors' Remuneration</b>		
Audit Fees	8,000	8,000
For Certificates & Others	3,750	7,250
Directors' Fees	4,200	3,600
Miscellaneous Expenses (including Service Charges Rs. 55,150- previous year Rs. 49,439)	114,041	75,036
	<b>138,791</b>	<b>102,686</b>
<b>Profit before Taxation</b>	1,039,304	1,063,539
Less : Provision for Taxation	-	-
	<b>1,039,304</b>	<b>1,063,539</b>
Add : Income-Tax refund received in respect of an earlier year	10,63,539	25,68,534
	-	1,160
<b>Profit after Taxation</b>	1,039,304	1,064,699
Add : Balance brought forward from last year	12,438,828	11,587,129
<b>Profit available for Appropriation</b>	<b>13,478,132</b>	<b>12,651,828</b>
<b>APPROPRIATIONS</b>		
Transfer to Reserve Fund	210,000	213,000
Balance carried to Balance Sheet	13,268,132	12,438,828
	<b>13,478,132</b>	<b>12,651,828</b>
<b>Accounting Policies &amp; Notes on Accounts</b>	6	

In terms of our attached report of even date.

For **R.L. AGARWALLA & CO.**

Chartered Accountants

7, Rabindra Sarani

Kolkata - 700 001

Dated : 22nd April, 2010

**R.L. AGARWALLA**

Proprietor

Membership No. 50516

**T.R Chachan**

**A.L. Tulsian**

} Directors

## Schedules

 to the Balance Sheet

	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
24,90,000 Equity Shares of Rs. 10 each	24,900,000	24,900,000
2,60,000 Preference Shares of Rs. 10 each	2,600,000	2,600,000
	<b>27,500,000</b>	<b>27,500,000</b>
<b>Issued</b>		
17,40,420 Equity Shares of Rs. 10 each	17,404,200	17,404,200
	<b>17,404,200</b>	<b>17,404,200</b>
<b>Subscribed &amp; Paid-up</b>		
17,40,418 Equity Shares of Rs. 10 each fully paid up in cash	17,404,180	17,404,180
	<b>17,404,180</b>	<b>17,404,180</b>

Note :

- The entire Subscribed Equity Share Capital is held by The Oudh Sugar Mills Ltd., the holding company.

## Schedules to the Balance Sheet (Contd.)

	31st March, 2010	31st March, 2009
	Rs.	Rs.
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
<b>Share Premium Account</b>		
As per last Account	8,702,060	8,702,060
<b>General Reserve</b>		
As per last Account	5,000,000	5,000,000
<b>Reserve Fund</b>		
As per last Account	5,870,000	5,657,000
Add : Transfer from Profit & Loss Account	210,000	213,000
	<b>6,080,000</b>	<b>5,870,000</b>
<b>Capital Redemption Reserve</b>		
As per last Account	2,500,000	2,500,000
<b>Surplus as per Profit &amp; Loss Account</b>		
	<b>13,268,132</b>	<b>12,438,828</b>
	<b>35,550,192</b>	<b>34,510,888</b>

	No. of	Face Value	31st March, 2010	31st March, 2009
	Shares	Rs.	Rs.	Rs.
<b>SCHEDULE - 3 : INVESTMENTS (At Cost)</b>				
<b>Long Term Investments (Non-Trade) :</b>				
<b>Quoted : (Fully Paid)</b>				
Equity Shares				
Upper Ganges Sugar & Industries Ltd.	2,34,891	10	17,029,956	17,029,956
SIL Investments Ltd.	4,17,421	10	9,763,978	9,763,978
Sutlej Textiles & Industries Ltd.	4,25,880	10	14,006,908	14,006,908
Manbhawani Investment Ltd	67,500	10	206,905	206,905
New India Retailing & Investment Ltd.	38,349	10	3,067,920	3,067,920
			<b>44,075,667</b>	<b>44,075,667</b>
<b>Unquoted : (Fully Paid)</b>				
Equity Shares :				
Modern Diagen Services Ltd.	13,196	10	131,960	131,960
SCM Investment & Trading Co. Ltd.	18,75,000	10	37,500,000	-
			<b>37,631,960</b>	<b>131,960</b>
<b>Preference Shares:</b>				
8% Non-Convertible Cumulative Redeemable				
Preference Shares of New India Retailing & Investment Ltd.	2,75,000	100	27,500,000	2,500,000
	(25,000)			
<b>Unquoted : (Partly Paid)</b>				
<b>Equity Shares</b>				
Modern DiaGen Services Ltd. (Rs. 2 Paid Up)	5,00,000	10	1,000,000	1,000,000
			<b>110,207,627</b>	<b>47,707,627</b>
<b>Aggregate Book Value of Investments</b>				
Quoted				
			<b>44,075,667</b>	<b>44,075,667</b>
<b>Unquoted</b>				
			<b>66,131,960</b>	<b>3,631,960</b>
			<b>110,207,627</b>	<b>47,707,627</b>
<b>Market Value of Quoted Investments</b>				
			<b>102,554,860</b>	<b>41,927,362</b>

## Schedules to the Balance Sheet (Conted.)

	31st March, 2010	31st March, 2009
	Rs	Rs.
<b>SCHEDULE - 4 : CASH &amp; BANK BALANCES</b>		
<b>Cash in hand</b>	126	1,106
With Scheduled Bank on Current Account	34,204	18,920
	<b>34,330</b>	<b>20,026</b>
<b>SCHEDULE - 5 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors :	8,000	8,000
For Expenses	<b>8,000</b>	<b>8,000</b>

### SCHEDULE - 6 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 1. Accounting Policies

- i) Fixed Assets are stated at cost.
  - ii) Long Term Investments are considered at cost on individual basis, unless there is permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of investments.
  - iii) Items of Income and Expenditure are recognised on accrual basis.
2. Contingent Liability not provided for in respect of uncalled capital on partly paid shares held as investments of Rs. 40,00,000S (Previous year- Rs. 40,00,000).
  3. Diminution of Rs. 50.35 Lakh in the value of certain quoted investments based on the last quoted price, has not been provided, as the break-up value of the said shares supplemented by the market value as on 31st March, 2009/30th June, 2009, of the quoted investments held by the investee Company, is much higher than the corresponding Book Value.

Signatories to Schedules 1 to 6

7, Rabindra Sarani  
Kolkata - 700 001  
Dated : 22nd April, 2010

For **R.L. AGARWALLA & CO.**

Chartered Accountants

**R.L. AGARWALLA**

Proprietor

Membership No. 50516

**T.R Chachan**

**A.L. Tulsian**

} Directors



# Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.	U67120WB1986PLC041677	State Code	21
Balance Sheet Date	31.03.2010		

## II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

## III. Position of Mobilisation and Deployment of Funds : (Amount in Rs. Thousands)

<b>Total Liabilities</b>	113379	<b>Total Assets</b>	113379
<b>Sources of Funds :</b>		<b>Application of Funds :</b>	
Paid-up Capital	17404	Net Fixed Assets	3145
Reserves & Surplus	35550	Investments	110208
Secured Loans	Nil	Net Current Assets	26
Unsecured Loans	60425	Miscellaneous Expenditure	Nil
		Accumulated Losses	Nil

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover	1178	Total Expenditure	139
Profit before tax	1039	Profit after Tax	1039
Earning per share (Rs.)	0.60	Dividend Rate	Nil

## V. Generic Names of Principal Products / Services of the Company

(As per monetary terms)

Item Code No. (ITC Code)	} Not Applicable
Product Description	

T.R Chachan }  
A.L. Tulsian } Directors



## Directors' Report

To  
The Shareholders,

### Hargaon Investment & Trading Co. Ltd.

Your Directors have pleasure in presenting their Report and the audited Accounts of the Company for the year ended 31st March, 2010.

2. Financial Results :		Rs.
The Profit & Loss Account shows a profit of		33,68,474
To which is added balance brought forward from the previous year		4,93,27,606
Making a total of		5,26,96,080
Out of this provisions have been made for		
Taxation	1,13,000	
Reserve Fund	6,60,000	7,73,000
Balance to be carried forward		5,19,23,080

### 3. Dividend :

Your Directors have not recommended any dividend.

### 4. Directors :

Shri S.K. Jhunjunwala retires from the Board by rotation and is eligible for re-appointment.

### 5. Auditors :

The Auditors, Messrs R.L. Agarwalla & Co., Chartered Accountants, retire and are eligible for re-appointment.

### 6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

As the Company has no manufacturing activity, it is not required to furnish any information with regard to conservation of energy. There is no information to furnish with regard to technology absorption. During the year, no foreign exchange was earned or used by the Company.

### 7. Particulars of Employees :

The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company as there is no employee.

### 8. Directors' Responsibility Statement :

Your Directors confirm that -

- i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii) they have selected such accounting policies and applied them consistently and made judgements 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 profit of the Company for that year ;
- iii) they have 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) they have prepared the annual accounts on a going concern basis.

### 9. Auditors Report :

As regards Auditors observations in their Report the notes to the Accounts should be referred to.

### 10. Compliance Certificate :

A copy of the Compliance Certificate from M/S A. M. Bubna & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is attached and forms a part of this Report.

### 11. Subsidiary Company :

The audited accounts of Hargaon Properties Ltd., a subsidiary of the Company, for the year ended 31st March, 2010 are attached as required under Section 212 of the Companies Act, 1956.

9/1, R.N. Mukherjee Road,  
Kolkata - 700 001.

Dated : 22nd April, 2010

S.K. Jhunjunwala }  
K.C. Gupta } Directors

### Statement Pursuant to Section 212 of the Companies Act, 1956

As on 31st March, 2010 - 55.56% of the subscribed share capital of Hargaon Properties Ltd. was held by the Company.

The net amount of the Profit/(Loss) of the subsidiary company for the last as well as the previous year, which concerns the members of the Company but have not been dealt with in or for the purposes of the accounts of the Company amounts to ( Rs.10,370 ) and Rs. 1,31,187 .

9/1, R.N. Mukherjee Road,  
Kolkata - 700 001.

Dated : 22nd April, 2010

S.K. Jhunjunwala }  
K.C. Gupta } Directors

## Compliance Certificate

To

The Members

### **Hargaon Investment & Trading Company Limited,**

We have examined the registers, records, books and papers of Hargaon Investment & Trading Company Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (Financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited company; clause 3 is not applicable.
4. The Board of Directors duly met 9 (Nine) times respectively on 16th April 2009, 01st June 2009, 19th August 2009, 04th September 2009, 23rd October 2009, 09th November 2009, 01st January 2010, 25th January 2010 & 25th February 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year since it is not listed with any stock exchange.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 09th July, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act the Company was not required to obtain any approvals from the Board of Directors, members or the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The company has :
  - a. not allotted/ transmitted securities during the financial year. It has however delivered all the certificates of equity shares on lodgment thereof for transfer in accordance with the provisions of the Act.
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - c. not posted warrants to any member of the Company as no dividend was declared during the financial year.
  - d. no amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon and as such it was not required to transfer any amount to Investor Education and Protection Fund.
  - e. duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year as there was no need to do so.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not redeemed any Preference shares during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and

## Compliance Certificate (Contd.)

bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits under Section 58A of the Act during the financial year.
24. The borrowings made by the Company during the financial year ended 31st March 2010 are within the limits of section 293(1)(d) of the Act.
25. The provisions of Section 372 A are not applicable to the Company as its principal business is acquisition of shares, stocks, debentures or other securities.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. Since the Company has no employees, it didn't receive any money as security from its employees during the financial year.
33. Since the Company has no employees, the provisions of EPF & Miscellaneous Provisions Act, 1952 are not applicable, consequently it was not required to deduct any contribution towards Provident Fund during the financial year.

### Annexure A

Registers/ Records as maintained by the Company

1. Register of Transfers u/s 108/111.
2. Register of Members u/s 150.
3. Minutes Book of Board Meetings u/s 193.
4. Minutes Book of General Meetings u/s 193.
5. Books of Accounts u/s 209.
6. Register of Contracts, Companies and firms in which directors are interested u/s 301.
7. Register of Directors, Managing Director, Manager and Secretary u/s 303.
8. Register of Directors' Shareholding u/s 307.
9. Register of Loans & Investments.
10. Application for and allotment of shares.
11. Copies of Annual Return u/s 163
12. Register of Fixed Assets
13. Register of Directors' Attendance at Board Meetings

### Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.

1. Compliance Certificate in Form No. 66 filed u/s 383A on 21.07.2009 for the financial year ended on 31.03.2009 with R.O.C.
2. Balance Sheet in Form No. 23AC along with Profit and Loss Account in Form 23ACA Filed u/s 220 on 21.07.2009 for the financial year ended on 31.03.2009 with R.O.C
3. Annual Return in Form No.20B Filed u/s 159 on. 25.07.2009 made upto 09.07.2009 with R.O.C.
4. Form No. 20A Filed u/s 149(2A) on 18.03.2010 for commencement of business in relation to objects other than main objects/ objects incidental or ancillary thereto as specified in the Memorandum of Association.
5. Form No. 23 Filed u/s 192 read with section 149(2A) on 18.03.2010 for the registration of special resolution passed at the EGM.

for **A.M. BUBNA & ASSOCIATES**

(Company Secretaries)

Name of the

Company Secretary :

**ASHISH BUBNA**

(Partner)

C.P.No. :

3569

105, Cotton Street  
Kolkata- 700007

Dated: 22nd April 2010

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## Auditors' Report

To

The Members

Hargaon Investment & Trading Company Limited

1. We have audited the attached Balance Sheet of Hargaon Investment & Trading Company Limited as at 31st March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 of India 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 & 5 of the said order.
4. Further we reported that:-
  - i) 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;
  - ii) In our opinion, proper books of account as required by the law have been kept by the Company, so far as appears from our examination of those books;
  - iii) The Balance Sheet and the Profit & Loss Account dealt with by this report, are in agreement with the books of account as submitted to us;
- iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to Note No. 3 on Schedule 6, regarding non-provision for diminution in the market value of quoted investments amounting to Rs. 164.87 Lakh, as in the opinion of the management, the break-up value of those investments are higher than the corresponding book value, whose impact on the Company's profit/reserves is not presently ascertainable* and read together with other notes thereon and attached thereto 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 principals generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
  - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

For **R.L. AGARWALLA & CO.**

Chartered Accountants

**R.L. AGARWALLA**

Proprietor

Membership No. 50516

7, Rabindra Sarani,

Kolkata – 700 001

Dated: 22nd April, 2010

## Annexure Referred

to in paragraph 3 of our report of even date

- (i) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation thereof. Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. There was no substantial disposal of fixed assets during the year.
- (ii) The Company has no manufacturing and or trading activities and as such the question of having any stock and maintenance of records in respect thereof and physical verification of inventory does not arise.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the requirement of sub clauses (b) to (d) of clause (iii) of the Companies (Auditor's Report) Order, 2003 ( as amended) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence

the requirement of sub clauses (f) & (g) of Clause (iii) of the Companies (Auditor's Report) Order, 2003 ( as amended) are not applicable.

- (iv) The Company has not purchased any goods and fixed assets and also there is no sale of goods and services during the year and as such the question of having any internal control system with regard to purchase of inventory, fixed assets and sale of goods does not arise.
- (v) There was no transaction which was required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The internal audit was conducted by a service company and in our opinion the internal audit system was commensurate with the size of the Company and the nature of its business.
- (viii) The Company is not required to maintain any cost records under section 209(1)(d) of the Companies Act, 1956.
- (ix) The Company is regular in depositing undisputed statutory dues with the appropriate authorities, as applicable. As the Company has no employee and no manufacturing and or trading activities are carried on by the Company, the question of payment of Provident Fund, Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, Service tax, Cess etc, does not arise. According to the information and explanations given to us no undisputed amounts payable in respect of statutory dues were outstanding as on 31st March, 2010 for the period of more than six months from the date they become payable. There are no dues outstanding in respect of statutory dues on account of any dispute.
- (x) The company has no accumulated loss at the end of financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from financial institutions, bank or debenture holders, as such, the question of any default does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures

and other securities hence maintenance of records in respect thereof does not arise.

- (xiii) In our opinion, and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/ societies.
- (xiv) In respect of dealing of shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares securities, debentures and other investments have been held by the Company in its own name.
- (xv) As informed, the Company has not given any guarantee for loans taken by others from bank and financial institutions.
- (xvi) The Company has not taken any term loan from any financial institutions or bank. The Company does not have any borrowing by way of debentures.
- (xvii) We have been informed by the management that funds raised on short term basis were not utilized for long term purpose.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies Covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **R.L. AGARWALLA & CO.**

*Chartered Accountants*

**R.L. AGARWALLA**

Proprietor

Membership No. 50516

7, Rabindra Sarani,

Kolkata – 700 001

Dated: 22nd April, 2010

# Balance Sheet

as at 31st March 2010

	Schedule	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	30,457,270	30,457,270
Reserves & Surplus	2	112,303,290	109,047,816
		<b>142,760,560</b>	<b>139,505,086</b>
<b>Loans</b>			
Loan from The Oudh Sugar Mills Ltd., the Holding Company (not bearing interest)		58,275,000	-
		<b>201,035,560</b>	<b>139,505,086</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Land			
As per last Account		<b>2,935,653</b>	<b>2,935,653</b>
<b>Investments</b>			
	3	<b>187,691,208</b>	<b>125,191,208</b>
<b>Current Assets, Loans &amp; Advances</b>			
<b>Current Assets</b>			
Cash & Bank Balances	4	28,151	36,225
<b>Loans &amp; Advances</b>			
Loans			
To The Oudh Sugar Mills Ltd., the holding Company (not bearing interest)		-	11,300,000
To Hargaon Properties Ltd., the subsidiary Company (not bearing interest)		10,000	-
To a Body Corporate		10,000,000	-
Interest Receivable & due		328,993	-
Advances recoverable in cash or in kind or for value to be received or pending adjustments		50,000	50,000
Advance payment of Income tax, Income-tax Refundable and tax deducted at Source		112,555	-
		<b>10,529,699</b>	<b>11,386,225</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	5	8,000	8,000
Provisions		113,000	-
		<b>121,000</b>	<b>8,000</b>
<b>Net Current Assets</b>			
		10,408,699	11,378,225
		<b>201,035,560</b>	<b>139,505,086</b>
<b>Accounting Policies &amp; Notes on Accounts</b>			
	6		

Schedules referred to above form an integral part of the Balance Sheet.

In terms of our attached report of even date.

For **R.L. AGARWALLA & CO.**

Chartered Accountants

**R. L. AGARWALLA**

Proprietor

Membership No. 50516

7, Rabindra Sarani,

Kolkata - 700 001

Dated : 22nd April, 2010

**S.K. Jhunjhunwala****K.C. Gupta**

} Directors



# Profit & Loss Account for the year ended 31st March, 2010

Schedule	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME</b>		
Dividend from Long Term Investments	3,138,645	2,349,086
Interest on loan to body corporate (Tax deducted at source Rs. 36,555; Previous year Rs. NIL)	365,548	-
	<b>3,504,193</b>	<b>2,349,086</b>
<b>EXPENDITURE</b>		
Rates & Taxes	7,450	7,300
Auditors' Remuneration :		
Audit Fees	8,000	8,000
For Certificates	3,750	7,250
Directors' Fees	4,600	3,800
Miscellaneous Expenses (including service charges Rs. 55,150- previous year Rs. 49,439)	111,919	71,320
	<b>135,719</b>	<b>97,670</b>
Profit before Taxation	3,368,474	2,251,416
Less : Provision for Taxation	113,000	-
Profit after Taxation	3,255,474	2,251,416
Add : Balance brought forward from last year	49,327,606	47,527,190
Profit available for Appropriation	<b>52,583,080</b>	<b>49,778,606</b>
<b>APPROPRIATIONS</b>		
Transfer to Reserve Fund	660,000	451,000
Balance carried to Balance Sheet	51,923,080	49,327,606
	52,583,080	49,778,606
Accounting Policies & Notes on Accounts	6	

Schedules referred to above form an integral part of the Profit and Loss Account.

In terms of our attached report of even date.

For **R.L. AGARWALLA & CO.**

Chartered Accountants

**R. L. AGARWALLA**

Proprietor

Membership No. 50516

**S.K. Jhunjhunwala**

**K.C. Gupta**

} Directors

7, Rabindra Sarani,

Kolkata - 700 001

Dated : 22nd April, 2010

## Schedules to the Balance Sheet

			31st March, 2010	31st March, 2009
			Rs.	Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>				
<b>Authorised</b>				
49,90,000 Equity Shares of Rs. 10 each			49,900,000	49,900,000
10,000 Preference Shares of Rs. 10 each			100,000	100,000
			<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued</b>				
30,45,733 Equity Shares of Rs. 10 each			<b>30,457,330</b>	<b>30,457,330</b>
<b>Subscribed &amp; Paid-up</b>				
30,45,727 Equity Shares of Rs. 10 each fully paid up in cash (The entire Subscribed Capital is held by The Oudh Sugar Mills Ltd., the holding company)			<b>30,457,270</b>	<b>30,457,270</b>
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>				
<b>Share Premium Account</b>				
As per last Account			30,457,210	30,457,210
<b>Reserve Fund</b>				
As per last Account			16,813,000	16,362,000
Transfer from Profit & Loss Account			660,000	451,000
			<b>17,473,000</b>	<b>16,813,000</b>
<b>General Reserve</b>				
As per last Account			12,450,000	12,450,000
<b>Surplus as per Profit &amp; Loss Account</b>				
			51,923,080	49,327,606
			<b>112,303,290</b>	<b>109,047,816</b>
<b>SCHEDULE - 3 : INVESTMENTS (At Cost)</b>				
<b>Long Term Investments (Non-Trade)</b>				
<b>Quoted : (Fully Paid)</b>				
<b>Equity Shares</b>				
Upper Ganges Sugar & Industries Ltd	6,57,966	10	48,831,540	48,831,540
New India Retailing & Investment Ltd	1,34,448	10	10,672,988	10,672,988
SIL Investments Ltd.	11,40,931	10	26,025,111	26,025,111
Sutlej Textiles & Industries Ltd	11,40,931	10	31,022,481	31,022,481
			<b>116,552,120</b>	<b>116,552,120</b>
<b>Unquoted : (Fully Paid)</b>				
<b>Equity Shares</b>				
India Educational and Research Institutions Pvt. Ltd.	4,900	10	49,000	49,000
SCM Investment & Trading Co. Ltd.	18,75,000	10	37,500,000	-
	(-)		37,549,000	49,000
<b>Preference Shares</b>				
8% Non-Convertible Cumulative Redeemable Preference Shares of New India Retailing & Investment Ltd.	3,00,000 (50,000)	100	30,000,000	5,000,000

## Schedules to the Balance Sheet (Contd.)

	No. of Shares	Face Value	31st March, 2010	31st March, 2009
		Rs.	Rs.	Rs.
<b>SCHEDULE - 3 : INVESTMENTS (Contd.)</b>				
<b>Unquoted : (Partly Paid)</b>				
<b>Equity Shares :</b>				
Modern DiaGen Services Ltd. (Rs 2 paid up)	545,044	10	1,090,088	1,090,088
Shares in Subsidiary Company :				
Unquoted : (Fully Paid)				
Equity Shares :				
Hargaon Properties Ltd	2,50,000	10	2,500,000	2,500,000
			<b>187,691,208</b>	<b>125,191,208</b>
Aggregate Book Value of Investments :				
Quoted				
			116,552,120	116,552,120
Unquoted				
			71,139,088	8,639,088
			<b>187,691,208</b>	<b>125,191,208</b>
Market Value of Quoted Investments				
			279,019,504	114,890,864

### SCHEDULE - 4 : CASH & BANK BALANCES

Cash in hand	404	1,134
With a Scheduled Bank on Current Account	27,747	35,091
	<b>28,151</b>	<b>36,225</b>

### SCHEDULE - 5 : CURRENT LIABILITIES & PROVISIONS

#### Current Liabilities

#### Sundry Creditors

For Expenses	8,000	8,000
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#### Provisions

For Taxation	113,000	-
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### SCHEDULE - 6 : ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### 1. Accounting Policies

- Fixed Assets are stated at cost.
- Long Term Investments are considered at cost on individual basis, unless there is permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of investments.
- Items of Income and Expenditure are recognised on accrual basis. Contingent Liability not provided for in respect of uncalled capital on partly paid shares held as investments of Rs. 4,360,352 (Previous Year - Rs. 4,360,352) Diminution of Rs. 164.87 Lakh in the Value of certain quoted investments based on the last quoted price, has not been provided, as the break-up value of the said shares supplemented by the market value as on 31st March, 2009/30th June, 2009, of the quoted investments held by the investee Company, is much higher than the corresponding Book Value.
- The Company has given an undertaking to Punjab National Bank not to transfer, assign, dispose of, pledge, charge or create any lien or in any way encumber its shareholding, present or future in Sutlej Textiles & Industries Ltd without their approval in writing till the financial assistance provided by them to the said company remains unpaid.

Signatories to Schedules 1 to 6

For **R.L. AGARWALLA & CO.**

Chartered Accountants

**R. L. AGARWALLA**

Proprietor

Membership No. 50516

7, Rabindra Sarani,  
Kolkata - 700 001  
Dated : 22nd April, 2010

**S.K. Jhunjhunwala** } Directors  
**K.C. Gupta** }

# Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.	U67120WB1986PLC041679	State Code	21
Balance Sheet Date	31.03.2010		

## II. Capital Raised during the year(Amount in Rs. thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

<b>Total Liabilities</b>	201036	<b>Total Assets</b>	201036
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	30457	Net Fixed Assets	2936
Reserves & Surplus	112304	Investments	187691
Secured Loans	Nil	Net Current Assets	10409
Unsecured Loans	58275	Misc. Expenditure	Nil
		Accumulated Losses	Nil

## IV. Performance of Company (Amount in Rs. thousands)

Turnover	3504	Total Expenditure	136
Profit before Tax	3368	Profit after Tax	3255
Earning Per Share ( Rs.)	1.07	Dividend Rate	Nil

## V. Generic Names of Principal Products/Services of the Company (as per monetary terms)

Item Code No.(ITC Code)	} Not Applicable
Description	

S.K. Jhunjunwala }  
K.C. Gupta } Directors

**Schedules** to the Balance Sheet of a Non-Banking Financial Company (As required in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

PARTICULARS	Rs. in Lakh	
	Amount	Amount
	outstanding (As on 31.03.2010)	overdue (As on 31.03.2010)

**Liabilities Side :**

1) Loans and Advances availed by the NBFC'S inclusive of interest accrued thereon but not paid :		
(a) Debentures :		
Secured	Nil	Nil
Unsecured (Other than falling within the meaning of Public Deposits)	Nil	Nil
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-Corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans (unsecured)	582.75	Nil

**Assets Side :**

**2) Break-up of Loans and Advances including Bills receivables (other than those included in (3) below)**

(a) Secured	Nil
(b) Unsecured	Nil

**3) Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities**

i) Lease Assets including lease rentals under sundry debtors :	
(a) Financial Lease	Nil
(b) Operating Lease	Nil
ii) Stock on hire including hire charges under sundry debtors :	
(a) Assets on Hire	Nil
(b) Repossessed Assets	Nil
iii) Other Loans counting towards AFC activities :	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

**4) Break-up of Investments :**

**Current Investments :**

1. Quoted :	
(i) Shares :	
(a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares :	
(a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

**Long Term Investments :**

1. Quoted :	
(i) Shares :	
(a) Equity	440.76
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares :	
(a) Equity	386.32
(b) Preference	275.00
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

Rs. in Lakh

**5) Borrower group-wise classification of Assets financed as in (2) and (3) above :**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	0.10	0.01
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	100.50	100.50
<b>Total</b>	<b>Nil</b>	<b>100.60</b>	<b>100.60</b>

**6) Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted) :**

Category	Market Value/ Break-up or Fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties	
(a) Subsidiaries	26.30	25.00
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	3459.63	1851.91
<b>Total</b>	<b>3485.93</b>	<b>1876.91</b>

**7) Other Information**

Particulars	Amount
i) Gross Non-Performing Assets	Nil
(a) Related parties	Nil
(b) Other than related parties	Nil
ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
iii) Assets acquired in satisfaction of debt	Nil

# Directors' Report

To

The Shareholders,

## Hargaon Properties Ltd.

Your Directors have pleasure in presenting their Report and the audited Accounts of the Company for the year ended 31st March, 2010.

### 2. Financial Results:

The Profit & Loss Account for the year under review shows a loss of Rs. 18,664 which has been deducted from the credit balance of Rs. 2,36,117 brought forward from the previous year leaving a credit balance of Rs. 2,17,453 which is to be carried forward.

### 3. Dividend:

Your Directors have not recommended any dividend.

### 4. Directors :

Shri Sunil Lohia resigned from the Directorship of the Company with effect from 31st December, 2009.

Shri K.C.Gupta retires from the Board by rotation and being eligible offers himself for re-appointment.

Shri Chandra Kumar Vyas, who was appointed as an additional Director on 31st December, 2009 will hold office upto the date of the ensuing Annual General Meeting.

The Company received a notice under Section 257 of the Companies Act, 1956 proposing Shri Vyas 's appointment as a Director of the Company. The resolution for appointment of Shri Chandra Kumar Vyas as a Director of the Company shall be placed at the ensuing Annual General Meeting for the approval of the members.

### 5. Auditors :

The Auditors, Messrs S.N. Roy & Co., Chartered Accountants, retire and are eligible for re-appointment.

### 6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :

As the Company has no manufacturing activity, it is not required to furnish any information with regard to conservation of energy. There is no information to furnish with regard to technology absorption. During the year, no foreign exchange was earned or used by the Company.

### 7. Particulars of Employees :

The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company as there is no employee.

### 8. Directors' Responsibility Statement :

Your Directors confirm that -

- i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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 year ;
- iii) they have 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) they have prepared the annual accounts on a going concern basis.

### 9. Compliance Certificate :

A copy of the Compliance Certificate from Messrs D. Raut & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is attached and forms a part of this Report.

9/1,R.N. Mukherjee Road,  
Kolkata - 700 001  
Dated: 21st April, 2010

**U.S. Beria** }  
**K.C. Gupta** } Directors

# Compliance Certificate

To,

The Members

## Hargaon Properties Limited

We have examined the registers, records, books and papers of Hargaon Properties Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the period under scrutiny:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, clause 3 is not applicable.
4. The Board of Directors duly met Six (6) times respectively on 1st April 2009, 20th May 2009, 19th August 2009, 31st December 2009, 25th February 2010 and 15th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year, since it is not listed with any stock exchange.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th June 2009 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose
7. One Extra Ordinary General Meeting was held during the year on 24.02.2010 after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members, or Central Government.
12. The Company has not issued any duplicate Share certificates during the financial year.
13. The Company has :
  - a. duly delivered the certificates on transfer of Shares, but has not made any allotment of Shares.
  - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - c. was not required to post warrants to member of the Company as no dividend was declared during the financial year.
  - d. no amount in unpaid dividend account , application money due for refund , matured deposits , matured debentures and the interest accrued thereon and as such it was not required to transfer any amount to Investor Education Protection Fund.
  - e. has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of Director/ Additional director has been duly made during the financial year.
15. The Company has not appointed any Managing Director / Whole time Director/ Manager during the financial year as there was no need to do so.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.

## Compliance Certificate (Contd.)

18. The Directors have disclosed their interest in other firms/ Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any Shares during the financial year.
21. There was no redemption of preference Shares or debentures during the financial year, as the Company has not issued any preference Shares or debentures.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights Shares and bonus Shares pending registration of transfer of Shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has taken unsecured loan of Rs 10,000 from Hargaon Investment & Trading Co. Limited, its Holding Company during the financial year.
25. The Company has not made any loans/advances or made investments or provided guarantee to other body corporate during the Financial Year and hence no entries are required to be made in the registers kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
31. Since the Company has no employees, it has not received any money as security from its employee during the financial year.
32. Since the Company has no employees, the provision of EPF & Miscellaneous Provisions Act, 1952 are not applicable, consequently it was not required to deduct any contribution towards Provident Fund during the financial year.

### ANNEXURE – A

#### Registers/Records as maintained by the Company

1.	Register of Transfer u/s 108/111.
2.	Register of Members u/s 150.
3.	Minutes Book of Board Meetings u/s 193.
4.	Minutes Book of General Meetings u/s 193.
5.	Books of Accounts u/s 209.
6.	Register of Notice of Interest given by the Directors u/s 299.
7.	Register of Contracts, Companies and firms in which Directors are interested u/s 301.
8.	Registers of Directors, Managing Director, Manager and Secretary u/s 303.
9.	Register of Directors Shareholding u/s 307.
10.	Register of Loans & Investments u/s 372A.
11.	Application for and allotment of Shares.
12.	Copies of Annual Return u/s 163.



# Compliance Certificate (Contd.)

## ANNEXURE – B

Forms as filed by the Company with Registrar of Companies (ROC), Regional Director, Central Government or other authorities during the financial year ended on 31.03.2010

Sl no.	Form No./ Return	Filed u/s	For the period	Date of filing	Whether Filed within the Prescribed time Yes/No	If delay in filing whether additional fess have been paid
1	Form 23AC & Form 23ACA relate to Balance Sheet & Profit & Loss Account	220(1)	Financial Year ended 31.03.2009	02.07.2009	Yes	NA
2	Form 66 relate to Compliance Certificate	383A	Financial Year ended 31.03.2009	02.07.2009	Yes	NA
3	Form 20B relate to Annual Returns	159(1)	For AGM held on 31.06.2009	14.07.2009	Yes	NA
4	Form 32	303	Change in Director	23.01.2010	Yes	NA
5	Form 32	303	Change in Director	03.07.2009	Yes	NA
6	Form 32	303	Change in Director	02.04.2009	Yes	NA
7	Form 20A	149(2A)	Declaration regarding compliance of Sec 149(2A) and (2B) regarding commencement of business in relation to object other than main object	17.03.2010	Yes	NA
8	Form 23	192	Registration of Special Resolution regarding commencing new line of Business	12.03.2010	Yes	NA

2A, Ganesh Chandra Avenue,  
Commerce House Room No. 8c 8th Floor  
Kolkata : 700013  
Dated: 21st April, 2010

For **D.RAUT & ASSOCIATES**  
(Company Secretaries)  
Name of the Company Secretary : **DEBENDRA RAUT**  
(Proprietor)  
CP NO. : 5232

## Auditors' Report to the Members

We have audited the attached Balance Sheet of Hargaoon Properties Limited, Kolkata as at 31st March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India 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 & 5 of the said Order.

Further we report that :-

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
- iii) The Balance Sheet and the Profit & Loss Account dealt with by this report, are in agreement with the books of account as submitted to us;
- iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said 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 :
  - a. In the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2010, and
  - b. In the case of the Profit & Loss Account, of the Loss of for the year ended on that date.

29A, Madan Mohan Tala Street  
Kolkata – 700 005  
Dated : 21st April, 2010

For **S.N. ROY & CO.**  
Chartered Accountants  
**S.N. ROY**  
Proprietor  
Membership No. 51056

## Annexure referred to in Paragraph 3 of our report of even date

1. a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.  
b) The fixed assets of the Company have been physically verified during the year by the management, which has revealed no discrepancies between the book records and the physical inventory.  
c) During the year, none of the fixed assets have been disposed of by the Company.
2. The Company has no manufacturing and/or trading activities and as such the question of having any stock and maintenance of record in respect thereof and physical verification of inventory does not arise. Hence clauses ii(a), ii(b) & ii(c) of paragraph 4 of the aforesaid order are not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act and hence clauses iii(a), iii(b), iii(c), iii(d), iii(e), iii(f) & iii(g) of paragraph 4 of the aforesaid order are not applicable.
4. There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets made during the year. There is no continuing failure to correct major weaknesses in internal control system.
5. There was no transaction needed to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 and hence clauses v(a) & v(b) of paragraph 4 of the aforesaid order are not applicable.
6. The Company has not accepted deposits from the public during the year.
7. The Company is not a listed Company and paid up capital and reserves are less than Rs. 50 Lakh at the commencement of the financial year and also the average annual turnover is less than Rs. 5 Crores for a period of three financial years immediately preceding the financial year concern, hence clause vii of paragraph 4 is not applicable.
8. The Company is not required to maintain any cost records.
9. (a) The Company is regular in depositing undisputed statutory dues with the appropriate authorities as applicable. As the Company has no employee and no manufacturing and/or trading activities are carried on by the Company the question of payment of Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess etc. does not arise. According to the information and explanations given to us no undisputed amounts payable in respect of statutory dues were outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable.  
Annexure referred to in Paragraph 3 of our report of even date (Contd.)  
b) As at 31st March, 2010 there are no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess etc.
10. The Company has been registered for a period of less than five years and hence clause x of paragraph 4 is not applicable.
11. The Company has not taken any term loan from any financial institution or bank. The Company does not have any borrowing by way of debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. a) The Company is not a chit fund, nidhi or mutual benefit fund/society.  
b) In view of our comment in paragraph xiii(a) above clauses xiii(b), xiii(c) & xiii(d) of paragraph 4 of the aforesaid order are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures etc.
15. The Company has not given any guarantee for the loans taken by other parties from any bank or financial institution.
16. The Company has not raised any funds on short term basis or on long term basis. Hence clauses xvi & xvii of the aforesaid order are not applicable.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. The Company has not raised any money through a public issue during the year.
18. The Company has not issued any debentures. Hence clauses xix & xx of the aforesaid order are not applicable.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company nor we have been informed of such case by the management.

For **S.N. ROY & CO.**  
Chartered Accountants

29A, Madan Mohan Tala Street  
Kolkata – 700 005  
Dated : 21st April, 2010

**S.N. ROY**  
Proprietor  
Membership No. 51056

## Balance Sheet as at 31st March 2010

	Schedule	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	4,500,000	4,500,000
Reserves & Surplus	2	217,453	236,117
		<b>4,717,453</b>	<b>4,736,117</b>
<b>Loans</b>			
Unsecured Loan			
Loan from Hargaon Investment & Trading Co. Ltd., the Holding Company (not bearing interest)		10,000	-
		<b>4,727,453</b>	<b>4,736,117</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
<b>Land</b>			
		<b>4,723,634</b>	<b>4,723,634</b>
<b>Current Assets, Loans &amp; Advances</b>			
Current Assets	3	<b>4,819</b>	<b>13,483</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	4	1,000	1,000
		<b>1,000</b>	<b>1,000</b>
<b>Net Current Assets</b>		<b>3,819</b>	<b>12,483</b>
		<b>4,727,453</b>	<b>4,736,117</b>
Accounting Policies & Notes on Accounts	5		

Schedules referred to above form an integral part of the Balance Sheet.  
In terms of our attached report of even date.

29A, Madan Mohan Tala Street  
Place Kolkata- 700005  
Dated : 21st April, 2010

For **S.N. ROY & CO.**  
Chartered Accountants  
**S.N. ROY**  
Proprietor  
Membership No. 51056

**U.S. Beria**  
**K.C. Gupta** } Directors

## Profit & Loss Account for the year ended 31st March, 2010

	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME</b>	-	-
<b>EXPENDITURE</b>	-	-
Rates & Taxes	4,400	4,400
Land Rent	33	33
Auditors' Remuneration		
Audit Fees	1,000	1,000
Miscellaneous Expenses	13,231	4,604
Preliminary Expenses Written Off	-	13,115
	<b>18,664</b>	<b>23,152</b>
Profit/(Loss) before Taxation	<b>(18,664)</b>	<b>(23,152)</b>
Less : Provision for Taxation	-	-
Profit/(Loss) after Taxation	<b>(18,664)</b>	<b>(23,152)</b>
Add : Profit brought forward from last year	236,117	259,269
Credit balance carried to Balance Sheet	<b>217,453</b>	<b>236,117</b>

In terms of our attached report of even date.

29A, Madan Mohan Tala Street  
Place Kolkata- 700005  
Dated : 21st April, 2010

For **S.N. ROY & CO.**  
Chartered Accountants  
**S.N. ROY**  
Proprietor  
Membership No. 51056

**U.S. Beria**  
**K.C. Gupta** } Directors

## Schedules to the Balance Sheet

	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,000 Equity Shares of Rs. 10 each	5,000,000	5,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
4,50,000 Equity Shares of Rs. 10 each fully paid up in cash (Out of the above, 2,50,000 Equity Shares are held by Hargaon Investment & Trading Co. Ltd., the holding company)	4,500,000	4,500,000
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS:</b>		
Surplus as per Profit & Loss Account	217,453	236,117
<b>SCHEDULE - 3 : CURRENT ASSETS</b>		
<b>Cash &amp; Bank Balances</b>		
Cash-in-hand	876	356
Balance with a Scheduled Bank on Current Account	3,943	13,127
	<b>4,819</b>	<b>13,483</b>
<b>SCHEDULE - 4 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors for Expenses	1,000	1,000
<b>SCHEDULE - 5 : ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS :</b>		
<b>Accounting Policies</b>		
<b>Basis of Accounting</b>		
The Company prepares its accounts on accrual basis in accordance with normally accepted accounting principles.		
<b>Fixed Assets</b>		
Fixed Assets are stated at cost.		
<b>Preliminary Expenses</b>		
Preliminary Expenses are being written off over a period of five years in equal instalments.		

Signatories to Schedules 1 to 5

29A, Madan Mohan Tala Street  
Place Kolkata- 700005  
Dated : 21st April, 2010

For **S.N. ROY & CO.**  
Chartered Accountants  
**S.N. ROY**  
Proprietor  
Membership No. 51056

**U.S. Beria**  
**K.C. Gupta** } Directors

# Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.	U70101WB2003PLCO97280	State Code	21
Balance Sheet Date	31.03.2010		

## II. Capital Raised during the year(Amount in Rs. thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

<b>Total Liabilities</b>	4,727	<b>Total Assets</b>	4,727
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	4,500	Net Fixed Assets	4,723
Reserves & Surplus	217	Investments	-
Secured Loans	Nil	Net Current Assets	4
Unsecured Loans	10	Miscellaneous Expenditure	Nil
		Accumulated Losses	Nil

## IV. Performance of Company (Amount in Rs. thousands)

Turnover	-	Total Expenditure	19
Profit before Tax	(19)	Profit/(Loss) after Tax	(19)
Earning Per Share ( Rs.)	(0.04)	Dividend Rate	Nil

## V. Generic Names of Principal Products/Services of the Company (as per monetary terms)

Item Code No.(ITC Code)	}	Not Applicable
Product Description		

U.S. Beria }  
K.C. Gupta } Directors



Book-post



**If undelivered, please return to:**

The Oudh Sugar Mills Limited  
9/1, R.N. Mukherjee Road  
5th Floor, Kolkata 700 001



**The Oudh Sugar Mills Limited**  
[www.birla-sugar.com](http://www.birla-sugar.com)