



The Oudh Sugar Mills Limited

Annual Report 2010-11



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany
Mr. Suresh Vinayak Muzumdar
Mr. Ashvin Chinubhai Dalal
Mrs. Madhu Vadera Jayakumar

Audit Committee

Mr. Ashvin Chinubhai Dalal
Mr. Chand Bihari Patodia
Mr. Suresh Vinayak Muzumdar
Mr. Rohit Kumar Dhoot

Investors' Grievance Committee

Mr. Suresh Vinayak Muzumdar
Mr. Rohit Kumar Dhoot
Mrs. Madhu Vadera Jayakumar

Remuneration Committee

Mr. Suresh Vinayak Muzumdar
Mr. Ashvin Chinubhai Dalal
Mr. Rohit Kumar Dhoot

EXECUTIVES

Mr. Govind Narayan Pareek – Company Secretary
Mr. V P Singh- Executive President, Hargaon
Mr. Chandra Mohan Singh- Executive President, Narkatiaganj
Mr. B.K. Malpani, Executive President, Rosa
Mr. P.R. Singh, Executive President, Hata
Mr. M. P.Singh, Vice President, Allahabad
Mr. Dilip Patodia, Chief Financial Officer

AUDITORS

S.R. Batliboi & Co.
Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co.

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

P. O. Hargaon District – Sitapur, (U. P.)
Pin Code – 261 121

CORPORATE AND HEAD OFFICE

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

MUMBAI OFFICE

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

SUGAR MILLS

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

DISTILLERIES

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

CO-GENERATION POWER PLANTS

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

FOOD PROCESSING FACTORY

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



The Oudh Sugar Mills Limited

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

NOTICE

Notice is hereby given that the Seventy-ninth Annual General Meeting of the members of **THE OUDH SUGAR MILLS LIMITED** will be held at the Registered Office of the Company at Meeting Hall, Oudh Sugar Mills Complex, Hargaon, District Sitapur, Uttar Pradesh, Pin – 261121, on Wednesday, the 28th December, 2011 at 11.00 A.M. to transact the following businesses:

Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 30th June, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashvin Chinubhai Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Chand Bihari Patodia who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:-

“Resolved that Messrs S.R. Batliboi & Co., Chartered Accountants, 22, Camac Street, Kolkata having Firm registration No. 301003E be and are hereby re-appointed as Auditors of the Company to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the Company on such remuneration and other terms of engagement as would be fixed by the Board of Directors.”

By Order of the Board

Mumbai,

Dated : 10th August, 2011

Govind Narayan Pareek

Company Secretary

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.**
2. The Register of the Members of the Company will remain closed from 20th December, 2011 (Tuesday) to 28th December, 2011 (Wednesday), both days inclusive, for the purpose of holding the Annual General Meeting of the Company on 28th December, 2011 in terms of this Notice.

3. In terms of Article 82 of the Articles of Association of the Company, Mr. Ashvin Chinubhai Dalal and Mr. Chand Bihari Patodia, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief resume of these Directors, nature of their expertise in specific functional areas, names of the other companies in which they hold Directorship and Membership/Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends their respective re-appointments.
4. Members are requested to notify the change in their addresses, if any to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
5. In all correspondences with the Company/Registrar & Share Transfer Agent, the members are requested to quote their account/folio numbers and in case their shares are held in the dematerialised form, they must quote their Client ID Number and their DP ID Number.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed / unpaid dividends till the financial year up to and including 31.03.1999 have since been transferred to the said fund. There had been no payment of dividend after 31.03.1999 till the financial year 2003-04. Therefore, Members who have not encashed the dividend warrants so far for the financial years 2003-04 and for subsequent financial years may make their claim to the Company / Registrar and Share Transfer Agent. Once the unclaimed/unpaid dividend is transferred to the Fund no claim in this regard, shall lie as against the Fund or the Company.
7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the Government can be obtained for the purpose from the Company/Registrar & Share Transfer Agent. The said Form 2B can also be downloaded from the Company's website.
8. The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. The listing fees for the year 2011-2012 have been paid to both the above Stock Exchanges.

9. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialized form to have a better liquidity of their shareholding.
10. The Profit and Loss Account for the financial year ended 30th June, 2011, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet are available for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on all working days up to this AGM.
11. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 30th June, 2011 may visit the Company's website www.birla-sugar.com or send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

Mumbai,
Dated : 10th August, 2011

Govind Narayan Pareek
Company Secretary

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

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

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

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

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

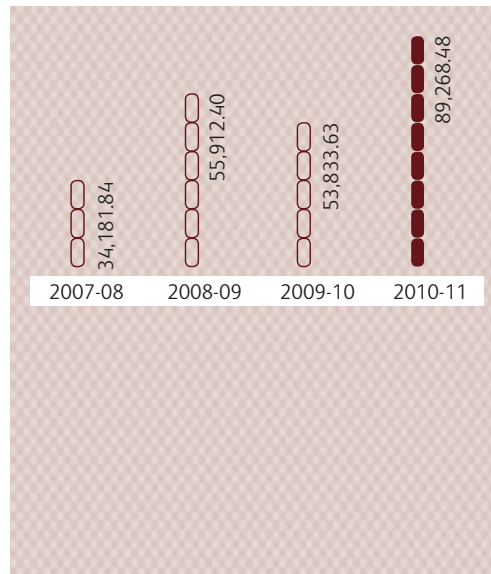
May it also be noted that should you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.



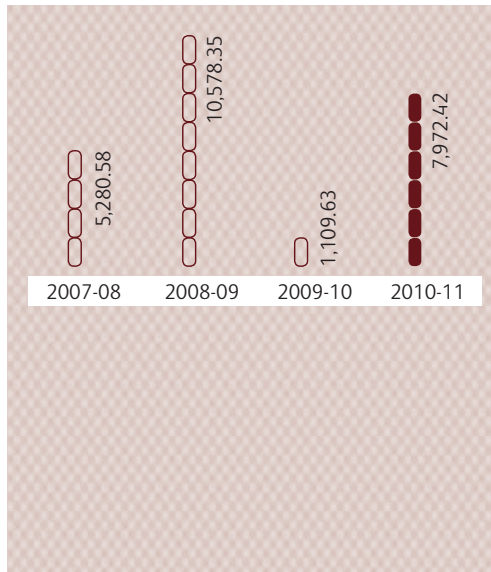
(Rs. in lacs)

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Turnover	46812.06	35393.59	58309.13	55498.33	91982.79
Operating Profit	129.80	5280.58	10578.35	1109.63	7972.42
Interest & Finance Charges (net)	2044.23	3677.82	4941.53	8105.81	11313.66
Depreciation	2028.67	2229.68	2632.03	4077.30	4111.88
Profit/(Loss) before Tax	(3943.10)	(626.92)	3004.79	(11073.48)	(7453.12)
Profit/(Loss) after Tax	(2689.55)	(451.27)	1917.38	(8227.90)	(5111.45)
Net Worth	10603.02	10083.42	13770.06	7251.91	5897.47
Net Worth per Equity Share (Rs.)	58.34	55.48	62.82	27.98	8.29
Dividend per Equity Share (Rs.)	--	--	1.50	--	--
Earning per Equity Share (Rs.)	(14.80)	(2.48)	8.81	(32.88)	(19.72)
Cane Crushed (Season) (In lac Qtls.)	290.04	237.06	147.83	214.34	275.33

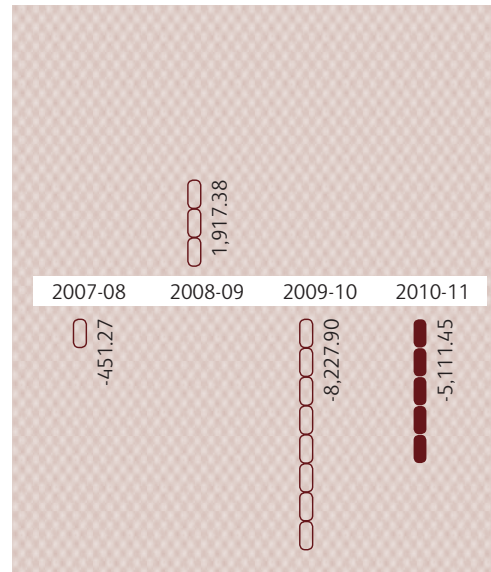
Total income (Rs. in lacs)



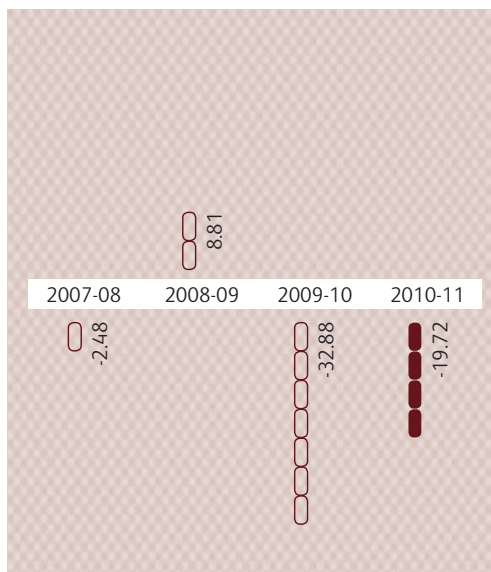
EBIDT (Rs. in lacs)



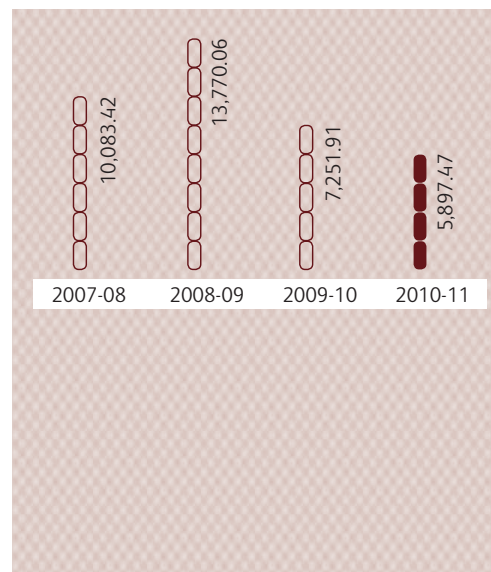
PAT (Rs. in lacs)



EPS (Rs.)



Net worth (Rs. in lacs)



THERE WAS A POSITIVE
IMPROVEMENT IN THE
PERFORMANCE OF INDUSTRIAL
ALCOHOL AND THE RENEWABLE
ENERGY DIVISIONS OF THE
ORGANIZATION DUE TO HIGHER
AVAILABILITY OF MOLASSES
AND BAGASSE.



MESSAGE
FROM
THE CHAIRMAN

WE HAVE CONTINUED TO
INVEST ON RESEARCH AND
DEVELOPMENT ACTIVITIES
TOWARDS IMPROVING SUGAR
RECOVERY RATIO AS WELL
AS EDUCATING THE CANE
GROWERS TO CULTIVATE
IMPROVED VARIETY OF
SUGARCANE WITH HIGHER
SUCROSE CONTENTS.

Dear Shareholders,

2010-11 will be remembered as another year of challenges for the sugar industry owing to more than required regulations. Despite higher sugar production, the Government's move to curtail inflation put pressure on sugar prices and restricted exports and stockholding limits of sugar by institutional customers. Besides, the high sugarcane prices worsened the situation for sugar companies, as it was completely unaligned with the price of the end product.

Despite supporting around 50 million farmers and directly providing employment to rural masses and contributing to rural development, sugar is the only industry in independent India that is still reeling under extreme government control. The excessive control in the guise of an exercise to control inflation is wholly unwarranted for the reason that sugarcane accounts for just over 2% and 1% of the total consumer expenditure for rural and urban India, respectively. As a matter of fact, household consumption accounts for just one-third of the total sugar consumption, with institutions and bulk consumers accounting for the remaining two-third.

Despite these adversities, Oudh Sugar reported 66% increase in gross sales and 618% increase in EBIDT. While the former was a result of an increase in sales volume, the latter was the consequence of an improvement in capacity utilization due to higher sugarcane availability. In addition, there was a positive

improvement in the performance of industrial alcohol and the renewable energy divisions of the organization due to higher availability of molasses and bagasse. Today, we are relentlessly investing towards improving our operational efficiencies and enhancing the fundamental strengths of the organisation, by virtue of firm focus on core areas, consolidation of gains and industry foresight.

We have continued to invest on research and development activities towards improving sugar recovery ratio as well as educating the cane growers to cultivate improved variety of sugarcane with higher sucrose contents. During the current year our main thrust will be to contain the high cost of finance without impacting the fund requirements for enlarged business operations.

Going ahead, we expect to witness improved profitability owing to systematic reduction and well management of the debt burden and maximisation of capacity utilisation of all the mills. I am grateful to all our employees, shareholders, investors, customers and other stakeholders for keeping faith in our vision and capabilities to move forward with determination in both good and bad times.

Warm Regards,

Chandra Shekhar Nopany



To

The Members,

Your Directors take pleasure in presenting their Report as a part of the 79th Annual Report and the audited Accounts of the Company for the year ended 30th June, 2011.

2. Financial Results and Appropriations

		(Rs. in lacs)	
		2010-11	2009-10
Gross Sales		91982.79	55498.33
Gross Profit/(Loss) before Depreciation and Interest		7972.42	1109.63
Less: Interest	11313.66		8105.81
Depreciation	4111.88	15425.54	4077.30 12183.11
Profit/(Loss) Before Tax		(7453.12)	(11073.48)
Less: Provision for Tax:			
-Current	3.00		3.40
-Deferred Tax Charge/(Credit)	(2343.33)		(3684.77)
-MAT Credit (Entitlement) / Reversal	-		836.59
-Income Tax provisions no longer required written back	1.34		(3.62)
-Fringe benefit Tax	-	(2341.67)	2.82 (2845.58)
Profit/(Loss) After Tax		(5111.45)	(8227.90)
Add: Surplus/(Deficit) brought forward		(4991.38)	1511.40
: Transfer from General Reserve		-	1725.12
Amount carried forward to the Balance Sheet		(10102.83)	(4991.38)

OPERATING PERFORMANCE

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

FINANCIAL PERFORMANCE 2010-2011

4. The Company had recorded a Net Revenue of Rs. 89,268.46 lacs (including other income and Agricultural Profit aggregating to Rs. 403.14 lacs) for the year ended 30th June, 2011. The Gross Sales (inclusive of Excise Duty) of the Company for the year 2010-11 increased by 65.74% to Rs. 91,982.79 lacs from Rs. 55,498.33 lacs in the year 2009-10.
5. The earning before interest, depreciation, tax for the year under review stood at Rs. 7972.42 lacs representing 8.93% of the net revenue and showed an increase of 618.47% over previous year's Rs. 1109.63 lacs. The improvement of EBIDTA of the Company during the year under review can be attributed to better capacity utilization due to more availability of sugarcane during the year under review.
6. The sugar industry continued facing difficulties on account of the negative policies of the Government during the year under review. Sugar prices remained under severe pressure during the year largely due to measures taken by the Central Government in its overall policy of controlling inflation. Sentiment in the free sugar market continues to be bearish with the continued imposition of restrictions on exports, stockholding limits on sugar, impending increase in sugar production and large releases by the government under the monthly release mechanism.
7. The State Government fixed an exorbitant price of Rs. 205/qlt of sugarcane based on political criteria. On one hand sugar prices plummeted and remained under pressure while on the other hand sugarcane prices were increased by Rs. 40/qlt by the State Government which resulted in huge losses for the industry as a whole.
8. The performance of the industrial alcohol divisions and the renewable power divisions of the company improved during the year due to better availability of molasses and bagasse. The prices of the raw materials continued to be firm during the year due to strong demand by these two sectors.

FINANCIAL RESTRUCTURING

9. The Company's proposal to restructure its debts (CDR proposal) was approved by the Corporate Debt Restructuring Empowered Group (EG) at its meeting held on 9th February, 2011. The CDR proposal was prepared on the basis of no loss to any of the lenders and incorporating deferment of installments of loan falling due between 1st July, 2010 to 30th June, 2012 and the conversion of interest on term loans also falling due between this period into funded interest term loan.

CHANGE IN THE CAPITAL STRUCTURE

10. The Authorised Share Capital of the Company was increased from Rs. 40,00,00,000 (Rupees forty crore only), divided into 4,00,00,000 equity shares of Rs. 10/- each to Rs. 120,00,00,000 (Rupees one hundred twenty crore only) by creation of an additional 8,00,00,000 unclassified shares of Rs. 10 each by taking the approval of the Shareholders at the Extra Ordinary General meeting of the Company held on 2nd May, 2011.
11. In order to augment its resources and reduce the debt burden, the Board had issued and allotted 5,00,00,000 Cumulative Redeemable Preference Shares of Rs. 10/- each amounting to Rs. 50,00,00,000 after classifying equal number of unclassified shares in to such Preference Shares.

EXPENDITURE ON CANE DEVELOPMENT

12. During the year under review the Company had incurred a sum of Rs. 242.20 lacs on Research & Development activities with an aim to improve the sugar recovery ratio and in educating the cane growers to cultivate improved variety of sugarcane with higher sucrose contents.

DIVIDEND

13. The Board of Directors do not recommend any dividend for the year under review in view of the losses.

CORPORATE GOVERNANCE

14. Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis, Statement in respect of Conservation of Energy, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and Auditors' Certificate on compliance of

conditions of Corporate Governance are all attached to and form integral part of this Report and are annexed to this Report as Annexure "A", "B", "E", "F" and "G" respectively.

DIRECTORS

15. The Company has nine Non Executive directors having experience in varied fields and a Chairman cum Managing Director. Two directors Mr. Ashvin Chinubhai Dalal and Mr. Chand Bihari Patodia shall retire from the Board by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.
16. Mr. Chandra Shekhar Nopany was reappointed as the Managing Director of the Company for a period of 3 years with effect from 1st July, 2008 and he has been reappointed as the Managing Director for a further period of 3 years with effect from 1st July, 2011 without any variation in the remuneration. The shareholders of the Company at its meeting held on 2nd May, 2011 approved the reappointment of Mr. Chandra Shekhar Nopany as the Managing Director of the Company for a renewed period of 3 years.
17. Mr. Pushkar Sahay, a Nominee of State Bank of India and Mr. Inderpal Singh Kalra, a Nominee of IDBI Bank Limited were taken on the Board of the Company with effect from 7th May, 2011 and 24th June, 2011 respectively.
18. Other information on the Directors including required particulars of Directors retiring by rotation is provided in the Report of Corporate Governance annexed to this Report as Annexure "E".

DIRECTORS' RESPONSIBILITY STATEMENT

19. Your Directors confirm that -
 - i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures;
 - ii) such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;

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

To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, in weighing the assurance provided by any such system of internal controls and in recognizing its inherent limitations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit functions;

- iv) the annual accounts have been prepared on a going concern basis.

AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

20. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Assets amounting to Rs. 5398.01 lacs for the year. The Company's projections are that there would be sufficient taxable income in the future to claim credit of Deferred Tax Assets.
21. The Auditors, Messrs S. R. Batliboi & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said re-appointment, if made by the Shareholders will be well within the limits prescribed in Section 224(1B) of the Companies Act, 1956.
22. The Board, on the recommendation of the Audit Committee, has proposed that Messrs S. R. Batliboi & Co., Chartered Accountants, be re-appointed as the Statutory Auditors of the Company for the period beginning the conclusion of the ensuing Annual General Meeting of the Company and ending on the conclusion of the Annual General Meeting to be held next thereafter.

COST AUDITORS

23. In accordance with the directives of the Central Government under Section 233B of the Companies Act, 1956, M/s. D Radhakrishnan & Co., Cost Accountants, have been appointed as Cost Auditor to audit the cost accounting records for the year ending on 30th June, 2012.
24. Cost Audit Reports for all the applicable products for the year ended 30th June, 2010 were filed on 7th December, 2010 with cost audit cell of Ministry of Corporate Affairs department within due dates viz., 31st December, 2010.

SUBSIDIARY COMPANIES

25. The Company has three direct subsidiaries and one step down subsidiary as per details given below:
- i) Hargaon Investment & Trading Company Limited
 - ii) Champaran Investment & Trading Company Limited
 - iii) OSM Investment & Trading Company Limited
 - iv) Hargaon Properties Limited – step down subsidiary
26. In compliance with General Circular No. 2/2011 of Government of India, Ministry of Corporate Affairs and as per the resolution passed by the Board of Directors the Company has opted to avail the exemption, provided under Section 212(8) of the Companies Act, 1956 and accordingly the Audited statement of Accounts along with the report of the Board of Directors and Auditor relating to the Company's subsidiaries and step down subsidiary are not annexed as required u/s 212(8) of the Companies Act, 1956. However, the Consolidated Financial Statement conforming to the Accounting Standard 21, 23 and 27 and including inter alia the financial performance of the said subsidiary forms an integral part of the annexed Audited Statement of Accounts. A statement pursuant to section 212 of the Companies Act, 1956 is attached and marked as Annexure 'D'
27. The Annual accounts of the said subsidiary companies and step down subsidiary shall also be kept for inspection by any shareholder in the Registered Office of the holding Company and of the subsidiary companies and step down subsidiary concerned. The same will also be published on the website www.birla-sugar.com.

28. The Company shall furnish a hard copy of the detailed accounts of the subsidiary companies and step down subsidiary to any shareholder on demand at any point of time.

PARTICULARS OF EMPLOYEES

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

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

FIXED DEPOSITS

31. As on 30th June, 2011, your Company had 438 depositors with fixed deposits of Rs. 364.59 lacs. The company had been regular in refunding the deposits on maturity.

CEO/CFO CERTIFICATION

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Chandra Shekhar Nopany

Chairman-cum-Managing Director

Mumbai

Dated, 10th August, 2011



GLOBAL SUGAR INDUSTRY

The global sugar production is dominated by Brazil, India and China, accounting for around 40% of the total produce. During 2010-11, sugar production stood at 166.958 million tons as against 157.994 million tons in 2009-10, an increase of 5.67% over the previous year. The sugar consumption for 2010-11, on the other hand, stood at 166.179 million tons as against 162.619 million tons in 2009-10, an increase of 2.19% over the previous year. After a considerable time gap, the industry has witnessed

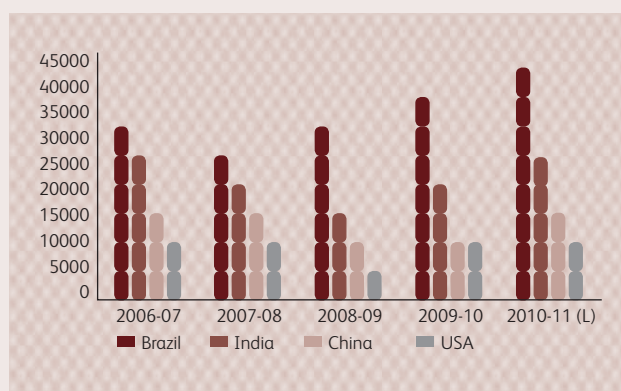
surplus production, though very marginal. Even the stocks/consumption ratio has reduced to a 20-year low, indicating the rebound. The global sugar prices peaked to a 30-year high during the year, owing to limited supply and overall surge in commodity prices. However, there has been significant volatility as prices first started to soften since January 2011 following the news of surplus productions across various sugar producing regions and then rebounded again during June 2011.

World sugar balance (million tons)

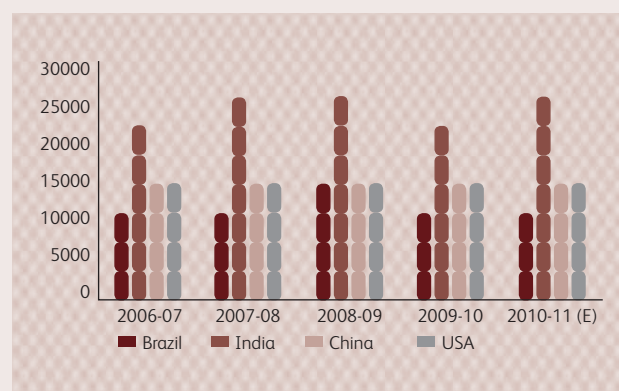
Particulars	2010-11	2009-10	% change
Production	166.958	157.994	5.67
Consumption	166.179	162.619	2.19
Surplus/deficit	0.779	-4.625	
Import demand	50.422	53.776	-6.24
Export availability	51.287	54.236	-5.44
End stocks	56.159	56.199	-0.07
Stock/consumption ratio in %	33.79	34.56	

(Source: ISO quarterly market outlook, May 2011)

Production by major countries ('000 metric tons)

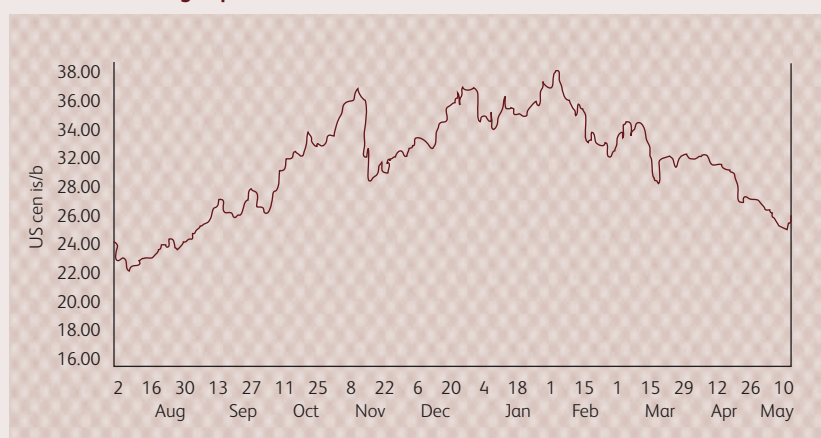


Consumption by major countries ('000 metric tons)



(Source: US Department of Agriculture)

International sugar prices



(Source: ISO quarterly market outlook, May 2011)

INDIAN SUGAR INDUSTRY

A QUICK VIEW

600+

Sugar factories widely dispersed across Uttar Pradesh, Maharashtra, Karnataka and Tamil Nadu among others

5 million hectares+

Area under sugar cane cultivation

3,500 tons per day

Average capacity of sugar mills

0.7%

Contribution to India's gross domestic product (GDP)

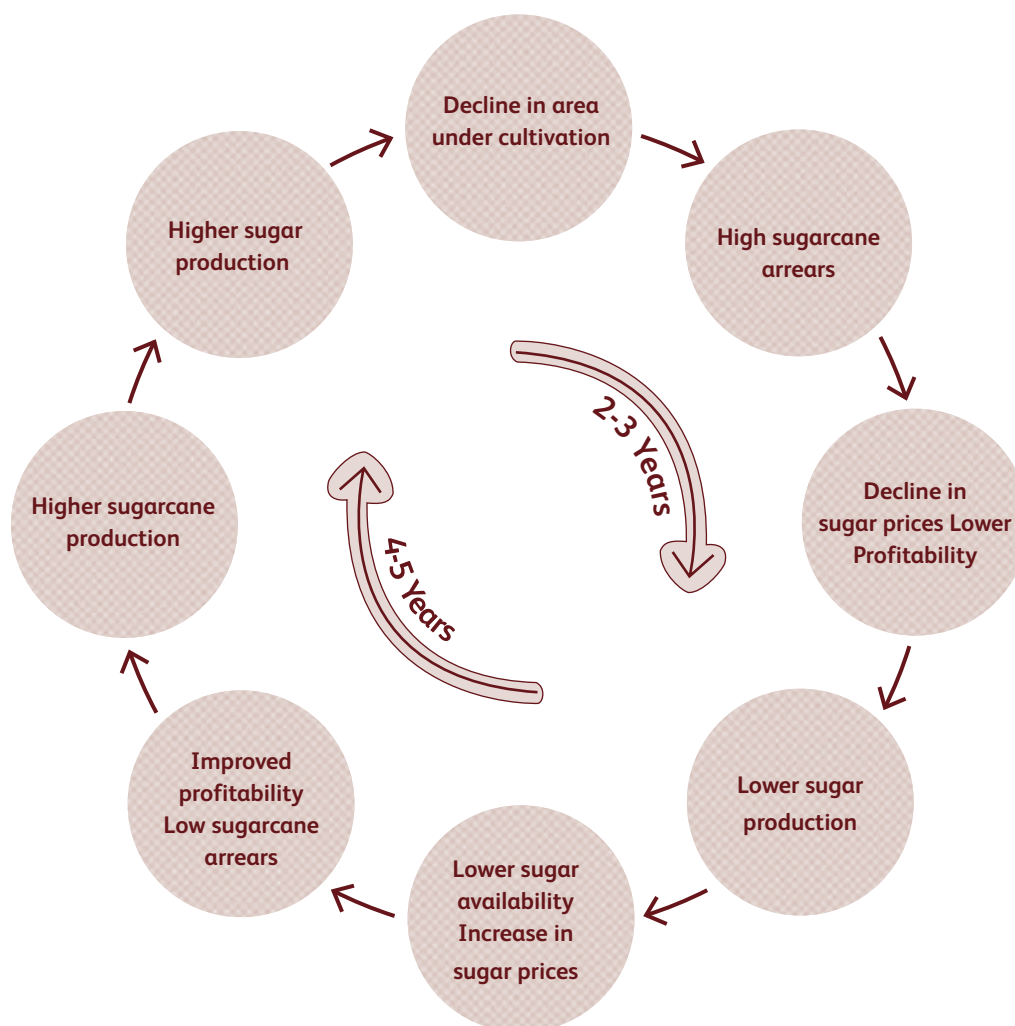
12%+

Contribution to global sugar production

Rs. 2,700 crores

The sugar industry's contribution to national exchequer and various state governments in terms of cane purchase tax and excise duty

The cyclical nature of the sugar industry



The Indian sugar industry follows a particular cycle (5-8 years) wherein 2-3 years of high sugar production gives way to 2-3 years of lower production.

In the high production phase, sugarcane acreage increases resulting in higher cane output and sugar production accompanied with declining realisations (as a result of oversupply). The resulting low prices for sugar impacts the ability of mills to pay the farmers thus leading to creation of arrears. High arrear provokes the farmers to shift to other crops, resulting in a decline in sugarcane acreage. From here-on, the sugar cycle enters the low production phase, where sugarcane acreage decreases resulting in lower cane output and sugar production accompanied with higher realisations (as a result of short supply) and decline in arrears to the farmers, thus inducing the farmers to shift back to sugarcane plantation.

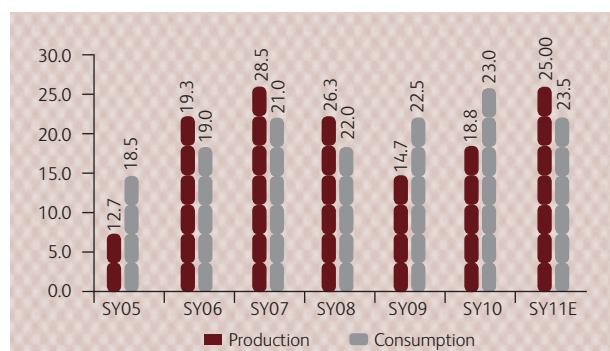
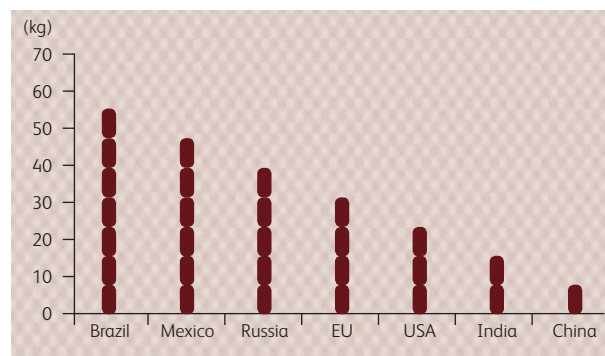
Production

The sugar production in India has averaged 21.3 million tons between 2000-01 and 2010-11 with highest and lowest

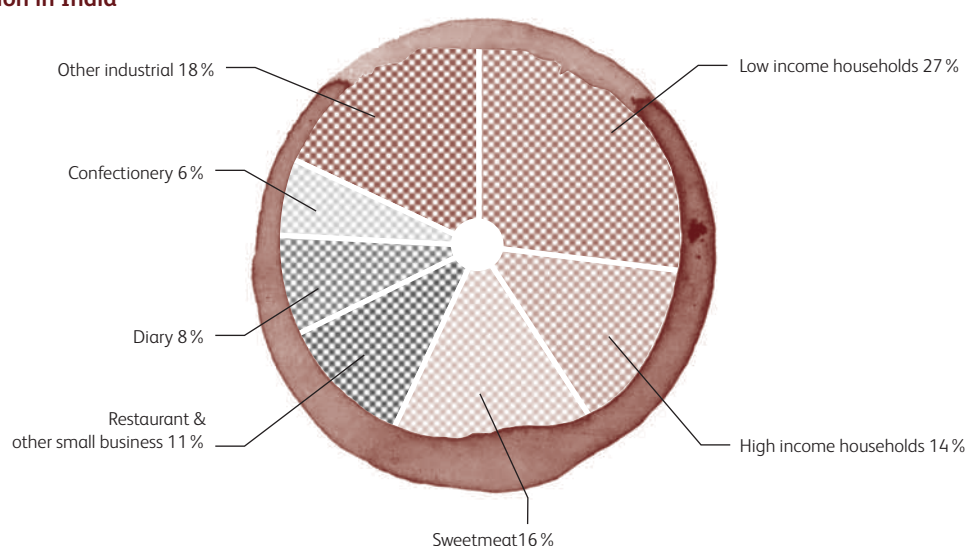
production of 30.7 million tons (2005-06) and 13.8 million tons (2008-09) respectively. Currently, the sugar cycle is witnessing an upswing with an estimated output of around 25 million tons for 2010-11, an increase of 33% over the previous year.

Consumption

India is considered to be the largest consumers of sugar in the world. Its sugar consumption has been increasing at an average of 3.5% annually over the last decade fuelled by rising incomes, population growth, substitution of by-products and food sector (ice creams, confectionaries, sweets and other household products who account for about 60% of mill sugar demand). Despite this growth, India's per capita sugar consumption of 20 kg is still lower than most developed countries. The consumption for 2010-11 has been estimated around 22 million tones, an increase of 2% over the previous year.

Domestic sugar production and consumption (million tons)**Per capita sugar consumption (kg)****Break-up of sugar consumption in India**

Only 41 % is household consumption while 59 % sugar consumption includes restaurant, confectionery, soft drink dairies and others. Low income households consume 27 % which is taken care by the levy quota (10 %) that is distributed through public distribution system.

Sugar consumption in India**Imports and exports**

Restrictions have been imposed on free exports from India due to the controls exercised by the Government to control inflation. Despite surplus output, while India did not witness any sugar imports during the year, a glut of sugar was created in the domestic market by banning exports that resulted in plummeting of sugar prices. On a need basis, the Government of India has allowed the Indian sugar mills to export 500000 tons of sugar by March 2011 and 500000 tons by June, 2011.

Cane production

Sugarcane plantation is carried out all round the year, while harvesting happens only in September –October. As a result of improved payments to farmers, the total area under cane cultivation increased from 42.02 lac hectares in 2009-10 to 50.80 lac hectares in 2010-11. According to the first advance estimate of the government, the Indian sugarcane acreage in the next crushing season of 2011-12 is expected to be at 52 lac hectares which shall further increase the sugar production. The industry has made its first estimate of 265 lac tonnes during 2011-12.

Prices

In 2009-10, the Union Government introduced the Fair and Remunerative Price (FRP) system to replace the Statutory Minimum Price (SMP) system. FRP is the minimum price that sugarcane farmers are legally guaranteed. It is computed by factoring in the imputed value of family labour, rent, element of risk and profit for the farmer. However, a number of states especially in North India have their own legislation under which they announce a higher price known as the State Advised Price (SAP). The industry has been protesting against the SAP on the grounds that it is fixed arbitrarily without any economic justification but is based purely on political criteria. Nevertheless, the industry has been paying the SAP wherever applicable. For SY 2010-11, the Centre fixed the FRP at Rs 139 per quintal while SAP was fixed at Rs 205 per quintal in Uttar Pradesh. This affected the profitability of the sugar industry significantly.

Government Regulations:

The sugar industry continued facing difficulties on account of the negative policies of the Government during the year under review. While on the one hand sugar prices remained under severe pressure during the year 2010-11 largely due to various measures taken by the Government of India in its overall policy to control inflation the release mechanism of the government for free sugar resulted in large releases of sugar at unremunerative prices.

Some of other restrictions imposed by the Government were:

1. Restrictions on export of sugar. During the year 1 million tone sugar only was allowed to be exported and that too in two tranches. This denied the industry the benefit of spurt in international sugar prices which went as high as 32.57 cents per pound in February 2011.
2. Stock holding limit on sugar. While on the one hand the institutional customers were not allowed to hold stock of sugar beyond their ninety days' consumption they were allowed to import sugar without any restriction. This led to lesser off take of sugar and softening of the prices.
3. The Government continued its policy to impose 10% levy obligation for the Public Distribution System (PDS) on the domestic sugar mills which was procured at a price lower by Rs 1000/qttl as compared to the market price. The levy price fixed for 2010-11 was Rs 1863.47/qttl in UP and Rs 2052.01 in Bihar. The PDS price for SY 2010-11 was retained at Rs 13.50/kg.

Levy and free sale quota

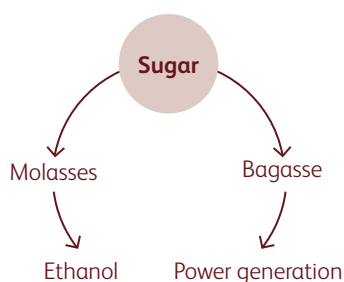
Sugar season	Levy (%)	Price per kg (Rs.)
2009-10	20	13.50
2010-11	10	18.00

(Source: CRISIL Research)

The retail prices of sugar on the other hand continued to hover between Rs. 30 – 32/kg during the year.

Sugar and its by-products

The by-products of sugar (molasses and bagasse) provide an alternative source of revenues for sugar companies and are utilized towards producing industrial alcohol and power. As a result, the Companies can strengthen their bottomline as well as contribute towards cleaner environment through the production of green power.



Ethanol

Molasses is primarily used in alcohol production and it accounts for 4.3-4.7% per ton of crushed sugarcane. Alcohol is used as a raw material for industrial manufacture of potable and fuel ethanol. The result is that 80% of the total potable alcohol production in India is derived from molasses.

In August 2010 the Cabinet Committee fixed an interim price of Rs. 27 per litre for ethanol under the Ethanol Blending Programme (EBP) for blending of 5% ethanol with petrol. India's 330 distilleries produce 4 billion litres of alcohol annually of which 115 distilleries have the capacity to distill 1.8 billion litres of ethanol that is sufficient to meet the 5% mandate. The blending levels shall be further increased to 20% by 2017.

Cogeneration sector

Bagasse has a very robust demand in the paper and bio-mass based power projects. The sugar industry uses bagasse as a fuel to produce electricity and steam by cogeneration. The potential to generate cogeneration power is approximately 5,000 MW. There are around 149 cogeneration projects with an installed capacity of 1,562 MW in the Indian sugar mills. Approximately 70 cogeneration projects are under implementation that surmount to 700 MW. (Source: MNRE). The government provides incentives like exemption from income tax for a period of ten years within the first 15 years of operation, waiver of capital goods import duties on mega power projects above 1,000 MW generation capacities.

As per the Eleventh Plan (2007-12) the government of India has aimed to add around 1,700 MW of power from biomass and bagasse. This is more than twice the actual addition of 750 MW as in Tenth Year Plan.

Indian sugar industry on SCOT

Strengths

- Second largest producer after Brazil and largest consumer globally
- Catalyzed socio-economic development in rural India as it provides direct employment to farmers (including ancillary activities)
- Supports the downstream industries by providing raw materials (by products in the form of alcohol, ethanol and cogeneration)
- Generates replenishable biomass without depending on fossil fuel

Challenges

- Cyclical nature of the industry
- Sugarcane pricing
- High production costs due to under-utilised crushing capacities
- Outdated and obsolete technology

Opportunities

- Potential to enhance sugar production in the event of de-regulation of industry
- High value of by-products for downstream industries
- Advanced technology available for product distillation
- Increasing focus on cogeneration and ethanol utilisation by the government of India

Threats

- Political intervention in cane pricing, levy purchase, release mechanism and others
- Deterioration of the soil quality due to imbalanced use of fertilizers and pesticides
- Low groundwater availability

Outlook

The outlook for SY 2011-12 looks quite optimistic in terms of increased sugar production which would be fuelled by increasing sugarcane plantation. The realisations on the other hand are expected to remain under pressure due to sufficient supplies and would largely depend upon the export policy of the Government. India will be in a position to cater to the global demand by exporting its surplus production while ensuring remunerative prices to the farmers. The industry is eagerly waiting for any development towards the industry deregulation which shall

equally benefit all the stakeholders – farmers, millers and consumers. The mandating of ethanol will help in countering the increase in fuel prices. Combined with India's growing appetite for automobiles the demand for fuel will increase. The automobile makers in India are considering the dual fuel mode for the cars they will be manufacturing in the coming years and this in turn will further encourage ethanol consumption.

COMPANY REVIEW

Operational performance

The improvement in the sugar scenario in India was visible in our operational performance. This year we crushed 275.33 lac quintals of sugarcane, an increase of 28.45% over the previous year due to an increase in area under cultivation. The crushing would have been higher but was affected due to irregular monsoons resulting in lower yield and lower sucrose formation in the cane belt of U.P and Bihar. Nevertheless, due to the remunerative prices paid to the farmers, the area under sugarcane increased significantly resulting in greater availability of sugarcane for crushing. The Company paid Rs. 205 per quintal to the farmers towards cane purchase which encouraged them to produce more. Further, the Company took varied initiatives towards improving the productivity and yield of the sugarcane. The crushing days increased from 376 days in 2009-10 to 436 days in 2010-11 for your company.

Production of Sugar

	Year 2010-2011					Year 2009-2010				
	Hargaon	Rosa	Narkatiaganj	Hata	Total	Hargaon	Rosa	Narkatiaganj	Hata	Total
Sugarcane Crushed (lac quintals)	124.83	31.84	68.15	50.51	275.33	102.54	30.58	51.65	29.58	214.35
Recovery (%)	9.45	8.50	9.40	9.67	9.26	9.41	8.51	9.51	9.26	9.17
Sugar Produced (lac quintals)	11.80	2.71	6.41	4.88	25.80	9.65	2.60	5.10	2.74	20.09
Crushing days	136	103	101	96	436	119	91	82	84	376

With an improvement in sugarcane output, the availability of the by-products also improved:

- The industrial alcohol production increased 73.70% over the previous year; ethanol production was reported at 345.36 lac litres and the entire output was supplied to state run oil companies at Rs. 27 per litre under the Ethanol Blending Programme (EBP)

Production of Alcohol

	Year 2010-2011			Year 2009-2010		
	Hargaon	Narkatiaganj	Total	Hargaon	Narkatiaganj	Total
Alcohol Produced (lacs Ltrs.)	233.24	112.12	345.36	136.26	62.57	198.83
Recovery % (Ltrs. Per Qtl.)	22.46	21.63	22.19	23.74	21.34	22.93

MANAGEMENT DISCUSSION AND ANALYSIS

- The Company sold 541.15 units of power in 2010-11 against 343.54 units in 2009-10, owing to increase in co-generation; the electricity generated was sold at Rs. 3.98/unit

Power Sold

	Year 2010-2011				Year 2009-2010			
	Hargaon	Narkatiaganj	Hata	Total	Hargaon	Narkatiaganj	Hata	Total
Power Sold (in lac Units)	246.97	87.73	210.45	545.15	245.25	32.95	65.34	343.54

Internal control

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

Human resources and industrial relations

Human Resources are the greatest assets that the Company possesses. In order to leverage the actual potential of every employee, the Company has built an encouraging working environment and has nurtured and appreciated individual talents to enable them to grow professionally as well as personally.

Vigorous efforts were made to upgrade and improve skills and knowledge of Company's employees and to fill up specific knowledge and skill gaps. The Company also continued to maintain cordial relations in all the mills and offices during the year under review.

DE-RISKING AT OUDH

Risk: Higher operating cost

Measures: In order to bring down the operating costs, the Company undertook various production optimisation techniques and installed various cutting edge technologies that resulted in a significant control over operational cost.

Risk: Lower revenues resulting out of poor realisations

Measures: The integrated business model of the Company enables additional revenue streams in the event of lower sugar realisations.

Risk: Stalling of regular operations due to high level of debt.

Measures: After witnessing a negative growth in the past (due to adverse external scenario), the Company undertook a Corporate Debt-Restructuring program during the year to increase the financial leverage of the Company. The resultant benefit will be seen in the coming years.

ANNEXURE - B

Statement showing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2011

I. CONSERVATION OF ENERGY :

- i) Following initiatives have been taken by the Company to conserve Energy during the year 2010-11:
 - a) The Company has installed various machineries and equipments which besides increasing generation of steam are also dedicated to reduce consumption of steam and fuel.
 - b) The Company has installed auto control system on all boilers to reduce the consumption of bagasse by putting auto control combustion system.
 - c) The Company has modified system of heating of juices and bleeding of vapors for pan boiling to considerably reduce consumption of steam and fuel.

- ii. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

In view of lesser availability of funds the Company does not intend to commit its already strained financial resources towards implementation of energy reduction programmes though the Company shall continue to use its existing resources and implement conventional methods to substantially reduce consumption of energy.

- iii. Impact of measures of I and II above for the reduction of energy consumption and consequent impact on the cost of production of goods.

None significant.

- iv. Total energy consumption and energy consumption per unit of production

(A) Power & Fuel Consumption :

	Current Year		Previous Year	
	Sugar	Food Processing	Sugar	Food Processing
Electricity :				
a) Purchased :				
Units (in lacs)	17.12	3.05	28.18	2.75
Total amount (Rs. in lacs)	142.51	19.20	160.82	14.27
Rate/Unit(Rs.)	8.32	6.30	5.71	5.19
b) Own Generation :				
i) Through Diesel Generator :				
Units (in lacs)	13.69	0.75	23.14	1.03
Units/litre of diesel-oil	3.59	14.08	3.21	2.8
Cost/Unit (Rs.)	10.89	2.77	11.00	12.85
ii) Through Steam Turbine/ Generator :				
Units (in lacs) (Excluding units sold to and used in other segment)	800.38	-	676.68	-
Units/litre of fuel oil/gas				
Cost/Unit (Rs.)	Not ascertainable as the bagasse which is a by-product is being used as fuel			
Coal :				
Quantity (Tonnes)	-	788.10	-	756.70
Total Cost (Rs. in lacs)	-	53.67	-	43.22
Average Rate (Rs.)	-	6810.42	-	5711.95
(B) Consumption per unit of production :				
Products Sugar - (in lacs Qtls)/	25.77		20.32	
Food Processing (in lacs Qtls)		0.46		0.49
Electricity (unit)	32.25	8.26	35.82	7.68
Coal (in kg)	-	0.17	-	0.15

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

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

(1) Control of Insect, Pest and Disease-

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

- (2) **Ratoon Management :-** To increase the yield of the Ratoon, farmers are being educated on constant basis to burn the trash in the field, stubbing the plant and giving the proper dose of fertilizers and irrigation. Farmers are educated also to fill the gaps by new and improved plants.

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

The Company has not imported any new technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

a) Activities relating to exports, initiatives taken to increase exports	}	Sugar is generally exported through Indian Sugar Exim Corporation Limited. The Government allowed exports through merchant exporters also.
b) Development of new export markets for products and services and export plan		
c) Earnings in Foreign Exchange		
d) Expenditure in Foreign Currency		
		- Rs. 5162.68 lacs (FOB Value)
		- Rs. 14.90 lacs

ANNEXURE - C

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 2011

Name	Designation	Remuneration (Rs.)	Nature of Duties	Qualification	Experience (years)	Age (years)	Date of commencement of employment	Last employment held
Employed throughout the year :								
Mr. Chandra Shekhar Nopany	Chairman cum Managing Director	1,11,34,494	Overall management of the affairs of the Company	B. Com., A.C.A., M.S.I.A.	21	46	1st July, 1995	None

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

For and on behalf of the Board

Mumbai
Dated, 10th August, 2011

Chandra Shekhar Nopany
Chairman-cum-Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

The entire subscribed equity capital of Champaran Marketing Company Limited, Hargaon Investment & Trading Company Limited and OSM Investment & Trading Company Limited as on 31st March, 2011 was held by the Company. As on 31st March, 2011, 55.56 % and 44.44 % of the subscribed equity capital of Hargaon Properties Limited was held by Hargaon Investment & Trading Company Limited and Champaran Marketing Company Limited respectively, wholly owned subsidiaries of the Company and accordingly the said company is the stepped down subsidiary of the Company.

(Rs. in lacs)

Name of the Subsidiary Company	Net aggregate of subsidiaries' profit/(loss) not dealt with in Holding Company's Accounts		Net aggregate of subsidiaries' profit/(loss) dealt with in Holding Company's Accounts	
	Current year	Upto Previous year since became subsidiary	Current year	Upto Previous year since became subsidiary
Champaran Marketing Company Limited	12.63	88.71	--	43.41
Hargaon Investment & Trading Company Limited	52.12	519.23	--	57.22
OSM Investment & Trading Company Limited	23.75	132.68	--	26.06
Hargaon Properties Limited	(0.14)	2.17	--	--

Since the close of the accounts of Champaran Marketing Company Limited, Hargaon Investment & Trading Company Limited, OSM Investment & Trading Company Limited and Hargaon Properties Limited on 31st March, 2011, no change has taken place in the holding Company's interest in the said subsidiary Companies nor has any material change taken place in subsidiary Companies in regard to any of the matters specified in Section 212(5)(b) of the Companies Act, 1956 except that the monies lent by Champaran Marketing Company Limited has been reduced by Rs. 50,000 and loan received by OSM Investment & Trading Company Limited and Hargaon Investment & Trading Company Limited increased by Rs. 25,000 each. The money lent by Hargaon Investment & Trading Company Limited to its Subsidiary Company Hargaon Properties Limited increased by Rs. 10,000.

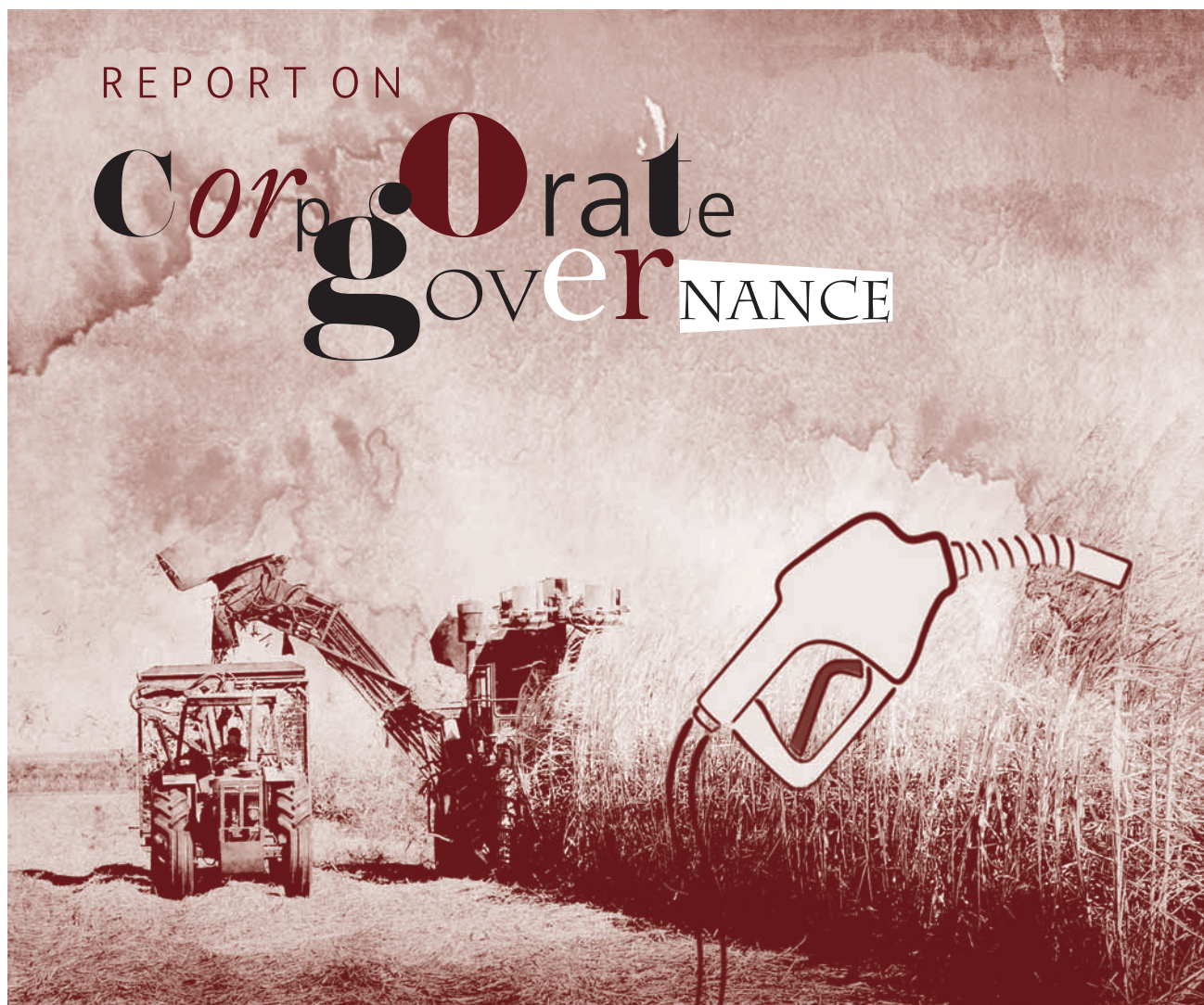
Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

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

Sl. No.	Financial Information (in Rs.)	Champaran Marketing Company Limited	Hargaon Investment & Trading Company Limited	OSM Investment & Trading Company Limited	Hargaon Properties Limited
1	Reporting Currency	Rupees	Rupees	Rupees	Rupees
2	Paid up Capital	10872500	30457270	17404180	4500000
3	Reserves & Surplus	42364419	117515759	37925221	203292
4	Total Liabilities	53236919	185723029	110854401	4733292
5	Investments	52915352	182691208	107707627	Nil
6	Total Assets	53236919	185723029	110854401	4733292
7	Turnover/ Total Income	1373911	5389107	2482220	Nil
8	Profit /(Loss) before taxation	1263116	5263469	2375029	(14161)
9	Provision for Taxation	Nil	51000	Nil	Nil
10	Profit/ (Loss) after Taxation	1263116	5212469	2375029	(14161)
11	Proposed Dividend	Nil	Nil	Nil	Nil
12	Country	India	India	India	India



1. COMPANY'S PHILOSOPHY

The Oudh Sugar Mills Limited (OSML), a part of Birla Group of Sugar Industries, is structured to institutionalize policies and practices that enhance the efficacy of the Board and the Senior Management of the Company and inculcate a culture of accountability, transparency and integrity across the Company as a whole. OSML through these pages renews its commitment to uphold and nurture the core values of integrity, passion, responsibility, quality and respect in dealing with its customers, cane growers and other stake holders of the Company. The other enablers for the Company are 'team work' and 'adherence to professionalism'.

2. BOARD OF DIRECTORS

- i) The Company has in all 10 Directors with considerable professional experience in divergent areas connected with corporate functioning. The Board is headed by the Executive Chairman Mr. Chandra Shekhar Nopany who also acts as the Managing Director of the Company and is entrusted with the management of the Company subject to superintendence, control and directions of the Board.
- ii) None of the Directors on the Board is a Member of more than 10 committees or chairman of more than 5 Committees across all the companies in which he or she is a Director.

- iii) With a view to institutionalize all corporate affairs and set up values, systems, standards and procedures for advance planning for matters requiring discussions / decisions by the Board, the Company has unwritten rules and procedures for the meetings of the Board of Directors and Committees thereof. These rules and procedures seek to systematize the decision making process at the meetings of the Board/Committees in an informed and most efficient manner.
- iv) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/ approval/ decisions in the Board/Committee Meetings. All such matters are communicated to the Company Secretary well in advance so that the same could be included in the Agenda of the Board Meetings.
- v) The Chairman-cum-Managing Director and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.
- vi) Agenda papers are circulated to the Directors in advance. All material back up information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.
- vii) In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated in advance or at the meeting.
- viii) The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Clause 49 of the Listing Agreement.
- (ix) During the year under review there had been no resignation of any Director. Mr. Pushkar Sahay Nominee of State Bank of India and Mr. Inderpal Singh Kalra Nominee of IDBI Bank Limited were appointed on the Board of the Company. Mr. Chandra Shekhar Nopany has been re-appointed as the Managing Director of the Company for a further period of three years w.e.f. 1st July, 2011 as approved by the shareholders at the extraordinary General Meeting held on 2nd May, 2011.

During the year under review six Board Meetings were held on 27th August, 2010, 28th October, 2010, 25th January, 2011, 23rd March, 2011, 28th April, 2011 and 29th June, 2011. The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also the number of directorships in other bodies corporate by all the directors are as follows:

Name of the Director	Category of the Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other bodies corporate	No. of Chairmanship/ Membership of Board Committees in other Companies		No. of Equity Shares held
					Chairman	Member	
Mr. Chandra Shekhar Nopany	CMD	6	No	12	1	2	73,804
Mr. Suresh Vinayak Muzumdar	I/NED	1	No	0	0	0	1050
Mr. Ashvin Chinubhai Dalal	I/NED	5	Yes	0	0	0	NIL
Mr. Chand Bihari Patodia	I/NED	2	No	1	0	0	NIL
Mr. Rohit Kumar Dhoot	I/NED	3	No	5	0	0	NIL
Mrs. Madhu Vadera Jayakumar	I/NED	2	No	0	0	0	NIL
Mr. Haigreave Khaitan	NED	0	No	14	0	10	NIL
Mr. Jayant Narayan Godbole	I/NED	3	No	11	1	6	NIL
*Mr. Pushkar Sahay- Nominee SBI	I/NED	1	NA	0	0	0	NIL
#Mr. Inderpal Singh Kalra- Nominee IDBI	I/NED	0	NA	0	0	0	NIL

CMD - Chairman cum Managing Director

NED - Non-Executive Director

I - Independent

NA - Not Applicable

*Mr. Pushkar Sahay, a Nominee of State Bank of India was appointed with effect from 7th May, 2011 on the Board of the Company.

Mr. Inderpal Singh Kalra, a Nominee of IDBI Bank Limited was appointed with effect from 24th June, 2011 on the Board of the Company.

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

Mr. Ashvin Chinubhai Dalal and Mr. Chand Bihari Patodia are liable to retire by rotation and are eligible for re-appointment. Particulars of these Directors form part of the Corporate Governance Report.

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

Overall purpose/objective

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

Terms of Reference

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors (including the statutory auditors), fixation of audit fee and also approval for payment for any other services.
- Discussion with statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Holding periodic discussions and reviewing with the management, the Statutory Auditors and internal Auditors the annual and quarterly financial reports and statements before submission to the Board, focusing primarily on:

- i. any changes in accounting policies and practices;
 - ii. major accounting entries based on exercise of judgment by management;
 - iii. qualifications and observations in draft audit report;
 - iv. significant adjustments arising out of audit;
 - v. the going concern assumption;
 - vi. compliance with the accounting standards and introduction of steps towards implementation of IFRS;
 - vii. compliance of listing requirements of stock exchange and legal requirements concerning financial reporting and preparation of financial statements;
 - viii. any related party transactions as per Accounting Standard 18
 - ix. Significant findings of the statutory and internal auditors and follow up thereon.
- Reviewing the Company's financial and risk management policies.
 - Reviewing with the management, statutory and internal auditors, the adequacy of and compliances with internal control systems.
 - Reviewing the adequacy of internal audit function, including structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Reviewing the functioning of the Whistle Blower mechanism.
 - Reviewing the appointment of Cost Auditors
 - Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background of the candidate.

Composition and Meetings

The Audit Committee comprises of four Non-executive Directors viz. Mr. Ashvin Chinubhai Dalal (Chairman), Mr. Chand Bihari Patodia, Mr. Suresh Vinayak Muzumdar and Mr. Rohit Kumar Dhoot, all of whom, are independent Directors. Mr. Govind Narayan Pareek, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside internal auditors, the Chief Financial Officer and the Company Secretary. During the year the Committee met five times on 27th August, 2010, 28th October, 2010,

25th January, 2011, 28th April, 2011 and 30th June, 2011. Attendance of the members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Mr. Ashvin Chinubhai Dalal	Chairman	4
Mr. Chand Bihari Patodia	Member	1
Mr. Suresh Vinayak Muzumdar	Member	2
Mr. Rohit Kumar Dhoot	Member	3

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

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

Objectives:

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

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

Terms of Reference:

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

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

Composition and Meetings:

The Committee, presently, comprises of three Independent

Non-executive Directors, viz. Mr. Suresh Vinayak Muzumdar (Chairman), Mr. Ashvin Chinubhai Dalal and Mr. Rohit K Dhoot. During the year the Committee met two times on 21st March, 2011 and 30th June, 2011. Attendance of the members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Mr. Suresh Vinayak Muzumdar	Chairman	2
Mr. Ashvin Chinubhai Dalal	Member	0
Mr. Rohit Kumar Dhoot	Member	2

Remuneration Policy:

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

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

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

During the last 5 years the Company has not been able to pay any commission to the Non- Executive Directors in view of inadequacy of the net profit of the Company determined in the aforesaid manner.

- Remuneration of Directors

Details of remuneration paid to the Directors for the year 2010-11:

a) Executive Director

Managing Director	Salary Rs.	Perquisites Rs.	Retirement Benefits Rs.	Total Rs.
Mr. Chandra Shekhar Nopany	39,00,000	67,26,521	5,07,973	1,11,34,494

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

b) Non-executive Directors

The Company pays a sitting fee of Rs. 5,000/- and Rs. 2,500/- per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The details of sitting fees paid during the year 2010-11 are as follows:

Sl. No.	Name of the Director	Gross Amount (Rs.)
1	Mr. Suresh Vinayak Muzumdar	35000
2	Mr. Ashvin Chinubhai Dalal	40000
3	Mr. Chand Bihari Patodia	12500
4	Mr. Rohit Kumar Dhoot	27500
5	Mrs. Madhu Vadera Jayakumar	30000
6	Mr. Haigreve Khaitan	0
7	Mr. Jayant Narayan Godbole	15000
8	Mr. Pushkar Sahay	5000
9	Mr. Inderpal Singh Kalra	0

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

Terms of Reference:

The Investors' Grievance Committee oversees the redressal of complaints of investors such as transfer of credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 shares, etc. It also approves allotment of shares and matters incidental thereto including listing thereof. By a resolution of the Board of Directors of the Company dated 28th April, 2011 the terms of reference of the Investor Grievance Committee has further been enlarged to include taking note of: shares transferred in course of a quarter, status of dematerialized shares as on the end of each quarter, stock of blank stationery of share certificates as on the end of each quarter, shareholding pattern of the Company as on the end of each quarter, and detail of investors' grievances pending as on the end of each quarter

Composition & Meetings:

The Committee, presently, comprises of three Non-executive Directors viz. Mr. Suresh Vinayak Muzumdar (Chairman), Mr. Rohit Kumar Dhoot and Mrs. Madhu Vadera Jayakumar. Mr. Govind Narayan Pareek, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges. During the year under review no meeting of the Committee was required to be held.

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of shares in physical form

upto 1000 shares. The transfers/transmissions approved by the Secretary are periodically placed before the Committee. During the year under review the Company received 3 complaints/grievances from the shareholders which were duly attended. The average period in which grievances are addressed is 7 days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2011. There were no share transfer applications pending for registration as on 30th June, 2011.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location
2009-2010	21.12.2010	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2008-2009	26.11.2009	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2007-2008	18.12.2008	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121

A Special Resolution was passed at the Annual General Meeting held on 21st December, 2010 for payment of commission not exceeding 1% of the net profit of the Company computed under section 349 of the Companies Act, 1956. No Special resolution was passed at the Annual General meeting held on 26th November, 2009. A Special resolution was passed at the Annual General Meeting held on 18th December, 2008 for re-appointment of Mr. Chandra Shekhar Nopany as the Managing Director for a further period of three years with effect from 1st July, 2008.

As of now there is no proposal for passing of any Special Resolution through Postal Ballot. The last Annual General Meeting was held on 21st December, 2010 which was chaired by Mr. Ashvin Chinubhai Dalal, Chairman of the Audit Committee.

7. DISCLOSURES

- There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties are disclosed in Note No. 16 of Schedule 23 to the Accounts in the Annual Report.

- ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.
- iii) The Company has complied with all the applicable mandatory requirements. The Company has not adopted the non mandatory requirements of the Listing Agreement except relating to the Remuneration Committee.
- iv) Periodical disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.
- v) The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India in preparation of its financial statements.
- vi) During the year under review, the Company received Rs. 37.50 crores as an advance subscription money towards issue of 5,00,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10 each subject to the approval of the shareholders which was obtained on 28th July, 2011. Accordingly, the Finance & Corporate Affairs Committee has allotted the said CRPS at its meeting held on 1st August, 2011 and made a call for the balance amount of Rs. 12.50 crores.

8. MEANS OF COMMUNICATION

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

9. GENERAL SHAREHOLDERS' INFORMATION

i) 79th Annual General Meeting

Day : Wednesday
 Date : 28th December, 2011
 Time : 11.00 AM
 Venue : Registered Office:
 Sugar Mills Complex, Hargaon, District – Sitapur
 Uttar Pradesh – 261 121.

ii) Tentative Financial Calendar for the year 2011-12.

Approval of Audited Annual Results (2010-11)	10th August, 2011
Publication of Audited Results	11th/12th August, 2011
Mailing of Annual Report	November, 2011
First Quarter Results	On or before middle of November, 2011
Second Quarter Results	On or before middle of February 2012
Third Quarter Results	On or before middle of May 2012
Audited Annual Results (2011-12)	August 2012

iii) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 20th December, 2011 (Tuesday) to 28th December, 2011 (Wednesday) (both days inclusive) for the purpose of Annual General Meeting.

iv) Dividend Payment Date

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

v) Listing on Stock Exchanges and Stock Codes

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

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

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE594A01014. Annual Listing Fee for and up to the year 2011-12 has been paid to BSE and NSE.

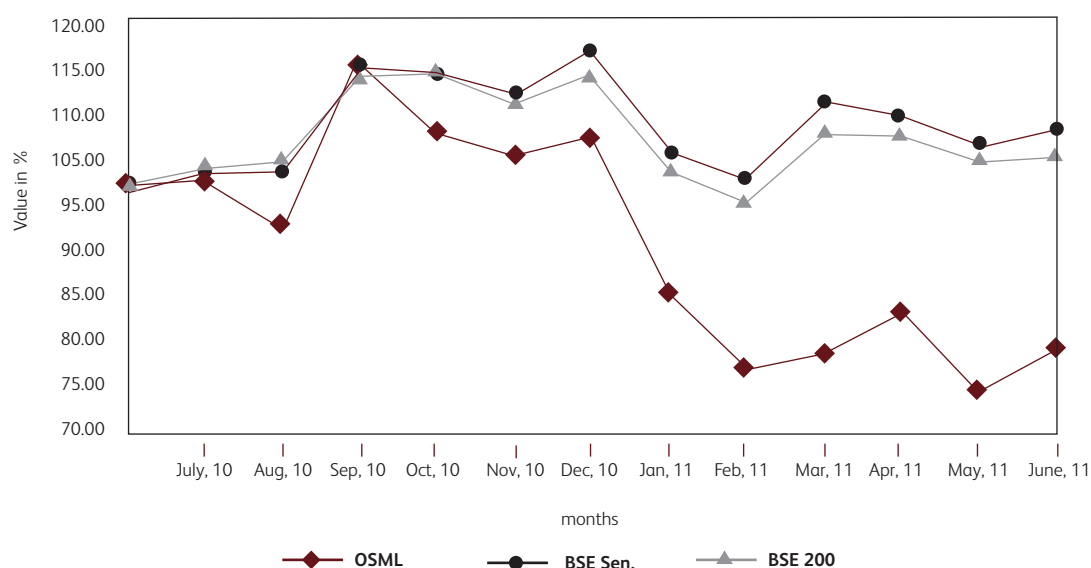
vi) Market Price data

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

Month	Bombay Stock Exchange Ltd.		National Stock Exchange	
	High Rs.	Low Rs.	High Rs.	Low Rs.
July, 2010	43.40	36.40	42.65	38.00
August, 2010	40.20	35.50	40.20	35.70
September, 2010	49.00	36.35	45.90	36.10
October, 2010	45.80	40.30	45.30	39.60
November, 2010	50.00	35.20	46.80	35.15
December, 2010	43.80	35.20	43.50	34.50
January, 2011	43.20	32.85	43.40	33.00
February, 2011	35.50	27.85	35.45	27.25
March, 2011	34.95	27.20	35.00	27.45
April, 2011	36.20	30.00	36.50	29.55
May, 2011	33.60	26.50	39.90	31.15
June, 2011	33.00	26.10	33.30	26.00

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

A graphical presentation is as follows:



viii) Registrar & Share Transfer Agent

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

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

ix) Share Transfer System

The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/transmission of above 1000 shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders. Share transfer requests, if found valid and complete in all respects, are normally effected within a period of 15 days from the date of receipt. A total of 3164 shares were transferred/ transmitted during the year 2010-11. The dematerialized shares are directly transferred to the beneficiaries by the Depositories.

x) Distribution of Shareholding

a) The Distribution of Shareholding as on 30th June, 2011 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 - 500	12805	83.90	1871638	7.22
501 - 1000	1220	7.99	959922	3.70
1001 - 2000	602	3.94	890182	3.43
2001 - 3000	225	1.47	575578	2.22
3001 - 4000	101	0.67	361855	1.40
4001 - 5000	68	0.44	315473	1.22
5001 - 10000	116	0.76	837981	3.23
10001 and above	126	0.83	20104546	77.58
Total	15263	100.00	25917175	100.00

b) Details of Shareholding pattern of the Company as on 30th June, 2011 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	14984751	57.82
Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	2065755	7.97
Bodies Corporate	2007059	7.74
Indian Public	6553660	25.29
NRIs / OCBs / FIIs / Foreign Nationals/Clearing Members	305950	1.18
Total	25917175	100.00

xi) Dematerialization of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. Over 98 % of the Equity Shares of the Company have already been dematerialised.

xii) Outstanding GDRs /ADRs/Warrants or Convertible Instrument

The Company has never issued GDRs/ ADRs/Warrants or Convertible Instrument.

xiii) Location of Plants:

Sugar Mills:

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Narkatiaganj, District West Champaran, Bihar, Pin-845 455.
- Hata, District Kushinagar, Uttar Pradesh, Pin-274 207
- Rosa, District Shahjahanpur, Uttar Pradesh, Pin-242 406.

Distilleries:

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

Co-generation Power Plants:

- Hargaon, District Sitapur, Uttar Pradesh, Pin-261 121.
- Narkatiaganj, District West Champaran, Bihar, Pin-845 455.
- Hata, District Kushinagar, Uttar Pradesh, Pin-274 207

Food Processing Factory:

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

xiv) Address for Correspondence :

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

Two Non-executive Directors namely Mr. Ashvin Chinubhai Dalal and Mr. Chand Bihari Patodia are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Brief particulars of the said Directors are given below:

- Mr. Ashvin Chinubhai Dalal, aged 74 years is a Commerce Graduate and a Director of Ashvin Chinubhai Broking Ltd. and partner in Ashvin Chinubhai & Sons, a leading Share and Stock Broker. The Company obtains his valuable guidance on Capital Market areas. He joined the Board of the Company in September,1987.

He is not on the Board of any other Public Company and does not hold any Equity Share in the Company.

- Mr. Chand Bihari Patodia aged 63 years, possesses rich experience of 43 years especially in Cane Marketing, Sugar Manufacturing process, Administration and Finance. The Company obtains his valuable guidance in administration, audit and finance matters. He joined the Board of the Company in July 1995.

He is Chairman of U.P. Sugar Mills Association and also the President of Bihar Sugar Mills Association.

He is also on the Board of Indian Sugar Exim Corp. Ltd. and does not hold any Equity Share in the Company.

11. INTERNAL CONTROL SYSTEM

The Internal Control System prevalent in the Company is aimed at proper utilisation and safeguarding of the Company's resources and also at promoting operational efficiency. The system is reviewed periodically by the Audit Committee in consultation with the senior management of the Company, the Statutory Auditors and the external internal auditors. The Internal Audit of the Company is conducted by reputed firm of Chartered Accountants. The findings of the Internal Audit and consequential corrective

actions initiated and implemented from time to time by the executive management of the Company are placed before the Audit Committee. The Audit Committee reviews such audit findings and the adequacy of Internal Control System.

12. HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATION

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

The current strength of management staff is 69 and non-management staff is 1734.

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

13. RISK MANAGEMENT

The Company has in place a Risk Management Policy, which lays down the process for identification and mitigation of risks. This Policy has been approved by the Board of Directors of the Company. The Board of Directors reviews the risk management and mitigation policy from time to time, the last such review having been made on 28th October, 2010.

14. PREVENTION OF INSIDER TRADING

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

15. CODE OF CONDUCT & ETHICS

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

16. LEGAL COMPLIANCES

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

17. COMPLIANCES WITH CORPORATE GOVERNANCE NORMS:

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as

stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended September 30, 2010, December 31, 2010, March 2011 and June 2011. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the stock exchanges. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Uttar Pradesh along with the Annual report.

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

a. Remuneration Committee:

As detailed in the earlier paragraphs, the Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee is Mr. Suresh Vinayak Muzumdar.

b. Whistle Blower Mechanism

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

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

18. SUBSIDIARY COMPANIES:

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

19. SHAREHOLDERS' RIGHTS:

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

20. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Ministry of Corporate Affairs in the year 2009 announced a set of voluntary guidelines on Corporate Governance. The Company in line with its stated policy of being committed to the principles and practices of good Corporate Governance, is in compliance with many of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility of implementing the same progressively.

DECLARATION ON CODE OF CONDUCT

To

The Members

The Oudh Sugar Mills Ltd.

P.O. Hargaon, Dist – Sitapur

U.P – 261 121

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Chandra Shekhar Nopany, Chairman-cum-Managing Director of The Oudh Sugar Mills Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2010-11.

Mumbai

Date: August 10, 2011

Chandra Shekhar Nopany

Chairman-cum-Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

The Oudh Sugar Mills Limited

We have examined the compliance of conditions of Corporate Governance by THE OUDH SUGAR MILLS LIMITED, for the year ended 30th June, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Firm Registration No. 301003E

CHARTERED ACCOUNTANTS

Per

SANJOY K GUPTA

Partner

Membership No. 54968

Kolkata

Date: August 10, 2011

To The Members of

The Oudh Sugar Mills Limited

1. We have audited the attached Balance Sheet of THE OUDH SUGAR MILLS LIMITED as at 30th June, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note No. 4 on Schedule 23, regarding accounting of Sugarcane purchases at Hargaon & Rosa Sugar units in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs.2,422.74 lacs. However, since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.
5. Further to our comments in the Annexure referred to above, we report that :-
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, subject to our comments in para (vi) below.

(v) On the basis of written representations received from the directors as on 30th June, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2011 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

(vi) *Attention is drawn to Note No. 6 on schedule 23 regarding recognition of Deferred Tax Asset (DTA) (net) of Rs.5,398.01 lacs (including Rs 3,054.68 lacs recognised in earlier years) up to 30th June, 2011 based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the impact of above been considered, there would be a loss of Rs. 10,509.46 lacs as against the reported loss of Rs. 5,111.45 lacs for the year and the profit and loss account debit balance would be Rs. 15,500.84 lacs as against the reported figure of Rs. 10,102.83 lacs as on the balance sheet date.*

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

In our opinion and to the best of our information and according to the explanations given to us, the said Statements of Account, subject to the matters stated in para (vi) above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2011;
- (b) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Per **SANJOY K. GUPTA**
Partner
Membership No. 54968

Place: 22, Camac Street,
3rd Floor, Block C,
Kolkata - 700 016
Dated: 10th August, 2011

Annexure to the Auditors' Report (referred to in our report of even date to the members of The Oudh Sugar Mills Limited as at and for the year ended 30th June, 2011)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) All Fixed Assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4 (iii) (b) to (d) of the order are not applicable to the Company and hence not commented upon.
- (b) The Company had taken loan of Rs. 500 lacs from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 500 lacs and the year-end balance of loans taken from such parties was Rs. NIL.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) There were no stipulations for repayment of the above loan but the same was repayable on demand. The company has repaid the above loan during the year on demand and thus, there has been no default on the part of the company. The payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the above section, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lacs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with by the Company. We are informed by the management that no order has been passed by the Company law Board, National Company Law Tribunal or Reserve Bank of India or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues with appropriate authorities *apart from Cane Purchase Tax of Rs. 119.40 lacs relating to the sugar unit in Bihar which has not been paid as on the Balance sheet date, pending disposal by the State Government of the representation made by the Bihar Sugar Mills Association for its remission.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Bihar Finance Act, 1981	Tax on sale of Alcohol for non submission of declaration forms	4.19	1995-96	Appellate Tribunal
Bihar Value Added Tax Act, 2005	Tax demand on excise duty element on molasses transferred from Sugar to Distillery Division along with penalty	208.28	2006-07 to 2007-08	Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax demand on interstate sale	9.29	1993-94 to 2004-05	Joint Commissioner Appeals
	Taxability on alcohol sale	4.15	1977-78 to 1981-82, 2000-01	High Court, Allahabad
	Demand for Sales Tax due to non submission of Declaration Forms	10.62	2002-03 to 2003-04	Appellate Tribunal
Central Excise Act, 1944	Disallowance of Cenvat Credit on Certain inputs/ capital items	1140.77	2001-02 to 2010-11	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Excise Duty on burnt / waste and loss on storage of molasses etc.	40.19	1992-93, 2002-03 to 2005-06	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Demand towards differential amount of sugar cess on duty paid stock	77.56	2007-08	Commissioner (Appeals)
	Reversal of duty on Bagasse Sale	105.86	2008-09 to 2009-10	Commissioner (Appeals) / High Court, Allahabad

(x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth and it has incurred cash losses in the current and immediately preceding financial year.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank and / or financial institution read with the fact that term loans have been rescheduled as per the Corporate Debt Restructuring Scheme approved during the year as stated in Note No. 5 on Schedule 23. There were no debentures outstanding during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and therefore, the provisions of clause 4(xiv) of the order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from a bank, the terms and conditions whereof are stated to be not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that Rs. 22,312 lacs approx. raised on short-term basis have been used for long-term investment (without considering permanent working capital) representing mainly acquisition of fixed assets.

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

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Per **SANJOY K. GUPTA**
Partner
Membership No. 54968

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

Dated: 10th August, 2011

(Rs. in lacs)

	Schedule	30th June, 2011	30th June, 2010
SOURCES OF FUNDS			
A. Shareholders' Funds			
(a) Share Capital	1	2,604.49	2,604.49
(b) Preference Shares Application Money		3,750.00	-
(c) Reserves and Surplus	2	9,645.81	9,638.80
		16,000.30	12,243.29
B. Loans Funds	3		
(a) Secured		58,854.49	65,002.21
(b) Unsecured		33,230.18	25,209.40
		92,084.67	90,211.61
		108,084.97	102,454.90
APPLICATION OF FUNDS			
A. Fixed Assets	4		
(a) Gross Block		89,119.23	81,785.48
(b) Less: Accumulated Depreciation		25,551.99	21,510.32
(c) Net Block		63,567.24	60,275.16
(d) Capital Work- in- Progress		210.92	210.60
(e) Capital Expenditure on New / Expansion Projects	5	-	6,552.77
		63,778.16	67,038.53
B. Investments	6	1,080.23	1,079.73
C. Deferred Tax Asset (net)		5,398.01	3,054.68
D. Current Assets, Loans and Advances			
(a) Inventories	7	28,206.16	31,291.51
(b) Sundry Debtors	8	1,288.85	1,142.15
(c) Cash and Bank Balances	9	233.24	405.12
(d) Other Current Assets	10	7.19	4.70
(e) Loans and Advances	11	5,374.83	6,166.85
		35,110.27	39,010.33
Less: Current Liabilities and Provisions	12		
(a) Current Liabilities		7,131.68	12,495.04
(b) Provisions		252.85	224.71
		7,384.53	12,719.75
Net Current Assets		27,725.74	26,290.58
E. Profit and Loss Account - Debit Balance		10,102.83	4,991.38
		108,084.97	102,454.90
Accounting Policies and Notes to Accounts	23		

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

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K. GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,

3rd Floor, Block C, Kolkata - 700 016

Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

(Rs. in lacs)

	Schedule	2010-2011	2009-2010
INCOME			
Gross Sales	13	91,982.79	55,498.33
Less : Excise Duty		2,633.03	1,646.13
: Cess		484.44	279.87
Net Sales		88,865.32	53,572.33
Other Income	14	328.44	246.42
Agricultural Profit	15	74.70	14.88
		89,268.46	53,833.63
EXPENDITURE			
Decrease/(Increase) in Stocks	16	3,236.83	(14,495.38)
Excise Duty & Cess on Stocks		(160.44)	497.45
(Refer note no. 7 on Schedule 23)			
Purchase of Finished Goods		1,507.51	259.99
Raw Materials Consumed	17	63,590.94	55,013.40
Stores, Spares & Packing Materials Consumed	18	3,814.38	3,007.40
Fuel & Electricity		938.26	1,031.44
Payments to and Provisions for Employees	19	3,993.79	3,980.49
Manufacturing, Selling and Other Expenses	20	4,329.04	3,381.38
Directors' Remuneration	21	45.73	47.83
		81,296.04	52,724.00
Profit before Interest, Depreciation & Taxation		7,972.42	1,109.63
Less: Interest & Finance Charges (net)	22	11,313.66	8,105.81
Depreciation		4,111.88	4,077.30
		15,425.54	12,183.11
Profit / (Loss) before Taxation		(7,453.12)	(11,073.48)
Provision for Taxation :			
Wealth tax		3.00	3.40
Deferred Tax Credit		(2,343.33)	(3,684.77)
Minimum Alternative Tax Credit Reversal		-	836.59
Provision for Income Tax no longer required written back		1.34	3.62
Fringe Benefit Tax for earlier years		-	2.82
Profit / (Loss) after Taxation		(5,111.45)	(8,227.90)
Surplus / (Deficit) brought forward from previous year		(4,991.38)	1,511.40
Transfer from General Reserve		-	1,725.12
Profit / (Loss) carried to the Balance Sheet		(10,102.83)	(4,991.38)
Earning per Share of Rs. 10 each (Refer note no. 12 on Schedule 23) :			
Basic & Diluted Earning per share (Rs.)		(19.72)	(32.88)
Accounting Policies and Notes to Accounts	23		

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

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K. GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,
3rd Floor, Block C, Kolkata - 700 016
Dated: 10th August, 2011**Govind Narayan Pareek**
Company Secretary**Ashvin Chinubhai Dalal**
Director**Chandra Shekhar Nopany**
Chairman - cum - Managing Director

(Rs. in lacs)

	2010-2011	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before Tax	(7,453.12)	11,073.48
Adjustments for :		
Depreciation	4,117.66	4,083.89
Interest (net of capitalisation & Subsidy)	10,993.24	7,800.55
Molasses Storage and Maintenance Reserve	7.01	5.30
Loss / (Profit) on Fixed Assets sold / discarded (net)	(11.95)	2.89
Interest & Dividend Income	(26.82)	(34.87)
Bad Debts, irrecoverable claims & advances written off	30.93	5.37
Provision for Warranties & Claims	7.13	11.65
Unspent liabilities, excess provisions and unclaimed balances written back (net)	(141.49)	(76.38)
Provision for bad and doubtful debts / advances	28.85	186.92
Operating Profit before Working Capital Changes :	7,551.44	911.84
Adjustments for :		
Increase / (Decrease) in Trade Payables	(4,749.69)	3,179.33
Decrease / (Increase) in Trade & Other Receivables	216.43	(269.44)
Decrease / (Increase) in Inventories	3,085.35	(13,911.34)
	(1,447.91)	(11,001.45)
Cash Generated from / (used in) Operations :	6,103.53	(10,089.61)
Direct Taxes Refund / (Paid)	114.81	(162.42)
Net Cash from / (used in) Operating Activities	6,218.34	(10,252.03)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	15.95	50.75
Capital Subsidy	-	113.27
Loans Received back / (Given)	167.82	(1,124.53)
Interest Received	24.29	38.93
Dividend Received	0.04	0.26
Purchase of Investments	(0.50)	(0.50)
Fixed deposits	(8.00)	191.40
Purchase of Fixed Assets	(873.06)	(2,505.61)
Net Cash used in Investing Activities	(673.46)	(3,236.03)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	16,752.32	26,818.72
Repayment of Loans	(18,916.51)	(5,747.74)
Proceeds from Right issue of Shares	-	399.83
Share Premium on right issue of shares	-	1,304.62
Preference Shares Application Money	3,750.00	-
Interest Paid	(7,310.24)	(8,830.52)
Dividend Paid (including dividend tax)	-	(384.67)
Net Cash generated / (used in) from Financing Activities	(5,724.43)	13,560.24
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(179.55)	72.18
* Cash & Cash equivalents - Opening Balance	351.83	279.65
* Cash & Cash equivalents - Closing Balance	172.28	351.83

*Represents Cash and Bank balances as indicated in Schedule - 9, and excludes Rs. 60.96 lacs (Rs. 53.29 lacs) being bank balances with restricted use or with maturity of more than three months.

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K. GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,

3rd Floor, Block C, Kolkata - 700 016

Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised :		
4,00,00,000 (4,00,00,000) Equity Shares of Rs. 10 each	4,000.00	4,000.00
5,00,00,000 (-) Preference Shares of Rs. 10 each	5,000.00	-
3,00,00,000 (-) Unclassified Shares of Rs. 10 each	3,000.00	-
	12,000.00	4,000.00
Issued :		
2,61,70,300 (2,61,70,300) Equity Shares of Rs. 10 each	2,617.03	2,617.03
1,883 1/2 (1,883 1/2) Equity Shares of Rs. 100 each	1.89	1.89
	2,618.92	2,618.92
Subscribed & Paid-up :		
2,59,17,175 (2,59,17,175) Equity Shares of Rs. 10 each fully paid	2,591.72	2,591.72
44 (44) Quarter Equity Shares of Rs. 25 each fully paid	0.01	0.01
Bearer Equity Share Coupons of Rs. 25 and Rs. 12.50 each fully paid	0.06	0.06
	2,591.79	2,591.79
Add: Forfeited Shares (amount originally paid-up)	12.70	12.70
	2,604.49	2,604.49

Note :

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

SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve :		
As per last account	195.88	195.88
Capital Redemption Reserve :		
As per last account	37.69	37.69
Securities Premium :		
As per last account	9,315.03	8,010.41
Add : Received on issue of Right Shares	-	1,304.62
	9,315.03	9,315.03
General Reserve :		
As per last account	-	1,725.12
Less : Transfer to Profit & Loss Account	-	1,725.12
	-	-
Molasses & Alcohol Storage and Maintenance Reserve :		
As per last account	87.36	82.06
Add: Provided during the year	7.01	5.30
	94.37	87.36
Effluent Disposal Reserve :		
As per last account	2.84	2.84
	9,645.81	9,638.80

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 3		
LOAN FUNDS		
A. Secured Loans :		
Term Loans		
Long Term		
From Scheduled Bank(s) :		
Under Term Loan Scheme	27,173.34	28,439.92
Funded Interest Term Loan (FITL)	3,999.11	-
Under Financial Assistance Scheme (Excise Duty Loan)	2,058.82	4,006.60
From Sugar Development Fund	7,736.18	8,463.50
Short Term		
From a Body Corporate	1,800.00	-
Other Loans		
From a Scheduled Bank on Cash Credit Account	16,087.04	24,092.19
	58,854.49	65,002.21
B. Unsecured Loans :		
Short Term Loan from Scheduled Banks	-	4,500.00
From a Scheduled Bank against Crop Loan to Cane growers	3,520.56	4,063.05
From a Subsidiary Company (not bearing interest)	2.50	-
Inter Corporate Loans	29,245.00	16,100.00
Fixed Deposits from Staff and Others	364.59	453.64
Trade and other Deposits (partly not bearing interest)	97.53	92.71
	33,230.18	25,209.40
	92,084.67	90,211.61

NOTES :

- Term loans including FITL from Scheduled Bank(s) (except Excise Duty Loan) are secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Hargaon, Narkatiaganj and Dhadha Bujurg (Hata) and Distillery Unit at Hargaon, ranking pari-passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.

The above Term Loans including FITL are further secured / to be secured as follows.
 - (i) Second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
 - (ii) Second charge on fixed assets of Sugar Unit at Rosa ranking pari-passu amongst the various lenders.
 - Third charge on current assets of Sugar Unit at Narkatiaganj.
 - Third charge on current assets of Sugar & Distillery Units at Hargaon.
- Term loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Hargaon, Rosa and Narkatiaganj. The aforesaid loan include Rs. 730.47 lacs (Rs. 685.77 lacs) towards interest which is recoverable as subsidy from Government of India and included in Claims & Refund Receivable under the head Loans & Advances in Schedule-11.
- Term loans from the Sugar Development Fund are secured by a second charge on all the immovable / movable assets (save and except book debts) present and future of the Company's Sugar Units at Hargaon and Narkatiaganj and include Rs. 681.59 lacs (Rs. 688.16 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.
- Cash Credit borrowings are secured / to be secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows :
 - Canning factory at Allahabad - First Charge
 - Sugar Unit at Rosa - First Charge
 - Sugar Unit at Hata - Second Charge
 - Sugar Units at Hargaon and Narkatiaganj - Third Charge
- Term Loans from banks including FITL and Cash Credit borrowings (except Excise Duty Loan) are also secured by pledge of 64,79,294 equity shares of the Company held by promoter group companies, ranking pari-pasu amongst the various lenders.
- Short term loan from a Body corporate is secured by pledge of the certain Shares held as Investments by the Company's Subsidiaries.
- Inter Corporate loans includes Rs. 1250.00 lacs (Rs. Nil) being Sub-Ordinate interest free debts. (Refer note no. 5 on Schedule 23)
- Unsecured loans, as stated above, include Rs. 32,970.94 lacs (Rs. 24,822.16 lacs) falling due for payment within one year.

(Rs. in lacs)

SCHEDULE 4 FIXED ASSETS		GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK AS AT	
PARTICULARS	As at 1st July, 2010	Additions	Deductions/ Adjustments	As at 30th June, 2011	As at 1st July, 2010	For the year	Less: On Deductions/ Adjustments	Upto 30th June, 2011	30th June, 2011	30th June, 2010
Free Hold Land	2,258.28	-	0.01	2,258.27 (a) & (b)	-	-	-	-	2,258.27	2,258.28
Lease Hold Land	23.50	-	-	23.50	1.70	0.78	-	2.48	21.02	21.80
Buildings	5,240.37	119.40	-	5,359.77	699.46	125.34	-	824.80	4,534.97	4,540.91
Plant & Machinery	73,476.10	7,193.74	33.16	80,636.68	20,335.39	3,921.81	32.82	24,224.38	56,412.30	53,140.71
Railway Sidings	1.48	-	-	1.48	1.41	-	-	1.41	0.07	0.07
Motor Cars, Lorries & Other										
Conveyance	275.48	50.82	18.30	308.00	148.52	26.97	17.38	158.11	149.89	126.96
Furniture & Fixtures	510.27	49.78	28.52	531.53	323.84	42.76	25.79	340.81	190.72	186.43
	81,785.48	7,413.74	79.99	89,119.23	21,510.32	4,117.66	75.99	25,551.99	63,567.24	60,275.16
Capital Work-in-Progress	210.60	252.09	251.77	210.92(c)	-	-	-	-	210.92	210.60
TOTAL	81,996.08	7,665.83	331.76	89,330.15 (d)	21,510.32	4,117.66	75.99	25,551.99	63,778.16	60,485.76
Total-Previous Year	71,942.35	10,394.79	341.06	81,996.08	17,493.15	4,083.89	66.72	21,510.32	60,485.76	

NOTES :

- (a) Includes Rs. 3.46 lacs (Rs. 3.46 lacs) being the value of agricultural land measuring about 3839 acres together with estimated written down value of immovable assets thereon, taken over by the Government of Uttar Pradesh under the U.P. Imposition of Ceiling of Land Holding Act, 1960, a case whereof is pending in the court.
- (b) Title deeds for Rs. 434.82 lacs (Rs. 516.99 lacs) are yet to be executed in favour of the Company.
- (c) Includes advance against purchase of Fixed Assets Rs. 28.80 lacs (Rs. 111.70 lacs).
- (d) Includes assets held in joint ownership with others Rs. 44.76 lacs (Rs. 39.56 lacs).

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 5 CAPITAL EXPENDITURE ON NEW / EXPANSION PROJECTS		
A. Freehold Land	-	529.22
B. Fixed Assets		
(a) Motor Cars, Lorries & Other Conveyance	-	14.78
(b) Furniture & Fixtures	-	9.22
C. Machinery and Building under erection	4,864.03	11,708.81
D. Advances against purchase of fixed assets	-	91.86
	4,864.03	12,353.89
Less: Transfer to Fixed Assets during the year	4,864.03	7,599.82
	-	4,754.07
E. Incidental Expenditure pending allocation to Fixed Assets:		
Amount brought forward from previous year	1,798.70	2,768.24
Add for the year :		
Salaries, Wages, Bonus, etc.	19.04	88.80
Contribution to Provident & Other Funds	1.83	6.24
Gratuity	0.24	2.10
Fuel & Electricity	5.51	27.87
Project Consultancy / Supervision Charges	0.29	63.75
Insurance Charges	1.89	3.63
Miscellaneous Expenses	6.97	38.69
Interest & Finance Charges	218.25	1,020.89
	2,052.72	4,020.21
Less: Capitalised / Allocated to Fixed Assets during the year	2,052.72	2,221.51
	-	1,798.70
	-	6,552.77

(Rs. in lacs)

	No. of Shares	Face Value per share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 6 INVESTMENTS (AT COST)				
Long Term				
Government Securities :				
Unquoted :				
5 1/2 % U.P.State Development Loan ,1977			- (c)	-
5 1/2 % U.P.State Development Loan ,1981			0.60 (d)	0.60
11 % Bihar State Development Loan, 2001			0.53	0.53
12 Years National Savings Certificates			0.08 (d)	0.08
7 Years National Savings Certificates			0.02 (d)	0.02
6 Years National Savings Certificates			2.12	1.62
12 Years National Defence Certificates			0.04 (d)	0.04
12 Years National Plan Savings Certificates			- (c)	-
10 Years National Savings Certificates			0.01 (d)	0.01
7 Years National Defence Certificates			- (c)	-
			3.40	2.90
Equity Shares (Fully Paid)				
Quoted :				
Upper Ganges Sugar & Industries Ltd.	18,562	10	13.23	13.23
			13.23	13.23
Unquoted :				
In Subsidiary Companies				
Champaran Marketing Company Ltd.	43,49,000	2.50	192.96	192.96
Hargaon Investment & Trading Co. Ltd.	30,45,727	10	609.14	609.14
OSM Investment & Trading Co. Ltd.	17,40,418	10	261.06	261.06
			1,063.16	1,063.16
In Other Companies				
Bihar State Financial Corporation Ltd.	70	100	0.07	0.07
Moon Corporation Ltd.('A' Class)	745	100	0.77	0.77
Moon Corporation Ltd.('B' Class)	2,502	5	0.13	0.13
Birla Buildings Ltd.	1,920	10	0.19	0.19
The Oudh Trading Co. Pvt.Ltd.	25	100	0.03	0.03
A.P.V.Texmaco Ltd.(in liquidation)	28,750	10	0.86 (d)	0.86
Jai Hind Publishing Co.Ltd.(in liquidation)	80	25	-	-
Akhil Bharat Printers Ltd.(in liquidation)	150	100	-	-
Indo International Distillers Association Pvt.Ltd.	-	10	-	5.40
(54,000)*				
			2.05	7.45
Share Application Money			1,081.84	1,086.74
Indo International Distillers Association Pvt. Ltd.	-	10	-	4.60
(46,000)*			1,081.84	1,091.34
Less : Provision for diminution in the value of Investments			1.61	11.61
			1,080.23 (b)	1,079.73

(Rs. in lacs)

		30th June, 2011		30th June, 2010	
SCHEDULE 6	INVESTMENTS (AT COST) (CONTD.)				
		Book Value	Market Value	Book Value	Market Value
Aggregate Value Of Investments :					
Book Value					
Quoted		13.23	10.20	13.23	10.01
Unquoted		1,067.00		1,066.50	
		1,080.23		1,079.73	

NOTES :

- (a) All the above investments are Non-Trade, except those marked with an asterisk.
- (b) Includes Government Securities of the face value of Rs. 2.76 lacs (Rs. 2.26 lacs) and Rs. 0.60 lacs (Rs. 0.60 lacs) deposited / pledged with various Government authorities and Hon'ble Allahabad High Court respectively (including Rs. 0.73 lacs (Rs. 0.73 lacs) matured, but pending encashment).
- (c) The figures, being less than Rs. 500, have not been shown above.
- (d) Indicates securities where provision for diminution in the value of Investments has been made.

		30th June, 2011	30th June, 2010
SCHEDULE 7	INVENTORIES		
At lower of cost and net realisable value			
Raw Materials		287.97	238.82
Stores, Chemicals, Spare Parts, etc. [including in transit Rs. 25.92 lacs (Rs. 25.66 lacs)]		1,356.62	1,249.33
Finished Goods		24,833.36	28,263.84
Power - Banked		50.22	16.65
Goods under Process		502.07	398.76
Standing Crop		68.86	72.51
		27,099.10	30,239.91
At estimated net realisable value			
By Products		1,093.67	1,044.02
Scrap		13.39	6.27
Country Crop		-	1.31
		1,107.06	1,051.60
		28,206.16	31,291.51

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 8 SUNDRY DEBTORS		
(Unsecured , unless otherwise specified)		
(a) Debts due for a period exceeding six months :		
Considered Good	384.68	50.28
Considered Doubtful	39.80	45.78
	424.48	96.06
Less: Provision	39.80	45.78
	384.68	50.28
(b) Other Debts		
Considered Good [includes secured Rs. 5.20 lacs (Rs. 2.57 lacs)]	904.17	1,091.87
	1,288.85	1,142.15

SCHEDULE 9 CASH & BANK BALANCES		
Cash in hand	20.57	21.38
Cheques / Drafts in hand	54.61	139.95
	75.18	161.33
With Scheduled Banks on :		
Current Account	83.96	181.07
Fixed Deposit Account [Receipts for Rs. 15.01 lacs (Rs. 15.01 lacs) pledged with various Govt. authorities as security / Bank as margin money]	46.26	38.26
Unpaid Dividend Account	14.70	15.03
	144.92	234.36
With Non-Scheduled Banks on Current Account :		
Name of the Bank	Maximum amount outstanding during the year	
Zila Sahkari Bank Limited	405.26 (309.27)	4.74 2.55
District Co-operative Bank Limited	733.47 (714.49)	2.58 3.25
Urban Co-operative Bank Limited	57.18 (61.69)	0.60 0.78
Avadh Gramin Bank	0.51 (0.37)	0.51 0.37
Baroda Uttar Pradesh Grameen Bank	205.32 (160.77)	4.27 2.04
	12.70	8.99
With Post office on :		
Savings Account (Pass Book lodged with various Govt. Authorities)	0.44	0.44
	233.24	405.12

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 10 OTHER CURRENT ASSETS		
Accrued Interest on Loans, Advances, Deposits, Investments etc.		
Considered Good	7.19	4.70
[Including Rs. 4.45 lacs (Rs. 2.01 lacs) due for more than six months]	7.19	4.70

SCHEDULE 11 LOANS AND ADVANCES		
Unsecured		
Considered good		
Loans		
Not bearing interest :		
To Subsidiary Companies	933.25	1,097.50
Bearing interest :		
To Employees	41.02	39.30
To Others	14.85	20.14
	989.12	1,156.94
Advances		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	674.38	939.23
Deposits against demand under appeal and / or under dispute	186.28	100.63
Balance with Excise & other Govt. Authorities	2,497.28	2,969.25
Claims and Refunds receivable	907.70	843.27
Advance payment of Tax, Refunds receivable and Tax deducted at source	5.59	122.46
Sundry Deposits	114.48	35.07
	4,385.71	5,009.91
	5,374.83	6,166.85
Considered doubtful		
Advances & Claims	543.16	522.31
Less : Provisions	543.16	522.31
	-	-
	5,374.83	6,166.85
NOTES		
Amount due from Officers of the Company		
Advances	7.03	11.58
	7.03	11.58
Maximum amount due at any time during the year		
Advances	25.09	22.20
	25.09	22.20
Loan to Subsidiary Companies :		
Champaran Marketing Company Limited	-	10.50
Hargaon Investment & Trading Co.Ltd.	377.75	482.75
OSM Investment & Trading Co.Ltd.	555.50	604.25
Maximum amount due at any time during the year		
Champaran Marketing Company Limited	10.50	22.50
Hargaon Investment & Trading Co.Ltd.	482.75	582.75
OSM Investment & Trading Co.Ltd.	604.25	604.25

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities :		
Sundry Creditors for goods, services, expenses etc.	-	
Due to Micro and Small Enterprises (Refer note no. 9 on Schedule 23)	108.59	121.80
Due to Others	6,369.75	11,463.16
For Other Finance	402.99	438.99
Advance against sale of goods	174.32	258.74
Interest accrued but not due on loans, deposits etc.	61.33	197.32
Investor Education & Protection Fund (not yet due)		
Unpaid & Unclaimed Dividends	14.70	15.03
	7,131.68	12,495.04
B. Provisions :		
Leave	125.97	125.74
Gratuity	109.41	83.85
Warranties	14.47	11.72
Wealth tax	3.00	3.40
	252.85	224.71
	7,384.53	12,719.75

SCHEDULES

TO THE PROFIT & LOSS ACCOUNT

	2010-2011	2009-2010
SCHEDULE 13 GROSS SALES		
Finished Goods	87,946.34	52,224.31
Power	2,167.92	1,305.01
By-Products	1,836.08	1,863.66
Processing Charges	-	76.19
Others	48.71	40.12
	91,999.05	55,509.29
Less : Claims, Rebates etc.	16.26	10.96
	91,982.79	55,498.33

(Rs. in lacs)

	2010-2011	2009-2010
SCHEDULE 14 OTHER INCOME		
Income from Long Term Investments (Non-Trade)		
Dividend	0.04	0.26
Interest	0.09	0.08
Insurance & Other Claims	10.42	8.73
Rent & Hire Charges	9.95	19.64
Exchange rate fluctuations (net)	-	5.88
Export Incentives	28.22	44.79
Unspent liabilities, excess provisions and unclaimed balances written back (net)	141.49	76.38
Profit on Fixed assets sold / discarded (net)	11.95	-
Excise duty Subsidy	111.69	85.38
Miscellaneous Receipts	14.59	5.28
	328.44	246.42

	2010-2011	2009-2010
SCHEDULE 15 AGRICULTURAL PROFIT		
INCOME		
Sales including inter- transfers Rs. 134.35 lacs (Rs. 52.73 lacs)	187.75	119.90
Other Income :		
Rent & Hire Charges 17.17	21.65	
Profit on sale of fixed assets -	4.32	
Miscellaneous Receipts 2.69	1.36	27.33
Increase / (Decrease) in Stocks :		
Closing Stock 68.86	73.82	
Less : Opening Stock 73.82	(4.96)	33.59
	202.65	180.82
Expenditure		
Seeds, Manures and Fodder Consumed	13.15	39.63
Stores & Spares Consumed	0.93	2.72
Tractor Expenses	28.20	39.62
Repairs to :		
Machinery	0.05	0.36
Building	0.19	1.91
Others	1.38	2.54
Lease Land Rent	11.69	11.01
Rates & Taxes	0.06	0.06
Payments to and Provisions for Employees :		
Salaries, Wages & Bonus 48.78	51.85	
Contribution to Provident and Other Funds 1.76	1.68	
Gratuity 0.92	1.65	55.18
Insurance	0.12	0.11
Cartage & Transportation charges	0.95	0.26
Irrigation Expenses	0.84	0.93
Harvesting Expenses	7.35	1.79
Miscellaneous Expenses	5.80	3.23
Depreciation	5.78	6.59
	127.95	165.94
Profit transferred to Profit & Loss Account	74.70	14.88

(Rs. in lacs)

	2010-2011	2009-2010
SCHEDULE 16 DECREASE / (INCREASE) IN STOCKS :		
Opening Stocks :		
Finished Goods	28,263.84	13,859.51
Power - Banked	16.65	29.38
By-Products	1,044.02	852.85
Goods under Process	398.76	478.88
Scrap	6.27	13.54
	29,729.54	15,234.16
Less : Closing Stocks :		
Finished Goods	24,833.36	28,263.84
Power - Banked	50.22	16.65
By-Products	1,093.67	1,044.02
Goods under Process	502.07	398.76
Scrap	13.39	6.27
	26,492.71	29,729.54
	3,236.83	(14,495.38)

SCHEDULE 17 RAW MATERIALS CONSUMED		
Opening Stock	238.82	886.36
Add: Purchase & Procurement Expenses [including transfer of sugarcane from own farms Rs. 134.35 lacs (Rs. 52.73 lacs)]	63,110.94	53,951.45
Purchase Tax	529.15	414.41
	63,878.91	55,252.22
Less: Closing Stock	287.97	238.82
	63,590.94	55,013.40

SCHEDULE 18 STORES, SPARES & PACKING MATERIALS CONSUMED		
Stores, Spare Parts, Chemicals etc. consumed		
[after adjusting Sales & Claims Rs. 362.21 lacs (Rs. 215.07 lacs)]	1,572.39	1,220.15
Packing Materials consumed	2,241.99	1,787.25
	3,814.38	3,007.40

SCHEDULE 19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc	3,493.29	3,385.42
Contribution to Provident & Other Funds	295.19	274.87
Gratuity	70.79	191.35
Employees' Welfare Expenses	134.52	128.85
	3,993.79	3,980.49

(Rs. in lacs)

SCHEDULE 20	MANUFACTURING, SELLING AND OTHER EXPENSES	2010-2011	2009-2010
Repairs to and Maintenance of :			
Buildings		197.92	148.87
Machinery		1,465.54	1,051.75
Others		38.77	35.78
Rent		95.22	75.04
Rates & Taxes		40.47	43.67
Insurance		104.62	88.60
Auditors' Remuneration :			
As Auditors			
Audit Fees		12.25	12.25
Tax Audit Fees		7.35	7.35
Limited Review Fees		7.35	7.35
In other capacity for Certificates & other services		9.05	10.71
For Expenses		3.53	2.54
Cost Auditors' Remuneration :			
For Audit Fees		0.70	0.70
For Expenses		0.12	0.24
Selling Commission & Expenses :			
Commission on sales (Other than Sole selling agent)		398.91	247.31
Other Selling Expenses		838.51	348.90
Charity & Donations		4.70	17.30
Provision for bad and doubtful debts/advances		28.85	186.92
Provision for Warranties & Claims		7.13	11.65
Bad Debts, irrecoverable claims & advances written off	41.19		12.02
Less: Adjusted against provisions	10.26	30.93	6.65
Long term Investments Written off	10.00		-
Less : Adjusted against provisions	10.00	-	-
Loss on Fixed Assets sold / discarded (net)		-	7.21
Loss on Foreign Exchange fluctuations (net)		4.02	-
Molasses Storage & Maintenance Reserve		7.01	5.30
Miscellaneous Expenses			
[including Directors' travelling Rs. 17.45 lacs (Rs. 19.66 lacs)]		1,026.09	1,066.57
		4,329.04	3,381.38

(Rs. in lacs)

SCHEDULE 21 DIRECTORS' REMUNERATION		2010-2011		2009-2010
(A)	Managing Director's Remuneration :			
	Salary	39.00		39.00
	Contribution to Provident Fund	4.68		4.68
	Gratuity	0.23		0.15
	Leave	0.17	44.08	2.03
(B)	Directors' Fees		1.65	1.97
			45.73*	47.83

* Excludes Rs. 36.00 lacs (Rs. 36.00 lacs) and Rs. 31.27 lacs (Rs. 29.45 lacs) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under the head "Rent" and "Miscellaneous Expenses" in Schedule 20.

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

SCHEDULE 22 INTEREST & FINANCE CHARGES (NET)			
Interest:			
	On Fixed Loans	8,536.21	7,219.28
	On Other Loans *	3,044.88	2,155.46
	To Income Tax Department	0.95	0.03
Finance Charges :			
	To Banks	179.51	321.48
	To Others	167.60	18.31
		11,929.15	9,714.56
Less: At Credit:			
	Amount Capitalised	218.25	1,020.89
	Subsidy towards interest on Excise Duty Loan	370.55	553.33
	From Income Tax Department	7.73	-
	On Unsecured Loans, Deposits etc. (Gross):		
	[Tax deducted at source Rs. 3.25 lacs (Rs. 3.71 lacs)]	18.96	34.53
		615.49	1,608.75
		11,313.66	8,105.81

* Including Rs. 210.14 lacs (Rs. Nil) pertaining to earlier year.

SCHEDULE 23 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:****(i) Basis of Preparation:**

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

(ii) Use of Estimates:

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

(iii) Revenue Recognition:

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

- (a) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.
- (b) Dividend Income is recognised when the shareholders' right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if the same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.
- (c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- (d) Due to uncertainty in realization, following incomes are accounted for on acceptance/actual receipt basis:-
 - (i) Insurance and other claims
 - (ii) Interest on doubtful loans and advances to cane growers.
 - (iii) Compensation receivable in respect of land surrendered to/acquired by the Government.

(iv) Fixed Assets:

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

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

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

(v) Impairment of Assets:

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Depreciation:

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

(vii) Government Grants and Subsidies:

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

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

Revenue grants/subsidies, which are not related to any expenses, are recognised as income in Profit & Loss Account.

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

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

(viii) Borrowing Costs:

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

(ix) Investments:

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

(x) Inventories:

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

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

Cost of inventories is computed on a weighted average basis.

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

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

(xi) Foreign Currency Transactions:

(a) Initial Recognition

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

(b) Conversion

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

(c) Exchange Differences

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

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

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

(xii) Retirement Benefits:

(a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.

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

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

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

(xiii) Taxation:

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

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

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

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

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each

balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

(xiv) Segment Reporting:

(a) Identification of Segments:

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

(b) Inter Segment Transfers:

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

(c) Allocation of Common Costs:

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

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

(xv) Fixed Assets Acquired under Lease

(a) Finance Lease

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

(b) Operating Lease

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

(xvi) Share Issue Expenses:

Share issue expenses are adjusted against Securities Premium Account.

(xvii) Earning per Share:

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

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

(xviii) Excise Duty:

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

(xix) Cash and Cash equivalents

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

(xx) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the best estimate required to settle the obligation, at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(xxi) Derivative Instruments:

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

(Rs. in lacs)

	As at 30th June, 2011	As at 30th June, 2010
2. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	107.97	278.63
3. Contingent Liabilities not provided for in respect of :-		
(a) Demands/Claims by various Government Authorities and others not acknowledged as debts:		
(i) Excise Duty & Service Tax	1620.87	2035.65
(ii) Sales & Entry Tax	388.64	110.96
(iii) Duty under State Acts	157.89	155.05
(iv) Others	163.35	124.26
Total	2330.75	2425.92
(b) (i) Guarantees given to a bank against loans to cane growers	5000.00	5000.00
(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	4095.16	4773.95
(c) Bank Guarantees outstanding	591.88	92.60
(d) Bills discounted with banks [since realised Rs. 41.17 lacs (Rs. Nil)]	208.60	92.91

4. In view of the interim order dated 8th September, 2008 of the Hon'ble Supreme Court, the Company for its Hargaon and Rosa Sugar units in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-2008 @ Rs. 110 per quintal as against the State Advised Price (SAP) of Rs. 125 per quintal. Pending final decision by the Hon'ble Supreme Court in this matter, the differential price of Rs. 2,422.74 lacs between SAP and the amount already provided, as stated above, has not been accounted for.

5. During the year, the Corporate Debt Restructuring (CDR) cell through its Empowered Group has approved a debt restructuring scheme for the Company which provides for revision in interest rates, deferment of repayment of term loans, conversion of interest into Funded Interest Term Loan and additional infusion of Rs. 5,000.00 lacs into the Company. In view of the above, Rs. 3,750.00 lacs as Advance against Cumulative Redeemable Preference Share and Rs. 1,250.00 lacs as Sub-ordinate interest free loan have been brought as stipulated in the restructuring scheme.

Necessary adjustments in the books of accounts have been made to reflect the impact of the aforesaid restructuring scheme.

6. (i) The break-up of net Deferred Tax asset as on 30th June, 2011 is as under:

(Rs. in lacs)

	As at 30th June, 2011	As at 30th June, 2010
(A) Deferred Tax asset		
(i) Carry forward of Unabsorbed Depreciation and Business Losses	14115.55	9939.02
(ii) Expenses allowable against taxable income in future years	2608.78	1188.73
	16724.33	11127.75
(B) Deferred Tax Liability		
(i) Timing difference in depreciable assets	11326.32	8073.07
	11326.32	8073.07
Net Deferred Tax Asset (A – B)	5398.01	3054.68

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

7. Excise Duty and Cess on sales has been reduced from sales in Profit and Loss account and Excise Duty and Cess on increase/decrease in stocks has been considered as income/expenses in Profit and Loss Account.
8. A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.
9. Based on the information/documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs. in lacs)

	2010-2011	2009-2010
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	76.52	96.07
(ii) Interest due on above.	4.11	3.52
Total of (i) & (ii)	80.63	99.58
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	6.49	11.50
(iv) Amount paid to the suppliers beyond the respective due date.	150.34	175.86
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	6.90	4.26
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	11.01	7.77
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	21.06	17.96

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

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

- I. Expenses recognised in the statement of Profit & Loss Account are as follows:

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Current service cost	67.14	57.14
Interest cost on benefit obligation	74.98	58.51
Expected return on plan assets	(70.14)	(64.19)
Past Service cost	-	100.94
Net actuarial loss recognised in the year	0.20	42.85
Total Employer Expenses*	72.18	195.25
Actual return on plan assets	122.64	83.48

* including Rs.0.24 lacs (Rs. 2.10 lacs) capitalised as pre-operative expenses in Schedule – 5.

- II. Net Liability/(Assets) recognised in the Balance Sheet are as follows:

	(Rs. in lacs)	
Particulars	As at 30th June, 2011	As at 30th June, 2010
Present value of Defined Benefits Obligation	1053.79	1015.64
Less: Fair value of plan assets	944.38	931.79
	109.41	83.85
Less: Unrecognised past service cost	-	-
Net liability	109.41	83.85

- III. Change in the present value of the defined benefit obligation during the year are as follows:

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Present Value of Defined Benefit Obligation at the beginning of the year	1015.64	802.93
Current Service Cost	67.14	57.14
Interest Cost	74.98	58.51
Past Service cost	-	100.94
Benefits Paid	(156.67)	(66.02)
Actuarial Loss/(Gain)	52.70	62.14
Present Value of Defined Benefits Obligation at the end of the year	1053.79	1015.64

- IV. Change in the Fair Value of Plan Assets during the year ended are as follows:

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Fair Value of Plan Assets at the beginning of the year	931.79	840.81
Expected Return on plan assets	70.14	64.19
Contribution by Employer	46.62	73.52
Benefits paid	(156.67)	(66.02)
Actuarial Gains/(Losses)	52.50	19.29
Fair Value of Plan Assets at the end of the year	944.38	931.79

V. The major categories of plan assets as a percentage of the fair value of the total plan assets

Particulars	2010-2011	2009-2010
Funded with insurer	100 %	100 %

VI. The principal assumptions are as follows.

Particulars	2010-2011	2009-2010
Discount Rate	8.00 %	8.00 %
Expected Rate of return on assets	8.00 %	7.60 %
Rate of increase in salaries	5.00 %	5.00 %
Withdrawal rates	Varying between 1 % to 7 % per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

VII. Amounts for the current and previous years are as follows:

(Rs. in lacs)

Particulars	As at 30th June, 2011	As at 30th June, 2010	As at 30th June, 2009	As at 30th June, 2008
Defined benefit obligation	1,053.79	1,015.64	802.93	699.59
Plan Assets	944.38	931.79	840.81	628.78
Surplus/(Deficit)	(109.41)	(83.85)	37.88	(70.81)
Experience Gain/(Loss) Adjustments on plan liabilities	(52.70)			
Experience Gain/(Loss) Adjustments on plan assets	52.50			
Experience Gain/(Loss) adjustment on plan liabilities due to change in assumptions	Nil			

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

VIII. Defined Contribution Plan :

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

(Rs. in lacs)

Particulars	2010-2011	2009-2010
Contribution to Provident Fund and other Funds*	303.46	287.47

* including Rs.1.83 lacs (Rs. 6.24 lacs) capitalised as pre-operative expenses in Schedule – 5.

Note:

- The Guidance Note on implementation of AS-15 (Revised), "Employee Benefits" issued by the ICAI states that Provident Fund set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regard to future obligation arising due to interest shortfall (i.e. government interest to be paid on the provident fund scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund Liability.
- The Company expects to contribute Rs. 150.00 lacs to Gratuity Fund in 2011-12.
- The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other

relevant factors, such as supply and demand in the employment market.

11. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.
- (b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.
- (c) The following items are included under other heads of expenses in the Profit and Loss Account:

	(Rs. in lacs)	
	2010-2011	2009-2010
Stores and Spares, etc.	1301.35	1002.13
Insurance	0.08	0.16

12. Earnings per Share (EPS):

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

		2010-2011	2009-2010
A	Profit/(Loss) after Tax Rs. in lacs	(5,111.45)	(8227.90)
B	Weighted average number of equity shares outstanding during the year Nos.	25,917,175	25,027,708
C	Nominal Value of each Share Rs.	10	10
D	Basic Earning per Share Rs.	(19.72)	(32.88)
E	Diluted Earning per Share Rs.	(19.72)	(32.88)

13. Operating lease:

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

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Lease payments made for the year *	95.22	75.04

* Excluding lease rent for use of land Rs.17.17 lacs (Rs.21.65 lacs).

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

	(Rs. in lacs)			
	Balance as at 1st July, 2010	Additions during the year	Amount used during the year	Balance as at 30th June, 2011
Warranties	11.72	7.13	4.38	14.47

15. The Company's segment information as at and for the year ended 30th June, 2011 are as below: -

(Rs. in lacs)

(a)	Revenue (net of excise duty and cess)	Sugar	Spirits	Co-generation	Food processing	Others	Total
Segment Revenue		81701.69	8624.27	5452.69	3020.39	–	98799.04
		(48455.41)	(5329.33)	(3245.96)	(2750.25)	(-)	(59780.95)
Less : Inter Segment Revenue		6647.27	1.69	3284.76	–	–	9933.72
		(4266.92)	(0.75)	(1940.95)	(-)	(-)	(6208.62)
Net Sales/Income from operations		75054.42	8622.58	2167.93	3020.39	–	88865.32
		(44188.49)	(5328.58)	(1305.01)	(2750.25)	(-)	(53572.33)
(b)	Results						
Segment Results		1402.35	1696.00	1125.54	148.94	0.43	4373.26
		(-2826.55)	(-139.77)	(421.93)	(51.59)	(0.71)	(-2,492.09)
Unallocated expenses net of unallocated Income							512.72
							(475.58)
Operating Profit/(-) Loss							3860.54
							(-2967.67)
Interest & Finance Charges (net)							11313.66
							(8105.81)
Income, Wealth & Fringe Benefit Tax (net)							1.66
							(2.60)
Minimum Alternative Tax Credit Reversal							-
							(-836.59)
Deferred Tax Credit							-2343.33
							(-3684.77)
Net Profit/(-) Loss							-5111.45
							(-8227.90)
(c)	Total Assets						
Segment Assets		69808.22	12039.51	13587.24	1681.15	1.02	97117.14
		(76600.83)	(11910.53)	(13838.03)	(1534.63)	(1.39)	(103885.41)
Unallocated Assets							8249.53
							(6297.86)
							105366.67
							(110183.27)
(d)	Total Liabilities						
Segment Liabilities		6018.01	263.35	65.87	958.16	0.10	7305.49
		(11197.10)	(196.22)	(127.80)	(982.46)	(0.30)	(12503.88)
Unallocated Liabilities							92163.71
							(90427.48)
							99469.20
							(102931.36)

(Rs. in lacs)

(e) Other Information						
(i) Non cash expenses	7.01	–	–	–	–	7.01
	(5.30)	(-)	(-)	(-)	(-)	(5.30)
(ii) Capital Expenditure	454.81	64.72	337.81	3.95	–	861.29
	(1407.21)	(43.72)	(1024.17)	(45.34)	(-)	(2520.44)
(iii) Depreciation for the year	2882.74	582.85	643.93	8.11	0.03	4117.66
	(3015.11)	(614.90)	(447.32)	(6.53)	(0.03)	(4083.89)
(f) Geographical Segments						
Revenue						
(i) Domestic						83702.64
						(52954.44)
(ii) Overseas (Including through third parties)						5162.68
						(617.89)
						88865.32
						(53572.33)

Notes:

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

16. Related Party Disclosure :

a. **Names of the related parties:**

Subsidiary Companies	Champaran Marketing Company Ltd. OSM Investment & Trading Company Ltd. Hargaon Investment & Trading Company Ltd. Hargaon Properties Ltd.																		
Key Management Personnel	<table> <tr> <td>Mr. Chandra Shekhar Nopany</td><td>– Chairman-cum-Managing Director</td></tr> <tr> <td>Mr. V.P.Singh</td><td>– Executive President, Hargaon Unit</td></tr> <tr> <td>Mr. Chandra Mohan</td><td>– Executive President, Narkatiaganj Unit</td></tr> <tr> <td>Mr. B.K. Malpani</td><td>– Executive President, Rosa Unit</td></tr> <tr> <td>Mr. J.S.Cheema</td><td>– Executive President, Hata Unit (Upto 20th November, 2010)</td></tr> <tr> <td>Mr. Mahesh Jain</td><td>– Jt. Executive President, Hata Unit (from 21st November, 2010 to 20th July 2011)</td></tr> <tr> <td>Late Mr. S.K. Premi</td><td>– Executive President, Allahabad Unit (Upto 20th August, 2010)</td></tr> <tr> <td>Mr. M.P.Singh</td><td>– Executive Vice President, Allahabad Unit (from 21st August, 2010)</td></tr> <tr> <td>Mr. Govind Narayan Pareek</td><td>– Company Secretary</td></tr> </table>	Mr. Chandra Shekhar Nopany	– Chairman-cum-Managing Director	Mr. V.P.Singh	– Executive President, Hargaon Unit	Mr. Chandra Mohan	– Executive President, Narkatiaganj Unit	Mr. B.K. Malpani	– Executive President, Rosa Unit	Mr. J.S.Cheema	– Executive President, Hata Unit (Upto 20th November, 2010)	Mr. Mahesh Jain	– Jt. Executive President, Hata Unit (from 21st November, 2010 to 20th July 2011)	Late Mr. S.K. Premi	– Executive President, Allahabad Unit (Upto 20th August, 2010)	Mr. M.P.Singh	– Executive Vice President, Allahabad Unit (from 21st August, 2010)	Mr. Govind Narayan Pareek	– Company Secretary
Mr. Chandra Shekhar Nopany	– Chairman-cum-Managing Director																		
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Mr. Govind Narayan Pareek	– Company Secretary																		
Relatives of Key Management Personnel	<table> <tr> <td>Mrs. Nandini Nopany</td><td>– Mother of Mr. Chandra Shekhar Nopany</td></tr> <tr> <td>Mrs. Shalini Nopany</td><td>– Wife of Mr. Chandra Shekhar Nopany</td></tr> <tr> <td>Mrs. Usha Singh</td><td>– Wife of Mr. M.P. Singh</td></tr> <tr> <td>Mrs. Ritu Singh</td><td>– Daughter of Mr. M.P. Singh</td></tr> </table>	Mrs. Nandini Nopany	– Mother of Mr. Chandra Shekhar Nopany	Mrs. Shalini Nopany	– Wife of Mr. Chandra Shekhar Nopany	Mrs. Usha Singh	– Wife of Mr. M.P. Singh	Mrs. Ritu Singh	– Daughter of Mr. M.P. Singh										
Mrs. Nandini Nopany	– Mother of Mr. Chandra Shekhar Nopany																		
Mrs. Shalini Nopany	– Wife of Mr. Chandra Shekhar Nopany																		
Mrs. Usha Singh	– Wife of Mr. M.P. Singh																		
Mrs. Ritu Singh	– Daughter of Mr. M.P. Singh																		
Enterprises owned or significantly influenced by Key Management Personnel and their relatives	Upper Ganges Sugar & Industries Ltd. Sutlej Textiles & Industries Ltd. SIL Investments Ltd. SCM Investment & Trading Co. Ltd. RTM Investment & Trading Co. Ltd. Uttar Pradesh Trading Co. Ltd. Nilgiri Plantations Ltd. Ronson Traders Ltd.																		

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011

(Rs. in lacs)

	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011
Sale of Goods & Services										
Upper Ganges Sugar & Industries Ltd.	—	—	—	—	—	—	67.07	—	67.07	—
	(-)	(-)	(-)	(-)	(-)	(-)	(45.33)	(-)	(45.33)	(-)
Purchase of Goods & Services										
Upper Ganges Sugar & Industries Ltd.	—	—	—	—	—	—	455.31	—	455.31	—
	(-)	(-)	(-)	(-)	(-)	(-)	(240.30)	(-)	(240.30)	(-)
Purchase of Fixed Assets										
Upper Ganges Sugar & Industries Ltd.	—	—	—	—	—	—	3.48	—	3.48	—
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Dividend Received										
Upper Ganges Sugar & Industries Ltd.	—	—	—	—	—	—	—	—	—	—
	(-)	(-)	(-)	(-)	(-)	(-)	(0.22)	(-)	(0.22)	(-)
Dividend Paid										
Mr. Chandra Shekhar Nopany	—	—	—	—	—	—	—	—	—	—
	(-)	(-)	(0.94)	(-)	(-)	(-)	(-)	(-)	(0.94)	(-)
SCM Investment & Trading Co. Ltd.	—	—	—	—	—	—	—	—	—	—
	(-)	(-)	(-)	(-)	(-)	(-)	(35.55)	(-)	(35.55)	(-)
SIL Investments Limited	—	—	—	—	—	—	—	—	—	—
	(-)	(-)	(-)	(-)	(-)	(-)	(6.66)	(-)	(6.66)	(-)
RTM Investment & Trading Co. Ltd.	—	—	—	—	—	—	—	—	—	—
	(-)	(-)	(-)	(-)	(-)	(-)	(29.82)	(-)	(29.82)	(-)
Uttar Pradesh Trading Co. Ltd.	—	—	—	—	—	—	—	—	—	—
	(-)	(-)	(-)	(-)	(-)	(-)	(43.43)	(-)	(43.43)	(-)
Interest Expense										
Sutlej Textiles & Industries Limited	—	—	—	—	—	—	468.91	—	468.91	—
	(-)	(-)	(-)	(-)	(-)	(-)	(241.59)	(-)	(241.59)	(-)
SIL Investments Ltd.	—	—	—	—	—	—	204.70	—	204.70	—
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	—	—	—	—	—	—	127.82	—	127.82	—
	(-)	(-)	(-)	(-)	(-)	(-)	(377.33)	(-)	(377.33)	(-)
RTM Investment & Trading Co. Ltd.	—	—	—	—	—	—	226.12	—	226.12	—
	(-)	(-)	(-)	(-)	(-)	(-)	(520.96)	(-)	(520.96)	(-)
Nilgiri Plantations Ltd.	—	—	—	—	—	—	64.62	—	64.62	—
	(-)	(-)	(-)	(-)	(-)	(-)	(73.90)	(-)	(73.90)	(-)
Ronson Traders Ltd.	—	—	—	—	—	—	12.09	—	12.09	—
	(-)	(-)	(-)	(-)	(-)	(-)	(11.95)	(-)	(11.95)	(-)
Upper Ganges Sugar & Industries Ltd.	—	—	—	—	—	—	384.59	—	384.59	—
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	—	—	0.59	—	0.46	—	—	—	1.05	—
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011 (Contd.)

(Rs. in lacs)

	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011
Loans/Intercompany deposits given/repaid										
Champan Marketing Company Ltd.	0.50	-	-	-	-	-	-	-	0.50	-
	(-)	(10.50)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(10.50)
OSM Investment & Trading Company Ltd.	0.25	555.50	-	-	-	-	-	-	0.25	555.50
	(625.50)	(604.25)	(-)	(-)	(-)	(-)	(-)	(-)	(625.50)	(604.25)
Hargaon Investment & Trading Company Ltd.	0.75	377.75	-	-	-	-	-	-	0.75	377.75
	(726.25)	(482.75)	(-)	(-)	(-)	(-)	(-)	(-)	(726.25)	(482.75)
Sutlej Textiles & Industries Limited	-	-	-	-	-	-	6,000.00	-	6,000.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(4,000.00)	(-)	(4,000.00)	(-)
SIL Investments Limited	-	-	-	-	-	-	450.00	-	450.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	5.00	-	5.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(5,310.00)	(-)	(5,310.00)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(5,935.00)	(-)	(5,935.00)	(-)
Nilgiri Plantations Ltd.	-	-	-	-	-	-	540.00	-	540.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Ronson Traders Ltd.	-	-	-	-	-	-	200.00	-	200.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	750.00	-	750.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	3.03	7.03	2.50	-	-	-	5.53	7.03
	(-)	(-)	(10.21)	(10.21)	(-)	(-)	(-)	(-)	(10.21)	(10.21)
Loans/Intercompany deposits taken/refunded										
Champan Marketing Company Ltd.	13.50	2.50	-	-	-	-	-	-	13.50	2.50
	(12.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(12.00)	(-)
OSM Investment & Trading Company Ltd.	49.00	-	-	-	-	-	-	-	49.00	-
	(11.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(11.00)	(-)
Hargaon Investment & Trading Company Ltd.	105.75	-	-	-	-	-	-	-	105.75	-
	(130.50)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(130.50)	(-)
Sutlej Textiles & Industries Limited	-	-	-	-	-	-	7,500.00	2,500.00	7,500.00	2,500.00
	(-)	(-)	(-)	(-)	(-)	(-)	(5,000.00)	(1,000.00)	(5,000.00)	(1,000.00)
SIL Investments Limited	-	-	-	-	-	-	4,950.00	4,500.00	4,950.00	4,500.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	2,070.00	2,065.00	2,070.00	2,065.00
	(-)	(-)	(-)	(-)	(-)	(-)	(2,740.00)	(-)	(2,740.00)	(-)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011 (Contd.)

(Rs. in lacs)

	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	2,575.00	2,575.00	2,575.00	2,575.00
	(-)	(-)	(-)	(-)	(-)	(-)	(2,515.00)	(-)	(2,515.00)	(-)
Nilgiri Plantation Ltd.	-	-	-	-	-	-	500.00	500.00	500.00	500.00
	(-)	(-)	(-)	(-)	(-)	(-)	(75.00)	(540.00)	(75.00)	(540.00)
Ronson Traders Ltd.	-	-	-	-	-	-	200.00	100.00	200.00	100.00
	(-)	(-)	(-)	(-)	(-)	(-)	(100.00)	(100.00)	(100.00)	(100.00)
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	4,250.00	3,500.00	4,250.00	3,500.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	6.21	5.00	2.50	4.50	-	-	8.71	9.50
	(-)	(-)	(-)	(-)	(-)	(4.50)	(-)	(-)	(-)	(4.50)
Preference Shares Application Money										
Sutlej Textiles & Industries Limited	-	-	-	-	-	-	3,750.00	3,750.00	3,750.00	3,750.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Payable Outstanding (net)										
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	-	-	6.80	-	6.80
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(28.42)	(-)	(28.42)
Remuneration										
Mr. V. P. Singh	-	-	34.31	1.00	-	-	-	-	34.31	1.00
	(-)	(-)	(34.02)	(0.52)	(-)	(-)	(-)	(-)	(34.02)	(0.52)
Mr. Chandra Mohan	-	-	28.00	0.77	-	-	-	-	28.00	0.77
	(-)	(-)	(29.98)	(-)	(-)	(-)	(-)	(-)	(29.98)	(-)
Mr. B. K. Malpani	-	-	23.80	1.52	-	-	-	-	23.80	1.52
	(-)	(-)	(22.36)	(1.55)	(-)	(-)	(-)	(-)	(22.36)	(1.55)
Mr. J. S. Cheema	-	-	8.47	-	-	-	-	-	8.47	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Mahesh Jain	-	-	14.85	0.54	-	-	-	-	14.85	0.54
	(-)	(-)	(14.45)	(0.53)	(-)	(-)	(-)	(-)	(14.45)	(0.53)
Late Mr. S. K. Premi	-	-	5.25	-	-	-	-	-	5.25	-
	(-)	(-)	(17.42)	(0.12)	(-)	(-)	(-)	(-)	(17.42)	(0.12)
Mr. M. P. Singh	-	-	8.66	-	-	-	-	-	8.66	-
	(-)	(-)	(7.42)	(-)	(-)	(-)	(-)	(-)	(7.42)	(-)
Mr. Govind Narayan Pareek	-	-	15.53	-	-	-	-	-	15.53	-
	(-)	(-)	(9.40)	(-)	(-)	(-)	(-)	(-)	(9.40)	(-)

NOTE : (1) Remuneration paid to Mr. Chandra Shekhar Nopany, Chairman-cum-Managing Director, is disclosed in Schedule 21 to the Accounts.

(2) Investments in subsidiary Companies is disclosed in Schedule 6 to the Accounts.

17. Additional Information pursuant to the provisions of Clause 3, 4C and 4D of Part IIA Schedule VI of the Companies Act, 1956 (to the extent applicable):

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

(Rs. in lacs)

Class of Goods	Licensed Capacity *	Installed Capacity	Unit	Production	Opening Stock		Closing Stock (b)		Sales (b)		Purchase of Finished Goods	
					Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sugar (Bagged)	Not Applicable	28700 (28700) Tonnes Crushing per day	Qtls	2570321 (2027032)	1073973 (c) (622614)	26883.77 (12034.24)	936046 (1073973)	23311.35 (26883.77)	2747754 (d) (1573988)	75813.59 (43869.48)	41,971 (67)	1,055.33 (1.94)
Power	(-do-)	45 (25) M.W.	Units	83035015 (48829385)	501704 (1379423)	16.65 (29.38)	1791945 (501704)	50.22 (16.65)	54514633 (e) (34353904)	2167.92 (1305.01)	- (-)	- (-)
Molasses (sent out)	- (—)	- (—)	Qtls	1366307 (1044801)	423719(g) (267313)	901.50 (788.49)	363267 (g) (423719)	796.91 (901.50)	1452319 (d) (895767)	706.10 (989.14)	- (-)	- (-)
Spirit	48.00 (48.00) Million Ltrs.	48.00 (48.00) Million Ltrs.	Ltrs.	34525132 (19897500)	2798662 (5246980)	546.24 (1180.37)	2652733 (2798662)	428.64 (546.24)	34607067 (22285319)	8876.48 (5448.31)	- (-)	- (-)
Bio Compost	Not Applicable (-do-)	335000 (335000)	Qtls.	308485 (234700)	36745 (67789)	20.26 (31.19)	34613 (36745)	29.37 (20.26)	310617 (d) (265244)	214.86 (145.32)	- (-)	- (-)
Fusel Oil	- (—)	- (—)	Ltrs.	20,000 (—)	3,600 (3600)	- (—)	3,600 (3600)	- (—)	20,000 (—)	3.20 0.00	- (-)	- (-)
Canned Fruits & Vegetables	Not Specified (-do-)	10 Tones per day (-do-)	Tonnes	3515 (3899)	1672 (1259)	741.05 (565.39)	1902 (1672)	942.00 (741.05)	3947 (3869)	2508.35 (2266.91)	662 (384)	452.18 (258.05)
Jams, Jellies, Squashes & Juices	Not Specified (-do-)	10 Tones per day (-do-)	Tones	1071 (1025)	178 (126)	72.52 (48.32)	216 (178)	122.00 (72.52)	1033 (973)	513.60 (483.33)	- (-)	- (-)
Bagasse	- (—)	- (—)	Qtls.	4840080 (f) (2757296)	128671 (66563)	142.52 (64.36)	285620 (128671)	296.76 (142.52)	4683131 (d) (2695188)	1,129.98 (874.52)	- (-)	- (-)
Processing Charges			Rs.			- (-)		- (-)		- (76.19)	- (-)	- (-)
Others			Rs.			6.27 (13.54)		13.39 (6.27)		48.71 (40.12)		- (-)
						29330.78 (14755.28)		25990.64 (29330.78)		91982.79 (55498.33)		1507.51 (259.99)

* On per annum basis except stated otherwise

Agricultural Products (Refer schedule 15)	Licensed Capacity	Installed Capacity	Unit	Production	Opening Stock*		Closing Stock*		Sales		Purchase of Finished Goods	
					Quantity	Amount	Quantity (d)	Amount	Quantity	Amount	Quantity	Amount
Farm Produce Sugarcane			Qtls.	86,905 (50061)	- (—)	- (—)	- (—)	- (—)	86,905 (50061)	181.32 (110.09)		
Cereals etc.			Qtls.	205 (682)	105 (113)	1.31 (1.40)	- (105)	- (1.31)	310 (690)	3.96 (6.75)		
Gardens & Dairy Products			Rs.	- (—)	- (—)	- (—)	- (—)	- (—)	- (—)	2.47 (3.06)		
* excludes standing crop						1.31 (1.40)		0.00 (1.31)		187.75 (119.90)		

NOTES:

- Licensed and installed capacities are as certified by the management and accepted as correct by the Auditors.
- Quantitative figures of closing stock are shown after adjusting shortage/excess, evaporation loss, samples etc. Sales figures are inclusive of excise duty.
- Includes 2,460 (1,748) quintals lost due to reprocessing during the year.
- Includes 8,920 (9,120) quintals of Sugar, 1,190,870 (626,319) quintals of Molasses, 3,939,415 (2,292,466) quintals of Bagasse and 3,419 (1,878) quintals of Bio-compost transferred/consumed departmentally.
- After adjusting inter-transfers 19,854,890 (11,173,262) units, transmission loss Nil (96,777) units, banking charges 401,313 (Nil) units and captive consumption 6,973,938 (4,083,161) units.
- Includes Bagasse used in Co-generation but excludes the quantum used for other own consumption in sugar units.
- Includes 76,355 quintals of Sub-standard materials pending destruction, for which permission from excise authorities is awaited.

(ii) Raw Materials Consumed :

	2010-2011		2009-2010	
	Quantity (in quintals)	Rs. in lacs	Quantity (in quintals)	Rs. in lacs
Sugarcane (crushed)	27,534,104	60,876.51	21,434,188	52,638.28
Raw Sugar	-	-	32,455	537.23
Molasses	1,556,928	4,054.97	867,577	2,665.31
Bagasse	3,350,081	3,437.30	1,834,184	1,861.71
Fresh Fruits & Vegetables	42,767	709.86	50,788	720.25
Sugar	10,249	297.27	10,557	315.70
Press Mud	746,065	46.78	649,180	42.39
Total		69,422.69		58,780.87
Less: Inter unit transfer of own produced materials		5,831.75		3,767.47
Net Consumption of raw materials		63,590.94		55,013.40

NOTES:

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

Rs. in lacs

	2010-2011	2009-2010
(iii) C.I.F. Value of Imports (including through canalizing agencies on invoice value) :		
Stores, Chemicals and Spares etc.	83.83	65.57
(iv) Expenditure in Foreign Currency (On Cash Basis):		
(a) Traveling	1.98	2.46
(b) Selling Commission	12.92	19.31
(v) Earning in Foreign Exchange (On Cash Basis):		
F O B value of Exports (including through third parties)	5,162.68	604.63
(vi) Break-up of consumption of Raw Materials and Stores, Spare – parts etc. (including debits to other heads of account and after adjusting sales and claims) :		

	Raw Materials*		Stores, Chemicals, Spare Parts etc.*	
	Rs. in lacs	%	Rs. in lacs	%
Imported (as certified by the management)		-	54.39	1.89
	(442.40)	(0.80)	(206.88)	(9.30)
Indigenous	63,590.94	100.00	2,820.28	98.11
	(54,571.00)	(99.20)	(2,018.12)	(90.70)
	63,590.94	100.00	2,874.67	100.00
	(55,013.40)	(100.00)	(2,225.00)	(100.00)

(vii) Amount remitted in Foreign Currencies towards Dividend:

	2010-2011	2009-2010
1. No. of Non-Resident Share Holders	-	111
2. Ordinary Shares held	-	70963
3. Amount remitted and/or paid in Indian Currency (Rs. in lacs)	-	1.06

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

Signatories to Schedule – 1 to 23

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K. GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,

3rd Floor, Block C, Kolkata - 700 016

Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

I. Registration Details

CIN	L15432UP1932PLC025186	State Code	20
Balance Sheet Date	30.06.2011		

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	375000

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

Total Liabilities	10808497	Total Assets	10808497
Sources of Funds			
Paid-up Capital	260449	Secured Loans	5885449
Reserves & Surplus	964581	Unsecured Loans	3323018
Application of Funds			
Net Fixed Assets	6377816	Net Current Assets	2772574
Miscellaneous Expenditure	Nil	Deferred Tax Asset (Net)	539801
Investments	108023	Accumulated Losses	1010283

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

Turnover (including other income)	8926846	Total Expenditure	9672158
Loss before Tax	(7453.12)	Loss after Tax	(511145)
Earning Per Share (Rs.)	(19.72)	Dividend Rate (Rs.)	Nil

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

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

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

To The Board of Directors of

The Oudh Sugar Mills Limited

1. We have examined the attached Consolidated Balance Sheet of THE OUDH SUGAR MILLS LIMITED and its subsidiaries as at 30th June, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of the subsidiary companies, whose financial statements reflect total assets of Rs. 3,547.61 lacs as at 31st March 2011 (refer note no. 1(c) on Schedule 23) and total revenues of Rs. 92.45 lacs and net cash flow of Rs. 1.10 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" notified under the Companies Accounting Standards Rules, 2006.
5. Without qualifying our opinion, we draw attention to Note No. 5 on Schedule 23, regarding accounting of Sugarcane purchases at Hargaan & Rosa Sugar units in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs.2,422.74 lacs. However, since the matter is subjudice, the actual impact, if any,

is presently undeterminable and hence, no provision thereof has been made in the accounts.

6. *Attention is drawn to Note No. 7 on schedule 23 regarding recognition of Deferred Tax Asset (DTA) (net) of Rs.5,398.01 lacs (including Rs 3,054.68 lacs recognised in earlier years) up to 30th June 2011 based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the impact of above been considered, there would be a loss of Rs. 10,421.11 lacs as against the reported loss of Rs. 5,023.10 lacs for the year and the profit and loss account debit balance would be Rs. 14,362.90 lacs as against the reported figure of Rs. 8,964.89 lacs as on the balance sheet date.*

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

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

- (a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of The Oudh Sugar Mills Limited and its subsidiaries as at 30th June, 2011;
- (b) in the case of Consolidated Profit & Loss Account, of the consolidated loss of The Oudh Sugar Mills Limited and its subsidiaries for the year then ended; and
- (c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of The Oudh Sugar Mills Limited and its subsidiaries for the year then ended.

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

Per **SANJOY K. GUPTA**
Partner
Membership No. 54968

Place: 22, Camac Street,
3rd Floor, Block C,
Kolkata - 700 016
Dated: 10th August, 2011

(Rs. in lacs)

	Schedule	30th June, 2011	30th June, 2010
SOURCES OF FUNDS			
A. Shareholders' Funds			
(a) Share Capital	1	2,604.49	2,604.49
(b) Preference Shares Application Money		3,750.00	-
(c) Reserves and Surplus	2	10,012.12	9,987.39
		16,366.61	12,591.88
B. Loans Funds	3		
(a) Secured		58,854.49	65,002.21
(b) Unsecured		33,227.68	25,209.40
		92,082.17	90,211.61
		108,448.78	102,803.49
APPLICATION OF FUNDS			
A. Fixed Assets	4		
(a) Gross Block		89,227.28	81,893.53
(b) Less: Accumulated Depreciation		25,551.99	21,510.32
(c) Net Block		63,675.29	60,383.21
(d) Capital Work- in- Progress		210.92	210.60
(e) Capital Expenditure on New / Expansion Projects	5	-	6,552.77
		63,886.21	67,146.58
B. Investments	6	3,405.21	3,479.71
C. Deferred Tax Asset (net)		5,398.01	3,054.68
D. Current Assets, Loans and Advances			
(a) Inventories	7	28,206.16	31,291.51
(b) Sundry Debtors	8	1,288.85	1,142.15
(c) Cash and Bank Balances	9	234.98	406.96
(d) Other Current Assets	10	7.19	7.99
(e) Loans and Advances	11	4,443.74	5,070.98
		34,180.92	37,919.59
Less: Current Liabilities and Provisions	12		
(a) Current Liabilities		7,131.95	12,495.30
(b) Provisions		254.51	225.84
		7,386.46	12,721.14
Net Current Assets		26,794.46	25,198.45
E. Profit and Loss Account - Debit Balance		9,289.39	4,248.57
Less : Set off with General Reserve (as per contra)		324.50	324.50
		8,964.89	3,924.07
		108,448.78	102,803.49
Accounting Policies and Notes to Accounts	23		

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

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K. GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,

3rd Floor, Block C, Kolkata - 700 016

Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

(Rs. in lacs)

	Schedule	2010-2011	2009-2010
INCOME			
Gross Sales	13	91,982.79	55,498.33
Less : Excise Duty		2,633.03	1,646.13
: Cess		484.44	279.87
Net Sales		88,865.32	53,572.33
Other Income	14	420.88	306.73
Agricultural Profit	15	74.70	14.88
		89,360.90	53,893.94
EXPENDITURE			
Decrease/(Increase) in Stocks	16	3,236.83	(14,495.38)
Excise Duty & Cess on Stocks (Refer Note no. 8 on schedule 23)		(160.44)	497.45
Raw Materials Consumed	17	63,590.94	55,013.40
Purchase of Finished Goods		1,507.51	259.99
Stores, Spares & Packing Materials Consumed	18	3,814.38	3,007.40
Fuel & Electricity		938.26	1,031.44
Payments to and Provisions for Employees	19	3,993.79	3,980.49
Manufacturing, Selling and Other Expenses	20	4,332.55	3,385.16
Directors' Remuneration	21	45.80	47.95
		81,299.62	52,727.90
Profit before Interest, Depreciation & Taxation		8,061.28	1,166.04
Less: Interest & Finance Charges (net)	22	11,313.66	8,105.81
Depreciation		4,111.88	4,077.30
		15,425.54	12,183.11
Profit / (Loss) before Taxation		(7,364.26)	(11,017.07)
Provision for Taxation :			
Current tax [including wealth tax Rs. 3.00 lacs (Rs. 3.40 lacs)]		3.51	4.53
Deferred Tax Credit		(2,343.33)	(3,684.77)
Minimum Alternative Tax Credit Reversal		-	836.59
Provision for Income Tax no longer required written back		1.34	3.62
Fringe Benefit Tax for earlier years		-	2.82
Profit / (Loss) after Taxation		(5,023.10)	(8,172.62)
Surplus / (Deficit) brought forward from previous year		(4,248.57)	2,210.23
Transfer from General Reserve		-	1,725.12
Balance Available for Appropriation		(9,271.67)	(4,237.27)
Appropriations			
Transfer to Reserve fund		17.72	11.30
Balance carried to Balance Sheet		(9,289.39)	(4,248.57)
		(9,271.67)	(4,237.27)
Earning per Share of Rs. 10 each (Refer note no. 15 on Schedule 23)			
Basic & Diluted Earning per share (Rs.)		(19.38)	(32.65)
Accounting Policies and Notes to Accounts	23		

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

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K. GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,

3rd Floor, Block C, Kolkata - 700 016

Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary**Ashvin Chinubhai Dalal**
Director**Chandra Shekhar Nopany**
Chairman - cum - Managing Director

(Rs. in lacs)

	2010-2011	2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before Tax	(7,364.26)	(11,017.07)
Adjustments for :		
Depreciation	4,117.66	4,083.89
Interest (net of capitalisation & Subsidy)	10,993.24	7,800.55
Molasses Storage and Maintenance Reserve	7.01	5.30
Loss / (Profit) on Fixed Assets sold / discarded (net)	(11.95)	2.89
Interest & Dividend Income	(119.26)	(95.17)
Bad Debts, irrecoverable claims & advances written off	30.93	5.37
Provision for Standard Assets	0.02	-
Provision for Warranties & Claims	7.13	11.65
Unspent liabilities, excess provisions and unclaimed balances written back (net)	(141.49)	(76.38)
Provision for bad and doubtful debts / advances	28.85	186.92
Operating Profit before Working Capital Changes :	7,547.88	907.95
Adjustments for :		
Increase / (Decrease) in Trade Payables	(4,749.67)	3,179.34
Decrease / (Increase) in Trade & Other Receivables	216.52	(269.44)
Decrease / (Increase) in Inventories	3,085.35	(13,911.34)
	(1,447.80)	(11,001.44)
Cash Generated from / (used in) Operations :	6,100.08	(10,093.49)
Direct Taxes Refund / (Paid)	114.67	(163.55)
Net Cash from / (used in) Operating Activities	6,214.75	(10,257.04)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	15.95	50.75
Capital Subsidy	-	113.27
Sale of Investments	74.50	-
Loans Received Back / (Given)	3.57	(49.53)
Interest Received	29.23	39.30
Dividend Received	90.83	56.90
Purchase of Investments	(0.50)	(1,250.50)
Fixed deposits	(8.00)	191.40
Purchase of Fixed Assets	(873.05)	(2,505.61)
Net Cash used in Investing Activities	(667.47)	(3,354.02)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	16,749.82	26,818.72
Repayment of Loans	(18,916.51)	(5,624.49)
Proceeds from Right issue of Shares	-	399.83
Share Premium on Right Issue of Shares	-	1304.62
Preference Shares Application Money	3,750.00	-
Interest Paid	(7,310.24)	(8,830.52)
Dividend Paid (including dividend tax)	-	(384.67)
Net Cash generated / (used in) from Financing Activities	(5,726.93)	13,683.49
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(179.65)	72.43
* Cash & Cash equivalents - Opening Balance	353.67	281.24
* Cash & Cash equivalents - Closing Balance	174.02	353.67

*Represents Cash and Bank balances as indicated in Schedule - 9, and excludes Rs. 60.96 lacs (Rs.53.29 lacs) being bank balances with restricted use or with maturity of more than three months.

As per our report of even date.

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

Firm Registration No. 301003E

Chartered Accountants

Per **SANJOY K.GUPTA**

Partner

Membership No. 54968

Place: 22, Camac Street,

3rd Floor, Block C, Kolkata - 700 016

Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised :		
4,00,00,000 (4,00,00,000) Equity Shares of Rs. 10 each	4,000.00	4,000.00
5,00,00,000 (-) Preference Shares of Rs. 10 each	5,000.00	-
3,00,00,000 (-) Unclassified Shares of Rs. 10 each	3,000.00	-
	12,000.00	4,000.00
Issued :		
2,61,70,300 (2,61,70,300) Equity Shares of Rs. 10 each	2,617.03	2,617.03
1,883 1/2 (1,883 1/2) Equity Shares of Rs.100 each	1.89	1.89
	2,618.92	2,618.92
Subscribed & Paid-up :		
2,59,17,175 (2,59,17,175) Equity Shares of Rs. 10 each fully paid	2,591.72	2,591.72
44 (44) Quarter Equity Shares of Rs. 25 each fully paid	0.01	0.01
Bearer Equity Share Coupons of Rs. 25 and Rs.12.50 each fully paid	0.06	0.06
	2,591.79	2,591.79
Add: Forfeited Shares (amount originally paid-up)	12.70	12.70
	2,604.49	2,604.49

Note :

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

SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve :		
As per last account	198.59	198.59
Capital Redemption Reserve :		
As per last account	82.69	82.69
	82.69	82.69
Securities Premium :		
As per last account	9,315.03	8,010.41
Add : Received on issue of Right Shares	-	1,304.62
	9,315.03	9,315.03
Reserve Fund :		
As per last Account	300.88	289.58
Add : Transfer from Profit & Loss Account	17.72	11.30
	318.60	300.88
General Reserve :		
As per last account	324.50	2,049.62
Less : Transfer to Profit & Loss Account	-	1,725.12
	324.50	324.50
Less : Set off with Profit & Loss Account Debit Balance (as per contra)	324.50	324.50
	-	-
Molasses & Alcohol Storage and Maintenance Reserve :		
As per last account	87.36	82.06
Add: Provided during the year	7.01	5.30
	94.37	87.36
Effluent Disposal Reserve :		
As per last account	2.84	2.84
	10,012.12	9,987.39

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 3		
LOAN FUNDS		
A. Secured Loans :		
Term Loans		
Long Term		
From Scheduled Bank(s) :		
Under Term Loan Scheme	27,173.34	28,439.92
Funded Interest Term Loan (FITL)	3,999.11	-
Under Financial Assistance Scheme (Excise Duty Loan)	2,058.82	4,006.60
From Sugar Development Fund	7,736.18	8,463.50
Short Term		
From a Body Corporate	1,800.00	-
Other Loans		
From a Scheduled Bank on Cash Credit Account	16,087.04	24,092.19
	58,854.49	65,002.21
B. Unsecured Loans :		
Short Term Loan from Scheduled Banks	-	4,500.00
From a Scheduled Bank against Crop Loan to Cane growers	3,520.56	4,063.05
Inter Corporate Loans	29,245.00	16,100.00
Fixed Deposits from Staff and Others	364.59	453.64
Trade and other Deposits (partly not bearing interest)	97.53	92.71
	33,227.68	25,209.40
	92,082.17	90,211.61

NOTES :

- Term loans including FITL from Scheduled Bank(s) (except Excise Duty Loan) are secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Hargaon, Narkatiaganj and Dhadha Bujurg (Hata) and Distillery Unit at Hargaon, ranking pari-passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.
The above Term Loans including FITL are further secured / to be secured as follows:
a. (i) Second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
(ii) Second charge on fixed assets of Sugar Unit at Rosa ranking pari-passu amongst the various lenders.
b. Third charge on current assets of Sugar Unit at Narkatiaganj.
c. Third charge on current assets of Sugar & Distillery Units at Hargaon.
- Term loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Hargaon, Rosa and Narkatiaganj. The aforesaid loan includes Rs.730.47 lacs (Rs.685.77 lacs) towards interest which is recoverable as subsidy from Government of India and included in Claims & Refund Receivable under the head Loans & Advances in Schedule-11.
- Term loans from the Sugar Development Fund are secured by a second charge on all the immovable / movable assets (save and except book debts) present and future of the Company's Sugar Units at Hargaon and Narkatiaganj and include Rs.681.59 lacs (Rs.688.16 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.
- Cash Credit borrowings are secured / to be secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows :
a. Canning factory at Allahabad - First Charge
b. Sugar Unit at Rosa - First Charge
c. Sugar Unit at Hata - Second Charge
d. Sugar Units at Hargaon and Narkatiaganj - Third Charge
- Term Loans from banks including FITL and Cash Credit borrowings (except Excise Duty Loan) are also secured by pledge of 64,79,294 equity shares of the Company held by promoter group companies, ranking pari-pasu amongst the various lenders.
- Short term loan from a Body corporate is secured by pledge of the certain Shares held as Investments.
- Inter Corporate loans includes Rs. 1250.00 lacs (Rs. Nil) being Sub-Ordinate interest free debts. (Refer note no. 6 on Schedule 23).
- Unsecured loans, as stated above, include Rs. 32,968.43 lacs (Rs. 24,822.16 lacs) falling due for payment within one year.

(Rs. in lacs)

SCHEDULE 4		FIXED ASSETS		GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK AS AT	
PARTICULARS	As at 1st July, 2010	Additions	Deductions/ Adjustments	As at 30th June, 2011	As at 1st July, 2010	For the year	Less: On Deductions/ Adjustments	Upto 30th June, 2011	30th June, 2011	30th June, 2010	
Free Hold Land	2,366.33	-	0.01	2,366.32 (a) & (b)	-	-	-	-	2,366.32	2,366.33	
Lease Hold Land	23.50	-	-	23.50	1.70	0.78	-	2.48	21.02	21.80	
Buildings	5,240.37	119.40	-	5,359.77	699.46	125.34	-	824.80	4,534.97	4,540.91	
Plant & Machinery	73,476.10	7,193.74	33.16	80,636.68	20,335.39	3,921.81	32.82	24,224.38	56,412.30	53,140.71	
Railway Sidings	1.48	-	-	1.48	1.41	-	-	1.41	0.07	0.07	
Motor Cars, Lorries & Other											
Conveyance	275.48	50.82	18.30	308.00	148.52	26.97	17.38	158.11	149.89	126.96	
Furniture & Fixtures	510.27	49.78	28.52	531.53	323.84	42.76	25.79	340.81	190.72	186.43	
	81,893.53	7,413.74	79.99	89,227.28	21,510.32	4,117.66	75.99	25,551.99	63,675.29	60,383.21	
Capital Work-in-Progress	210.60	252.09	251.77	210.92(c)	-	-	-	-	210.92	210.60	
TOTAL	82,104.13	7,665.83	331.76	89,438.20 (d)	21,510.32	4,117.66	75.99	25,551.99	63,886.21	60,593.81	
Total-Previous Year	72,050.40	10,394.79	341.06	82,104.13	17,493.15	4,083.89	66.72	21,510.32	60,593.81		

NOTES :

- (a) Includes Rs. 3.46 lacs (Rs. 3.46 lacs) being the value of agricultural land measuring about 3839 acres together with estimated written down value of immovable assets thereon, taken over by the Government of Uttar Pradesh under the U.P. Imposition of Ceiling of Land Holding Act, 1960, a case whereof is pending in the court.
- (b) Title deeds for Rs. 434.82 lacs (Rs. 516.99 lacs) are yet to be executed in favour of the Company.
- (c) Includes advance against purchase of fixed Assets Rs. 28.80 lacs (Rs. 111.70 lacs).
- (d) Includes assets held in joint ownership with others Rs. 44.76 lacs (Rs. 39.56 lacs).

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 5 CAPITAL EXPENDITURE ON NEW / EXPANSION PROJECTS		
A. Freehold Land	-	529.22
B. Fixed Assets		
(a) Motor Cars, Lorries & Other Conveyance	-	14.78
(b) Furniture & Fixtures	-	9.22
C. Machinery and Building under erection	4,864.03	11,708.81
D. Advances against purchase of fixed assets	-	91.86
	4,864.03	12,353.89
Less: Transfer to Fixed Assets during the year	4,864.03	7,599.82
	-	4,754.07
E. Incidental Expenditure pending allocation to Fixed Assets:		
Amount brought forward from previous year	1,798.70	2,768.24
Add for the year :		
Salaries, Wages, Bonus, etc.	19.04	88.80
Contribution to Provident & Other Funds	1.83	6.24
Gratuity	0.24	2.10
Fuel & Electricity	5.51	27.87
Project Consultancy / Supervision Charges	0.29	63.75
Insurance Charges	1.89	3.63
Miscellaneous Expenses	6.97	38.69
Interest & other Financial Charges	218.25	1,020.89
	2,052.72	4,020.21
Less: Capitalised / Allocated to Fixed Assets during the year	2,052.72	2,221.51
	-	1,798.70
	-	6,552.77

(Rs. in lacs)

	No. of Shares	Face Value per share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 6 INVESTMENTS (AT COST)				
Long Term				
Government Securities :				
Unquoted :				
5 1/2 % U.P.State Development Loan ,1977			- (c)	-
5 1/2 % U.P.State Development Loan ,1981			0.60 (d)	0.60
11 % Bihar State Development Loan, 2001			0.53	0.53
12 Years National Savings Certificates			0.08 (d)	0.08
7 Years National Savings Certificates			0.02 (d)	0.02
6 Years National Savings Certificates			2.12	1.62
12 Years National Defence Certificates			0.04 (d)	0.04
12 Years National Plan Savings Certificates			- (c)	-
10 Years National Savings Certificates			0.01 (d)	0.01
7 Years National Defence Certificates			- (c)	-
			3.40	2.90
Equity Shares (Fully Paid)				
Quoted :				
SIL Investments Ltd.	1,758,125	10.00	396.04	396.04
Sutlej Textiles & Industries Ltd.	1,773,351	10.00	514.72	514.72
Upper Ganges Sugar & Industries Ltd.	1,172,260	10.00	867.44	867.44
New India Retailing & Investment Ltd.	266,874	10.00	212.63	212.63
Chambal Fertilizers & Chemicals Ltd.	302,500	10.00	55.00	55.00
Manavta Holdings Ltd.	72,000	10.00	3.53	3.53
Manbhawani Investment Ltd.	67,500	10.00	2.07	2.07
			2,051.43	2,051.43
Unquoted :				
Bihar State Financial Corporation Ltd.	70	100.00	0.07	0.07
Modern DieGen Services Ltd.	23,752	10.00	2.38	2.38
Taparia Ltd.	3,500	10.00	0.40	0.40
Shree Vihar Properties Ltd.	747,692	10.00	65.77	65.77
India Educational & Research Inst. Pvt. Ltd.	4,900	10.00	0.49	0.49
Moon Corporation Ltd.('A' Class)	745	100.00	0.77	0.77
Moon Corporation Ltd.('B' Class)	2,502	5.00	0.13	0.13
Birla Buildings Ltd.	1,920	10.00	0.19	0.19
SCM Investment & Trading Co. Ltd	3,750,000	10.00	750.00	750.00
The Oudh Trading Co. Pvt. Ltd.	25	100.00	0.03	0.03
A.P.V.Textmaco Ltd.(in liquidation)	28,750	10.00	0.86 (d)	0.86
Leas Communication Ltd.	21,000	10.00	-	-
Chandausi Rice Mills Ltd.	1,000	10.00	-	-
Swadeshi Jute Machinery Corporation Ltd.	15,000	10.00	-	-
Maruti Ltd. (In liquidation)	10,000	10.00	-	-
Jai Hind Publishing Co.Ltd.(in liquidation)	80	25.00	-	-
Akhil Bharat Printers Ltd.(in liquidation)	150	100.00	-	-
Indo International Distillers Association Pvt.Ltd.	-	10.00	-	5.40
(54,000) *				
			821.09	826.49

(Rs. in lacs)

	No. of Shares	Face Value per share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 6 INVESTMENTS (AT COST) (CONTD.)				
Equity Shares (Fully Paid)				
Unquoted :				
Modern DiaGen Services Ltd. (Rs. 2 paid up)	1545044	10.00	30.90	30.90
Preference Shares (Fully Paid)				
8 % Non - Convertible Cumulative Redeemable Preference Shares of New India Retailing & Investment Ltd.	500000	100.00	500.00	575.00
	(575,000)			
Other Investments				
Share Application Money :				
Indo International Distillers Association Pvt.Ltd.	-	10.00	-	4.60
	(46,000)*		3,406.82	3,491.32
Less : Provision for diminution in the value of Investments			1.61	11.61
			3,405.21 (b)	3,479.71
	30th June, 2011		30th June, 2010	
	Book Value	Market Value	Book Value	Market Value
Aggregate Value Of Investments :				
Quoted	2,051.43	5,094.46	2,051.43	5,655.30
Unquoted	1,353.78		1,428.28	
	3,405.21		3,479.71	

NOTES :

- (a) All the above investments are Non-Trade, except those marked with an asterisk.
- (b) Includes Government Securities of the face value of Rs. 2.76 lac (Rs. 2.26 lac) and Rs. 0.60 lac (Rs. 0.60 lac) deposited / pledged with various Government authorities and Hon'ble Allahabad High Court respectively (including Rs.0.73 lac (Rs. 0.73 lac) matured, but pending encashment).
- (c) The figures, being less than Rs. 500, have not been shown above.
- (d) Indicates securities where provision for diminution in the value of Investments has been made.

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 7 INVENTORIES		
At lower of cost and net realisable value		
Raw Materials	287.97	238.82
Stores, Chemicals, Spare Parts, etc. [including in transit Rs. 25.92 lacs (Rs. 25.66 lacs)]	1,356.62	1,249.33
Finished Goods	24,833.36	28,263.84
Power - Banked	50.22	16.65
Goods under Process	502.07	398.76
Standing Crop	68.86	72.51
	27,099.10	30,239.91
At estimated net realisable value		
By Products	1,093.67	1,044.02
Scrap	13.39	6.27
Country Crop	-	1.31
	1,107.06	1,051.60
	28,206.16	31,291.51

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 8 SUNDRY DEBTORS		
(Unsecured , unless otherwise specified)		
(a) Debts due for a period exceeding six months :		
Considered Good	384.68	50.28
Considered Doubtful	39.80	45.78
	424.48	96.06
Less: Provision	39.80	45.78
	384.68	50.28
(b) Other Debts		
Considered Good [includes secured Rs. 5.20 lacs (Rs. 2.57 lacs)]	904.17	1,091.87
	1,288.85	1,142.15

SCHEDULE 9 CASH & BANK BALANCES		
Cash in hand	20.65	21.40
Cheques / Drafts in hand	54.61	139.95
	75.26	161.35
With Scheduled Banks on :		
Current Account	85.62	182.89
Fixed Deposit Account [Receipts for Rs. 15.01 lacs (Rs. 15.01 lacs) pledged with various Govt.authorities as security / Bank as margin money]	46.26	38.26
Unpaid Dividend Account	14.70	15.03
	146.58	236.18
With Non-Scheduled Banks on Current Account :		
Name of the Bank	Maximum amount outstanding during the year	
Zila Sahkari Bank Limited	405.26 309.27	4.74 2.55
District Co-operative Bank Limited	733.47 714.49	2.58 3.25
Urban Co-operative Bank Limited	57.18 61.69	0.60 0.78
Avadh Gramin Bank	0.51 0.37	0.51 0.37
Baroda Uttar Pradesh Grameen Bank	205.32 160.77	4.27 2.04
	12.70	8.99
With Post office on :		
Savings Account (Pass Book lodged with various Govt.Authorities)	0.44	0.44
	234.98	406.96

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 10 OTHER CURRENT ASSETS		
Accrued Interest on Loans, Advances, Deposits, Investments etc.		
Considered Good	7.19	7.99
[Including Rs. 4.45 lacs (Rs. 2.01 lacs) due for more than six months]	7.19	7.99

SCHEDULE 11 LOANS AND ADVANCES		
Unsecured		
Considered good		
Loans :		
Bearing interest :		
To Employees	41.02	39.30
To Others	14.85	20.14
	55.87	59.44
Advances		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	674.87	939.73
Deposits against demand under appeal and / or under dispute	186.28	100.63
Balance with Excise & other Govt. Authorities	2,497.28	2,969.25
Claims and Refunds receivable	907.70	843.27
Advance payment of Tax, Refunds receivable and Tax deducted at source	7.26	123.59
Sundry Deposits	114.48	35.07
	4,387.87	5,011.54
	4,443.74	5,070.98
Considered doubtful :		
Advances & Claims	543.16	522.31
Less : Provisions	543.16	522.31
	-	-
	4,443.74	5,070.98
NOTES:		
Amount due from Officers of the Company		
Advances	7.03	11.58
	7.03	11.58
Maximum amount due at any time during the year		
Advances	25.09	22.20
	25.09	22.20

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities :		
Sundry Creditors for goods, services, expenses etc.		
Due to Micro and Small Enterprises (Refer note no. 11 on Schedule 23)	108.59	121.80
Due to Others	6,370.02	11,463.42
For Other Finance	402.99	438.99
Advance against sale of goods	174.32	258.74
Interest accrued but not due on loans, deposits etc.	61.33	197.32
Investor Education & Protection Fund (not yet due)		
Unpaid & Unclaimed Dividends	14.70	15.03
	7,131.95	12,495.30
B. Provisions :		
Leave	125.97	125.74
Gratuity	109.41	83.85
Warranties	14.47	11.72
Contingent Provision against Standard Assets	0.02	-
Wealth tax	3.00	3.40
Current Tax	1.64	1.13
	254.51	225.84
	7,386.46	12,721.14

SCHEDULES

FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in lacs)

	2010-2011	2009-2010
SCHEDULE 13 GROSS SALES		
Finished Goods	87,946.34	52,224.31
Power	2,167.92	1,305.01
By-Products	1,836.08	1,863.66
Processing Charges	-	76.19
Others	48.71	40.12
	91,999.05	55,509.29
Less : Claims, Rebates etc.	16.26	10.96
	91,982.79	55,498.33

(Rs. in lacs)

	2010-2011	2009-2010
SCHEDULE 14 OTHER INCOME		
Income from Long Term Investments (Non-Trade)		
Dividend	90.83	56.90
Interest	1.74	3.74
Insurance & Other Claims	10.42	8.73
Rent & Hire Charges	9.95	19.64
Exchange rate fluctuations (net)	-	5.88
Export Incentives	28.22	44.79
Unspent liabilities,excess provisions and unclaimed balances written back (net)	141.49	76.38
Profit on Fixed assets sold / discarded (net)	11.95	-
Excise duty Subsidy	111.69	85.38
Miscellaneous Receipts	14.59	5.29
	420.88	306.73

SCHEDULE 15 AGRICULTURAL PROFIT			
Income			
Sales including inter- transfers Rs. 134.35 lacs (Rs. 52.73 lacs)	187.75		119.90
Other Income :			
Rent & Hire Charges 17.17		21.65	
Profit on sale of fixed assets -		4.32	
Miscellaneous Receipts 2.69	19.86	1.36	27.33
Increase / (Decrease) in Stocks :			
Closing Stock 68.86		73.82	
Less : Opening Stock 73.82	(4.96)	40.23	33.59
	202.65		180.82
Expenditure			
Seeds, Manures and Fodder Consumed	13.15		39.63
Stores & Spares Consumed	0.93		2.72
Tractor Expenses	28.20		39.62
Repairs to :			
Machinery	0.05		0.36
Building	0.19		1.91
Others	1.38		2.54
Lease Land Rent	11.69		11.01
Rates & Taxes	0.06		0.06
Payments to and Provisions for Employees :			
Salaries, Wages & Bonus 48.78		51.85	
Contribution to Provident and Other Funds 1.76		1.67	
Gratuity 0.92	51.46	1.66	55.18
Insurance	0.12		0.11
Cartage & Transportation charges	0.95		0.26
Irrigation Expenses	0.84		0.93
Harvesting Expenses	7.35		1.79
Miscellaneous Expenses	5.80		3.23
Depreciation	5.78		6.59
	127.95		165.94
Profit transferred to Profit & Loss Account	74.70		14.88

(Rs. in lacs)

	2010-2011	2009-2010
SCHEDULE 16 DECREASE / (INCREASE) IN STOCKS :		
Opening Stocks :		
Finished Goods	28,263.84	13,859.51
Power - Banked	16.65	29.38
By-Products	1,044.02	852.85
Goods under Process	398.76	478.88
Scrap	6.27	13.54
	29,729.54	15,234.16
Less : Closing Stocks :		
Finished Goods	24,833.36	28,263.84
Power - Banked	50.22	16.65
By-Products	1,093.67	1,044.02
Goods under Process	502.07	398.76
Scrap	13.39	6.27
	26,492.71	29,729.54
	3,236.83	(14,495.38)

SCHEDULE 17 RAW MATERIALS CONSUMED		
Opening Stock	238.82	886.36
Add: Purchase & Procurement Expenses [including transfer of sugarcane from own farms Rs. 134.35 lacs (Rs. 52.73 lacs)]	63,110.94	53,951.45
Purchase Tax	529.15	414.41
	63,878.91	55,252.22
Less: Closing Stock	287.97	238.82
	63,590.94	55,013.40

SCHEDULE 18 STORES, SPARES & PACKING MATERIALS CONSUMED		
Stores, Spare Parts, Chemicals etc. consumed [after adjusting Sales & Claims Rs. 362.21 lacs (Rs. 215.07 lacs)]	1,572.39	1,220.15
Packing Materials consumed	2,241.99	1,787.25
	3,814.38	3,007.40

SCHEDULE 19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc	3,493.29	3,385.42
Contribution to Provident & Other Funds	295.19	274.88
Gratuity	70.79	191.34
Employees' Welfare Expenses	134.52	128.85
	3,993.79	3,980.49

(Rs. in lacs)

SCHEDULE 20	MANUFACTURING, SELLING AND OTHER EXPENSES	2010-2011	2009-2010
Repairs to and Maintenance of :			
Buildings	197.92	148.87	
Machinery	1,465.54	1,051.75	
Others	38.77	35.78	
Rent	95.22	75.04	
Rates & Taxes (net)	40.75	43.95	
Insurance	104.62	88.60	
Auditors' Remuneration :			
As Auditors			
Audit Fees	12.50	12.50	
Tax Audit Fees	7.35	7.35	
Limited Review Fees	7.35	7.35	
In other capacity for Certificates & other services	9.16	10.82	
For Expenses	3.53	2.54	
Cost Auditors' Remuneration :			
For Audit Fees	0.70	0.70	
For Expenses	0.12	0.24	
Selling Commission & Expenses :			
Commission on sales (Other than Sole selling agent)	398.91	247.31	
Other Selling Expenses	838.51	348.90	
Charity & Donations	4.70	17.30	
Provision for bad and doubtful debts/advances	28.85	186.92	
Provision for Warranties & Claims	7.13	11.65	
Provision for Standard Assets	0.02	-	
Bad Debts, irrecoverable claims & advances written off	41.19	12.02	
Less: Adjusted against provisions	10.26	30.93	6.65
Loss on sale of long term Investments	10.00	-	-
Less: Adjusted against provisions	10.00	-	-
Loss on Foreign Exchange fluctuations (net)	4.02	-	-
Loss on Fixed Assets sold/ discarded (net)	-	7.21	
Molasses Storage & Maintenance Reserve	7.01	5.30	
Miscellaneous Expenses			
[including Directors' travelling Rs. 17.45 lacs (Rs. 19.66 lacs)]	1,028.94	1,069.71	
	4,332.55	3,385.16	

(Rs. in lacs)

SCHEDULE 21 DIRECTORS' REMUNERATION		2010-2011	2009-2010
(A)	Managing Director's Remuneration :		
	Salary	39.00	39.00
	Contribution to Provident Fund	4.68	4.68
	Gratuity	0.23	0.15
	Leave	0.17	2.03
		44.08	45.86
(B)	Directors' Fees	1.72	2.09
		45.80*	47.95

* Excludes Rs. 36.00 lacs (Rs. 36.00 lacs) and Rs. 31.27 lacs (Rs. 29.45 lacs) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under the head "Rent" and "Miscellaneous Expenses" in Schedule 20.

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

SCHEDULE 22 INTEREST & FINANCE CHARGES (NET)			
Interest:			
	On Fixed Loans	8,536.21	7,219.28
	On Other Loans *	3,044.88	2,155.46
	To Income Tax Department	0.95	0.03
Finance Charges :			
	To Banks	179.51	321.48
	To Others	167.60	18.31
		11,929.15	9,714.56
Less: At Credit:			
	Amount Capitalised	218.25	1,020.89
	Subsidy towards interest on Excise Duty Loan	370.55	553.33
	From Income Tax Department	7.73	-
	On Unsecured Loans, Deposits etc. (Gross):		
	[Tax deducted at source Rs. 3.25 lacs (Rs. 3.71 lacs)]	18.96	34.53
		615.49	1,608.75
		11,313.66	8,105.81

* Including Rs. 210.14 lacs (Rs. Nil) pertaining to earlier year.

SCHEDULE 23 ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Notes annexed to and forming part of the Company's Consolidated Balance Sheet and Profit & Loss Account as at and for the year ended 30th June, 2011.

1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS:

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

- The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealised profit/loss included therein in accordance with accounting standard (AS-21) "Consolidated Financial Statements".
- The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are prepared, to the extent possible, in the same manner as the Company's separate financial statements.
- As the financial year of the subsidiaries closes on 31st March, their audited accounts as at and for the year ended 31st March, 2011 have been incorporated in these accounts. However, in order to eliminate the intra group balances, certain adjustments pertaining to the period from 1st April, 2011 to 30th June, 2011 have been made in the accounts.
- The difference between the cost of the Company's investments in the subsidiaries and their respective equity as on the date of investment is treated as Goodwill/Capital Reserve, as the case may be, in the financial statements.
- The Subsidiary Companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of voting power/ownership as on 30th June, 2011
Hargaon Investment & Trading Company Ltd.	India	100
OSM Investment & Trading Company Ltd.	India	100
Champaran Marketing Company Ltd.	India	100
Hargaon Properties Ltd	India	100

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the Accounting Standards Notified by the Companies Accounting Standards Rules, 2006

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

(ii) Use of Estimates:

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

(iii) Revenue Recognition:

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

- Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.
- Dividend Income is recognised when the shareholders' right to receive the payment is established by the balance sheet date.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.
- Due to uncertainty in realization, following incomes are accounted for on acceptance/actual receipt basis:-
 - Insurance and other claims
 - Interest on doubtful loans and advances to cane growers.
 - Compensation receivable in respect of land surrendered to/acquired by the Government.

(iv) Fixed Assets:

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

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

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

(v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Depreciation:

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

(vii) Government Grants and Subsidies:

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

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

Revenue grants/subsidies, which are not related to any expenses, recognised as income in Profit & Loss Account.

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

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

(viii) Borrowing Costs:

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

(ix) Investments:

Investments that are readily realizable and intended to

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

(x) Inventories:

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

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

Cost of inventories is computed on a weighted average basis.

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

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

(xi) Foreign Currency Transactions:

(a) Initial Recognition

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

(b) Conversion

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

(c) Exchange Differences

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

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

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

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

(xii) Retirement Benefits:

- (a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.
- (b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.
- (c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.
- (d) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(xiii) Taxation:

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

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

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

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

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

(xiv) Segment Reporting:

(a) Identification of Segments:

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

(b) Inter Segment Transfers:

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

(c) Allocation of Common Costs:

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

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

(xv) Fixed Assets Acquired under Lease

(a) Finance Lease

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

(b) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating

lease payments are recognised as an expense in the profit and loss account.

(xvi) Share Issue Expenses:

Share issue expenses are adjusted against Securities Premium Account.

(xvii) Earning per Share:

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

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

(xviii) Excise Duty:

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

(xix) Cash and Cash equivalents

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

(xx) Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the best estimate required to settle the obligation, at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(xxi) Derivative Instruments:

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

(Rs. in lacs)

	As at 30th June, 2011	As at 30th June, 2010
3. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	107.97	278.63
4. Contingent Liabilities not provided for in respect of :-		
(a) Demands/Claims by various Government Authorities and others not acknowledged as debts:		
(i) Excise Duty & Service Tax	1620.87	2035.65
(ii) Sales & Entry Tax	388.64	110.96
(iii) Duty under State Acts	157.89	155.05
(iv) Others	163.35	124.26
Total	2330.75	2425.92
(b) (i) Guarantees given to a bank against loans to cane growers	5000.00	5000.00
(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	4095.16	4773.95
(c) Bank Guarantees outstanding	591.88	92.60
(d) Uncalled Capital on partly paid shares held as investments	123.60	123.60
(e) Bills discounted with banks [since realised Rs. 41.17 lacs (Rs. Nil)]	208.60	92.91

5. In view of the interim order dated 8th September, 2008 of the Hon'ble Supreme Court, the Company for its Hargaoon and Rosa Sugar units in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-2008 @ Rs. 110 per quintal as against the State Advised Price (SAP) of Rs. 125 per quintal. Pending final decision by the Hon'ble Supreme Court in this matter, the differential price of Rs. 2,422.74 lacs between SAP and the amount already provided, as stated above, has not been accounted for.

6. During the year, the Corporate Debt Restructuring (CDR) cell through its Empowered Group has approved a debt restructuring scheme for the Company which provides for revision in interest rates, deferment of repayment of term loans, conversion of interest into Funded Interest Term Loan and additional infusion of Rs. 5,000.00 lacs into the Company. In view of the above, Rs. 3,750.00 lacs as Advance against Cumulative Redeemable Preference Share and Rs. 1,250.00 lacs as Sub-ordinate interest free loan have been brought as stipulated in the restructuring scheme.

Necessary adjustments in the books of accounts have been made to reflect the impact of the aforesaid restructuring scheme.

7. (i) The break-up of net Deferred Tax asset as on 30th June, 2011 is as under:

	(Rs. in lacs)	
	As at 30th June, 2011	As at 30th June, 2010
(A) Deferred Tax asset		
(i) Carry forward of unabsorbed depreciation and Business Losses	14115.55	9939.02
(ii) Expenses allowable against taxable income in future years	2608.78	1188.73
	16724.33	11127.75
(B) Deferred Tax Liability		
(i) Timing difference in depreciable assets	11326.32	8073.07
	11326.32	8073.07
Net Deferred Tax Asset (A – B)	5398.01	3054.68

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

8. Excise Duty and Cess on sales has been reduced from sales in Profit and Loss account and Excise Duty and Cess on increase/decrease in stocks has been considered as income/expenses in Profit and Loss Account.
9. There is a diminution of Rs. 353.76 lacs (Rs. 369.58 lacs) in the value of certain quoted investments based on the last quoted price. The above investments being long term and strategic in nature and diminution in value of said investments being temporary in nature, no provision there against is required in the accounts.
10. A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.
11. Based on the information/documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

	(Rs. in lacs)	
	2010-2011	2009-2010
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	76.52	96.07
(ii) Interest due on above.	4.11	3.52
Total of (i) & (ii)	80.63	99.59
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	6.49	11.50
(iv) Amount paid to the suppliers beyond the respective due date.	150.34	175.86
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	6.90	4.26
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	11.01	7.77
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	21.06	17.96

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

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

- I. Expenses recognised in the statement of Profit & Loss Account are as follows:

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Current service cost	67.14	57.14
Interest cost on benefit obligation	74.98	58.51
Expected return on plan assets	(70.14)	(64.19)
Past Service cost	-	100.94
Net actuarial loss recognised in the year	0.20	42.85
Total Employer Expenses*	72.18	195.25
Actual return on plan assets	122.64	83.48

* including Rs.0.24 lacs (Rs. 2.10 lacs) capitalised as pre-operative expenses in Schedule – 5.

- II. Net Liability/(Assets) recognised in the Balance Sheet are as follows:

	(Rs. in lacs)	
Particulars	As at 30th June, 2011	As at 30th June, 2010
Present value of Defined Benefits Obligation	1053.79	1015.64
Fair value of plan assets	944.38	931.79
	109.41	83.85
Less: Unrecognised past service cost	-	-
Net liability	109.41	83.85

- III. Change in the present value of the defined benefit obligation during the year are as follows:

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Present Value of Defined Benefit Obligation at the beginning of the year	1015.64	802.93
Current Service Cost	67.14	57.14
Interest Cost	74.98	58.51
Past Service cost	-	100.94
Benefits Paid	(156.67)	(66.02)
Actuarial Loss/(Gain)	52.70	62.14
Present Value of Defined Benefits Obligation at the end of the year	1053.79	1015.64

- IV. Change in the Fair Value of Plan Assets during the year ended are as follows:

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Fair Value of Plan Assets at the beginning of the year	931.79	840.81
Expected Return on plan assets	70.14	64.19
Contribution by Employer	46.62	73.52
Benefits paid	(156.67)	(66.02)
Actuarial Gains/(Losses)	52.50	19.29
Fair Value of Plan Assets at the end of the year	944.38	931.79

V. The major categories of plan assets as a percentage of the fair value of the total plan assets

Particulars	2010-2011	2009-2010
Funded with insurer	100 %	100 %

VI. The principal assumptions are as follows.

Particulars	2010-2011	2009-2010
Discount Rate	8.00 %	8.00 %
Expected Rate of return on assets	8.00 %	7.60 %
Rate of increase in salaries	5.00 %	5.00 %
Withdrawal rates	Varying between 1 % to 7 % per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

VII. Amounts for the current and previous years are as follows:

(Rs. in lacs)				
Particulars	As at 30th June, 2011	As at 30th June, 2010	As at 30th June, 2009	As at 30th June, 2008
Defined benefit obligation	1,053.79	1,015.64	802.93	699.59
Plan Assets	944.38	931.79	840.81	628.78
Surplus/(Deficit)	(109.41)	(83.85)	37.88	(70.81)
Experience Gain/(Loss) Adjustments on plan liabilities	(52.70)			
Experience Gain/(Loss) Adjustments on plan assets	52.50			
Experience Gain/(Loss) adjustment on plan liabilities due to change in assumptions	Nil			

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

VIII. Defined Contribution Plan :

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

(Rs. in lacs)		
Particulars	2010-2011	2009-2010
Contribution to Provident Fund and other Funds*	303.46	287.47

* including Rs.1.83 lacs (Rs. 6.24 lacs) capitalised as pre-operative expenses in Schedule – 5.

Note:

- The Guidance Note on implementation of AS-15 (Revised), "Employee Benefits" issued by the ICAI states that Provident Fund set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regard to future obligation arising due to interest shortfall (i.e. government interest to be paid on the provident fund scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund Liability.
- The Company expects to contribute Rs 150.00 lacs to Gratuity Fund in 2011-12.
- The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other

relevant factors, such as supply and demand in the employment market.

13. The subsidiary companies have given undertakings to a bank/financial institution not to transfer, assign, pledge, hypothecate or otherwise dispose of their shareholding in Sutlej Textiles & Industries Ltd. and Modern Dia Gen Services Ltd. without their prior approval in writing till the loans granted by them to these Companies remain outstanding.
14. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.
- (b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.
- (c) The following items are included under other heads of expenses in the Profit and Loss Account:

	(Rs. in lacs)	
	2010-2011	2009-2010
Stores and Spares, etc.	1301.35	1002.13
Insurance	0.08	0.16

15. **Earnings per Share (EPS):**

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

		2010-2011	2009-2010
A	Profit/(Loss) after Tax Rs. in lacs	(5,023.10)	(8,172.62)
B	Weighted average number of equity shares outstanding during the year Nos.	25,917,175	25,027,708
C	Nominal Value of each Share Rs.	10	10
D	Basic Earning per Share Rs.	(19.38)	(32.65)
E	Diluted Earning per Share Rs.	(19.38)	(32.65)

16. **Operating lease:**

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

	(Rs. in lacs)	
Particulars	2010-2011	2009-2010
Lease payments made for the year *	95.22	75.04

* Excluding lease rent for use of land Rs.17.17 lacs (Rs.21.65 lacs).

17. The movements in provision for warranties during the year are as follows:

	(Rs. in lacs)			
	Balance as at 1st July, 2010	Additions during the year	Amount used during the year	Balance as at 30th June, 2011
Warranties	11.72	7.13	4.38	14.47

18. The Consolidated segment information as at and for the year ended 30th June, 2011 are as below :-

(Rs. in lacs)

(a)	Revenue (net of excise duty and cess)	Sugar	Spirits	Co-generation	Food processing	Others	Total
Segment Revenue		81701.69	8624.27	5452.69	3020.39	-	98799.04
		(48455.41)	(5329.33)	(3245.96)	(2750.25)	(-)	(59780.95)
Less : Inter Segment Revenue		6647.27	1.69	3284.76	-	-	9933.72
		(4266.92)	(0.75)	(1940.95)	(-)	(-)	(6208.62)
Net Sales/Income from operations		75054.42	8622.58	2167.93	3020.39	-	88865.32
		(44188.49)	(5328.58)	(1305.01)	(2750.25)	(-)	(53572.33)
(b)	Results						
Segment Results		1402.35	1696.00	1125.54	148.94	0.43	4373.26
		(-2826.55)	(-139.77)	(421.93)	(51.59)	(0.71)	(-2,492.09)
Unallocated expenses net of unallocated Income							423.86
							(419.17)
Operating Profit/(-) Loss							3949.40
							(-2911.26)
Interest & Finance Charges (net)							11313.66
							(8105.81)
Income, Wealth & Fringe Benefit Tax (net)							2.17
							(3.73)
Minimum Alternative Tax Credit Reversal							-
							(-836.59)
Deferred Tax Credit							-2343.33
							(-3684.77)
Net Profit/(-) Loss							-5023.10
							(-8172.62)
(c)	Total Assets						
Segment Assets		69808.22	12039.51	13587.24	1681.15	2.76	97118.88
		(76600.83)	(11910.53)	(13838.03)	(1534.63)	(3.23)	(103887.25)
Unallocated Assets							9751.47
							(7712.18)
							106870.35
							(111599.43)
(d)	Total Liabilities						
Segment Liabilities		6018.01	263.35	65.87	958.16	0.10	7305.49
		(11197.10)	(196.22)	(127.80)	(982.46)	(0.30)	(12503.88)
Unallocated Liabilities							92163.14
							(90427.74)
							99468.63
							(102931.62)

(e) Other Information						
(i) Non cash expenses	7.01	–	–	–	–	7.01
	(5.30)	(-)	(-)	(-)	(-)	(5.30)
(ii) Capital Expenditure	454.81	64.72	337.81	3.95	–	861.29
	(1407.21)	(43.72)	(1024.17)	(45.34)	(-)	(2520.44)
(iii) Depreciation for the year	2882.74	582.85	643.93	8.11	0.03	4117.66
	(3015.11)	(614.90)	(447.32)	(6.53)	(0.03)	(4083.89)
(f) Geographical Segments						
Revenue						
(i) Domestic						83702.64
						(52954.44)
(ii) Overseas (Including through third parties)						5162.68
						(617.89)
						88863.32
						(53572.33)

Notes:

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

19. Related Party Disclosure :

a. **Names of the related parties:**

Key Management Personnel	Mr. Chandra Shekhar Nopany	– Chairman-cum-Managing Director
	Mr. V.P.Singh	– Executive President, Hargaon Unit
	Mr. Chandra Mohan	– Executive President, Narkatiaganj Unit
	Mr. B.K. Malpani	– Executive President, Rosa Unit
	Mr. J.S. Cheema	– Executive President, Hata Unit (Upto 20th November, 2010)
	Mr. Mahesh Jain	– Jt. Executive President, Hata Unit (from 21st November, 2010 to 20th July 2011)
	Late Mr. S.K. Premi	– Executive President, Allahabad Unit (Upto 20th August, 2010)
	Mr. M.P.Singh	– Executive Vice President, Allahabad Unit (from 21st August, 2010)
	Mr. Govind Narayan Pareek	– Company Secretary
Relatives of Key Management Personnel	Mrs. Nandini Nopany	– Mother of Mr. Chandra Shekhar Nopany
	Mrs. Shalini Nopany	– Wife of Mr. Chandra Shekhar Nopany
	Mrs. Usha Singh	– Wife of Mr. M.P. Singh
	Mrs. Ritu Singh	– Daughter of Mr. M.P. Singh
Enterprises owned or significantly influenced by Key Management Personnel and their relatives	Upper Ganges Sugar & Industries Ltd.	
	Sutlej Textiles & Industries Ltd.	
	SIL Investments Ltd.	
	SCM Investment & Trading Co. Ltd.	
	RTM Investment & Trading Co. Ltd.	
	Uttar Pradesh Trading Co. Ltd.	
	Nilgiri Plantations Ltd.	
	Ronson Traders Ltd.	

(b) Aggregated Consolidated Related Party Disclosures as at and for the year ended 30th June, 2011

(Rs. in lacs)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011
Sale of Goods & Services								
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	67.07	-	67.07	-
	(-)	(-)	(-)	(-)	(45.33)	(-)	(45.33)	(-)
Purchase of Goods & Services								
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	455.31	-	455.31	-
	(-)	(-)	(-)	(-)	(240.30)	(-)	(240.30)	(-)
Purchase of Fixed Assets								
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	3.48	-	3.48	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Dividend Received								
Sutlej Textiles & Industries Limited	-	-	-	-	44.33	-	44.33	-
	(-)	(-)	(-)	(-)	(17.73)	(-)	(17.73)	(-)
SIL Investments Ltd.	-	-	-	-	17.58	-	17.58	-
	(-)	(-)	(-)	(-)	(17.58)	(-)	(17.58)	(-)
Upper Ganges Sugar & Industries Ltd	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(14.07)	(-)	(14.07)	(-)
Dividend Paid								
Mr. Chandra Shekhar Nopany	-	-	-	-	-	-	-	-
	(0.94)	(-)	(-)	(-)	(-)	(-)	(0.94)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(35.55)	(-)	(35.55)	(-)
SIL Investments Limited	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(6.66)	(-)	(6.66)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(29.82)	(-)	(29.82)	(-)
Uttar Pradesh Trading Co. Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(43.43)	(-)	(43.43)	(-)
Investments Made								
SCM Investment & Trading Co. Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(750.00)	(-)	(750.00)	(-)
Interest Expense								
Sutlej Textiles & Industries Limited	-	-	-	-	468.91	-	468.91	-
	(-)	(-)	(-)	(-)	(241.59)	(-)	(241.59)	(-)
SIL Investments Ltd.	-	-	-	-	204.70	-	204.70	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	127.82	-	127.82	-
	(-)	(-)	(-)	(-)	(377.33)	(-)	(377.33)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	226.12	-	226.12	-
	(-)	(-)	(-)	(-)	(520.96)	(-)	(520.96)	(-)
Nilgiri Plantations Ltd.	-	-	-	-	64.62	-	64.62	-
	(-)	(-)	(-)	(-)	(73.90)	(-)	(73.90)	(-)
Ronson Traders Ltd.	-	-	-	-	12.09	-	12.09	-
	(-)	(-)	(-)	(-)	(11.95)	(-)	(11.95)	(-)
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	384.59	-	384.59	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	0.59	-	0.46	-	-	-	1.05	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011 (Contd.)

(Rs. in lacs)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011
Loans/Intercompany deposits given/repaid								
Sutlej Textiles & Industries Limited	-	-	-	-	6,000.00	-	6,000.00	-
	(-)	(-)	(-)	(-)	(4,000.00)	(-)	(4,000.00)	(-)
SIL Investments Limited	-	-	-	-	450.00	-	450.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	5.00	-	5.00	-
	(-)	(-)	(-)	(-)	(5,310.00)	(-)	(5,310.00)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(5,935.00)	(-)	(5,935.00)	(-)
Nilgiri Plantations Ltd.	-	-	-	-	540.00	-	540.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Ronson Traders Ltd.	-	-	-	-	200.00	-	200.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	750.00	-	750.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	3.03	7.03	2.50	-	-	-	5.53	7.03
	(10.21)	(10.21)	(-)	(-)	(-)	(-)	(10.21)	(10.21)
Loans/Intercompany deposits taken/refunded								
Sutlej Textiles & Industries Limited	-	-	-	-	7,500.00	2,500.00	7,500.00	2,500.00
	(-)	(-)	(-)	(-)	(5,000.00)	(1,000.00)	(5,000.00)	(1,000.00)
SIL Investments Limited	-	-	-	-	4,950.00	4,500.00	4,950.00	4,500.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
SCM Investment & Trading Co. Ltd.	-	-	-	-	2,070.00	2,065.00	2,070.00	2,065.00
	(-)	(-)	(-)	(-)	(2,740.00)	(-)	(2,740.00)	(-)
RTM Investment & Trading Co. Ltd.	-	-	-	-	2,575.00	2,575.00	2,575.00	2,575.00
	(-)	(-)	(-)	(-)	(2,515.00)	(-)	(2,515.00)	(-)
Nilgiri Plantations Ltd.	-	-	-	-	500.00	500.00	500.00	500.00
	(-)	(-)	(-)	(-)	(75.00)	(540.00)	(75.00)	(540.00)
Ronson Traders Ltd.	-	-	-	-	200.00	100.00	200.00	100.00
	(-)	(-)	(-)	(-)	(100.00)	(100.00)	(100.00)	(100.00)
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	4,250.00	3,500.00	4,250.00	3,500.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	6.21	5.00	2.50	4.50	-	-	8.71	9.50
	(-)	(-)	(-)	(4.50)	(-)	(-)	(-)	(4.50)
Preference Shares Application Money								
Sutlej Textiles & Industries Limited	-	-	-	-	3,750.00	3,750.00	3,750.00	3,750.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Payable Outstanding (net)								
Upper Ganges Sugar & Industries Ltd.	-	-	-	-	-	6.80	-	6.80
	(-)	(-)	(-)	(-)	(-)	(28.42)	(-)	(28.42)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011 (Contd.)

(Rs. in lacs)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011	Transaction Value	Balance Outstanding as on 30th June, 2011
Remuneration								
Mr. V. P. Singh	34.31	1.00	-	-	-	-	34.31	1.00
	(34.02)	(0.52)	(-)	(-)	(-)	(-)	(34.02)	(0.52)
Mr. Chandra Mohan	28.00	0.77	-	-	-	-	28.00	0.77
	(29.98)	(-)	(-)	(-)	(-)	(-)	(29.98)	(-)
Mr. B. K. Malpani	23.80	1.52	-	-	-	-	23.80	1.52
	(22.36)	(1.55)	(-)	(-)	(-)	(-)	(22.36)	(1.55)
Mr. J. S. Cheema	8.47	-	-	-	-	-	8.47	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Mr. Mahesh Jain	14.85	0.54	-	-	-	-	14.85	0.54
	(14.45)	(0.53)	-	-	(-)	(-)	(14.45)	(0.53)
Late Mr. S. K. Premi	5.25	-	-	-	-	-	5.25	-
	(17.42)	(0.12)	(-)	(-)	(-)	(-)	(17.42)	(0.12)
Mr. M. P. Singh	8.66	-	-	-	-	-	8.66	-
	(7.42)	(-)	(-)	(-)	(-)	(-)	(7.42)	(-)
Mr. Govind Narayan Pareek	15.53	-	-	-	-	-	15.53	-
	(9.40)	(-)	(-)	(-)	(-)	(-)	(9.40)	(-)

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

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

Signatories to Schedule – 1 to 23

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

Per **SANJOY K.GUPTA**
Partner
Membership No. 54968

Place: 22, Camac Street,
3rd Floor, Block C, Kolkata - 700 016
Dated: 10th August, 2011

Govind Narayan Pareek
Company Secretary

Ashvin Chinubhai Dalal
Director

Chandra Shekhar Nopany
Chairman - cum - Managing Director

NOTES

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