



## Riddhi Siddhi Gluco Biols Ltd.

Registered office: 701, Sakar – I, Opposite Nehru Bridge, Near Gandhigram Railway Station, Ashram Road, Ahmedabad – 380 009

# Notice

Notice is hereby given that the Annual General Meeting of Riddhi Siddhi Gluco Biols Limited will be held on 28th September, 2011 at Auditorium of Ahmedabad Textile Mills Association, opp. City Gold Cinema, Asham Road, Ahmedabad at 10.00 a.m.

### ORDINARY BUSINESS

1. To receive, consider and approve the Profit & Loss Account for the year ended on March 31, 2011 and the Balance sheet as on the said date together with the Auditor's and Directors' Report thereon.
2. To declare dividend on 8%, Non Cumulative Redeemable Preference Shares for the year ended 31st March 2011.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Shri P. G. Zalani who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri R. Sathyamurthi who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

For and on behalf of the Board of Directors

Place: Ahmedabad

Date: 12/05/2011

*Chairman*

### Registered office:

701, Sakar-I, Nr. Nehru Bridge

Ashram Road, Ahmedabad – 380 009

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER
2. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2011 to 28th September, 2011 (Both days inclusive)
3. Company is proposing to make payment of dividend through Electronic Clearing System (ECS).
4. Memebers are requested to bring their copy of Annual Report for the meeting.



**Riddhi Siddhi Gluco Biols Ltd.**

Registered office: 701, Sarkar-1 Opp. Gandhigram Railway Station, Ashram Road, Ahmedabad- 380009

**PROXY**

I/We.....of.....  
.....being a member(s) of RIDDHI SIDDHI GLUCO BIOLS LTD. hereby appoint  
.....of.....or failing him/ her.....  
on my/our behalf at the 20th Annual General Meeting of the Company to be held on Wednesday, the 28th September, 2011 at  
10:00 a.m. and at any adjournment thereof.

As witness my/ our hand(s) this.....day of.....2011.

Signed by the said .....

Affix  
Revenue  
Stamp of  
Re 1/-

Folio No.....No. of shares held.....

**Note:** The proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of the aforesaid meeting



**Riddhi Siddhi Gluco Biols Ltd.**

Registered office: 701, Sarkar-1 Opp. Gandhigram Railway Station, Ashram Road, Ahmedabad- 380009

**ATTENDANCE SLIP**

I hereby record my presence at the 20th Annual General Meeting of the Company to be held at Auditorium of Ahmedabad Textile Mills Association, opp. City Gold Cinema, Asham Road, Ahmedabad -380009 on Wednesday, the 28th September, 2011 at 10:00 a.m.

Name of the Shareholder.....  
(in block letters)

Folio No.....

No. of Shares held.....

This attendance slip filled in accordance with the specimen signature registered with the Company to be handed over before the meeting.

# Corporate information

## Board of Directors

Mr. Sampatraj L. Chowdhary – *Chairman*

Mr. Ganpatraj L. Chowdhary – *Managing Director*

Mr. Mukesh Kumar Chowdhary – *Executive Director*

Mr. Marc Roquette

Mr. Pramodkumar G. Zalani

Mr. R. Sathyamurthi

## Auditors

M/s. S.V.Ghatalia & Associates.

*Chartered Accountants*

## Bankers

Oriental Bank of Commerce

Indian Overseas Bank

IDBI Bank

## Works

■ Block No. 51-52, Riddhi Siddhi Nagar,  
Village Juna Paddar, Taluka - Viramgam,  
District Ahmedabad (Gujarat)

■ Gokak Falls Road, Gokak - 591 307,  
District Belgaum (Karnataka)

■ Plot no 12, Sector-9,  
IIE Pantnagar, (Uttaranchal)

■ Vazhudavoor Road, Iyyakuttipalayam,  
Puducheri - 605 009

## Registered office

701, Sakar-1,

Opp. Gandhigram Railway Station,

Ashram Road, Ahmedabad – 380 009 (India)



[www.riddhisiddhi.co.in](http://www.riddhisiddhi.co.in)

# Change. The only constant.

Riddhi Siddhi Gluco Biols Limited | Annual report, 2010-11

## Forward-looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

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

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

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Financial section

# At Riddhi Siddhi Gluco Biols Limited, we have always believed that **change is continuous.**

As new realities emerge with quicker speed, there is a growing need to adapt.

Your Company is attractively placed to respond to this business imperative.

The Company reported a 34.64% growth in revenues and a 319.41% increase in its profit after tax in 2010-11. The result was a record year in the Company's existence.

During the last financial year, the Company also embarked on the decision to demerge its corn starch business and invite majority stake for an attractive valuation.

The contents of this annual report explain the management's rationale and how it is optimistic of taking the Company into a higher league over the foreseeable future.

# Riddhi Siddhi Gluco Biols Limited is India's largest corn miller.

The Company possesses a portfolio of over 40 products.

These products service growing needs in the paper, textile, pharmaceutical, adhesive, leather and food industries.

## Lineage

- Incorporated in 1990, Riddhi Siddhi Gluco Biols Ltd is a leading manufacturer of starch and starch derivatives. The Company is promoted by the Ahmedabad-based Chowdhary family, traditionally engaged in trading sago and tapioca starch.
- The Company acquired units from multinational companies – Glaxo Smithkline and Hindustan Unilever – in the last 15 years.
- The Company is ISO 9001-2000 and ISO 22000-certified. Each product

enjoys a trademark registration and is protected under the Indian Trade Marks Act, 1999.

- The Company employs over 1,600 people; its stocks are listed and actively traded on the Bombay Stock Exchange.
- In 2006, the Company attracted a 14.9% strategic investment by Roquette Freres (France), the world's fifth-largest corn-processor, the world's largest producer of polyols (sugar-free sweeteners), and a leading global producer of starch derivatives.

## Product

The Company transforms corn (maize) into essential industrial raw material through modern technologies. It manufactures more than 40 products including maize starch, liquid glucose, high maltose corn syrup, maltodextrin, dextrose monohydrate, glucose-D, dextrose syrup, maize fibre, maize germ, maize gluten, corn steep liquid and enriched fibre. These products are used in industries such as paper, textile, pharmaceutical, adhesive, leather and food, among others.

## Presence

The Company's corporate headquarters are located in Ahmedabad (Gujarat), with manufacturing facilities in Gokak (Karnataka), Pantnagar (Uttarakhand) and Viramgam (Gujarat). The Company has 6 marketing offices in North, South and West India with an export presence across 29 countries.



## Patrons

The Company's customers comprise the following brand-enhancing names:

| Food and confectionary   | Pharmaceuticals  | Paper  | Textile   | Others   |
|--|--|--|---|--|
| <ul style="list-style-type: none"> <li>■ Amul</li> <li>■ Nestle</li> <li>■ Heinz</li> <li>■ Cadbury</li> <li>■ Unilever</li> <li>■ Britannia</li> <li>■ Wrigley's</li> <li>■ Perfetti</li> <li>■ Vadilal Industries</li> <li>■ Parle</li> <li>■ Godrej Hersheys</li> <li>■ Ashwin Vanaspati</li> </ul> | <ul style="list-style-type: none"> <li>■ Ranbaxy</li> <li>■ Novartis</li> <li>■ Nicholas Piramal</li> <li>■ Wockhardt</li> <li>■ Lupin</li> <li>■ Pfizer</li> <li>■ Biocon</li> <li>■ Cadila Health care</li> <li>■ Dabur India</li> </ul> | <ul style="list-style-type: none"> <li>■ BILT</li> <li>■ ITC</li> <li>■ JK Paper</li> <li>■ TNPL</li> <li>■ West Coast</li> <li>■ Seshasayee Paper</li> <li>■ AP Paper</li> <li>■ Khanna Paper</li> <li>■ Century</li> </ul> | <ul style="list-style-type: none"> <li>■ Grasim</li> <li>■ Bombay Dyeing</li> <li>■ Indian Rayon</li> <li>■ Lakshmi Mills</li> <li>■ Precot Mills</li> <li>■ Anglo French</li> <li>■ Paramount</li> </ul> | <ul style="list-style-type: none"> <li>■ Hindalco</li> <li>■ Emami</li> <li>■ SAB</li> <li>■ United Breweries</li> <li>■ Micro Inks</li> <li>■ Godrej Agrovet</li> <li>■ Suguna Poultry</li> <li>■ Venkateshwara Hatcheries</li> <li>■ India Gypsum</li> </ul> |



# Key highlights, 2010-11



## > Corporate

- The Company enjoyed six marketing points across India and exported to 29 countries.
- The Company enjoyed an Indian market share of over 25% in the area of corn starch.
- The Company retained its position as India's largest corn miller (2,000 TPD), producing a variety of starches and derivative products.
- The Company embarked on the decision to establish 33.15 MW of wind energy in Tamil Nadu, Gujarat and Maharashtra for Rs. 215 crore by 2011-12.

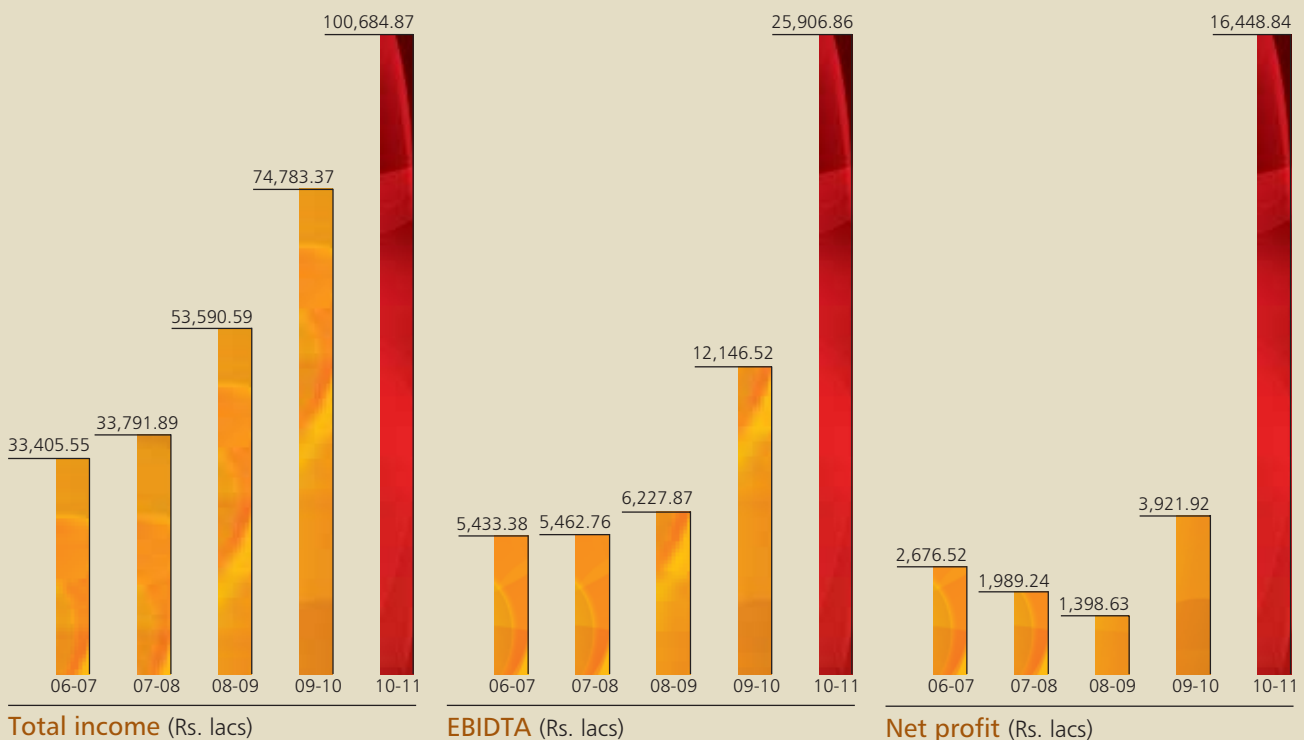
## > Products

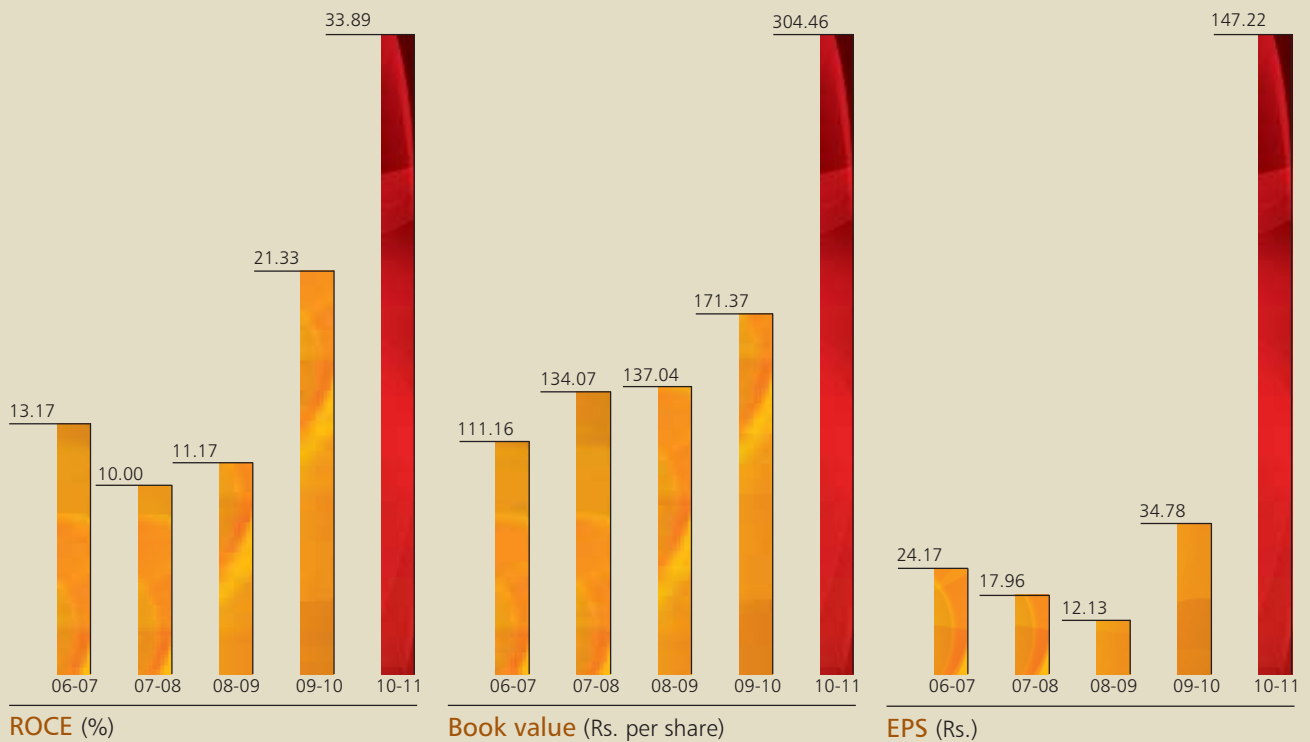
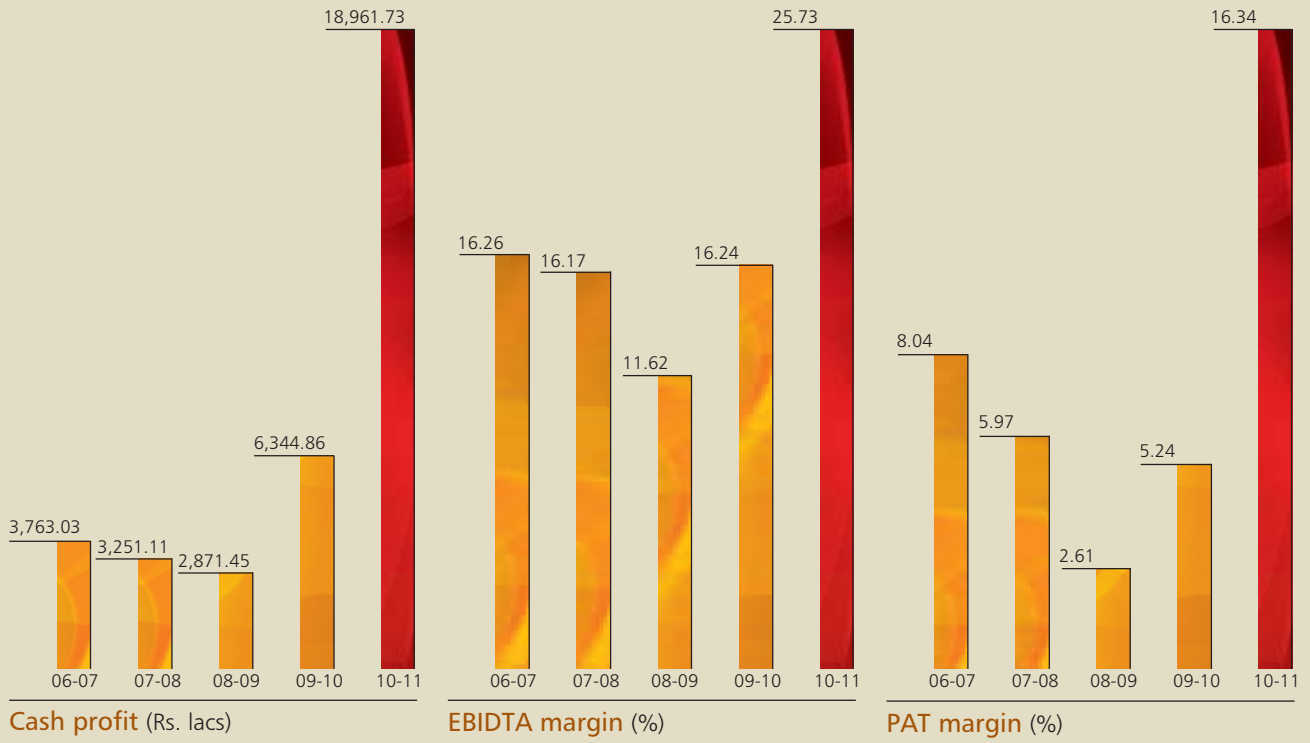
- The Company retained its position as a premier supplier of key ingredients to the food, pharmaceutical, paper, animal feed, confectionery and textile industries.
- Domestic sales and exports accounted for 93.04% and 6.96% of the Company's revenues respectively.

## > Financials, 2010-11

- Net income increased 34.64% from Rs. 74,783.37 lacs in 2009-10 to Rs. 1,00,684.87 lacs.
- EBIDTA increased 113.29% from Rs. 12,146.52 lacs in 2009-10 to Rs. 25,906.86 lacs.
- Debt-equity ratio was 0.91 at year-close (1.21 in 2009-10).

## Performance indicators





In our 16 years of existence, we emerged as the largest and most profitable corn wet miller in India.

We went into business in the mid-Nineties with a 75-TPD maize processing plant; our nearest competitor possessed a capacity four times our size. In 2010-11, we had grown to a 2,000-TPD corn wet milling organisation, the largest in India.

The Company's growth was the result of timely organic and inorganic initiatives; it invested in gross block in every single year of existence, enhancing its installed capacity more than 20-fold in 16 years. It acquired two units of multinational companies like Glaxo and Hindustan Unilever, the former being a corn milling unit in Gokak, and the latter being a starch processing unit in Puducherry, possessing a

robust pipeline of starches used in paper manufacture coupled with research capabilities. The result: What was a Company with one manufacturing location is now three units located close to customers, raw materials and water.

The Company entered into a strategic technology relationship with Roquette Freres (France), one of the world's largest starch companies with a portfolio of 700-plus starch varieties.

It is this complement – ability to consistently invest in our business, seize inorganic opportunities, enter into business-enhancing collaborations – that we expect will take us ahead in a sustainable and profitable way.

We enhanced our capacity more than

20

fold in 16 years





In our 16 years of existence, we didn't just create a business; we helped enrich our country at the grassroots.

When we entered the business of corn milling, we consumed Rs. 5.04 crore of corn in our first year from a small region. During 2010-11, our consumption increased to Rs. 529.28 crore, strengthening the rural economy. During the course of a decade-and-a-half, the Company injected no less than Rs. 2,227.51 crore in local economies through extensive annual corn purchases.

Riddhi Siddhi pioneered the creation of depots and warehouses within its industry to enhance corn inventory across longer periods. This assured farmers that the Company would buy whatever it cared to sell, which, in turn, encouraged them to enhance corn planting and strengthen the country's corn economy.

When the Company entered the business, it bought 100% of its annual corn requirement from intermediaries, who in turn, would buy from farmers. Now, the Company sources over a quarter of its annual corn requirement directly from farmers, eliminating the middle man's commission and enriching farmers directly.

It is this capability - ability to enhance value for stakeholders – that will take our Company ahead over the foreseeable future.



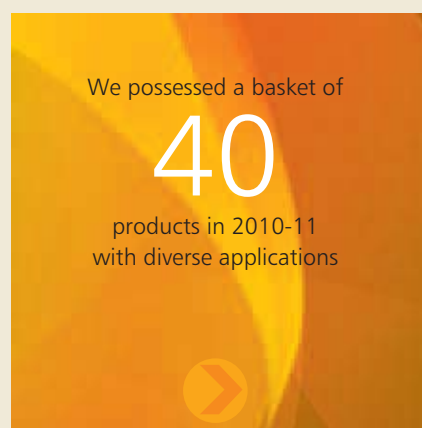
In our 16 years of existence, we didn't just manufacture products; we strengthened customer businesses.

In the mid-Nineties, we entered into business with just two products. During 2010-11, we possessed a basket of 40 products with diverse applications in at least 20 downstream industries.



Riddhi Siddhi services the demanding requirements of the food, confectionery, pharmaceutical, textile, paper, leather, adhesive and animal feed product sectors.

The Company invested in cutting-edge technologies to produce superior starch, helping customers enhance their product quality and consumer satisfaction.



It is this ability – plug downstream needs with enduring products, services and solutions - that will drive growth from this point onwards.



In our 16 years of existence, we didn't just report profits; we created a financial foundation for sustainable growth.

The success of Riddhi Siddhi is reflected in its ability to grow its business from a revenue level of Rs. 14 crore (1994-95) to Rs. 1,030 crore in 2010-11 without ever needing to access frequent additional funds from majority shareholders after its IPO.

Riddhi Siddhi achieved this growth - Rs. 2.36 crore to Rs. 164 crore in profit after tax over the last decade - through a conservative non-dilutive approach of funding all capex through debt and accruals, followed by timely

debt repayment starting from the time the assets became productive.

As on March 31, 2011, the Company's net worth was Rs. 339 crore and book value Rs. 304.46.



It is this fiscal prudence – work with low equity structures with the objective to enhance shareholder value – that the Company expects will enable it to add to the value of shareholders' holdings over the years





“We grew our investor value from Rs. 10 in 1993 to Rs. 281.55 in March 2011. We see this as the end of an exciting first phase that has prepared the foundation for attractive value accretion over the foreseeable future.”

Ganpatraj L. Chowdhary, Managing Director, reviews 2010-11, and looks ahead with optimism.

**During 2010-11, two important events transpired in our business.**

**One**, a record performance of Rs. 164.49 crore of profit after tax (Rs. 39.22 crore in the previous year), with a corresponding EBIDTA margin of 25.73% for the full year (16.24% in the previous year). The quantum of the Company's bottomline and margin were the highest ever in its existence.

**Two**, the Company decided to demerge and transfer its corn starch business to a wholly-owned subsidiary and offer majority stake to Roquette Freres of France.

**Rationale**

Why did we decide to disinvest at a time when our business was passing through record profitability?

Here are some of my answers:

- When we concluded the deal in 2010, the business was passing through a period of relatively stable profitability. What transpired during the latter part of the financial year, especially in the last quarter, was completely unprecedented wherein an increase in corn prices translated immediately into higher downstream realisations. This resulted in inventory profits in some cases and an ability to pass on costs to consumers in others. When the deal was frozen in 2010, there was no way of knowing what would transpire a few quarters down the line.
- Over the last decade-and-a-half, the Company grew its corn starch product

portfolio from scratch to 40 products in 2010-11. However, some global giants in our space own no less than 700 products. In our estimation, the Indian market will graduate to the use of a larger number of sophisticated corn starch products, the know-how of which we do not possess. Consequently, there would have been an increasing preference to work with international majors, which would have gradually eroded our business relevance. This trend would have gradually reduced us from a leading player in the Indian corn starch space to a marginal participant.

■ The global corn starch industry is consolidating through acquisitions. The large global players – about ten – are using their deep pockets to enter other countries, reduce prices, shrink profitability, drive players out and then capture market share. Consequently, there is no reason why this will not happen in India, given the vastness of the corn starch appetite and potential. The management felt that it made more sense to exit at a business high with an attractive valuation today than compromise its valuations tomorrow.

### Utilising the proceeds

The deal that we concluded with Roquette Freres of France was based on an enterprise value of about Rs. 1,250 crore. When the agreement comes into effect, it will generate a significant one-time cash inflow into our Company.

#### What do we expect to do with this large inflow?

This is my answer:

- We will deploy a part of our inflow to repay debt and become a debt-free company.
- We will utilise a part of the inflow to reward our shareholders with a special dividend.
- We will utilise a part of the cash inflow to retain as a buffer, generating a sustainable annuity income.
- We will invest a significant part of our inflow to enter growing and nationally relevant businesses.

We feel that the interplay of these factors will lay the foundation of sustainable value accretion across the foreseeable future.

### Enhancing value

This value accretion will be catalysed by a 15% share cancellation since the buyer, Roquette Freres, already owns a 15% equity stake in our Company. Consequently, 85% of our shareholders will enjoy 100% of the proceeds, enhancing value for all, in addition to what was stated.

Besides, we will bring to the management of this large corpus, and to any new business that we enter, the following commitments, visibly demonstrated over the last decade-and-a-half:

- An ability to work with IPO proceeds and debt to grow business without needing to mobilise frequent additional net worth (and consequently dilute shareholder earnings)
- An ability to engage with thousands of farmers at one end and world-class multinational clients at the other

The Company reported a record performance of Rs. 164.49 crore of profit after tax against Rs. 39.22 crore in the previous year.





- An ability to customise products around demanding product features based on downstream applications across diverse industries
- An ability to transform a regional business exposure into a significant national presence (in addition to sales in 29 countries)
- An ability to turn a losing plant (Gokak) into a profitable showpiece within three years of acquisition
- An ability to invest in a unit at Puducherry with a robust pipeline of starches used in paper manufacture acquired from a multinational company, and widen the product range

We believe that these principles represent the DNA of what we are and reflect in whatever business space we enter.

### Probable sectors

Interestingly, there are larger opportunities in a growing India, which were not present when we went into business in the mid-Nineties. Some of these opportunities are synergic with the experience that we gathered over the years in our corn milling function. While we are currently engaged in appraisals of various business segments, we provided a picture of only two business realities that are not only synergic with our corn milling business but also indicative of a vast national opportunity.

Just consider:

- A number of corn millers need to work with thousands of farmers across regions. There is a growing room for corporate entities to aggregate purchases from these farmers and provide corn buyers with an assurance of quality, quantities and timeliness that can enable them to plan their business growth. This intermediation needs a growing corporate presence, which can bring international standards in crop and harvest management. Besides, this service can be extended from one crop to a number of crops, resulting in a large national benefit.
- During our rich corn milling experience, we encountered the incidence of extensive post-harvest waste. A significant portion of what is harvested does not reach the next point in the country's agricultural supply chain; it simply rots. We see world-class warehousing as a business that could benefit farmers, consumers and the country.
- Since independence, our country has been facing a power shortage. With the growing importance being given to the global renewable energy sector, we are optimistic about its prospects. We invested over Rs. 210 crore in setting up wind farms of 33.15 MW. The management intends to achieve steady growth in this sector in the coming years.

### Looking ahead

We assure our shareholders that we do not wish to jump into any industrial project coming our way. We will patiently invest in sectors based on the following criteria: The business must address a national priority, must possess scale, must be in a relatively under-populated industry space and must possess the prospect of rapid sustainable growth.

I am optimistic that with the qualities that we demonstrated in the past and profess for the future, we are reasonably optimistic of making a difference to whichever sector we decide to enter.

I would like to end by stating that we grew our investor value from Rs. 10 in 1993 to Rs. 282 in March 2011. We see this as the end of an exciting first phase that has prepared the foundation for attractive value accretion over the foreseeable future.

Trust us.

**Ganpatraj L. Chowdhary**  
*Managing Director*

# Manufacturing units

| Viramgam, Gujarat  | Gokak, Karnataka   | Pantnagar, Uttarakhand  |
|--|--|---|
| The unit was commissioned in 1994, the Company's first.                        | The unit was taken over by the Company in 1996 promoted by Glaxo Smithkline India Ltd.   | The plant was commissioned in 2007.                                     |
| The unit produces quality products for international clients.                  | The only corn wet milling plant in Karnataka; the largest in India, contributing about 17% of India's total corn crop in terms of quantity and hybrid variety. | The largest corn milling plant in India.                                |
| Plant covers over 50 acres.  | Plant covers 100 acres.  | Plant covers 31 acres   |
| The plant is located in an industrial region close to India's major sea ports. | The unit enjoys abundant fresh water availability as it is located near a river bank.  | The plant enjoys close access to markets in northern and eastern India. |



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# The strengths...

...that we have built over the last  
decade-and-a-half

➤ **Largest corn processing capacity**

The Company's cumulative corn wet milling capacity of 2,000 TPD is the largest in the Indian industry.

➤ **Reputed client base**

The Company's client base comprises prominent and reputed brands. Business from longstanding customers accounted for over 65% of revenues in 2010-11.

➤ **Highest market share**

The Company enjoys an India-leading share of around 28%.

➤ **Continuous product development**

The Company works in association with its special customers, developing/modifying products to their needs, and enjoying their continuous support and encouragement.

➤ **Strategic alliance**

The Company enjoys technical support from Roquette Freres (among the world's five largest companies), covering product and process upgradation.

➤ **Value-addition**

The Company evolved from the commodity end to value-addition. The contribution of value-added products to total revenue was 49% in 2010-11.

➤ **Locational advantage**

The Company's manufacturing proximity to customers and large corn producing areas resulted in low logistic costs. A proximity to the Kandla and Mundra ports made it possible for the Viramgam unit to focus on exports.



# ➤ Management discussion and analysis

## Analysis of the Indian economy

An industrial expansion and high food prices, resulting from the combined effects of the weak 2009 monsoon and inefficiencies in the government's food distribution system, fueled inflation to 11% in the first half of 2010, which declined to a single digit following a series of central bank interest rate hikes.

India's gross domestic product (GDP) grew 8.5% in 2010-11 (8% in 2009-10). Driven by a nominal annual growth rate of 13%, India's economy is set to increase four times its current size in the decade leading to 2020, with GDP spurting to over US\$ 4 trillion (about Rs. 205 lac crore), and per capita income rising to US\$ 3,213 from US\$ 1,017 currently. During this period, annual incremental savings are expected to jump nearly four times to Rs. 72 lac crore from Rs 19 lac crore presently (Source: Edelweiss Capital).

## CORN MARKET



**Global corn overview:** The global starch market is likely to revive from a deceleration in market growth, with growth poised to receive a new lease of life owing to a revival in demand fundamentals: Improving incomes, rising spending and demand increase for a variety of food and manufactured products. The modified starch market is projected to be the fastest-growing segment over 2007-2015, driven by rising global health awareness, and growing functional and nutritional needs in global economies.

The US is expected to have produced 318.12 million tonnes in 2010-11 compared with 318 million tonnes in the previous year; China's corn production is expected to have been 162 million tonnes compared with the

previous year's 160 million tonnes; Brazilian corn production is estimated to have been 53 million tonnes against 56.1 million tonnes in the previous year; European Union's (27 countries) corn production for 2010-11 is estimated to have been 54.84 million tonnes, down from last year's 56.88 million tonnes (Source: USDA).

### Indian overview

The Indian starch industry is at a nascent stage comprising around 40 products from corn derivatives, whereas the international market comprises more than 800 starch and derivative products. With the global economy showing signs of recovery and consumer spending rising, demand for starch sweeteners and other derivatives is likely to pick up in a number of

industries (pharmaceutical, food, paper, adhesives, leather and animal feed, among others).

**Production:** India, the second-largest corn producer in Asia and the world's fifth-largest corn producer, is expected to produce 20.23 million tonnes, an increase of 21.29 % compared with 16.68 million tonnes last year. Acreage is forecast to increase 6% to 8.5 million hectares with improved yield at 2.47 tonnes per hectare, 18% higher than in the previous year.

Nearly 80% of India's corn is produced during the kharif or monsoon season (June-October), and the rest in the rabi season (September-April). Kharif crop contribution is estimated at 15.87 million tonnes, while the rabi crop is estimated at 4.36 million tonnes in

## Starch applications

| Starch derivatives   | Applications   |
|----------------------|--|
| Maltodextrin         | Food, baby food and medical preparations as a non-sweet, nutritive agent                   |
| Liquid glucose       | Confectionery, bakery, jam, canning and leather industries                                 |
| Liquid dextrose      | Fermentation industry  |
| Dextrose monohydrate | Food and pharmaceutical industries   |
| High maltose syrup   | Brewing industry as a malt replacement, and in the confectionery industry for making candy |
| Sorbitol syrup       | Toothpaste, pharmaceutical, cosmetic and tobacco industries                                |

### Other applications

- **In the food industry:** As a thickener for sauces and soups, gel former for puddings, suspension stabiliser and bodying agent in baking
- **In the paper industry:** As surface-sizing agent and binder and paper coating agents
- **In the textile industry:** In finishing and changing fabric appearance after bleaching, dyeing and printing and as a component in the finishing agent for glazing and polishing thread

2010-11 (Source: Ministry of Agriculture).

**Consumption:** About 65% of corn is consumed by the poultry and livestock industry. Consumption by the starch industry is about 13%. Maize consumption is expected to increase over 30 million tonnes by 2020.

**Price:** At the start of the current marketing year in November 2010, corn

prices in America were higher, helping India export in a bigger way. During November 2010, maize prices in India were ruling at around Rs. 9,237 per tonne, while prices in the US were around US\$ 231 (about Rs 10,164). Maize prices corrected from April 2011 on the back of increased arrivals from Andhra Pradesh and Bihar.

**Exports:** India's maize export is expected to rise 33% to 2.4 million

tonnes in the 2010-11 marketing year (November-October) compared with 1.8 million tonnes, mainly on the back of record domestic production. Export destinations include the Middle East and South East Asia (Source: Ministry of Agriculture).

**Outlook:** India's corn production for 2011-12 is projected at 21 million tonnes compared with 20.23 million tonnes in 2010-11.

## Indian corn production

| Year      | Area (million hectares) | Production (million tonnes) | Yield (kg/hectare) | Area under irrigation (%) |
|-----------|-------------------------|-----------------------------|--------------------|---------------------------|
| 2004-05   | 7.43                    | 14.17                       | 1,907              | 20.5                      |
| 2005-06   | 7.59                    | 14.71                       | 1,938              | 21.1                      |
| 2006-07   | 7.89                    | 15.10                       | 1,912              | 21.5                      |
| 2007-08   | 8.12                    | 18.96                       | 2,335              | 23.5                      |
| 2008-09   | 8.17                    | 19.73                       | 2,414              | NA                        |
| 2009-10*  | 8.33                    | 16.68                       | 2,002              | NA                        |
| 2010-11** | 7.18                    | 14.06                       | 1,959              | NA                        |

\* Fourth Advance Estimates, released on 19.07.2010 \*\* First Advance Estimates, released on 23.09.2010.

[Source: Ministry of Agriculture]

## POWER SEGMENT



### Indian power sector

In March 2011, India's installed capacity (excluding captive plants) was 173,626 MW. Thermal sources continue to enjoy a dominant share at 64.98% (112,824 MW) followed by hydro (21.63%), renewable (10.62%) and nuclear (2.75%).

The power sector added record conventional capacities of 12,160 MW during 2010-11. The addition was 27% higher than in 2009-10. However, it fell short of the targeted 21,441 MW, and is insufficient to cater to the rapidly growing demand.

### Renewable power segment

A recent report by the Pew Charitable Trust indicates that India's renewable sector attracted almost USD 4 billion

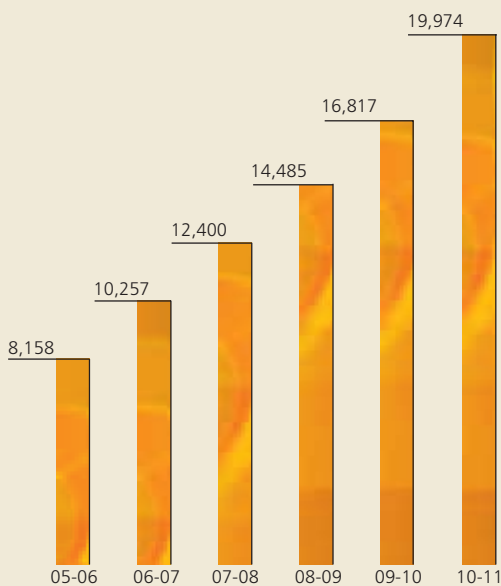
worth of private investments in the power sector, ranking India tenth on this count among the G-20 countries. The renewable sector is among the fastest growth areas.

By March 2011, the cumulative capacity in grid-connected renewable power was 19,974 MW. Between 2004-05 and 2010-11, the share of grid-connected power using renewable sources almost doubled from 5.15% to 10%. In absolute terms, the current installed capacity increased by over twice the 2004-05 levels of 8,185 MW. The sector witnessed a record capacity addition in 2010-11 of over 3 GW, surpassing previous records.

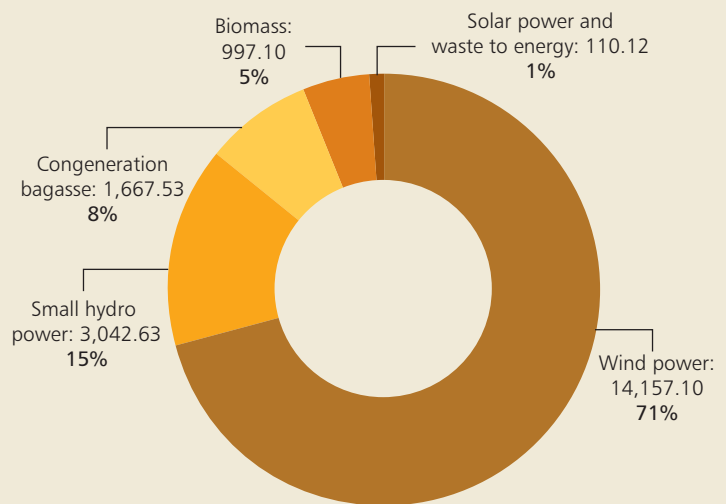
During 2010-11, the renewable energy segment added 3,157 MW, surpassing

its target of 2,972 MW and way above the average annual capacity addition of about 2,000 MW during the previous four years. A majority of the capacity addition was accounted for by wind power (2,350 MW). During the Eleventh Plan Period, 9,717 MW of renewable capacity was added by 2010-11. The target for the Eleventh Plan is to add 14,000 MW of grid-connected renewable capacity.

**Outlook:** There is a huge untapped potential in the renewable segment. The current capacity represents less than one-fourth of the estimated potential of over 84,776 MW. In the renewable power segment, the government is considering a capacity addition target of 17,000 MW during the Twelfth Five Year Plan period.



Renewable capacity (MW)



Breakup of the installed capacity by source (as of March, 2011)

## BUSINESS OUTLOOK

### Starch business

The Company has grown in the past with a major focus on the food sector. Income from this sector constitutes about 65% of the Company's total turnover. The Company anticipates a major change in this sector with mainstream food brands – which milked the bottom of the market pyramid to drive volumes – now eyeing the top end to build value. Other players made significant investments in modern trade through activations and in-store displays to convey premiumness. All major food product manufacturers moved towards the premiumisation using both taste and health to differentiate their products. These changes call for a quick introduction of new value-added starches by the starch industry, along with extensive work on R&D, sophisticated facilities for manufacturing starch derivatives as well as testing and marketing including logistics. This involves product and application know-how, which are not easily shared by the existing large international players and high capital investments. Roquette Freres, the Company's strategic partner, has in-house expertise in manufacturing and marketing these new products. It produces more than 650 high-quality starch products from starch, and is a world leader in polyols with manufacturing facilities spread across

13 countries, and marketing its products in 100 nations. In order to meet new growth challenges and synergise the strength of the strategic partner, the management decided to de-merge the corn processing business and transfer the manufacturing units at Viramgam, Gokak and Pantnagar, along with its assets and liabilities, to a subsidiary private limited company to facilitate majority investments by Roquette Freres.

### Operation and prospects

The year ending March 2011 proved satisfactory for the Company and the entire starch industry. The demand for products increased substantially in the second quarter of 2010-11. Timely execution of the Pantnagar plant expansion scheme helped the Company meet the increased demand, resulting in a 11% higher finished good production from 3,20,882.72 MT in 2009-10 to 3,56,639.55 MT in 2010-11. With fairly stable maize prices, and controlled operating costs, margins improved substantially, and the Company reported a net profit of Rs. 16,448.84 lakhs, a 319% increase over the previous year.

During the current year, maize prices increased, and the industry will start with higher input costs. Looking at the difficulty to pass on this increase, margins are expected to decline in the current year.

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In the renewable power segment, the government is considering a capacity addition target of 17,000 MW during the Twelfth Five Year Plan period.

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### Wind energy business

The wind energy business is safe, environment-friendly and can be sustained across the long-term. Due to these reasons, there is a worldwide encouragement for this industry, with various governments providing sops to attract investments. Our government, intending to focused policy direction and encourage investment, created a separate ministry in 2006 under an independent minister. To mitigate the

high investment cost and to set up renewable energy projects, the state governments provide preferential tariffs for the energy generated from renewable sources, besides tax concessions in the form of accelerated depreciation and tax holidays. Recently introduced Renewable Energy Certificate Scheme and increasing Renewable Purchase Obligation would augur well for the growth of renewable energy business.

Of the various renewable energy types, the development of wind energy has taken a major lead. As on March 31, 2011, total installed wind energy capacity was 14,157 MW against a potential capacity of 48,561 MW, with Tamil Nadu having a larger share compared with other states as per details below:

### Indian wind energy generation

| Sl.No | State          | Capacity (MW) | Gross potential (MW) |
|-------|----------------|---------------|----------------------|
| 1     | Tamil Nadu     | 5,904         | 5,530                |
| 2     | Maharashtra    | 2,311         | 4,584                |
| 3     | Gujarat        | 2,175         | 10,645               |
| 4     | Karnataka      | 1,730         | 11,531               |
| 5     | Rajasthan      | 1,525         | 4,858                |
| 6     | Madhya Pradesh | 276           | 1,019                |
| 7     | Andhra Pradesh | 200           | 8,968                |
| 8     | Others         | 36            | 1,426                |
|       | Total          | 14,157        | 48,561               |

It may be observed from the above table that there is still a large scope to build wind energy capacity. Wind energy capacity in the country reported a CAGR of 45% over the period 2004-05 to 2009-10. During 2010-11, an additional 2,350 MW was added, a growth of 20% over the previous year.

### Operation

As a beginning, the Company decided to set up wind farms with an aggregate capacity of 33.15 MW at Tamil Nadu (28.5MW), Maharashtra (3.0MW) and Gujarat.(1.65MW) at a cost of Rs. 212.80 crore. Till March 31, 2011, 7.65 MW was commissioned and the balance capacity is expected to be commissioned by July-August 2011.

## ➤ Finance review

Cash profit increased 199% from Rs. 6,344.86 lacs in 2009-10 to Rs. 18,961.73 lacs in 2010-11.

### Accounting policy

The Company's accounts were prepared under the historical cost convention and on a going concern basis. All expenses and incomes considered payable and receivable respectively, unless stated otherwise, were accounted for on a mercantile basis.

### Key highlights

- Total income increased 34.63% from Rs. 74,783.37 lacs in 2009-10 to Rs. 100,684.87 lacs in 2010-11, owing to an increase in corn prices and production volumes
- EBITDA increased significantly by 113.28% from Rs. 12,146.52 lacs in 2009-10 to Rs. 25,906.86 lacs in 2010-11

- Net profit showed a significant growth of 319.8% from Rs. 3,921.92 lacs in 2009-10 to Rs. 16,448.84 lacs in 2010-11, owing to an increase in corn prices, resulting in higher downstream realisations. This resulted in inventory profits, and the Company was able to pass on costs efficiently to consumers
- Cash profit increased 199% from Rs. 6,344.86 lacs in 2009-10 to Rs. 18,961.73 lacs
- Earnings per share increased from Rs. 34.78 in 2009-10 to Rs. 147.22
- Interest outgo declined 19.2% despite an increase in loan funds (Rs. 22,619.26 lacs in 2009-10 to Rs. 30,308 lacs) as a majority of the working capital loan disbursements were taken in March 2011, and term loan interest for the windmill project was capitalised

### Exports

Exports constituted 7% of the sales revenue, against 7.7% in 2009-10. The total exports stood at Rs. 6,962.12 lacs, a 21% increase over the previous year.

### Working capital

The Company's working capital outlay increased 14.86% from Rs. 14,687.52 lacs in 2009-10 to Rs. 16,870.43 lacs, on account of an increase in debtors and advance loans. Debtors increased 64.65%, owing to significantly higher sales in March 2011.

## ➤ Risk management

Every business is marked by risks. The Company identified and assessed the risks associated with its business and correspondingly minimised them, leading to business safety.

### Any slowdown in cornstarch downstream industries could hamper growth

#### Risk mitigation

- The Indian pharmaceutical market is expected to grow to US\$ 50 billion over the next 10 years at a compound annual growth rate of 15% (Source: PriceWaterhouse Coopers)
- According to ITC estimates, total paper demand is expected to grow to 21 million tonnes by 2020
- India is expected to achieve US\$ 8 billion in leather exports in four years (Source: Council for Leather Exports (CLE))
- The confectionery market is set to grow at a faster rate of over 12% between 2009-14 (Source: Datamonitor)
- The industry is expected to grow from US\$ 70 billion to US\$ 220 billion by 2020

### Scarcity and volatility of quality raw material could impact profitability

#### Risk mitigation

- India is the seventh-largest global corn producer with an annual production of about 17 million tonnes; the Company sources a major part of its raw material requirement from within 250 kms of its manufacturing units
- Owing to the price volatility of its key raw material, the Company procures 70% of its annual corn requirement in just four months when supply is high and prices relatively low
- To ensure the timely availability of raw materials, the Company invested in warehouses in and around its manufacturing units; the procurement team stays in constant touch with suppliers to ascertain corn availability

### Inability to address emerging requirements could result in customer attrition

#### Risk mitigation

- The Company derived maximum revenue from clients more than five years old
- The plants are ISO 22000-certified, showcasing its quality commitment

- The Company possesses the ability to customise products in adherence with customer specifications, owing to its flexible processes

### Inability to widen its geographic presence could affect business viability

#### Risk mitigation

- The Company's strategically located plants serve pan-India customers; its proximity to ports help service international customers

- The Company enjoys an export presence across 25 countries; revenues from exports increased 21% in 2010-11.

### Any deviation from environment regulations could disrupt sustainability

#### Risk mitigation

- The Company invested in electrostatic precipitators in its manufacturing units to keep emissions well within statutory limits

- The Company made an investment in a state-of-the-art effluent treatment system to generate biogas for steam and power generation
- Almost 60-70% of waste water is reprocessed and reused in the plants



# Directors' report

*Dear Shareholders,*

Your Directors are pleased to present the twentieth annual report and audited accounts of your Company for the year ended 31/03/2011.

## Financial highlights

(Rs. lacs)

| Year ended March 31                                  | 2011        | 2010      |
|--|-------------|-----------|
| Sales and other operational income                   | 1,00,684.87 | 74,783.37 |
| Profit before interest, depreciation and tax (PBIDT) | 25,906.86   | 12,146.52 |
| Less   |             |           |
| Financial expenses                                   | 1,682.58    | 2,082.65  |
| Depreciation   | 2,512.89    | 2,422.94  |
| Profit before tax                                    | 21,711.39   | 7,640.93  |
| Provision for taxation                               | 5,262.55    | 3,723.43  |
| Profit after tax and exceptional items               | 16,448.84   | 3,921.92  |
| Profit available for appropriation                   | 23,403.25   | 8,152.95  |
| <b>Appropriations</b>                                |             |           |
| Proposed dividend - Preference capital               | 40.00       | 40.00     |
| - Equity capital                                     | 1,391.80    | 557.07    |
| Tax on dividend (equity and preference)              | 232.27      | 101.47    |
| General reserve                                      | 2,000.00    | 500.00    |
| Balance carried forward                              | 19,739.18   | 6,954.41  |

## Performance

The country's economic scenario for the financial year remained good, reflecting robust growth in GDP of 8.5% as against 8% in the previous year. However, rising commodity and food prices escalated inflation to newer heights with uncertainties still prevalent in the European countries, which in turn is affecting

market sentiments. The Indian government and the RBI are taking appropriate steps to contain inflation, which may for a temporary period result in slower growth rate. For the year FY2012, RBI estimated a GDP growth rate of 8%, on the expectation of near normal monsoon.

Your Company, realising these micro and macro economic challenges, has taken proactive measures to improve operational efficiencies of manufacturing units and also plan well ahead for the future of the Company, as reflected in the Company's financial performance.

- Turnover of Rs. 1,00,684.87 lacs for financial year 2010, a 34.64% growth
- Production of 3,56,639.51MT finished goods, a 11.14% improvement
- PBDIT at Rs. 25,906.86 lacs, growth of 113.29%
- PAT at Rs. 16,448.84 lacs, a 319.41 % growth

### Exports

The Company's conscious efforts to increase export of its products yielded an export turnover Rs. 6962.12 lacs in FY2011 as against Rs. 5,752.16 lacs in the previous year, a growth of 21%. The Company's products are exported to 29 countries across the world including Japan, Thailand, Kenya, Egypt, U.A.E., Jordan, Sri Lanka, Indonesia and the US, among others.

### Dividend

Your Directors recommended a dividend of Rs.12.5 per share of Rs.10 face value i.e.125% on the paid-up equity share capital of Rs.1,113.79 lacs and a dividend of 8% towards the non-cumulative redeemable preference shares of Rs. 500 lacs. The total outgo towards the dividend would be Rs.1,431.80 lacs (excluding dividend tax).

### Diversification

During 2010-11, your management decided to diversify into other areas of activity that could provide better opportunities in the future. Accordingly, your management decided to go into

the power sector which is in shortage and much needed by the country. Further, looking into various complexities, it has been decided to focus on power generation from non-conventional energy sources specifically wind power. The recent damage to the nuclear plant in Japan pursuant to earthquake and tsunami will vindicate our decision. As a first step, your management has decided to set up wind farms in Tamil Nadu, Maharashtra and Gujarat, with an aggregate capacity of 33.15 MW. Of these, 7.65MW has been commissioned and the balance is expected to be commissioned by July 2011. Plans are afoot to add further capacities in the coming years.

### Other initiatives

As you all are aware that the management decided to de-merge the starch business and transfer the same along with the assets and liabilities pertaining to the manufacturing facilities at Viramgam, Gokak and Pantnagar into a subsidiary company in which Roquette Freres shall have majority stake with the option to buy all the shares held/to be held by the Company in the subsidiary.

The proceeds from Roquette Freres will increase the Company's net worth and invigorate its growth in other opportune areas of business, apart from the development of wind farms. The management, at an appropriate time, will give a brief about the new business.

### Corporate Governance

Your Company complied with the relevant provisions of Corporate Governance as prescribed in Clause 49 of the Listing Agreement and provisions of Companies Act, 1965. A report on compliance with Corporate Governance forms a part of the annual report.

### Directors

Shri P. G. Zalani and Shri R. Sathyamurthi, Director of the Company, retires by rotation and being eligible, offer themselves for reappointment.

### Listing

The equity shares of your Company are listed on the Bombay Stock Exchange Ltd. The Company has paid the listing and other payable fees for 2011-12.

### Director's responsibility statement

As required by Section 217(2AA) of the Companies Act, 1956, your Directors state:

- That in the preparation of annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures
- That the Directors have selected such accounting policies and applied them consistently and made estimates and judgements that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- That the annual accounts have been prepared on a going concern basis

### Energy, technology and foreign exchange

As part of its continuing efforts to conserve energy, your Company is implementing a project for the generation of power from effluents. Details of energy conservation, R&D activities

undertaken and foreign exchange earned in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, are given in Annexure 'A' to the Directors' Report.

### Particulars of employees

Apart from the functional Directors, whose remuneration details are given in the Corporate Governance report, no other employees fall under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and amended from time to time.

### Auditors

In terms of the provisions of Companies Act, 1956, M/S Ghatalia & Co., present auditors of the Company, retire at the ensuing Annual General Meeting and offer themselves for reappointment. The Company has received letters from them confirming that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act 1956.

### Acknowledgements

Your Directors place on record their appreciation for the contributions made by all employees in the progress of your Company. Your Directors also take this opportunity to acknowledge with sincere gratitude, the support extended by the Company's bankers, financial institutions, business associates and valued shareholders.

For and on behalf of the  
Board of Directors,

Place: Ahmedabad

Date: 12/05/2011

*Chairman*

## Annexure – A

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988

### (1) Conservation of Energy

Energy conservation has always been the top priority for the company. The company has installed co-gen plant at its Gokak unit. Besides it has installed facilities in effluent treatment plants to extract waste gas and use for generating power/ boiler fuel. The company is also exploring possibilities of installing co-gen plant at its Rudrapur unit as well.

### (2) Technology Absorption

The company employs Wet Corn Milling process for its manufacturing. The process is well proven and established. Improvements and automation for better operational efficiencies are on going process and the company carries out such modification.

### (3) Foreign Exchange Earned and Used

(Rs. lacs)

| Particulars                | 2010-11 | 2009-10 |
|----------------------------|---------|---------|
| a. Foreign Exchange earned | 6962.12 | 5752.16 |
| b. Foreign Exchange Used   |         |         |
| - Raw Materials            | 112.28  | 224.35  |
| - Capital Goods            | 85.38   | 335.21  |
| -Stores & Spares           | 104.58  | 70.29   |

## Annexure to the Directors' Report

| Power Consumption                       | 2010-11    | 2009-10    |
|---|------------|------------|
| 1. Electricity                          |            |            |
| a. Purchased                            |            |            |
| Units                                   | 50,767,326 | 47,257,500 |
| Total amount (Rs. lacs)                 | 2,387.55   | 2,132.02   |
| Rate/unit                               | 4.70       | 4.51       |
| b. Own Generations                      |            |            |
| (i) Through Diesel Generator sets       |            |            |
| Units                                   | 10,217,879 | 4,203,271  |
| Units/ltr of diesel                     | 3.24       | 3.01       |
| Cost/ unit                              | 10.83      | 10.70      |
| (ii) Through captive generation (Units) | 31,373,272 | 32,057,279 |

(Rs. lacs)

| Power Consumption                         | 2010-11  | 2009-10  |
|---|----------|----------|
| <b>2. Fuel</b>                            |          |          |
| <b>a. coal and Lignite</b>                |          |          |
| Quantity (MT)                             | 85,724   | 82,746   |
| total cost (Rs. lacs)                     | 3,327.64 | 2,854.81 |
| Average rate/MT (Rs)                      | 3,882    | 3,450.00 |
| <b>b. Agro waste (Husk &amp; Bagasse)</b> |          |          |
| Quantity (MT)                             | 68,396   | 41,131   |
| total cost (Rs. lacs)                     | 1,742.47 | 1,050.40 |
| Average rate/MT (Rs)                      | 2,547.63 | 2,554.00 |
| <b>c. Diesel</b>                          |          |          |
| Quantity (KL)                             | 3,182    | 1,395    |
| total cost (Rs. lacs)                     | 1,116.15 | 449.71   |
| Average rate (Per KL) Rs                  | 35,081   | 32,247   |
| Consumption/ MT of production             |          |          |
| i) Electricity (kwh/MT)                   | 259      | 260      |
| II) Fuel (KL/mt of Production)            | 0.44     | 0.39     |

Information as per Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 and forming part of Directors' Report for the financial year ended 31/03/2011

| Name and Age (years)                     | Designation/<br>Nature of duties                          | Remuneration<br>(Gross Rs.) | Qualification | Experience<br>(Years) | Date of<br>Commencement<br>of employment | Last<br>employment<br>held | % of<br>equity<br>shares held |
|--|---|-----------------------------|---------------|-----------------------|--|----------------------------|-------------------------------|
| (1)                                      | (2)   | (3)                         | (4)           | (5)                   | (6)                                      | (7)                        | (8)                           |
| Mr. Sampatraj<br>L Chowdhary<br>Age (57) | Chairman –<br>Overall in charge                           | 68,31,862                   | B.Com         | 32                    | Since<br>Inception                       | Self-<br>employed          | 1.80%                         |
| Mr. Ganpatraj<br>L Chowdhary<br>Age (47) | Managing Director<br>– overall in charge of<br>operations | 69,27,689                   | B.Com         | 22                    | Since<br>Inception                       | Self-<br>employed          | 1.97%                         |

## Statement pursuant to Section 212 of Companies Act, 1956, relating to subsidiary companies.

| Sr. No. | Particulars  | Particulars                                   |
|---------|--|---|
| 1       | Name of Subsidiary Company   | Riddhi Siddhi Corn Processing Private Limited |
| 2       | Number of Shares and extent of Holding (%)   | 9990 Shares and 99.90%                        |
| 3       | The net aggregate amount of the profit of the subsidiary company not dealt within the Company's accounts so far as it concerns the members of the holding Company. |   |
|         | For the financial year ended 31.3.2011   | Nil   |
|         | For all the previous financial years of the subsidiary   | Nil   |
| 4       | The net aggregate amount of the profit of the subsidiary company so far as its profit are dealt with in the holding Company's accounts:                            |   |
|         | For the financial year ended 31.3.2010   | Nil   |
|         | For all the previous financial years of the subsidiary   | Nil   |

For and on behalf of the Board of Directors of  
Riddhi Siddhi Gluco Biols Limited

Sampatraj L.Chowdhary  
*Chairman*

Ganpatraj L Chowdhary  
*Managing Director*



# Compliance report on corporate governance

## A. The Company's philosophy on code of governance:

Your Company believes in simple, moral, accountable, responsive and transparent policies to attain the highest standards of Corporate Governance by ensuring transparency in all its actions and operations and to maximise stakeholders' values.

The Company recognises its responsibility towards all its stakeholders and therefore constantly endeavors to create and enhance their wealth and value by implementing its business plans at appropriate times, thus taking maximum advantage of available opportunities to benefit the Company, its stakeholders and society at large.

## B. Board of Directors:

### Board Meetings

The Board of Directors comprises six directors out of which three are executive directors and three are non-executive directors. All non-executive Directors are independent directors.

The Company places before the Board all relevant and necessary information at their meetings for the information of the Board. During the year from 1st April 2010 to 31st March 2011, five Board Meetings were held on 6th May, 2010, 22nd July, 2010, 13th October, 2010, 7th January, 2011 and 19th January, 2011.

## Composition and attendance of each Director at the meetings of the Board and the last AGM

| Directors                  | Category and designation      | No. of Board meetings held | No. of Board meetings attended | Last AGM attendance (Yes/No) |
|----------------------------|-------------------------------|----------------------------|--------------------------------|------------------------------|
| Mr. Sampatraj L. Chowdhary | Promoter/ Chairman            | 5                          | 5                              | Yes                          |
| Mr. Ganpatraj L. Chowdhary | Promoter/ Managing Director   | 5                          | 5                              | Yes                          |
| Mr. Pramodkumar G.Zalani   | Independent Director          | 5                          | 4                              | Yes                          |
| Mr. Mukesh S. Chowdhary    | Promoter/ Whole Time Director | 5                          | 3                              | No                           |
| Mr. R.Sathyamurthi         | Independent Director          | 5                          | 4                              | Yes                          |
| Mr. Marc Roquette          | Independent Director          | 5                          | 1                              | No                           |

- None of the non-executive Directors of the Company have any pecuniary relationships or transactions with the Company, except holding of shares in the Company
- The non-executive Directors of the Company are highly respected and accomplished professionals in the corporate and academic worlds.
- There is no compensation package for non-executive Directors.
- There is no nominee Director on the Board as on 31st March, 2011
- All the information required to be furnished to the Board was made available to them along with detail agenda notes.

**Remuneration of Directors**

(Rs. in lacs)

| Directors                  | Salary        | Perquisites* | Sitting fees | Total         |
|----------------------------|---------------|--------------|--------------|---------------|
| Mr. Sampatraj L. Chowdhary | 57.14         | 11.18        | 0            | 68.32         |
| Mr. Ganpatraj L. Chowdhary | 57.14         | 12.14        | 0            | 69.28         |
| Mr. Pramodkumar G.Zalani   | 0.00          | 0.00         | 0.20         | 0.20          |
| Mr. Mukesh S. Chowdhary    | 40.00         | 8.22         | 0            | 48.22         |
| Mr.R.Sathyamurthi          | 0.00          | 0.00         | 0.30         | 0.30          |
| <b>Total</b>               | <b>154.28</b> | <b>31.54</b> | <b>0.50</b>  | <b>186.32</b> |

\* Perquisites are valued inclusive of contribution to provident fund of Directors

**C. Audit Committee**

The Company formed an Audit Committee comprising two independent Directors and a Managing Director of the Company. Mr. Pramod Kumar G. Zalani is the Chairman and Mr. R. Sathyamurthi, Mr. Ganpatraj L. Chowdhary are members of the Audit Committee. Mr. Pramod Kumar G. Zalani, Chairman of the Audit Committee was present at the last annual general meeting of the Company.

The terms of reference and powers of the Audit Committee are in compliance with the provisions of Corporate Governance – Clause 49 of the Listing Agreement and Section 292(A) of the Companies Act, 1956. Minutes of the Committee meetings are circulated and discussed at the Board meetings.

During the year, four Audit Committee meetings were held on 6th May, 2010, 22nd July, 2010, 13th October 2010 and 19th January, 2011 and all committee members attended the meetings.

**D. Remuneration Committee****Composition, name of members**

| Name of Directors          | Category             | Remarks  |
|----------------------------|----------------------|----------|
| Mr. Pramod Kumar G. Zalani | Independent Director | Chairman |
| Mr. Marc Roquette          | Independent Director | Member   |
| Mr. R. Sathyamurthi        | Independent Director | Member   |

The Company formed a Remuneration Committee, comprising three independent Directors of the Company. During the year under review no Remuneration Committee meeting was held.

**E. Investor Grievance Committee**

The Company formed an Investor Grievance committee. The Committee oversees the share transfers and takes care of investor grievances.

**The members of the Company's Investor Grievance Committee are:**

Mr. Ganpatraj L. Chowdhary Mr. P.G. Zalani

**- Name and designation of compliance officer:**

Mr. Mukesh R. Jain, Dy. General Manager (Finance)

**- Number of shareholders complaints received, solved and pending complaints.**

| Nature of complaints                 | Received | Solved | Pending |
|--------------------------------------|----------|--------|---------|
| Demat/Non-receipt of dividend/others | 16       | 16     | –       |
| Stock Exchange                       | 2        | 2      | –       |
| SEBI                                 | 8        | 8      | –       |

The Company has attended to most of the investor's grievances/correspondence within a period of 15 days from the date of the receipt of the same.

**F. Share Transfer Committee**

The Board of Directors also constituted separately a Share Transfer Committee for transfer of shares. The Executive Directors are members of the said Transfer Committee Meeting. Mostly, every month there are two meetings and the shares are transferred to the transferees within a period of one month as stipulated in the Listing Agreement with the Stock Exchange.



## G. General Body Meeting

Location and time for the last three AGMs

| Year ending      | Date                | Venue                             | Time       | No. of special resolutions passed |
|------------------|---------------------|-----------------------------------|------------|-----------------------------------|
| 31st March, 2010 | 20th August, 2010   | *Chapter of ICSI                  | 10.00 A.M. | NIL                               |
| 31st March, 2009 | 29th September 2009 | ATMA Hall, Ashram Road, Ahmedabad | 2.00 P.M.  | 3                                 |
| 31st March, 2008 | 30th September 2008 | *Chapter of ICSI                  | 10.00 A.M. | NIL                               |

*\*Ahmedabad chapter of WIRC of ICSI at S-2, B- Tower, Chinubhai tower, Ashram Road, Ahmedabad.*

During the period under report, the Company had not held any Extraordinary General Meeting.

## H. Disclosures

### Disclosures on materially significant related party transactions

The related party transactions entered during the year are disclosed in the notes to the accounts in this Annual report.

### Code of Conduct

The Code of Conduct for all Board Members and Senior Management of the Company has been prescribed by the company.y

### Certification under Clause 49 V

The Managing Director of the Company has furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.

### Cases of Non-compliance/Penalties

There are no non-compliances by the Company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities on any matter related to capital markets during the last three years.

## I. Means of communication

The Company normally publishes the quarterly and annual results in leading English dailies namely Business Standard, Economic Times, Business Lines and Jansatta in the vernacular language.

The Company has its own website [www.riddhisiddhi.co.in](http://www.riddhisiddhi.co.in) on which the quarterly results are displayed.

Half yearly results are not sent to shareholders. The management discussion and analysis report is attached with Directors' Report and form part of the Annual Report.

## J. General shareholder information

### 1. Annual General Meeting

Date : September 28, 2011

Time : 10.00 A.M.

2. Venue : Auditorium of Ahmedabad Textile Mills Association, opp. City Gold Cinema, Asham Road, Ahmedabad -380009

### 3. Financial calendar (Tentative)

|   |                         |
|---|-------------------------|
| Financial year                              | : April-March           |
| First quarter results                       | : End July, 2011        |
| Half-yearly results                         | : End October, 2011     |
| Third quarter results                       | : End January, 2012     |
| Result for the year ending 31st March, 2012 | : End April/ June, 2012 |

4. Book closure date : September 21, 2011 to September 28, 2011 (both days Inclusive)

5. Dividend payment date : October 3, 2011

### 6. Listing on Stock Exchange(s)

Your Company's shares are listed on

| Serial number | Name of stock exchange            | Address of stock exchange                                      |
|---------------|-----------------------------------|--|
| 1.            | The Bombay Stock Exchange Limited | Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400 001 |

### Notes

1. Annual Listing fees for the year 2011 -2012 have been duly paid to the stock exchange.

**Stock code**

- a) The Bombay Stock Exchange Ltd : 524480  
 b) ISIN with NSDL and CDSL : INE249D01019

**7. Market price data and stock performance**

Market price data of the Bombay Stock Exchange Limited, Mumbai for the year 2010 – 2011 and performance of share price in comparison to BSE Sensex is given below:

| Month          | High   | Low    | BSE Sensex |
|----------------|--------|--------|------------|
| April 2010     | 236.40 | 213.00 | 17558.71   |
| May 2010       | 303.60 | 225.60 | 16944.63   |
| June 2010      | 279.45 | 255.00 | 17700.90   |
| July 2010      | 396.00 | 260.65 | 17868.29   |
| August 2010    | 419.00 | 345.10 | 17971.12   |
| September 2010 | 483.90 | 365.00 | 20.69.12   |
| October 2010   | 518.20 | 450.00 | 20032.34   |
| November 2010  | 507.90 | 385.00 | 19521.25   |
| December 2010  | 457.00 | 344.50 | 20509.09   |
| January 2011   | 426.30 | 285.50 | 18327.76   |
| February 2011  | 326.40 | 270.00 | 17823.40   |
| March 2011     | 301.10 | 259.00 | 19445.22   |

**8. Registrars and Transfer Agents**

M/s Link Intime India Private Ltd (formerly known as M/s Intime Spectrum Registry Limited) is the Share Transfer Agent for entire functions of share registry, both for physical transfers as well as dematerialisation/ rematerialisation of shares, issue of duplicate/split/consolidation of shares etc.

Shareholders are requested to send their share transfer related requests at the following address:

Link Intime India Private Ltd,  
 211, Sudarshan Complex,  
 Near Mithakhali under Bridge,  
 Navrangpura, Ahmedabad – 380 009  
 Phone No. (079) 2646 5179  
 E-mail Address: ahmedabad@linkintime.co.in

**9. Share Transfer Systems**

Since the Company's shares are compulsorily traded in the demat segment on stock exchanges, bulk of the transfers take place in the electronic form.

**10. Categories Of Shareholding Pattern as on 31st March, 2011**

| Sr. No. | Category   | No. of shares held | % age of shareholding |
|---------|--|--------------------|-----------------------|
| 1.      | Promoters  | 47,89,632          | 42.99                 |
| 2.      | Mutual Funds                                       | 679                | 0.01                  |
| 3.      | Banks, financial institutions, Insurance companies | 0                  | 0                     |
| 4.      | Foreign Institutional Investor                     | 2,36,528           | 2.12                  |
| 5.      | Private Bodies Corporate                           | 22,98,058          | 20.63                 |
| 6.      | Indian Public                                      | 20,52,852          | 18.42                 |
| 7.      | NRIs/ OCBs   | 17,63,651          | 15.83                 |
| 8.      | GDR / ADR  | 0                  | 0                     |
|         | <b>GRAND TOTAL</b>                                 | <b>1,11,41,400</b> | <b>100</b>            |

## 11. Distribution of shareholding as on 31st March, 2011

| No. of equity shares | No. of folio | % to total folios | No. of shares      | % share holding |
|----------------------|--------------|-------------------|--------------------|-----------------|
| Less than 500        | 7570         | 92.28             | 6,70,699           | 6.02            |
| 501 to 1000          | 281          | 3.43              | 2,25,187           | 2.02            |
| 1001 to 2000         | 152          | 1.85              | 2,36,238           | 2.12            |
| 2001 to 3000         | 50           | 0.61              | 1,26,693           | 1.14            |
| 3001 to 4000         | 23           | 0.28              | 83,662             | 0.75            |
| 4001 to 5000         | 27           | 0.33              | 1,27,870           | 1.15            |
| 5001 to 10000        | 38           | 0.46              | 2,92,703           | 2.63            |
| 10001 & above        | 62           | 0.76              | 93,78,348          | 84.17           |
|                      | <b>8,203</b> | <b>100</b>        | <b>1,11,41,400</b> | <b>100</b>      |

## 12. Dematerialisation of shares and liquidity

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Shares of the Company are compulsorily traded in the demat form on Stock Exchanges by all investors. 7252349 shares amounting to 65.09% of the capital have been dematerialised by investors and bulk of the transfer takes place in the demat form.

## 13. Outstanding GDRs/ADRs/Warrants or any convertible instruments and conversion date and likely impact on equity:

Nil

## 14. Plant locations

- Riddhi Siddhi Nagar  
Village Junapaddar, Taluka- Viramgam  
District Ahmedabad (Gujarat)

- Gokak Falls Road  
Gokak – 591307, Dist. Belgaum (Karnataka)
- Uttarakhand  
Plot no 12, Sector-9, IIE Pantnagar, Uttarakhand
- \* Vazhudavoor Road  
Iyyahkuttipalayam, Pondichery – 605009  
\* (Operations discontinued)

## 15. Address for correspondence

Shareholders may correspond with the Company at their registered office

The Secretarial Department  
Riddhi Siddhi Gluco Biols Limited  
701, Sakar – I, Opposite Nehru Bridge  
Near Gandhigram Railway Station,  
Ashram Road, Ahmedabad – 380 009

## Certification from CEO of the Company

To  
The Board of Directors  
Riddhi Siddhi Gluco Biols Limited  
Ahmedabad

### CERTIFICATE

I have reviewed the financial results and the cash flow statement of Riddhi Siddhi Gluco Biols Limited for the financial year ended 31st March, 2011 and certify that:

- (a) These results and statements, to the best of my knowledge and belief:
  - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) I accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which I am aware, and the steps taken and proposed to be taken to rectify these deficiencies.
- (d) I have also indicated to the Auditors and the Audit committee:
  - (i) Significant changes in the internal controls with respect to financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) To the best of my knowledge and belief, there are no instances of fraud involving either the Management or employees having a significant Role in the Company's internal control systems with respect to financial reporting.

**Ganpatraj L. Chowdhary**  
*Managing Director & CEO*

Ahmedabad, May 12, 2011

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## Code of Conduct

The Board has laid down a code of conduct for all the Board Members and Senior Management of the company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis.

**Ganpatraj L. Chowdhary**  
*Managing Director & CEO*

Ahmedabad, May 12, 2011

## Declaration

As provided under Clause 49 of the Listing Agreement signed with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31st March, 2011.

**Ganpatraj L. Chowdhary**  
*Managing Director & CEO*

Ahmedabad, May 12, 2011

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## Company Secretary's Certificate

The Members of  
**Riddhi Siddhi Gluco Biols Limited**

We have examined the compliance conditions of Corporate Governance by **Riddhi Siddhi Gluco Biols Limited** for the year ended on **31st March, 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 review of the 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.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we state that no investor grievances are pending unattended for a period exceeding one month against the company as per the information and explanation given and records maintained by the company.

In our opinion and to the best of our information and according to explanation given to us, and the representation made by the Directors and the Management, we certify that the company has materially complied with the conditions of Corporate Governance as stipulated in Clause 49 of 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 Ravi Kapoor & Associates**  
*Company Secretary*

**Ravi Kapoor**  
Proprietor  
Membership No.2587

Ahmedabad, May 12, 2011

## Auditors' Report

To,

The Members of

**Riddhi Siddhi Gluco Biols Limited**

1. We have audited the attached Balance Sheet of Riddhi Siddhi Gluco Biols Limited ('the Company') as at March 31, 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - 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 Act.
  - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - b) in the case of the Profit and Loss account, of the profit 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.V. Ghatalia & Associates**  
Firm Registration Number: 103162W  
*Chartered Accountants*

per **Sudhir Soni**  
*Partner*

Membership No.: 41870

Place: Mumbai

Date: May 12, 2011

## Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date Re: Riddhi Siddhi Gluco Biols Limited ('the Company')

- |  |  |
|--|--|
| <p>i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>b) The fixed assets of the Company have been physically verified by the management according to a phased program designed to cover all the assets once in three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year and no material discrepancies between the book records and the physical assets have been noticed.</p> <p>c) There was no substantial disposal of fixed assets during the year.</p> <p>ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>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.</p> <p>c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> <p>iii) a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii) (b) to (d) of the Order are not applicable to the Company.</p> <p>e) As informed, the Company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii) (f) and (g) of the Order are not applicable to the Company.</p> <p>iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness had been noticed in the internal control system in respect of these areas. The Company does not sale any services due to the nature of its business.</p> <p>v) (a) According to the information and explanations provided by the management, we are of the</p> | <p>opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.</p> <p>(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 value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>vi) The Company has not accepted any deposits from the public.</p> <p>vii) The Company has an internal audit system, <i>the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.</i></p> <p>viii) We have broadly reviewed the books of accounts 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 Wind Power Generation and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.</p> <p>ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities <i>though there has been a slight delay in a few cases.</i></p> <p>Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.</p> <p>b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, value added tax, sales-tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> <p>(c) According to the records of the Company, the dues outstanding of income tax, sales tax, service tax, excise</p> |
|--|--|

duty and cess on account of any dispute that have not been deposited, are as follows:

| Name of the statute                | Nature of dues   | Amount (Rs. in Lacs) | Period to which the amt. relates | Forum where dispute is pending                  |
|------------------------------------|--|----------------------|----------------------------------|---|
| Central Excise & Customs Act, 1944 | Dispute on account of classification of finished goods (including penalty) | 269.46               | 2007-2010                        | CESTAT, Bangalore                               |
|                                    |  | 295.30               | 2003-2004                        | CESTAT, Delhi                                   |
|                                    |  | 99.93                | 2004-05 & 2009-10                | Commissioner (A), Mangalore                     |
|                                    |  | 1,258.71             | 2006-2010                        | Commissioner (A), Ahmedabad                     |
| Central Excise & Customs Act, 1944 | Service Tax refund on services availed on exports of goods                 | 4.30                 | 2008-2009                        | Assistant Commissioner, Belgaum                 |
|                                    |  | 1.69                 | 2009-2010                        | Assistant Commissioner, Belgaum                 |
|                                    |  | 2.04                 | 2007-2008                        | CESTAT (Gujarat)                                |
| Gujarat Sales Tax                  | Penalty on delay in submission of Form 19                                  | 1.00                 | 2000-2001                        | Joint Commissioner of Commercial Tax, Ahmedabad |

- x) The Company has no accumulated losses at the end of the financial year and it has not 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 banks. The Company has no outstanding dues to debenture holders and financial institutions.
- 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. 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 in or trading in shares, securities, debentures and other investments. Accordingly, 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 guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of

- the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- xvi) Based on information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.V. Ghatalia & Associates  
Firm Registration Number: 103162W  
Chartered Accountants

per Sudhir Soni  
Partner

Membership No.: 41870

Place: Ahmedabad  
Date: May 12, 2011



## Balance Sheet As at 31.03.2011

(Rs. in lacs)

|  | Schedule  | As at 31.03.2011 |                  | As at 31.03.2010 |                  |
|--|-----------|------------------|------------------|------------------|------------------|
| <b>SOURCES OF FUNDS</b>                                      |           |                  |                  |                  |                  |
| <b>Shareholders' Funds</b>                                   |           |                  |                  |                  |                  |
| Share Capital  | 1         | 1,613.79         |                  | 1,613.79         |                  |
| Reserves & Surplus   | 2         | 34,109.71        | 35,723.50        | 19,577.47        | 21,191.26        |
| <b>Loan Funds</b>  |           |                  |                  |                  |                  |
| Secured Loans  | 3         | 23,753.57        |                  | 20,024.58        |                  |
| Unsecured Loans  | 4         | 6,554.43         | 30,308.00        | 2,594.68         | 22,619.26        |
| Deferred Tax Liabilities (net) (Refer Note 9 of Schedule 19) |           |                  | 4,292.08         |                  | 3,398.46         |
| <b>Total</b>   |           |                  | <b>70,323.58</b> |                  | <b>47,208.98</b> |
| <b>APPLICATIONS OF FUNDS</b>                                 |           |                  |                  |                  |                  |
| <b>Fixed Assets</b>  |           |                  |                  |                  |                  |
| Gross Block  | 5         | 51,931.40        |                  | 44,828.47        |                  |
| Less: Accumulated Depreciation                               |           | 15,439.34        |                  | 13,040.05        |                  |
| Net Block  |           | 36,492.06        |                  | 31,788.42        |                  |
| Capital Work in Progress including Capital Advances          |           | 16,949.87        | 53,441.93        | 679.43           | 32,467.85        |
| Investments  | 6         |                  | 11.22            |                  | 10.07            |
| Foreign Currency Monetary Translation                        |           |                  |                  |                  |                  |
| Difference Account (Refer Note 12 of Schedule 19)            |           |                  | -                |                  | 43.54            |
| <b>Current Assets, Loans and Advances</b>                    |           |                  |                  |                  |                  |
| Inventories  | 7         | 9,766.46         |                  | 8,397.70         |                  |
| Sundry Debtors   | 8         | 14,125.63        |                  | 8,579.14         |                  |
| Cash and Bank Balances                                       | 9         | 882.38           |                  | 1,831.21         |                  |
| Loans and Advances   | 10        | 5,468.52         |                  | 2,200.36         |                  |
| Other Current Assets   | 11        | 424.20           |                  | 383.70           |                  |
|  | (A)       | 30,667.19        |                  | 21,392.11        |                  |
| Less: Current Liabilities and Provisions                     | 12        |                  |                  |                  |                  |
| Current Liabilities  |           | 11,189.14        |                  | 4,743.93         |                  |
| Provisions   |           | 2,607.62         |                  | 1,960.66         |                  |
|  | (B)       | 13,796.76        |                  | 6,704.59         |                  |
| Net Current Assets   | (A-B)     |                  | 16,870.43        |                  | 14,687.52        |
| <b>Total</b>   |           |                  | <b>70,323.58</b> |                  | <b>47,208.98</b> |
| <b>Notes to Accounts</b>                                     | <b>19</b> |                  |                  |                  |                  |

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our Report of even date attached.

For **S.V. Ghatalia & Associates**  
Firm Registration Number: 103162W  
*Chartered Accountants*

per **Sudhir Soni**  
*Partner*  
Membership No. 41870

Place : Mumbai  
Date : May 12, 2011

For and on behalf of the Board of Directors of  
**Riddhi Siddhi Gluco Biols Limited**

**Sampatraj L. Chowdhary**  
*Chairman*

**Ganpatraj L. Chowdhary**  
*Managing Director*

**Kinjal Shah**  
*Company Secretary*

Place : Ahmedabad  
Date : May 12, 2011

**Profit and Loss Account** For the year ended 31.03.2011

(Rs. in lacs)

| Schedule  | Year ended 31.03.2011 | Year ended 31.03.2010 |
|---|-----------------------|-----------------------|
| <b>INCOME</b>   |                       |                       |
| Sales [Refer Note No 16.1(b) of Schedule 19]  | 103,056.01            | 76,169.50             |
| Less: Excise Duty   | 3,080.65              | 1,607.79              |
| Sales (Net)   | 99,975.36             | 74,561.71             |
| Other Income  | 13                    | 709.51                |
| <b>Total</b>  | <b>100,684.87</b>     | <b>74,783.37</b>      |
| <b>EXPENDITURE</b>  |                       |                       |
| Purchase of Trading Goods   | 523.57                | 948.10                |
| Raw Materials Consumed  | 14                    | 54,627.35             |
| Decrease in Inventories   | 15                    | 334.36                |
| Personnel Expenses  | 16                    | 2,041.97              |
| Operating and Other Expenses  | 17                    | 17,250.76             |
| Financial Expenses  | 18                    | 1,682.58              |
| Depreciation / Amortisation / Impairment  | 2,706.86              | 2,932.99              |
| Less: Transferred from Revaluation Reserve  | 193.97                | 2,512.89              |
| <b>Total</b>  | <b>78,973.48</b>      | <b>67,142.43</b>      |
| <b>Profit Before Tax and Prior Period Items</b>   | <b>21,711.39</b>      | <b>7,640.93</b>       |
| [Including Profit of Discontinuing Operations:<br>Corn Processing business Rs. 22,007.25 lacs (Previous Year Rs. 7,708.89 lacs)]                  |                       |                       |
| Less: Provision for Taxation  |                       |                       |
| Current Tax   | 4,368.10              | 2,398.73              |
| Less: MAT Credit entitlement  | –                     | 239.20                |
| Net Current Tax Liability   | 4,368.10              | 2,159.53              |
| Wealth Tax  | 0.83                  | 0.50                  |
| Deferred Tax Charge   | 893.62                | 1,563.40              |
|   | 5,262.55              | 3,723.43              |
| [Including total tax expense related to Discontinued Operations:<br>Corn Processing business Rs. 4,881.94 lacs (Previous Year Rs. 3,689.26 lacs)] |                       |                       |
| <b>Profit After Tax and before Prior Period Items</b>   | <b>16,448.84</b>      | <b>3,917.50</b>       |
| Add: Prior Period Items [net of tax Rs. Nil (Previous Year: Rs. 0.15 lacs)]   | –                     | 4.42                  |
| <b>Net Profit</b>   | <b>16,448.84</b>      | <b>3,921.92</b>       |
| Balance Brought Forward from Previous Year  | 6,954.41              | 4,231.03              |
| <b>Profit Available for Appropriation</b>   | <b>23,403.25</b>      | <b>8,152.95</b>       |
| <b>Appropriations</b>   |                       |                       |
| – Dividend on Preference Shares   | 40.00                 | 40.00                 |
| – Proposed Dividend on Equity Shares  | 1,391.80              | 557.07                |
| – Tax on Dividend   | 232.27                | 101.47                |
| – Transfer to General Reserve   | 2,000.00              | 3,664.07              |
| <b>Surplus Carried to Balance Sheet</b>   | <b>19,739.18</b>      | <b>6,954.41</b>       |
| Earning Per Share (Basic and Diluted) (Rs.)   | <b>147.22</b>         | <b>34.78</b>          |
| [Nominal value of shares of Rs. 10 (Previous Year: Rs. 10)]   |                       |                       |
| (Refer Note 8 of schedule 19)   |                       |                       |
| Notes to Accounts   | 19                    |                       |

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our Report of even date attached.

For S.V. Ghatalia & Associates  
Firm Registration Number: 103162W  
Chartered Accountants

For and on behalf of the Board of Directors of  
Riddhi Siddhi Gluco Biols Limited

per Sudhir Soni  
Partner  
Membership No. 41870

Sampatraj L. Chowdhary  
Chairman

Ganpatraj L. Chowdhary  
Managing Director

Kinjal Shah  
Company Secretary

Place : Mumbai  
Date : May 12, 2011

Place : Ahmedabad  
Date : May 12, 2011

## Cash Flow Statement For the year ended 31.03.2011

(Rs. in lacs)

| Particulars   | Year ended 31.03.2011 | Year ended 31.03.2010 |
|---|-----------------------|-----------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                       |                       |
| Net Profit Before Tax   | 21,711.39             | 7,645.35              |
| Adjusted for:   |                       |                       |
| Depreciation, Amortisation and Impairment   | 2542.89               | 2,458.12              |
| Loss on sale of Fixed Assets sold/ discarded  | 59.37                 | 109.47                |
| Provision for Doubtful debts and Advances made / (written back)                       | (25.64)               | 106.38                |
| Bad Debts Written off   | 9.10                  | –                     |
| Provision for Diminution in value of Investment                                       | –                     | 5.00                  |
| Amortisation of foreign currency monetary items translation difference                | 43.54                 | 632.21                |
| Interest Income   | (87.90)               | (85.01)               |
| Bad Debts recovered   | (0.60)                | (0.97)                |
| Interest expenses   | 1,622.84              | 1,931.63              |
|   | 4,163.60              | 5,156.83              |
| <b>Operating Profit Before Working Capital Changes</b>                                | <b>25,874.99</b>      | <b>12,802.18</b>      |
| <b>Movement in Working Capital</b>  |                       |                       |
| Increase in Sundry Debtors  | (5,518.59)            | (2,853.81)            |
| Increase in Inventories   | (1,368.76)            | (555.51)              |
| Increase in Loans, Advances and Other Current Assets                                  | (3,349.42)            | (1,226.50)            |
| Increase/(Decrease) in Current Liabilities and Provisions                             | (531.39)              | 2,359.56              |
|   | (10,768.16)           | (2,276.26)            |
| Cash Generated from Operations  | 15,106.83             | 10,525.92             |
| Direct taxes Paid (Net of refunds)  | (4,708.04)            | (1,060.66)            |
| <b>Net Cash from Operating Activities</b>   | <b>10,398.79</b>      | <b>9,465.26</b>       |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                       |                       |
| Purchase of Fixed Assets<br>[including Capital Work-in Progress and Capital Advances] | (16,820.07)           | (3,617.29)            |
| Proceeds from sale of fixed assets  | 6.32                  | 36.21                 |
| Fixed Deposits (Made) / Matured (Net)   | (60.49)               | 52.02                 |
| Investments in Subsidiary Company   | (1.00)                | –                     |
| Investments in Others   | (0.15)                | (0.36)                |
| Interest received   | 87.90                 | 85.01                 |
| <b>Net Cash used in Investing Activities</b>  | <b>(16,787.49)</b>    | <b>(3,444.41)</b>     |

**Cash Flow Statement** (Contd.) For the year ended 31.03.2011

(Rs. in lacs)

| Particulars   | Year ended 31.03.2011 | Year ended 31.03.2010 |
|---|-----------------------|-----------------------|
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                |                       |                       |
| Proceeds from Long Term Borrowings                            | 5,557.51              | 7,808.61              |
| Repayment of Long-Term borrowings                             | (3,564.23)            | (5,941.66)            |
| Short Term Loans including Working Capital Change (Net)       | 5,695.46              | (4,383.40)            |
| Interest paid   | (1,610.82)            | (1,923.42)            |
| Dividends paid  | (597.07)              | (262.69)              |
| Tax on dividend paid  | (101.47)              | (44.64)               |
| <b>Net Cash from / (used in) Financing Activities</b>         | <b>5,379.38</b>       | <b>(4,747.20)</b>     |
| <b>Net increase / (decrease) in Cash and Cash equivalents</b> | <b>(1,009.32)</b>     | <b>1,273.65</b>       |
| <b>Cash and Cash equivalents at the beginning of the year</b> | <b>1,581.06</b>       | <b>307.41</b>         |
| <b>Cash and Cash equivalents at the end of the year</b>       | <b>571.74</b>         | <b>1,581.06</b>       |
| Cash on hand  | 47.12                 | 21.75                 |
| With banks - on current accounts                              | 507.84                | 1,543.50              |
| - on deposits   | 310.64                | 250.15                |
| - on unpaid dividend accounts *                               | 16.78                 | 15.81                 |
| Cash & Bank as per Schedule                                   | 882.38                | 1,831.21              |
| Less - Fixed deposits not considered as cash equivalents      | 310.64                | 250.15                |
| <b>Cash &amp; Cash Equivalents in cash flow statement</b>     | <b>571.74</b>         | <b>1,581.06</b>       |

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

**Notes:**

- Figures in bracket indicate out-flow
- Above Cash Flow Statement has been prepared as per Indirect Method specified in Accounting Standard-3, Cash Flow Statement

For S.V. Ghatalia & Associates  
Firm Registration Number: 103162W  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Place : Mumbai  
Date : May 12, 2011

For and on behalf of the Board of Directors of  
Riddhi Siddhi Gluco Biols Limited

Sampatraj L.Chowdhary  
Chairman

Kinjal Shah  
Company Secretary

Place : Ahmedabad  
Date : May 12, 2011

Ganpatraj L. Chowdhary  
Managing Director

## Schedules forming part of the accounts

(Rs. in Lacs)

|  | As at 31.03.2011 |                 | As at 31.03.2010 |                 |
|--|------------------|-----------------|------------------|-----------------|
| <b>Schedule 1 SHARE CAPITAL</b>  |                  |                 |                  |                 |
| <b>Authorised</b>  |                  |                 |                  |                 |
| 140,00,000 (Previous Year: 140,00,000) Equity Shares of Rs.10/- each   |                  | 1,400.00        |                  | 1,400.00        |
| 120,00,000 (Previous Year: 120,00,000) Preference Shares of Rs.10/-each  |                  | 1,200.00        |                  | 1,200.00        |
|  |                  | <b>2,600.00</b> |                  | <b>2,600.00</b> |
| <b>Issued, Subscribed and Paid up Capital</b>  |                  |                 |                  |                 |
| 111,41,400 ( Previous Year: 111,41,400) Equity   |                  |                 |                  |                 |
| Shares of Rs.10/- each fully paid  | 1,114.14         |                 | 1,114.14         |                 |
| Less: Calls in arrears - Other than Directors  | 0.35             |                 | 0.35             |                 |
|  |                  | 1,113.79        |                  | 1,113.79        |
| 50,00,000 (Previous Year: 50,00,000) 8% Non Cumulative Redeemable Preference Share of Rs.10 each fully paid up (redeemable at par on November 3, 2013 with a put and call option anytime after November 3, 2009) |                  | 500.00          |                  | 500.00          |
|  |                  | <b>1,613.79</b> |                  | <b>1,613.79</b> |

|  |          |                  |          |                  |
|--|----------|------------------|----------|------------------|
| <b>Schedule 2 RESERVES AND SURPLUS</b>               |          |                  |          |                  |
| <b>Securities Premium Account</b>                    |          |                  |          |                  |
| Balance as per last year                             |          | 6,802.90         |          | 6,802.90         |
| <b>Capital Reserve (Reserve on amalgamation)</b>     |          |                  |          |                  |
| Balance as per last year                             |          | 574.05           |          | 574.05           |
| <b>Government Capital Subsidy</b>                    |          |                  |          |                  |
| Balance as per last year                             | 568.10   |                  | 598.10   |                  |
| Less: Adjustments/Reversal                           | -        | 568.10           | 30.00    | 568.10           |
| <b>Revaluation reserve</b>                           |          |                  |          |                  |
| Balance as per last year                             | 1,554.51 |                  | 2,083.09 |                  |
| Less: Withdrawal on sale /discard of assets          | 58.56    |                  | 18.53    |                  |
| Less: Withdrawal for depreciation                    | 193.97   | 1,301.98         | 510.05   | 1,554.51         |
| <b>Preference Share Capital Redemption Reserve</b>   |          |                  |          |                  |
| Balance as per last year                             |          | 500.00           |          | 500.00           |
| <b>General Reserve</b>                               |          |                  |          |                  |
| Balance as per last year                             | 2,623.50 |                  | 2,123.50 |                  |
| Add: Amount transferred from Profit and Loss Account | 2,000.00 | 4,623.50         | 500.00   | 2,623.50         |
| <b>Surplus as per Profit and Loss Account</b>        |          | 19,739.18        |          | 6,954.41         |
|  |          | <b>34,109.71</b> |          | <b>19,577.47</b> |

## Schedules forming part of the accounts

(Rs. in Lacs)

|   | As at 31.03.2011 | As at 31.03.2010 |
|---|------------------|------------------|
| <b>Schedule 3 SECURED LOANS</b>   |                  |                  |
| Term Loans from Banks   | 12,244.36        | 11,251.31        |
| Out of the above:   |                  |                  |
| a) Rs 7,646.55 lacs (Rs 11,251.31 lacs) are secured by first pari-passu charge on the present and future fixed assets of Gokak, Viramgam and Rudrapur units of the Company, by a second pari-passu charge on the current assets of these units and further secured by personal guarantees by some of the directors of the company |                  |                  |
| b) Rs 4,597.81 lacs (Rs Nil) is secured by first charge on the Windmills Assets   |                  |                  |
| Working Capital Loans including Cash Credit from Banks [Secured by way of the first pari-passu charges on current assets of the Company and fixed deposits with the bank and second charge on the entire fixed assets of the Company and further secured by personal guarantee by some of the directors of the Company]           | 11,436.12        | 8,740.66         |
| Vehicle Loans   | 73.09            | 32.61            |
| Secured by hypothecation of underlying Vehicles purchased against the loans   |                  |                  |
|   | <b>23,753.57</b> | <b>20,024.58</b> |

|   |                 |                 |
|---|-----------------|-----------------|
| <b>Schedule 4 UNSECURED LOANS</b>   |                 |                 |
| Short Term Loans from Banks   | 3,121.39        | 121.34          |
| Sales Tax Deferment Loan under Sales Tax Incentive Scheme of Karnataka State Government [Repayment will commence from December 2013] (Refer note 17 of Schedule 19) | 3,433.04        | 2,473.34        |
|   | <b>6,554.43</b> | <b>2,594.68</b> |

### Schedule 5 FIXED ASSETS

| Fixed Assets             | GROSS BLOCK      |                 |               |                  | DEPRECIATION/AMORTISATION/ IMPAIRMENT |                 |               |                  | NET BLOCK        |                  |  |
|--------------------------|------------------|-----------------|---------------|------------------|---------------------------------------|-----------------|---------------|------------------|------------------|------------------|--|
|                          | As on 1.4.2010   | Addition        | Deduction     | As on 31.3.2011  | 1.4.2010                              | Addition        | Deduction     | As on 31.3.2011  | As on 31.3.2011  | As on 31.3.2010  |  |
| <b>Intangible Assets</b> |                  |                 |               |                  |                                       |                 |               |                  |                  |                  |  |
| Trade Mark               | 4.91             | -               | -             | 4.91             | 4.91                                  | -               | -             | 4.91             | -                | -                |  |
| ERP System               | 31.29            | -               | -             | 31.29            | 30.91                                 | -               | -             | 30.91            | 0.38             | 0.38             |  |
| <b>Tangible Assets</b>   |                  |                 |               |                  |                                       |                 |               |                  |                  |                  |  |
| Leasehold Land           | 1,151.80         | -               | -             | 1,151.80         | 51.19                                 | 12.80           | -             | 63.99            | 1,087.81         | 1,100.61         |  |
| Freehold Land            | 386.58           | 38.48           | -             | 425.06           | -                                     | -               | -             | -                | 425.06           | 386.58           |  |
| Building                 | 7,758.36         | 414.72          | -             | 8,173.08         | 1,756.38                              | 285.58          | -             | 2,041.96         | 6,131.12         | 6,001.98         |  |
| Plant & Machinery        | 34,926.06        | 6,955.99        | 429.01        | 41,453.04        | 10,958.76                             | 2,334.11        | 306.42        | 12,986.45        | 28,466.59        | 23,967.30        |  |
| Furniture and Fixtures   | 281.81           | 24.61           | -             | 306.42           | 113.12                                | 43.28           | -             | 156.40           | 150.02           | 168.69           |  |
| Vehicles                 | 176.66           | 95.98           | 2.81          | 269.83           | 54.04                                 | 21.87           | 1.15          | 74.76            | 195.07           | 122.62           |  |
| Computers                | 111.00           | 4.97            | -             | 115.97           | 70.74                                 | 9.22            | -             | 79.96            | 36.01            | 40.26            |  |
|                          | <b>44,828.47</b> | <b>7,534.75</b> | <b>431.82</b> | <b>51,931.40</b> | <b>13,040.05</b>                      | <b>2,706.86</b> | <b>307.57</b> | <b>15,439.34</b> | <b>36,492.06</b> | <b>31,788.42</b> |  |
| Capital Work in Progress |                  |                 |               |                  |                                       |                 |               |                  | 14,687.32        | 245.68           |  |
| Capital Advances         |                  |                 |               |                  |                                       |                 |               |                  | 2,262.55         | 433.75           |  |
| <b>Total</b>             | <b>44,828.47</b> | <b>7,534.75</b> | <b>431.82</b> | <b>51,931.40</b> | <b>13,040.05</b>                      | <b>2,706.86</b> | <b>307.57</b> | <b>15,439.34</b> | <b>53,441.93</b> | <b>32,467.85</b> |  |
| Previous Year            | 41,820.97        | 4,598.76        | 1,591.26      | 44,828.47        | 10,382.49                             | 2,932.29        | 275.43        | 13,040.05        | 31,788.42        |                  |  |

## Schedules forming part of the accounts

### Notes:

- Gross Block of Buildings and Plant & Machinery includes Rs. 3,430.20 lacs (Previous Year: Rs. 3,634.12 lacs) being the amount of revaluation made to the value of fixed assets in the year 1998-99. Depreciation for the year includes an amount of Rs. 193.97 lacs (Previous Year: Rs. 510.05 lacs) on the revalued value of fixed assets
- Addition/ (Deductions) to assets includes Rs. 4.15 lacs [Previous Year: Rs. (911.94) lacs] due to increase / (decrease) in rupee liability on account of revaluation of foreign currency loans due to exchange rate fluctuations.
- Additions to Plant & Machinery includes expenditure such as personnel cost Rs 69.00 lacs (Previous Year Rs Nil) and travelling cost Rs 10.99 lacs (Previous Year Rs Nil) incurred as cost indirectly related to construction or incidental thereto.
- Additions to Capital Work in Progress includes expenditure such as personnel cost Rs 20.26 lacs (Previous Year Rs Nil) incurred as cost indirectly related to construction or incidental thereto.

(Rs. in Lacs)

|  | As at 31.03.2011 | As at 31.03.2010 |
|--|------------------|------------------|
| <b>Schedule 6 INVESTMENTS</b>  |                  |                  |
| – Long Term Investments (At Cost)  |                  |                  |
| Quoted - Non Trade   |                  |                  |
| 900 (Previous Year: 900) Equity Shares of Indian Overseas                                | 0.22             | 0.22             |
| Bank face value of Rs. 10 each   |                  |                  |
| Unquoted - Non Trade   |                  |                  |
| – In Government Securities   |                  |                  |
| National Saving Certificates (deposited with various Government Authorities)             | 6.00             | 5.85             |
| – In Shares and Bonds  |                  |                  |
| 80 (Previous Year: 80) IDBI Flexi bond face value of Rs. 5,000 each                      | 4.00             | 4.00             |
| 5,000 (Previous Year: 5,000) Equity Shares of Vishwas                                    | 5.00             | 5.00             |
| Organics Private Limited face value of Rs 10 each  |                  |                  |
| Less: Provision for diminution value of Investment                                       | 5.00             | 5.00             |
| – Current Investments (At Lower of Cost and Fair Value)<br>[Refer Note 4 on Schedule 19] |                  |                  |
| Unquoted - Non Trade   |                  |                  |
| In subsidiary company:   |                  |                  |
| 9,990 (Previous Year Nil) Shares of Riddhi Siddhi Corn Processing                        | 1.00             | –                |
| Private Limited face value of Rs 10 each   | 11.22            | 10.07            |
| Aggregate amount of quoted Investments   | 0.22             | 0.22             |
| Aggregate Market Value of quoted Investments   | 1.29             | 0.83             |
| Aggregate amount of unquoted Investments   | 11.00            | 9.85             |

### Schedule 7 INVENTORIES

|  |                 |                 |
|--|-----------------|-----------------|
| (At lower of Cost and Net Realisable Value)                                    |                 |                 |
| Raw Materials  | 6,777.50        | 5,710.53        |
| [Including Stock in Transit of Rs 18.07 lacs (Previous Year: Rs 55.21 lacs)]   |                 |                 |
| Coal, Fuel, Packing Materials, Stores and Spare Parts                          | 1,861.37        | 1,212.93        |
| [Including Stock in Transit of Rs. Nil lacs (Previous Year: Rs. 6.81 lacs)]    |                 |                 |
| Work In Progress   | 869.39          | 655.06          |
| Finished Goods (Including By-Products)   | 258.20          | 819.18          |
| [Including Stock in Transit of Rs.68.06 lacs (Previous Year: Rs. 233.28 lacs)] |                 |                 |
|  | <b>9,766.46</b> | <b>8,397.70</b> |

## Schedules forming part of the accounts

(Rs. in Lacs)

|   | As at 31.03.2011 | As at 31.03.2010 |
|---|------------------|------------------|
| <b>Schedule 8 SUNDRY DEBTORS (UNSECURED)</b>        |                  |                  |
| Debts outstanding for a period exceeding six months |                  |                  |
| Considered good                                     | 37.48            | 37.31            |
| Considered doubtful                                 | 55.29            | 91.69            |
|   | 92.77            | 129.00           |
| Other Debts   |                  |                  |
| Considered good                                     | 14,088.15        | 8,541.83         |
|   | 14,180.92        | 8,670.83         |
| Less: Provision for Doubtful Debts                  | 55.29            | 91.69            |
|   | <b>14,125.63</b> | <b>8,579.14</b>  |

### Schedule 9 CASH AND BANK BALANCES

|   |               |                 |
|---|---------------|-----------------|
| Cash on Hand  | 47.12         | 21.75           |
| Balances with Scheduled Banks   |               |                 |
| In Current Accounts   | 507.84        | 1,543.50        |
| In Fixed Deposit Accounts<br>[including Rs 210.64 Lacs (Previous Year Rs. 250.15 lacs) pledged<br>with banks against working capital facilities and margin money] | 310.64        | 250.15          |
| In Dividend Accounts  | 16.78         | 15.81           |
|   | <b>882.38</b> | <b>1,831.21</b> |

### Schedule 10 LOANS AND ADVANCES

|  |                 |                 |
|--|-----------------|-----------------|
| Unsecured, Considered good                                       |                 |                 |
| Advances recoverable in cash or in kind for value to be received | 4,847.06        | 1,644.79        |
| Balances with Excise Authorities                                 | 84.24           | 88.93           |
| VAT Receivables  | 197.05          | 131.41          |
| Inter Corporate Deposit  | 36.42           | 33.69           |
| Deposits   | 303.75          | 301.54          |
|  | <b>5,468.52</b> | <b>2,200.36</b> |
| Unsecured, Considered Doubtful                                   |                 |                 |
| Advances   | 25.45           | 14.69           |
| Less: Provision for Doubtful Advances                            | 25.45           | 14.69           |
|  | <b>5,468.52</b> | <b>2,200.36</b> |



## Schedules forming part of the accounts

(Rs. in Lacs)

|  | As at 31.03.2011 | As at 31.03.2010 |
|--|------------------|------------------|
| <b>Schedule 11 OTHER CURRENT ASSETS</b>  |                  |                  |
| Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower) | 30.00            | 60.00            |
| Export Incentives Receivable   | 394.20           | 323.70           |
|  | <b>424.20</b>    | <b>383.70</b>    |

### Schedule 12 CURRENT LIABILITIES AND PROVISIONS

|   |                  |                 |
|---|------------------|-----------------|
| <b>Current Liabilities</b>  |                  |                 |
| Acceptances   | 52.63            | 28.86           |
| Sundry Creditors for Goods and Services (Other than MSMED)*   | 2,921.69         | 3,464.16        |
| Sundry Creditors for Capital Expenditure (Other than MSMED)*  | 7,891.64         | 906.52          |
| Advances from Customers   | 106.66           | 101.71          |
| Sundry Deposits   | 44.43            | 53.66           |
| Unclaimed Dividend **   | 16.78            | 15.81           |
| Interest accrued but not due on Loans   | 20.26            | 8.24            |
| Other Liabilities   | 135.05           | 164.97          |
|   | <b>11,189.14</b> | <b>4,743.93</b> |
| * Refer note 13 of Schedule 19  |                  |                 |
| ** Credit to Investor Education and Protection Fund shall be made as and when the amount will become due. |                  |                 |
| <b>Provisions:</b>  |                  |                 |
| Proposed Dividend   | 1,431.80         | 597.07          |
| Tax on Proposed Dividend  | 232.27           | 101.47          |
| Income Tax (net of advance taxes paid)  | 826.80           | 1,166.34        |
| Wealth Tax  | 0.83             | 0.40            |
| Leave Encashment  | 75.78            | 75.56           |
| Gratuity (Refer note 14 of Schedule 19)   | 40.14            | 19.82           |
|   | <b>2,607.62</b>  | <b>1,960.66</b> |

## Schedules forming part of the accounts

(Rs. in Lacs)

|  | Year ended 31.03.2011 | Year ended 31.03.2010 |
|--|-----------------------|-----------------------|
| <b>Schedule 13 OTHER INCOME</b>  |                       |                       |
| Insurance Claims<br>[including Rs. 385.20 lacs (Rs. Nil) relating to earlier years]                        | 389.14                | 42.04                 |
| Bad-Debts recovered  | 0.60                  | 0.97                  |
| Interest on Fixed Deposits (Gross)<br>[Tax Deducted at Sources Rs 6.13 lacs (Previous Year Rs 10.56 Lacs)] | 70.65                 | 50.48                 |
| Interest on Others (Gross)<br>[Tax Deducted at Source Rs 2.01 lacs (Previous Year Rs 0.61 Lacs)]           | 17.25                 | 34.53                 |
| Miscellaneous Income   | 90.71                 | 25.84                 |
| Gain on Foreign Exchange Fluctuations  | 104.76                | 67.80                 |
| Provision for Doubtful Debts written back  | 36.40                 | -                     |
|  | <b>709.51</b>         | <b>221.66</b>         |

### Schedule 14 RAW MATERIALS CONSUMED

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Inventories as at April 1         | 5,710.53         | 4,620.45         |
| Add:- Purchases                   | 55,694.32        | 46,407.51        |
| Less:- Inventories as at March 31 | 6,777.50         | 5,710.53         |
|                                   | <b>54,627.35</b> | <b>45,317.43</b> |

### Schedule 15 DECREASE IN INVENTORIES

|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| <b>Inventories as at March 31</b> |                 |                 |
| Finished goods                    | 258.20          | 819.18          |
| Work In Progress                  | 869.39          | 655.06          |
|                                   | <b>1,127.59</b> | <b>1,474.24</b> |
| <b>Inventories as at April 1</b>  |                 |                 |
| Finished goods                    | 819.18          | 1,280.53        |
| Work In Progress                  | 655.06          | 880.26          |
|                                   | <b>1,474.24</b> | <b>2,160.79</b> |
| Decrease in Excise Duty           | (12.29)         | (21.04)         |
|                                   | <b>334.36</b>   | <b>665.51</b>   |

### Schedule 16 PERSONNEL EXPENSES

|  |                 |                 |
|--|-----------------|-----------------|
| Salaries Wages, Bonus, Allowances, etc. [Refer note 3 of Schedule 5] | 1,723.71        | 1,497.58        |
| Contribution to Provident and Other Funds                            | 138.13          | 128.13          |
| Gratuity Expenses [Refer note 14 of Schedule 19]                     | 30.01           | 46.29           |
| Staff Welfare Expenses   | 150.12          | 122.39          |
|  | <b>2,041.97</b> | <b>1,794.39</b> |

## Schedules forming part of the accounts

(Rs. in Lacs)

|  | Year ended 31.03.2011 | Year ended 31.03.2010 |
|--|-----------------------|-----------------------|
| <b>Schedule 17 OPERATING AND OTHER EXPENSES</b>      |                       |                       |
| Power and Fuel                                       | 8,909.83              | 6,589.49              |
| Packing Materials Consumed                           | 2,764.38              | 2,685.34              |
| Consumable Stores and Spares                         | 1,863.06              | 1,279.51              |
| Wages and Material Handling Charges                  | 1,257.50              | 1,119.54              |
| Rent   | 147.96                | 78.96                 |
| Rates and Taxes                                      | 114.00                | 74.48                 |
| Freight, Forwarding and Distribution Expenses        | 356.60                | 419.50                |
| Insurance  | 123.50                | 108.31                |
| Cash Discount on Sales                               | 171.87                | 138.24                |
| Commission on Sales (Other than Sole Selling Agents) | 141.58                | 65.90                 |
| Provision for Doubtful Debts and Advances            | 10.76                 | 106.38                |
| Travelling Expenses (Refer note 3 of Schedule 5)     | 200.91                | 179.90                |
| Communication Cost                                   | 62.54                 | 63.89                 |
| Legal, Professional and Consultancy Fees             | 95.13                 | 62.29                 |
| Advertisement and Publicity                          | 27.55                 | 12.14                 |
| Bad Debts written off                                | 9.10                  | –                     |
| Directors Fees                                       | 0.50                  | 0.60                  |
| Repair & Maintenance                                 |                       |                       |
| Machinery  | 350.61                | 333.42                |
| Buildings  | 48.43                 | 59.45                 |
| Others   | 47.19                 | 34.60                 |
| Loss on assets sold / scrapped / discarded           | 59.37                 | 109.47                |
| Impairment loss on assets held for sale              | 30.00                 | 35.18                 |
| Payment to Auditors:                                 |                       |                       |
| As Auditors:   |                       |                       |
| – Audit Fees   | 13.46                 | 13.24                 |
| – Limited Review                                     | 9.02                  | 4.46                  |
| – Certification fees                                 | 0.44                  | –                     |
| – Out of Pocket Expenses                             | 0.38                  | 0.25                  |
| Security Expenses                                    | 142.39                | 103.33                |
| Provision for Diminution in value of Investment      | –                     | 5.00                  |
| Miscellaneous Expenses                               | 292.70                | 228.54                |
|  | <b>17,250.76</b>      | <b>13,911.41</b>      |

### Schedule 18 FINANCIAL EXPENSES

|                            |                 |                 |
|----------------------------|-----------------|-----------------|
| Interest                   |                 |                 |
| On Term Loans              | 638.70          | 946.14          |
| On Working Capital Loans   | 780.38          | 885.96          |
| On Others                  | 239.67          | 99.53           |
| Bank Charges               | 59.74           | 151.02          |
|                            | <b>1,718.49</b> | <b>2,082.65</b> |
| Less: Interest Capitalised | 35.91           | –               |
|                            | <b>1,682.58</b> | <b>2,082.65</b> |

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS

#### 1. Nature of Operations

Riddhi Siddhi Gluco Biols Limited ("the Company") is primarily engaged in manufacturing and selling of Starch products, its derivatives and related by-products. During the year, the Company has made investment in Wind Farms power generation of which part of the facilities have started commercial operations.

#### 2. Statement of Significant Accounting Policies

##### a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by 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 except in case of assets for which provision for impairment is made and revaluation is being carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### b) 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 the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### d) Fixed Assets and Depreciation

###### Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition and construction of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to period till such assets are ready to be put to use.

In respect of accounting periods commencing on or after December 07, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

###### Depreciation

Depreciation on fixed assets other than wind farm power generation assets is provided using the Straight Line Method (SLM) at the rates and in the manner prescribed under Schedule XIV of Companies Act, 1956. However in respect of the following asset categories, the depreciation is provided at higher rates based on the management's estimate of the useful life:

- a) Leasehold Assets : Over the Period of lease
- b) Road / Drainage : 10 Years
- c) Bio – Gas Plant : 5 Years
- d) Instrumentation : 10 Years
- e) Lab Equipments : 4 Years
- f) Furniture & Fixtures : 5 Years

Depreciation on wind farm power generation assets is provided using the Written Down Value (WDV) method at the rates and in the manner prescribed under Schedule XIV of Companies Act, 1956.

Depreciation on revalued assets is provided on expected useful life of the assets and the incremental depreciation on account of revaluation is recouped from Revaluation Reserve.

In respect of fixed assets acquired sold or discarded during the year, depreciation is provided on a pro-rata basis from the date on which such assets is ready to be put to use sold or discarded.

##### Intangible Assets and Amortization

Intangible assets are amortized, based on management's estimation of its useful economic life on straight – line basis as under:

- a) Trademark : 5 Years
- b) Software : 3 Years

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

#### d) Impairment

- i) 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 recognized 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.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### e) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

#### f) Government Grants and Subsidies

Grants and subsidies from the government are recognized 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 received is revenue in nature, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate or adjusted against the specific expense.

Where the grant or subsidy relates towards specific fixed 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.

#### g) 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. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

Current Investments are carried at lower of cost and fair value determined on an individual investment basis.

#### h) Inventories

Inventories are valued as follows:

##### Raw Materials, Packing Materials, Consumable Stores and Spares

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out basis.

##### Work-in-progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on Weighted Average Basis.

By-products are valued at Net Realisable Value (NRV)

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.

#### i) Revenue Recognition

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

##### Sale of Goods/By-products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. Sales include the amount of export incentive earned in accordance with various incentive schemes.

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

Excise duties in respect of finished goods are shown separately as an item of Decrease / Increase in inventories and included in valuation of finished goods.

#### Revenue from sale of electricity

Power generation income is recognized on the basis of electrical units generated, net of transmission loss, as applicable, as shown in the power generation reports issued by the concerned authorities.

#### Insurance Claims

Insurance claims are accounted at the time when such income has been realised by the company.

#### Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

#### j) Cash and cash equivalents

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

#### k) Foreign Currency Translations

##### 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.

##### c. Exchange Differences

Exchange differences, in respect of accounting periods commencing on or after December 07, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the Company's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

#### l) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. 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 contract is recognised as income or as expense for the year.

#### m) Retirement and other employee benefits

i) Retirement benefits in the form of Provident Fund, Superannuation Fund Scheme and Employee State Insurance (ESI), are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

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

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

#### n) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes 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.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a 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 future taxable income will be available.

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

#### o) Segment Reporting Policies

##### Identification of Segment

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, 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 major operating division locations of the Company operates.

##### Unallocated items:

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

##### Segment Policies:

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

#### p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends, relative to a fully paid equity share during the reporting year.

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

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

#### r) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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 best estimates.

3. a) The Company's Board of Directors at its meeting held on 7th January 2011 has approved a Composite Scheme of Arrangement for transfer of Company's Corn-Wet-Milling business including industrial undertakings located at Viramgam, Gokak and Rudrapur, respectively, on a going concern basis to its newly formed subsidiary Company, namely, M/s Riddhi Siddhi Corn Processing Private Limited ("RSCPPL") for a cash consideration of Rs. 858.57 Crores and 2,000,000 equity shares of Rs. 10 each of RSCPPL from the appointed date April 1, 2011. As per the scheme, the said consideration amount would stand revised based on the net current assets value of Corn-Wet-Milling business of the Company at the effective date of the transaction. As part of the Scheme, the Company also propose to reduce and cancel its issued, subscribed and paid up equity share capital to the extent of Rs. 1.66 crores being amount of 16,63,100 equity shares of Rs. 10 each, presently held by Roquette Freres in terms of section 100 of the Companies Act, 1956.

Currently, the Company has filed the approved scheme with Bombay Stock Exchange and it proposes to comply with other regulatory approvals and compliances in course of time by December 31, 2011.

Apart of the Composite Scheme of Arrangement as referred above, an agreement has been reached between the Company, its promoters and Roquette Freres, France (Proposed Investor) whereby Roquette Freres, France propose to acquire majority stake in the subsidiary Company, RSCPPL with further option to buy entire shareholding in RSCPPL.

- b) In accordance with AS 24 "Discontinuing Operation", the amount of revenue, expenses, assets, liabilities and cash flows in respect of ordinary activities attributable to discontinuing operations of Corn Processing business are as follows:

| Particulars          | <i>(Rs. in lacs)</i>                |                                     |
|----------------------|-------------------------------------|-------------------------------------|
|                      | Year ended/<br>As on<br>31.03. 2011 | Year ended/<br>As on<br>31.03. 2011 |
| Total Revenue        | 99,925.35                           | 73,490.42                           |
| Total Expenses       | 77,918.10                           | 65,781.53                           |
| Total Assets         | 61,721.25                           | 50,989.91                           |
| Total Liabilities    | 29,852.30                           | 28,281.40                           |
| Net Cash flows:      |                                     |                                     |
| Operating Activities | 10,245.87                           | 9,806.93                            |
| Investing Activities | (3,561.54)                          | (3,413.08)                          |
| Financing Activities | (6,684.33)                          | (6,393.85)                          |

4. Riddhi Siddhi Corn Processing Private Limited (RSCPPL), a subsidiary of the Company is formed for the purpose of transfer of Company's Corn Processing business as per the Composite Scheme of Arrangement, subsequent to all regulatory approval and compliances. The Company has not prepared Consolidated Financial Statements in terms of paragraph 11 of the Accounting Standard 21 'Consolidated Financial Statements', because RSCPPL being only Subsidiary Company is being held by the Company with a clear intention of subsequent disposal in future as per the Composite Scheme of Arrangement .

#### 5. Segment Reporting

- a) The Company has disclosed business segment as the primary segment. Segments have been identified taking in to account the nature of the products, the differing risks and return, the organization structure and internal reporting system.
- b) The Company's Operations pre-dominantly relates to manufacture of starch, its derivatives and related by-products. Accordingly, the Company has identified "Starch & allied Products" and "Wind Energy Generation" as the operating segments, consisting of manufacturing & sale of starch & allied products and wind power respectively. Others consist of trading activities which comprises of less than 10% revenues. The company intends to transfer the starch business to its subsidiary Riddhi Siddhi Corn Processing Private Limited with effect from 1st April 2011, subsequent to regulatory approvals



## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

and other compliances over due course of time. Accordingly starch business has been reported as discontinuing operation.

- c) Secondary segment reporting is based on the geographical location of customers. The geographical segment have been identified based on revenues with in India (sales to customers with in India) and revenues outside India (sales to customers located outside India).

Since the export market revenue, results and assets constitute less than 10% of the total revenue, results and assets, the same has not been disclosed.

- d) Segment Information in terms of Accounting Standard 17 for the year ended March 31, 2011 is as below:

(Rs. in lacs)

| Particulars                                     | Starch and allied products (Discontinuing Operations) | Wind Energy Generation | Other    | Total     |
|---|---|------------------------|----------|-----------|
| <b>(a) Revenue (Net of Excise duty)</b>         |   |                        |          |           |
| External Sales                                  | 99,283.90   | 29.35                  | 662.11   | 99,975.36 |
|   | 73,331.90   | –                      | 1,229.50 | 74,561.40 |
| <b>(b) Results</b>                              |   |                        |          |           |
| Segment Results                                 | 23,689.83   | (253.05)               | 99.41    | 23,536.19 |
|   | 9,791.54  | –                      | 60.76    | 9,852.30  |
| Unallocated expenses net of Unallocated incomes |   |                        |          | 142.22    |
|   |   |                        |          | 124.30    |
| Operating Profit                                |   |                        |          | 23,393.97 |
|   |   |                        |          | 9,728.00  |
| Less:   |   |                        |          |           |
| Finance Charges                                 |   |                        |          | 1,682.58  |
|   |   |                        |          | 2,082.65  |
| Income Tax                                      |   |                        |          | 4,368.10  |
|   |   |                        |          | 2,159.53  |
| Wealth Tax                                      |   |                        |          | 0.83      |
|   |   |                        |          | 0.50      |
| Deferred Tax Charge                             |   |                        |          | 893.62    |
|   |   |                        |          | 1,563.40  |
| <b>Net Profit after tax</b>                     |   |                        |          | 16,448.84 |
|   |   |                        |          | 3,921.92  |
| <b>(c) Total Assets</b>                         |   |                        |          |           |
| Segment Assets                                  | 62,356.03   | 20,393.98              | 599.84   | 83,349.85 |
|   | 51,528.20   | –                      | 740.95   | 52,269.15 |
| Unallocated Corporate Assets                    |   |                        |          | 770.49    |
|   |   |                        |          | 1644.42   |
| <b>Total</b>                                    |   |                        |          | 84,120.34 |
|   |   |                        |          | 53,913.57 |

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

| (Rs. in lacs)  |   |                        |               |                  |
|--|---|------------------------|---------------|------------------|
| Particulars  | Starch and allied products (Discontinuing Operations) | Wind Energy Generation | Other         | Total            |
| <b>(d) Total Liabilities</b>                                 |   |                        |               |                  |
| Segment Liabilities  | 3,401.85  | 7,654.27               | 249.01        | 11,305.13        |
|  | <i>8,875.20</i>                                       | <i>–</i>               | <i>302.73</i> | <i>9,177.93</i>  |
| Unallocated Corporate Liabilities                            |   |                        |               | 37,091.71        |
|  |   |                        |               | <i>23,544.38</i> |
| <b>Total</b>   |   |                        |               | <b>48,396.84</b> |
|  |   |                        |               | <b>32,722.31</b> |
| <b>(e) Other Information</b>                                 |   |                        |               |                  |
| (i) Capital Expenditure (Including Capital Work In Progress) | 17,148.77   | 4,827.62               |               | 21,976.39        |
|  | <i>4,777.63</i>                                       | <i>–</i>               |               | <i>4,777.63</i>  |
| (ii) Depreciation for the year (including Impairment)        | 2,231.82  | 275.17                 | 5.90          | 2,512.89         |
|  | <i>2,366.43</i>                                       | <i>–</i>               | <i>56.51</i>  | <i>2,422.94</i>  |

- a) There are no non-cash expenditures during the year.  
 b) Figures for Previous Year are given in Italics.

### 6. Capital Commitments

| (Rs. in lacs)  |                     |                     |
|--|---------------------|---------------------|
| Particulars  | As at<br>31.03.2011 | As at<br>31.03.2010 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of capital advance Rs. 2,262.55 lacs (Previous Year: Rs. 433.75 lacs)] | 2,658.40            | 316.43              |

### 7. Contingent Liabilities not provided for

| (Rs. in lacs)   |                     |                     |
|---|---------------------|---------------------|
| Particulars   | As at<br>31.03.2011 | As at<br>31.03.2010 |
| (i) Outstanding Corporate Guarantees at the balance sheet date<br>[Corporate Guarantees given by the Company Rs 5,500.00 lacs<br>(Previous Year: Rs 7,500.00 lacs)] | 2,516.21            | 6,748.69            |
| (ii) Claims against the Company not acknowledged as debts   |                     |                     |
| Excise Duty [Refer note (a)]  | 1,923.40            | 3,123.33            |
| Sales Tax [Refer note (b)]  | 1.00                | 2.23                |
| Service Tax [Refer note (c)]  | 8.03                | 6.34                |
| Income Tax  | –                   | 83.58               |
| Other matters [Refer note (d)]  | 48.00               | 55.50               |
| (iii) Bills discounted with Banks   | 429.31              | 286.20              |
|   | <b>4,295.95</b>     | <b>10,305.87</b>    |

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

- (a) Towards levy of Excise duty, including penalty but other than interest thereof on account of dispute in classification of finished goods, against which Company has appealed before Appellate Authorities and Commissioner (Appeals).
- (b) Towards penalty charges on account of dispute for sales tax demand against the pending Form 19 to be submitted to tax authorities.
- (c) Towards Service Tax demand on refund claimed on services availed on export of goods i.e. CHA Service; Port Service and Goods Transport Service.
- (d) Others include possible claim relating to dispute with workers of Rs. 43 lacs (Previous Year: 50.50 lacs) and a claim in a case lodged against Company for an accident in MSP plant of Gokak unit amounting to Rs. 5 lacs (Previous Year: 5 lacs).

It is not practicable to estimate the timing of cash outflows, if any in respect of matters (a) to (d) above, pending resolution of the proceedings with the appellate authorities.

#### 8. Earnings Per Share (EPS):

| Particulars   | 2010-11    | 2009-10    |
|---|------------|------------|
| Net Profit as per Profit & Loss Account                                       | 16,448.84  | 3,921.92   |
| Dividends on Redeemable Preference Shares and Tax thereon                     | (46.80)    | (46.80)    |
| Net Profit for calculation of basic / diluted EPS                             | 16,402.04  | 3,875.12   |
| Weighted Average Number of Equity Shares in calculating Basic and diluted EPS | 11,141,400 | 11,141,400 |
| Basic and Diluted Earnings Per Share (Rs.)                                    | 147.22     | 34.78      |
| Nominal Value of Share  | 10.00      | 10.00      |

#### 9. a) Details of Deferred Tax Liabilities (net), in terms of Accounting standard 22, Accounting for taxes, is as below:

| Particulars   | As at<br>31.03.2011 | As at<br>31.03.2010 |
|---|---------------------|---------------------|
| <b>Deferred Tax Assets</b>  |                     |                     |
| Effect of expenditure debited to profit & loss account in the current year, but allowable for tax purpose in following year(s):       |                     |                     |
| (1) Expenditure disallowed u/s 43B of the Income Tax Act, 1961  | 52.82               | 41.36               |
| (2) Provision for Excise Duty   | –                   | 6.83                |
| (3) Provision for Doubtful Loans and Advances   | 26.82               | 31.16               |
| <b>Total</b>  | <b>79.64</b>        | <b>79.35</b>        |
| <b>Deferred Tax Liabilities</b>   |                     |                     |
| Differences in depreciation and other differences in block of fixed assets and intangible assets as per tax books and financial books | 4,371.72            | 3,477.81            |
| <b>Total</b>  | <b>4,371.72</b>     | <b>3,477.81</b>     |
| <b>Deferred Tax Liabilities (net)</b>   | <b>(4,292.08)</b>   | <b>(3,398.46)</b>   |

- b) During the year, Minimum Alternative Tax Credit Entitlement (MAT Credit) of Rs. 1,446 lacs (Rs Nil) has arisen in terms of section 115JAA of the Income Tax Act, 1961. However, in terms of Guidance Note issued by the Institute of Chartered Accountants of India, in absence of convincing evidence regarding its realisability in future, the above MAT Credit has not been recognized in the books of accounts.

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

#### 10. Information in respect of Related Parties

i) List of related parties where control exists and related parties with whom transaction have taken place and relationships:

##### (A) Key Management Personnel (KMP)

|                               |                    |
|-------------------------------|--------------------|
| Mr. Sampatraj L. Chowdhary    | Chairman           |
| Mr. Ganpatraj L. Chowdhary    | Managing Director  |
| Mr. Mukesh kumar S. Chowdhary | Executive Director |

##### (B) Relatives of Key Management Personnel (RKMP)

|                            |                                 |
|----------------------------|---------------------------------|
| Mr. Shrenik S. Chowdhary   | Son of Mr.Sampatraj L.Chowdhary |
| Mr. Shreepal S. Chowdhary  | Son of Mr.Sampatraj L.Chowdhary |
| Mr. Siddharth G. Chowdhary | Son of Mr.Ganpatraj L.Chowdhary |

##### (C) Enterprises commonly controlled or influenced by Directors / Key Management Personnel of the Company and their Relatives (EHSI)

|                                       |
|---------------------------------------|
| Vicas Vehicles Private Limited        |
| Creelotex Engineering Private Limited |
| Vascroft Design Private Limited       |
| Safari Biotech Private Limited        |
| Telecon Infotech Private Limited      |

##### (D) Subsidiary Company

|   |
|---|
| Riddhi Siddhi Corn Processing Private Limited (w.e.f August 25, 2010) |
|---|

(Rs. in lacs)

| Particulars                     | KMP           | RKMP         | EHSI     | Total         |
|---------------------------------|---------------|--------------|----------|---------------|
| <b>Remuneration Paid</b>        |               |              |          |               |
| – Mr. Sampatraj L. Chowdhary    | 68.32         | –            | –        | 68.32         |
|                                 | 67.76         | –            | –        | 67.76         |
| – Mr. Ganpatraj L. Chowdhary    | 69.28         | –            | –        | 69.28         |
|                                 | 69.16         | –            | –        | 69.16         |
| – Mr. Mukesh kumar S. Chowdhary | 48.22         | –            | –        | 48.22         |
|                                 | 48.03         | –            | –        | 48.03         |
| – Mr. Shrenik Chowdhary         | –             | 12.00        | –        | 12.00         |
|                                 | –             | 12.00        | –        | 12.00         |
| – Mr. Shripal Chowdhary         | –             | 12.00        | –        | 12.00         |
|                                 | –             | 12.00        | –        | 12.00         |
| – Mr. Siddharth Chowdhary       | –             | 6.00         | –        | 6.00          |
|                                 | –             | 6.00         | –        | 6.00          |
| <b>Total</b>                    | <b>185.82</b> | <b>30.00</b> | <b>–</b> | <b>215.82</b> |
|                                 | <b>184.95</b> | <b>30.00</b> | <b>–</b> | <b>214.95</b> |

## Schedules forming part of the accounts

Schedule 19 NOTES TO ACCOUNTS (Contd.)

| (Rs. in lacs)   |                  |             |               |                  |
|---|------------------|-------------|---------------|------------------|
| Particulars   | KMP              | RKMP        | EHSI          | Total            |
| <b>Dividend Paid</b>  |                  |             |               |                  |
| – Creelotex Engineers Private Limited   | –                | –           | 55.29         | 55.29            |
|   | –                | –           | 21.97         | 21.97            |
| – Vicas Vehicles Private Limited  | –                | –           | 51.10         | 51.10            |
|   | –                | –           | 20.44         | 20.44            |
| – Vascroft Design Private Limited   | –                | –           | 25.00         | 25.00            |
|   | –                | –           | 10.00         | 10.00            |
| –Safari Biotech Private Limited   | –                | –           | 10.00         | 10.00            |
|   | –                | –           | 4.00          | 4.00             |
| –Telecon Infotec Private Limited  | –                | –           | 10.00         | 10.00            |
|   | –                | –           | 4.00          | 4.00             |
| – Mr. Ganpatraj L. Chowdhary  | 11.00            | –           | –             | 11.00            |
|   | 4.40             | –           | –             | 4.40             |
| – Mr. Sampatraj L. Chowdhary  | 10.00            | –           | –             | 10.00            |
|   | 4.00             | –           | –             | 4.00             |
| – Mr. Mukesh kumar S. Chowdhary   | 2.65             | –           | –             | 2.65             |
|   | 1.08             | –           | –             | 1.08             |
| – Mr. Shrenik Chowdhary   | –                | 1.75        | –             | 1.75             |
|   | –                | 0.70        | –             | 0.70             |
| – Mr. Shripal Chowdhary   | –                | 1.00        | –             | 1.00             |
|   | –                | 0.40        | –             | 0.40             |
| – Mr. Siddharth Chowdhary   | –                | 1.00        | –             | 1.00             |
|   | –                | 0.40        | –             | 0.40             |
| <b>Total</b>  | <b>23.65</b>     | <b>3.75</b> | <b>151.39</b> | <b>178.79</b>    |
|   | <i>9.48</i>      | <i>1.50</i> | <i>60.41</i>  | <i>71.39</i>     |
| Outstanding Personal Guarantee against Borrowings                                 | 19,082.67        | –           | –             | 19,082.67        |
|   | <i>19,991.97</i> | –           | –             | <i>19,991.97</i> |
| Purchase of Equity Shares of Riddhi Siddhi Corn Processing Private Limited at par | 1.00             | –           | –             | 1.00             |
|   | –                | –           | –             | –                |

Figures in Italic represents Previous Year's amount

### 10. Derivative Instruments and Unhedged Foreign Currency Exposure

#### a) Forward Contract outstanding as at Balance Sheet Date

(Rs. in lacs)

| Particulars of Derivative                  | Purpose                   |
|--|---------------------------|
| <b>Sell</b>                                |                           |
| US \$ 2,325,000 (Previous Year: 2,019,000) | Hedge against receivables |
| Euro 250,000 (Previous Year: Nil)          |                           |

#### b) Particulars of Unhedged of Foreign Currency Exposure

| Particulars                 |       | Foreign currency | Rs. Lacs  | Rate (Rs.) |
|-----------------------------|-------|------------------|-----------|------------|
| <b>Loans Payable</b>        |       |                  |           |            |
| As at March 31, 2011        | US \$ | 25,029,279       | 11,163.05 | 44.60      |
|                             | JPY   | 854,100,000      | 4,597.81  | 0.54       |
| As at March 31, 2010        | US \$ | 29,414,827       | 13,213.14 | 44.92      |
|                             | Euro  | 117,000          | 70.74     | 60.46      |
| <b>Accounts Receivables</b> |       |                  |           |            |
| As at March 31, 2011        | US \$ | 18,49,895        | 821.99    | 44.60      |
| As at March 31, 2010        | US \$ | 15,47,244        | 695.02    | 44.92      |

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

#### 12. Exchange Difference on Long Term Foreign Currency Monetary Item

The company, as per the Ministry of Corporate Affairs notification dated 31 March, 2009 has exercised the option of implementing the provisions of paragraph 46 of Accounting Standard (AS 11) "The Effect of Change in Foreign Exchange Rate" prescribed by Companies (Accounting Standards) Amendment Rules, 2006. Accordingly, exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of a depreciable capital assets are capitalized and depreciated over the useful life of the assets and in other cases, have been transferred to Foreign Currency Monetary Translation Difference Account and amortized over the balance period of such long term assets / liabilities, but not beyond accounting period ending on or before March 31, 2011. The unamortized balance in this account is Rs. Nil (Previous Year: Rs. 43.54 lacs)

(Rs. in lacs)

| Particulars                                       | 2010-11 | 2009-10  |
|---|---------|----------|
| Balance as on April 1                             | 43.54   | 675.74   |
| Add: Exchange Differences arising during the year | (28.23) | (588.66) |
| Less: Amortisation for the year                   | (15.31) | (43.54)  |
| Balance as on March 31                            | –       | 43.54    |

13. Based on the information available with the Company, there are no suppliers registered as micro & small enterprises under Micro, Small, Medium Enterprises Development Act, 2006. Accordingly, no interest is due or payable or paid or accrued and remaining unpaid to such supplier.

#### 14. Details of Employee Benefits – Gratuity

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with the Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss account and the funded status and amounts recognised in the balance sheet for the plan.

(Rs. in lacs)

| Profit and Loss account                                     | 2010-11 | 2009-10 |
|---|---------|---------|
| Net employee benefit expense (recognised in employee cost): |         |         |
| Current service cost  | 26.30   | 27.92   |
| Interest cost on benefit obligation                         | 13.24   | 9.68    |
| Expected return on plan assets                              | (11.66) | (9.18)  |
| Past Service Cost   | 22.59   |         |
| Net actuarial loss / (gain) recognised in the year          | (20.46) | 17.87   |
| Net benefit expense   | 30.01   | 46.29   |
| Actual return on plan assets                                | 13.27   | 11.49   |

## Schedules forming part of the accounts

Schedule 19 NOTES TO ACCOUNTS (Contd.)

|   | <i>(Rs. in lacs)</i> |          |
|---|----------------------|----------|
|   | 2010-11              | 2009-10  |
| <b>Profit and Loss account</b>  |                      |          |
| <b>Balance Sheet</b>  |                      |          |
| <b>Details of provision for Gratuity:</b>   |                      |          |
| Defined benefit obligation  | (202.64)             | (165.59) |
| Fair value of plan assets   | 162.50               | 145.77   |
| Plan/(Liability)  | (40.14)              | (19.82)  |
| <b>Changes in the present value of the defined benefit obligation are as follows:</b> |                      |          |
| Opening defined benefit obligation  | 165.59               | 120.97   |
| Interest cost   | 13.24                | 9.68     |
| Past Service Cost   | 22.59                | –        |
| Current service cost  | 26.30                | 27.92    |
| Benefits paid   | (6.23)               | (13.17)  |
| Actuarial losses / (gains) on obligation  | (18.85)              | 20.19    |
| Closing defined benefit obligation  | 202.64               | 165.59   |
| <b>Changes in the fair value of plan assets are as follows :</b>                      |                      |          |
| Opening fair value of Plan assets   | 145.77               | 114.79   |
| Expected return   | 11.66                | 9.18     |
| Contributions by employer   | 9.69                 | 32.65    |
| Benefits paid   | (6.23)               | (13.17)  |
| Actuarial gains   | 1.61                 | 2.32     |
| Closing fair value of plan assets   | 162.50               | 145.77   |

The Company's expected contribution is Rs.40 lacs (Previous Year: Rs.33 lacs) towards gratuity fund in financial year 2011-12.

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

|                           | <i>(Rs. in lacs)</i> |            |
|---------------------------|----------------------|------------|
|                           | 2010-11(%)           | 2009-10(%) |
| Investments with insurers | 100                  | 100        |

The overall expected rate of return on assets is determined based on the market price prevailing on that date, applicable to the period over which the obligation is to be settled.

The principle actuarial assumptions used in determining gratuity obligation of the Company's are shown below:

|  | <i>(Rs. in lacs)</i> |            |
|--|----------------------|------------|
|  | 2010-11(%)           | 2009-10(%) |
| Discount Rate                          | 8.25                 | 8.00       |
| Expected rate of return on Plan Assets | 8.25                 | 8.00       |
| Employee Turnover                      | 2.00                 | 1.00       |
| Increase in Compensation Cost          | 6.00                 | 6.00       |

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.

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

Amounts for the current year and previous years are as follows:

(Rs. in lacs)

|  | 2010-11 | 2009-10 | 2008-09 |
|--|---------|---------|---------|
| Defined benefit obligation                 | 202.64  | 165.59  | 120.97  |
| Plan Assets                                | 162.50  | 145.77  | 114.79  |
| Experience adjustments on plan liabilities | -11.21  | *       | *       |
| Experience adjustments on plan assets      | 1.61    | *       | *       |

\* In the absence of availability of relevant information for the past year's, the experience adjustments on plan assets and liabilities have not been furnished as required by para 120(n).

#### Defined Contribution Plan:

During the year, contribution of Rs.138.13 lacs (Previous year: Rs. 128.13 lacs) has been made by the Company towards provident fund, Employee State Insurance (ESI) and Superannuation Fund Scheme.

15. The Company has taken certain assets like office, residential, warehouses etc. on operating lease. These leasing arrangements are cancellable and are usually renewable on the mutually agreed terms. The aggregate lease rentals charged to the Profit and Loss Account are Rs. 147.96 lacs (Previous Year: Rs. 78.96 lacs).
16. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

#### 16.1 Sales

(Rs. in lacs)

| Class of goods              | Unit  | 2010-11    |                  | 2009-10    |                  |
|-----------------------------|-------|------------|------------------|------------|------------------|
|                             |       | Quantity   | Amount           | Quantity   | Amount           |
| Starch and Allied Products  | MT    | 358,876.63 | 82,457.98        | 323,706.93 | 58,899.46        |
| By Products                 | MT    | 53,171.89  | 16,825.92        | 48,442.29  | 14,453.59        |
| Electricity                 | Units | 852,683    | 29.35            | -          | -                |
| <b>Total</b>                |       |            | <b>99,313.25</b> |            | <b>73,353.05</b> |
| trading Sales:              |       |            |                  |            |                  |
| Maize and Chemical Products | MT    | 573.07     | 662.11           | 516.48     | 1,208.66         |
| <b>Grand Total</b>          |       |            | <b>99,975.36</b> |            | <b>74,561.71</b> |

#### Notes:

- (a) Sales amount is stated at net of Sales Tax and Excise Duty.
- (b) Sales includes export incentives aggregating to Rs 229.46 Lacs (Previous Year Rs 185.60 lacs)
- (c) Quantitative information relating to husk and fibre has not been included in By products above as it is not practicable to furnish such information, each being less than 10% of the total value.

#### 16.2 Consumption of Raw Materials

(Rs. in lacs)

| Type of Material |    | 2010-11           |                  | 2009-10            |                  |
|------------------|----|-------------------|------------------|--------------------|------------------|
|                  |    | Quantity          | Amount           | Quantity           | Amount           |
| Maize Grain      | MT | 550,556.01        | 52,927.58        | 485,890.73         | 44,056.88        |
| Others           | MT | 965.35            | 1,699.77         | 1,619.21           | 1,260.55         |
| <b>Total</b>     |    | <b>551,521.36</b> | <b>54,627.35</b> | <b>4,87,509.94</b> | <b>45,317.43</b> |



## Schedules forming part of the accounts

Schedule 19 NOTES TO ACCOUNTS (Contd.)

### 16.3 Imported and Indigenous Materials Consumed

(Rs. in lacs)

|   | % of total consumption |               | Amount           |                  |
|---|------------------------|---------------|------------------|------------------|
|   | 2010-11                | 2009-10       | 2010-11          | 2009-10          |
| <b>Raw Materials and Chemicals</b>          |                        |               |                  |                  |
| (a) Imported                                | 0.20                   | 0.50          | 112.28           | 224.35           |
| (b) Indigenous                              | 99.80                  | 99.50         | 54,515.07        | 45,093.08        |
| <b>Total</b>                                | <b>100.00</b>          | <b>100.00</b> | <b>54,627.35</b> | <b>45,317.43</b> |
| <b>Packing Materials, Stores and Spares</b> |                        |               |                  |                  |
| (a) Imported                                | 2.26                   | 1.79          | 104.58           | 70.92            |
| (b) Indigenous                              | 97.74                  | 98.21         | 4522.86          | 3,893.93         |
| <b>Total</b>                                | <b>100.00</b>          | <b>100.00</b> | <b>4627.44</b>   | <b>3,964.85</b>  |

### 16.4 Installed Capacity, Actual Production and Details of Finished Goods

(Rs. in lacs)

| Class of goods             | Installed Capacity* | Actual Production | Closing Stock   |               | Opening Stock   |                 |
|----------------------------|---------------------|-------------------|-----------------|---------------|-----------------|-----------------|
|                            | Quantity (M.T.)     | Quantity (M.T.)   | Quantity (M.T.) | Amount        | Quantity (M.T.) | Amount          |
| <b>2010-11</b>             |                     |                   |                 |               |                 |                 |
| Starch and Allied Products | 440,000             | 356,639.55        | 936.52          | 155.91        | 3173.63         | 480.01          |
| By products                |                     | 52,184.43         | 378.77          | 102.29        | 1366.23         | 339.17          |
| <b>Total</b>               |                     |                   | <b>1315.29</b>  | <b>258.20</b> | <b>4539.86</b>  | <b>819.18</b>   |
| <b>2009-10</b>             |                     |                   |                 |               |                 |                 |
| Starch and Allied Products | 440,000             | 320,882.72        | 3,173.63        | 480.01        | 5,997.84        | 877.58          |
| By products                |                     | 47,931.27         | 1,366.23        | 339.17        | 1,877.25        | 402.95          |
| <b>Total</b>               |                     |                   | <b>4,539.86</b> | <b>819.18</b> | <b>7,875.09</b> | <b>1,280.53</b> |

**Notes :**

As per the industrial policy of the Government of India, Starch manufacturing industry is delicensed.

\*As certified by the management and accepted by auditors.

### 16.5 Details of Trading Goods

(Rs. in lacs)

| Maize and Chemical Products | Unit | 2010-11  |        | 2009-10  |        |
|-----------------------------|------|----------|--------|----------|--------|
|                             |      | Quantity | Amount | Quantity | Amount |
| Purchases                   | MT   | 573.07   | 523.57 | 516.48   | 948.10 |

### 16.6 Managerial Remuneration

(Rs. in lacs)

| Particulars                    | 2010-11       | 2009-10       |
|--------------------------------|---------------|---------------|
| Salaries                       | 154.28        | 154.28        |
| Perquisites                    | 13.03         | 12.37         |
| Contribution to Provident Fund | 18.51         | 18.30         |
| <b>Total</b>                   | <b>185.82</b> | <b>184.95</b> |

**Note:** As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

## Schedules forming part of the accounts

### Schedule 19 NOTES TO ACCOUNTS (Contd.)

#### 16.7 Expenditure in Foreign Currency (on accrual basis)

(Rs. in lacs)

| Particulars                 | 2010-11      | 2009-10      |
|-----------------------------|--------------|--------------|
| Legal and Professional Fees | –            | 3.81         |
| Traveling Expenses          | 13.54        | 27.18        |
| Commission on Sales         | 79.35        | 15.41        |
| <b>Total</b>                | <b>92.89</b> | <b>46.40</b> |

#### 16.8 Earnings in Foreign Currency calculated on F. O. B basis:

(Rs. in lacs)

| Particulars  | 2010-11  | 2009-10  |
|--------------|----------|----------|
| Export Sales | 6,962.12 | 5,752.16 |

#### 16.9 Value of imports calculated on CIF basis

(Rs. in lacs)

| Particulars     | 2010-11       | 2009-10       |
|-----------------|---------------|---------------|
| Raw Materials   | 112.28        | 224.35        |
| Spares & Stores | 104.58        | 70.29         |
| Capital Goods   | 85.38         | 335.21        |
| <b>Total</b>    | <b>302.24</b> | <b>629.85</b> |

#### 16.10 Net Dividend remitted in Foreign Currency

(Rs. in lacs)

| Particulars   | 2010-11   | 2009-10   |
|---|-----------|-----------|
| Year to which it relates  | 2009-10   | 2008-09   |
| Number of non-resident shareholder(s)                                   | 1         | 1         |
| Number of equity shares held on which dividend was due                  | 1,663,100 | 1,663,100 |
| Amount remitted in INR [Euro 135,035.72 (Previous year Euro 47,810.80)] | 8,315,500 | 3,326,200 |

17. Out of Sales Tax Deferment Loan of Rs. 3,433.04 Lacs (Previous Year: Rs. 2,473.34 lacs) shown under the head "Unsecured Loans" (Schedule 4), an amount of Rs. 2,038.46 Lacs (Previous Year 1,078.76 lacs) is subject to final assessment by the Commercial Tax Department, Karnataka.

18. Figures for the previous year have been regrouped and / or rearranged, wherever necessary, to confirm with current year's groupings.

For S.V. Ghatalia & Associates  
Firm Registration Number: 103162W  
Chartered Accountants

per Sudhir Soni  
Partner  
Membership No. 41870

Place : Mumbai  
Date : May 12, 2011

For and on behalf of the Board of Directors of  
Riddhi Siddhi Gluco Biols Limited

Sampatraj L. Chowdhary  
Chairman

Kinjal Shah  
Company Secretary

Place : Ahmedabad  
Date : May 12, 2011

Ganpatraj L. Chowdhary  
Managing Director

## Balance Sheet Abstract

Additional Information pursuant to part IV of Schedule VI to the Companies Act, 1956

### I. Registration Details

|                    |            |
|--------------------|------------|
| Registration No.   | 13967      |
| State Code         | 04         |
| Balance Sheet Date | 31-03-2011 |

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

|              |     |
|--------------|-----|
| Public Issue | Nil |
| Bonus Issue  | Nil |
| Right Issue  | Nil |

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

|                   |         |
|-------------------|---------|
| Total Liabilities | 7032358 |
| Total Assets      | 7032358 |

#### Sources of Funds

|                        |         |
|------------------------|---------|
| Paid-up Capital        | 161379  |
| Reserves & Surplus     | 3410971 |
| Secured Loans          | 2375357 |
| Unsecured Loans        | 655443  |
| Deferred Tax Liability | 429208  |

#### Application of Funds

|   |         |
|---|---------|
| Net Fixed Assets & Capital Work in progress | 5344193 |
| Investments                                 | 1122    |
| Net Current Assets                          | 1687043 |

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

|  |                     |
|--|---------------------|
| Turnover with excise, sales tax and other income | 10376552            |
| Total Expenditure                                | 7897348             |
| Profit before extraordinary items and tax        | 2171139             |
| Profit before tax                                | 2171139             |
| Profit after tax                                 | 1644884             |
| Earning Per Share (Rs.)-Basic & Diluted          | 147.21706           |
| Dividend Rate                                    | Rs. 12.50 per share |

### V. Generic Names of Three Principal Products

| Product Description        | Item Code No. (ITC Code) |
|----------------------------|--------------------------|
| i) Starch                  | 110812                   |
| ii) Liquid Glucose         | 170230                   |
| iii) Dextrose Monohydrates | 170230                   |

For and on behalf of the Board of Directors of  
Riddhi Siddhi Gluco Biols Limited

Sampatraj L. Chowdhary  
Chairman

Ganpatraj L. Chowdhary  
Managing Director

Place : Ahmedabad  
Date : May 12, 2011

Kinjal Shah  
Company Secretary







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[www.riddhisiddhi.co.in](http://www.riddhisiddhi.co.in)