

DWARIKESH SUGAR INDUSTRIES LIMITED



Annual Report 2010-11

Mission Statement

" In our endeavour to be the torch-bearers of the Indian sugar industry, we are specially committed to our farmers, workforce and shareholders. It is our endeavour to provide our farmers the agreed price in time and to provide a transparent system of sugar cane procurement. We also seek to provide a congenial atmosphere and work place for the employees of the company, who are our lifeline. Adherence to the best corporate governance practices and a deep-rooted commitment to excellence is our resolve. All these culminate in our permanent effort to enhance shareholder value and wealth through growth of the company."

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CORPORATE INFORMATION

DIRECTORS

G. R. Morarka	Chairman & Managing Director
B. J. Maheshwari	Whole Time Director & Company secretary cum Chief Compliance Officer
Vijay S. Banka	Whole Time Director & Chief Financial Officer
M. G. Diwan	Independent Director (Ceased w.e.f 23.07.2011)
S. S. Vaidya	Independent Director
K. P. Medhekar	Independent Director (Ceased w.e.f 01.06.2011)
L. N. Heda	Independent Director
K. L. Garg	IDBI Nominee Director
Balkumar Agarwal	Independent Director
Harshvardhan Neotia	Independent Director
K. N. Prithviraj	Independent Director

REGISTERED OFFICE & UNIT I

Unit I: Dwarikesh Nagar - 246 762.
District: Bijnor,
Uttar Pradesh.

OTHER UNITS

Unit II: Dwarikesh Puram - 246 722.
Tehsil Dhampur, District Bijnor,
Uttar Pradesh.

Unit III: Dwarikesh Dham - 243 503.
Tehsil Faridpur, District Bareilly,
Uttar Pradesh.

VICE PRESIDENT (WORKS) – DN UNIT

M. N. Agarwal

CHIEF GENERAL MANAGER (WORKS) – DD UNIT

R. K. Gupta

BANKERS

Punjab National Bank
IDBI Bank
Sarva UP Gramin Bank Limited

CORPORATE OFFICE

511, Maker Chambers – V,
221, Nariman Point,
Mumbai - 400 021.

VICE PRESIDENT – COMMERCIAL

K. P. Gadia

SOLICITORS

Mulla & Mulla & Craigie Blunt & Caroe
Kanga & Co.

AUDITORS

S. S. Kothari Mehta & Co.
Chartered Accountants



BOARD OF DIRECTORS

Meet the Directors:

G. R. Morarka - Chairman & Managing Director

A visionary and a dynamic entrepreneur with more than two decades of experience, he started his career by overseeing the family-run Pampasar Distillery Limited (PDL), which he subsequently divested in favour of Shaw Wallace. This son of late parliamentarian Mr. Radheshyam Morarka, G. R. Morarka launched his own business by setting up a sugar plant at Dwarikesh Nagar, Uttar Pradesh in a record period of 14 months. With his far-sighted vision and strategic thought, he then expanded his business by setting up the Dwarikesh Puram and Dwarikesh Dham sugar plants and co-generation plant.

A Commerce graduate and ICWA Inter, Mr. G. R. Morarka is the recipient of Indira Gandhi Priyadarshini Award for Management. He has also been honoured with "Bhamasha Award" for the year 2006 and again in the year 2011 by Rajasthan State Government for social service in the field of education. He has also been awarded "Indira Gandhi Sadbhavna Award" in the year 2011. He has recently been awarded "Swami Krishnanand Saraswati Purashkar".

S.S. Vaidya - Independent Director

Shri S. S. Vaidya brings to the table extensive and rich experience and expertise in legal matters pertaining to Company and Property Law. An advocate and solicitor, he has been associated as a Partner with M/s. Kanga & Company.

K. L. Garg - Independent Nominee Director

Shri Garg is a science graduate and having degree in Law and he has also done his CAIIB and PG Diploma in Disaster Preparedness and Rehabilitation. He has 31 years of experience of working in various departments of IDBI including Corporate Finance, Administration, Recovery and Rehabilitation.

L. N. Heda - Independent Director

Armed with extensive management experience, Mr. L. N. Heda, a post graduate in Commerce, having expertise in the field of Accounting and finance.

Balkumar Agarwal - Independent Director

A former representative of the Government of Maharashtra on the BSE Board, Mr. Balkumar Agarwal is an IAS officer who retired as Additional Chief Secretary, Govt. of Maharashtra. This Commerce and Law graduate was also on the Boards of Industrial Investment Bank of India, SIDBI and SICOM, besides being Managing Director of the Maharashtra State Financial Corporation.

Harshvardhan Neotia - Independent Director

Awarded the Padmashri by Government of India in 1999, and also honoured with YPO Legacy of Honour Award in 2005, he is on the Board of many reputed organizations, including the Ambuja group, Ganpati Parks Limited and GGL Hotel & Resort Company Limited. Mr. Harshvardhan Neotia is also associated with many societies, cultural & diplomatic associations, business chambers and other associations. An alumni of the eminent Harvard Business School, from where he did his Owner President Management Program (OPM), he is a Commerce graduate with strong management skills.

K. N. Prithviraj - Independent Director

As Independent Director of various Boards, he contributed significantly to the growth of many entities, such as Surana Ind. Ltd; Falcon Tyres Ltd; Brickwork Ratings India Pvt. Ltd. Mr. K. N. Prithviraj was also a Research Fellow of Department of Economics, University of Madras. Masters in Economics, he has also done his CAIIB (I) and is associated with organizations of repute like Axis Bank Ltd., PNB Investment Services Ltd., Falcon Tyres Ltd. to name a few.

**B. J. Maheshwari – Whole Time Director & Company Secretary cum Chief Compliance Officer**

A qualified Chartered Accountant and Company Secretary, he has been inducted on the Board in May, 2009 and been appointed as "Whole Time Director & Company Secretary (CS) & Chief Compliance Officer (CCO)", associated with the Company since 1994, Shri B. J. Maheshwari has more than 27 years of relevant experience spanning Legal, Taxation, Secretarial and Administrative matters.

Vijay S. Banka – Whole Time Director & Chief Financial Officer

A qualified Chartered Accountant, he has been inducted on the Board in May, 2009 and been appointed as "Whole Time Director & Chief Financial Officer", associated with the Company since the past four years, Mr. Vijay S. Banka has nearly two decades of rich experience in handling Finance and Strategy.



LETTER FROM THE CMD

Dear fellow stake holders

The year gone by

The Indian economy is expected to grow further, although the estimates of GDP growth have been scaled down to 6.9% in the third quarter of 2011. Monsoon has been near or above normal and this is something to cheer about. One big worry is inflation. The other concern is that of depreciating Rupee vis-à-vis other currencies. It would provide a shot in the arm to exports.

In order to tame inflation Reserve Bank of India has tweaked the interest rates many times during the last year, however, this policy is found to be rather ineffective. Policy makers have the onerous task of galvanising the economy on the path of sustained growth on one hand and moderating inflation on the other.

Another worrying development is the industrial sickness and dreadfully low growth of IIP. Sectors such as textile are maimed and battered. Power sector is burdened by escalating costs as coal availability has become scarce and difficult. Sugar sector has been crying hoarse for releasing it from the shackles of control so as to somehow survive. Many other sectors are limping and resultantly the Banking sector is also facing the heat due to potential defaults and non-performing assets.

The Capital market isn't performing greatly with market cap of mid-cap and small cap companies significantly eroded. Decline in domestic equity prices is also attributable to significant outflows by FII's, driven largely by Global risk aversion. Government and RBI may have to initiate a series of bailout options for the bleeding sectors.

Sugar Industry: 2010-11

- ❖ Sugar production in the country for the season 2010-11 is estimated at 24.4 million tons as against 18.8 million tons in the previous season.
- ❖ Higher area under sugarcane partly responsible for increase in production.
- ❖ Higher sugarcane price resulted in lower diversion to unorganized sectors.
- ❖ Levy obligation restored to 10% from 20% in the previous year.
- ❖ Sugar prices continued to remain depressed due to various restrictions on exports, stocking of sugar and higher free sale releases.

Sugar industry in Uttar Pradesh: 2010-11

- Mills in U.P. pay State Advised Price (SAP) for sugarcane which is significantly higher than the Fair and Remunerative Price (FRP) paid by sugar mills in Southern States.
- Increase in SAP to ₹ 205 per quintal for the general variety from ₹ 165 per quintal in the season 2009-10, a whopping increase in excess of 24%.
- Recovery fractionally lower than the recovery recorded in the previous season
- Yield at farm level lower than last year on account of incessant rains.
- Production of sugar 5.9 million tons as compared to 5.2 million tons in the previous season
- Many mills operated at sub-optimal capacity.
- Few mills of the co-operative and corporation sector privatised.
- Multiple barriers on sale of molasses adversely impacted the cash-flows.

Higher cane price paid for 2010-11 has encouraged the farmers to plant more sugarcane. This has resulted in increased sugar production but lower sugar sales realisation, thereby causing heavy losses to the sugar industry.

Dwarikesh Sugar Industries: 2010-11

The overall negative environment prevailing in the industry impacted the working of your Company as well. The levy sugar obligation, higher sugarcane cost, lower sugar price realisation together pulled the performance down. Throughout the year price of free sale sugar hovered in the band of ₹ 2,700 to ₹ 2,800 per quintal. Considering 10% sugar offered for levy sale at a price of ₹ 1,900 per quintal average realisation on sale of total quantity is lesser by ₹ 100 per quintal.

Highlights 2010-11

Salient features of the crushing operations in Dwarikesh are listed herein under:

- Sugarcane crushing marginally lower
- Production of sugar down by 2.29%
- Recovery of sugar lower at DP and DD plants
- Satisfactory utilisation of Co-generation capacity



Particulars	2010-11	2009-10	% Change
Crushing (Lac Quintals)	188.58	189.53	-0.50%
Recovery (%)	DN -10.30 DP - 9.47 DD - 8.55	DN - 10.31 DP - 9.77 DD - 8.77	
Production (Lac Quintals)	17.90	18.32	-2.29%

In totality, crushing and production was in line with the production and crushing last year, although crushing & production at DP units was lower. The command area of DP unit was ravaged by floods which resulted in damage to the crop and lower recovery. DN plant maintained its highest standards of manufacturing efficiencies and clocked the best recovery in the State. Recovery at DD plant though is lower and is a cause of concern. Massive cane development efforts have been embarked upon in the Command Area of DD unit that are aimed at bringing varietal change, planting of more and more sugar cane and better farming practices. Efforts are aimed at not only to increase the area under sugarcane cultivation, but also to incentivise farmers to shift from rejected varieties to better varieties. It is expected that in a couple of years crushing and recovery at DD plant would improve by leaps and bounds.

Unit-wise performance

Particulars	DN	DP	DD
Crushing(Lac Quintals)	68.82	58.70	61.06
Recovery (%)	10.30	9.47	8.55
Total Losses (%)	1.85	1.93	2.07

Recovery clocked at DN plant is the highest in the State of Uttar Pradesh. The process losses recorded at DN and DP unit are among the lowest in the sugar industry in Uttar Pradesh.

Lac ₹

Cogeneration	2010-11	2009-10
Power Exported		
DN	867	773
DP	2,212	2,541
DD	2,490	2,257
Total	5,569	5,571

Near stagnant revenue from sale of power is mainly on account of lower number of crushing days at DP plant. Consequently power generation at DP plant was adversely impacted.

Financial Score Card

Particulars	2010-11 Lac ₹	%	2009-10 Lac ₹	%
Net Sales	58,404	100.00	55,507	100.00
EBIDTA	7,488	12.82	6,500	11.71
EBDTA	1,510	2.59	1,870	3.37
EBT	(1,762)	(3.02)	(1,336)	(2.41)

Depressed sugar market conditions impacted the prices which continued to be on the lower side throughout the year. EBIDTA margin though is better than last year. The main drag on the profitability was caused by higher interest cost. Higher working capital requirement and several hikes in the interest rates resulted in higher finance costs (up from ₹ 47 crores to ₹ 60 crores), though the Company earnestly tried to rationalise the same.

On account of operational efficiencies at plant level EBIDTA margin compares favorably with margins of other companies in the peer group. Comparatively better EBIDTA margins bears testimony of overall efficiencies and lower cost of production. Plant configuration and share of power income in the total revenue stream has also played a major role in improvement of EBIDTA margins. The bottom-line of the Company is under stress because of higher interest cost. In spite of several odds the Company has managed to earn cash profits during the year.

TRENDZ: 2011-12

- As per industry estimates, sugar production is expected at about 26 million tons.
- Area under sugarcane acreage is up by 5% at 5.14 million hectares as compared to 4.9 million hectares last year.
- Central Government announced a FRP of ₹ 145 per quintal linked to a recovery of 9.5%. However FRP has no relevance in the State of Uttar Pradesh.



- State Government of Uttar Pradesh issued a direction to the sugar mills asking them to start crushing in the first week of November even without issuing the cane reservation orders and the cane price. Generally, mills start crushing in 2nd or 3rd week of November, this resulted into lower recovery.
- SAP of ₹ 240 per quintal was announced for the general variety of sugarcane and ₹ 250 per quintal for the early maturing variety, a whopping increase of ₹ 35 and ₹ 40 respectively over the previous year.
- Whereas price of sugarcane has been increased by about 46% in a span of past two years, the price of sugar has not increased correspondingly.
- Aggrieved by the steep and unreasonable hike in price of sugarcane (SAP), the industry Association has filed a writ petition in the Allahabad High Court at Lucknow bench on 15th November 2011. The case has been heard and the Judgment has been reserved.
- A steep hike in the SAP may result in the accumulation of cane price arrears as sugar prices are ruling far below the cost of production.
- A recent order by the Apex Court on 17th January, 2012 has put additional liability of about ₹1100 crores on the U.P. sugar industry as a part of the differential cane price for the seasons 2006-07 and 2007-08. This has further aggravated the problem by creating the financial crisis for the U.P. sugar mills.
- Meanwhile, levy sugar price has recently been increased by ₹ 58 per quintal this year.
- **Only silver lining is that the Central Government recognised the problem of the sugar sector and has appreciably taken some proactive steps:**
 - Stock holding limit on bulk consumers has been removed with effect from August 2011. The stock holding and turn over limits on dealers of sugar has also been removed from December 2011. This would improve the off take of sugar in the domestic market.
 - The Government allowed one million ton sugar export in December 2011. Decision regarding further export of sugar will be taken soon.
 - Hon'ble Food Minister has assured that the Department of Food would consider the possible changes in the release mechanism.
 - Matter pertaining to cane price formula is being examined by the EAC to the Prime Minister, which may be finalised in due course.
 - Hon'ble Prime Minister has recently constituted a high level Expert Committee headed by Dr. C. Rangarajan to examine the issue pertaining to the decontrol of the sugar sector.

Going forward

Sugar production in India is likely to be about 26 million tons in the current season while domestic consumption is estimated at about 22 million tons. Therefore, sugar production in India is likely to comfortably exceed the consumption in 2011-12, the question remains how much and when Government of India will issue export orders in this season. Depreciating Indian Rupee against U.S. dollar offers an added advantage to exports. Meanwhile, the world sugar economy is facing a season with a nearly 4.5 million tons surplus. The expected losses in Brazil are likely to be offset by Australia, EU, Thailand and India. The market is likely to remain mired between conflicting developments.

Thus, uncertainty prevails in the industry. Economic slowdown, incredible production estimates and pressure of higher food inflation do not offer leeway to the Central Government to introduce industry friendly policies. It is only the export of sugar which may help in moving excess sugar out, clearing cane price dues and also adjust the local demand and supply, thereby stabilising the domestic sugar sector in the short term.

However, a level playing field is required where interest of all the three stake holders i.e. farmers, consumers and millers, need to be considered. Additional sugar exports, creation of buffer stock, soft loans and other concessional measures are needed to mitigate the immediate crisis. Further, levy sugar and release mechanism need to be abolished. Scrapping the levy obligation alone would inject around ₹ 3,000 crores a year into the mills. Cane price needs to be linked with sugar sales realisation as is the practice in other major sugar producing and exporting countries. The potential for expanding sugar production in India exists and can be fully exploited if adjustments are introduced to ensure a market driven relationship between sugarcane and sugar prices. Deregulation is the imperative key solution to overcome the infamous cyclicity of boom and bust. This will ensure better ROI by which we may be able to focus on improving productivity and production, the benefit of which will be available to all concerned including millions of sugarcane farmers.

Summing up

I would like to take this opportunity to thank you for all your support. I seek your continued support in our endeavor to achieve better results in future. I would also like to use this opportunity to thank all our business associates, our employees, our farming brethren who have reposed immense confidence in us, our Banks and Financial Institutions who have proved to be our reliable and trustworthy friends, various Government agencies and last but not the least the illustrious members of our Board who have provided their valuable guidance whenever required.

G. R. Morarka

(Chairman and Managing Director)



OPERATIONAL OVERVIEW

PRESENT BUSINESS OPERATIONS:

The Company is currently engaged in the business of manufacture and sale of Sugar, Co-generation and Industrial Alcohol.

Sugar Division:

The Company has three sugar manufacturing units, out of which 2 units are located in Bijnor District of Uttar Pradesh (UP) & one Sugar Unit in Bareilly District, UP. The present Sugar cane crushing capacity of the 3 plants is 21,500 TCD, out of which Dwarikesh Nagar, Dist: Bijnor, UP has 6500 TCD, Dwarikesh Puram, District Bijnor, UP has 7500 TCD & Dwarikesh Dham, District Bareilly, UP has 7500 TCD. The Company manufactures and sells three grades of sugar viz. L, M and S. The Company sells sugar in Bulk to wholesalers / Agents. The Company's sugar is recognized in the market by the name "Bundki" which is original name of the place where the factory's first plant is located or by the name "Dwarikesh".

Power Co-generation:

The Company is also engaged in Co-generation of Power. The Company has a power plant with a capacity of 17 MW at its Dwarikesh Nagar Unit and is using 9 MW for captive consumption in manufacture of sugar and balance 8 MW is supplied to SEB viz. Uttar Pradesh Power Corporation Limited (UPPCL). Further, the Company has capacity of 33 MW at its Dwarikesh Puram Unit, out of which 24 MW is used for sale of power to State Grid and balance 9 MW for captive consumption. Further the Company has 36 MW of Co-generation at its Dwarikesh Dham Unit, out of which 24 MW is for sale to State Grid & balance 12 MW for captive consumption. During the year, the Company sold Power worth ₹ 5,569 lacs to the SEB.

Industrial Alcohol / (Ethanol):

The Company has a ready capacity of 30 KLPD distillery for the manufacture of Industrial Alcohol & Ethanol. During 2010-11, company sold Industrial Alcohol of ₹1183.28 lacs.

MEASURES TAKEN BY THE COMPANY FOR CANE DEVELOPMENT:

The Company follows an extensive cane development process, assisted by the Cane Development Councils. The main objectives of the company's cane development measures are listed below:

- Production of improved and early varieties of sugar cane.
- Increase in per acre yield so that farmers can maximize their earnings and the company is assured of an increased supply.
- Providing seeds, fertilizers and pesticides to farmers covering the command area of the company, so that their crop is not vulnerable to disease etc.
- Procurement of cane seeds from Sugarcane Research Station, and distribution of seeds to growers for raising foundations and primary nurseries.
- Financial assistance for raising and maintenance of nurseries.
- Conducting training seminars for farmers at the Research Station, at the company's expenses.
- Road development as well as repair and maintenance of different link roads in the respective command areas.

EXISTING MARKET AND SELLING ARRANGEMENTS:

Presently, 10% of the sugar produced is released to the Government as levy sugar. The remaining 90% can be sold in the open market. However, the actual quantity that can be sold in the open market is controlled by the Government through a system called Monthly Release Mechanism (MRM). The price of the sugar sold in the open market depends on market forces. The factories can sell sugar in open market only such quantities that are released by the Government of India every month for each factory.

The Company sells free sale sugar through a network of agents, who in turn sell to wholesalers. Trade settlements are usually on cash terms. Besides, the company sells its sugar in Central & West UP, part of West Bengal, Bihar, Jharkhand, Assam, Punjab, Haryana, Rajasthan & Delhi.

A VIRTUAL TOUR OF THE COMPANY'S PLANT & MANUFACTURING PROCESS



3



4



8



7



9





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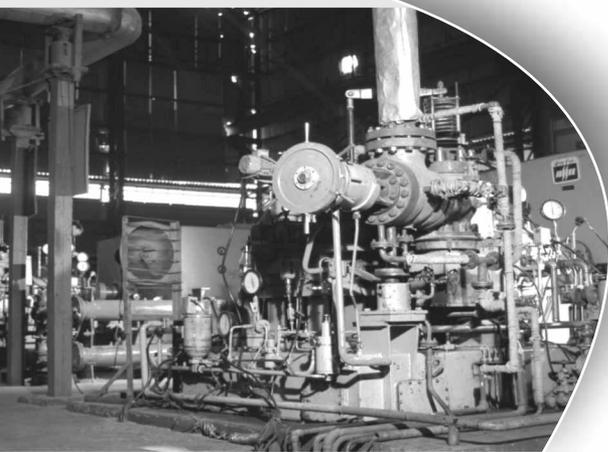


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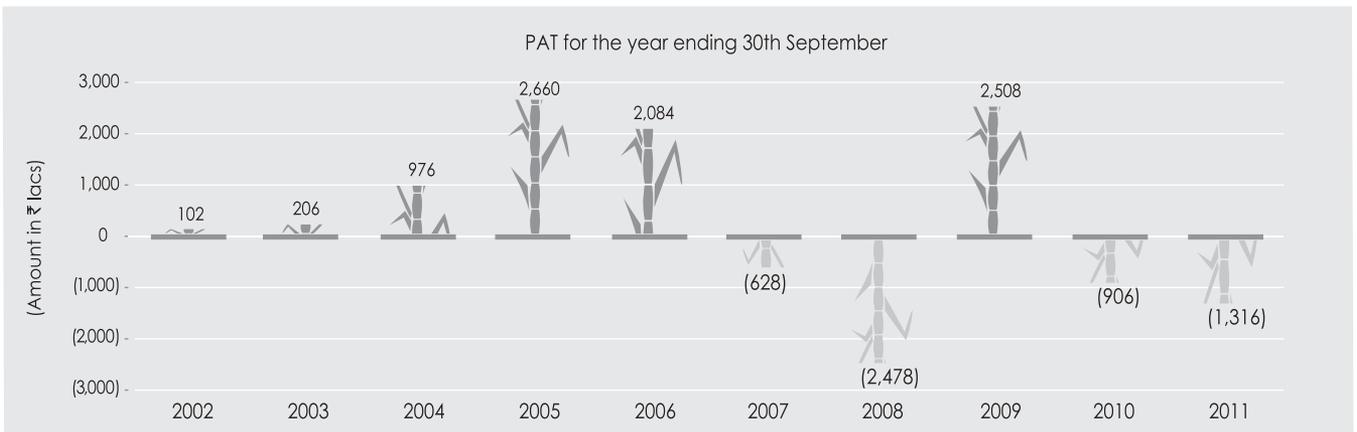
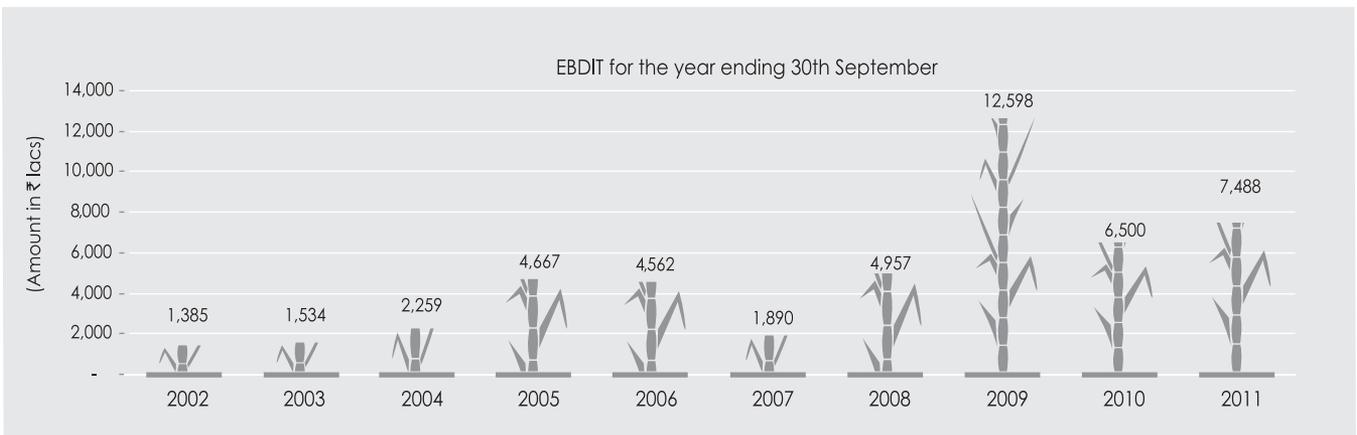
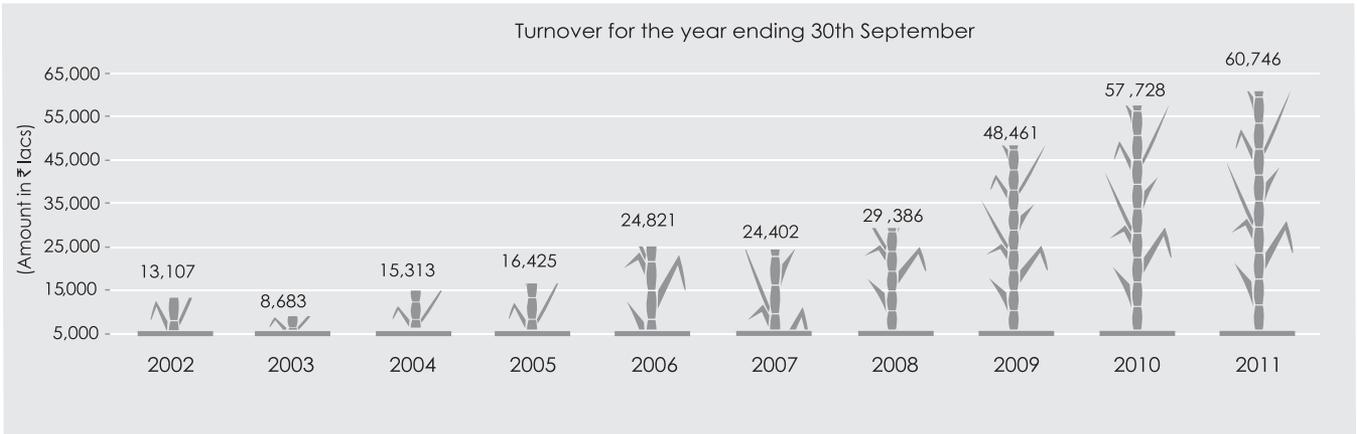
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1. Loading of Truck carrying sugar cane on the Truck Tippler
2. Unloading of sugar cane from the truck by unloaders into cane carrier.
3. Sugar cane fibres after being cut taken by elevators to the sugar mills for crushing.
4. Syrup receiving Station.
5. Boiler Station.
6. Sugar crystals being cooled in hopper.
7. Final product (sugar being bagged).
8. Sugar Gowdon.
9. 30 KLPD Distillery.
10. Co-generation of power

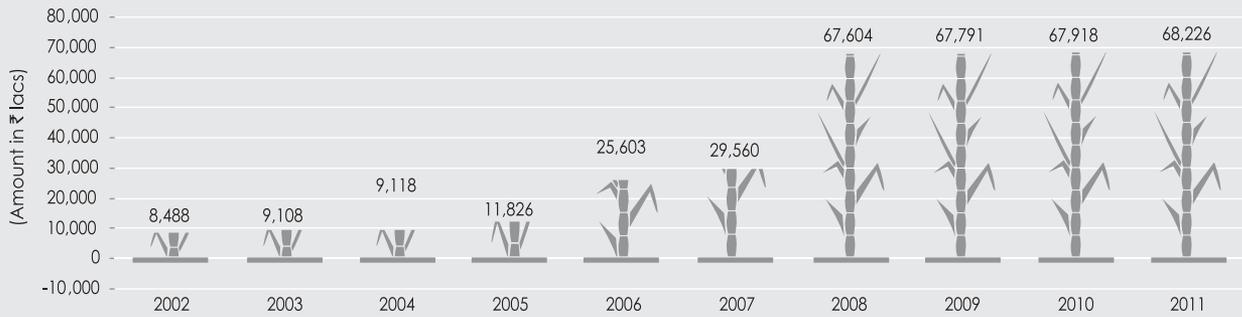


WHAT THE NUMBERS SAY

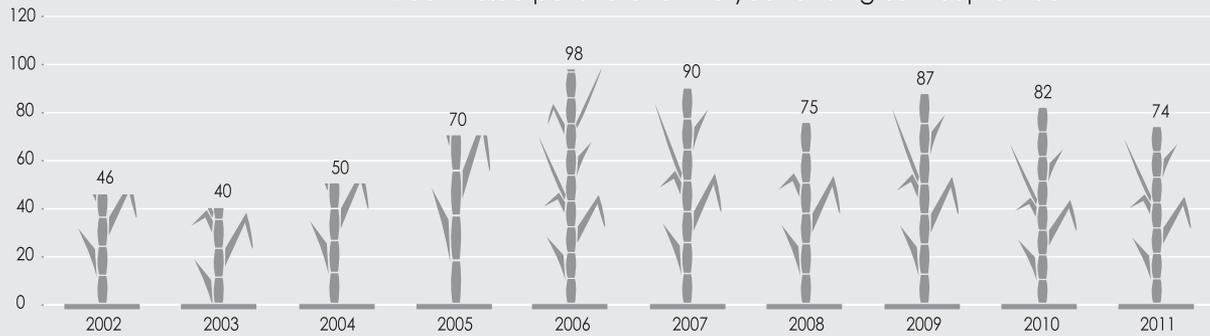




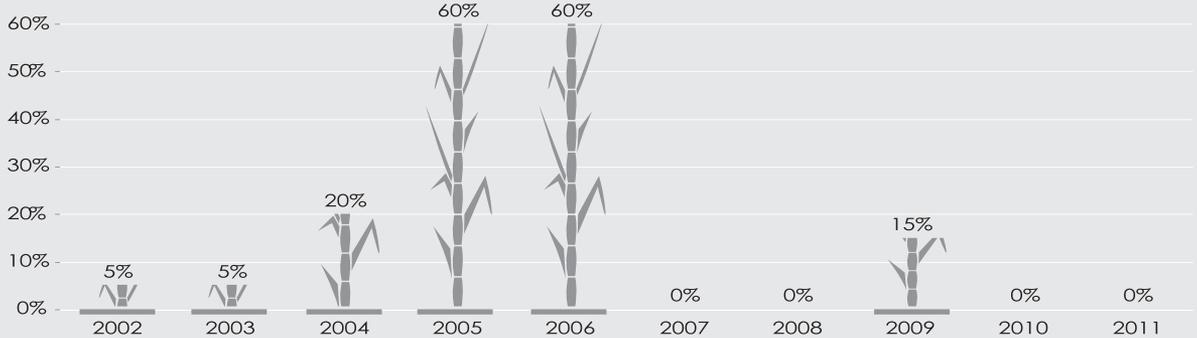
Gross Block of Fixed Assets (excluding CWIP) for the year ending 30th September



Book Value per share for the year ending 30th September



Dividend Payout




KEY FINANCIAL DATA

₹ in lacs

Particulars	2008-2009	2009-2010	2010-2011
Sales	48,461	57,728	60,746
Other Income	155	206	944
Increase/Decrease () in stock	(9,318)	6,132	(1,803)
Total Income	39,297	64,066	59,887
Manufacturing and operating expenses	20,499	50,735	45,068
Excise Duty	2,274	2,221	2,342
Capital rising expenses written off	30	30	0
Staff expenses	2,858	3,218	3,543
Selling & administration expenses	1,038	1,362	1,446
Total Expenditure	26,699	57,566	52,399
Profit before interest, depreciation and tax (PBIDT)	12,598	6,500	7,488
Depreciation	3,295	3,206	3,272
Profit before interest and tax (PBIT)	9,302	3,294	4,216
Interest	6,164	4,631	5,978
Profit before tax (PBT)	3,138	(1,336)	(1,762)
Taxes	630	(431)	(446)
Profit after Tax (PAT)	2,508	(906)	(1,316)
Cash accruals	6,103	1,651	1,506
Equity Share Capital	1,631	1,631	1,631
Preference Share Capital	1,610	1,610	1,610
Equity Share Warrant	0	0	0
Reserves	12,608	11,702	10,386
Secured loan funds excluding cash credit limits	38,459	32,305	39,308
Unsecured loan funds	44	5,617	239
Net block of fixed assets	55,544	52,531	50,296
Investment	22	27	24
Deferred tax liability	1,701	1,261	683
Current assets	12,820	18,438	15,630
Current Liabilities	5,928	9,444	4,975
Current Liabilities including cash credit limit	12,361	16,870	12,093
Capital raising expenditure to the extent not written off	30	0	0


VALUE-ADDED STATEMENT

₹ in lacs

PARTICULARS	2008-2009	2009-2010	2010-2011
Corporate Output (Total Income)	39,297	64,066	59,887
Less: Manufacturing & Operating expenses	20,499	50,735	45,068
Less: Exceptional Item/ deferred revenue expenditure	30	30	0
Less: Selling & Administrative expenses	1,038	1,362	1,446
Gross Value Added	17,730	11,939	13,373
Less: Depreciation	3,295	3,206	3,272
Net Value Added	14,435	8,733	10,101
Allocation of Net Value Added			
to Personnel	2,858	3,218	3,543
to Exchequer (Excise)	2,274	2,221	2,342
to Exchequer (Direct Taxes)	360	249	4
to Mat Credit Entitlement	(487)	(239)	128
to Deferred Tax	757	(441)	(578)
to Stake holders (Interest)	6,164	4,631	5,978
to Investors (Dividend)	598	0	0
to Company (Retained earnings)	1,910	(906)	(1,316)
	14,435	8,733	10,101

KEY STATISTICS

PARTICULARS	2008-2009	2009-2010	2010-2011
No of days crushed			
- DN	119	140	141
- DP	106	134	132
- DD	66	114	113
Sugar cane Crushed in Qtls.			
- DN	5,064,737	6,615,074	6,882,340
- DP	4,575,622	6,483,011	5,870,034
- DD	3,006,582	5,855,079	6,105,708
Recovery % - DN	10.31	10.31	10.30
Recovery % - DP	9.93	9.77	9.47
Recovery % - DD	8.61	8.77	8.55
Total losses % - DN	1.84	1.89	1.85
Total losses % - DP	1.97	1.96	1.93
Total losses % - DD	2.14	2.04	2.07
Sugar Cane Bagged in Qtls. - DN	522,037	683,165	710,349
Sugar Cane Bagged in Qtls. - DP	454,380	634,460	557,845
Sugar Cane Bagged in Qtls. - DD	258,461	514,082	522,085



SUCCESS DRIVERS

WHAT THE NUMBERS DO NOT SAY

1) STATE OF THE ART PLANTS:

The Company is very well geared to take optimum advantage of the promising forthcoming crushing season 2011-12. The company currently has three plants viz. Dwarikesh Nagar (DN), Dwarikesh Puram (DP) & Dwarikesh Dham (DD). DN & DP are located in Bijnor District of Uttar Pradesh and DD is located in Bareilly District in Uttar Pradesh.

Besides, the Company has Cogeneration facilities of 17 MW at DN, 33 MW at DP & 36 MW at DD unit. Out of the above, Company exports 8 MW from DN, 24 MW from DP & 24 MW from DD unit to State Grid.

The Company at its DN unit has a distillery of 30,000 litres per day, which is capable of manufacturing Industrial Alcohol & Ethanol.

Your company is conscious of its social responsibility and hence has in place Bio-methanation, plant which not only results in removing BOD/COD from its spent wash, but also generates energy enabling longer working duration of Distillery operation.

With a view to enhance shareholders value and return to the shareholders, the company is consistently trying to improve and optimise its production capacities.

The Company's present production Capacities are outlined in the following Matrix:

Particulars	DN Unit	DP Unit	DD Unit	Total
Crushing Capacity (TCD)	6500	7500	7500	21500
Co-generation (MW)	17	33	36	86
Supply to State Grid (MW)	8	24	24	56
Distillery (Ltr.per day)	30000	-	-	30000

The Company's Distillery is capable of manufacturing both Industrial Alcohol and Ethanol.

2) REVVING UP THE REVENUE SIDE

Sugar prices are expected to remain firm going forward in domestic and international market. The apprehension of price decontrol has reached at its apex level and sooner or later this only regulated commodity will be deregulated which will result in free price discovery mechanism and make the sector free out of shackles of price regulations.

3) ABUNDANCE OF WATER & PROXIMITY TO GANGETIC PLAINS:

The company is well-equipped with tube-wells and self reliant in terms of utilities. The proximity of its existing plants to the Gangetic plains is another major plus point. This proximity minimizes risk to some extent in the monsoon dependent sugar sector.

4) REPLACEMENT COST:

The replacement cost of the Company's state of the art sugar plants would be substantially higher, suggesting a hidden asset inbuilt beyond the numbers.

5) TAX SHIELD BENEFIT:

The Company is not liable to pay any tax except Wealth Tax at the applicable rate in force.

6) WORKING TOWARDS CARBON CREDITS AND RENEWABLE ENERGY CERTIFICATES (REC):

The company's Dwarikesh Puram and Dwarikesh Dham have already been registered with UNFCCC enabling the benefit of Carbon Credits for both the plants. The revenue from Carbon Credit has already started accruing from season 2008-09 onwards. Besides CER, the Company has received accreditation & registration for renewable energy certificates (RECs), which are capable of being sold on the power exchanges shall boost company's revenue stream.

KEY MANAGEMENT PERSONNEL

Names	Designations	Experience (Years)
M.N. Agarwal	Vice President (Works) DN Unit	45
K.P. Gadia	Vice President (Commercial)	27
R K. Gupta	Chief General Manager (Works) – DD Unit	27

FLASH FORWARD A Peep into 2012

The sugar production shall be robust in year 2011-12. Government has allowed to export 10 lacs tons of sugar and another 5 to 10 lacs sugar export permission is on the card as there is further exportable surplus sugar of almost 4 million tons in current season. The export nod will help in improving cashflows for the sugar companies.

It is expected that the production of sugar from all three units at Dwarikesh Nagar, Dwarikesh Puram and Dwarikesh Dham would rise to 22-24 lakh quintals in 2011-12. It is also expected that revenue would rise to ₹ 7000 million.



NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Friday, 16th March, 2012, at 10 a.m. at the Registered Office of the company at Dwarikesh Nagar - 246 762, Dist. Bijnor, Uttar Pradesh, to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 30th September, 2011 and the Balance Sheet as at that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint Auditors and fix their remuneration.
3. To appoint a Director in place of Mr. S.S.Vaidya, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K.N.Prithviraj, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Balkumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

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

RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereof (including any statutory modifications and re-enactment thereof, for the time being in force), the approval of the Company, be and is hereby accorded to the re-appointment of Shri B.J.Maheshwari as Whole Time Director and Company Secretary (CS) Cum Chief Compliance Officer (CCO) for a period of 3 years from May 1, 2012 to April 30, 2015 on the terms and conditions as set out including minimum remuneration in the Explanatory Statement annexed hereto with authority to the Board of Directors to vary or increase the remuneration, other benefits and perquisites payable or to be provided to Shri B.J.Maheshwari, including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter and vary the terms and conditions of the Agreement entered into by the Company with Shri B.J.Maheshwari, as may be agreed between the Board of Directors and Shri B.J.Maheshwari.

"RESOLVED FURTHER THAT in event of any further relaxation by Central Government in the guidelines or ceiling on managerial remuneration, the Board of Directors be and are hereby authorised to increase the remuneration and or perquisites to Shri B.J.Maheshwari, if they in their absolute discretion think fit, within the guideline or ceiling and for which consent of the shareholders as required under various aforesaid provisions of the Companies Act, 1956 be and is hereby given.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to delegate all or any of the aforesaid powers to the remuneration committee.

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

RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereof (including any statutory modifications and re-enactment thereof, for the time being in force), the approval of the Company, be and is hereby accorded to the re-appointment of Shri Vijay S. Banka as Whole Time Director and Chief Finance Officer from May 1, 2012 to April 30, 2015 on the terms and conditions as set out including minimum remuneration in the Explanatory Statement annexed hereto with authority to the Board of Directors to vary or increase the remuneration, other benefits and perquisites payable or to be provided to Shri Vijay S Banka, including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter and vary the terms and conditions of the Agreement entered into by the Company with Shri Vijay S Banka, as may be agreed between the Board of Directors and Shri Vijay S Banka.

"RESOLVED FURTHER THAT in event of any further relaxation by Central Government in the guidelines or ceiling on managerial remuneration, the Board of Directors be and are hereby authorised to increase the remuneration and or perquisites to Shri Vijay S Banka, if they in their absolute discretion think fit, within the guideline or ceiling and for which consent of the shareholders as required under various aforesaid provisions of the Companies Act, 1956 be and is hereby given.



FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to delegate all or any of the aforesaid powers to the remuneration committee.

By The Order of the Board,
For **Dwarikesh Sugar Industries Limited**

Place: Mumbai
Date: November 28, 2011

B. J. Maheshwari
Whole Time Director & CS cum CCO

Registered Office:

Dwarikesh Nagar – 246762
Dist: Bijnor, Uttar Pradesh.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members & Share Transfer Books of the Company will be closed from Monday, 5th March, 2012 to Friday, 16th March, 2012 (both days inclusive) for the purpose of Annual General Meeting of the Company
4. The relevant Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of item nos. 6 and 7 is annexed and forms a part of this notice.
5. Members are requested to notify any change in their address immediately to the company.
6. Members/proxies are requested to bring their copy of Annual Report, while attending the Annual General Meeting.
7. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in **Form 2B** which can be obtained from the Company's Registrar & Transfer Agents M/s Universal Capital Securities Pvt. Ltd.
8. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Registered Office well in advance so that the same reaches the company at least ten days before the date of the meeting to enable the Management to keep the information required readily available.
9. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government. The unclaimed dividend for the accounting years 1996-97, 1997-98, 2000-01, 2001-02 & 2002-03 has been transferred to the Investor Education and Protection Fund as on 26/04/2005, 11/05/2006, 14/05/2009, 29/06/2010 & 28/04/2011 respectively (there was NIL outstanding in unpaid dividend account of the accounting year 1998-99 & 1999-00 hence the transfers to Central Government were not applicable for these years) respectively and no claim shall lie against the said Fund or the Company for the amount of dividend so transferred. Unpaid dividend for following years is due as per the details below for transfer to the Investors Education and Protection Fund. Shareholders who have not yet encashed their dividend warrants are requested to make their claims.

Financial Year	Unpaid Amount (₹) as on 30/09/2011	Due date of Transfer to the Investor Education and protection Fund
2003-2004	16826.00	01/12/2011
2004-2005	66876.00	21/11/2012
2005-2006	442218.00	21/04/2014
2008-2009	473181.00	14/04/2017



10. Pursuant to the green initiatives by the Ministry of corporate affairs, the company proposes to send all documents to be send to shareholders like notices of general meeting together with AGM, audited financial statements, directors report, auditors report etc. henceforth to the shareholders in electronic form, to the email addresses provided by them and made available to the company by the depositories. Members may also download these documents from company's website www.dwarikesh.com. The physical copy of annual report will also be made available free of cost to the members on their written request. Members who have not registered their email addresses hitherto are requested to register their email addresses by sending their details to their Depository participants or company or its RTA.
11. SEBI has mandated the submission of PAN by every participant in securities market. Shareholders who are holding the shares in electronic mode are therefore requested to submit the PAN to their depository participants with whom they are having their demat accounts. Shareholders having shares in physical form can submit their PAN details to the company or its RTA.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM No. 6:**

Shri B J Maheshwari was appointed as an additional director and was designated as Whole Time Director & CS cum CCO w.e.f. May 1, 2009. His re-appointment is becoming due w.e.f. May 1, 2012 and hence it is proposed to re-appoint him for a period of 3 years from May 1,2012 to April 30,2015. It is proposed to fix his remuneration for the period of three years as set out herein below.

- (A) **Shri B. J. Maheshwari** shall be remunerated either by way of salary or allowances or in any other form subject to overall limit of 10% of net profit in terms of provision of section 198, 309 as computed under section 349 of the Companies Act, 1956 payable to Managing Director and Whole time Directors put together.
- (B) **Shri B. J. Maheshwari** shall be paid following minimum remuneration in the event of loss or inadequacies of profits in accordance with the provisions of clause B of section II of Part II of schedule XIII of the Companies Act, 1956, based on effective capital of the Company, which is in excess of ₹ 100 Crores as on 30th September, 2011. This minimum remuneration shall be paid in case of inadequacy of profits or loss.

I. MINIMUM REMUNERATION:**CATEGORY 'A'**

- Period : For a period of 3 years i.e. 1st May, 2012 to 30th April, 2015.
- Designation : Whole Time Director & Company Secretary (CS) Cum Chief Compliance Officer (CCO).
- Powers & Responsibilities : Shri. B. J. Maheshwari will exercise such powers as may be entrusted by the Board/Remuneration Committee from time to time.
- (a) Basic Salary, Dearness Allowance and Personal Pay : In the range of ₹ 2,50,000 per month to ₹ 4,00,000 per month with such amount & Annual increment as may be decided by the Remuneration Committee.
- (b) Children Education Allowance : At the rate of ₹ 100 per child per month. (maximum for two children) or such amount as may be decided by the Remuneration Committee.
- (c) Conveyance Allowance : At the rate of ₹ 800 per month or such amount as may be decided by the Remuneration Committee.
- (d) Helper Allowance : Reimbursement of actual expenses for official purpose only.
- (e) Bonus / Ex gratia : As may be decided by the Remuneration Committee.
- (f) Perquisites : In addition to aforesaid remuneration, Shri. B. J. Maheshwari shall also be entitled to following perquisites as may be decided by the Remuneration Committee.

A. Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family. In case of any medical treatment abroad, the travelling, boarding and lodging expenses for patient and attendant are also payable.

B. Leave Travel Concession:

Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during leave travel periods, wherever undertaken, whether in India or abroad.

C. Club Memberships:

Subscription or reimbursement of membership fees subject to maximum of two clubs in India and/or abroad, including admission and life membership fees.

D. Entertainment Expenses:

Reimbursement of entertainment expenses incurred in the course of business of the Company.

E. Personal Accident Insurance:

Personal accident insurance policy in accordance with the scheme applicable to Whole Time Directors of the Company.

**Explanations:**

- i) Perquisites shall be evaluated as per Income Tax Rules, 1962 wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost of the Company.
- ii) For the purpose of perquisites stated hereinabove, 'family' means the spouse, dependent children and dependent parents of the appointee.

Other Benefits :

- i) The Company shall provide him with car, expenses relating to fuel, maintenance and Provision of Driver or remuneration of driver will be reimbursed on actuals. Further the Company shall also provide telephones, telefax, mobile and other communication facilities for official purposes.
- ii) Such benefits as may be decided by the Remuneration Committee from time to time.

In accordance with the resolution, within the aforesaid limits, the amount of remuneration and perquisites payable to Shri. B. J. Maheshwari may be decided /varied by the Remuneration Committee, from time to time as it may deem fit in its absolute discretion.

CATEGORY 'B'**PROVIDENT FUND AND SUPERANNUATION FUND OR ANNUITY FUND.**

Shri. B. J. Maheshwari will also be entitled to following perquisites as per rules of the Company or as agreed by the remuneration committee which will not be included in the computation of the ceiling of remuneration as above.

- i) Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity Payable as per rules of the Company.
- iii) Privilege Leave with full pay or encashment thereof as per the rules of the Company.

Explanations:

- I Provision of Chauffer driven car or reimbursement of Driver's remuneration on Company's business and telephone, telefax, mobile and other communication facilities at residence for official purposes will not be considered as perquisites. Personal Long distance calls and use of car for private purpose shall be billed by the Company to the Whole Time Director.

Perquisites or amenities specified in Category B are not to be included in the computation of ceiling on minimum remuneration specified herein above.

II OVERALL REMUNERATION :

The aggregate of salary, perquisites, benefits and other allowances or remuneration in any other form in any Accounting Year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

III MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Whole Time Director, the payment of salary, perquisites, benefits and other allowances or remuneration in any other form shall be governed by the limits prescribed under clause B of Section II of the Part II of Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being, be in force. Higher Minimum remuneration may be paid to Shri Maheshwari in terms of & on compliance of terms of general circular no. 46/2011 dated 14th July, 2011 of Ministry of Company Affairs, subject to approval by Remuneration Committee & Board.

ITEM No. 7:

Shri Vijay S. Banka was appointed as an additional director and was designated as Whole Time Director & CFO w.e.f. May 1, 2009. His re-appointment is becoming due w.e.f. May 1, 2012 and hence it is proposed to re-appoint him for a period of 3 years from May 1, 2012 to April 30, 2015. It is proposed to fix his remuneration for the period of three years as set out herein below.

**Terms of Remuneration payable to Shri Vijay S. Banka**

- (A) **Shri Vijay S. Banka** shall be remunerated either by way of salary or allowances or in any other form subject to overall limit of 10% of net profit in terms of provision of section 198, 309 as computed under section 349 of the Companies Act, 1956 payable to Managing Director and Whole time Directors put together.
- (B) **Shri Vijay S. Banka** shall be paid following minimum remuneration in the event of loss or inadequacies of profits in accordance with the provisions of clause B of section II, Part II of schedule XIII of the Companies Act, 1956, based on effective capital of the Company, which is in excess of ₹ 100 Crores as on 30th September, 2011. This minimum remuneration shall be paid in case of inadequacy of profits or loss.

I. MINIMUM REMUNERATION:**CATEGORY 'A'**

- Period : For a period of 3 years i.e. 1st May, 2012 to 30th April, 2015.
- Designation : Whole Time Director & Chief Financial Officer (CFO).
- Powers & Responsibilities : Shri Vijay S. Banka will exercise such powers as may be entrusted by the Board/Remuneration Committee from time to time.
- (a) Basic Salary, Dearness Allowance and Personal Pay : In the range of ₹ 2,50,000 per month to ₹ 4,00,000 per month with such amount or Annual increment to be decided by the Remuneration Committee.
- (b) Children Education Allowance : At the rate of ₹ 100 per child per month. (maximum for two children) or such amount as may be decided by the Remuneration Committee.
- (c) Conveyance Allowance : At the rate of ₹ 800 per month or any such amount as may be decided by the Remuneration Committee.
- (d) Helper Allowance : Reimbursement of actual expenses incurred for official purposes only.
- (e) Bonus / Ex Gratia : As may be decided by the Remuneration Committee.
- (f) Perquisites : In addition to remuneration, Shri Vijay S. Banka shall also be entitled to following perquisites as may be decided by the Remuneration Committee.

A. Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family. In case of any medical treatment abroad, the travelling, boarding and lodging expenses for patient and attendant are also payable.

B. Leave Travel Concession:

Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during leave travel periods, wherever undertaken, whether in India or abroad.

C. Club Memberships:

Subscription or reimbursement of membership fees subject to maximum of two clubs in India and/or abroad, including admission and life membership fees.

D. Entertainment Expenses:

Reimbursement of entertainment expenses incurred in the course of business of the Company.

E. Personal Accident Insurance:

Personal accident insurance policy in accordance with the scheme applicable to Whole Time Directors of the Company.

**Explanations:**

- i) Perquisites shall be evaluated as per Income Tax Rules, 1962 wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost of the Company.
- ii) For the purpose of perquisites stated hereinabove, 'family' means the spouse, dependent children and dependent parents of the appointee.

Other Benefits :

- i) The Company shall provide him with car, expenses relating to fuel, maintenance and Provision of Driver or remuneration of driver will be reimbursed on actuals. Further the Company shall also provide telephones, telefax, mobile and other communication facilities for official purposes.
- ii) Such other benefits as may be decided by the Remuneration Committee from time to time.

In accordance with the resolution, within the aforesaid limits, the amount of remuneration and perquisites payable to Shri Vijay S. Banka may be decided /varied by the Board of directors or its remuneration Committee thereof, from time to time as it may deem fit in its absolute discretion.

CATEGORY 'B'**PROVIDENT FUND AND SUPERANNUATION FUND OR ANNUITY FUND.**

Shri Vijay S. Banka will also be entitled to following perquisites as per rules of the Company or as agreed by the Directors which will not be included in the computation of the ceiling of remuneration as above.

- i) Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity Payable as per rules of the Company.
- iii) Privilege Leave with full pay or encashment thereof as per the rules of the Company.

Explanations:

- I Provision of Chauffer driven car or reimbursement of Driver's remuneration on Company's business and Telephone, telefax, mobile and other communication facilities at residence for official purposes will not be considered as perquisites. Personal Long distance calls and use of car for private purpose shall be billed by the Company to the Whole Time Director.

Perquisites or amenities specified in Category B are not to be included in the computation of ceiling on minimum remuneration specified herein above.

II OVERALL REMUNERATION :

The aggregate of salary, perquisites, benefits and other allowances in any Accounting Year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

III MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Whole Time Director, the payment of salary, perquisites, benefits and other allowances shall be governed by the limits prescribed under clause B of Section II of the Part II of Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being, be in force. Higher Minimum remuneration may be paid to Shri Banka in terms of & on compliance of terms of notification no.534(E) dated 14th July, 2011 of Ministry of Company Affairs, subject to approval by Remuneration Committee & Board.

Statement as required under Part II, section II of Schedule XIII of the Companies Act, 1956 with reference to the resolutions at item no.6 & 7 are as follows:

A. General Information:

1. Nature of Industry: Manufacturing of sugar, Ethanol, industrial alcohol and generation & distribution of power.
2. Date of expected date of commencement of commercial production: Existing company already commenced from 1995.



3. In case of new companies, expected date of commencement of activities as per the project approved by financial institutions appearing in the prospectus: Existing Company hence not applicable.
4. Financial performance based on given indicators:

Sr. No	Particulars	Audited figure for 12 Month period ended 30.9.2011 (₹ in Lakhs)	Audited figure for 12 Month period ended 30.9.2010 (₹ in Lakhs)	Audited figure for 12 Month period ended 30.9.2009 (₹ in Lakhs)
1.	Net Sales /income from operations	58,404	55,507	46,188
2.	Other income	944	206	155
3.	Total Expenditure (including adjustment of stocks)	51,860	49,212	33,743
4.	Interest	5,978	4631	6,164
5.	Depreciation	3,272	3,206	3,295
6.	Profit/(loss) before tax	(1,762)	(1,336)	3,138
7.	(Provision for tax) Taxes	(446)	(431)	630
8.	Net Profit/(loss) PAT	(1,316)	(906)	2,508

5. Export performance and net foreign exchange collaborations: Nil.
6. Foreign investment of collaborators, if any: Nil.

B. Information about the Appointees:

1) Shri B.J.Maheshwari:

Shri. B. J. Maheshwari (Age 52 years) joined the Company in 1994, is a fellow Chartered Accountant and a fellow Company Secretary responsible for looking after the Secretarial, Legal, Administration and Taxation work of the Company.

He has over 27 years of experience handling the Company Law matters, Secretarial matter, Listing requirements & Compliances, Taxation (both Direct and Indirect Taxes) & Legal matters.

He is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India.

2) Shri Vijay S. Banka:

Shri Vijay S. Banka (Age 53 years) joined the Company in 2007, is a Whole Time Director & Chief Financial Officer responsible for looking after Finance, Accounts & Treasury.

He has over two decades of experience working in various industries such as Distillery, Diamond Industry and Chemical Industry etc.

He is a member of the Institute of Chartered Accountants of India.

a) Past Remuneration:

Details of Remuneration of Shri B. J. Maheshwari & Shri Vijay S. Banka for past three years are as follows:

Financial Year	Amount in ₹	
	B. J. Maheshwari	Vijay S. Banka
01.04.2008 to 31.03.2009	2,212,113	2,179,969
01.04.2009 to 31.03.2010	2,860,418	2,854,255
01.04.2010 to 31.03.2011	3,430,886	3,448,960

b) Recognition of Awards:

Shri B.J.Maheshwari is a rankholder in his CA Intermediate Examination.

c) Job Profile & Suitability:

Shri. B. J. Maheshwari (age 52 years) joined the Company in 1994, is a fellow Chartered Accountant and a fellow Company Secretary responsible for looking after the Secretarial, Legal, Administration and Taxation work of the Company.



He has over 27 years of experience handling the Company Law matters, Secretarial matter, Listing requirements & Compliances, Taxation (both Direct and Indirect Taxes) & Legal matters.

He is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India.

Shri Vijay S. Banka (age 53 years) joined the Company in 2007, is a Chief Financial Officer responsible for looking after Finance, Accounts & Treasury Finance.

He has over two decades of experience working in various industries such as Distillery, Diamond Industry and Chemical Industry etc.

He is a member of the Institute of Chartered Accountants of India.

- d) Remuneration proposed: As specified in the explanatory statement in detail.
- e) Comparative Remuneration profile with respect to Industry, size of the Company, profile of the person and position: It is difficult to find company with same size and capacity for the purpose of comparison. However, by and large compared with other companies in the same industry, the remuneration is reasonable. The remuneration payable to Shri B. J. Maheshwari and Shri Vijay S. Banka are in line with peers and as per their duties, roles and responsibilities and qualifications.

Pecuniary relationship directly or indirectly with the Company:

Shri B.J.Maheshwari and Shri Vijay S. Banka do not have any pecuniary relationship with company and with directors.

- f) Other Information:

1) Reasons of loss or inadequate profits:

The main increase for losses in last 2 years is on account of steep increase in sugar cane cost by almost 46% i.e. SAP of ₹ 165 in 2009-10 increased to ₹ 240 in 2011-12 as against decrease in finished goods prices viz Sugar intermittently (average realisation of sugar in 2009-10) was around ₹ 2961 per quintal, which dipped to ₹ 2716 per quintal in 2010-11 & is marginally increased now to around ₹ 2800 per quintal (from October till mid November, 2011). Besides the same, the interest burden has gone substantially on account of increase in inventory levels, increase in interest rates. Besides, there were increase in staff cost, consumable, which also led to losses in the company.

- 2) Steps taken or proposed to be taken for improvement:** The company has diversified its product portfolio rather than confining its operations to sugar productions only. Now, it has products of ethanol, co-generation, rectified spirits and industrial alcohol under its belt. The company has been striving to rationalise its interest cost by swapping the loans with foreign currency loans and finding avenues to reduce the leveraging. The company has also benefited by sell of its Certified Emission Reduction (CER) and in the years to come will also get additional stream of revenue from sale of Renewable Energy Certificates (RECs).

- 3) Expected increase in productivity and profits in measurable terms:**

The company is one of the largest sugar producers in the North India with aggregate sugarcane crushing capacity of 21500 TCD, cogeneration of 86 MW & a 30 KL distillery.

The continuous efforts for improving the operational efficiencies and value-additive utilization of its by-products are expected to improve the productivity as also the profitability.

The recent decision of government to allow export of sugar has been quite positive for the company as well as for the industry. It is also expected that much awaited decontrol of sugar industry and free pricing mechanism would be a boon for the Sugar Industry.

The terms of reappointment and remuneration of Shri B. J. Maheshwari, Whole Time Director and Company Secretary (CS) Cum Chief Compliance Officer (CCO) & Shri V. S. Banka, Whole Time Director and Chief Finance Officer (CFO) were discussed and approved in Remuneration Committee Meeting held on November 28, 2011.

None of the directors of the Company except Shri B. J. Maheshwari and Shri Vijay S. Banka are concerned or interested in passing of the resolutions of their appointments / reappointments & remuneration.

- 4) Other Disclosures:**

Other Disclosures are given in corporate governance report.



Details of Directors seeking appointment / re-appointment in Annual General Meeting to be held on March 16, 2012.
(Pursuant to clause 49 of the Listing Agreement)

Name, Concise Resume & functional Expertise of Director Appointment	Directorship in other companies	Committee positions held in other companies	
		Audit Committee	Investor grievance/ shareholders' committee
<p>Shri B. J. Maheshwari Qualification: Company Secretary and Chartered Accountant Experience: A qualified Chartered Account and Company Secretary, associated with the Company since 1994, Mr. B. J. Maheshwari has more than 27 years of relevant experience. Expertise: Legal, Taxation, Secretarial and Administrative matters. Director since 2009 Shareholding in company: Nil</p>	Morarka Finance Ltd. Faridpur Sugars Ltd. Dwarikesh Informatics Ltd.	Member	Member
<p>Shri Vijay S. Banka Qualification: Chartered Accountant Experience: A qualified Chartered Account associated with the Company since the past four years, Mr. Vijay S. Banka has nearly two decades of rich experience. Expertise: Finance & strategy Shareholding in company: Nil</p>	Morarka Finance Ltd. Faridpur Sugars Ltd.		
<p>Shri K. N. Prithviraj Qualification: C.A.I.I.B-I, M.A (Economics) Experience: He has, as an Independent Director of various companies' Boards, contributed significantly to the growth of many entities, such as Surana Ind. Ltd; Falcon Tyres Ltd; Brickwork Ratings India Pvt. Ltd. Mr. K. N. Prithviraj was also a Research Fellow of Department of Economics, University of Madras. Masters and has associated with organizations of repute like OBC, UBI, PNB, Oriental Insurance Company. Expertise: Banking, finance & economics. Director since 2009 Shareholding in company: Nil</p>	UTI Infrastructure Technology and Services Limited Axis Bank Ltd. Surana Industries Limited Falcon Tyres Limited Surana Power Limited PNB Investment Services Limited	Member Member	Member



Name, Concise Resume & functional Expertise of Director Appointment	Directorship in other companies	Committee positions held in other companies	
		Audit Committee	Investor grievance/ shareholders' committee
<p>Shri S. S. Vaidya Qualification: B.Com; LL.B. Experience: Mr. S.S. Vaidya brings to the table extensive and rich experience and expertise in legal matters pertaining to Company and Property Law. An advocate and solicitor, he has been associated as a Partner with M/s. Kanga & Company. Expertise: Commerce and Law. Director since 1994 Shareholding in company: Nil</p>	Prabhukripa Overseas Limited Siyaram Silk Mills limited Goldcrest Finance (India) Limited Orbit Corporation Limited Suashish Diamonds Limited Welspun Steel Limited Allied Digital Services Limited Avighna India Limited C. Mahendra Exports Limited Welspun Investments and Commercials Limited Welspun Projects Limited	--	--
<p>Shri Balkumar Agarwal Qualification: B.Com; LL.B; I.A.S. Experience: A former representative of the Government of Maharashtra on the BSE Board, retired as Additional Chief Secretary, Govt. of Maharashtra, has also been on the Boards of Industrial Investment Bank of India, SIDBI and SICOM, besides being Managing Director of the Maharashtra State Financial Corporation. Expertise: Commerce and Law. Director since 2005 Shareholding in company: Nil</p>	Motilal Oswal Financial Services Limited Motilal Oswal Securities Ltd. UB Engineering Limited Indian Commodity Exchange Limited	Chairman	

Notes:

1. Pursuant to the revised clause 49 of the listing agreement, only two committees viz. Audit Committee and shareholders' / investors' grievances committee have been considered.
2. The directorships in private limited companies, foreign companies and companies covered under section 25 of the Companies Act, 1956 have not been considered.

By The Order of the Board,
For **Dwarikesh Sugar Industries Limited**

Place: Mumbai
Date: November 28, 2011
Registered Office:
Dwarikesh Nagar – 246762
Dist: Bijnor, Uttar Pradesh.

B. J. Maheshwari
Whole Time Director & CS cum CCO



MANAGEMENT DISCUSSION AND ANALYSIS

World, in an economic turmoil

Financial risks have increased substantially over the past few months. Weaker growth prospects adversely affect both public and private finances and heighten the challenge of coping with heavy debt burdens. Strained public finances force policymakers to exercise particular care in the use of fiscal policy to support economic activity, while monetary policy has only limited room to provide additional stimulus. Against this backdrop, the crisis—now in its fifth year—has moved into a new, more political phase.

In the euro area, important steps have been taken to address current problems, but political differences *within* economies undergoing adjustment and *among* economies providing support have impeded achievement of a lasting solution. Meanwhile, the United States is faced with growing doubts over the ability of the political process to achieve a necessary consensus regarding medium-term fiscal adjustment, which is critically important for global stability. This environment of financial and political weakness elevates concerns about default risk and demands a coherent strategy to address contagion and strengthen financial systems. Indeed, a series of shocks have recently buffeted the global financial system: fresh market turbulence emanating from the euro area periphery, the credit downgrade of the United States, and signs of an economic slowdown.

The euro area sovereign credit strain from high-spread countries is estimated to have had a direct impact of about €200 billion on banks in the European Union since the outbreak of the sovereign debt crisis in 2010. This raises the risk of more severe deleveraging, credit contraction, and economic drag unless adequate actions are taken to deal with the sources of sovereign risk—through credible fiscal consolidation strategies—and to address the potential consequences for the financial system—through enhancing the robustness of banks.

Emerging market economies are at a more advanced phase in the credit cycle. Brighter growth prospects and stronger fundamentals, combined with low interest rates in advanced economies, have been attracting capital inflows. These flows have helped to fuel expansions in domestic liquidity and credit. However domestic economies where fiscal discipline is loose could face the problem of overheating, gradual buildup of financial imbalances, and deterioration in credit quality with piling up of nonperforming loans.

Risks are elevated, and time is running out to tackle vulnerabilities that threaten the global financial system and the ongoing economic recovery. The priorities in advanced economies are to address the legacy of the crisis and conclude financial regulatory reforms as soon as possible in order to improve the resilience of the system. Emerging markets must limit the buildup of financial imbalances while laying the foundations of a more robust financial framework.

Indian Economy – chugging along

Most experts are betting that the Indian economy will grow stronger, but they warn that high unemployment, a depressed housing industry and other problems could dampen growth. Meanwhile the spectre of runaway inflation looms large, despite its resilience to the recent global downturn.

India witnessed corruption charges rise to a crescendo and a whole session of Parliament was lost as opposition parties, demanding deeper investigation into the scams, refused to let it function. Since no political parties want fresh election this government may continue. But its trajectory has obviously been affected. There are policy logjams and this could create confusion. There are far too many policy reforms that are pending, but unfortunately, the parliamentary system has been bogged down by controversies, scams and corruption.

But the economy is expected to muscle ahead regardless, though the estimates of GDP growth have been scaled down to 7% by RBI. Monsoon has been near or above normal and this is something to cheer about. One big worry is inflation. The other concern is that of depreciating ₹ vis-à-vis other currencies. Though it would provide a shot in the arm to exports, imports have become prohibitive.

In order to tame inflation Reserve Bank has tweaked the interest rates at least 13 times in the last 14 months. This has resulted in partial moderation in the growth rates of investment and private consumption. However without addressing the supply side constraints the RBI policy of tweaking interest rates is found to be rather ineffective. Policy makers have the onerous task of galvanising the economy on the path of sustained growth on the one hand and moderating inflation on the other hand.

Another worrying development is the industrial sickness and dreadfully low growth of IIP. Sectors such as textile are maimed and battered. Power sector which was touted to be a sunrise sector is burdened by escalating costs as coal availability has become scarce and difficult. A few companies in the Aviation sector are staring at bankruptcy. Sugar Sector is not doing well and has been crying hoarse for releasing it from the shackles of control so as to somehow



survive. Many other Sectors are limping and resultantly the Banking Sector is also facing the heat. The problem for them is conundrum of myriad potential defaults and non-performing assets.

The Capital market isn't performing greatly with market cap of mid-cap and small cap companies significantly eroded. Decline in domestic equity prices is also attributable to significant outflows by FII's, driven largely by Global risk aversion. Government and RBI may have to initiate a series of bailout options for the bleeding sectors.

Indian Sugar Industry – on the crutches:

India is the world's largest consumer of sugar and the second largest producer of sugar after Brazil. The sugar sector is having dense penetration with all types of players in public, private and co-operative sectors with over 600 sugar mills and with presence of both organised and unorganised players in sugar sector. The industry is highly fragmented with no single player dominating the scene.

The sector's activity is not merely confined to sugar production but it also extends to the cogeneration of 5,000 MW of power and 4 billion litres of rectified spirits / alcohol. Besides all these, there is also a carbon credit story with a number of projects in India registered with UNFCCC. A new revenue stream is likely to be added from the ensuing crushing season as Sugar Companies generating power will be eligible to receive Renewal Energy Certificates (REC) for power consumed by them captively. These certificates can be traded on power exchanges. While carbon credit is available for power sold, RECs will be available for power consumed captively. The crux though in both cases is reduction of carbon emission.

Sugar industry is gripped with a plethora of problems. Rising input costs coupled with near stagnant selling prices have engulfed the industry in a vortex of problems. The sugar industry is a highly cyclic industry and is also a highly regulated one. While on the buy side State Government decides the price payable for purchase of sugarcane, on the sell side Central Government decides the quantity of sugar to be sold every month. In addition the industry has to bear the burden of subsidizing sale of sugar for public distribution.

Though the fundamentals of the sugar industry globally are very strong, domestic market does not reflect the same. The sentiments in the domestic market are yet bordering on despondency. For the fear of food inflation being fuelled, Government is not allowing free export of sugar. Small quantity of exports allowed sporadically thus far has hardly provided any fillip to the domestic market.

In the sugar cane crushing season 2011-12, sugar output is expected to be in excess of 26 million tons as against the estimated consumption of 22 million tons, making the sugar stock balance totally skewed against the industry. Besides industry does not have any respite in the matter of sugarcane pricing. Unfortunately the policies of Central Government aimed at pegging the sugar prices at lower levels in conjunction with the policies of State Government aimed at rewarding the farmers with highest possible price for sugarcane, regardless of the economics of sugar mills, has brought the industry to a stage of flux where it has not even the foggiest idea about the course of future events.

Sugar mills in the State of Uttar Pradesh are the worst hit. Based on the incentive scheme announced by the then Government, many sugar Companies executed capital projects involving several hundred crores so as to somehow reach the threshold limit stipulated in the incentive scheme. The incumbent Government scrapped the scheme. However damage is already done and the Industry is now saddled with excess capacity.

The Industry is in need of paradigm shift and deregulation of the industry is the only apt solution. Both Central and State Governments have so far been loath to decontrol the sector. However there is now broad consensus that industry needs to be de-shackled from controls for its healthy long-term cohesive growth. But these policy initiatives require steely determination on the part of Government and intent to sacrifice short term political gains in lieu of long term economic benefits. Sooner or later the business will undergo positive revolutionary changes. The Sugar Companies will then be able to cope with the market driven pulls and pressures, sans any doles and relief measures.

Global sugar industry, on a rollercoaster ride:

- After two pronounced global sugar deficits in 2008-09 and 2009-10, nearly 3 million tons of surplus production during 2010-11. Global production number got a shot in the arm because of unexpectedly higher production of 9.5 million tons in Thailand.
- Global Prices on a rollercoaster ride. Price declined dramatically over the quarter ended 31st March on account of upward revision of forecast production in Thailand, world's second largest exporter after Brazil.
- However prices rose significantly in the June quarter on account of lower expectation of production in Brazil.
- September quarter experienced a significant fall in the price. Trigger – better crop expectations in Northern Hemisphere, Thailand & India. Profit booking by the hedge funds also drove the prices down, albeit marginally.



In the global sugar landscape Brazil is the largest producer and the largest exporter of sugar. India is the largest consumer and second largest producer of sugar.

Changing International Landscape

- Tightened global sugar balance sheet of sugar. South Central Brazil revises its production estimates down. Production estimated to be in the range of 30 to 31 million tons as against original estimate of 34 million tons.
- However, Global new crop sugar supply forecast is still to be better than last year and this should keep the prices in check. Beet sugar production estimates in Russia and Euro-zone also stepped up
- Thailand has emerged as a major player. Though Thailand was devastated by floods, cane area lost was only 5%. Expected to produce 9.5 million tons in 2011-12, same as last year.
- Another key point of attention is the preliminary prospects of Indian production in 2011-12. As per available indications production forecast is extremely good.

Price card

- World sugar prices which had crashed to 21 cents per pound for NY raw and USD 600 per ton for London white during the March quarter bounced to 30 cents per pound for NY raw and 800 USD per ton for London White during the June Quarter.
- Price of raw sugar reached a high 30 cents per pound during September, 2011 at which level it found no support and started falling dramatically thereafter.
- Initially price rise was triggered by lower production estimates from Brazil. Price rise was truncated and the process of reversal started in September quarter on account of higher estimated production in India, Thailand and Russia. Sugar exports of 1.5 million tons from India also played a small role in the price fall in September quarter.
- Production in Brazil and India would be key drivers of sugar prices in future though low availability of stock will let the market remain vulnerable to supply side shocks. Export policy of India will play a decisive role.
- Presently NY raw is 24 cents per pound and London White is quoted at 630 USD per MT. On 22nd November, Government of India announced that it would further allow export of 1 million tons of sugar. This could depress the international prices.

International scenario in a nutshell

- Two or three countries play decisive role although sporadic surprises sprung by some countries have challenged the balance.
- Thailand to be a major exporter. Russia also expected to export sugar in 2011-12
- Weather in Brazil holds the key for cane yield and cane quality in Brazil.
- India expected to have bumper sugar production of 26 + million tons for the year 2011-12.
- Embargo on free export of sugar from India disturbing the Global sugar dynamics.
- Macro factors will have the potential to destabilize the market. The attitude of funds could drive the prices up or pull the same down. This is notwithstanding the market fundamentals.

World Sugar Balance

Particulars	2010-11 (MT/Raw Value)	2011-12 (MT/Raw Value)
Production	165.183	172.181
Consumption	163.989	167.717
Surplus/ (Deficit)	1.194	4.464

* Source: I.S.O. Quarterly market outlook : November 2011.

- Like year 2010-11, the year 2011-12 is also a surplus year
- Despite Brazilian woes, favorable prospects from Russia, India and Euro-zone - production estimated to be higher by 10 million tons.
- India expected to play a key role in the Global trade.
- Tightness to ampleness, whether will be a reality – questionable



India Sugar Balance

Particulars	2010-11 (MT)	2011-12 MT (estimated)
Opening Stock	5.0	6.0
Production	24.4	26.0
Imports	---	---
Total availability	29.4	32.0
Consumption	20.8	22
Export (including OGL and AL)	2.6	4.0
Total off-take	23.4	24.5
Closing Stock	6.0	6.0

The period covered above is October to September

- Prospects of 2011-11: 26 million tons and above.
- High cane price in 2010-11 has provided booster dose to area under sugarcane.
- Normal monsoons will inject more life to yield and recoveries.

Crushing Season 2010-11 – Highlights:

- Initial estimates for 2010-11 : 24 million tons.
- Actual production 24.4 million tons as against 18.8 million tons in the previous crushing season.
- Higher area under sugarcane partly responsible for increase in production.
- Higher sugarcane price resulted in lower diversion to unorganized sectors.
- Levy obligation restored to 10% from 20% in the previous year.
- Sugar prices continued to remain depressed. Various curbs and embargos placed on exports, stocking of sugar and higher free sale releases month after month put a lid on the selling price of sugar.

Sugar industry in Uttar Pradesh, in a maze of problems:

The industry is one of the largest in the State and in a State starved of Industrial development is the fulcrum around which the growth of the State depends. The industry in the State has a good mix of players from private, public and Co-operative Sector. The sugar mills in the State face exceptional challenges as compared to their peers in the State of Maharashtra and other Southern States:

- Mills in UP pay SAP for sugarcane which historically is significantly higher than the F&RP paid by sugar mills in Southern States.
- On account of agro-climatic conditions, the recovery is several notches lower than the recovery recorded in Maharashtra. Average recovery in Maharashtra is impressive 11% and above whereas the same is around 9.25% in UP.
- Average crushing days – 100 to 150 days. The state has excess capacity which cannibalised on account of the incentive policy announced by the then Government in 2006. The policy was subsequently scrapped by the incumbent Government. Excess capacity has not only reduced the number of crushing days, but has resulted in mills competing with one another and precipitating a bizarre price war. As compared the average crushing days for mills in Maharashtra and Southern India is 175 to 200 days. In other words the mills in Maharashtra and Southern India have much better asset turnover ratio and capital employed is more optimally utilised.
- Land holding in the State of Uttar Pradesh is highly fragmented. Use of advanced scientific farming practices is therefore, beyond the means of farmers in Uttar Pradesh. Agro-climatic conditions are also not very favourable. Consequently yield at farm level is sub-optimal.
- The price received by sugar mills in Maharashtra for sale of power to the State grid is higher than price received by their peers in the State of Uttar Pradesh.



Uttar Pradesh – Crushing season 2010-11 a snapshot

- Increase in State Administered Price (SAP) to ₹ 205 per quintal for the general variety from ₹ 165 per quintal in the season 2009-10, a whopping increase in excess of 24%.
- Recovery fractionally lower than the recovery recorded in the previous season.
- Yield at farm level lower than that clocked last year on account of incessant rains which ravaged sugar fields in the command area of many sugar mills. Sugarcane crop was buried at least a couple of feet under.
- Production of sugar 5.9 million tons as compared to 5.2 million tons produced in the previous crushing season.
- Many mills operated at sub-optimal capacity.
- Few mills of the co-operative and corporation sector privatised.
- Multiple barriers on sale of molasses adversely impacted the top-line and cash-flows of sugar Companies.

Higher price paid for 2010-11 has encouraged the farmers to plant more sugarcane. However mills face a yet another big challenge. Rejected and low recovery variety of sugarcane is still thriving in the command area of many mills. It will require gigantic effort on the part of sugar mills to eradicate such variety. Some help from the State Government is also required. It is estimated that production of sugar in Uttar Pradesh in the crushing season 2011-12 would be around 6.6 million tons.

Dwarikesh – number crunching:

Salient features of the crushing operations in Dwarikesh are listed herein under:

- Sugarcane crushing marginally lower.
- Production of sugar down by 2.29%.
- Recovery of sugar lower at DP and DD plants.
- Satisfactory utilisation of Co-generation capacity.

Particulars	2010-11	2009-10	% Change
Crushing (Lac/Quintals)	188.58	189.53	-0.50%
Recovery (%)	DN - 10.30 DP - 9.47 DD - 8.55	DN - 10.31 DP - 9.77 DD - 8.77	
Production (Lac/Quintals)	17.90	18.32	-2.29%

In totality, crushing and production was in line with the production and crushing last year, although crushing & production at DP units was lower. The command area of DP unit was ravaged by floods which resulted in damage to the crop. It also dealt a cruel blow to the recovery. DN plant maintained its highest standards of manufacturing efficiencies and clocked the best recovery in State. Recovery at DD plant though is lower and is a cause of concern. Massive cane development efforts have been embarked upon in the Command Area of DD unit that are aimed at bringing varietal change, planting of more and more sugar cane and better farming practices. Efforts are aimed at not only increase the area under sugarcane cultivation, but also to incentivise farmers to shift from rejected varieties to better varieties. There has been gradual reduction in the area under cultivation of rejected variety and it is expected that in a couple of years crushing and recovery at DD plant would improve by leaps and bounds.

Unit-wise performance:

Particulars	DN	DP	DD
Crushing (Lac/Quintals)	68.82	58.70	61.06
Recovery (%)	10.30	9.47	8.55
Total Losses (%)	1.85	1.93	2.07



The process losses recorded at DN and DP unit are among the lowest in the sugar industry in Uttar Pradesh. Recovery clocked at DN plant is the highest in the State of Uttar Pradesh.

	Lac/₹	
Cogeneration	2010-11	2009-10
Power Exported:		
DN	867	773
DP	2,212	2,541
DD	2,490	2,257
Total	5,569	5,571

Near stagnant revenue from sale of power is mainly on account lower number of crushing days at DP plant. Consequently power generation at DP plant was adversely impacted.

Financial Score Card:

	Lac/₹			
Particulars	2010-11	%	2009-10	%
Net Sales	58,404	100.00	55,507	100.00
EBIDTA	7,488	12.82	6,500	11.71
EBDTA	1,510	2.59	1,870	3.37
EBT	(1,762)	(3.02)	(1,336)	(2.41)

Depressed sugar market conditions impacted the prices which continued to be on the lower side throughout the year. EBIDTA margin though is better than last year. The main drag on the profitability was caused by higher interest cost. Higher working capital requirement and several hikes in the interest rates resulted in higher finance costs (up from ₹ 47 crores to ₹ 60 crores), though the Company earnestly tried to rationalise the same.

On account of operational efficiencies at plant level EBIDTA margin compares favorably with margins of other companies in the peer group. Comparatively better EBIDTA margins bears testimony of overall efficiencies and lower cost of production. Plant configuration and share of power income in the total revenue stream has also played a major role in improvement of EBIDTA margins. The bottom-line of the Company is under stress because of higher interest cost. In spite of several odds the Company has managed to earn cash profits during the year.

Domestic Sugar prices

- The sugar prices remained subdued and range-bound. Throughout the year price of free sale sugar hovered in the band of ₹ 2,700 to ₹ 2,800 per quintal. Considering 10% sugar offered for levy sale at a price of ₹ 1,900 per quintal average realisation on sale of total quantity is lesser by ₹ 100 per quintal.
- For the fear of food inflation being stoked, Government policies aimed at pegging domestic sugar prices at lower levels continued, regardless of the fact that the incidence of sugar price on inflation is minuscule.
- Ban on sugar export continued, though towards the end of year Government allowed export of three tranches of 500,000 Metric tons each. While mills closer to the coastal areas physically shipped the sugar out, mills in Uttar Pradesh and the hinterland surrendered their export entitlement to Traders and mills in the coastal area. In view of the higher international prices and low domestic prices, the industry was able to reap the benefit of price arbitrage. On the 22nd November, Government of India has announced that it would further allow export of 1 million tons. This announcement though welcome has come in a tad too late. However it would trigger initial euphoria in the domestic market and could lead to some spurt in prices. .
- Timeline restrictions on stock holding which continued throughout the year will cease to exist from the end of November, 2011. The sugar stock in the supply chain remains shrunk. On the whole, market sentiments remained dispirited.
- Comfortable stock levels revved by embargo on exports also drove the prices southwards. From the perspective of sugar mills prices prevailed below breakeven levels.

Low domestic vis-à-vis International prices

- International price of sugar throughout the year remained volatile. Raw sugar prices represented by NYR swung from a low of 14 cents a pound to 34 cents a pound while the London white prices reached a high of 875 USD per metric ton during June, 2011 which translates to a price approximately ₹ 4,000 per quintal. Unfortunately free exports were not allowed and the domestic industry could take no advantage of the arbitrage opportunity.



- Presently the international prices are rather subdued. Though Brazil has reported lesser sugar production, estimated bumper production from India, Thailand & Russia has dampened the international sugar price. Presently the price is hovering around 24 – 25 cents per pound for NY raw and USD 630 for London white.
- Price arbitrage opportunity seems to be frittered away as the Government continued to vacillate on allowing free export. The Government's fear is about the food inflation which has spiraled to higher level.

Export of sugar, a case of too little too late:

- Indian Government allowed export of 1.5 million tons in 3 tranches of 500,000 MT each.
- Companies who surrendered their export entitlement earned about ₹ 3,000 to ₹ 8,000 per ton. This was on account of the then prevailing price arbitrage in the domestic and International sugar prices.
- Government was expected to announce further export immediately after the Diwali festival. However the announcement to allow export of 1 million ton was made on the 22nd November, 2011. The delay has resulted in the price arbitrage opportunity being lost.
- Further call on allowability of export will perhaps be taken by the Government in January, 2012 by which time it feels that it will have credible estimates of production data.

Dichotomy of production estimates

- Government also has doubts about the credibility of production estimate and is therefore forever playing the waiting game.
- Government claims that it is not emboldened to announce higher exports on account of lack of credible data. However industry estimates for the year 2010-11 have proved adequately credible.
- Industry has estimated a production of 26 million tons for the year 2011-12 which has been supported by the Agriculture Ministry.
- However Food Ministry estimates that the production would be around 24.5 million tons, though it has lately revised it upwards to 25 million tons.
- It is high time that the Government announces a cohesive export policy so that industry players can in turn formulate their own hedging strategies.

Season 2011-12 – an ominous beginning

- Production is estimated to be in excess of 26 million tons.
- Area under sugarcane acreage is 5.14 million hectares as compared to 4.9 million hectares, up by 5%. Monsoon has been generally good and bodes well for the sugarcane crop.
- Central Government announced a FRP of ₹ 145 per quintal linked to a recovery 9.5%. However FRP has no relevance in the State of Uttar Pradesh.
- State Government of Uttar Pradesh issued a diktat to the sugar mills asking them start crushing in the first week of November whereas most mills normally start crushing in the second or the third week of November. Neither the sugarcane reservation orders were passed nor was sugarcane price announced. Most mills complied and started crushing
- A price of ₹ 240 per quintal was announced for the general variety of sugarcane and prices of ₹ 250 per quintal was announced for the early variety. While price of general variety is higher by ₹ 35 per quintal, for the general variety it is higher by ₹ 40 per quintal over the previous year.
- The price of sugarcane has been increased by 46% in a span of two years.
- Aggrieved by the steep hike in price the industry Association has filed a writ petition in the High Court of Lucknow.
- Farmers of Maharashtra also launched an agitation for higher price. Government intervention ensured an increase in sugarcane price, though the increase is not as pronounced as in UP.
- Price of sugar – On a marginally increasing trend, though it would be preposterous to forecast its trajectory in future. International prices have already plummeted on the news of higher production in India, Thailand and Russia. It is tad ironical that India, inspite of being the largest sugar consuming nation and the second largest sugar producing nation has a continuously bleeding sugar industry.

Decontrol, eternal wait

- Decontrol is nemesis of sugar industry, according to policy makers.
- Only industry that remains regulated. Even the oil sector has been deregulated.
- Only industry which pays cash for its raw material purchases and hold stocks on an average for 7 to 8 months on



behalf of consumers, in the process incurring storage, logistic and other stock carrying financial costs. It is also required to cede 10% of its production for public distribution purposes at a price which is almost 60% of its cost of production.

- State Government continues to hold domain over fixing up price of raw material. Often the pricing decision is driven by politics rather than by economics.
- Deregulation will result in the men of the industry being separated from boys as there would be intense battle for survival and only the fittest would survive. This would in turn lead to growth and consolidation.
- Deregulation of the sector would eventually benefit the farmers and consumers as there would be all round efficiency.
- Sugar sector which has recorded the lowest CAGR would show signs of resurgence and provide reasonable returns on investment. Decontrol may open floodgates of FI Investment and FD Investment in the sector.
- Government is seriously mulling decontrol. However there are multiple pulls and pressures and it will require strong political will to press the pedal and put the process on an overdrive. Government has constituted several High level Committees to examine the matter. However the process is yet to kick-start. Besides there being endless intellectual combat on the subject, nothing noteworthy has emerged.

Ethanol:

Ethanol is produced from molasses, a by-product generated by sugar industry. It is blended with gasoline and used as an automotive fuel. It is considered as renewable fuel. Unlike Brazil, India is more focused on sugar production rather than ethanol. In India Ethanol blending program is yet to gather momentum. Often the interests of sugar industry in so far as the promotion of use of ethanol is concerned are found to be in conflict with the interests of the oil industry and chemical industry. Consequently, there is flip-flop and the ethanol blending program is lying in a state of virtual inertia.

The process of pricing ethanol each year in itself is acrimonious and fraught with multiple problems. All three Ministries viz. the Food, Oil & Chemical Ministry are found wrangling with one another. Ethanol usage can address the energy needs of the nation and resultantly foreign exchange reserves of the nation can be more gainfully deployed. While ethanol is a derivative product for Indian Sugar industry, it is besides sugar, the main product for the Brazilian Sugar industry.

Co-generation:

India is short on power capacity. The Indian sugar industries have traditionally been practicing cogeneration of power by using bagasse as fuel. The Indian sugar industry has capabilities to produce 5,000 MW of power through cogeneration which can be scaled up. Apart from the captive consumption, the surplus power generated can be sold / traded which can assist the sugar industry to improve its viabilities and diversify its business model, besides help mitigating the energy crisis in the Country. The sugar industry in India has woken up and realised its potential to generate power. However there are many sugar mills which for obvious reason are still using the old, rundown, inefficient boilers & turbines. Resultantly the power generation is far below its potential. The need of the hour is to upgrade boilers to high pressure boilers, use efficient turbines and automate the process so that steam usage is economised, power generation maximised and revenues optimised.

Risks & Concerns:

• Raw material risks

The risk could be of farmers switching over to other cash crops, diversion of sugarcane to unorganized sector, adverse weather conditions causing erosion in yield and consequently supplies to the mills and most importantly the risk of State Government mandating arbitrarily high prices of sugarcane.

• Sugar Price Risk

Volatility in the sugar prices on the back of wildly oscillating sugar production.

• Regulatory risks

Sugar Industry operates in a highly regulated environment. Any change in the Government policy could impact the sugar industry and your Company.

As part of our business strategy we are constantly expanding. Our strategy of expansion exposes us to risks such as cost over runs of the project, delay in implementation of the project leading to strain and stress on the financial position of the Company.

The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimization procedures and periodical reviews, to ensure that the risk is controlled by the Executive management through the means of a properly defined policy.



1. Raw material risk: lower cane realization may prompt farmers to shift to alternate crops, threatening Company's significant investment in assets and infrastructure.

Risk mitigations:

As a focused producer, the Company has invested in enduring farmer relationships through the following initiatives:

- a. Educating the farmers on advantages of growing sugar cane.
 - b. Provision of high yielding seeds, cane disease management, timely payment of cane price, etc.
 - c. Encouraging the farmers to grow more sugar cane and making cane cultivation attractive.
 - d. Providing subsidies to plant better variety of Sugar cane.
2. Sugar Price Risk: There is volatility in the sugar price on account of oscillating sugar production.

Risk Mitigations:

The company has sizable capacity of power cogeneration. Thus company is de-risking its business to address to the problems of volatility in sugar prices. The Company is also planning some hedging strategies so as to capture the upside in the volatility in the global sugar prices in its revenue stream.

3. Political and regulatory risks: Sugar is one of the industries still to be liberalized. The government still stipulates the minimum cane price that the sugar companies should pay to the farmers. Even the release of sugar for domestic sale is controlled by the government.

Risk mitigation:

This is a systemic risk which cannot be alleviated unless the industry is completely decontrolled. Way forward is complete deregulation of sugar industry and consolidation of the industry.

ACCOUNTING POLICIES:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The significant accounting policies followed by your Company are stated in Schedule 'A' & Schedule 'B' - Significant Accounting policies and notes on accounts forming part of the annual report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against perils of unauthorized use or disposition. Towards enhancing the efficacy of internal controls, services of external consultants are hired. Their suggestions are reviewed and implemented. Your Company also periodically reviews its business processes with a view to fine tune them.

Your Company also has in place an Internal audit system, whereby an independent professional firm of Internal Auditors conduct regular audits across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise Management on corrective polices, if necessary.

HUMAN CAPITAL:

Your Company recognizes the importance of human capital and is in the process of building a strong talent pool which would provide it with the competitive edge. Your Company has started series of initiatives for talent acquisition and retention.

Skill mapping and matching is done on a continuous basis. Assessment of training and development needs of the employees is carried out at the time of performance appraisals and the training programs are then designed to bridge gaps, if any. Key Result Areas of employees are determined and their performance evaluated accordingly.

The industrial relations continued to be cordial with spirit of bonhomie and camaraderie prevailing among the rank and file of employees. Your Company employed a total of 956 employees during the year.

**CAUTIONARY STATEMENT:**

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



DIRECTOR'S REPORT

The Members of the Company,

Your Directors take pleasure in presenting their Eighteenth Annual Report together with the audited accounts for the year ended 30th September 2011.

1. FINANCIAL RESULTS

	INR in lacs Year ended 30.09.2011	INR in lacs Year ended 30.09.2010
Gross profit before depreciation, interest & tax	7,487.23	6,500.24
Less: Depreciation	3,271.80	3,205.86
Interest	5,977.83	4,630.69
Profit / (Loss) before tax and exceptional items	(1,762.40)	(1,336.31)
Less: Provision for taxes (including previous year)	132.16	12.46
Fringe Benefit Tax	0.06	(2.68)
Deferred tax liability	(578.31)	(440.55)
Profit after tax	(1,316.31)	(905.55)
Add: Balance brought forward from previous year	(818.56)	86.99
Amount available for appropriation	(2,134.87)	(818.56)
Appropriations:		
Balance carried forward to next year	(2,134.87)	(818.56)
	(2,134.87)	(818.56)

2. DIVIDEND

In view of losses during the year & on account of inadequate amount available in Profit & Loss Account brought forward from the earlier year, your directors are compelled to skip dividend on 8% and 12% Cumulative Redeemable Preference Shares and also on the Equity Shares for the year.

The dividend on Cumulative Redeemable Preference Shares (both 8% & 12% series) are being accumulated and will be paid in the year of profit.

3. YEAR IN RETROSPECT

OPERATIONS:

Metrics of sugarcane crushed, sugar produced and recovery achieved during the year is given herein under:

Units	Cane crushed in MT	Sugar produced in quintals	Recovery in %
Dwarikesh Nagar (DN)	688,234	710,349	10.30
Dwarikesh Puram (DP)	587,003	557,845	9.47
Dwarikesh Dham (DD)	610,571	522,085	8.55
Total	1,885,808	1,790,279	

Your Directors are pleased to inform that the recovery recorded at DN plant was the highest in State of Uttar Pradesh.

Performance of cogeneration division: Metrics of power sold:

Unit	2010-11		2009-10	
	Power sold in lac units	Amount in ₹ lacs	Power sold in lac units	Amount in ₹ lacs
DN	222	867	203	773
DP	538	2,212	627	2,541
DD	606	2,490	559	2,257
Total	1,366	5,569	1,389	5,571

Performance of Distillery:

During the year 4,347,511 Litres of Industrial Alcohol (previous year 4,226,785 Litres) and no Ethanol (previous year 516,214) was produced at Dwarikesh Nagar Unit of the Company. In value terms the sale of rectified spirit was ₹ 1,183.28 lacs (previous year ₹ 882.13 lacs).

**4. FINANCIAL PERFORMANCE:**

Financially, if year 2009-10 was challenging, year 2010-11 was frustrating. Non-levy sugar prices remained stagnant and range bound between ₹ 2,700 and ₹ 2,800 per quintal. While the yearly average in 2009-10 was close to ₹ 3,000 per quintal, the same was around ₹ 2,750 per quintal in the year 2010-11. Central Government continued with its policies aimed at pegging the sugar price at lower levels. SAP for sugarcane was announced at ₹ 205 per quintal for the general variety of sugarcane.

Surplus sugar production in the nation and continued embargo on export of sugar pegged the sugar prices at lower levels. Though some exports were allowed, it was too little and too late. Lower selling price of sugar and other by-products, had its impact on the bottom-line of your Company. Your Company posted after tax loss of ₹ 13.16 crores as against after tax loss of ₹ 9.06 crores in the previous year. Only redeeming feature of the results is that the Company has earned cash profits.

Financial highlights are given below:

Particulars	Lac/₹			
	2010-11	%	2009-10	%
Net Sales	58,404	100.00	55,507	100.00
EBIDTA	7,488	12.82	6,500	11.71
EBDTA	1,510	2.59	1,870	3.37
EBT	(1,762)	(3.02)	(1,336)	(2.41)

Following analogy can be drawn from the above numbers:

- EBIDTA in absolute terms as well as in percentage terms is better than the EBIDTA for the earlier year. The EBIDTA in absolute terms is higher by approximately ₹ 10 crores and in % terms is at least 1% better.
- Evidently the main drag on the profitability was caused by higher interest costs. Interest cost during the year at ₹ 59.78 crores was higher by ₹ 13.47 crores over the interest cost of previous year. Incidence of interest was higher on account the following reasons:
 - Carrying of larger inventory and consequently higher requirement of working capital
 - Multiple upward revisions in interest rates by Banks.
- Net Sales during the year is marginally higher and production of sugar more or less static as compared to previous year.
- Though average realisation on sale of sugar was lesser, raw material cost was also lower. Year 2009-10 was exceptional in the sense that sugar mills in Uttar Pradesh vied with one another and ended up paying higher than State mandated SAP. However, during the current year Mills procured sugarcane at State mandated SAP
- EBIDTA margin of your Company for the year could have been a trifle better. However command area of the DP plant was devastated by floods. As a result the yield at farm level and recovery & crushing at plant level suffered. This again was an unfortunate and exceptional development.
- Regardless of all these factors EBIDTA margin of your company is better than the EBIDTA margin many peer group sugar Companies. Comparatively better EBIDTA margins bears testimony of overall efficiencies and lower cost of production. Plant capacity configuration and enhanced share of power income in the total revenue stream has also played a major role in improvement of EBIDTA margins.
- Though your Company continues to ruthlessly and relentlessly attack costs, it is helpless in putting a lid on the interest cost. The financial numbers of the Company are undergoing grind mainly on account of interest cost. The Company strives to rationalise its interest cost by recalibrating its debt profile, wherever possible.

5. CANE & SUGAR POLICY:

The main policies of the government in relation to the sugar industry during the year were

- The ratio of levy and free sale sugar was 10:90 for the crushing season 2010-11.
- The price of levy sugar for Central U.P. has been increased during the year to ₹ 1900.88 per quintal for the sugar season 2010-11.



- The Fair & Remunerative Price (FRP) for the crushing season 2010-11 was ₹ 139.12 per quintal and the same has now been increased to ₹ 145 per quintal for 2011-12.
- Chronology of SMP announced by the Central Government on the basis of recovery is given herein under:

Season	SMP ₹ / Quintal.
2000-01	59.50
2001-02	62.05
2002-03	64.50
2002-03 (Revised)	69.50
2003-04	73.00
2004-05	74.50
2005-06	79.50
2006-07	80.25
2007-08	81.18
2008-09	81.18
2009-10	107.76
2009-10 (SMP replaced by FRP)	129.84
2010-11	139.12
2011-12	145.00

- For the crushing season 2010-11, the State Government of Uttar Pradesh announced State Administered Price (SAP) of ₹ 205 per quintal of sugarcane of the general variety to be delivered at the factory gate, which has now been steeply increased to ₹ 240 per quintal for general variety, an increase of ₹ 35 per quintal and to ₹ 250 per quintal for early variety, an increase of ₹ 40 per quintal for the season 2011-12. The said increase is sharp rise of around 17% for the General variety of Sugar cane and is another blow to the beleaguered sugar industry.

6. DIRECTORS

During the year, Shri M G Diwan and Shri K P Medhekar have resigned from their directorships in the company. Pursuant to Article 146 of the Articles of Association of the company, Shri S.S. Vaidya, Shri K.N.Prithviraj and Shri B.K.Agarwal, retire in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Shri B J Maheshwari and Shri Vijay S Banka have been re-appointed for a period of 3 years from May 1, 2012 to 30th April, 2015. The terms of their remuneration is set out in the Notice of the Annual General Meeting.

7. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

- in the preparation of the annual accounts, applicable Accounting Standards have been followed with proper explanation relating to material departures, if any;
- Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profit of your company for that period;
- Taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- Prepared the Annual accounts on a going concern basis.

8. CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of corporate governance, Management Discussion and Analysis statement forms part of the Annual report.

9. EMPLOYEES

In accordance with the provisions of sections 217 (2A), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the directors report, as an addendum thereto. However, as per the provisions of section 219 (1)(b)(iv) of the Companies Act, 1956, the report and



accounts, as therein set out, are being sent to all members of the company excluding the aforesaid information about employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Pursuant to section 217 (1)(e) of the Companies Act, 1956, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo are furnished in Annexure –I and form a part of this report.

11. SUBSIDIARY COMPANY'S REPORT:

During the year, company has divested 60% stake (30,000 equity shares of ₹ 10 each) in its wholly owned subsidiary viz. Faridpur Sugars Limited (FSL) which was formed on 9th February, 2010. Therefore, FSL is now more subsidiary company of DwariKesh Sugar Industries Limited and hence the requirement of furnishing details of the subsidiary company under section 212 of the Companies Act, 1956 is not applicable.

12. AUDITORS & AUDITOR'S REPORT:

There are no qualifications in the Auditors report.

The Auditors, M/s S S Kothari Mehta & Co., Chartered Accountants retire at the ensuing Annual General Meeting of the Company. You are requested to re-appoint the Auditors for the accounting year 2011-12 and fix their remuneration. M/s S S Kothari Mehta & Co., Chartered Accountants, being eligible, have offered themselves for reappointment.

The observations regarding cane price and conversion of free sugar into levy sugar have been explained satisfactorily in note no 12 and 13 respectively of Schedule B to the Notes on accounts.

13. PUBLIC DEPOSITS

The Company does not have any fixed deposits at the beginning of the year in terms of Section 58A of the Companies Act, 1956. The Company did not accept any deposits during the year.

14. ACKNOWLEDGEMENT

Your directors wish to place on record their sincere gratitude and appreciation to its share holders, sugar cane growers, employees, bankers, financial institutions, Central & State Government Agencies for their valuable contribution in the growth of the organisation.

By Order of the Board
For **DWARIKESH SUGAR INDUSTRIES LIMITED**

VIJAY S BANKA
WHOLE TIME DIRECTOR & CFO

B J MAHESHWARI
WHOLE TIME DIRECTOR & CS Cum CCO

Place : Mumbai

Dated : 28th November, 2011



ANNEXURE - I

PARTICULARS AS REQUIRED UNDER THE COMPANIES [DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS] RULES, 1988.

1. CONSERVATION OF ENERGY

Energy conservation is an on-going activity in the Company and the efforts to conserve energy through improved operational methods and other means are continuing. Details of total energy consumption and energy consumption per unit of production are furnished in the prescribed Form 'A' below.

FORM 'A'

[See Rule 2]

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 2010-11	Previous Year 2009-10
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Unit – KWH	720,098	692,933
Total amount (₹)	5,718,770	5,629,613
Rate / Unit (₹)	7.94	8.12
b) Own Generation		
i) Through Diesel Generator		
Unit –KWH	202,062	113140
Unit Per Ltr of Diesel	2.99	3.02
Oil cost/Unit(₹)	13.04	11.85
ii) Through Steam Turbine/Generator		
Unit –KWH	211,625,046	212,637,950
Unit per Ltr of fuel		
Oil/Gas		
Cost/Unit (₹)		
2. Coal (Specify quantity and where used)		
Quantity (Tons)	NIL	NIL
Total Cost	N.A.	N.A.
Average Rate	N.A.	N.A.
3. Furnace Oil		
Quantity (Kilo Ltrs.)	NIL	NIL
Total amount	N.A.	N.A.
Average Rate	N.A.	N.A.
4. Other / internal Generation		

	Bagasse (Qtls.)		Firewood (Qtls.)		Diesel (Ltrs.)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Quantity	6,163,092	5,899,703	341.9	374	67,587	37,348
Total Cost (₹)	Own generation	Own generation	162,403	158,844	2633697	1,340,091
Rate/Unit (₹)		--	475		38.97	35.88

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT - SUGAR (Unit Qtls.)

Total Sugar Produced = 1,790,279 Qtls

	Standards (if any)	Current Year 2010-11	Previous Year 2009-10
Electricity (KWH)	N.A.	--	--
Furnace Oil	N.A.	--	--
Coal (Specify Qua)	N.A.	--	--
Others (Specify)	N.A.	--	--
Firewood (MT)	N.A.	--	--
G.N. Husk (MT)	N.A.	--	--
Bagasse (MT)		0.34 MT/Qtls of Sugar	0.34 MT/Qtls of Sugar



TECHNOLOGY ABSORPTION FORM-B

FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF ABSORPTION.

A RESEARCH AND DEVELOPMENT:

Specific Area

- 1 Proper interaction with prominent cane growers of the area, sugar cane scientists / research stations and CDCs / Cane Co-operative Societies of the reserved zone to educate the cane cultivators and field staff members to disseminate the new and improved cane cultivation technology, innovation in sugarcane research and modern farming practices. Educating farmers for adoption of crop rotation, ratoon management, raising different nurseries for multiplication of seed as well as for commercial cultivation, use of Bio-agents, and adoption of cultural practices, plant protection from pest and diseases.
- 2 Analysis of soil samples of the reserved zone has been done for almost all villages in the reserved zone; soil map is prepared for finding the NPK available in the soil and requirement for cane cultivation along with data of PH organic carbon etc. Growers are advised to use inputs as per requirements of soil so that optimum fertilizer dose can be given to maximise yield of cane crop and other prominent crops. Efforts are being made to find out micronutrients deficiency through KVK Nagina or from other soil testing labs, where such facility is available. As per reporting of soil analysis of different villages and centres recommendation is being given to the cane growers, so that concept and use of balance fertilizer could be maintained.
- 3 Arrangement of agrochemicals for soil treatment, seed treatment and control of other pests affecting the sugarcane crop in our area. Agrochemicals are provided on subsidised rates with the subsidy ranging between 25% to 75%. Fertilizers and bio fertilizers are also provided on subsidised rates. In Spring planted cane severe incidence of Top Borer appeared especially in plant cane crop, which got controlled through application of Furadon 3G to the maximum extent.
- 4 Distribution of nuclear cane seeds of different improved varieties like CoS- 96268, 96275, 03234, 7250, CoJ 88, Co 0238, 0239, 0118, 98014, CoJ 83, CoJ- 85, etc. for raising the foundation seed nurseries and subsequent multiplication in primary and secondary nurseries. Allotted nuclear cane seed of different cane varieties obtained from research stations / centres are distributed through CDCs. Subsidy is also provided to nursery holders at mills level also. All these varieties have been found suitable and are under further multiplication.
- 5 Proper supervision of cane seed nurseries is provided by our technically trained staff. Sugarcane Scientists are invited to provide technical guidance to farmers for propagation and multiplication of better quality cane seed.
- 6 Cane seed treatment of improved varieties through M.H.A.T. units to control seed born diseases like grassy shoot disease, Ratoon stunting disease, red leaf strip, leaf streak and leaf stripe diseases etc. Cane seed treatment also helps in controlling the spread of Wilt, Red-rot Smut etc.
- 7 Education to the farmers regarding intercultural practices in sugar cane crop to achieve higher profitability with proper yield with good quality of cane. Conducted village meetings, arranged staff and farmers training. Arranged farmers' tour to sugar cane Research station and at other progressive farmers' fields. Also arranged staff training and in house refresher programme (lecture). Small growers have taken interest for intercropping of pulse crops.
- 8 Construction, Repairing and Maintenance of link roads in reserved zone, wherever it is required to facilitate easy transportation of sugarcane from the respective fields/ villages of farmers to centres and from centres to mills. With the help of Cane Development Councils' construction / major repairing of link road has been undertaking on war footing basis and the same process is continuing.
- 9 Conduct demonstration and trial of different cane varieties, fertilizers, manures and effectiveness of different agrochemicals in different soil conditions, topography and means of irrigation to determine the best means for its general adoption.
- 10 A large number of Deep tube well boring on free of charge is being under taken, since last 5 years back in the growers field in dry belt of Badhapur and Najibabad gate areas villages and this process is continuing as such.

**B BENEFITS DERIVED:**

- 1 Area under Early and new improved varieties increased. New improved varieties like- Co-0238, 0239, 0118, 98014, CoS-96268, CoJ-83, 85, 88 etc are on fast multiplying because of increase in cane yield as well as sugar recovery. Rejected and unsuitable cane varieties are being replaced with new improved cane varieties.
- 2 Distribution of cane seed of improved varieties, use of Bio- agents/Agrochemicals, for plant protection measures & other developmental activities have improved production, productivity and sugar recovery.
- 3 Use of improved agricultural implements, helped in mechanized cane cultivation, use of sprayers in protection of cane crops from pests & diseases. It has increased the cane yield and made sugar cane cultivation easy and economic.
- 4 Exhibition of demonstration plots to cane growers, farmers meeting, training and tour programmes have been very much helpful in imparting improved technical know-how of sugar cane cultivation to cane growers as well as staff members.
- 5 Awareness about improved cultural practices of sugar cane cultivation to obtain better yield as well as better quality of cane has been created.
- 6 Cane planting target which was fixed for 11700 hect but our actual achievement could have been 15% over and above the target and for the same encouraged with suitable incentive to the staff members. Overall cane area has also been increase by about 6%, over and above the last year's cane area.
- 7 Due to development of irrigation facility in dry belt where only deep tube well boring is possible, our scheme has helped to more than 100 growers, it has also increased the cane area as well as cane yield.

C ACTION PLAN:

- 1 Fixing staff wise target for replacement of rejected and unsuitable varieties and increase the area under new improved varieties to maintain varietal balance. New tested and suitable varieties are under process of fast multiplication.
- 2 To continue to maintain new improved seed nurseries like –Co-0238, 0239 and 0118, CoS-96268, CoJ-85, 83, 88 etc under supervision of our trained and senior staff so as to achieve the results of low fibre, high sugar and high yield from these cane varieties. With the limited availability of cane seed of these varieties we are multiplying at fast speed.
- 3 Conduct more and more farmers meeting & Seminars with a view to educate the farmers on new Technology, modern practices in cane cultivation, ratoon management etc, which have proven to be very useful through creating positive impact on the cane growers, to obtained higher yield and better sugar recovery.
- 4 Focus on construction of link roads for easy transportation of sugar cane at mills gate as well as of out centres, to facilitate sugarcane suppliers as well as cane transporters with a view to reduce cane transportation cost.
- 5 Free boring facility is being provided in continuation onward.
- 6 To encourage farmers to do autumn planting on a large scale for facilitating multiple cropping which would in turn maximise their returns.

II TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**EFFORTS MADE:**

- i Results of raising nurseries of different new and improved varieties and seed multiplication program has helped in improvement in suitable varietal combination, significant improvement in cane yield as well as sugar cane recovery. Distribution of different agrochemicals has helped in protection of crop from pest and diseases helping improvement in cane yield as well as cane productivity and quality of cane.
- ii The company is making efforts for introduction of more and more labour efficient processes.
- iii The Company is planning to set up own research farms with the objective of conducting demonstrations and trials frequently so as to find better varieties of sugarcane and innovation in cultivation practices for obtaining quality cane production.

New and improved the implements like- Trench ridger, M.B.plough, Disk plough, Sugarcane cultivator, Sugarcane planter etc. have come in the market. These are cost effective and give better performance. Such equipment, have been purchased and their services are provided g to the cane planters free of charge.

IMPORTED TECHNOLOGY Not applicable

**III FOREIGN EXCHANGE EARNING AND OUTGO**

Activities relating to exports

The company has not made any exports during the year.

EXPENDITURE IN FOREIGN CURRENCY:

	₹
Amortization of Global Depository receipt expenses (GDR) (net)	Nil (3,011,128)
Interest on Foreign Currency Term Loan	118,492,749 (132,010,559)
EARNINGS IN FOREIGN CURRENCY	17,494,659 (Nil)

IV EXPENDITURE INCURRED ON R&D

(₹ in Lakhs)

a)	Capital	Nil
b)	Recurring	388.28
c)	Total	388.28
d)	Total R &D expenditure as percentage of total turnover	0.66%



CORPORATE GOVERNANCE REPORT

INTRODUCTION: Corporate Governance is the mechanism by which the values, principles, management policies and procedures of a corporation are made manifest in the real world. Corporate Governance contemplates fairness, transparency, accountability and responsibility in the functioning of the management and the board of companies. Corporate Governance represents moral framework, the ethical framework and the value framework under which an enterprise takes decisions.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company has implemented and continuously tries to improve the Corporate Governance Practices which attempt to meet stakeholders' expectations' and company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting the business and finally with strict compliance with regulatory guidelines on corporate governance.

"Transparency, honesty, efficiency, complete and timely disclosure and sustained enhancement of shareholders value, justice to vendors, employees and the society at large are the cardinal principles of Corporate Governance for your Company"

CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 of the Listing Agreement with the Stock Exchange sets up the norms and disclosures that are required to be met by the Company on the Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report. Certificate of the Statutory Auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement with the Stock Exchange, is enclosed.

2. BOARD OF DIRECTORS

Composition and Category

The Current policy is to have an appropriate mix of executives and independent directors to maintain the independence of the Board. As on 30th September, 2011 the constitution of the Board was:

There are 9 Directors in the Company as on 30th September, 2011. Mr M.G. Diwan and Mr. K. P. Medhekar have resigned from their directorships w.e.f. July 23, 2011 and June 1, 2011 respectively.

Name of the Director	Category	No. of other Directorship	No of membership of other Board committee*	No of Board Committee for which Chairman	No. of Equity shares held
Mr. G. R. Morarka	Chairman & Managing Director	4	2	-	2,792,885
Mr. S. S. Vaidya	Independent Non executive Director	11	0	-	-
Mr. L.N. Heda	Independent Non executive Director	0	0	-	-
Mr. K.L.Garg	Independent Non executive Director -IDBI Nominee	0	0	-	-
Mr. B. K. Agarwal	Independent Non executive Director	4	0	1	-
Mr. B. J. Maheshwari	Whole Time Director	3	2	-	113
Mr. Vijay S Banka	Whole Time Director	2	0	0	10
Mr. K. N. Prithviraj	Independent Non executive Director	6	3	0	-
Mr. Harshvardhan Noetia	Independent Non executive Director	14	2	4	-

*In accordance with clause 49, directorships of only public limited companies have been considered. The directorships in section 25 companies and private companies have been excluded. Further, memberships & chairmanships of only Audit committee and Shareholders/Investors Grievance Committee of all Public Limited Companies (excluding Dwarikesh Sugar Industries Limited) have been considered.

**Directors retiring by rotation & seeking appointment / re-appointment.**

Pursuant to Article 146 of the Articles of Association of the company, Mr. S. S. Vaidya, Mr. K.N.Prithviraj and Mr. Balkumar Agarwal, retire in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr B.J. Maheshwari & Mr Vijay S. Banka's reappointments are due on 1st May, 2012 & are reappointed subject to approval of shareholders in the ensuing Annual General meeting.

Details of the directors seeking appointment / re-appointment are provided in the Notice of the Annual General Meeting, which is forming part of this Annual report.

Remuneration to Directors:

Effective 19th October, 2007, each director (except Chairman & Managing Director, Whole Time Directors) is paid a sitting fees @ ₹ 10,000 per meeting of Board of Directors of the Company for attending the meeting.

Mr. G. R. Morarka, Mr. B. J. Maheshwari and Mr. Vijay S Banka are the Whole Time Directors in the Company.

Mr. G. R. Morarka is entitled to remuneration up to 5 % of net profits of the Company (computed as per section 349 and 350 of the Companies Act, 1956), by way of salaries, perquisites, Exgratia, medical reimbursement, allowances and commission. The renewal of terms of remuneration was approved in the 16th Annual General Meeting w.e.f. 1st April, 2010 for a period of three years. The detailed terms of remuneration were outlined in item no.9 of the explanatory statement annexed to the notice of 16th Annual General Meeting. The details of remuneration paid / payable to Shri Morarka is provided in note no.7 to the Notes on accounts.

Mr. B. J. Maheshwari and Mr. Vijay S.Banka are paid minimum remuneration as per schedule XIII of the Companies Act subject to overall ceiling of remuneration of 10% of the net profits payable to Managing Directors and Whole Time Directors. The details of remuneration payable to Mr. Maheshwari & Mr. Banka are provided in note no.7 to the Notes on accounts.

Details of the Directors' remuneration:

The details of the remuneration paid or provided to the directors of the company for the year ended 30th September, 2011 are provided below:

A. Executive Directors:

1. Remuneration to Managing Director

Particulars	2010-2011 ₹
Salary	4,800,000
Leave Encashment	-----
	4,800,000
Add: Company's Contribution to P.F. (exempted allowance)	576,000
Total	5,376,000

(Commission to Managing Director is not payable in view of inadequacy of profit as per Schedule XIII of the Companies Act, 1956 and hence not provided for)

2. Remuneration to other Whole time directors

Salary	3,809,916
Other Allowances	2,812,800
Leave Salary	131,274
Interim Bonus	445,500
Company's Contribution to P.F. (exempted allowance)	457,191
Total	7,656,681

- The terms of office of executive directors are for 3 years from the date of their respective appointment / reappointment. The company does have any service contracts with executive directors.
- Notice period is nil in case of Mr. G. R. Morarka and 24 months each in cases of Mr. B. J. Maheshwari and Mr. V. S. Banka. No stock options have been granted to any directors nor pension is payable to them.
- Severance fees is nil



B. Non-Executive Directors:

Name of the Director	Sitting fees (in ₹)	Commission payable (In ₹)	Total Payments paid / payable in 2010-11 (In ₹)
Mr. M.G. Diwan	32,000	0	32,000
Mr. S.S. Vaidya	30,000	0	30,000
Mr. K.P. Medhekar	20,000	0	20,000
Mr. L.N. Heda	0	0	0
Mr. K.L. Garg	40,000	0	40,000
Mr. B.K. Agarwal	43,500	0	43,500
Mr. Harshvardhan Neotia	0	0	0
Mr. K.N. Prithviraj	40,000	0	40,000

CEO/CFO certificate is attached along with the report.

Attendance of each Director at the Board Meetings and the Last Annual General Meeting:

During the financial year ended 30th September, 2011, 4 Board Meetings were held: on November 29, 2010; February 14, 2011; May 14, 2011 & August 12, 2011. The attendance of each director at these Board meetings and the last Annual General Meeting (AGM) was as follows:

Name of the directors	No. of Board meeting attended	Attendance at Last AGM held on 16 th March, 2011
Mr. G.R. Morarka	3	Yes
Mr. S.S. Vaidya	3	No
Mr. M.G. Diwan (since resigned)	2	No
Mr. K.P. Medhekar (since resigned)	2	No
Mr. L.N. Heda	0	No
Mr. K. L .Garg	4	No
Mr. B.K. Agarwal	4	No
Mr. B.J.Maheshwari	4	Yes
Mr. Vijay S. Banka	4	No
Mr. K. N. Prithviraj	3	No
Mr. Harshvardhan Neotia	0	No

3. COMMITTEES OF BOARD**A. AUDIT COMMITTEE**

Pursuant to Clause 49 II of the Listing Agreement and also pursuant to the provisions of the Companies Act, 1956, the Committee was constituted, initially to comprising of four directors; all of them are independent, non-executive and later expanded by addition of two Whole Time Directors. Out of these two Whole Time Directors, Mr. B J Maheshwari has ceased to be a member of the Audit Committee w.e.f. August 12, 2011 and an Independent Director Mr. B. K. Agarwal is inducted in the same meeting. Members of Audit Committee are eminent persons in their field. Mr. K. N. Prithviraj acts as a chairman of the Audit Committee. Mr. B. J. Maheshwari being a Company Secretary of the company acts as the secretary to the Committee.

Terms of Reference: The Audit Committee reviews and reports to the Board on the following:

- Overseeing the financial reporting process.
- Appointment and remuneration of Auditors.
- Reviewing the financial and risk management policies.
- Reviewing the adequacy of internal control systems.
- Compliance with listing and other legal requirements.
- Changes in accounting policies and practices and reasons for the same.
- Periodical and yearly financial results of the Company.



The Committee also reviews the observations of the Internal and Statutory Auditors, along with the comments and action taken thereon by the Management and invites senior executives to its Meetings as necessary.

The constitution of the Audit Committee as on September 30, 2011 is as follows:

1.	Mr. K.N.Prithviraj	Non-executive Director
2.	Mr. L.N. Heda	Non-executive Director
3.	Mr. B.K.Agarwal	Non- executive Director
4.	Mr. Vijay S Banka	Whole Time Director

Meeting and attendance

During the financial year ended 30th September, 2011, 4 Audit Committee Meetings were held on November 19, 2010; February 14, 2011; May 14, 2011 & August 12, 2011.

Name of the Directors	No of meeting attended
Mr. Vijay S. Banka	4
Mr. K.N. Prithviraj	4
Mr. B.J. Maheshwari	2
Mr. L.N. Heda	4

B. REMUNERATION COMMITTEE

Besides Audit Committee, in terms of the Section 292(A) of the Companies Act, 1956, the Remuneration Committee was formed on 22nd October, 2001 now comprising of two independent non executive directors as member & two more Whole Time Directors were inducted on the Committee w.e.f. 29th April, 2009 and a Nominee Director was inducted later. The Company Secretary acts as the secretary to the Committee.

The Remuneration Committee looks after terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Managing Director, Whole Time Director & Directors etc. Remuneration Committee recommends the remuneration for executive directors to the board of directors for its approval and such remuneration is also subject to the approval of shareholders and such other approvals as may be required. In its recommendations, the remuneration committee considers the parameters like performance and contribution, practices and norms followed by companies of similar size and industry standards.

The non-executive directors do not draw any remuneration from the company except payment by way of sitting fees for attending the board / committee meetings.

The composition and names of members of the Remuneration Committee as on September 30, 2011 are as under:

1.	Mr. L.N. Heda	Non-executive Director
2.	Mr. B.J. Maheshwari	Whole Time Director
3.	Mr. Vijay S. Banka	Whole Time Director
4.	Mr. B.K. Agarwal	Non-executive Director
5.	Mr. S.S. Vaidya	Non-executive Director
6.	Mr. K.L. Garg	Nominee Director

The Chairman of the Remuneration Committee is to be elected by its members from amongst themselves.

During the year ended 30th September, 2011, three Remuneration committee meeting were held on January 24, 2011, February 1, 2011 and April 16, 2011.

Name of the Director	No. of meetings attended
Shri M.G. Diwan (resigned on July 23, 2011)	3
Shri L.N. Heda	3
Shri B.J. Maheshwari	2
Shri Vijay S. Banka	1
Shri B.K. Agarwal	Nil

Sitting fees @ ₹ 2,500 is paid to a member for attending meeting of the Remuneration committee & Audit Committee and in an event the meeting is held outside Mumbai, additionally, out of pocket expenses of ₹ 500 per meeting is to be paid.



C. SHAREHOLDER'S COMMITTEE

The committee was constituted on 17th March, 2001 to look into the matters relating to redressal of Shareholders and Investors complaints such as transfer of shares, non-receipt of balance Sheet, non-receipt of declared dividends etc.

The Shareholder's Committee comprise of following directors as on September 30, 2011.

1.	Mr. L.N. Heda	Non-executive Director
2.	Mr. Vijay S. Banka	Whole Time Director
3.	Mr. B.J. Maheshwari	Whole Time Director

The scope of Shareholders Committee is as follows:

1. To attend to investors grievances or shareholders grievances.
2. To appoint Registrars and Share Transfer Agent.
3. To transfer, transmit, consolidate, issue duplicate share certificates, split share certificates, etc.
4. To attend to complaints of Shareholders regarding non-receipt of Balance Sheet and non-receipt of Declared dividend etc.
5. To do all such acts, things, deeds as may be required to be done in the above regard.

The Shareholders / Investors Grievance Committee are also required to submit their reports / suggestions to the Board of Directors of the Company from time to time.

During the year ended 30th September, 2011, there were no investor's complaints at the beginning of the year, no complaints received during the year & no complaints are pending at the end of the year.

Investor Services

Your Company has appointed M/s Universal Capital Securities Pvt. Ltd. as Registrar and Share Transfer Agent, who have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.

COMPLIANCE OFFICER

The Board has designated Mr. B. J. Maheshwari, Whole-Time Director and CS cum CCO as the compliance officer.

OTHER DISCLOSURES:

A. Transactions during the year:

- No penalty or strictures have been imposed on the Company by Stock Exchanges, SEBI or any Statutory Authority on any matter during last 3 years.
- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board.

All related party transactions have been entered into in the Ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis.

B. Disclosure of Accounting Treatment:

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

C. Risk Management:

The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimisation procedures and periodical reviews, to ensure that risk is controlled by the Executive Management through the means of a properly defined policy.

i) Raw material risk:

Higher cane prices on account of lower rainfall would increase the input cost and may also impact the availability of sugarcane.

Risk mitigations:

As a focused producer, Dwarikesh Sugar Industries Limited, has invested in enduring farmer relationships through the following initiatives:



- Educating the farmers on advantages of growing sugar cane.
- Provision of high yielding seeds, cane disease management, timely payment of cane price, etc.
- Encouraging the farmers to grow more sugar cane and making cane cultivation attractive.
- Providing subsidies to plant better variety of Sugar cane.

ii) Sugar Price Risk:

There is volatility in the Sugar Price on account of oscillating sugar production.

Risk mitigation:

The Company has diversified its product mix by foraying into non-sugar business like Industrial Alcohol, Ethanol, Power generation to derisk the volatility in sugar prices being a commodity cyclical. This product mix has done well when the sugar prices are not lucrative and optimized the benefits by the diversified product portfolio.

iii) Political and regulatory risks:

Sugar is one of the industries still to be liberalised. The government still stipulates the minimum cane price that sugar companies should pay to the farmers, for the cane. Even the release of sugar for domestic sale is also controlled by the Government.

Risk mitigation:

This is a systemic risk which can not be alleviated unless the industry is completely decontrolled.

D. Proceeds from public issues, right issues, preferential issues, etc.

There was no public issue or right issue during the year.

E Subsidiary Companies:

During the year, company has divested 60% stake (30,000 equity shares of ₹ 10 each) in its wholly owned Subsidiary viz. Faridpur Sugars Limited (FSL) which was formed on 9th February, 2010. Therefore, FSL is now no more a subsidiary company of Dwarikesh Sugar Industries Limited. FSL has not commenced any business activities.

GENERAL BODY MEETINGS

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Location of the Meeting	Time
2007-08	26 th March, 2009	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.
2008-09	16 th March, 2010	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.
2009-10	16 th March, 2011	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.

Special resolutions passed in last 3 Annual General Meetings:

Date	Particulars
26 th March, 2009	NIL
16 th March, 2010	a. Renewal of appointment & fixation of remuneration of Mr. G.R.Morarka, Chairman and Managing Director. b. Appointment & fixation of remuneration of Mr. B.J.Maheshwari, Whole-Time Director & CS cum CCO. c. Appointment & fixation of remuneration of Mr. Vijay S. Banka, Whole-Time Director & CFO. d. Enhancement in remuneration of Ms. Priyanka G. Morarka. e. Amendment in Clause V(a)- Capital Clause of Memorandum of Association. f. Amendment in Clause 4(a)- Capital Clause of Articles of Association. g. Further issue of Capital
16 th March, 2011	NIL



CODE OF BUSINESS CONDUCT AND ETHICS

The Board at its meeting held on 24th January, 2005 adopted the Code of Business Conduct and Ethics for Directors and Senior Management ('the Code') pursuant to clause 49 of the listing agreement. This code is a comprehensive code applicable to all Directors, Executive & Non-Executive and members of senior management. However, in the light of changing scenario of corporate functioning, the same has been modified & adopted by the Board at its meeting held on 29th November, 2010.

A copy of the Code has been put on the Company's website : www.dwarikesh.com.

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by Shri B.J. Maheshwari, Whole Time Director & CS cum CCO is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the Accounting Year 2010-11.

B. J. Maheshwari
Whole Time Director & CS cum CCO

INSIDER TRADING

The Company has adopted 'code of Internal Procedures and conduct' framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, inter alia, to prevent insider trading in the shares of the Company.

DISCLOSURES

The Company does not have any related party transactions except the ones disclosed in note no. 27 in Notes on Accounts, which may have potential conflict with the interest of the Company at large.

MEANS OF COMMUNICATION

Quarterly Results: The Company's quarterly results in the proforma prescribed by the Stock Exchanges pursuant to clause 41 of the Listing Agreement are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all Stock Exchanges on which the Company's shares are listed. These results are being published in leading newspapers.

Website: As per the requirements of clause 52 and 54 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern etc. is posted on corpfiling website (www.corpfiling.co.in) and also on the Company's website:(www.dwarikesh.com) within the time prescribed in this regard. The Company's website also displays the official news releases.

Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD & A) Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting	18 th Annual General Meeting
Date, time and venue	Friday, 16 th March, 2012 at 10 a.m. at Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh
Financial Calendar Particulars (October-September)	Date of Approval/publication
(tentative and subject to change)	
First Quarter Results	On or before 14 th February, 2012
Second Quarter Results	On or before 15 th May, 2012
Third Quarter Results	On or before 14 th August, 2011
Last Quarter Results	End of November, 2012
Dates of Book Closure	5 th March, 2012 to 16 th March, 2012 (both days inclusive).
Dividend Payment Date	Not Applicable since no dividend is recommended.

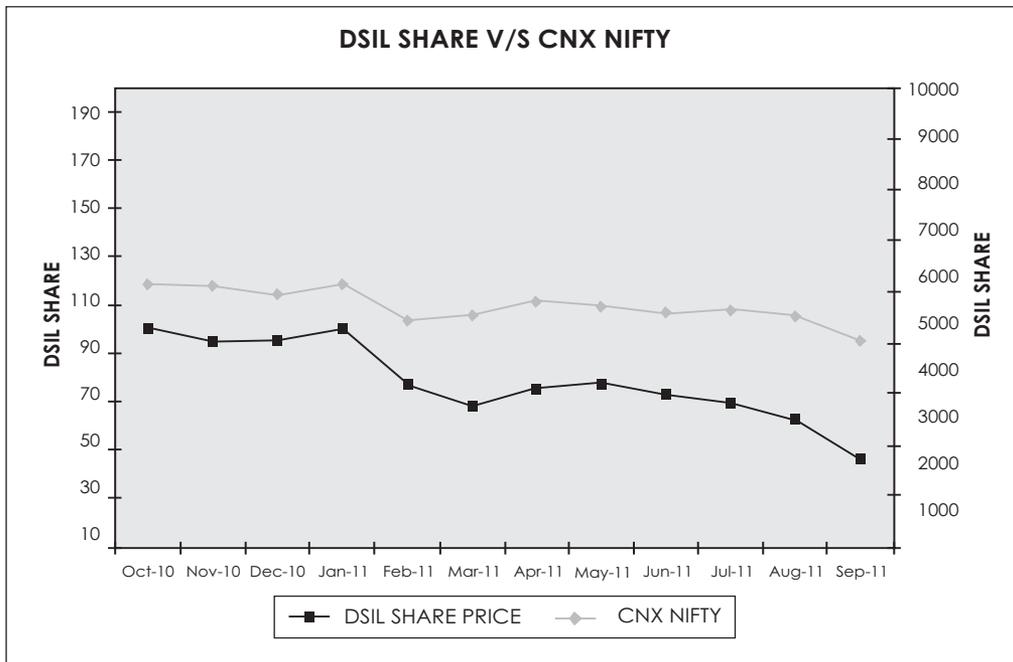


Listing Details		BSE & NSE
The details of the Stock Exchanges on which the Company's shares are listed are as under:		
Name	Address	Stock Code
The Bombay Stock Exchange Ltd. (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532610
The National Stock Exchange of India Ltd. (NSE)	"EXCHANGE PLAZA", Bandra-Kurla Complex Bandra (E), Mumbai - 400 051	"DWARAKESH"
International Securities Identification Number (ISIN)		INE 366A 01033

Payment of Listing Fees: Annual listing fee for the year 2011-12 (as applicable) has been paid by the Company to BSE & NSE.

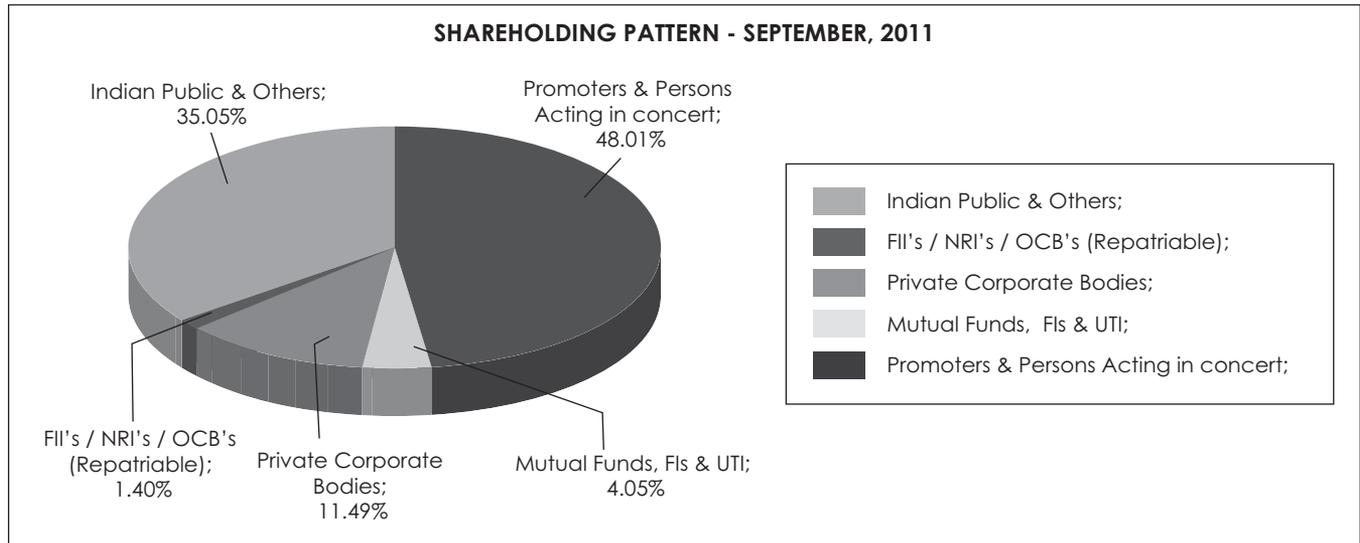
MARKET PRICE DATA: Monthly high/low of market price of the Company's equity shares traded on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the last financial year was as under:

	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
	Month's High price (₹)	Month's Low price (₹)	Volume (Nos.)	Month's High price (₹)	Month's Low price (₹)	Volume (Nos.)
Oct. 2010	105.00	92.00	3197136	105.50	92.30	1531527
Nov. 2010	123.30	85.20	5572125	123.10	85.00	2664575
Dec. 2010	103.45	75.00	3342872	103.40	76.00	1847531
Jan. 2011	108.05	73.50	1583633	107.00	74.00	819709
Feb. 2011	82.75	66.15	757783	82.65	65.25	314640
Mar. 2011	78.85	65.20	813903	79.50	65.15	350059
Apr. 2011	86.80	72.00	1110404	86.85	72.00	503906
May 2011	80.00	62.55	298600	79.00	62.75	114435
June 2011	74.40	55.00	598455	74.50	60.20	265515
July 2011	74.25	62.70	312111	74.35	63.00	132164
Aug. 2011	64.00	37.50	572595	64.70	38.00	236526
Sep. 2011	47.20	36.75	498276	47.20	36.75	180471





Shareholding pattern of the Company as on 30th September, 2011



Shareholding pattern of the Company as on 30th September, 2011

Sr. No.	Particulars	Percentage
1	Promoters & Persons Acting in concert	48.01
2	Mutual Funds, Fls & UTI	4.05
3	Private Corporate Bodies	11.49
4	FII's / NRI's / OCB's (Repatriable)	1.40
5	Indian Public & Others	35.05
	Total	100.00

Distribution of Shareholding as on 30th September, 2011:

Sr. No.	No. of Equity Shares Held in the range of	No. of Shareholders	Percentage	No. of Shares	Total Percentage
1	1 – 500	11035	88.090	1422896	8.722
2	501 – 1000	690	5.508	562576	3.448
3	1001 – 2000	408	3.257	590432	3.619
4	2001 – 3000	136	1.086	345629	2.119
5	3001 - 4000	46	0.367	164954	1.011
6	4001 – 5000	58	0.463	277043	1.698
7	5001-10000	72	0.575	515910	3.162
8	10,001 & above	82	0.655	12435236	76.211
	Total	12527	100.00	16314676	100.00

Registrar and Transfer Agents:
Universal Capital Securities Pvt. Ltd.

21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093.
Tel: 28207201 / 7203 / 7204 / 7205
Fax: 28369704 / 28207207
E-mail: info@unisec.in

GDR status:

During the financial year 2005-06 the company raised funds amounting to ₹ 540,549,427/-, through 3 million Global Depository Receipts (GDR) representing 3 million Equity Shares of face value of Rs 10/- each @ USD 4 per GDR.



The GDRs were listed on Luxembourg stock exchange. All 3 million GDRs have been converted into equity shares on or before 30th September, 2008. As on 30th September, 2011, there are no GDRs outstanding.

Dematerialisation of Shares

The company has signed an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As intimated by SEBI, trading in the shares of the company is compulsorily to be in the dematerialised form for all the investors. As on 30th September, 2011, 99.58% of the total shares of the Company have been dematerialised.

Address for Correspondence

Corporate Secretarial Department

The Corporate Secretarial Department is located at the Company's Corporate Office situated at 511, Maker Chambers - V, 221, Nariman Point, Mumbai - 400 021. Tel: 22832468; Fax: 22047288.

The shareholders may address their communications/grievances/ queries to Mr. B. J. Maheshwari, Whole Time Director and CS cum CCO at the above mentioned address.

Change of Address

The shareholders holding shares in Physical form should contact the share transfer agent of the company for change of address.

The shareholders holding shares in Dematerialised form should contact their depository participants for change of address.

Human Resource Development / Industrial Relations:

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

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

Corporate Benefits:

Financial Year	Equity Dividend Rate	Dividend Declaration Date
1996-1997	10%	16/03/1998
1997-1998	15%	30/03/1999
1998-1999	15%	28/03/2000
1999-2000	15%	19/06/2001
2000-2001	15%	27/03/2002
2001-2002	5%	31/05/2003
2002-2003	5%	29/03/2004
2003-2004	20%	01/11/2004
2004-2005	60%	16/01/2006
2005-2006	60%	23/03/2007
2006-2007	NIL	---
2007-2008	NIL	---
2008-2009	15%	16/03/2010
2009-2010	NIL	---
2010-2011	NIL	---

Bonus Issues of fully Paid-up Equity Shares

Financial Year	Ratio
2000-2001 (09/04/2001)	13:100

**Non-Mandatory Requirements:**

Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. Non-mandatory requirements are as hereunder:

1. The Board

As the Company has an Executive Chairman and Managing Director, the applicability of this provision does not arise. Maximum tenure of Independent Directors as mentioned is not adopted.

2. Remuneration Committee

The Company has already appointed Remuneration Committee on 22nd October, 2001 and the Committee is operational.

3. Shareholders Rights

The quarterly, Half Yearly and Annual Results are published in leading English News Paper having circulation all over India and also in Hindi News Paper circulating in the District. The results are also posted on the Company's website and corpfilng Website, therefore the same are not sent to the Shareholders individually.

4. Audit Qualification

The company is in the regime of un-qualified financial statements

5. Training of Board Members

The Board of Directors consists of professionals having considerable experience and expertise in their respective fields and industry.

6. Mechanism for evaluating Non-Executive Board Members

As the Non-Executive Directors are professionals, no such mechanism exists.

7. Whistle Blower Policy

There is no Whistle Blower Policy. However the company recognises the importance of reporting to the management by any employee at any level about the unethical behaviour or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

Location of Plants:**Sugar Mills:**

- (1) Dwarikesh Nagar – 246 762, District Bijnor, Uttar Pradesh.
- (2) Dwarikesh Puram – 246 722, Dist: Bijnor, Uttar Pradesh.
- (3) Dwarikesh Dham – 243 503, Dist: Bareilly , Uttar Pradesh.

Distillery:

- (1) Dwarikesh Nagar – 246 762, District Bijnor, Uttar Pradesh.

Co-generation:

- (1) Dwarikesh Nagar – 246 762, District Bijnor, Uttar Pradesh.
- (2) Dwarikesh Puram – 246 722, Dist: Bijnor, Uttar Pradesh.
- (3) Dwarikesh Dham – 243 503, Dist: Bareilly Uttar Pradesh.

Subsidiary:

During the year, company has divested 60% stake (30,000 equity shares of ₹ 10 each) in its wholly owned Subsidiary viz. Faridpur Sugars Limited (FSL) which was formed on 9th February, 2010. Therefore FSL is now no more a subsidiary company of Dwarikesh Sugar Industries Limited. FSL had not commenced any business activities.

On behalf of the Board of Directors



Certificate on Compliance of Corporate Governance under Corporate Governance Clause of the Listing Agreement(s)

To,

The Board of Directors,
Dwarikesh Sugar Industries Limited,

We hereby certify that:

- (a) We have reviewed financial statements for the year ended 30th September, 2011 and that to the best of our knowledge and belief;
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements 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, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal and violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
 - (i) Significant changes in internal control during the year.
 - (ii) Significant changes in accounting policies, if any during the year and that the same have been disclosed in the notes to the financial statements, and
 - (iii) 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.

Vijay S. Banka
Chief Financial Officer

G. R. Morarka
Chairman & Managing Director

Place : Mumbai

Date : 28th November, 2011



Auditor Certificate on Compliance of Corporate Governance under Corporate Governance Clause of the Listing Agreement(s)

**To The Members of
Dwarikesh Sugar Industries Limited.**

We have reviewed the implementation of Corporate Governance procedures by **Dwarikesh Sugar Industries Limited** during the year ended September 30, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

On the basis of our review and according to the information and explanations given to us, and the representations made by Directors and the management, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the listing agreement(s) with the stock exchange(s) have been complied with by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' committee.

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

For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Registration No.: 000756N

ARUN K. TULSIAN
Partner,
Membership No.89907

Place : New Delhi
Dated : 29th November, 2011



AUDITORS' REPORT

TO THE MEMBERS OF DWARIKESH SUGAR INDUSTRIES LIMITED

We have audited the attached Balance Sheet of DwariKesh Sugar Industries Limited as on 30th September, 2011, the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information & explanations given to us, 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 the Annexure referred to in paragraph (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 purpose 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the said Balance Sheet, Profit & Loss Account and Cash flow Statement have been prepared in accordance with the accounting standards as prescribed under the provisions of Section 211 (3C) of the Companies Act, 1956 to the extent applicable;
 - e. On the basis of written representations received from the directors, as on 30th September, 2011 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 30th September, 2011 from being appointed as a director of the Company in terms of Section 274 (1) (g) of the Companies Act, 1956;
 - f. Without qualifying our opinion :
 - i) We draw attention to note 12 of Schedule B relating to accounting for cane purchase liability for the sugar season 2007-08 at ₹ 110 per quintal based on earlier interim Order of Hon'ble Allahabad High Court (subsequently upheld by Hon'ble Supreme Court pending final decision) instead of State Advised Price of ₹ 125 per quintal fixed by the Uttar Pradesh Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts cannot be determined at this stage.
 - ii) We draw attention to note 13 of Schedule B relating to non accounting for adjustment on account of conversion of non-levy sugar into levy sugar. Based on SLP filed and the stay granted by the Hon'ble Supreme Court of India and legal opinion taken by the company, against the order of Hon'ble Allahabad High Court which had upheld the order of Directorate of Sugar for converting the unlifted non-levy quantity of 177403 quintals into levy sugar, the matter being subjudice, the adjustment in accounts cannot be made at this stage.
 - g. In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting policies in Schedule A & Notes to Accounts in Schedule B give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of Balance Sheet, of the state of the Company's affairs as at 30th September, 2011;
 - (ii) In the case of Profit & Loss Account, of the loss of the Company for the year ended on that date; and
 - (iii) In the case of Cash flow statement, of the cash flows for the year ended on that date.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN

Partner
Membership No.89907

Place: New Delhi
Date: 29th November, 2011



ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report to the members of Dwarikesh Sugar Industries Limited on the accounts for the year ended 30th September, 2011

- i) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable considering the size and nature of its business. No material discrepancies have been noticed on such physical verification as compared to book records.
 - (c) During the year, the Company has not disposed off substantial part of the fixed assets.
- ii) (a) As explained to us, inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are, in our opinion, 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 stock and the book records were not material and have been properly dealt with in the books of account.
- iii) (a) The Company has taken unsecured loans from Four companies and Managing Director covered in the register maintained under section 301 of the Companies Act, 1956, maximum balance outstanding against these loans is ₹ 2,79,01,570 and year end balance is ₹ 2,39,08,226.
 - (b) In our opinion, the rate of interest and other terms & conditions on which these loans have been taken are not, prima facie, prejudicial to the interest of the Company.
 - (c) These loans are repayable on demand; therefore, there are no overdue amounts at the year end.
 - (d) The company has not granted any loan, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (e) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount & interest due thereon and overdue amounts are not required.
- 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 purchase of inventory & fixed assets and with regard to sale of goods & services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.
- v) (a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- vi) The company has not accepted any deposits from the public within the meaning of provisions of Section 58A, 58AA & any other relevant provisions of the Companies Act, 1956, including the Companies (Acceptance of Deposits) Rules, 1975.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) In our opinion and according to the information and explanations given to us, the Company is maintaining accounts and records in accordance with the Rules prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, for maintenance of Cost Accounting records. However, we are not required to make a detailed examination of such books & records.



- ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it. There are no arrears of such dues outstanding as at the year end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and as per the books & records examined by us, there are no dues of Income tax, Wealth tax, Service tax, Custom duty and Cess which have not been deposited on account of any dispute except the following in respect of Trade tax and Excise duty along with the forum where the dispute is pending:

S.N.	Name of statute	Nature of dues	Disputed Amt. (net of payments made) (₹ in lacs)	Forum where dispute is pending
1	Uttar Pradesh Trade Tax Act	Trade Tax dues	102.62	Hon'ble Allahabad High Court and Other Trade Tax Authorities
2	The Central Excise Act, 1944	Excise Duty demands	341.37	Excise Appellate Authorities

- x) The accumulated losses as at the end of the financial year are less than fifty percent of the net worth. Further, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution and bank.
- xii) According to the information & 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 nidhi/ mutual benefit fund/ society. Therefore the relevant reporting requirements of the Order are not applicable.
- xiv) According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
- xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which they were raised where such end use has been specified by the lender.
- xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally there are no funds raised by the Company on short term basis, which have been used for long term investment.
- xviii) During the year, the company has not made any preferential allotment of shares to companies and parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) During the financial year, the Company has not issued any debentures nor has any outstanding debentures.
- xx) The company has not raised any monies by way of public issues during the year.
- xxi) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

For S. S. KOTHARI MEHTA & CO.

Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN

Partner

Membership No.89907

Place: New Delhi

Date: 29th November, 2011



BALANCE SHEET AS AT 30th SEPTEMBER, 2011

	SCHEDULE	As at	
		30-09-2011	30-09-2010
		₹	₹
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS :			
Share Capital	1	324,146,760	324,146,760
Reserves & Surplus	2	<u>1,038,591,184</u>	<u>1,170,222,624</u>
		1,362,737,944	1,494,369,384
LOAN FUNDS :			
Secured Loans	3	4,642,606,774	3,973,090,323
Unsecured Loans	4	<u>23,908,226</u>	<u>561,720,805</u>
		4,666,515,000	4,534,811,128
DEFERRED TAX LIABILITY (Refer note no.11 in Schedule 'B')		68,257,034	126,087,992
TOTAL		<u>6,097,509,978</u>	<u>6,155,268,504</u>
APPLICATION OF FUNDS			
FIXED ASSETS :	5		
Gross block		6,822,630,156	6,791,765,798
Less: Depreciation		<u>1,865,560,944</u>	<u>1,546,396,101</u>
Net block		4,957,069,212	5,245,369,697
Capital work-in-progress		<u>72,512,819</u>	<u>7,761,018</u>
		5,029,582,031	5,253,130,715
INVESTMENTS	6	2,400,000	2,700,000
CURRENT ASSETS, LOANS AND ADVANCES :	7		
Inventories		1,361,458,030	1,545,174,166
Sundry debtors		2,323,489	2,243,011
Cash and bank balances		15,658,221	14,249,956
Loans and advances		<u>183,572,916</u>	<u>282,172,001</u>
		1,563,012,656	<u>1,843,839,134</u>
Less:CURRENT LIABILITIES AND PROVISIONS :	8		
Current liabilities		364,584,944	825,523,845
Provisions		<u>132,899,765</u>	<u>118,877,500</u>
		497,484,709	944,401,345
NET CURRENT ASSETS		1,065,527,947	899,437,789
TOTAL		<u>6,097,509,978</u>	<u>6,155,268,504</u>

Significant Accounting Policies A
Notes to Accounts B

As per our report of even date attached
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

G.R. Morarka
Chairman & Managing Director

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 29th November, 2011

Place: Mumbai
Date: 28th November, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 2011**

	SCHEDULE	Year ended 30-09-2011 ₹	Year ended 30-09-2010 ₹
INCOME			
Sales		6,074,584,235	5,772,827,608
Less: Excise duty on sale		234,162,715	222,108,873
Net Sales		5,840,421,520	5,550,718,735
Other income	9	94,425,595	20,595,894
Increase/(Decrease) in manufacturing & trading stocks	10	(180,349,788)	613,236,932
		5,754,497,327	6,184,551,561
EXPENDITURE			
Manufacturing, trading & operating expenses	11	4,506,772,173	5,073,526,064
Staff expenses	12	354,325,105	321,831,332
Selling and administration expenses	13	144,677,225	136,158,867
Depreciation / obsolescence	14	327,179,666	320,585,997
Interest and commitment charges	15	597,783,210	463,069,027
Capital raising expenditure written off (Refer note no.18 in Schedule 'B')		---	3,011,128
		5,930,737,379	6,318,182,415
Profit before taxes		(176,240,052)	(133,630,854)
Provision for taxes (Refer note no.10 in Schedule B)			
Current year		377,102	25,282,664
Less: MAT credit entitlement		---	(23,907,895)
Add: Reversal of MAT credit entitlement		12,829,134	---
Previous year		9,849	(128,314)
Fringe Benefit Tax		6,261	(267,624)
Deferred Tax		(57,830,958)	(44,054,637)
Profit after taxes		(131,631,440)	(90,555,048)
Add: Amount brought forward from previous year		(81,856,222)	8,698,826
Profit Available for Appropriation		(213,487,662)	(81,856,222)
APPROPRIATIONS			
Balance carried to balance sheet		(213,487,662)	(81,856,222)
		(213,487,662)	(81,856,222)
Earnings per share (Basic)/(Diluted) (₹)		(9.02) / (9.02)	(6.50)/(6.50)
Significant Accounting Policies	A		
Notes to Accounts	B		

As per our report of even date attached
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

G.R. Morarka
Chairman & Managing Director

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 29th November, 2011

Place: Mumbai
Date: 28th November, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER, 2011**

	2010-2011		2009-2010	
	₹	₹	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		(176,240,052)		(133,630,854)
Adjustments for :				
Depreciation/Obsolscence	327,179,666		320,585,997	
Loss on sale of fixed assets	747,900		303,957	
Interest paid	597,783,210		463,069,027	
Interest received	(816,760)		(1,243,156)	
Capital raising expenditure written off	---	924,894,016	3,011,128	785,726,953
Operating profit before working capital changes		748,653,964		652,096,099
Adjustments for :				
Trade & other receivables	85,462,420		75,876,282	
Inventories	183,716,136		(631,340,329)	
Trade payables	(446,916,636)		351,636,742	
		(177,738,080)		(203,827,305)
Cash generated from operations		570,915,884		448,268,794
Direct taxes paid		(166,159)		(53,020,481)
Net cash from operating activities		570,749,725		395,248,313
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(106,630,113)		(23,895,947)	
Investment in shares of subsidiary company	300,000		(500,000)	
Interest recieved	816,760		1,243,156	
Sale of fixed assets	2,251,231		4,231,468	
Net cash from investing activities		(103,262,122)		(18,921,323)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings	1,000,000,000		327,642,008	
Repayment of long term borrowings	(299,681,656)		(943,090,933)	
Increase/(Decrease) in short term borrowings including cash credit	(568,614,472)		656,569,164	
Interest paid	(597,783,210)		(463,069,027)	
Net cash from financing activities		(466,079,338)		(421,948,788)
Net increase in cash and cash equivalents (A+B+C)		1,408,265		(45,621,798)
Opening balance of cash and cash equivalents		14,249,956		59,871,754
Closing balance of cash and cash equivalents		15,658,221		14,249,956
Figures in brackets denotes cash out go				

As per our report of even date attached
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

G.R. Morarka
Chairman & Managing Director

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 29th November, 2011

Place: Mumbai
Date: 28th November, 2011

**SCHEDULES FORMING PART OF BALANCE SHEET**

	As at 30-09-2011 ₹	As at 30-09-2010 ₹
SCHEDULE - 1		
SHARE CAPITAL:		
AUTHORISED:		
(27,500,000 Equity shares of ₹ 10/- each)	275,000,000	275,000,000
12% 150,000 Cumulative Preference shares of ₹ 100/-each	15,000,000	15,000,000
8% 1,500,000 Cumulative Redeemable Preference shares of ₹ 100/-each	150,000,000	150,000,000
	<u>440,000,000</u>	<u>440,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP:		
Equity shares		
16,314,676 shares of ₹ 10/- each fully paid up	163,146,760	163,146,760
12% 110,000 Cumulative redeemable preference shares of ₹ 100/- fully paid up	11,000,000	11,000,000
8% 1,500,000 Cumulative Redeemable Preference shares of ₹ 100/-each fully paid up	150,000,000	150,000,000
TOTAL	<u>324,146,760</u>	<u>324,146,760</u>
Notes:		
Out of the above equity shares		
1) 1,159,691 Equity Shares of ₹ 10/- each have been issued and allotted as fully paid up bonus shares, by way of capitalisation of securities premium account in the year ended September, 2001.		
2) 2,520,000 Equity shares of ₹ 10/- each have been bought back during the year ended 30th September 2001 in accordance with the provisions of Section 77A, 77AA & 77B and other applicable provisions of the Companies Act, 1956.		
SCHEDULE - 2		
RESERVES & SURPLUS		
Securities premium :		
As per last balance sheet	900,038,192	900,038,192
Capital Reserve	5,986,500	5,986,500
Capital redemption reserve :		
(As per last balance sheet)	75,200,000	75,200,000
General reserve :		
As per last balance sheet	270,854,154	270,854,154
Profit and loss account	<u>(213,487,662)</u>	<u>(81,856,222)</u>
TOTAL	<u>1,038,591,184</u>	<u>1,170,222,624</u>
SCHEDULE - 3		
SECURED LOANS		
(Refer note no.1 in Schedule 'B')		
Term Loans:		
From Banks:	3,369,533,320	2,650,133,328
From Others:		
Interest Free Trade Tax Loan	6,387,679	7,969,327
Sugar Development Fund	554,886,000	572,386,000
Cash credit from banks	<u>711,799,775</u>	<u>742,601,668</u>
TOTAL	<u>4,642,606,774</u>	<u>3,973,090,323</u>
SCHEDULE - 4		
UNSECURED LOANS		
Inter corporate deposits	13,122,374	234,953
Others :		
Due to director	10,785,852	11,185,852
Due to wholly owned subsidiary company	---	300,000
Punjab National Bank- Short Term Loan	---	550,000,000
TOTAL	<u>23,908,226</u>	<u>561,720,805</u>



SCHEDULES FORMING PART OF BALANCE SHEET
SCHEDULE - '5' FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01-10-2010 ₹	Added during year ₹	Deletions/ Adjustments ₹	As at 30-09-2011 ₹	Up to 01-10-2010 ₹	For the year ₹	Deletions/ Adjustments ₹	Up to 30-09-2011 ₹	As at 30-09-2010 ₹	As at 30-09-2011 ₹
Freehold land	77,224,710	---	---	77,224,710	---	---	---	---	77,224,710	77,224,710
Buildings	1,078,236,934	4,786,626	---	1,083,023,560	154,643,782	28,498,518	---	183,142,300	923,593,152	899,881,260
Plant & machinery	5,520,069,493	24,956,853	8,688,317	5,536,338,029	1,319,221,733	286,176,457	6,171,743	1,599,226,447	4,200,847,760	3,937,111,582
Computers	35,619,883	6,857,849	995,545	41,482,187	35,619,883	6,857,849	995,545	41,482,187	---	---
Office equipments	11,890,423	1,884,177	129,274	13,645,326	6,616,940	717,600	120,624	7,213,916	5,273,483	6,431,410
Furniture & fixtures	35,635,574	2,792,712	440,095	37,988,191	19,049,859	1,941,334	252,572	20,738,621	16,585,715	17,249,570
Vehicles	33,088,781	600,095	760,723	32,928,153	11,243,904	2,921,002	407,433	13,757,473	21,844,877	19,170,680
Total	6,791,765,798	41,878,312	11,013,954	6,822,630,156	1,546,396,101	327,112,760	7,947,917	1,865,560,944	5,245,369,697	4,957,069,212
Capital work in progress including capital advance of ₹ 25,316,517/- (previous year ₹ 2,781,615/-)										
Previous Year	6,779,141,956	20,242,427	7,618,585	6,791,765,798	1,228,893,264	320,585,997	3,083,160	1,546,396,101	5,550,248,692	5,245,369,697

**SCHEDULES FORMING PART OF BALANCE SHEET**

	As at 30-09-2011		As at 30-09-2010	
	₹	₹	₹	₹
SCHEDULE - 6				
INVESTMENTS				
Investment in shares of joint stock companies				
Non-Trade investments: At cost (unquoted), fully paid up				
20,000 equity shares of ₹ 10/-each	200,000		200,000	
20,000 10% Preference shares of ₹ 100/-each	2,000,000		2,000,000	
(Both the above shares are in 'Dwarikesh Informatics Limited')		2,200,000		2,200,000
20,000 equity shares (previous year 50,000 shares) of ₹ 10/-each in Faridpur Sugars Limited)		200,000		500,000
TOTAL		2,400,000		2,700,000
SCHEDULE - 7				
CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS :				
Inventories, at or below cost :				
(as taken, valued and certified by the Management)				
Raw material	---		---	
Chemicals	752,989		840,571	
Packing material	627,941		9,551,130	
Other Stores , spares & consumables	112,929,734		107,285,311	
Finished goods	1,246,709,834		1,427,022,870	
Work-in-process	437,532		474,284	
		1,361,458,030		1,545,174,166
Sundry Debtors :				
(Unsecured, Considered good)				
Outstanding for more than six months	2,232,047		2,243,011	
Others	91,442		---	
Considered doubtful	799,497		799,497	
	3,122,986		3,042,508	
Less: Provision for doubtful debts	799,497	2,323,489	799,497	2,243,011
Cash & Bank Balances :				
Cash in hand	1,173,269		1,181,119	
Balance with scheduled banks :				
in current account	1,249,474		1,374,838	
in fixed deposit account	10,444,479		9,775,305	
(as margin money for bank guarantees / pledged with government departments, including interest accrued thereon ₹ 1,234,479/-previous year ₹ 565,305/-)				
Balance with Bank saving account (As per Uttar Pradesh State Molasses Control Rules, 1974)	2,790,999		1,918,694	
		15,658,221		14,249,956
Loans & Advances :Unsecured				
Considered good :				
Advances recoverable in cash or in kind or for value to be received	37,437,605		80,573,748	
Balances with central excise	8,896,604		28,826,723	
Advance Taxes & TDS	64,691,316		64,541,585	
Interest subvention recievable	12,808,714		35,662,134	
MAT credit entitlement	59,738,677		72,567,811	
Considered doubtful	1,242,023		1,242,023	
	184,814,939		283,414,024	
Less : Provision for doubtful advances	1,242,023		1,242,023	
		183,572,916		282,172,001
TOTAL		1,563,012,656		1,843,839,134

**SCHEDULES FORMING PART OF BALANCE SHEET**

	As at 30-09-2011 ₹	As at 30-09-2010 ₹
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities :		
Sundry creditors (Refer note no.17& 20 in Schedule 'B') -		
Micro, Small and Medium enterprises	411,909	474,233
Others	271,354,711	739,105,016
Excise duty provision on stocks	55,081,371	52,518,035
Due to directors	614,300	571,696
Interest accrued but not due on secured loans	<u>37,122,653</u>	<u>32,854,865</u>
	364,584,944	825,523,845
Provisions :		
Provision for taxes	62,778,391	62,401,289
Provision for gratuity	47,369,283	37,393,670
Provision for leave encashment	<u>22,752,091</u>	<u>19,082,541</u>
	132,899,765	118,877,500
TOTAL	<u><u>497,484,709</u></u>	<u><u>944,401,345</u></u>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

	2010-11		2009-10	
	₹	₹	₹	₹
SCHEDULE - 9				
OTHER INCOME				
Interest received (Tax deducted at source ₹ 74,353/- previous year ₹ 115,731/-)		816,760		1,243,156
Miscellaneous income (Refer note no 19 in Schedule 'B')		<u>93,608,835</u>		<u>19,352,738</u>
TOTAL		<u>94,425,595</u>		<u>20,595,894</u>
SCHEDULE - 10				
INCREASE / (DECREASE) IN MANUFACTURING & TRADING STOCK				
Closing stock :				
Finished goods	1,246,709,834		1,427,022,870	
Work-in-process	<u>437,532</u>	<u>1,247,147,366</u>	<u>474,284</u>	<u>1,427,497,154</u>
Less :				
Opening stock :				
Finished goods	1,427,022,870		813,139,716	
Work-in-process	<u>474,284</u>	<u>1,427,497,154</u>	<u>1,120,506</u>	<u>814,260,222</u>
TOTAL		<u>(180,349,788)</u>		<u>613,236,932</u>
SCHEDULE - 11				
MANUFACTURING TRADING AND OPERATING EXPENSES				
Raw materials consumed :-				
Opening stock	---		---	
Add : Purchases (Refer note no.12 in Schedule 'B')	<u>4,165,135,357</u>		<u>4,738,016,066</u>	
Less : Closing stock	---	<u>4,165,135,357</u>	---	<u>4,738,016,066</u>
Chemicals consumed :-				
Opening stock	840,571		1,219,777	
Add : Purchases	<u>60,184,677</u>		<u>43,480,713</u>	
Less : Closing stock	<u>752,989</u>	<u>60,272,259</u>	<u>840,571</u>	<u>43,859,919</u>
Packing material consumed:-				
Opening stock	9,551,130		956,228	
Add : Purchases	<u>79,049,202</u>		<u>101,679,356</u>	
Less : Closing stock	<u>627,941</u>	<u>87,972,391</u>	<u>9,551,130</u>	<u>93,084,454</u>
Fuel expenses		<u>36,939,192</u>		<u>68,755,343</u>
Other manufacturing expenses		<u>50,935,269</u>		<u>40,656,645</u>
Repairs & maintenance :-				
Plant & machinery	91,357,639		72,832,011	
Buildings	<u>11,596,730</u>	<u>102,954,369</u>	<u>6,273,857</u>	<u>79,105,868</u>
Difference in excise duty on opening/closing stock of finished goods		<u>2,563,336</u>		<u>10,047,769</u>
TOTAL		<u>4,506,772,173</u>		<u>5,073,526,064</u>
SCHEDULE - 12				
STAFF EXPENSES				
Salaries, wages and bonus		304,261,666		281,956,986
Gratuity		10,480,596		9,372,700
Contribution to Provident and other funds		23,732,860		20,171,626
Leave encashment		9,590,764		4,469,698
Staff welfare expenses		<u>6,259,219</u>		<u>5,860,322</u>
TOTAL		<u>354,325,105</u>		<u>321,831,332</u>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

	2010-11		2009-10	
	₹	₹	₹	₹
SCHEDULE - 13				
SELLING & ADMINISTRATION EXPENSES				
Rent		2,735,639		1,214,236
Rates and taxes		3,767,632		3,411,761
Insurance		1,676,387		2,851,695
Travelling & conveyance		12,625,993		11,592,948
Electricity charges		7,948,463		5,942,206
(Net of ₹ 11,136,563/- power banked with UPPCL previous year ₹ 12,545,050/-)				
Postage, telephone & telex		2,299,511		2,319,736
Printing & stationery		3,007,903		2,692,610
Selling commission -others		22,335,451		22,111,844
Freight and forwarding (net of recovery from customers)		14,122,529		12,177,050
Donations		5,285,500		9,977,857
Repairs & maintenance - others		4,391,377		3,236,786
Loss on sale of fixed assets		747,900		303,957
Miscellaneous expenses		63,732,940		58,326,181
TOTAL		144,677,225		136,158,867
SCHEDULE - 14				
DEPRECIATION/OBSCOLESCENCE				
Depreciation		327,112,760		320,585,997
Obsolescence		66,906		---
TOTAL		327,179,666		320,585,997
SCHEDULE - 15				
INTEREST & COMMITMENT CHARGES				
Interest on fixed loans :				
Financial institutions		22,406,398		21,095,760
Banks		323,150,291		255,564,739
Others (including paid to directors ₹ 1,097,326/-, previous year ₹ 835,765/-)		1,617,652	347,174,341	1,507,562
Interest on cash credit		159,659,834		105,602,619
Others (including forward premium of ₹ 76,115,274/- on rupee term loan converted into foreign currency loan previous year ₹ 66,493,350/-)		90,949,035		79,298,347
TOTAL		597,783,210		463,069,027

**SCHEDULE FORMING PART OF ACCOUNTS****SCHEDULE "A" - SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF PRESENTATION:**

The company prepares its accounts on accrual basis following the historical cost convention and on the basis of going concern in compliance with the provisions of Section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES:

The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. FIXED ASSETS:

Fixed assets are capitalised at cost of acquisition including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to their working condition for intended use.

Emergency machinery spares of irregular use and critical insurance machinery spares are capitalised as part of plant & machinery.

Pre-operative expenditure incurred upto the date of commencement of commercial production is capitalized as part of fixed assets.

4. INVESTMENTS:

Long-term investments are stated at cost after providing for diminution in value where in the opinion of the management such diminution is not temporary in nature.

5. DEPRECIATION:

Depreciation is provided for on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of computers (including accessories and peripherals), which are depreciated fully in the year of addition. Depreciation on other additions/deletions is provided pro-rata from/ upto the month of addition/deletion.

Emergency machinery spares of irregular use and critical insurance spares are depreciated over the balance useful life of the parent asset.

6. INVENTORY VALUATION:

Inventories are valued at lower of cost or net realizable value except in case of scrap which is taken at net realizable value. Cost for various items of inventory is determined as under:

- | | | |
|--|---|---|
| a. Raw materials (including those in transit) | : | Purchase cost including incidental expenses on FIFO basis. |
| b. Chemicals, Packing material, other Stores and spares (including those in transit) | : | Purchase cost including incidental expenses on weighted average basis. |
| c. Work-in-process | : | At raw material cost including proportionate production overheads. |
| d. Finished goods | | |
| i) Sugar | : | At raw material cost including proportionate production overheads. |
| ii) Molasses | : | At average net realisable price. |
| iii) Industrial Alcohol | : | At value of molasses as determined above plus proportionate production overheads in distillery. |
| iv) Traded goods | : | Purchase cost including incidental expenses on FIFO basis. |

**SCHEDULE FORMING PART OF ACCOUNTS****7. REVENUE RECOGNITION:**

Sales includes excise duty and is accounted for upon dispatch of goods from the factory. Gross sales and net sales are disclosed separately in Profit & Loss account. Income from carbon credit is accounted for in respect of projects registered with UNFCCC only on issuance of Carbon Emission Reductions (CERs). These CERs are valued based on the prevailing rates as on the balance sheet date. Insurance and other claims are accounted for as and when admitted by the appropriate authorities in view of uncertainty involved in ascertainment of final claim.

8. CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

Events occurring after the date of the Balance sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered upto the date of approval of accounts by the Board of Directors, where material.

9. GOVERNMENT GRANTS:

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

10. RETIREMENT BENEFITS:**a) Provident Fund**

Company's contribution to provident fund, being in the nature of defined contribution plan, are being charged to profit & loss account in the period during which services are rendered by employees.

b) Gratuity & Leave Encashment

Provision for gratuity and leave encashment in the nature of defined benefit obligation is considered on the basis of revised AS-15 on actuarial valuation using projected unit credit method. The discount rate and other financial assumptions are based on the parameters defined in the accounting standard.

11. EXCISE DUTY:

Excise duty in respect of finished goods (including molasses) is accounted for at the end of period and is included in the value of closing stock as per 'Guidance Note on Accounting Treatment of Excise Duty' issued by the Institute of Chartered Accountants of India.

12. INTANGIBLE ASSETS:

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard are classified as intangible assets and are amortized over the period of economic benefits not exceeding ten years.

13. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

14. FOREIGN CURRENCY TRANSACTIONS:

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Exchange differences arising on account of forward contract are dealt with in the Profit & Loss account over the period of the contracts. Monetary assets and liabilities relating to foreign currency transactions are converted at the year end rate or at forward contract rate, as applicable. Gains or losses arising on cross currency forex swap transactions are accounted for over the period of contract.

15. TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income & tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and reversal/adjustment of earlier year deferred tax assets / liabilities which are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on account of unabsorbed losses and depreciation are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed at each Balance Sheet date.

**SCHEDULE FORMING PART OF ACCOUNTS****16. IMPAIRMENT:**

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favourable change in the estimate of recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS:

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

**SCHEDULE FORMING PART OF ACCOUNTS****SCHEDULE "B" - NOTES TO ACCOUNTS****1 SECURITIES FOR SECURED LOANS:**

- a) Term Loans from IDBI Bank Limited (IDBI) of ₹ 3,299.17 lacs are secured as under:
- Term Loan of ₹ 2,000 lacs is secured by (i) *pari passu* first charge on movable and immovable fixed assets (both present and future) of unit situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly , Uttar Pradesh (ii) *pari passu* second charge on the movable and immovable fixed assets of unit situated at Dwarikesh Nagar, village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh and (iii) *pari passu* third charge on the movable and immovable fixed assets of unit situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh.
 - Term Loan of ₹ 1,200 lacs is secured by (i) *pari passu* first charge on movable and immovable fixed assets (both present and future) of unit situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh (ii) *pari passu* second charge on the movable and immovable fixed assets of unit situated at Dwarikesh Nagar, village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh and (iii) *pari passu* third charge on the movable and immovable fixed assets of unit situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh.
 - Term loan of ₹ 99.17 lacs under the Government's Scheme for Extending Financial Assistance to Sugar Undertakings 2007 is secured by residual *pari-passu* charges on movable & immovable fixed assets of (i) Unit -I Dwarikesh Nagar, Village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh, (ii) Unit-II Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh, (iii) Unit-III Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh .
- b) Term Loans from Punjab National Bank (PNB) of ₹ 30,396.17 lacs (including term loan in foreign currency equivalent to ₹ 25,000 lacs) are secured as under:
- Term loan of ₹ 7,100 lacs (₹ 6,000 lacs converted in foreign currency loan) is secured by (i) First charge on block assets of unit situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh (present & future) by way of hypothecation of machinery & equipment and other fixed assets and equitable mortgage on immovable properties situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh, (ii) Second *pari passu* charge on block of fixed assets of the unit situated at Dwarikesh Nagar, village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh and (iii) third *pari passu* charge on block of fixed assets of unit situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh.
 - Term loan of ₹ 7,200 lacs (₹ 6,000 lacs converted in foreign currency loan) is secured by (i) *Pari passu* first charge on block of assets, (both present and future) by way of hypothecation of machinery, equipment & other fixed assets and equitable mortgage on immovable properties of unit situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh, ii) second *pari passu* charge on entire block of fixed assets of Dwarikesh Nagar, village Bundki & Rajupura, Tehsil Nagina, District Bijnor, Uttar Pradesh and (iii) third *pari passu* charge on entire block assets of Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh.
 - Term loan of ₹ 1,200 lacs is secured by (i) *pari passu* first charge on specific immovable & movable fixed assets by way of hypothecation of machinery, equipment & other fixed assets and equitable mortgage on immovable properties situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh pertaining to 24 MW Co-generation plant, (ii) second *pari passu* charge on entire block of fixed assets of Dwarikesh Nagar, village Bundki & Rajupura, Tehsil Nagina, District Bijnor, Uttar Pradesh and (iii) third *pari passu* charge on block of fixed assets of unit situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh.

All the term loans of PNB mentioned above are also secured by second *pari passu* charge on current assets of the company.

**SCHEDULE FORMING PART OF ACCOUNTS**

- Term loan of ₹ 4,500 lacs (₹ 4,000 lacs fully converted in foreign currency loan) is secured by (i) pari-passu first charge on entire block assets of Dwarikesh Nagar unit by way of hypothecation of machinery, equipment & other fixed assets and equitable mortgage on immovable properties situated at Dwarikesh Nagar, Village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh ,ii) pari passu second charge on entire block of fixed assets of unit situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh and iii) pari passu second charge on entire block of fixed assets of unit situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh.
 - Corporate loan of ₹ 10,000 lacs (₹ 9,000 lacs converted in foreign currency loan) is secured by pari-passu first charge on movable & immovable fixed assets of (i) Unit -I Dwarikesh Nagar, Village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh, (ii) Unit-II Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh and (iii) Unit -III Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh of the Company.
 - Term loan of ₹ 396.17 lacs under Government's Scheme for Extending Financial Assistance to Sugar Undertakings, 2007 is secured by residual pari-passu charges on movable & immovable fixed assets of (i) Unit -I Dwarikesh Nagar, Village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh, (ii) Unit-II Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh and (iii) Unit-III Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh of the Company.
- c) Interest free trade tax loan of ₹ 63.88 lacs from Pradeshiya Industrial & Investment Corporation of UP Limited is secured by (i) second pari-passu charge on Company's immovable properties situated at village Bundki and Rajpura, Post Office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh and movable fixed assets including plant & machineries, machinery spares, tools and accessories, both present and future (save and except book debts) and (ii) second pari passu charge by way of equitable mortgage on immovable properties situated at Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh. The loan amount is repayable at the end of 5 years from the respective year of collection.
- d) Term Loan from Sugar Development Fund (SDF) of ₹ 5,548.86 are secured as under:
- Term Loan of ₹ 2,458.54 lacs is secured by (i) first *pari passu* charge by way of equitable mortgage on immovable properties and by way of hypothecation on movable properties situated at Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh,
 - Term Loan of ₹ 2,565.32 lacs is secured by (i) first *pari passu* charge by way of equitable mortgage on immovable properties and by way of hypothecation on movable properties situated at Dwarikesh Puram, village: Bhadarpur, Tehsil: Dhampur , District Bijnor, Uttar Pradesh.
 - Two short term loans of ₹ 187.50 lacs each and one short term loan of ₹ 150 Lacs are secured by bank guarantees of ₹ 275 lacs each and ₹ 220 lacs respectively aggregating to ₹ 770 lacs.
- All the term loans mentioned above at a & b are also personally guaranteed by the Chairman & Managing Director of the Company. The company has given counter guarantee to him to secure all these personal guarantees (excluding personal guarantee for corporate loan of PNB),
- e) Cash credit balances of ₹ 7,118.00 lacs from Punjab National Bank, IDBI Bank Limited and Sarva U.P.Gramin Bank are secured by (i) hypothecation of current assets of the Company viz. stock of sugar, molasses, chemicals, stores & spares,(Cash Credit balance of ₹ 6,119.77 lacs from Punjab National Bank and Sarva U.P. Gramin Bank is additionally secured by way of pledge of stock of sugar, molasses, chemicals , stores & spares) (ii) second charge on block assets immovable and movable , both present and future, of Dwarikesh Nagar, Village Bundki and Rajpura, Post office Medhpurasultan, Tehsil Nagina, District Bijnor, Uttar Pradesh, (iii) second charges on block assets immovable & movable, both present & future, of Dwarikesh Puram, village Bahadarpur, Tehsil Dhampur, District Bijnor, Uttar Pradesh and (iv) second charges on block assets immovable & movable, both present & future, of Dwarikesh Dham, village Bhagwanpur Phulwa, Tehsil Faridpur, District Bareilly, Uttar Pradesh.

The cash credit facilities are also personally guaranteed by the Chairman & Managing Director of the Company. The company has given counter guarantee to him to secure these personal guarantees (excluding personal guarantee given to Sarva U.P.Gramin Bank).



SCHEDULE FORMING PART OF ACCOUNTS

	As at 30th Sep' 11 ₹	As at 30th Sep' 10 ₹
2. Contingent liabilities not provided for		
(a) Claims not acknowledged as debts by the company	2,076,408	2,076,408
(b) In respect of show cause notices from Central Excise department in various cases against which the company has preferred appeals (net of amounts reversed and payments of ₹ 21,813,893/-, previous year ₹ 21,279,702/-)	34,343,578	32,076,230
(c) In respect of Trade Tax and Entry Tax demand received from Uttar Pradesh Trade Tax authorities in various cases, in respect of which the company has preferred appeals (net of amount deposited under appeal of ₹ 2,567,983/-, previous year ₹ 2,499,584/-).	10,262,361	2,702,735
(d) Bank Guarantees given by company's bankers to third parties	Nil	200,000

3. Dividend not provided for on cumulative preference shares ₹ 26,640,000/- (previous year ₹ 13,320,000/-)

4. Additional information pursuant to Paragraphs 3 & 4 of Part II, Schedule VI, of the Companies Act, 1956.

(A) Particulars of Capacity, Production, Stock and Turnover

I Capacities & Production

a.) Capacities

	Unit	Licensed Capacity	Installed Capacity
Sugar Cane	TCD	21,500 (21,500)	21,500 (21,500)
Industrial Alcohol / Ethanol	KLPD	30 (30)	30 (30)
Power	MW	86 (86)	86 (86)

Note: Capacities are as certified by the Management.

b.) Production

	Unit	Actual Production
Sugar	Qtls.	* 1,790,279 (1,831,707)
Molasses	Qtls.	925,078 (905,605)
Power	KWH	211,625,046 (212,637,950)
Industrial Alcohol		
-Spirit	Ltrs.	4,347,511 (4,226,785)
-Ethanol	Ltrs.	Nil (516,214)

* Includes 4,040 Qtls. (previous year 2,782 Qtls.) of brown sugar used internally for reprocessing in to white sugar.

**SCHEDULE FORMING PART OF ACCOUNTS****II Particulars of Turnover & Inventory****a) Turnover**

Class of Goods		Unit	Quantity	Value (₹)
i)	Sugar	Qtls.	*1,904,606 (1,640,090)	5,173,678,611 (4,856,371,748)
ii)	Molasses	Qtls.	** 610,409 (756,453)	216,069,321 (259,778,010)
iii)	Power	KWH	136,630,588 (138,940,532)	556,878,685 (557,145,379)
iv)	Industrial Alcohol			
	- Spirit	Ltrs.	*** 4,451,000 (3,876,000)	118,327,888 (88,212,635)
	- Ethanol	Ltrs.	****Nil (Nil)	Nil (Nil)
v)	Miscellaneous sale			9,629,730 (11,319,836) 6,074,584,235 (5,772,827,608)

Note: * Excludes 4,040 Qtls. (previous year 2,782 Qtls.) of brown sugar used internally for reprocessing in to white sugar.

** Excludes 173,817 Qtls. (previous year 152,086 Qtls.) molasses used internally for manufacturing of Industrial Alcohol in Distillery.

*** Excludes Nil Ltrs. (previous year 543,306 Ltrs.) spirit used internally for manufacturing of Ethanol in Distillery.

**** Excludes Nil Ltrs. (previous year 513,209 Ltrs.) ethanol used internally for conversion in spirit.

b) Inventories

	Class of goods	Unit	Opening Stock		Closing Stock	
			Quantity	Amount (₹)	Quantity	Amount (₹)
i)	Sugar	Qtls.	586,471 (397,636)	1,414,077,381 (789,534,754)	468,104 (586,471)	1,186,615,393 (1,414,077,381)
ii)	Molasses	Qtls.	30,621 (36,365)	10,413,361 (15,578,168)	*170,686 (30,621)	60,042,436 (10,413,361)
iii)	Industrial Alcohol					
	- Spirit	Ltrs.	117,897 (318,249)	2,532,128 (8,006,349)	**2,970 (117,897)	52,005 (2,532,128)
	- Ethanol	Ltrs.	Nil (877)	Nil (20,445)	*** Nil (Nil)	Nil (Nil)

Note: The quantities are net of:

* 787 Qtls. (Previous year 2,810 Qtls.) normal losses.

** 11,438 Ltrs. (Previous year 7,831 Ltrs.) normal losses and use from SDS solution.

*** Nil Ltrs. (Previous year 3,882 Ltrs.) normal losses.



SCHEDULE FORMING PART OF ACCOUNTS

(B) Raw Material & Chemicals Consumed

	Quantity (Qtls.)	%	Value (₹)
a) Sugar Cane	18,858,082 (18,953,165)		4,165,135,357 (4,738,016,066)
b) Chemicals			60,272,259 (43,859,919)
Indigenous		100 (100)	4,225,407,616 (4,781,875,985)
Imported		Nil (Nil)	Nil (Nil)
Total		100 (100)	4,225,407,616 (4,781,875,985)
c) C I F VALUE OF IMPORTED GOODS			Nil (Nil)
d) EXPENDITURE IN FOREIGN CURRENCY			Nil
Amortization of Global Depository Receipts expenses (GDR) (net)			(3,011,128)
Interest on Foreign Currency Term Loans			118,492,749 (132,010,559)
e) EARNINGS IN FOREIGN CURRENCY			17,494,659 (7,242,301)

Note: Figures in the bracket are for the previous year ended on 30th September, 2010.

5. Estimated amount of contracts remaining to be executed on capital account, net of advance of ₹ 253.17 lacs (previous year ₹ 27.82 lacs) and not provided for is ₹ 191.12 lacs (previous year ₹ 203.70 lacs).
6. Auditor's remuneration charged to accounts:

	2010-2011 ₹	2009-2010 ₹
a. Audit Fees	625,000	625,000
b. Tax audit fees	75,000	75,000
c. Reimbursement of expenses	70,716	103,059
TOTAL	770,716	803,059

7. a) Managerial Remuneration paid / provided as per provisions of Schedule XIII read with section 269 of the Companies Act, 1956 . Computation of profit u/s 349 and 350 of Companies Act, 1956.

	2010-2011 ₹	2009-2010 ₹
Profit as per Profit & Loss account	(131,631,440)	(90,555,048)
Add: Managerial remuneration as stated in 7.b to 7.d below	13,238,181	13,517,703
Loss on sale of fixed assets	747,900	303,957
Provision for taxes	(44,608,612)	(43,075,806)
Profit u/s 349	(162,253,971)	(119,809,194)
Ceiling on remuneration 5% as per section 309 of the Companies Act 1956 for Managing Director	---	---
Ceiling on remuneration 10% as per section 309 of the Companies Act 1956 for Managing Director & Whole time Directors	---	---
Commission @ 1% of Profit u/s 349	---	---

**SCHEDULE FORMING PART OF ACCOUNTS**

b) Remuneration to Managing Director

	2010-2011 ₹	2009-2010 ₹
Salary	4,800,000	4,800,000
Leave Encashment *	NIL	1,173,333
	4,800,000	5,973,333
Add: Company's Contribution to P.F. (exempted allowance)	576,000	576,000
Total	5,376,000	6,549,333

(Commission to Managing Director is not payable in view of inadequacy of profit as per Schedule XIII of the Companies Act, 1956 and hence not provided for)

c) Remuneration to other Whole time directors

	2010-2011 ₹	2009-2010 ₹
Salary	3,809,916	3,421,440
Other Allowances	2,812,800	2,176,600
Leave Salary *	131,274	113,256
Interim Bonus	445,500	675,000
Company's Contribution to P.F. (exempted allowance)	457,191	410,574
Total	7,656,681	6,796,870

d)

Directors sitting Fee- Non-executive directors	205,500	171,500
--	---------	---------

Total Managerial Remuneration (b + c + d)	13,238,181	13,517,703
--	-------------------	-------------------

* Gratuity and long term liability in respect of leave encashment not determinable as the actuarial valuation is done on overall company basis.

8. Loans and Advances include ₹ 2,330,519/- representing sales tax and interest thereon paid as a matter of abundant caution under protest under applicable Trade & Sales tax Act, based on the enquiry made on the company by Uttar Pradesh Trade tax authorities in respect of diesel, steel and cement provided to contractors/ sugar cane transporters during the years 1997-98 to 2000-2001.

However, the company is confident of the non-applicability of any sales tax levy on this score as these items have been provided strictly for the activities directly related to the manufacturing process. The issue of diesel and other items has also not been classified as revenue income and has always been treated as store consumption. The company has paid the amount purely to establish its bona fide intentions and is confident of settling the issue in its favour and does not consider it necessary for making any provision.

9. The company has not taken any assets on finance/ operating lease. Accordingly, Accounting Standard AS-19 on leases is not applicable. The company has taken various office/ residential premises and office equipments on cancelable leases which are renewable on expiry of the lease period.
10. The company is governed by the provisions of section 115 JB of the Income Tax Act, 1961 and provision for income tax has been made accordingly. The company has considered MAT credit entitlement for MAT paid for earlier financial years based on virtual certainty of sufficient future taxable income available against which the tax credit will be utilized. To the extent of MAT credit entitlement not considered available for set off in future of ₹12,829,134/- has been reversed.



SCHEDULE FORMING PART OF ACCOUNTS

The provision for Income Tax for the period is the aggregate of the provision made for the six months ended 31st March, 2011 and the estimated provision based on the taxable income earned for the six months upto 30th September, 2011, the ultimate liability of which will be determined on the basis of the income for the period from 1st April, 2011 to 31st March, 2012.

Provision for wealth tax of ₹ 377,102/- has been made for the Assessment year 2011-12 as per the provisions of Wealth Tax Act, 1957.

11. Deferred tax asset & liability are attributable to the following items:

Amount in ₹

	As at 30.09.11		As at 30.09.10	
	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Difference between book depreciation and tax depreciation		1,028,267,107		1,068,986,968
Non Payment of taxes and duties	3,058,498		3,762,644	
Non payment of Bonus, Leave & gratuity	23,448,565		19,630,789	
Deferment of Interest	12,430,570		12,726,536	
Non payment of Excise duty on closing stock	17,871,151		17,445,178	
Brought forward losses & depreciation	903,201,289		889,333,829	
Total	960,010,073	1,028,267,107	942,898,976	1,068,986,968
Net Deferred Tax Asset /(Liability)	(68,257,034)		(126,087,992)	

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to virtual certainty of availability of future taxable income to realize such assets.

12. The Company, in compliance of the interim order passed by the Hon'ble High Court of Allahabad (Lucknow Bench) on the 15th November'2007, has paid a price of ₹ 110/- per quintal for sugar cane purchased and accordingly accounted for the liability for sugar season 07-08. However, The High Court of Allahabad, by a subsequent order dated 7th July'2008, upheld the validity of SAP of ₹ 125/- per quintal announced by the State Government. Aggrieved by the said order, the UPSMA filed SLP with Hon'ble Supreme Court of India. Hon'ble Supreme Court, in the interim, upheld that the sugar cane purchased by the sugar mills would continue to be paid for @ ₹ 110/- per quintal. In view of the above, differential liability, if any, will be accounted as and when the matter is finally settled. However, for seasons 2008-09, 2009-10 and 2010-11, the company has paid and accounted for the cane price at SAP announced by the State Government.
13. Aggrieved by the Order of the Directorate of Sugar, Government of India, converting un-lifted quantity of non-levy sugar of 177,403 quintals into levy, the company filed a writ petition with the Hon'ble Allahabad High Court. Hon'ble High Court upheld the Order of the Directorate of Sugar. The company filed SLP with the Hon'ble Supreme Court of India and the order of the Directorate of Sugar in the interim stands stayed. The company has obtained legal opinion and is advised that the order of the Directorate of Sugar is in contravention of the provisions of applicable laws and is therefore liable to be struck down. Pending disposal of the SLP, liability arising on account of the said Order, if any, has therefore not been provided.
14. a) 12% Redeemable Preference Shares of ₹ 100/- each were redeemable in September 2011 . The redemption has been extended to September, 2014 by virtue of the resolution passed in the Board meeting and the consent obtained from the concerned shareholder.
- b) 8% Redeemable Cumulative Preference Shares of ₹ 100/-each are redeemable at par in August 2012.
15. a) The company has made provision for gratuity and leave encashment in the nature of defined benefit obligation on the basis of actuarial valuation as per revised AS-15. Since the liability has not been funded through a Trust or Insurer, there are no plan assets.
- b) i) Defined Contribution Plans :

Employer's Contribution to Provident Fund ₹ 237.33 lacs (previous year ₹ 201.72 lacs)

**SCHEDULE FORMING PART OF ACCOUNTS**

ii) Defined Benefits Plans :

Liability for Gratuity is determined on actuarial basis using projected unit credit method. The details are as under:

	As at 30.09.11 (₹/ Lacs)	As at 30.09.10 (₹/ Lacs)	As at 30.09.09 (₹/ Lacs)	As at 30.09.08 (₹/ Lacs)
Change in defined benefit obligation:				
Opening defined benefit obligation	373.94	284.12	204.04	167.70
Current service cost	46.34	38.02	30.76	26.26
Interest cost	32.00	22.14	18.64	13.61
Actuarial loss/ (gain)	26.46	9.42	34.67	1.22
Past service cost	---	24.15	---	---
Benefit paid	(5.05)	(3.91)	(3.99)	(4.75)
Closing defined benefit obligation	473.69	373.94	284.12	204.04
Change in fair value of assets :				
Contribution by employer	5.05	3.91	3.99	4.75
Benefit paid	(5.05)	(3.91)	(3.99)	(4.75)
Change in fair value of plan assets	---	---	---	---
Expense to be recognized in statement of Profit & Loss Account				
Current service cost	46.34	38.02	30.76	26.26
Interest cost	32.00	22.14	18.64	13.61
Net actuarial losses / (gain)	26.46	9.42	34.67	1.22
Past service cost	---	24.15	---	---
Expense recognized in Profit & Loss Account	104.80	93.73	84.07	41.09
Financial Assumptions at the valuation date				
Discount rate	8.35%	8.00%	7.15%	8.05%
Expected rate of return on assets (p.a.)	---	---	---	---
Salary escalation	6.00%	6.00%	6.00%	6.00%

16. Capital Redemption Reserve represents reserve created on account of:

- Buy-back of Equity Shares in the year 2000-2001 in terms of provisions of section 77A of the Companies Act, 1956.
- Redemption of 500,000 11% preference shares of ₹ 100/- each amounting to ₹ 50,000,000/- in terms of section 80 of the Companies Act, 1956.

17. Sundry creditors-others in Schedule 8 include ₹ 1,038,101/- (previous year ₹ 1,073,335/-) on account of unpaid dividends/ fixed deposits. However, there are no amounts outstanding in respect of unpaid dividend /fixed deposits included under sundry creditors in Schedule 8, for more than seven years to be transferred to Investor Education and Protection Fund.

18. Capital raising expenditure written off during the year ₹ Nil (previous year ₹ 3,011,128/-) represents proportionate expenses incurred in placement of GDR (net of income realized during the course of placement).

19. Miscellaneous income includes ₹ 67,999,320 (previous year Nil) being the amount received towards surrender of export entitlement of sugar in favour of third parties.

20. Sundry Debtors/Creditors and Loans and Advances balances are subject to confirmation and reconciliation.

21. There are no outstanding amount payable beyond the agreed period to Micro, Small and Medium enterprises as required by MSMED Act, 2006 as on the Balance Sheet date to the extent such enterprises have been identified based on information available with the company . In view of this there is no overdue interest payable.



SCHEDULE FORMING PART OF ACCOUNTS

22. As per the Accounting Standard AS-28 Impairment of Assets, the company has tested impairment of fixed assets to identify the impairment loss, if any. Based on the assessment of the existing assets, the realizable amount for all the units is higher than the carrying values of such units. Accordingly no impairment is required to be recognized during the period.
23. During the year Rupee term loans of ₹ 25,000 lacs were converted into foreign currency loan of USD 55,985,274.32. The above loans are hedged by forward contracts. There are no other foreign currency exposures.
24. During the year, company has divested 60% stake (30,000 equity shares of ₹ 10 each) in its wholly owned Subsidiary viz. Faridpur Sugars Limited (FSL) which was formed on 9th February, 2010. Therefore FSL is now no more a subsidiary company of Dwarikesh Sugar Industries Limited. FSL has not commenced any business activities.
25. Figures for the previous year have been regrouped / reclassified, wherever necessary.
26. Segment information for the year ended 30th Sept, 2011

(i) Information about Primary Business segment

(Amount in ₹)

Particulars	Sugar	Co-Gen.	Distillery	Adjustment	Total
Revenue					
External Revenue	5,175,345,334	556,878,685	108,197,501		5,840,421,520
	(4,913,590,506)	(557,145,379)	(79,982,850)		(5,550,718,735)
Internal Revenue	48,184,968	302,756,416	---	(350,941,384)	---
	(46,431,143)	(292,945,140)	---	(-339,376,283)	---
Total Revenue	5,223,530,302	859,635,101	108,197,501	350,941,384	5,840,421,520
Results					
Segment Result	(201,163,655)	588,594,698	34,112,115		421,543,158
	(-246,854,164)	(570,655,579)	(5,636,758)		(329,438,173)
Less: Unallocated Expenditure (net of income)					
Interest					597,783,210
					(463,069,027)
Profit before tax					(176,240,052)
					(-133,630,854)
Provision for tax					(57,437,746)
					(-43,075,806)
Profit after tax					(118,802,306)
					(-90,555,048)
Other Information					
Segment Assets	5,378,309,649	1,021,191,703	122,980,516		6,522,481,868
	(5,871,497,339)	(1,087,076,540)	(133,334,952)		(7,091,908,831)
Segment Liabilities	486,305,811	5,429,424	5,749,474		497,484,709
	(928,943,963)	(5,976,705)	(9,480,677)		(944,401,345)
Capital Expenditure	39,487,926	2,390,386	---		41,878,312
	(20,242,427)	---	---		(20,242,427)
Depreciation/ Obsolescence	251,855,523	67,173,985	8,150,158		327,179,666
	(245,296,737)	(67,139,104)	(8,150,156)		(320,585,997)

Revenue in respect of captive power produced from co generation plant has been arrived at based on the rates at which the same is being supplied to State Electricity Board.

- (ii) The company does not have any Secondary Business Segment since there were no export during the year and all the manufacturing facilities are located in India.

**SCHEDULE FORMING PART OF ACCOUNTS**

27. Earning per share:

(Amount in ₹)

	2010-11	2009-10
Profit after tax	(131,631,440)	(90,555,048)
Less: Preference dividend including corporate dividend tax of earlier year	15,480,837	15,532,286
Profit attributable to Equity Share holders	(147,112,277)	(106,087,334)
Number of equity shares outstanding during the period (weighted average)	16,314,676	16,314,676
Potential equity shares (weighted average)	---	---
Number of equity shares outstanding during the period including potential shares (weighted average)	16,314,676	16,314,676
Nominal value of equity shares (₹)	10	10
Earning per share (₹) Basic	(9.02)	(6.50)
Earning per share (₹) Diluted	(9.02)	(6.50)

28. Related party disclosures as required by Accounting Standard AS-18 for the year ended 30th Sept,2011

a)	Names of the related parties and description of relationship:		
i)	Enterprises over which key management personnel are able to exercise significant influence	- Morarka Finance Limited - Dwarikesh Trading Company Limited - Dwarikesh Informatics Limited - Dwarikesh Agriculture Research Institute - Faridpur Sugars Limited (Associate Company)	
ii)	Key Management Personnel	- Shri G.R.Morarka	Chairman & Managing Director
		- Shri B.J.Maheshwari	Whole-time Director & Company Secretary Cum Chief Compliance Officer
		- Shri Vijay S. Banka	Whole -time Director & Chief Finance Officer
iii)	Relatives of Key Managerial Personnel		
	Shri G.R.Morarka	- Smt. Smriti G. Morarka (Wife)	
		- Ms. Priyanka G. Morarka (Daughter)	
		- Mr. Pranay G. Morarka (Son)	
	Shri V.S.Banka	- Smt. Sarla V. Banka (Wife)	



SCHEDULE FORMING PART OF ACCOUNTS

b) Details of Transaction

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (₹)	Amount due to (₹)	Amount due from (₹)	Investment (₹)
1	Morarka Finance Limited	Inter Corporate Deposit Repaid Inter Corporate Deposit Received Interest Paid	188,942 (9,930,000) 100,000 (8,300,000) 1,104 (271,749)	Nil (88,942)		
2	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid Inter Corporate Deposit Received Interest Paid	2,823,637 (9,233,864) 15,800,000 (6,700,000) 491,642 (380,276)	12,996,163 (19,800)		
3	Dwarikesh Informatics Ltd.	Services Purchased Reimbursement of Expenses Received / Recievable Advance Received Back	4,356,850 (7,279,800) 3,191,077 (6,186,660) Nil (Nil)		207,828 (1,373,601)	2,200,000 (2,200,000)
4	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute)	Interest Paid	12,621 (12,621)	126,211 (126,211)		
5	Faridpur Sugars Limited	Inter Corporate Deposit Repaid Inter Corporate Deposit Received Interest Paid	300,000 (100,000) Nil (400,000) 14,959 (7,151)	Nil (300,000)		200,000 (500,000)
6	Shri G.R.Morarka	Loan Repayment Loan Taken Interest Paid Remuneration Leave Encashment	500,000 (8,671,386) 100,000 (19,830,589) 1,097,326 (835,765) 5,376,000 (5,376,000) Nil (1,173,333)	10,785,852 (11,185,852)		
7	Shri B.J. Maheshwari	Remuneration Ex-gratia Leave Encashment	3,487,749 (2,954,193) 231,660 (350,000) 131,274 (113,256)			
8	Shri Vijay S. Banka	Remuneration Ex-gratia	3,592,158 (3,054,421) 213,840 (325,000)			
9	Ms. Priyanka G. Morarka	Remuneration Ex-gratia Leave Encashment	650,548 (492,168) 44,550 (20,420) Nil (29,700)			
10	Smt Sarla V. Banka	Remuneration	120,000 (240,000)			

**SCHEDULE FORMING PART OF ACCOUNTS****29. GENERAL BUSINESS PROFILE****I Registration details**

Registration No. CIN No. L15421 UP1993 PLC State code 20 Balance sheet date 30-09-2011
018642

II Capital raised during the year (Amount in ₹ Thousands)

Public Issue - Nil Right Issue - Nil Bonus - Nil Private Placement - Nil

III Position of mobilisation and deployment of funds (Amount in ₹ Thousands)

Total Liabilities 6,097,510 Total Assets 6,097,510

Sources of funds

Paid up capital	324,147	Secured Loans	4,642,607
Reserves & Surplus	1,038,591	Unsecured Loans	23,908
		Deferred tax Liability	68,257

Application of funds

Net fixed assets	5,029,582	Net current assets	1,065,528
Investments	2,400		

IV Performance of the Company (Amount in ₹ Thousands)

Turnover	5,754,497	Total Expenditure	5,930,737
Profit before tax	(176,240)	Profit after tax	(131,631)
Earning per share(₹)	(9.02)/(9.02)	Dividend Rate :-	
		Preference Shares	Nil
		Equity Shares	Nil

V Generic name of principal product of the Company

Item code No.(ITC Code)	170111.09
Product Description	Cane Sugar

As per our report of even date attached

For **S.S.Kothari Mehta & Co.**
Chartered Accountants

G.R. Morarka
Chairman & Managing Director

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 29th November, 2011

Place: Mumbai
Date: 28th November, 2011



Key Financial Data

₹ in lacs

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Sales	13,107	8,683	15,313	16,425	24,821	24,402	29,386	48,461	57,728	60,746
Other Income	22	31	45	44	144	119	40	155	190	944
Increase/Decrease () in stock	(1,515)	3,070	(2,329)	321	(954)	6,929	7,005	(9,318)	6,132	(1,803)
Total Income	11,614	11,784	13,029	16,790	24,011	31,450	36,431	39,297	64,051	59,887
Manufacturing and operating expenses	8,262	8,630	8,114	9,820	16,091	25,440	26,089	20,499	50,735	45,068
Excise Duty	943	741	1,003	937	1,355	1,708	2,121	2,274	2,221	2,342
Exception item/ Deferred revenue expenditure			628	21	30	30	30	30	30	0
Staff expenses	568	576	627	804	1,206	1,597	2,412	2,858	3,218	3,543
Selling & administration expenses	456	303	398	541	767	784	822	1,038	1,346	1,446
Total Expenditure	10,229	10,250	10,770	12,123	19,449	29,559	31,474	26,699	57,551	52,399
Profit before interest, depreciation and tax (PBIDT)	1,385	1,534	2,259	4,667	4,562	1,890	4,957	12,598	6,500	7,488
Depreciation	430	429	461	550	1,221	1,331	2,943	3,295	3,206	3,272
Profit before interest and tax (PBIT)	955	1,105	1,798	4,117	3,341	559	2,014	9,302	3,294	4,216
Interest	861	724	704	594	650	1,846	4,947	6,164	4,631	5,978
Profit before tax (PBT)	94	381	1,094	3,523	2,691	(1,287)	(2,933)	3,138	(1,336)	(1,762)
Taxes	(8)	175	118	863	607	(658)	(455)	630	(431)	(446)
Profit after Tax (PAT)	102	206	976	2,660	2,084	(628)	(2,478)	2,508	(906)	(1,316)
Cash accruals	532	764	1,468	3,764	3,645	2	27	6,103	1,651	1,506
Equity Share Capital	756	756	756	1,256	1,556	1,556	1,631	1,631	1,631	1,631
Preference Share Capital	610	610	110	110	110	1,610	1,610	1,610	1,610	1,610
Equity Share Warrant						120	60	0	0	0
Reserves	2,717	2,286	3,032	7,569	13,679	12,441	10,638	12,608	11,702	10,386
Secured loan funds excluding cash credit limits	3,273	2,780	2,738	9,161	10,946	34,704	39,311	38,459	32,305	39,308
Unsecured loan funds	278	280	5	3	423	763	5,459	44	5,617	239
Net block of fixed assets	6,790	6,492	7,530	16,665	28,220	56,206	58,655	55,544	52,531	50,296
Investment	34	41	33	34	33	22	22	22	27	24
Deferred tax liability			675	1,229	1,569	1,413	945	1,701	1,261	683
Current assets	3,736	6,505	4,307	6,089	6,022	17,261	22,911	12,820	18,300	15,630
Current Liabilities	627	627	1,422	2,913	4,708	12,578	7,727	5,928	9,306	4,975
Current Liabilities including cash credit limit	2,926	5,683	4,554	3,460	6,111	20,972	21,995	12,361	16,732	12,093
Capital raising expenditure to the extent not written off					120	90	60	30	0	0


Financial Icons

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
OPERATING RATIOS										
Manufacturing & operating expenses / Total income	71.13%	73.23%	62.28%	58.49%	67.02%	80.89%	71.61%	52.16%	79.21%	75.26%
Excise duty / Total income	8.12%	6.29%	7.70%	5.58%	5.64%	5.43%	5.82%	5.79%	3.47%	3.91%
Staff expenses / Total income	4.89%	4.89%	4.82%	4.79%	5.02%	5.08%	6.62%	7.27%	5.02%	5.92%
Selling & administration expenses / Total income	3.93%	2.57%	3.05%	3.22%	3.19%	2.49%	2.26%	2.64%	2.10%	2.41%
PBIDT / Total income	11.93%	13.02%	17.34%	27.80%	19.00%	6.01%	13.61%	32.06%	10.15%	12.50%
PBIT / Total income	8.22%	9.38%	13.80%	24.52%	13.91%	1.78%	5.53%	23.67%	5.14%	7.04%
PBT / Total income	0.81%	3.23%	8.40%	20.98%	11.21%	(4.09%)	(8.05%)	7.99%	(2.09%)	(2.94%)
PAT / Total income	0.88%	1.75%	7.49%	15.84%	8.68%	(2.00%)	(6.80%)	6.38%	(1.41%)	(2.20%)

BALANCE SHEET RATIO

Debt Equity Ratio (Secured loan excluding cash credit / share holder's funds)	0.94	0.91	0.72	1.04	0.71	2.21	2.82	2.43	2.16	2.88
Inventory Turnover Ratio (Turnover / closing stock of inventory)	4.51	1.45	4.20	4.14	8.23	2.45	1.68	5.95	4.04	4.87
Current Ratio (Current assets / Current Liabilities and cash credit limit)	1.28	1.14	0.95	1.76	0.99	0.82	1.04	1.04	0.82	1.29
Fixed Assets Turnover Ratio (Total income / net block of fixed assets)	1.71	1.82	1.73	1.01	0.85	0.56	0.62	0.71	1.22	1.19
Fixed Assets Coverage Ratio (FACR) (Net block of fixed assets/ Secured loan excluding cash credit)	2.07	2.34	2.75	1.82	2.58	1.62	1.49	1.44	1.60	1.27

PER SHARE DATA

Earnings per share (EPS) (₹)	0.41	1.75	12.13	23.17	13.90	(4.20)	(15.31)	14.20	(6.50)	(9.02)
Cash earnings per share (CEPS) (₹)	6.10	9.14	18.63	32.85	24.38	(0.22)	(0.63)	35.90	9.17	8.28
Dividend (₹ per Equity Share)	0.50	0.50	2.00	6.00	6.00	0.00	0.00	1.50	0.00	0.00
Dividend Payout %	5%	5%	20%	60%	60%	0%	0%	15%	0%	0%
Book Value (₹)	45.94	40.23	50.10	70.24	97.89	89.93	75.21	87.28	81.73	73.66



VALUE-ADDED STATEMENT

₹ in lacs

PARTICULARS	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Corporate Output (Total Income)	11,614	11,784	13,029	16,790	24,011	31,450	36,431	39,297	64,051	59,887
Less: Manufacturing & Operating expenses	8,262	8,630	8,114	9,820	16,091	25,440	26,089	20,499	50,735	45,068
Less: Exceptional Item/ deferred revenue expenditure			628	21	30	30	30	30	30	0
Less: Selling & Administrative expenses	456	303	398	541	767	784	822	1,038	1,346	1,446
Gross Value Added	2,896	2,851	3,889	6,408	7,123	5,196	9,490	17,730	11,940	13,373
Less: Depreciation	430	429	461	550	1,221	1,331	2,943	3,295	3,206	3,272
Net Value Added	2,466	2,422	3,428	5,858	5,902	3,865	6,547	14,435	8,734	10,101
Allocation of Net Value Added										
to Personnel	568	576	627	804	1,206	1,597	2,412	2,858	3,218	3,543
to Exchequer (Excise)	943	741	1,003	937	1,355	1,708	2,121	2,274	2,221	2,342
to Exchequer (Direct Taxes)	(8)	46	87	309	266	72	14	360	249	4
to Mat Credit Entitlement								(487)	(239)	128
to Deferred Tax		129	31	554	341	(731)	(469)	757	(441)	(578)
to Stake holders (Interest)	861	724	704	594	650	1,846	4,947	6,164	4,631	5,978
to Investors (Dividend)	109	123	230	875	1,080	36	1	598	0	0
to Company (Retained earnings)	(7)	83	746	1,785	1,004	(664)	(2,479)	1,910	(906)	(1,316)
	2,466	2,422	3,428	5,858	5,902	3,865	6,547	14,435	8,734	10,101

KEY STATISTICS

PARTICULARS	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
No of days crushed										
- DN	164	182	150	162	156	169	142	119	140	141
- DP					100	166	127	106	134	132
- DD							99	66	114	113
Sugar cane Crushed in Qtls.										
- DN	7,498,199	8,647,790	7,518,934	8,014,653	7,205,405	8,377,011	7,219,113	5,064,737	6,615,074	6,882,340
- DP					3,393,773	8,895,373	7,129,891	4,575,622	6,483,011	5,870,034
- DD							5,042,169	3,006,582	5,855,079	6,105,708
Recovery % - DN	10.21	10.20	10.39	10.48	10.10	10.58	10.64	10.31	10.31	10.30
Recovery % - DP					10.20	10.07	10.33	9.93	9.77	9.47
Recovery % - DD							10.27	8.61	8.77	8.55
Total losses % -DN	1.974	2.089	1.880	1.851	2.060	2.04	1.92	1.84	1.89	1.85
Total losses % -DP					2.305	2.21	1.97	1.97	1.96	1.93
Total losses % -DD							2.14	2.14	2.04	2.07
Sugar Cane Bagged in Qtls. - DN	765,100	880,985	780,739	840,153	727,362	886,127	768,075	522,037	683,165	710,349
Sugar Cane Bagged in Qtls. - DP					345,850	895,500	736,265	454,380	634,460	557,845
Sugar Cane Bagged in Qtls. - DD							517,759	258,461	514,082	522,085

**DWARIKESH SUGAR INDUSTRIES LIMITED**

REGD. OFFICE: DWARIKESH NAGAR-246 762, DIST: BIJNOR, UTTAR PRADESH

PROXY FORM

I/We _____

of _____ being a Member / Members of

DWARIKESH SUGAR INDUSTRIES LIMITED hereby appoint _____

_____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m. on Friday, 16th March, 2012 and at any adjournment thereof.

AS WITNESS my/our hand(s) this _____ day of _____ 2012



Signed by the said

Note:

The Proxy must be returned so as to reach the Registered Office of the Company at DwariKesh Nagar - 246762, District: Bijnor, Uttar Pradesh not less than FORTY EIGHT HOURS before the time of holding the aforesaid Meeting.

DWARIKESH SUGAR INDUSTRIES LIMITED

REGD. OFFICE: DWARIKESH NAGAR-246 762, DIST: BIJNOR, UTTAR PRADESH

ATTENDANCE SLIP

Regd. Folio No. _____

EIGHTEENTH ANNUAL GENERAL MEETING – FRIDAY, 16TH MARCH, 2012

Name of the attending _____

Member / Proxy (in BLOCK letters) _____

Member's Folio No. _____

No. of Shares held _____

I/We hereby record my/our presence at the EIGHTEENTH ANNUAL GENERAL MEETING held on Friday, 16th March, 2012.

Member's / Proxy's Signature _____

Milestones

Year	Event
1993	Incorporation of the Company in the name of Dwarka Sugar Limited.
1994	Change of name to Dwarikesh Sugar Industries Ltd.
1995	Setting up of 2500 TCD sugar plant Commencement of commercial production.
1996	Expansion of capacity to 3500 TCD Setting up of 6 MW Power Plant.
1997	Payment of maiden Dividend of 10%.
1999	Expansion of capacity to 4000 TCD.
2001	Expansion of capacity to 5000 TCD. Bought back 25.20 Lakh shares at Rs. 40 per share.
2002	Expansion of co-gen from 6 MW to 9MW. Expansion of capacity to 6500 TCD.
2003	Sold Power worth Rs. 183 lacs to UP State Grid.
2004	Successful Completion of IPO (23 Times Oversubscribed).
2004	Expansion of Co-gen power plant from 9 MW to 17 MW.
2005	Commissioned 30 KLPD distillery for manufacture of Industrial Alcohol.
2005	Successfully completed GDR issue of USD 12 million.
2006	Commencement of Dwarikesh Puram plant of 7500 TCD with 9 MW co-generation.
2007	Commencement of Dwarikesh Dham plant of 7500 TCD with 36 MW Co-generation and expanded the Co-generation capacity at Dwarikesh Puram from 9MW to 33 MW.
2008	Commencement of Co-generation for supply to state grid at Dwarikesh Puram and Dwarikesh Dham units.
2009	Recording of the highest recovery in U.P. at the DN plant (10.31 per cent), while recovery recorded of DP plant was amongst the top 5 in the State (9.93 per cent). Posting of 69 per cent growth in net sales a record high of Rs. 462 Crores. Profit After Tax touched ₹ 25 Crores, as against loss of ₹ 25 Crores in the previous year.
2010	Highest ever turnover breaching ₹ 500 crores mark.
2011	Registration with NLDC (National Load Dispatch Centre) of all the three units for generation of RECs.

Cautionary Statement

Statements made in this Annual Report describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

Book-Post

If undelivered, please return to:

Dwarikesh Sugar Industries Limited

Registered Office:

Dwarikesh Nagar - 246 762 Dist. Bijnor, Uttar Pradesh