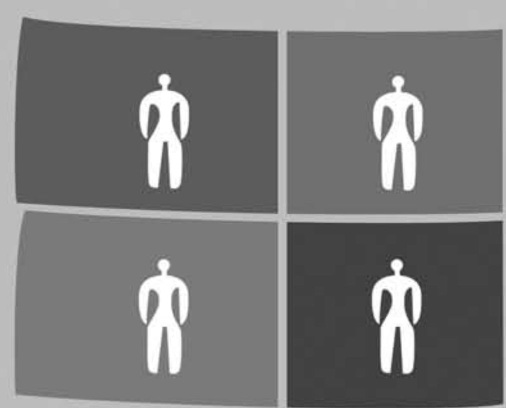


Dhampur Sugar Mills Limited
241, Okhla Industrial Estate Phase – III, New Delhi – 110 020, India
Tel: +91-11-3065 9400, Fax: +91-11-26935697
Email: corporateoffice@dhampur.com

www.dhampur.com

One + One + One = Four

Dhampur Sugar Mills Limited | Annual Report, 2011*

*The financial year 2009-11 comprising 18 months ending 31st March, 2011

Caution regarding forward-looking statements

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

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

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

Inside the report

** Consolidated*

Corporate information

Board of Directors

Mr. V. K. Goel, *Chairman*

Mr. A. K. Goel, *Vice Chairman*

Mr. Gaurav Goel, *Managing Director*

Mr. Gautam Goel, *Managing Director*

Mr. A. K. Gupta

Mr. M. P. Mehrotra

Mr. Harish Saluja

Mr. Rahul Bedi

Mr. J. P. Sharma

Mr. Priya Brat

Mr. B. B. Tandon

Mr. S. P. Arora, Nominee – *IFCI Limited*

Ms. Romi Chakravorty,
Nominee – *IDBI Bank Limited*

Executive President (Finance) and Secretary

Mr. Arhant Jain

Auditors

S. Vaish & Company
Chartered Accountants, Kanpur

Mittal Gupta & Company
Chartered Accountants, Kanpur

Internal Auditors

T. R. Chadha & Company
Chartered Accountants, New Delhi

Bankers

Punjab National Bank
Bank of Baroda
Central Bank of India
State Bank of India
Axis Bank
State Bank of Travencore
J&K Bank
ICICI Bank Limited
IDBI Bank Limited
IFCI Limited
UP Cooperative Bank
District Cooperative Banks

Registrar and Share Transfer Agent

M/s Alankit Assignments Limited
Alankit House
2E/21 Jhandewalan Extension
New Delhi – 110055

Registered office

Dhampur Sugar Mills Limited
Dhampur (N.R.)
District Bijnor – 246761 (UP)

Corporate office

241, Okhla Industrial Estate
Phase–III, New Delhi – 110020

Works

Dhampur, District Bijnor (UP)
Mansurpur, District Muzaffarnagar (UP)
Asmoli, District Moradabad (UP)
Rajpura, District Budaun (UP)

A TRISYS PRODUCT
info@trisyscom.com

Most drivers of the Indian sugar industry are unpredictable.

Costs. Climate. Policy. Raw material availability. Realisations.

The challenge of a serious long-term player like Dhampur is to deliver solid and sustainable returns. Regardless of the uncertainties.

Dhampur's business model creditably weathered these diverse variables to generate a profit in 2009-11, due to a healthy contribution from its Power business.

What Dhampur stands for. Insight. Initiative. Integration

Parentage

Dhampur Sugar was founded by the late Shri Ram Narain and commenced operations in 1933 at Dhampur (Uttar Pradesh), with a crushing capacity of 300 TCD. Dhampur remains one of the oldest and largest sugarcane derivate companies in India.

Presence

- Headquartered at Dhampur with its corporate office in New Delhi, India
- Four integrated manufacturing facilities in Uttar Pradesh (Dhampur, Asmoli, Mansurpur and Rajpura)
- Equity shares listed on the Bombay Stock Exchange and National Stock Exchange; GDRs listed on the Luxembourg Stock Exchange; market capitalisation was ₹ 321.51 crore as on 31st March 2011

Vision

- To de-risk from the cyclical nature of a commodity business, by enhancing value and generating revenues from our by-products
- To be one of the most efficient and profitable companies in our sector
- To incorporate technology as the key differentiator, leading to growth and industry leadership
- To create value for our customers and stakeholders

Products

- Sugar – refined sugar, plantation white sugar and retail sugar (branded as Dham*pure*)
- Power – 87 MW exportable capacity
- Chemical – ethanol, rectified spirits, extra neutral alcohol and ethyl acetate

Manufacturing facilities

Plant location	Sugar installed capacity (TCD)	Cogeneration installed capacity (MW)	Distillery installed capacity (LPD)	Refinery installed capacity (TPD)
Dhampur	15,000	65	170,000	NA
Asmoli	9,000	40	100,000	900
Mansurpur	8,000	33	NA	800
Rajpura	7,500	12	NA	NA
Total	39,500	150	270,000	1,700

Shareholding pattern (as on 31st March, 2011)

Promoter	47.91%	
Corporates	13.77%	
Individuals	26.20%	
Others	12.12%	

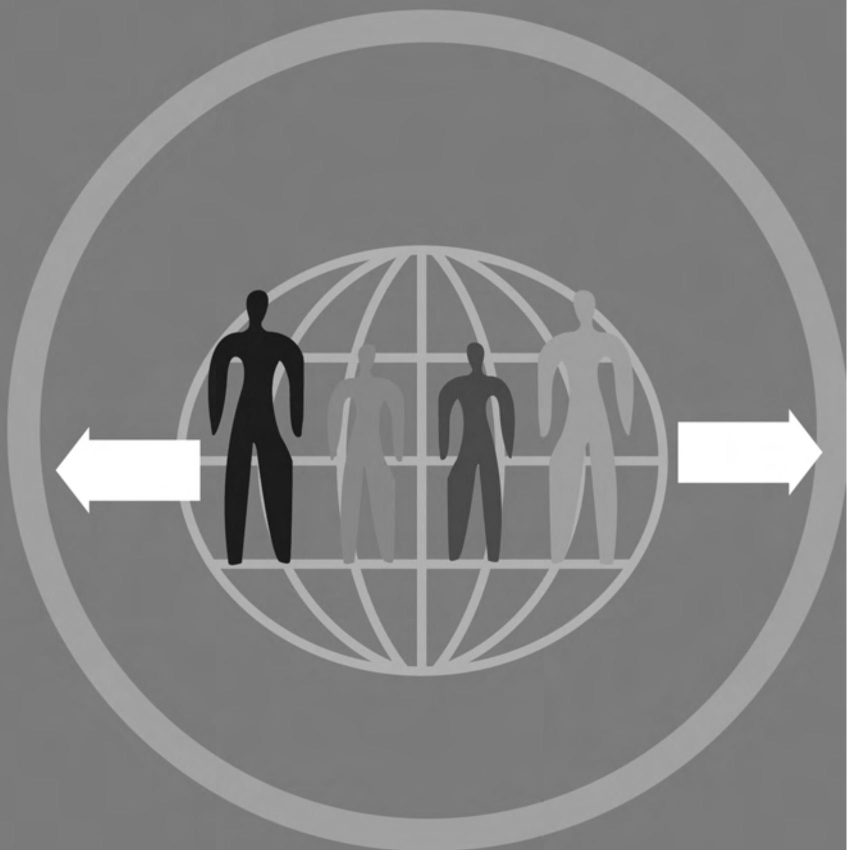
321.51

₹ crore - Market capitalization as on 31st March 2011

Competitive advantage

- Integrated sugar company, with one of the industry's highest power-to-sugar capacity (3.8 kw per TCD)
- First Indian sugar company:
  - To install a sugar refinery in 1993
  - To launch sulphurless sugar in consumer packs in 2000
  - To provide energy alternatives through cogeneration and ethanol
  - To install multi-fuel, high-pressure boilers (105 kg per sq. cm and 170 tonnes per hour capacities)
- One of India's largest refining capacities – 1,700 TPD
- Largest exporter of agro fuel-produced power in India
- Among India's largest manufacturers of ethanol and sugar derivatives
- Most efficient sugarcane product company in North India
- Largest producer of molasses-based alcohol, including diverse value-added chemicals

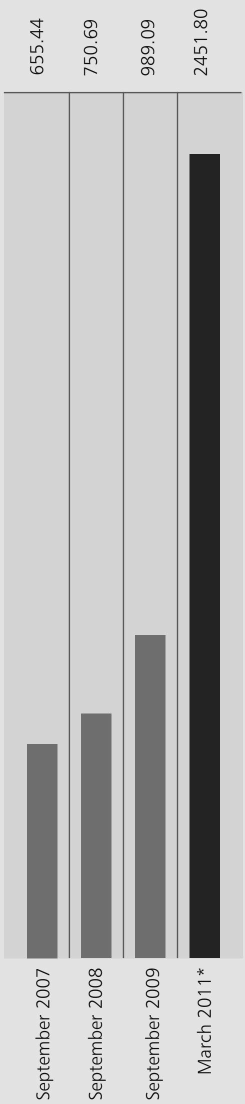
Our fully integrated model of sugar-power-chemical helps us to offset the cyclicality arising out of a standalone sugar business



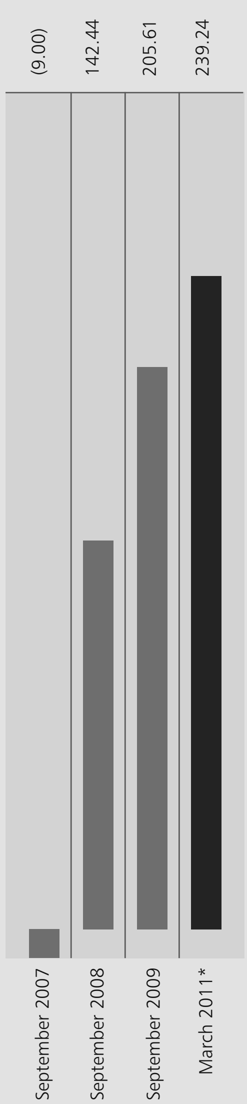
What we achieved in 2009-11*

**The financial year 2009-11 comprising 18 months ending 31st March, 2011. All the figures are pertaining to consolidated accoounts.*

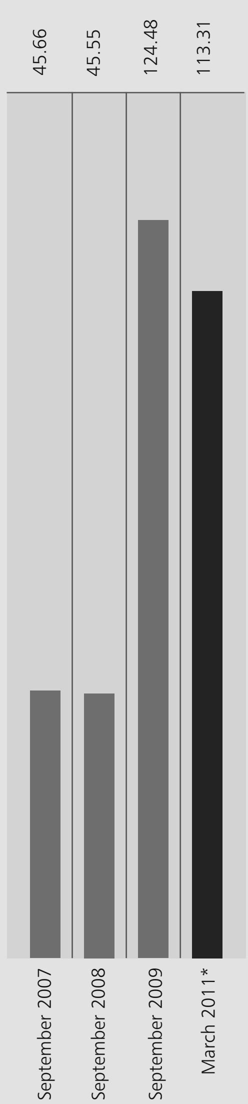
Income from operations
(in ₹ crore)



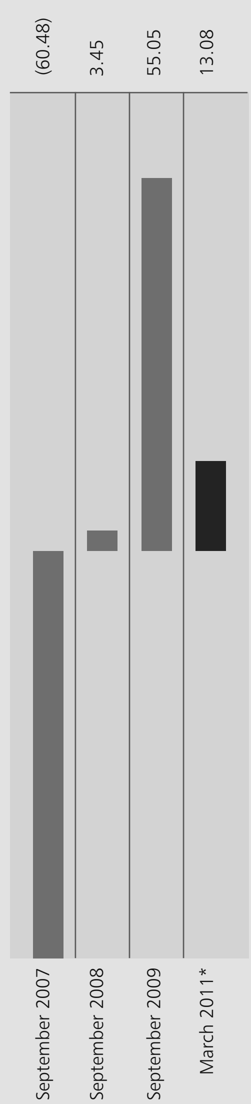
Operating profit
(in ₹ crore)



Cash profit
(in ₹ crore)



Post-tax profit
(in ₹ crore)

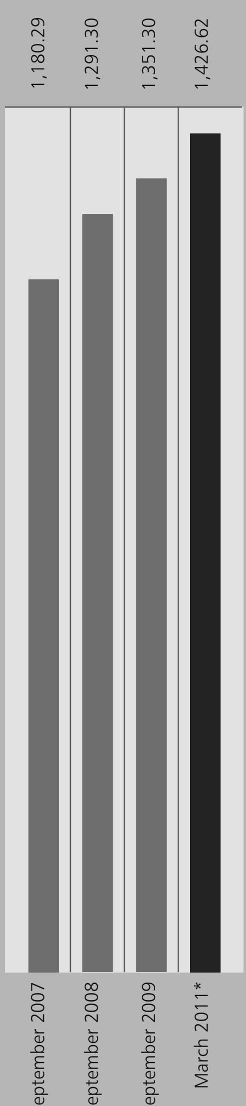


What we achieved in 2009-11*

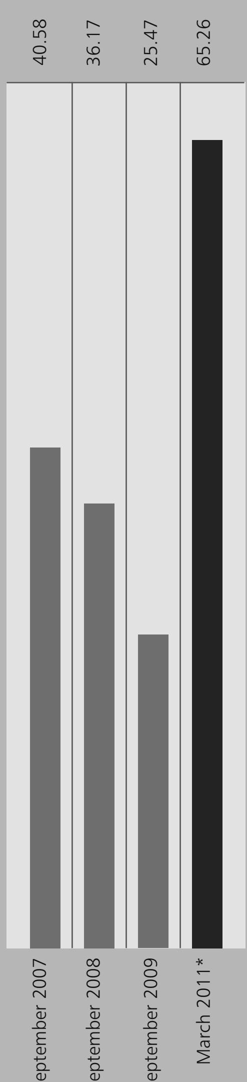
- Increased net sales to ₹ 2,337.89 crore from ₹ 933.71 crore in 2008-09
- Improved revenues from ₹ 947.36 crore in 2008-09 to ₹ 2,375.97 crore in 2009-11
- EBIDTA stood at ₹ 239.25 crore as against ₹ 205.61 crore in 2008-09

1,700
TPD – one of India's largest sugar refining capacities

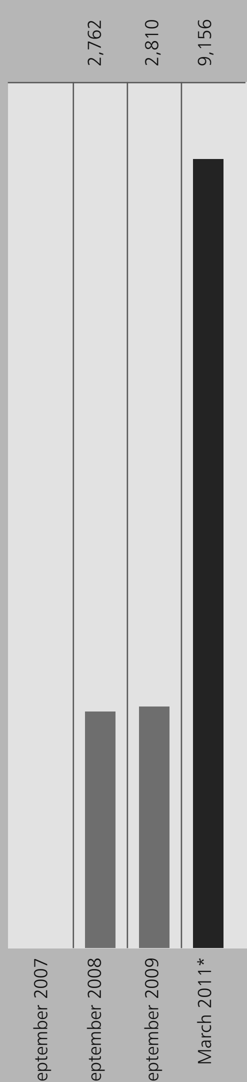
Gross block (including capital work in progress) (in ₹ crore)



Sugarcane crushed (lac tonnes)



Power generated (in lac units)



Divisional Performance

(The year 2008-09 refers to the 12 month period ending September 2009, and 2009-11 refers to the 18 month period ending March 2011)

Sugar business

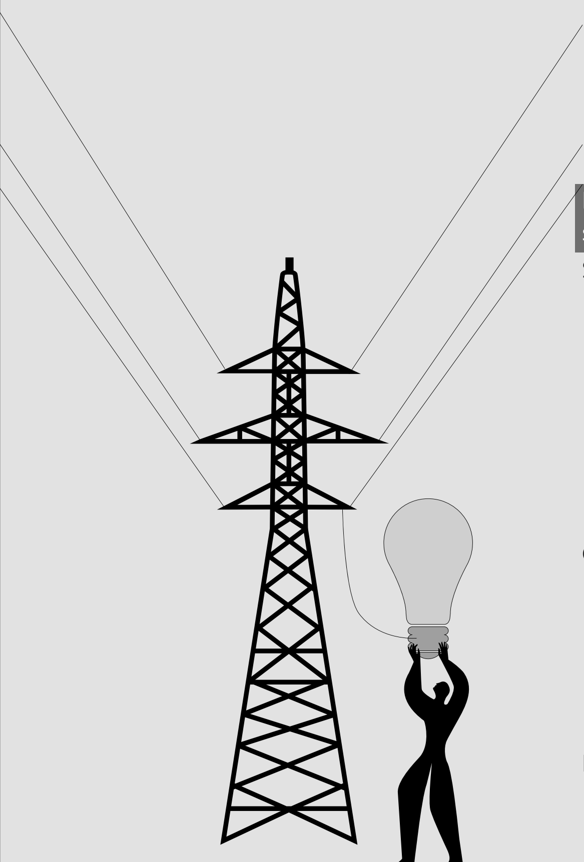
- Revenues stood at ₹ 2,386.12 crore for 2009-11 against ₹ 976.14 crore in 2008-09, owing to higher sales volumes
- Contribution to total revenues stood at 73% for 2009-11 as against 83% in 2008-09, owing to lower sugar realisations
- Crushed 65.26 lac tonnes of sugarcane in 2009-11 and 25.47 lac tonnes in 2008-09
- Average recovery in 2009-11 was 9.27% and 9.26% in 2008-09
- Produced 7.76 lac tonnes of sugar (including raw sugar); marketed 6.10 lac tones (including raw sugar) in 2009-11
- Processed 1.76 lac tonnes of raw sugar in 2009-11 and 0.18 lac tonnes in 2008-09
- Refined sugar contributed 53% of total sugar produced
- Average inventory value was ₹ 24.43 per kg combined for free sale and levy sugar as on 31st March 2011 (free sale sugar cost at ₹ 25.17 per kg and levy sugar cost at ₹ 18.84 per kg)

Power business

- Total revenue stood at ₹ 665.06 crore in 2009-11 and ₹ 155.52 crore for 2008-09
- Accounted for 21% of total revenues for 2009-11 and 13% in 2008-09, on account of increased exports derived from the impact of multi-fuel boilers and improved realisations
- Exported 6,216 lac units of power for an average realisation of ₹ 4.37 per unit in 2009-11 against ₹ 3.25 in 2008-09
- Generated thermal power from economically available fuels like bagasse, coal and other biomass
- Reinforced its integration through 150 MW capacity (87 MW for sale round the year), one of the highest cogeneration capacities in India

Chemical business

- Contributed 6% of total revenues at ₹ 196.66 crore in 2009-11 and 4% in 2008-09 at ₹ 47.83 crore
- Merging Dhampur Sugar Distillery Private Limited (DSDPL), a wholly-owned subsidiary with a capacity of 100 KLPD, with Dhampur Sugar Mills Limited (DSML) with effect from 1st October, 2010



How our divisions performed, 2009-11 *

Business segment	Revenue (₹ crore)	% of total revenue	Factors
Sugar	2,386.12	73%	■ Steep variation in cane cost to ₹ 218 per quintal in sugar season 2010-11 from ₹ 263 per quintal in sugar season 2009-10 ■ Decline in sugar realisations from peak of ₹ 40-plus per kg to a low of ₹ 24 per kg in 2009-11
Cogeneration	665.06	21%	■ Improved realisations at ₹ 4.37 per unit ■ Increased sales volume to 6,216 lac units, owing to multi-fuel boilers
Distillery	196.66	6%	■ Increase in realisations in later part of the year ■ Higher cost of molasses (raw materials for chemicals)

*(*18 month period)*

Managing Directors' perspective

"We expect to report an attractive bottomline in 2011-12 and emerge as the most efficient and integrated sugarcane company in the country."

Mr. Gaurav Goel and **Mr. Gautam Goel**, *Managing Directors*, review Dhampur's performance and prospects.

Q. How would you summarise Dhampur's performance in the financial year 2009-11?

A. For the Indian sugar industry, the financial year 2009-11 was one of the most volatile. It wasn't just a question of cyclicality during the course of the year under review; it was also about the speed of change in operating fortunes. In this respect, the cyclical whiplash was similar to the general economic meltdown that transpired in September 2008 – unprecedented for its speed and sharp decline.

What transpired between January and March 2010 in India was perhaps no different: Sugar realisations crashed from a peak of ₹ 40 plus per kg to a trough of ₹ 24 per kg, even as the industry was struggling to address the variance in landed cane cost from ₹ 162 per quintal in sugar season 2008-09, to ₹ 263 per quintal in sugar season 2009-10 and to ₹ 218 per quintal in sugar season 2010-11.

Further, the financial year under review reflected an inverted 'V' – sugar realisations stood at ₹ 29 per kg, peaked at ₹ 40 per kg, bottomed to ₹ 24 per kg and finished the financial year at ₹ 28 per kg.

Q. How did this volatility translate into Dhampur's performance for the financial year 2009-11?

A. Our Company's turnover stood at ₹ 2,414 crore in 2009-11 (18 months) as against ₹ 975 crore in 2008-09 (12 months). This growth resulted from a higher sugar sale contribution, including refined sugar from imported raws and from the power and chemical businesses, further leading to increased sales volumes and improved realisations.

Q. How did the other divisions perform?

A. We were satisfied with our power business performance, accounting for 21% of the total revenue in 2009-11 (18 months) against its contribution of 14% in 2008-09 (12 months). The improvement was a result of higher cogeneration revenues, on account of better realisations, higher generation and improved power export. This division accounted for 92% of Dhampur's EBIDTA in 2009-11 (18 months) which stood at 32% in 2008-09 (12 months). The power business was a major factor in reducing the cyclical impact on the Company.

It was a challenging year for our chemicals business (ethanol and alcohol) owing to a higher cost of molasses and other raw materials, coupled with lower realisations at the beginning of the financial year. However, higher realisations in the later part of the year resulted in marginal profits at the EBIDTA level.

Q. What were the highlights of the Company's performance in the financial year 2009-11?

A. In the preceding paragraphs, we provided a perspective of the challenges the industry faced during the financial year 2009-11. This could have been worse, had it not been for some longstanding initiatives aimed at capacity growth and product diversification. Consider the following:

- The Company crushed 65.26 lac tonnes of sugarcane, against 25.47 lac tonnes in 2008-09. Raw sugar imports processed, stood at 1.78 lac tonnes, against 0.18 lac tonnes in 2008-09. This increased conversion enhanced our asset utilisation. Additionally, the Company exported 0.31 lac tonnes of sugar under the Advance Licence Scheme, which served as a cushion against a sharp decline in domestic realisations in early 2010. These factors enabled the sugar division to report a lower loss than equivalent companies during the period under review.
- The proportion of revenue from the non-sugar business stood at 27% for the 18 month period ending March 2011, while it stood at 18% for the 12 month period ending September 2009, vindicating investments in downstream by-product utilisation. Power revenues stood at ₹ 665.05 crore for the 18 month period and ₹ 155.52 crore for the 12 month period. The average per unit realisation stood at ₹ 4.37 in 2009-11 and ₹ 3.25 in 2008-09, facilitated by increased realisations under the Open Access Policy announced by the U.P. State Government.
- The Company commenced the supply of ethanol to oil marketing companies like Indian Oil Corporation Ltd, Bharat Petroleum Corporation Ltd and Hindustan Petroleum Corporation Ltd at a selling price of ₹ 27 per litre. Consequently, the percentage of chemical business revenues in the Company's overall revenue mix was 6% in 2009-11 (18 months) and 4% in 2008-09 (12 months).

The big picture was that cogeneration and chemical revenues stood at 27% of Dhampur's total revenues for the 18 month period, against 18% during the 12 month period ending September 2009, justifying the investments we made to reduce our cyclical exposure.

Q. What were the challenges addressed by Dhampur during the period under review?

A. Cane pricing continued to be our biggest challenge. Even though the Central Government stipulated a Fair and Remunerative Price (FRP) of ₹ 129.84 and 139.12 per quintal in 2009-10 and 2010-11 respectively and the actual price stood to ₹ 248 per quintal for the 18 month period, which could not be covered by the realisations. This resulted in a loss for the sugar division.

However, we were able to limit our downside, owing to effective business integration – the end product of one business represented the raw material for another. This integration made it possible for us to set off the sugar division losses with the improved revenues of the power division.

The outlook is optimistic: Sugar production is anticipated to increase in 2011-12, following a higher cane output, coupled with increased biomass generation for our power business and higher molasses for ethanol production.

Q. What cost optimisation measures helped arrest divisional losses?

A. Our cost optimisation initiatives comprised:

- Processing 1.76 lac tonnes of raw sugar during the period under review and running sugar operations during the off season, resulting in superior absorption of fixed costs.

- Repayment of long-term debt worth ₹ 104.16 crore (net).

Q. How does the Company expect to capitalise on emerging opportunities?

A. **Sugar:** Sugar production is expected to rise to 24.5 million tonnes on the back of improved cane acreage and higher yield in 2010-11; international sugar prices touched a 30-year high owing to heavy rainfall and cyclones in Australia, adverse climatic conditions in Brazil, Thailand and China. These factors have created export opportunities for India.

Power: India is a power-deficient country and Uttar Pradesh is one of its worst-affected states, providing an opportunity for our power division. We secured business viability by venturing into Power Purchase Agreements (PPA) with the U.P. Government. With the projected higher rate of sugarcane crushing, bagasse availability will improve and the power division could run throughout the year. Purchase of a certain minimum percentage of renewable energy by the states has been made mandatory, which gives us an added opportunity.

Ethanol: The 5% (E5) ethanol blending program is part of the Government's objective of reducing the country's dependence on fossil fuels and crude oil imports. The earlier ethanol blending program could not take off in spite of E5 being made mandatory due owing to the non-remunerative pricing of ₹ 21.50 per litre. However, the current price of ₹ 27 effective from October 2010 provides an incentive to revive the ethanol blending program.

Cane production and molasses availability are expected to increase, resulting in higher ethanol production. With E10 (10% blending) on the horizon, a shift in the sugar economy from a situation of shortage to self-sufficiency will ensure adequate ethanol availability for blending with petrol. Our focus will be to improve the production of chemicals as well, while capitalising on the ethanol blending programme, thereby strengthening realisations.

How does the Company expect to perform in 2011-12?

Going ahead, we will concentrate on increasing our capacities in the power and chemical businesses to offset sugar business cyclicality, helping us earn profits during sugar downturns. We expect a better performance on account of higher sugar production and better average realisations, which should help us emerge with a stronger balance sheet.

Controls decide…	Decontrol will…
■ raw material (sugarcane) costs that mills must pay farmers	■ even out the sugar cyclicality
■ end product (sugar) realisations regulated through the monthly release mechanism	■ ensure remunerative cane prices
■ size of production through control of the quantity of cane that a mill can crush	■ lead to capacity consolidation and economies of scale
■ sugar availability for the domestic market through control of exports and imports	■ double ethanol production and replace 3% of India's gasoline consumption
■ which sugar mill a farmer may sell his cane to	■ generate close to 8,000 MW of green power against today's 900 MW
	■ make India a consistent sugar exporter

What is the basis of this optimism?

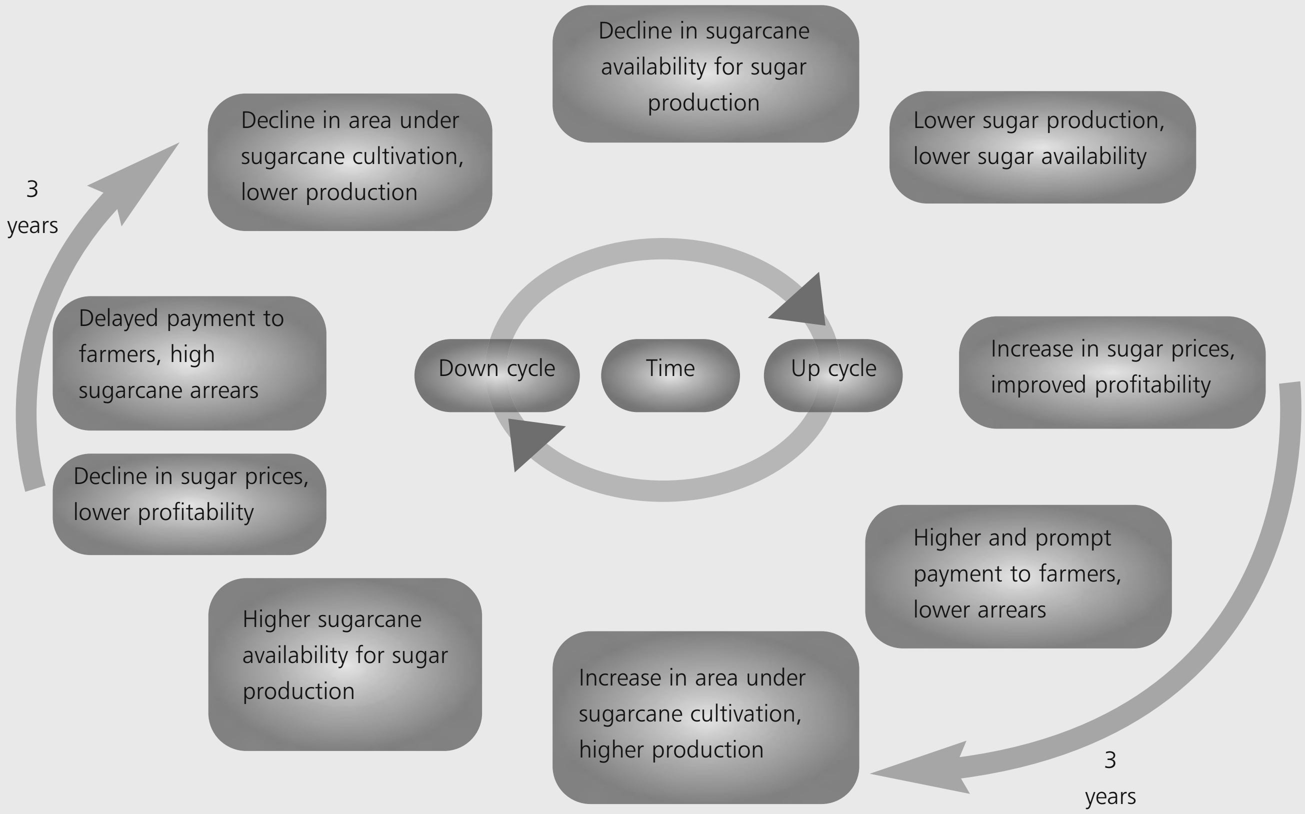
Our optimism is well supported by various positive trends:

- Sugar industry decontrol is anticipated, which will be beneficial for the industry in the long run as it will result in a larger quantum of sugar being sold in the open market at relatively higher realisations.
- Higher cane production will result in adequate feedstock for the cogeneration and ethanol businesses, countering sugar cyclicality.
- India's growing appetite for automobiles will enhance fuel demand and boost ethanol requirements.
- The current Power Purchase Agreements with the U.P. Government will be in effect for a period of 20 years, providing a remunerative offtake for this renewable power.

What message do you want to give your shareholders?

We will continue to focus on higher margins across all three divisions – bottomline-accretive revenue from cogeneration, value-added chemicals, especially ethanol, and higher sugar production. In doing so, we expect to report an attractive bottomline in 2010-11 and emerge as the most efficient integrated sugarcane products company in the country.

**(The year 2008-09 refers to the 12 month period ending September 2009, and 2009-11 refers to the 18 month period ending March, 2011)*



39,500
TCD - Cane
crushing capacity

150
MW – Power
generating
capacity

Numbers that reflect our strength

Our Company

321
₹ in crore –
Market capitalisation
as on 31st March,
2011

Our sugar business

39,500
TCD - Cane
crushing capacity

9.27
% - Average recovery
for the 18 month
period ending
March, 2011

1,700
TPD – Sugar
Refining capacity
4.15 lac
Tonnes – Volume
refined

150
MW – Generating capacity as on 31st March, 2011

87
MW – Power Exportable capacity

4.37
₹ per kwh – Average realisation

Our power business

270
KLPD – Distillery capacity as on 31st March, 2011

40.63
Million litres – Sales volume

25.28
₹ per litre – Average realisation

Our chemical business

Dhampur has three businesses in one company.
The consolidated sum is larger than
the standalone value of the constituents.

One + One + One = Four.

At Dhampur, we came to an early conclusion that in an unpredictable industry environment, the biggest insurance would come from integration.

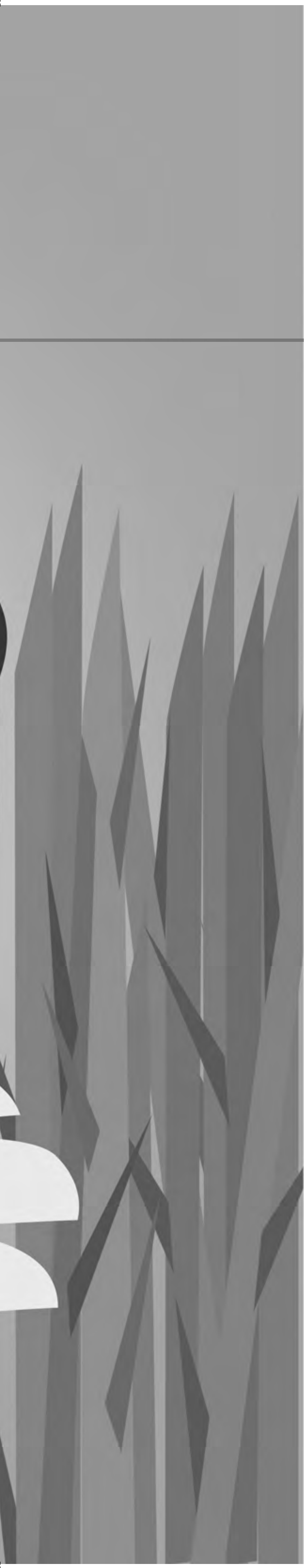
An integration, where one business would represent the raw material for another.

So, from a longstanding dependence on the core sugar business, the Company extended into the downstream cogeneration of energy and manufacture of alcohol.

Dhampur has three businesses in one company. Where their consolidated sum is larger than the standalone value of the constituents.

Enhancing sustainability.


45
99
53



Dhampur reported a 210% increase in revenue per quintal of crushed cane derived from the benefits of business integration

Making every quintal count

At Dhampur, our business effectiveness is derived from a single number.

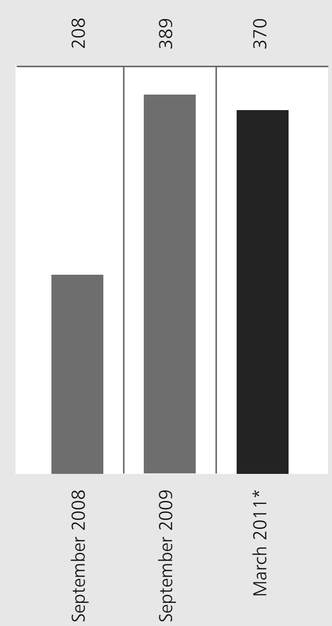
The number: the quantum of revenues derived per quintal of crushed cane.

In 1995-96, well before our business integration was a comprehensive reality, we generated ₹ 119 per quintal of crushed cane.

In 2009-11, we generated ₹ 370 per quintal of crushed cane.

This 210% increase in per quintal revenue was derived from the benefits of business integration.

Revenue per quintal of cane crushed (in ₹)



** 18 month period*

Dhampur installed four multi-fuel (bagasse, coal and other biomass) boilers at three plants to enhance round-the-year cogeneration.

Generating more from less

Sugar yields bagasse. Bagasse yields energy.

At Dhampur, we devised ways of taking our business integration resulted into a new high.

By installing a high pressure boiler and turbine that would enhance cogeneration efficiency in line with the global average.

By maximising energy production on the one hand and reducing steam consumption on the other, through the efficient utilisation of four high pressure boilers.

By installing four multi-fuel (bagasse, coal and other biomass) boilers at our three plants, enhanced round-the-year generation.

The result was that energy per quintal of cane crushed stood at 14.04 units for the 18 month period ending March 2011 and 10.90 units for the12 month period ending September 2009.

Dhampur's feedstock - molasses is utilised for manufacturing value added products – ethanol, RS and chemicals

Squeezing to the last drop

Sugar yields molasses. Molasses yield alcohol.

At Dhampur, we extended our focus from merely capitalising on this longstanding integration to enhancing our flexibility.

Flexibility: Complete flexibility in switching products with ethanol, RS and chemicals depending on prevailing market conditions.

Methane generated in distillery is used as fuel for power generation.

The result was that distillery production per tonne of cane crushed stood at 5.9 litre for the 18 month period ending March 2011 and 5.2 litre for the 12 month period ending September 2009.

Cane crushed per day

(lac quintals)

Year	2008-09	2009-11*
Dhampur	0.82	0.95
Asmoli	0.39	0.55
Mansurpur	0.56	0.59
Rajpura	0.42	0.46

** 18 month period*

Improved logistics management: In addition to in increase in crushing capacity, Dhampur invested in corresponding improvement in the logistics management of cane arrival and crushing without supply bottlenecks.

Enhanced recoveries: The Company reported recoveries higher than the prevailing average achieved by mills in UP.

Recoveries

(%)

Year	Company	UP
2008-09	9.26	8.91
2009-11*	9.27	9.12

** 18 month period*

Efficient power plants: Dhampur was the first company in UP to install coal feeding and handling systems in boilers across its Dhampur, Asmoli and Mansurpur plants. The Company's multi-feedstock (bagasse, coal and other biomass) capabilities facilitated asset utilisation beyond the sugar season.

Power generated and sold

(crore units)

Year	Power generated	Power sold
2007-08	27.62	17.77
2008-09	28.10	16.56
2009-11*	91.56	62.16

**18 month period*

Refinery: A refinery enables the Company to operate beyond the regular crushing season, in the years when imports are permitted by the Government resulting in higher capacity utilisation and lower costs. Refining liberated Dhampur from a complete dependence on domestic sugar sale and captive availability of sugarcane. This created operational continuity in a sector marked by low asset utilisation.

Raw sugar refined

Year	(lac tonnes)
2008-09	0.18
2009-11*	1.76

**18 month period*

Competitive strengths

1 Growing capacity

Dhampur progressively invested in its sugar production capacity: From 24,250 TCD to 39,500 TCD with in a space of five years, a growth of 63 % compared with lower growth in the national production of sugar during that period. This provided the Company with a critical increase in the availability of basic feedstock for all downstream products.

2 Increase in value-addition

Dhampur's sugar refining capacity grew to 1,700 TPD; ethanol producing capacity surged from 100 to 270 KLPD captive power generation increased to 150 MW as on 31st March 2011.

3 Powered by integration

Dhampur is completely integrated across the sugar value chain – starting from sugarcane access at one end to the production of sugar, refining of raw sugar, ethanol (from downstream molasses) and power (from downstream bagasse). This integration helped provide profit buffers during weak sugar years, enhancing corporate de-risking. Revenues (₹ 861.72 crore) from co-product businesses accounted for 27% of the Company's revenues in 2009-11.

4 Enduring farmer relationships

Dhampur's enduring farmer relationships helped procure adequate raw material (cane) in a timely manner. The Company provides subsidised seeds to farmers, and co-ordinates logistics for timely cane delivery from more than 1,50,000 farmers in its command areas, who are remunerated within 14 days of purchase.

5 Robust model

Dhampur's multi-feedstock capability reinforced asset utilisation beyond the sugar season and generated a stronger asset payback.

6 Location advantage

Dhampur is located in Uttar Pradesh, the largest sugarcane producing state in India, translating into lower raw material transportation cost.

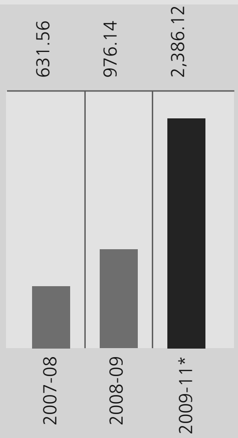
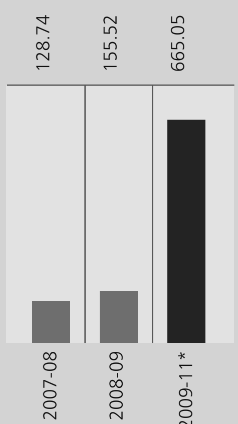
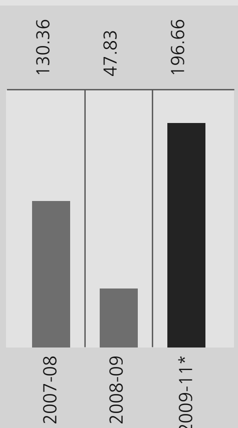
7 Refinery capacity

Refined sugar capacity is 43% of the total sugar capacity, providing better realisation to the Company.

8 Financial strength

Dhampur's operational excellence is reflected in its financials: Attractive debt-equity ratio of 1.10 (for term loans liability) as on 31st March, 2011, ROCE of 10.54% and cash profit of ₹ 113.31 in 2009-11.

Snapshot of our business divisions

Business segment	% contribution to sales, 2009-11*	Sales growth (in ₹ crore)	Installed capacity	Location of manufacturing facilities
Sugar	73%		39,500 TCD	■ Dhampur ■ Asmoli ■ Mansurpur ■ Rajpura
Cogeneration	21%		150 MW	■ Dhampur ■ Asmoli ■ Mansurpur ■ Rajpura
Distillery	6%		270 KLPD	■ Dhampur ■ Asmoli

* *The financial year 2009-11 comprising 18 months ending 31st March, 2011*

Significant highlights, 2009-11	Strategic focus
■ Total capacity of 39,500 TCD and sale of 6.10 lac tonnes, including processed raw sugar ■ Average sugar realisation – ₹ 29,557 per tonne for non levy sugar, up by 32% ■ Average recovery at 9.27%, one of the highest in U.P. ■ 43% sugar capacity utilised for refining sugar to enhance realisations	■ Focus on refinery operations by importing more raw sugar ■ Focus on strengthening cane development activities to secure sugarcane supplies ■ Focus on controlling operating costs
■ Utilised 105 kg/sq cm pressure boilers to maximise energy and lower steam consumption ■ Bagasse and alternative fuels like coal and rice husk was made possible by multi-fuel boilers ■ De-risked sugar business by enhancing power revenues	■ Lower steam consumption by utilising new assets ■ Exploration of new areas by selling under open access
■ Methane generated during distillery operation used as fuel for power generation ■ Flexibility of changing product mix within the segment depending on market conditions	■ The government's focus on increasing usage of ethanol fuel is expected to generate better demand and higher realisations ■ Focus on research and development for product customisation and cost-effectiveness

Business segment review

Dhampur facility
Sugar capacity
15,000 TCD

Asmoli facility
Sugar capacity
9,000 TCD

Mansurpur facility
Sugar capacity
8,000 TCD

Dhampur facility
Cogen capacity
65 MW

Asmoli facility
Cogen capacity
40 MW

Mansurpur facility
Cogen capacity
33 MW

Dhampur facility
Distillery capacity
170 KLPD

Asmoli facility
Distillery capacity
100 KLPD

Asmoli facility
Refinery capacity
900 TPD

Mansurpur facility
Refinery capacity
800 KLPD

Consolidated capacity

Capacities	Dhampur	Asmoli	Mansurpur	Rajpura	Total
Sugar capacity (TCD)	15,000	9,000	8,000	7,500	39,500
Cogen capacity (MW)	65	40	33	12	150
Distillery capacity (KLPD)	170	100			270
Refinery capacity (TPD)		900	800		1700

Rajpura facility

Sugar capacity

7,500 TCD

Rajpura facility

Cogen capacity

12 MW

Business segment review

Sugar

Sugar

Segment status within the Company (revenue)	First
Segment status within the Company (EBIDTA)	Second
Revenue, 2009-11*	₹ 2,386.12
EBIDTA	₹ 13.23
Proportion of the Company's total revenue	73%
Proportion of the Company's total EBIDTA	6%
Production, including processed raw sugar	7.76 lac tonnes
Sales, including processed raw sugar	6.10 lac tonnes
Carry forward inventory (as on 31st March, 2011)	2.18 lac tonnes

**(The year 2009-11 refers to 18 months ending March, 2011)*

2,386.12

₹ crore - revenue from Sugar segment

Overview

Dhampur is one of India's leading showpieces of efficient and integrated sugar manufacture (installed crushing capacity of 39,500 TCD and a refining capacity of 1,700 TPD as on 31st March, 2011). In 2009-11, sugar margins were under pressure, owing to higher cane procurement costs and relatively depressed sugar realisations.

Strengths

- The Company's integrated refinery processed raw sugar and cane sugar, resulting in round-the-year operations.
- The Company provided farmers with high-yield and high-sucrose seed varieties, with the objective to secure sugarcane supplies and enhance awareness about the impact of latest agricultural technologies.

Highlights, 2009-11

- Crushed 65.26 lac tonnes of sugarcane for the 18 month period ending March 2011 as against 25.47 lac tonnes for the 12 month period ending September 2009
- Imported 1.08 lac tonnes of raw sugar for onward refining, making the Company a major raw sugar importer in northern India
- Processed 1.55 lac tonnes of raw sugar at its two refineries (Mansurpur and Asmoli)
- Average sugarcane recovery improved marginally to 9.27% in 2009-11 against 9.26% in 2008-09

Road ahead

- The Company expects to increase its sugar production in the forthcoming sugar season, following widened cane acreage, higher yield and an increased availability of cane for sugar manufacture.
- The possibility of fixed and remunerative sugarcane prices is expected to improve the industry scenario.

Performance review (₹ in crore)

Particulars	2007-08	2008-09	2009-11*
Revenue	631.56	976.14	2,386.14
EBITDA	59.73	132.04	13.23
Capital employed	754.43	601.65	678.33
Production (in lac tonnes)	3.61	2.54	7.76
Sales (in lac tonnes)	3.01	3.57	6.10

**18 month period*

Business segment review

Cogeneration

Segment status within the Company (revenue)	Second
Segment status within the Company (EBIDTA)	First
Revenue, 2009-11*	₹ 665.05 crore
EBIDTA	₹ 219.65 crore
Proportion of the Company's total revenue	21%
Proportion of the Company's total EBIDTA	92%
Power generated	9,156 lac units
Power exports	6,216 lac units
Average realisation	₹ 4.37

**The year 2009-11 refers to 18 months ending March, 2011*

665.05

₹ crore - revenue from Cogeneration segment

Overview

The Company's cogeneration facility has a total aggregate capacity of 150 MW, of which 87 MW is for export purposes, making it one of the largest cogenerated power export capacities in India. Dhampur was the first sugar company in U.P. to adopt the model of installing coal feeding and handling systems at boilers, doing so in Dhampur, Asmoli and Mansurpur plants to reduce the dependence on bagasse for the off-season refining of sugar making it possible to continue with power sales during the off-season.

This year, the Company's focus will be more on the power sector as cane production is expected to increase – which will provide more raw material – bagasse for its power business.

Strengths

- The Company liberated itself from a dependence on any single fuel through an investment in multi-fuel boilers (capable of managing bagasse, coal and rice husk).
- The Company became the first Indian sugar company to install a 105 kg/sq. cm boiler and turbine in its sugar division, increasing bagasse use efficiency and leading to cogeneration efficiency in line with the global average.
- The Company enhanced revenues from its cogeneration division, de-risking from a cyclical sugar sales.
- The Company was among the first Uttar Pradesh companies to be permitted to market power outside the state, under the short-term open access provision.
- The Company entered into power purchase agreements with the government for a period of 20 years.

Highlights, 2009-11

- Maximised energy production and reduced steam consumption through the efficient utilisation of four high pressure boilers
- Installed one 100-tonne boiler (64 kg pressure) at the Mansurpur facility and enhanced power generation capability by around 7 MW from October, 2010
- Benefited from the state government's decision to increase per unit purchase price of bagasse-based power in sugar season from ₹ 3 to ₹ 4 (starting October 2009)
- Enhanced the per unit sale price of coal-based power in the off-season from ₹ 4 per unit to ₹ 5.02 per unit
- Reported higher realisations as the U.P. government permitted the open access of power sale during the off-season to the extent of 50% for all the power generated using alternative fuels

Road ahead

- The Company's multi-fuel capability and power-trading opportunity will influence its power business in a positive way.
- The Company's multi-fuel boiler at the Mansurpur unit was commissioned in October 2010 and enhanced power export capacity by 7 MW.
- The Company plans to enter new areas by marketing power under the open access method over the foreseeable future.
- The Company is eligible for Renewable Energy Certificates (REC) under the NAPCC programme.

Performance review (₹ in crore)

Particulars	2007-08	2008-09	2009-11*
Revenue (gross)	128.74	155.52	665.06
EBITDA	58.04	66.08	219.65
Capital employed	454.96	467.54	486.00
Production (in lac units)	2,762	2,810	9,156
Export of power (in lac units)	1,777	1,656	6,216

**18 month period*

Business segment review

Distillery

Segment status within the Company (revenue)	Third
Segment status within the Company (EBIDTA)	Third
Revenue, 2009-11	₹ 196.66 crore
EBIDTA	₹ 6.36 crore
Proportion of the Company's total revenue	6%
Proportion of the Company's total EBIDTA	3%
Production	386.76 KL
Sales	406.26 KL

**The year 2009-11 refers to 18 months ending March 2011*

196.66

₹ crore - revenue from Distillery segment

Overview

Dhampur is one of the largest Indian producers of ethanol and sugarcane derivates in its 2,70,000 LPD distillery, emerging as one of the few Indian sugar companies to produce value-added chemicals like ethyl acetate which is consumed in the paint industry. The Company also emerged as India's first to produce alcohol through the encilium route, developed by the National Chemical Laboratory (Pune) in 1992.

Strengths

- The Company is among the largest manufacturers of ethanol and sugar derivates in India. Its products comprise ethanol, rectified spirits, ENA, acetaldehyde, ethyl acetate, carbon dioxide and bio-fertilisers, among others.
- The Company possesses an unmatched flexibility in switching its product mix, depending on prevailing market conditions for ethanol, rectified spirits for oil manufacturing companies and chemicals for paint companies.
- The Company uses methane generated in its distillery as fuel for power generation.

Highlights, 2009-11

- The government raised the price of sugarcane-extracted ethanol (for mixing with petrol) from ₹ 21.50 a litre to ₹ 27 per litre.
- The mandatory blending of ethanol with petrol is likely to increase from 5% of the overall mix (proposed 20% by 2017).
- Dhampur Sugar Distillery Private Limited (DSDPL), the Company's wholly-owned subsidiary, with a production capacity of 100 KLPD, being merged with Dhampur Sugar Mills Limited (DSML), with effect from 1st October, 2010.

Road ahead

- The chemicals business is expected to contribute positively to the Company, as the government plans to resume its ethanol blending programme, expected to increase the use of ethanol fuel, which will translate into superior demand and realisations.
- The Company will leverage research to produce customised products.

Performance review (₹ in crore)

Particulars	2007-08	2008-09	2009-11*
Revenue (gross)	130.36	47.83	196.66
EBITDA	23.11	7.47	6.36
Capital employed	139.52	151.29	176.87
Production (in lac litres)	192.71	132.05	386.76
Sales (in lac litres)	190.60	109.71	406.26

**18 months period*

De-risking Dhampur

Risk is an integral part of every business organisation. At Dhampur Sugar Mills Limited, our risk management framework protects againstvarious risks.

Industry risk

The global and Indian sugar industry can be affected by cyclicality.

Mitigating factors

- The sugar production cycle entered an upswing and next season's production (based on existing cane planting estimates) is likely to grow from 24.50 million tonnes to around 26.5 million tonnes in India.
- Indian sugar consumption is expected to grow at 3% per annum. The country's low per capita consumption vis-a-vis global per capita consumption indicates room for growth.
- Revenues from by-product processing grew, providing a predictable revenue stream in a cyclical sugar business.
- The government restarted ethanol blending, reinforcing the chemicals business.

Regulatory risks

Adverse government policies can impact revenues.

Mitigating factors

- The government is likely to increase mandatory ethanol blending with petrol from 5% to 10%, benefiting manufacturers. Besides, ethanol remuneration increased from ₹ 21.50 to ₹ 27 per litre.
- The government increased the bagasse-based power tariff during the sugar season from ₹ 3 to ₹ 4, and coal-based power during the non-sugar season from ₹ 4 per unit to ₹ 5.02 per unit. Besides, the open access of power sales during the non-sugar season extended to 50%.

Cyclicality risks

The sugar industry in India is cyclical, exposing it to high input prices and low realisations, affecting viability.

Mitigating factors

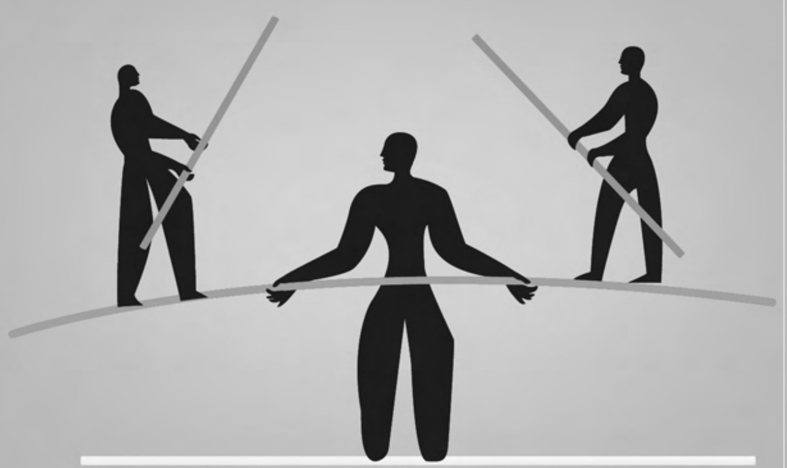
- The Company's progressive investment in sugar by-products (ethanol and power) mitigated the impact of cyclicality.
- The proportion of non-sugar revenues comprised 26% of the Company's total revenues for the 18 month period ending March 2011, as against 18% for the 12 month period ending September 2009, indicating a higher protection against cyclicality.
- Strong cane prices provided an impetus to farmers to plant more cane for the 2009-11 seasons.

Raw material procurement risk

Cane availability can be threatened by adverse climatic conditions.

Mitigating factors

- Sugarcane cultivation is suitable for tropical and sub-tropical countries and can withstand climatic extremities – rainfall ranging from 3 mm to 263 mm and temperature's ranging from 3.5 degree Celsius to 45 degree Celsius.



- Irrigated sugarcane acreage in India is as high as 92%; cropped area grew to around 4.3 million hectares compared with 2.4 million hectares in the early 1960s. The Company's command areas (consolidated) are covered by irrigation, reducing the climatic risk.
- The Company's command areas are located in pockets of Uttar Pradesh, enjoying abundant rain for decades.
- The Company trains farmers extensively in cane selection, procurement and latest farming techniques to counter probable climatic impact. The Company provides high-yielding seed varieties to farmers, enhancing cane recovery and growth.
- The Company created a team to manage cane development across pockets in the command areas yet to be covered by cane; several two-member teams map farmer requirements. This cane development team encourages farmers to plant more cane by explaining the mechanics of viability.

Location risk

A high duration between harvesting and crushing can lead to poor recovery, affecting viability.

Mitigating factors

- The Company's command areas have a network of sub-road, leading to larger roads and state highways, facilitating speedy cane evacuation.
- The Company's units are proximate to railway lines state and national highways.
- The Company created a dedicated team to manage logistics between farmers and factories, accelerating cane transfer.

Competition risk

Increasing competition for cane inflate costs and dent margins.

Mitigating factors

- The Company purchases cane directly from around 1,50,000 farmers across its command areas.
- The Company supports farmers through the subsidised supply of seeds and other agricultural inputs, earning their loyalty.
- The Company remunerates farmers within 14 days of cane procurement to sustain their cash flow; it procures as much cane as it supplies, enhancing farmers' confidence.

Working capital risks

Inadequate working capital may impact operations.

Mitigating factors

- The Company generates revenues from multiple products – sugar, power, chemicals and other agro-based inputs – that facilitate a steady cash flow.
- The Company enhanced its focus on refined sugar and value-added distillery products as well as cogenerated power, enjoying a predictable cash inflow.
- The Company's debt-equity ratio of 1.10 as on 31st March, 2011 reflected adequate room for the fresh mobilisation of funds, whenever needed.

Financial Review

Accounting policy

Dhampur Sugar followed the accrual basis of accounting; its accounts were prepared on the basis of accounting standards as per section 211(3C) of the Companies Act, 1956, issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Change of accounting year

The financial year 2009-10 of the Company was extended up to 31st March, 2011 from 30th September, 2010. Henceforth, the financial year of the Company shall be from 1st April to 31st March. The financial year period changed as the Company needed to align its accounts with the emerging changes in law and accounting. The financial results for the period under review covered a period of 18 months, and are not comparable with the results of 2008-09, a financial year that covered only 12 months. The year 2008-09 refers to 12 months ending September 2009, and 2009-11 refers to 18 months ending March, 2011.

Highlights 2009-11#

- Revenues stood at ₹ 2,375.97 crore against ₹ 947.36 crore in 2008-09
- EBIDTA improved to ₹ 239.25 crore against ₹ 205.61 in 2008-09
- PAT stood at ₹ 13.08 crore against ₹ 55.05 in 2008-09

Revenue analysis

The Company's net sales stood at ₹ 2,337.89 crore in 2009-11 as against ₹ 933.71 crore in 2008-09, owing to an increase in sugar volume on account of processed raw sugar and higher contribution from the power segment in terms of volumes and realisations.

Segment-wise revenue break-up

The Company generates revenue from three segments – sugar, cogeneration and distillery.

Sugar: Revenue from the sugar segment stood at ₹ 2,386.12 crore in 2009-11, contributing 73% of the Company's revenue against ₹ 976.14 crore in 2008-09, contributing 83% of the Company's revenue. The improvement in revenue was owing to higher sales volumes of sugar, including processed raw sugar.

Cogeneration: Revenue from the cogeneration segment included increased saleable power which stood at ₹ 665.06 crore in 2009-11, accounting for 21% of the Company's revenue against ₹ 155.52 crore in 2008-09, accounting for 13% of the Company's revenue. The Company generated 91.56 crore units and exported 62.16 crore units of power in 2009-11 against 28.10 crore units (generation) and 16.56 crore units (export) in 2008-09. The average realisation per unit stood at ₹ 4.37 per unit in 2009-11 against ₹ 3.25 per unit in 2008-09.

Distillery: Revenue from the distillery segment (ethanol, alcohol, rectified spirit (RS) and other value-added chemicals) stood at ₹ 196.66 crore in 2009-11 against ₹ 47.83 crore in 2008-09 -- the improvement was on account of improved realisations. Revenue from the distillery division as a percentage of overall turnover stood at 6% in 2009-11 as against 4% in 2008-09.

Other income

The Company's other income stood at ₹ 38.08 crore in 2009-11 as against ₹ 13.65 crore in 2008-09, which comprised income from foreign exchange fluctuations and miscellaneous income. Other income accounted for only 1.55% of the total income, reflecting the Company's emphasis on its core business.

Cost analysis

The Company's operational cost stood at ₹ 2,585.78 crore in 2009-11 against ₹ 648.24 crore in 2008-09, owing to an increased, chiefly owing to higher cane costs and processing of raw sugar.

Raw materials: Raw material cost formed 83.48% of the total cost in 2009-11 as against 72.86% in 2008-09. Raw material expenditure stood at ₹ 2,158.56 crore in 2009-11 against ₹ 472.33 crore in 2008-09, owing to the inclusion of raw sugar costs in the

 # Consolidated figures

current period and increase in sugarcane cost.

Employee cost: The Company's employee cost stood at ₹ 93.96 crore in 2009-11 against ₹ 45.21 crore in 2008-09, owing to an increase in salaries and wages.

Manufacturing, operating and administrative costs: The Company's manufacturing, operating and administrative costs stood at ₹ 226.23 crore in 2009-11 against ₹ 94.98 crore in 2008-09, owing to an increase in raw sugar processing and other miscellaneous expenses.

Interest: Interest outflow stood at ₹ 125.73 crore in 2009-11 as against ₹ 81.46 crore in 2008-09

Capital employed

The Company's total capital employed constituted own funds as well as external funds. Capital employed stood at ₹ 1,411.08 crore in 2009-11 against ₹ 1,256.99 crore in 2008-09, owing to an increase in working capital. The Company reported a return on capital employed (ROCE) of 10.54% in 2009-11 against 10.70% in 2008-09.

Equity share capital: The Company's equity share capital comprised 5,39,05,975 equity shares of ₹10 each, including 12,00,000 equity shares allotted during the period on conversion option exercised by the equity warrant holders.

Preference share capital: The Company's preference share capital comprised 4,13,940 6%redeemable preference shares of ₹ 100 each and 4,69,013 1% redeemable preference shares of ₹ 100 each remained unchanged during the period.

Reserves and surplus: Reserves and surplus stood at ₹ 452.47 crore in 2009-11 as against ₹ 440.56 crore in 2008-09, owing to an increase in securities premium and profits during the year.

External funds: The Company's external funds comprised secured loans (including loans from banks, financial institutions and sugar development fund) and unsecured loans (including fixed deposits and short-term bank loans). External funds stood at ₹ 895.80 crore in 2009-11 against ₹ 736.40 crore in 2008-09, owing to an increase in working capital. Loan from Sugar Development Fund, carrying a 4% rate of interest (simple interest), stood at ₹ 162 crore in 2009-11 against ₹ 139 crore in 2008-09.

Gross block

The Company's gross block stood at ₹ 1,408.84 crore in 2009-11 against ₹ 1,307.58 crore in 2008-09 owing to an increase in assets.

Depreciation: The Company's accumulated depreciation stood at ₹ 399.35 crore in 2009-11 against ₹ 313.50 crore in 2008-09, owing to an increase in gross block. Accumulated depreciation as a proportion of gross block stood at 28.35% in 2009-11 against 23.98% in 2008-09.

Working capital

The Company's working capital stood at ₹ 328 crore in 2009-11 against ₹ 111 in 2008-09. The increase in working capital was on account of an increase in finished goods inventory. Working capital as a percentage of total capital employed stood at 25.58% as on March 2011 against 15.18% in September 2009.

Inventory: The Company's inventories stood at ₹ 671.51 crore in 2009-11 as against ₹ 429.04 crore in 2008-09, on account of a high inventory of sugar.

Debtors: Total debtors stood at ₹ 83.59 crore in 2009-11 as against ₹ 80.25 crore in 2008-09, owing to an increase in sales volumes.

Cash and bank balance: The Company's cash and bank balances stood at ₹ 24.26 crore in 2009-11 as against ₹ 37.31 crore in 2008-09.

Loans and advances: The Company's loans and advances stood at ₹ 103.94 crore in 2009-11 as against ₹ 100.05 crore in 2008-09.

Current liabilities and provisions: The Company's current liabilities and provisions stood at ₹ 522.30 crore in 2009-11 as against ₹ 455.89 crore in 2008-09, owing to an increase in sundry creditors.

Management discussion and analysis

Global sugar industry

Global sugar production in 2009-10 grew 4.2% to 160.56 million tonnes and is pegged at 168.04 million tonnes in 2010-11. Consumption was higher at 164.54 million tonnes in 2009-10 and is estimated to improve to 167.84 million tonnes in 2010-11. Global realisations softened from over USD 700 per tonne in January 2010 to under USD 500 per tonne by April 2010, primarily owing to increased production in Brazil (17%) and lower imports into India (now beginning to experience a sugar surplus). Global sugar prices reached a 30-year high, owing to a short crop in Brazil, China, Thailand and Australia, the third year that global production remained in deficit.

World sugar balance (million tonnes)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11E*
Production	166.03	170.30	151.8	160.56	168.04
Consumption	154.98	159.16	164.0	164.54	167.84
Surplus/deficit	11.04	11.13	-12.2	-3.98	0.19
Import demand	46.07	45.49	50.2	53.39	50.30
Export availability	46.07	49.76	49.2	53.02	50.49
End stocks	67.84	74.71	60.7	58.79	58.80
Stock/consumption ratio in %	43.78	46.94	37.0	35.73	35.04

*Estimates

(Source: ISO Quarterly market outlook, Feb 2011)

Brazil: Brazil is the world's largest sugar producing country, with a production of 625 million tonnes of cane and 38.7 million tonnes of sugar in 2010-11, the production of cane is estimated at 639 million tonnes and sugar at 38.15 million tonnes in 2010-11. Sluggish sucrose yields for much of the second half of the 2009-10 season, as a result of extremely high rainfall between August and October, dented sugar production. Excessive rainfall limited the number of crushing days for 2009-10, restricting sugarcane crushing as well as sugar and ethanol production. However, Brazil exported 24.3 million tonnes of sugar in 2009-10 and is expected to export 28.4 million tonnes in 2010-11, as a consequence of an expected deficit in world sugar supply.

China: China is the world's second-largest sugar consumer. China's sugar production in 2009-10 was 11.42 million tonnes and consumption was 14.30 million tonnes, a deficit of 2.88 million tonnes, while the production for 2010-11 is pegged lower at 11.30

million tonnes and consumption at 13.90 million tonnes, a deficit of 2.60 million tonnes. This deficit is usually imported after the crushing season ends and domestic prices begin to harden. Moreover, the crushing season for 2009-10 was about a month shorter than a normal year, owing to a shortfall in cane production. According to an estimate by China Sugar Association, the food processing and beverage industries remained the largest sugar consumers, accounting for 65% of total sugar consumption; the remaining 35% was consumed among households. The growth in consumption by the food and beverages sector is expected to increase per capita sugar consumption (11 kg in 2009-10).

Total sugar output for 2011-12 is forecast to reach 12 million tonnes (raw value), 6% higher than 2010-11, owing to an estimated increase in cane acreage. Sugar consumption for 2011-12 is forecast at 13.60 million tonnes (raw value) *(Source: USDA, June 2011)*.

Thailand: Cane production is projected at 69 million tonnes and sugar production at 6.9 million tonnes in 2009-10, down 3.6% from the previous year, owing to drier-than-expected weather conditions. Sugar content declined to around 100.6 kg/tonne of cane in 2009-10, compared with 108.13 kg/tonne of cane in the previous year. Sugarcane raised in Thailand is primarily used in sugar production, despite a continued increase in gasohol consumption (mixture of regular gasoline and ethanol).

Sugar production is forecast to recover to 9.1 million tonnes in 2010-11 and 9.70 million tonnes by 2011-12, in anticipation of acreage expansion and a bumper sugarcane crop.

Outlook

World sugar production for the year 2011-12 is forecasted to reach 177.3 million tonnes, an increase of 9.4 million tonnes, compared with 2010-11. This forecast reflects an expected increase in sugar production in Brazil and India that together account for around 40% of the world's sugar production *(Source: Moneycontrol, 1 March, 2011).* Sugar demand is not very responsive to the recent high world indicator price, as sugar is the staple food in most countries and the prices paid by consumers in some major countries are partially insulated by the world price changes by government policies. Consumption tends to respond more strongly to changes in income, especially in developing countries, as shown by the decline in consumption in 2008-09, in response to the global financial crisis. World sugar consumption growth is forecasted to increase slightly, by 2.2% in 2011-12.

Indian sugar industry

The Indian sugar industry is the second-largest agro-processing industry in the country, accounting for around 13% of the total global sugar production and 0.7% of India's gross domestic product (GDP). The industry account for 2.7% of India's cropped area, with significant annual volatility. The industry contributes an estimated ₹ 1,700 crore annually to the national exchequer and various state governments by way of excise duty and cane purchase tax.

Production: Sugarcane and sugar production in India typically follow a 6-8 year cycle, wherein 3-4 years of higher production is followed by 2-3 years of lower production. After two consecutive years of declining sugar production, production surged to 18.9 million tonnes in 2009-10 and pegged at 24.2 million tonnes for 2010-11, and is set to enhance in the coming years. The notorious production cycle entered an upswing, and the forthcoming season's output is likely to grow further to around 26.5 million tonnes, following higher prices, good rains, increased productivity, enhanced sugarcane yield, better-than-expected cane output in Maharashtra and U.P. and lower diversion to gur and khandsari.

Consumption: Despite production fluctuations, India's sugar consumption increased at an annual 3% over the decade. Driven by continued switching from gur to sugar, rising incomes and growing population, sugar consumption is placed at 21 million tonnes in 2009-10 and 22.50 million tonnes in 2010-11, and is projected to increase at 3% per annum in the medium-term. Consumption is being driven by rising incomes, high income elasticity of sugar and the continued switch from gur and khandsari to sugar. Although gur and khandsari are still the main sugar products consumed in rural areas, demand for white sugar is expected to increase in absolute and per capita terms. Moreover, sugar demand by the food sector (confectioneries, ice creams, soft drinks, sweets and other non-household uses) is estimated at about 60% of the total consumption. Sugar consumption is expected to increase to 23.00 million tonnes in 2011-12, following improved supplies, growing population and economic growth. The country's robust domestic sugar demand is expected to absorb increased sugar output in 2011-12.

Supply and demand position of sugar

(Figures in million tonnes)

	2007-08	2008-09	2009-10	2010-11E
Opening Stock as on 1st October	11.03	10.50	4.36	4.98
Production during the Season	26.35	14.53	18.91	24.20
Imports	–	2.40	4.08	0.34
Total Availability	37.38	27.44	27.35	29.52
Off-take				
-Internal consumption	21.90	22.91	21.32	21.18
-Exports	4.95	0.16	0.23	1.80
Total offtake	26.85	23.07	21.56	22.98
Closing stock as on 30th September	10.53	4.36	5.79	6.53
Stock as % of offtake	4.79	1.90	2.72	3.08

(Source: ISMA)

Cane production: Sugarcane is planted round the year; the crop is harvested during October-September. During 2009-10, sugarcane production was 274 million tonnes and is expected to increase 10% in 2010-11 to over 300 million tonnes, owing to improved cane acreage and better yield. Relatively strong cane prices vis-a-vis last year and competing food crops (rice, wheat, pulses) supported higher cane acreage by around 13% to 4.8 million hectares in 2010-11.

Sugar prices: Sugar prices corrected downwards from a peak of ₹ 40 per kg in January 2010, owing to an improvement in global and domestic production and tightening measures by the government (weekly sales quota, decrease in stock-keeping limits for bulk consumers and removal of import duty on white sugar).

Imports and exports: Owing to increased production estimates for the current and following year, India may not see sugar imports. India consumes about 22-23 million tonnes of sugar a year and with the revival of production in 2009-10 and 2010-11, there could be a surplus of around 2 million tonnes ahead of demand, which will enable the country to sell its sugar abroad. While Brazil's sugarcane crop was recently dry, India's fortunes improved, following good rainfall in many cane-growing areas, and sufficient confidence in supplies to allow exports to the world market. The government allowed the export of 5,00,000 tonnes of sugar under the open general license (OGL), strengthening industry prospects.

SCOT analysis

Strengths

- Indian is the second-largest producer of sugar in the world after Brazil
- Provides direct employment (including ancillary activities) to about 50 million workers
- Supports downstream industries by providing raw material (by products in the form of alcohol, ethanol and cogeneration)
- Catalyses socio-economic development in rural India

Opportunities

- Potential to enhance sugar production and sugar recovery
- By-products fetch high value from downstream industries
- Advanced technology available for valuable by-product utilisation
- Mandatory 5% ethanol blending in fuel will enhance industry viability
- The Company is eligible for Renewable Energy Certificates (REC) under NAPCC programme

Threats

- Political intervention in cane pricing, release mechanism and levy purchase system, among others
- Deterioration in soil quality, owing to the overuse of fertilisers and pesticides
- Soaring cost of sugarcane
- Low groundwater availability

Challenges

- Cyclical nature of the industry
- High production costs owing to under-utilised crushing capacities

Ethanol

Global ethanol consumption is gradually increasing, owing to energy and environmental concerns. The rise in crude oil prices, global emphasis on renewable energy development and a growing domestic ethanol demand, catalysed the ethanol sector growth. Countries around the world are working to secure their future energy needs by expanding the production and use of renewable fuels like ethanol. Global ethanol production in 2009-10 was 73 billion litres and is expected increase to 85.76 billion litres in 2010-11, and 88.71 billion litres in 2011-12, replacing the need for one million barrels of crude oil per day worldwide.

United States: Ethanol production in the United States is forecast to rise to 51 billion litres in 2010-11 against 48 billion litres in 2009-10, owing to capacity addition. US ethanol prices are depressed and offer higher discretionary blending margins to oil companies.

Brazil: Ethanol production in Brazil is forecast to rise to 29.5 billion litres in 2010-11, up by almost 15%, a significant turnaround, after having fallen 4.5% in 2009-10. This production increase is likely to come from higher cane tonnage and sucrose recovery, leading to increased sugar and ethanol output in the coming season.

European Union: EU's ethanol production is expected to increase to 5.4 billion litres in 2010-11 from 4.5 billion litres in 2009-10, owing to a major capacity expansion and new plants coming on stream. It is anticipated that production will mostly be exported, since the domestic market for bio-ethanol is not strong.

China: China's ethanol production is forecast at 2.1 billion litres in 2009-10. The Chinese government's target of 2.5 billion litres of ethanol production is unlikely to be achieved because of insufficient investment in production capacity since 2007.

Thailand: Thailand's fuel ethanol production is forecast to reach 490 million litres in 2009-10, owing to a growth in domestic consumption, driven by the Thai government's ethanol price-incentive policy.

World ethanol fuel production (in billion litres)

	2008-09	2009-10	2010-11	2011-12
Europe	2.81	3.68	4.61	5.46
Americas	60.39	66.38	77.80	79.00
Asia/Pacific	2.74	2.88	3.18	4.07
World	66.02	73.04	85.76	88.71

(Source: F.O. Licht)

Regulatory mandates will help spur future ethanol demand

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

(Source: REN21)

India's ethanol industry

Since Indian sugarcane production is cyclical, ethanol and alcohol production in India depend on molasses availability. Lower molasses availability and consequent higher prices impacted ethanol production cost, Short supply impaired the government's compulsory 5% ethanol blending with petrol. Under the National Biofuel Policy, blending ethanol in petrol to the extent of 20% by 2017 became a mandate, aimed at reducing the country's dependence on crude oil imports. At a 10% blending level, ethanol demand is expected to increase to 1,859 million litres by 2011-12. India's 330 distilleries produce 4 billion litres of rectified spirit (alcohol) annually. Of the total distilleries, about 115 distilleries have the capacity to distill 1.8 billion litres of conventional ethanol per year, sufficient to meet the 5% blending mandate.

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

Consumption: Ethanol consumption for blending with petrol in 2009-10 increased to 1,830 million litres from 1,780 million litres in 2008-09. Higher ethanol demand from competing industries and higher market prices diverted the supply from the ethanol blending programme. Strong growth in ethanol consumption across the chemical and potable liquor industry is expected to raise ethanol consumption to nearly 1,830 billion litres in 2010-11, limiting supplies to the ethanol blending programme (EBP).

Ethanol production and distribution (million litres)

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

(Source: FAS/New Delhi)

Ethanol blending advantage

- Better health and environment, owing to its eco-friendly nature
- Save foreign exchange spending on crude imports
- Facilitate additional income for the sugar industry and farmers

Why India must push for ethanol-blended petrol

- Petroleum is a precious natural resource; India and China will account for 45% of the increase in global primary energy demand by 2030
- India's oil consumption rose from 6,43,000 barrels of oil daily in 1980 to 3.3 million barrels daily in 2009, making it the world's fourth biggest oil consumer
- India is the world's fourth-largest ethanol producer; its production could potentially leave sugar prices unaffected
- As per a report by Institute of Defence Studies and Analysis, around 80 million litres of petrol could be saved annually by blending petrol with 10% biofuel

India's cogeneration sector

Sugar industry uses bagasse as a fuel to produce electricity and steam by cogeneration. The potential of power generation through bagasse-based cogeneration in the country's 550 sugar mills is about 5,000 MW (Source: MNRE). The Government of India is expecting to add around 1,700 MW of power from biomass and bagasse power projects by the end of the Eleventh Year Plan (2007-12), more than twice the actual addition of around 750 MW in the Tenth Five Year Plan. This would include 1,200 MW bagasse-based cogeneration projects and around 500 MW from biomass power projects that run on agro-waste material (Source: Mainstreaming Green Energy, Assocham, April 2010). Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra and Uttar Pradesh have assumed a leadership position in the implementation of bagasse cogeneration projects. There are around 149 cogeneration projects in Indian sugar mills with an installed capacity aggregating 1,562 MW. Around 70 cogeneration projects are under implementation, aggregating around 700 MW *(Source: MNRE).*

Sectoral opportunities

Power deficit: The peak power deficit in India in 2009-10 was 12.7%, up from 11.9% in the previous year. The deficit was contributed by inefficiencies in the transmission and distribution system and electricity theft. The table below shows that the western part of the country experiences the highest peak power deficit, followed by the northeast and South India.

Peak power deficit in India

Region	Demand	Supply	Deficit/Surplus (%)
North	37,431	34,101	(8.9)
West	39,621	32,763	(17.3)
South	32,214	29,054	(9.8)
East	13,767	13,085	(5.0)
North East	1,913	1,560	(18.5)

(Source: CEA, as on December 2010)

Faced with acute power shortage, the government chalked out a plan to produce power through cogeneration, under the public-private-partnership (PPP) mode. The government provides various subsidies and incentives to companies which generate power by using agro waste and supply it to the state grid. With the participation of private players, giant power projects of 4,000 MW capacity – the first of their kind to start in India – will start generating power within two years. As power generation capacity increases, peak power deficit is expected to reach 6.5% in the fiscal year ending March 2012 from the current 12.7%.

Zooming power consumption: The annual Indian power consumption of around 600 TWh is set to double in the next decade, owing to increasing economic activity, wealth and population. As per an industry research report by KPMG, total generating capacity needs to jump by 90 GW to 241 GW to meet this increase (Source: Commodity Online, 20 Jan 2010). Coal provides almost 70% of India's power generation, but with India needing to diversify its power production, there is a massive opportunity for power generation through wind, biomass, nuclear, gas and bagasse-based energy.

Low per capita energy penetration: India ranks as the world's sixth-largest energy consumer, accounting for about 3.5% of the world's total annual energy consumption, but per capita energy consumption is low at 631 kwh compared with the world consumption of 2,873 kwh, indicating room for growth. As the Indian economy is seen growing at more than 8% in 2009-10, shrugging off the effects of the global financial crisis, the government is targeting to add 100,000 MW in the Twelfth Five Year Plan and encouraging the private sector to contribute around half of the target. Further, the government allowed 100% foreign direct investment for building power projects in India, attracting foreign players like Toshiba Corporation, Hitachi Ltd and Alstom to set up shop in India, which should strengthen per capita power consumption to 1,000 kWh by the end of the Eleventh Plan.

Capacity addition: The government scaled down its power generation target for the Eleventh Five Year Plan (ends March 2012) to 62,000 MW from an initial estimate of 78,700 MW, owing to resource constraints, delays in commissioning hydro-power projects and problems pertaining to lengthy land acquisition procedures. Despite the scaling down of the Eleventh Plan target, the revised capacity addition will be achieved owing to the spirited performance of the private sector. The private sector's contribution has shown a progressively improving trend during the first three years of the current Plan period (8% of capacity addition in 2007-08, 25% in 2008-09 and 45% in 2010-11). The government has targeted a capacity addition of 1,00,000 MW of power during the Twelfth Plan.

Favourable government policies: The Eleventh Five Year Plan (2007-2012) envisages power for all by the end of the Plan. At a conservative 8% GDP growth, India's per capita consumption is projected to grow by around 10% CAGR to about 2,800 units annually by 2027, indicating a widening of the power sector and improved prospects for downstream ancillary players. The government introduced policies such as:

- The government permitted the use of up to 10% coal, along with bagasse to extend the cogeneration period beyond the crushing season (Source: Times of India, 8 July, 2010).
- The government granted 100% FDI in generation, transmission and distribution to draw private investment.
- The government provided incentives like income tax holiday for 10 years within the first 15 years of operation, waiver of capital goods import duties on mega power projects above 1,000 MW generation capacity

Transmission and distribution losses: India loses around 35-45% power during transmission and distribution (T&D). The government has taken the following steps to check T&D losses through the following initiatives:

- The number of power transmission lines in India increased from 3,708 circuit kilometres (ckm) in 1950 to about 2,20,794 ckm in 2009 and a projected 2,93,372 ckm by 2012.
- India is divided into transmission system regions – northern, north-eastern, eastern, southern and western. A national grid is being developed with an estimated grid capacity of 2,00,000 MW and inter-regional transmission capacity of 37,000 MW by 2012.
- The current sub-station capacity is 3,02,615 mega volt-ampere (MVA), which is estimated to increase about 41% to 4,28,000 MVA by 2012.

Directors' Report

Dear members

Your Directors are pleased to present their 76th Annual report together with the Company's audited accounts for the 18 month period ended 31st March, 2011.

(₹ in crore)

Financial results	31st March, 2011 (18 months)	30th September, 2009 (12 months)
Total turnover	2,434.35	990.82
Operating profit (before interest, depreciation, extraordinary items and tax)	232.15	204.67
Interest	125.56	80.99
Depreciation	96.17	61.58
Profit before tax	10.42	62.11
Provision for tax	(-)1.74	(-)5.92
Profit after tax	8.68	56.19
Proposed dividend	5.83	8.21
Tax on proposed dividend	0.95	1.39
Transferred to General Reserve	0.00	10.00
Balance brought forward	44.71	8.12
Surplus carried to Balance Sheet	46.61	44.71

Dividend:

Your Directors recommend a dividend of ₹ 1/- per equity share (10%) on 53,905,975 equity shares of ₹ 10 each for the period ended 31st March, 2011 which, if approved at the ensuing Annual General Meeting, will be paid to the following:

i) All those members whose names appear in the register of members as on 26th July, 2011

ii) All those members whose names appear on that date as beneficial owners, as furnished by NSDL and CDSL.

Operational performance:

Sugar units:

The key operational data of four sugar/cogeneration units at Dhampur, Asmoli, Mansurpur and Rajpura are as follows:

Sugar unit, Dhampur	31st March. 2011 (18 months)	30th September. 2009 (12 months)
Cane crushed (lac-qtls.)	251.12	103.00
Recovery (%)	9.81	9.90
Sugar produced (lac-qtls.)	24.63	10.20
Sugar unit, Asmoli		
Cane crushed (lac-qtls.)	139.31	40.85
Recovery (%)	9.05	8.70
Sugar produced (lac-qtls.)	12.61	3.55
Sugar unit, Mansurpur		
Cane crushed (lac-qtls.)	155.78	70.04
Recovery (%)	8.90	9.10
Sugar produced (lac-qtls.)	13.86	6.37
Sugar unit, Rajpura		
Cane crushed (lac-qtls.)	106.39	40.76
Recovery (%)	8.60	8.51
Sugar produced (lac-qtls.)	9.15	3.47
SUMMARY (sugar operations) at a glance		
Cane crushed (lac-qtls.)	652.60	254.65
Sugar produced (lac-qtls.)	60.25	23.59
Recovery (%)	9.27	9.26
Dhampur		
Power generated (M.W.)	520,657	158,332
Sale to UPPCL (M.W.)	371,633	101,685
Asmoli		
Power generated (M.W.)	244,429	66,515
Sale to UPPCL (M.W.)	186,219	44,098

	31st March. 2011 (18 months)	30th September. 2009 (12 months)
Mansurpur		
Power generated (M.W.)	113,792	42,375
Sale to UPPCL (M.W.)	63,780	19,797
Rajpura		
Power generated (M.W.)	36,714	13,796
Sale to UPPCL (M.W.)	0	0
SUMMARY (Cogeneration) at a glance		
Power generated (M.W.)	9,15,592	2,81,018
Sale to UPPCL (M.W.)	6,21,632	1,65,580

Performance of the Company's chemical unit:

The production of RS/ENA/Ethanol was at 208.90 lac BL during the 18 months ended 31st March, 2011 as against production of 70.97 lac BL in the 12 months ended 30th September 2009.

Production (net) of chemicals stood at 184.95 lac kilograms during the 18 month period ended 31st March 2011 as against 30.16 lac kilograms in 12 months ended 30th September 2009.

Subsidiaries and promoted company:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results (for the year ended 30th September, 2010) of its subsidiary companies.

Your Directors have approved the merger of its wholly-owned subsidiary i.e. Dhampur Sugar Distillery Private Limited (DSDPL) with the Company w.e.f. 1st October, 2010 subject to approvals from the concerned authorities, shareholders including Hon'ble High Court, Allahabad. Separate meeting of Shareholders and Creditors shall be conducted as per the directions of Hon'ble High Court in terms of Section 391 to 394 of the Companies Act, 1956.

Public deposits:

Public deposits as on 31st March, 2011 stood at ₹ 17.83 crore as against ₹ 9.61 crore as on 30th September, 2009. There were unclaimed deposits amounting to ₹ 0.25 crore, pertaining to 104 depositors as on that date. Out of these, depositors with deposits aggregating ₹ 0.08 crore have subsequently claimed/renewed their deposits. However, the balance amount of ₹ 0.17 crore still remained unclaimed.

Directors:

Shri. V. K Goel, Shri A. K Goel, Shri. Priya Brat, Shri. A. K Gupta and Shri. J. P Sharma, Directors of the Company will retire by rotation and being eligible offer themselves for reappointment.

The nomination of Shri Amit Dhawan has been withdrawn by ICICI Bank w.e.f. 7th January, 2011 from the Board of Directors of the Company. The Board has recorded it and appreciated the valuable advice and suggestions provided by him during his tenure as Director.

Directors' responsibility statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm

i) That the applicable accounting standards have been followed in the preparation of the Annual Accounts;

ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the Company's state of affairs at the end of the financial period and of the profit or loss of the Company for that period;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) That the Directors have prepared the annual accounts on a `going concern' basis.

Auditors and Auditors' Report

M/s S. Vaish & Co., Chartered Accountants, Kanpur, and M/s Mittal Gupta & Co., Chartered Accountants, Kanpur, the joint auditors of your Company will retire at the ensuing Annual General Meeting and being eligible are proposed to be reappointed.

The observations of the Auditors in their report, read with the accounts are self-explanatory and therefore do not require further explanation.

Corporate Governance

In compliance with Clause 49 of the Listing Agreement with the stock exchanges, a detailed Corporate Governance Report has been given elsewhere in this report, along with the Management discussion and analysis report, which form an integral part of the Annual Report.

A certificate from Shri Saket Sharma, FCS, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b) (iv) of the said Act, the annual report, excluding the aforesaid information, is being sent to all the Company members and others entitled thereto. Members interested in obtaining such particulars may write to the Company Secretary at the Company's Registered Office.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The particulars as required by the Companies (Disclosure of particulars in the Board of Directors report) Rules, 1988, with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure.

Industrial relations

The industrial relations remained cordial during the period.

Acknowledgements

Your Directors place on record their acknowledgement and sincere appreciation to the shareholders for their confidence in the management of the Company, the central government, the state government, banks and financial institutions for their continued support, the cane growers for their efforts in ensuring timely cane supply, the Company's officers and staff for their relentless and dedicated efforts, resulting in the Company's growth and look forward to a bright future.

By order of the Board of Directors

Place: New Delhi **V. K. Goel**
Date: 24th May, 2011 *Chairman*

Annexure - I to Directors' Report

for the 18 month period ended 31st March, 2011

Conservation of energy:

a) Energy conservation measures taken:

   i) Replacement of low-pressure boilers with high-pressure boilers leading to reduced fuel consumption.

   ii) Energy conservation measures undertaken to save steam.

   iii) Instrumentation at various machines to save energy.

b) Steps taken for further reduction of energy consumption by installing hydraulic drive system at Mill House in place of gear boxes.

With power consumption savings at Mill House, additional power requirements for enhanced crushing will be met.

c) Form - A

I. Power and fuel consumption	31st March, 2011 (18 months)	30th September, 2009 (12 months)
1 Electricity		
A Purchased:		
Units (kwh)	12,80,659	19,35,390
Total value (₹)	70,97,445	75,85,381
Rate (₹/Unit)	5.54	3.92
B Own generation:		
i. Through diesel generator:		
Units (kwh)	10,57,286	8,54,072
Unit per litre of diesel	2.96	3.08
Cost/unit	12.13	11.68
ii. Through steam turbine:		
Units (kwh)	18,38,88,000	7,66,57,000
Unit per litre of fuel/oil/gas	steam produced mainly by use of own and purchased bagasse, paddy husk and coal.	
2 Coal		
Quantity (tonnes)	1,97,042	509
Total cost (₹ in lac)	10,650.53	24.63
Average rate (₹ / tones)	5,405	4,839
3 Furnace oil		
Quantity (lts.)	-	-
Total cost (₹)	-	-
Average rate	-	-

4 Other/Internal generation:		
Quantity (tonnes)	-	-
Total cost (₹)	-	-
Average rate	-	-
II. Consumption per unit of production		
A Sugar (qtls.)	77,44,857	25,34,963
- Electricity (kwh/qtls.)	24.05	31.34
- Furnace oil	-	-
- Coal (tonnes)	-	-
B Chemical (qtls.)		
- Electricity (kwh/qtls.)	37.08	30.94
- Furnace oil	-	-
- Coal (tonnes)	-	-

Technology absorption

Research and development

1. Specific areas in which the Company carried out R&D:
Development of new varieties of early maturing seeds for higher sugar recovery, yield in sugarcane and for early commencement of crushing operations.

2. Benefits derived as a result of the above R&D:
Higher recovery % at units.

3. Future plan of action:
Development of bagasse drying system reducing bagasse consumption.

Development of two roller mills, improving extraction and reducing power consumption.

4. Expenditure on R&D:
₹ 17.86 crore compared with previous year's ₹ 2.07 crore

Technology absorption, adoption and innovation

1. Efforts in brief made towards technology absorption, adoption and innovation:
Improved juice clarification for the manufacture of export quality, low ICUMSA sugar.

2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development and import substitution, among others:
a) Technology imported – No.

b) Year of import - N.A.

c) Has technology been fully absorbed - N.A.

d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - N.A.

Foreign exchange earnings and outgo

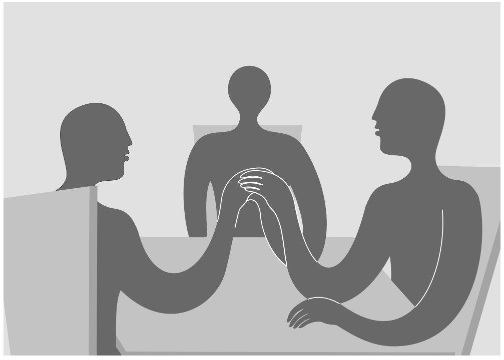
a) Activities related to exports: Steps were taken to increase export, development of new export markets for products, services and export plans.

During the period, the Company has undertaken export of sugar of 30,879 MT;

b) Total foreign exchange used and earned:

(₹ in crore)

	Current year	Previous year
Export and foreign exchange earnings	187.03	Nil
Imports and expenditure in foreign currency	311.40	292.29



Report on Corporate Governance:

I) The Company's philosophy on Corporate Governance

The Company possesses an ethical mindset about the values of good Corporate Governance, that involves support from diversified categories of people and agencies. The following attributes are significant for good Corporate Governance:

a) Transparency in policies and action.

b) Independence to develop and maintain a healthy work culture.

c) Accountability for performance.

d) Responsibility towards the society and for its core values.

e) Growth for stakeholders.

The Company makes an honest endeavour to uphold these attributes in all its operational aspects.

II) Board of Directors

The Company's Board of Directors comprises promoters, executive, non-executive, nominee(s) and Independent Directors. There are 13 Directors on the Board as on 31st March, 2011, of whom five are whole-time Directors, including Chairman and Vice Chairman.

During the period from 1st October, 2009 to 31st March, 2011, six Board meetings were held on:

1) 9th November, 2009
2) 11th January, 2010
3) 29th April, 2010
4) 7th August, 2010
5) 11th November, 2010
6) 17th January, 2011

The attendance of each Director at Board meetings, the last Annual General Meeting and number of other directorships and chairmanships/memberships of committees of each Director in various companies:

Name of Director(s)	Category	Number of Board meeting attended	Last AGM attended	Number of other directorships and committee memberships / chairmanships		
				Other directorships	Committee memberships	Committee chairmanships
Shri V. K. Goel	P,C & ED	6	Yes	5	None	None
Shri A. K. Goel	P & VC	5	Yes	2	None	None
Shri Gaurav Goel	P & MD	6	Yes	9	None	None
Shri Gautam Goel	P & MD	6	Yes	7	None	None
Shri A. K. Gupta	ID & NED	5	Yes	16	2	1
Shri M. P. Mehrotra	ID & NED	6	Yes	18	1	8
Shri Harish Saluja	ID & NED	5	No	5	None	None
Shri Rahul Bedi	ID & NED	5	No	None	None	None
Shri J. P. Sharma	WTD	0	Yes	1	None	None
Shri Priya Brat	ID & NED	6	No	3	2	3
Shri B. B. Tandon	ID & NED	6	No	17	9	1
Mrs. Romi Chakravorty	ID,ND & NED	6	No	None	None	None
Shri S. P. Arora	ID,ND & NED	6	No	1	1	None
Shri Amit Dhawan*	ID,ND & NED	3	No	None	None	None

* Ceased with effect from 7th January, 2011.

P, C & ED: Promoter, Chairman and Executive Director; VC : Vice Chairman; MD : Managing Director; ID : Independent Director; WTD : Whole-time Director; NED : Non-Executive Director; ND : Nominee Director.

Brief resumes of the Directors being reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and the membership of committees of the Board are furnished here under:

a) **Shri V. K. Goel,** *Chairman and Executive Director* of the Company. He is a well known sugar technologist and entrepreneur with a vast experience of around 48 years. He was the President of Indian Sugar Mills Association (ISMA), an apex body of sugar manufacturers of India. He is the Founder President of Delhi Squash Association.

He has been associated with the Company as a Promoter Director since 1960.

Age : 71

Qualification : Chemical Engineer

Experience : 48 years

Directorship in other companies:
1) Goel Investments Limited
2) Vashulingha Sugar & General Industries Limited (Nepal) 3) Saraswati Properties Ltd 4) Delton Cables Limited
5) Khandelwal Laboratories (P) Ltd

Committee/Executive position held in other Companies: Nil

b) **Shri A. K. Goel,** *Vice Chairman* of the Company, has a vast experience of over 42 years in the Sugar and Paper Industry. He was the President of U.P. Sugar Manufacturers Association (UPSMA) and President of Indian Sugar Manufacturers Association (ISMA). He is also the Founder President of Indian Agro Paper Mills Association (IAPMA)

He has been associated with the Company as a Promoter Director since 1969.

Age : 65

Qualification : Commerce Graduate

Experience : 42 years

Directorship in other companies:
1) Goel Investments Limited 2) Indian Sugar Exim Corporation Limited.

Committee/Executive position held in other companies: Nil

c) **Shri Priya Brat**, Director of the Company.

Age : 75

Qualification : Science post-graduate.

Directorship in other companies:
1) Dhanuka Agritech Limited 2) Eicher Motors Limited 3) South Asian Enterprises Limited

Committee/Executive position held in other companies: 3

d) **Shri A. K. Gupta,** *Director* of the Company since 1989. He is a Chartered Accountant.

He has experience of over 33 years and is acknowledged as one of the leading finance, treasury, real estate, securitisation, reconstruction of assets experts in the industry today and is on the Board of various prestigious companies.

He has been associated with the Company as Director since 1989.

Age : 57

Qualification : Chartered Accountant

Experience : 33 years

Directorship in other companies:
1) Mani Capitals Limited 2) Real Value Energy Limited 3) Mani Combrok Limited 4) AKG Consultants Limited
5) Genins India TPA Limited,
6) Chintels India Limited, 7) Mani Broking Service Private Limited,
8) Lallooji & Sons Pvt. Limited 9) Real Value Developers Pvt. Limited
10) Kapareva Development Pvt. Limited,
11) Best Techno Parks Private Limited,
12) Norburry Consultants Private Limited, 13) Ashlay Infrastructure Private Limited, 14) Saransh Investments Pte Limited, 15) Enoch Enterprises Private Limited 16) Pablo Maintenance Services P. Ltd

Committee/Executive position held in other Companies: N.A

e) Shri J. P. Sharma, whole-time Director of the Company since 2004. He is a senior officer of the Company.

Age : 72

Qualification : Undergraduate

Experience : 48 years

Directorship in other company:
Sonitron Limited

Committee/Executive position held in other Companies: N.A.

III) Audit Committee

The Committee discharges such duties and functions generally as set out in Clause 49 of the Listing Agreement with the stock exchanges and such other functions as may be specifically delegated to the Committee by the Board from time to time. The constitution of the Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. The members of the Audit Committee comprise three Independent Non-Executive Directors and the Vice Chairman. During the 18 months period ended on 31st March, 2011, six Audit Committee meetings were held on:

1) 9th November, 2009

2) 11th January, 2010

3) 29th April, 2010

4) 7th August, 2010

5) 11th November, 2010

6) 15th January, 2011

Details of the composition of the Audit Committee and the attendance at the meetings held are as follows:

Sl. No.	Name of Directors	Meetings attended
1	Shri M. P. Mehrotra, Chairman	6
2	Shri A. K. Goel	6
3	Shri A. K. Gupta	6
4	Shri Priya Brat	6

The Committee, inter-alia, reviewed the financial statements including Auditors' Reports for the 18 months period ended 31st March, 2011 and recommended its adoption, records of related party transactions, reports related to compliance of laws and risk management.

Shri Arhant Jain, Executive President (Finance)-cum Company Secretary also acts as the Secretary to the Committee.

IV) Remuneration Committee

The Remuneration Committee, that was reconstituted on 21st January, 2009, comprise five Independent Non-Executive Directors namely, Shri M. P. Mehrotra, Chairman, Shri Priya Brat, Shri A. K. Gupta, Shri Harish Saluja and Shri B. B. Tandon.

The Remuneration Committee was constituted to recommend/review the remuneration package of the Managing/whole-time Directors, based on their performance and defined assessment criteria.

During the period, the Remuneration Committee met once on 29th April, 2010 where all the members of the Committee were present.

Details of remuneration paid to Directors for the period of 18 months ended 31st March, 2011

Name of Director(s)	Category	Salary and perquisites (₹ in lac)	Sitting fee (₹ in lac)
Shri V. K. Goel	P,C & ED	121.08	-
Shri A. K. Goel	P & VC	116.13	-
Shri Gaurav Goel	P & MD	110.89	-
Shri Gautam Goel	P & MD	110.91	-
Shri A. K. Gupta	ID & NED	-	1.93
Shri M. P. Mehrotra	ID & NED	-	1.55
Shri Harish Saluja	ID & NED	-	0.95
Shri Rahul Bedi	ID & NED	-	0.65
Shri J. P. Sharma	WTD	4.68	-
Shri Priya Brat	ID & NED	-	1.70
Shri B. B. Tandon	ID & NED	-	0.80
Mrs. Romi Chakrvorty	ID,ND & NED	-	0.75
Shri S. P. Arora	ID,ND & NED	-	1.13
Shri Amit Dhawan *	ID,ND & NED	-	0.30

* Ceased with effect from 7th January, 2011.

V) Shareholders'/Investors' Grievance Committee

The Board had reconstituted the Shareholders'/ Investors' Grievance Committee(the Committee) on 28th November, 2008, comprising Shri A. K. Gupta, Chairman; Shri Priya Brat; Shri S. P. Arora and Shri Harish Saluja.

The Committee, inter-alia, reviews issue of duplicate certificates and oversees and reviews all matters connected with the Company's transfers of securities. It looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, among others. It oversees the performance of the Company's Registrars and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. Besides, it monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Board delegated the power of approving transfer of securities to Shri Gaurav Goel, the Company's Managing Director.

During the 18 month period ended 31st March, 2011 the Committee met six times on 9th November, 2009, 11th January, 2010, 29th April, 2010, 7th August, 2010, 11th November, 2010, 17th January, 2011 and the attendance at the meetings are as follows:

Sl. No.	Name of Directors	Meetings attended
1	Shri A. K. Gupta, Chairman	5
2	Shri Priya Brat	6
3	Shri Harish Saluja	5
4	Shri S. P. Arora	6

Status of investors' grievances:

The total number of letters/complaints received is 285 and all of them have been dealt with to the satisfaction of shareholders during the 18 months period ended 31st March, 2011 and no demat request/transfer was pending as on that date.

Compliance officer

Mr. Arhant Jain, Executive President (Finance) and Company Secretary, is the Compliance Officer of the Company.

The Company has made separate e-mail id i.e investordesk@dhampur.com for the puspose of investors which is also given at the website of the Company.

VI) General body meetings

Details of Annual General Meetings are as follows:

i) Location and time, where last three AGMs were held.

Year	Location	Date	Time
2008-09	Registered office P.O. Dhampur (Bijnor)	10th February, 2010	2.00 p.m
2007-08	Registered office P.O. Dhampur (Bijnor)	17th March, 2009	2.00 p. m.
2006-07	Registered office P.O. Dhampur (Bijnor)	10th March, 2008	2.00 p.m.

ii) Whether special resolutions were put through postal ballot last year? No

iii) Are votes proposed to be conducted through postal ballot this year? No

VII) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors, the management, their subsidiaries and relatives, among others that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

VIII) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets during the last three years - None

IX) Means of communication

Half-yearly/quarterly results are taken on record by the Board of Directors and submitted to the stock exchanges in terms of the requirements of Clause 41 of the Listing Agreement.

Half-yearly/quarterly results are normally published in Business Standard/Financial Express/Economics Times (in English) and Jan Satta/Amar Ujala/Veer Arjun (in Hindi). The Company published the same on its website.

X) General shareholder information

1. 76th Annual General Meeting:

Date: 1st August , 2011

Time: 2 p.m.

Venue: Registered office at Dhampur, Dist.Bijnor (U.P.)

2. Tentative financial calendar

Board meeting to approve quarterly financial results:

Period quarter ending	Proposed Board meeting dates
30th June, 2011	End July, 2011
30th September, 2011	End October, 2011
31st December, 2011	End January, 2012
31st March, 2012	End May, 2012
Annual General Meeting for the period ended 31st March, 2012 :-	September, 2012

3. Date of book closure

From Tuesday, 26th July, 2011 to Monday, 1st August, 2011 (both days inclusive).

4. Listing on stock exchanges

- The Bombay Stock Exchange Limited (BSE)
- The National Stock Exchange of India Limited (NSE)

The annual listing fees for the year 2010-11 have been duly paid to all the above stock exchanges.

5. Stock code

Stock exchanges	Stock code
- The Bombay Stock Exchange Limited (BSE)	500119
- The National Stock Exchange of India Limited (NSE)	Dhampursug

The equity shares available for dematerialisation are as follows
ISIN No. INE041A01016 with NSDL and CDSL.

6. Stock market data from 1st October, 2009 to 31st March, 2011

(in ₹)

Months	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
October,2009	120.1	94.75	119.8	94.7
November, 2009	144.6	111.7	144.9	103.65
December, 2009	138	126.1	138.75	113.15
January, 2010	83.45	65.75	83.95	65.75
February, 2010	75.4	64.35	75.9	64.6
March, 2010	71.45	59	71.60	59
April, 2010	77	58.05	76.80	59.20
May, 2010	63.70	50.10	63.70	53.10
June, 2010	66.60	58	66.50	55
July 2010	67.2	60.35	67.25	60.4
August 2010	71	56	67.9	57
September 2010	81.4	59.8	82	59.65
October,2010	81.4	70.08	82	71
November, 2010	85.35	60	85.2	60
December, 2010	80.45	51.1	80.5	62.3
January, 2011	83.55	65.75	83.95	65.75
February, 2011	75.60	64.35	75.9	64.6
March, 2011	72	59	71.6	59

7. Registrars & Share Transfer Agents

M/s Alankit Assignments Limited, Alankit House, 2E/21 Jhandewalan Extension, New Delhi 110 055

Ph: 011 – 42541953, Fax : 011- 42541201, E-mail: rta@alankit.com

8. Share Transfer System

At present, the share transfers which are received in physical form are processed and the share certificates returned within the stipulated period of from the date of receipt, subject to the documents being valid and complete in all respects.

As per the latest SEBI circular, it has become mandatory for transferee(s) to furnish a copy of his/her/their PACARD for registration of transfer of shares in physical form.

9. Distribution of shareholding as on 31st March, 2011

Sl. No.	Shareholding of normal value of ₹ 10 each	Number of Shareholders	Percent of total shareholders	Share amount (₹)	Percent of total equity
1	Up to – 5000	43,191	98.988	10,069,309	18.68
2	5001 – 10000	187	0.429	1,405,435	2.607
3	10001 – 20000	119	0.273	1,660,818	3.081
4	20001 – 30000	28	0.064	695,208	1.29
5	30001 – 40000	20	0.046	695,052	1.289
6	40001 – 50000	19	0.044	885,917	1.643
7	50001 – 100000	23	0.053	1,647,951	3.057
8	100001 – 500000	27	0.062	5,880,179	10.908
9	500000 and above	19	0.044	30,966,106	57.445
	Total:	43,633	100	53,905,975	100

Category	Holding	PERCENTAGE
1.Promoter	4,155,831	7.709
2. Associate company	12,096,355	22.44
3.Director and relatives	82,932	0.154
4.Mutual funds	901,957	1.673
6. Banks	478,148	0.887
8. FI	1,611,684	2.99
9. FII	3,770,306	6.994
10. Corporate bodies	7,422,583	13.77
11. Resident indian public	13,218,063	24.521
12. NRI	676,720	1.255
17. Trust	1,000	0.002
18. Person acting in concert	9,490,396	17.605
Grand Total :	53,905,975	100

10. Dematerialisation of shares

Over 87.22% of the outstanding shares have been dematerialised up to 31st March, 2011. Trading in equity shares of the Company is permitted only in dematerialised form w.e.f October/November, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

11. Shareholding details 31st March, 2011

Out of the total number of shares of the Company, 141,052 Shares allotted on conversion of preference shares and 4,000,000 and 1,000,000 shares allotted on preferential basis are yet to be listed with NSE & BSE. The application for the same has already been submitted with the Stock Exchanges.

12. Plant locations

Sugar units:
Dhampur, Dist. Bijnor (U.P.)
Asmoli, Dist. Moradabad (U.P.)
Mansurpur, Dist. Muzaffarnagar (U.P.)
Rajpura, Dist. Budaun (U.P.)

Chemical unit:
Dhampur, Dist. Bijnor (U.P.)

Cogeneration units:
Dhampur, Dist. Bijnor (U.P.)
Asmoli, Dist. Moradabad (U.P.)
Mansurpur, Dist. Muzaffarnagar (U.P.)
Rajpura, Dist. Budaun (U.P.)

13. Address for correspondence:

Dhampur Sugar Mills Limited,
241 Okhla Industrial Estate,
Phase – III, New Delhi 110 020
Ph: 011-30659400, Fax: 011-26935697
E-mail: investordesk@dhampur.com

Declaration on compliance with code of conduct

As provided under clause 49 of the Listing Agreement with the stock exchanges, all Board Members and Senior Management personnel have affirmed the compliance with Dhampur Sugar Mills Limited Code of Business Conduct and Ethics for the period ended 31 March, 2011.

By order of the Board of Directors

Place: New Delhi
Date:24th May, 2011

VK Goel
Chairman

Certification by CEO/CFO

The Board of Directors
Dhampur Sugar Mills Limited

Certificate by CEO/CFO for the period from 1st October, 2009 to 31st March, 2011

We Vijay Kumar Goel, Chairman and Arhant Jain, Executive President (Finance) & Company Secretary of Dhampur Sugar Mills Limited, to the best of our knowledge and belief, certify that;

a) We have reviewed the Balance Sheet, Profit and Loss Account, Cash Flow Statement and the Director's report for the period from 1st October, 2009 to 31st March, 2011 and based upon our knowledge and information certify that :-

   i. These statements do not contain any materially untrue statement or omit any material fact or contain the statement that might be misleading ,

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards and other applicable laws and regulations.

b) There are, to best of our knowledge and belief no transactions entered into the by the Company during the period, which are fraudulent, illegal or violative of the Companies Code of Conduct.

c) We accept the responsibility for establishing and maintaining internal control for financial reporting for the Company and we have:

   i) Evaluated the effectiveness of the internal control system of the Company.

   ii) Disclosed to the auditors and Audit Committee of the Board, deficiencies in the design or operation of internal controls, if any of which we are aware, and

   iii) Necessary steps taken /proposed to be taken to ratify these deficiencies.

d) We have indicated to auditors and the Audit Committee of the Board that there have been:

   i) no significant changes in internal control over the financial reporting during the period

   ii) no significant changes in accounting policies during the period

   iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: New Delhi
Date:24th May, 2011

Vijay Kumar Goel
Chairman

Arhant Jain
Executive President (Finance)
& Company Secretary

Certificate on Corporate Governance

To
The Members of
Dhampur Sugar Mills Limited

I have examined the compliance of conditions of Corporate Governance by Dhampur Sugar Mills Limited for the period ended 31st March, 2011 as stipulated in Clause 49 of the listing Agreements of the said Company with Stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management, our examination was limited to procedures and in implementations there of, 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

I state that in respect of Investor Grievance(s) received during the period ended 31st March, 2011, no such grievances are pending for a period exceeding one month against the Company as per the records maintained by Company and presented to the Investor Grievance Committee.

I 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.

Place: Kanpur
Dated: 24th May, 2011

Saket Sharma
Company Secretary
C.P. No. 2565

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Dhampur Sugar Mills Limited

We have examined the attached Consolidated Balance Sheet of Dhampur Sugar Mills Limited ("the Company") and its Subsidiaries as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the 18 months ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries viz. Dhampur Sugar Distillery Private Limited and Dhampur International PTE Limited whose financial statements reflect total assets of ₹55.34 crore as at 31st March, 2011 and total revenues of ₹110.32 crore for the 18 months ended on that date (these figures include intra group balances and intra group transactions eliminated on consolidation).The figures of these subsidiaries have been incorporated on the basis of audited financial statements for the year ended 30th September, 2010 and unaudited financial statements for the six months ended 31st March, 2011.

Attention is drawn to note IV-2 of schedule 15 relating to accounting for cane purchase liability for the sugar season 2007-08 at ₹110 per quintal instead of State Advised Price of ₹125 per quintal fixed by the Uttar Pradesh State Government as the legal proceedings are pending in the matter.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its Subsidiaries included in the consolidated financial statements.

In our opinion and on the basis of the information and explanations given to us and on the consideration of separate audit reports on audited financial statements of the Company and its Subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India :

i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its Subsidiaries as at 31st March, 2011;

ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Company and its Subsidiaries for the 18 months ended on that date; and

iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flow of the Company and its Subsidiaries for the 18 months ended on that date.

For **S. Vaish & Co.,**	For **Mittal Gupta & Co.,**
(S.P. Agrawal)	**(B.L. Gupta)**
Partner	*Partner*
Chartered Accountants	*Chartered Accountants*
M. No. 007269	M. No. 073794
FRN 00001C	FRN 01874C

Place: Kanpur
Dated: 24th May, 2011

Consolidated Balance Sheet as at 31st March, 2011

(₹ in Crore)

Particulars	Schedule	As at 31.03.2011		As at 30.09.2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	62.81		62.45	
Reserves & Surplus	2	452.47	515.28	440.56	503.01
Minority Interest			0.00		17.58
Loan Funds					
Secured Loans	3	818.54		704.71	
Unsecured Loans	4	77.26	895.80	31.69	736.40
Total			**1411.08**		**1256.99**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	1408.84		1307.58	
Less: Depreciation		399.35		313.50	
Net Block		1009.49		994.08	
Capital Work-in-Progress		17.78	1027.27	43.71	1037.79
Investments	6		8.93		12.99
Deferred Tax Asset (Net)			13.88		15.42
Current Assets, Loans & Advances					
Current Assets					
Inventories	7	671.51		429.04	
Sundry Debtors		83.59		80.25	
Cash & Bank Balances		24.26		37.31	
Loans & Advances	8	103.94		100.05	
		883.30		646.65	
Less: Current Liabilities & Provisions	9				
Current Liabilities		497.75		432.20	
Provisions		24.55		23.69	
		522.30		455.89	
Net Current Assets			361.00		190.76
Misc. Expenses to the extent not Written off			0.00		0.03
Accounting Policies, Contingent Liabilities and Notes	15				
Total			**1411.08**		**1256.99**

This is the Balance Sheet referred to in our report of even date

For S. Vaish & Co.
S. P. Agrawal
Partner
Chartered Accountants

For Mittal Gupta & Co.
B. L. Gupta
Partner
Chartered Accountants

For and on behalf of the Board

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M. P. Mehrotra
Director

Place: Kanpur
Dated: 24th May, 2011

Consolidated Profit and Loss Account for the eighteen months ended 31st March, 2011

(₹ in Crore)

Particulars	Schedule	18 Months ended 31.03.2011		Year ended 30.09.2009	
INCOME					
Sales and Other Income (Refer Note No. 15)	15	2451.81		989.09	
Less: Excise Duty and Other Taxes		-75.84	2375.97	-41.73	947.36
Increase/Decrease in Stocks	10		449.06		-93.51
Total			2825.03		853.85
EXPENDITURE					
Raw Materials Consumed	11		2158.56		472.33
Purchases of Goods Traded in			107.03		35.72
Payments to and Provision for Employees	12		93.96		45.21
Manufacturing, Operational, Administrative & Other Expenses	13		226.23		94.98
Interest and Finance Charges	14		125.73		81.46
Depreciation			98.70		63.19
Total			2810.21		792.89
Profit /(Loss) before Tax			14.82		60.96
Provision for Taxation :					
- Deferred Tax Liability (Net)		-1.54		-6.24	
- Current Tax		-1.73		0.00	
- Mat Credit Receivable		1.53		0.00	
- Fringe Benefit Tax		0.00		-0.43	
- Income Tax Adjustments		0.00	-1.74	0.76	-5.91
Profit after Taxation (before adjustment of Minority Interest)			13.08		55.05
Share of (Profit) / Loss Transferred to Minority			0.00		0.56
Profit after Taxation (after adjustment of Minority Interest)			13.08		55.61
Surplus Brought Forward			44.06		8.05
Share of (Profit) / Loss Adjusted in Capital Reserve			-0.63		0.00
Amount available for Appropriation			56.51		63.66
APPROPRIATION					
Dividend on : Equity Shares		5.39		7.91	
: Preference Shares		0.44		0.30	
Corporate Dividend Tax		0.95	6.78	1.39	9.60
Transferred to General Reserve			0.00		10.00
Net Surplus (Deficit) Carried to Balance Sheet			49.73		44.06
Earning per Share - Basic (Refer note no. 7 to Schedule "15")			₹2.34		₹10.48
Earning per Share - Diluted (Refer note no. 7 to Schedule "15")			₹2.34		₹10.25
Accounting Policies, Contingent Liabilities and Notes	15"				

This is the Profit and Loss Account referred to in our report of even date

For S. Vaish & Co.
S. P. Agrawal
Partner
Chartered Accountants

For Mittal Gupta & Co.
B. L. Gupta
Partner
Chartered Accountants

For and on behalf of the Board

Arhant Jain, *Executive President (Finance) & Secretary*
V. K. Goel, *Chairman*
A. K. Goel, *Vice Chairman*

Place: Kanpur
Dated: 24th May, 2011

Gaurav Goel, *Managing* Director
Gautam Goel, *Managing* Director
M. P. Mehrotra, *Director*

Consolidated Cash Flow Statement for the eighteen months ended 31st March, 2011

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Tax		14.82		60.96
Adjustments for:				
Depreciation	98.70		63.19	
Loss on Sale of Fixed Assets(Net)	0.08		0.08	
Interest and Finance Charges	127.45		83.47	
Loss from Investment in Partnership Firm	0.00		0.03	
Interest Income	(1.72)		(2.01)	
Molasses Storage Fund	0.36		0.16	
Profit on Sale of Investments	(0.07)		0.00	
Balances/Miscellaneous Expenses Written off	1.83		0.35	
Provision for Doubtful Debts	2.68		0.00	
Provision for Diminution in Value of Investment	0.25		0.00	
		229.56		145.27
Operating Profit before Working Capital Changes		**244.38**		**206.23**
Adjustments for:				
Trade and Other Receivables	16.79		(8.24)	
Inventories	(242.60)		(142.20)	
Trade Payable	71.97	(153.84)	294.58	144.14
Cash Generated from Operation		90.54		350.37
Direct Taxes Paid/Adjustments (Net)		(22.86)		(2.89)
Net Cash from Operating Activities (A)		**67.68**		**347.48**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Decrease in Investment in Partnership Firm		0.50		0.03
Purchase of Fixed Assets		(96.75)		(55.11)
Loans (Net)		(5.96)		(2.23)
Sale of Fixed Assets		5.27		4.75
Change in Minority Interest and Capital Reserve		(19.17)		0.00
Sale of Investments		3.48		0.00
Purchase of Investments		(0.25)		0.00
Interest & Other Investment Income (Net)		1.95		1.39
Net Cash Used in Investing Activities (B)		**(110.93)**		**(51.17)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Conversion of Equity Warrants		0.36		0.00
Securities Premium Received		6.84		0.00
Proceeds from Borrowings (Net)		164.82		(191.57)
Dividend Including Dividend Tax		(9.53)		(0.70)
Interest Paid		(132.29)		(86.61)
Net Cash from Financing Activities (C)		**30.20**		**(278.88)**
Net Increase (+)/Decrease(-) in Cash & Cash Equivalents (A+B+C)		**(13.05)**		**17.43**
Cash & Cash Equivalents as at 01.10.2009 (Opening Balance)		37.31		19.88
Cash & Cash Equivalents as at 31.03.2011 (Closing Balance)		24.26		37.31

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

For S. Vaish & Co.

S. P. Agrawal
Partner
Chartered Accountants

For Mittal Gupta & Co.

B. L. Gupta
Partner
Chartered Accountants

For and on behalf of the Board

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M. P. Mehrotra
Director

Place: Kanpur
Dated: 24th May, 2011

Schedules forming part of the Consolidated Balance Sheet

(₹ in Crore)

Particulars		As at 31.03.2011		As at 30.09.2009	
1	SHARE CAPITAL				
Authorised Capital					
8,70,00,000	Equity Shares of ₹10 each		87.00		87.00
51,00,000	Preference Shares of ₹100 each		51.00		51.00
			138.00		138.00
Issued, Subscribed and Paid Up :					
Equity					
5,39,05,975	(5,27,05,975) Equity Shares of ₹10 each fully paid-up	53.91		52.71	
3,25,496	Add : Shares Forfeited	0.07		0.07	
	Less : Calls in Arrear	#	53.98	#	52.78
Preference					
4,13,940	6% Redeemable Preference Shares of ₹100 each fully paid up		4.14		4.14
469013	1% Redeemable Preference Shares of ₹100 each fully paid up		4.69		4.69
Equity Warrants					
0	(12,00,000) Equity Warrants		0.00		0.84
Total			62.81		62.45

Notes:

(1) 12,00,000 New Equity Shares have been allotted to Promoters against the Equity Warrants on exercising the conversion option as on 27-11-2009 at a price of ₹67- per share (including the securities premium of ₹57/-)

(2) 525000 Equity Shares have been issued for consideration other than cash, pursuant to the scheme of merger with erstwhile Mansurpur Sugar Mills Ltd. as approved by the Hon'ble High Court of Allahabad.

(3) 41,42,690 Equity Shares are allotted as fully paid up bonus shares by capitalisation of reserves in earlier years since inception.

(4) 4,13,940 - 6% Cumulative Redeemable Preference Shares of ₹100 each are redeemable in three equal yearly installments commencing from December, 2013

(5) 4,69,013 - 1% Cumulative Redeemable Preference Shares of ₹100 each are redeemable in 12 quarterly equal installments commencing from December, 2012.

Particulars	As at 31.03.2011		As at 30.09.2009	
2 RESERVES AND SURPLUS				
Capital Reserve/Subsidy				
As per last account	3.42		3.42	
Add : On consolidation of Subsidiary	3.24	6.66	4.20	7.62
Securities Premium Account				
As per last account	310.83		310.83	
Add : Received during the period	6.84	317.67	0.00	310.83

Schedules forming part of the Consolidated Balance Sheet

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
2 RESERVES AND SURPLUS (Contd.)				
Reserve for Construction of Molasses Storage Tank				
As per last account	1.70		1.83	
Add : Provided during the period	0.36		0.16	
Less : Transferred to General Reserve	0.00	2.06	-0.29	1.70
General Reserve				
As per last account	76.35		60.65	
Add: Transferred from Profit and Loss Account	0.00		10.00	
Add: Transferred from Reserve for Construction of Molasses Storage Tank	0.00		0.29	
Add: Adjustment of Forex Fluctuation up to 30.09.2008	0.00	76.35	5.41	76.35
Profit and Loss Account				
As per Profit and Loss Account		49.73		44.06
Total		452.47		440.56

Particulars	As at 31.03.2011		As at 30.09.2009	
3 SECURED LOANS				
From Banks				
Cash Credit Accounts	256.19		111.04	
Rupee Term Loans	287.39		279.56	
Rupee Term Loans under SEFASU	25.55		57.87	
Foreign Currency Term Loan (ECB)	53.50		72.17	
Interest accrued and due	1.53	624.16	1.72	522.36
From Financial Institutions				
Term Loans	10.15		20.27	
Zero Coupon Term Loans	22.23	32.38	22.80	43.07
From Sugar Development Fund				
Term Loans		162.00		139.28
Total		818.54		704.71

Notes:

Cash credit accounts from Banks other than DCB/UPCB are secured by pledge of stock of sugar and hypothecation of, consumable stores and spare parts, chemicals, molasses etc., by third charge over the fixed assets of the Company and guaranteed by promoter directors.

Cash credit accounts from DCB/UPCB are secured by pledge of sugar stock only.

Term loans from Financial Institutions and Banks (including ECB) are secured by first parri passu charge on all movable and immovable assets except book debts, stock in trade, raw materials, spare parts and other assets and guaranteed by promoter directors, and part of above are also secured by pledge of 75,62,061 equity shares of Kashipur Sugar Mills Limited.

Term loans (Excise) from Banks under the Government sponsored Subvention Scheme for Extending Financial Assistance to Sugar Undertakings, 2007 (SEFASU, 2007) are secured by fifth residual pari passu charge basis on all movable and immovable assets of the Company and guaranteed by promoter directors.

Term loans (financial assistance) from Sugar Development Fund are secured by exclusively second charge on all movable and immovable assets excluding current assets of the respective units of the Company.

Schedules forming part of the Consolidated Balance Sheet

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
4 UNSECURED LOANS				
Fixed Deposits		17.83		9.61
Short Term - from Bank		59.43		22.08
Total		77.26		31.69

5 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	Cost as on 01.10.2009	Addition	Sales / Adjustment	Total Cost as at 31.03.2011	Depreciation upto 30.09.2009	For the period	Sales / Adjustment	Depreciation upto 31.03.2011	Net Block as on 31.03.2011	Net Block as on 30.09.2009
Goodwill	3.70	0.00	0.00	3.70	0.00	0.00	0.00	0.00	3.70	3.70
Land	38.61	0.52	0.00	39.13	0.00	0.00	0.00	0.00	39.13	38.61
Buildings	95.83	9.27	0.01	105.09	15.35	4.07	0.00	19.42	85.67	80.48
Plant and Machinery	1136.69	109.19	21.43	1224.45	276.30	89.94	11.09	355.15	869.30	860.39
Furniture and Fittings	6.73	0.25	0.45	6.53	3.76	0.53	0.27	4.02	2.51	2.97
Railway Sidings	#	0.00	0.00	#	#	0.00	0.00	#	#	#
Weigh Bridge and Scales	6.17	0.04	0.02	6.19	3.73	0.51	0.01	4.23	1.96	2.44
Computers	4.37	1.27	0.00	5.64	3.56	0.95	0.00	4.51	1.13	0.81
Office Equipments	2.00	0.09	0.00	2.09	1.41	0.16	0.00	1.57	0.52	0.59
Electrical Appliances	3.07	0.35	0.01	3.41	2.28	0.39	0.00	2.67	0.74	0.79
Vehicles	9.95	3.89	1.67	12.17	6.85	2.00	1.35	7.50	4.67	3.10
Live Stock	0.03	0.00	0.02	0.01	0.00	0.00	0.00	0.00	0.01	0.03
Farm Assets and Equipments	0.43	0.00	0.00	0.43	0.26	0.02	0.00	0.28	0.15	0.17
Total	**1307.58**	**124.87**	**23.61**	**1408.84**	**313.50**	**98.57**	**12.72**	**399.35**	**1009.49**	**994.08**
Previous Year	1235.11	77.96	5.49	1307.58	251.10	63.06	0.66	313.50	994.08	

Particulars	As at 31.03.2011		As at 30.09.2009	
6 INVESTMENTS				
Trade Investments - Long Term				
Ram Ganga Sanyukta Sahkari Kheti Samiti Limited				
(Unquoted) 01 Equity Share of ₹100 each		#		#
Other Investments				
I) Long Term Investments				
A) Other than Subsidiary Companies				
Quoted				
Kashipur Sugar Mills Limited				
75,62,061 Equity Shares of ₹10 each	8.19		8.19	
VLS Finance Limited				
2,63,142 (5,10,000) Equity Shares of ₹10 each	0.44		0.85	
Baroda Pioneer PSU Bond Fund				
2,50,000 (0) Units of ₹10 each	0.25		0.00	
South Asian Entertainment Limited (**)				
2,50,000 Equity Shares of ₹10 each	#	8.88	0.25	9.29

Schedules forming part of the Consolidated Balance Sheet

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
6 INVESTMENTS (Contd.)				
Unquoted				
Glenesia Industries Private Limited				
5,00,000 Equity Shares of ₹10 each	0.05		0.05	
Kashipur Sugar Mills Ltd				
0 (3,00,000) 7% Non-Cumulative Non-Convertible Redeemable Preference Shares of ₹100 each	0.00	0.05	3.00	3.05
Investment in the Capital of Partnership Firm (**) (Since Dissolved)				
DSM Finance and Holdings, having following partners and particulars:		0.00		0.65
Total Capital (Net) as at 31.03.2011 ₹ Nil (₹1.15 Crore)				
Names of the partners and their respective shares				
C.Y. P.Y.				
Dhampur Sugar Mills Limited - 85%				
Sri Harish Saluja - 5%				
Dr. Mrs. Namita Gupta - 5%				
Mrs. Laxmi Goel - 5%				
Total		8.93		12.99
Aggregate Amount of Investments in Quoted Shares (Net of Provision)		8.88		9.29
Aggregate Amount of Investments in Unquoted Shares		0.05		3.05
Aggregate Amount of Investment in Partnership Firm (Net of Provision)		0.00		0.65
		8.93		12.99
Aggregate Market Value of Quoted Shares		7.31		8.13

Note:

(**) Net of Provision of ₹0.25 Crore (₹2.10 Crore).

Particulars	As at 31.03.2011		As at 30.09.2009	
7 CURRENT ASSETS				
Inventories				
Stores, Spare Parts and Packing Material etc.		27.45		25.18
Loose Tools and Equipments		0.37		1.04
Stock in Trade				
Raw Materials	13.72		22.63	
Raw Sugar	13.24		231.74	
Finished Goods	596.51	623.47	131.14	385.51
Goods in Process		19.98		16.96
Standing cane and Other crops		0.24		0.27
Assets held for disposal		0.00		0.08
Sub Total		671.51		429.04
Sundry Debtors :				
Debts Outstanding for a period exceeding six months :				
Unsecured Considered Good	29.31		24.77	
Considered Doubtful	2.68		0.00	
Less : Provision for Doubtful	-2.68	29.31	0.00	24.77
Other Debts :				
Unsecured Considered Good		54.28		55.48
Sub Total		83.59		80.25

Schedules forming part of the Consolidated Balance Sheet

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
7 CURRENT ASSETS (Contd.)				
Cash and Bank Balances				
Cash, Cheques and Drafts in hand		2.91		0.33
With Scheduled Banks in :				
Current Accounts	9.57		9.30	
Saving Accounts	0.00		0.00	
Fixed Deposits	10.36	19.93	27.08	36.38
With Gramin Bank/District Co-Operative Bank				
In Current Account		1.42		0.60
Sub Total		**24.26**		**37.31**
Total		**779.36**		**546.60**

Particulars	As at 31.03.2011		As at 30.09.2009	
8 LOANS AND ADVANCES				
Loans and Advances				
(Unsecured, considered good unless otherwise stated)				
Loans/Advances to Limited Companies				
Considered Good	15.40		9.44	
Considered Doubtful	10.00		10.00	
Less : Provision for Doubtful	-10.00	15.40	-10.00	9.44
Advances recoverable in cash or in kind or for value to be received				
Considered Good		29.54		26.83
Security Deposits		3.75		3.08
Balances with excise authorities		18.16		31.55
Income-Tax and Wealth Tax payments		28.85		7.76
Mat Credit Entitlement		3.08		1.55
Subsidy of Buffer Stock		0.00		1.83
Claims Receivable		3.95		2.16
Interest Receivable		0.71		7.40
Payments of Taxes under protest / appeal		0.50		8.45
Total		**103.94**		**100.05**

Particulars	As at 31.03.2011		As at 30.09.2009	
9 CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors	491.03		422.99	
Interest accrued but not due	4.19		6.96	
Security Deposits	2.38		2.17	
Unclaimed Dividend	0.15	497.75	0.08	432.20
Provisions				
Taxation	1.73		1.77	
Proposed Dividend (Incl. Tax on Dividend)	6.78		9.60	
Gratuity	16.04	24.55	12.32	23.69
Total		**522.30**		**455.89**

Schedules forming part of the Consolidated Profit and Loss Account

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
10 INCREASE / DECREASE IN STOCK				
Opening Stock :				
Finished Stock	131.15		249.03	
Work-in-Progress	17.23	148.38	2.41	251.44
Closing Stock :				
Finished Stock	596.51		131.15	
Work-in-Progress	20.22	616.73	17.23	148.38
Net Excise Duty on account of Increase/Decrease in Stock		-19.29		9.55
Increase/Decrease in Stock		**449.06**		**-93.51**

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
11 RAW MATERIALS CONSUMED				
Sugar Cane		1568.37		413.19
Raw Sugar		420.03		34.30
Molasses		8.79		6.92
Bagasse /Coal/ Rice Husk and Other Fuel		133.10		12.83
Others		28.27		5.09
Total		**2158.56**		**472.33**

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
12 PAYMENTS TO AND PROVISION FOR EMPLOYEES				
Salaries, Wages and Bonus (Including Contract Labour)		75.59		37.65
Contribution to Provident Fund and Other Funds		7.76		3.57
Workmen and Staff Welfare Expenses		4.98		1.52
Gratuity		5.23		1.97
Voluantry Retirement Compensation		0.40		0.50
Total		**93.96**		**45.21**

Schedules forming part of the Consolidated Profit and Loss Account

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
13 MANUFACTURING, OPERATIONAL, ADMINISTRATIVE AND OTHER EXPENSES				
Consumption of Stores, Spares, Packing and Other Materials/ Manufacturing Expenses		71.10		23.52
Expenditure on Crops		0.61		0.29
Power and Fuel		4.14		5.08
Repairs & Maintenance :				
Plant and Machinery	36.07		26.10	
Buildings	3.57		2.00	
Others	1.73	41.37	0.73	28.83
Rent		8.72		3.18
Rates and Taxes		1.55		1.08
Trade Tax/ Entry Tax/ Excise Duty for earlier years		8.75		0.00
Charity and Donation		0.30		0.16
Insurance		5.93		2.59
Molasses Fund		0.36		0.16
Selling Expenses :				
Commission to Selling Agents	10.84		4.71	
Other Selling Expenses	14.25	25.09	3.90	8.61
Directors Sitting Fees		0.10		0.05
Miscellaneous Expenses		35.98		17.74
Cane Development Expenses		17.21		1.78
Balances Written-off	3.90		0.32	
Less: Provision already made	-2.10	1.80	0.00	0.32
Provision for Doubtful Debts/Advances		2.68		0.00
Provision for Diminution in Value of Investments		0.25		0.00
Loss on Sale of Discarded/Fixed/Other Assets (Net)		0.26		0.14
Loss on Investments in Partnership Firm		0.00		0.03
Expenses/Adjustments relating to earlier years		0.03		1.42
Total		**226.23**		**94.98**

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
14 INTEREST AND FINANCE CHARGES				
Interest:				
On Fixed Loans		59.73		46.50
Others		64.79		36.13
Documentation and Other Charges		4.81		2.59
		129.33		85.22
Less: Interest capitalised during the period		-1.88		-1.75
Interest received Gross		-1.72		-2.01
Total		**125.73**		**81.46**

Schedules forming part of the Consolidated Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

Significant Accounting Policies and Notes on accounts for the 18 months ended 31st March, 2011

I System of Accounting:

(i) Financial statements are based on historical cost.

(ii) The Company and its Subsidiary companies follow the mercantile system of accounting and recognise income and expenditure on an accrual basis, except in case of those with significant uncertaintities.

II Significant Accounting Policies :

1 Principles of Consolidation

The consolidated financial statements relate to Dhampur Sugar Mills Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on following basis :

a) The financial statement of the Company and its subsidiary companies have been consolidated on a line-by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances and intra-group transactions resulting in unrealised profits or losses.

b) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, for like transaction and events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

c) The excess of cost to the Company of its investments in the subsidiary company is recognised in the financial statement as goodwill and the excess of company's portion of equity of the subsidiary over the cost of the investments therein is treated as capital reserve.

d) Minority interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority share holders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments as stated above.

If, the amount of losses applicable to the minority on consolidation exceeds the minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

e) The following subsidiary companies are considered in the consolidated financial statements:-

Name of the Subsidiary Company	Country of Incorporation	% of Voting Power held 31st March, 2011	Financial year ended on
Dhampur Sugar Distillery Private Limited **	India	100.00%	30th September
Dhampur International Pte Limited	Singapore	100.00%	30th September

** Became Wholly Owned Subsidiary during the period

f) These consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiaries, on the audited financial statements for twelve months ended 30th September, 2010 and unaudited financial statements for six months ended 31st March, 2011 prepared for consolidation.

2 Accounting for investment in Associates as per Accounting Standard (AS) - 23 " Accounting for Investments" is not applicable.

3 Other Significant Accounting Policies :

These are set out in the statement of significant accounting policies of the financial statements of the holding Company and its subsidiaries.

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

III Contingent Liabilities : Not provided for in respect of :

Particulars	As at 31.03.2011	As at 30.09.2009
Claims/Disputed Liabilities not acknowledged as debt :	₹ in Cr.	₹ in Cr.
A. In respect of some pending cases of employees under labour laws	Amount Not ascertainable	Amount Not ascertainable

B. Details of Disputed Liabilities/Demands

Sl. No.	Particulars	Period to which amount relates	Forum where matter is pending	31.03.2011 ₹ in Crore	30.09.2009 ₹ in Crore
1	Additional U.P. Trade Tax and Central Sales Tax Liability against which ₹Nil (4.63 Crore) have been deposited	1997-98 to 2004-05 2000-01, 2002-2003 to 2005-06 1996-97, 1999-2000, 2000-01	High Court Joint Commissioner Appeal Trade Tax Tribunal	2.53 0.26 0.01	2.89 3.94 0.69
				2.80	7.52
2	Entry Tax	2001-02, 2003-04, 2004-05	High Court	0.38	0.55
				0.38	0.55
3	Cenvat Credit on Inputs, Capital Items and Services against which ₹0.48 Crore (₹0.82 Crore) have been deposited	1994-95, 1995-96, 2001-02, 2002-03 2003-04, 2004-05, 2005-06, 2006-07 1995-96, 1996-97, 1998-99 to 2003-04 1994-1995	Commissioner (A) & CESTAT High Court Supreme Court	33.29 0.30 0.00	13.03 1.60 0.03
				33.59	14.66
4	Excise Duty on Molasses, Scrap and Pressmud	1997-98,2000-01to 2002-03	Commissioner (A) & CESTAT	0.70	0.04
				0.70	0.04
5	Purchase Tax Penalty	1998-1999	High Court	0.36	0.36
				0.36	0.36
6	Stamp Duty Demand under Uttar Pradesh Stamp Act against which ₹0.13 Crore have been deposited	1992.1993 2003-2004 2005-2006	Registrar of Stamp Duty Registrar of Stamp Duty High Court	0.25 0.26 3.50	0.25 0.26 3.50
				4.01	4.01
	Grand Total			**41.84**	**27.14**

IV Notes on Accounts

1 Estimated amount of contracts remaining to be executed on capital account and not provided for ₹0.76 Crore (₹0.86 Crore).

2 The Company has accounted for cane purchases for the sugar season 2007-08 at ₹110 per quintal, which was paid based on the Interim Order of the Hon'ble Supreme Court as against the price of ₹125 per quintal fixed by the Uttar Pradesh State Government. Such differential price aggregate to ₹53.29 Crore. The necessary adjustments will be made in accordance with the final decision in the matter.

3 The accounts have been prepared without accounting for any incentive entitlements under U.P. Sugar Incentive Promotion Policy, 2004 as the scheme has been subsequently withdrawn by the state government. The Company has filed writ petition before Hon'ble Allahabad High Court (Lucknow Bench) for enforcement of scheme and settlement of incentive claims. As per the erstwhile Incentive Policy, the Company is eligible for capital subsidy of ₹89.89 Crore i.e. @10% of the investments made (already vetted ₹50.80 Crore) and for reimbursement of taxes and other charges aggregating to ₹36.94 Crore upto 31st March, 2011 (including ₹10.76 Crore for the period).

Schedules forming part of the Consolidated Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

4. Remuneration to Executive/Whole time Directors:

(₹ in Crore)

Particulars	18 Months ended 31.03.2011	Year ended 30.09.2009
A. Remuneration	4.14	2.28
B. Contribution to Provident Fund	0.49	0.27
C. Club Fee / L.T.A./ Medical Reimbursement	0.01	0.04
D. Other Perquisites (Determined under Income Tax Act)	0.20	0.07

5 Employees Benefits :

The required disclosures of Employees Benefits as per Accounting Standard -15 are given hereunder :-

(i) In respect of Short Term Employee Benefits :

The Company has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calendar year and the same have been provided for on accrual basis except the leave encashment of ₹0.01 Crore of Subsidiary company provided on actuarial valuation and recognised in Profit and Loss Account.

(ii) In respect of Defined Benefit Scheme (based on actuarial valuation) of Gratuity :

(₹ in Crore)

Particulars	2009-2011	2008-2009
A) Change in obligation over the 18 months ended 31.03.2011		
Present Value of Defined Obligation as on 01.10.2009	12.32	11.17
Current Service Cost	1.88	0.75
Interest Cost	1.70	0.94
Actuarial Gains/Losses	0.65	(0.06)
Benefits Paid	(0.51)	(0.48)
Present Value of Defined Obligation as on 31.03.2011	16.04	12.32
B) Expenses recognised during the 18 months ended 31.03.2011		
Current Service Cost	1.86	0.75
Interest Cost	1.70	0.94
Actuarial Gains/Losses	0.65	(0.05)
Total	**4.21**	**1.64**
C) Principal Actuarial Assumptions		
Mortality Table (LIC)	1994-96 (Duly Modified)	
Discount Rate (per annum)	8.50%	(8.50%)
Rate of Escalation in Salary (per annum)	6.00%	(6.00%)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

(iii) Defined contribution Plan :

Provision for Contribution to Defined Contribution Plan, recognised as expense during the period are as under :

(₹ in Crore)

Particulars	2009-2011	2008-2009
Employer's Contribution to Provident Fund	4.20	2.22
Employer's Contribution to Pension Fund	3.56	1.31

(The Company's Provident Fund is exempted under Section 17 of Employee's Provident Fund Act, 1952. Conditions for grant of exemptions stipulates that company shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.)

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

6 Segment Reporting

(₹ in Crore)

Particulars	Sugar	Chemicals	Co-Gen	Others	Total
1. Segment Revenue (including excise duty)					
a) External Sales	1,822.33	192.88	318.96	79.56	2,413.73
Previous Year	(870.17)	(46.54)	(53.16)	(5.57)	(975.44)
b) Inter Segment Sales	483.10	3.78	346.11	1.13	834.12
Previous Year	(99.93)	(1.30)	(102.36)	(0.47)	(204.06)
c) Total Revenue	2,305.43	196.66	665.07	80.69	3,247.85
Previous Year	(970.10)	(47.83)	(155.52)	(6.04)	(1,179.49)
2. Segment Results					
(Profit(+)/Loss(-) before Tax and Interest from each Segment)	(11.81)	(2.84)	179.72	(0.35)	164.72
Previous Year	(108.34)	(1.40)	(41.34)	(0.44)	(151.52)
Less : Interest					125.73
Previous Year					(81.46)
Less/ Add : Other Unallocable Expense/Income					
Net off Unallocable Income/Expenses					24.17
Previous Year					(9.10)
Net Profit(+)/Loss(-) before Tax					14.82
Previous Year					(60.96)
Less: Provision for Tax (Net)					1.74
Previous Year					(5.91)
Net Profit after Tax (before adjustment of Minority Interest)					13.08
Previous Year					(55.05)
Share of Profit/Loss to Minority					0.00
Previous Year					(0.56)
Net Profit after Tax (After Adjustment of Minority Interest)					13.08
Previous Year					(55.61)
3. Other Information					
a) Segment Assets	1,187.54	186.24	488.56	0.93	1,863.27
Previous Year	(1,019.73)	(165.81)	(479.48)	(0.73)	(1,665.74)
Unallocable Corporate Assets					70.11
Previous Year					(47.14)
Total Assets					1,933.38
Previous Year					(1,712.88)
b) Segment Liabilities	509.26	9.36	2.55	1.13	522.30
Previous Year	(427.13)	(5.45)	(11.93)	(0.02)	(444.53)
Unallocable Corporate Liabilities					895.80
Previous Year					(747.76)
Total Liabilities					1,418.10
Previous Year					(1,192.29)

Schedules forming part of the Consolidated Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

6 Segment Reporting *(Contd.)* *(₹ in Crore)*

Particulars	Sugar	Chemicals	Co-Gen	Others	Total
c) Capital Expenditure	45.39	8.58	44.97	0.02	98.96
Previous Year	(27.71)	(4.92)	(32.86)	-	(65.49)
d) Depreciation	49.47	9.27	39.93	0.03	98.70
Previous Year	(32.30)	(6.13)	(24.74)	(0.02)	(63.19)
e) Non Cash Expenditure other than Depreciation	4.43	0.56	-	0.00	4.99
Previous Year	(0.38)	(0.08)	-	-	(0.46)

7 Earning Per Share:

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
i) Net Profit/ Loss(-) after Extra Ordinary Items & Provision for Taxes				
[including Dividend on Preference Shares for the period				
amounting to ₹0.52 Cr. (₹0.35 Cr.)]	₹ in Crore	12.57	₹ in Crore	55.26
(Used as numerator for Calculating E.P.S.)				
ii) Weighted Average No. of Equity Shares Outstanding during the period:				
(Used as Denominator for Calculating E.P.S.)				
- For Basic EPS	No.	5,37,80,929	No.	5,27,05,975
- For Diluted EPS	No.	5,37,80,929	No.	5,39,05,975
iii) Earning per Share after Extra Ordinary Items				
- Basic	₹	2.34	₹	10.48
- Diluted	₹	2.34	₹	10.25
(Equity Share of Face Value of ₹10 each)				

8 Related Party Disclosures:

A. List of Related Parties with whom transactions have taken place and relationships:

i) Enterprises Where Control Exists:

Associates -

Kashipur Sugar Mills Limited

Other Entities -

D.S.M. Finance and Holdings

ii) Enterprises where there is Significant Influence

1 Goel Investments Limited
2 Ujjwal Rural Services Ltd. (Formerly Associated Metal Company Ltd.)
3 Saraswati Properties Limited
4 Shudh Edible Products Limited
5 Green Fuels Private Limited
6 Mani Capitals Limited
7 Sonitron Limited
8 Ujjwal Microfinance Pvt. Ltd.

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

iii) Key Management Personnel and their Relatives

1 Mr. Vijay Kumar Goel, Executive Director
2 Mr. Ashok Kumar Goel, Vice Chairman
Mrs. Vinita Goel (Wife)
3 Mr. Gaurav Goel, Managing Director
Mrs. Priyanjali Goel (Wife)
4 Mr. Gautam Goel, Managing Director
5 Mr. J.P. Sharma, Director
Mrs. Asha Devi Sharma (Wife), Mr. Mukul Sharma (Son)
6 V. K. Goel, H.U.F.
7 Gaurav Goel, H.U.F.
8 Gautam Goel, H.U.F.

B Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2011

(₹ in Crore)

Sl. No.	Particulars	Enterprises Where Control Exists: Associate/ 2009-11	Enterprises Where Control Exists: Associate/ 2008-09	Enterprises Where Control Exists: Others 2009-11	Enterprises Where Control Exists: Others 2008-09	Enterprises Where there in Significant Influence 2009-11	Enterprises Where there in Significant Influence 2008-09	Key Management Personnel and their Relatives 2009-11	Key Management Personnel and their Relatives 2008-09
	Transactions during the 18 Months period								
1	Loans/Advances Given (Net)	4.92	2.52	0.00	0.00	6.90	10.71	0.00	0.00
2	Net Receipts towards Loan /Advances Given	0.00	0.00	0.00	0.00	6.90	10.78	0.00	0.00
3	Receipts towards Amount Invested in Firm	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00
4	Loans Taken	0.00	0.00	0.00	0.00	27.80	2.61	0.00	0.00
5	Loans Repaid	0.00	0.00	0.00	0.00	31.56	0.38	0.00	0.00
6	Sale of Goods/Fixed Assets	0.34	0.41	0.00	0.00	0.00	0.00	0.00	0.00
7	Purchase of Goods/Fixed Assets	0.04	0.81	0.00	0.00	0.00	0.00	0.00	0.00
8	Subscription/Purchase of Equity Shares	0.00	0.00	0.00	0.00	0.00	0.00	7.20	0.00
9	Rent Paid	0.00	0.00	0.00	0.00	6.84	2.08	0.00	0.00
10	Rent Received	0.00	0.00	0.00	0.00	0.36	0.36	0.00	0.00
11	Remuneration Paid	0.00	0.00	0.00	0.00	0.00	0.00	4.75	2.58
12	Interest Expense	0.00	0.00	0.00	0.00	0.11	0.00	0.20	0.18
13	Loss on Investments/Investment W/off	0.00	0.00	0.15	0.03	0.00	0.00	0.00	0.00
14	Receipts Towards Reimbursement of Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Club Fee / L.T.A./ Medical Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04
	Amount Due to/from Related Parties:								
1	Unsecured Loans/Deposits	0.00	0.00	0.00	0.00	0.00	0.00	1.12	0.68
2	Current Liabilities	0.00	0.00	0.00	0.00	0.39	4.09	0.47	2.40
3	Investments Net of Provision	8.19	11.19	0.00	0.65	0.00	0.00	0.00	0.00
4	Loans/Advances & Receivables Net of Provision	14.25	9.03	0.00	0.00	0.12	0.43	0.00	0.00

9 Disclosures as required by the Amendment to Clause 32 of the Listing Agreement :

Loans and Advances given to Associates and others :

Name of Company	Type	Balance as at 31.03.2011 (₹ in Crore)	Maximum Balance during the period (₹ in Crore)	Investment in the Shares of the Company No. of Shares
Kashipur Sugar Mills Limited (*,**, ^ ^)	Associate	14.25	14.25	75,62,061 Equity Shares

* Have no repayment schedule

** No Interest is charged.

^ ^ Balance and maximum balance net of provision ₹10 Crore.

Schedules forming part of the Consolidated Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

10 Provision for Deferred Tax:

The Net Deferred Tax Asset as on 31st March, 2011, comprises of the following components as per AS '22'- Taxes of Income :

(₹ in Crore)

Particulars	As at 31.03.2011	As at 30.09.2009
A Deferred Tax Asset:		
1. On Account of timing difference of expenses which are allowable under Income Tax laws in subsequent years	6.33	7.40
2. On Account of carried forward losses and unabsorbed depreciation	96.46	106.43
Total (A) :	102.79	113.83
B Deferred Tax Liabilities:		
1. On Account of difference in written down value of fixed assets	88.91	98.41
Total (B) :	88.91	98.41
Net Deferred Tax Asset / (Liability) (A - B)	13.88	15.42

11 Auditor's Remuneration :

(₹ in Crore)

Sl. No.	Particulars	18 Months ended 31.03.2011	Year ended 30.09.2009
A	Statutory Audit	0.19	0.14
B	Tax Audit	0.09	0.04
C	Management & Other Services	0.09	0.06
D	Audit Expenses	0.02	0.06
	Total	**0.39**	**0.30**

12 Following are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006

(a) Sundry creditors include a sum aggregating ₹2.57 crore (₹2.53 crore) due to Micro and Small Enterprises is on account of principal only.

(b) The amount of interest paid by the Company in terms of Section 16, alongwith the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the period - ₹Nil.

(c) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the period but without adding the interest specified under this act. - ₹Nil.

(d) The amount of interest accrued and remaining unpaid - ₹Nil.

(e) The amount of further interest remaining due and payable even in succeeding years - ₹Nil.

The above mentioned outstandings are in normal course of business and the information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

13 Derivative Instruments

i) The Company has entered into following forward contract :

A) The Company used foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

15 **ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES** (Contd.)

Outstanding forward exchange contracts entered into by the Company : *(₹ in Crore)*

As at	No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (₹ Crore)
31.03.2011	1	2.25	10.03
30.09.2009	1	2.00	10.18

(Forward exchange contract outstanding as on 31st March, 2011 include forward purchases of US dollar for repayment of external commercial borrowings and its interest.)

ii) The period end Foreign Currency Exposures that have not been hedged by a derivative instrument or otherwise are given below :

Particulars	As at 31.03.2011		As at 30.09.2009	
	US Dollar Equivalent (Million)	INR Equivalent (₹ Crore)	US Dollar Equivalent (Million)	INR Equivalent (₹ Crore)
Amounts payable in foreign currency on account of the following :				
Raw Material	12.30	54.83	56.91	273.80
Capital Imports	0.92	4.11	0.00	0.00
Loans Payable	12.00	53.50	15.00	72.17

14 Pursuant to the approval of the Registrar of Companies, Uttar Pradesh and Uttarakhand, the current accounting period comprises of 18 months commencing from 1st October, 2009 to 31st March, 2011, hence the figures of the current period are not comparable with those of previous year figures.

15 **Sales, Purchases, Opening and Closing Stock of Finished Goods and Other Income :** *(₹ in Crore)*

Particulars	Opening Stock Value	Closing Stock Value	Sales Value
Finished Goods :			
Sugar	111.01	550.75	1818.70
Previous Year	(236.34)	(111.01)	(837.06)
Molasses	7.04	29.39	10.84
Previous Year	(4.88)	(7.04)	(19.80)
Chemicals	10.44	5.58	195.80
Previous Year	(6.87)	(10.44)	(46.51)
Farm Produce	0.02	0.03	0.44
Previous Year	(0.04)	(0.02)	(0.20)
Electricity	0.00	0.00	266.73
Previous Year	0.00	0.00	(53.18)
Others	2.52	10.52	42.11
Previous Year	(0.71)	(2.52)	(13.31)
Sub Total	**131.03**	**596.27**	**2334.62**
Previous Year	**(248.84)**	**(131.03)**	**(970.06)**

Schedules forming part of the Consolidated Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

15 Sales, Purchases, Opening and Closing Stock of Finished Goods and Other Income *(Contd.)*: *(₹ in Crore)*

Particulars	Opening Stock Value	Closing Stock Value	Sales Value
Process Goods :			
Sugar	0.00	7.75	
Previous Year	-	-	
Molasses	0.00	0.49	
Previous Year	0.00	0.00	
Standing Crop	0.27	0.24	
Previous Year	(0.18)	(0.27)	
Chemicals	16.96	11.74	
Previous Year	(2.23)	(16.96)	
Sub Total :	**17.23**	**20.22**	
Previous Year	**(2.41)**	**(17.23)**	
In respect of trading activity :			
Other Purchases	0.12	0.24	79.11
Previous Year	(0.19)	(0.12)	(5.38)
Sub Total	**0.12**	**0.24**	**79.11**
Previous Year	**(0.19)**	**(0.12)**	**(5.38)**
Total	**148.38**	**616.73**	**2413.73**
Previous Year	**(251.44)**	**(148.38)**	**(975.44)**

(₹ in Crore)

Particulars	18 Months Ended 31.03.2011	Year Ended 30.09.2009
Other Income :		
Rent Received	1.98	1.14
Miscellaneous Income	6.97	4.02
Provision no longer required/balances written back (Net)	0.92	2.75
Insurance Claim	3.07	0.25
Profit on sale of investments	0.07	0.00
Foreign Exchange Fluctuation	24.89	5.43
Profit on Sale of Fixed Assets (Net)	0.18	0.06
Total	**38.08**	**13.65**
Net Grand Total of Sales and Other Income	**2451.81**	**989.09**
Purchases in respect of Trading Activity		
Other Purchases	12.64	5.22
Sugar	94.39	30.50
Total	**107.03**	**35.72**

16 Previous year figures in bracket have been regrouped wherever considered necessary.

Signature to Schedule 1 to 15

For S. Vaish & Co. For Mittal Gupta & Co. For and on behalf of the Board

S. P. Agrawal
Partner
Chartered Accountants

B. L. Gupta
Partner
Chartered Accountants

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Place: Kanpur
Dated: 24th May, 2011

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M. P. Mehrotra
Director

Financial Information of Subsidiary Companies as at 30th September, 2010

(₹ in Crone)

Name of Subsidiary	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
Dhampur Sugar Distillery Private Limited	INR	10	29.74	40.37	40.37	Nil	18.94	(1.69)	Nil	(1.69)	Nil
Dhampur International Pte Ltd.	INR US$	0.034 7609	Nil Nil	4.51 1002215	5.65 1255090	Nil Nil	66.35 14750572	(1.172) (260484)	Nil Nil	(1.172) (260484)	Nil Nil

• Exchange Rate as on 30.09.2010, 1US$ = ₹44.98

STANDALONE SECTION

DHAMPUR SUGAR MILLS LIMITED

Auditors Report

To
The Members of
Dhampur Sugar Mills Limited

We have audited the attached Balance Sheet of Dhampur Sugar Mills Limited (the Company), as at 31st March,2011, the Profit and Loss Account and also the Cash Flow Statement for the 18 months ended on that date annexed thereto and signed by us, this day under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) 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.

2. Further to our comments in para 1 above, we report that :

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) 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;

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

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;

   e) On the basis of written representation received from the directors as on 31st March,2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2011 from being appointed as director under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   f) Attention is drawn to note III-2 of schedule 15 relating to accounting for cane purchase liability for the sugar season 2007-08 at ₹ 110 per quintal instead of State Advised Price of ₹ 125 per quintal fixed by the Uttar Pradesh State Government as the legal proceedings are pending in the matter.

   g) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :

   i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March,2011;

   ii) in the case of Profit and Loss Account of the Profit for the 18 months ended on that date; and

   iii) in the case of Cash Flow Statement, of the cash flows for the 18 months ended on that date.

For **S. Vaish & Co.,**

(S.P. Agrawal)
Partner
Chartered Accountants
Membership No. 07269
FRN 00001C

For **Mittal Gupta & Co.,**

(B. L. Gupta)
Partner
Chartered Accountants
Membership No. 073794
FRN 01874C

Place : Kanpur
Dated : 24th May, 2011

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' report to the members of Dhampur Sugar Mills Limited (the Company) for the 18 months ended 31st March,2011:

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

(b) The fixed assets have been physically verified by the management at the end of the period . In our opinion the frequency of verification is reasonable considering the size of the Company and nature of its business.

(c) The Company has not disposed off a substantial part of its fixed assets during the period and the going concern status of the Company is not affected.

ii) (a) The inventory except stores, has been physically verified during the period by the management. In our opinion, the frequency of verification of inventory, except stores is reasonable.

(b) The procedures of physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii) (a) The Company had granted interest free unsecured loans/advances to three companies covered in the register maintained under section 301 of the Companies Act, 1956.

- The maximum amount involved during the period is ₹ 26.56 crore.

- The year end balance due is ₹ 24.37 crore.

(b) In our opinion, the other terms and conditions on which interest free unsecured loans/advances have been granted to a company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(c) The payments of principal amount are regular, wherever stipulated.

(d) There is no overdue amount of loans/advances, more than rupee one lac, granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company had taken interest free unsecured loans/advances from four companies covered in the register maintained under section 301 of the Companies Act, 1956.

- The maximum amount involved during the period is ₹ 7.60 crore.

- The year end balance due is ₹ 0.36 crore.

(f) In our opinion, the other terms and conditions on which loans/advances have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(g) The payments of principal amount are regular, wherever stipulated.

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

v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding the value of rupees five lac in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and section 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. As informed to us, no order has been passed by the Company Law Board or 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 and nature of its business.

viii) We have been informed that the cost records as have been prescribed under section 209 (1)(d) of the Companies Act, 1956 have been made and maintained.

ix) (a) As explained to us, the statutory dues payable by the Company comprises mainly of Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income-tax, Sales-tax (VAT), Wealth-tax, Service-tax, Custom Duty, Excise Duty, Cess, Entry tax, Purchase tax and other material statutory dues applicable to it. According to the records of the Company and information and explanations given to us, the Company has been generally regularly depositing the aforesaid undisputed statutory dues with the appropriate authorities. There are no undisputed statutory dues as referred to above as at 31st March,2011 outstanding for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there were no dues on account of Income Tax and Wealth Tax which were not deposited on account of any dispute. However, the particulars of Service-tax, Sales-tax, Custom Duty, Excise Duty, Entry tax, Stamp duty and other statutory material dues, which have not been deposited on account of any dispute, are as referred to in the Details of Contingent Liabilities in Schedule "15".

x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by the audit and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, there is no default in repayment of dues to any Financial Institution and Bank during the period under report, as per the terms of the respective loans.

xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society, as such the provisions of paragraph 4(xiii) of the Companies (Auditors' Report) Order, 2003 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 paragraph 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions, as such the provisions of paragraph 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xvi) The term loans obtained by the Company have been applied for the purposes for which they were obtained.

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

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

xix) The Company has not issued any debentures during the period .

xx) The Company has not raised any money during the period by public issue.

xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For **S. Vaish & Co.,**	For **Mittal Gupta & Co.,**
(S.P. Agrawal)	**(B. L. Gupta)**
Partner	*Partner*
Chartered Accountants	Chartered Accountants
Membership No. 07269	Membership No. 073794
FRN 00001C	FRN 01874C

Place : Kanpur
Dated : 24th May, 2011

dhampur

Balance Sheet

(₹ in Crore)

Particulars	Schedule No.	As at 31.03.2011		As at 30.09.2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	62.81		62.45	
Reserves & Surplus	2	446.11	508.92	437.01	499.46
Loan Funds					
Secured Loans	3	818.53		700.45	
Unsecured Loans	4	77.26	895.79	31.69	732.14
Total			**1404.71**		**1231.60**
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		1371.52		1270.62	
Less: Depreciation		395.22		311.88	
Net Block		976.30		958.74	
Capital Work-in-progress		17.74	994.04	43.58	1002.32
Investments	6		45.46		27.78
Deferred Tax Asset (Net)			13.88		15.42
Current Assets, Loans & Advances					
Current Assets	7				
Inventories		667.29		419.58	
Sundry Debtors		85.22		89.30	
Cash & Bank Balances		22.77		37.04	
Loans & Advances	8	95.37		94.36	
		870.65		640.28	
Less: Current Liabilities & Provisions	9				
Current Liabilities		494.79		430.51	
Provisions		24.53		23.69	
		519.32		454.20	
Net Current Assets			351.33		186.08
Accounting Policies, Contingent Liabilities & Notes	15				
Total			**1404.71**		**1231.60**

This is the Balance Sheet referred to in our report of even date

For S. Vaish & Co.,
(S.P. Agrawal)
Partner
Chartered Accountants

For Mittal Gupta & Co.,
(B. L. Gupta)
Partner
Chartered Accountants

For and on behalf of the Board of Directors

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M.P. Mehrotra
Director

Place : Kanpur
Dated : 24th May, 2011

Profit and Loss Account

(₹ in Crore)

Particulars	Schedule No.	18 Months Ended 31.03.2011		Year Ended 30.09.2009	
INCOME					
Sales and Other Income (Refer Note No. 16)	15	2434.35		990.82	
Less : Excise Duty, Cess and Other Taxes		-72.27	2362.08	-41.67	949.15
Increase/Decrease in Stocks	10		456.36		-99.50
Total			**2818.44**		**849.65**
EXPENDITURE					
Raw Materials Consumed	11	2162.55		470.63	
Purchases of Goods Traded in		107.03		35.72	
Payments to and Provision for Employees	12	93.08		44.68	
Manufacturing, Operational, Administrative and Other Expenses	13	223.63		93.94	
Interest and Finance Charges	14	125.56		80.99	
Depreciation		96.17		61.58	
Total			**2808.02**		**787.54**
Profit /(Loss) before Tax			**10.42**		**62.11**
Provision for Taxation :					
- Deferred Tax Asset (Net)		-1.54		-6.24	
- Current Tax		-1.73		0.00	
- Mat Credit Receivable		1.53		0.00	
- Fringe Benefit Tax		0.00		-0.42	
- Income Tax Adjustments		0.00	-1.74	0.74	-5.92
Profit / (Loss) after Taxation			**8.68**		**56.19**
Surplus Brought Forward			44.71		8.12
Amount Available for Appropriation			**53.39**		**64.31**
Appropriation :					
Dividend on : Equity Shares		5.39		7.91	
: Preference Shares		0.44		0.30	
: Corporate Dividend Tax		0.95	6.78	1.39	9.60
Transferred to General Reserve			0.00		10.00
Net Surplus Carried to Balance Sheet			**46.61**		**44.71**
Earning per Share - Basic (Refer Note No. 8 to Schedule '15')			₹ 1.52		₹ 10.59
Earning per Share - Diluted (Refer Note No. 8 to Schedule '15')			₹ 1.52		₹ 10.36
Accounting Policies, Contingent Liabilities and Notes	15				

This is the Profit and Loss Account referred to in our report of even date

For **S. Vaish & Co.,**

(S.P. Agrawal)
Partner
Chartered Accountants

For **Mittal Gupta & Co.,**

(B. L. Gupta)
Partner
Chartered Accountants

For and on behalf of the Board of Directors

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M.P. Mehrotra
Director

Place : Kanpur
Dated : 24th May, 2011

dhampur

Cash Flow Statement

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) before Tax		10.42		62.11
Adjustments for:				
Depreciation	96.17		61.58	
Loss on Sale of Fixed Assets(Net)	0.08		0.09	
Interest and Finance Charges	127.24		82.98	
Loss from Investment in Partnership Firm	0.00		0.03	
Interest Income	(1.68)		(1.99)	
Molasses Storage Fund	0.36		0.16	
Profit on Sale of Investments	(0.07)		0.00	
Balances Written Off	1.80		0.32	
Provision for Doubtful Debts	2.68		0.00	
Provision for Diminution in Value of Investment	0.25		0.00	
		226.83		143.15
Operating Profit before Working Capital Changes		237.25		205.26
Adjustments for:				
Trade and Other Receivables	27.13		(16.64)	
Inventories	(247.83)		(138.77)	
Trade Payable	70.68	(150.02)	295.37	139.96
Cash Generated from Operation		87.23		345.22
Direct Taxes Paid/Adjustments (Net)		(22.86)		(2.88)
Net Cash from Operating Activities (A)		64.37		342.34
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Decrease in Investment in Partnership Firm		0.50		0.03
Purchase of Fixed Assets		(96.45)		(54.25)
Loans (Net)		(6.01)		0.58
Sale of Fixed Assets		5.25		4.74
Sale of Investments		3.48		0.00
Purchase of Investments		(21.99)		(0.03)
Interest & Other Investment Income (Net)		1.91		1.38
Net Cash Used in Investing Activities (B)		(113.31)		(47.55)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Conversion of Equity Warrants		0.36		0.00
Securities Premium Received		6.84		0.00
Proceeds from Borrowings (Net)		169.07		(190.47)
Dividend Including Dividend Tax Paid		(9.53)		(0.70)
Interest Paid		(132.07)		(86.13)
Net Cash from Financing Activities (C)		34.67		(277.30)
Net Increase (+)/Decrease(-) in Cash & Cash Equivalents (A+B+C)		(14.27)		17.49
Cash & Cash Equivalents as at 01.10.2009 (Opening Balance)		37.04		19.55
Cash & Cash Equivalents as at 31.03.2011 (Closing Balance)		22.77		37.04

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

For S. Vaish & Co.,
(S.P. Agrawal)
Partner
Chartered Accountants

For Mittal Gupta & Co.,
(B. L. Gupta)
Partner
Chartered Accountants

Place : Kanpur
Dated : 24th May, 2011

For and on behalf of the Board of Directors

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M.P. Mehrotra
Director

Schedules forming part of the Balance Sheet

1 SHARE CAPITAL

(₹ in Crore)

Particulars		As at 31.03.2011		As at 30.09.2009	
Authorised Capital					
87000000 Equity Shares of ₹10 Each		87.00		87.00	
5100000 Preference Shares of ₹100 Each		51.00	138.00	51.00	138.00
Issued, Subscribed and Paid Up :					
Equity					
53905975 (52705975) Equity Shares of ₹10 each fully paid-up		53.91		52.71	
325496	Add : Shares Forfeited	0.07		0.07	
	Less : Calls In Arrear	#	53.98	#	52.78
Preference					
413940	6% Redeemable Preference Shares of ₹ 100 each fully paid up		4.14		4.14
469013	1% Redeemable Preference Shares of ₹ 100 each fully paid up		4.69		4.69
Equity Warrants					
0 (1200000)	Equity Warrants		0.00		0.84
Total			**62.81**		**62.45**

Notes:

(1) 1200000 New Equity Shares have been alloted to Promoters against the Equity Warrants on exercising the conversion option as on 27-11-2009 at a price of ₹ 67/- per share (including the Securities Premium of ₹ 57/-)

(2) 525000 Equity Shares have been issued for consideration other than cash, pursuant to the Scheme of Merger with erstwhile Mansurpur Sugar Mills Ltd. as approved by the Hon'ble High Court of Allahabad.

(3) 4142690 Equity Shares are alloted as fully paid up Bonus Shares by Capitalisation of Reserves in earlier years since inception.

(4) 413940 - 6% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable in three equal yearly instalments: commencing from December 2013

(5) 469013 - 1% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable in 12 quarterly equal instalments commencing from December 2012.

2 RESERVES AND SURPLUS

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
Capital Reserve / Subsidy				
As per last account		3.42		3.42
Securities Premium Account				
As per last account	310.83		310.83	
Add : Received during the period	6.84	317.67	0.00	310.83
Reserve for Construction of Molasses Storage Tank				
As per last account	1.70		1.83	
Add : Provided during the period	0.36		0.16	
Less : Transferred to General Reserve	0.00	2.06	-0.29	1.70
General Reserve				
As per last account	76.35		60.65	
Add : Transferred from Profit and Loss Account	0.00		10.00	
Add : Adjustment of Forex Fluctuation upto 30.09.2008	0.00		5.41	
Add : Transferred from Reserve for Construction of Molasses Storage Tank	0.00	76.35	0.29	76.35
Profit And Loss Account				
As per Profit & Loss Account		46.61		44.71
Total		**446.11**		437.01

dhampur

Schedules forming part of the Balance Sheet

3 SECURED LOANS

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
From Banks				
Cash Credit Accounts	256.18		106.78	
Rupee Term Loans	287.39		279.56	
Rupee Term Loans under SEFASU	25.55		57.87	
Foreign Currency Term Loan (ECB)	53.50		72.17	
Interest accrued and due	1.53	624.15	1.72	518.10
From Financial Institutions				
Term Loans	10.15		20.27	
Zero Coupon Term Loans	22.23	32.38	22.80	43.07
From Sugar Development Fund				
Term Loans		162.00		139.28
Total		**818.53**		**700.45**

Notes:

Cash credit accounts from bank other than DCB/UPCB are secured by pledge of stock of sugar and hypothecation of, consumable stores and spare parts, chemicals, molasses etc., by third charge over the fixed assets of the Company and guaranteed by promoter directors. Cash credit accounts from DCB/UPCB are secured by pledge of sugar stock only. Term loans from financial institutions and banks (including ECB) are secured by first parri passu charge on all movable and immovable assets except book debts, stock in trade, raw materials, spare parts and other assets and guaranteed by promoter directors , part of above, are also secured by pledge of 7562061 equity shares of Kashipur Sugar Mills Limited. Term loans (excise) from banks under the government sponsored subvention scheme for extending financial assistance to sugar undertakings,2007(SEFASU,2007) are secured by fifth residual pari passu charge basis on all movable and immovable assets of the Company and guaranteed by promoter directors. Term loans (financial assistance) from Sugar Development Fund are secured by exclusively second charge on all movable and immovable assets excluding current assets of the respective units of the Company.

4 UNSECURED LOANS

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
Fixed Deposits		17.83		9.61
Short Term - from Bank		59.43		22.08
Total		**77.26**		**31.69**

5 FIXED ASSETS

(₹ in Crore)

Particulars	Grossblock				Depreciation				Net Block	
	Cost as on 01.10.2009	Additions	Sales/ Adjustments	Total cost as at 31.03.2011	Up to 30.09.2009	Sales/ Adjustments	For the period	Up to 31.03.2011	As at 31.03.2011	As at 30.09.2009
Land	37.60	0.51	0.00	38.11	0.00	0.00	0.00	0.00	38.11	37.60
Buildings	93.73	9.23	0.01	102.95	15.29	0.00	3.97	19.26	83.69	78.44
Plant and Machinery	1106.62	108.86	21.43	1194.05	274.77	11.09	87.53	351.21	842.84	831.85
Furniture and Fittings	6.72	0.24	0.45	6.51	3.75	0.27	0.53	4.01	2.50	2.97
Railway Sidings	#	#	#	#	#	#	#	#	#	#
Weigh Bridge and Scales	6.17	0.04	0.02	6.19	3.73	0.01	0.51	4.23	1.96	2.44
Computers	4.36	1.27	0.00	5.63	3.55	0.00	0.94	4.49	1.14	0.81
Office Equipments	1.99	0.09	0.00	2.08	1.41	0.00	0.16	1.57	0.51	0.58
Electrical Appliances	3.06	0.35	0.01	3.40	2.28	0.00	0.39	2.67	0.73	0.78
Vehicles	9.91	3.89	1.64	12.16	6.84	1.34	2.00	7.50	4.66	3.07
Live Stock	0.03	0.00	0.02	0.01	0.00	0.00	0.00	0.00	0.01	0.03
Farm Assets and Equipments	0.43	0.00	0.00	0.43	0.26	0.00	0.02	0.28	0.15	0.17
Total	1270.62	124.48	23.58	1371.52	311.88	12.71	96.05	395.22	976.30	958.74
Previous Year	1230.66	45.45	5.49	1270.62	251.08	0.66	61.46	311.88	958.74	

Schedules forming part of the Balance Sheet

6 INVESTMENTS

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
A. Trade Investments - Long Term				
Ram Ganga Sanyukta Sahkari Kheti Samiti Limited				
(Unquoted) 01 Equity Share of ₹100 each	#		#	
B. Other Investments				
I) Long Term Investments				
A) In Subsidiary Companies				
Dhampur Sugar Distillery Private Limited				
10000000 (5100000) Equity Shares of ₹10 each	36.50		14.76	
Dhampur International PTE Limited				
10000 Equity Shares of Singapore Dollor 1 each	0.03	36.53	0.03	14.79
B) Other than Subsidiary Companies				
Quoted				
Kashipur Sugar Mills Limited				
7562061 Equity Shares of ₹10 each	8.19		8.19	
VLS Finance Limited				
263142 (510000) Equity Shares of ₹10 each	0.44		0.85	
Baroda Pioneer PSU Bond Fund				
250000 (0) Units of ₹10 each	0.25		0.00	
South Asian Entertainment Limited (**)				
250000 Equity Shares of ₹10 each	#	8.88	0.25	9.29
Unquoted				
Glenesia Industries Private Limited				
500000 Equity Shares of ₹10 each	0.05		0.05	
Kashipur Sugar Mills Ltd				
0 (300000) 7% Non-cumulative Non-convertible Redeemable				
Prefernce Shares of ₹100 each	0.00	0.05	3.00	3.05
Investment in the Capital of Partnership Firm (**) (Since Dissolved)				
DSM Finance and Holdings, having following partners and particulars:		0.00		0.65
Total Capital (Net) as at 31.03.2011 ₹ Nil (₹ 1.15 Crore)				
Names of the Partners and their respective Shares				
C.y. P.y.				
Dhampur Sugar Mills Limited - 85%				
Sri Harish Saluja - 5%				
Dr. Mrs. Namita Gupta - 5%				
Mrs. Laxmi Goel - 5%				
Total		**45.46**		**27.78**
	As at 31.03.2011		**As at 30.09.2009**	
Aggregate Amount of Investments in Quoted Shares (Net of Provision)		8.88		9.29
Aggregate Amount of Investments in Unquoted Shares (Net of Provision)		36.58		17.84
Aggregate Amount of Investment in Partnership Firm (Net of Provision)		0.00		0.65
		45.46		**27.78**
Aggregate Market Value of Quoted Shares		7.31		8.13

Note: (**) Net of Provision of ₹ 0.25 Crore (₹ 2.10 Crore)

dhampur

Schedules forming part of the Balance Sheet

7 CURRENT ASSETS

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
Inventories				
Stores, Spare Parts, and Packing Material etc.		27.04		24.95
Loose Tools and Equipments		0.37		1.04
Stock in Trade				
Raw Materials	11.51		22.11	
Raw Sugar	13.24		231.74	
Finished Goods	594.91	619.66	122.43	376.28
Goods in Process		19.98		16.96
Standing Cane and Other Crops		0.24		0.27
Assets held for disposal		0.00		0.08
Sub Total		**667.29**		**419.58**
Sundry Debtors :				
(Unsecured considered good unless and otherwise stated)				
Debts outstanding for a period exceeding six months				
Considered Good	29.31		24.77	
Considered Doubtful	2.68		0.00	
Less : Provision for Doubtful	-2.68		0.00	
Other Debts	55.91	85.22	64.53	89.30
Sub Total		**85.22**		**89.30**
Cash and Bank Balances				
Cash, Cheques and Drafts in hand	2.91		0.33	
With Scheduled Banks in :				
Current Accounts	8.79		9.26	
Fixed Deposits	9.65		26.86	
(including FDRs ₹ 5.26 Crore (₹ 24.17 Crore) towards margin money against Bank Guarantees and L/C with Gramin Bank/District Co-operative Bank				
In Current Account (maximum debit balance during the year				
₹ 10.95 Crore (₹ 6.53 Crore)	1.42	22.77	0.59	37.04
Sub Total		**22.77**		**37.04**
Total		**775.28**		**545.92**

Notes:

Sundry Debtors - Other debts includes ₹ 9.42 Crore (P.Y. ₹ 9.05 Crore) {max. bal. during the year ₹ 15.19 Crore (P.Y. ₹ 14.59 Crore)} from Dhampur Sugar Distillery Pvt Ltd., a wholly owned subsidiary company.

Schedules forming part of the Balance Sheet

8 LOANS AND ADVANCES

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise stated)				
Loans/Advances to Subsidiary Company		0.04		0.00
Loans/Advances to Limited Companies				
Considered Good	15.40		9.44	
Considered Doubtful	10.00		10.00	
Less : Provision for Doubtful Advances	-10.00	15.40	-10.00	9.44
Advances recoverable in cash or in kind or for value to be received				
Considered Good		29.20		26.67
Security Deposits		3.40		3.03
Balances with Excise Authorities		10.27		26.09
Income-Tax and Wealth Tax Payments		28.82		7.74
Mat Credit Entitlement		3.08		1.55
Buffer Stock Subsidy		0.00		1.83
Claims Receivable		3.95		2.16
Interest Receivable		0.71		7.40
Excise Duty/Sales Tax Payments		0.50		8.45
Total		**95.37**		**94.36**

Note: Details of Loans and Advances to Subsidiary Companies:
* Dhampur International PTE Limited ₹ 0.04 Crore (₹ Nil Crore)

9 CURRENT LIABILITIES AND PROVISIONS

(₹ in Crore)

Particulars	As at 31.03.2011		As at 30.09.2009	
CURRENT LIABILITIES				
Sundry Creditors (Refer Note No. 13 to Schedule "15")				
(Including ₹ 0.47 Crore (₹ 2.40 Crore) due to Directors)	488.07		421.31	
Interest accrued but not due	4.19		6.96	
Security Deposits	2.38		2.16	
Unclaimed Dividend	0.15	494.79	0.08	430.51
PROVISIONS				
Taxation	1.73		1.77	
Dividend (Incl. Tax on Dividend)	6.78		9.60	
Gratuity	16.02	24.53	12.32	23.69
Total		**519.32**		**454.20**

Schedules forming part of the Profit and Loss Account

10 INCREASE / DECREASE IN STOCK

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
OPENING STOCK :				
Finished Stock	122.44		246.77	
Goods in Process	17.23	139.67	2.41	249.18
CLOSING STOCK :				
Finished Stock	594.91		122.44	
Goods in Process	20.22	615.13	17.23	139.67
Net Excise Duty on account of Decrease/Increase In Stocks		-19.10		10.01
INCREASE/DECREASE IN STOCKS		456.36		-99.50

11 RAW MATERIALS CONSUMED

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
	Qtls.	₹	Qtls.	₹
SUGAR CANE				
Sugar Cane	65357467	1474.87	25523556	375.25
Expenses on purchase of Sugar Cane		55.22		26.71
Cane Commission		26.22		6.13
Purchase Tax		13.07		5.10
	65357467	1569.38	25523556	413.19
Less : Closing Stock	49188	1.01	0	0.00
	65308278	1568.37	25523556	413.19
Less : Driage	-100104	0.00	-82742	0.00
Sugar Cane consumed	65208174	1568.37	25440814	413.19
Raw Sugar consumed	1783870	420.03	181454	34.30
Molasses	63488	9.59	87958	4.56
Bagasse /Coal/ Rice husk and Other Fuel		133.10		12.83
Others		31.46		5.75
Total		2162.55		470.63

12 PAYMENTS TO AND PROVISION FOR EMPLOYEES

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
Salaries, Wages and Bonus (Including Contract Labour)		74.78		37.16
Contribution to Provident Fund and Other Funds		7.69		3.53
Workmen and Staff Welfare Expenses		4.98		1.52
Gratuity		5.23		1.97
Voluantry Retirement Compensation		0.40		0.50
Total		93.08		44.68

Schedules forming part of the Profit and Loss Account

13 MANUFACTURING, OPERATIONAL, ADMINISTRATIVE AND OTHER EXPENSES

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
Consumption of Stores, Spares, Packing and other Materials/				
Manufacturing Expenses		69.89		23.39
Expenditure on Crops		0.61		0.29
Power and Fuel		4.14		5.09
Repairs & Maintenance :				
Plant and Machinery	35.61		25.86	
Buildings	3.56		2.00	
Others	1.72	40.89	0.72	28.58
Rent		8.70		3.17
Rates and Taxes		1.42		1.01
Trade Tax/ Entry Tax/ Excise Duty for earlier years		8.75		0.02
Charity and Donation		0.30		0.16
Insurance		5.77		2.49
Molasses Fund		0.36		0.16
Selling Expenses :				
Commission to Selling Agents	10.74		4.64	
Other Selling Expenses	14.25	24.99	3.90	8.54
Directors Sitting Fees		0.10		0.05
Miscellaneous Expenses		34.83		17.01
Cane Development Expenses		17.86		2.07
Balances Written-off	3.90		0.32	
Less: Provision Already Made	-2.10	1.80	0.00	0.32
Provision for Doubtful Debts/Advances		2.68		0.00
Provision for Diminution in value of Investments		0.25		0.00
Loss on Sale of/Discarded Fixed Assets		0.26		0.14
Loss on Investments in Partnership Firm		0.00		0.03
Expenses/Adjustments relating to earlier years		0.03		1.42
Total		**223.63**		**93.94**

14 INTEREST AND FINANCE CHARGES

(₹ in Crore)

Particulars	18 Months ended 31.03.2011		Year ended 30.09.2009	
Interest :				
On Fixed Loans	59.73		46.50	
Others (including ₹ 0.07 Crore (₹ 0.10 Crore) to Directors)	64.58		35.64	
Documentation and Other Charges	4.81	129.12	2.59	84.73
Less : Interest & Finance Charges Capitalised		-1.88		-1.75
Interest Received - Gross {TDS ₹ 0.15 Crore (₹ 0.26 Crore)}		-1.68		-1.99
Total		**125.56**		**80.99**

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011

I SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on mercantile system of accounting unless otherwise specifically stated.

B. Fixed Assets

(a) Fixed assets are stated at cost, net of CENVAT and/or at revalued price, less accumulated depreciation, all costs, including financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets till commencement of commercial production and/or put to use.

(b) Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realisable value.

C. Depreciation

a) Depreciation on plants and buildings acquired after 31st March,1989 is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

b) Depreciation on other fixed assets is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

D. Foreign Exchange Transactions

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the closing rate.

The difference in translation of long term monetary assets and liabilities and realised gains and losses on such foreign exchange transactions are recognised in the respective capital asset. In respect of transactions covered by forward exchange contracts, the difference between contract rate and the rate on the date of transaction is charged to the Profit and Loss Account over the period of the contract.

E. Inventories

a) Raw material at cost and finished goods including in transit (except molasses) are carried at lower of cost and net realisable value.

b) Stock of finished farm products, molasses and bagasse are carried at estimated selling price.

c) Packing materials, stores, spares, standing cane and other crops are carried at cost.

d) Goods in process/work in progress is carried at estimated cost.

e) Loose tools and instruments are carried at depreciated value.

F. Excise Duty

Excise duty in respect of finished goods held in stock except in respect of those products which are being used for captive consumption, has been accounted for at the end of the period and is included in the value of closing stock.

G. Employees Benefits

a) Defined Contribution Plan

Company's contributions paid/payable during the year to provident fund and pension fund are recognised in the Profit and Loss Account.

b) Defined Benefit Plan

Company's liabilities towards gratuity are determined using the projected unit credit method which considers each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised immediately in the profit and loss account as income or

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

expenses. Obligation measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date or government bonds where the currency and terms of the government are consistent with the currency and estimated terms of the defined benefit obligation.

c) Short term benefits (namely leave encashment) are provided for on accrual basis.

H. Leases

a) In respect of assets taken on lease upto 31.03.2001 and in respect of operating lease taken there after, if any, lease rentals are expensed with reference to lease term, except for rentals pertaining to the period upto the date of commissioning of the assets which are capitalised.

b) Income in respect of assets given on lease if any, is recognised on accrual basis with reference to lease terms.

I. **Investments:**

a) Current investments are stated at lower of cost or fair market value.

b) Long term investments are stated at cost less provision for diminution and written-off.

J. **Interest Revenue:**

Revenue arising from the use by others of enterprise resources yielding interest and dividends etc. are recognised when no significant uncertainty as to measurability or collectability exists.

K. **Provision for Current and Deferred Tax :**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961. Deferred tax resulting from timing differences between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet Date. The deferred tax assets is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realised in future.

L. **Impairment of Assets :**

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Impairment losses recognised in prior accounting periods are reversed if there is any change in the estimate of the recoverable amount.

M. **Provisions, Contingent Liabilities and Assets :**

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent liabilities are shown by way of notes to the accounts in respect of obligations where, based on the evidence available their existence at the Balance Sheet date is considered not probable.

Contingent assets are not recognised in the accounts.

II **CONTINGENT LIABILITIES : NOT PROVIDED FOR IN RESPECT OF :**

(₹ in Crore)

Particulars	As at 31.03.2011	As at 30.09.2009
Claims/Disputed Liabilities not acknowledged as debt :		
A. In respect of some pending cases of employees under labour laws	Amount not ascertainable	Amount not ascertainable
B. Uncalled liability on investments in partly paid-up shares	Nil	2.32

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

C. DETAILS OF DISPUTED LIABILITIES/DEMANDS :

(₹ in Crore)

Sl. No.	Particulars	Period to which amount relates	Forum where matter is pending	31.03.2011	30.09.2009
1	Additional U.P. Trade Tax & Central Sales Tax Liability (Net) against which ₹ Nil (₹ 4.63 Crore) have been deposited	1997-98 to 2004-05	High Court	2.53	2.89
			Joint Commissioner appeal	0.26	3.94
		1996-97, 1999-2000, 2000-01	Trade Tax Tribunal	0.01	0.69
	Sub-total			2.80	7.52
2	Entry Tax	2001-02, 2003-04, 2004-05	High Court	0.38	0.55
	Sub-total			0.38	0.55
3	CENVAT Credit on Inputs, Capital Items & Services against which ₹ 0.48 (₹ 0.82) crore have been deposited	1994-95, 1995-96, 2001-02 to 2008-09	Commissioner (A) & CESTAT	33.29	13.03
		1995-96, 1996-97, 1998-99 to 2003-04	High Court	0.30	1.60
		1994-1995	Supreme Court	0.00	0.03
	Sub-total			33.59	14.66
4	Excise Duty on Molasses, Scrap and Pressmud	1997-98, 2000-01 to 2002-03, 2007-08	Commissioner (A) & CESTAT	0.70	0.04
	Sub-total			0.70	0.04
5	Purchase Tax Penalty	1998-1999	High Court	0.36	0.36
	Sub-total			0.36	0.36
6	Stamp Duty demand under Uttar Pradesh Stamp Act against which ₹ 0.13 crore have been deposited	1992.1993	Registrar of Stamp Duty	0.25	0.25
		2003-2004	Registrar of Stamp Duty	0.26	0.26
		2005-2006	High Court	3.50	3.50
	Sub-total			4.01	4.01
	Grand Total			**41.84**	**27.14**

III NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 0.76 crore (₹ 0.86 crore).

2. The Company has accounted for cane purchases for the sugar season 2007-08 at ₹ 110 per quintal, which was paid based on the Interim Order of the Hon'ble Supreme Court as against the price of ₹ 125 per quintal fixed by the Uttar Pradesh State Government. Such differential price aggregated to ₹ 53.29 crore. The necessary adjustments will be made in accordance with the final decision in the matter.

3. The accounts have been prepared without accounting for any incentive entitlements under U.P. Sugar Incentive Promotion Policy, 2004 as the scheme has been subsequently withdrawn by the State Government. The Company has filed writ petition before Hon'ble Allahabad High Court(Lucknow Bench) for enforcement of scheme and settlement of incentive claims. As per the erstwhile incentive policy, the Company is eligible for capital subsidy of ₹ 89.89 crore i.e. @10% of the investments made (already vetted ₹ 50.80 crore) and for reimbursement of taxes and other charges aggregating to ₹ 36.94 crore upto 31st March, 2011 (including ₹ 10.76 crore for the period).

4. The merger of the wholly owned subsidiary Company i.e. Dhampur Sugar Distillery Private Limited with the Company w.e.f. 1st October, 2010 is not being effected in the accounts due to the pending of the approvals from the concerned authorities including Hon'ble High Court Judicature at the Allahabad.

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

5. Remuneration to Executive/Whole Time Directors:

(₹ in Crore)

Particulars	18 Months ended 31.03.2011	Year ended 30.09.2009
A. Remuneration	4.14	2.28
B. Contribution to Provident Fund	0.49	0.27
C. Club Fee / L.T.A./ Medical Reimbursement	0.01	0.04
D. Other Perquisites (determined under Income Tax Act)	0.20	0.07

6. Employees Benefits :

The required disclosures of employees benefits as per Accounting Standard -15 are given hereunder :-

(i) In respect of Short Term Employee Benefits :

The Company has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calender year and the same have been provided for on accrual basis.

(ii) In respect of Defined Benefit Scheme (Based on Actuarial Valuation) of Gratuity :

(₹ in Crore)

Particulars	2009-2011	2008-2009
A) Change in Obligation over the 18 months ended 31.03.2011		
Present Value of defined obligation as on 01-10-2009	12.32	11.16
Current Service Cost	1.86	0.75
Interest Cost	1.70	0.94
Actuarial Gains/losses	0.65	(0.05)
Benefits Paid	(0.51)	(0.48)
Present Value of defined obligation as on 31-03-2011	16.02	12.32
B) Expenses recognised during the 18 months 31.03.2011		
Current Service Cost	1.86	0.75
Interest Cost	1.70	0.94
Actuarial Gains/losses	0.65	(0.05)
Total	**4.21**	**1.64**
C) Principal Actuarial Assumptions :		
Mortality Table (LIC)	1994-96 (DULY MODIFIED)	
Discount Rate (per Annum)	8.50%	(8.50%)
Rate of Escalation in Salary (per Annum)	6.00%	(6.00%)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

dhampur

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

(iii) Defined Contribution Plan :

Provision for contribution to defined contribution plan, recognised as expense during the period are as under :

(₹ In Crore)

Particulars	2009-2011	2008-2009
Employer's Contribution to Provident Fund :	4.17	2.22
Employer's Contribution to Pension Fund :	3.52	1.31

(The Company's Provident Fund is exempted under Section 17 of Employee's Provident Fund Act, 1952. Conditions for grant of exemptions stipulates that Company shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis Statutory rate.)

7 Segment Reporting:

Particulars	Sugar	Chemical	Co-Gen	Other	Total
1. Segment Revenue (Including Excise Duty)					
a) External Sales	1,919.27	144.48	321.96	13.21	2,398.92
Previous Year	(881.09)	(36.79)	(53.76)	(5.57)	(977.21)
b) Inter Segment Sales	386.16	-	343.11	1.13	730.40
Previous Year	(89.01)	(0.39)	(101.76)	(0.47)	(191.63)
c) Total Revenue	2,305.43	144.48	665.07	14.34	3,129.32
Previous Year	(970.10)	(37.17)	(155.52)	(6.04)	(1,168.83)
2. Segment Results					
(Profit(+)/Loss(-) before Tax and Interest from each segment)	-11.81	-8.66	179.72	0.83	160.08
Previous Year	(108.34)	(2.03)	(41.34)	(0.44)	(152.15)
Less : Interest					125.56
Previous Year					(80.99)
Less/ Add : Other Unallocable Expense/Income net off Unallocable Income/Expenses					24.10
Previous Year					(9.05)
Net Profit(+)/loss(-) before Tax					10.42
Previous Year					(62.11)
Less: Provision for Tax (Net)					1.74
Previous Year					(5.92)
Net Profit(+)/Loss(-) after Tax					8.68
Previous Year					(56.19)

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

Particulars	Sugar	Chemical	Co-Gen	Other	Total
3. Other Information					
a) Segment Assets	1,197.01	130.90	488.56	0.92	1,817.39
Previous Year	(1,028.78)	(114.91)	(479.48)	(0.73)	(1,623.90)
Unallocable Corporate Assets					106.64
Previous Year					(61.90)
Total Assets					1,924.03
Previous Year					(1,685.80)
b) Segment Liabilities	509.26	7.49	2.55	0.02	519.32
Previous Year	(427.13)	(3.75)	(11.93)	(0.02)	(442.83)
Unallocable Corporate Liabilities					895.79
Previous Year					(743.51)
Total Liabilities					1,415.11
Previous Year					(1,186.34)
c) Capital Expenditure	45.39	8.26	44.97	0.02	98.64
Previous Year	(27.71)	(4.06)	(32.86)	-	(64.63)
d) Depreciation	49.47	6.74	39.93	0.03	96.17
Previous Year	(32.30)	(4.52)	(24.74)	(0.02)	(61.58)
e) Non Cash Expenditure other than Depreciation	4.43	0.56	-		4.99
Previous Year	(0.38)	(0.08)	-	-	(0.46)

8 **Earning per Share:**

Particulars	18 Months ended 31.03.2011		Year ended30.09.2009	
I) Net Profit/Loss(-) after Extra Ordinary Items & Provision for Taxes				
[Including Dividend on Preference Shares for the period				
amounting to ₹ 0.52 ₹ (₹ 0.35 Cr.)]	₹ in Crore	8.16	₹ in Crore	55.84
(Used as denominator for calculating E.P.S.)				
II) Weighted average no. of Equity Shares Outstanding during the period:				
(Used as denominator for calculating E.P.S.)				
- For Basic EPS	No.	53780929	No.	52705975
- For Diluted EPS	No.	53780929	No.	53905975
III) Earning per Share after Extra Ordinary Items				
- Basic	₹	1.52	₹	10.59
- Diluted	₹	1.52	₹	10.36
(Equity Share of Face Value of ₹ 10 each)				

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

9 **Related Party Disclosures:**

A. **List of Related Parties with whom transactions have taken place and relationships:**

i) **Enterprises where control exists:**

Subsidiary -
Dhampur Sugar Distillery Private Limited
Dhampur International Pte Limited
Associates -
Kashipur Sugar Mills Limited
Other Entities -
D.S.M. Finance and Holdings

ii) **Enterprises where there is significant influence**

1 Goel Investments Limited
2 Ujjwal Rural Services Ltd. (formerly Associated Metal Company Ltd.)
3 Saraswati Properties Limited
4 Shudh Edible Products Limited
5 Green Fuels Private Limited
6 Mani Capitals Limited
7 Sonitron Limited
8 Ujjwal Microfinance Pvt. Ltd.

iii) **Key Management Personnel and their relatives**

1 Mr. Vijay Kumar Goel, Executive Director
2 Mr. Ashok Kumar Goel, Vice Chairman
Mrs Vinita Goel (wife)
3 Mr. Gaurav Goel, Managing Director
Mrs Priyanjali Goel (wife)
4 Mr. Gautam Goel, Managing Director
5 Mr. J.P. Sharma, Director
Mrs Asha Devi Sharma (wife), Mr. Mukul Sharma (son)
6 V. K. Goel, H.U.F.
7 Gaurav Goel, H.U.F.
8 Gautam Goel, H.U.F.

B. **Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2011**

(₹ in Crore)

Sl. No.	Particulars	Enterprises where Control Exists				Enterprises where there is Significant Influence		Key Management Personnel and their Relatives	
		Associate/Subsidiary		Other					
		2009-11	2008-09	2009-11	2008-09	2009-11	2008-09	2009-11	2008-09
	Transactions during 18 months ended 31.03.2011								
1	Loans/Advances given (Net)	4.96	2.52	0.00	0.00	6.90	10.71	0.00	0.00
2	Net Reciepts towards Loan /Advances given	0.00	0.00	0.00	0.00	6.90	10.78	0.00	0.00
3	Receipts towards amount invested in Firm	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00
4	Loans taken	0.00	0.00	0.00	0.00	27.80	2.61	0.00	0.00
5	Loans repaid	0.00	0.00	0.00	0.00	31.56	0.38	0.00	0.00
6	Sale of Goods/Fixed Assets	100.28	11.39	0.00	0.00	0.00	0.00	0.00	0.00
7	Purchase of Goods/Fixed Assets	3.82	1.84	0.00	0.00	0.00	0.00	0.00	0.00
8	Subscription/Purchase of Equity Shares	21.74	0.03	0.00	0.00	0.00	0.00	7.20	0.00
9	Rent paid	0.00	0.00	0.00	0.00	6.84	2.08	0.00	0.00

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

Contd.

(₹ in Crore)

Sl. No.	Particulars	Enterprises where Control Exists				Enterprises where there in Significant Influence		Key Management Personnel and their Relatives	
		Associate/Subsidiary		Other					
		2009-11	2008-09	2009-11	2008-09	2009-11	2008-09	2009-11	2008-09
10	Rent received	0.00	0.00	0.00	0.00	0.36	0.36	0.00	0.00
11	Remuneration paid	0.00	0.00	0.00	0.00	0.00	0.00	4.75	2.58
12	Interest expense	0.00	0.00	0.00	0.00	0.11	0.00	0.20	0.18
13	Loss on Investments/Investment W/off	0.00	0.00	0.15	0.03	0.00	0.00	0.00	0.00
14	Receipts towards reimbursement of expenses	0.24	0.40	0.00	0.00	0.00	0.00	0.00	0.00
15	Club Fee / L.T.A./ Medical reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04
	Amount due to/from Related Parties:								
1	Unsecured Loans/Deposits	0.00	0.00	0.00	0.00	0.00	0.00	1.12	0.68
2	Current Liabilities	0.00	0.00	0.00	0.00	0.39	4.09	0.47	2.40
3	Investments Net of Provision	44.72	25.98	0.00	0.65	0.00	0.00	0.00	0.00
4	Loans/Advances & Receivables Net of Provision	23.71	18.08	0.00	0.00	0.12	0.43	0.00	0.00

10 Disclosures as required by the Amendment to Clause 32 of the Listing Agreement :

Loans and Advances given to Associates and Others :

Name of Company	Type	Balance as at 31.03.2011 (₹ in Crore)	Maximum Balance during the period (₹ in Crore)	Investment in the Shares of the Company No. of Shares
Kashipur Sugar Mills Limited (*,**, ^ ^)	Associate	14.25	14.25	7562061 of Equity Shares
Dhampur Sugar Distillery Pvt Ltd. (*,**,***, ^)	Subsidiary	9.42	15.19	10000000 Equity Shares
Dhampur International Pte Ltd.	Subsidiary	0.04	70.11	10000 Equity Shares

* Have no repayment schedule

** No interest is charged.

*** Represents Sundry Debtors

^ Become wholly owned subsidiary during the period

^ ^ Balance and maximum balance net of provision ₹ 10 crore.

11 Provision For Deferred Tax:

The Net Deferred Tax Asset as on 31st March 2011, comprises of the following components as per AS '22'- Taxes of Income :

(₹ in Crore)

Particulars	As at 31.03.2011	As at 30.09.2009
A Deferred Tax Asset:		
1. On account of timing difference of expenses which are allowable under Income Tax Laws in subsequent years	6.33	7.40
2. On account of carried forward losses and unabsorbed depreciation	96.46	106.43
Total (A) :	**102.79**	113.83
B **Deferred Tax Liabilities:**		
1. On account of difference in written down value of fixed assets	88.91	98.41
Total (B) :	**88.91**	**98.41**
Net Deferred Tax Asset / (Liability) (A - B)	**13.88**	**15.42**

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

12 Auditor's Remuneration :

(₹ in Crore)

Particulars	18 Months ended 31.03.2011	Year ended 30.09.2009
A Statutory Audit	0.15	0.12
B Tax Audit	0.08	0.04
C Management & Other Services	0.08	0.04
D Audit Expenses	0.01	0.05
Total	0.32	0.25

13 Following are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:

(a) Sundry creditors include a sum aggregating ₹ 2.57 crore (₹ 2.53 crore) due to Micro and Small Enterprises is on account of principal only.

(b) The amount of interest paid by the Company in terms of Section 16, alongwith the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the period - ₹ Nil.

(c) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the period but without adding the interest specified under this Act. - ₹ Nil.

(d) The amount of interest accrued and remaining unpaid - ₹ Nil.

(e) The amount of further interest remaining due and payable even in succeeding years -₹ Nil.

The above mentioned outstandings are in normal course of business and the information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

14 Derivative Instruments

i) The company has entered into following Forward Contract :

a) The Company used foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments. the use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such Forward Contracts consistent with the Company's Risk Management Policy. The Company does not use Forward Contracts for speculative purposes.

As at	No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (₹ Crore)
31.03.2011	1	2.25	10.03
30.09.2009	1	2.00	10.18

(Forward exchange contract outstanding as on 31st March, 2011 include forward purchases of US Dollar for repayment of external commercial borrowings and its interest.)

ii) The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at 31.03.2011		As at 30.09.2009	
	US Dollar Equivalent (Million)	INR Equivalent (₹ Crore)	US Dollar Equivalent (Million)	INR Equivalent (₹ Crore)
Amounts payable in foreign currency on account of the following :				
Raw Material	12.30	54.83	56.91	273.80
Capital Imports	0.92	4.11	4.59	22.08
Loans Payable	12.00	53.50	15.00	72.17

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

15 Particulars of Capacity and Production (As certified by the management) :

	Unit	Licensed Capacity	Installed Capacity	Actual Production
1 Sugar (18 months ended 31.03.2011)	Qtls.	N.A.	39500 T.C.D.	6024746
(Year ended 30.09.2009)		N.A.	(39500 T.C.D.)	(2544288)
2 Co-Generation (18 months ended 31.03.2011)	M.W.	N.A.	150 M.W.	915592
(Year ended 30.09.2009)		N.A.	(145 M.W.)	(281018)
3 Chemicals (18 months ended 31.03.2011)	Qtls.	N.A.	N.A.	527929
(Year ended 30.09.2009)			N.A.	(104839)

Note: The Licensed and Installed Capacity are as certified by the management and are relied upon by the auditors.

16 Sales, Purchases, Opening and Closing Stock of Finished Goods and Other Income :

(₹ in Crore)

Particulars	Opening Stock		Production/Purchase		Sales		Closing Stock	
	Quantity	Value (₹)	Quantity	Value (₹)	Quantity	Value (₹)	Quantity	Value (₹)
I. Finished Goods :								
1. Sugar (Qtls.)	520987	111.01	8206495	94.39	6544736	1888.81	2171750	550.75
Previous Year	(1551277)	(236.34)	(2701288)	(30.50)	(3726313)	(837.06)	(520987)	(111.01)
2. Molasses (Qtls.)	106713	7.04	3285276	0.00	2645316	40.48	735108	29.39
Previous Year	(97297)	(4.88)	(1208950)	0.00	(1194882)	(30.58)	(106713)	(7.04)
3. Chemicals (Qtls.)	5127	1.73	527929	0.00	444910	143.62	10312	3.98
Previous Year	(11851)	(4.61)	(104839)	0.00	(110587)	(36.78)	(5127)	(1.73)
4. Farm Produce (Qtls.)	169	0.02	63557	0.00	62760	0.44	966	0.03
Previous Year	(367)	(0.04)	(38859)	0.00	(39057)	(0.20)	(169)	(0.02)
5. Power (M.W.)	0	-	915592		818093	268.85	0	0.00
Previous Year	(0)	(0.00)	(281018)		(244058)	(53.76)	(0)	(0.00)
6. Steam (M.T.)	0	-	5292217		3441000	0.88	0	0.00
Previous Year	(0)	(0.00)	(1558686)		(1277142)	(0.00)	(0)	(0.00)
7. Others	0	2.52	0	0.00	0	43.08	0	10.52
Previous Year	0	(0.71)	0	0.00	0	(13.45)	0	(2.52)
Sub Total :	**632996**	**122.32**	**12998849**	**94.39**	**10515815**	**2386.16**	**2918136**	594.67
Previous Year	**(1660792)**	**(246.58)**	**(4334954)**	**(30.50)**	**(5314897)**	**(971.83)**	**(632996)**	(122.32)
II. Purchased Goods :								
1. Other Purchases		0.12		12.64		12.76		0.24
Previous Year		(0.12)		(5.22)		(5.38)		(0.12)
Sub Total :		**0.12**		**12.64**		**12.76**		0.24
Previous Year		**(0.12)**		**(5.22)**		**(5.38)**		(0.12)

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

Contd. *(₹ in Crore)*

Particulars	Opening Stock		Production/Purchase		Sales		Closing Stock	
	Quantity	Value (₹)	Quantity	Value (₹)	Quantity	Value (₹)	Quantity	Value (₹)
III. Stock in Process :								
1. Sugar (Qtls.)	0	0.00					32831	7.75
Previous Year	(0)	(0.00)					(0)	(0.00)
2. Molasses (Qtls.)	0	0.00					19071	0.49
Previous Year	(0)	(0.00)					(0)	(0.00)
3. Chemicals	58210	16.96					44440	11.74
Previous Year	(15592)	(2.23)					(58210)	(16.96)
4. Standing Crops		0.27						0.24
Previous Year		(0.18)						(0.27)
Sub Total :		17.23						20.22
Previous Year		(2.41)						(17.23)
Total		139.67		107.03		2398.92		615.13
Previous Year		(249.11)		(35.72)		(977.21)		(139.67)

IV OTHER INCOME *(₹ in Crore)*

Particulars	18 month ended 31.03.2011	Year Ended 30.09.2009
Rent	1.98	1.14
Miscellaneous Income	6.96	4.02
Provision no longer required/Balances written back(Net)	0.92	2.71
Insurance Claims	3.07	0.25
Profit from Sale of Investments	0.07	0.00
Foreign Exchange Fluctuation	22.25	5.43
Profit on Sale of Fixed Assets (Net)	0.18	0.06
Total	35.43	13.61
Grand Total	2434.35	990.82

Notes :

1. The difference of 10996 Qtls (5265 Qtls.) in finished goods/purchased sugar represents reprocessing and transit/storage/accidental losses.
2. The difference of 11565 Qtls. (4652 Qtls.) in finished goods-molasses represents loss/shortage on account of overflow and storage losses.
3. The difference of 77834 Qtls (976 Qtls.) in finished goods chemicals represents captive consumption and storage losses.
4. Finsihed goods sugar - production/purchases includes 444024 Qtls. (157000 Qtls.) sugar purchased.
5. Sales of molasses includes 1778524 Qtls. (580589 Qtls.) inter-unit transfer at Nil value.
6. Sales of farm produce includes 51368 Qtls. (33393 Qtls.) inter-unit transfer at Nil value.
7. Sales of steam includes 3390840 M.T. (1277142 M.T.) inter-unit transfer at Nil value.
8. Sales of power includes 200462 M.W. (79846 M.W.) inter-unit transfer at Nil value.

Schedules forming part of the Accounts

15 ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES for 18 months ended 31.03.2011 (Contd.)

17 Information Pursuant to paragraph 4-D Part II of Schedule-VI to the Companies Act, 1956:

(₹ in Crore)

		18 month ended 31.03.2011		Year ended 30.09.2009
A. Imports calculated on CIF basis in respect of:				
1. Stores and Spare Parts		0.14		0.54
2. Raw Material		297.11		286.96
3. Capital Goods		4.09		0.00
B. Expenditure in foreign currency during the period				
1. For Foreign Travel		1.75		1.06
2. Interest		8.19		3.60
3. Others		0.12		0.13
	18 Months ended 31.03.2011		Year ended 30.09.2009	
	Amount	% Age	Amount	% Age
C. Consumption of:				
1. Stores, Spare Parts etc.				
i) Value of Imported Goods	0.00	0.00	0.00	0.00
ii) Value of Indigenous Stores and Spare Parts	83.79	100.00	39.62	100.00
	83.79	100.00	39.62	100.00
2. Raw Materials				
i) Value of Imported Goods	547.48	25.32	37.99	8.07
ii) Value of Indigenous Goods	1615.07	74.68	432.64	91.93
	2162.55	100.00	470.63	100.00
D. Earnings in Foreign Exchanges				
i) Export of Goods	187.03		0.00	
ii) Others	0.00		0.00	

18 Pursuant to the approval of the Registrar of Companies, Uttar Pradesh and Uttarakhand, the current accounting period comprises of 18 months commencing from 1st October,2009 to 31st March,2011, hence the figures of the current period are not comaprable with those of previous year figures.

19 Previous year figures in bracket have been regrouped wherever considered necessary.

Signature to Schedule 1 to 15

For **S. Vaish & Co.,**

(S.P. Agrawal)
Partner
Chartered Accountants

For **Mittal Gupta & Co.,**

(B. L. Gupta)
Partner
Chartered Accountants

For **and on behalf of the Board of Directors**

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

M.P. Mehrotra
Director

Place : Kanpur
Dated : 24th May, 2011

Balance Sheet Abstract and Company's General Business Profile

I.	**Registration Details:**	
	Registration No.:	0511/PC
	State Code:	20
	Balance Sheet Date	31.03.2011
II.	**Capital Raised during the period (₹ in Crore)**	
	Public Issue	-
	Right Issue	-
	Bonus Issue	-
	Private Placement	-
III.	**Position of Mobilisation and Deployment of Funds (₹ in Crore)**	
	Total Liabilities	1404.71
	Total Assets	1404.71
	Sources of Funds:	
	Paid up Capital	62.81
	Reserves & Surplus	446.11
	Secured Loans	818.53
	Unsecured Loans	77.26
	Application of Funds:	
	Net Fixed Assets	994.04
	Investments	45.46
	Deferred Tax Asset (Net)	13.88
	Net Current Assets	351.33
	Misc. Expenditure	-
	Accumulated Losses	-
Iv.	**Performance of Company (₹ in Crore)**	
	Turnover / Total Income (excluding exice duty realised)	2818.44
	Total Expenditure (including net extra ordinary expenses)	2808.02
	Profit/(Loss) before Tax	10.42
	Profit/Loss after Tax (including deferred tax)	8.68
	Earning per Share - Basic	₹ 1.52
	Earning per Share - Diluted	₹ 1.52
	Dividend Rate %	10.00
V.	**Generic Names of Three Principal Products/Services of Company**	
	Item Code No. (ITC Code)	1701.11
	Product Description	Sugar
	Item Code No. (ITC Code)	-
	Product Description	Chemicals

For S. Vaish & Co.,

(S.P. Agrawal)
Partner
Chartered Accountants

For Mittal Gupta & Co.,

(B. L. Gupta)
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M.P. Mehrotra
Director

Place : Kanpur
Dated : 24th May, 2011