



Consolidating For Greater Value



The Oudh Sugar Mills Limited

Annual Report 2012-13



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chandra Shekhar Nopany,
Chairman-cum- Managing Director
Mr Ashvin Chinubhai Dalal
Mr Chand Bihari Patodia
Mr Rohit Kumar Dhoot
Mr Jayant Narayan Godbole
Mrs Madhu Vadera Jayakumar
Mr Aniket Agarwal
Mr Nirad Kant Bagla
Mr Yashwant Daga
Mr Pradeep Kumar Sarkar,
Nominee of State Bank of India
Mr Inderpal Singh Kalra, Nominee of IDBI Bank Ltd.

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

Mr Chandra Shekhar Nopany - Chairman
Mr Ashvin Chinubhai Dalal
Mr Rohit Kumar Dhoot
Mrs Madhu Vadera Jayakumar

Audit Committee

Mr Ashvin Chinubhai Dalal - Chairman
Mr Chand Bihari Patodia
Mr Rohit Kumar Dhoot
Mrs Madhu Vadera Jayakumar
Mr Nirad Kant Bagla
Mr Yashwant Daga

Investors' Grievance Committee

Mrs Madhu Vadera Jayakumar - Chairperson
Mr Rohit Kumar Dhoot
Mr Yashwant Daga
Mr Aniket Agarwal

Remuneration Committee

Mr Rohit Kumar Dhoot - Chairman
Mr Ashvin Chinubhai Dalal
Mrs Madhu Vadera Jayakumar
Mr Nirad Kant Bagla

Risk Committee

Mr Jayant Narayan Godbole - Chairman
Mr Chand Bihari Patodia

EXECUTIVES

Mr Govind Narayan Pareek - Company Secretary
Mr Dilip Patodia - Chief Financial Officer
Mr Vijay Pal Singh - Executive President, Hargaon
Mr Chandra Mohan Singh - Executive President,
Narkatiaganj
Mr Bal Kishore Malpani - Executive President, Rosa
Mr Pit Ram Singh - Executive President, Hata
Mr M. P. Singh - Executive Vice President, Allahabad

AUDITORS

S.R. Batliboi & Co. LLP
Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co. LLP

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

CORPORATE & HEAD OFFICE

9/1, R.N. Mukherjee Road, 5th Floor
Kolkata - 700 001
Tel. No. : 91-033-2243 0497/8
Fax No. : 91-033-2248 6369
e-mail : birlasugar@birla-sugar.com
Website : www.birla-sugar.com

MUMBAI OFFICE

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

SUGAR MILLS

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

DISTILLERIES

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

CO-GENERATION POWER PLANT

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

FOOD PROCESSING FACTORY

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



The Oudh Sugar Mills Limited

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

NOTICE

Notice is hereby given that the Eighty First Annual General Meeting of **THE OUDH SUGAR MILLS LIMITED** will be held on Wednesday, the 7th August, 2013 at 11.00 a.m. at the Registered Office of the Company at the Meeting Hall of Oudh Sugar Mills Complex, Hargaon, District Sitapur, Uttar Pradesh, Pin – 261 121, to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the nine months financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs Madhu Vadera Jayakumar who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr Jayant Narayan Godbole, a Director liable to retire by rotation, who does not offer himself for re-appointment, be not re-appointed as a Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up."

4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:-

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

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr Aniket Agarwal who was appointed as an Additional Director with effect from 31st January, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General

Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr Nirad Kant Bagla who was appointed as an Additional Director with effect from 31st January, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr Yashwant Kumar Daga who was appointed as an Additional Director with effect from 15th May, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT the Resolution passed by the Board of Directors of the Company at their meeting held on 3rd January, 2013 authorising to give a Corporate Guarantee of ` 125 Crore to UCO Bank and another guarantee of ` 25 Crore to State Bank of India the two guarantees aggregating to ` 150 Crore for its different units and for the purposes specified therein be and the same is hereby confirmed in terms of the provisions of Section 372A(1) of the Companies Act, 1956".

By Order of the Board

Place: Kolkata

Govind Narayan Pareek

Dated: 15th May, 2013

Company Secretary

NOTES:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.**

2. The Register of the Members of the Company will remain closed from 31st July, 2013 (Wednesday) to 7th August, 2013 (Wednesday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 7th August, 2013 in terms of this Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 82 of the Articles of Association of the Company, Mrs Madhu Vadera Jayakumar and Mr Jayant Narayan Godbole Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. However, Mr Jayant Narayan Godbole would not like to be re-elected at the Meeting. A brief resume of Mrs Madhu Vadera Jayakumar nature of her expertise in specific functional areas, names of other Companies in which she holds Directorship and Membership/ Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends her re-appointment.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are requested to notify the change in their addresses, if any, to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
8. Members are also requested to notify their email addresses, if any, to the Company/Registrar & Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
9. In all correspondence with the Company/Registrar & Share Transfer Agent the Members are requested to quote their accounts/folio numbers and in case their shares are held in the dematerialised form their Client ID Number and DP ID Number.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/ unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed / unpaid dividends till the financial year up to and including 30.06.2005 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial years 2005-06 and 2008-09 may make their claim to the Company/Registrar and Share Transfer Agent. Once the unclaimed/unpaid dividend is transferred to the Fund no claim in this regard, shall lie as against the Fund or the Company. As per Ministry of Corporate Affairs (MCA) Notification no G.S.R 352 (E) dated 10th May, 2012 the Company shall also file with MCA in the prescribed form the information pertaining to the names and addresses of all such shareholders who have not encashed up to the date of the forthcoming Annual General Meeting their dividend entitlements for the said two financial years within 90 days of the said meeting. Excel template containing the same said information shall also be uploaded on the Company's website www.birla-sugar.com as well as on MCA's website www.mca.gov.in within 14 days of the filing of the said form.
11. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the Government can be obtained for the purpose from the Company/Registrar & Share Transfer Agent. The said Form 2B can also be downloaded from the Company's website.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent
13. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited and the listing fees for the year upto and including the year 2013- 14 have been paid to the respective Stock Exchanges.

14. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on National Stock Exchange of India Limited and BSE Limited . Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialised form to have a better liquidity of their shareholding.
15. The Statement of Profit and Loss for the nine months financial year ended 31st March, 2013, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet and circulated to the Members of the Company along with this Notice are also available in physical/electronic form for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days up to this AGM.
16. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 31st March, 2013 may visit the Company's website www.birla-sugar.com or send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

Place: Kolkata

Govind Narayan Pareek

Dated: 15th May, 2013

Company Secretary

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.5

Mr Aniket Agarwal, an eminent lawyer specialised in corporate restructuring, mergers, acquisitions, demergers and capital and debt reorganisation and a partner of the renowned law firm Khaitan & Co. LLP was appointed as an Additional Director by the Board of Directors w.e.f. 31st January, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 Mr Agarwal holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section

257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Agarwal on the Board would be of immense benefit to the Company and therefore recommends Resolution No. 5 for adoption.

None of the Directors, except Mr Aniket Agarwal, is in any way concerned or interested in the resolution.

The Board recommends Resolution under Item No. 5 to be passed as an Ordinary Resolution.

Item No. 6

Mr Nirad Kant Bagla, an eminent businessman and the Managing Director of The North Western Cachar Tea Company Limited was appointed as an Additional Director by the Board of Directors w.e.f. 31st January, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the Mr Bagla holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Bagla on the Board would be of immense benefit to the Company and therefore recommends Resolution No.6 for adoption.

None of the Directors, except Mr Nirad Kant Bagla, is in any way concerned or interested in the resolution.

The Board recommends Resolution under Item No. 6 to be passed as an Ordinary Resolution.

Item No. 7

Mr Yashwant Daga, an industrialist was appointed as an Additional Director by the Board of Directors w.e.f. 15th May, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the Mr Daga holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Daga on the Board is desirable and would be beneficial to the Company and hence recommends Resolution No.7 for adoption.

None of the Directors, except Mr Yashwant Daga, is in any way concerned or interested in the resolution.

The Board recommends Resolution under Item No. 7 to be passed as an Ordinary Resolution.

Item No. 8

At the request for financial assistance for cultivation of Sugarcane crop by various sugarcane growers and cane societies in the command areas of the Company, State Bank of India and UCO Bank had, on the basis of a corporate guarantees of the Company, sanctioned financial assistance of ` 25 Crore and ` 125 Crore respectively, aggregating to an amount of ` 150 Crore to all such sugarcane growers and cane societies. Such guarantees were issued by the Company on 18th February, 2013 and on 28th February, 2013 respectively. In view of the exceptional circumstances

then existing in the form of paucity of available time, prior approval of the shareholders in the form of Special Resolution could not be obtained.

In terms of the provisions of the second provision to Section 372A (1) any guarantee given by a company without a previously authorised special resolution and under exceptional circumstances preventing such company to do so needs to be confirmed within twelve months of giving of such Guarantee in the Extra Ordinary/Annual General Meeting of such Company. Therefore, the accompanied Resolutions are being put up before you for your approval.

Your Directors recommend the sub-joined Resolution for your approval.

None of the Directors of the Company are in any way interested or concerned in the Resolution except to the extent of their shareholding and the shareholding of their relatives in the Company.

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

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

It is therefore proposed that henceforth documents Notices of Meetings, Annual Reports, Directors' Reports, Auditors' Report and other shareholder communications will be sent electronically to the email-id provided by you and made available with the Company by the Depositories viz., NSDL/

CDSL. All those shareholders of the Company who have so far not provided their email-id to the Company are requested to do so. All those shareholders who have already provided their email-id to the Company are requested to keep their Depository Participants (DPs) informed of changes, if there be any, in their email-id.

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

Link Intime India Private Limited

(Unit: The Oudh Sugar Mills Ltd.)

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West)

Mumbai - 400078

e-mail: mumbai@linkintime.co.in

FINANCIAL SNAPSHOT



(₹ in lacs)

	2008-09	2009-10	2010-11	2011-12	2012-13**
Gross Turnover	58,309.13	55,498.33	92,176.09	1,05,589.17	98,527.82
Operating Profit	10,757.17	1,144.16	7,935.88	11,661.71	16,015.52
Finance Cost	5,120.35	8,140.34	11,273.00	11,617.46	8,528.87
Depreciation and Amortisation	2,632.03	4,077.30	4,117.66	4,248.64	3,185.61
Profit/(Loss) before Tax and Exceptional Items	3,004.79	(11,073.48)	(7,454.78)	(4,204.39)	4,301.04
Profit/(Loss) after Tax	1,917.38	(8,227.90)	(5,111.45)	(4,492.61)	2,908.02
Net Worth	13,770.06	7,251.91	5,897.47	2,663.88	5,578.48
Net Worth per Equity Share (₹)	62.82	27.98	22.76	(9.01)	2.23
Dividend per Equity Share (₹)	1.50	-	-	-	-
Earning per Equity Share (₹)	8.81	(32.88)	(19.72)	(19.08)	9.77
Cane Crushed (Season)	147.83	214.34	275.33	346.80	385.15

** Nine months period from 1st July, 2012 till 31st March, 2013



KNOWING OUDH SUGAR

Oudh Sugar, a part of the K K Birla Group, is one of India's largest and fastest growing integrated sugar companies. It has a diverse product portfolio, comprising sugar, ethanol, power, organic fertiliser and food processing. Starting with a single sugar manufacturing unit in 1932, we have now expanded our facilities to include four sugar manufacturing units, two distilleries, three co-generation power plants, bio-compost plant, and food and fruit processing unit. This evolution has been driven by our organic and inorganic growth models.

Our mission

Our mission is to be among the most efficient companies in India's sugar industry. As a company, we strive to:

- Excel in our core value area of competence, i.e. manufacture of sugar and allied products
- Uphold and nurture the core values of good Corporate Governance, such as transparency, empowerment, accountability, independent monitoring and environmental consciousness
- Fulfil the hopes and aspirations of customers, employees, financiers and of the society in general
- Provide every opportunity to employees and business associates to realise their potential to the fullest
- Maximise shareholders' wealth through value addition by integration and expansion

Manufacturing hubs

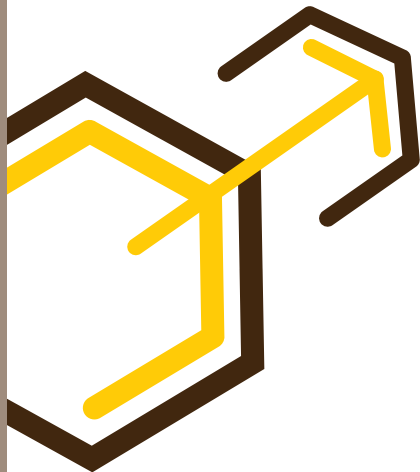
Plant	Location	Capacity
Sugar	Hargaon, Uttar Pradesh	10,000 tonnes per day
	Narkatiaganj, Bihar	7,500 tonnes per day
	Shahjahanpur, Uttar Pradesh	4,200 tonnes per day
	Kushinagar, Uttar Pradesh	7,000 tonnes per day
Ethanol	Hargaon, Uttar Pradesh	100 Kilo litres per day
	Narkatiaganj, Bihar	60 Kilo litres per day
Power	Hargaon, Uttar Pradesh	15 MW
	Hata, Uttar Pradesh	35 MW
Fertiliser	Hargaon, Uttar Pradesh	-
Food processing unit	Bamrauli, Uttar Pradesh	-

CHAIRMAN'S COMMUNIQUE

Dear Shareholders,

Financial year 2012-13 turned out to be a difficult one for the Indian economy. Against this backdrop, India's sugar industry witnessed significant developments in the current year. The Government initiated partial sugar decontrol - a long awaited decision. The removal of regulated

release mechanism and levy obligation will help the sugar industry by around ₹ 3,000 Crore a year. However, in the Sugar Season 2012-13, the Uttar Pradesh Government also hiked sugarcane prices (State advised price) by ₹ 40 per quintal, thus contributing to the mounting losses of the sugar industry. India's per capita sugar consumption is 19 kg, against a global average of 24.2 kg, indicating the potential for Indian sugar companies to grow further. The country's sugar consumption is estimated to reach 22.5 million tonnes in the Sugar Season 2012-13, up 2.27% year-on-year.



OUR FOCUS ON FURTHER BUSINESS CONSOLIDATION THROUGH ADVANCED CULTIVATION TECHNIQUES, VARIETAL IMPROVEMENT AND RATOON MANAGEMENT HELPED US ACHIEVE HIGHER OPERATIONAL EXCELLENCE.

FINANCIAL GLIMPSE

We reported a turnover of ₹ 98,527.82 lacs for nine months ended 31st March, 2013. Although we suffered a loss of ₹ 4,492.61 lacs during 2011-12, the scenario changed considerably during 2012-13. The net profit for the nine months ended on 31st March, 2013, stood at ₹ 2,908.02 lacs. The growth was driven by improved cane quality, operational efficiency and better recovery. Our EBITDA reached ₹ 16,015.52 lacs for the nine months ended 31st March, 2013. We witnessed 9.21% sugar recovery rate for the nine months, ended 31st March, 2013. The revenue contribution of our by-products was ₹ 2,625.97 lacs for the nine months, ended 31st March, 2013. We crushed 385.15 lac quintals of sugarcane in SS 2012-13, as compared to 346.80 lac quintals in SS 2011-12.

EFFICIENCY DRIVE

We continued to invest our energies to optimise costs and improve efficiency. Our focus on further business consolidation through advanced cultivation techniques, varietal improvement and ratoon management helped us achieve higher operational excellence. The objective is to become one of the most efficient companies in India's sugar industry.

Our relentless efforts to harness sugarcane's full potential helped us expand our portfolio beyond sugar, to ethanol, energy, bio-compost and food processing. This helped to establish us as a better managed company. Our focus continues to be the farmers with whom we work closely and provide all assistance for better cultivation and high sucrose cane variety development. This further strengthened our relationships with the stakeholders who help us to run our business successfully.

FUTURE OUTLOOK

External variables, such as climate and sugarcane pricing and the export-import policy, play a pivotal role in deciding the Indian sugar industry's future outlook. Any positive policy initiative by the government will further contribute to the industry's growth. Sugar realisations, which were impacted by increased production and cheap imports, are expected to be under pressure until the Government increases the import tariffs. The sugar industry holds promising prospects ahead, owing to the government's proactive measures, such as partial sugar decontrol and making the blending of ethanol with petrol mandatory. However, a lot could have been improved if the existing system of government control over sugarcane's price fixation could have given way to fixation of price of sugar cane by linking it to sugar realisation. It would have been more efficient, realistic and transparent for both the cane growers and millers.

I would like to express my gratitude to all employees in steering the organisation forward. I am also thankful to our customers, bankers and other stakeholders for standing by us throughout our journey.

Regards,

Chandra Shekhar Nopany
Chairman-cum-Managing Director

DIRECTORS' REPORT



To
The Members,

Your Directors take pleasure in presenting their report as a part of the 81st Annual Report and the audited accounts of the Company for the nine month financial year ended 31st March, 2013.

2. FINANCIAL RESULTS AND APPROPRIATIONS

	(₹ in lacs)	
	Nine Months Period Ended 31st March, 2013	Year Ended 30th June, 2012
Gross Sales	98,527.82	1,05,589.17
Profit before Exceptional Item, Finance Costs, Depreciation & Amortisation and Tax	16,015.52	11,661.71
Less : Depreciation & Amortisation Expenses	3,185.61	4,248.64
: Finance Costs	8,528.87	11,617.46
Profit/(Loss) Before Exceptional Item and Tax	4,301.04	(4,204.39)
Less : Loss on account of Exceptional Item	-	2,422.19
Less : Provision for Tax:	-	
- Deferred Tax Charge/(Credit)	1,393.02	(2,133.97)
Profit/(Loss) After Tax	2,908.02	(4,492.61)

OPERATING PERFORMANCE

3. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion and Analysis which is made an integral part of this Report and marked as Annexure "A".

CHANGE OF FINANCIAL YEAR

4. The Board of Directors had approved the change of the Financial Year from "1st July of every year to 30th June of the subsequent year" to "1st April of every year to 31st March of the subsequent year". Accordingly, the above financial results are of nine months for the period 1st July, 2012 to 31st March, 2013 and are not comparable with the results of the Financial Year 2011-12.

FINANCIAL PERFORMANCE 2012-13

5. The Company had recorded a Net Revenue of ₹ 96,693.03 lacs (including other income aggregating to ₹ 1,104.83 lacs) for the nine month period ended 31st March, 2013. The Gross Sales of the Company for the year 2012-13 stood at ₹ 98,527.82 lacs.
6. The Profit before Finance Costs, Depreciation & and Tax for the nine months period under review stood at ₹ 16,015.52 lacs representing 16.56 % of the net revenue. The improvement of PBIDT of the Company during the period under review can be attributed to higher capacity utilisation due to availability of sufficient quantity of sugarcane and higher sales of all products.
7. During the period under review the sugar industry per se could have performed better had the State Government of UP adopted a pragmatic policy based on business considerations in so far fixation of State Administered Price (SAP) of sugar cane was concerned. Prices of sugar though were firm during August, 2012 to November, 2012 they started softening once the crushing operations for the sugar season 2012-13 commenced and the pressure of cane payment forced the millers to liquidate their finished goods stock.
8. The Cabinet Committee on Economic Affairs (CCEA) on 4th April, 2013 decided to do away with the regulated release mechanism and the obligation of levy quota on sugar mills effective the sugar season 2012-13, still leaving the right with state governments to take call on cane area reservation, minimum distance criteria and adoption of the cane price fixation formula.
9. The State Government of UP fixed an exorbitant price of ₹ 280/- per Quintal of sugarcane up from ₹ 240/- per Quintal of sugarcane for the immediately previous season on extraneous considerations and

without any economic justification. The sugar industry of Bihar in consultation with its State Government fixed a price of ₹ 255 per Quintal which was accepted by all the farmers and the State Government as a fair price. The high sugarcane price without a corresponding increase in sugar price crippled the industry in UP.

10. The performance of the Industrial Alcohol division and the renewable Power divisions of the Company improved during the year due to better availability of molasses and bagasse. The Central Government has made it mandatory for Oil Marketing Companies to achieve a minimum blending of 5% of the ethanol with Petrol by 30th June, 2013 leading to a better off take of Ethanol produced by the sugar industry per se. Effective 1st April, 2013 the Public Sector Oil Marketing Companies have increased the prices of ethanol to ₹ 34/- a litre from ₹ 27/- a litre. This increase in prices of ethanol and minimum blending of Ethanol with petrol will help sugar industry to improve its overall profit performance. Still higher price is expected by the ethanol manufacturers in view of the current landed cost of the imported ethanol being ₹ 50-55 per litre.

SUB-DIVISION OF QUARTER EQUITY SHARES AND REDUCTION OF SHARE CAPITAL OF THE COMPANY

11. The Company had subdivided 44 Quarter Equity Shares of ₹ 25/- into 110 Equity Shares of ₹ 10 each on 30th November, 2012. The National Stock Exchange (NSE) and The Bombay Stock Exchange (BSE) have given their In-Principle approval for listing of all these shares in their respective stock exchanges. Trading permission is awaited.
12. The Board and the shareholders has decided that, subject to the confirmation of the Allahabad High Court, the Bearer Equity Share Coupons of a face value of ₹ 25/- and ₹ 12.50 and having an aggregate realised capital of ₹ 6,400/- be cancelled and the Share Capital of the Company be reduced to that extent in terms of Section 100 of the Companies Act, 1956. Necessary Petitions to the Allahabad High Court in terms of Section 101 is in the process of being filed shortly.

RESEARCH AND DEVELOPMENT

13. During the year under review the Company has undertaken Research and Development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise increase the sucrose contents in their produce.

A detailed note on the initiative taken by the Company towards Research and Development appears in the attachment marked as Annexure "B" to this Report.

DIVIDEND

14. The Board of Directors does not recommend any dividend for the year under review in view of the accumulated losses.

CORPORATE GOVERNANCE

15. Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis, Statement in respect of Conservation of Energy, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance are all attached to and form integral part of this Report and are annexed to this Report as Annexure "A", "B", "E", "F" and "G" respectively.

DIRECTORS

16. The Company has ten Non Executive Directors having experience in varied fields and a Chairman-cum-Managing Director. Two directors Mrs Madhu Vadera Jayakumar and Mr Jayant Narayan Godbole shall retire from the Board by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment. However, Mr Jayant Narayan Godbole has not offered himself for re-appointment and accordingly shall cease to be a Director upon conclusion of the ensuing Annual General Meeting. Mr Godbole has served as a Director on the Board of the Company for six years and the Board places on record its deep appreciation for the services rendered by him during his tenure as a Director of the Company.
17. Mr Haigreva Khaitan ceased to be the Director of the Company with effect from 30th November, 2012. The Board places on record its deep appreciation for the services rendered by him during his tenure as a Director of the Company.
18. State Bank of India had replaced their nominee Director Mr Puskar Sahay with Mr Pradeep Kumar Sarkar with effect from 22nd September, 2012.
19. Pursuant to the provision of Section 260 of the Companies Act, 1956, Mr Aniket Agarwal and Mr Nirad Kant Bagla were appointed as Additional Directors on 31st January, 2013 and Mr Yashwant Daga was appointed as an Additional Director on 15th May, 2013 accordingly they would hold office up to the date of the ensuing Annual General Meeting. The Company has received three notices in writing under Section 257 of the Companies Act, 1956 from three different Members proposing the candidatures of Mr Aniket Agarwal, Mr Nirad Kant Bagla and Mr Yashwant Daga for the office of Director liable to retire by rotation.
20. Other information on the Directors including required particulars of Directors retiring by rotation is provided in the Report of Corporate Governance annexed to this Report as Annexure "E".

DIRECTORS' RESPONSIBILITY STATEMENT

21. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows:

- i) That in the preparation of the annual accounts for the nine month period ended 31st March, 2013 all the applicable accounting standards had been followed along with proper explanation relating to material departures, if there be any;
 - ii) That the Directors had 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 the financial year and of the profit or loss of the Company for that period;
 - iii) That proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, in weighing the assurance provided by any such system of internal controls and in recognising its inherent limitations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit functions;
- iv) That the Directors had prepared the annual accounts on a 'going concern' basis.

AUDITORS, AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

22. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Liability amounting to ` 1,393.02 lacs for the period. The recognition of Deferred Tax Asset (DTA) got reduced from ` 7531.98 lacs to ` 6138.96 lacs as at March 31, 2013 due to reversal of ` 1393.02 during the period ended 31st March, 2013 on account of profit for the period. Further, in view of partial decontrol of sugar industry as well as strengthening of market prices of Company's by products, the management is certain that there would be sufficient profit in future to claim the above deferred tax credit.
23. The Auditors, Messrs S. R. Batliboi & Co. LLP, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said re-appointment, if made by the Shareholders, will be well within the limits prescribed in Section 224(1B) of the Companies Act, 1956.

24. The Board, on the recommendation of the Audit Committee, proposed that Messrs S. R. Batliboi & Co. LLP, Chartered Accountants, be re-appointed as the Statutory Auditors of the Company for the period beginning the conclusion of the ensuing Annual General Meeting of the Company and ending on the conclusion of the Annual General Meeting to be held next thereafter.

COST AUDITORS

25. In accordance with the directives of the Central Government under Section 233B of the Companies Act, 1956, M/s. D Radhakrishnan & Co., Cost Accountants, were appointed as the Cost Auditors to audit the Cost Accounting Records relating to the products viz. Sugar, Industrial Alcohol and Power.

26. Cost Audit Reports for all the applicable products for which cost audit is mandatory for the year ended 30th June, 2012 were filed on 30th January, 2013 with cost audit cell of Ministry of Corporate Affairs department within specified due dates.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

27. The Company has three direct subsidiaries and one step down subsidiary as per detail given below:

- i) Hargaon Investment & Trading Company Limited
- ii) Champaran Investment & Trading Company Limited
- iii) OSM Investment & Trading Company Limited
- iv) Hargaon Properties Limited – step down subsidiary

28. The Audited statement of Accounts alongwith the Report of the Board of Directors, and Auditors relating to the Company's subsidiaries and step down subsidiary are not annexed as required under Section 212(8) of the Companies Act, 1956. However, the Consolidated Financial Statement conforming to the Accounting Standard 21, 23 and 27 and including inter alia the financial performance of the said subsidiaries forms an integral part of the annexed Audited Statement of Accounts. A statement pursuant to Section 212 of the Companies Act, 1956 is attached and marked as Annexure "D".

29. The Annual Accounts of the subsidiary companies and step down subsidiary will be available for inspection by any shareholder at the Registered Office of the Company and will also be available on the website www.birla-sugar.com. Furthermore, a hard copy of the detailed account of these subsidiaries will be furnished to any shareholder on demand at any point of time.

PARTICULARS OF EMPLOYEES

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

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

31. During the year under review, the Company has credited ₹ 1,86,153 lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 for the financial year 2004-05.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

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

FIXED DEPOSITS

33. As on 31st March, 2013 your Company had 114 depositors with outstanding fixed deposits of ₹ 96.07 lacs the entirety of which shall fall due for repayment in the month of June/December, 2013. A cheque of an amount of ₹ 1,20,288 towards maturity proceeds of a fixed deposit of a principle amount of ₹ 99,551 has still not been encashed by the depositor concerned. The Company had been regular in refunding the deposits on maturity.

CEO/CFO CERTIFICATION

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place: Kolkata

Dated: 15th May, 2013

Chandra Shekhar Nopany

Chairman-cum-Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS



SUGAR MILLS ARE TRYING TO INCREASE THEIR CURRENT REALISATION OF ₹ 2.90 PER KWH TO ₹ 5.22 PER KWH, TO REACH PARITY WITH PRICES OFFERED TO ELECTRICITY GRIDS FROM OTHER SOURCES.

GLOBAL SUGAR INDUSTRY SCENARIO

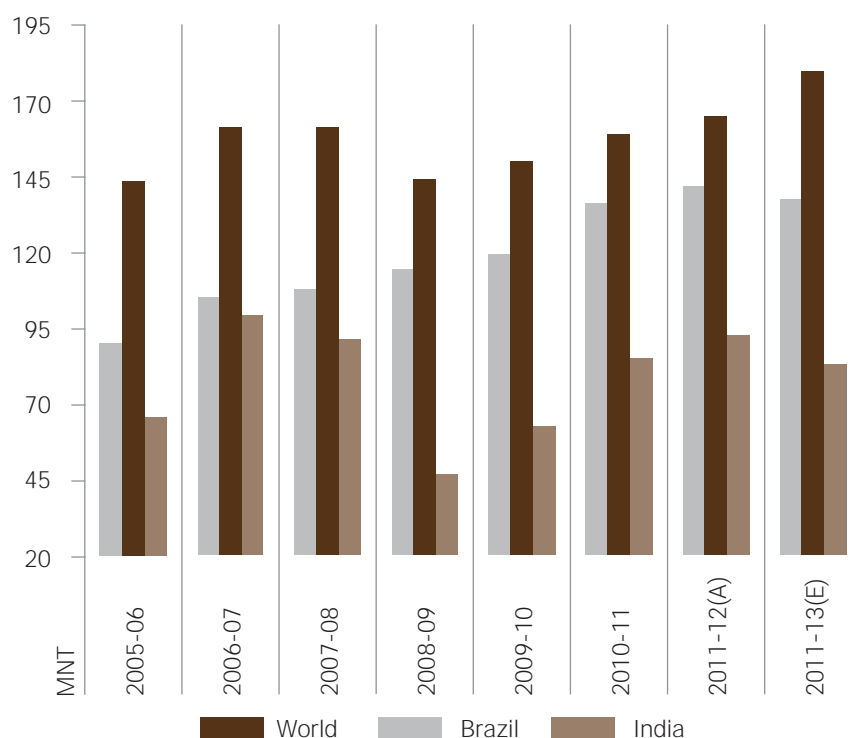
Production and Consumption

During Sugar Season (SS) 2012-13, World Sugar market values have drifted downwards on the back of a generally bearish global fundamentals and more than expected production in almost all the sugar producing countries. Dry weather in the Brazil's centre-south towards the end of 2012-13 harvests helped the country's sugar production outpace market expectations. The 2012-13 surpluses are estimated to be considerably higher than anticipated. Besides, the chances of a return to deficit phase of sugar supply are low. Hence, the bearish pressure on the global sugar market prices is expected to continue, at least till September 2013.

Global surplus of sugar is expected to increase from 6.479 million tonnes in SS 2011-12 to 8.526 million tonnes in SS 2012-13, a 31.60% surge. Several sugar producing countries (including India) are exceeding expectations in terms of productivity. The result is that the global sugar output has touched a record height of 180.369 million tonnes in SS 2012-13.

Contrast to this, the world consumption is forecast to grow to 171.843 million tonnes by a healthy 2.07%, generally in line with the long-term average. This growing mismatch in demand and supply will lead to continued bearish pressure on the global sugar prices.

Global sugar production (in million tonnes)



(Source: USDA)

THE SUCCESS OF THE NEW PRICING POLICY WILL HELP DOUBLE THE FUEL ETHANOL DEMAND, INCREASING IT BY AROUND 1.30 MILLION MOLASSES.

Prices

Values of the world sugar market plummeted during SS 2012-13, owing to a bearish global outlook also. The raw sugar spot prices subsided from 19.88 cents/lb in November 2012 to 18 cents/lb by 14th February, 2013, the lowest since August, 2010. White sugar prices decreased to USD 488.60/tonne or 22.14 cents/lb on 12th February, 2013. This was the lowest daily price since the second half of June, 2010. The nominal white sugar premium also fell by about 25% than the long-term average of USD 116.37/tonne.

Outlook

Despite the overall global sugar production for SS 2012-13 reaching

180.369 million tonnes (up by 3.20% and 5.527 million tonnes over SS 2011-12), global consumption is forecast to increase by 2.07%. It will remain in-line with the long-term average to reach 171.843 million tonnes.

With the global sugar stocks increasing by 6.479 million tonnes in SS 2011-12, stock consumption ratio also rose from 35.70% in SS 2010-11 to 38.20% in SS 2011-12. The revised world balance exhibits a stocks increase in 2012-13 by 5.363 million tonnes, reaching 40.60% of the global sugar use. World's sugar balance assessment for SS 2012-13 indicates the end of the period of low stocks regime that existed from 2008-09 to 2011-12.

World sugar balance (in million tonnes)

A summary of third assessment of the world sugar balance in 2012-13 is provided in the table below:

	2012-13	2011-12	Change	
			In million tonnes	In %
Production	180.369	174.842	5.527	3.16
Consumption	171.843	168.363	3.480	2.07
Surplus/Deficit	8.526	6.479		
Import demand	50.730	53.199	-2.469	-4.64
Export availability	53.893	54.034	-0.141	-0.26
End stocks	69.700	64.337	5.363	8.34
Stock/Consumption ratio (%)	40.560	38.210		

(Source: ISO)

INDIAN SUGAR INDUSTRY

India is the world's largest consumer and the second-largest producer of sugar, after Brazil. With 671 mills in operation, the country's sugar industry contributes about 14% to the global sugar production [Source: Indian Sugar Mills Association (ISMA)]. It is much more than a mere sweetener to the Indians. The country's sugar industry is the source of livelihood for around 50 million rural citizens. It also contributes to more than 1% of the country's GDP.

Regional spread of India's sugar industry

Uttar Pradesh produced 7.43 million tonnes of sugar in 2012-13, at an increase of 7% over the previous year, by crushing 80.80 million tonnes of sugarcane by April 2013. The amount of sugarcane crushed was 5% more than the previous year. Besides, the recovery rate also grew by 0.12 points to reach 9.19% till April 2013. Western and central parts of the state reported better recoveries than the previous year, while the eastern part accounted for a lower recovery. Uttar Pradesh is expected to experience better capacity utilisation in SS 2013-14, owing to higher cane acreage. This, in turn, shall result in increased sugarcane production.

Affected by drought, Maharashtra's sugar production declined by 10% to reach 7.97 million tonnes. The state's sugar industry achieved this production by crushing 69.90 million tonnes of sugarcane. Sugar recovery in Maharashtra touched 11.40% till April 2013, lower by about 0.21 points compared to the corresponding period of 2012. The Marathwada region, which contributes about 18-20% of the state's total production every year, yielded 22% less sugar

in SS 2012-13 than the previous year. This was mainly due to the crisis of water shortage, the region was fraught with. Pune and Kolhapur zones also experienced 6% low sugar production in SS 2012-13 compared to SS 2011-12. The quantity of sugarcane crushed in Maharashtra declined by 8% compared to the previous year. Scanty rainfall in SS 2013-14 is apprehended to further reduce sugar production, which, in turn, will harden sugar prices.

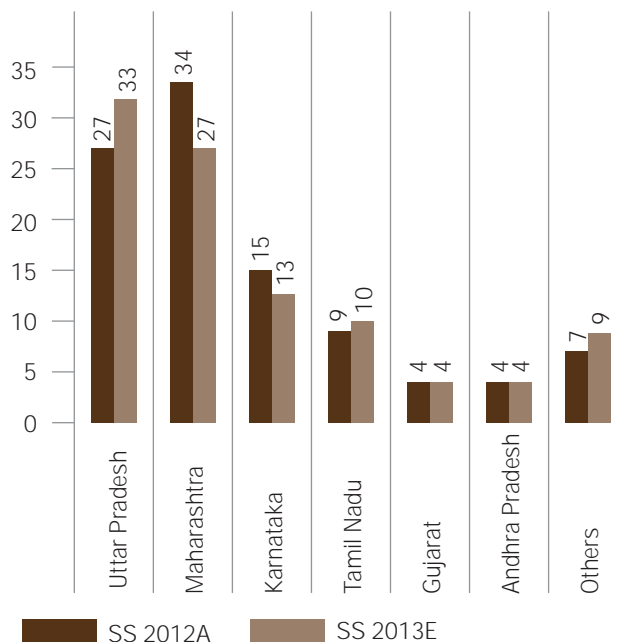
Karnataka experienced a decline in sugar production by around 9.68%. The state's production reached 3.36 million tonnes till April 2013, compared to the 3.72 million for the same period of the previous year. The State witnessed 10.44% of sugar recovery, 0.56 points less than the previous year. Karnataka's sugar output for SS 2013-14 is expected to be adversely affected due to scanty rainfall.

Tamil Nadu produced 1.575 million tonnes of sugar till April 2013, about 1% less than the previous year.

Andhra Pradesh's sugar production reached 0.99 million tonnes this season, as against 1.11 million tonnes the previous one.

India's anticipated underproduction in SS 2013-14, primarily due to drought in Maharashtra and Karnataka, may change the country's current surplus sugar scenario to a deficit condition. The Indian Government's decision to initiate sugar deregulation measures will help the industry recover its loss and clear sugarcane arrears to farmers. At the same time, sugar prices are expected to be hardened.

State-wise sugar production trend as of total production (%)



(Source: ISMA)

Sugar cycle

The sugar industry is cyclical in nature and its impact depends on deviation in cane output and sucrose formation, owing to:

- Climatic changes.
- Decision of the farmers to produce other agro products due to delay in payment from sugar mill owners.

Down cycle - In the high production stage, an increase in sugarcane acreage augments production, resulting in high amount of crushing. High production results in oversupply, declining realisations. These low realisations, in turn, cause lower profitability or losses for sugar manufacturers. Hence, they are unable to pay the farmers timely, consequently escalating cane arrears.

Up-cycle - The sugarcane farmers reduce the acreage in the next season due to high cane arrears. This consequently lowers production, creates under supply and thus, results in high realisations. This raises profitability, helping the mill owners pay promptly. This goes on for 2-3 years, followed by down cycle for the next 4-5 years.

India's sugar production

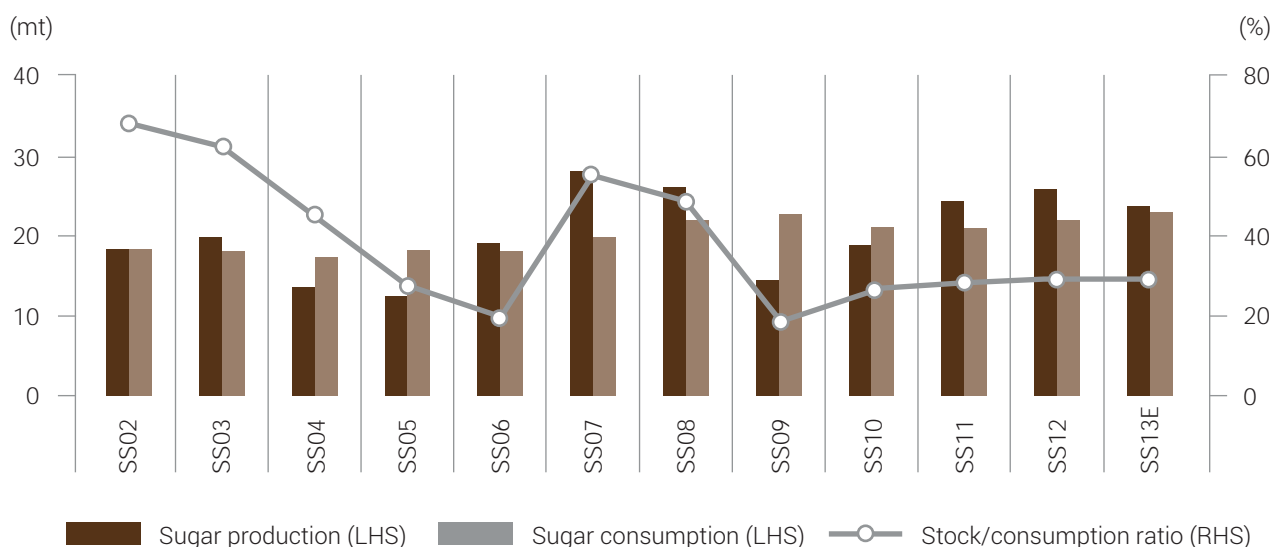
India's sugar production for SS 2012-13 will be around 25 million tonnes, as against 26.342 million tonnes in the same period last year. India's sugar recovery averaged 10.09% till 30th April, 2013, about 0.17 points less than the previous year.

Sucrose formation and resultant sugarcane production declined due to adverse climatic conditions. This, in turn, decreased sugar output. However, it still raced ahead of consumption for the third consecutive year, though by a marginal 5 lacs tonnes.

India's sugar consumption

India's sugar consumption for SS 2012-13 is estimated to be at 22.50 million tonnes, around 0.50 million tonnes higher than its SS 2011-12 counterpart (Source: KR Choksey Research Report).

Domestic demand-supply trend of sugar



(Source: ISMA, Fitch Report)

Key growth drivers for sugar production and consumption

1. **Higher penetration scope** – India, the world's largest sugar consuming nation, has per capita sugar consumption at 19 kg, as against the global average of 24.20 kg. This creates a high penetration scope for the manufacturers.
2. **Burgeoning population** – India's rising population, which is expected to reach 1.53 billion in 2030 from 1.21 billion at present, will boost sugar consumption.
3. **Rising per capita income** – Rising income and growing population in India are driving the country's demand shift from gur (jiggery) and khandsari to sugar. India's sugar consumption is projected to increase at 2.50–3% annually.
4. **Ethanol demand increase** – High ethanol demand and rewarding price realisation will encourage mill owners to increase sugar production to derive more ethanol and increase profit.
5. **Demand for sugar** – More than 60% of India's sugar demand comes from bulk consumers, like soft drink manufacturers, bakeries, confectionary, hotel and restaurant. The demand for these consumer industries is constantly rising with increasing population, thus driving sugar demand.
6. **Deregulation of sugar industry** – An independent section on sugar deregulation is discussed in the later part of this analysis.

Sugar import and export

India's sugar export is expected to decline by about 41% down from 3.50 million tonnes in 2011-12 to reach 1.50-2 million tonnes in 2012-13. However, a major portion of the export shall pertain to processing of imported raw sugar.

Despite domestic surplus and sharp decline in overseas sugar prices, India is still expected to import 0.920 million tonnes of sugar, predominantly to process and export the imported sugar.

Despite a decline, India's domestic sugar price remains significantly higher than the world average. Hence, the domestic market remains more profitable. This is also helping India emerge as a potential net sugar importer this season, for the first time in two years.

Last season, India exported about 3.50 million tonnes of sugar, in sharp contrast to an import of less than 2,00,000 tonnes.

Despite getting an optimum price and supply environment in the domestic market, India imported 9,20,000 tonnes of raw sugar since the beginning of the season in October, 2012. According to ISMA, except about 120 thousand tonnes, which is destined for the internal market, most of the imported sugar will be exported back after refining.

Cane Production

The sugarcane crop harvest grew by 5.53% to increase from 325 million tonnes in SS 2011-12 to 343 million tonnes in SS 2012-13. The area under cultivation also increased from 4.90 million hectares in SS 2011-12 to 5.10 million hectare in SS 2012-13, growing by 4.08% (Source: ISMA).

Sugar price

White sugar's ex-mill prices have cooled over the past few months after reaching ` 3,500 per tonne in September 2012, the highest since January 2010. By February/March, 2013 the price of sugar plunged to ` 29-32 per kg due to burgeoning inventory and improved production outlook, while the sugarcane prices continued elevating. Despite the fall, the domestic price in India still remains significantly higher than the world market, making the domestic market more profitable than the export market and helping turn India into a potential net sugar importer this season for the first time in two years. Millers find it difficult to get answer to a pertinent question: Whether sugar prices will fall further over the coming months, making it difficult for them to keep up with ever rising cane prices.

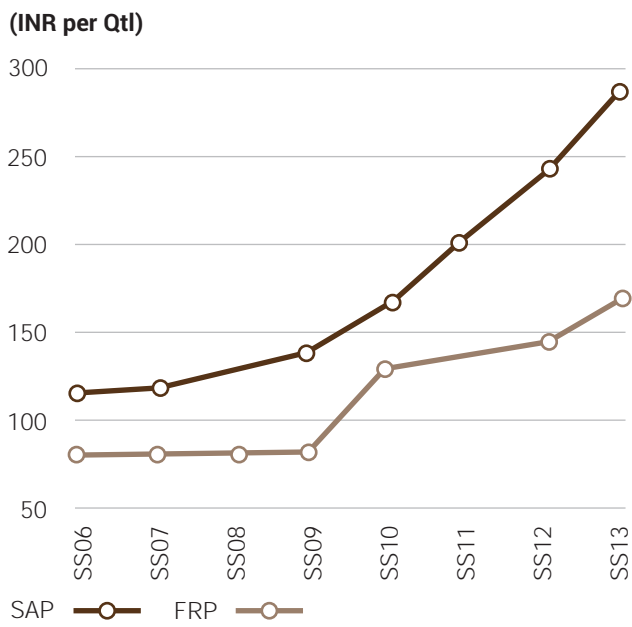
Cane prices

The Central Government has hiked sugar's fair and remunerative price (FRP) from ` 145 per quintal in 2011-12 by 17% to touch ` 170 per quintal in 2012-13. The Central Government decides the FRP to pay the price of levy sugar purchased from producers. Besides, it also helps to pay cane price to farmers where State Advisory Price (SAP) has not been announced by the concerned state government. SAP is always far more than the FRP.

Some states like Uttar Pradesh and Tamil Nadu announce their own SAP to pay the sugarcane prices to the farmers. Uttar Pradesh's SAP has increased by ` 40 per quintal to reach ` 280 per quintal in 2012-13 from ` 240 per quintal in 2011-12. Maharashtra's SAP has increased to ` 210 – 250 per quintal in 2012-13 from ` 180 – 205 per quintal in 2011-12. For Karnataka, SAP has increased to ` 220-280 per quintal in 2012-13 from ` 200 per quintal in 2011-12. For Bihar the SAP was ` 225 per quintal though Bihar's sugarcane yields better sugar realisation (Source: ISMA). However, with the partial deregulation of sugar, the FRP will be relevant to pay cane prices to farmers in those states where SAP has not been employed.

The Union Cabinet approved FRP hike for sugarcane by 23.50% in February 2013. This price is to be implemented from Sugar Season 2013-14, pushing prices up from ` 1,700/tonne in SS 2012-13 to ` 2,100/tonne. The FRP is connected to a basic recovery rate of 9.50% and is subject to a premium of ` 1.46 for every 0.10% point increase above 9.50% recovery.

Sugarcane prices over a period of years



(Source: ISMA)

GOVERNMENT INITIATIVES

Sugars deregulation

- **Liberating sugar mills from levy obligation** – This measure will discontinue the government's practice of purchasing subsidised sugar for Public Distribution Systems (PDS) at subsidised rate, which is far below the production costs. With the government now committed to purchasing sugar at market price, the industry will have annual savings of around ₹ 3,000 Crore.
- **Abolition of the system of regulated sugar release** – A law previously mandated the mill owners to release free sugar on a quarterly basis in the open market. Its abolition will help improve the mill's inventory management and eliminate inefficiencies.

Schemes Easing Business Environment

- The Government's decision to abolish the law that mandated jute packaging for 60% of sugar output will help reduce production cost.
- This year, driven by government subsidy on farm inputs, like seed and harvester, farmers are shifting from rice cultivation to sugar (Source: Bloomberg).

INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK OF ETHANOL

Ethanol, one of the major by-products of the sugar industry, experienced a rise of 6.30% in global production in 2013

to reach a record level of 88.90 billion litres. However, the consumption reached only 87.80 billion litres, thus denting the chances of global fuel ethanol trade's expansion in 2013. Brazil's export, driven by increased sugar production, is anticipated to increase by 0.50-0.70 billion litres.

The Government of India's new ethanol policy is expected to drive fuel production in 2013. It is expected to increase by 30% to reach 750 million litres. The Cabinet Committee on Economic Affairs (CCEA) mandates Oil Marketing Companies (OMCs) to blend 5% ethanol with gasoline from December, 2012. This was effective in the 13 states where an E-5 Programme was already implemented. The E-5 Programme is likely to be rolled out across India in June, 2013.

The CCEA scrapped ethanol's regulated procurement price of ₹ 27 per litre ex-distillery, which was in practice for a long time. This value was insufficient to cover production costs. The cost is now expected to be determined by the market. The OMCs have already announced tender opening at ₹ 35 per litre. This is likely to enhance the profitability of the mill owners by about 26%. The total annual requirement of the ethanol blending programme is estimated at 1.05 billion litres. The oil industry will also be approved of importing ethanol when shortages occur. Alcoholic drinks manufacturers also use Ethanol. Besides, it acts as a solvent for paints and garnishes as well.

INDUSTRY STRUCTURE DEVELOPMENT AND OUTLOOK OF COGENERATION SECTOR

Bagasse is a major by product of the sugar industry. It helps cogenerate clean and cheap alternate power. This product adds significantly to the bottom line of a sugar producing unit having power plant as a side line capital investment.

Maharashtra is expected to commence operations of 374 MW of new cogeneration power facilities this season, increasing the state's total power generated from cogeneration plants to 1,101 MW. About 638 MW or 58% of the year's total power generation is expected to come from the state grid. In Uttar Pradesh, 58 sugar mills are operational from the 126 mills present in the state. These sugar mills cumulatively cogenerate 1,100 MW of power. Andhra Pradesh's sugar industry is likely to add 100 MW of cogeneration capacity to the state grid. However, this is going to depend on power tariff increase. Five of Bihar's 11 sugar mills generate 55 MW of power during the sugarcane season, between November and May.

Sugar mills are trying to increase their current realisation of ₹ 2.90 per KWH to ₹ 5.22 per KWH, to reach parity with prices offered to electricity grids from other sources. Tamil Nadu's 12 sugar mills are unlikely to reach the cogenerated power target of 183 MW for the crushing season 2012-13.

INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK OF MOLASSES

Grain prices increased globally in the second half of 2012. This, along with sufficient production from Asia, fuelled higher import by markets, such as the EU and the US. A further global recovery of grain crops is expected in 2013, provided the weather remains normal.

This is likely to reduce grain prices. Molasses is also likely to lose its competitive position in livestock feeds. Sugarcane molasses production is forecast to increase in 2013, driven by fuel ethanol programmes in Thailand and India and increased use of molasses by Pakistan's ethanol distilling industry. This is likely to limit ethanol supply to the global market.

India and Thailand together contributed around 40% to the world's molasses export volume. India's molasses output is anticipated to decline by 12% in 2012-13 (started November 2012) to reach 10 million tonnes. Although India exported around 7,00,000 tonnes of molasses, this is expected to decrease this year, owing to reduced supplies and rising local consumption, fuelled by the Government's decision to set the nation's fuel ethanol programme's price structure. The success of the new pricing policy will help double the fuel ethanol demand, increasing it by around 1.30 million molasses. Molasses export availability is expected to drop, from an estimated 0.70 million tonnes in 2012 to 0.40 million tonnes in 2013.

SCOT ANALYSIS

Strengths and opportunities

India's sugar industry utilises abundant rural resources, including manpower, raw materials and others, and provides employment to help improve the economy. The industry

is expected to maintain better inventory after abolition of sugar levy quota, with effect from 1st October, 2012. Sugar mill owners could export the surplus amount, if the international prices of sugar are remunerative. There is also an opportunity to add value to raw imported sugar by processing the same. Besides, a sugar mill's by-products are also used by other industries as principal raw materials with sustainable supply source.

Challenges and threats

The cyclical nature of the sugar industry and unfavourable weather conditions hamper sucrose formation, quantity of sugar produced and resultant sugarcane production. The government's continued intervention in cane area allocation can also pose a threat to the industry. The shift of the cane growers to alternate crop and ethanol's state administered prices also pose serious challenge to the sugar industry's growth.

COMPANY REVIEW

The Oudh Sugar Mills Limited (OSML), a part of the eminent K.K.Birla Group of Sugar Companies, has emerged as one of the fastest growing organisations in the sugar industry. OSML's sustained growth during the last 80 years has resulted in the expansion of its wings from a single unit company to a one having four integrated sugar manufacturing units and a fruit processing unit at Allahabad. The Company possesses an aggregate sugarcane crushing capacity of about 28,700 tonnes per day, accompanied by three cogeneration plants of an aggregate capacity of 60 MW power generation capacity and two distilleries of an aggregate capacity to produce 160 kilo litres of industrial alcohol/ethanol per day. Besides, the Company has a food processing factory at Allahabad, capable of processing 10 MT of fruits and vegetables per day of 8 hours shift.

OPERATIONAL HIGHLIGHTS

Sugar production

	Sugar Season 2012-13					Sugar Season 2011-12				
	Hargaon	Rosa	Narkatiaganj	Hata	Total	Hargaon	Rosa	Narkatiaganj	Hata	Total
Sugarcane crushed (lac quintals)	157.13	54.86	95.63	77.53	385.15	152.90	51.71	78.79	63.40	346.80
Recovery (%)	9.44	9.15	8.80	9.30	9.21	9.58	9.04	9.71	9.92	9.59 (Average)
Sugar produced (lac quintals)	14.83	5.02	8.41	7.21	35.47	14.64	4.67	7.65	6.29	33.25
Crushing days	164	142	141	119	-	165	135	111	109	-

Alcohol production (including Ethanol)

	Financial Year 2012-13 (01.07.2012 to 31.03.2013)			Financial Year 2011-12 (01.07.2011 to 30.06.2012)		
	Hargaon	Narkatiaganj	Total	Hargaon	Narkatiaganj	Total
Alcohol produced (lac litres)	184.29	110.83	295.12	152.01	101.75	253.76
Recovery (%) (litres per quintal)	22.70	22.77	-	22.55	21.34	-
No of days the Distillery worked	194	186	-	177	202	-

Power Generated, consumed and sold

	Year 2012-13 (01.07.2012 to 31.03.2013)				Year 2011-12 (01.07.2011 to 30.06.2012)			
	Hargaon	Narkatiaganj	Hata	Total	Hargaon	Narkatiaganj	Hata	Total
Power Generated	475.31	229.39	604.51	1,309.21	452.57	195.04	496.14	1,143.75
Captive Consumption	51.51	110.44	NIL	161.95	17.29	89.15	1.06	107.50
Power sold to Grid (units in lacs)	305.13	118.95	599.01	1,023.09	290.17	105.89	487.64	883.70
No of days worked	146	144	125		150	111	119	

FINANCIAL HIGHLIGHTS

Particulars	Amount (₹ In lacs)
Gross Turnover (inclusive of Excise Duty)	98,527.82
Other Income:	1,104.83
Profit before Finance cost, Depreciation and Tax	16,015.52
Finance Cost	8,528.87
Depreciation	3,185.61
Tax Expenses- Deferred Tax (Credit)	1,393.02
Net Profit/(Loss)	2,908.02

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's robust internal control system aligned to the nature and size of business. It helps in the proper functioning of all the departments and also tracks different financial transactions. Besides, it also certifies compliance with financial discipline and statutory rules and regulations, thus contributing to the Company's operational efficiency. PARM & SMRN, a firm of Chartered Accountants, has been engaged to conduct the Company's internal audit and submits the findings to the Audit Committee on a quarterly basis. The Committee evaluates the results and initiates corrective measures. The Company has also during the year under review implemented a robust accounting and internal reporting system with SAP package.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations in all the units were cordial throughout the year under review and there was no material development in human resources/industrial relation front.

The Company's current management manpower is 86 and non-management manpower is 1,621.

RISK MANAGEMENT

The Risk Committee of the Board of Directors meets, as and when required, to put in place an integrated and comprehensive policy module to help the management mitigate internal and external risks. The Committee also creates pan-organisational awareness to deal with various risks associated with the Company's business. Essentially, the risk management process involves identification,

management, prioritisation, monitoring, escalation and mitigation of all the risks associated with the business of an integrated sugar mill. Though the risk elimination is a far unrealistic dream for any corporate entity its impact in Oudh Sugar has been lessened to a great extent by closely monitoring the risk profile of different units of the Company. The important risks identified by the management are wide oscillations in prices of sugar, fluctuating sugar recovery ratio, cane price fixation by state governments on extraneous considerations etc.

CAUTIONARY STATEMENT

The statements in the Management Discussion and Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on industry associations' estimates, certain assumptions and expectations of future events by the Company, there is strong likelihood of actual result differing materially from those expressed herein or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global or domestic demand and supplies, political and economic developments in India or other countries, government regulations and taxation policies, prices and availability of raw materials, prices of finished goods, abnormal climatic and geographical conditions, etc. The Company assumes no responsibility in respect of all or any forward looking statement(s) contained in this Report as the same may be revised or modified in the future on the basis of subsequent developments, information or events.

ANNEXURE - B

Statement showing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31st March, 2013.

I. Conservation of Energy:

i The Company continues to take following initiatives to conserve Energy during the year 2012-13:

- a) Various machineries and equipments installed during earlier years besides increasing generation of steam tend to reduce consumption of steam and fuel.
- b) Auto control combustion system fitted with all the boilers reduce the consumption of bagasse.
- c) The modified system of heating sugarcane juices and bleeding of vapors for pan boiling is working satisfactorily in the form of considerably reducing consumption of steam and fuel.

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

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

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

None significant.

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

(A) Power & Fuel Consumption

	2012-13		2011-12	
	Sugar	Food Processing	Sugar	Food Processing
Electricity:				
a) Purchased:				
Units (in lacs)	26.85	2.17	19.06	2.52
Total amount (₹ in lacs)	146.83	15.10	107.06	15.51
Rate/Unit (₹)	5.47	6.96	5.62	6.16
b) Own Generation:				
i) Through Diesel Generator:				
Units (in lacs)	4.46	0.69	10.93	0.67
Units/litre of diesel-oil	2.99	3.27	3.38	3.06
Cost/Unit (₹)	14.55	14.90	12.38	14.16

	2012-13		2011-12	
	Sugar	Food Processing	Sugar	Food Processing
ii) Through Steam Turbine/Generator:				
Units (in lacs) (Excluding units sold to and used in other segment)	940.00	-	1,007.57	-
Units/litre of fuel oil/gas Cost/Unit (₹)	Not ascertainable as the bagasse which is a by-product of the Company is being used as fuel			
Coal:				
Quantity (tonnes)	-	495.50	-	684.20
Total Cost (₹ in lacs)	-	42.55	-	59.30
Average Cost per tonne (₹)	-	8,587.85	-	8,666.42
(B) Consumption per unit of production				
Products Sugar - (in lac Qtls)	33.06	-	33.25	-
Food Processing (in lac Qtls)	-	0.32	-	0.42
Electricity (unit)	29.38	8.95	31.47	7.63
Coal (in kg)	-	0.15	-	0.16

II. Research & Development and Technology Absorption:

The Company continues to carry out Research & Development in the following specific areas:

(1) Control of Insect, Pest and Disease-

a) Through Moist, Hot Treatment

In order to maintain the genetic purity of varieties of Sugarcane, treatment is given to cane seed with moist hot air treatment. It improves the quality and yield of sugarcane. This process shall continue for the future also.

b) Chemical Control

In order to control the Insect, Pest and Borer, insecticide and pesticide is being applied on the crop just before indent of Pest and Borer for its control.

c) Biological Control of Borer

Parasites (Tricogranna Cards) have been applied in the crop to protect from Insects, Pests, and Borers.

(2) Ratoon Management

To increase the yield of the Ratoon, farmers are being educated on constant basis to burn the trash in the field, stubbing the plant and giving the proper dose of fertilisers and irrigation. Farmers are educated also to fill the gaps by new and improved plants.

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

The Company has not imported any new technology.

The Company had incurred an expenditure on research and cane development amounting to ₹ 242.29 lacs.

III. Foreign Exchange Earnings and Outgo:

a) Activities relating to exports, initiatives taken to increase exports	Non significant as international sugar price in export market were significantly lower than the domestic prices. Therefore, the export of sugar would not have made any economic sense for the year 2012-13.
b) Development of new export markets for products and services and export plan	
c) Earnings in Foreign Exchange (FOB Value)	₹ 265.54 lacs
d) Expenditure in Foreign Currency	₹ 130.72 lacs

ANNEXURE – C

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the nine months financial year ended 31st March, 2013

Name	Designation	Remuneration (₹)	Nature of Duties	Qualification	Experience (years)	Age (years)	Year of commen- cement of employment	Last employment held
Employed throughout the year :								
Mr Chandra Shekhar Nopany	Chairman cum Managing Director	88,22,694	Overall management of the affairs of the Company	B. Com., A.C.A., M.S.I.A.	23	48	1st July,1995	None

Notes:

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

For and on behalf of the Board

Place: Kolkata
Dated: 15th May, 2013

Chandra Shekhar Nopany
Chairman-cum-Managing Director

ANNEXURE – D

Statement pursuant to Section 212 of the Companies Act, 1956

The entire subscribed equity capital of Champaran Marketing Company Limited, Hargaon Investment & Trading Company Limited and OSM Investment & Trading Company Limited as on 31st March, 2013 was held by the Company. As on 31st March, 2013, 55.56% and 44.44% of the subscribed equity capital of Hargaon Properties Limited was held by Hargaon Investment & Trading Company Limited and Champaran Marketing Company Limited respectively, wholly owned subsidiaries of the Company and accordingly the said company is the stepped down subsidiary of the Company.

Financial Information of Subsidiary Companies U/S 212(8) of The Companies Act, 1956.

Sl. No.	Financial Information	Champaran Marketing Company Limited	Hargaon Investment & Trading Company Limited	OSM Investment & Trading Company Limited	Hargaon Properties Limited
(a)	(b)	(c)	(d)	(e)	(f)
1	Reporting Currency	(`)	(`)	(`)	(`)
2	Paid up Capital	1,08,72,500	3,04,57,270	1,74,04,180	45,00,000
3	Reserves & Surplus	4,63,80,793	13,84,92,456	4,82,73,509	1,48,968
4	Total Liabilities	26,05,13,073	37,87,96,917	11,09,72,689	47,30,968
5	Investments	5,29,15,352	18,28,87,208	10,77,07,627	0
6	Total Assets	26,05,13,073	37,87,96,917	11,09,72,689	47,30,968
7	Turnover/ Total Income	3,24,31,760	3,81,99,300	47,32,400	0
8	Profit /(Loss) before taxation	23,83,540	96,55,278	45,89,516	(28,043)
9	Provision for Taxation	1,89,543	1,83,463	0	0
10	Profit/ (Loss) after Taxation	21,93,997	94,71,815	45,89,516	(28,043)
11	Proposed Dividend	NIL	NIL	NIL	NIL
12	Country	INDIA	INDIA	INDIA	INDIA

Chandra Shekhar Nopany
Chairman-cum-Managing Director

Mr. Ashvin Chinubhai Dalal
Director

Govind Narayan Pareek
Company Secretary

ANNEXURE – E

REPORT ON CORPORATE GOVERNANCE



1. COMPANY'S PHILOSOPHY

The Oudh Sugar Mills Limited (OSML), a part of K K Birla Group of Sugar Industries, firmly believes that Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objective of the organisation most effectively and efficiently. Corporate Governance in fact denotes acceptance by the management of the inalienable rights of the shareholders as true owners of the organisation and of their own role as trustees on behalf of the shareholders.

By harnessing ethical values with business acumen the executive functions of OSML is structured to institutionalise policies and practices that enhance the efficacy of the Board and the Senior Management of the Company and inculcate a culture of accountability, transparency and integrity across the Company as a whole. OSML has a strong legacy of fair, transparent and ethical Governance practices and procedures and through these pages renews its commitment to uphold and nurture the core values of integrity, passion, responsibility, quality and respect in dealing with its customers, cane growers and other stake holders of the Company. The other enablers for the Company are 'team work' and 'adherence' to professionalism.

OSML has also in place a duly codified Code of Conduct and Code of Internal Procedures and Conduct as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 1992 for its employees including the Executive Chairman and Managing Director. This Code is available on Company's website.

OSML is in compliance with the mandatory requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. With the adoption of an uncodified whistle blower mechanism as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges OSML has moved far ahead in its pursuit of excellence in Corporate Governance.

2. BOARD OF DIRECTORS

- i) The Company has in all 11 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 11 Directors, 9 (81.82%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges. The Board is headed by the Executive Chairman Mr Chandra Shekhar Nopany who also acts as the Managing Director of the Company and is entrusted with substantial powers of management of the Company subject to superintendence, control and directions of the Board.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he or she is a Director.
- iii) With a view to institutionalise all corporate affairs and set up values, systems, standards and procedures for advance planning for matters requiring discussions at/decisions by the Board, the Company has unwritten rules and procedures for the meetings of the Board of Directors and Committees thereof. These rules and procedures seek to systematise the decision making process at the meetings of the Board/Committees in an informed and most efficient manner.
- iv) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/decisions in the Board/Committee Meetings. All such matters are communicated to the Company Secretary well in advance so that the same could be included in the Agenda of the Board Meetings.
- v) The Chairman-cum-Managing Director and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.
- vi) Agenda papers are circulated to the Directors in advance. All material back up information is incorporated in the Agenda papers for facilitating meaningful and focused-discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on

the table at the meeting with specific reference to this effect in the Agenda.

- vii) In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated in advance or at the meeting.
- viii) The Independent Directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Clause 49 of the Listing Agreement.
- ix) No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.
- ix) During the period under review Mr Aniket Agarwal and Mr Nirad Kant Bagla were appointed as Additional Directors on 31st January, 2013. Mr Yashwant Daga was appointed as Additional Director on 15th May, 2013. Mr Haigreve Khaitan resigned from the directorship of the Company with effect from 30th November, 2012. Further, State Bank of India (SBI) replaced Mr Puskar Sahay with Mr Pradeep Kumar Sarkar as the nominee Director of SBI with effect from 22nd September, 2012. The Board has put on record its highest appreciation for the contributions received from them as Directors of the Company.

During the period under review four Board Meetings were held on 8th August, 2012, 9th November, 2012, 3rd January, 2013 and 31st January, 2013. The composition of the Board of Directors and their attendance at the Board Meetings during the nine months financial year and at the last Annual General Meeting as also the number of directorships in other bodies corporate by all the directors are mentioned below. The number of directorships held by the Directors do not include Private Limited Companies, Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956.

Chairmanships/Memberships of the Board Committees by the Directors include only Audit and Shareholders/ Investors Grievance Committees

Name of the Director	Category of the Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other Bodies Corporate	No. of Chairmanship/ Membership of Board Committees in other Companies		No. of Equity Shares held
					Chairman	Member	
Mr Chandra Shekhar Nopany	CMD	3	No	12	1	1	73,804
Mr Ashvin Chinubhai Dalal	I/NED	3	Yes	-	-	-	NIL
Mr Chand Bihari Patodia	I/NED	2	No	-	-	-	NIL
Mr Rohit Kumar Dhoot	I/NED	2	No	-	-	-	NIL
Mr Jayant Narayan Godbole	I/NED	2	No	-	-	-	NIL
Mrs Madhu Vadera Jayakumar	I/NED	1	No	-	-	-	NIL
Mr Inderpal Singh Kalra- Nominee of IDBI	I/NED	2	No	1	-	-	NIL
Mr Pradeep Sarkar - Nominee of SBI**	I/NED	2	No	1	-	2	NIL
Mr Aniket Agarwal#	NED	NA	No	2	-	-	NIL
Mr Nirad Kant Bagla#	I/NED	NA	No	1	-	-	NIL
Mr Yashwant Daga@	I/NED	NA	No	10	-	8	NIL
Mr Haigreve Khaitan*	NED	-	No	NA	NA	NA	NIL
Mr Puskar Sahay- Nominee of SBI**	I/NED	-	No	NA	NA	NA	NIL

CMD - Chairman-cum-Managing Director

NED - Non-Executive Director

* resigned with effect from 30th November, 2012.

** SBI replaced Mr Puskar Sahay with Mr Pradeep Kumar Sarkar as the nominee Director with effect from 22nd September, 2012

Appointed as Additional Director on 31st January, 2013

@ Appointed as Additional Director on 15th May, 2013

Mrs Madhu Vadera Jayakumar and Mr Jayant Narayan Godbole are liable to retire by rotation and are eligible for re-appointment. However, Mr Godbole has not offered himself for re-appointment on account of his advanced age and accordingly shall cease to be a Director upon conclusion of the ensuing Annual General Meeting. He shall also ipso facto cease to be the member of any committee of the Board of Directors of the Company. Pursuant to Section 260 of the Companies Act 1956, Mr Aniket Agarwal, Mr Nirad Kant Bagla and Mr Yashwant Daga hold office up to the date of the ensuing Annual General Meeting and may be appointed as Directors according to the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956. Particulars of these Directors form part of the Corporate Governance Report.

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

Overall purpose/objective

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

Terms of Reference

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors (including the statutory auditors), fixation of audit fee and also approval for payment for any other services.
- Discussion with statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Holding periodic discussions and reviewing with the management, the Statutory Auditors and Internal Auditors the annual and quarterly financial reports and statements before submission to the Board, focusing primarily on:
 - i. any changes in accounting policies and practices;
 - ii. major accounting entries based on exercise of judgment by management;
 - iii. qualifications and observations in draft audit report;
 - iv. significant adjustments arising out of audit;
 - v. the going concern assumption;
 - vi. compliance with the accounting standards and introduction of steps towards implementation of IFRS;
 - vii. compliance of listing requirements of stock exchange and legal requirements concerning financial reporting and preparation of financial statements;
 - viii. any related party transactions as per Accounting Standard 18;
 - ix. significant findings of the statutory and internal auditors and follow up thereon.
- Reviewing the Company's financial and risk management policies.
- Reviewing with the management, statutory and internal auditors, the adequacy of and compliances with internal control systems.
- Reviewing the adequacy of internal audit function,

including structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Reviewing the reasons for substantial defaults in payment to the depositors, shareholders (in case of non payment of declared dividend) and creditors.
- Reviewing the functioning of the Whistle Blower mechanism.
- Reviewing the appointment of Cost Auditors.
- Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background of the candidate.

Composition and Meetings

The Audit Committee comprises of six Non-Executive Directors viz. Mr Ashvin Chinubhai Dalal (Chairman), Mr Chand Bihari Patodia, Mrs Madhu Vadera Jayakumar, Mr Rohit Kumar Dhoot, Mr Nirad Kant Bagla and Mr Yashwant Daga, all of whom are Independent Directors.

Mr Govind Narayan Pareek, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside Internal Auditors to answer and clarify the queries raised at the Meetings. The Chief Financial Officer and the Company Secretary also attended all the meetings. During the period the Committee met three times on 8th August, 2012, 9th November, 2012 and 31st January, 2013. Attendance of the members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Mr Ashvin Chinubhai Dalal	Chairman	3
Mr Chand Bihari Patodia	Member	2
Mr Rohit Kumar Dhoot	Member	1
Mrs Madhu Vadera Jayakumar	Member	0
Mr Nirad Kant Bagla*	Member	NA
Mr Yashwant Daga*	Member	NA

* Appointed with effect from 15th May, 2013.

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

Objectives:

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

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

ii) Terms of Reference:

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

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

iii) Composition and Meetings:

The Committee, presently, comprises of four Independent Non-Executive Directors, viz., Mr Rohit Kumar Dhoot (Chairman), Mr Ashvin Chinubhai Dalal, Mrs Madhu Vadera Jayakumar and Mr Nirad Kant Bagla. During the period the Committee met once on 24th December, 2012. Attendance of the members at the meeting was as follows:

Name of the Member	Status	No. of meetings attended
Mr Rohit Kumar Dhoot	Chairman	1
Mr Ashvin Chinubhai Dalal	Member	1
Mrs Madhu Vadera Jayakumar	Member	0
Mr Nirad Kant Bagla*	Member	NA

* Appointed with effect from 15th May, 2013.

iv) Remuneration Policy:

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

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

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

During the last 7 years the Company has not been able to pay any commission to the Non- Executive Directors in view of inadequacy of the net profit of the Company determined in the aforesaid manner.

v) Remuneration of Directors

Detail of remuneration paid to the Directors for the financial year 2012-13:

a) Executive Director

Managing Director	Salary	Perquisites	Retirement Benefits	Total
Mr Chandra Shekhar Nopany	29,25,000	55,46,694	3,90,000	88,61,694

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

b) Non-Executive Directors

The Company pays a sitting fee of ` 5,000/- and ` 2,500/- per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The detail of

sitting fees paid during the nine month Financial Year 2012-13 are as follows:

Sl. No.	Name of the Director	Amount (₹)
1	Mr Ashvin Chinubhai Dalal	32,500
2	Mr Chand Bihari Patodia	17,500
3	Mr Rohit Kumar Dhoot	30,000
4	Mrs Madhu Vadera Jayakumar	12,500
5	Mr Jayant Narayan Godbole	12,500
6	Mr Inderpal Singh Kalra- Nominee of IDBI	10,000
7	Mr Pradeep Sarkar** - Nominee of SBI	10,000
8	Mr Aniket Agarwal#	NA
9	Mr Nirad Kant Bagla#	NA
10	Mr Yashwant Daga@	NA
11	Mr Haigreave Khaitan *	Nil
12	Mr Puskar Sahay** - Nominee of SBI	Nil

* resigned with effect from 30th November, 2012.

** SBI replaced Mr Puskar Sahay with Mr Pradeep Kumar Sarkar as the nominee Director with effect from 22nd September, 2012

Appointed as Additional Director on 31st January, 2013

@ Appointed as Additional Director on 15th May, 2013

5. INVESTORS' GRIEVANCE COMMITTEE (CONSTITUTED ON 25TH AUGUST, 2000)

Terms of Reference:

The Investors' Grievance Committee oversees the redressal of complaints of investors such as transfer of credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1,000 shares, etc. It also approves allotment of shares and matters incidental thereto. By a resolution of the Board of Directors of the Company dated 28th April, 2011 the terms of reference of the Investors' Grievance Committee has further been enlarged to include taking note of: shares transferred in course of a quarter, status of dematerialised shares as on the end of each quarter, stock of blank stationery of share certificates as on the end of each quarter, shareholding pattern of the Company as on the end of each quarter and detail of investors' grievances pending as on the end of each quarter

Composition & Meetings:

- i) The Committee, presently, comprises of four Non-Executive Directors viz. Mrs Madhu Vadera Jayakumar, Mr Rohit Kumar Dhoot, Mr Yashwant Daga and Mr Aniket Agarwal. Mr Haigreave Khaitan ceased to be a Member of the Investors' Grievance Committee with effect from 30th November, 2012. Mr Govind Narayan Pareek, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges.

Three meetings of the Committee were held during the period under review on 6th July, 2012, 25th October, 2012 and 15th January, 2013 and the attendance of the members at the meeting was as follows:

Name of the Member	Status	No. of meetings attended
Mr Rohit Kumar Dhoot	Member	3
Mrs Madhu Vadera Jayakumar	Member	3
Mr Haigreave Khaitan*	Member	0
Mr Yashwant Daga#	Member	NA
Mr Aniket Agarwal#	Member	NA

* resigned with effect from 30th November, 2012

Appointed with effect from 15th May, 2013.

The Board of Directors have authorised the Company Secretary to approve transfers/transmissions of shares in physical form upto 1000 shares. The transfers/transmissions approved by the Company Secretary are periodically placed before the Committee. During the period under review the Company received 6 complaints/grievances from the shareholders which were duly attended. The average period in which grievances are addressed is 7 days from the date of receipt of letters/complaints. There was one unresolved complaint as on 31st March, 2013. There were no share transfer applications pending for registration as on 31st March, 2013.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location
2011-12	27.11.2012	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2010-11	28.12.2011	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.
2009-10	21.12.2010	11.00 a.m.	Registered Office: Hargaon, Dist. Sitapur, (U. P.), Pin-261 121.

A Special Resolution was passed at the Annual General Meeting held on 27th November, 2012 for Reduction of the Share Capital of the Company by an amount of ` 6,400 accorded to Bearer Equity Coupons of ` 12.5 and ` 25 each fully paid up share.

A Special Resolution was passed at the Annual General Meeting held on 21st December, 2010 for payment of commission not exceeding 1% of the net profit of the Company computed under Section 349 of the Companies Act, 1956. No Special resolution was passed at the Annual General Meeting held on 28th December, 2011.

No special resolution was passed through Postal Ballot during the financial year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot. The last Annual General Meeting was held on 27th November, 2012 which was chaired by Mr Ashvin Chinubhai Dalal, Chairman of the Audit Committee.

7. DISCLOSURES

i) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties are disclosed in Note No.34 to the Accounts in the Annual Report.

- ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.
- iii) The Company has complied with all the applicable mandatory requirements. The Company has not adopted the non-mandatory requirements of the Listing Agreement except relating to the Remuneration Committee.
- iv) Periodical disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.
- v) The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India in preparation of its financial statements.

8. MEANS OF COMMUNICATION

- i) Since the financial results in respect of each quarter and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board/ Committee and posted on the Company's Website and also published in 'Business Standard', in English in Lucknow and 'Business Standard' or 'Aaj', in Hindi in Lucknow edition, the same were not separately sent to the shareholders.
- ii) The financial results are simultaneously posted on the Company's recently re-designed website www.birla-sugar.com. Distribution of shareholdings is also displayed on the website. The Annual Report of the Company is also available on the website in a user-friendly and downloadable form.
- iii) The Company also displays official press releases as and when released on above website.
- iv) **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.
- v) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are: Centralised database of all complaints to SEBI, online upload

of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

- vi) Email-id earmarked for redressing Investor queries in terms of Clause 47(f) of the Listing Agreement is birlasugar@birla-sugar.com
- viii) No presentation was made to any Institutional Investor or to any Analysts during the year.

9. GENERAL SHAREHOLDERS' INFORMATION

i) 81st Annual General Meeting

Day	: Wednesday
Date	: 7th August, 2013
Time	: 11.00 a.m.
Venue	: Registered Office: Sugar Mills Complex Hargaon, District – Sitapur Uttar Pradesh – 261 121.

ii) Tentative Financial Calendar for the year 2013-14.

Approval of Audited Annual Results (2012-13)	15th May, 2013
Publication of Audited Results	16th/17th May, 2013
Mailing of Annual Report	July, 2013
First Quarter Results	On or before middle of 15th August, 2013
Second Quarter Results	On or before middle of 15th November, 2013
Third Quarter Results	On or before 15th February, 2013
Audited Annual Results (2013-14)	On or before 30th May, 2014

iii) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from 31st July, 2013 (Wednesday) to 7th August, 2013 (Wednesday) (both days inclusive) for the purpose of Annual General Meeting.

iv) Dividend Payment Date

The Board of Directors did not recommend any dividend for the year under review.

v) Listing on Stock Exchanges and Stock Codes

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

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

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE594A01014. Annual Listing Fees for and up to the financial year 2013-14 has been paid to BSE and NSE. Annual Custody/Issuer fee for the financial year 2013-14 has also been paid by the Company to NSDL and CDSL.

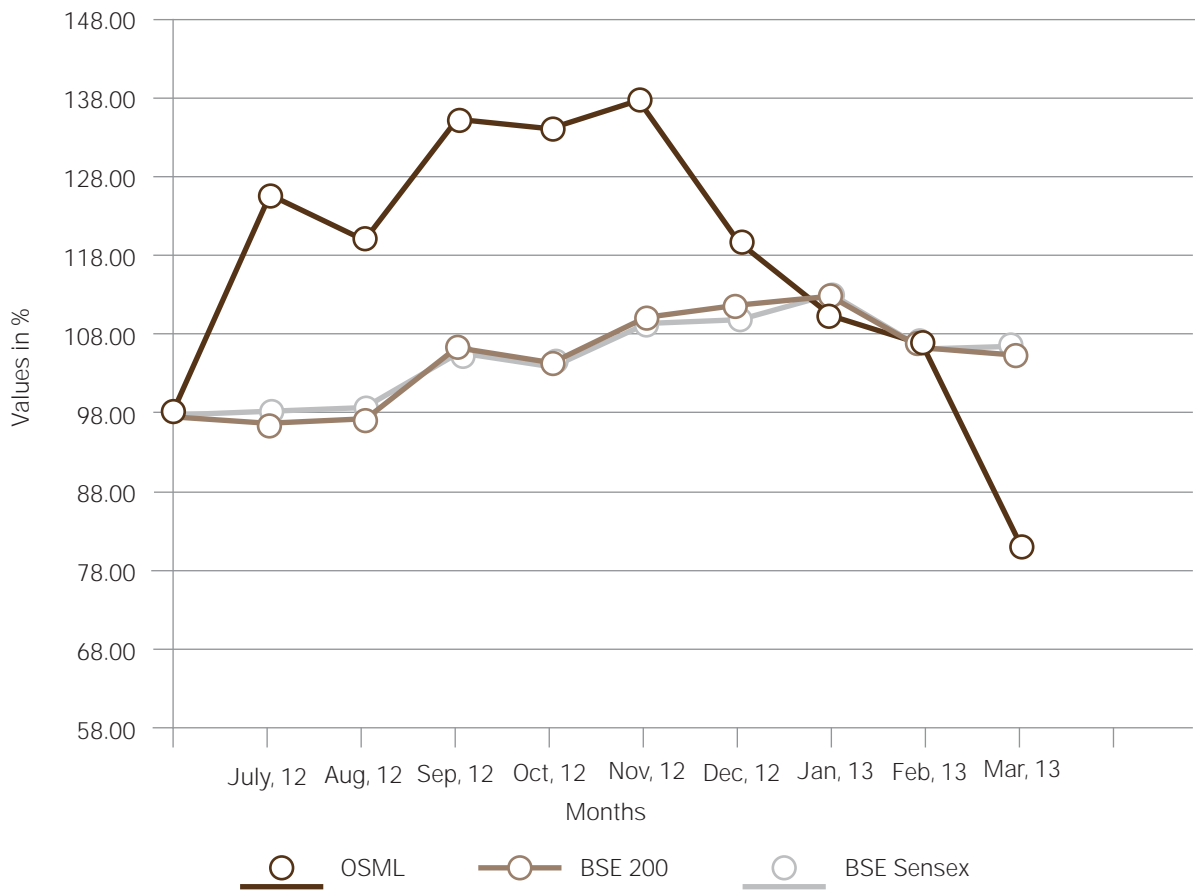
vi) Market Price data

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

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July, 2012	32.85	20.75	32.90	21.05
August, 2012	30.85	24.25	30.45	25.05
September, 2012	30.30	24.85	30.00	25.00
October, 2012	30.60	26.55	30.85	27.05
November, 2012	29.15	26.35	29.20	26.50
December, 2012	29.95	25.00	28.70	25.15
January, 2013	26.80	21.80	27.00	21.20
February, 2013	25.50	21.35	28.00	21.35
March, 2013	24.85	15.95	24.45	15.90

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

A graphical presentation is as follows:



viii) Registrar & Share Transfer Agent

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

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

ix) Share Transfer System

The Board of Directors have authorised the Company Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/transmission of above 1,000 shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders. Share transfer requests, if found valid and complete in all respects, are normally effected within a period of 15 days from the date of receipt. A total of 740 Equity Shares were transferred/transmitted during the financial year 2012-13. The dematerialised shares are directly transferred to the beneficiaries by the Depositories.

x) Distribution of Shareholding**a) The Distribution of Shareholding as on 31st March, 2013 was as follows:**

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 - 500	11,538	83.57	17,03,093	6.57
501 - 1000	1,106	8.01	8,68,479	3.35
1001 - 2000	555	4.02	8,22,207	3.17
2001 - 3000	207	1.50	5,22,998	2.02
3001 - 4000	106	0.77	3,75,510	1.45
4001 - 5000	72	0.52	3,34,752	1.29
5001 - 10000	113	0.82	8,11,000	3.13
10001 and above	109	0.79	2,04,79,246	79.02
Total	13,806	100.00	2,59,17,285	100.00

b) Detail of Shareholding pattern of the Company as on 31st March, 2013 was as follows:

Category	No. of shares held	% of shareholding
Promoters	1,59,85,077	61.68
Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	20,65,755	7.97
Bodies Corporate	13,09,678	5.05
Indian Public	64,06,074	24.72
NRIs/OCBs/FIIs/Foreign Nationals/Clearing Members	1,50,701	0.58
Total	2,59,17,285	100.00

xi) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. BSE Ltd. and National Stock Exchange of India Ltd., under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited 99.06% of the Equity Shares of the Company have already been dematerialised.

xii) Outstanding GDRs/ADRs/Warrants or Convertible Instrument

The Company has never issued GDRs and ADRs. There are no outstanding Warrants or Convertible Instruments.

xiii) Location of Plants:

Sugar Mills:

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

- c. Hata, District Kushinagar, Uttar Pradesh, Pin-274 207
- d. Rosa, District Shahjahanpur, Uttar Pradesh, Pin-242 406.

Distilleries:

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

Co-generation Power Plants:

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

Food Processing Factory:

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

xiv) Address for Correspondence :

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

xv) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the period under review, the Company has credited ` 1,86,153 (Rupees one lac eighty six thousand one hundred and fifty three) to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 in relation to financial year 2004-05 on 6th November, 2012.

Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

11. RE-APPOINTMENT OF DIRECTORS

Mrs Madhu Vadera Jayakumar and Mr Jayant Narayan Godbole are liable to retire by rotation and are eligible for re-appointment. However, Mr Godbole has not offered himself for re-appointment on account of his advanced age and accordingly shall cease to be a Director upon conclusion of the ensuing Annual General Meeting. Pursuant to Section 260 of the Companies Act, 1956 Mr Aniket Agarwal, Mr Nirad Kant Bagla and Mr Yashwant Daga hold office up to the date of the

10. CEO AND CFO CERTIFICATION

The Chairman and Managing Director and the

ensuing Annual General Meeting and may be appointed as Directors according to the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956. Particulars of these Directors form part of the Corporate Governance Report. Brief particulars of the said Directors are given below:

- i) Mrs Madhu Vadera Jayakumar, aged 48 years, is a holder of Post Graduate Diploma from Indian Institute of Management, Ahmedabad and Mathematics Honours Degree from University of Delhi. She was associated with Mineral Metals Trading Corporation during 1985-1988 and later with Citibank N.A during 1988-2000 She joined the Board of the Company in 1987.

She is not on the Board of any other Public Limited Company.

- ii) Mr Aniket Agarwal, aged 46 years is a holder of Bachelors of Law and is an eminent lawyer specialised in corporate restructuring, mergers, acquisitions, demergers and capital and debt reorganisation and is a partner of the renowned law firm Khaitan & Company LLP.

Mr Agarwal does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr Aniket Agarwal is a Director or Chairman/Member of the Board/Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Stone India Limited	Remuneration Committee	-
2.	Kothari Phytochemicals Industries Limited	-	-

- iii) Mr Nirad Kant Bagla, aged about 40 years, is a holder of Bachelors of Commerce and an eminent corporate personality. He is the Managing Director of The North Western Cachar Tea Company Limited. He is the member of Indian Tea Association and Bengal National Chambers of Commerce.

Mr Bagla does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr Nirad Kant Bagla is a Director or Chairman/Member of the Board/Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	The North Western Cachar Tea Company Limited	-	-

- iv) Mr. Yashwant Kumar Daga, aged about 52 years, is a holder of Bachelors of Commerce and an industrialist with varied experience of more than 25 years particularly in Tea, Textiles, Spinning, Hydro Power and Engineering. He has served on the elected committee of Tea Association of India and Indian Chamber of Commerce, Kolkata. He has served as Chairman of the Governing Body of Darjeeling Planters' Association besides being its elected member for many years.

Mr Daga does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr Yashwant Kumar Daga is a Director or Chairman/Member of the Board/Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Longview Tea Company Limited	Audit Committee Shareholder/Investors Grievances Committee	Member Member
2.	Deepak Gears Limited		
3.	Deepak Spinners Limited	Audit Committee Remuneration Committee Shareholder/Investors Grievances Committee Selection Committee	Member Member Member Member
4.	HGI Industries Limited	Audit Committee Share Transfer and Shareholders Committee	Member Member
5.	Mint Investments Limited	Audit Committee Shareholder/Investors Grievances Committee	Member Member

12. PREVENTION OF INSIDER TRADING

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

13. CODE OF CONDUCT & ETHICS

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

14. LEGAL COMPLIANCES

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

15. COMPLIANCES WITH CORPORATE GOVERNANCE NORMS:

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the Stock Exchanges for the quarters ended 30 September, 2012, 31 December, 2012 and 31 March, 2013. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Uttar Pradesh along with the Annual Report.

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

a. Remuneration Committee

As detailed in the earlier paragraphs, the Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee is Mr Rohit Kumar Dhoot.

b. Whistle Blower Mechanism

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

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

16. SUBSIDIARY COMPANIES:

The Company has three direct subsidiaries and one step down subsidiary. It does not have any material non listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and in particular the investments made by unlisted subsidiary companies. The Minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

17. SHAREHOLDERS' RIGHTS:

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

18. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

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

DECLARATION ON CODE OF CONDUCT

To
The Members
The Oudh Sugar Mills Ltd.
P.O. Hargaon, Dist – Sitapur
U.P – 261 121

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Chandra Shekhar Nopany, Chairman-cum-Managing Director of The Oudh Sugar Mills Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the financial year 2012-13.

Dated: 15th May, 2013

Chandra Shekhar Nopany
Chairman-cum-Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
The Oudh Sugar Mills Limited

We have examined the compliance of conditions of corporate governance by THE OUDH SUGAR MILLS LIMITED, for the nine months financial year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Place: Kolkata
Dated: 15th May, 2013

R K Agrawal
Partner
Membership No.16667

AUDITORS' REPORT

To the Members of

The Oudh Sugar Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of The Oudh Sugar Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit

evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As indicated in Note 15 to the financial statements, the Company has recognized Deferred Tax Asset (DTA) (net) of Rs. 6,138.96 lacs (after adjusting reversal of Rs. 1,393.02 lacs during the period) up to March 31, 2013, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty about the above projections, as required in terms of Accounting Standard – 22, had the above impact been considered, the reported profit of Rs.2,908.02 lacs for the period (after adjusting DTA of Rs. 7,531.98 lacs recognised up to June 30, 2012) would turn into a loss of Rs. 3,230.94 lacs and the reserves and surplus balance would be Rs.(-) 8,164.97 lacs as against the reported figure of Rs.(-) 2,026.01 lacs as on the balance sheet date.

Our audit opinion on the financial statements for the previous year was also qualified in respect of the above matter.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter stated in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) *except for the matter stated in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & CO. LLP**

Firm Registration Number: 301003E

Chartered Accountants

per **R.K. Agrawal**

Place: Kolkata.

Partner

Date: 15th May, 2013

Membership Number: 16667

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF THE OUDH SUGAR MILLS LIMITED AS AT AND FOR THE PERIOD ENDED MARCH 31, 2013)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have not been physically verified by the management during the period but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) There was no disposal of a substantial part of fixed assets during the period.
- (ii) a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- b) According to information and explanations given 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 Companies Act, 1956. Accordingly, the provisions of clauses 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the

ANNEXURE TO THE AUDITORS' REPORT

internal control system of the company in respect of these areas.

- (v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial period, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows :-

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *except for Cane Purchase Tax of Rs.167.42 lacs relating to the sugar unit in Bihar which remains unpaid as on the Balance sheet date, pending disposal by the State Government of the representation made by the Bihar Sugar Mills Association for its remission.*
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the period end, for more than six months from the date they became payable.

Name of the statute	Nature of dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Bihar Finance Act, 1981	Tax on sale of Alcohol for non submission of declaration forms	4.19	1995-96	Appellate Tribunal, Patna
U.P. Tax on Entry of Goods Act, 2007	Interest demand on Entry Tax on Sugar	0.74	2008-09	Joint Commissioner Appeal
Central Sales Tax Act, 1956	Central Sales Tax demand on Stock transfer	6.17	1993-94 & 2007-08	Joint Commissioner (Appeals) / High Court, Allahabad
	Taxability on alcohol sale	10.46	1977-78 to 1981-82	High Court, Allahabad Lucknow Bench
	Demand for Sales Tax due to non submission of Declaration Forms	3.36	2003-04	Appellate Tribunal, Patna

Name of the statute	Nature of dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Disallowance of Cenvat Credit on Certain inputs / capital items / input services	1078.17	2001-02 to 2011- 12	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Excise Duty on burnt / waste and loss on storage of molasses etc.	23.85	1992-93, 2002- 03 to 2005-06 & 2010-11	Commissioner (Appeals) / CESTAT / High Court, Allahabad
	Demand towards differential amount of sugar cess on duty paid stock	43.47	2007-08	CESTAT

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth.* The Company has not incurred cash loss in the current period but it had incurred cash loss in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank. Further, the Company did not have any outstanding debentures during the period.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from a bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these loans were obtained.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that Rs.20,587 lacs raised on short term basis have been used for long-term investment (without considering permanent capital) mainly towards acquisition of fixed assets.*
- (xviii) The Company has not made any preferential allotment of shares during the period to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The company has not raised any money by way of public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

For **S.R. Batliboi & CO. LLP**
Firm Registration Number: 301003E
Chartered Accountants

per **R.K. Agrawal**

Place: Kolkata.
Date: 15th May, 2013

Partner
Membership Number: 16667

BALANCE SHEET

as at 31st March, 2013

₹ in lacs

	Notes	As at 31st March, 2013	As at 30th June, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	7,604.43	7,604.43
Reserves and Surplus	4	(2,026.01)	(4,940.61)
Bearer Equity Share Coupons	32	0.06	0.06
		5,578.48	2,663.88
Non-current Liabilities			
Long-term borrowings	5	33,749.20	38,120.73
Other long-term liabilities	6	1,042.46	825.18
Long-term provisions	7	285.26	225.09
		35,076.92	39,171.00
Current Liabilities			
Short-term borrowings	8	61,763.27	57,534.52
Trade payables	9	37,552.44	18,148.79
Other current liabilities	9	20,594.00	7,939.67
Short-term provisions	7	134.35	108.62
		1,20,044.06	83,731.60
TOTAL		1,60,699.46	1,25,566.48
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	58,092.71	60,445.77
Intangible Assets	11	141.05	3.55
Capital Work-in-Progress	12	217.57	160.90
Intangible Assets under development	13	-	86.56
Non-current Investments	14	1,080.23	1,080.24
Deferred tax assets (net)	15	6,138.96	7,531.98
Long-term loans and advances	16	420.41	954.06
Other Non-current assets	18.2	15.00	-
		66,105.93	70,263.06
Current assets			
Inventories	17	88,274.26	49,063.62
Trade Receivables	18.1	3,071.41	3,314.63
Cash and bank balances	19	500.12	348.64
Short-term loans and advances	16	2,623.46	2,551.44
Other current assets	18.2	124.28	25.09
		94,593.53	55,303.42
TOTAL		1,60,699.46	1,25,566.48
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For **S.R.Batliloi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

STATEMENT OF PROFIT AND LOSS

for the nine months period ended 31st March, 2013

₹ in lacs

	Notes	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
INCOME			
Revenue from Operations (gross)	20	98,527.82	1,05,589.17
Less : Excise duty		2,366.10	2,512.62
Cess		573.52	643.85
Revenue from Operations (net)		95,588.20	1,02,432.70
Other Income	21	1,104.83	618.74
Total Revenue (I)		96,693.03	1,03,051.44
EXPENSES			
Cost of Raw Materials consumed	22	1,04,480.47	88,569.30
Purchase of Traded Goods	23	470.40	7,758.22
(Increase)/decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(37,035.08)	(19,512.70)
Employee benefits expenses	24	3,835.32	4,692.34
Other expenses	25	8,926.40	9,882.57
Total (II)		80,677.51	91,389.73
Profit before finance costs, tax, depreciation & amortisation and exceptional item [(I) - (II)]		16,015.52	11,661.71
Depreciation and Amortisation expenses	26	3,185.61	4,248.64
Finance Costs	27	8,528.87	11,617.46
Profit/(Loss) before exceptional item and tax		4,301.04	(4,204.39)
Less/Add : Exceptional item		-	2,422.19
Profit/(Loss) before tax		4,301.04	(6,626.58)
Tax expenses			
Deferred tax charge/(credit)		1,393.02	(2,133.97)
Total tax expense/(credit)		1,393.02	(2,133.97)
Profit/(Loss) for the period		2,908.02	(4,492.61)
Earnings per equity share	29	₹	₹
[Nominal value of share ₹ 10 each (₹ 10)]			
Basic & Diluted		9.77	(19.08)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For S.R.Batliboi & Co. LLP
Firm Regn No. 301003E
Chartered Accountants

For and on behalf of the Board of Directors

per R.K. Agrawal
Partner
Membership No.16667

Mr. Ashvin Chinubhai Dalal
Director

Place : Kolkata
Dated : 15th May, 2013

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

CASH FLOW STATEMENT

for the nine months period ended 31st March, 2013

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax	4,301.04	(6,626.58)
Adjustment to reconcile profit/(loss) before tax to net cash flows		
Depreciation and Amortisation expenses	3,185.61	4,248.64
Finance Costs	8,528.87	11,617.46
(Profit)/Loss on Tangible Assets sold/discarded (net)	6.62	(192.33)
Bad Debts, irrecoverable claims and advances written off	39.31	10.10
Provision for bad and doubtful debts/advances	6.15	9.32
Provision for Warranties & Claims	4.70	7.97
Molasses Storage & Maintenance Reserve	6.58	9.02
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	(1,025.58)	(326.99)
Interest Income	(7.01)	(13.10)
Dividend Income	(0.08)	(0.06)
Operating Profit before Working Capital Changes :	15,046.21	8,743.45
Increase in Trade Payables	20,429.23	13,378.41
Increase in Long Term Provisions	60.17	53.68
Increase in Short Term Provisions	21.03	27.18
Increase/(decrease) in Other Current Liabilities	10,987.48	(1,059.69)
Increase in Other Long Term Liabilities	14.82	19.37
(Increase)/decrease in Trade Receivables	203.91	(2,025.78)
Decrease in Long Term Loans & Advances	512.66	548.16
(Increase)/decrease in Short Term Loans & Advances	(169.57)	79.14
(Increase) in Other Non-current Assets	(15.00)	-
(Increase)/Decrease in Other Current Assets	(98.43)	107.82
(Increase) in Inventories	(39,210.64)	(20,857.45)
Cash Generated From/(Used In) Operations:	7,781.87	(985.71)
Direct Taxes Refund/(Paid)	(1.39)	3.68
Net Cash From/(Used In) Operating Activities	7,780.48	(982.03)

CASH FLOW STATEMENT

for the nine months period ended 31st March, 2013 (Contd.)

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from sale of Tangible Assets	1.91	251.07
Purchase of Fixed Assets including Capital Advances	(1,086.85)	(1,430.59)
Sale of Non-current Investments	0.01	-
Loan Received Back	53.94	161.16
Interest Received	6.25	10.79
Dividend Received	0.08	0.06
Fixed Deposits	6.68	24.31
Net Cash Used In Investing Activities	(1,017.98)	(983.20)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(2,590.59)	(2,436.32)
Proceeds from Long Term Loans	-	11.52
Proceeds from Short Term Borrowings (net)	5,116.75	6,736.58
Loan from Subsidiary Companies (net)	(843.00)	3,921.00
Proceeds from Preference Share Capital		1,250.00
Interest Paid	(8,249.85)	(7,303.99)
Other Borrowing Cost	(37.65)	(88.03)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	(6,604.34)	2,090.76
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	158.16	125.53
Cash & Cash Equivalents at the beginning of the period	312.08	186.55
Cash & Cash Equivalents at the end of the period *	470.24	312.08

* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 29.88 lacs (₹ 36.56 lacs) being balances having maturity of more than 3 months.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013

1. CORPORATE INFORMATION

The Oudh Sugar Mills Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National and Bombay Stock Exchanges in India. The Company is primarily engaged in manufacture and sale of Sugar and its By-products (Molasses and Bagasse), Spirits including Ethanol, Power and Food Processing Products. The Company presently has manufacturing facilities at Hargaon District Sitapur, Dhadha Bujurg District Kushinagar, Rosa District Shahjahanpur and Allahabad in the State of Uttar Pradesh and at Narkatiaganj District West Champaran in the State of Bihar.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

2.1 Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment

losses determined, if any. The cost comprises the purchase price inclusive of duties (net of CENVAT Credit), taxes, incidental expenses, erection/commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

(c) Depreciation on Tangible Fixed Assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on tangible fixed assets is provided under Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher. Based on this, the company has depreciated its assets based on the rates prescribed in the Schedule XIV of the Companies Act, 1956.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure thereof, are reflected in the statement of profit and loss in the year in which the expenditure are incurred.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

Intangible assets are amortised on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets being Specialised Software are amortised on a straight line basis over a period of 5 years.

(e) Leases

Operating Lease

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

the statement of profit and loss on straight line basis over the lease term.

Finance Lease

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

(f) Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of Tangible and Intangible Assets

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

(h) Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

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

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

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

(i) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term/non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term/Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(j) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method.

Goods under process, finished goods (including Power Banked), traded goods and standing crops, are valued at lower of cost and net realisable value. Finished goods, Goods under process and Standing Crops include cost of conversion and other costs incurred in bringing the inventories

to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

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

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

(k) Revenue Recognition

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

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which usually coincides on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these not being economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the period.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognised when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers and Compensation receivable in respect of land surrendered to/acquired by the Government due to uncertainty in realisation, are accounted for on acceptance/actual receipt basis.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

(l) Foreign Currency Transactions

Initial recognition

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

Conversion

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

Exchange differences

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

Forward Exchange Contracts entered into hedge foreign currency risk of an existing asset/liability

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

(m) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds.

Gratuity liability being a defined benefit obligation is provided for on the basis of

actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The company presents the leave as current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non current liability.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(n) Income taxes

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

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

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realised.

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

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

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

(o) Segment Reporting

Identification of segments

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised and managed

separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Inter Segment Transfers

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

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

(p) Earnings Per Share

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

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

(q) Cash and Cash Equivalents

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

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

(r) Derivative Instruments

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

(s) Excise Duty

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

(t) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(u) Provisions

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a

reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

(v) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

3. SHARE CAPITAL

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Authorised :		
4,00,00,000 (4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
5,00,00,000 (5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
3,00,00,000 (3,00,00,000) Unclassified Shares of ₹ 10/- each	3,000.00	3,000.00
Total	12,000.00	12,000.00
Issued :		
2,61,70,410 (2,61,89,135) Equity Shares of ₹ 10/- each [refer Note 3(e) below]	2,617.04	2,618.91
5,00,00,000 (5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
Total	7,617.04	7,618.91
Subscribed and fully paid-up :		
2,59,17,285 (2,59,17,175) Equity Shares of ₹ 10/- each	2,591.73	2,591.72
Nil (44) Quarter Equity Shares of ₹ 25/- each [refer Note 3(f) below]	-	0.01
5,00,00,000 (5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
	7,591.73	7,591.73
Add : Forfeited shares (amount originally paid-up)	12.70	12.70
Total	7,604.43	7,604.43

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Equity Shares

	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity Shares of ₹ 10/- each				
Outstanding at the beginning of the period	2,59,17,175	2,591.72	2,59,17,175	2,591.72
Add : Issued during the period [refer Note 3(f) below]	110	0.01	-	-
Outstanding at the end of the period	2,59,17,285	2,591.73	2,59,17,175	2,591.72
Quarter Equity Shares of ₹ 25/- each				
Outstanding at the beginning of the period	44	0.01	44	0.01
Less : Sub-divided into Equity Shares of ₹ 10/- each [refer Note 3(f) below]	44	0.01	-	-
Outstanding at the end of the period	-	-	44	0.01

Preference Shares

	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Preference Shares of ₹ 10/- each				
Outstanding at the beginning of the period	5,00,00,000	5,000.00	-	-
Add : Issued during the period	-	-	5,00,00,000	5,000.00
Outstanding at the end of the period	5,00,00,000	5,000.00	5,00,00,000	5,000.00

(b) Terms/rights attached to Equity Shares

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid on the shares held by them.

(c) Terms of redemption of Preference Shares

The Non-Convertible Cumulative Redeemable Preference Shares (CRPS) carries dividend @ 8.5% per annum.

CRPS shall be redeemable at par on 2nd August, 2023 being twelve years and one day from the date of allotment i.e. 1st August, 2011 with a right vested to the Board of Directors to redeem it earlier, subject to the consent of the lenders. However, no redemption will take place before 30th June, 2014.

Dividend is payable at the time of redemption of the CRPS. However, the Board reserves the right to pay the dividend earlier with the consent of the Lenders and subject to the availability of profit.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

(d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity Shares of ` 10/- each fully paid				
Uttar Pradesh Trading Co. Ltd.	33,26,901	12.84%	33,26,901	12.84%
SCM Investment & Trading Co. Ltd.	27,97,296	10.79%	27,97,296	10.79%
New India Retailing & Investment Ltd.	27,78,044	10.72%	27,78,044	10.72%
RTM Investment & Trading Co. Ltd.	23,46,169	9.05%	23,46,169	9.05%
CRPS of ` 10/- each fully paid				
Sutlej Textile & Industries Ltd.	5,00,00,000	100.00%	5,00,00,000	100.00%

As per records of the Company, including its register of Share Holders/Members, the above share holdings represent legal ownership of shares.

- (e) In terms of Resolution passed by the Shareholders of the Company on 27th November, 2012, 18,725 Equity Shares of ` 10/- each issued by the Company from time to time but not taken or agreed to be taken by any person have been cancelled and hence the Issued Capital of the Company has got reduced by an amount of ` 1,87,250.
- (f) In terms of resolution passed by the Shareholders of the Company on 27th November, 2012, 44 Quarter Equity Shares of ` 25/- each have been sub-divided into 110 Equity Shares of ` 10/- each, which are ranking pari passu in all respect with the existing Equity Shares of the Company.

4. RESERVES AND SURPLUS

` in lacs

	As at 31st March, 2013	As at 30th June, 2012
Capital Reserve		
As per the last financial statements	195.88	195.88
Capital Redemption Reserve		
As per the last financial statements	37.69	37.69
Securities Premium Account		
As per the last financial statements	9,315.03	9,315.03
Molasses Storage and Maintenance Reserve		
Balance as per the last financial statements	103.39	94.37
Add: Provided during the period	6.58	9.02
Closing balance	109.97	103.39
Effluent Disposal Reserve		
As per the last financial statements	2.84	2.84
Surplus/(Deficit) in the Statement of Profit and Loss *		
Balance as per last financial statements	(14,595.44)	(10,102.83)
Profit/(Loss) for the period	2,908.02	(4,492.61)
Net Surplus/(Deficit) in the Statement of Profit and Loss	(11,687.42)	(14,595.44)
Total Reserves and Surplus	(2,026.01)	(4,940.61)

* after adjusting ` 3,375.12 lacs being transfer from General Reserve during the years 2006-07 to 2010-11 to set off the debit balance in Profit & Loss Account.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

5. LONG-TERM BORROWINGS

₹ in lacs

	Non-current portion		Current portion	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Term Loans (secured) :				
From Banks -				
Term Loan	25,134.54	26,358.12	1,427.16	815.22
Funded Interest Term Loan (FITL)	4,529.24	6,303.39	2,166.13	1,575.85
From Sugar Development Fund	4,085.42	5,431.59	1,346.17	721.50
Other Loans and Advances (unsecured) :				
Fixed Deposits from related parties (Note 34g)	-	-	-	2.50
Fixed Deposits from others	-	27.63	96.07	139.52
	33,749.20	38,120.73	5,035.53	3,254.59
Less : Amount disclosed under the head "other current liabilities" (Note 9)			5,035.53	3,254.59
Net amount	33,749.20	38,120.73	-	-

- (a) Term Loans and FITL from Banks carry interest rate in the range of 13.77% to 14.99% and are repayable in 32 and 12 quarterly instalments respectively by 30th June, 2020. These loans are secured by first mortgage/charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Hargaon, Narkatiaganj and Dhadhha Bujurg (Hata) and Distillery Unit at Hargaon, ranking pari-passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.

The above Term Loans including FITL are further secured as follows.

- (i) Second charge on current assets of Sugar Unit at Dhadhha Bujurg (Hata) ranking pari-passu amongst the various lenders.
Second charge on fixed assets of Sugar Unit at Rosa ranking pari-passu amongst the various lenders.
 - (ii) Third charge on current assets of Sugar Unit at Narkatiaganj.
 - (iii) Third charge on current assets of Sugar & Distillery Units at Hargaon.
 - (iv) Pledge of 64,79,294 equity shares of the Company held by the promoter group companies, ranking pari-passu amongst the various lenders.
- (b) Term loans from the Sugar Development Fund, which carry interest of 4% p.a., are secured by a second charge on all the immovable/movable assets (save and except book debts) present and future of the Company's Sugar Units at Hargaon and Narkatiaganj and Distillery Unit at Hargaon.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

The above loans are repayable as under.

Disbursed to	Balance as at 31st March, 2013 (` in lacs)	Repayment Schedule
(i) Hargaon Sugar unit	3,123.35	5 yearly instalments ending on 30th September, 2017.
(ii) Hargaon Distillery unit	1,082.25	8 half yearly instalments ending on 18th August, 2014.
(iii) Narkatiaganj Sugar unit	1,225.99	5 yearly instalments ending on 1st April, 2018.
	5,431.59	

- (c) Fixed Deposits from related parties/others carry interest rate of 10.75% to 11.75% and are repayable after two or three years from the respective date of deposits, depending upon their tenure.

6. OTHER LONG-TERM LIABILITIES

in lacs

	As at 31st March, 2013	As at 30th June, 2012
Interest accrued but not due on borrowings	910.74	708.28
Trade and other deposits	131.72	116.90
	1,042.46	825.18

7. PROVISIONS

in lacs

	Long-term		Short-term	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Provision for employee benefits				
Gratuity (Note 30)	152.62	108.57	100.00	70.50
Leave	132.64	116.52	23.90	15.49
	285.26	225.09	123.90	85.99
Other provisions				
For warranties	-	-	6.20	18.63
For wealth tax	-	-	4.25	4.00
	-	-	10.45	22.63
	285.26	225.09	134.35	108.62

A provision is recognised for expected warranty claims on products based on the management's estimate computed on the basis of past experience. It is expected that the entire provision will be utilised within one year of the reporting date, since the warranty year is generally for one year.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

The table below gives information about movement in warranties provisions.

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
At the beginning of the period	18.63	14.47
Additions during the period	4.70	7.97
Utilised/written back during the period	17.13	3.81
At the end of the period	6.20	18.63

8. SHORT-TERM BORROWINGS

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Cash Credit from Banks (secured) (repayable on demand)	46,592.87	34,876.12
Other Loans & Advances (unsecured)		
From Subsidiary Companies (Note 34g)	2,777.90	3,665.90
Inter-Corporate Deposits		
From related parties (Note 34g)	6,887.50	11,587.50
From others	5,505.00	7,405.00
	61,763.27	57,534.52

Cash Credit from banks other than from State Bank of Patiala and District Co-operative Bank Ltd. are secured by hypothecation of the entire current assets of the Company and also by a charge on the immovable assets as follows:

- (i) Canning factory at Allahabad - First Charge;
- (ii) Sugar Unit at Rosa - First Charge;
- (iii) Sugar Unit at Hata - Second Charge;
- (iv) Sugar Units at Hargaon and Narkatiaganj - Third Charge.

In addition, Cash Credit from banks are also secured by pledge of 64,79,294 equity shares of the Company held by the promoter group companies, ranking pari-passu amongst the various lenders.

Cash Credit of ₹ 5,603.17 lacs from State Bank of Patiala and District Co-operative Bank Ltd. are secured by pledge of the Stock of Sugar pertaining to Sugar Units at Hargaon and Rosa.

Cash Credit borrowings carry interest rates ranging between 11.50% to 13.00%.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

9. OTHER CURRENT LIABILITIES

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Trade payables (refer Note 40 for details of dues to micro and small enterprises)	37,552.44	18,148.79
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	5,035.53	3,254.59
Payable towards deduction against crop loan by a bank	8,949.67	-
Payable towards purchase of capital goods	42.90	195.90
Advance against Sales	156.16	298.16
Interest accrued but not due on borrowings, deposits etc.	504.89	465.98
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed dividend	9.42	11.61
Others -		
Statutory dues	532.07	562.68
Excise Duty on Closing Stocks	2,575.40	1,466.92
Crop Loan from a Bank pending disbursement to cane growers	2,696.84	1,615.45
Miscellaneous	91.12	68.38
	20,594.00	7,939.67
	58,146.44	26,088.46

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

	Freehold Land (a) & (b)	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total (c)
10. TANGIBLE ASSETS								
Cost								
At 1st July, 2011	2,258.27	23.50	5,359.77	80,627.77	251.10	308.00	276.05	89,104.46
Additions	-	-	237.30	837.55	23.62	33.06	57.93	1,189.46
Disposals	2.60	-	4.11	128.40	40.89	10.42	14.26	200.68
At 30th June, 2012	2,255.67	23.50	5,592.96	81,336.92	233.83	330.64	319.72	90,093.24
Additions	-	-	281.67	460.72	14.73	29.43	29.43	815.98
Disposals	1.56	-	0.02	15.89	26.76	6.34	46.46	97.03
At 31st March, 2013	2,254.11	23.50	5,874.61	81,781.75	221.80	353.73	302.69	90,812.19
Depreciation								
At 1st July, 2011	-	2.48	824.80	24,218.74	163.59	158.11	174.71	25,542.43
Charge for the year	-	0.78	136.17	4,036.01	17.72	26.50	29.80	4,246.98
Disposals	-	-	3.08	78.73	37.26	9.70	13.17	141.94
At 30th June, 2012	-	3.26	957.89	28,176.02	144.05	174.91	191.34	29,647.47
Charge for the period	-	0.59	107.40	2,996.29	12.59	20.91	22.73	3,160.51
Disposals	-	-	-	15.89	22.91	6.05	43.65	88.50
At 31st March, 2013	-	3.85	1,065.29	31,156.42	133.73	189.77	170.42	32,719.48
Net Block								
At 30th June, 2012	2,255.67	20.24	4,635.07	53,160.90	89.78	155.73	128.38	60,445.77
At 31st March, 2013	2,254.11	19.65	4,809.32	50,625.33	88.07	163.96	132.27	58,092.71

(a) Includes ₹ 3.46 lacs (₹ 3.46 lacs) being the value of agricultural land measuring about 3839 acres together with estimated written down value of immovable assets thereon, taken over by the Government of Uttar Pradesh under the U.P. Imposition of Ceiling of Land Holding Act, 1960, a case whereof is pending in the court.

(b) Title deeds for ₹ 433.26 lacs (₹ 434.82 lacs) are yet to be executed in favour of the Company.

(c) Includes assets held in joint ownership with others - Gross Block ₹ 119.06 lacs (₹ 129.27 lacs) and Net Block ₹ 63.60 lacs (₹ 66.31 lacs).

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

11. INTANGIBLE ASSETS

	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Computer Software :		
Opening gross block	7.77	14.77
Additions	162.60	-
Disposals	-	7.00
Closing gross block	170.37	7.77
Amortisation		
Opening balance	4.22	9.56
Charge for the period	25.10	1.66
Disposals	-	7.00
Closing balance	29.32	4.22
Net block	141.05	3.55

12. CAPITAL WORK-IN-PROGRESS

	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	160.90	168.11
Add : Additions during the period	383.73	425.79
	544.63	593.90
Less : Transfer to Tangible Assets during the period	327.06	433.00
Balance carried to Balance Sheet	217.57	160.90

13. INTANGIBLE ASSETS UNDER DEVELOPMENT

	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	86.56	14.00
Add : Additions during the period	76.04	72.56
	162.60	86.56
Less : Transfer to Intangible Assets during the period	162.60	-
Balance carried to Balance Sheet	-	86.56

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

14. NON-CURRENT INVESTMENTS

	Number of Units/ shares	Face Value Per Unit /Share	As at 31st March, 2013 in lacs	As at 30th June, 2012 in lacs
Non Trade				
(valued at cost unless stated otherwise)				
Quoted (fully paid)				
Investment in Equity Instruments				
Upper Ganges Sugar & Industries Ltd.	18,562	10.00	13.23	13.23
			13.23	13.23
Unquoted (fully paid)				
Investment in Equity Instruments				
In Subsidiary Companies				
Champaran Marketing Company Ltd.	43,49,000	2.50	192.96	192.96
Hargaon Investment & Trading Co. Ltd.	30,45,727	10.00	609.14	609.14
OSM Investment & Trading Co. Ltd.	17,40,418	10.00	261.06	261.06
			1,063.16	1,063.16
In Other Companies				
Bihar State Financial Corporation Ltd.	70	100.00	0.07	0.07
Moon Corporation Ltd. ('A' Class)	745	100.00	0.77	0.77
Moon Corporation Ltd. ('B' Class)	2,502	5.00	0.13	0.13
Birla Buildings Ltd.	1,920	10.00	0.19	0.19
The Oudh Trading Co. Pvt. Ltd.	25	100.00	0.03	0.03
A.P.V. Texmaco Ltd. (in liquidation) [at cost less provision for other than temporary diminution ` 0.86 lacs (` 0.86 lacs)]	28,750	10.00	-	-
			1.19	1.19
In Government Securities				
11 % Bihar State Development Loan, 2001		(a)	0.53	0.53
6 Years National Savings Certificates		(a)	2.12	2.13
5 1/2 % U.P.State Development Loan, 1977		(a) & (b)		
7 Years National Defence Certificates		(a) & (b)		
12 Years National Plan Savings Certificates		(a) & (b)		
			2.65	2.66
			1,080.23	1,080.24
Aggregate amount of quoted investments [Market value : ` 7.05 lacs (` 6.98 lacs)]			13.23	13.23
Aggregate amount of unquoted investments			1,067.00	1,067.01

(a) Deposited/pledged with various Government authorities.

(b) The figures, being less than ` 500, have been shown above as blank.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

14. NON-CURRENT INVESTMENTS (Contd.)

- (c) The cost of following unquoted investments in equity shares (fully paid up) had been written off, though quantity thereof appears in the books.

Name of the Company	No. of shares	Face Value per share (in `)
Jai Hind Publishing Company Limited (in liquidation)	80	25.00
Akhil Bharat Printers Limited (in liquidation)	150	100.00

15. DEFERRED TAX ASSET (NET)

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Deferred tax asset		
Carry forward of Unabsorbed Depreciation	13,907.02	14,354.26
Expenditure allowable against taxable income in future years	3,680.93	4,113.95
	17,587.95	18,468.21
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	11,448.99	10,936.23
	11,448.99	10,936.23
Net Deferred tax asset	6,138.96	7,531.98

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

16. LOANS AND ADVANCES

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
(Unsecured, considered good except stated otherwise)				
Capital Advances	53.05	67.89	-	-
Sundry Deposits				
Considered good	10.63	12.88	86.86	78.19
Considered doubtful	1.44	1.44	-	-
	12.07	14.32	86.86	78.19
Less : Provision for doubtful deposits	1.44	1.44	-	-
	10.63	12.88	86.86	78.19

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

16. LOANS AND ADVANCES (Contd.)

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Loan (Interest free) to related parties (Note 34f)	-	-	452.85	497.85
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good	-	-	485.66	539.04
Considered doubtful	557.18	551.03	-	-
	557.18	551.03	485.66	539.04
Less : Provision for doubtful advances	557.18	551.03	-	-
	-	-	485.66	539.04
Other loans and advances				
Loan to employees	-	-	51.81	61.98
Loan to others	-	-	12.09	10.86
Deposits against demand under appeal and/or under dispute	-	-	234.18	193.35
Claims Receivable	-	-	36.82	26.55
Prepaid Expenses	-	0.97	37.47	118.50
Tax deducted at source	-	-	3.31	1.92
Balances with Excise and Other Government Authorities	356.73	872.32	1,222.41	1,023.20
	356.73	873.29	1,598.09	1,436.36
	420.41	954.06	2,623.46	2,551.44

17. INVENTORIES

₹ in lacs

	Notes	As at 31st March, 2013	As at 30th June, 2012
Valued at Lower of Cost and Net Realisable Value			
Raw materials	22	1,276.85	669.79
Goods under process	23	1,404.57	651.31
Finished goods	23	79,588.32	43,782.25
Traded goods	23	232.55	107.51
Stores, Chemicals and spare parts etc.		1,857.04	1,522.24
Power - Banked	23	61.17	72.43
Bio-compost	23	22.96	39.21
Agriculture Products - Standing Crop	23	78.92	127.41

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

17. INVENTORIES (Contd.)

₹ in lacs

	Notes	As at 31st March, 2013	As at 30th June, 2012
Valued at Estimated Realisable Value			
By-Products	23	3,723.81	2,064.19
Scrap	23	28.07	27.28
		88,274.26	49,063.62
The above includes stock in transit :			
Raw materials		5.87	-
Finished goods		11.44	5.54
Stores, Chemicals and Spare Parts etc.		20.31	20.54

18. TRADE RECEIVABLES AND OTHER ASSETS

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
18.1 Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	55.72	38.76
Considered doubtful	38.06	38.06	-	-
	38.06	38.06	55.72	38.76
Less: Provision for doubtful trade receivables	38.06	38.06	-	-
	-	-	55.72	38.76
Other receivables				
Secured, considered good	-	-	25.22	18.47
Unsecured, considered good	-	-	2,990.47	3,257.40
	-	-	3,015.69	3,275.87
	-	-	3,071.41	3,314.63
18.2 Other assets (Unsecured, considered good)				
Non-current Bank balance (Note 19)	15.00	-	-	-
Interest accrued on Loans, Advances, Deposits, Investments etc.	-	-	10.25	9.49
Claims Receivable towards Subsidy & Incentives	-	-	114.03	15.60
	15.00	-	124.28	25.09

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

19. CASH AND BANK BALANCES

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	281.14	196.16
On unpaid dividend account	-	-	9.42	11.61
Cheques/Drafts on hand	-	-	74.59	72.51
Cash on hand	-	-	105.09	31.80
	-	-	470.24	312.08
Other bank balances *				
Deposits with original maturity of more than 3 months and not more than 12 months	-	-	29.58	21.26
Deposits with original maturity of more than 12 months	15.00	-	-	15.00
In Post office savings bank account	-	-	0.30	0.30
	15.00	-	29.88	36.56
Less : Amount disclosed under other non-current assets (Note 18.2)	15.00	-	-	-
	-	-	29.88	36.56
	-	-	500.12	348.64

* Includes ₹ 34.96 lacs (₹ 19.96 lacs) pledged/lodged with various Government Authorities and Banks as security/margin money.

20. REVENUE FROM OPERATIONS

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Revenue from operations		
Sale of products		
Finished goods	90,391.34	89,469.99
Traded goods	468.11	8,892.81
Power	4,323.91	3,993.28
By products	2,625.97	2,738.15

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

20. REVENUE FROM OPERATIONS (Contd.)

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Others	432.54	413.44
	98,241.87	1,05,507.67
Less : Claims, Rebates etc.	15.56	7.80
	98,226.31	1,05,499.87
Other operating revenue		
Proceeds from Agriculture Products	48.83	58.11
Export Incentives	14.56	12.62
Excise duty subsidy	229.30	-
Scrap Sales	8.82	18.57
Revenue from operations (gross)	98,527.82	1,05,589.17
Less : Excise duty	2,366.10	2,512.62
Cess	573.52	643.85
Revenue from operations (net)	95,588.20	1,02,432.70
Detail of products sold		
Finished goods		
Sugar	79,505.34	76,203.60
Spirit	8,680.68	10,421.73
Food Processing Products	2,200.15	2,841.67
Fusel Oil	5.17	2.99
	90,391.34	89,469.99
Traded goods		
Sugar	-	8,332.41
Food Processing Products	468.11	560.40
	468.11	8,892.81
By products		
Molasses	682.15	499.96
Bagasse	1,943.82	2,238.19
	2,625.97	2,738.15

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

21. OTHER INCOME

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Interest income on		
Loans, deposits, advances etc.	6.94	12.74
Refund from Income Tax Department	-	0.26
Long-term investments	0.07	0.10
Dividend income on Long-term investments	0.08	0.06
Insurance and Other Claims	34.24	63.15
Rent and Hire Charges	15.02	13.20
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted *	1,025.58	326.99
Profit on tangible assets sold/discarded (net)	-	192.33
Gain on Foreign Exchange fluctuations (net)	3.68	3.56
Miscellaneous Receipts	19.22	6.35
	1,104.83	618.74

* includes ` 612.51 lacs (` Nil) written back on the basis of a favourable judgement from Hon'ble Supreme Court.

22. COST OF RAW MATERIALS CONSUMED

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Inventory at the beginning of the period	669.79	287.97
Add : Purchases and procurement expenses	1,04,385.89	88,424.57
Purchase tax	701.64	526.55
	1,05,757.32	89,239.09
Less: Inventory at the end of the period	1,276.85	669.79
	1,04,480.47	88,569.30

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Details of raw materials consumed		
Sugarcane	1,03,357.25	85,867.13
Molasses	3,529.42	4,614.46
Bagasse	3,542.00	4,380.37
Fresh fruits and vegetables	445.13	600.24
Sugar	261.29	282.30
Press mud	39.57	61.56
Seed, Manures and fodder	41.91	21.76
	1,11,216.57	95,827.82
Less : Inter-unit transfer of own produced materials	6,736.10	7,258.52
	1,04,480.47	88,569.30

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

22. COST OF RAW MATERIALS CONSUMED (Contd.)

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Details of raw material inventory		
Sugarcane	71.74	-
Molasses	841.29	578.28
Bagasse	335.51	-
Fresh fruits and vegetables	9.85	62.18
Sugar	5.22	23.41
Press mud	13.24	5.92
	1,276.85	669.79

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Details of Inter-unit transfer of own product materials		
Sugarcane	90.70	68.05
Molasses	2,956.75	2,796.75
Bagasse	3,448.33	4,101.27
Sugar	222.09	273.70
Press mud	18.23	18.75
	6,736.10	7,258.52

23. DECREASE/(INCREASE) IN INVENTORIES

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Inventories at the end of the period		
Finished goods	79,588.32	43,782.25
Traded goods	232.55	107.51
Power - Banked	61.17	72.43
By Products	3,723.81	2,064.19
Goods under process	1,404.57	651.31
Bio-compost	22.96	39.21
Agriculture Products - Standing Crop	78.92	127.41
Scrap	28.07	27.28
	85,140.37	46,871.59

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

23. DECREASE/(INCREASE) IN INVENTORIES (Contd.)

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Inventories at the beginning of the period		
Finished goods	43,782.25	24,684.97
Traded goods	107.51	119.03
Power - Banked	72.43	50.22
By Products	2,064.19	1,093.67
Goods under process	651.31	502.07
Bio-compost	39.21	29.37
Agriculture Products - Standing Crop	127.41	68.86
Scrap	27.28	24.90
	46,871.59	26,573.09
	(38,268.78)	(20,298.50)
Decrease/(Increase) of excise duty on inventories	1,233.70	785.80
	(37,035.08)	(19,512.70)

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Details of purchase of traded goods		
Sugar	-	7,371.73
Food Processing Products	470.40	386.49
	470.40	7,758.22

	As at 31st March, 2013	As at 30th June, 2012
Details of inventory		
Finished goods		
Sugar	78,631.35	42,405.32
Spirit	324.08	572.03
Food Processing Products	632.89	804.90
	79,588.32	43,782.25
Traded goods		
Food Processing Products	232.55	107.51
	232.55	107.51

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

23. DECREASE/(INCREASE) IN INVENTORIES (Contd.)

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
By-products		
Molasses	3,207.15	1,737.50
Bagasse	516.66	326.69
	3,723.81	2,064.19
Goods under process		
Sugar	1,260.91	620.99
Molasses	77.87	0.41
Food Processing Products	42.78	25.05
Semi Bio-compost	23.01	4.86
	1,404.57	651.31

24. EMPLOYEE BENEFITS EXPENSES

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Salaries, wages, bonus etc.	3,275.06	4,128.83
Contribution to provident & other funds	306.42	344.14
Gratuity expense (Note 30)	148.55	80.24
Employees' welfare expenses	105.29	139.13
	3,835.32	4,692.34

25. OTHER EXPENSES

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Consumption of stores and spares	1,647.77	1,746.82
Packing Materials	2,253.69	2,825.02
Power & Fuel	622.04	689.43
Repairs to and Maintenance of :		
Buildings	260.30	257.33
Machinery	1,720.23	1,526.83
Others	52.72	41.57
Rent	153.41	149.20
Rates & Taxes	62.02	66.75
Insurance	85.08	117.51

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

25. OTHER EXPENSES (Contd.)

		` in lacs	
		Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Payment to Auditors			
As Auditors			
Audit Fees		17.25	17.25
Limited Review Fees		6.90	10.35
In other capacity			
Tax Audit Fees		10.35	10.35
For Certificates and Other services		5.56	3.34
Reimbursement of Expenses		4.65	4.68
Payment to Cost Auditors		1.28	1.08
Commission on sales		378.99	368.60
Freight & forwarding charges etc.		614.05	918.52
Charity and Donations		7.43	5.31
Provision for bad and doubtful debts/ advances		6.15	9.32
Provision for Warranties & Claims		4.70	7.97
Bad Debts, irrecoverable claims and advances written off	39.31	11.84	
Less : Adjusted against provisions	-	39.31	10.10
Long term Investments Written off	-	0.75	
Less : Adjusted against provisions	-	0.75	-
Loss on tangible assets sold/discarded (net)		6.62	-
Molasses Storage & Maintenance Reserve		6.58	9.02
Director's Sitting fees		1.25	1.78
Miscellaneous Expenses		958.07	1,084.44
		8,926.40	9,882.57

26. DEPRECIATION AND AMORTISATION EXPENSES

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Depreciation of tangible assets	3,160.51	4,246.98
Amortisation of intangible assets	25.10	1.66
	3,185.61	4,248.64

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

27. FINANCE COSTS

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Interest	8,491.22	11,529.43
Other Borrowing Cost	37.65	88.03
	8,528.87	11,617.46

28. AGRICULTURAL INCOME

Details of revenue and expenses pertaining to agricultural activities, which have been included in Notes 20 to 26 under the respective heads, are as follows :-

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Income		
Revenue from Operations		
Sales of products [including inter-transfers ₹ 90.70 lacs (₹ 68.05 lacs)]	139.52	126.16
Rent & Hire charges	5.68	3.90
Profit on sale of fixed assets	-	201.26
Miscellaneous Receipts	16.57	0.12
	161.77	331.44
Expenses		
Cost of Raw Materials Consumed	41.91	21.76
(Increase)/Decrease in Stocks :		
Opening Stock	127.41	68.86
Less : Closing Stock	78.92	48.49
	127.41	(58.55)
Consumption of stores and spares	0.18	0.40
Repairs to and Maintenance of :		
Building	-	0.15
Machinery	0.07	1.11
Others	0.81	0.13
Rent	9.29	7.79
Rates & Taxes	0.06	0.15
Employee benefits expenses :		
Salaries, wages, bonus etc.	36.94	54.88
Contribution to provident & other funds	1.47	2.04
Gratuity expense	1.91	1.44
Employees' welfare expenses	-	40.32
	0.01	58.37
Insurance	-	0.42
Miscellaneous Expenses	12.63	20.56
Depreciation	6.34	7.31
	160.10	59.60
Agricultural Income	1.67	271.84

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Profit/(Loss) after tax	2,908.02	(4,492.61)
Dividends on Non-Convertible Cumulative Redeemable Preference Shares & tax thereon	376.26	452.11
Net profit/(loss) for calculation of basic and diluted EPS	2,531.76	(4,944.72)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic EPS	2,59,17,285	2,59,17,175
Weighted average number of equity shares in calculating diluted EPS	2,59,17,285	2,59,17,175
Earnings per equity share [Nominal value of share ` 10 (` 10)]		
Basic & Diluted	9.77*	(19.08)

* Not annualised

30. GRATUITY - DEFINED BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of profit and loss

Net employee benefit expense recognised in employee costs

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Current service cost	52.22	68.68
Interest cost on benefit obligation	66.04	80.10
Expected return on plan assets	(60.37)	(71.77)
Net actuarial (gain)/loss recognised in the period	90.66	3.23
Net benefit expense	148.55	80.24
Actual return on plan assets	27.67	49.39

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

Balance Sheet

Net Benefit liability/(asset)	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Present value of defined benefit obligation	1,169.81	1,078.27
Fair value of plan assets	917.19	899.20
Plan liability/(asset)	252.62	179.07

Changes in the present value of the defined benefit obligation are as follows :

	` in lacs	
	31st March, 2013	30th June, 2012
Opening defined benefit obligation	1,078.27	1,053.79
Current service cost	52.22	68.68
Interest cost	66.04	80.10
Benefits paid	(84.68)	(105.15)
Actuarial (gains)/losses on obligation	57.96	(19.15)
Closing defined benefit obligation	1,169.81	1,078.27

Changes in the fair value of plan assets are as follows :

	` in lacs	
	31st March, 2013	30th June, 2012
Opening fair value of plan assets	899.20	944.38
Expected return	60.37	71.77
Contributions by employer	75.00	10.58
Benefits paid	(84.68)	(105.15)
Actuarial gains/(losses)	(32.70)	(22.38)
Closing fair value of plan assets	917.19	899.20

The Company expects to contribute ` 100.00 lacs (` 70.50 lacs) to Gratuity Fund in the next year.

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

	` in lacs	
	31st March, 2013	30th June, 2012
Investments with insurer	100%	100%

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

The principal assumptions are shown below :

	31st March, 2013	30th June, 2012
Discount rate	8.20%	8.50%
Expected rate of return on assets	9.00%	8.50%
Withdrawal Rates	Varying between 1.00% to 4.20% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

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

	31st March, 2013	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009
Gratuity					
Defined benefit obligation	1,169.81	1,078.27	1,053.79	1,015.64	802.93
Plan assets	917.19	899.20	944.38	931.79	840.81
Surplus/(deficit)	(252.62)	(179.07)	(109.41)	(83.85)	37.88
Experience (gain)/loss adjustments on plan liabilities	35.37	(19.15)	52.70	Not Available*	
Experience gain/(loss) adjustments on plan assets	(32.70)	(22.38)	52.50	Not Available*	

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

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Defined Contribution Plan :

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

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Contribution to Provident/Pension Funds	304.53	342.43
Contribution to Superannuation Fund	1.89	1.71
	306.42	344.14

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

31. LEASES

Operating lease :

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

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Lease payments made for the period *	153.41	149.20
Contingent rent recognised in Statement of profit and loss	-	-
	153.41	149.20

* including lease rent for use of agriculture land ` 9.29 lacs (` 7.79 lacs).

32. Bearer Equity Share Coupons having a realised value of ` 0.06 lacs (` 0.06 lacs) has been shown separately under "Shareholders' Funds" as the holders of such coupons are yet to tender coupon certificates to claim the underlying security i.e. equity shares of equal paid up value.

33. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Food processing" as the operating segments :

Sugar - Consists of manufacture, trading and sale of Sugar, Molasses and Bagasse

Spirits - Consists of manufacture and sale of Industrial Spirits (including Ethanol), Fusel Oil and Bio-Compost

Co-generation - Consists of generation and transmission of Power

Food Processing Products - Consists of Canned Fruits and Vegetables, Jams, Jellies, Squashes and Juices

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

Particulars	As at 31st March, 2013					Total
	Sugar	Spirits	Co-generation	Food processing		
Revenue *						
Segment revenue	87,349.90	8,615.88	7,823.31	2,643.01	1,06,432.10	
Less : Inter segment	7,344.50	-	3,499.40	-	10,843.90	
Total revenue from operations (net)	80,005.40	8,615.88	4,323.91	2,643.01	95,588.20	
Results						
Segment results	6,826.86	3,117.21	3,276.09	37.19	13,257.35	
Unallocated Income/(Expenses) (net of unallocable expenses/income)					(427.44)	
Operating profit					12,829.91	
Finance costs					8,528.87	
Profit before tax					4,301.04	
Deferred tax charge/(credit)					1,393.02	
Net profit					2,908.02	
As at 31 March 2013						
Particulars	As at 31 March 2013					Total
Segment assets	1,24,496.37	12,246.68	14,409.45	1,651.52	1,52,804.02	
Unallocated assets					7,895.44	
Total assets					1,60,699.46	
Segment liabilities	52,156.47	227.37	77.45	682.38	53,143.67	
Unallocated liabilities					1,01,977.31	
Total liabilities					1,55,120.98	
Other segment information						
Capital expenditure						
Tangible assets	667.77	195.22	3.79	5.87	872.65	
Intangible assets	76.04	-	-	-	76.04	
Depreciation	2,064.67	476.24	613.36	6.24	3,160.51	
Amortisation	25.10	-	-	-	25.10	
Non-cash expenses	6.58	-	-	-	6.58	

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

33. SEGMENT INFORMATION (Contd.)

Year ended 30 June 2012

Particulars	` in lacs				
	Sugar	Spirits	Co-generation	Food processing	Total
Revenue *					
Segment revenue	93,147.66	10,327.87	7,519.87	3,391.56	1,14,386.96
Less : Inter segment	8,427.67	-	3,526.59	-	11,954.26
Total revenue from operations (net)	84,719.99	10,327.87	3,993.28	3,391.56	1,02,432.70
Results					
Segment results	2,931.51	2,917.74	1,984.85	88.27	7,922.37
Unallocated Income/(Expenses) (net of unallocable expenses/income)					(509.30)
Operating profit					7,413.07
Finance costs					11,617.46
Profit/(Loss) before exceptional item and tax					(4,204.39)
Less : Exceptional item					2,422.19
Profit/(Loss) before tax					(6,626.58)
Deferred tax charge/(credit)					(2,133.97)
Net profit/(loss)					(4,492.61)
As at 30th June, 2012					
Particulars	` in lacs				
	Sugar	Spirits	Co-generation	Food processing	Total
Segment assets	87,301.83	12,057.77	15,193.83	1,691.66	1,16,245.09
Unallocated assets					9,321.39
Total assets					1,25,566.48
Segment liabilities	20,856.88	915.88	52.59	864.63	22,689.98
Unallocated liabilities					1,00,212.62
Total liabilities					1,22,902.60
Other segment information					
Capital expenditure					
Tangible assets	664.43	509.15	3.30	5.37	1,182.25
Intangible assets	72.56				72.56
Depreciation	2,797.18	617.19	824.26	8.35	4,246.98
Amortisation	1.38	0.28			1.66
Non-cash expenses	9.02	-	-	-	9.02

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

33. SEGMENT INFORMATION (Contd.)

Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations.

	Year ended 31st March, 2013		Total
	India	Overseas	
Revenue*			in lacs
Revenue from operations	95,322.66	265.54	95,588.20
Other segment information			
Segment assets	1,52,804.02	-	1,52,804.02
Year ended 30th June, 2012			in lacs
Revenue*			
Revenue from operations	1,02,181.43	251.27	1,02,432.70
Other segment information			
Segment assets	1,16,245.09	-	1,16,245.09

Note : All the fixed assets of the company are located in India and hence separate figures for fixed assets/additions to fixed assets have not been furnished.

* net of excise duty and cess.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

34. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists

Subsidiary Companies

Champan Marketing Company Limited
OSM Investment & Trading Company Limited
Hargaon Investment & Trading Company Limited
Hargaon Properties Limited

Related parties with whom transactions have taken place during the year

Key Management Personnel

Shri Chandra Shekhar Nopany
Shri Dilip Patodia
Shri G.N.Pareek
Shri V.P. Singh
Shri Chandra Mohan
Shri B.K. Malpani
Shri P.R. Singh
Shri M.P. Singh
– Chairman-cum-Managing Director
– President (Finance) and Chief Financial Officer
– Company Secretary
– Executive President, Hargaon Unit
– Executive President, Narkatiaganj Unit
– Executive President, Rosa Unit
– Executive President, Hata Unit
– Executive Vice President, Allahabad Unit

Relatives of Key Management Personnel

Smt. Nandini Nopany
Smt. Shalini Nopany
Smt. Usha Singh
Smt. Ritu Singh
– Mother of Shri Chandra Shekhar Nopany
– Wife of Shri Chandra Shekhar Nopany
– Wife of Shri M.P. Singh
– Daughter of Shri M.P. Singh

Enterprises owned or significantly influenced by Key Management Personnel or their Relatives

Upper Ganges Sugar & Industries Limited
Sutlej Textiles & Industries Limited
SIL Investments Limited
SCM Investment & Trading Company Limited
RTM Investment & Trading Company Limited
Uttar Pradesh Trading Company Limited
Nilgiri Plantations Limited
Ronson Traders Limited
Yashovardhan Investment & Trading Company Limited

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

			in lacs		
34. RELATED PARTY DISCLOSURES (Contd.)	The following table provides the total amount of transactions that have been entered into with related parties for the relevant period :	a. Sale of goods	Period ended	Amount owed by related parties	Amount owed to related parties
			Enterprises owned or significantly influenced by Key Management Personnel or their Relatives Upper Ganges Sugar & Industries Limited	Sale of goods	
			31st March, 2013	-	-
			30th June, 2012	-	-
			175.64		
			175.25		
b. Purchase of goods	Enterprises owned or significantly influenced by Key Management Personnel or their Relatives Upper Ganges Sugar & Industries Limited	Period ended	Purchase of goods	Amount owed by related parties	Amount owed to related parties
			31st March, 2013	-	-
			30th June, 2012	-	-
			230.29		
			647.38		
c. Sale of fixed assets	Enterprises owned or significantly influenced by Key Management Personnel or their Relatives Upper Ganges Sugar & Industries Limited	Period ended	Purchase of fixed assets	Amount owed by related parties	Amount owed to related parties
			31st March, 2013	-	-
			30th June, 2012	-	-
			48.95		
d. Purchase of fixed assets	Enterprises owned or significantly influenced by Key Management Personnel or their Relatives Upper Ganges Sugar & Industries Limited	Period ended	Purchase of fixed assets	Amount owed by related parties	Amount owed to related parties
			31st March, 2013	-	-
			30th June, 2012	-	-
			28.40		
e. Payable outstanding (net)	Enterprises owned or significantly influenced by Key Management Personnel or their Relatives Upper Ganges Sugar & Industries Limited	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
			31st March, 2013	-	55.45
			30th June, 2012	-	25.81
			28.32		
			13.01		
			28.32		
			13.01		

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

34. RELATED PARTY DISCLOSURES (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period

	Period ended	Loan/Inter-corporate deposits given	Receipts/adjustment	Interest accrued	Amount owed by related parties
f. Loans/Inter-corporate deposits given and receipts thereof					
Subsidiary companies					
OSM Investment & Trading Company Limited	31st March, 2013	-	45.00	-	452.85
	30th June, 2012	0.10	57.75	-	497.85
g. Loans/Inter-corporate deposits taken and repayment thereof					
Subsidiary companies	Period ended	Loan/Inter-corporate deposits taken	Repayment/adjustment	Interest accrued/paid	Amount owed to related parties
Champaran Marketing Company Limited	31st March, 2013	25.00	3.00	225.21	2,045.50
	30th June, 2012	2,024.75	3.75	89.16	2,023.50
Hargaon Investment & Trading Company Limited	31st March, 2013	93.00	1,003.00	211.48	732.40
	30th June, 2012	1,900.00	257.60	84.52	1,642.40
Key Management Personnel					
Others	31st March, 2013	-	-	-	-
	30th June, 2012	-	5.00	0.29	-
Relatives of Key Management Personnel					
Others	31st March, 2013	-	2.50	0.14	-
	30th June, 2012	-	2.00	0.41	2.50
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Upper Ganges Sugar & Industries Limited	31st March, 2013	-	-	-	-
	30th June, 2012	-	3,500.00	242.42	-
Sutlej Textiles & Industries Limited	31st March, 2013	-	2,000.00	101.45	-
	30th June, 2012	4,000.00	4,500.00	259.29	2,000.00
SIL Investments Limited	31st March, 2013	-	1,100.00	165.20	400.00
	30th June, 2012	450.00	3,450.00	554.42	1,500.00
SCM Investment & Trading Company Limited	31st March, 2013	-	-	285.03	2,512.50
	30th June, 2012	1,080.50	633.00	381.69	2,512.50
RTM Investment & Trading Company Limited	31st March, 2013	400.00	-	355.09	3,175.00
	30th June, 2012	2,600.00	2,400.00	498.61	2,775.00
Nilgiri Plantations Limited	31st March, 2013	-	-	52.55	500.00
	30th June, 2012	500.00	500.00	59.98	500.00
Ronson Traders Limited	31st March, 2013	-	-	10.48	100.00
	30th June, 2012	100.00	100.00	11.99	100.00
Yashovardhan Investment & Trading Company Limited	31st March, 2013	-	2,000.00	148.24	200.00
	30th June, 2012	2,200.00	-	114.29	2,200.00

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

34. RELATED PARTY DISCLOSURES (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties	in lacs
h. Remuneration to Key Managerial Personnel					
Shri Chandra Shekhar Nopany	31st March, 2013	32.76 *	-	-	-
	30th June, 2012	43.77 *	-	9.75	9.75
Shri Dilip Patodia	31st March, 2013	42.93	-	-	-
	30th June, 2012	54.21	-	-	-
Shri G.N.Pareek	31st March, 2013	15.55	-	-	-
	30th June, 2012	16.71	-	-	-
Shri V.P. Singh	31st March, 2013	26.80	-	1.05	1.05
	30th June, 2012	32.83	-	0.96	0.96
Shri Chandra Mohan	31st March, 2013	20.49	-	-	-
	30th June, 2012	28.00	-	-	-
Shri B.K. Malpani	31st March, 2013	19.83	-	1.44	1.44
	30th June, 2012	24.96	-	1.85	1.85
Shri P.R. Singh	31st March, 2013	33.47	-	-	-
	30th June, 2012	43.90	-	1.28	1.28
Shri M.P. Singh	31st March, 2013	8.19	-	-	-
	30th June, 2012	9.58	-	0.07	0.07

* Excludes ₹ 27.00 lacs (₹ 36.00 lacs) and ₹ 28.47 lacs (₹ 33.68 lacs) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under "Rent" and "Miscellaneous Expenses" in note 25.

The remuneration to the Key Managerial Personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

35. CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 55.34 lacs (₹ 125.62 lacs).
- (b) For commitments relating to lease arrangements, please refer note 31.

36. CONTINGENT LIABILITIES

₹ in lacs

	31st March, 2013	30th June, 2012
(a) Demands/Claims by various Government Authorities and others not acknowledged as debt and contested by the Company :		
(i) Excise Duty & Service Tax	3,739.56	2,562.88
(ii) Sales & Entry Tax	106.84	104.28
(iii) Duty under State Acts	180.99	157.89
(iv) Others	144.41	275.65
Total	* 4,171.80	3,100.70
(b) Outstanding towards Crop Loan disbursed to growers for which corporate guarantee is given to a bank	666.16	884.56
(c) Bank Guarantees outstanding	40.04	551.99
(d) Bills discounted with banks	71.90	117.83
(e) Arrear Dividend (including tax) on Non-convertible Cumulative Redeemable Preference Shares (CRPS)	828.37	452.11

* Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

37. A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.

38. In view of brought forward loss or unabsorbed depreciation as per books of accounts in terms of the provisions of Section 115JB of the Income Tax Act, 1961, there is no taxable income and hence no provision for current tax has been made in these accounts.

39. Loans and Advances in the nature of loans given to subsidiaries and associates and firms/ companies in which the directors are interested and which are outstanding at the end of the year in terms of Clause 32 of the Listing Agreement with Stock Exchanges.

₹ in lacs

Particulars	Outstanding amount as at		Maximum amount outstanding during the year	
	31st March, 2013	30th June, 2012	31st March, 2013	30th June, 2012
Loan to Subsidiary Company				
OSM Investment & Trading Co. Ltd.	452.85	497.85	497.85	555.50

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

40. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES

	` in lacs	
	31st March, 2013	30th June, 2012
(i) Principal amount remaining unpaid to any supplier at the end of accounting period (including retention money against performance).	14.09	10.46
(ii) Interest due on above.	0.68	0.88
Total of (i) & (ii)	14.77	11.34
(iii) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.37	21.56
(iv) Amount paid to the suppliers beyond the respective due date.	14.70	71.32
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	1.24	4.23
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	1.92	5.11
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	16.05	11.31

41. VALUE OF IMPORTS CALCULATED ON CIF BASIS

	` in lacs	
	31st March, 2013	30th June, 2012
Packing Materials	119.77	143.56
	119.77	143.56

42. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	` in lacs	
	31st March, 2013	30th June, 2012
(a) Travelling	2.86	5.58
(b) Selling Commission	8.09	7.96
	10.95	13.54

NOTES

to financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

43. IMPORTED AND INDIGENOUS RAW MATERIALS AND STORES & SPARES CONSUMED.

	31st March, 2013		30th June, 2012	
	Consumption %	Value ` in lacs	Consumption %	Value ` in lacs
Raw Materials				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	1,04,480.47	100.00%	88,569.30
	100.00%	1,04,480.47	100.00%	88,569.30
Stores and Spares				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	1,647.77	100.00%	1,746.82
	100.00%	1,647.77	100.00%	1,746.82

*It is not possible to identify consumption of spare parts separately and hence consumption of stores and spares is shown above.

44. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

` in lacs

Year of remittance (ending on)	31st March, 2013	30th June, 2012
Exports of goods at F.O.B. Value	265.54	251.27
	265.54	251.27

45. The Ministry of Consumer Affairs, Food and Public Distribution, Government of India vide its Notification 281 (E) dated May 2, 2013 has dispensed away the levy obligation from sugar season 2012-13 onwards. Accordingly, all Sugar Stocks for the current sugar season have been valued as Free Sugar.

46. The Company has changed its Accounting year ending on 30th June to 31st March and hence, the current period figures being for nine months period from 1st July, 2012 to 31st March, 2013 are not comparable with those of the previous year.

47. Previous year's figures including those given in brackets have been regrouped/rearranged wherever necessary.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

The Oudh Sugar Mills Limited

We have audited the accompanying consolidated financial statements of The Oudh Sugar Mills Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As indicated in Note 15 to the Consolidated financial statements, the Company has recognized Deferred Tax Asset (DTA) (net) of ` 6,138.96 lacs (after adjusting reversal of ` 1,393.02 lacs during the period) up to March 31, 2013, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty about the above projections, as required in terms of Accounting Standard – 22, had the above impact been considered, the reported profit of ` 3,065.90 lacs for the period (after adjusting DTA of ` 7,531.98 lacs recognised up to June 30, 2012) would turn into a loss of ` 3,073.06 lacs and the reserves and surplus balance would be ` (-) 6,307.85 lacs as against the reported figure of ` (-) 168.89 lacs as on the balance sheet date.

Our audit opinion on the financial statements for the previous year was also qualified in respect of the above matter.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter stated in the Basis for Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Emphasis of Matter

We draw attention to Note 37 regarding non provision of ₹ 555.97 lacs towards diminution in the value of certain quoted investments based on the last quoted price, which in the opinion of the management is temporary in nature. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit total assets of ₹ 7,550.14 lacs as at March 31, 2013, total revenues of ₹ 753.63 lacs and net cash outflows amounting to ₹ 0.96 lacs for the period then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have

been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & CO. LLP**

Firm Registration Number: 301003E

Chartered Accountants

per **R.K. Agrawal**

Partner

Place: Kolkata.

Date: 15th May, 2013

Membership Number: 16667

CONSOLIDATED BALANCE SHEET

as at 31st March, 2013

₹ in lacs

	Notes	As at 31st March, 2013	As at 30th June, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	7,604.43	7,604.43
Reserves and Surplus	4	(168.89)	(3,241.37)
Bearer Equity Share Coupons	32	0.06	0.06
		7,435.60	4,363.12
Non-current Liabilities			
Long-term borrowings	5	33,749.20	38,120.73
Other long-term liabilities	6	1,042.46	825.18
Long-term provisions	7	285.26	225.09
		35,076.92	39,171.00
Current Liabilities			
Short-term borrowings	8	62,885.37	57,768.62
Trade payables	9	37,552.75	18,149.05
Other current liabilities	9	20,600.52	7,943.63
Short-term provisions	7	144.35	118.47
		1,21,182.99	83,979.77
TOTAL		1,63,695.51	1,27,513.89
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	58,200.76	60,553.82
Intangible Assets	11	141.05	3.55
Capital Work-in-Progress	12	217.57	160.90
Intangible Assets under development	13	-	86.56
Non-current Investments	14	3,407.16	3,405.21
Deferred tax assets (net)	15	6,138.96	7,531.98
Long-term loans and advances	16	420.41	954.06
Other Non-current assets	18.2	15.00	-
		68,540.91	72,696.08
Current assets			
Inventories	17	88,274.26	49,063.62
Trade Receivables	18.1	3,071.41	3,314.63
Cash and bank balances	19	503.22	352.70
Short-term loans and advances	16	3,179.21	2,061.38
Other current assets	18.2	126.50	25.48
		95,154.60	54,817.81
TOTAL		1,63,695.51	1,27,513.89
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the nine months period ended 31st March, 2013

₹ in lacs

	Notes	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
INCOME			
Revenue from Operations (gross)	20	98,527.82	1,05,589.17
Less : Excise duty		2,366.10	2,512.62
Cess		573.52	643.85
Revenue from Operations (net)		95,588.20	1,02,432.70
Other Income	21	1,266.19	822.97
Total Revenue (I)		96,854.39	1,03,255.67
EXPENSES			
Cost of Raw Materials consumed	22	1,04,480.47	88,569.30
Purchase of Traded Goods	23	470.40	7,758.22
(Increase)/decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(37,035.08)	(19,512.70)
Employee benefits expenses	24	3,835.32	4,692.34
Other expenses	25	8,931.00	9,896.97
Total (II)		80,682.11	91,404.13
Profit before finance costs, tax, depreciation & amortisation and exceptional item [(I) - (II)]		16,172.28	11,851.54
Depreciation and Amortisation expenses	26	3,185.61	4,248.64
Finance Costs	27	8,524.02	11,612.13
Profit/(Loss) before exceptional item and tax		4,462.65	(4,009.23)
Less/Add : Exceptional item		-	2,422.19
Profit/(Loss) before tax		4,462.65	(6,431.42)
Tax expenses			
Current tax		3.73	0.18
Deferred tax charge/(credit)		1,393.02	(2,133.97)
Total tax expense/(credit)		1,396.75	(2,133.79)
Profit/(Loss) for the period		3,065.90	(4,297.63)
Earnings per equity share			
[Nominal value of share ₹ 10 each (₹ 10)]	29		
Basic & Diluted		10.38	(18.33)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

CONSOLIDATED CASH FLOW STATEMENT

for the nine months period ended 31st March, 2013

in lacs

	As at 31st March, 2013	As at 30th June, 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax	4,462.65	(6,431.42)
Adjustment to reconcile profit/(loss) before tax to net cash flows		
Depreciation and Amortisation expenses	3,185.61	4,248.64
Finance Costs	8,524.02	11,612.13
(Profit)/Loss on Tangible Assets sold/discarded (net)	6.62	(192.33)
Bad Debts, irrecoverable claims and advances written off	39.31	10.10
Provision for bad and doubtful debts/advances	6.15	9.32
Provision for Warranties & Claims	4.70	7.97
Provision for Standard Assets	0.15	9.83
Molasses Storage & Maintenance Reserve	6.58	9.02
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	(1,025.58)	(326.99)
Interest Income	(9.48)	(13.12)
Dividend Income	(158.97)	(204.27)
Operating Profit before Working Capital Changes :	15,041.76	8,738.88
Increase in Trade Payables	20,429.28	13,378.43
Increase in Long Term Provisions	60.17	53.68
Increase in Short Term Provisions	21.03	27.18
Increase/(decrease) in Other Current Liabilities	10,991.64	(1,059.69)
Increase in Other Long Term Liabilities	14.82	19.37
(Increase)/decrease in Trade Receivables	203.91	(2,025.78)
Decrease in Long Term Loans & Advances	512.66	548.16
(Increase)/decrease in Short Term Loans & Advances	(124.57)	79.44
(Increase) in Other Non-current Assets	(15.00)	-
(Increase)/Decrease in Other Current Assets	(98.43)	107.82
(Increase) in Inventories	(39,210.64)	(20,857.45)
Cash Generated from/(Used in) Operations:	7,826.63	(989.96)
Direct Taxes Refund/(Paid)	(6.43)	1.56
Net Cash from/(Used in) Operating Activities	7,820.20	(988.40)

CONSOLIDATED CASH FLOW STATEMENT

for the nine months period ended 31st March, 2013 (Contd.)

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from sale of Tangible Assets	1.91	251.07
Purchase of Fixed Assets including Capital Advances	(1,086.85)	(1,430.59)
Purchase of Non-current Investments	(1.96)	-
Sale of Non-current investments	0.01	
Loan (Given)/Received Back	(990.56)	(17.14)
Interest Received	6.89	10.42
Dividend Received	158.97	204.27
Fixed Deposits	6.68	24.31
Net Cash Used In Investing Activities	(1,904.91)	(957.66)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(2,590.59)	(2,436.32)
Proceeds from Long Term Loans	-	11.52
Proceeds from Short Term Borrowings (net)	5,116.75	10,636.58
Proceeds from Preference Share Capital	-	1,250.00
Interest Paid	(8,246.61)	(7,299.84)
Other Borrowing Cost	(37.64)	(88.03)
Net Cash From/(Used In) Financing Activities	(5,758.09)	2,073.91
Net Changes In Cash & Cash Equivalents (A+B+C)	157.20	127.85
Cash & Cash Equivalents at the beginning of the period	316.14	188.29
Cash & Cash Equivalents at the end of the period *	473.34	316.14

* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 29.88 lacs (₹ 36.56 lacs) being balances having maturity of more than 3 months.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013

1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of The Oudh Sugar Mills Limited ("the Company") and its subsidiary Companies (collectively referred as "the Group") have been prepared on the following basis :

- (a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealised profit/loss included therein is accordance with Accounting Standard (AS-21) "Consolidated Financial Statements".
- (b) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are prepared, to the extent possible, in the same manner as the Company's separate financial statements.
- (c) The difference between the cost of the Company's investments in the subsidiaries and their respective equity as on the date of investment is treated as Goodwill/Capital Reserve, as the case may be, in the consolidated financial statements.
- (d) The Subsidiary Companies considered in the financial statements are as follows:

Name	Country of Incorporation	% of voting power/ ownership as on	
		31st March, 2013	30th June, 2012
Hargaon Investment & Trading Company Limited	India	100	100
OSM Investment & Trading Company Limited	India	100	100
Champaran Marketing Company Limited	India	100	100
Hargaon Properties Limited	India	100	100

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

2.1 Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises the purchase price inclusive of duties (net of CENVAT Credit), taxes, incidental expenses, erection/commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

(c) Depreciation on Tangible Fixed Assets

The classification of plant and machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on tangible fixed assets is provided under Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher. Based on this, the Company has depreciated its assets based on the rates prescribed in the Schedule XIV of the Companies Act, 1956.

Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure thereof, are reflected in the statement of profit and loss in the year in which the expenditure are incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All

other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets being Specialised Software are amortised on a straight line basis over a period of 5 years.

(e) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

Finance Lease

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

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

remaining balance of their liability. Finance charges are charged directly to the expenses account.

(f) Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of Tangible and Intangible Assets

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

(h) Government Grants and Subsidies

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

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

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

Government grants of the nature of

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

(i) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term/non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term/Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(j) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on annual weighted average method.

Goods under process, finished goods (including Power Banked), traded goods and standing crops, are valued at lower of cost and net realisable value. Finished goods, Goods under process and Standing Crops include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity. Cost is determined on weighted average basis.

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

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

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

(k) Revenue Recognition

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

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which usually coincides on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these not being economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the period.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognised when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers and Compensation receivable in respect of land surrendered to/acquired by the Government due to uncertainty in realisation, are accounted for on acceptance/actual receipt basis.

(l) Foreign Currency Transactions

Initial recognition

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

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign

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

Exchange differences

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

Forward Exchange Contracts entered into hedge foreign currency risk of an existing asset/liability

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

(m) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the statement of profit and loss of the period when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds.

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

Short term compensated absences are provided for based on estimates.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

end of each financial year. The Company presents the leave as current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non current liability.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(n) Income taxes

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

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

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

extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient taxable income will be available in future.

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

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

(o) Segment Reporting

Identification of segments

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

Inter Segment Transfers

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

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

(p) Earnings Per Share

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

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

(q) Cash and Cash Equivalents

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

(r) Derivative Instruments

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

(s) Excise Duty

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

(t) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(u) Provisions

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

(v) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

3. SHARE CAPITAL

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Authorised:		
4,00,00,000 (4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
5,00,00,000 (5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
3,00,00,000 (3,00,00,000) Unclassified Shares of ₹ 10/- each	3,000.00	3,000.00
Total	12,000.00	12,000.00
Issued :		
2,61,70,410 (2,61,89,135) Equity Shares of ₹ 10/- each [refer Note 3(e) below]	2,617.04	2,618.91
5,00,00,000 (5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
Total	7,617.04	7,618.91
Subscribed and fully paid-up :		
2,59,17,285 (2,59,17,175) Equity Shares of ₹ 10/- each	2,591.73	2,591.72
Nil (44) Quarter Equity Shares of ₹ 25/- each [refer Note 3(f) below]	-	0.01
5,00,00,000 (5,00,00,000) Preference Shares of ₹ 10/- each	5,000.00	5,000.00
	7,591.73	7,591.73
Add : Forfeited shares (amount originally paid-up)	12.70	12.70
Total	7,604.43	7,604.43

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Equity Shares

	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity Shares of ₹ 10/- each				
Outstanding at the beginning of the period	2,59,17,175	2,591.72	2,59,17,175	2,591.72
Add : Issued during the period [refer Note 3(f) below]	110	0.01	-	-
Outstanding at the end of the period	2,59,17,285	2,591.73	2,59,17,175	2,591.72
Quarter Equity Shares of ₹ 25/- each				
Outstanding at the beginning of the period	44	0.01	44	0.01
Less : Sub-divided into Equity Shares of ₹ 10/- each [refer Note 3(f) below]	44	0.01	-	-
Outstanding at the end of the period	-	-	44	0.01

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

Preference Shares				
	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Preference Shares of ₹ 10/- each				
Outstanding at the beginning of the period	5,00,00,000	5,000.00	-	-
Add : Issued during the period	-	-	5,00,00,000	5,000.00
Outstanding at the end of the period	5,00,00,000	5,000.00	5,00,00,000	5,000.00

(b) Terms/rights attached to Equity Shares

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid on the shares held by them.

(c) Terms of redemption of Preference Shares

The Non-Convertible Cumulative Redeemable Preference Shares (CRPS) carries dividend @ 8.5% per annum.

CRPS shall be redeemable at par on 2nd August, 2023 being twelve years and one day from the date of allotment i.e. 1st August, 2011 with a right vested to the Board of Directors to redeem it earlier, subject to the consent of the lenders. However, no redemption will take place before 30th June, 2014.

Dividend is payable at the time of redemption of the CRPS. However, the Board reserves the right to pay the dividend earlier with the consent of the Lenders and subject to the availability of profit.

(d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity Shares of ₹ 10/- each fully paid				
Uttar Pradesh Trading Co. Ltd.	33,26,901	12.84%	33,26,901	12.84%
SCM Investment & Trading Co. Ltd.	27,97,296	10.79%	27,97,296	10.79%
New India Retailing & Investment Ltd.	27,78,044	10.72%	27,78,044	10.72%
RTM Investment & Trading Co. Ltd.	23,46,169	9.05%	23,46,169	9.05%
CRPS of ₹ 10/- each fully paid				
Sutlej Textile & Industries Ltd.	5,00,00,000	100.00%	5,00,00,000	100.00%

As per records of the Company, including its register of Share Holders/Members, the above share holdings represent legal ownership of shares.

- (e) In terms of Resolution passed by the Shareholders of the Company on 27th November, 2012, 18,725 Equity Shares of ₹ 10/- each issued by the Company from time to time but not taken or agreed to be taken by any person have been cancelled and hence the Issued Capital of the Company has got reduced by an amount of ₹ 1,87,250.
- (f) In terms of resolution passed by the Shareholders of the Company on 27th November, 2012, 44 Quarter Equity Shares of ₹ 25/- each have been sub-divided into 110 Equity Shares of ₹ 10/- each, which are ranking pari passu in all respect with the existing Equity Shares of the Company.

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

4. RESERVES AND SURPLUS

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Capital Reserve		
As per the last financial statements	198.60	198.60
Capital Redemption Reserve		
As per the last financial statements	82.69	82.69
Securities Premium Account		
As per the last financial statements	9,315.03	9,315.03
Molasses Storage and Maintenance Reserve		
Balance as per the last financial statements	103.39	94.37
Add: Provided during the period	6.58	9.02
Closing balance	109.97	103.39
Effluent Disposal Reserve		
As per the last financial statements	2.84	2.84
Reserve Fund		
As per the last financial statements	356.79	318.60
Add : Addition during the period	32.55	38.19
Closing balance	389.34	356.79
General Reserve		
As per the last financial statements	324.50	324.50
Surplus/(Deficit) in the Consolidated Statement of Profit and Loss*		
Balance as per last consolidated financial statements	(13,625.21)	(9,289.39)
Profit/(Loss) for the period	3,065.90	(4,297.63)
Transferred to Reserve Fund	32.55	38.19
Net Surplus/(Deficit) in the Consolidated Statement of Profit and Loss	(10,591.86)	(13,625.21)
Total Reserves and Surplus	(168.89)	(3,241.37)

* after adjusting ₹ 3,375.12 lacs being transfer from General Reserve during the years 2006-07 to 2010-11 to set off the debit balance in Profit & Loss Account.

5. LONG-TERM BORROWINGS

₹ in lacs

	Non-current portion		Current portion	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Term Loans (secured) :				
From Banks -				
Term Loan	25,134.54	26,358.12	1,427.16	815.22
Funded Interest Term Loan (FITL)	4,529.24	6,303.39	2,166.13	1,575.85
From Sugar Development Fund	4,085.42	5,431.59	1,346.17	721.50

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

5. LONG-TERM BORROWINGS (Contd.)

₹ in lacs

	Non-current portion		Current portion	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Other Loans and Advances (unsecured) :				
Fixed Deposits from related parties (Note 34h)	-	-	-	2.50
Fixed Deposits from others	-	27.63	96.07	139.52
	33,749.20	38,120.73	5,035.53	3,254.59
Less : Amount disclosed under the head "other current liabilities" (Note 9)			5,035.53	3,254.59
Net amount	33,749.20	38,120.73	-	-

- (a) Term Loans and FITL from Banks carry interest rate in the range of 13.77% to 14.99% and are repayable in 32 and 12 quarterly instalments respectively by 30th June, 2020. These loans are secured by first mortgage/charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Hargaon, Narkatiaganj and Dhadha Bujurg (Hata) and Distillery Unit at Hargaon, ranking pari-passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.

The above Term Loans including FITL are further secured as follows.

- (i) Second charge on current assets of Sugar Unit at Dhadha Bujurg (Hata) ranking pari-passu amongst the various lenders.
Second charge on fixed assets of Sugar Unit at Rosa ranking pari-passu amongst the various lenders.
- (ii) Third charge on current assets of Sugar Unit at Narkatiaganj.
- (iii) Third charge on current assets of Sugar & Distillery Units at Hargaon.
- (iv) Pledge of 64,79,294 equity shares of the Company held by the promoter group companies, ranking pari-passu amongst the various lenders.
- (b) Term loans from the Sugar Development Fund, which carry interest of 4% p.a., are secured by a second charge on all the immovable/movable assets (save and except book debts) present and future of the Company's Sugar Units at Hargaon and Narkatiaganj and Distillery Unit at Hargaon.

The above loans are repayable as under.

Disbursed To	Balance as at 31st March, 2013 (₹ in lacs)	Repayment Schedule
(i) Hargaon Sugar unit	3,123.35	5 yearly instalments ending on 30th September, 2017.
(ii) Hargaon Distillery unit	1,082.25	8 half yearly instalments ending on 18th August, 2014.
(iii) Narkatiaganj Sugar unit	1,225.99	5 yearly instalments ending on 1st April, 2018.
	5,431.59	

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

- (c) Fixed Deposits from related parties/others carry interest rate of 10.75% to 11.75% and are repayable after two or three years from the respective date of deposits, depending upon their tenure .

6. OTHER LONG-TERM LIABILITIES

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Interest accrued but not due on borrowings	910.74	708.28
Trade and other deposits	131.72	116.90
	1,042.46	825.18

7. PROVISIONS

₹ in lacs

	Long-term		Short-term	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Provision for employee benefits				
Gratuity (Note 30)	152.62	108.57	100.00	70.50
Leave	132.64	116.52	23.90	15.49
	285.26	225.09	123.90	85.99
Other provisions				
For warranties	-	-	6.20	18.63
For standard assets	-	-	10.00	9.85
For wealth tax	-	-	4.25	4.00
	-	-	20.45	32.48
	285.26	225.09	144.35	118.47

A provision is recognised for expected warranty claims on products based on the management's estimate computed on the basis of past experience. It is expected that the entire provision will be utilised within one year of the reporting date, since the warranty year is generally for one year. The table below gives information about movement in warranties provisions.

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
At the beginning of the period	18.63	14.47
Additions during the period	4.70	7.97
Utilised/written back during the period	17.13	3.81
At the end of the period	6.20	18.63

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

8. SHORT-TERM BORROWINGS

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Cash Credit from Banks (secured) (repayable on demand)	46,592.87	34,876.12
Other Loans & Advances (unsecured)		
Inter-Corporate Deposits (unsecured)		
From related parties (Note 34h)	10,787.50	15,487.50
From others	5,505.00	7,405.00
	62,885.37	57,768.62

Cash Credit from banks other than State Bank of Patiala and District Co-operative Bank Ltd. are secured by hypothecation of the entire current assets of the Company and also by a charge on the immovable assets as follows:

- (i) Canning factory at Allahabad - First Charge;
- (ii) Sugar Unit at Rosa - First Charge;
- (iii) Sugar Unit at Hata - Second Charge;
- (iv) Sugar Units at Hargaon and Narkatiaganj - Third Charge.

In addition, Cash Credit from banks are also secured by pledge of 64,79,294 equity shares of the Company held by the promoter group companies, ranking pari-passu amongst the various lenders.

Cash Credit of ₹ 5,603.17 lacs from State Bank of Patiala and District Co-operative Bank Ltd. are secured by pledge of the Stock of Sugar pertaining to Sugar Units at Hargaon and Rosa.

Cash Credit borrowings carry interest rates ranging between 11.50% to 13.00%.

9. OTHER CURRENT LIABILITIES

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Trade payables (refer Note 40 for details of dues to micro and small enterprises)	37,552.75	18,149.05
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	5,035.53	3,254.59
Payable towards deduction against crop loan by a bank	8,949.67	
Payable towards purchase of capital goods	42.90	195.90
Advance against Sales	156.16	298.16
Interest accrued but not due on borrowings, deposits etc.	502.11	464.80
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed dividend	9.42	11.61
Others -		
Statutory dues	541.37	567.82
Excise Duty on Closing Stocks	2,575.40	1,466.92
Crop Loan from a Bank pending disbursement to cane growers	2,696.84	1,615.45
Miscellaneous	91.12	68.38
	20,600.52	7,943.63
	58,153.27	26,092.68

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

10. TANGIBLE ASSETS	` in lacs							
	Freehold Land (a) & (b)	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total (c)
Cost								
At 1st July, 2011	2,366.32	23.50	5,359.77	80,627.77	251.10	308.00	276.05	89,212.51
Additions	-	-	237.30	837.55	23.62	33.06	57.93	1,189.46
Disposals	2.60	-	4.11	128.40	40.89	10.42	14.26	200.68
At 30th June, 2012	2,363.72	23.50	5,592.96	81,336.92	233.83	330.64	319.72	90,201.29
Additions	-	-	281.67	460.72	14.73	29.43	29.43	815.98
Disposals	1.56	-	0.02	15.89	26.76	6.34	46.46	97.03
At 31st March, 2013	2,362.16	23.50	5,874.61	81,781.75	221.80	353.73	302.69	90,920.24
Depreciation								
At 1st July, 2011	-	2.48	824.80	24,218.74	163.59	158.11	174.71	25,542.43
Charge for the year	-	0.78	136.17	4,036.01	17.72	26.50	29.80	4,246.98
Disposals	-	-	3.08	78.73	37.26	9.70	13.17	141.94
At 30th June, 2012	-	3.26	957.89	28,176.02	144.05	174.91	191.34	29,647.47
Charge for the period	-	0.59	107.40	2,996.29	12.59	20.91	22.73	3,160.51
Disposals	-	-	-	15.89	22.91	6.05	43.65	88.50
At 31st March, 2013	-	3.85	1,065.29	31,156.42	133.73	189.77	170.42	32,719.48
Net Block								
At 30th June, 2012	2,363.72	20.24	4,635.07	53,160.90	89.78	155.73	128.38	60,553.82
At 31st March, 2013	2,362.16	19.65	4,809.32	50,625.33	88.07	163.96	132.27	58,200.76

(a) Includes ` 3.46 lacs (` 3.46 lacs) being the value of agricultural land measuring about 3,839 acres together with estimated written down value of immovable assets thereon, taken over by the Government of Uttar Pradesh under the U.P. Imposition of Ceiling of Land Holding Act, 1960; a case whereof is pending in the court.

(b) Title deeds for ` 433.26 lacs (` 434.82 lacs) are yet to be executed in favour of the Company.

(d) Includes assets held in joint ownership with others - Gross Block ` 119.06 lacs (` 129.27 lacs) and Net Block ` 63.60 lacs (` 66.31 lacs).

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

11. INTANGIBLE ASSETS

	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Computer Software :		
Opening gross block	7.77	14.77
Additions	162.60	-
Disposals	-	7.00
Closing gross block	170.37	7.77
Amortisation		
Opening balance	4.22	9.56
Charge for the period	25.10	1.66
Disposals	-	7.00
Closing balance	29.32	4.22
Net block	141.05	3.55

12. CAPITAL WORK-IN-PROGRESS

	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	160.90	168.11
Add : Additions during the period	383.73	425.79
	544.63	593.90
Less : Transfer to Tangible Assets during the period	327.06	433.00
Balance carried to Balance Sheet	217.57	160.90

13. INTANGIBLE ASSETS UNDER DEVELOPMENT

	` in lacs	
	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	86.56	14.00
Add : Additions during the period	76.04	72.56
	162.60	86.56
Less : Transfer to Intangible Assets during the period	162.60	-
Balance carried to Balance Sheet	-	86.56

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

14. NON-CURRENT INVESTMENTS

	Number of Units/ shares	Face Value Per Unit /Share	As at 31st March, 2013 in lacs	As at 30th June, 2012 in lacs
Non Trade				
(valued at cost unless stated otherwise)				
Quoted (fully paid)				
Investment in Equity Instruments				
Sutlej Textiles & Industries Ltd.	17,73,351	10.00	514.71	514.71
SIL Investments Ltd.	17,58,125	10.00	396.04	396.04
Upper Ganges Sugar & Industries Ltd.	11,72,260	10.00	867.44	867.44
New India Retailing & Investment Ltd.	2,66,874	10.00	212.64	212.64
Chambal Fertilisers & Chemicals Limited	3,02,500	10.00	55.00	55.00
Manavta Holding Ltd.	72,000	10.00	3.53	3.53
Manbhawani Investment Ltd.	67,500	10.00	2.07	2.07
			2,051.43	2,051.43
Unquoted				
Investment in Equity Instruments (fully paid)				
Modern Dia-Gen Services Ltd.	23,752	10.00	2.38	2.38
SCM Investment & Trading Co. Ltd	37,50,000	10.00	750.00	750.00
Taparia Ltd.	3,500	10.00	0.40	0.40
Shree Vihar Properties Ltd.	7,47,692	10.00	65.77	65.77
India Educational & Research Institutions Pvt. Ltd.	24,500 (4,900)	10.00	2.45	0.49
Bihar State Financial Corporation Ltd.	70	100.00	0.07	0.07
Moon Corporation Ltd. ('A' Class)	745	100.00	0.77	0.77
Moon Corporation Ltd. ('B' Class)	2,502	5.00	0.12	0.12
Birla Buildings Ltd.	1,920	10.00	0.19	0.19
The Oudh Trading Co. Pvt. Ltd.	25	100.00	0.03	0.03
A.P.V. Texmaco Ltd. (in liquidation)	28,750	10.00	-	-
[at cost less provision for other than temporary diminution ` 0.86 lacs (` 0.86 lacs)]				
			822.18	820.22
Investment in Equity Instruments (partly paid)				
Modern Dia-Gen Services Ltd. (` 2/- paid up)	15,45,044	10.00	30.90	30.90
			30.90	30.90

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

14. NON-CURRENT INVESTMENTS (Contd.)

	Number of Units/ shares	Face Value Per Unit /Share	As at 31st March, 2013 ` in lacs	As at 30th June, 2012 ` in lacs
Investment in Preference Instruments (fully paid)				
8% Non - Convertible Cumulative Redeemable Preference Shares				
New India Retailing & Investment Ltd.	5,00,000	100	500.00	500.00
			500.00	500.00
In Government Securities (fully paid)				
11 % Bihar State Development Loan, 2001		(a)	0.53	0.53
6 Years National Savings Certificates		(a)	2.12	2.13
5 1/2 % U.P.State Development Loan,1977		(a) & (b)		
7 Years National Defence Certificates		(a) & (b)		
12 Years National Plan Savings Certificates		(a) & (b)		
			2.65	2.66
			3,407.16	3,405.21
Aggregate amount of quoted investments [Market value : ` 5,269.98 lacs (` 4901.16 lacs)]			2,051.43	2,051.43
Aggregate amount of unquoted investments			1,355.73	1,353.78

- (a) Deposited/pledged with various Government authorities.
- (b) The figures, being less than ` 500, have been shown above as blank.
- (c) The cost of following unquoted investments in equity shares (fully paid up) had been written off, though quantity thereof appears in the books.

Name of the Company	No. of shares	Face Value per share (in `)
Jai Hind Publishing Co. Ltd. (in liquidation)	80	25.00
Akhil Bharat Printers Ltd. (in liquidation)	150	100.00
Maruti Ltd. (In liquidation)	10,000	10.00
Leas Communication Ltd.	21,000	10.00
Chandausi Rice Mills Ltd.	1,000	10.00
Swadeshi Jute Machinery Corporation Ltd.	15,000	10.00

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

15. DEFERRED TAX ASSET (NET)

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Deferred tax asset		
Carry forward of Unabsorbed Depreciation	13,907.02	14,354.26
Expenditure allowable against taxable income in future years	3,680.93	4,113.95
	17,587.95	18,468.21
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	11,448.99	10,936.23
	11,448.99	10,936.23
Net Deferred tax asset	6,138.96	7,531.98

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

16. LOANS AND ADVANCES

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
(Unsecured, considered good except stated otherwise)				
Capital advances	53.05	67.89	-	-
Sundry Deposits				
Considered good	10.63	12.88	86.86	78.19
Considered doubtful	1.44	1.44	-	-
	12.07	14.32	86.86	78.19
Less : Provision for doubtful deposits	1.44	1.44	-	-
	10.63	12.88	86.86	78.19
Loan and advances to related parties (Note 34g)	-	-	1,000.00	-
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good	-	-	485.66	539.04
Considered doubtful	557.18	551.03	-	-
	557.18	551.03	485.66	539.04
Less : Provision for doubtful advances	557.18	551.03	-	-
	-	-	485.66	539.04
Other loans and advances				
Loan to employees	-	-	51.81	61.98

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

16. LOANS AND ADVANCES (Contd.)

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Loan to others	-	-	12.09	11.36
Deposits against demand under appeal and/or under dispute	-	-	234.18	193.35
Claims Receivable	-	-	36.82	26.55
Prepaid Expenses	-	0.97	37.47	118.50
Tax deducted at source	-	-	11.91	9.21
Balances with Excise and Other Government Authorities	356.73	872.32	1,222.41	1,023.20
	356.73	873.29	1,606.69	1,444.15
	420.41	954.06	3,179.21	2,061.38

17. INVENTORIES

₹ in lacs

	Notes	As at 31st March, 2013	As at 30th June, 2012
Valued at Lower of Cost and Net Realisable Value			
Raw materials	22	1,276.85	669.79
Goods under process	23	1,404.57	651.31
Finished goods	23	79,588.32	43,809.30
Traded goods	23	232.55	107.51
Stores, Chemicals and spare parts etc.		1,857.04	1,522.24
Power - Banked	23	61.17	72.43
Bio-compost	23	22.96	12.16
Agriculture Products - Standing Crop	23	78.92	127.41
Valued at Estimated Realisable Value			
By-Products	23	3,723.81	2,064.19
Scrap	23	28.07	27.28
		88,274.26	49,063.62
The above includes stock in transit :			
Raw materials		5.87	-
Finished goods		11.44	5.54
Stores, Chemicals and Spare Parts etc.		20.31	20.54

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

18. TRADE RECEIVABLES AND OTHER ASSETS

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
18.1 Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	55.72	38.76
Considered doubtful	38.06	38.06	-	-
	38.06	38.06	55.72	38.76
Less : Provision for doubtful trade receivables	38.06	38.06	-	-
	-	-	55.72	38.76
Other receivables				
Secured, considered good	-	-	25.22	18.47
Unsecured, considered good	-	-	2,990.47	3,257.40
	-	-	3,015.69	3,275.87
	-	-	3,071.41	3,314.63
18.2 Other assets				
(Unsecured, considered good)				
Non-current Bank balance (Note 19)	15.00	-	-	-
Interest accrued on Loans, Advances, Deposits, Investments etc.	-	-	12.47	9.88
Claims Receivable towards Subsidy & Incentives	-	-	114.03	15.60
	15.00	-	126.50	25.48

19. CASH AND BANK BALANCES

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	284.11	196.88
On unpaid dividend account	-	-	9.42	11.61

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

19. CASH AND BANK BALANCES (Contd.)

₹ in lacs

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	As at 31st March, 2013	As at 30th June, 2012
On deposits with original maturity of less than 3 months			-	3.20
Cheques/Drafts on hand	-	-	74.59	72.51
Cash on hand	-	-	105.22	31.94
	-	-	473.34	316.14
Other bank balances *				
Deposits with original maturity of more than 3 months and not more than 12 months	-	-	29.58	21.26
Deposits with original maturity of more than 12 months	15.00	-	-	15.00
In Post office savings bank account	-	-	0.30	0.30
	15.00	-	29.88	36.56
Less : Amount disclosed under other non-current assets (Note 18.2)	15.00	-		
	-	-	29.88	36.56
	-	-	503.22	352.70

* Includes ₹ 34.96 lacs (₹ 19.96 lacs) pledged/lodged with various Government Authorities and banks as security/margin money.

20. REVENUE FROM OPERATIONS

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Revenue from operations		
Sale of products		
Finished goods	90,391.34	89,469.99
Traded goods	468.11	8,892.81
Power	4,323.91	3,993.28
By products	2,625.97	2,738.15
Others	432.54	413.44
	98,241.87	105,507.67
Less : Claims, Rebates etc.	15.56	7.80
	98,226.31	105,499.87

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

20. REVENUE FROM OPERATIONS (Contd.)

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Other operating revenue		
Proceeds from Agriculture Products	48.83	58.11
Export Incentives	14.56	12.62
Excise duty subsidy	229.30	-
Scrap Sales	8.82	18.57
Revenue from operations (gross)	98,527.82	1,05,589.17
Less : Excise duty	2,366.10	2,512.62
Cess	573.52	643.85
Revenue from operations (net)	95,588.20	1,02,432.70
Detail of products sold		
Finished goods		
Sugar	79,505.34	76,203.60
Spirit	8,680.68	10,421.73
Food Processing Products	2,200.15	2,841.67
Fusel Oil	5.17	2.99
	90,391.34	89,469.99
Traded goods		
Sugar	-	8,332.41
Food Processing Products	468.11	560.40
	468.11	8,892.81
By products		
Molasses	682.15	499.96
Bagasse	1,943.82	2,238.19
	2,625.97	2,738.15

21. OTHER INCOME

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Interest income on		
Loans, deposits, advances etc.	9.41	12.76
Refund from Income Tax Department	-	0.26
Long-term investments	0.07	0.10
Dividend income on Long-term investments	158.97	204.27
Insurance and Other Claims	34.24	63.15
Rent and Hire Charges	15.02	13.20

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

21. OTHER INCOME (Contd.)

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted *	1,025.58	326.99
Profit on tangible assets sold/discarded (net)	-	192.33
Gain on Foreign Exchange fluctuations (net)	3.68	3.56
Miscellaneous Receipts	19.22	6.35
	1,266.19	822.97

* includes ` 612.51 lacs (` Nil) written back on the basis of a favourable judgement from Hon'ble Supreme Court.

22. COST OF RAW MATERIALS CONSUMED

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Inventory at the beginning of the period	669.79	287.97
Add : Purchases and procurement expenses	1,04,385.89	88,424.57
Purchase tax	701.64	526.55
	1,05,757.32	89,239.09
Less: Inventory at the end of the period	1,276.85	669.79
	1,04,480.47	88,569.30

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Details of raw materials consumed		
Sugarcane	1,03,357.25	85,867.13
Molasses	3,529.42	4,614.46
Bagasse	3,542.00	4,380.37
Fresh fruits and vegetables	445.13	600.24
Sugar	261.29	282.30
Press mud	39.57	61.56
Seed, Manures and fodder	41.91	21.76
	1,11,216.57	95,827.82
Less : Inter-unit transfer of own produced materials	6,736.10	7,258.52
	1,04,480.47	88,569.30

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

22. COST OF RAW MATERIALS CONSUMED (Contd.)

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Details of raw material inventory		
Sugarcane	71.74	-
Molasses	841.29	578.28
Bagasse	335.51	-
Fresh fruits and vegetables	9.85	62.18
Sugar	5.22	23.41
Press mud	13.24	5.92
	1,276.85	669.79

₹ in lacs

	As at 31st March, 2013	As at 30th June, 2012
Details of Inter-unit transfer of own product materials		
Sugarcane	90.70	68.05
Molasses	2,956.75	2,796.75
Bagasse	3,448.33	4,101.27
Sugar	222.09	273.70
Press mud	18.23	18.75
	6,736.10	7,258.52

23. DECREASE/(INCREASE) IN INVENTORIES

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Inventories at the end of the period		
Finished goods	79,588.32	43,782.25
Traded goods	232.55	107.51
Power - Banked	61.17	72.43
By Products	3,723.81	2,064.19
Goods under process	1,404.57	651.31
Bio-compost	22.96	39.21
Agriculture Products - Standing Crop	78.92	127.41
Scrap	28.07	27.28
	85,140.37	46,871.59
Inventories at the beginning of the period		
Finished goods	43,782.25	24,684.97

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

23. DECREASE/(INCREASE) IN INVENTORIES (Contd.)

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Traded goods	107.51	119.03
Power - Banked	72.43	50.22
By Products	2,064.19	1,093.67
Goods under process	651.31	502.07
Bio-compost	39.21	29.37
Agriculture Products - Standing Crop	127.41	68.86
Scrap	27.28	24.90
	46,871.59	26,573.09
	(38,268.78)	(20,298.50)
Decrease/(Increase) of excise duty on inventories	1,233.70	785.80
	(37,035.08)	(19,512.70)

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Details of purchase of traded goods		
Sugar	-	7,371.73
Food Processing Products	470.40	386.49
	470.40	7,758.22

	As at 31st March, 2013	As at 30th June, 2012
Details of inventory		
Finished goods		
Sugar	78,631.35	42,405.32
Spirit	324.08	599.08
Food Processing Products	632.89	804.90
	79,588.32	43,809.30
Traded goods		
Food Processing Products	232.55	107.51
	232.55	107.51

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

23. DECREASE/(INCREASE) IN INVENTORIES (Contd.)

	As at 31st March, 2013	As at 30th June, 2012
By-products		
Molasses	3,207.15	1,737.50
Bagasse	516.66	326.69
	3,723.81	2,064.19
Goods under process		
Sugar	1,260.91	620.99
Molasses	77.87	0.41
Food Processing Products	42.78	25.05
Semi Bio-compost	23.01	4.86
	1,404.57	651.31

24. EMPLOYEE BENEFITS EXPENSES

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Salaries, wages, bonus etc.	3,275.06	4,128.83
Contribution to provident & other funds	306.42	344.14
Gratuity expense (Note 30)	148.55	80.24
Employees' welfare expenses	105.29	139.13
	3,835.32	4,692.34

25. OTHER EXPENSES

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Consumption of stores and spares	1,647.77	1,746.82
Packing Materials	2,253.69	2,825.02
Power & Fuel	622.04	689.43
Repairs to and Maintenance of :		
Buildings	260.30	257.33
Machinery	1,720.23	1,526.83
Others	52.72	41.57
Rent	153.41	149.20
Rates & Taxes	62.30	67.03
Insurance	85.08	117.51

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

25. OTHER EXPENSES (Contd.)

₹ in lacs

		Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Payment to Auditors			
As Auditors			
Audit Fees		17.57	17.51
Limited Review Fees		6.90	10.35
In other capacity			
Tax Audit Fees		10.35	10.35
For Certificates and Other services		5.75	3.57
Reimbursement of Expenses		4.65	4.69
Payment to Cost Auditors		1.28	1.08
Commission on sales		378.99	411.44
Freight & forwarding charges etc.		614.05	875.68
Charity and Donations		7.43	5.31
Provision for bad and doubtful debts/ advances		6.15	9.32
Provision for Warranties & Claims		4.70	7.97
Provision for Standard Assets		0.15	9.83
Bad Debts, irrecoverable claims and advances written off	39.31		11.84
Less : Adjusted against provisions	-	39.31	1.74
Long term Investments Written off	-		0.75
Less : Adjusted against provisions	-	-	0.75
Loss on Foreign Exchange fluctuations (net)		-	-
Loss on tangible assets sold/discarded (net)		6.62	-
Molasses Storage & Maintenance Reserve		6.58	9.02
Director's Sitting fees		1.27	1.90
Miscellaneous Expenses		961.71	1,088.11
		8,931.00	9,896.97

26. DEPRECIATION AND AMORTISATION EXPENSES

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Depreciation of tangible assets	3,160.51	4,246.98
Amortisation of intangible assets	25.10	1.66
	3,185.61	4,248.64

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

27. FINANCE COSTS

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Interest	8,486.38	11,524.10
Other Borrowing Cost	37.64	88.03
	8,524.02	11,612.13

28. AGRICULTURAL INCOME

Details of the revenue and expenses pertaining to agricultural activities, which have been included in Notes 20 to 26 under the respective heads are as follows :-

₹ in lacs

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Income		
Revenue from Operations		
Sales of products [including inter-transfers ₹ 90.70 lacs (₹ 68.05 lacs)]	139.52	126.16
Rent & Hire charges	5.68	3.90
Profit on sale of fixed assets	-	201.26
Miscellaneous Receipts	16.57	0.12
	161.77	331.44
Expenses		
Cost of Raw Materials consumed	41.91	21.76
Increase/(Decrease) in Stocks :		
Opening Stock	127.41	68.86
Less : Closing Stock	78.92	127.41
Consumption of stores and spares	0.18	0.40
Repairs to and Maintenance of :		
Building	-	0.15
Machinery	0.07	1.11
Others	0.81	0.13
Rent	9.29	7.79
Rates & Taxes	0.06	0.15
Employee benefits expenses :		
Salaries, wages, bonus etc.	36.94	54.88
Contribution to provident & other funds	1.47	2.04
Gratuity expense	1.91	1.44
Employees' welfare expenses	-	58.37
Insurance	-	0.42
Miscellaneous Expenses	12.63	20.56
Depreciation	6.34	7.31
	160.10	59.60
Agricultural Income	1.67	271.84

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	₹ in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Profit/(Loss) after tax	3,065.90	(4,297.63)
Dividends on Non-Convertible Cumulative Redeemable Preference Shares & tax thereon	376.26	452.11
Net profit/(loss) for calculation of basic and diluted EPS	2,689.64	(4,749.74)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic EPS	2,59,17,285	2,59,17,175
Weighted average number of equity shares in calculating diluted EPS	2,59,17,285	2,59,17,175
"Earnings per equity share [Nominal value of share ₹ 10 (₹ 10)]"		
Basic & Diluted	10.38 *	(18.33)

* Not annualised

30. GRATUITY - DEFINED BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of profit and loss

Net employee benefit expense recognised in employee costs

	₹ in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Current service cost	52.22	68.68
Interest cost on benefit obligation	66.04	80.10
Expected return on plan assets	(60.37)	(71.77)
Net actuarial (gain)/loss recognised in the period	90.66	3.23
Net benefit expense	148.55	80.24
Actual return on plan assets	27.67	49.39

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

Balance Sheet

Net Benefit liability/(asset)

₹ in lacs

	As at 31st March, 2013	As at 31st March, 2012
Present value of defined benefit obligation	1,169.81	1,078.27
Fair value of plan assets	917.19	899.20
Plan liability/(asset)	252.62	179.07

Changes in the present value of the defined benefit obligation are as follows :

₹ in lacs

	31st March, 2013	30th June, 2012
Opening defined benefit obligation	1,078.27	1,053.79
Current service cost	52.22	68.68
Interest cost	66.04	80.10
Benefits paid	(84.68)	(105.15)
Actuarial (gains)/losses on obligation	57.96	(19.15)
Closing defined benefit obligation	1,169.81	1,078.27

Changes in the fair value of plan assets are as follows :

₹ in lacs

	31st March, 2013	30th June, 2012
Opening fair value of plan assets	899.20	944.38
Expected return	60.37	71.77
Contributions by employer	75.00	10.58
Benefits paid	(84.68)	(105.15)
Actuarial gains/(losses)	(32.70)	(22.38)
Closing fair value of plan assets	917.19	899.20

The Company expects to contribute ₹ 100.00 lacs (₹ 70.50 lacs) to Gratuity Fund in the next year.

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

	31st March, 2013	30th June, 2012
Investments with insurer	100%	100%

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

The principal assumptions are shown below :

	31st March, 2013	30th June, 2012
Discount rate	8.20%	8.50%
Expected rate of return on assets	9.00%	8.50%
Withdrawal Rates	Varying between 1.00% to 4.20% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

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

	31st March, 2013	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009
` in lacs					
Gratuity					
Defined benefit obligation	1,169.81	1,078.27	1,053.79	1,015.64	802.93
Plan assets	917.19	899.20	944.38	931.79	840.81
Surplus/(deficit)	(252.62)	(179.07)	(109.41)	(83.85)	37.88
Experience (gain)/loss adjustments on plan liabilities	35.37	(19.15)	52.70	Not Available *	
Experience gain/(loss) adjustments on plan assets	(32.70)	(22.38)	52.50	Not Available *	

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

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

The Company's subsidiaries have no employee and accordingly the above disclosure does not include any amount in respect of subsidiaries.

Defined Contribution Plan :

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

	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
` in lacs		
Contribution to Provident/Pension Funds	304.53	342.43
Contribution to Superannuation Fund	1.89	1.71
	306.42	344.14

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

31. LEASES

Operating lease :

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

	` in lacs	
	Nine months period ended 31st March, 2013	Year ended 30th June, 2012
Lease payments made for the period *	153.41	149.20
Contingent rent recognised in Statement of profit and loss	-	-
	153.41	149.20

* including lease rent for use of agriculture land ` 9.29 lacs (` 7.79 lacs).

- 32.** Bearer Equity Share Coupons having a realised value of ` 0.06 lacs (` 0.06 lacs) has been shown separately under "Shareholders' Funds" as the holders of such coupons are yet to tender coupon certificates to claim the underlying security i.e. equity shares of equal paid up value.

33. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Food processing" as the operating segments :

Sugar - Consists of manufacture, trading and sale of Sugar, Molasses and Bagasse

Spirits - Consists of manufacture and sale of Industrial Spirits (including Ethanol), Fusel Oil and Bio-Compost

Co-generation - Consists of generation and transmission of Power

Food Processing Products - Consists of Canned Fruits and Vegetables, Jams, Jellies, Squashes and Juices

Others - Consists of Miscellaneous business comprising of less than 10% revenues.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

33. SEGMENT INFORMATION (Contd.)

Business segments

Period ended 31st March, 2013

Particulars	As at 31st March, 2013					Total
	Sugar	Spirits	Co-generation	Food processing	Others	
Revenue *						
Segment revenue	87,349.90	8,615.88	7,823.31	2,643.01	-	1,06,432.10
Less : Inter segment	7,344.50	-	3,499.40	-	-	10,843.90
Total revenue from operations (net)	80,005.40	8,615.88	4,323.91	2,643.01	-	95,588.20
Results						
Segment results	6,826.86	3,117.21	3,276.09	37.19	-	13,257.35
Unallocated Income/(Expenses) (net of unallocable expenses/(income))						(270.68)
Operating profit						12,986.67
Finance costs						8,524.02
Profit before tax						4,462.65
Current Tax						3.73
Deferred tax charge						1,393.02
Net profit						3,065.90
	` in lacs					
	As at 31st March, 2013					
Particulars	As at 31st March, 2013					Total
Segment assets	Sugar	Spirits	Co-generation	Food processing	Others	Total
Unallocated assets	1,24,496.37	12,246.68	14,409.45	1,651.52	3.10	1,52,807.12
Total assets						10,888.39
Segment liabilities	52,156.47	227.37	77.45	682.38	-	1,63,695.51
Unallocated liabilities						53,143.67
Total liabilities						1,03,116.24
Other segment information						1,56,259.91
Capital expenditure						
Tangible assets	667.77	195.22	3.79	5.87	-	872.65
Intangible assets	76.04	-	-	-	-	76.04
Depreciation	2,064.67	476.24	613.36	6.24	-	3,160.51
Amortisation	25.10	-	-	-	-	25.10
Non-cash expenses	6.58	-	-	-	-	6.58
	` in lacs					

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to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

		` in lacs											
Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total	Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total
33. SEGMENT INFORMATION (Contd.)													
Year ended 30th June, 2012													
Revenue *	93,147.66	10,327.87	7,519.87	3,391.56	-	1,14,386.96	Segment revenue	87,301.83	12,057.77	15,193.83	1,691.66	4.06	1,16,249.15
Less: Inter segment	8,427.67	-	3,526.59	-	-	11,954.26	Unallocated assets	20,856.88	915.88	52.59	864.63	-	22,689.98
Total revenue from operations (net)	84,719.99	10,327.87	3,993.28	3,391.56	-	1,02,432.70	Total assets	20,856.88	915.88	52.59	864.63	-	1,00,460.79
Results							Total liabilities						1,23,150.77
Segment results	2,931.51	2,917.74	1,984.85	88.27	-	7,922.37	Other segment information						
Unallocated income/(Expenses) (net of unallocable expenses/income)						(319.47)	Capital expenditure						
Operating profit						7,602.90	Tangible assets	664.43	509.15	3.30	5.37	-	1,182.25
Finance costs						11,612.13	Intangible assets	72.56	-	-	-	-	72.56
Profit/(Loss) before exceptional item and tax						(4,009.23)	Depreciation	2,797.18	617.19	824.26	8.35	-	4,246.98
Less: Exceptional item						2,422.19	Amortisation	1.38	0.28	-	-	-	1.66
Profit/(Loss) before tax						(6,431.42)	Non-cash expenses	9.02	-	-	-	-	9.02
Current Tax						0.18							
Deferred tax charge/(credit)						(2,133.97)							
Net profit/(loss)						(4,297.63)							
As at 30th June, 2012													
Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total	Particulars	Sugar	Spirits	Co-generation	Food processing	Others	Total
Segment assets	87,301.83	12,057.77	15,193.83	1,691.66	4.06	1,16,249.15	Unallocated liabilities	20,856.88	915.88	52.59	864.63	-	22,689.98
Unallocated assets						11,264.74	Total liabilities						1,23,150.77
Total assets						1,27,513.89	Other segment information						
Segment liabilities						22,689.98	Capital expenditure						
Unallocated liabilities						1,00,460.79	Tangible assets	664.43	509.15	3.30	5.37	-	1,182.25
Total liabilities						1,23,150.77	Intangible assets	72.56	-	-	-	-	72.56
Other segment information							Depreciation	2,797.18	617.19	824.26	8.35	-	4,246.98
Capital expenditure							Amortisation	1.38	0.28	-	-	-	1.66
Tangible assets	664.43	509.15	3.30	5.37	-	1,182.25	Non-cash expenses	9.02	-	-	-	-	9.02
Intangible assets	72.56	-	-	-	-	72.56							
Depreciation	2,797.18	617.19	824.26	8.35	-	4,246.98							
Amortisation	1.38	0.28	-	-	-	1.66							
Non-cash expenses	9.02	-	-	-	-	9.02							

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33. SEGMENT INFORMATION (Contd.)

Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segments is in demarcated into its Indian and oversea operations

	` in lacs	
	India	Overseas
Period ended 31st March, 2013		
Revenue*		
Revenue from operations	95,322.66	265.54
Other segment information		
Segment assets	1,52,807.12	-
		95,588.20
		1,52,807.12

	` in lacs	
	India	Overseas
Year ended 30th June, 2012		
Revenue*		
Revenue from operations	1,02,181.43	251.27
Other segment information		
Segment assets	1,16,249.15	-
		1,02,432.70
		1,16,249.15

Note : All the fixed assets of the company are located in India and hence separate figures for fixed assets/additions to fixed assets have not been furnished.

* net of excise duty and cess.

34. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year

Key Management Personnel	Shri Chandra Shekhar Nopany	— Chairman-cum-Managing Director
	Shri Dilip Patodia	— President (Finance) and Chief Financial Officer
	Shri G.N.Pareek	— Company Secretary
	Shri V.P. Singh	— Executive President, Hargaon Unit
	Shri Chandra Mohan	— Executive President, Narkatiaganj Unit
	Shri B.K. Malpani	— Executive President, Rosa Unit
	Shri P.R. Singh	— Executive President, Hata Unit
	Shri M.P. Singh	— Executive Vice President, Allahabad Unit
Relatives of Key Management Personnel	Smt. Nandini Nopany	— Mother of Shri Chandra Shekhar Nopany
	Smt. Shalini Nopany	— Wife of Shri Chandra Shekhar Nopany
	Smt. Usha Singh	— Wife of Shri M.P. Singh
	Smt. Ritu Singh	— Daughter of Shri M.P. Singh
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	Upper Ganges Sugar & Industries Limited	
	Sutlej Textiles & Industries Limited	
	SIL Investments Limited	
	SCM Investment & Trading Company Limited	
	RTM Investment & Trading Company Limited	
	Uttar Pradesh Trading Company Limited	
	Nilgiri Plantations Limited	
	Ronson Traders Limited	
	Yashovardhan Investment & Trading Company Limited	

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34. RELATED PARTY DISCLOSURES (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	Period ended	Sale of goods	Amount owed by related parties	Amount owed to related parties	in lacs
a. Sale of goods					
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Upper Ganges Sugar & Industries Limited	31st March, 2013	175.64	-	-	
	30th June, 2012	175.25	-	-	
b. Purchase of goods					
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Upper Ganges Sugar & Industries Limited	31st March, 2013	230.29	-	-	
	30th June, 2012	647.38	-	-	
c. Sale of fixed assets					
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Upper Ganges Sugar & Industries Limited	31st March, 2013	-	-	-	
	30th June, 2012	48.95	-	-	
d. Purchase of fixed assets					
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Upper Ganges Sugar & Industries Limited	31st March, 2013	-	-	-	
	30th June, 2012	28.40	-	-	

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34. RELATED PARTY DISCLOSURES (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

h. Loans/Inter-corporate deposits taken and repayment thereof	Period ended	Loan/Inter-corporate deposits taken	Repayment	Interest accrued/paid	Amount owed to related parties
Key Management Personnel					
Others	31st March, 2013	-	-	-	-
	30th June, 2012	-	5.00	0.29	-
Relatives of Key Management Personnel					
Others	31st March, 2013	-	2.50	0.14	-
	30th June, 2012	-	2.00	0.41	2.50
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Upper Ganges Sugar & Industries Limited	31st March, 2013	-	-	-	-
	30th June, 2012	-	3,500.00	242.42	-
Sutlej Textiles & Industries Limited	31st March, 2013	-	2,000.00	101.45	-
	30th June, 2012	4,000.00	4,500.00	259.29	2,000.00
SIL Investments Limited	31st March, 2013	-	1,100.00	597.03	4,300.00
	30th June, 2012	4,350.00	3,450.00	728.14	5,400.00
SCM Investment & Trading Company Limited	31st March, 2013	-	-	285.03	2,512.50
	30th June, 2012	1,080.50	633.00	381.69	2,512.50
RTM Investment & Trading Company Limited	31st March, 2013	400.00	-	355.09	3,175.00
	30th June, 2012	2,600.00	2,400.00	498.61	2,775.00
Nilgiri Plantations Limited	31st March, 2013	-	-	52.55	500.00
	30th June, 2012	500.00	500.00	59.98	500.00
Ronson Traders Limited	31st March, 2013	-	-	10.48	100.00
	30th June, 2012	100.00	100.00	11.99	100.00
Yashvardhan Investment & Trading Company Limited	31st March, 2013	-	2,000.00	148.24	200.00
	30th June, 2012	2,200.00	-	114.29	2,200.00

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34. RELATED PARTY DISCLOSURES (Contd.)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties	₹ in lacs
i. Remuneration to Key Managerial Personnel					
Shri Chandra Shekhar Nopany	31st March, 2013	32.76 *	-	-	-
	30th June, 2012	43.77 *	-	9.75	9.75
Shri Dilip Patodia	31st March, 2013	42.93	-	-	-
	30th June, 2012	54.21	-	-	-
Shri G.N.Pareek	31st March, 2013	15.55	-	-	-
	30th June, 2012	16.71	-	-	-
Shri V.P. Singh	31st March, 2013	26.80	-	1.05	1.05
	30th June, 2012	32.83	-	0.96	0.96
Shri Chandra Mohan	31st March, 2013	20.49	-	-	-
	30th June, 2012	28.00	-	-	-
Shri B.K. Malpani	31st March, 2013	19.83	-	1.44	1.44
	30th June, 2012	24.96	-	1.85	1.85
Shri P.R. Singh	31st March, 2013	33.47	-	-	-
	30th June, 2012	43.90	-	1.28	1.28
Shri M.P. Singh	31st March, 2013	8.19	-	-	-
	30th June, 2012	9.58	-	0.07	0.07

* Excludes ₹ 27.00 lacs (₹ 36.00 lacs) and ₹ 28.47 lacs (₹ 33.68 lacs) paid towards rent and maintenance respectively for the accommodation provided to the Managing Director which has been included under "Rent" and "Miscellaneous Expenses" in note 25.

The remuneration to the Key Managerial Personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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35. CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 55.34 lacs (₹ 125.62 lacs).
- (b) For commitments relating to lease arrangements, please refer note 31.

36. CONTINGENT LIABILITIES

	₹ in lacs	
	31st March, 2013	30th June, 2012
(a) Demands/Claims by various Government Authorities and others not acknowledged as debt and contested by the Company :		
(i) Excise Duty & Service Tax	3,739.56	2,562.88
(ii) Sales & Entry Tax	106.84	104.28
(iii) Duty under State Acts	180.99	157.89
(iv) Others	144.41	275.65
Total*	4,171.80	3,100.70
(b) Outstanding towards Crop Loan disbursed to growers for which corporate guarantee is given to a bank	666.16	884.56
(c) Bank Guarantees outstanding	40.04	551.99
(d) Bills discounted with banks	71.90	117.83
(e) Arrear Dividend (including tax) on Non-convertible Cumulative Redeemable Preference Shares (CRPS)	828.37	452.11

* Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary.

- 37.** There is a diminution of ₹ 555.97 lacs (₹ 560.66 lacs) in the value of certain quoted investments based on the last quoted price. The above investments being long term and strategic in nature and diminution in value of said investments being temporary in nature, no provision there against is required in the accounts.
- 38.** A civil suit is pending against the Company's sugar unit at Dhadha Bujurg (Hata), which is already in operation. The Company has been legally advised that the said civil suit is not tenable as per law.
- 39.** In view of brought forward loss or unabsorbed depreciation as per books of accounts of the Company in terms of the provisions of Section 115JB of the Income Tax Act, 1961, there is no taxable income and hence no provision for current tax has been made in these accounts.

NOTES

to consolidated financial statements as at and for the nine months period ended 31st March, 2013 (Contd.)

40. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES

	` in lacs	
	31st March, 2013	30th June, 2012
(i) Principal amount remaining unpaid to any supplier at the end of accounting period (including retention money against performance).	14.09	10.46
(ii) Interest due on above.	0.68	0.88
Total of (i) & (ii)	14.77	11.34
(iii) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.37	21.56
(iv) Amount paid to the suppliers beyond the respective due date.	14.70	71.32
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	1.24	4.23
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	1.92	5.11
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	16.05	11.31

41. The Ministry of Consumer Affairs, Food and Public Distribution, Government of India vide its Notification 281 (E) dated 2nd May, 2013 has dispensed away the levy obligation from sugar season 2012-13 onwards. Accordingly, all Sugar Stocks for the current sugar season have been valued as Free Sugar.

42. The Company has changed its Accounting year ending on 30th June to 31st March and hence, the current period figures being for nine months period from 1st July, 2012 to 31st March, 2013 are not comparable with those of the previous year.

43. Previous year's figures including those given in brackets have been regrouped/rearranged wherever necessary.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

per **R.K. Agrawal**
Partner
Membership No.16667

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Mr. Ashvin Chinubhai Dalal
Director

Mr. Govind Narayan Pareek
Company Secretary

Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director



The Oudh Sugar Mills Limited

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

Corporate Office: 9/1, R.N. Mukherjee Road, Kolkata - 700 001

Tel. No. : 91-033-2243 0497/8, Fax No. : 91-033-2248 6369

e-mail : birlasugar@birla-sugar.com, Website : www.birla-sugar.com

E-COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) :

DP ID/Client ID (FOR DEMAT
SHARES) :

Name of 1st Registered Holder :

Name(s) of Joint holder(s) :

Registered Address :

E-mail ID (to b registered) :

I, as a shareholder of The Oudh Sugar Mills Limited agree to receive all communications from the Company in electronic mode. Please register my above e-mail ID in your records for sending all communications through e-mail.

Date:_____

Signature of 1st holder_____

Notes :

- Shareholders are requested to keep the Company informed of any change in their e-mail id.
- This form is also available on the website of the Company, www.birla-sugar.com in "Investor" Section.



The Oudh Sugar Mills Limited

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

ATTENDANCE SLIP

Only shareholders or the proxies will be allowed to attend to this meeting

D.P. ID	
---------	--

LF No.	
--------	--

Client ID	
-----------	--

No. of Shares held	
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I hereby record my presence at the Eighty First Annual General Meeting of the Company being held at Meeting Hall, Oudh Sugar Mills Complex, P.O. Hargaon, District - Sitapur (U.P.), Pin -261 121 on Wednesday, 7th August, 2013 at 11.00 a.m.

Name of the Shareholder
(in capital letters)

Name of the Proxy
(in capital letters)

Signature

NOTE : Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.



The Oudh Sugar Mills Limited

Registered Office : P.O. Hargaon, District Sitapur (U.P.), Pin - 261 121

PROXY

D.P. ID	
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LF No.	
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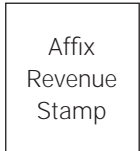
Client ID	
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No. of Shares held	
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I/Weof

being a member / members of THE OUDH SUGAR MILLS LIMITED hereby appoint Shri/Smt.
ofor failing him/her Shri/Smt
ofor failing him/her Shri/Smt
of.....as my/our proxy to attend and vote for me/us on my/our behalf at the Eighty First Annual General Meeting of the Company to be held on Wednesday, 7th August, 2013 at 11.00 a.m.at the Registered Office of the Company at Meeting Hall, Oudh Sugar Mills Complex, P.O. Hargaon, District - Sitapur (U.P.), Pin -261 121 and/or at any adjournments thereof.

Signed this day of 2013



.....
(Signature of the shareholder)

NOTE : The Proxy Form signed across revenue stamp should reach the Registered Office of the Company at least 48 hours before the scheduled time of Meeting.




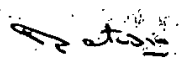
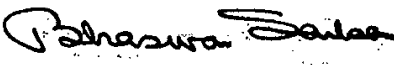
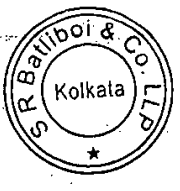
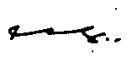
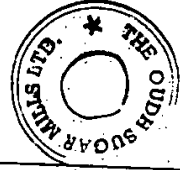
BOOK POST

If undelivered, please return to:
The Oudh Sugar Mills Limited
9/1, R. N. Mukherjee Road,
5th Floor, Kolkata-700 001



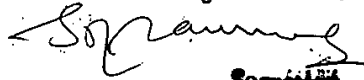
The Oudh Sugar Mills Limited
www.birla-sugar.com

FORM A
(Pursuant to clause 31(a) of the Listing Agreement)

1.	Name of the Company:	The Oudh Sugar Mills Limited
2.	Annual financial statements for the period ended	March 31, 2013
3.	Type of Audit observation	Matter of Emphasis as reported by Statutory Auditors in Consolidated Financial Statements is reproduced hereunder:- <u>Audit Report on Consolidated Financial Statements</u> We draw attention to Note 37 regarding non provision of Rs.555.97 lacs towards diminution in the value of certain quoted investments based on the last quoted price, which in the opinion of the management is temporary in nature. Our opinion is not qualified in respect of this matter.
4.	Frequency of observation	Repetitive since 2011-12
5.	To be signed by-	<ul style="list-style-type: none"> • Mr. C.S. Nopany Chairman-cum- Managing Director  • Mr. Dilip Patodia CFO  • Mr. Bhaswar Sarkar Partner Membership no. 55596 For S. R. Batliboi & Co. LLP Chartered Accountants Firm Registration no. 301003E (Statutory Auditors)   • Mr. A. C. Dalal Audit Committee Chairman  

CERTIFIED TRUE COPY

For The Oudh Sugar Mills Ltd.


Secretary

FORM B
(Pursuant to clause 31(a) of the Listing Agreement)

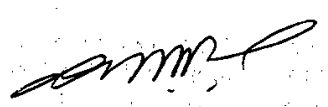
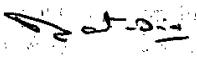
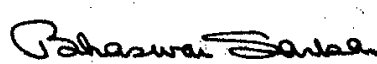
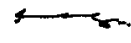
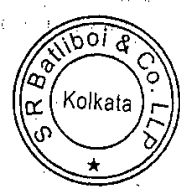
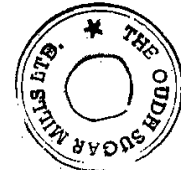
1.	Name of the Company:	The Oudh Sugar Mills Limited
2.	Annual financial statements for the period ended	March 31, 2013
3.	Type of Audit qualification	"Except for"
4.	Frequency of observation	Repetitive since 2009-10
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><u>Audit Report on Standalone Financial Statements</u></p> <p><i>As indicated in Note 15 to the financial statements, the Company has recognized Deferred Tax Asset (DTA) (net) of Rs. 6,138.96 lacs (after adjusting reversal of Rs. 1,393.02 lacs during the period) up to March 31, 2013, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty about the above projections, as required in terms of Accounting Standard – 22, had the above impact been considered, the reported profit of Rs.2908.02 lacs for the period (after adjusting DTA of Rs. 7,531.98 lacs recognised up to June 30, 2012) would turn into a loss of Rs. 3,230.94 lacs and the reserves and surplus balance would be Rs.(-) 8,164.97 lacs as against the reported figure of Rs.(-) 2,026.01 lacs as on the balance sheet date.</i></p> <p><u>Audit Report on Consolidated Financial Statements</u></p> <p><i>As indicated in Note 15 to the consolidated financial statements, the Company has recognized Deferred Tax Asset (DTA) (net) of Rs. 6,138.96 lacs (after adjusting reversal of Rs. 1,393.02 lacs during the period) up to March 31, 2013, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty about the above projections, as required in terms of Accounting Standard – 22, had the above impact been considered, the reported profit of Rs.3065.90 lacs for the period</i></p>

CERTIFIED TRUE COPY

For The Oudh Sugar Mills Ltd.

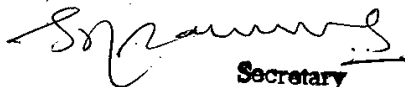
[Signature]
Secretary



		<p>(after adjusting DTA of Rs. 7,531.98 lacs recognised up to June 30, 2012) would turn into a loss of Rs. 3073.06 lacs and the reserves and surplus balance would be Rs. (-) 6307.85 lacs as against the reported figure of Rs. (-) 168.89 lacs as on the balance sheet date.</p> <p><u>Management Response:</u></p> <p>The recognition of Deferred Tax Asset (DTA) got reduced from Rs. 7531.98 lacs to Rs. 6138.96 lacs as at March 31, 2013 due to reversal of Rs.1393.02 during the period ended 31st March, 2013 on account of profit for the period. Further, in view of partial decontrol of sugar industry as well as strengthening of market prices of Company's by products, the management is certain that there would be sufficient profit in future to claim the above deferred tax credit.</p>
6	Additional comments from the board / audit committee chair	Nothing significant
7.	To be signed by-	
	<ul style="list-style-type: none"> • Mr. C.S. Nopany Chairman-cum- Managing Director • Mr. Dilip Patodia CFO • Mr. Bhaswar Sarkar Partner Membership no. 55596 For S. R. Batliboi & Co. LLP Chartered Accountants Firm Registration no. 301003E (Statutory Auditors) • Mr. A. C. Dalal Audit Committee Chairman 	     

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For The Oudh Sugar Mills Ltd.


Secretary