

# Positioned for profitability

Annual Report  
2011-12



The Oudh Sugar Mills Limited



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# Corporate Information

## BOARD OF DIRECTORS

Mr. Chandra Shekhar Nopany,  
Chairman-cum- Mg. Director  
Mr. Ashvin Chinubhai Dalal  
Mr. Chand Bihari Patodia  
Mr. Rohit Kumar Dhoot  
Mr. Jayant Narayan Godbole  
Mr. Haigreve Khaitan  
Mrs. Madhu Vadera Jayakumar  
Mr. Pushkar Sahay, Nominee of State Bank of India  
Mr. Inderpal Singh Kalra, Nominee of IDBI Bank Ltd.

## COMMITTEES OF DIRECTORS

### Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany - Chairman  
Mr. Ashvin Chinubhai Dalal  
Mr. Rohit Kumar Dhoot  
Mrs. Madhu Vadera Jayakumar

### Audit Committee

Mr. Ashvin Chinubhai Dalal - Chairman  
Mr. Chand Bihari Patodia  
Mr. Rohit Kumar Dhoot  
Mrs. Madhu Vadera Jayakumar

### Investors' Grievance Committee

Mrs. Madhu Vadera Jayakumar - Chairperson  
Mr. Rohit Kumar Dhoot  
Mr. Haigreve Khaitan

### Remuneration Committee

Mr. Rohit Kumar Dhoot - Chairman  
Mr. Ashvin Chinubhai Dalal  
Mrs. Madhu Vadera Jayakumar

### Risk Committee

Mr. Jayant Narayan Godbole - Chairman  
Mr. Chand Bihari Patodia

## EXECUTIVES

Mr. Govind Narayan Pareek - Company Secretary  
Mr. Dilip Patodia - President Finance & (CFO)  
Mr. V P Singh - Executive President, Hargaon  
Mr. Chandra Mohan Singh - Executive President,  
Narkatiaganj  
Mr. B.K. Malpani - Executive President, Rosa  
Mr. P.R. Singh - Executive President, Hata  
Mr. M. P.Singh - Executive Vice President, Allahabad

## 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 & 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

## MUMBAI 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

## SUGAR MILLS

1. Hargaon, Dist. Sitapur, (U. P.), Pin-261 121
2. Narkatiaganj, Dist. West Champaran, (Bihar), Pin-845 455
3. Rosa, Dist. Shahjahanpur, (U. P.), Pin-242 406
4. Hata, Dist. Kushinagar, (U.P.), Pin-274 207

## DISTILLERIES

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

## CO-GENERATION POWER PLANT

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

## FOOD PROCESSING FACTORY

P.O. Bamrauli, Allahabad, (U. P.), Pin-211 012



# The Oudh Sugar Mills Limited

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

## Notice

Notice is hereby given that the Eightieth Annual General Meeting of the Members of **THE OUDH SUGAR MILLS LIMITED** will be held at the Registered Office of the Company at the Meeting Hall of Oudh Sugar Mills Complex, Hargaon, District Sitapur, Uttar Pradesh, Pin – 261121, on Tuesday, the 27th November, 2012 at 11.00 A.M. to transact the following businesses:

### Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at 30th June, 2012, the Statement of Profit and Loss 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. Rohit Kumar Dhoot who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Haigreve Khaitan who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following Resolution which will be proposed as an

### Ordinary Resolution:

“**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 to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the Company on such remuneration and other terms of engagement as would be fixed by the Board of Directors.”

### Special Business:

5. **Sub-division of 44 Quarter Equity Shares of ₹ 25 each fully paid**

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

“**RESOLVED** without prejudice to the generality of the Resolution passed by the shareholders of the Company on 26th September, 1996 but fully relying thereon **THAT** pursuant to the provisions of Article 47 of the Articles of Association of the Company, Section 94(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendments and

re-enactments thereof) and subject to such approvals, consents, permissions and sanctions as may be required from any authority, consent of the Members be and is hereby accorded for sub-dividing the existing 44 Quarter Equity Shares of the face value of ₹ 25 each (Rupees Twenty Five) fully paid forming part of the Subscribed and Paid up Capital of the Company into 110 Equity Shares of the face value of ₹ 10 (Rupees Ten) each.

**RESOLVED FURTHER THAT** it be noted that pursuant to the sub-division of 44 Quarter Equity Shares of the Company of the face value of ₹ 25 each (Rupees Twenty Five) into 110 Equity Shares of the face value of ₹ 10 each (Rupees Ten), the existing Subscribed and Paid up Capital of the Company comprising of 2,59,17,175 Equity Shares of ₹ 10 each shall stand increased to 2,59,17,285 Equity Shares of ₹ 10 each.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue New Equity Share Certificate to the holders of 110 Equity Shares in accordance with the terms and provisions of the Companies (Issuance of Share Certificate) Rules, 1960.

**RESOLVED FURTHER THAT** while sub-dividing 44 Quarter Equity Shares of the face value of ₹ 25 each (Rupees Twenty Five) fully paid in terms of the foregoing Resolutions fractional entitlements aggregating to 7 (seven) Equity Shares of ₹ 10/- each of 14 (fourteen) shareholders be issued in favor of a Trustee whom the Board shall appoint in this behalf and who shall hold such Equity Shares in trust for and on behalf of the Members entitled to such fractional entitlements with the express understanding that such Trustee shall sell the same in the open market within six months from the date thereof and distribute the sale proceeds so realized equally among 14 (fourteen) identified shareholders entitled thereto or wherever applicable to the Custodian of Enemy Properties and in the event of such sale proceeds coming back to the Trustee as undelivered or unrealized the Trustee shall handover such unclaimed sale proceeds to the Company at the end of one year from the date hereof ( to be named and known as the period of Trust), whereupon the Company shall hold the same for next seven years for the purpose of settling the claims if and when arising in relation thereto, and thereafter shall deposit the unclaimed amount (if any) with the Investor

Education and Protection Fund established in terms of Section 205C of the Companies Act, 1956 or dispose the same of in such other manner as the Company Secretary may decide on the basis of the legal advice to be received by him in that connection.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of 110 Equity Shares of ₹ 10/- each referred to in the foregoing Resolutions with the Stock Exchanges where the securities of the Company are listed strictly in accordance with the terms and provisions of the Listing Agreements with such Stock Exchanges and other applicable guidelines, rules and regulations thereto and the Company Secretary be and he is hereby authorised to do or cause to be done in the name and at the cost of the Company all such acts, deeds and things as may be needed or considered necessary by him in connection with making necessary application to such Stock Exchanges and settle any issues concerning and touching upon in relation thereto.

**RESOLVED FURTHER** without prejudice to the immediately foregoing Resolution **THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in regard to the matters covered by the foregoing Resolutions and for which specific authority to the Company Secretary is not given and the Board's decision in this regard shall for all intents and purposes be considered as final and binding."

#### 6. Cancellation of 18,725 Issued Shares of the Company

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

**"RESOLVED THAT** pursuant to the provisions of Article 47 of the Articles of Association of the Company, Section 94(1)(e) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendments and re-enactments thereof) and subject to such approvals, consents, permissions and sanctions as may be required from any authority, consent of the Members be and is hereby accorded to cancel 18,725 Equity Shares of the face value of ₹ 10 each (Rupees Ten) issued by the Company as the said shares have not been taken or agreed to be taken by any person and diminish the amount of the Issued Share Capital of the Company by the face value of such shares that is to say by an amount of ₹ 1,87,250.

**RESOLVED FURTHER THAT** it be noted that pursuant to the cancellation of 18,725 Issued Equity Shares of ₹ 10 each in terms of the foregoing Resolution, the existing issued Share Capital of the Company comprising of 2,61,89,135 Equity Shares of ₹ 10 each shall stand decreased to 2,61,70,410 Equity Shares of ₹ 10 each.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in regard to the matters covered by the foregoing Resolutions and for which specific authority to the Company Secretary is not given and the Board's decision in this regard shall for all intents and purposes be considered as final and binding."

#### 7. Reduction of the Share Capital of the Company

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:-**

**"RESOLVED THAT** pursuant to the provisions of Article 47A of the Articles of Association of the Company, Section 100 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendments and re-enactments thereof) and subject to such approvals, consents, permissions and sanctions, if any, as may be required from any authority and further subject to sanction by the Hon'ble High Court of Allahabad and further subject to such conditions as may be prescribed by such authorities and the said High Court while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as **"the Board"**, which term shall also include any committee thereof) may agree, accept and abide by, consent of the Members of the Company be and is hereby accorded to reduction of Bearer Equity Share Coupons of ₹ 12.50 and ₹ 25 each fully paid and having a realized value of ₹ 6,400 with effect from the date as may be directed by the said High Court as there is no claimant of the said coupons .

**RESOLVED FURTHER THAT** the Board of Directors of the Company is hereby authorised and empowered to do or cause to be done in the name and at the cost of the Company all such other acts, matters, deeds and things as would be necessary or desirable in connection with or incidental thereto for giving effect to the above Resolutions including but not limited to:

- (a) Framing and settling the Scheme for reduction of aforesaid quantity of shares;

- (b) finalizing, executing and filing all necessary documents including the petitions, affidavits, pleadings and such other documents as may be required to be filed with the Hon'ble High Court of Allahabad or any other authority and such further deeds, documents and writings as may be necessary in this regard;
- (c) making applications to the relevant authorities or other persons for their approval to the said reduction, as may be required;
- (d) making such disclosures to the government or regulatory authorities as may be required;
- (e) affixing the Common Seal of the Company in accordance with the provisions of the Articles of Association of the Company on any documents in connection with the above Resolutions, as may be required; and
- (f) settling all questions, difficulties or doubts that may arise in connection with the aforesaid reduction of capital."

By Order of the Board

New Delhi,

Dated: 8th August, 2012

**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 24th November, 2012 (Saturday) to 27th November, 2012 (Tuesday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 27th November, 2012 in terms of this Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 82 of the Articles of Association of the Company, Mr. Rohit Kumar Dhoot and Mr. Haigreve Khaitan, 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.

5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. 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.
8. Members are also requested to notify their email addresses, if any, to the Company/Registrar & Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs.
9. In all correspondences with the Company/Registrar & Share Transfer Agent, the members are requested to quote their folio numbers and in case their shares are held in the dematerialised form, they must quote their Client ID and DP ID Number.
10. 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 30.06.2004 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial years 2005-06 and 2006-07 and all subsequent 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. As per Ministry of Corporate Affairs' (MCA) Notification no G.S.R 352 (E) dated 10th May, 2012 the Company shall also upload on the website of Ministry of Corporate Affairs the information pertaining to unclaimed dividend

upto the date of forthcoming Annual General Meeting within 90 days of the said meeting in the prescribed format. Information containing the names and address of all such shareholders who have not encashed their dividend entitlements as on the date of the forthcoming Annual General Meeting shall also be uploaded on the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) as well as on MCA website [www.mca.gov.in](http://www.mca.gov.in) within 14 days of earlier uploading.

11. 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.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent.
13. 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 fees for the year 2012-2013 have since been paid to both the said Stock Exchanges.
14. The Equity Shares of the Company are compulsorily tradable in the dematerialized form on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialized form to have a better liquidity of their shareholding.
15. The Statement of Profit and Loss for the financial year ended 30th June, 2012, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet and circulated to the Members of the Company along with this Notice are also available in physical form for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on all working days up to this AGM.

16. Members who wish to view the Accounts for the financial year ended 30th June, 2012 may visit the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) or those who wish to obtain information on the Company may send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

New Delhi,  
Dated: 8th August, 2012

**G. N. Pareek**  
Company Secretary

### EXPLANATORY STATEMENT

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

#### Item No. 5

To align the Issued and Subscribed/Paid up capital with the present Authorised Equity Share Capital of the Company the Board of Directors of the Company at its meeting held on 8th August, 2012 proposed to sub-divide 44 Quarter Equity Shares of ₹ 25 each forming part of the Subscribed and Paid up Capital of the Company into 110 Equity Shares of ₹ 10 each.

As per the provisions of Section 94(1)(d) of the Companies Act, 1956, approval of the Shareholders is required for sub-division of the shares detailed as aforesaid as well as in the sub-joined Resolutions. Therefore, the accompanied Resolutions are being put up before you for your approval.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way interested in the Resolution except to the extent of their shareholding and the shareholding of their relatives in the Company.

#### Item No.6

The Board of Directors of the Company at its meeting held on 8th August, 2012 also proposed to cancel 18,725 Equity Shares of ₹ 10 each issued by the Company as the said shares have not been taken or agreed to be taken by any person and accordingly to diminish the face value of such Equity shares that is to say an amount of ₹ 1,87,250 from the Issued Share Capital of the Company.

As per the provisions of Section 94(1)(e) of the Companies Act, 1956, approval of the Shareholders is required for cancellation of the shares detailed as aforesaid as well as in the sub-joined Resolutions. Therefore, the accompanied Resolutions are being put up before you for your approval.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way interested in the Resolution except to the extent of their shareholding and the shareholding of their relatives in the Company.

**Item No. 7**

A scheme for reduction of the Share Capital of the Company to the extent of ₹ 6,400 representing Bearer Equity Share Coupons of ₹ 12.50 and ₹ 25 each have been proposed by the Board of Directors of the Company at its meeting held on 8th

August, 2012 for the approval of the shareholders in terms of Section 100 of the Companies Act, 1956 but subject to the confirmation of the Allahabad High Court as the underlying security namely 640 Equity Shares of ₹ 10/- each of the Bearer Equity Share Coupons are lying unclaimed by the holders thereof ever since the issue of the said securities in the year 1944 and 1946.

The reduction of Capital in the manner proposed will enable the Company to have a rational capital structure which besides being equitable and representative of the true facts will also be in consonance with the requirements of law.

The share capital structure of the Company before and after the proposed reduction of capital is set out below:

Particulars	Before Reduction	After Reduction	Remarks
Authorised Share Capital	4,00,00,000 Equity Shares of ₹ 10 each	4,00,00,000 Equity Shares of ₹ 10 each	No change proposed in the Authorised Share Capital.
	5,00,00,000 Preference Shares of ₹ 10 each	5,00,00,000 Preference Shares of ₹ 10 each	
	3,00,00,000 Unclassified Shares of ₹ 10 each	3,00,00,000 Unclassified Shares of ₹ 10 each	
Issued Share Capital	2,61,70,410 Equity Shares of ₹ 10 each	2,61,70,410 Equity Shares of ₹ 10 each	No change envisaged in the Issued Share Capital
	5,00,00,000 Preference Shares of ₹ 10 each	5,00,00,000 Preference Shares of ₹ 10 each	
Subscribed and Paid up Capital	2,59,17,285 Equity Shares of ₹ 10 each.	2,59,17,285 Equity Shares of ₹ 10 each	No change envisaged in the Subscribed and Paid up Share Capital
	5,00,00,000 Preference Shares of ₹ 10 each	5,00,00,000 Preference Shares of ₹ 10 each	
Bearer Equity Shares Coupons of ₹ 12.50 and 25.00 each under Shareholders' Funds	₹ 6,400	Nil	Proposed reduction of ₹ 6,400 from the Shareholders' Funds.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way interested in the Resolution except to the extent of their shareholding and the shareholding of their relatives in the Company.

By Order of the Board

New Delhi,  
Dated: 8th August, 2012

**G. N. Pareek**  
Company Secretary



### **Sub: Green initiative in Corporate Communication- Electronic Mode of service of documents**

The Ministry of Corporate Affairs, Government of India, has by Circular No. 17/2011 dated 21st April, 2011 and another No.18/2011 dated 29th April, 2011 clarified that a company will have complied with the provisions of the Companies Act, 1956 if it has made service of notices(s)/ documents to its shareholders through electronic mode i.e. by E mail. As a strong supporter of green initiatives and as a responsible corporate citizen your Company vehemently supports the said clarification. We are sure, that as a responsible shareholder, you too will support this initiative and get yourselves registered for getting all corporate communications in electronic form from the Company. By registering yourself with the Company for e-communication, you will be able to receive such notice(s)/document(s), etc., promptly and without there being a chance of loss of the same in postal transit.

It is therefore proposed that henceforth Notices of Meetings, Annual Reports, Directors' Reports, Auditors' Report and other shareholder communications will be sent electronically to the Email ID provided by you and made available with the Company by the Depositories viz., NSDL/CDSL. As and when there are changes in your Email ID, you are requested to keep your Depository Participants (DPs) informed of the same.

For shares held in physical form, shareholders can either register their email ids with the Company at [birlasugar@birla-sugar.com](mailto:birlasugar@birla-sugar.com) mentioning their name(s) and folio no. or return the E-Communication Registration Form, as enclosed with this Annual Report, duly filled in to the Company's Registrar & Share Transfer Agent M/s Link Intime India Private Limited at their address at:

Link Intime India Private Limited  
(Unit: The Oudh Sugar Mills Ltd.)  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai - 400078  
email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

May it also be noted that should you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.

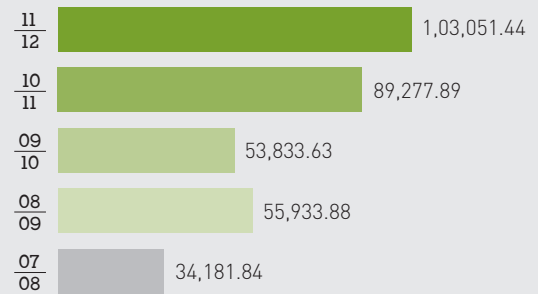
# Performance at a Glance

₹ in lacs

	2007-08	2008-09	2009-10	2010-11	2011-12
Gross Turnover	35393.59	58309.13	55498.33	92176.09	105589.17
Operating Profit	5320.15	10757.17	1144.16	7935.88	11661.71
Finance Cost	3717.39	5120.35	8140.34	11273.00	11617.46
Depreciation & Amortisation Expenses	2229.68	2632.03	4077.30	4117.66	4248.64
Profit/(Loss) before Tax and Exceptional Item	(626.92)	3004.79	(11073.48)	(7454.78)	(4204.39)
Profit/(Loss) after Tax	(451.27)	1917.38	(8227.90)	(5111.45)	(4492.61)
Net Worth	10083.42	13770.06	7251.91	5897.47	2663.88
Net Worth per Equity Share (₹)	55.48	62.82	27.98	22.76	10.28
Dividend per Equity Share (₹)	-	1.50	-	-	-
Earning per Equity Share (₹)	(2.48)	8.81	(32.88)	(19.72)	(19.08)
Cane Crushed (Season) (In lac Qtls.)	237.06	147.83	214.34	275.33	346.80

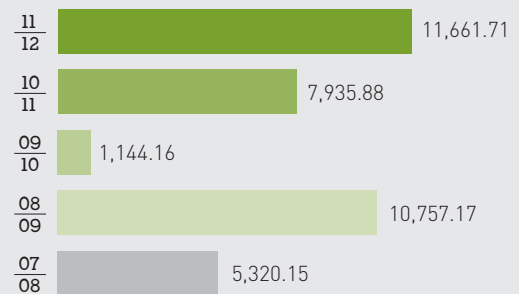
(₹ in lacs)

### Total income



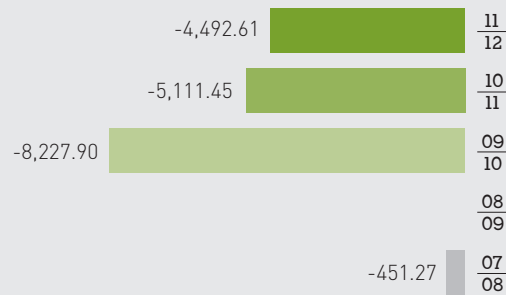
(₹ in lacs)

### EBIDT



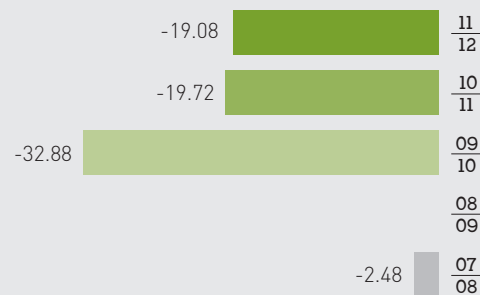
(₹ in lacs)

### PAT



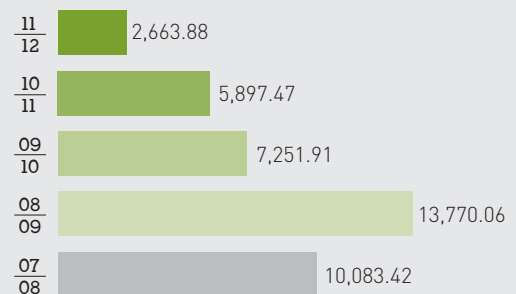
(₹)

### EPS



(₹ in lacs)

### Net worth



# Chairman's Message

Dear Shareholders,

2011-12 saw the industry being impacted by higher sugarcane prices vis-à-vis lower sales realisations. Sugar production, during the year, surpassed consumption, resulting in a softening of sugar prices. This surplus in production allowed the Government to lift the export ban and removed the stockholding limits from a previous limit of 90 days.



**YOUR COMPANY HAS CONTINUED TO UNDERTAKE MEASURES TO IMPROVE OPERATIONAL EFFICIENCIES AND OPTIMISE COST.**

**A LOT OF EFFORT HAS ALSO BEEN MADE TO IMPROVE THE HIGHEST SUCROSE VARIETIES OF CANE AND INCREASE IN CANE AREA SO AS TO INCREASE CAPACITY UTILISATION ACROSS ALL OUR MILLS.**

The overall industry continued to reel under pressure, owing to unfavourable regulatory measures related to cane pricing, levy quota, monthly release mechanism and exports. These regulations are not aligned to the actual pricing scenario, resulting in higher arrears in farmer payments, impacting overall operations and profitability of the sugar industry.

Against this backdrop, your Company has reported revenues, EBITDA and net loss of ₹1,03,051.44 lacs, ₹ 11,661.71 lacs and ₹ 4,492.61 lacs, respectively. The volume of cane crushed during this year increased by 25.96 % due to the State Advised Price paid by the industry to the farmers and greater cane acreage. All our units performed with the highest technical efficiencies and our average recovery improved from 9.26% to 9.59 %. The revenues from our by-products ethanol and energy, increased by 26.79% from ₹ 14,076.96 lacs in 2010-11 to ₹ 17,847.74 lacs in 2011-12.

Your Company has continued to undertake measures to improve operational efficiencies and optimise cost. I am glad that downtime was minimised due to the several initiatives that have been initiated on all fronts. A lot of effort has also been made to improve the highest sucrose varieties of cane and increase in cane area so as to increase capacity utilisation across all our mills.

Our focus has been on our core strength i.e the farmers. The factory has made considerable effort to increase awareness of the advanced methods of cultivation, varietal improvement and awareness of timely irrigation and ratoon management. I am proud to say that we along with the farmers have walked the extra mile to achieve this unique partnership with the Company.

These initiatives will strengthen our capability to pursue market opportunities and profitability once the industry rebounds. We are awaiting the much anticipated industry de-regulation and a practical long term Ethanol policy. Besides, our strong operational efficiencies and capacities will further allow us in consolidating our position.

Warm Regards,

**Chandra Shekhar Nopany**

# Directors' Report

To

The Members,

Your Directors take pleasure in presenting their Report as a part of the 80th Annual Report and the audited Accounts of the Company for the year ended 30th June, 2012.

## 2. FINANCIAL RESULTS AND APPROPRIATIONS

		₹ in lacs	
		2011-12	2010-11
<b>Gross Sales</b>		1,05,589.17	92,176.09
Profit before Exceptional Item, Depreciation & Amortization expenses, Tax and Finance Costs		11,661.71	7,935.88
Less: Depreciation & Amortization expenses	4,248.64		4,117.66
Finance Costs	11,617.46	15,866.10	11,273.00
<b>Profit/(Loss) Before Exceptional Item and Tax</b>		(4,204.39)	(7,454.78)
Less: Loss on account of Exceptional Item		2,422.19	-
Less: Provision for Tax:			
-Deferred Tax Charge/(Credit)		(2,133.97)	(2,343.33)
<b>Profit/(Loss) After Tax</b>		(4,492.61)	(5,111.45)
Add: Surplus/(Deficit) brought forward from previous year		(10,102.83)	(4,991.38)
<b>Amount carried forward to the Balance Sheet</b>		(14,595.44)	(10,102.83)

**THE COMPANY HAD RECORDED A NET REVENUE OF ₹ 1,03,051.44 LACS (INCLUDING OTHER INCOME AGGREGATING TO ₹ 618.74 LACS) FOR THE YEAR ENDED 30TH JUNE, 2012. THE GROSS SALES (INCLUSIVE OF EXCISE DUTY) OF THE COMPANY FOR THE YEAR 2011-12 INCREASED BY 14.55% TO ₹ 1,05,589.17 LACS FROM ₹ 92,176.09 LACS IN THE YEAR 2010-11.**

### OPERATING PERFORMANCE

3. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report which is made an integral part of this Report and marked as Annexure "A".

### FINANCIAL PERFORMANCE 2011-12

4. The Company had recorded a Net Revenue of ₹ 1,03,051.44 lacs (including other income aggregating to ₹ 618.74 lacs) for the year ended 30th June, 2012. The Gross Sales (inclusive of Excise Duty) of the Company for the year 2011-12 increased by 14.55% to ₹ 1,05,589.17 lacs from ₹ 92,176.09 lacs in the year 2010-11.
5. The Earning before Finance Costs, Depreciation & Amortization expenses end Tax for the year under review stood at ₹ 11,661.71 lacs representing 11.31% of the net revenue and showed an increase of 46.95 % over previous year's ₹ 7,935.88 lacs. The improvement of EBIDTA of the Company during the year under review can be attributed to better capacity utilization due to availability of sufficient quantity of sugarcane during the year under review and other cost control measures.
6. During the year under review the sugar industry made substantial losses due to the negative policies of the Central and the State Governments. Sugar prices remained under pressure during the major part of the year, mainly due to surplus sugar in the country along with the various controls exercised by the Central Government to control inflation. The Central Government has regulated exports by releasing 30.48 lac tonnes till 2nd August, 2012 and erratic release of sugar stocks under the archaic monthly release mechanism. The Central Government continued its policy of procuring 10% sugar as levy at prices significantly below the cost of production and the market prices.
7. The State Government of UP fixed an exorbitant price of ₹ 240/- per quintal of sugarcane at extraneous considerations without any economic justification. The sugar industry of Bihar in consultation with its State Government fixed a price of ₹ 225 per quintal which was accepted by all the farmers and the State Government as a Fair Price. The high sugarcane price without a corresponding increase in sugar price crippled the industry in UP.
8. The performance of the industrial alcohol divisions and the renewable power divisions of the Company improved during the year due to better availability of molasses and bagasse.

### PROGRESS OF THE FINANCIAL RESTRUCTURING PACKAGE

9. The financial restructuring package in relation to the Company approved by the Corporate Debt Restructuring Empowered Group (EG) at its meeting held on 9th February 2011 is progressing as planned.

### SUB-DIVISION AND REDUCTION OF A PART OF SHARE CAPITAL OF THE COMPANY

10. The Company has 44 Quarter Equity Shares of ₹ 25/- each issued to various shareholders from 1946 onwards. Further, the Company had also issued Bearer Equity Share Coupons of ₹ 25/- and ₹ 12.50 having a fully paid up value of ₹ 6,400/- entitling the coupon holders to Equity Shares. The Company has made several attempts to contact these shareholders and coupon holders to subdivide and convert their holdings into Equity Shares of ₹ 10/- each for several years. The Board of Directors at its meeting held on 8th August 2012 has, subject to the approval of the shareholders,

proposed to mandatorily subdivide the 44 Quarter Equity Shares of ₹ 25/- into 110 Equity Shares of ₹ 10/- each in terms of provisions of Section 94(1)(d) of the Companies Act 1956. The Board has also decided that, subject to the confirmation of the Allahabad High Court, the Bearer Equity Share Coupons of ₹ 25/- and ₹ 12.50 be cancelled and the share capital of the Company be reduced to that extent in terms of Section 100 of the Companies Act 1956. The Board has also recommended that 18,725 Equity Shares of ₹ 100/- each, which is not subscribed but is forming a part of the issued share capital, be cancelled in terms of Section 94(1)(e) of the Companies Act 1956.

### DIVIDEND

11. The Board of Directors do not recommend any dividend for the year under review in view of the current year's and accumulated losses.

### CORPORATE GOVERNANCE

12. Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis Report, 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

13. The Company has eight Non Executive Directors having experience in varied fields and a Chairman cum Managing Director. Two directors, Mr. Rohit Kumar Dhoot and Mr. Haigreve Khaitan shall retire from the Board by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.
14. Mr. Suresh Vinayak Muzumdar ceased to be a Director of the Company with effect from 24th April, 2012. He expired on 3rd May, 2012 after a prolonged illness.
15. 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

16. 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 loss 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;
- iv) 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 recognizing 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;
- v) The Annual Accounts have been prepared on a going concern basis.

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

17. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Assets amounting to ₹ 7,531.98 lacs for the year. The Company's projections are that in view of the anticipated hardening of the prices of Sugar in the current year there would be sufficient taxable income in the future to claim credit of Deferred Tax Assets.
18. The Auditors, Messrs S. R. Batliboi & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting of the Company 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 by the Shareholders, will be well within the limits prescribed in Section 224(1B) of the Companies Act, 1956.
19. 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 for the period beginning the conclusion of the ensuing Annual General Meeting of the Company and ending on the conclusion of the Annual General Meeting to be held next thereafter.



**COST AUDITORS**

20. In accordance with the directives of the Central Government under Section 233B of the Companies Act, 1956, M/s. D Radhakrishnan & Co., Cost Accountants, have been appointed as Cost Auditor to audit the Cost Accounting Records for the year ending on 30th June, 2013.
21. Cost Audit Reports for all the products for which cost audit is mandatory for the year ended 30th June, 2011 were filed on 2nd December, 2011 with the Cost Audit Cell of Ministry of Corporate Affairs within due dates viz., 31st December, 2011.

**SUBSIDIARY COMPANIES**

22. The Company has three direct subsidiaries and one step down subsidiary as per detail given below:
  - i) Hargaon Investment & Trading Company Limited
  - ii) Champaran Investment & Trading Company Limited
  - iii) OSM Investment & Trading Company Limited
  - iv) Hargaon Properties Limited – step down subsidiary
23. In compliance with General Circular No. 2/2011 of Government of India, Ministry of Corporate Affairs and as per the Resolution passed by the Board of Directors, the Company has opted to avail the exemption, provided under section 212(8) of the Companies Act, 1956 and accordingly the Audited statement of Accounts alongwith the Report of the Board of Directors and Auditors' relating to the Company's subsidiaries and step down subsidiary are not annexed as required under section 212(8) of the Companies Act, 1956. However, the Consolidated Financial Statement conforming to the Accounting Standard 21, 23 and 27 and including inter alia the financial performance of the said subsidiaries forms an integral part of the annexed Audited Statement of Accounts. A statement pursuant to section 212 of the Companies Act, 1956 is attached and marked as Annexure "D".
24. The Annual Accounts of the subsidiary companies and step down subsidiary will be available for inspection by any shareholder at the Registered Office of the Company and will also be available on the website www.birla-sugar.com. Furthermore, a hard copy of the detailed account of these subsidiaries will be furnished to any shareholder on demand at any point of time.

**PARTICULARS OF EMPLOYEES**

25. 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.

**TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

26. During the year under review, the Company has credited ₹ 2,18,512, lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 for the year 2003-04.

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

27. 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**

28. As on 30th June, 2012, your Company had 278 depositors with fixed deposits of ₹ 169.65 lacs. The Company had been regular in refunding the deposits on maturity.

**CEO/CFO CERTIFICATION**

29. Mr. Chandra Shekhar Nopany, the Chairman cum Managing Director and Mr. Dilip Patodia, President (Finance) & CFO have submitted a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

**ACKNOWLEDGEMENTS**

30. 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 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 recognize the valuable contribution made by the employees at all levels towards Company's progress.

For and on behalf of the Board

**Chandra Shekhar Nopany**  
Chairman-cum-Managing Director

New Delhi

Dated, 8th August, 2012

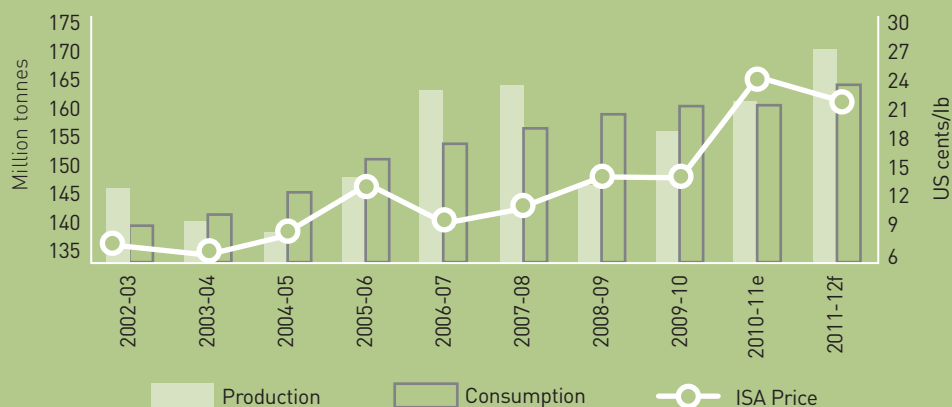
# Management Discussion and Analysis Report

## INDUSTRY STRUCTURE AND DEVELOPMENT OF SUGAR BUSINESS

### GLOBAL SUGAR INDUSTRY

The global sugar industry is dominated by Brazil, India, China and Thailand, which cumulatively account for 52% of global sugar production and 53% of total exports (*Source: Centrum*). During the Sugar Season (SS) 2011-12, the global sugar production is expected to increase by 5.85%, touching 173.83 million tonnes against 164.22 million tonnes in the previous year, surpassing the production levels achieved in 2007-08. Interestingly, India, EU and Thailand were the major contributors to this record production, due to bumper cane production, while Brazil witnessed a 2 million tonne decline in its production levels. Global sugar consumption, on the other hand, increased to 167.35 million tonnes in 2011-12, growing at a healthy rate of 2.26% in line with its 10-year average of 2.14%.

### World production, consumption and ISA prices



(Source: ISO, quarterly market outlook, May 2012)

**World sugar balance (million tonnes)**

	2011-12	2010-11	Change	
			million tonnes	in %
Production	173.82	164.21	9.60	5.85
Consumption	167.35	163.64	3.70	2.26
Surplus/Deficit	6.47	0.57		
Import demand	48.61	53.09	-4.48	-8.44
Export availability	53.53	52.79	0.74	1.41
End stocks	58.47	56.91	1.55	2.73
Stocks/Consumption ratio in %	34.94	34.78		

**INDIAN SUGAR INDUSTRY**

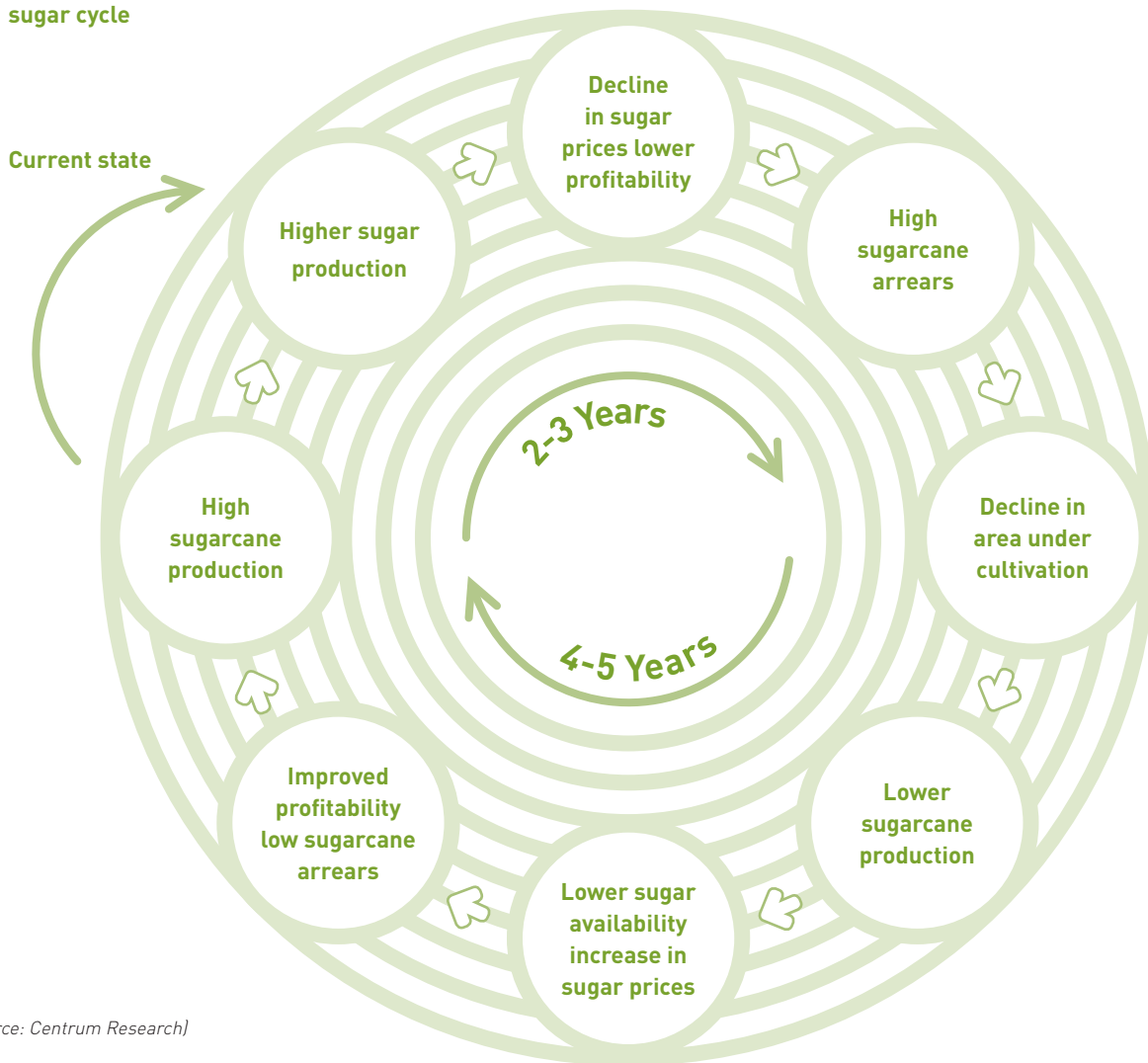
The significance of the sugar industry in India stretches far beyond the role of a sweetener supplier. It is of immense significance to the Indian economy and holds the second position in India's agro-based processing industry, following cotton. It drives the nation's rural development by mobilising resources and generating employment both direct and indirect.

**BIG FACTS**

<b>671</b> mills Spread across the country	<b>50+</b> million families Sugar industry generates rural employment	
<b>&gt;1%</b> Contribution to GDP	<b>15% +</b> Contribution to global sugar production	<b>25%</b> Contribution to the global sugarcane production

The sugar industry is cyclical in nature. During the stage of high sugarcane production, there is an increased crushing, leading to abundance in sugar supply in the market. This leads to lower realizations, impacting the profitability of the sugar industry. This in turn results in untimely payments to the farmers and increasing cane arrears. As a result, farmers reduce their sugarcane acreage and opt for other crops, which can give them higher returns. Consequently, it would lead to lower sugarcane production, less crushing and supply deficit of sugar in the market. However, it would positively impact the sugar industry, owing to higher realizations they would fetch from the market. This would improve their profitability and enable them to clear the arrears. The entire cycle lasts for 7-8 years, which includes 4-5 years of up-cycle and 2-3 years of down-cycle.

## The sugar cycle



(Source: Centrum Research)

## SUGAR PRODUCTION IN INDIA

The domestic sugar output is on a rise for the third consecutive year. It has outpaced domestic consumption for a second year in a row, reaching an estimated 26 million tons in 2011-12. The excess production is on account of higher sugarcane output, resulting out of higher acreage, remunerative price of cane and favourable climatic conditions.

### Domestic sugar production

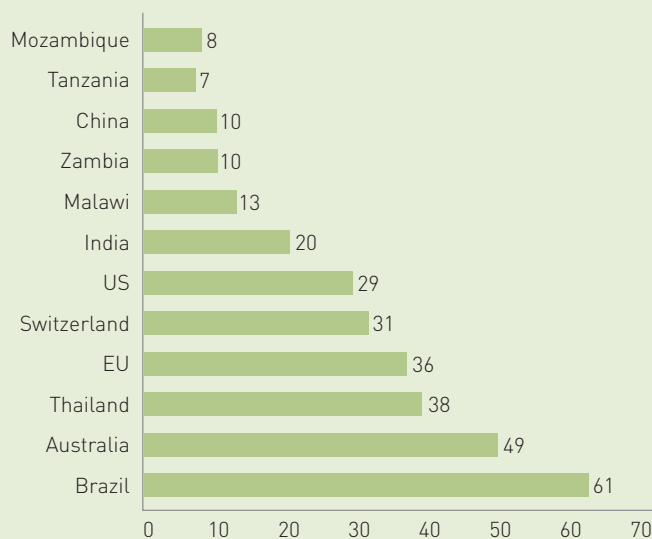


(Source: ISO, May 2012)

## SUGAR CONSUMPTION IN INDIA

The sugar consumption in 2011-12 grew marginally to an estimated 21 million tonnes, compared to 20.77 million tonnes in 2010-11. Despite being the largest sugar consumer globally, India's per-capita sugar consumption is 21 kg, which is much lower as compared to major economies of the world (Brazil: 61 Kg, USA: 29 Kg and European countries: 36 Kg).

### Per-capita sugar consumption (Kg.)



(Source: Centrum)

### Domestic sugar production and consumption

Million MT/SY	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Opening stock - 1st Oct	11.61	8.50	4.00	3.70	10.20	9.90	3.50	5.00	5.80
Production (Oct-Sept)	14.00	12.69	19.27	28.30	26.30	14.60	18.92	24.37	26.00
Imports	0.40	2.14	-	-	-	1.30	6.00	-	-
Total availability	26.01	23.33	23.27	32.00	36.50	28.10	28.42	29.37	31.80
Domestic consumption	17.29	18.50	18.50	20.20	21.70	22.30	23.42	21.00	23.00
Exports	0.22	-	1.13	1.70	4.90	-	-	2.6	3.00

(Source: ISMA and ICRA Research)

### Key growth drivers of sugar consumption/production

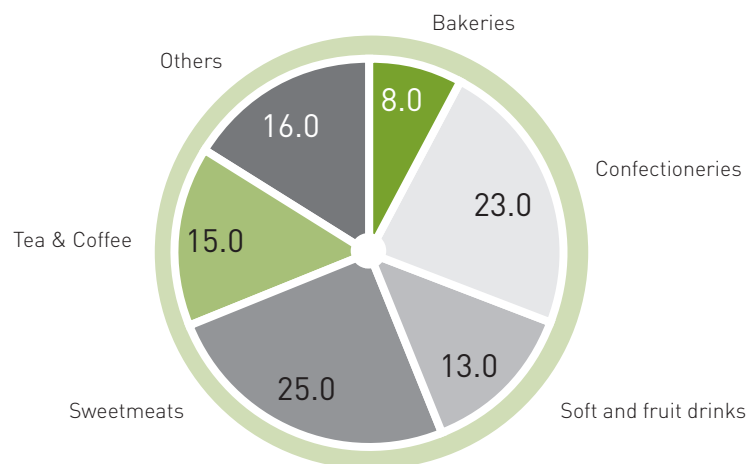
Growing population

Rising per capita income

Demand from the industrial segment (CAGR of 10.3% between 2011 and 2016)

High profitability of by-products, such as ethanol, press muds and power (co-generation)

## Industrial consumption trend (%)



(Source Crisil Research)

### SUGAR IMPORTS AND EXPORTS

Until last year, the Government had imposed restrictions on sugar exports to control inflation. However, in 2011-12, after anticipating higher sugar production, the Government has now lifted the limitations in exports. In September 2011, sugar exports beyond 3 million tonnes were approved by the Ministry of Agriculture. Further, in May 2012, under the Open General License (OGL), the limit on the quantity of sugar exports was removed. The Government issued the formal order to permit sugar shipping without any cap on quantity, and to register export contracts with the Ministry of Commerce. India is expected to export around 4 million tonnes of sugar in 2011-12.

### CANE PRODUCTION

As per ISMA's first estimate, the area under sugarcane coverage for 2011-12 increased by 2.7% to 5.15 million hectares. India is expected to have registered a harvest of

record crop of 370 million tonnes of cane, with a cane yield of around 70 tonnes per hectares.

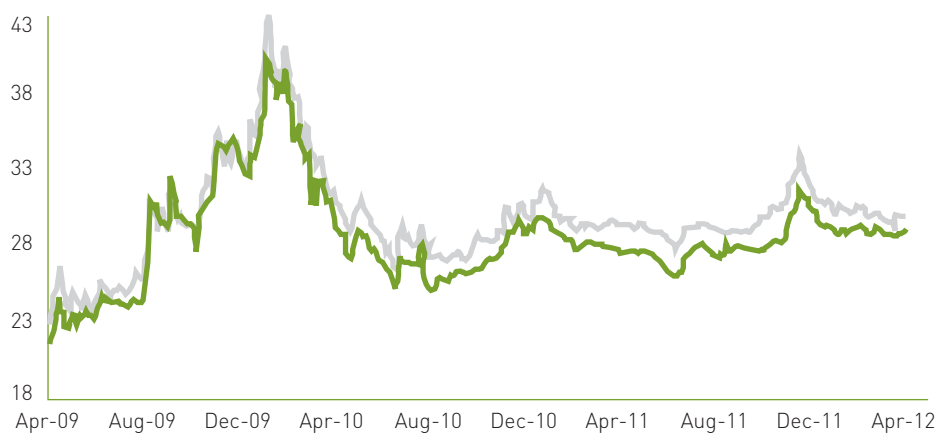
### CANE PRICES

The Government replaced the Statutory Minimum Price (SMP) by the Fair Remunerative Price (FRP) with effect from 2009-10. During 2011-12, the Government hiked the FRP by 4.2% to ₹ 145 per quintal from ₹ 139.12 per quintal in 2010-11. The State Advised Price (SAP) was set at ₹ 240 per quintal in 2011-12. The SAP in UP increased from ₹ 205 per quintal in 2010-11 to ₹ 240 per quintal in 2011-12, resulting in further pressure on the margins of sugar mills. The FRP of 2012-13 is ₹ 170 per quintal.

The domestic sugar prices, on the other hand, have also been reeling under pressure, since the past one year on account of sugar surplus. The exmill prices were range bound between ₹ 28 per kg to ₹ 30 per kg. Higher cane prices and lower realizations resulted in losses for the industry.

### Sugar price trend in India

INR/Kg



(Source: Bloomberg)

— Small grade — Medium grade

### GOVERNMENT INITIATIVES

- Exempted the export limit of sugar from this year; exporters are not required to take approval from the food ministry, but they need to disclose the quantities sold abroad
- Removed the curbs on stock holding on traders from December 2011 onwards, from an earlier limitation of 90 days
- The Government is considering a shift to dynamic levy sugar allocation. Currently, the millers sell 10% of their total sugar production to the Government under the levy obligation at about 50% of their production cost, resulting in an annual industry loss of about ₹ 3,000 crore. The Government is considering a shift from a constant 10% to a dynamic levy system, depending on the volume of production in that particular year. In a year of high production, the levy may be reduced to 5-6% and during low production it can be hiked to 10-12%, hence providing flexibility to the sector.

### The ratio of levy and free quota sugar

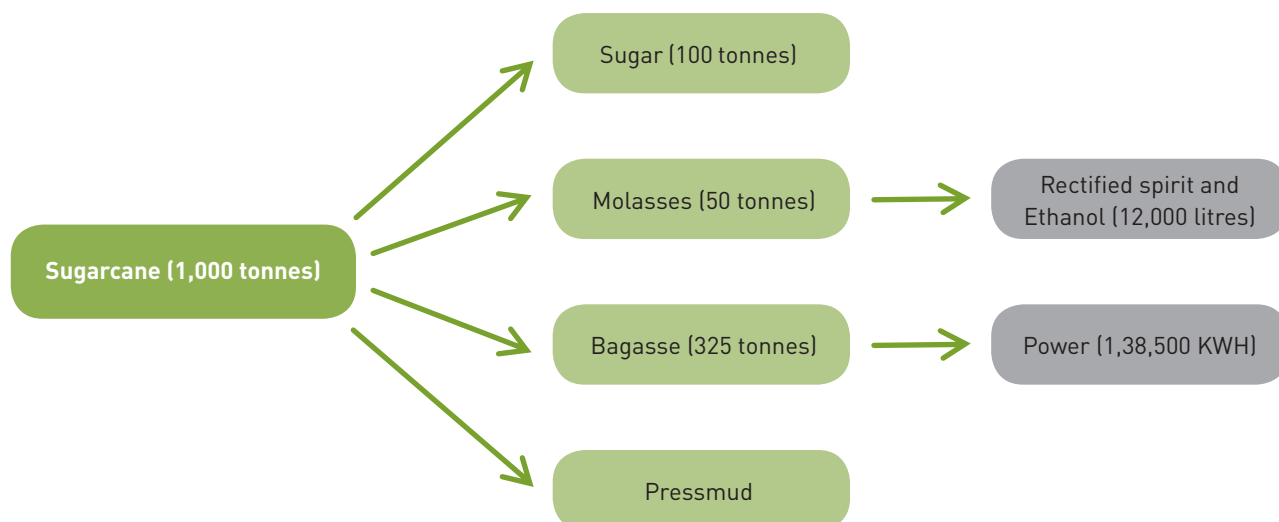
Sugar season	Govt. control	Levy	Free
1999-2000 and 2000-2001	Partial	30	70
2000-2001 and 2001-2002	Partial	15	85
2001-2002 to 2008-2009	Partial	10	90
2009-2010	Partial	20	80
2010-2011 and onward	Partial	10	90

(Source: ISMA)

### By-products

The sugar industry also provides valuable by-products like bagasse, molasses and press-mud, which are utilized to generate power and produce industrial alcohol/ethanol and fertilizers. As a result, the sugar companies have the potential to de-risk their revenue model.

### Sugar value chain



### INDUSTRY STRUCTURE AND DEVELOPMENTS OF ETHANOL

Ethanol is produced directly from molasses. Its production is estimated to grow by 29% to 2,170 million litres for 2011-12. The Government offers subsidized loans to sugar mills for setting up an ethanol producing unit, covering 40% of the project cost, thus encouraging higher ethanol production. In January 2003, the Government had envisaged a plan Ethanol Blending Program (EBP), according to which 5% ethanol blend in gasoline is mandated. The ethanol supply for EBP is unlikely to be constrained, given the improved supply situation. According to industry and trade sources, ethanol availability during 2011-12 is forecast at 300 million

litres, against the target of 1 billion litres by the industry. Simultaneously, the Government has also fixed a provisional price of selling ethanol at ₹ 27 per litre. Today, out of the total 330 distilleries, 140 distilleries have a capacity to distil about 2 billion litres of conventional ethanol annually. This is likely to meet the demand of 5% mandatory blending of ethanol with petrol.

Given that India is the fourth largest global contributor to carbon emissions, the transport policy of the Government of India has already introduced EURO-III and EURO-IV norms for vehicles, which in turn will require adopting clean and green fuel. The Government is concerned for economic,

environmental and energy security and is looking for alternate fuels to meet energy demand.

India has 330 distilleries, which produce over 4 billion litres of rectified spirit (industrial alcohol) annually. Of the total distilleries, about 120 distilleries have the capacity to distillate 1.8 billion litres of conventional ethanol annually, and meet the demand for the mandatory 5% blending of ethanol with petrol. Currently, India produces conventional bio-ethanol from sugar molasses and producing bio-ethanol is in its nascent form [Source: Global Agricultural Information Network Report, USFDA].

The Company's two distilleries at Hargaon and Narkatiaganj possess a combined capacity to produce 160 KLPD of industrial alcohol/ethanol annually. It produced 398.81 lac litres of spirit in 2011-12, as against 345.36 lac litres in 2010-11, registering a 15.48% increase.

**On an average 1000 tonnes of sugarcane would produce 50 tonnes of molasses, which will result in producing 12,000 litres of rectified spirit and ethanol**

#### COGENERATION SECTOR

Bagasse generated as a by-product is utilized in two major ways - in paper manufacturing and electricity generation. The power produced through co-generation substitutes the conventional thermal alternative and reduces greenhouse gas emissions. With modernization of the new and existing sugar mills the surplus power generated across sugar factories in India, is likely to be around 5,000 MW [Source: Ministry of New and Renewable Energy].

At present, where fossil fuel prices are escalating and there is a shortage and non-availability of coal, co-generation appears to be a promising development. The thrust on distributed generation and increasing awareness for reducing greenhouse gas emissions enhances the need for cogeneration. Also, it helps in controlling pollution from fossil fuels.

India's 527 working sugar mills crush around 240 million tonnes of cane per year and generate 80 million tonnes of wet bagasse (50% moisture), of which they consume around 70 million for meeting captive requirements of power and steam. Thus, electricity production through cogeneration in sugar mills in India is an important avenue for supplying low-cost, non-conventional power [Source: Press Information Bureau, Government of India].

At present, India has around 206 cogeneration units with a cumulative installed exportable capacity of 3,123 MW (peak season). Besides, India has a potential of generating 500 MW of power through bagasse.

The Company through its three co-generating power plants with an aggregate co-generation capacity of 60 MW marketed 966.20 lac units of power from its plants, compared with 545.15 lac units in 2010-11.

**On an average 1000 tonnes of sugarcane would produce 325 tonnes of bagasse, which will result in 1,38,500 Kwh of power generation.**

#### SWOT ANALYSIS

##### Strengths

- Second largest producer and largest consumer of sugar globally;
- Important contributor to India's socio-economic growth;
- Provides feed to the downstream industry by way of industrial alcohol, ethanol and co-generation.

##### Opportunities

- Industry de-regulation, which could lead to balanced sugar production and cane prices;
- Demand from the downstream industries.

##### Weakness

- Cyclical nature;
- Irrational sugarcane pricing;
- Outdated technology resulting in higher production cost and lower recoveries.

##### Threats

- Lower cane availability in the event of farmers shifting their preference towards planting other crops;
- Unfavourable Government regulations towards cane pricing, levy purchase and exports.

#### COMPANY REVIEW

##### Operational Highlights

The Company's operational performance improved further owing to a positive sugar environment in 2011-12. This year the Company crushed 346.80 lac quintals of sugarcane, an increase of 25.96% over the previous year due to an increase in area under cultivation and favourable climatic conditions. Besides, the Company's on-time payment to farmers further resulted in greater availability of sugarcane. The Company also achieved a recovery rate of 9.59% during the year. The Company paid ₹240 per quintal for general variety to the farmers towards cane purchase and embarked upon multiple initiatives to improve cane productivity and yield. The crushing days increased from 436 days in 2010-11 to 520 days in 2011-12.



**Sugar production**

	Year 2011-12					Year 2010-11				
	Hargaon	Rosa	Narkatiaganj	Hata	Total	Hargaon	Rosa	Narkatiaganj	Hata	Total
Sugarcane crushed (lac quintal)	152.90	51.71	78.79	63.40	346.80	124.83	31.84	68.15	50.51	275.33
Recovery (%)	9.58	9.04	9.71	9.92	9.59 (Average)	9.45	8.50	9.40	9.67	9.26 (Average)
Sugar produced (lac quintals)	14.64	4.67	7.65	6.29	33.25	11.80	2.71	6.41	4.88	25.80
Crushing days	165	135	111	109	-	137	104	102	96	-

**Alcohol production**

	Year 2011-12			Year 2010-11		
	Hargaon	Narkatiaganj	Total	Hargaon	Narkatiaganj	Total
Alcohol produced (lac litres)	248.26	150.55	398.81	233.24	112.12	345.36
Recovery (%) (litres per quintal)	23.33	21.64		22.46	21.63	

**Power sold**

	Year 2011-12				Year 2010-11			
	Hargaon	Narkatiaganj	Hata	Total	Hargaon	Narkatiaganj	Hata	Total
Power sold to Grid (in lac units)	352.55	123.40	490.25	966.20	246.97	87.73	210.45	545.15

**FINANCIAL PERFORMANCE**

While the operational performance of various divisions/product groups of the Company are described above the financial performance for 2011-12 can be summed up as follows:

Particulars	Amount (₹ In lacs)
Gross Turnover (inclusive of Excise Duty)	1,05,589.17
Other Income	618.74
Profit before Finance cost, Depreciation & Amortization expenses and Tax	11,661.71
Finance Cost	11,617.46
Depreciation & Amortization expenses	4,248.64
Tax expenses- Deferred Tax (Credit)	(2,133.97)
Net Profit / (Loss)	(4,492.61)
Balance brought forward from previous years	(10,102.83)

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company's strong internal control system ensures smooth functioning of each and every department of the organization. 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 compliance with statutory rules and regulations, thus contributing to the Company's operational efficiency.

The Company's internal audit is conducted by a firm of Chartered Accountants. The findings of the internal audit and consequent corrective actions initiated and implemented from time to time are placed before the Audit Committee. The Audit Committee reviews the audit findings and the adequacy and reasonableness of internal control system. The Company is in the process of implementing SAP.

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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 organization. The Company has adopted a progressive policy of continuous development of its human resources by training and motivating employees to attain greater efficiency and competence, besides striving to retain the talent.

The current strength of management staff is 69 and non-management staff is 1814.

Industrial relations in all the units were cordial throughout the year under review and there was no material development in Human Resources/Industrial relation front.

## RISK MANAGEMENT

### Risk Type

**Lower sugar realizations:** Lower sugar realisations can directly impact the top line of the Company, making it difficult to meet its day-to-day expenses.

As mitigation measures, the Company has developed an integrated business model, which provides them with an additional revenue stream through the sale of ethanol and power.

### Risk Type

**Lower recovery:** The Company may fail to leverage higher cane production owing to lower recovery rate, though this year the sugar recovery was on expected lines.

As mitigation measures, the Company has put in place latest methodology and techniques for higher recoveries.

### Risk Type

**Farmer relationship:** Non-availability of cane due to inharmonious farmer relations may result in lower crushing, impacting the Company's overall performance.

As mitigation measures, the Company maintains harmonious and cordial relationship with its farmers. Besides ensuring timely payments, it also helps them in seed selection and fertilizers.

## OUTLOOK

The previous two years have eroded the profitability of the sugar industry, resulting in huge losses and accumulated cane arrears. The problem would have been more acute had the Central Government not permitted the industry to export sugar and reduce the surplus sugar from the Indian markets. The problems facing the sugar industry are being recognized by the Central Government. For this purpose it has constituted a high-powered committee under the Chairmanship of Dr. Rangarajan. This Committee is expected to submit its report shortly, and it is hoped that the industry's demand for deregulation will be accepted.

The monsoon during the year 2012-13 has started off late, with deficiencies in Maharashtra and Karnataka. This is likely to affect the sugar production in these two states. Preliminary indications are that the monsoon in the northern region, though late, is by and large satisfactory.

As a result of these two factors, sugar production in India during 2012-13 will be lower than the previous year, but is still expected to be substantially higher than domestic consumption. In anticipation of a reduction in production, sugar prices have improved from the month of July 2012 onwards. It is yet to be seen whether this is sustained and will depend on the final outcome of the monsoon and sugarcane availability.

## CAUTIONARY STATEMENT

The statements in the Management Discussion and Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on certain assumptions and expectations of future events, actual result could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting global or domestic demand and supplies, political and economic developments in India or other countries, government regulations and taxation policies, prices and availability of raw materials, prices of finished goods, abnormal climatic and geographical conditions, etc. The company assumes no responsibility in respect of forward looking statements contained in this Report as the same may be revised or modified in the future on the basis of subsequent developments, information or events.

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, 2012

**I. CONSERVATION OF ENERGY :**

- i. Following initiatives have been taken by the Company to conserve Energy during the year 2011-12:
- The Company has installed various machineries and equipments which besides increasing generation of steam are also dedicated to reduce consumption of steam and fuel.
  - 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
<b>Electricity :</b>				
<b>a) Purchased :</b>				
Units (in lacs)	19.06	2.52	17.12	3.05
Total amount (₹ in lacs)	107.06	15.51	142.51	19.20
Rate/Unit(₹)	5.62	6.16	8.32	6.30
<b>b) Own Generation :</b>				
i) Through Diesel Generator :				
Units (in lacs)	10.93	0.67	13.69	0.75
Units/litre of diesel-oil	3.38	14.16	3.59	14.08
Cost/Unit (₹)	12.38	3.06	10.89	2.77
ii) Through Steam Turbine/ Generator :				
Units (in lacs) (Excluding units sold to and used in other segment)	1007.57		800.38	
Units/litre of fuel oil/gas				
Cost/Unit (₹)				
	Not ascertainable as the bagasse which is a by-product of the Company is being used as fuel			
<b>Coal :</b>				
Quantity (Tonnes)	-	684.20	-	788.10
Total Cost (₹ in lacs)	-	59.30	-	53.67
Average Cost per Tonne (₹)	-	8666.42	-	6810.42
<b>(B) Consumption per unit of production :</b>				
Products Sugar - (in lac Qtls)	33.25	-	25.77	-
Food Processing (in lac Qtls)	-	0.42	-	0.46
Electricity (unit)	31.47	7.63	32.25	8.26
Coal (in kg)	-	0.16	-	0.17

## 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 Borer for its control.
- Biological Control of Borer:-** Parasites (Tricogramma Cards) have been applied in the crop to protect from 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 fertilizers 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.

The Company has not imported any new technology.

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- |   |   |  |
|---|---|--|
| <ol style="list-style-type: none"> <li>Activities relating to exports, initiatives taken to increase exports</li> <li>Development of new export markets for products and services and export plan</li> <li>Earnings in Foreign Exchange -</li> <li>Expenditure in Foreign Currency -</li> </ol> | } | <p>Sugar is generally exported through Indian Sugar Exim Corporation Limited. The Government allowed exports through merchant exporters also.</p> <p>- ₹ 251.27 lacs (FOB Value)</p> <p>- ₹ 13.54 lacs</p> |
|---|---|--|

## Annexure -C

### 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, 2012

Name	Designation	Remuneration (₹)	Nature of Duties	Qualification	Experience (years)	Age (years)	Year of commencement of employment	Last employment held
<b>Employed throughout the year :</b>								
Mr. Chandra Shekhar Nopany	Chairman cum Managing Director	1,13,45,227	Overall management of the affairs of the Company	B. Com., A.C.A., M.S.I.A.	22	47	1st July, 1995	None

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

New Delhi  
Dated, 8th August, 2012

For and on behalf of the Board  
**Chandra Shekhar Nopany**  
Chairman-cum-Mg 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, 2012 was held by the Company. As on 31st March, 2012, 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.

₹ in lacs

Name of the Subsidiary Company	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	18.22	98.81	-	43.41
Hargaon Investment & Trading Company Limited	115.08	560.89	-	57.22
OSM Investment & Trading Company Limited	57.59	151.67	-	26.06
Hargaon Properties Limited	(0.26)	2.03	-	-

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, 2012, 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 interest free loan given by Champaran Marketing Company Limited to the Company decreased by ₹ 2,50,000. Further, loan received by OSM Investment & Trading Company Limited increased by ₹ 10,000 and loan received by Hargaon Investment & Trading Company Limited has been decreased by ₹ 50,000.

**Govind Narayan Pareek**  
Company Secretary

**Ashvin Chinubhal Dalal**  
Director

**Chandra Shekhar Nopany**  
Chairman-cum-Managing Director

**FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES U/S 212(8) OF THE COMPANIES ACT, 1956**

in ₹

Sl. No.	Financial Information	Champaran Marketing Company Limited	Hargaon Investment & Trading Company Limited	OSM Investment & Trading Company Limited	Hargaon Properties Limited
1	Reporting Currency (Rupees)	₹	₹	₹	₹
2	Paid up Capital	1,08,72,500	3,04,57,270	1,74,04,180	45,00,000
3	Reserves & Surplus	4,41,86,796	12,90,20,641	4,36,83,993	1,77,011
4	Total Liabilities	25,64,84,064	37,66,22,226	11,08,71,173	47,34,011
5	Investments	5,29,15,352	18,26,91,208	10,77,07,627	47,23,634
6	Total Assets	25,64,84,064	37,66,22,226	11,08,71,173	47,34,011
7	Turnover/ Total Income	33,72,333	1,29,81,431	58,82,659	-
8	Profit/(Loss) before taxation	18,31,434	1,15,16,863	57,58,772	(26,281)
9	Provision for Taxation	9,057	8,467	-	-
10	Profit/ (Loss) after Taxation	18,22,377	1,15,08,396	57,58,772	(26,281)
11	Proposed Dividend	NIL	NIL	NIL	NIL
12	Country	INDIA	INDIA	INDIA	INDIA



# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY

The Oudh Sugar Mills Limited (OSML), a part of Birla Group of Sugar Industries, firmly believes that Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objective of the organization most effectively. Corporate Governance in fact denotes acceptance by the management of the inalienable rights of the shareholders as true owners of the organization and of their own role as trustees on behalf of the shareholders.

By harnessing ethical values with business acumen the executive functions of OSML is structured to institutionalize policies and practices that enhance the efficacy of the Board and the Senior Management of the Company and inculcate a culture of accountability, transparency and integrity across the Company as a whole. OSML has a strong legacy of fair, transparent and ethical Governance practices and procedures and 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 stake holders of the Company. The other enablers for the Company are 'team work' and 'adherence' to professionalism.

OSML has also in place a duly codified Code of Conduct and Code of Internal Procedures and Conduct as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 1992 for its employees including the Executive Chairman and Managing Director. This Code is available on Company's website.

OSML is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. With the adoption of an uncodified whistle blower mechanism as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges OSML has moved far ahead in its pursuit of excellence in Corporate Governance.

## 2. BOARD OF DIRECTORS

- i) The Company has in all 9 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 9 directors, 7 (77%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges. 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 institutionalize 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 systematize 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 back up 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.
- ix) No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.
- (ix) During the year under review there had been no appointment of any Director. Mr. Suresh Vinayak Muzumdar ceased to be a Director of the Company with effect from 24th April, 2012 and expired on 3rd May, 2012. The Board has put on record its highest appreciation for the contribution received from him as a Director of the Company.

During the year under review four Board Meetings were held on 10th August, 2011, 18th October, 2011, 24th January, 2012 and 24th April, 2012. 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 mentioned below. The number of directorships held by the Directors do not include Private Limited Companies, Foreign Companies and Companies incorporated under section 25 of the Companies Act, 1956.

Chairmanships/Memberships of the Board Committees by the Directors include only Audit and Shareholders'/Investors' Grievance Committees.

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	CMD	4	No	14	1	2	73,804
Mr. Suresh Vinayak Muzumdar*	I/NED	0	No	0	0	0	1050
Mr. Ashvin Chinubhai Dalal	I/NED	4	Yes	0	0	0	NIL
Mr. Chand Bihari Patodia	I/NED	1	No	1	0	0	NIL
Mr. Rohit Kumar Dhoot	I/NED	3	No	6	0	0	NIL
Mrs. Madhu Vadera Jayakumar	I/NED	0	No	0	0	0	NIL
Mr. Haigreave Khaitan	NED	1	No	15	0	8	NIL
Mr. Jayant Narayan Godbole	I/NED	4	No	14	2	8	NIL
Mr. Pushkar Sahay- Nominee of SBI	I/NED	2	No	0	0	0	NIL
Mr. Inderpal Singh Kalra- Nominee of IDBI	I/NED	4	No	1	0	0	NIL

CMD - Chairman cum Managing Director      I - Independent  
 NED - Non-Executive Director

\* resigned with effect from 24th April, 2012 and expired on 3rd May 2012.

Mr. Rohit Kumar Dhoot and Mr. Haigreave Khaitan 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 Exchanges 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.

#### 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 (including the statutory 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 the accounting standards and introduction of steps towards implementation of IFRS;
  - vii. compliance of listing requirements of stock exchange and legal requirements concerning financial reporting and preparation of 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 reasons for substantial defaults in payment to the depositors, shareholders (in case of non payment of declared dividend) and creditors.
- Reviewing the functioning of the Whistle Blower mechanism.
- Reviewing the appointment of Cost Auditors.
- Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background of the candidate.

### Composition and Meetings

The Audit Committee comprises of four Non-Executive Directors viz. Mr. Ashvin Chinubhai Dalal (Chairman), Mr. Chand Bihari Patodia, Mrs. Madhu Vadera Jayakumar and Mr. Rohit Kumar Dhoot, all of whom, are Independent Directors. Mr. Suresh Vinayak Muzumdar ceased to be the member of Audit Committee with effect from 24th April, 2012.

Mr. Govind Narayan Pareek, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside Internal Auditors to answer and clarify the queries raised at the Meetings. The Chief Financial Officer and the Company Secretary also attended all the meetings. During the year the Committee met four times on 10th August, 2011, 18th October, 2011, 24th January, 2012 and 24th April, 2012. Attendance of the members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Mr. Ashvin Chinubhai Dalal	Chairman	4
Mr. Chand Bihari Patodia	Member	1
Mr. Rohit Kumar Dhoot	Member	3
#Mrs Madhu Vadera Jayakumar	Member	0
*Mr. Suresh Vinayak Muzumdar	Member	0

# appointed with effect from 24th April, 2012

\* resigned with effect from 24th April, 2012

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

##### i) Objectives:

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 recommend to the Board on the specific remuneration of Executive Director and executives just below the rank of Executive Director, 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.

##### ii) Terms of Reference:

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

- To recommend to the Board salary, perquisites and incentive payable to the Company's Executive Director and executives just below the rank of the Executive Director and increments in their salaries.
- To recommend to the Board any new appointments including re-appointments and tenure of office of Executive Director
- To consider such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

##### iii) Composition and Meetings:

The Committee, presently, comprises of three Independent Non-Executive Directors, viz., Mr. Rohit Kumar Dhoot (Chairman), Mr. Ashvin Chinubhai Dalal, and Mrs. Madhu Vadera Jayakumar. Mr. Suresh Vinayak Muzumdar ceased to be the Chairman of Remuneration Committee with effect from 24th April, 2012. Mr. Rohit Kumar Dhoot was appointed as the Chairman of the Remuneration Committee with effect from 28th June, 2012. During the year the Committee met twice on 31st December, 2011 and 28th June, 2012. Attendance of the members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
*Mr. Suresh Vinayak Muzumdar	Chairman	1
Mr. Ashvin Chinubhai Dalal	Member	1
\$Mr. Rohit Kumar Dhoot	Member/ Chairman	2
#Mrs. Madhu Vadera Jayakumar	Member	1

\* resigned with effect from 24th April, 2012

\$ appointed as Chairman with effect from 28th June, 2012

# appointed with effect from 24th April, 2012

##### iv) Remuneration Policy:

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

- Job profile and special skill requirements.
- Prevailing compensation structure in companies of similar size and in the industry
- 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.

During the last 6 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 2011-12:

##### a) Executive Director

Managing Director	Salary ₹	Perquisites ₹	Retirement Benefits ₹	Total ₹
Mr. Chandra Shekhar Nopany	39,00,000	69,67,831	4,77,396	1,13,45,227

Mr. Chandra Shekhar Nopany's remuneration package includes salary, free furnished accommodation 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 ₹ 5,000/- and ₹ 2,500/- per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The detail of sitting fees paid during the year 2011-12 are as follows:

Sl. No.	Name of the Director	Gross Amount (₹)
1	Mr. Suresh Vinayak Muzumdar	27500
2	Mr. Ashvin Chinubhai Dalal	35000
3	Mr. Chand Bihari Patodia	7500
4	Mr. Rohit Kumar Dhoot	35000
5	Mrs. Madhu Vadera Jayakumar	17500
6	Mr. Haigreve Khaitan	5000
7	Mr. Jayant Narayan Godbole	20000
8	Mr. Pushkar Sahay	10000
9	Mr. Inderpal Singh Kalra	20000

#### 5. INVESTORS' GRIEVANCE COMMITTEE (CONSTITUTED ON 25TH AUGUST, 2000)

##### 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. By a resolution of the Board of Directors of the Company dated 28th April, 2011 the terms of reference of the Investors' Grievance Committee has further been enlarged to include taking note of: shares transferred in course of a quarter, status of dematerialized shares as on the end of each quarter, stock of blank stationery of share certificates as on the end of each quarter, shareholding pattern of the Company as on the end of each quarter and detail of investors' grievances pending as on the end of each quarter.

#### Composition & Meetings:

i) The Committee, presently, comprises of three Non-Executive Directors viz. Mrs. Madhu Vadera Jayakumar, Mr. Rohit Kumar Dhoot and Mr. Haigreve Khaitan. Mr. Suresh Vinayak Muzumdar ceased to be the Member and Chairman of the Investor Grievance Committee with effect from 24th April, 2012. Mrs. Madhu Vadera Jayakumar has been appointed as the Chairperson of the Investors' Grievance Committee with effect from 6th July, 2012. Mr. Haigreve Khaitan has been appointed as a Member of Investor's Grievance Committee with effect from 8th August, 2012. Mr. Govind Narayan Pareek, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges.

Four meetings of the Committee were held during the year under review on 15th July, 2011, 7th October, 2011, 5th January, 2012 and 9th April, 2012 and the attendance of the members at the meeting was as follows :

Name of the Member	Status	No. of meetings attended
*Mr. Suresh Vinayak Muzumdar	Chairman	4
Mr. Rohit Kumar Dhoot	Member	3
#Mrs. Madhu Vadera Jayakumar	Member	1
\$Mr. Haigreve Khaitan	Member	0

\*resigned with effect from 24th April, 2012

#appointed as Chairperson with effect from 6th July, 2012

\$appointed with effect from 8th August, 2012.

The Board of Directors have authorised the Company Secretary to approve transfers/transmissions of shares in physical form upto 1000 shares. The transfers/transmissions approved by the Company Secretary are periodically placed before the Committee. During the year under review the Company received 9 complaints/grievances from the shareholders which were duly attended. The average period in which grievances are addressed is 7 days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2012. There were no share transfer applications pending for registration as on 30th June, 2012.

## 6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location
2010-2011	28.12.2011	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2009-2010	21.12.2010	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2008-2009	26.11.2009	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.

A Special Resolution was passed at the Annual General Meeting held on 21st December, 2010 for payment of commission not exceeding 1% of the net profit of the Company computed under section 349 of the Companies Act, 1956. No Special resolution was passed at the Annual General Meeting held on 26th November, 2009 and 28th December, 2011.

No special resolution was passed through Postal Ballot during the Financial Year 2011-12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot. The last Annual General Meeting was held on 28th December, 2011 which was chaired by Mr. Ashvin Chinubhai Dalal, Chairman of the Audit Committee.

## 7. DISCLOSURES

- i) 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 36 to the Accounts in the Annual Report.
- ii) 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.

- iii) 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.
- iv) 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 on 1st August, 2011, the Finance & Corporate Affairs Committee of the Company had allotted 5,00,00,000 Non-Convertible Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each upon receipt of balance call money of ₹12.50 Crores.

## 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 'Business Standard' or 'Aaj', 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](http://www.birla-sugar.com). Distribution of shareholdings is also displayed on the website. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- iii) The Company also displays official press releases as and when released on the above website.

- iv) **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. Disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.
- v) **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.
- vi) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints to SEBI, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- vii) Email id earmarked for redressing Investor queries in terms of Clause 47(f) of the Listing Agreement is [birlasugar@birla-sugar.com](mailto:birlasugar@birla-sugar.com)
- viii) No presentation was made to any Institutional Investor or to any Analysts during the year.

## 9. GENERAL SHAREHOLDERS' INFORMATION

### i) 80th Annual General Meeting

Day	:	Tuesday
Date	:	27th November, 2012
Time	:	11.00 AM
Venue	:	Registered Office: Sugar Mills Complex Hargaon, District – Sitapur Uttar Pradesh – 261 121.

### ii) Tentative Financial Calendar for the year 2012-13.

Approval of Audited Annual Results (2011-12)	8th August, 2012
Publication of Audited Results	9th/10th August, 2012
Mailing of Annual Report	October, 2012
First Quarter Results	On or before middle of November, 2012
Second Quarter Results	On or before middle of February 2013
Third Quarter Results	On or before middle of May 2013
Audited Annual Results (2012-13)	August 2013

### iii) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 24th November, 2012 (Saturday) to 27th November, 2012 (Tuesday) (both days inclusive) for the purpose of Annual General Meeting.

### iv) Dividend Payment Date

The Board of Directors did 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)	UDHSUG

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE594A01014. Annual Listing Fees for and up to the year 2012-13 has been paid to BSE and NSE. Annual Custody/Issuer fee for the year 2012-13 has also been paid by the Company to NSDL and CDSL.

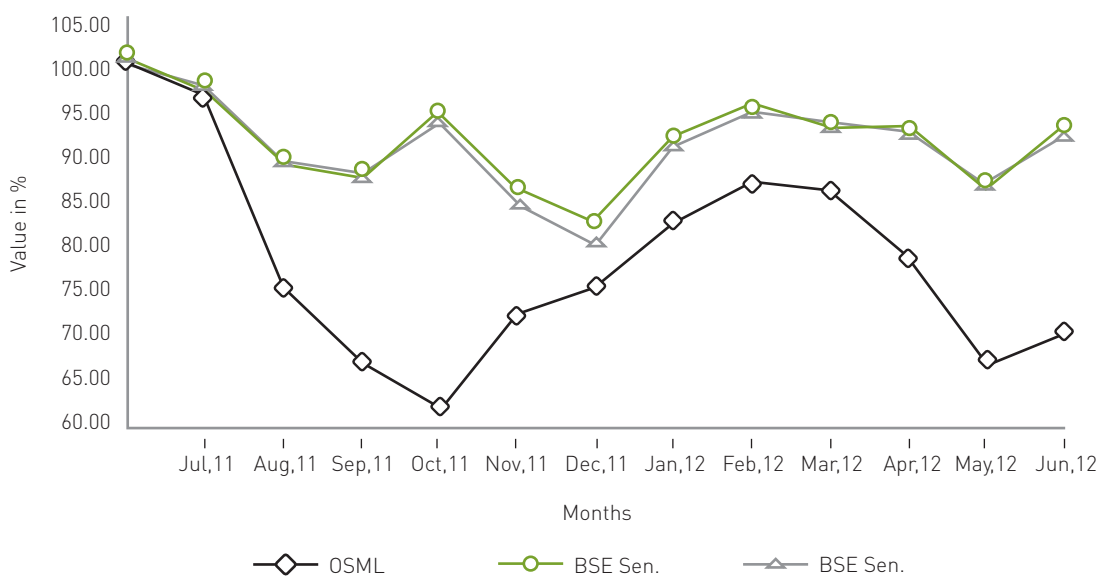
## vi) Market Price data

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 Ltd.		National Stock Exchange of India Ltd.	
	High ₹	Low ₹	High ₹	Low ₹
July, 2011	32.85	28.95	33.00	28.00
August, 2011	30.25	20.55	29.70	20.00
September, 2011	25.95	20.00	25.20	19.95
October, 2011	22.50	18.40	21.45	18.50
November, 2011	22.30	18.00	22.40	18.05
December, 2011	23.90	21.25	23.90	21.15
January, 2012	27.00	22.50	26.90	22.50
February, 2012	29.00	23.50	28.40	24.50
March, 2012	29.90	24.45	29.30	25.50
April, 2012	27.65	22.30	27.15	22.60
May, 2012	27.45	18.30	27.30	18.40
June, 2012	23.00	19.20	23.10	19.30

## vii) Performance of the 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

The Board of Directors have authorised the Company Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/transmission of above 1000 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 dispatch to the shareholders. 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 1,223 shares were transferred / transmitted during the year 2011-12. The dematerialized shares are directly transferred to the beneficiaries by the Depositories.

### x) Distribution of Shareholding

a) The Distribution of Shareholding as on 30th June, 2012 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 - 500	12114	84.04	1786489	6.89
501 - 1000	1140	7.91	895244	3.46
1001 - 2000	563	3.91	829411	3.20
2001 - 3000	205	1.42	519460	2.00
3001 - 4000	114	0.79	407868	1.58
4001 - 5000	60	0.41	279032	1.08
5001 - 10000	109	0.76	778834	3.00
10001 and above	109	0.76	20420837	78.79
<b>Total</b>	<b>14414</b>	<b>100.00</b>	<b>25917175</b>	<b>100.00</b>

b) Detail of Shareholding pattern of the Company as on 30th June, 2012 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	15985077	61.68
Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	2065755	7.97
Bodies Corporate	1433082	5.53
Indian Public	6289697	24.27
NRIs / OCBs / FIIs / Foreign Nationals/Clearing Members	143564	0.55
<b>Total</b>	<b>25917175</b>	<b>100.00</b>

#### **xii) Dematerialization 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 98.99% of the Equity Shares of the Company have already been dematerialised.

#### **xiii) Outstanding GDRs /ADRs/Warrants or Convertible Instrument**

The Company has never issued GDRs and ADRs. There are no outstanding Warrants or Convertible Instruments.

#### **xiii) Location of Plants:**

##### **Sugar Mills:**

- 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-274 207
- d. Rosa, District Shahjahanpur, Uttar Pradesh, Pin-242 406.

##### **Distilleries:**

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

##### **Co-generation Power Plants:**

- 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-274 207

##### **Food Processing Factory:**

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

#### **xiv) Address for Correspondence :**

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

#### **xv) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund**

During the year under review, the Company has credited ₹ 2,18,512 to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 for the year 2003-04 on 25th October, 2011.



## 10. CEO AND CFO CERTIFICATION

The Chairman cum Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

## 11. RE-APPOINTMENT OF DIRECTORS

Two Non-Executive Directors namely Mr. Rohit Kumar Dhoot and Mr. Haigreve Khaitan are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Brief particulars of the said Directors are given below:

- i) **Mr. Rohit Kumar Dhoot**, aged 43 years is a Chartered Accountant. He is a businessman of wide experience occupying the position of Managing Director of Dhoot Industrial Finance Limited and Directorship in several Companies

Mr. Rohit Kumar Dhoot does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr. Rohit Kumar Dhoot is a Director or Chairman/Member of the Board/Committees:

Sl. No.	Name of the Company in which he is a Director and a member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Aakarshak Synthetics Limited	None	NA
2.	Anukool Traders & Finance Limited	None	NA
3.	Ashish Trading & Finance Limited	None	NA
4.	Avilok Trade & Finance Limited	None	NA
5.	Dhoot Industrial Finance Limited	None	NA
6.	The Oudh Sugar Mills Limited	Audit Committee	Member
		Investors' Grievance Committee	
7.	Young Buzz India Limited	None	NA

- ii) **Mr. Haigreve Khaitan**, aged 41 years is a practicing advocate since 1995 and a Partner in Khaitan & Co. His area of expertise include commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, licensing.

Mr. Haigreve Khaitan does not hold any Equity Share in the Company.

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

Sl. No.	Name of the Company in which he is a Director and a member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Ambuja Cement Limited	None	NA
2.	AVTEC Limited	Audit Committee	Member
3.	Bajaj Corp Limited	None	NA
4.	Ceat Limited	None	NA
5.	Great Eastern Energy Corporation Limited	None	NA
6.	Harrisons Malayalam Limited	Audit Committee	Member
7.	Inox Leisure Limited	Audit Committee	Member
8.	Jindal Steel & Power Limited	Audit Committee	Member
9.	JSW Ispat Steel Limited	None	NA

Sl. No.	Name of the Company in which he is a Director and a member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
10.	National Engineering Industries Limited	Audit Committee	Member
		Shareholders' Grievance Committee	
11.	Sterlite Technologies Limited	Audit Committee	Member
12.	The Oudh Sugar Mills Limited	Investors' Grievance Committee	Member
13.	The West Coast Paper Mills Limited	None	NA
14.	Torrent Pharmaceuticals Limited	None	NA
15.	Xpro India Limited	Share Transfer Committee	Member

## 12. 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. The Code is posted on the website of the Company at [www.birla-sugar.com](http://www.birla-sugar.com).

## 13. 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.

## 14. LEGAL COMPLIANCES

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

## 15. 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 30th September, 2011, 31st December, 2011, 31st March, 2012 and 30th June, 2012. 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:

**a. Remuneration Committee:**

As detailed in the earlier paragraphs, the Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee is Mr. Rohit Kumar Dhoot.

**b. 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 the 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 victimization, for whistle blowing in good faith.

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

**16. SUBSIDIARY COMPANIES**

The Company has three direct Subsidiaries and one step-down Subsidiary. It 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.

**17. 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.

**18. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009**

The Ministry of Corporate Affairs in the year 2009 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.

## DECLARATION ON CODE OF CONDUCT

To

The Members

**The Oudh Sugar Mills Limited**

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 2011-12.

**Chandra Shekhar Nopany**

Chairman-cum-Managing Director

Dated, 8th August, 2012

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

**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, 2012, 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

**SANJOY K GUPTA**

Partner

Membership No. 54968

Place: Kolkata

Date: 8th August, 2012

# 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 ("the Company") as at 30th June, 2012 and also the Statement of Profit and Loss 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 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 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. *Attention is drawn to Note 15 regarding recognition of Deferred Tax Asset (DTA) (net) of ₹ 7,531.98 lacs (including ₹ 5,398.01 lacs recognised in earlier years) up to 30th June, 2012 based on the future profitability projections made by the management. In our opinion in the absence of virtual certainty required in terms of Accounting Standard-22 of the aforesaid projections, had the impact of above been considered, there would be a loss of ₹ 12,024.59 lacs as against the reported loss of ₹ 4,492.61 lacs for the year and the reserve and surplus balance would be ₹ (-) 12,472.59 lacs as against the reported figure of ₹ (-) 4,940.61 lacs as on the balance sheet date.*

*In respect of above, the previous year's audit report was similarly modified.*

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 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the balance sheet, statement of profit and loss 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, *except for our comments in para 4 above*;

v. On the basis of the written representations received from the Directors, as on 30th June, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2012 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, *except for the effects of the matter stated in paragraph 4 above*, 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 30th June, 2012;

b) in the case of the statement of profit and loss, of the loss 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 Number: 301003E

CHARTERED ACCOUNTANTS

per **SANJOY K. GUPTA**

Partner

Place : 22, Camac Street,  
3rd Floor,  
Kolkata - 700 016

Dated : 8th August, 2012

Membership No. 54968

## 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, 2012)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) There was no disposal of substantial part 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 physical verification.
- (iii) a) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- b) According to information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. There is no sale of services during the year.
- (v) a) According to the information and explanations provided by the management, 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 section 301 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 lakhs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. 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 Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company 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) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- 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, wealth-tax, service tax, sales-tax, customs 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.

## Annexure to the Auditors' Report (Contd.)

- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Bihar Finance Act, 1981	Tax on sale of Alcohol for non submission of declaration forms	4.19	1995-96	Appellate Tribunal, Patna
Central Sales Tax Act, 1956	Central Sales Tax demand on interstate sale	9.29	1993-94 to 2004-05	Joint Commissioner Appeals
	Taxability on alcohol sale	4.15	1977-78 to 1981-82	High Court, Allahabad
	Demand for Sales Tax due to non submission of Declaration Forms	3.36	2003-04	Appellate Tribunal, Patna
Central Excise Act, 1944	Disallowance of Cenvat Credit on Certain inputs/ capital items	1,126.62	2001-02 to 2011-12	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Excise Duty on burnt / waste and loss on storage of molasses etc.	37.76	1992-93, 2002-03 to 2005-06	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Demand towards differential amount of sugar cess on duty paid stock	43.47	2007-08	CESTAT, New Delhi

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth and it has incurred cash losses in the current and 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 financial institution and bank. Further the Company did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before 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. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from a bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans 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 ₹ 24,512 lacs raised on short term basis have been used for long-term investment (without considering permanent capital) representing mainly acquisition of fixed assets.*
- (xviii) The Company has not made any preferential allotment of shares 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 by way of 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 year.

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

Firm Registration Number: 301003E  
CHARTERED ACCOUNTANTS

per **SANJOY K. GUPTA**

Partner

Place : 22, Camac Street,  
3rd Floor,  
Kolkata - 700 016

Dated : 8th August, 2012

Membership No. 54968

# Balance sheet as at 30th June, 2012

₹ in lacs

	Notes	As at 30th June, 2012	As at 30th June, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	7,604.43	2,604.43
Reserves and Surplus	4	(4,940.61)	(457.02)
Bearer Equity Share Coupons	32	0.06	0.06
		<b>2,663.88</b>	<b>2,147.47</b>
<b>Preference Share Application Money pending allotment</b>	33	-	<b>3,750.00</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	5	38,120.73	37,487.26
Other long-term liabilities	6	825.18	631.71
Long-term provisions	7	225.09	171.41
		<b>39,171.00</b>	<b>38,290.38</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	57,534.52	47,134.54
Trade payables	9	18,170.59	5,119.17
Other current liabilities	9	7,917.87	8,843.68
Short-term provisions	7	108.62	81.44
		<b>83,731.60</b>	<b>61,178.83</b>
<b>TOTAL</b>		<b>1,25,566.48</b>	<b>1,05,366.68</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	60,445.77	63,562.03
Intangible Assets	11	3.55	5.21
Capital Work-in-Progress	12	160.90	168.11
Intangible Assets under development	13	86.56	14.00
Non-current Investments	14	1,080.24	1,080.24
Deferred tax assets (net)	15	7,531.98	5,398.01
Long-term loans and advances	16	954.06	1,470.11
		<b>70,263.06</b>	<b>71,697.71</b>
<b>Current Assets</b>			
Inventories	17	49,063.62	28,206.17
Trade Receivables	18.1	3,314.63	1,288.85
Cash and Bank balances	19	348.64	247.42
Short-term loans and advances	16	2,551.44	3,053.02
Other current assets	18.2	25.09	873.51
		<b>55,303.42</b>	<b>33,668.97</b>
<b>TOTAL</b>		<b>1,25,566.48</b>	<b>1,05,366.68</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,

Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director



## Statement of Profit and Loss for the year ended 30th June, 2012

₹ in lacs

	Notes	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>INCOME</b>			
<b>Revenue from Operations (gross)</b>	20	<b>1,05,589.17</b>	<b>92,176.09</b>
Less : Excise duty		2,512.62	2,496.91
: Cess		643.85	620.55
<b>Revenue from Operations (net)</b>		<b>1,02,432.70</b>	<b>89,058.63</b>
Other Income	21	618.74	219.26
<b>Total Revenue (I)</b>		<b>1,03,051.44</b>	<b>89,277.89</b>
<b>EXPENSES</b>			
Cost of Raw Materials consumed	22	88,569.30	63,469.73
Purchase of Traded Goods	23	7,758.22	1,507.51
(Increase) / decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(19,512.70)	3,081.37
Employee benefits expense	24	4,692.34	4,089.33
Other expenses	25	9,882.57	9,194.07
<b>Total (II)</b>		<b>91,389.73</b>	<b>81,342.01</b>
<b>Profit before Finance Costs, Tax, Depreciation and Amortisation [(I) - (II)]</b>		<b>11,661.71</b>	<b>7,935.88</b>
Depreciation and Amortisation expenses	26	4,248.64	4,117.66
Finance Costs	27	11,617.46	11,273.00
<b>Profit / (Loss) before Exceptional Item and Tax</b>		<b>(4,204.39)</b>	<b>(7,454.78)</b>
<b>Less : Exceptional Item</b>	34	<b>2,422.19</b>	<b>-</b>
<b>Profit / (Loss) before Tax</b>		<b>(6,626.58)</b>	<b>(7,454.78)</b>
<b>Tax expenses</b>			
Deferred Tax Charge / (Credit)		(2,133.97)	(2,343.33)
<b>Total Tax Expense / (Credit)</b>		<b>(2,133.97)</b>	<b>(2,343.33)</b>
<b>Profit / (Loss) for the year</b>		<b>(4,492.61)</b>	<b>(5,111.45)</b>
<b>Earnings per equity share</b>	29	₹	₹
<b>[Nominal value of share ₹ 10 (30th June, 2011 : ₹ 10)]</b>			
<b>Basic</b>		<b>(19.08)</b>	<b>(19.72)</b>
<b>Diluted</b>		<b>(19.08)</b>	<b>(19.72)</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,

Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director

# Cash Flow Statement for the year ended 30th June, 2012

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit / (Loss) before Tax</b>	(6,626.58)	(7,454.78)
<b>Adjustments for :</b>		
Depreciation and Amortisation expense	4,248.64	4,117.66
Finance Costs	11,617.46	11,273.00
Loss / (Profit) on tangible assets sold / discarded (net)	(192.33)	(11.95)
Bad Debts, irrecoverable claims and advances written off	10.10	30.92
Provision for bad and doubtful debts / advances	9.32	28.85
Provision for Warranties & Claims	7.97	7.13
Molasses Storage & Maintenance Reserve	9.02	7.01
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	(326.99)	(142.83)
Interest Income	(13.10)	(26.79)
Dividend Income	(0.06)	(0.04)
<b>Operating Profit before Working Capital Changes :</b>	<b>8,743.45</b>	<b>7,828.18</b>
Increase / (Decrease) in Trade Payables, Other Liabilities and Provisions	12,422.04	(5,719.08)
(Increase) in Trade Receivables	(2,025.78)	(256.03)
Decrease in Loans & Advances and Other Current Assets	735.12	453.53
Decrease / (Increase) in Inventories	(20,857.45)	3,085.35
<b>Cash Generated from / (Used in) Operations:</b>	<b>(982.62)</b>	<b>5,391.95</b>
Direct Taxes Refund / (Paid)	3.68	114.81
<b>Net Cash from / (Used in) Operating Activities</b>	<b>(978.94)</b>	<b>5,506.76</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Proceeds from sale of Tangible Assets	251.07	15.95
Purchase of Fixed Assets including Capital Advances	(1,430.59)	(873.06)
Purchase of Investments	-	(0.50)
Fixed Deposits	24.31	(8.00)
Interest Received	10.79	24.29
Dividend Received	0.06	0.04
Loans received back	161.16	167.82
<b>Net Cash Used in Investing Activities</b>	<b>(983.20)</b>	<b>(673.46)</b>

## Cash Flow Statement for the year ended 30th June, 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Issuance of Preference Share Capital	1,250.00	-
Preference Share Application Money	-	3,750.00
Repayment of Long Term Loans	(2,436.32)	(3,802.28)
Proceeds from Long Term Loans	11.52	187.08
Proceeds from Short Term Borrowings (net)	6,736.58	2,439.85
Loan from Subsidiary Companies (net)	3,921.00	2.50
Interest Paid	(7,303.99)	(7,310.24)
Other Borrowing Cost	(88.03)	(279.75)
<b>Net Cash from /(Used in) Financing Activities</b>	<b>2,090.76</b>	<b>(5,012.84)</b>
<b>Net Changes in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>128.62</b>	<b>(179.54)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>171.85</b>	<b>351.39</b>
<b>Cash &amp; Cash Equivalents at the end of the year *</b>	<b>300.47</b>	<b>171.85</b>

\* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 48.17 lacs ( 30th June, 2011 : ₹ 75.57 lacs) being balances with restrictive use or having maturity of more than 3 months

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,

Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director

## 1. CORPORATE INFORMATION

The Oudh Sugar Mills Limited (the Company) is a public limited Company domiciled in India and an existing company under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in manufacture and sale of Sugar and its By-products (Molasses and Bagasse), Spirits including Ethanol, Power and Food Processing Products. The Company presently has manufacturing facilities at Hargaon District Sitapur, Dhadha Bujurg District Kushinagar, Rosa District Shahjahanpur and Allahabad in the State of Uttar Pradesh and at Narkatiaganj District West Champaran in the State of Bihar.

## 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained in 2.1 (a) below.

### 2.1 Summary of Significant Accounting Policies

#### (a) Change in Accounting Policy

##### Presentation and disclosure of financial statements

During the year ended 30th June, 2012, revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### (b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and

assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (c) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises the purchase price inclusive of duties (net of CENVAT Credit), taxes, incidental expenses, erection / commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

#### (d) Depreciation on Tangible Fixed Assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on tangible fixed assets is provided under 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.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

#### (e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and

accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

#### (f) Leases

##### 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 recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

##### 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 capitalised at the lower of the fair value of the leased property 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.

#### (g) Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### (h) Impairment of Tangible and Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

#### (i) Government Grants and Subsidies

Grants and subsidies from the Government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

**(j) Investments**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**(k) Inventories**

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable 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), traded goods and standing crops, are valued at lower of cost and net realisable value. Finished goods, Goods under process and Standing Crops include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

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 realisable value.

Net realisable 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.

**(l) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not

economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognised when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

**(m) Foreign Currency Transactions**

**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.

**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.

**Exchange differences**

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

**Forward Exchange Contracts entered into hedge foreign currency risk of an existing asset / liability**

The premium or discount arising at the inception of forward exchange contracts is amortised as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognised in the statement of profit and loss in

the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

**(n) Retirement and other Employee Benefits**

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds except in case of contribution towards Provident Fund, where the deficit if any, arising in making the statutory payment by the Trust to its members, is being funded by the Company in terms of the provisions under Employee Provident Fund & Miscellaneous Provisions Act, 1952.

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 financial year.

Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

**(o) Income taxes**

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 enacted in India. 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 reporting date. Deferred tax asset is recognised 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 realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognised 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 realised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 reporting 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 recognised 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 statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting 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.

**(p) Segment Reporting**

**Identification of segments**

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised 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.

**Inter Segment Transfers**

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

**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".

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(q) Earnings 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.

**(r) Cash and Cash Equivalents**

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

**(s) 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 statement of profit and loss. Net gains are ignored as a matter of prudence.

**(t) 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 reporting date.

**(u) Shares Issue Expenses**

Shares issue expenses are adjusted against Securities Premium Account.

**(v) Provisions**

A provision is recognised when the company 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 the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

**(w) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.



## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	30th June, 2012	30th June, 2011
<b>3. SHARE CAPITAL</b>		
<b>Authorised shares :</b>		
4,00,00,000 (30th June, 2011 : 4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
5,00,00,000 (30th June, 2011 : 5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
3,00,00,000 (30th June, 2011 : 3,00,00,000) Unclassified Shares of ₹ 10/- each	3,000.00	3,000.00
<b>Total</b>	<b>12,000.00</b>	<b>12,000.00</b>
<b>Issued shares :</b>		
2,61,89,135 (30th June, 2011 : 2,61,89,135) Equity Shares of ₹ 10/- each	2,618.91	2,618.91
5,00,00,000 (30th June, 2011 : Nil) Preference Shares of ₹ 10/- each	5,000.00	-
<b>Total</b>	<b>7,618.91</b>	<b>2,618.91</b>
<b>Subscribed and Fully Paid-Up shares :</b>		
2,59,17,175 (30th June, 2011 : 2,59,17,175) Equity Shares of ₹ 10/- each	2,591.72	2,591.72
44 (30th June, 2011 : 44) Quarter Equity Shares of ₹ 25/- each [refer Note 3(e) below]	0.01	0.01
5,00,00,000 (30th June, 2011 : Nil) Preference Shares of ₹ 10/- each	5,000.00	-
	7,591.73	2,591.73
Add : Forfeited shares (amount originally paid-up)	12.70	12.70
<b>Total</b>	<b>7,604.43</b>	<b>2,604.43</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :**

	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
<b>Equity shares</b>				
<b>Equity shares of ₹ 10/- each</b>				
Outstanding at the beginning and end of the year	2,59,17,175	2,591.72	2,59,17,175	2,591.72
<b>Quarter Equity shares of ₹ 25/- each</b>				
Outstanding at the beginning and end of the year	44	0.01	44	0.01

	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
<b>Preference shares</b>				
<b>Preference shares of ₹ 10/- each</b>				
At the beginning of the year	-	-	-	-
Add : Issued during the year	5,00,00,000	5,000.00	-	-
<b>Outstanding at the end of the year</b>	<b>5,00,00,000</b>	<b>5,000.00</b>	<b>-</b>	<b>-</b>

**(b) Terms / rights attached to Equity Shares**

Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.

**(c) Terms of redemption of Preference Shares**

The Non-Convertible Cumulative Redeemable Preference Shares (CRPS) issued during the year carries dividend @ 8.5% per annum.

CRPS shall be redeemable at par upon expiry of a period of twelve years and one day from the date of allotment i.e. 1st August 2011 with a right vested to the Board of Directors to redeem earlier, subject to the consent of the lenders. However, no redemption will take place before 30th June 2014.

Dividend is payable at the time of redemption of the CRPS. However, the Board reserves the right to pay the dividend earlier with the consent of the Lenders and subject to the availability of profit.

**(d) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
Uttar Pradesh Trading Co. Ltd.	33,26,901	12.84%	33,26,901	12.84%
New India Retailing & Investment Ltd.	27,78,044	10.72%	27,78,044	10.72%
SCM Investment & Trading Co. Ltd.	27,97,296	10.79%	27,97,296	10.79%
RTM Investment & Trading Co. Ltd.	23,46,169	9.05%	23,46,169	9.05%
<b>CRPS of ₹ 10 each fully paid</b>				
Sutlej Textile & Industries Ltd.	5,00,00,000	100.00%	-	-

As per records of the Company, including its Register of Shareholders / Members, the above share holdings represent legal ownership of shares.

- (e)** Due to non-receipt of share certificates from the respective shareholders in terms of resolution passed by the shareholders at 64th Annual General Meeting, the aforesaid shares have not been sub-divided into 110 Equity Share of ₹ 10 each fully paid and accordingly shown separately.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per the last financial statements	<b>195.88</b>	<b>195.88</b>
<b>Capital Redemption Reserve</b>		
As per the last financial statements	<b>37.69</b>	<b>37.69</b>
<b>Securities Premium Account</b>		
As per the last financial statements	<b>9,315.03</b>	<b>9,315.03</b>
<b>Molasses &amp; Alcohol Storage and Maintenance Reserve</b>		
Balance as per the last financial statements	94.37	87.36
Add: Provided during the year	9.02	7.01
<b>Closing balance</b>	<b>103.39</b>	<b>94.37</b>
<b>Effluent Disposal Reserve</b>		
As per the last financial statements	<b>2.84</b>	<b>2.84</b>
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as per last financial statements	(10,102.83)	(4,991.38)
Profit / (Loss) for the year	(4,492.61)	(5,111.45)
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(14,595.44)</b>	<b>(10,102.83)</b>
<b>Total Reserves and Surplus</b>	<b>(4,940.61)</b>	<b>(457.02)</b>

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Non-current portion		Current portion	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
<b>5. LONG-TERM BORROWINGS</b>				
<b>Term Loans (secured) :</b>				
From Banks -				
Term Loan	26,358.12	27,173.34	815.22	-
Funded Interest Term Loan (FITL)	6,303.39	3,999.11	1,575.85	-
Under Financial Assistance Scheme (Excise Duty Loan)	-	-	-	1,328.35
From Sugar Development Fund	5,431.59	6,153.09	721.50	901.50
<b>Other Loans and Advances (unsecured) :</b>				
Fixed Deposits from related parties (Note 36h)	-	2.50	2.50	7.00
Fixed Deposits from others	27.63	159.22	139.52	195.88
	<b>38,120.73</b>	<b>37,487.26</b>	<b>3,254.59</b>	<b>2,432.73</b>
Less : Amount disclosed under the head "other current liabilities" (Note 9)			3,254.59	2,432.73
<b>Net amount</b>	<b>38,120.73</b>	<b>37,487.26</b>	<b>-</b>	<b>-</b>

- (a) Term Loans and FITL from Banks carry interest rate in the range of 13.77% to 14.99%. The loans are repayable in quarterly instalments starting from 30th September, 2012 and 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.

The above Term Loans including FITL are further secured as follows.

- (i) - Second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
  - Second charge on fixed assets of Sugar Unit at Rosa ranking pari-passu amongst the various lenders.
  - (ii) Third charge on current assets of Sugar Unit at Narkatiaganj.
  - (iii) Third charge on current assets of Sugar & Distillery Units at Hargaon.
  - (iv) Pledge of 64,79,294 equity shares of the Company held by promoter group companies, ranking pari-passu amongst the various lenders.
- (b) Term loans under Financial Assistance Scheme (Excise Duty Loan) were secured by a residual charge on entire Fixed Assets (movable and immovable), present and future of the Company's Sugar units at Hargaon, Rosa and Narkatiaganj. The said loan has been repaid during the year as per the stipulated terms of repayments.

- (c) Term loans from the Sugar Development Fund, carry interest of 4% p.a., 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.

The above loans are repayable as under.

Principal Disbursed Amount	Balance as at 30th June, 2012 (₹ in lacs)	Repayment Schedule
(i) ₹ 3,123.35 lacs for Hargaon Sugar unit	3,123.35	5 yearly instalments starting from 30th September, 2013.
(ii) ₹ 2,886.00 lacs for Hargaon Distillery unit	1,803.75	8 half yearly instalments started from 18th February, 2011.
(iii) ₹ 1,225.99 lacs for Narkatiaganj Sugar unit	1,225.99	5 yearly instalments starting from 31st March, 2014.
	<b>6,153.09</b>	

- (d) Fixed Deposits from related parties / others carry interest of 10.75% to 11.75% and are repayable after two or three years from the respective date of deposits, depending upon the tenure of deposits.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>6. OTHER LONG-TERM LIABILITIES</b>		
Interest accrued but not due on borrowings	708.28	534.18
Trade and other deposits	116.90	97.53
	<b>825.18</b>	<b>631.71</b>

₹ in lacs

	Long-term		Short-term	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
<b>7. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Gratuity (note 30)	108.57	62.79	70.50	46.62
Leave	116.52	108.62	15.49	17.35
	<b>225.09</b>	<b>171.41</b>	<b>85.99</b>	<b>63.97</b>
<b>Other provisions</b>				
For warranties	-	-	18.63	14.47
For wealth tax	-	-	4.00	3.00
	<b>-</b>	<b>-</b>	<b>22.63</b>	<b>17.47</b>
	<b>225.09</b>	<b>171.41</b>	<b>108.62</b>	<b>81.44</b>

A provision is recognised for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty year, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilised within one year of the reporting date, since the warranty year is generally for one year. The table below gives information about movement in warranties provisions.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
At the beginning of the year	14.47	11.72
Additions during the year	7.97	7.13
Utilised during the year	3.81	4.38
<b>At the end of the year</b>	<b>18.63</b>	<b>14.47</b>

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>8. SHORT-TERM BORROWINGS</b>		
Cash credit from Banks (secured) (repayable on demand)	34,876.12	16,087.04
<b>Other Loans &amp; Advances (unsecured)</b>		
From Subsidiary Companies (Note 36h)	3,665.90	2.50
Inter-Corporate Deposits		
From related parties (Note 36h)	9,387.50	15,740.00
From others	9,605.00	15,305.00
	<b>57,534.52</b>	<b>47,134.54</b>

(a) Cash Credit from banks are secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows :

- (i) Canning factory at Allahabad - First Charge;
- (ii) Sugar Unit at Rosa - First Charge;
- (iii) Sugar Unit at Hata - Second Charge;
- (iv) Sugar Units at Hargaon and Narkatiaganj - Third Charge.

Further, Cash Credit from banks are also secured by pledge of 64,79,294 equity shares of the Company held by promoter group companies, ranking pari-passu amongst the various lenders.

Cash Credit borrowings carry interest at the rate of SBI base rate plus 3%.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>9. OTHER CURRENT LIABILITIES</b>		
Trade payables (refer Note 41 for details of dues to micro and small enterprises)	18,170.59	5,119.17
<b>Other liabilities :</b>		
Current maturities of long-term borrowings (Note 5)	3,254.59	2,432.73
Payable towards purchase of capital goods	195.90	332.59
Advance against Sales	298.16	179.34
Interest accrued but not due on borrowings, deposits etc.	379.95	939.21
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed dividend	11.61	14.70
Others -		
Statutory dues	562.68	357.61
Excise Duty on Closing Stocks	1,466.92	1,045.85
Crop Loan from a Bank payable to cane growers	1,705.08	3,520.56
Other Miscellaneous	42.98	21.09
	<b>7,917.87</b>	<b>8,843.68</b>
	<b>26,088.46</b>	<b>13,962.85</b>

		₹ in lacs							
	Freehold Land (a) & (b)	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total (d)	
<b>10. TANGIBLE ASSETS</b>									
<b>Cost</b>									
At 1st July, 2010	2,258.28	23.50	5,240.37	73,465.18	257.15	275.48	255.58	81,775.54	
Additions	-	-	119.40	7,193.02	12.26	50.82	33.41	7,408.91	
Disposals	0.01	-	-	30.43	11.97	18.30	19.28	79.99	
<b>At 30th June, 2011</b>	<b>2,258.27</b>	<b>23.50</b>	<b>5,359.77</b>	<b>80,627.77</b>	<b>257.44</b>	<b>308.00</b>	<b>269.71</b>	<b>89,104.46</b>	
Additions	-	-	237.30 (c)	837.55 (c)	23.62	33.06	57.93	1,189.46	
Disposals	2.60	-	4.11	128.40	40.89	10.42	14.26	200.68	
<b>At 30th June, 2012</b>	<b>2,255.67</b>	<b>23.50</b>	<b>5,592.96</b>	<b>81,336.92</b>	<b>240.17</b>	<b>330.64</b>	<b>313.38</b>	<b>90,093.24</b>	
<b>Depreciation</b>									
At 1st July, 2010	-	1.70	699.46	20,327.92	165.40	148.52	159.06	21,502.06	
Charge for the year	-	0.78	125.34	3,921.04	14.89	26.97	27.34	4,116.36	
Disposals	-	-	-	30.22	11.69	17.38	16.70	75.99	
<b>At 30th June, 2011</b>	<b>-</b>	<b>2.48</b>	<b>824.80</b>	<b>24,218.74</b>	<b>168.60</b>	<b>158.11</b>	<b>169.70</b>	<b>25,542.43</b>	
Charge for the year	-	0.78	136.17	4,036.01	17.72	26.50	29.80	4,246.98	
Disposals	-	-	3.08	78.73	37.26	9.70	13.17	141.94	
<b>At 30th June, 2012</b>	<b>-</b>	<b>3.26</b>	<b>957.89</b>	<b>28,176.02</b>	<b>149.06</b>	<b>174.91</b>	<b>186.33</b>	<b>29,647.47</b>	
<b>Net Block</b>									
At 30th June, 2011	2,258.27	21.02	4,534.97	56,409.03	88.84	149.89	100.01	63,562.03	
At 30th June, 2012	2,255.67	20.24	4,635.07	53,160.90	91.11	155.73	127.05	60,445.77	

(a) Includes ₹ 3.46 lacs [30 June 2011 : ₹ 3.46 lacs] 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 ₹ 434.82 lacs [30 June 2011 : ₹ 434.82 lacs] are yet to be executed in favour of the Company.

(c) Net of capital subsidy of ₹ 70.00 lacs received during the year.

(d) Includes assets held in joint ownership with others - Gross Block ₹ 129.27 lacs [30 June 2011 : ₹ 128.88 lacs] and Net Block ₹ 66.31 lacs [30 June 2011 : ₹ 69.60 lacs].

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>11 INTANGIBLE ASSETS</b>		
<b>Computer Software :</b>		
<b>As at the beginning of the year</b>	<b>14.77</b>	<b>9.94</b>
Purchase	-	4.83
Disposals	7.00	-
<b>As at the end of the year</b>	<b>7.77</b>	<b>14.77</b>
<b>Amortization</b>		
<b>As at the beginning of the year</b>	<b>9.56</b>	<b>8.26</b>
Charge for the year	1.66	1.30
Disposals	7.00	-
<b>As at the end of the year</b>	<b>4.22</b>	<b>9.56</b>
<b>Net Block</b>	<b>3.55</b>	<b>5.21</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>12.1 CAPITAL WORK-IN-PROGRESS</b>		
Balance brought forward from the previous year	168.11	98.90
Add : Additions during the year	425.79	269.18
[net of subsidy of ₹ 30.00 lacs (30th June, 2011 : ₹ Nil)]		
Transfer from Expenditure on New Project (Note 12.2)	-	51.81
	593.90	419.89
Less : Transfer to Tangible Assets during the year	433.00	251.78
<b>Balance at the end of the year</b>	<b>160.90</b>	<b>168.11</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>12.2 DETAILS OF EXPENDITURE ON NEW PROJECT (PENDING ALLOCATION)</b>		
Machinery and Building under erection	-	201.82
Pre-operative expenses -		
Salaries, Wages, Bonus, etc.	-	19.04
Contribution to Provident & Other Funds	-	1.83
Gratuity (Note 30)	-	0.24
Power and Fuel	-	5.51
Insurance Charges	-	1.89
Miscellaneous Expenses	-	7.26
Finance Costs	-	218.25
	-	455.84
Add : Balance brought forward from previous year	-	6,460.91
	-	6,916.75
Less : Amount allocated during the year		
Tangible Assets	-	6,864.94
Capital work-in-progress (Note 12.1)	-	51.81
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>13. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
Balance brought forward from the previous year	14.00	-
Add : Additions during the year	72.56	14.00
<b>Balance at the end of the year</b>	<b>86.56</b>	<b>14.00</b>

	Number of Units / shares	Face Value Per Unit / Share	As at 30th June, 2012 ₹ in lacs	As at 30th June, 2011 ₹ in lacs
<b>14. NON-CURRENT INVESTMENTS</b>				
<b>Non Trade Investments</b> (valued at cost unless stated otherwise)				
<b>Quoted (fully paid)</b>				
<b>Investment in Equity Instruments</b>				
Upper Ganges Sugar & Industries Ltd.	18,562	10.00	13.23	13.23
			<b>13.23</b>	<b>13.23</b>
<b>Unquoted (fully paid)</b>				
<b>Investment in Equity Instruments</b>				
<b>In Subsidiary Companies</b>				
Champaran Marketing Company Ltd.	43,49,000	2.50	192.96	192.96
Hargaon Investment & Trading Co.Ltd.	30,45,727	10.00	609.14	609.14
OSM Investment & Trading Co.Ltd.	17,40,418	10.00	261.06	261.06
			<b>1,063.16</b>	<b>1,063.16</b>
<b>In Other Companies</b>				
Bihar State Financial Corporation Ltd.	70	100.00	0.07	0.07
Moon Corporation Ltd. ('A' Class)	745	100.00	0.77	0.77
Moon Corporation Ltd. ('B' Class)	2,502	5.00	0.13	0.13
Birla Buildings Ltd.	1,920	10.00	0.19	0.19
The Oudh Trading Co. Pvt. Ltd.	25	100.00	0.03	0.03
A.P.V.Texmaco Ltd. (in liquidation)	28,750	10.00	-	-
[at cost less provision for other than temporary diminution ₹ 0.86 lacs (30th June, 2011 : ₹ 0.86 lacs)]			<b>1.19</b>	<b>1.19</b>
<b>In Government Securities</b>				
11 % Bihar State Development Loan, 2001		(a)	0.53	0.53
6 Years National Savings Certificates		(a)	2.13	2.13
5 1/2 % U.P.State Development Loan, 1977		(a) & (b)		
7 Years National Defence Certificates		(a) & (b)		
12 Years National Plan Savings Certificates		(a) & (b)		
5 1/2 % U.P.State Development Loan, 1981			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.60 lacs)]				
7 Years National Savings Certificates			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.02 lacs)]				



## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

	Number of Units / shares	Face Value Per Unit / Share	As at 30th June, 2012 ₹ in lacs	As at 30th June, 2011 ₹ in lacs
<b>14. NON-CURRENT INVESTMENTS (Contd.)</b>				
10 Years National Savings Certificates [at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.01 lacs)]			-	-
12 Years National Defence Certificates [at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.04 lacs)]				
12 Years National Savings Certificates [at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.08 lacs)]			<b>2.66</b>	<b>2.66</b>
			<b>1,080.24</b>	<b>1,080.24</b>
Aggregate amount of quoted investments [Market value : ₹ 6.98 lacs (30th June, 2011 : ₹ 10.20 lacs)]			13.23	13.23
Aggregate amount of unquoted investments			1,067.01	1,067.01

- (a) Deposited / pledged with various Government authorities.
- (b) The figures, being less than ₹ 500, have been shown above as blank.
- (c) The following unquoted investments in equity shares (fully paid up), though appearing in the books, the cost whereof had been written off.

Name of the Company	No. of shares	Face Value per share (in ₹)
Jai Hind Publishing Company Ltd. (in liquidation)	80	25.00
Akhil Bharat Printers Ltd. (in liquidation)	150	100.00

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>15. DEFERRED TAX ASSET (NET)</b>		
<b>Deferred Tax Asset</b>		
Carry forward of Unabsorbed Depreciation and Business Losses	14,354.26	14,115.55
Expenditure allowable against taxable income in future years	4,113.95	2,608.78
	<b>18,468.21</b>	<b>16,724.33</b>
<b>Deferred Tax Liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	10,936.23	11,326.32
	<b>10,936.23</b>	<b>11,326.32</b>
<b>Net Deferred Tax Asset</b>	<b>7,531.98</b>	<b>5,398.01</b>

Although, there is carried forward unabsorbed depreciation and business losses as on the reporting 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.

₹ in lacs

	Non-current		Current	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
<b>16. LOANS AND ADVANCES</b>				
<b>(Unsecured, considered good except stated otherwise)</b>				
Capital advances	67.89	28.80	-	-
Sundry Deposits				
Considered good	12.88	13.97	78.19	86.33
Doubtful	1.44	1.44	-	-
	14.32	15.41	78.19	86.33
Less : Provision for doubtful deposits	1.44	1.44	-	-
	<b>12.88</b>	<b>13.97</b>	<b>78.19</b>	<b>86.33</b>
Loan (Interest free) to related parties (Note 36g)	-	-	<b>497.85</b>	<b>937.25</b>
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good	-	-	539.04	556.40
Doubtful	551.03	541.71	-	-
	551.03	541.71	539.04	556.40
Less : Provision for doubtful advances	551.03	541.71	-	-
	<b>-</b>	<b>-</b>	<b>539.04</b>	<b>556.40</b>
Other loans and advances				
Loan to employees	-	-	61.98	37.35
Loan to others	-	-	10.86	14.85
Deposits against demand under appeal and / or under dispute	-	-	193.35	186.29
Claims Receivable	-	-	26.55	41.37
Prepaid Expenses	0.97	1.46	118.50	116.15
Tax deducted at source	-	-	1.92	5.60
Balances with Excise and Other Government Authorities	872.32	1,425.88	1,023.20	1,071.43
	<b>873.29</b>	<b>1,427.34</b>	<b>1,436.36</b>	<b>1,473.04</b>
	<b>954.06</b>	<b>1,470.11</b>	<b>2,551.44</b>	<b>3,053.02</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Advances due from officers of the Company :</b>		
Due from an Officer of the Company	-	4.00

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Notes	As at 30th June, 2012	As at 30th June, 2011
<b>17. INVENTORIES</b>			
<b>Valued at Lower of Cost and Net Realisable Value</b>			
Raw materials	22	669.79	287.97
Goods under process	23	651.31	502.07
Finished goods	23	43,809.30	24,684.97
Traded goods	23	107.51	119.03
Stores, Chemicals and spare parts etc.	23	1,522.24	1,345.11
Power - Banked	23	72.43	50.22
Bio-compost	23	12.16	29.37
Agriculture Products - Standing Crop	23	127.41	68.86
<b>Valued at Estimated Realisable Value</b>			
By-Products	23	2,064.19	1,093.67
Scrap	23	27.28	24.90
		<b>49,063.62</b>	<b>28,206.17</b>
<b>The above includes stock in transit :</b>			
Stores, Chemicals and spare Parts etc.		20.54	48.97

₹ in lacs

	Current	
	As at 30th June, 2012	As at 30th June, 2011
<b>18. TRADE RECEIVABLES AND OTHER ASSETS</b>		
<b>18.1 Trade receivables</b>		
<b>Outstanding for a year exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	38.76	44.90
Doubtful	38.06	39.80
	<b>76.82</b>	<b>84.70</b>
Provision for doubtful trade receivables	38.06	39.80
	<b>38.76</b>	<b>44.90</b>
<b>Other receivables</b>		
Secured, considered good	18.47	5.20
Unsecured, considered good	3,257.40	1,238.75
	<b>3,275.87</b>	<b>1,243.95</b>
	<b>3,314.63</b>	<b>1,288.85</b>
<b>18.2 Other current assets (Unsecured, considered good)</b>		
Interest accrued on Loans, Advances, Deposits, Investments etc.	9.49	7.18
Claims Receivable towards Subsidy & Incentives	15.60	866.33
	<b>25.09</b>	<b>873.51</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>19. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	196.16	96.68
On unpaid dividend account	11.61	14.70
Cheques / Drafts on hand	72.51	54.61
Cash on hand	31.80	20.56
	<b>312.08</b>	<b>186.55</b>
Other bank balances *		
Deposits with original maturity of more than 3 months	36.12	60.43
In Post office savings bank account	0.44	0.44
	<b>36.56</b>	<b>60.87</b>
	<b>348.64</b>	<b>247.42</b>

\* includes ₹ 19.96 lacs (30th June, 2011 : ₹ 28.12 lacs) pledged / lodged with various Government Authorities as security / Bank as margin money.

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>20. REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
Sale of products		
Finished goods	89,469.99	86,143.54
Traded goods	8,892.81	1,587.94
Power	3,993.28	2,167.92
By products	2,738.15	1,836.08
Others	413.44	227.25
	<b>1,05,507.67</b>	<b>91,962.73</b>
Less : Claims, Rebates etc.	7.80	16.26
	<b>1,05,499.87</b>	<b>91,946.47</b>
<b>Other operating revenue</b>		
Proceeds from Agriculture Products	58.11	53.40
Export Incentives	12.62	28.21
Excise duty subsidy	-	111.69
Scrap Sales	18.57	36.32
	<b>1,05,589.17</b>	<b>92,176.09</b>
<b>Revenue from operations (gross)</b>		
Less : Excise duty	2,512.62	2,496.91
Cess	643.85	620.55
	<b>1,02,432.70</b>	<b>89,058.63</b>
<b>Revenue from operations (net)</b>		

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>20. REVENUE FROM OPERATIONS (Contd.)</b>		
<b>Detail of products sold</b>		
<b>Finished goods</b>		
Sugar	76,203.60	74,674.32
Spirit	10,421.73	8,876.48
Food Processing Products	2,841.67	2,589.54
Fusel Oil	2.99	3.20
	<b>89,469.99</b>	<b>86,143.54</b>
<b>Traded goods</b>		
Sugar	8,332.41	1,139.27
Food Processing Products	560.40	448.67
	<b>8,892.81</b>	<b>1,587.94</b>
<b>By products</b>		
Molasses	499.96	706.10
Bagasse	2,238.19	1,129.98
	<b>2,738.15</b>	<b>1,836.08</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>21. OTHER INCOME</b>		
Interest income on		
Loans, deposits, advances etc.	12.74	18.96
Refund from Income Tax Department	0.26	7.73
Long-term investments	0.10	0.10
Dividend income on Long-term investments	0.06	0.04
Insurance and Other Claims	63.15	10.42
Rent and Hire Charges	13.20	11.68
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	326.99	142.83
Profit on tangible assets sold / discarded (net)	192.33	11.95
Gain on Foreign Exchange fluctuations (net)	3.56	-
Miscellaneous Receipts	6.35	15.55
	<b>618.74</b>	<b>219.26</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>22. COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	287.97	238.82
Add : Purchases and procurement expenses	88,424.57	62,989.73
Purchase tax	526.55	529.15
	<b>89,239.09</b>	<b>63,757.70</b>
Less: Inventory at the end of the year	669.79	287.97
	<b>88,569.30</b>	<b>63,469.73</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>22. COST OF RAW MATERIALS CONSUMED (Contd.)</b>		
<b>Details of raw materials consumed</b>		
Sugarcane	85,867.13	60,878.20
Molasses	4,614.46	4,054.97
Bagasse	4,380.37	3,437.30
Fresh fruits and vegetables	600.24	709.86
Sugar	282.30	297.27
Press mud	61.56	46.77
Seed, Manures and fodder consumed	21.76	13.15
	<b>95,827.82</b>	<b>69,437.52</b>
Less : Inter-unit transfer of own produced materials	7,258.52	5,967.79
	<b>88,569.30</b>	<b>63,469.73</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Details of raw material inventory</b>		
Molasses	578.28	216.79
Fresh fruits and vegetables	62.18	51.78
Sugar	23.41	12.17
Press mud	5.92	7.23
	<b>669.79</b>	<b>287.97</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Details of Inter-unit transfer of own product materials</b>		
Sugarcane	68.05	134.35
Molasses	2,796.75	2,369.71
Bagasse	4,101.27	3,204.73
Sugar	273.70	241.80
Press mud	18.75	17.20
	<b>7,258.52</b>	<b>5,967.79</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>23. DECREASE / (INCREASE) IN INVENTORIES</b>		
Inventories at the end of the year		
Finished goods	43,809.30	24,684.97
Traded goods	107.51	119.03
Power - Banked	72.43	50.22
By Products	2,064.19	1,093.67
Goods under process	651.31	502.07
Bio-compost	12.16	29.37
Agriculture Products - Standing Crop	127.41	68.86
Scrap	27.28	24.90
	<b>46,871.59</b>	<b>26,573.09</b>

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>23. DECREASE / (INCREASE) IN INVENTORIES (Contd.)</b>		
Inventories at the beginning of the year		
Finished goods	24,684.97	28,230.27
Traded goods	119.03	13.31
Power - Banked	50.22	16.65
By Products	1,093.67	1,044.02
Goods under process	502.07	398.77
Bio-compost	29.37	20.26
Agriculture Products - Standing Crop	68.86	73.82
Scrap	24.90	17.79
	<b>26,573.09</b>	<b>29,814.89</b>
	<b>(20,298.50)</b>	<b>3,241.80</b>
Decrease / (Increase) of excise duty on inventories	785.80	(160.43)
	<b>(19,512.70)</b>	<b>3,081.37</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>Details of purchase of traded goods</b>		
Sugar	7,371.73	1,055.33
Food Processing Products	386.49	452.18
	<b>7,758.22</b>	<b>1,507.51</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Details of inventory</b>		
<b>Finished goods</b>		
Sugar	42,405.32	23,311.36
Spirit	599.08	428.64
Food Processing Products	804.90	944.97
	<b>43,809.30</b>	<b>24,684.97</b>
<b>Traded goods</b>		
Food Processing Products	107.51	119.03
	<b>107.51</b>	<b>119.03</b>
<b>By-products</b>		
Molasses	1,737.50	796.91
Bagasse	326.69	296.76
	<b>2,064.19</b>	<b>1,093.67</b>
<b>Goods under process</b>		
Sugar	620.99	476.77
Molasses	0.41	0.37
Food Processing Products	25.05	20.13
Semi Bio-compost	4.86	4.80
	<b>651.31</b>	<b>502.07</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>24. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages, bonus etc.	4,128.83	3,581.24
Contribution to provident & other funds	344.14	301.63
Gratuity expense (Note 30)	80.24	71.94
Employees' welfare expenses	139.13	134.52
	<b>4,692.34</b>	<b>4,089.33</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>25. OTHER EXPENSES</b>		
Consumption of stores and spares	1,746.82	1,573.31
Packing Materials consumed	2,825.02	2,241.99
Power & Fuel	689.43	938.26
Repairs to and Maintenance of :		
Buildings	257.33	198.11
Machinery	1,526.83	1,465.59
Others	41.57	40.15
Rent	149.20	106.92
Rates & Taxes	66.75	43.53
Insurance	117.51	104.74
Payment to Auditors		
As Auditors		
Audit Fees	17.25	12.25
Limited Review Fees	10.35	7.35
In other capacity		
Tax Audit Fees	10.35	7.35
For Certificates and Other services	3.34	9.05
Reimbursement of Expenses	4.68	3.53
Payment to Cost Auditors	1.08	0.82
Commission on sales	411.44	398.91
Freight & forwarding charges etc.	875.68	838.51
Charity and Donations	5.31	4.70
Provision for bad and doubtful debts / advances	9.32	28.85
Provision for Warranties & Claims	7.97	7.13
Bad Debts, irrecoverable claims and advances written off	11.84	41.18
Less : Adjusted against provisions	1.74	10.10
		10.26
Long term Investments Written off	0.75	10.00
Less : Adjusted against provisions	0.75	-
		10.00
Loss on Foreign Exchange fluctuations (net)	-	4.02
Molasses Storage & Maintenance Reserve	9.02	7.01
Director's Sitting fees	1.78	1.65
Miscellaneous Expenses	1,084.44	1,119.42
	<b>9,882.57</b>	<b>9,194.07</b>



## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>26. DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation of tangible assets	4,246.98	4,116.36
Amortisation of intangible assets	1.66	1.30
	<b>4,248.64</b>	<b>4,117.66</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>27. FINANCE COSTS</b>		
Interest	11,529.43*	10,993.25
Other Borrowing Cost	88.03	279.75
	<b>11,617.46</b>	<b>11,273.00</b>

\* Net of refunds ₹ 251.68 lacs in respect of earlier year.

₹ in lacs

	Year ended 30th June, 2012		Year ended 30th June, 2011
<b>28. AGRICULTURAL INCOME</b>			
The following statement of the revenue and expenses pertains to agricultural activities, which have been included in Note 20 to 26 under the respective heads.			
<b>Income</b>			
<b>Revenue from operations</b>			
Sales of products [including inter-transfer ₹ 68.05 lacs (30th June, 2011 : ₹ 134.35 lacs)]	126.16		187.75
Rent & Hire charges	3.90		-
Profit on sale of fixed assets	201.26		-
Miscellaneous Receipts	0.12		2.69
	331.44		190.44
<b>Expenses</b>			
Cost of Raw Materials consumed	21.76		13.15
(Increase) / Decrease in Stocks :			
Opening Stock	68.86	73.82	
Less : Closing Stock	127.41	(58.55)	4.96
Consumption of stores and spares	0.40		0.93
Repairs to and Maintenance of :			
Building	0.15		0.19
Machinery	1.11		0.05
Others	0.13		1.38
Rent	7.79		11.69
Rates & Taxes	0.15		0.06
Employee benefits expense :			
Salaries, Wages, Bonus etc.	54.88	48.78	
Contribution to Provident & Other Funds	2.04	1.76	
Gratuity Expense	1.44	0.92	
Employees' welfare expenses	0.01	-	51.46
Insurance	0.42		0.12
Miscellaneous Expenses	20.56		25.97
Depreciation	7.31		5.78
	<b>59.60</b>		<b>115.74</b>
<b>Agricultural Income</b>	<b>271.84</b>		<b>74.70</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>29. EARNINGS PER SHARE (EPS)</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
<b>Profit / (Loss) after tax</b>	<b>(4,492.61)</b>	<b>(5,111.45)</b>
Dividends on Non-Convertible Cumulative Redeemable Preference Shares & tax thereon	452.11	-
<b>Net profit / (loss) for calculation of basic and diluted EPS</b>	<b>(4,944.72)</b>	<b>(5,111.45)</b>
	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of equity shares in calculating basic EPS	2,59,17,175	2,59,17,175
Weighted average number of equity shares in calculating diluted EPS	2,59,17,175	2,59,17,175
<b>Earnings per equity share [Nominal value of share ₹ 10 (30th June, 2011 : ₹ 10)]</b>		
<b>Basic</b>	<b>(19.08)</b>	<b>(19.72)</b>
<b>Diluted</b>	<b>(19.08)</b>	<b>(19.72)</b>

**30. GRATUITY - DEFINED BENEFIT PLAN**

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favorable than the 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 summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>Statement of profit and loss</b>		
<b>Net employee benefit expense recognised in employee costs</b>		
Current service cost	68.68	67.14
Interest cost on benefit obligation	80.10	74.98
Expected return on plan assets	(71.77)	(70.14)
Net actuarial (gain) / loss recognised in the year	3.23	0.20
<b>Net benefit expense</b>	<b>80.24</b>	<b>72.18</b>
Actual return on plan assets	49.39	122.64

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>Balance sheet</b>		
<b>Net Benefit liability / (asset)</b>		
Present value of defined benefit obligation	1,078.27	1,053.79
Fair value of plan assets	899.20	944.38
<b>Plan liability / (asset)</b>	<b>179.07</b>	<b>109.41</b>

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

**Changes in the present value of the defined benefit obligation are as follows :**

	₹ in lacs	
	30th June, 2012	30th June, 2011
Opening defined benefit obligation	1,053.79	1,015.64
Current service cost	68.68	67.14
Interest cost	80.10	74.98
Benefits paid	(105.15)	(156.67)
Actuarial (gains) / losses on obligation	(19.15)	52.70
<b>Closing defined benefit obligation</b>	<b>1,078.27</b>	<b>1,053.79</b>

**Changes in the fair value of plan assets are as follows :**

	₹ in lacs	
	30th June, 2012	30th June, 2011
Opening fair value of plan assets	944.38	931.79
Expected return	71.77	70.14
Contributions by employer	10.58	46.62
Benefits paid	(105.15)	(156.67)
Actuarial gains / (losses)	(22.38)	52.50
<b>Closing fair value of plan assets</b>	<b>899.20</b>	<b>944.38</b>

The Company expects to contribute ₹ 70.50 lacs (30th June, 2011 : ₹ 46.62 lacs) to Gratuity Fund in the next year.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :**

	₹ in lacs	
	30th June, 2012	30th June, 2011
Investments with insurer	100%	100%

**The principal assumptions are shown below :**

	₹ in lacs	
	30th June, 2012	30th June, 2011
Discount rate	8.50%	8.00%
Expected rate of return on assets	8.50%	8.00%
Salary Increase	5.00%	5.00%
Withdrawal Rates	Varying between 1% to 5% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

**Amounts for the current and previous four years are as follows :**

	₹ in lacs				
	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009	30th June, 2008
<b>Gratuity</b>					
Defined benefit obligation	1,078.27	1,053.79	1,015.64	802.93	699.59
Plan assets	899.20	944.38	931.79	840.81	628.78
Surplus / (deficit)	(179.07)	(109.41)	(83.85)	37.88	(70.81)
Experience (gain) / loss	(19.15)	52.70	Not Available *		
adjustments on plan liabilities					
Experience gain / (loss)	(22.38)	52.50	Not Available *		
adjustments on plan assets					

\* Experience adjustments on plan liabilities and assets are not readily available for earlier years and hence not disclosed.

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.

**Defined Contribution Plan :**

The Company has recognised the following amount as an expense and included under, "Contribution to Provident & Other Funds".

	₹ in lacs	
	30th June, 2012	30th June, 2011
Contribution to Provident Fund and other Funds	344.14	303.46
	<b>344.14</b>	<b>303.46</b>

Based on past return on assets of the Provident Fund Trust and statutory obligation of the Trust towards its members, the management does not expect any material deficit in fund position and hence no provision has been considered necessary in terms of accounting policy as stated in para "n" of Note No. 2 above.

**31. LEASES**

**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 year 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.

	₹ in lacs	
	30th June, 2012	30th June, 2011
Lease payments made for the year *	149.20	106.92
Contingent rent recognised in Statement of profit and loss	-	-
	<b>149.20</b>	<b>106.92</b>

\* Including lease rent for use of agriculture land ₹ 7.79 lacs (30th June, 2011 : ₹ 11.69 lacs).

**32.**

Bearer Equity Share Coupons having a realised value of ₹ 0.06 lacs (30th June, 2011 : ₹ 0.06 lacs) has been shown separately under "Shareholders' Funds" as the holders of such coupons are yet to tender coupon certificates to claim the underlying security i.e. equity shares of equal paid up value.

**33.**

The Company had received Preference Share Application Money ₹ 3,750 lacs during the year ended 30 June 2011 against 8.5% Non-Convertible Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each to be issued at par. The Company has issued, during the reporting year, CRPS against the said share application money.

**34.**

During the year, Company has paid ₹ 2,422.19 lacs towards differential cane price for its Hargaon and Rosa Sugar units in Uttar Pradesh for the sugar season 2007-08 in term of the order of the Hon'ble Supreme Court dated 17th January, 2012, which has been shown as "Exceptional Item" in the statement of profit and loss.

**35. SEGMENT INFORMATION**

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Food processing" as the operating segments:

Sugar - Consists of manufacture, trading and sale of Sugar, Molasses and Bagasse

Spirits - Consists of manufacture and sale of Industrial Spirits (including Ethanol), Fusel Oil and Bio-Compost

Co-generation - Consists of generation and transmission of Power

Food Processing Products - Consists of Canned Fruits and Vegetables, Jams, Jellies, Squashes and Juices

Others - Consist of Miscellaneous business comprising of less than 10% revenues.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

## Business segments

Year ended 30th June, 2012

₹ in lacs

Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total
<b>Revenue *</b>						
Segment revenue	93,147.66	10,327.87	7,519.87	3,391.56	-	1,14,386.96
Less : Inter segment	8,427.67	-	3,526.59	-	-	11,954.26
<b>Total revenue from operations (net)</b>	<b>84,719.99</b>	<b>10,327.87</b>	<b>3,993.28</b>	<b>3,391.56</b>	<b>-</b>	<b>1,02,432.70</b>
<b>Results</b>						
Segment results	2,931.51	2,917.74	1,984.85	88.27	-	7,922.37
Unallocated Income / (Expenses) (net of unallocable expenses / income)						(509.30)
<b>Operating Profit / (loss)</b>						<b>7,413.07</b>
Finance costs						11,617.46
Profit / (Loss) before exceptional item and tax						<b>(4,204.39)</b>
Less : Exceptional item						2,422.19
<b>Profit / (Loss) before tax</b>						<b>(6,626.58)</b>
Deferred tax charge / (credit)						(2,133.97)
<b>Net Profit / (Loss)</b>						<b>(4,492.61)</b>
<b>As at 30th June, 2012</b>						
Segment assets	87,301.83	12,057.77	15,193.83	1,691.66	-	1,16,245.09
Unallocated assets						9,321.39
<b>Total assets</b>						<b>1,25,566.48</b>
Segment liabilities	21,555.42	303.37	52.59	864.63	-	22,776.01
Unallocated liabilities						1,00,126.59
<b>Total liabilities</b>						<b>1,22,902.60</b>
<b>Other segment information</b>						
Capital expenditure						
Tangible assets	664.43	509.15	3.30	5.37	-	<b>1,182.25</b>
Intangible assets	72.56	-	-	-	-	<b>72.56</b>
Depreciation	2,797.18	617.19	824.26	8.35	-	<b>4,246.98</b>
Amortisation	1.38	0.28	-	-	-	<b>1.66</b>
Non-cash expenses	9.02	-	-	-	-	<b>9.02</b>
<b>Year ended 30th June, 2011</b>						
<b>Revenue *</b>						
Segment revenue	81,866.78	8,624.27	5,452.69	3,048.61	-	98,992.35
Less : Inter segment	6,647.27	1.69	3,284.76	-	-	9,933.72
<b>Total revenue from operations (net)</b>	<b>75,219.51</b>	<b>8,622.58</b>	<b>2,167.93</b>	<b>3,048.61</b>	<b>-</b>	<b>89,058.63</b>
<b>Results</b>						
Segment results	1,351.10	1,685.59	1,124.70	144.09	0.43	4,305.91
Unallocated Income / (Expenses) (net of unallocable expenses / income)						(487.69)
<b>Operating profit / (loss)</b>						<b>3,818.22</b>
Finance costs						11,273.00
<b>Profit / (Loss) before tax</b>						<b>(7,454.78)</b>
Deferred tax charge / (credit)						(2,343.33)
<b>Net profit / (loss)</b>						<b>(5,111.45)</b>

**Segment Information (Contd.)**

₹ in lacs

Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total
<b>As at 30th June, 2011</b>						
Segment assets	69,808.22	12,039.51	13,587.24	1,681.15	1.02	97,117.14
Unallocated assets						8,249.54
<b>Total assets</b>						<b>1,05,366.68</b>
Segment liabilities	6,018.01	263.35	65.87	958.16	0.10	7,305.49
Unallocated liabilities						92,163.72
<b>Total liabilities</b>						<b>99,469.21</b>
<b>Other segment information</b>						
Capital expenditure						
Tangible assets	543.29	62.11	407.86	3.95	-	<b>1,017.21</b>
Intangible assets	18.83	-	-	-	-	<b>18.83</b>
Depreciation	2,881.44	582.85	643.93	8.11	0.03	<b>4,116.36</b>
Amortisation	1.30	-	-	-	-	<b>1.30</b>
Non-cash expenses	7.01	-	-	-	-	<b>7.01</b>

**Geographical segments**

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations.

₹ in lacs

<b>Year ended 30th June, 2012</b>	India	Overseas	Total
<b>Revenue*</b>			
Revenue from operations	1,02,181.43	251.27	<b>1,02,432.70</b>
<b>Other segment information</b>			
Segment assets	1,16,245.09	-	<b>1,16,245.09</b>

₹ in lacs

<b>Year ended 30th June, 2011</b>	India	Overseas	Total
<b>Revenue*</b>			
Revenue from operations	86,009.57	3,049.06	<b>89,058.63</b>
<b>Other segment information</b>			
Segment assets	97,117.14	-	<b>97,117.14</b>

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

\* Net of excise duty and cess.

**36. RELATED PARTY DISCLOSURES****Names of related parties and related party relationship****Related parties where control exists**

Subsidiary Companies	Champaran Marketing Company Ltd. OSM Investment & Trading Company Ltd. Hargaon Investment & Trading Company Ltd. Hargaon Properties Ltd.
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**Related parties with whom transactions have taken place during the year**

Key Management Personnel	Mr. Chandra Shekhar Nopany	– Chairman-cum-Managing Director
	Mr. Dilip Patodia	– President (Finance) and Chief Financial Officer
	Mr. G.N.Pareek	– Company Secretary
	Mr. V.P. Singh	– Executive President, Hargaon Unit
	Mr. Chandra Mohan	– Executive President, Narkatiaganj Unit
	Mr. B.K. Malpani	– Executive President, Rosa Unit
	Mr. P.R. Singh	– Executive President, Hata Unit
	Mr. M.P. Singh	– Executive Vice President, Allahabad Unit
Relatives of Key Management Personnel	Mrs. Nandini Nopany	– Mother of Mr. Chandra Shekhar Nopany
	Mrs. Shalini Nopany	– Wife of Mr. Chandra Shekhar Nopany
	Mrs. Usha Singh	– Wife of Mr. M.P. Singh
	Mrs. Ritu Singh	– Daughter of Mr. M.P. Singh
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	Upper Ganges Sugar & Industries Ltd.	
	Sutlej Textiles & Industries Ltd.	
	SIL Investments Ltd.	
	SCM Investment & Trading Company Ltd.	
	RTM Investment & Trading Company Ltd.	
	Uttar Pradesh Trading Company Ltd.	
	Nilgiri Plantations Ltd.	
	Ronson Traders Ltd.	

**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

₹ in lacs

	Year ended	Sale of goods	Amount owed by related parties	Amount owed to related parties
<b>a. Sale of goods</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Ltd.	30th June, 2012	175.25	-	-
	30th June, 2011	67.07	-	-
	Year ended	Purchase of goods	Amount owed by related parties	Amount owed to related parties
<b>b. Purchase of goods</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Ltd.	30th June, 2012	647.38	-	-
	30th June, 2011	455.31	-	-
	Year ended	Sale of fixed assets	Amount owed by related parties	Amount owed to related parties
<b>c. Sale of fixed assets</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Ltd.	30th June, 2012	48.95	-	-
	30th June, 2011	-	-	-
	Year ended	Purchase of fixed assets	Amount owed by related parties	Amount owed to related parties
<b>d. Purchase of fixed assets</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Ltd.	30th June, 2012	28.40	-	-
	30th June, 2011	3.48	-	-
	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
<b>e. Payable outstanding (net)</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Ltd.	30th June, 2012	-	-	25.81
	30th June, 2011	-	-	6.80



## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

## Related party transactions (Contd.)

₹ in lacs

	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
<b>f. Preference share application money (pending allotment)</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Sutlej Textiles & Industries Ltd.	30th June, 2012	-	-	-
	30th June, 2011	3,750.00	-	3,750.00

₹ in lacs

	Year ended	Loan / Inter-corporate deposits given	Receipts / adjustment	Interest accrued	Amount owed by related parties
<b>g. Loans / Inter-corporate deposits given and receipts thereof</b>					
Subsidiary companies					
Champaran Marketing Company Ltd.	30th June, 2012	-	-	-	-
	30th June, 2011	0.50	11.00	-	-
OSM Investment & Trading Company Ltd.	30th June, 2012	0.10	57.75	-	497.85
	30th June, 2011	0.25	49.00	-	555.50
Hargaon Investment & Trading Company Ltd.	30th June, 2012	4.35	382.10	-	-
	30th June, 2011	0.75	105.75	-	377.75
Key Management Personnel					
Others	30th June, 2012	-	4.00	-	-
	30th June, 2011	-	6.21	-	4.00

	Year ended	Loan / Inter-corporate deposits taken	Repayment / adjustment	Interest accrued / paid	Amount owed to related parties
<b>h. Loans / Inter-corporate deposits taken &amp; repayment thereof</b>					
Subsidiary companies					
Champaran Marketing Company Ltd.	30th June, 2012	2,024.75	3.75	89.16	2,023.50
	30th June, 2011	2.50	-	-	2.50
Hargaon Investment & Trading Company Ltd.	30th June, 2012	1,900.00	257.60	84.52	1,642.40
	30th June, 2011	-	-	-	-
Key Management Personnel					
Others	30th June, 2012	-	5.00	0.29	-
	30th June, 2011	-	-	0.59	5.00
Relatives of key management personnel					
Others	30th June, 2012	-	2.00	0.41	2.50
	30th June, 2011	2.50	2.50	0.46	4.50
Enterprises owned or significantly influenced by key management personnel or their relatives					
Upper Ganges Sugar & Industries Ltd.	30th June, 2012	-	3,500.00	242.42	-
	30th June, 2011	4,250.00	750.00	384.59	3,500.00
Sutlej Textiles & Industries Ltd.	30th June, 2012	4,000.00	4,500.00	259.29	2,000.00
	30th June, 2011	7,500.00	6,000.00	468.91	2,500.00
SIL Investments Ltd.	30th June, 2012	450.00	3,450.00	554.42	1,500.00
	30th June, 2011	4,950.00	450.00	204.70	4,500.00
SCM Investment & Trading Company Ltd.	30th June, 2012	1,080.50	633.00	381.69	2,512.50
	30th June, 2011	2,070.00	5.00	127.82	2,065.00
RTM Investment & Trading Company Ltd.	30th June, 2012	2,600.00	2,400.00	498.61	2,775.00
	30th June, 2011	2,575.00	-	226.12	2,575.00
Nilgiri Plantations Ltd.	30th June, 2012	500.00	500.00	59.98	500.00
	30th June, 2011	500.00	540.00	64.62	500.00
Ronson Traders Ltd.	30th June, 2012	100.00	100.00	11.99	100.00
	30th June, 2011	200.00	200.00	12.09	100.00

Related party transactions (Contd.)

₹ in lacs

	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
<b>i. Remuneration to key managerial personnel</b>				
Mr. Chandra Shekhar Nopany	30th June, 2012	43.77 *	-	9.75
	30th June, 2011	43.68 *	-	-
Mr. Dilip Patodia	30th June, 2012	54.21	-	-
	30th June, 2011	-	-	-
Mr. G.N.Pareek	30th June, 2012	16.71	-	-
	30th June, 2011	12.78	-	-
Mr. V.P. Singh	30th June, 2012	32.83	-	0.96
	30th June, 2011	34.31	-	1.00
Mr. Chandra Mohan	30th June, 2012	28.00	-	-
	30th June, 2011	28.00	-	0.77
Mr. B.K. Malpani	30th June, 2012	24.96	-	1.85
	30th June, 2011	23.80	-	1.52
Mr. P.R. Singh	30th June, 2012	43.90	-	9.78
	30th June, 2011	-	-	-
Mr. M.P. Singh	30th June, 2012	9.58	-	0.07
	30th June, 2011	8.66	-	-

\* Excludes ₹ 36.00 lacs (30th June, 2011 : ₹ 36.00 lacs) and ₹ 33.68 lacs (30th June, 2011 : ₹ 31.27 lacs) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under "Rent" and "Miscellaneous Expenses" in note 25.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**37. CAPITAL AND OTHER COMMITMENTS**

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 125.62 lacs (30th June, 2011 : ₹ 107.97 lacs).
- (b) For commitments relating to lease arrangements, please refer note 31.

₹ in lacs

	30th June, 2012	30th June, 2011
<b>38. CONTINGENT LIABILITIES</b>		
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts and contested by the Company :		
(i) Excise Duty & Service Tax	2,562.88	1,620.87
(ii) Sales & Entry Tax	104.28	337.56
(iii) Duty under State Acts	157.89	157.89
(iv) Others	275.65	214.43
<b>Total</b>	<b>* 3,100.70</b>	<b>2,330.75</b>
(b) (i) Guarantees given to a bank against loans to cane growers	5,000.00	5,000.00
(ii) Against the above, the outstanding amount as on the reporting date	2,589.63	4,095.16
(c) Bank Guarantees outstanding	551.99	591.88
(d) Bills discounted with banks [since realised ₹ Nil (30th June, 2011 : ₹ 41.17 lacs)]	117.83	208.60
(e) Arrear Dividend (including tax) on Non-convertible Cumulative Redeemable Preference Shares (CRPS)	452.11	-

\* Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision thereagainst is considered necessary.

**39.**

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.

## Notes to Financial Statements for the year ended 30 June 2012 (Contd.)

## 40.

Loans and advances in the nature of loans given to subsidiaries and associates and firms/ Companies in which Directors are interested and which are outstanding at the end of the year in terms of Clause 32 of the Listing Agreement with Stock Exchanges

₹ in lacs

Particulars	Outstanding amount as at		Maximum amount outstanding during the year	
	30th June, 2012	30th June, 2011	30th June, 2012	30th June, 2011
Loan to Subsidiary Companies				
Champan Marketing Co. Ltd.	-	-	-	10.50
Hargaon Investment & Trading Co. Ltd.	-	377.75	377.75	482.75
OSM Investment & Trading Co. Ltd.	497.85	555.50	555.50	604.25

₹ in lacs

	30th June, 2012	30th June, 2011
<b>41. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES</b>		
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	10.46	76.52
(ii) Interest due on above.	0.88	4.11
Total of (i) & (ii)	<b>11.34</b>	<b>80.63</b>
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	21.56	6.49
(iv) Amount paid to the suppliers beyond the respective due date.	71.32	150.34
(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.	4.23	6.90
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	5.11	11.01
(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.	11.31	21.06

₹ in lacs

	30th June, 2012	30th June, 2011
<b>42. VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>		
Packing Materials	143.56	83.83
	<b>143.56</b>	<b>83.83</b>

₹ in lacs

	30th June, 2012	30th June, 2011
<b>43. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)</b>		
(a) Travelling	5.58	1.98
(b) Selling Commission	7.96	12.92
	<b>13.54</b>	<b>14.90</b>

	consumption %	Value ₹ in lacs	consumption %	Value ₹ in lacs
	30th June, 2012		30th June, 2011	
<b>44. IMPORTED AND INDIGENOUS RAW MATERIALS AND STORES &amp; SPARES CONSUMED.</b>				
Raw Materials				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	88,569.30	100.00%	63,469.73
	<b>100.00%</b>	<b>88,569.30</b>	<b>100.00%</b>	<b>63,469.73</b>
Stores and Spares				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	1,746.82	100.00%	1,573.31
	<b>100.00%</b>	<b>1,746.82</b>	<b>100.00%</b>	<b>1,573.31</b>

It is not possible to identify consumption of spare parts separately and hence consumption of stores and spares is shown above.

₹ in lacs

	30th June, 2012	30th June, 2011
<b>45. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)</b>		
<b>Year of remittance (ending on)</b>		
Exports of goods at F.O.B. Value	251.27	3,049.06
	<b>251.27</b>	<b>3,049.06</b>

#### 46. PREVIOUS YEAR FIGURES

Previous year's figures have been rearranged where necessary to conform the current year's classification under Revised Schedule VI as mentioned in Note 2.1 (a) above.

As per our report of even date  
For **S.R.BATLIBOI & CO.**  
Firm Registration Number : 301003E  
Chartered Accountants

per **SANJOY K. GUPTA**  
Partner  
Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,  
Kolkata - 700 016  
Date : 8th August, 2012

**Mr. Govind Narayan Pareek**  
Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**  
Director

**Mr. Chandra Shekhar Nopany**  
Chairman - cum - Managing 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, 2012 and also the Consolidated Statement of Profit and Loss 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 ₹ 7,487.11 lacs as at 31st March 2012 [refer note. 1(c)] and total revenues of ₹ 222.36 lacs and net cash flow of ₹ 2.32 lacs 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, attention is drawn to Note no. 39 regarding non-provision of ₹ 560.66 lacs towards diminution in the value of certain quoted investments about which we are unable to comment for the reason mentioned therein.

6. *Attention is drawn to note 15 regarding recognition of Deferred Tax Asset (DTA) (net) of ₹ 7,531.98 lacs (including ₹ 5,398.01 lacs recognised in earlier years) up to 30th June, 2012 based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty required in terms of Accounting Standard-22 of the aforesaid projections, had the above impact been considered, there would be a loss of ₹ 11,829.61 lacs as against the reported loss of ₹ 4,297.63 lacs for the year and the reserve and surplus balance would be ₹ (-) 10,773.35 lacs as against the reported figure of ₹ (-) 3,241.37 lacs as on the balance sheet date.*

*In respect of above, the previous years audit report was similarly modified.*

7. 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, *except for the effects of the matters stated in paragraph 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, 2012;
  - (b) in the case of Consolidated Statement of Profit & Loss, 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 Number: 301003E

CHARTERED ACCOUNTANTS

per **SANJOY K. GUPTA**

Partner

Place : 22, Camac Street,  
3rd Floor,  
Kolkata - 700 016

Dated : 8th August, 2012

Membership No. 54968

# Consolidated Balance sheet as at 30th June, 2012

₹ in lacs

	Notes	As at 30th June, 2012	As at 30th June, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	7,604.43	2,604.43
Reserves and Surplus	4	(3,241.37)	1,047.24
Bearer Equity Share Coupons	32	0.06	0.06
		<b>4,363.12</b>	<b>3,651.73</b>
<b>Preference Share Application Money pending allotment</b>	33	-	<b>3,750.00</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	5	38,120.73	37,487.26
Other long-term liabilities	6	825.18	631.71
Long-term provisions	7	225.09	171.41
		<b>39,171.00</b>	<b>38,290.38</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	57,768.62	47,132.04
Trade payables	9	18,170.85	5,119.43
Other current liabilities	9	7,921.83	8,843.68
Short-term provisions	7	118.47	83.10
		<b>83,979.77</b>	<b>61,178.25</b>
<b>TOTAL</b>		<b>1,27,513.89</b>	<b>1,06,870.36</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	60,553.82	63,670.08
Intangible Assets	11	3.55	5.21
Capital Work-in-Progress	12	160.90	168.11
Intangible Assets under development	13	86.56	14.00
Non-current Investments	14	3,405.21	3,405.21
Deferred Tax Assets (net)	15	7,531.98	5,398.01
Long-term loans and advances	16	954.06	1,470.11
		<b>72,696.08</b>	<b>74,130.73</b>
<b>Current Assets</b>			
Inventories	17	49,063.62	28,206.17
Trade Receivables	18.1	3,314.63	1,288.85
Cash and Bank balances	19	352.70	249.16
Short-term loans and advances	16	2,061.38	2,121.94
Other current assets	18.2	25.48	873.51
		<b>54,817.81</b>	<b>32,739.63</b>
<b>TOTAL</b>		<b>1,27,513.89</b>	<b>1,06,870.36</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,  
Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director

## Consolidated Statement of Profit and Loss for the year ended 30th June, 2012

₹ in lacs

	Notes	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>INCOME</b>			
<b>Revenue from Operations (gross)</b>	20	<b>1,05,589.17</b>	<b>92,176.09</b>
Less : Excise duty		2,512.62	2,496.91
Cess		643.85	620.55
<b>Revenue from Operations (net)</b>		<b>1,02,432.70</b>	<b>89,058.63</b>
Other Income	21	822.97	311.71
<b>Total Revenue (I)</b>		<b>1,03,255.67</b>	<b>89,370.34</b>
<b>EXPENSES</b>			
Cost of Raw Materials consumed	22	88,569.30	63,469.73
Purchase of Traded Goods	23	7,758.22	1,507.51
(Increase) / decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(19,512.70)	3,081.37
Employee Benefits Expense	24	4,692.34	4,089.33
Other Expenses	25	9,896.97	9,197.66
<b>Total (II)</b>		<b>91,404.13</b>	<b>81,345.60</b>
<b>Profit Before Finance Costs, Tax, Depreciation and Amortisation [(I) - (II)]</b>		<b>11,851.54</b>	<b>8,024.74</b>
Depreciation and Amortisation expenses	26	4,248.64	4,117.66
Finance Costs	27	11,612.13	11,273.00
<b>Profit / (Loss) Before Exceptional Item and Tax</b>		<b>(4,009.23)</b>	<b>(7,365.92)</b>
<b>Less : Exceptional Item</b>	34	<b>2,422.19</b>	<b>-</b>
<b>Profit / (Loss) before Tax</b>		<b>(6,431.42)</b>	<b>(7,365.92)</b>
<b>Tax Expenses</b>			
Current Tax		0.18	0.51
Deferred Tax Charge / (Credit)		(2,133.97)	(2,343.33)
<b>Total Tax Expense / (Credit)</b>		<b>(2,133.79)</b>	<b>(2,342.82)</b>
<b>Profit / (Loss) for the year</b>		<b>(4,297.63)</b>	<b>(5,023.10)</b>
<b>Earnings per Equity Share</b>	29	₹	₹
<b>[Nominal value of share ₹ 10 (30 June 2011) : ₹ 10]</b>			
<b>Basic</b>		<b>(18.33)</b>	<b>(19.38)</b>
<b>Diluted</b>		<b>(18.33)</b>	<b>(19.38)</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,

Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director

# Consolidated Cash Flow Statement for the year ended 30th June, 2012

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit / (Loss) before Tax</b>	(6,431.42)	(7,365.92)
<b>Adjustments for :</b>		
Depreciation and Amortisation expense	4,248.64	4,117.66
Finance Costs	11,612.13	11,273.00
Loss / (Profit) on tangible assets sold / discarded (net)	(192.33)	(11.95)
Bad Debts, irrecoverable claims and advances written off	10.10	30.92
Provision for bad and doubtful debts / advances	9.32	28.85
Provision for Warranties & Claims	7.97	7.13
Provision for Standard Asset	9.83	0.02
Molasses Storage & Maintenance Reserve	9.02	7.01
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	(326.99)	(142.83)
Interest Income	(13.12)	(28.44)
Dividend Income	(204.27)	(90.84)
<b>Operating Profit before Working Capital Changes :</b>	<b>8,738.88</b>	<b>7,824.61</b>
Increase / (Decrease) in Trade Payables, Other Liabilities and Provisions	12,422.06	(5,718.98)
(Increase) in Trade Receivables	(2,025.78)	(256.03)
Decrease in Loans & Advances and Other Current Assets	735.42	453.53
Decrease / (Increase) in Inventories	(20,857.45)	3,085.35
<b>Cash Generated from / (Used in) Operations:</b>	<b>(986.87)</b>	<b>5,388.48</b>
Direct Taxes Refund / (Paid)	1.56	114.67
<b>Net Cash from / (Used in) Operating Activities</b>	<b>(985.31)</b>	<b>5,503.15</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Proceeds from sale of Tangible Assets	251.07	15.95
Purchase of Fixed Assets including Capital Advances	(1,430.59)	(873.06)
Purchase of Investments	-	(0.50)
Sale of Investments	-	74.50
Fixed Deposits	24.31	(8.00)
Interest Received	10.42	29.25
Dividend Received	204.27	90.84
Loans received back/(given)	(17.14)	3.57
<b>Net Cash Used in Investing Activities</b>	<b>(957.66)</b>	<b>(667.45)</b>



# Consolidated Cash Flow Statement for the year ended 30th June, 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Issuance of Preference Share Capital	1,250.00	-
Preference Share Application Money	-	3,750.00
Repayment of Long Term Loans	(2,436.32)	(3,802.28)
Proceeds from Long Term Loans	11.52	187.08
Proceeds from Short Term Borrowings (net)	10,636.58	2,439.85
Interest Paid	(7,299.84)	(7,310.24)
Other Borrowing Cost	(88.03)	(279.75)
<b>Net Cash from /(Used in) Financing Activities</b>	<b>2,073.91</b>	<b>(5,015.34)</b>
<b>Net Changes in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>130.94</b>	<b>(179.64)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>173.59</b>	<b>353.23</b>
<b>Cash &amp; Cash Equivalents at the end of the year *</b>	<b>304.53</b>	<b>173.59</b>

\* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 48.17 lacs (30 June 2011 : ₹ 75.57 lacs) being balances with restrictive use or having maturity of more than 3 months

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,

Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director

## 1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of The Oudh Sugar Mills Limited ("the Company") and its subsidiary companies (collectively referred as "the Group") 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 unrealised profit/loss included therein is in accordance with Accounting Standard (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 all the subsidiaries closes on 31st March, their audited accounts as at and for the year ended 31st March, 2012 have been incorporated in these accounts. However, adjustments for major transactions pertaining to the period from 1st April, 2012 to 30th June, 2012 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 consolidated financial statements.
- (e) The Subsidiary Companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of voting power / ownership as on 30 <sup>th</sup> June, 2012
Hargaon Investment & Trading Company Limited	India	100
OSM Investment & Trading Company Limited	India	100
Champaran Marketing Company Limited	India	100
Hargaon Properties Limited	India	100

## 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting

principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained in 2.1 (a) below.

### 2.1 Summary of Significant Accounting Policies

#### (a) Change in Accounting Policy

##### Presentation and disclosure of financial statements

During the year ended 30th June, 2012, revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its consolidated financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of consolidated financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### (b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (c) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises of the purchase price inclusive of duties (net of CENVAT Credit), taxes,

incidental expenses, erection / commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

**(d) Depreciation on Tangible Fixed Assets**

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on tangible fixed assets is provided under 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.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**(e) Intangible Assets**

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are

tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

**(f) Leases**

**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 recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

**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 capitalised at the lower of the fair value of the leased property 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.

**(g) Borrowing Costs**

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of

the respective asset. All other borrowing costs are expensed in the period they occur.

**(h) Impairment of Tangible and Intangible Assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**(i) Government Grants and Subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

**(j) Investments**

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

**(k) Inventories**

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable 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), traded goods and standing crops, are valued at lower of cost and net realisable value. Finished goods, Goods under process and Standing Crops include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

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 realisable value.

Net realisable 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.

**(l) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognised when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

#### (m) Foreign Currency Transactions

##### 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.

##### 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

##### Exchange differences

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

##### Forward Exchange Contracts entered into hedge foreign currency risk of an existing asset / liability

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

#### (n) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds except in case of contribution towards Provident Fund, where the deficit if any, arising in making the statutory payment by the Trust to its members, is being funded by the Company in terms of the

provisions under Employee Provident Fund & Miscellaneous Provisions Act, 1952.

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 financial year.

Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

#### (o) Income taxes

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 enacted in India. 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 reporting date. Deferred tax asset is recognised 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 realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognised 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 realised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 reporting 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 recognised 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 statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting 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.

**(p) Segment Reporting**

**Identification of segments**

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised 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.

**Inter Segment Transfers**

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

**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".

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(q) Earnings 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.

**(r) Cash and Cash Equivalents**

Cash and cash equivalents in the Cash Flow Statement comprise of cash at bank and on hand and short-term investments with an original maturity of three months or less

**(s) 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 Statement of Profit and Loss. Net gains are ignored as a matter of prudence.

**(t) 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 reporting date.

**(u) Shares Issue Expenses**

Shares issue expenses are adjusted against Securities Premium Account.

**(v) Provisions**

A provision is recognised when the Group 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 the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

**(w) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that

an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

₹ in lacs

	30th June, 2012	30th June, 2011
<b>3. SHARE CAPITAL</b>		
<b>Authorized shares :</b>		
4,00,00,000 (30th June, 2011 : 4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
5,00,00,000 (30th June, 2011 : 5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
3,00,00,000 (30th June, 2011 : 3,00,00,000) Unclassified Shares of ₹ 10/- each	3,000.00	3,000.00
<b>Total</b>	<b>12,000.00</b>	<b>12,000.00</b>
<b>Issued shares :</b>		
2,61,89,135 (30th June, 2011 : 2,61,89,135) Equity Shares of ₹ 10/- each	2,618.91	2,618.91
5,00,00,000 (30th June, 2011 : Nil) Preference Shares of ₹ 10/- each	5,000.00	-
<b>Total</b>	<b>7,618.91</b>	<b>2,618.91</b>
<b>Subscribed and Fully Paid-Up shares :</b>		
2,59,17,175 (30th June, 2011 : 2,59,17,175) Equity Shares of ₹ 10/- each	2,591.72	2,591.72
44 (30th June, 2011 : 44) Quarter Equity Shares of ₹ 25/- each [refer Note 3(e) below]	0.01	0.01
5,00,00,000 (30th June, 2011 : Nil) Preference Shares of ₹ 10/- each	5,000.00	-
	7,591.73	2,591.73
Add : Forfeited shares (amount originally paid-up)	12.70	12.70
<b>Total</b>	<b>7,604.43</b>	<b>2,604.43</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :**

	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
<b>EQUITY SHARES</b>				
<b>Equity shares of ₹ 10/- each</b>				
Outstanding at the beginning and end of the year	2,59,17,175	2,591.72	2,59,17,175	2,591.72
<b>Quarter Equity shares of ₹ 25/- each</b>				
Outstanding at the beginning and end of the year	44	0.01	44	0.01

	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
<b>PREFERENCE SHARES</b>				
<b>Preference shares of ₹ 10/- each</b>				
At the beginning of the year	-	-	-	-
Add : Issued during the year	5,00,00,000	5,000.00	-	-
<b>Outstanding at the end of the year</b>	<b>5,00,00,000</b>	<b>5,000.00</b>	<b>-</b>	<b>-</b>



**(b) Terms / rights attached to Equity Shares**

Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.

**(c) Terms of redemption of Preference Shares**

The Non-Convertible Cumulative Redeemable Preference Shares (CRPS) issued during the year carries dividend @ 8.5% per annum.

CRPS shall be redeemable at par upon expiry of a period of twelve years and one day from the date of allotment i.e. 1st August, 2011 with a right vested to the Board of Directors to redeem earlier, subject to the consent of the lenders. However, no redemption will take place before 30th June, 2014.

Dividend is payable annually at the time of redemption of the CRPS. However, the Board reserves the right to pay the dividend earlier with the consent of the Lenders and subject to the availability of profit.

**(d) Details of shareholders holding more than 5% shares in the company**

Name of the shareholder	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of ₹ 10 each fully paid</b>				
Uttar Pradesh Trading Co. Ltd.	33,26,901	12.84%	33,26,901	12.84%
New India Retailing & Investment Ltd.	27,78,044	10.72%	27,78,044	10.72%
SCM Investment & Trading Co. Ltd.	27,97,296	10.79%	27,97,296	10.79%
RTM Investment & Trading Co. Ltd.	23,46,169	9.05%	23,46,169	9.05%
<b>CRPS of ₹ 10 each fully paid</b>				
Sutlej Textiles & Industries Ltd.	5,00,00,000	100.00%	-	-

As per records of the Company, including its Register of Shareholders / Members, the above share holdings represent legal ownership of shares.

- (e)** Due to non-receipt of share certificates from the respective shareholders in terms of resolution passed by the shareholders at 64th Annual General Meeting, the aforesaid shares have not been sub-divided into 110 Equity Share of ₹ 10 each fully paid and accordingly shown separately.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per the last financial statements	<b>198.60</b>	<b>198.60</b>
<b>Capital Redemption Reserve</b>		
As per the last financial statements	<b>82.69</b>	<b>82.69</b>
<b>Securities Premium Account</b>		
As per the last financial statements	<b>9,315.03</b>	<b>9,315.03</b>
<b>Molasses &amp; Alcohol Storage and Maintenance Reserve</b>		
Balance as per the last financial statements	94.37	87.36
Add: Provided during the year	9.02	7.01
<b>Closing balance</b>	<b>103.39</b>	<b>94.37</b>
<b>Effluent Disposal Reserve</b>		
As per the last financial statements	<b>2.84</b>	<b>2.84</b>
<b>Reserve Fund</b>		
As per the last financial statements	318.60	300.88
Add : Addition during the year	38.19	17.72
<b>Closing balance</b>	<b>356.79</b>	<b>318.60</b>
<b>General Reserve</b>		
As per the last financial statements	<b>324.50</b>	<b>324.50</b>



## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>4. RESERVES AND SURPLUS (Contd.)</b>		
<b>Surplus / (Deficit) in the Consolidated Statement of Profit and Loss</b>		
Balance as per last consolidated financial statements	(9,289.39)	(4,248.57)
Profit / (Loss) for the year	(4,297.63)	(5,023.10)
Transferred to Reserve Fund	38.19	17.72
<b>Net Surplus / (Deficit) in the Consolidated Statement of Profit and Loss</b>	<b>(13,625.21)</b>	<b>(9,289.39)</b>
<b>Total Reserves and Surplus</b>	<b>(3,241.37)</b>	<b>1,047.24</b>

₹ in lacs

	Non-current portion		Current portion	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
<b>5. LONG-TERM BORROWINGS</b>				
<b>Term Loans (secured) :</b>				
From Banks -				
Term Loan	26,358.12	27,173.34	815.22	-
Funded Interest Term Loan (FITL)	6,303.39	3,999.11	1,575.85	-
Under Financial Assistance Scheme (Excise Duty Loan)	-	-	-	1,328.35
From Sugar Development Fund	5,431.59	6,153.09	721.50	901.50
<b>Other Loans and Advances (unsecured) :</b>				
Fixed Deposits from related parties (Note 36h)	-	2.50	2.50	7.00
Fixed Deposits from others	27.63	159.22	139.52	195.88
	<b>38,120.73</b>	<b>37,487.26</b>	<b>3,254.59</b>	<b>2,432.73</b>
Less : Amount disclosed under the head "other current liabilities" (Note 9)			3,254.59	2,432.73
<b>Net amount</b>	<b>38,120.73</b>	<b>37,487.26</b>	<b>-</b>	<b>-</b>

- (a) Term Loans and FITL from Banks carry interest rate in the range of 13.77% to 14.99%. The loans are repayable in quarterly instalments starting from 30th September, 2012 and 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.

The above Term Loans including FITL are further secured as follows.

- (i) - Second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
  - Second charge on fixed assets of Sugar Unit at Rosa ranking pari-passu amongst the various lenders.
  - (ii) Third charge on current assets of Sugar Unit at Narkatiaganj.
  - (iii) Third charge on current assets of Sugar & Distillery Units at Hargaon.
  - (iv) Pledge of 64,79,294 equity shares of the Company held by promoter group companies, ranking pari-passu amongst the various lenders.
- (b) Term loans under Financial Assistance Scheme (Excise Duty Loan) were secured by a residual charge on entire Fixed Assets (movable and immovable), present and future of the Company's Sugar units at Hargaon, Rosa and Narkatiaganj. The said loan has been repaid during the year as per the stipulated terms of repayments.

- (c) Term loans from the Sugar Development Fund, carry interest @ 4% p.a., 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.

The above loans are repayable as under.

Principal Disbursed Amount	Balance as at 30th June, 2012 (₹ in lacs)	Repayment Schedule
(i) ₹ 3,123.35 lacs for Hargaon Sugar unit	3,123.35	5 yearly instalments starting from 30th September, 2013.
(ii) ₹ 2,886.00 lacs for Hargaon Distillery unit	1,803.75	8 half yearly instalments started from 18th February, 2011.
(iii) ₹ 1,225.99 lacs for Narkatiaganj Sugar unit	1,225.99	5 yearly instalments starting from 31st March, 2014.
	<b>6,153.09</b>	

- (d) Fixed Deposits from related parties / others carry interest rate of 10.75% to 11.75% and are repayable after two or three years from the respective date of deposits, depending upon the tenure of deposits.

₹ in lacs

	30th June, 2012	30th June, 2011
<b>6. OTHER LONG-TERM LIABILITIES</b>		
Interest accrued but not due on borrowings	708.28	534.18
Trade and other deposits	116.90	97.53
	<b>825.18</b>	<b>631.71</b>

₹ in lacs

	Long-term		Short-term	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
<b>7. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Gratuity (note 30)	108.57	62.79	70.50	46.62
Leave	116.52	108.62	15.49	17.35
	<b>225.09</b>	<b>171.41</b>	<b>85.99</b>	<b>63.97</b>
<b>Other provisions</b>				
For warranties	-	-	18.63	14.47
For Standard Assets	-	-	9.85	0.02
For current tax	-	-	-	1.64
For wealth tax	-	-	4.00	3.00
	-	-	<b>32.48</b>	<b>19.13</b>
	<b>225.09</b>	<b>171.41</b>	<b>118.47</b>	<b>83.10</b>

A provision is recognized for expected warranty claims on products based on management estimate of present obligation in this regard during the warranty year, computed on the basis of past experience of levels of repairs and returns. It is expected that the entire provision will be utilized within one year of the reporting date, since the warranty year is generally for one year. The table below gives information about movement in warranties provisions.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
At the beginning of the year	14.47	11.72
Additions during the year	7.97	7.13
Utilized during the year	3.81	4.38
<b>At the end of the year</b>	<b>18.63</b>	<b>14.47</b>

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>8. SHORT-TERM BORROWINGS</b>		
Cash credit from Banks (secured) (repayable on demand)	34,876.12	16,087.04
<b>Other Loans &amp; Advances</b>		
Inter-Corporate Deposits (unsecured)		
From related parties (unsecured) (Note 36h)	13,287.50	15,740.00
From others (secured)	1,350.00	-
From others (unsecured)	8,255.00	15,305.00
	<b>57,768.62</b>	<b>47,132.04</b>

(a) Cash Credit from banks are secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows :

- (i) Canning factory at Allahabad - First Charge;
- (ii) Sugar Unit at Rosa - First Charge;
- (iii) Sugar Unit at Hata - Second Charge;
- (iv) Sugar Units at Hargaon and Narkatiaganj - Third Charge.

Further, Cash Credit from Banks are also secured by pledge of 64,79,294 equity shares of the Company held by promoter group companies, ranking pari-passu amongst the various lenders.

Cash Credit borrowings are repayable on demand and carry interest at the rate of SBI base rate plus 3%.

(b) Inter-Corporate Deposit from others is secured by pledge of the certain quoted shares held as Investments.

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>9. OTHER CURRENT LIABILITIES</b>		
Trade payables (refer Note 41 for details of dues to micro and small enterprises)	18,170.85	5,119.43
<b>Other liabilities :</b>		
Current maturities of long-term borrowings (Note 5)	3,254.59	2,432.73
Payable towards purchase of capital goods	195.90	332.59
Advance against Sales	298.16	179.34
Interest accrued but not due on borrowings, deposits etc.	378.77	939.21
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed dividend	11.61	14.70
Others -		
Statutory dues	567.82	357.61
Excise Duty on Closing Stocks	1,466.92	1,045.85
Crop Loan from a Bank payable to cane growers	1,705.08	3,520.56
Other Miscellaneous	42.98	21.09
	<b>7,921.83</b>	<b>8,843.68</b>
	<b>26,092.68</b>	<b>13,963.11</b>

		₹ in lacs							
		Freehold Land (a) & (b)	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total (d)
<b>10. TANGIBLE ASSETS</b>									
<b>Cost</b>									
At 1st July, 2010		2,366.33	23.50	5,240.37	73,465.18	257.15	275.48	255.58	81,883.59
Additions		-	-	119.40	7,193.02	12.26	50.82	33.41	7,408.91
Disposals		0.01	-	-	30.43	11.97	18.30	19.28	79.99
<b>At 30th June, 2011</b>		<b>2,366.32</b>	<b>23.50</b>	<b>5,359.77</b>	<b>80,627.77</b>	<b>257.44</b>	<b>308.00</b>	<b>269.71</b>	<b>89,212.51</b>
Additions		-	-	237.30 (c)	837.55 (c)	23.62	33.06	57.93	1,189.46
Disposals		2.60	-	4.11	128.40	40.89	10.42	14.26	200.68
<b>At 30th June, 2012</b>		<b>2,363.72</b>	<b>23.50</b>	<b>5,592.96</b>	<b>81,336.92</b>	<b>240.17</b>	<b>330.64</b>	<b>313.38</b>	<b>90,201.29</b>
<b>Depreciation</b>									
At 1st July, 2010		-	1.70	699.46	20,327.92	165.40	148.52	159.06	21,502.06
Charge for the year		-	0.78	125.34	3,921.04	14.89	26.97	27.34	4,116.36
Disposals		-	-	-	30.22	11.69	17.38	16.70	75.99
<b>At 30th June 2011</b>		<b>-</b>	<b>2.48</b>	<b>824.80</b>	<b>24,218.74</b>	<b>168.60</b>	<b>158.11</b>	<b>169.70</b>	<b>25,542.43</b>
Charge for the year		-	0.78	136.17	4,036.01	17.72	26.50	29.80	4,246.98
Disposals		-	-	3.08	78.73	37.26	9.70	13.17	141.94
<b>At 30th June, 2012</b>		<b>-</b>	<b>3.26</b>	<b>957.89</b>	<b>28,176.02</b>	<b>149.06</b>	<b>174.91</b>	<b>186.33</b>	<b>29,647.47</b>
<b>Net Block</b>									
At 30th June, 2011		<b>2,366.32</b>	<b>21.02</b>	<b>4,534.97</b>	<b>56,409.03</b>	<b>88.84</b>	<b>149.89</b>	<b>100.01</b>	<b>63,670.08</b>
At 30th June, 2012		<b>2,363.72</b>	<b>20.24</b>	<b>4,635.07</b>	<b>53,160.90</b>	<b>91.11</b>	<b>155.73</b>	<b>127.05</b>	<b>60,553.82</b>

(a) Includes ₹ 3.46 lacs (30 June 2011 : ₹ 3.46 lacs) 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 ₹ 434.82 lacs (30 June 2011 : ₹ 434.82 lacs) are yet to be executed in favour of the Company.

(c) Net of capital subsidy of ₹ 70.00 lacs received during the year.

(d) Includes assets held in joint ownership with others - Gross Block ₹ 129.27 lacs (30 June 2011 : ₹ 128.88 lacs) and Net Block ₹ 66.31 lacs (30 June 2011 : ₹ 69.60 lacs).

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>11. INTANGIBLE ASSETS</b>		
<b>Computer Software :</b>		
<b>As at the beginning of the year</b>	<b>14.77</b>	<b>9.94</b>
Purchase	-	4.83
Disposals	7.00	-
<b>As at the end of the year</b>	<b>7.77</b>	<b>14.77</b>
<b>Amortization</b>		
<b>As at the beginning of the year</b>	<b>9.56</b>	<b>8.26</b>
Charge for the year	1.66	1.30
Disposals	7.00	-
<b>As at the end of the year</b>	<b>4.22</b>	<b>9.56</b>
<b>Net Block</b>	<b>3.55</b>	<b>5.21</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>12.1 CAPITAL WORK-IN-PROGRESS</b>		
Balance brought forward from the previous year	168.11	98.90
Add : Additions during the year	425.79	269.18
[net of subsidy of ₹ 30.00 lacs (30th June, 2011 : ₹ Nil)]		
Transfer from Expenditure on New Project (Note 12.2)	-	51.81
	593.90	419.89
Less : Transfer to Tangible Assets during the year	433.00	251.78
<b>Balance at the end of the year</b>	<b>160.90</b>	<b>168.11</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>12.2 DETAILS OF EXPENDITURE ON NEW PROJECT (PENDING ALLOCATION)</b>		
Machinery and Building under erection	-	201.82
Pre-operative expenses -		
Salaries, Wages, Bonus, etc.	-	19.04
Contribution to Provident & Other Funds	-	1.83
Gratuity (Note 30)	-	0.24
Power and Fuel	-	5.51
Insurance Charges	-	1.89
Miscellaneous Expenses	-	7.26
Finance Costs	-	218.25
	-	455.84
Add : Balance brought forward from previous year	-	6,460.91
	-	6,916.75
Less : Amount allocated during the year		
Tangible Assets	-	6,864.94
Capital work-in-progress (Note 12.1)	-	51.81
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>13. INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
Balance brought forward from the previous year	14.00	-
Add : Additions during the year	72.56	14.00
<b>Balance at the end of the year</b>	<b>86.56</b>	<b>14.00</b>

₹ in lacs

	Number of Units / shares	Face Value Per Unit / Share	As at 30th June, 2012	As at 30th June, 2011
<b>14. NON-CURRENT INVESTMENTS</b>				
<b>Non Trade Investments</b>				
(valued at cost unless stated otherwise)				
<b>Quoted (fully paid)</b>				
<b>Investment in Equity Instruments</b>				
Sutlej Textiles & Industries Ltd.	17,73,351(a)	10.00	514.71	514.71
SIL Investments Ltd.	17,58,125	10.00	396.04	396.04
Upper Ganges Sugar & Industries Ltd.	11,72,260	10.00	867.44	867.44
New India Retailing & Investment Ltd.	2,66,874	10.00	212.64	212.64
Chambal Fertilisers & Chemicals Limited	3,02,500(a)	10.00	55.00	55.00
Manavta Holding 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>
<b>Unquoted</b>				
<b>Investment in Equity Instruments (fully paid)</b>				
Modern Dia-Gen Services Ltd.	23,752	10.00	2.38	2.38
SCM Investment & Trading Co. Ltd	37,50,000	10.00	750.00	750.00
Taparia Ltd.	3,500	10.00	0.40	0.40
Shree Vihar Properties Ltd.	7,47,692	10.00	65.77	65.77
India Educational & Research Institutions Pvt. Ltd.	4,900	10.00	0.49	0.49
Bihar State Financial Corporation Ltd.	70	100.00	0.07	0.07
Moon Corporation Ltd. ('A' Class)	745	100.00	0.77	0.77
Moon Corporation Ltd. ('B' Class)	2,502	5.00	0.12	0.12
Birla Buildings Ltd.	1,920	10.00	0.19	0.19
The Oudh Trading Co. Pvt. Ltd.	25	100.00	0.03	0.03
A.P.V. Texmaco Ltd. (in liquidation)	28,750	10.00	-	-
[at cost less provision for other than temporary diminution ₹ 0.86 lacs (30th June, 2011 : ₹ 0.86 lacs)]				
			<b>820.22</b>	<b>820.22</b>
<b>Investment in Equity Instruments (partly paid)</b>				
Modern Dia-Gen Services Ltd. (₹ 2/- paid up)	15,45,044	10.00	30.90	30.90
			<b>30.90</b>	<b>30.90</b>
<b>Investment in Preference Instruments (fully paid)</b>				
8% Non - Convertible Cumulative Redeemable Preference Shares				
New India Retailing & Investment Ltd.	5,00,000	100.00	500.00	500.00
			<b>500.00</b>	<b>500.00</b>

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Number of Units / shares	Face Value Per Unit / Share	As at 30th June, 2012	As at 30th June, 2011
<b>14. NON-CURRENT INVESTMENTS (Contd.)</b>				
<b>In Government Securities (fully paid)</b>				
11 % Bihar State Development Loan, 2001		(b)	0.53	0.53
6 Years National Savings Certificates		(b)	2.13	2.13
5 1/2 % U.P.State Development Loan, 1977		(b) & (c)	-	-
7 Years National Defence Certificates		(b) & (c)	-	-
12 Years National Plan Savings Certificates		(b) & (c)	-	-
5 1/2 % U.P.State Development Loan, 1981			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.60 lacs)]				
7 Years National Savings Certificates			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.02 lacs)]				
10 Years National Savings Certificates			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.01 lacs)]				
12 Years National Defence Certificates			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.04 lacs)]				
12 Years National Savings Certificates			-	-
[at cost less provision for other than temporary diminution ₹ Nil (30th June, 2011 : ₹ 0.08 lacs)]				
			<b>2.66</b>	<b>2.66</b>
			<b>3,405.21</b>	<b>3,405.21</b>
Aggregate amount of quoted investments [Market value : ₹ 4,901.16 lacs (30th June, 2011 : ₹ 5,094.46 lacs)]			2,051.43	2,051.43
Aggregate amount of unquoted investments			1,353.78	1,353.78

- (a) Includes certain shares pledged against Inter - Corporate Deposit from others (Refer Note 8)
- (b) Deposited / pledged with various Government authorities.
- (c) The figures, being less than ₹ 500 have been shown above as blank.
- (d) The following unquoted investments in equity shares (fully paid up), though appearing in the books, the cost whereof had been written off.

Name of the Company	No. of shares	Face Value per share in ₹
Jai Hind Publishing Co. Ltd. (in liquidation)	80	25.00
Akhil Bharat Printers Ltd. (in liquidation)	150	100.00
Maruti Ltd. (In liquidation)	10,000	10.00
Leas Communication Ltd.	21,000	10.00
Chandausi Rice Mills Ltd.	1,000	10.00
Swadeshi Jute Machinery Corporation Ltd.	15,000	10.00

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>15. DEFERRED TAX ASSET (NET)</b>		
<b>Deferred Tax Asset</b>		
Carry forward of Unabsorbed Depreciation and Business Losses	14,354.26	14,115.55
Expenditure allowable against taxable income in future years	4,113.95	2,608.78
	<b>18,468.21</b>	<b>16,724.33</b>
<b>Deferred Tax Liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	10,936.23	11,326.32
	<b>10,936.23</b>	<b>11,326.32</b>
<b>Net Deferred Tax Asset</b>	<b>7,531.98</b>	<b>5,398.01</b>

Although, there is carried forward unabsorbed depreciation and business losses as on the reporting 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.

₹ in lacs

	Non-current		Current	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
<b>16. LOANS AND ADVANCES</b>				
<b>(Unsecured, considered good except stated otherwise)</b>				
<b>Capital advances</b>	67.89	28.80	-	-
<b>Sundry Deposits</b>				
Considered good	12.88	13.97	78.19	86.33
Doubtful	1.44	1.44	-	-
	14.32	15.41	78.19	86.33
Less : Provision for doubtful deposits	1.44	1.44	-	-
	<b>12.88</b>	<b>13.97</b>	<b>78.19</b>	<b>86.33</b>
<b>Loan and advances to related parties (Note 36g)</b>	-	-	-	<b>4.00</b>
<b>Advances recoverable in cash or in kind or for value to be received or pending adjustments</b>				
Considered good	-	-	539.04	556.90
Doubtful	551.03	541.71	-	-
	551.03	541.71	539.04	556.90
Less : Provision for doubtful advances	551.03	541.71	-	-
	<b>-</b>	<b>-</b>	<b>539.04</b>	<b>556.90</b>
<b>Other loans and advances</b>				
Loan to employees	-	-	61.98	37.35
Loan to others	-	-	11.36	14.85
Deposits against demand under appeal and / or under dispute	-	-	193.35	186.29
Claims Receivable	-	-	26.55	41.37
Prepaid Expenses	0.97	1.46	118.50	116.15
Tax deducted at source	-	-	9.21	7.27
Balances with Excise and Other Government Authorities	872.32	1,425.88	1,023.20	1,071.43
	<b>873.29</b>	<b>1,427.34</b>	<b>1,444.15</b>	<b>1,474.71</b>
	<b>954.06</b>	<b>1,470.11</b>	<b>2,061.38</b>	<b>2,121.94</b>



## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Advances due from officers of the Company :</b>		
Due from an Officer of the Company	-	4.00

₹ in lacs

	Notes	As at 30th June, 2012	As at 30th June, 2011
<b>17. INVENTORIES</b>			
<b>Valued at Lower of Cost and Net Realisable Value</b>			
Raw materials	22	669.79	287.97
Goods under process	23	651.31	502.07
Finished goods	23	43,809.30	24,684.97
Traded goods	23	107.51	119.03
Stores, Chemicals and spare parts etc.	23	1,522.24	1,345.11
Power - Banked	23	72.43	50.22
Bio-compost	23	12.16	29.37
Agriculture Products - Standing Crop	23	127.41	68.86
<b>Valued at Estimated Realisable Value</b>			
By-Products	23	2,064.19	1,093.67
Scrap	23	27.28	24.90
		<b>49,063.62</b>	<b>28,206.17</b>
<b>The above includes stock in transit :</b>			
Stores, Chemicals and spare Parts etc.		20.54	48.97

₹ in lacs

	Current	
	As at 30th June, 2012	As at 30th June, 2011
<b>18. TRADE RECEIVABLES AND OTHER ASSETS</b>		
<b>18.1 Trade receivables</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	38.76	44.90
Doubtful	38.06	39.80
	<b>76.82</b>	<b>84.70</b>
Provision for doubtful trade receivables	38.06	39.80
	<b>38.76</b>	<b>44.90</b>
<b>Other receivables</b>		
Secured, considered good	18.47	5.20
Unsecured, considered good	3,257.40	1,238.75
	<b>3,275.87</b>	<b>1,243.95</b>
	<b>3,314.63</b>	<b>1,288.85</b>
<b>18.2 Other current assets</b>		
<b>(Unsecured, considered good)</b>		
Interest accrued on Loans, Advances, Deposits, Investments etc.	9.88	7.18
Claims Receivable towards Subsidy & Incentives	15.60	866.33
	<b>25.48</b>	<b>873.51</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>19. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	196.88	98.34
On unpaid dividend account	11.61	14.70
On deposit with original maturity of less than 3 months	3.20	-
Cheques / Drafts on hand	72.51	54.61
Cash on hand	31.94	20.64
	<b>316.14</b>	<b>188.29</b>
Other bank balances *		
Deposits with original maturity of more than 3 months	36.12	60.43
In Post office savings bank account	0.44	0.44
	<b>36.56</b>	<b>60.87</b>
	<b>352.70</b>	<b>249.16</b>

\* Includes ₹ 19.96 lacs (30th June, 2011 : ₹ 28.12 lacs) pledged / lodged with various Government Authorities as security / Bank as margin money.

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>20. REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
Sale of products		
Finished goods	89,469.99	86,143.54
Traded goods	8,892.81	1,587.94
Power	3,993.28	2,167.92
By products	2,738.15	1,836.08
Others	413.44	227.25
	<b>1,05,507.67</b>	<b>91,962.73</b>
Less : Claims, Rebates etc.	7.80	16.26
	<b>1,05,499.87</b>	<b>91,946.47</b>
<b>Other operating revenue</b>		
Proceeds from Agriculture Products	58.11	53.40
Export Incentives	12.62	28.21
Excise duty subsidy	-	111.69
Scrap Sales	18.57	36.32
	<b>1,05,589.17</b>	<b>92,176.09</b>
<b>Revenue from operations (gross)</b>		
Less : Excise duty	2,512.62	2,496.91
Cess	643.85	620.55
	<b>1,02,432.70</b>	<b>89,058.63</b>
<b>Revenue from operations (net)</b>		

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>20. REVENUE FROM OPERATIONS (Contd.)</b>		
<b>Detail of products sold</b>		
<b>Finished goods</b>		
Sugar	76,203.60	74,674.32
Spirit	10,421.73	8,876.48
Food Processing Products	2,841.67	2,589.54
Fusel Oil	2.99	3.20
	<b>89,469.99</b>	<b>86,143.54</b>
<b>Traded goods</b>		
Sugar	8,332.41	1,139.27
Food Processing Products	560.40	448.67
	<b>8,892.81</b>	<b>1,587.94</b>
<b>By products</b>		
Molasses	499.96	706.10
Bagasse	2,238.19	1,129.98
	<b>2,738.15</b>	<b>1,836.08</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>21. OTHER INCOME</b>		
Interest income on		
Loans, deposits, advances etc.	12.76	20.61
Refund from Income Tax Department	0.26	7.73
Long-term investments	0.10	0.10
Dividend income on Long-term investments	204.27	90.84
Insurance and Other Claims	63.15	10.42
Rent and Hire Charges	13.20	11.68
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	326.99	142.83
Profit on tangible assets sold / discarded (net)	192.33	11.95
Gain on Foreign Exchange fluctuations (net)	3.56	-
Miscellaneous Receipts	6.35	15.55
	<b>822.97</b>	<b>311.71</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>22. COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	287.97	238.82
Add : Purchases and procurement expenses	88,424.57	62,989.73
Purchase tax	526.55	529.15
	<b>89,239.09</b>	<b>63,757.70</b>
Less: Inventory at the end of the year	669.79	287.97
	<b>88,569.30</b>	<b>63,469.73</b>
<b>Details of raw materials consumed</b>		
Sugarcane	85,867.13	60,878.20
Molasses	4,614.46	4,054.97
Bagasse	4,380.37	3,437.30
Fresh fruits and vegetables	600.24	709.86
Sugar	282.30	297.27
Press mud	61.56	46.77
Seed, Manures and fodder	21.76	13.15
	<b>95,827.82</b>	<b>69,437.52</b>
Less : Inter-unit transfer of own produced materials	7,258.52	5,967.79
	<b>88,569.30</b>	<b>63,469.73</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Details of raw material inventory</b>		
Molasses	578.28	216.79
Fresh fruits and vegetables	62.18	51.78
Sugar	23.41	12.17
Press mud	5.92	7.23
	<b>669.79</b>	<b>287.97</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Details of Inter-unit transfer of own product materials</b>		
Sugarcane	68.05	134.35
Molasses	2,796.75	2,369.71
Bagasse	4,101.27	3,204.73
Sugar	273.70	241.80
Press mud	18.75	17.20
	<b>7,258.52</b>	<b>5,967.79</b>

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>23. DECREASE / (INCREASE) IN INVENTORIES</b>		
Inventories at the end of the year		
Finished goods	43,809.30	24,684.97
Traded goods	107.51	119.03
Power - Banked	72.43	50.22
By Products	2,064.19	1,093.67
Goods under process	651.31	502.07
Bio-compost	12.16	29.37
Agriculture Products - Standing Crop	127.41	68.86
Scrap	27.28	24.90
	<b>46,871.59</b>	<b>26,573.09</b>
Inventories at the beginning of the year		
Finished goods	24,684.97	28,230.27
Traded goods	119.03	13.31
Power - Banked	50.22	16.65
By Products	1,093.67	1,044.02
Goods under process	502.07	398.77
Bio-compost	29.37	20.26
Agriculture Products - Standing Crop	68.86	73.82
Scrap	24.90	17.79
	<b>26,573.09</b>	<b>29,814.89</b>
	<b>(20,298.50)</b>	<b>3,241.80</b>
Decrease / (Increase) of excise duty on inventories	785.80	(160.43)
	<b>(19,512.70)</b>	<b>3,081.37</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>Details of purchase of traded goods</b>		
Sugar	7,371.73	1,055.33
Food Processing Products	386.49	452.18
	<b>7,758.22</b>	<b>1,507.51</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Details of inventory</b>		
<b>Finished goods</b>		
Sugar	42,405.32	23,311.36
Spirit	599.08	428.64
Food Processing Products	804.90	944.97
	<b>43,809.30</b>	<b>24,684.97</b>
<b>Traded goods</b>		
Food Processing Products	107.51	119.03
	<b>107.51</b>	<b>119.03</b>

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>23. DECREASE / (INCREASE) IN INVENTORIES (Contd.)</b>		
<b>By-products</b>		
Molasses	1,737.50	796.91
Bagasse	326.69	296.76
	<b>2,064.19</b>	<b>1,093.67</b>
<b>Goods under process</b>		
Sugar	620.99	476.77
Molasses	0.41	0.37
Food Processing Products	25.05	20.13
Semi Bio-compost	4.86	4.80
	<b>651.31</b>	<b>502.07</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus etc.	4,128.83	3,581.24
Contribution to provident & other funds	344.14	301.63
Gratuity expense (Note 30)	80.24	71.94
Employees' welfare expenses	139.13	134.52
	<b>4,692.34</b>	<b>4,089.33</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>25. OTHER EXPENSES</b>		
Consumption of stores and spares	1,746.82	1,573.31
Packing Materials	2,825.02	2,241.99
Power & Fuel	689.43	938.26
Repairs to and Maintenance of :		
Buildings	257.33	198.11
Machinery	1,526.83	1,465.59
Others	41.57	40.15
Rent	149.20	106.92
Rates & Taxes	67.03	43.81
Insurance	117.51	104.74
Payment to Auditors		
As Auditors		
Audit Fees	17.51	12.50
Limited Review Fees	10.35	7.35
In other capacity		
Tax Audit Fees	10.35	7.35
For Certificates and Other services	3.57	9.17
Reimbursement of Expenses	4.69	3.53

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	Year ended		Year ended	
	30th June, 2012		30th June, 2011	
<b>25. OTHER EXPENSES (Contd.)</b>				
Payment to Cost Auditors		1.08		0.82
Commission on sales		411.44		398.91
Freight & forwarding charges etc.		875.68		838.51
Charity and Donations		5.31		4.70
Provision for bad and doubtful debts / advances		9.32		28.85
Provision for Warranties & Claims		7.97		7.13
Provision for Standard Assets		9.83		0.02
Bad Debts, irrecoverable claims and advances written off	11.84		41.18	
Less : Adjusted against provisions	1.74	10.10	10.26	30.92
Long term Investments Written off	0.75		10.00	
Less : Adjusted against provisions	0.75	-	10.00	-
Loss on Foreign Exchange fluctuations (net)		-		4.02
Molasses Storage & Maintenance Reserve		9.02		7.01
Director's Sitting fees		1.90		1.72
Miscellaneous Expenses		1,088.11		1,122.27
		<b>9,896.97</b>		<b>9,197.66</b>

₹ in lacs

	Year ended		Year ended	
	30th June, 2012		30th June, 2011	
<b>26. DEPRECIATION AND AMORTIZATION EXPENSE</b>				
Depreciation of tangible assets		4,246.98		4,116.36
Amortization of intangible assets		1.66		1.30
		<b>4,248.64</b>		<b>4,117.66</b>

₹ in lacs

	Year ended		Year ended	
	30th June, 2012		30th June, 2011	
<b>27. FINANCE COSTS</b>				
Interest		11,524.10 *		10,993.25
Other Borrowing Cost		88.03		279.75
		<b>11,612.13</b>		<b>11,273.00</b>

\* Net of refunds ₹ 251.68 lacs in respect of earlier year.

₹ in lacs

	Year ended		Year ended	
	30th June, 2012		30th June, 2011	
<b>28. AGRICULTURAL INCOME</b>				
The following statement of the revenue and expenses pertains to agricultural activities, which have been included in Note 20 to 26 under the respective heads.				
<b>Income</b>				
<b>Revenue from Operations</b>				
Sales of products [including inter-transfer ₹ 68.05 lacs (30th June, 2011 : ₹ 134.35 lacs)]		126.16		187.75

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>28. AGRICULTURAL INCOME (Contd.)</b>		
Rent & Hire charges	3.90	-
Profit on sale of fixed assets	201.26	-
Miscellaneous Receipts	0.12	2.69
	<b>331.44</b>	<b>190.44</b>
<b>Expenses</b>		
Cost of Raw Materials consumed	21.76	13.15
(Increase) / Decrease in Stocks :		
Opening Stock	68.86	73.82
Less : Closing Stock	127.41	68.86
Consumption of stores and spares	0.40	0.93
Repairs to and Maintenance of :		
Building	0.15	0.19
Machinery	1.11	0.05
Others	0.13	1.38
Rent	7.79	11.69
Rates & Taxes	0.15	0.06
Employee benefits expense :		
Salaries, Wages, Bonus etc.	54.88	48.78
Contribution to Provident & Other Funds	2.04	1.76
Gratuity Expense	1.44	0.92
Employees' welfare expenses	0.01	-
Insurance	0.42	0.12
Miscellaneous Expenses	20.56	25.97
Depreciation	7.31	5.78
	<b>59.60</b>	<b>115.74</b>
<b>Agricultural Income</b>	<b>271.84</b>	<b>74.70</b>

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>29. EARNINGS PER SHARE (EPS)</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
<b>Profit / (Loss) after tax</b>	<b>(4,297.63)</b>	<b>(5,023.10)</b>
Dividends on Non-Convertible Cumulative Redeemable Preference Shares & tax thereon	452.11	-
<b>Net profit / (loss) for calculation of basic and diluted EPS</b>	<b>(4,749.74)</b>	<b>(5,023.10)</b>
	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of equity shares in calculating basic EPS	2,59,17,175	2,59,17,175
Weighted average number of equity shares in calculating diluted EPS	2,59,17,175	2,59,17,175
<b>Earnings per equity share [Nominal value of share ₹ 10 (30th June, 2011 : ₹ 10)]</b>		
<b>Basic</b>	<b>(18.33)</b>	<b>(19.38)</b>
<b>Diluted</b>	<b>(18.33)</b>	<b>(19.38)</b>



## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

**30. GRATUITY - DEFINED BENEFIT PLAN**

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favorable than the 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 expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

₹ in lacs

	Year ended 30th June, 2012	Year ended 30th June, 2011
<b>Statement of profit and loss</b>		
<b>Net employee benefit expense recognised in employee costs</b>		
Current service cost	68.68	67.14
Interest cost on benefit obligation	80.10	74.98
Expected return on plan assets	(71.77)	(70.14)
Net actuarial (gain) / loss recognised in the year	3.23	0.20
<b>Net benefit expense</b>	<b>80.24</b>	<b>72.18</b>
Actual return on plan assets	49.39	122.64

₹ in lacs

	As at 30th June, 2012	As at 30th June, 2011
<b>Balance sheet</b>		
<b>Net Benefit liability / (asset)</b>		
Present value of defined benefit obligation	1,078.27	1,053.79
Fair value of plan assets	899.20	944.38
<b>Plan liability / (asset)</b>	<b>179.07</b>	<b>109.41</b>

**Changes in the present value of the defined benefit obligation are as follows :**

₹ in lacs

	30th June, 2012	30th June, 2011
Opening defined benefit obligation	1,053.79	1,015.64
Current service cost	68.68	67.14
Interest cost	80.10	74.98
Benefits paid	(105.15)	(156.67)
Actuarial (gains) / losses on obligation	(19.15)	52.70
<b>Closing defined benefit obligation</b>	<b>1,078.27</b>	<b>1,053.79</b>

**Changes in the fair value of plan assets are as follows :**

₹ in lacs

	30th June, 2012	30th June, 2011
Opening fair value of plan assets	944.38	931.79
Expected return	71.77	70.14
Contributions by employer	10.58	46.62
Benefits paid	(105.15)	(156.67)
Actuarial gains / (losses)	(22.38)	52.50
<b>Closing fair value of plan assets</b>	<b>899.20</b>	<b>944.38</b>

The Company expects to contribute ₹ 70.50 lacs (30th June, 2011 : ₹ 46.62 lacs) to Gratuity Fund in the next year.

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :**

	₹ in lacs	
	30th June, 2012	30th June, 2011
Investments with insurer	100%	100%

**The principal assumptions are shown below :**

	₹ in lacs	
	30th June, 2012	30th June, 2011
Discount rate	8.50%	8.00%
Expected rate of return on assets	8.50%	8.00%
Salary Increase	5.00%	5.00%
Withdrawal Rates	Varying between 1% to 5% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

**Amounts for the current and previous four years are as follows :**

	₹ in lacs				
	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009	30th June, 2008
<b>Gratuity</b>					
Defined benefit obligation	1,078.27	1,053.79	1,015.64	802.93	699.59
Plan assets	899.20	944.38	931.79	840.81	628.78
Surplus / (deficit)	(179.07)	(109.41)	(83.85)	37.88	(70.81)
Experience (gain) / loss adjustments on plan liabilities	(19.15)	52.70		Not Available *	
Experience gain / (loss) adjustments on plan assets	(22.38)	52.50		Not Available *	

\* Experience adjustments on plan liabilities and assets are not readily available for earlier years and hence not disclosed.

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.

The Company's Subsidiaries have no employee and accordingly the above disclosure does not include any amount in respect of subsidiaries.

**Defined Contribution Plan :**

The Company has recognised the following amount as an expense and included under, "Contribution to Provident & Other Funds".

	₹ in lacs	
	30th June, 2012	30th June, 2011
Contribution to Provident Fund and other Funds	344.14	303.46
	<b>344.14</b>	<b>303.46</b>

Based on past return on assets of the Provident Fund Trust and statutory obligation of the Trust towards its members, the management does not expect any material deficit in fund position and hence no provision has been considered necessary in terms of accounting policy as stated in para "n" of Note No. 2 above.

**31. LEASES**

**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 year 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.

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

₹ in lacs

	30th June, 2012	30th June, 2011
Lease payments made for the year *	149.20	106.92
Contingent rent recognised in Statement of profit and loss	-	-
	<b>149.20</b>	<b>106.92</b>

\* Including lease rent for use of agriculture land ₹ 7.79 lacs (30th June, 2011 : ₹ 11.69 lacs).

**32.**

Bearer Equity Share Coupons having a realised value of ₹ 0.06 lacs (30th June, 2011 : ₹ 0.06 lacs) has been shown separately under "Shareholders' Funds" as the holders of such coupons are yet to tender coupon certificates to claim the underlying security i.e. equity shares of equal paid up value.

**33.**

The Company had received Preference Share Application Money ₹ 3,750 lacs during the year ended 30 June 2011 against 8.5% Non-Convertible Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each to be issued at par. The Company has issued, during the reporting year, CRPS against the said share application money.

**34.**

During the year, Company has paid ₹ 2,422.19 lacs towards differential cane price for its Hargaon and Rosa Sugar units in Uttar Pradesh for the sugar season 2007-08 in term of the order of the Hon'ble Supreme Court dated 17th January, 2012, which has been shown as "Exceptional item" in the statement of profit and loss.

**35. SEGMENT INFORMATION**

The primary segment reporting format is determined to be business segments as the Company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Food processing" as the operating segments :

Sugar - Consists of manufacture, trading and sale of Sugar, Molasses and Bagasse

Spirits - Consists of manufacture and sale of Industrial Spirits (including Ethanol), Fusel Oil and Bio-Compost

Co-generation - Consists of generation and transmission of Power

Food Processing Products - Consists of Canned Fruits and Vegetables, Jams, Jellies, Squashes and Juices

Others - Consist of Miscellaneous business comprising of less than 10% revenues.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

**Business segments**

Year ended 30th June, 2012

₹ in lacs

Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total
<b>Revenue *</b>						
Segment revenue	93,147.66	10,327.87	7,519.87	3,391.56	-	1,14,386.96
Less : Inter segment	8,427.67	-	3,526.59	-	-	11,954.26
<b>Total revenue from operations (net)</b>	<b>84,719.99</b>	<b>10,327.87</b>	<b>3,993.28</b>	<b>3,391.56</b>	<b>-</b>	<b>1,02,432.70</b>
<b>Results</b>						
Segment results	2,931.51	2,917.74	1,984.85	88.27	-	7,922.37
Unallocated Income / (Expenses) (net of unallocable expenses / income)						(319.47)
<b>Operating profit / (loss)</b>						<b>7,602.90</b>
Finance costs						11,612.13

<b>Segment Information (Contd.)</b>						₹ in lacs
Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total
Profit / (Loss) before exceptional item and tax						<b>(4,009.23)</b>
Less : Exceptional item						2,422.19
<b>Profit / (Loss) before tax</b>						<b>(6,431.42)</b>
Current Tax						0.18
Deferred tax charge / (credit)						(2,133.97)
<b>Net profit / (Loss)</b>						<b>(4,297.63)</b>
<b>As at 30th June, 2012</b>						
Segment assets	87,301.83	12,057.77	15,193.83	1,691.66	4.06	1,16,249.15
Unallocated assets						11,264.74
<b>Total assets</b>						<b>1,27,513.89</b>
Segment liabilities	21,555.42	303.37	52.59	864.63	-	22,776.01
Unallocated liabilities						1,00,374.76
<b>Total liabilities</b>						<b>1,23,150.77</b>
<b>Other segment information</b>						
Capital expenditure						
Tangible assets	664.43	509.15	3.30	5.37	-	<b>1,182.25</b>
Intangible assets	72.56	-	-	-	-	<b>72.56</b>
Depreciation	2,797.18	617.19	824.26	8.35	-	<b>4,246.98</b>
Amortisation	1.38	0.28	-	-	-	<b>1.66</b>
Non-cash expenses	9.02	-	-	-	-	<b>9.02</b>
<b>Year ended 30th June, 2011</b>						
<b>Revenue *</b>						
Segment revenue	81,866.78	8,624.27	5,452.69	3,048.61	-	98,992.35
Less : Inter segment	6,647.27	1.69	3,284.76	-	-	9,933.72
<b>Total revenue from operations (net)</b>	<b>75,219.51</b>	<b>8,622.58</b>	<b>2,167.93</b>	<b>3,048.61</b>	<b>-</b>	<b>89,058.63</b>
<b>Results</b>						
Segment results	1,351.10	1,685.59	1,124.70	144.09	0.43	4,305.91
Unallocated Income / (Expenses) (net of unallocable expenses / income)						(398.83)
<b>Operating profit / (loss)</b>						<b>3,907.08</b>
Finance costs						11,273.00
<b>Profit / (Loss) before tax</b>						<b>(7,365.92)</b>
Current Tax						0.51
Deferred tax charge / (credit)						(2,343.33)
<b>Net profit / (loss)</b>						<b>(5,023.10)</b>
<b>As at 30th June, 2011</b>						
Segment assets	69,808.22	12,039.51	13,587.24	1,681.15	2.76	97,118.88
Unallocated assets						9,751.48
<b>Total assets</b>						<b>1,06,870.36</b>
Segment liabilities	6,018.01	263.35	65.87	958.16	0.10	7,305.49
Unallocated liabilities						92,163.14
<b>Total liabilities</b>						<b>99,468.63</b>
<b>Other segment information</b>						
Capital expenditure						
Tangible assets	543.29	62.11	407.86	3.95	-	<b>1,017.21</b>
Intangible assets	18.83					<b>18.83</b>
Depreciation	2,881.44	582.85	643.93	8.11	0.03	<b>4,116.36</b>
Amortisation	1.30					<b>1.30</b>
Non-cash expenses	7.01	-	-	-	-	<b>7.01</b>

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

**Geographical segments**

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations.

₹ in lacs			
Year ended 30th June, 2012	India	Overseas	Total
<b>Revenue*</b>			
Revenue from operations	1,02,181.43	251.27	<b>1,02,432.70</b>
<b>Other segment information</b>			
Segment assets	1,16,249.15	-	<b>1,16,249.15</b>

₹ in lacs			
Year ended 30th June, 2011	India	Overseas	Total
<b>Revenue*</b>			
Revenue from operations	86,009.57	3,049.06	<b>89,058.63</b>
<b>Other segment information</b>			
Segment assets	97,118.88	-	<b>97,118.88</b>

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

\* net of excise duty and cess.

**36. RELATED PARTY DISCLOSURES****Names of related parties and related party relationship****Related parties with whom transactions have taken place during the year**

Key Management Personnel	Mr. Chandra Shekhar Nopany – Chairman-cum-Managing Director Mr. Dilip Patodia – President (Finance) and Chief Financial Officer Mr. G.N.Pareek – Company Secretary Mr. V.P. Singh – Executive President, Hargaon Unit Mr. Chandra Mohan – Executive President, Narkatiaganj Unit Mr. B.K. Malpani – Executive President, Rosa Unit Mr. P.R. Singh – Executive President, Hata Unit Mr. M.P. Singh – Executive Vice President, Allahabad Unit
Relatives of Key Management Personnel	Mrs. Nandini Nopany – Mother of Mr. Chandra Shekhar Nopany Mrs. Shalini Nopany – Wife of Mr. Chandra Shekhar Nopany Mrs. Usha Singh – Wife of Mr. M.P. Singh Mrs. Ritu Singh – Daughter of Mr. M.P. Singh
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	Upper Ganges Sugar & Industries Limited Sutlej Textiles & Industries Limited SIL Investments Limited SCM Investment & Trading Company Limited RTM Investment & Trading Company Limited Uttar Pradesh Trading Company Limited Nilgiri Plantations Limited Ronson Traders Limited

**Related Party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

₹ in lacs

	Year ended	Sale of goods	Amount owed by related parties	Amount owed to related parties
<b>a. Sale of goods</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Limited	30th June, 2012	175.25	-	-
	30th June, 2011	67.07	-	-
	Year ended	Purchase of goods	Amount owed by related parties	Amount owed to related parties
<b>b. Purchase of goods</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Limited	30th June, 2012	647.38	-	-
	30th June, 2011	455.31	-	-
	Year ended	Sale of fixed assets	Amount owed by related parties	Amount owed to related parties
<b>c. Sale of fixed assets</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Limited	30th June, 2012	48.95	-	-
	30th June, 2011	-	-	-
	Year ended	Purchase of fixed assets	Amount owed by related parties	Amount owed to related parties
<b>d. Purchase of fixed assets</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Limited	30th June, 2012	28.40	-	-
	30th June, 2011	3.48	-	-
	Year ended	Dividend received	Amount owed by related parties	Amount owed to related parties
<b>e. Dividend received</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Sutlej Textiles & Industries Limited	30th June, 2012	133.00	-	-
	30th June, 2011	44.33	-	-
SIL Investments Limited	30th June, 2012	17.58	-	-
	30th June, 2011	17.58	-	-
	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
<b>f. Payable outstanding (net)</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Upper Ganges Sugar & Industries Limited	30th June, 2012	-	-	25.81
	30th June, 2011	-	-	6.80

## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

## Related party transactions (Contd.)

₹ in lacs

	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
<b>g. Preference share application money (pending allotment)</b>				
Enterprises owned or significantly influenced by key management personnel or their relatives				
Sutlej Textiles & Industries Limited	30th June, 2012	-	-	-
	30th June, 2011	3,750.00	-	3,750.00

₹ in lacs

	Year ended	Loan / Inter-corporate deposits given	Receipts	Interest accrued	Amount owed by related parties
<b>h. Loans / Inter-corporate deposits given and receipts thereof</b>					
Key management personnel					
Mr. Chandra Mohan	30th June, 2012		4.00	-	-
	30th June, 2011	-	6.21	-	4.00
	Year ended	Loan / Inter-corporate deposits taken	Repayment	Interest accrued / paid	Amount owed to related parties
<b>i. Loans / Inter-corporate deposits taken and repayment thereof</b>					
Key management personnel					
Others	30th June, 2012	-	5.00	0.29	-
	30th June, 2011	-	-	0.59	5.00
Relatives of key management personnel					
Others	30th June, 2012	-	2.00	0.41	2.50
	30th June, 2011	2.50	2.50	0.46	4.50
Enterprises owned or significantly influenced by key management personnel or their relatives					
Upper Ganges Sugar & Industries Limited	30th June, 2012	-	3,500.00	242.42	-
	30th June, 2011	4,250.00	750.00	384.59	3,500.00
Sutlej Textiles & Industries Limited	30th June, 2012	4,000.00	4,500.00	259.29	2,000.00
	30th June, 2011	7,500.00	6,000.00	468.91	2,500.00
SIL Investments Limited	30th June, 2012	4,350.00	3,450.00	728.14	5,400.00
	30th June, 2011	4,950.00	450.00	204.70	4,500.00
SCM Investment & Trading Company Limited	30th June, 2012	1,080.50	633.00	381.69	2,512.50
	30th June, 2011	2,070.00	5.00	127.82	2,065.00
RTM Investment & Trading Company Limited	30th June, 2012	2,600.00	2,400.00	498.61	2,775.00
	30th June, 2011	2,575.00	-	226.12	2,575.00
Nilgiri Plantations Limited	30th June, 2012	500.00	500.00	59.98	500.00
	30th June, 2011	500.00	540.00	64.62	500.00
Ronson Traders Limited	30th June, 2012	100.00	100.00	11.99	100.00
	30th June, 2011	200.00	200.00	12.09	100.00

Related party transactions (Contd.)

₹ in lacs

	Year ended	Transaction during the year	Amount owed by related parties	Amount owed to related parties
<b>j. Remuneration to key managerial personnel</b>				
Mr. Chandra Shekhar Nopany	30th June, 2012	43.77*	-	9.75
	30th June, 2011	43.68 *	-	-
Mr. Dilip Patodia	30th June, 2012	54.21	-	-
	30th June, 2011	-	-	-
Mr. G.N.Pareek	30th June, 2012	16.71	-	-
	30th June, 2011	12.78	-	-
Mr. V.P. Singh	30th June, 2012	32.83	-	0.96
	30th June, 2011	34.31	-	1.00
Mr. Chandra Mohan	30th June, 2012	28.00	-	-
	30th June, 2011	28.00	-	0.77
Mr. B.K. Malpani	30th June, 2012	24.96	-	1.85
	30th June, 2011	23.80	-	1.52
Mr. P.R. Singh	30th June, 2012	43.90	-	9.78
	30th June, 2011	-	-	-
Mr. M.P. Singh	30th June, 2012	9.58	-	0.07
	30th June, 2011	8.66	-	-

\* Excludes ₹ 36.00 lacs (30th June, 2011 : ₹ 36.00 lacs) and ₹ 33.68 lacs (30th June, 2011 : ₹ 31.27 lacs) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under "Rent" and "Miscellaneous Expenses" in note 25.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**37. CAPITAL AND OTHER COMMITMENTS**

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 125.62 lacs (30th June, 2011 : ₹ 107.97 lacs).
- (b) For commitments relating to lease arrangements, please refer note 31.

₹ in lacs

	30th June, 2012	30th June, 2011
<b>38. CONTINGENT LIABILITIES</b>		
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts and contested by the Company :		
(i) Excise Duty & Service Tax	2,562.88	1,620.87
(ii) Sales & Entry Tax	104.28	337.56
(iii) Duty under State Acts	157.89	157.89
(iv) Others	275.65	214.43
<b>Total</b>	<b>3,100.70</b>	<b>2,330.75</b>
(b) (i) Guarantees given to a bank against loans to cane growers	5,000.00	5,000.00
(ii) Against the above, the outstanding amount as on the reporting date	2,589.63	4,095.16
(c) Bank Guarantees outstanding	551.99	591.88
(d) Uncalled Capital on partly paid shares held as investments	123.60	123.60
(e) "Bills discounted with banks [since realised ₹ Nil (30th June, 2011 : ₹ 41.17 lacs)]"	117.83	208.60
(f) Arrear Dividend (including tax) on Non-Convertible Cumulative Redeemable Preference Shares (CRPS)	452.11	-

\* Based on discussions with the solicitors / favourable decisions in similar cases / legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision thereagainst is considered necessary.



## Notes to Consolidated Financial Statements for the year ended 30 June 2012 (Contd.)

**39.**

There is a diminution of ₹ 560.66 lacs (30th June, 2011 : ₹ 353.76 lacs) 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.

**40.**

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.

₹ in lacs

	30th June, 2012	30th June, 2011
<b>41. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES</b>		
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	10.46	76.52
(ii) Interest due on above.	0.88	4.11
Total of (i) & (ii)	<b>11.34</b>	<b>80.63</b>
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	21.56	6.49
(iv) Amount paid to the suppliers beyond the respective due date.	71.32	150.34
(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.	4.23	6.90
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	5.11	11.01
(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.	143.56	21.06

**42. PREVIOUS YEAR FIGURES**

Previous year's figures have been rearranged where necessary to conform the current year's classification under Revised Schedule VI as mentioned in Note 2.1 (a) above.

As per our report of even date

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

Firm Registration Number : 301003E

Chartered Accountants

per **SANJOY K. GUPTA**

Partner

Membership no.: 54968

Place : 22, Camac Street, 3rd Floor,

Kolkata - 700 016

Date : 8th August, 2012

**Mr. Govind Narayan Pareek**

Company Secretary

For and on behalf of the Board of Directors

**Mr. Ashvin Chinubhai Dalal**

Director

**Mr. Chandra Shekhar Nopany**

Chairman - cum - Managing Director





## The Oudh Sugar Mills Limited

**REGISTERED OFFICE:** P. O. Hargaon District – Sitapur, (U. P.), Pin Code – 261 121

**CORPORATE AND 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

### E-COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) :

DP ID/Client ID (FOR DEMAT  
SHARES) :

Name of 1st Registered Holder :

Name(s) of Joint holder(s) :

Registered Address :

E-mail ID (to be registered) :

Date: \_\_\_\_\_

Signature: of 1st holder \_\_\_\_\_

Notes :

I, as a shareholder of The Oudh Sugar Mills Limited agree to receive all communications from the Company in electronic mode. Please register my above e-mail ID in your records for sending all communications through e-mail.

- Shareholders are requested to keep the Company informed of any change in their e-mail id.
- This form is also available on the website of the Company, www.birla-sugar.com in "Investor" Section.







# The Oudh Sugar Mills Limited

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

## ATTENDANCE SLIP

Only shareholders or the proxies will be allowed to attend the meeting

D.P. ID	
---------	--

LF No.	
--------	--

Client ID	
-----------	--

No. of Shares held	
--------------------	--

I hereby record my presence at the Eighteenth Annual General Meeting of the Company being held at Meeting Hall, Oudh Sugar Mills Complex, P.O. Hargaon, District - Sitapur (U.P.), Pin -261 121 on Tuesday, 27th November, 2012 at 11.00 A.M.

Name of the Shareholder \_\_\_\_\_  
(in capital letters)

Name of the Proxy \_\_\_\_\_  
(in capital letters)

Signature

NOTE : Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.



# The Oudh Sugar Mills Limited

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

## PROXY

D.P. ID	
---------	--

LF No.	
--------	--

Client ID	
-----------	--

No. of Shares held	
--------------------	--

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member / members of THE OUDH SUGAR MILLS LIMITED hereby appoint Shri/Smt. \_\_\_\_\_

of \_\_\_\_\_ or failing him/her Shri/Smt \_\_\_\_\_

of \_\_\_\_\_ or failing him/her Shri/Smt \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Tuesday, 27th November, 2012 at 11.00 A.M at the Registered Office of the Company at Meeting Hall, Oudh Sugar Mills Complex, P.O. Hargaon, District - Sitapur (U.P.), Pin -261 121 and/or at any adjournments thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Affix  
Revenue  
Stamp

(Signature of the shareholder)

NOTE : **The Proxy Form signed across revenue stamp should reach the Registered Office of the Company at least 48 hours before the scheduled time of Meeting.**







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)