

# 19<sup>th</sup> Annual Report 2009-2010



**INDIAN SUCROSE LIMITED**





## **MANAGEMENT**

### **BOARD OF DIRECTORS**

Sh. D. P. Singh	Chairman
Sh. Kunal Singh	Managing Director
Sh. Jitender Singh	Director
Sh. Pawan Dewan	Director
Sh. Sheoraj Singh Ahlawat	Director

### **COMPANY SECRETARY**

Mr. Anant Kr. Singh

### **AUDITORS**

M/s B.K.Kapur & Co.  
Chartered Accountants,  
Ghaziabad.

### **BANKERS**

Punjab National Bank



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## NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held on Thursday, 30<sup>th</sup> day of September 2010 at 11:00 AM, at the Registered Office of the Company at G.T. Road, Mukerian-144 211, Distt. Hoshiarpur (Punjab), to transact the following business:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March, 2010 and the Profit & Loss Account for the year ended on that date along with the Report of the Board of Directors and Auditors' thereon.
2. To re-appoint a director in place of Sh. Jitendra Singh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

## SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to Articles 172(a) of the Articles of Association of the Company and in accordance with the provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended up to date and/or any statutory amendments, modifications or re-enactment thereof, the consent of Board of the Company, subject to approval of members, be and is hereby accorded for the appointment of Sh. Kunal Singh, as a Managing Director of the Company, for a period of 5 (five) years with effect from 16th June, 2010 on the terms and conditions including remuneration, authorities, powers, duties and responsibilities as contained in the draft agreement which is hereby specifically sanctioned with the liberty and authority to the Board of Director to alter, vary, modify and revise the terms and conditions including remuneration of the said appointment and/or Agreement in such manner and from time to time, as may be mutually agreed between the Board and Sh. Kunal Singh in conformity with Schedule XIII and the provisions of the Companies Act, 1956, including any amendments/ modifications made hereafter in this regard.

**RESOLVED FURTHER THAT** the terms and conditions of appointment, agreement, remuneration, powers, duties and responsibilities specified in the Terms of appointment may

be altered, varied and revised, from time to time, by the Board of Directors of the Company, including any Committee thereof, as it may, in its discretion deem fit, so as not to exceed the limits specified in Section 309 and Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) or any amendments made thereto from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, including any Committee thereof, be and is hereby authorized to do all such acts, deeds, things, to inter into such agreement, deed of amendment or any such document as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

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

**"RESOLVED THAT** pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of Memorandum and Articles of Association of the Company, the Board of Directors of the Company be and is hereby authorised to offer, issue and allot, in parts or in full 7,00,000 (Seven Lacs) Convertible Preference Shares of Rs. 100/- each, either in one or more tranches for cash at par or premium, whether shareholders of the Company or not, on such terms and conditions and to such persons as may be determined by the Board in its absolute discretion.

**FURTHER RESOLVED** that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said preference shares, in such manner as may appear to the Board of Directors to be most beneficial to the Company."

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE



REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The relevant records of the company open for inspection by members as per provisions of the Company Law can be inspected at the Registered Office of the company on any working day between 10:00 a.m. to 12:00 p.m.
3. The members are requested to notify the change in their addresses, if any to the company immediately.
4. Members desiring any information on the Accounts are requested to write to the company at least 10 days prior to the date of this Meeting to enable the Management to keep the information ready at the time of meeting.
5. Members are requested to bring their copies of Annual Report at the Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 25th September 2010 to Wednesday, 30th September 2010 (both days inclusive), for Annual Closing.
7. The members are requested to make their all correspondence with the Company at G.T. Road, Mukerian-144211, Distt. Hoshiarpur (Punjab).
8. Members are requested to furnish the Nomination Form in the prescribed Performa in case they wish to avail the Nomination facility given by the Companies Act, 1956.
9. Appointment/Re - appointment of Directors:

At the ensuing Annual General Meeting Sh. Jitendra Singh retire by rotation and have their desire to offer themselves for re-appointment.

Sh. Jitender Singh is an experienced businessman. He is serving on the Board of various companies namely Yadu India Limited, Top Image Estates (P) Ltd., Samridhi Buildcon (P) Ltd., Samridhi Suppliers (P) Ltd., Jangatha Publication (P) Ltd

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

### **Item No. 4**

The Board of Director of your Company at its meeting held on 7th April, 2010 the on recommendation of the Nomination and Remuneration Committee Appointed Mr. Kunal Singh, as Managing Director of the Company with effect from 16th June, 2010 for the period of five years, subject to the approval of the Members, in pursuance of the provision of Schedule XIII and other provisions of the Companies Act, 1956

The details of proposed remuneration payable to Sh. Kunal Singh, Managing Director and other terms as enumerated in the draft Agreement is as under:

### **SALARY**

Rs. 1, 50,000/- (Rupees One Lac fifty thousand only) per month

### **PERQUISITES:**

In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites:

- (a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- (b) Reimbursement of all medical expenses incurred for self and family.
- (c) Leave travel assistance for self and family as per Company rules.
- (d) Fees of clubs, which will include admission and life membership fees.
- (e) Personal accident insurance, premium whereof does not exceed Rs. 1, 00,000 per annum.
- (f) A car with driver for official purpose.
- (g) Telephone and fax facilities at residence.
- (h) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (i) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
- (j) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

Family for the above purpose means wife, dependent children and dependent parents of the Managing Director.

### **COMMISSION**

Commission shall be decided by the Board of Directors based on the net profits of the Company each year subject to the condition that the aggregate remuneration of the Managing Director shall not exceed 5% of the net profits of the Company, in accordance with sections 198, 309 and Schedule XIII to the Companies Act, 1956.

### **MINIMUM REMUNERATION**

Where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its



profits are inadequate, he shall be entitled to remuneration by way salary and perquisites not exceeding the limits specified under Section II of Part II of the Schedule XIII of the Companies Act, 1956 as amended and for the time being in force including such amendments, modifications, revisions as may be made by the Central Government in the said limits from time to time as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
  - (b) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
  - (c) Encashment of leave at the end of the tenure.
6. Sitting Fees-The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of directors or Committee thereof from the date of his appointment.

The Board recommends the Resolution for approval.

Sh. Kunal Singh is interested in proposed resolution. Sh. Dharampal Singh being related to him may be deemed to be interested in the proposed resolution.

None of the other Directors are concerned or interested in the proposed resolution.

## Item No. 5

In view of an urgent necessity of funds for Long Term Working Capital and Capital Expenditure relating to ongoing projects of the Company. In order to meet this urgent Working Capital and Capital Expenditure requirements the Board of Directors of the Company is proposing to issue Convertible Preference shares to the Promoter Group entities including their relatives and associates.

Authorization to Board of Directors of the Company to issue and allot Convertible Preference Shares at their discretion.

Mr. D.P. Singh and Mr.Kunal Singh, Directors of the Company may be deemed to be concerned or interested in the said resolutions to the extent of Convertible Preference Shares issued/allotted to them or their relatives/ other entities in which they are interested. No other Director of the Company is, in any way, concerned or interested the said resolutions.

This explanatory statement together with the accompanying Notice should be treated as an abstract of the terms and memorandum of appointment of Sh. Kunal Singh in terms of Section 302 of the Companies Act, 1956.

By Order of the Board of Director  
For Indian Sucrose Limited

Place : Delhi  
Date : 31st August, 2010

CS ANANT KUMAR SINGH  
(Company Secretary)



## DIRECTORS' REPORT

To the Members,  
Indian Sucrose Limited

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with the audited Balance Sheet, Profit & Loss Account and the report on business and operation of the Company for the year ended March 31, 2010.

## FINANCIAL PERFORMANCE

Particulars	(Rs.in Lacs)	
	April 1, 2009 to March 31, 2010	April 1, 2008 to March 31, 2009
Turnover	10384.37	10172.23
Profit before Interest		
Depreciation & Tax (PBIT)	2212.29	1370.59
Interest & financial Expenses	1032.65	591.50
Profit before Depreciation & Tax	1179.65	779.03
Depreciation	505.20	485.72
Profit before Tax (PBT)	674.43	293.31

## PERFORMANCE REVIEW

Your company maintains outstanding performance in the term of net profit in compare to last year. As compared to last year turnover of Rs. 10172.23lacs your company achieved turnover of Rs. 10384.37lacs during the current year. Because of increase in cost of raw material but increase in the sugar sale price the net operating profit before tax (PBT) has increased to Rs. 674.43lacs during the year under review as compared to Rs. 293.31lacs during last year. During the year under review, your Company has crushed 3060357 QTLS of Sugarcane and produced 272400 BAGS of Sugar in 77 crushing days, as compared to previous year crushing of 4175589 QTLS of sugarcane and production of 396474 BAGS of Sugar in 131 crushing days.

The capacity utilization of the plant during the year under review was 79.50% and the average recovery was 8.87% as compared to capacity utilization of 63.75 % and average recovery of 9.50 % in the previous year.

## DIRECTORS

Sh.Dharpal Singh, Chairman, has been appointed as a whole time Director of the Company with effect from March 13, 2008.

Sh.Kunal Singh is a young second generation entrepreneur, having wide experience of accounting, marketing and finance matters.

He has been appointed as a Managing Director of the Company with effect from June 16, 2010 for the period of five (5) years, subject to approval of shareholders.

Mr.Deepak Yadav, resigned as Director and Managing Director, w.e.f. 1.04.02009

The company expresses its sincere appreciation for the valuable services rendered by Mr. Deepak Yadav during the tenure as managing Director of Indian Sucrose Limited

Sh.Pawan Dewan and Sh.Sheoraj Singh Ahlawat, Independent Directors are a businessman having wide experience of accounting and finance matters.

Sh.Jitendra Singh, Non-Executive Directors, shall retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## CORPORATE GOVERNANCE

Your Company is committed to achieving the highest standards of Corporate Governance. Accordingly, your Board functions as trustees of the Shareholders and seek to ensure the long term economic value for its shareholders while balancing the interest of the stakeholders.

A separate section on Corporate Governances standards followed by your Company as stipulated under clause 49 of the listing Agreement with the stock Exchange is enclosed as an Annexure to this report.

## AUDITORS

M/s. B.K.Kapoor & Co., Chartered Accountants will retire at the forthcoming Annual General Meeting. They have been Statutory Auditors of the Company for the last for 3 years. As recommended by Audit and Compliance Committee, the Board has proposed the appointment of M/s B.K.Kapur & Co., Chartered Accountants as Statutory Auditors for the Financial Year 2010-11. Member are requested to consider their appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing Financial Year i.e. 2010-11.

## COST AUDITOR

M/s.Katyal & Associates, Cost Accountants, Delhi have been appointed as the Cost Auditor for the Year 2009-10 and their report will be submitted to the Department of Companies Affairs, Government of India, in accordance with the requirement of law.

## STATUTORY DISCLOSURES

The Company has not paid remuneration to any employee of the Company beyond the prescribed limit under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) rules 1975, as amended to date. Hence no particulars are required to be given under this Section.

In term of Section 219(1) (iv) of the Companies Act, 1956 the same is open for inspection at the Registered Office of your Company. Copy of this statement may be obtained by the member by writing to the Company Secretary of your Company.

Information as per Section 217(1) (e) of the Companies Act, 1956 Read with the Companies (Disclosure of Particular in Report of Board of Directors), 1988 and forms part of this Report.

### (A) CONSERVATION OF ENERGY

- The Company has installed most modern equipments in the plant and is able to save and minimize energy consumption.
- Total energy consumption and energy consumption per unit of production:

### 1) POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
<b>1. ELECTRICITY</b>		
a) Purchased		
Units	Nil	Nil
Amount (in Lacs)	Nil	Nil
Rate/Unit (in Lacs)	Nil	Nil
b) Own Generation		
i) Through Diesel Generator		
Units	800753	846368
Unit per Ltr. Of Diesel Oil	3.12	3.17
Rate/Unit (in Rs.)	10.13	10.30



	Current Year	Previous Year
ii) Through Steam Turbine Generation		
Units	9362966	22935950
Units per Ton of Fuel	126.14	192.28
Rate/Unit	Nil	Nil
(Being Generated out of steam required for process)		
<b>Bagasse</b>		
Quantity M.T.	74228	119286
Total Cost (Rs. In Lacs)	1484.56	1431.43
(Estimated due to own generation)		
Average Rate (in Rs.)	2000	1200

## 2. CONSUMPTION UNIT OF PRODUCTION

	(IN M.T.) Standard	Actual Current Year	Actual Previous Year
Electricity (Units)	350	373.12	599.85
Bagasse (M.T.)	3.50	2.72	3.00

## (B) TECHNOLOGY ABSORPTION (R & D)

Research & Development (R & D)

- The Company is regularly carrying on research and development for the development of Sugar Cane in the area.
- Agricultural implements, fertilizers, pesticides, and cane seeds are supplied to the cane growers on loan basis and at subsidized rates.
- Expenditure incurred on R & D.

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Capital	---	---
b) Recurring	29.17	46.00
c) Total	29.17	46.00
d) Total Expenditure as percentage of Turnover	0.29	0.48

- Technology absorption, adoption and innovation:
  - The Company has adopted latest technology in the plant to maximize production, better quality, and to minimize consumption of energy.
  - The Company has implemented its own Effluent Treatment Plant of latest technology.
  - Technology imported during the year - Nil

## (C) FOREIGN EXCHANGE EARNING & OUTGO

- Total Foreign Exchange earned Rs. nil (previous year Rs. Nil)
- Total Foreign Currency used-Nil

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the Annual Accounts, for the financial year ended March 31, 2010 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit and loss of the Company for year under review;
- the director have taken proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and the Annual Accounts have been prepared on a going concern basis.

## LISTINGS

The shares of your company are currently listed with Bombay, Calcutta and Bangalore Stock Exchanges. Application for delisting with Calcutta and Bangalore Stock Exchanges are still pending and expected to be approved very soon.

## FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

## INDUSTRIAL RELATIONS & HUMAN RELATIONS DEVELOPMENT

Human resources are the most important resource and your directors believe in to give them their due weightage for their crucial role-playing in the overall progress of the organization. The relationship between the management and the staffs/workers has been comfortable and cordial during the year.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep and sincere gratitude to all officers/ staffs/ workers, as team members, for their dedicated and sincere efforts and also to Bankers, creditors, suppliers and all concerned for showing their continued faith and extending their full and wholehearted support to our organization.

Your Directors would also like to express their gratitude to members for their trust and support.

By Order of the Board of Director  
For Indian Sucrose Limited

Place : Delhi  
Date : 31st August, 2010

(D.P.SINGH)  
Chairman





## MANAGEMENT ANALYSIS AND PERCEPTION:

### 1. Industry Structure & Development:

Indian sugar industry is highly fragmented with organized and unorganized players. The unorganized players mainly produce Gur and Khandari, the less refined forms of sugar. The government had a controlling grip over the industry, which has slowly yet steadily given way to liberalization. The report provides comprehensive analysis about the structure of Indian sugar industry by explaining the above facets. Besides the classification of sugar products and by-products like molasses, their uses too have been extensively covered.

In 2008-09, Sugar Industry witnessed a dramatic change in Sugar cycle, with the reversal of high supply - low prices scenario. The year started with high sugar surplus, low prices and higher inventories. By the second half of the year it was clear that sugarcane planting and also its diversion reflecting falling production in the current and next sugar year, sugar prices firmed up in the second half of the year. The shift in the cropping pattern from cane to other crops and diversion to non - crystal sugar production resulted in lower cane and hence lower supply of sugar.

We are anticipating a sharp jump in production in 2010-11, which should result in a small surplus. Consumption is expected to be marginally lower at 220 lakh tonnes compared to 230 lakh tonnes last year. Production in the international market will be high while consumption is expected to increase by around 2%.

This industry has the potential to be a leading player not only in the domestic markets but also in the international markets with several value-additions like clean power and ethanol.

The industry has the potential to do well if we have a conducive long-term sugar policy with minimal controls. If decontrolled, most of the sugar manufacturing companies will do well depending on the plant, managerial and administrative efficiency of the company.

### 2. Outlook:

One of the biggest problems ailing the sugar industry is volatility. I feel the market is driven more by sentiments and expectations rather than the prevailing fundamentals. India produced some 284 lakh tonnes of sugar in 2006-07, about 264 lakh tonnes in 2007-08 and 145 lakh tonnes and 180 lakh tonnes in 2008-09 and 2009-10 respectively.

To add to our woes, sugar prices have declined to Rs 2,900 per tonne from a high of Rs 4,200 per tonne less than six months ago because of the stringent measures - such as stock limitations on bulk consumers and weekly sale releases - taken by the union government to reduce sugar prices. On the other hand, imported raw sugar is being sold for 16 cents a pound from a high of 26 cents a pound six months ago.

The drop in international sugar prices is resulting in large-scale import of sugar into the country which will further drive down sugar prices. The industry apprehends that the regulators' efforts to bring down prices will seriously hurt sugarcane farmers, especially when the country is expecting surplus sugar production. The sugar industry was able to pay a whopping amount of Rs 45,000 crore to the farmers in 2009-10 as against Rs. 21000 crore Paid in 2008-09.

### 3. Risks, Threats and Opportunities:

#### Risks and Threat:

Sugar Industry in India primarily faces the following risks:

- a. Raw Material risk
  - b. Sugar Price risk
  - c. Regulatory risk
- Being an agro based industry, the Company's business is inextricably linked to the availability of raw material and its costs. The raw material of the Company is sugar cane. The Company has risk of Govt. policies in respect of cane availability, SAP & cane area allocation. Sugar cane availability is primarily determined by the relative's area under cane, the cane yield and the proportion to cane that to crush by the mill out of the total cane available (draw). Area under cane is determined primarily by (the relative attractiveness of carte vis a vis other crops and timely payments. These factors are largely not within the control of the company. The company has sought to mitigate raw material availability risk by timely Payment to farmers.
  - Sugar prices exhibit volatility and dependence upon the demand and supply and business cycle conditions and are not controlled by any single player due to the fragmented nature of the industry. Prices rate also affected by the sales avocations made by the Government on a monthly basis as well as stocks held by the mills. The company has a defiled system of monitoring prices as the booking of orders in order to mitigate price volatility and Optimize returns.
  - Uncertainties in Government policies and regulations governing sugar industry in India continue to pose a serious risk to the sugar industry. By successive interventions of the Governments in areas of sugarcane and sugar, particularly their pricing and distribution, sugar mills may become uncompetitive at the bottom end of the business cycle. This is a systemic risk and cannot be alleviated unless the Government completely decontrols the sugar industry.

#### Opportunities:

- Government of India and the sugar industry are assisting each other in addressing and bringing the demand and supply gap on consistent basis. Thereby, the industry was allowed to import approx. 2MMT (White Sugar) of raw sugar to improve its availability in domestic market during 2008-2009, which is being exported now.
- Sugar consumption is estimated at 21 million tonnes in 2009-10. So the estimated closing stock as on September 30 is 5.8 million tonnes, ISMA said in a statement.
- India, the world's largest consumer of sugar, is importing sugar from February, 2009, to meet domestic demand as production has been lower than the annual requirement.
- The country had produced 14.7 million tonnes in 2008-09 and this year, the output is estimated at 18.8 million tonnes.

### 4. Segment wise Performance:

Your Company is having only one business segment i.e. manufacture white crystal sugar.



## 5. Internal Control Systems and their adequacy:

Your company maintains adequate Internal Control Systems designed to provide reasonable assurance that assets are safeguarded, transaction are executed in accordance with management authorization and are properly recorded and accounting records are adequate for preparation of financial statements and information. A comprehensive system of Internal controls employed by the company ensures optimal use of the resources available at its disposal. Internal Audit and checks are on going process within the Company. The Audit Committee of the Board, headed by an independent non- executive director, is in place to review the internal controls and other financial systems. The internal control system of the Company is monitored and evaluated by independent internal auditors and their reports are periodically reviewed by the Audit Committee. The observations and comments of the Audit Committee are appraised to the Board.

The internal auditors look into various areas of the company with following broad objectives:

- To ensure critical examination of reasons with a view to trouble shooting of the problems that may arise due to shortcomings in systems and procedures.
- To review systems and procedures in purchase, capital investments and routine operations.
- To identify shortcomings that may adversely affect the company's operations and profitability.
- To ensure the compliance of Company policies and procedures.
- To identify non-performing assets and suggest the procedure for its disposal.
- Any other assignment provided by the management.

## 6. Human Resources and No. of employees employed:

The Company believes that its experienced and skilled manpower is the biggest strength for meeting the challenges of changing business environment. Organisations differ in

their ability to harness the full potential of their employees to the creative pursuit of attaining excellence. The attract, retain and motivate the best talent, the company believes in empowering its employees. The company continues to enjoy a cordial and harmonious relationship with its employees. We believe, its is our people along who provide us with the greatest sustainable and competitive advantage. The basic HR philosophy of the company revolves around commitment to create an organization that futures talents and enterprise of its people. Your Company's employees fully identify with your Company's vision and business goals. Training needs are identified in a systematic manner and regular training programmes are being organised to develop the knowledge and skill levels of the employees. Since the industry is of seasonal nature, hence during season time (from November to April) skilled contractual labour is also hired. Total number of employees (including contractual labour) as on 30th June 2009 was 202.

## 7. Industrial Relations:

The management and the workers in the Company maintain cordial and harmonious relations - unanimous in their belief that they have one common objective sustainable success of the Company. All areas concerning employee's involvement safety, health and training development elicits their unqualified participation.

## 8. Cautionary Statement:

Statement in the Management Discussion and Analysis report disrobing the company's objectives, projections, estimates and expectations may be 'forward looking' statements within the meaning of applicable laws and regulations and futuristic in nature. However actual results might differ from those earlier expressed or implied. Such statements represent intentions of the management and the efforts put in to realise certain goals. The success in realising these depends on various factors both internal and external. Investors, therefore, are advised to make their own judgments before taking any investment decisions.



## REPORT ON CORPORATE GOVERNANCE

### REPORT & OVERVIEW

#### Company's philosophy on Code of Governance

Effective Corporate Governance is the manifestation of professional beliefs and values, which configures the organizational values, credo and action of its employees. Transparency and Accountability are the fundamental principle to sound Corporate Governance which ensure that the origination is managed and monitored in a responsible manner for 'creating and sharing value'.

Indian Sucrose Limited believes that there is a need to view corporate governance as more than just regulatory requirements as there exist a fundamental link with the organization of business, corporate responsibility and shareholder wealth maximisation. Therefore, Your Company articulating a multi-stakeholder model (including shareholder value) of accountability that will manage the symbolic relationship between the various stakeholders. This approach will be central to the day-to-day functioning of your Bank and in implementation of its business strategy.

#### Code of Ethics

The Board of directors has approved and implemented a Code of Conduct and Ethics for the Board of Directors and Senior Management. The Confirmation from the Managing Director regarding compliance with the code by all the Directors and senior management.

#### Prevention of Insider Trading

The Company has instituted a comprehensive code of conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992.

#### Board of Directors

Your Company has a broad based Board of Directors, constituted in compliance with the Companies Act, Listing Agreement with the stock exchange(s) and in accordance with best practices in corporate Governance. The Board functions either as a full Board or through various Committees Constituted to oversee specific areas. Policy formulation, setting up of goal and evaluation of performance and control function vest with the Board.

Sh.D.P.Singh is the Executive Chairman of the Board. The Committees have oversight of operational issues assigned to them by them by the Board.

Nine Board meeting were held during the Financial Year ended March 31, 2010 on the following dates: April 10, 2009, April 15, 2009, April 30, 2009, July 31, 2009, September 30, 2009, October 31, 2009, November 25, 2009, January 31, 2010 and March 31, 2010. The name of the members of the Board, their status, their attendance at the Board Meeting and the last Annual General Meeting (AGM), number of the other Directorship and Committee membership/Chairmanship of each Director are as under:

Name of Director	Board meeting attended during the year	Attendance at the Last AGM	Number of other Directorships		Number of committee memberships in other Companies
			Of Indian public limited Companies	Of other companies	
<b>Whole time Director</b>					
Sh. D.P.Singh	3	YES	2	4	-
Sh. Deepak Yadav	5	YES	3	5	-
<b>Independent Director</b>					
Sh. Pawan Dewan	7	YES	1	-	-
Sh. Sheoraj Singh Ahlawat	6	YES	1	-	-
Sh. Jitender Singh	8	YES	2	4	-
<b>Non-Executive</b>					
Sh. Kunal Singh	9	YES	4	17	-

#### Audit & Compliance Committee

##### Terms of Reference

The term of reference of the Audit & Compliance Committee include providing direction and oversight to the total audit function in the company, recommending appointment and removal of statutory/internal Auditors and fixing their remuneration, review of results/financial statement (quarterly, half yearly, annual) before submission to the Board, review of the adequacy of internal control system and the internal audit function, review of compliance, review of the finding of internal investigations, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults.



## Composition

The Audit & Compliance Committee comprises of three Directors, out of which two are Independent Directors. The Committee chaired by Sh. Pawan Dewan, Independent Director. Four meeting were held during the financial Year ended March 31, 2010. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Sh. Pawan Dewan	4
Sh. Jitender Singh	4
Sh. Deepak Yadav	4

## Board Remuneration Committee

### Terms of Reference

The term of reference of the Board Remuneration Committee includes reviewing the Company's overall compensation structure and related policies with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Companies and Industry in general, to determine the company's policies on remuneration packages payable to the directors including performance/achievement bonus, perquisites, retrials, sitting fee, etc., consider grant of Stock option to employees. The Committee also functions as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee stock purchase Scheme) guideline, 1999 and is authorized to allot shares pursuant to exercise of Stock options by employees.

### Composition

The Board Remuneration Committee comprises of three members. One meeting was held during the financial Year ended March 31, 2010. The composition of the remuneration committee is as follows:

Sh. Sheoraj Singh Ahlawat	Independent	Chairman
Sh. Jitender Singh	Independent	Member
Sh. Pawan Dewan	Independent	Member

### Remuneration Policy

Your Company's Remuneration Policy is to Position its pay structure competitively in relation to the market to be able to attract and retain critical talent. The compensation strategy clearly endeavors to differentiate performance significantly and link the same with quality and quantum of rewards. Your Company would also strive to create long-term wealth creation opportunities through Stock Option Schemes.

### Remuneration of Directors

The Managing Director is paid remuneration as recommended by the Board Remuneration Committee and approved by the Board of Directors and shareholders.

The Executive Chairman is paid remuneration as recommended by the Board Remuneration Committee and approved by the Board of Directors and shareholders.

The Non-Executive Director is paid remuneration as recommended by the Managing Director, Board Remuneration Committee and approved by the Board of Directors and shareholders.

Independent Directors are paid sitting fees of Rs.1500/- for attending each meeting of the Board of Directors and any committee of Directors. During the financial Year ended March 31, 2010 the company paid Rs.63, 000/- to the Independent Directors.

## The Shareholders/Investors Grievance/Share transfer Committee

The composition of Share holders/investors Grievance/Share Transfer Committee is as follows:-

Sh. Jitender Singh	Independent	Chairman
Sh. Pawan Dewan	Independent	Member
Sh. Deepak Yadav	Managing Director	Member

The Company has its in House Share Transfer department, at Regd. Office of the company, G. T. Road, Mukerian. M/s MCS Ltd., New Delhi is acting as Registrar for Electronic connectivity with NSDL & CDSL for the dematerialization of its shares. The power to approve Share Transfer/Share Transmission is given to the Committee, which meet at the end of every month. The powers to sign the share transfer duly registered, and to confirm the dematerialization requests, are given to the whole time Directors/Company Secretary/officers of the company. During the year under review, all the complaints received have been redressed. There is no share transfer application pending for registration for more than 30 days, except those cases where notices were required to be sent to registered holders, due to their objection lodged with the Company and Bad deliveries as per SEBI Guidelines in this regard.

## General Body Meetings

### Location and time of the previous Annual General Meeting(s)

Annual General Meetings (In last three years)	Date	Venue	Time	Special Resolution Passed
2007	Sept. 29,	at G.T.Road, Mukerian	11.00 A.M	No
2008	Sept. 30, 2008	Distt. Hoshiarpur.	11.00 A.M	Yes
2009	Sept. 30, 2009	Punjab.	11.00 A.M	No

## Disclosures

During the Financial Year ended March 31, 2010:

There was no materially significant related party transactions with the Directors that have a potential conflict with the interests of the Company.

The related party transactions have been disclosed in the notes to accounts forming part of the annual financial statements.

There were no instances of non-compliance by Company, penalties, strictures imposed by Stock Exchange and SEBI on any matter related to capital markets, since the incorporation of the Company.

The company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by the clause 49 of on the Listing Agreement to the extent applicable to the Company.

## Means of Communication

Quarterly Results are communicated through newspaper advertisement.

The results are generally published in the Financial Express (English), Jansatta (Hindi).



## General Shareholders Information

Day, Date, Time and Venue of the Annual General Meeting	Thursday, September 30, 2010 11:00A.M., Regd.Off. & work at Mukerian
Financial Year	April 1,2009 to March 31, 2010
Date of Book Closure	Sept. 25, 2010 to Sept. 30, 2010 (Both days inclusive)
Dividend Payment Date	N.A.
Listing on Stock Exchanges	1. Bombay Stock Exchange Limited 2. Calcutta Stock Exchange Asso.Ltd*  * The Delisting Application made by the Company is pending with these Stock Exchanges.  Listing fee to Mumbai have been paid till 31st March, 2008 and listing fee to Calcutta is yet to be paid as delisting application is still pending with them.
Stock Code	BSE: 500319

## Distribution of Shareholding as on March 31, 2010

### DISTRIBUTION SCHEDULE AS ON 31.03.2010

Equity Shares Nominal Value of Each Share/Unit Rs.10/-

Numbers Of Share-Holders	% of Total	Share Holding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% to Total
19892	94.18	Up to 5000	3545693	35456930	22.93
735	3.48	5001 to 10000	587436	5874360	3.80
241	1.14	10001 to 20000	365240	3652400	2.36
93	0.44	20001 to 30000	233941	2339410	1.51
41	0.19	30001 to 40000	149070	1490700	0.96
33	0.16	40001 to 50000	155043	1550430	1.00
45	0.21	50001 to 100000	320013	3200130	2.07
41	0.19	100001 and above	10105371	101053710	65.36
21121	100.00	Total	15461807	154618070	100.00

## Shareholding Pattern as on March 31, 2010

Sl. No.	Shareholders	No. of Shares	% age
1.	Promoters & Associate Companies	91, 10,907	58.93
2.	Financial Institutions	--	--
3.	Bodies Corporate other than as said above	7,66,107	4.95
4.	Mutual Funds	101	---
5.	NRIs	9, 26,641	5.99
6.	Individuals (Indian Public)	46, 58,051	30.13
		1, 54, 61,807	100.00

## Dematerialization of Equity Shares and Liquidity

The Company shares are currently traded only in dematerialized forms. To facilitate trading in dematerialized form, there are two depositories i.e. NSDL & CDSL. The Company has entered into tripartite agreements with both these depositories. The shareholders can open account with any of Depository Participants registered with any of these depositories. None of the company's share is under lock in period for any purpose.

## Plant Location (Manufacturing Unit)

G.T. Road, Mukerian  
Distt. Hoshiarpur (Pb.)-144211

## Item / Products

White Crystal Sugar

## By products

Molasses and Bagasse

## \*Address for Correspondence:

For matters related to Shares/Queries/Demat/Transfer/Transmission request:

Regd. Office & Works : Indian Sucrose Limited,  
G.T. Road, Mukerian  
Distt. Hoshiarpur (Pb.) - 144211  
Ph. No. 01883-249002-5  
Fax.-244532  
Email: - islcare@yahoo.co.in

The above report has been placed before the Board in its meeting held on 31.07.2010 and the same was approved.

For and on behalf of Board

Place : Delhi  
Date : 31st August, 2010

(D.P.SINGH)  
Chairman



## AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To  
The Members,  
Indian Sucrose Limited,

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Indian Sucrose Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and on the basis of our examination above, the Company has complied with the condition of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

No Investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company.

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 B.K.KAPUR & COMPANY  
CHARTERED ACCOUNTANTS

Place : Mukerian, (Punjab)

(M.S.KAPUR)

Date : 31st July, 2010

Partner

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF INDIAN SUCROSE LIMITED

1. We have audited the attached Balance Sheet of INDIAN SUCROSE LIMITED as at 31st March, 2010 the Profit & Loss Account and also 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 also 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 ("The Order") issued by the Central Government of India in

terms of Section 227 (4A) of the Companies Act, 1956 ("The Act"). We enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
  - d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors are dis-qualified as on 31st March, 2010 from being appointed as Directors in terms of clause (g) of Sub Section (1) of Section of 274 of the Companies Act, 1956.
  - f) Non-provision of disputed Purchase Tax liability on purchase of Sugar Cane aggregating to Rs.119.63 Lakhs for the financial year 1999-2000 to 2003-04 pending at appellate levels and Rs. 722.16 Lakhs estimated for financial years from 2005-06 to 2009-10 as per Note No: 8(iii) of schedule 20 for Notes to the Accounts.
  - g) Non-provision of disputed liabilities created by the Sales Tax Department & State Electricity Board aggregating to Rs.22.32 Lakhs as per Note No.6(i) & (ii) of Schedule 20 for Notes to the accounts.
  - h) Subject to our comments in paragraph 4(f) & (g) which if had been considered, the loss for the year would have been Rs.409.56 Lakhs as against the reported profit of Rs. 454.55 Lakhs and the balance in Reserves & Surplus would have been Rs.1675.64 Lakhs as against the reported figure of Rs.2539.75 Lakhs similarly, the current liabilities would have been Rs.12817 Lakhs as against the re-reported figure of Rs.11953 Lakhs, and note no 18 of schedule 20 of notes to the accounts regarding Micro, small, & Medium Enterprises, in our opinion, and to the best of our information and according to the explanations given to us, the said ac-counts read together with the significant accounting policies and others notes thereon, and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2010.
    - ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
    - iii) in the case of Cash Flow Statement, for the cash flows for the year ended on that date.

For B.K. Kapur & Co.  
Chartered Accountants

Place : Mukerian, (Punjab)

(M.S. KAPUR) F.C.A.

Date : 31st May, 2010

Partner

Membership No.74615



## ANNEXURE TO THE AUDITORS' REPORT

1. (a) The company is generally maintaining records showing particulars including quantitative details and situation of its fixed assets, however, their final compilation is under process.
- (b) The fixed assets of the Company have been physically verified during the year by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) As per records and information and explanation given to us company has not disposed off during the year substantial part of its fixed assets.
2. (a) The physical verification of inventory has been conducted by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination, in our opinion, the Company has maintained proper records of inventory & discrepancies noticed on such physical verification on inventory as compared to the books records were not material.
3. (a) According to information made available to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act, accordingly clause 4(iii) (b) to (d) of the Order are not applicable to the company.
- (b) According to information made available to us, the company has taken unsecured loans from the Directors and their relative as covered in the register maintained under section 301 of the Act. Total outstanding for such loans at the year end was at the amount of Rs.360.00 Lakhs (Previous year Rs. 21.50 Lakhs) and maximum outstanding during the year amounted to Rs. 360.00 Lakhs (Previous year Rs.21.50 Lakhs). Further, the company has not taken any secured loan from the aforesaid referred parties.
- (c) The rate of interest and other terms and condition of the unsecured Loans taken by the company are prime facie not prejudicial to the interest of the company.
- (d) As informed to us, presently, there is no stipulation as regards to repayment of Principal amount. However, payment of interest is regular.
4. 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 nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanation given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on our examination and according to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in

pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

6. On the basis of information and explanations given to us, the company has not accepted any public deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions the Act, and rules framed thereunder.
7. The company has an internal audit system which needs to be more strengthened to make it commensurate with the size and nature of the Company's business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of the cost records under section 209(1) (d) of the Act and are of the opinion that, prima facie, the prescribed account and re-cords have been maintained and are being made up. We however as not required have not made a detailed examination of such records with a view to determine whether these are accurate or complete.
9. (a) According to the information and explanations given to us the company is regular in de-positing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. As explained to us, the provisions of Employees State Insurance are not applicable to the company, No amount was due to be deposited under investor Education and Protection Fund. Further, there was no arrears of undisputed statutory dues outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable except the Wealth Tax dues of Rs.0.90 lakhs pertaining to the Assessment year 2009-10
- (b) According to the information and explanation given to us, the disputed statutory dues of Sales Tax, & Purchase Tax aggregating to have not been deposited are given below:-

Name of Statute	Nature of Due	Financial year to which it pertains	Amount (Rs. in Lakhs)	Forum where dispute is pending.
Sales Tax Laws	Sales tax	1997-98 & 2000-01	11.19	Deputy Excise & Taxation Commissioner (Appeal)
Sales Tax Laws	Central Sales tax	2003-04	0.93	
Sales Tax Laws	Purchase Tax	1999-2000	16.64	Sales Tax Tribunal. Punjab & Haryana High Court. Deputy Excise Taxation Commissioner (Appeals)
		2000-01 & 2001-02	52.78	
		2002-03 & 2003-04 2004-05	50.21 41.48	
Provident Funds & Misc. Provisions Act, 1952	Provident Fund	1997-98 to 2007-08	14.36	EPF Appellate Tribunal
Service Tax Act	Service Tax	2003-04	8.00	Chief Commissioner Excise
			195.59	

Further, in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax and Cess it has been informed that there are no dues, which have not been deposited on account of any dispute.

10. The company does not have accumulated losses. The company has not incurred any cash losses during the current financial



year and in the immediately preceding financial year.

11. According to the information and explanations given to us and based on the certificate from the Lender Bank, the company has not defaulted in repayment of its dues to Bank. However, as on 31st March 2010, there was an outstanding interest of Rs.26.82 Lakhs which has since been paid. There are no dues of Debenture holders.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a Nidhi / mutual benefit fund / society, therefore provisions of clause 4(xiii) of the order are not applicable to the company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause 4(xiv) of the order are not applicable to the company.
15. According to the information and explanation given to us, the company has not given corpo-rate guarantees for loans taken by others from Banks. The terms & conditions of these guarantees are not prejudicial to the interest of the company.
16. In our opinion and on the basis of information and explanation given to us, the company has, during the year raised a Term loan of Rs. 160.00 Lakhs from Sugar development fund which was temporarily kept in the current account pending its utilisation.
17. On the basis of overall examination of the Balance sheet of the company in our opinion and according to the information and explanations given to us funds raised on short term basis to the extent of Rs. 315.54 lakhs up to the date of Balance sheet, have been used for long term investments primarily in the nature of capital expenditures and repayment of loans .
18. The company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, prices at which shares have been issued is not prejudicial to the interest of the company.
19. The company has not issued any debenture, therefore, no comments is required under para 4(xix) of CARO, 2003.
20. The company has not raised any money through public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B.K. Kapur & Co.  
Chartered Accountants

**Place** : Mukerian, (Punjab)  
**Date** : 31st May, 2010

(M.S. KAPUR) F.C.A.  
**Partner**  
Membership No.74615





**INDIAN SUCROSE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH , 2010**

SCHEDULE		AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	154,183,320	154,183,320
Share Application Money - Preference Shares		70,000,000	-
Reserves and Surplus	2	253,975,053	208,520,100
		<b>478,158,373</b>	<b>362,703,420</b>
<b>Loan Funds</b>			
Secured Loans	3	1,018,710,115	921,965,718
Unsecured Loans	4	111,057,600	2,150,000
		1,129,767,715	924,115,718
Deferred Tax Liability (Net)	5	92,825,154	100,631,940
	<b>TOTAL</b>	<b>1,700,751,242</b>	<b>1,387,451,078</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	6	1,249,890,918	978,897,479
Less :-Depreciation		487,135,216	437,180,344
<b>Net Block</b>		<b>762,755,702</b>	541,717,135
<b>Capital Work in Progress</b>		<b>137,924,804</b>	-
		900,680,506	541,717,135
<b>Investments</b>	7	20,222,532	20,222,532
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	8	686,895,083	619,977,925
Sundry Debtors	9	94,453,998	73,514,380
Cash and Bank Balances	10	212,478,980	278,201,480
Loans and Advances	11	1,003,241,303	818,209,153
		1,997,069,364	1,789,902,938
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	12	1,195,332,443	948,901,049
Provisions		21,888,717	15,490,478
		1,217,221,160	964,391,527
<b>Net Current Assets</b>		<b>779,848,204</b>	825,511,411
	<b>TOTAL</b>	<b>1,700,751,242</b>	<b>1,387,451,078</b>

Significant Accounting Policies & Notes forming part of Balance Sheet 20  
The Schedules 1 to 20 form an integral part of Balance Sheet

As per our report of even date attached.  
for **B. K. KAPUR & COMPANY**  
Chartered Accountants

**D. P. SINGH**  
(Chairman)

**KUNAL SINGH**  
(Director)

**(M. S. KAPUR ) FCA**  
**PARTNER**  
**M. NO. 74615**

Anant Kr. Singh  
(Company Secretary)

**GAURAV AGARWAL**  
(Ch. Manager Accounts)

PLACE : Mukerian, (Punjab)  
DATE : 31st May, 2010



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	SCHEDULE No.	YEAR ENDED 31.03.2010 (Rs.)	YEAR ENDED 31.03.2009 (Rs.)
<b>INCOME</b>			
Sales		1,038,436,727	1,017,222,611
Less : Excise Duty		40,757,432	61,761,562
Net Sales		997,679,295	955,461,049
Other Income	13	12,651,372	486,266
Increase in Stocks	14	44,537,000	6,935,763
Total		1,054,867,667	962,883,078
<b>EXPENDITURE</b>			
Material and Manufacturing Expenses	15	764,304,549	760,792,387
Cost of goods sold	16	-	-
Salaries, Wages and Benefits	17	50,076,219	46,480,986
Administration and Other Expenses	18	19,257,134	18,550,698
Interest and Financial Charges	19	103,265,053	59,155,568
Total		936,902,955	884,979,639
<b>Profit before Depreciation</b>		117,964,712	77,903,439
Depreciation		50,520,800	48,572,039
<b>Profit Before Tax</b>		67,443,912	29,331,400
Provision for Taxation			
Current Tax		30,043,000	3,846,601
Less:-MAT Credit Entitlement		-	3,532,187
Deferred Tax ( credit)		(7,806,786)	(10,132,959)
Income Tax/ Wealth Tax for earlier year		(407,255)	31,433
Wealth Tax		160,000	
Fringe Benefit Tax		-	525,321
Profit after Tax		45,454,953	38,593,191
Balance brought forward from Previous Year		140,584,100	101,990,908
<b>Surplus transferred to Balance Sheet</b>		186,039,053	140,584,100
Earning per Share (Note No. 20)			
Nominal Value Rs. 10/-, (Previous year Rs.10/-)			
Basic & Diluted		2.94	2.50

Significant Accounting Policies & Notes forming part of Profit & Loss Account 20  
The Schedules 1 to 20 form an integral part of Profit & Loss Account

As per our report of even date attached.  
for **B. K. KAPUR & COMPANY**  
Chartered Accountants

**D. P. SINGH**  
(Chairman)

**KUNAL SINGH**  
(Director)

**(M. S. KAPUR ) FCA**  
PARTNER  
M. NO. 74615

Anant Kr. Singh  
(Company Secretary)

**GAURAV AGARWAL**  
(Ch. Manager Accounts)

PLACE : Mukerian, (Punjab)  
DATE : 31st May, 2010



**SCHEDULES TO ACCOUNTS**

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised:</b>		
18000000 Equity Shares of Rs.10/- each)		
(Previous Year 18000000 Equity Shares of Rs.10/- each)	<b>180,000,000</b>	180,000,000
7000000 Preference Shares of Rs.10/- each)	<b>70,000,000</b>	70,000,000
(Previous Year 7000000 Preference Shares of Rs.10/- each)		
	<b>250,000,000</b>	250,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
15461807 Equity Shares of Rs.10/- each fully paid up		
(Previous Year 15461807 Equity Shares of Rs.10/- each fully paid up)	<b>154,618,070</b>	154,618,070
Less : Calls unpaid	<b>434,750</b>	434,750
<b>TOTAL</b>	<b>154,183,320</b>	154,183,320
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Capital Reserves		
Share Premium Account		
As per Last Balance Sheet	<b>66,436,000</b>	66,436,000
<b>Capital subsidy</b>		
As per Last Balance Sheet	<b>1,500,000</b>	1,500,000
	<b>67,936,000</b>	67,936,000
<b>Profit &amp; Loss Account</b>		
Surplus as per accounts annexed	<b>186,039,053</b>	140,584,100
<b>TOTAL</b>	<b>253,975,053</b>	208,520,100
<b>SCHEDULE 3 : SECURED LOANS</b>		
A) Term Loans		
- Punjab National Bank	<b>266,078,903</b>	340,947,517
- Interest Accrued and Due	<b>2,660,888</b>	1,728,962
- Govt. of India, Sugar Development Fund (SDF)	<b>16,000,000</b>	-
	<b>284,739,791</b>	342,676,479
B) Cash Credit		
- Punjab National Bank	<b>731,905,541</b>	574,982,624
	<b>731,905,541</b>	574,982,624
C) Vehicle Loans		
- Scheduled banks	<b>2,043,585</b>	4,267,877
- Interest Accrued and Due	<b>21,198</b>	38,738
	<b>2,064,783</b>	4,306,615
<b>Total</b>	<b>1,018,710,115</b>	921,965,718

**NOTES :-**

- 1) Term loans from Punjab National bank are secured against hypothecation of all the plant and machineries of the company.
- 2) Cash credit limit is secured by way of pledge of sugar stocks and hypothecation of stocks of stores, Packing material and of Molasses.
- 3) Term loan, cash credit limits and Bank Guarantee taken from Punjab National Bank are further secured by way of first charge on company's immovable properties situated at Mukerian tehsil Dasua Distt Hoshiarpur, Punjab.
- 4) Term Loans and cash credit limit except the Term Loan from sugar development fund are also secured by way of personal guarantees of three directors of the company
- 5) The Vehicles loan from banks are secured against vehicles financed by them.
- 6) The amount of term loan repayable within year is Rs. 604.06 Lakhs (Previous year Rs. 516.67 Lakhs)
- 7) Term loan from Govt. of India, Sugar development fund are secured by way of Bank guarantee given by the company.



	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
From Directors and their relative (Including Rs. 360.00 Lakhs from Directors Previous year NIL)	<b>36,000,000</b>	2,150,000
From Companies	<b>75,057,600</b>	-
<b>TOTAL</b>	<b>2,150,000</b>	4,849,564

	As at 31.3.2009	During the year	As at 31.3.2010
<b>SCHEDULE 5 : DEFERRED TAX LIABILITY (Net)</b>			
<b>DEFERRED TAX LIABILITY</b>			
Difference between Book & Tax Depreciation	105,658,045	(6,044,184)	<b>99,613,861</b>
	105,658,045	(6,044,184)	<b>99,613,861</b>
<b>DEFERRED TAX ASSETS</b>			
Expenses Allowed U/s 43-B on paid basis	5,026,105	776,328	<b>5,802,433</b>
Unabsorbed Depreciation	-	986,274	<b>986,274</b>
	5,026,105	1,762,602	<b>6,788,707</b>
<b>NET DEFERRED TAX LIABILITY</b>	100,631,940	(7,806,786)	<b>92,825,154</b>

**SCHEDULE -- 6 : FIXED ASSETS**

Nature of Assets	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
	As on 31.03.2009	Additions during the Year	Sold/Adj during the Year	As on 31.03.2010	Dep. Upto 31.03.2009	For the Year	On Sale/ Adjustment	UP TO 31.03.2010	As on 31.03.2010	As on 31.03.2009
Freehold Land	12,410,421	216,250,000	-	228,660,421	-	-	-	-	228,660,421	12,410,421
Trade Mark	28,500	-	-	28,500	-	5,700	-	5,700	22,800	28,500
Building	94,066,058	40,098,449	-	134,164,507	30,140,348	2,283,447	-	32,423,795	101,740,713	63,925,710
Plant and Machinery	833,858,332	3,897,784	-	837,756,116	389,021,891	43,792,523	-	432,814,414	404,941,701	444,836,441
Furniture and Fixtures	3,411,310	403,190	-	3,814,500	3,051,089	198,736	-	3,249,825	564,675	360,221
Office Equipments	13,180,762	1,633,355	-	14,814,117	5,700,150	1,725,710	-	7,425,860	7,388,257	7,480,612
Vehicles & Tractors	21,942,096	10,527,161	1,816,500	30,652,757	9,266,866	2,514,684	565,927	11,215,623	19,437,134	12,675,230
Total (Rupees)	978,897,479	272,809,939	1,816,500	1,249,890,918	437,180,344	50,520,800	565,927	487,135,216	762,755,702	541,717,135
Previous Year (Rupees)	944,045,743	34,851,736	-	978,897,479	388,608,306	48,572,038	-	437,180,344	-	-

Capital Work in Progress

137,924,804

Building and Plant & Machinery

Total (Rupees) 900,680,506 541,717,135

Previous Year (Rupees) 541,717,135 555,437,437

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 7 : INVESTMENTS (Long Term)</b>		
<b>Other than Trade - Unquoted (At Cost)</b>		
Investment in Equity Shares of Subsidiary Company (5861266 Equity Shares of Rs.10/- each fully paid up of Ranger Breweries Limited)	<b>11,722,532</b>	11,722,532
(340000 Equity Shares of Rs.25/- each fully paid up of Yadu Resorts (India) Limited)	<b>8,500,000</b>	8,500,000
<b>TOTAL</b>	<b>20,222,532</b>	20,222,532



	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 8 : INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stores, Spare Parts and Packing Materials	35,820,954	44,028,618
Finished Goods	540,164,795	518,536,094
By-Products	74,146,155	57,413,213
Sugar Trading	36,763,179	-
<b>Total</b>	<b>686,895,083</b>	<b>619,977,925</b>
<b>SCHEDULE 9 : SUNDRY DEBTORS</b>		
(Unsecured - Considered good)		
Debts over six months	7,898,875	5,159,850
Others	86,555,123	68,354,530
<b>Total</b>	<b>94,453,998</b>	<b>73,514,380</b>
<b>SCHEDULE 10 : CASH AND BANK BALANCES</b>		
Cash & Cheques in Hand	514,749	19,122,198
Cheques in Hand	56,094	-
Balance with Scheduled Banks :		
In Current Accounts	137,867,649	1,929,050
In Fixed Deposit Account ( Including Rs. Nil	73,200,000	6,633,000
Previous year Rs. 1633000/- Pledged as Margin Money)		
Interest Accrued thereon	840,488	590,511
In Escrow Accounts	-	249,926,721
<b>Total</b>	<b>212,478,980</b>	<b>278,201,480</b>
<b>SCHEDULE 11 : LOANS AND ADVANCES</b>		
(Unsecured - Considered good)		
Advances Recoverable in cash or in kind or for value to be received	970,351,384	773,794,862
New Project Expenses	4,850,000	4,850,000
Balance with Excise Department	249,505	2,581,215
Cenvat Receivable	3,364,988	2,142,655
Security Deposits	2,854,233	3,584,733
Prepaid Expenses	1,068,764	1,165,751
Claim recoverable	1,274,382	1,441,892
MAT Credit Entitlement	16,728,047	28,648,045
Share application money	2,500,000	-
<b>Total</b>	<b>1,003,241,303</b>	<b>818,209,153</b>
<b>SCHEDULE 12 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors (Including for Projects)-Micro, Small and Medium Enterprises *		
Others Creditors	12,716,910	15,570,839
Other Liabilities	666,753,826	671,741,179
Due to Farmers	503,983,989	250,378,643
Advance from Customers	150,000	400,000
Security Deposits received	133,690	134,950
Cane Price Payable	11,587,891	10,675,438
Interest accrued but not due	6,137	-
	<b>1,195,332,443</b>	<b>948,901,049</b>
<b>Provisions</b>		
Provision for Gratuity	13,742,901	11,733,812
Provision for FBT (Net of Advance Payments)	-	(31,976)
Provision for Taxation (Net of Advance Payments)	8,145,816	3,788,642
	<b>21,888,717</b>	<b>15,490,478</b>
<b>Total</b>	<b>1,217,221,160</b>	<b>964,391,527</b>

\* Refer note no 18 of schedule 20 notes to the Accounts



	YEAR ENDED 31.03.2010 (Rs.)	YEAR ENDED 31.03.2009 (Rs.)
<b>SCHEDULE 13 : OTHER INCOME</b>		
Interest Earned (TDS Rs.227183/- (Previous year Rs.57958/-)	2,263,556	388,853
Miscellaneous Income	183,339	97,413
Performance guarantee recovered	10,204,477	-
<b>Total</b>	<b>12,651,372</b>	<b>486,266</b>
<b>SCHEDULE 14 : INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stocks</b>		
Finished Goods	518,536,095	489,785,098
By-products	57,413,213	63,780,944
Goods in Process	-	17,107,916
	<b>575,949,308</b>	<b>570,673,958</b>
<b>Closing Stocks</b>		
Finished Goods	540,164,795	518,536,095
By-products	74,146,155	57,413,213
	<b>614,310,950</b>	<b>575,949,308</b>
Excise Duty etc. on Increase/Decrease of Stock	6,175,358	1,660,408
<b>Increase in Stocks</b>	<b>44,537,000</b>	<b>6,935,763</b>
<b>SCHEDULE 15 : MATERIAL AND MANUFACTURING EXPENSES</b>		
<b>Raw Material Consumed</b>		
Opening Stocks	-	9,660
Purchases	689,709,345	659,989,728
	<b>689,709,345</b>	<b>659,999,388</b>
Less : Closing Stocks	-	-
	<b>689,709,345</b>	<b>659,999,388</b>
<b>Manufacturing Expenses</b>		
Consumption of Stores, Spares & oils & chemicals etc.	39,540,731	57,536,890
Packing Material	14,937,913	18,319,870
Manufacturing Expenses	2,712,600	3,541,542
Power and Fuel	10,640,515	11,010,210
Repairs to:		
Plant and Machinery	5,248,317	7,829,880
Building	1,282,120	2,387,876
Others	233,008	166,731
<b>Total</b>	<b>764,304,549</b>	<b>760,792,387</b>
<b>SCHEDULE 16 : COST OF GOODS SOLD</b>		
Opening Stocks	-	-
Add : Purchases during the year	36,763,179	-
	<b>36,763,179</b>	<b>-</b>
Less : Closing Stocks	36,763,179	-
	<b>36,763,179</b>	<b>-</b>
<b>SCHEDULE 17 : SALARIES, WAGES &amp; BENEFITS</b>		
Salary & Wages	44,225,507	42,832,359
Contribution to Provident and other funds	3,179,135	3,071,451
Staff & Workers Welfare	2,671,577	577,176
<b>Total</b>	<b>50,076,219</b>	<b>46,480,986</b>



	YEAR ENDED 31.03.2010 (Rs.)	YEAR ENDED 31.03.2009 (Rs.)
<b>SCHEDULE 18 : ADMINISTRATION AND OTHER EXPENSES</b>		
Rent	987,072	1,414,194
Rates and Taxes	906,256	381,588
Printing and Stationery	467,819	535,709
Postage, Telegram and Telephones	833,552	847,697
Advertisement and Publicity	3,257,213	113,023
Travelling and Conveyance :		
Directors	373,108	
Others	2,322,638	3,474,529
Fees and Subscription	-	10,000
Legal and Professional Charges	865,860	156,631
Auditors' Remuneration	169,239	132,468
Vehicle Running and Maintenance	2,334,753	2,137,210
Insurance	463,706	570,554
Commission on Sales	1,309,515	2,414,120
Cane Development Expenses	2,917,585	4,600,760
Business Promotion	66,045	66,653
Loss on sale/damage of Fixed Assets	400,573	-
Charity & donation	333,000	66,100
Sales Tax & Excise Duty	68,722	100,487
Prior period expenses	370,000	768,601
Miscellaneous Expenses	810,478	760,374
<b>Total</b>	<b>19,257,134</b>	<b>18,550,698</b>
<b>SCHEDULE 19 : INTEREST AND FINANCIAL CHARGES</b>		
Interest on Term Loans	46,839,327	17,383,572
Others (including bank charges)	56,425,726	41,771,996
<b>Total</b>	<b>103,265,053</b>	<b>59,155,568</b>

## SCHEDULE-20 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS ENDING 31ST MARCH, 2010

### A. Significant Accounting Policies :

i) **Basis of Accounting** : The Company follows the Mercantile system of Accounting and recognises Income and Expenditure on Accrual Basis. The accounts are prepared on Historical Cost Basis, as going concern, and consistent with generally accepted accounting principles.

ii) **Fixed Assets and Depreciation** : Fixed Assets are stated at cost less accumulated Depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses.

Depreciation on all fixed assets put to use has been charged on Straight line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Items costing up to Rs. 5000/- each are fully depreciated in the year of purchase. Depreciation is charged on pro- rata basis in respect of assets acquired / sold during the year.

Post Impairment, depreciation is provided on the revised carrying value of the assets.

iii) **Inventories** : Raw Material, Stores and spares are valued at cost on the basis of FIFO method.

Finished Goods (other than By- Products) are valued at Lower of cost or estimated realizable value

Cost of Finished Goods is determined at raw material cost plus conversion cost with excise duty.

By Product and residuals are valued at net realizable value.

iv) **Investment** : Long term Investment is valued at cost, where applicable, provision is made for permanent diminution in value.

v) **Foreign Exchange Transactions** : Transaction in foreign currency is accounted for at the exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year end translated at the year end rates which is likely to be realized from, or required to disburse at the balance Sheet date. Exchange difference arising on settlement of monetary items at rates different



from those at which they arise, except Exchange difference on liabilities incurred for acquisition of fixed assets from outside India which are capitalized /recapitalized.

**vi) Impairment of Assets :** An asset is treated as Impaired when carrying cost of the asset exceed the recoverable value and impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in previous year is reversed if there has been a change in the estimate of recoverable amount.

**vii) Borrowing Costs:** Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualifying assets is one that necessarily take substantial period of time to get ready to use .All other borrowing cost have being charge to revenue.

**viii) Sales :** Sales include Excise duty but exclude Sales/Trade Tax.

**ix) Contingent Liabilities :** Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to the Accounts. Contingent Assets are neither recognized nor disclosed in the Financial Statement.

**x) Retirement Benefits :** Contribution is made under relevant rules/statutes to the Provident Fund and which are charged to Profit and Loss Account for the year on accrual basis. Liability for gratuity and Leave encashment as on 31st March, 2010 has been determined on the basis of actuarial valuation and provided for in the accounts.

**xi) Taxes on Income :** Current Tax is determined on the amount of tax payable on the taxable Income for the year in accordance with the provisions of Income Tax Act, 1961. Deferred Tax Assets / Liabilities is recognized on Significant timing differences, arising from the different treatments in accounting and taxation of relevant items. Deferred tax Assets / Liabilities shall be reviewed as at balance sheet date, based on development during the year, to reassess realization/ liabilities.

Deferred Tax in respect of carry forward of losses and unabsorbed Depreciation are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such loss.

## B. Notes to the Accounts :

1. The figures have been rounded off to the nearest rupee.
2. The previous year's figures have been regrouped and re-classified, where ever necessary, to make them comparable.
3. All the current assets, loans and advances in the opinion of the Board, have a value on realization, which in the ordinary course of business shall at least be equal to the

amount at which it is stated in the Balance Sheet.

4. Balances of certain sundry debtors, creditors and advances are subject to confirmation/reconciliation. The management does not expect any material discrepancy affecting the current year financial results.

## 5. Auditors' Remuneration

S.No	Particulars	Current year Rupees(in '000)	Previous year Rupees (in '000)
i)	As Statutory Auditor	120	90
ii)	As Tax Auditors	25	25
iii)	Reimbursement of Expenses	24	17
	<b>Total</b>	<b>169</b>	<b>132</b>

6. Other income appearing under Schedule 13 includes Rs. 102.04 Lakhs against encashment of performance bank guarantee from supplier. as a penalty clause in the contract.
7. Part of Land & Building appearing under fixed assets schedule, registration if applicable is pending.
8. **Contingent Liability in respect of:**
  - i) The Punjab State electricity board has created various demands in financial years ended on 31.03.1998 & 31.3.1999 aggregating to Rs 18.29 Lakhs (previous year Rs 18.29 Lakhs) against which company has paid Rs 8.09 Lakhs under protest in earlier year, this amount of Rs 8.09 Lakhs has already been written off in the earlier year and balance amount Rs.10.20 Lakhs, in the opinion of the company is not payable.
  - ii) Sales tax demand of Rs 12.12 lakhs (previous year Rs 12.12 lakhs) no provision is made against such liability as management has been advised that full relief may be given at the appellate level.
  - iii) A liability of Rs 119.63 lakhs was raised by the Sales Tax Department towards purchase tax for the years 1999-2000 to 2003-2004. Similarly on the same basis, there may arise purchase tax liability of Rs 41.48 Lakhs for the years 2004-2005. As regards the financial year 2005-06 for which vat liabilities to the extent of Rs. 179.19 Lakhs since been waived by the Sales Tax Authority. From F/y 2006-07 onwards with the introduction of VAT and favourable decisions in like cases by the Hon'ble courts, company do not foresee any such liability. However, if such liability still arises it will be to the tune of Rs. 680.68 Lakhs for the financial year 2006-07 to 2009-10.
  - iv) Bank guarantee against principal amount of Sugarcane Development Fund 160.00 Lakhs ( Previous year NIL)
  - v) The company has deposited Rs. 8.00 Lakhs under protest under the order of H'ble High Court Chandigarh towards Service Tax, at present the appeal is pending with the Chief Commissioner Excise, Chandigarh.
  - vi) Provident fund dues of Rs. 14.36 Lakhs, pending at appellate level.



7. Loans and Advances include Rs 28.54 Lakhs as security deposit with Punjab State Electricity Board for which in the opinion the company is refundable but the same is still pending.
8. The Company has distributed Agro inputs valuing Rs 128.31 lakhs (previous year Rs 153.77 lakhs for the development of sugarcane's cultivation in its reserved zone at subsidized price of Rs 99.13 lakhs (Previous year Rs 107.77 lakhs ) The net difference of Rs 29.18 lakhs (Previous year Rs 46.00 lakhs) has been included under the Cane development expenses and accordingly charged to Profit & Loss Account.
9. Consequent upon AS -28 Impairment of Assets being mandatory by the Institute of Chartered Accountants of India, the company has carried out an exercise to ascertain the impairment, if any, in the company value of its fixed assets. However, no such case found.
10. Current Liabilities also includes Rs. 5039.84 Lakhs ( Previous year Rs. 2499.00 lakhs ) from Punjab National Bank under scheme for loan to farmers against Sugar Cane Receivables wherein the Company is acting as 'Managing Agent /Facilitator'.
11. The business activity of the company falls within a single primary business segment viz sugar and basically sale of the product is within the country.
12. Prior period item (net) amounting to Rs 370000/- (previous year Rs 768601/- ) include:-

	Current year	Previous year
Expenditure - Water/Air cess charges	370000	--
Earned leave	--	724070
Audit Fees	--	40000
Bonus	--	11069
Income	--	6538

13. During the financial year 2007-08, the company has availed a Term Loan of Rs 1349 lakhs for the payment of cane dues for the season 2006-07 and 2007-08 as per scheme for Extending financial assistance to Sugar Industries. A sum of Rs. 180.38 lakhs on account of Interest on the aforesaid loan has to be reimbursed by the Central Government as per scheme. Pending reimbursement of the said amount , the same has been included in 'Advance Recoverable in cash or kind' in Schedule '11'.
14. Advance Recoverable in cash or kind appearing under schedule 11 for Loans & Advances includes an amount aggregating Rs.2121.00 lakhs (Previous year 1034.00 lakhs) paid towards purchase of Assets of a company, where the Managing Director of the company is interested as a Director.
15. Sundry Debtor includes a sum of Rs. 746.72 Lakhs ( previous year Rs. 612.94 Lakhs) due from a subsidiary Company.

16. The company has received share application money of Rs.700 lakhs towards the issue of 700000, 6% cumulative preference share having face value of Rs.100/- each which will be convertible into equity share of Rs.10/- each at a premium of Rs.4/- each at any time after the expiry of 12 months but not later than 60 month from the date of their issue, subject to the approval of the shareholders meeting of the company.
17. Pursuant to Accounting Standard (AS)-15 (Revised 2005) "Employee Benefits", the disclosure of employees benefits are given below :-

**I) Defined Contribution Plan and amount recognized in (Rs. in lakhs)**

**Profit and Loss Account**

- Employer's Contribution to provident fund 31.79

**II) Defined Benefit Plan**

-Employee benefits in respect of Gratuity and Leave Encashment are based on Actuarial Valuation as on 31st March 2010. The details are given below :

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
<b>A) Change in the Present Value of obligation</b>		
a) Present Value of obligation as at 1st April 2009	117.34	15.40
b) Interest Cost	8.45	1.10
c) Current Service cost	10.72	1.76
d) Benefits Paid	( 6.21)	( 8.25)
e) Actuarial Loss /( Gain)	7.13	7.03
f) Present Value of Obligation as at 31st March 2010	137.43	17.04
<b>B) Change in Fair Value of Plan Assets</b>	<b>Nil</b>	<b>Nil</b>
<b>C) Amount recognized in Balance Sheet ( A-B)</b>	<b>137.43</b>	<b>17.04</b>
<b>D) Expenses recognized in the Profit &amp; Loss Account</b>		
a) Current Service Cost	10.72	1.76
b) Interest Cost	8.45	1.10
c) Actuarial Loss /( Gain)	7.13	7.03
d) Net Cost	26.30	9.89
<b>E) Details of Plan Assets</b>	<b>Nil</b>	<b>Nil</b>
<b>F) Actuarial Assumptions</b>		
a) Discount Rate	7.90%	7.90%
b) Rate of escalation in Salary ( Per Annum )	7.00%	7.00%
c) Mortality Table		
d) Retirement Age ( Years )	58 yrs	58 years

18. The company is in process of identifying its suppliers as Micro, Small and Medium Enterprises as defined under the " Micro, Small and Medium Enterprises Development Act 2006". However the company has not received any intimation/ communication from their suppliers regarding applicability of this act to them. Therefore no such disclosure under the said act has been furnished.



## 19. RELATED PARTY DISCLOSURES

### a) Detail relating to related party

Parties where control exists

Yadu Resorts India Ltd.

### b) Other related parties where transaction have taken place during the year

i) Subsidiary Company :- Ranger Breweries Limited

ii) Associates Company :- Nil

iii) Key Management Personnel

Mr D.P. Singh Chairman

Mr Deepak Yadav Managing Director

Mr Jitender Singh Director

Mr Pawan Dewan Director

Mr Kunal Singh Director

Mr.Sheoraj Ahlawat Director

### iv) Relative of Key Management Personnel

Mrs Umlesh Yadav

### v) Enterprise significantly influenced by Directors and /or their relatives

Cosmos Industries Ltd.

Tirupati Sugars Ltd.

### c) Transaction with related party

Rs. In Lakhs)

	Sales	Purchase	Expenses	Loan Received	Loan Repaid	Remuneration	Application Money	Receivables	Payables
Company where control exist	-	-	31.15	-	-	-	175.00	-	3.00
Scorpio Media Pvt. Ltd.			( Nil )						( Nil )
Subsidiary Co.	572.78	-		-	-	-	-	746.72	-
Ranger Breweries Ltd.	(406.10)							(612.84)	
Key Management Personnel	-	-		250.00	-	6.00	-	-	-
Mr. D. P. Singh				(Nil)		(6.00)			
Key Management Personnel	-	-		-	Nil	18.00	-	-	-
Mr. Deepak Yadav					(27.00)	(18.00)			
Key Management Personnel	-	-		110.00	-	-	100.00	-	-
Mr. Kunal Singh				( Nil )			( Nil )		
Relative of KMP	-	-		-	21.50	-	225.00	-	Nil
Mrs. Umlesh Yadav					( Nil )		( Nil )		(21.50)
Co. Significantly influenced by Directors	-	-		-	-	-	100.00	-	-
Top Image Estate Pvt. Ltd.							( Nil )		
Co. Significantly influenced by Directors	-	-		-	-	-	100.00	-	-
Noble Buildcon Pvt Ltd.							( Nil )		
Co. Significantly influenced by Directors	-	362.70		-	-	-	-	-	-
Cosmos Ind. Ltd.		( Nil )							

## 20. Additional information pursuant to the Provisions of Paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956

### A. PARTICULARS OF CAPACITY, PRODUCTION

S. No.	Particulars	Unit	Qty.
a)	Licensed Capacity	TCD	5000 (5000)
b)	Installed Capacity	TCD	5000 (5000)
c)	Production		
	- sugar	Qtls	272400 (396474)
	- Molasses	Qtls	133658 (266781)
	- Bagasse	Qtls	842367 (1253643)

#### Note:

- The Installed capacity is certified by management and has not Verified by the auditors being Technical matter.
- Production of Bagasse includes 742279 Qtls (Previous Year 1192862 Qtls) consumed internally as fuel for boiler.
- Company has purchased white sugar of 11657.50 Qtls from Cosmos Ind. Ltd. During the Financial year 2009-10 ( Previous year Nil)

## B. STOCK AND SALES

(Rs. in Lakhs)

	Opening Stock		Closing Stock		Sales	
	Qty (Qtls)	Value (Rs)	Qty (Qtls)	Value (Rs)	Qty (Qtls)	Value (Rs)
Sugar	239373 (325980)	5185.36 (4897.85)	213581 (239373)	5769.28 (5185.36)	309849 (483081)	9589.19 (9237.80)
Molasses	114397 (35264)	394.13 (197.80)	102978 (114397)	491.46 (394.13)	145077 (187648)	562.65 (584.09)
Bagasse	150000 (450000)	180.00 (440.00)	125000 (150000)	250.00 (180.00)	125087 (310780)	222.47 (348.98)
<b>TOTAL</b>		<b>5759.49</b>		<b>6510.74</b>		<b>10374.31</b>
<b>TOTAL</b>		<b>(5535.65)</b>		<b>(5759.49)</b>		<b>(10170.87)</b>

### Note:

- Value has been rounded off to nearest thousands rupee and the quantities have been rounded off to the nearest Qtl

## C. RAW MATERIAL CONSUMED:

S. No.	Particulars	Unit	Qty.	Value Rs. (in Lakhs)
1	Sugar Cane	Qtls	3060357 (4175589)	6897.09 (6599.99)

## D. BREAK-UP OF RAW MATERIALS AND STORES AND SPARES CONSUMED:

	RAW MATERIALS CONSUMED		STORES CONSUMED	
	Value (Rs.) (In Lakhs)	% of Total Consumption	Value (Rs.) (In Lakhs)	% of Total Consumption
a) Imported	Nil (Nil)	Nil (Nil)	-- (71.89)	0 (12.50%)
b) Indigenous	6897.09 (6599.99)	100% (100%)	395.40 (503.48)	100% (87.50%)

## E. VALUE OF IMPORTS ON C.I.F. BASIS :

(Rs. In Lakhs)

Chemical -  
(-)

### Expenditure in Foreign Currency :

(Subject to deduction of tax where applicable)

i) Foreign Tour --  
(18.68)

### Earning in Foreign Currency :

(Subject to deduction of tax where applicable)

i) Miscellaneous Income 102.04  
(Nil)



**F. The other information as required under paragraphs 3 & 4 part II**

Schedule VI to the Companies Act, 1956 are not given being

**EITHER NIL OR NOT APPLICABLE .**

**Note:** The figures in bracket pertain to the previous year.

**20. EPS**

	Current Year Rupees	Previous Year Rupees
Profit/loss attributable to Equity Shareholders	45455326	38593192
Weighted Average no of share	15461807	15461807
Paid up value of shares	10	10
Basic EPS	2.94	2.50
Diluted EPS	2.94	2.50

(Rs in Lakhs)

21. Details of Remuneration to Directors:	Managing Director	Director
Salaries & Allowances	18.00	6.00
	(18.00)	(6.00)
Contribution towards Provident & Other Funds	NIL	NIL

**Note:** The figures in bracket pertain to the previous year.

Computation of Net Profit for the purpose of calculating Managerial Remuneration:-

	Figures in Lakhs
<b>Profit for the year</b>	<b>674.44</b>
<b>Add: Remuneration to Managing Directors/Director:</b>	
Remuneration	24.00
Perquisite	Nil
Director sitting fee	0.63
	---
<b>Profit u/s 349</b>	<b><u>24.63</u></b>
	<b>699.07</b>



## 23. Information required in the terms of Part IV of Schedule VI to the Companies Act, 1956

### Balance Sheet Abstract and Company's General Business Profile :

#### I. Registration Details :

Registration No.	16-10903
State Code	55
Balance Sheet Date	31.03.2010

#### II. Capital Raised during the year

(Amount in Rs. Lakhs)

Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-

#### III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Lakhs)

Total Liabilities	17007.51
Total Assets	17007.51

#### Sources of Funds :

Paid-up Capital	1541.83
Share Application Money	700.00
Reserves & Surplus	2539.75
Secured Loans	10187.10
Unsecured Loans	1110.57
Net Deferred Tax Liability	928.26

#### Application of Funds :

Net Fixed Assets	9006.81
Investments	202.22
Net Assets	7798.48
Misc. Expenditure	Nil

#### IV. Performance of Company

(Amount in Lakhs)

Turnover(Including other income)	10548.68
Total Expenditure	9874.25
Profit/(Loss) Before Tax	674.43
Profit/(Loss) After Tax	454.55
Dividend Rate	-

#### V. Generic Names of Three Principal Products/Services Company (as per monetary terms)

Item Code No. (ITC Code)	17011109
Product Description	White Crystal Sugar
Item Code No. (ITC Code)	1703100
Product Description	Molasses
Item Code No. (ITC Code)	23010000
Product Description	Bagasse

for **B. K. KAPUR & COMPANY**  
Chartered Accountants

**D. P. SINGH**  
(Chairman)

**KUNAL SINGH**  
(Director)

**(M. S. KAPUR ) FCA**  
PARTNER  
M. NO. 74615

**Anant Kr. Singh**  
(Company Secretary)

**GAURAV AGARWAL**  
(Ch. Manager Accounts)

PLACE : Mukerian, (Punjab)  
DATE : 31st May, 2010



**CASH FLOW STATEMENT FOR THE YEAR ENDED AS ON 31TH MARCH,2009**

	Year Ended 31.03.2010 (Rs.)	Year Ended 31.03.2009 (Rs.)
<b>A. Cash flow from Operating Activities</b>		
Net Profit before Tax and Extra Ordinary items	<b>67,443,912</b>	29,331,401
Adjustments for:		
Depreciation	50,520,800	48,572,038
Interest and financial charges	103,265,053	59,155,568
Loss on sale/damage of assets (net)	400,573	-
Performance guarantee recovered	(10,204,477)	-
Met credit for earlier year	-	-
Interest earned	(2,263,556)	(388,853)
<b>Operating Profit before Working Capital changes</b>	<b>209,162,304</b>	136,670,154
Adjustments for:		
Trade & Other Receivables	(207,687,289)	(442,774,616)
Inventories	(66,917,158)	(5,637,931)
Trade Payables	248,440,480	416,470,185
<b>Cash generated from operations</b>	<b>(26,163,966)</b>	(31,942,362)
Direct taxes (paid)/refund	182,998,338	104,727,792
	(13,486,596)	(927,208)
<b>Net Cash flow from Operating Activities</b>	<b>A 169,511,742</b>	103,800,584
<b>B. Cash Flow Investing Activities</b>		
Purchase of Fixed Assets	<b>(410,734,743)</b>	(34,851,736)
Sale of Fixed Assets	<b>850,000</b>	-
Interest Received	<b>2,263,556</b>	388,853
		(8,500,000)
<b>Net Cash used in Investing Activities</b>	<b>B (407,621,187)</b>	(42,962,883)
<b>C. Cash Flow Financing Activities</b>		
Share capital	<b>70,000,000</b>	-
Interest paid	<b>(103,265,053)</b>	(59,155,568)
Repayments of Borrowings	<b>(60,178,520)</b>	25,045,788
Proceeds from Borrowings	<b>108,907,600</b>	(2,699,564)
Change in cash credit	<b>156,922,917</b>	246,496,264
<b>Net Cash flow from Financing Activities</b>	<b>C 172,386,944</b>	209,686,920
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>A+B+C (65,722,500)</b>	270,524,621
Cash and Cash Equivalents as at 1st April ,2009	<b>278,201,480</b>	7,676,859
Cash and Cash Equivalents as at 31st March, 2010	<b>212,478,980</b>	278,201,480
Net Cash	<b>(65,722,500)</b>	270,524,621

**Notes:**

1. Cash and Cash Equivalents represent Cash and Bank Balances (Refer Schedule 10)
2. Previous year figures have been regrouped / rearranged wherever consider necessary.

for **B. K. KAPUR & COMPANY**  
Chartered Accountants

**D. P. SINGH**  
(Chairman)

**KUNAL SINGH**  
(Director)

(M. S. KAPUR ) FCA  
PARTNER  
M. NO. 74615

Anant Kr. Singh  
(Company Secretary)

**GAURAV AGARWAL**  
(Ch. Manager Accounts)

PLACE : Mukerian, (Punjab)  
DATE : 31st May, 2010



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

## RANGAR BREWERIES LIMITED CORPORATE INFORMATION

### Name of Subsidiary Company

### RANGAR BREWERIES LIMITED

1. Financial year of the Subsidiary ended on 31st March, 2010
2. Shares of the Subsidiary Company held on the above dated and extent of holding.
  - a) Equity Shares of Rs. 10/- each (5861266 equity shares of Rs. 10/- each fully paid up) Rs. 5,86,50,670
  - b) Extent of Holding 99.94%
3. Net aggregate amount of Profit of the Subsidiary Company for the above financial year so far as it concerns the members of Indian Sucrose Limited
  - a) Dealt within Accounts of Indian Sucrose Limited NIL
  - b) Not dealt within Accounts of Indian Sucrose Limited 54.24 Lacs
4. Net Aggregate Amount of losses for previous financial year of the Subsidiary Company as it concerns members of Indian Sucrose Limited
  - a) Dealt within Accounts of Indian Sucrose Limited NIL
  - b) Not dealt within Accounts of Indian Sucrose Limited NIL

DIRECTORS	:	Sh. Bharat Singh Sh. Kunal Singh Sh. Gajraj Singh
REGISTERED OFFICE	:	B-270, Greater Kailash Part - I, New Delhi
WORKS AT	:	1 & 130, Industrial Area. Mehatpur, Distt-Una-174315 Himachal Pradesh
AUDITORS	:	M/s B. K. KAPUR & CO. Chartered Accountants Ghaziabad U. P.

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

### Indian Sucrose Limited

Dharampal Singh    Kunal Singh    Anant Kumar Singh    Gaurav Agarwal  
(Chairman)    (Managing Director)    (Company Secretary)    (Mgr. Accounts)

Place : Delhi

Date : 31st August, 2010



## DIRECTORS REPORT

The Members,

Your Directors have pleasure in presenting the Annual Report of the company together with Audited Accounts of the Company for the year ended on 31st March 2010 and the Auditor's Report thereon.

(Rs.in Lacs)

1. OPERATING RESULTS:	2009-2010	2008-2009
Sales (Net of Duties)	4498.69	3797.45
Other Income	183.54	87.27
Total Income	4575.84	3935.73
Profit before Interest, Dep & Taxation	260.93	247.72
Depreciation	81.48	77.16
Interest and Financial Charges	69.91	64.30
Profit/(Loss) before Taxation	109.35	106.26
Provision for Taxation		
Current	(21.00)	(41.98)
Deferred	(34.10)	1.21
FBT & I. Tax of earlier years	---	5.29
Profit after Taxation	54.24	60.91
Surplus brought forward	257.34	196.43
Surplus Carried Forward	311.59	256.62

## DIVIDEND

In view of funds required for improving the working capital position of the Company your Directors do not recommend any dividend for the year 2009-2010.

## REVIEW OF OPERATION

During the year under review Company recorded net profit before tax of Rs 54.24 lacs as compared to net profit before tax of Rs. 60.91 lacs last year. The net turnover of the company during the year under review was Rs.4498.98 lacs as compared to turnover of Rs. 3797.97 lacs in the previous year.

## RESINATON

Mr.Deepak Yadav, resigned as Director and Managing Director, w.e.f. 1.04.2009

The company expresses its sincere appreciation for the valuable services rendered by Mr. Deepak Yadav during the tenure as managing Director of Indian Sucrose Limited

## CAPITAL

During the year the company has not issued and allotted any Equity Shares.

## FIXED DEPOSITS

During the year the company has neither accepted, nor renewed, any fixed deposit under the provisions of Section 58A of the Companies Act, 1956.

## AUDITORS

M/s B.K. Kapur & Co., Chartered Accountants, Ghaziabad, Statutory Auditors are retiring at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

## ENVIRONMENT AND SAFETY

Your directors appreciate and understand the concept of sustainable development whereby we assume our responsibility and accountability towards the environment safety and social obligations as a whole. The system of effluent treatment is given utmost importance and is managed with great care, caution & control.

## DIRECTOR'S RESPONSIBILITY

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act, 1956 the Directors of your Company confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of profit and loss 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts on a going concern basis.

## PARTICULARS OF EMPLOYEES:

None of the employee is covered under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules 1975.

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

The information as per Section 217(1) (e) read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the annexure forming part of this report.

## ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for devoted services and sincere efforts made by all the members of workers, staffs and officials of the company towards the progress of the company.

Your Directors wish to thank customers, suppliers, Bankers, Govt. Authorities and other business associates and shareholders for their continued support and encouragement extended to the Company.

For and on behalf of the Board

(KUNAL SINGH) (BHARAT SINGH)  
Director Director

Place : Delhi

Date : 31st August, 2010





## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF RANGAR BREWERIES LIMITED

1. We have audited the attached Balance Sheet of RANGAR BREWERIES LIMITED as at 31st March, 2010 the Profit & Loss Account and also 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 also 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 ("The Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("The Act"). We enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
- d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as Directors in terms of clause (g) of Sub Section (1) of Section of 274 of the Companies Act, 1956.
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and others notes thereon, and attached thereto, give the information re-quired by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, for the cash flows for the year ended on that date.
- i) in the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2010.

- ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, for the cash flows for the year ended on that date.

For B.K. Kapur & Co.  
Chartered Accountants,

(M.S. KAPUR) F.C.A.  
Partner

Place : Delhi  
Date : 01st July, 2010

Membership No.74615

### Annexure to the Auditors' Report

(Referred to in paragraph (3) of our Report of even date to the shareholders of RANGAR BREWERIES LIMITED for the year ended 31st March, 2010

1. (a) We have been explained that the fixed assets register was lost in the year 1988-89, all the additions made after this period have been entered in a new fixed assets register wherein the quantitative details and situation of fixed assets are shown. For the earlier period, the management has prepared a new fixed assets register based on physical verification taken by the management, showing full particulars including quantitative details and situation of the fixed assets and the cost of these fixed assets have been taken as per Chartered Valuer's report.
  - (b) We have been informed that the fixed assets of the Company have been physically verified during the year by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
  - (c) As per records and information and explanation given to us company has not disposed off during the year any part of its fixed assets.
2. (a) The physical verification of inventory has been conducted by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination, in our opinion, the Company has maintained proper records of inventory & discrepancies noticed on such physical verification on inventory as compared to the books records were not material.
3. (a) According to information made available to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act, accordingly clause 4(iii) (b) to (d) of the Order are not applicable to the company.
  - (b) According to information made available to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act, accordingly clause 4(iii) (e) to (g) of the Order are not applicable to the company.



4. 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 nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanation given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on our examination and according to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market price at the relevant time except purchases from a company where we are informed by the management that the charges so paid are reasonable having regard to the nature and quality of work involved.
6. On the basis of information and explanations given to us, the company has not accepted any public deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions the Act, and rules framed thereunder.
7. The company has an internal audit system, which needs to be more strengthened to make it commensurate with the size and nature of the Company's business.
8. To the best of our knowledge and belief and according to information given to us, Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.
9. (a) According to the information and explanations given to us the company is regular in de-positing with appropriate authorities, undisputed statutory dues including Provident Fund, Employee State Insurance Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it, except few cases of de-lay in deposit of Tax Collected at Source. are not applicable to the company, No amount was due to be deposited under investor Education and Protection Fund. Further there was no arrears of undisputed statutory dues outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the disputed statutory dues of Excise Duty & Sales Tax, aggregating to Rs 37.40 Lacs out of which Rs 12.26 lacs have not been deposited are given below:-

Name of Statute	Nature of Due	Financial year to which it pertains	Amount (Rs. in Lakhs)	Forum where dispute is pending.
Excise Duty	Redisstillion Loss	1988-89	12.26	H.P. High Court, Shimla
Sales Tax		2001-02	00.20	A.E.T.C. Una
		2005-08	01.25	A.E.T.C. Una
		2003-04	00.08	A.E.T.C. Una
Excise Duty		2001-02	02.25	D.E.T.C. Palampur
		2007-08	15.00	D.E.T.C. Palampur
Insurance Claim			06.36	National Consumer Redressal Forum, Shimla

Further, in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax and Cess it has been informed that there are no dues, which have not been deposited on account of any dispute.

10. The company does not have accumulated losses. The company has not incurred any cash losses during the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, except the slight delays of few days in repayment of its dues to banks company has not defaulted in re-payments of dues however there was no overdue amount as on 31st March, 2009. There are no dues of debenture holders.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a Nidhi / mutual benefit fund / society, therefore provisions of clause 4(xiii) of the order are not applicable to the company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause 4(xiv) of the order are not applicable to the company.
15. According to the information and explanation given to us, the company has not given guaran-tees for loans taken by others from Banks or Financial Institutions.
16. In our opinion and on According to the records of the company, it has not obtained during the year any term loans. Hence ,no comment under para 4 (xvi) of CARO, 2003 is called for.
17. On the basis of information and explanations given to us, and on an overall examination of the financial statements of the company, we report that Rs 35.26 Lacs raised on short term basis have been ultimately used for long-term investment.
18. According to the information and explanation given to us, during the period covered by our audit report, the company has not made preferential allotment of shares to parties and com-panies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debenture, therefore, no comments is required under para 4(xix) of CARO, 2003.
20. The company has not raised any money through public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B.K. Kapur & Co.  
Chartered Acc.ountants,

(M.S. KAPUR) F.C.A.  
Partner

Place : Delhi  
Date : 01st, July, 2010

Membership No.74615



**RANGAR BREWERIES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH , 2009**

	SCHEDULE No.	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	58,650,670	58,650,670
Reserves and Surplus	2	42,966,694	38,732,175
		<b>101,617,364</b>	<b>97,382,845</b>
<b>Loan Funds</b>			
Secured Loans	3	51,296,910	53,170,891
		<b>51,296,910</b>	<b>53,170,891</b>
<b>Deferred Tax Liability (Net)</b>	<b>4</b>	18,024,321	14,613,451
	<b>TOTAL</b>	<b>170,938,595</b>	<b>165,167,187</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	211,405,486	195,981,390
Less :-Depreciation		106,268,873	96,929,673
Net Block		105,136,613	99,051,717
Capital Work in Progress		10,036,390	9,071,732
		<b>115,173,003</b>	<b>108,123,449</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	76,074,188	94,371,209
Sundry Debtors	7	131,632,919	107,055,859
Loans and Advances	8	17,728,560	16,120,469
Cash and Bank Balances	9	11,937,144	14,073,900
		<b>237,372,811</b>	<b>231,621,437</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	10	175,511,358	166,282,023
Provisions	11	6,095,861	8,295,676
		<b>181,607,219</b>	<b>174,577,699</b>
Net Current Assets		55,765,592	57,043,738
	<b>TOTAL</b>	<b>170,938,595</b>	<b>165,167,187</b>

Significant Accounting Policies & Notes forming part of Balance Sheet 18

The Schedules 1 to 18 form an integral part of Balance Sheet

As per our report of even date attached.  
for **B. K. KAPUR & COMPANY**  
**Chartered Accountants**

**KUNAL SINGH**  
(Director)

**BHARAT SINGH**  
(Director)

**(M. S. KAPUR ) FCA**  
**PARTNER**  
**M. NO. 74615**

**PLACE : Delhi**  
**DATE : 01st July, 2010**



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

SCHEDULE	YEAR ENDED 31.03.2010 (Rs.)	YEAR ENDED 31.03.2009 (Rs.)
<b>INCOME</b>		
Sales	512,819,268	440,078,703
Less : Excise Duty	62,949,640	60,333,223
Net Sales	449,869,628	379,745,480
Other Income	12 18,354,131	8,726,896
(Decrease)/Increase in Stocks	13 (10,639,660)	5,100,512
<b>TOTAL</b>	<b>457,584,099</b>	<b>393,572,888</b>
<b>Expenditure</b>		
Material and Manufacturing Expenses	14 360,453,062	301,450,159
Salaries, Wages and Benefits	15 11,912,030	13,712,383
Administration and Other Expenses	16 59,125,041	53,637,794
Interest and Financial Charges	17 6,991,047	6,430,552
<b>TOTAL</b>	<b>438,481,179</b>	<b>375,230,888</b>
<b>Profit before Depreciation</b>	19,102,920	18,342,000
Depreciation	8,148,909	7,715,821
Less: Previous Year Expenses/(Income)	18,328	-
<b>Profit Before Tax</b>	10,935,683	10,626,179
Provision for Taxation		
Current Tax	(2,100,000)	(4,125,962)
Deferred Tax (debit)/credit	(3,410,870)	120,624
Fringe Benefit Tax	-	(529,163)
<b>Profit after Tax</b>	5,424,813	6,091,678
Balance brought forward from Previous Year	25,734,784	19,643,106
	-	
Surplus transferred to Balance Sheet	31,159,596	25,734,784
Earning per Share (Note No. 20)		
Nominal Value Rs. 10/-, (Previous year Rs.10/-)		
Basic	0.92	1.04
Diluted	0.92	1.04

Significant Accounting Policies & Notes forming part of Profit & Loss Account 18

The Schedules 1 to 18 form an integral part of Profit & Loss Account

As per our report of even date attached.  
for **B. K. KAPUR & COMPANY**  
**Chartered Accountants**

**KUNAL SINGH**  
**(Director)**

**BHARAT SINGH**  
**(Director)**

**(M. S. KAPUR ) FCA**  
**PARTNER**  
**M. NO. 74615**

**PLACE : Delhi**  
**DATE : 01st July, 2010**

## SCHEDULES TO ACCOUNTS

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised:</b>		
10000000 Equity Shares of Rs.10/- each (Previous Year 10000000 Equity Shares of Rs.10/- each)	100,000,000	100,000,000
	100,000,000	100,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
5865067 Equity Shares of Rs.10/- each fully paid up (Previous Year 5865067 Equity Shares of Rs.10/- each fully paid up)	58,650,670	58,650,670
<b>TOTAL</b>	<b>58,650,670</b>	<b>58,650,670</b>

<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
<b>Central Cash Subsidy Reserve</b>		
As per Last Balance Sheet	1,378,432	1,378,432
<b>Revaluation Reserve</b>		
As per Last Balance Sheet	10,729,644	
Less : Transferred to Depreciation on revalued Assets	<u>1,190,293</u>	
	9,539,351	10,729,644
<b>General Reserve</b>		
As per Last Balance Sheet	<u>889,315</u>	<u>889,315</u>
	-	
	11,807,098	12,997,391
Profit & Loss Account		
Surplus as per accounts annexed	31,159,596	25,734,784
<b>TOTAL</b>	<b>42,966,694</b>	<b>38,732,175</b>

<b>SCHEDULE 3 : SECURED LOANS FROM SCHEDULED BANKS</b>		
B) Cash Credit		
- State Bank Of India	51,296,910	53,170,891
	<b>51,296,910</b>	<b>53,170,891</b>

## NOTES :-

- Cash Credit limit is secured against hypothecation of stocks of raw materials, stock in process, finished goods, book debts and other assets of the company and further secured by first charge on land, building, plant and machinery and other assets of the company.

	As at 31.3.2009	During the year	As at 31.3.2010
<b>SCHEDULE 4 : DEFERRED TAX LIABILITY (Net)</b>			
<b>DEFERRED TAX LIABILITY</b>			
Difference between Book & Tax Depreciation	15,975,874	3,592,949	19,568,823
	<b>15,975,874</b>	<b>3,592,949</b>	<b>19,568,823</b>
<b>Less: Deffered Tax Assets</b>			
(Expenses allowable u/s 43B)	1,362,423	182,079	1,544,502
<b>NET DEFERRED TAX LIABILITY</b>	<b>14,613,451</b>	<b>3,410,870</b>	<b>18,024,321</b>



**SCHEDULE - 5 : FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	COST AS AT 1.4.2009	ADDITIONS DURING THE YEAR	DEDUCTIONS/ SALES DURING THE YEAR	TOTAL COST AS AT 31.03.2010	AS AT 1.4.2009	FOR THE YEAR	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31.3.2009
Leasehold Lands	21345537	0	0	21345537	4103097	270420	4373517	16972020	17242440
Shed & Buildings	26829960	0	0	26829960	9734076	801121	10535197	16294763	17095884
Plant & Machineries	139808856	15336206	0	155145062	79888876	7548196	87437072	67707990	59914276
Furniture & Fixtures	536627	41220	0	577847	532071	34126	566197	11650	6876
Office Equipments	1208822	14730	0	1223552	563109	72111	635220	588332	649097
Computers	152774	31940	0	184714	75715	34295	110010	74704	77059
Vehicles	6098814	0	0	6098814	2032729	578931	2611660	3487154	4066085
<b>Total</b>	195981390	15424096	0	211405486	96929673	9339200	106268873	105136613	99051717
Capital work in progress	9071732			10036390				10036390	9071732
Building Plant & Machinery etc									
Current Year(Rs)	205053122	31546159	15157405	221441876	96929673	9339200	106268873	115173003	108123449
Previous Year(Rs)	198311668	9074367		198311648	71069378	8181588	79250966	108123449	120933822

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 6 : INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw materials	27,371,195	39,365,685
Packing & other materials	14,974,992	9,170,808
Fuel Stocks	1,192,914	791,632
Stores & Spares	5,149,650	5,915,138
Stock in process	10,507,029	20,752,235
Finished Goods	16,813,801	18,311,104
Goods in transit	64,607	64,607
<b>TOTAL</b>	<b>76,074,188</b>	<b>94,371,209</b>

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>		
(Unsecured - Considered good)		
Debts over six months	51,185,961	45,848,922
Others	80,446,960	61,206,937
<b>TOTAL</b>	<b>131,632,921</b>	<b>107,055,859</b>

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 8 : LOANS AND ADVANCES</b>		
(Unsecured - Considered good)		
Advances recoverable in cash or in kind or for value to be received	4,899,141	4,979,861
Interest accrued on FDRs	530,825	417,264
Security Deposits	6,524,358	5,469,486
Prepaid Expenses	2,243,783	1,738,862
Balance with Excise Department & Sales Tax Department	3,482,842	3,337,342
Tax deducted at source / Advance Tax	47,611	177,654
<b>TOTAL</b>	<b>17,728,560</b>	<b>16,120,469</b>

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
<b>Cash in hand</b>	3,774,547	1,177,333
With Scheduled Banks		
- In Current Account	2,241,597	3,044,567
- In Fixed Deposit Account	5,921,000	9,852,000
<b>TOTAL</b>	<b>11,937,144</b>	<b>14,073,900</b>



	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
<b>SCHEDULE 10 : CURRENT LIABILITIES</b>		
Sundry Creditors for Goods Micro,small & Medium Enterprises		
Other Creditors	154,479,099	146,363,905
Sundry Creditors for Expenses	7,619,354	7,563,965
Liabilities For Expenses	9,482,903	9,504,152
Security Reciepts	3,930,000	2,850,000
<b>TOTAL</b>	<b>175,511,356</b>	<b>166,282,022</b>
<b>SCHEDULE 11 :PROVISIONS</b>		
Provisions For Retirement Benefits	3,995,861	3,640,551
Provision for Taxation	2,100,000	4,655,125
	6,095,861	8,295,676
<b>TOTAL</b>	<b>181,607,217</b>	<b>174,577,698</b>
<b>SCHEDULE 12 : OTHER INCOME</b>		
Interest received (Gross)	476,664	337,631
(Tax deducted at source Rs47611/- Prev. Year Rs72194/-)		
Scrap Sale	1,580,811	615,839
Other Reciepts (Net)	16,167,027	7,632,895
Freight Reciepts	124,800	120,900
Sundry Balances Written back	4,829	19,631
<b>TOTAL</b>	<b>18,354,131</b>	<b>8,726,896</b>
<b>SCHEDULE 13 : INCREASE/(DECREASE) IN STOCKS</b>		
Finished Goods	16,813,801	18,311,104
Stock In Process	10,507,029	20,752,235
	<b>27,320,830</b>	<b>39,063,339</b>
Finished Goods	(18,311,104)	(16,033,039)
Stock In Process	(20,752,235)	(19,701,139)
	<b>(39,063,339)</b>	<b>(35,734,178)</b>
(Decrease)/Increase in Stocks	(11,742,509)	3,329,161
Excise Duty etc. on Increase/Decrease of Stock	(1,102,851)	(1,771,351)
<b>(Decrease)/Increase in Stocks</b>	<b>(10,639,660)</b>	<b>5,100,512</b>
<b>SCHEDULE 14 : MATERIAL AND MANUFACTURING EXPENSES</b>		
Opening Stocks	39,365,685	33,055,399
Purchases	179,526,962	130,964,451
	218,892,647	164,019,850
Less : Closing Stocks	27,371,195	39,365,685
	<b>191,521,452</b>	<b>124,654,164</b>
Purchase Of W.I.P	-	-
Raw Material Consumed	191,521,452	124,654,165
Manufacturing Expenses		
Consumable Stores	112,121,083	109,271,514
Power & Fuel Consumed	32,823,689	42,579,925
Bottling, Brand & License fees	20,825,821	19,099,309
Processing Charges	173,213	127,383
Other manufacturing expenses	76,727	232,949
Repairs: Machinery	2,867,386	4,121,446
Repairs: Building	43,691	1,363,469
<b>TOTAL</b>	<b>360,453,062</b>	<b>301,450,159</b>



	YEAR ENDED 31.03.2010 (Rs.)	YEAR ENDED 31.03.2009 (Rs.)
<b>SCHEDULE 15 : SALARIES, WAGES &amp; BENEFITS</b>		
Salary & Wages	9,920,004	11,661,235
Contribution to Provident and other funds	1,387,765	1,773,518
Staff & Workers Welfare	604,261	277,630
<b>TOTAL</b>	<b>11,912,030</b>	<b>13,712,383</b>
<b>SCHEDULE 16 : ADMINISTRATION AND OTHER EXPENSES</b>		
<b>ADMINISTRATION</b>		
Insurance	70,026	85,082
Postage & Telephones	296,293	459,679
Printing & Stationery	282,092	117,534
Security Charges	1,084,695	1,074,517
Travelling & Conveyance (Other than Directors)	348,052	633,953
Vehicle Repairs & Maintenance Trucks and others	1,658,303	1,999,735
Vehicle Repairs & Maintenance Cars	281,120	246,131
Fees, Rates & Taxes	46,510	40,746
Rent / Lease Rent	1,574,800	1,318,800
Donation	110,500	17,620
General Repairs & Maintenance	682,878	200,153
Electricity & Water Charges	129,966	12,687
Auditors' Remuneration	111,897	128,716
Legal & Professional	141,622	313,607
Maintenance Charges	6,240	11,445
General expenses	56,224	116,330
Penalty & Fines	116,500	30,000
Other expenses	197,510	100,363
Entertainment Expenses	56,697	-
Festival expenses	9,710	20,172
Bad Debts	-	1,643,278
<b>SELLING &amp; DISTRIBUTION</b>		
Packing & Forwarding Expenses	40,516,493	37,409,505
Advertisement	7,100	10,782
Commission to Agents	6,513,790	2,725,124
Business Promotion	4,826,023	4,921,835
<b>Total</b>	<b>59,125,041</b>	<b>53,637,794</b>
<b>SCHEDULE 17 : INTEREST AND FINANCIAL CHARGES</b>		
Interest on Term Loans	-	10,439
Others (including bank charges)	6,991,047	6,420,113
<b>Total</b>	<b>6,991,047</b>	<b>6,430,552</b>



## SCHEDULE -18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS ENDING 31ST MARCH, 2010

### A. Significant Accounting Policies :

i) Basis of Accounting: The Company follows the Mercantile system of Accounting and recognises Income and Expenditure on Accrual Basis. The accounts are prepared on Historical Cost Basis, as going concern, and consistent with generally accepted accounting principles.

ii) Fixed Assets and Depreciation : Fixed Assets are stated at cost less accumulated Depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses.

Depreciation on all fixed assets put to use has been charged on Straight line Method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Item costing upto Rs. 5000/- each are fully depreciated in the year of purchase. Depreciation is charged on pro- rata basis in respect of assets acquired / sold during the year.

Post Impairment, depreciation is provided on the revised carrying value of the assets.

iii) Inventories : Inventories (other than By- Products ) are valued at Lower of cost or estimated realizable value Cost of raw material, stores and spares is determined on FIFO basis. Cost of finished goods has been worked out on absorption cost basis.

By Product and residuals are valued at net realizable value.

iv) Investment : Long term Investment is valued at cost, where applicable, provision is made for permanent diminution in value.

v) Foreign Exchange Transactions : Transaction in foreign currency is accounted for at the exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currencies at the year end translated at the year end rates which is likely to be realized from, or required to disburse at the balance Sheet date. Exchange difference arising on settlement of monetary items at rates different from those at which they arise, except Exchange difference on liabilities incurred for acquisition of fixed assets from outside India which are capitalized / recapitalized.

vi) Impairment of Assets : An asset is treated as Impaired when carrying cost of the asset exceed the recoverable value and impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in previous year is reversed if there has been a change in the estimate of recoverable amount.

vii) Borrowing Costs : Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of cost of such assets. A qualifying assets is one that necessarily take substantial period of time to get ready to use .All other borrowing cost have being charge to revenue.

viii) Sales : Sales include Excise duty but exclude Sales/Trade Tax.

ix ) Contingent Liabilities : Provisions involving substantial degree of estimation in measurement are recognized when

there is present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to the Accounts. Contingent Assets are neither recognized nor disclosed in the Financial Statement.

X) Retirement Benefits : Contribution is made under relevant rules/statutes to the Provident Fund and which are charged to Profit and Loss Account for the year on accrual basis. Liability for Leave Encashment & Gratuity as on 31st March, 2010 has been determined and provided for in the accounts.

XI) Taxes on Income : Current Tax is determined on the amount of tax payable on the taxable Income for the year in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax Assets / Liabilities is recognized on Significant timing differences, arising from the different treatments in accounting and taxation of relevant items. Deferred tax Assets / Liabilities shall be reviewed as at balance sheet date, based on development during the year, to reassess realization/ liabilities

Deferred Tax in respect of carry forward of losses and unabsorbed Depreciation are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such loss.

### B. Notes To the Accounts :

- The figures have been rounded off to the nearest rupee.
- The previous year's figures have been regrouped and re-classified, where ever necessary, to make them comparable.
- All the current assets, loans and advances in the opinion of the Board, have a value on realization, which in the ordinary course of business shall at least be equal to the amount at which it is stated in the Balance Sheet.
- Balances of sundry debtors , creditors and advances are subject to confirmation.

### 5. Auditors' Remuneration

S.No	Particulars	Current year Rupees(in '000)	Previous year Rupees (in '000)
i)	As Statutory Auditor	60	60
ii)	As Tax Auditors	30	30
iii)	Reimbursement of Expenses	22	23
	Total	112	113

### 6. Contingent Liability in respect of:

#### i) Contingent Liabilities

Nature of Liabilities	AS ON 31.03.2010 (Rs.in Lacs)	AS ON 31.03.2009 ( Rs.in Lacs)
a). Claims against the company not acknowledged as debt.	8.71	8.56

ii) Loans and advances includes : - Rs. 6.36 lacs (Previous year Rs. 6.36 lacs) paid to National Insurance company Limited under protest against demand of same amount. The company has got order in its favour on 24/10/ 2003 from H.P. consumer Disputes Redressal Commission Shimla, against



which insurance company has preferred an appeal before National consumer Disputes Redressal, New Delhi. No provision has been made in books as the company is confident to get refund for it.

- iii) Company has deposited Rs. 34.82 lacs (Previous year 33.37 lacs) deposited with Excise & Sales Tax department under the order of Honnoble High Court Shimla Rs 16.04 Lacs relates to the year 1989 to 2000 and the rest amount Rs 18.78 Lacs, towards the F.Y 2007-08 to 2009-10 in respect of redistillation losses under which the company has contested.
7. Excise duty as applicable in the state of H.P., Delhi & Chandigarh is provided on closing stock of finished goods lying in H.P., Delhi & Chandigarh respectively.
8. Sundry Debtors include Rs. 127.47 lacs. (previous year 127.47 lacs) which are under litigation. No provision is made there against as the management is of the view that the company is in the position to get finalised such cases in coming years and be provided in the year of the finalisation of such litigation.
9. Leasehold land, building and plant and machinery as on 1.4.94 were revalued based on the current replacement value by a valuer appointed for the purpose. As a result, the net book value of such fixed assets was increased by Rs. 396.92 lacs on the said date, which had been transferred to revaluation reserve. During the year ended 31.3.10 depreciation of the current year includes Rs. 11.90 lacs (Previous year Rs. 11.90 lacs) on the revalued amount of such fixed assets, on straight line method. An equivalent amount has been recouped from Revaluation Reserve and credited to the profit and loss account.

10. Deferred Tax Liability	AS AT 31.03.2010	AS AT 31.03.2009
(i) Difference due to Book & Tax depreciation On fixed Assets	195.6	159.75
	<b>195.68</b>	<b>159.75</b>
Deferred Tax Assets For Expenses Allowable against taxable income of future year u/s 43B	15.44	13.62
	<b>15.44</b>	<b>13.62</b>
Net Deferred Tax Liability	180.24	146.13

11. The Company is in process of identifying the suppliers as micro, small & medium enterprises under the "Micro Small & Medium Enterprises Development Act 2006". However the company has not received any intimation / communication from their Suppliers regarding applicability of this Act to them. Therefore no such disclosure under said Act has been furnished
12. Additional information pursuant to the Provisions of Paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956

## A PARTICULARS OF CAPACITY, PRODUCTION

- a). Particulars of capacity & production (As certified by the management)

Description	Unit	Licensed	Capacity	Installed	Capacity	Net Production *	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Spirit	PL. (In Lacs)	202.07	202.07	89.59 *	89.59 *	1.44	1.21

\*As Certified by Chartered Engineer & Management.

## b) Particulars of Stocks

(Quantity & Value in Lacs)

Item	Unit	Opening Stock				Closing Stock			
		31.03.2010		31.03.2009		31.03.2010		31.03.2009	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
(a) Finished Goods									
IMFL	PL	1.41	59.91	1.99	109.31	1.03	60.04	1.41	59.91
Country Liquor	PL	2.87	123.21	1.25	51.02	2.68	107.67	2.87	123.21
Co2 Gas	Kgs					0.15	0.42		
Total		4.28	183.12	3.24	160.33	3.86	168.13	4.28	183.12

## c) Particulars of Sales

(Quantity & Value in Lacs)

Item	Unit	31.03.2010		31.03.2009	
		Qty.	Value	Qty.	Value
(a) Finished Goods					
IMFL	PL	21.82	1166.49	16.67	901.69
Country Spirit	Liquor	108.45	3781.25	87.78	3357.95
Spirit	PL	1.44	173.57	1.21	141.15
Co2 Gas-By Product	KG	1.60	6.88		
Total		133.31	5128.19	105.66	4400.79

### Notes :

- Spirit stock (Opening as well as closing) has been shown as 'stock in process' as spirit is used for bottling after addition of certain flavours and additives.
- Sales of spirit excludes 113.44 lacs PL (Previous year 105.74 lacs PL) used for the manufacture of IMFL and country liquor.
- Sales is exclusive of breakage of .90 lacs PL (Previous year 0.25 lacs PL).
- Sales appearing in the profit & loss account doesnot include Discount on Sales (Previous Year Rs Nil)

## d). Particular of raw material consumed

(Rs. In Lacs)

Item	Unit	31.03.2010		31.03.2009	
		Qty.	Value	Qty.	Value
(i) Barley Malt	MT	20.66	38.18	32.35	74.75
(ii) Mollases, Sugar Grains etc	MT	2875.38	1877.03	2831.27	1171.98
Total		2896.04	1915.21	2863.62	1246.73

## e). Value of Imported Raw Materials, Packing Materials, Components & Stores Consumed.

(Rs. In Lacs)

Item	31.03.2010		31.03.2009	
	Value	%	Value	%
Raw Material				
Indigenous	1915.21	100%	1246.73	100%
Imported	-	-	-	-
Consumables Stores				
Indigenous	1121.21	100%	1092.71	100%
Imported	-	-	-	-
Packing Material				
Indigenous	405.16	100%	374.09	100%
Imported	-	-	-	-



- C) **VALUE OF IMPORTS ON C.I.F. BASIS** : NIL  
 D) **Expenditure in Foreign Currency** : (Subject to deduction of tax where applicable) NIL  
 E) **EARNING IN FOREIGN EXCHANGE** : NIL  
 F) The other information as required under paragraphs 3 & 4 part II Schedule VI to the Companies Act, 1956 are not given being **EITHER NIL OR NOT APPLICABLE**.

### 13. RELATED PARTY DISCLOSURES

- A) Detail relating to related party  
**Parties where control exists**  
 Indian Sucrose limited (Holding Company)  
 Other related parties where transaction have taken place during the year  
 i) **Key Management Personnel**  
 Mr Deepak Yadav(Managing Director)  
 Mr Bharat Singh(Director)  
 Mr Kunal Yadav  
 Enterprise significantly influenced by Directors and /or their relatives  
 Cosmos Industries Ltd.  
 B). Transaction with related party

(Rs in lacs)

	Volume of the Transactions				
	Holding Company	Associate Company	Enterprises Significantly Influenced By the Directors and / or its relatives	KMP	Relative of KMP
Purchase	571.71 (406.10)	-	330.84 (880.43)	-	-
Expenses					
Building Material	0.97				
Remuneration				(6.00)	
Finance					
Repayment Of Share Application Money			(4.50)		
<b>Outstandings</b>					
Payable Share Application Money	746.72 (612.94)		283.65 (279.86)		

Note: The figures in bracket pertain to the previous year.

14. EPS	Current Year Rupees	Previous Year Rupees
Diluted EPS	1.03	0.50
Profit attributable to Equity Shareholders	5424812	6019484
Weighted Average no of share Basic		
Weighted average number of equity shares at the end Diluted	5865067	5865067
Weighted average number of equity shares At the end	5865067	5865067
Add:Share application Money		
Total	5865067	5865067
Paid up value of share	10/-	10/-
Basic EPS	0.92	1.03
Diluted EPS	0.92	1.03

15. The Business activity of the company falls within single primary business segment.  
 16. Information required in the terms of Part IV of Schedule VI to the Companies Act, 1956

### Balance Sheet Abstract and Company's General Business Profile :

I. **Registration Details :**

Registration No.	7383
State Code	
Balance Sheet Date	31.03.2010

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

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Issue	NIL

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

Total Liabilities	170938
Total Assets	170938

Sources of Funds :

Paid-up Capital	58651
Share Application Money	-
Reserves & Surplus	42967
Secured Loans	51296
Unsecured Loans	
Net Deferred Tax Liability	18024

Application of Funds :

Net Fixed Assets	115173
Investments	
Net Current Assets	55765
Misc.Expenditure	-

IV. **Performance of Company (Amount in Rs.Thousands)**

Turnover (Including other income)	457584
Total Expenditure	446549
Profit/(Loss) Before Tax	10935
Profit/(Loss) After Tax	5424
Dividend Rate	NIL

V. **Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	220830
Product Description	Whiskey
Item Code No. (ITC Code)	22.08
Product Description	Country Liquor
Item Code No. (ITC Code)	22.08
Product Description	Spirit

for B. K. KAPUR & COMPANY  
 Chartered Accountants

KUNAL SINGH  
 (Director)

BHARAT SINGH  
 (Director)

(M. S. KAPUR ) FCA  
 PARTNER  
 M. NO. 74615

PLACE : Delhi  
 DATE : 01 July, 2010



**CASH FLOW STATEMENT FOR THE YEAR ENDED AS ON 31TH MARCH, 2010**

	YEAR ENDED 31.03.2010 (Rs.)	YEAR ENDED 31.03.2009 (Rs.)
<b>A. Cash flow from Operating Activities</b>		
Net Profit before Tax and Extra Ordinary items	10935682	10626179
Adjustments for:		
Depreciation	8148909	7715821.06
Interest and financial charges	6991047	6430552.98
Loss on sale/damage of assets (net)	-	-
Excess Income Tax Provision written back	-	(10,016)
Interest earned	(476664)	(337631)
Other Incomes	-	-
<b>Operating Profit before Working Capital changes</b>	<b>25598973</b>	<b>24424906</b>
Adjustments for:		
Trade & Other Receivables	(26185152)	(20282904)
Inventories	18297021	(7398287)
Trade Payables	9584644	10929266
<b>Cash generated from operations</b>	<b>27295486</b>	<b>7672981</b>
Direct taxes (paid)/refund	(4655125)	(1724518)
<b>Net Cash flow from Operating Activities A</b>	<b>22640361</b>	<b>5948462</b>
<b>B. Cash Flow Investing Activities</b>		
Purchase of Fixed Assets	(16388754)	(5227176)
Sale of Fixed Assets	0	0
Interest Received	476664	337,631
<b>Net Cash used in Investing Activities B</b>	<b>(15912090)</b>	<b>(4889545)</b>
<b>C. Cash Flow Financing Activities</b>		
Interest paid	(6991047)	(6430553)
Proceeds from Borrowings Term Loan	0	(113886)
Proceeds from in cash credit	(1873983)	4037606
Share Application Money	0	(450000)
<b>Net Cash flow from Financing Activities C</b>	<b>(8865029)</b>	<b>(2956833)</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(2136758)</b>	<b>(1897915)</b>
<b>Cash and Cash Equivalents as at 1st April ,2009</b>	<b>14073900</b>	<b>15971815</b>
<b>Cash and Cash Equivalents as at 31st March,2010</b>	<b>11937144</b>	<b>14073900</b>
	<b>(2136758)</b>	<b>(1897915)</b>

**Notes:**

- 1 Cash and Cash Equivalents represent Cash and Bank Balances (Refer Schedule 10)
- 2 Interest paid is exclusive of interest capitalised Rs. Nil
- 3 Previous year figures have been regrouped / rearranged wherever consider necessary.

for **B. K. KAPUR & COMPANY**  
Chartered Accountants

**KUNAL SINGH**  
(Director)

**BHARAT SINGH**  
(Director)

**(M. S. KAPUR ) FCA**  
PARTNER  
M. NO. 74615

PLACE : Delhi  
DATE : 01st July, 2010



Regd. Office : G.T. Road, Mukerian Distt. Hoshiarpur- 144211

**(PROXY FORM)**

I/We .....  
of .....  
being a member/members of INDIAN SUCROSE LIMITED hereby appoint .....  
in the district of or failing him/her ..... of .....  
in the district of .....  
as my/our proxy to vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, the 30th day of September, 2010 at 11.00 A.M. and at any adjournment thereof at the Registered Office of the Company.

Signed this ..... day of ....., 2010 by the said .....  
Signature .....  
Address .....  
Folio/DP ID/Client ID No. ....

**Affix  
Re. 1/-  
Revenue  
Stamp.**

**NOTE :** The proxy form duly signed across Revenue Stamp of Rs. 1/- must be returned so as to reach the Registered Office of the Company 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.



Regd. Office: G.T. Road, Mukerian Distt. Hoshiarpur - 144 211

**ATTENDANCE SLIP**

(Please complete this slip and hand it over at the entrance of Meeting Hall) I/We hereby record my/our presence at the 19th Annual General Meeting held at the Registered Office of the company at G. T. Road, Mukerian, Distt. Hoshiarpur-141 211, on Thursday, the 30th day of September 2010 at 11.00 A.M.

NAME OF MEMBERS (In Block Letters) .....  
NO.OF SHARES HELD .....  
FOLIO/DPID/CLIENTIDNO. ....

**SIGNATURE OF SHARHOLDER/PROXY PRESENT**

\* Strike out whichever is not applicable

**Note: Member may please note than NO GIFT will be distributed at the meeting.**





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G.T. Road, Mukerian

Distt. Hoshiarpur – 144 211. (PUNJAB)

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