

RIGA SUGAR COMPANY LIMITED

Annual Report : 2011

Board of Directors	Shri O. P. Dhanuka – Chairman & Managing Director Dr. I. K. Saha Dr. Gora Ghose Shri Pankaj Tibrawalla Shri S. Borar Shri S. K. Goenka
CEO & Company Secretary :	Shri S. Prasad
Auditors	K. N. Gutgutia & Co. Chartered Accountants Kolkata
Bankers	Bank of India Union Bank of India
Registered Office	14, Netaji Subhas Road 2nd Floor Kolkata-700 001
Works	Dhanuka Gram P. O. Riga Dist. Sitamarhi Bihar-843 327
Registrars & Share Transfer Agent	S. K. Computers 34/1A, Sudhir Chatterjee Street Kolkata-700 006
Shares Listed at	The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata-700 001 Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400 001
Legal Advisor and Solicitor :	Khaitan & Co. Emerald House 1B, Old Post Office Street Kolkata-700 001

NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Members of RIGA SUGAR COMPANY LIMITED will be held on Saturday, the 20th August, 2011 at 11.45 A.M. at Kalakunj, 48, Shakespeare Sarani, Kolkata-700 017 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the 18 Months Period ended 31st March, 2011 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Gora Ghose, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pankaj Tibrawalla, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Registered Office :

14, Netaji Subhas Road
2nd Floor
Kolkata-700 001
Dated : 27th May, 2011

By Order of the Board

S. PRASAD

Company Secretary

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote on poll instead of himself and the Proxy need not be a member of the Company. The enclosed Proxy Form, if intended to be used, should reach the Registered Office of the Company, duly completed, not less than forty eight hours before the scheduled time of the Meeting.
2. The Register of Members and the Register of Transfer will remain closed from 18.08.2011 to 20.08.2011 (both days inclusive).
3. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the Annual general Meeting.
4. Members are requested to bring copy of the Annual Report to the Meeting.
5. The Equity Shares of the Company is under compulsory dematerialisation and the same have been activated in demat form on both the Depositories i.e NSDL and CDSL. Members are advised to get their Shares dematerialised. The ISIN No. is INE 909 C01010.
6. Members are hereby informed that Dividend(s) which remain unclaimed/ unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund of the Central Government. The shareholders who have not encashed their Dividend Warrant are requested to claim the outstanding dividend declared by the Company for the financial year 2003-04, 2004-05, 2005-06 and 2008-09.
7. Members holding shares in physical form are requested to advise the Company and the members holding shares in dematerialized form are requested to advise their Depository Participants immediately about any change in their address.

8. Members holding Shares in Physical Form and desirous of making a nomination in respect of their Share Holding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company's Registered Office.

9. Appointment/Re-appointment of Director :

Dr. Gora Ghose and Mr.Pankaj Tibrawalla, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Director(s) proposed to be appointed/re-appointed:

Dr. Gora Ghose is 63 years old. He is Ph.D., M.B.A., L.L.B, M.B.I.M., F.B.I.M., is a practicing Management & Economics Consultant, presently Director in Polar Pharma India Ltd., Steel Products Ltd., SPS Steels Rolling Mills Ltd., and Managing Director in Conam Management Consultants Pvt. Ltd.

Dr.Gora Ghose does not hold any share of the Company.

Mr. Pankaj Tibrawalla is 36 years old, a Commerce Graduate, having done M.Sc. in Business Management at the Strathclyde Graduate Business School, Glasgow, U.K. is presently Director in Shree Shyam Coal Co. Ltd., Accent Industries Ltd., Ramsarup Towers Ltd., Mica Pvt. Ltd., Ishaan Properties & Inv. Pvt. Ltd., Kejriwal Investment Co. Pvt.Ltd., Gap Infrastructure & Housing Pvt. Ltd.and Garima Developers Pvt. Ltd.

Mr.Pankaj Tibrawalla does not hold any share of the Company.

11. As per Section 53 of the Companies Act, 1956, which provides for service of documents under 'Certificate of Posting' as one of the accepted mode of service, whereas the 'Department of Posts' has recently discontinued the postal facility under 'Certificate of Posting' vide their letter dated 23.02.2011. 'The Information Technology Act, 2000' also permits service of documents etc. in electronic mode. Keeping this in view the Ministry of Corporate Affairs vide their circular no. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively clarified that a Company would have complied with Section 53 of the Companies, Act,1956, if the service of document has been made through electronic mode provided the Company has obtained email addresses of its members. However such members have given option to receive the documents in physical form.

Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address as mentioned below quoting their folio number(s) :-S.K.Computers,

34/1A, Sudhir Chatterjee Street,
Kolkata - 700 006

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting their Report and audited Accounts of the Company for the 18 months financial year ended 31st March, 2011.

FINANCIAL & OPERATIONAL RESULTS**FINANCIAL RESULTS**

	(Rs. in Lacs)	
	For 18 months Financial Year 31st March, 2011	For 12 months Financial Year 30th September, 2009
(a) Operating Profit Before Interest and Depreciation	1,803.94	1,831.56
(b) Interest	1,092.51	949.36
(c) Cash Accruals	711.43	882.20
(d) Depreciation	597.11	585.67
(e) Profit Before Tax	114.32	296.53
(f) Provision for Tax	11.13	—
Current Tax	52.85	74.12
Deferred Tax	—	4.00
Fringe Benefit Tax	(0.50)	6.94
Income Taxes of earlier year	50.84	211.47
(g) Net Profit After Tax	6.96	(136.26)
(h) Balance brought forward from last year	57.80	75.21
(i) Profit available for appropriation	—	58.34
(j) Appropriations :		
Provision for Dividend	—	9.91
Tax on Proposed Dividend	57.80	6.96
(k) Balance Carried to Balance Sheet		

DIVIDEND :

In view of insufficient profit your Directors do not recommend Dividend.

CHANGE IN FINANCIAL YEAR

The Company has extended the reporting financial year starting from 1st October, 2009 to an 18 months' period ending 31st March, 2011 which has been necessitated due to future alignment of financial year to March end in view of proposed implementation of IFRS by companies in phased manner, Income Tax provisions and compliance with the proposed provisions in the Companies Bill, 2009.

Accordingly approval was obtained from the Registrar of Companies, West Bengal, to extend the financial year 2009-10 of the Company to 18 months period ending 31st March 2011 and also extension of time to hold Annual General Meeting of the company. The financial results for the year under review covered a period of 18 months and are not comparable with the result of 2008-09, a financial year that cover 12 months.

OPERATIONAL RESULTS**SUGAR UNIT**

The reporting 18 months financial year (1st October, 2009 to 31st March, 2011) cover two seasons viz. 2009-10 and 2010-11. The comparative figures in regard to duration of season, cane crush and sugar recovery for the reporting 18 months

financial year ended 31st March, 2011 vis-a vis 12 months financial year ended 30th September, 2009 in respect of the Sugar Factory of your Company are given below :-

18 Months Financial Year ended		12 Months Financial Year ended	
31st March, 2011	30th September, 2009		
1. Duration of crushing (gross days)		193	82
2. Cane crushed (Lac Qtls.)		70.21	25.58
3. Recovery (%)		9.13	8.92
4. Production (Lac Qtls.) – From Sugarcane		6.39	2.28

Season 2009-10

During the season 2009-10 the sugar factory operated for 74 days with cane crush of 22.21 Lac Qtls. with recovery of 9.10%. Due to lower availability of cane the sugar factory run at much lower capacity which increased cost of production tremendously owing to lower economy of scale. Not only sugar production reduced but related molasses and Alcohol production also slumped.

Before commencement of the sugar season 2009-10, the Central Government issued incorrect estimate in regard to sugar production in the country at 145 Lac M/T against annual consumption of 225 M/T, which created shortage psychosis and as a result the sugar prices shoot up to an all time high of Rs.3500/- to Rs.3,800/- per Quintal. Taking into consideration the high sugar prices, the sugarcane price was also increased from Rs.120/ per Quintal to Rs.205/- to 250/- per Qtl. i.e. hike of about 100% at the insistence and intervention of respective State Governments. Thereafter the Central Government with a view to cool down the prevailing high sugar prices allowed unrestricted sugar imports to the country by abolishing Customs Duty of 60%. Government of India imposed unprecedented restriction on the sale of sugar -weekly quota sale, stock limits on traders and compulsory import by bulk consumers etc. to cool high domestic price.

However the actual sugar production for season 2009-10 was much higher than the government estimates and touched 185 Lac M/T.

Due to comfortable opening stock, higher production and arrival of duty free imported sugar in the country, the prices started to fall sharply from Rs.3,800/- and touched to Rs.2,700/- per Quintal. On the other hand the cost of production of sugar increased to Rs.3,500/- per Quintal mainly due to about 100% increase in cane price besides considerable increase in the cost of other inputs, thereby huge gap between the cost of production and actual realization on sale of finished product. Though the Central Government was well aware of the free fall in sugar prices and consequent acute hardship caused to the domestic Sugar Industry due to such cheap and unrestricted sugar imports in the country, but did not take any step in the matter. A belated decision has been taken to lapse the exemption of import duty of 60% on imported sugar from the month of February, 2011.

The aforesaid micro and macro factors resulted into lower sales and adverse margins.

Season 2010-11

During the whole season 2010-11 the sugar factory operated for 121 days with cane crush of 48.11 lacs qtl. and recovery of 9.16%. The sugar factory successfully achieved and ran at expanded crushing capacity of 5,000 TCD during the season 2010-11. The sugar factory made substantial saving of bagasse due to better operational performance during the season which has got good market apart from own requirement for power in off-season and in Distillery.

During the season the cane price was marginally increased by Rs. 5/- per qtl. from last year. The higher price of cane encouraged the farmers and they switched again to sugarcane farming and planted more areas under sugarcane. Since the cane price paid by sugar factory was very high so diversion to GUR was lower and thus higher supply to the sugar factory. Since the other sugar factories cane areas and cane production was good so there was lesser competition for procurement of sugarcane in free area (outside command area). Further the Central Government has taken effective steps on Indo-Nepal Border, as diversion of cane to Nepal was negligible as against about 7 lacs qtls. last year.

Sugar Industry is widely influenced by world demand-supply position not only in domestic market, but worldwide. The international price of sugar was firmed up to USD 800/MT, so the import of sugar was checked in later part of the year. Expecting better production in the season 2010-11 the central government decided to allow export against advance license and under OGL in the month of December, 2010. But government hold back the decision to export under OGL on the fear of spiraling inflation of commodities prices, although sugar was not contributory to it rather its price has substantially decreased. By the

time the international sugar price started falling from January , 2011 onward after having news of better production in India and Brazil and it touched to USD 650 per MT in April, 2011. Government cleared the deck of allowing export under OGL, but by that time Indian sugar Industry lost much of the opportunity to en-cash in good international market and was deprived of making their losses good to some extent.

Sugar Industry Paradox

The ironic story of Indian sugar industry continued, in above two seasons, thanks to governments-central and state-inconsistence policy. When the domestic price was went up in line with cost of production, the import duty was removed, export was banned and unfettered import was allowed so that domestic price crashed well below cost of production in 2009-10.

In contrast in 2010-11 when the domestic production was more than comfortable level even than export was banned and industry was not allowed to en-cash the higher international price and make up their losses and reduce the inventory to comfortable level.

Expansion of Sugar Plant Capacity & Incentives

The sugar plant of the company successfully achieved expanded capacity from 3,500 TCD to 5,000 TCD during season 2010-11 and ran at enhanced capacity of 5,000 TCD. The company has also got certificate of commencement of production at expanded capacity to 5,000 TCD from state government authority for the purpose of availing Incentive Claim as per Bihar Sugar Incentive Policy, 2006. The company accordingly has made claim for 10% capital subsidy on fixed assets investment, exemption of purchase tax on sugarcane and reimbursement of excise duty on sugar for five years on additional production.

DISTILLERY UNIT

The Distillery Unit of your company produced 98.61 lacs B.L. of Industrial Alcohol during 18 months financial year ended 31st March, 2011 as against 54.98 Lac B.L. during previous 12 months financial year.

For the season 2009-10 there was lower production due to lower availability of Molasses from own factory as well as from the sugar factories of the state due to short season. Moreover the molasses produced in the state was not allotted proportionately according to the capacity amongst the state distilleries by the relevant state government authority.

However for current season the availability of molasses is better and expect to make much higher production.

The Ethanol Plant supplied only 0.20 Lac B.L. against 4.72 Lac B.L. in previous year.

ETHANOL

The ethanol price increased from Rs. 21.50 per BL to Rs. 27.00 per B.L.. The company participated in Tender floated by Oil Marketing Companies (OMC) and got LOI for supply of ethanol to the depot of OMC in Bihar. However the state government of Bihar has no policy on Ethanol and thus not allowing sufficient transfer of Rectified Spirit, which is under state control, for manufacture of Ethanol. Neither the state is issuing NOC to OMC for lifting of produced Ethanol.

Thus in the state of Bihar the ambitious Central Government Ethanol Blending scheme is failing, unlike other states where there are least restriction on Ethanol production.

SEGMENT-WISE PERFORMANCE :

During the reporting period sugar segment contributed 86 percent of net sales of the company whereas Distillery accounted for 14 percent. The company identified two business segments in line with the Accounting Standard on Segment Reporting, Segment-wise Revenue, Results and Capital Employed is stated in Note No.23 of Schedule 14 of Audited Accounts enclosed with the Annual Report.

INDUSTRY STRUCTURE & POLICY

Structure

Sugar Industry, is seasonal in nature and directly dependent on monsoon for availability of adequate sugar cane. India is the largest consumer and second largest producer of sugar in the world, contributing over 15 percent of the world's sugar production through over 500 sugar factories situated in different parts of the country. The sugar Industry is the largest agro based industries in India. This industry also provides valuable by-products like bagasse, molasses and press mud. The availability of these by-products had led to setting up of Alcohol/Ethanol/Co-generation of Power and Organic Manure plants. Over 5 Crore farmers, large number of agricultural labour are involved in sugarcane cultivation and its harvesting operations. The growth of sugar industry has a powerful impact on the rural economy. Integrated Sugar Industry (comprising sugar, molasses, alcohol, power and bio-fertilizer) enjoys annual turnover of about Rs. 75,000 Crore and contribute about Rs.3,000 crore to the Central Government Exchequer by way of central excise duty every year beside state taxes on sugarcane and

hefty taxes collected by state as excise and VAT on sale of spirit in the state which run an estimated Rs.10,000 crores annually. Beside the direct taxes by way of income is additional source of revenue to the government from sugar industry. Sugar Industry accelerates rural development through farm employment as well as business opportunities in transport and communication.

Sugar has been declared as an 'essential commodity' under the Essential Commodities Act, 1955. Under Sugarcane (Control) Order 1966, the Government of India fixes the Statutory Minimum Price (SMP) replaced with Fair and Remunerative Price (FRP) for sugarcane every year based on the recommendations of the Commission on Agricultural Costs & Prices. From 2010-11, 10% of sugar production is earmarked as Levy sold under PDS to BPL families (which was 20% last year) and balance as free which is regulated by government through monthly release.

Sugar Cycle

The Indian sugar industry is characterized by cycle of high and low sugar production. This cycle of 5-7 years is broadly of two types viz. Natural comprising climatic variation, water availability and pest attacks. The other is induced cyclicity which have sequence like — higher sugar production and accumulation of stock — decline in sugar prices & profitability — higher sugarcane arrears — decline in area under cultivation & Lower cane production — lower sugar production — lower sugar availability and stock and thus increase in sugar prices — improved profitability & low cane arrears — higher cane production — higher sugar production and so on. Every time the cyclicity reaches its low government have to step in to provide Fiscal support in the form of Export subsidy, Buffer Stock creation, Interest Free Loans etc.

The fundamental problem of the Indian Sugar Industry is that there is no relation between the price of raw material i.e. sugarcane and its finished goods i.e. Sugar. In some states cane price is fixed by the state government unreasonably high. Sugar Price are regulated by Union Government through varieties of measures including regulation of monthly release and control on international trade. Illogical intervention of state government cause wide economical distortion in sugar industry. In almost all major sugar producing countries of the world the price of cane paid to the farmers depends on realization from sugar.

Fair and Remunerative Price of Sugarcane

In 2009-10 the Central Government rightly took decision to replace SMP (Statutory Minimum Price) with FRP (Fair & Remunerative Price) of sugarcane so as to pay fair and remunerative price of sugarcane by the mill as dictated by central government which is comparable with other crops realization to the farmers. The aim was to remove the intervention of the state government in fixation of cane price. However FRP price announced by central government since its introduction has been neither fair nor remunerative price from any angle. The industry was forced to pay price of Rs. 200-250 per qtl. last season and at Rs. 205 per qtl. this season against governments FRP of Rs. 129.84 and Rs. 139.12 respectively linked with basic recovery of 9.5%. The government has come out with FRP announcement for next season 2011-12 also at Rs. 145 per qtl. which has no basis, no comparison with other crops, no linkage to the cost of production to farmers, no relation with inflation rate and far from realistic. This has been done with single objective of keeping Levy price of sugar at lower level, far below than cost of production. The Levy sugar system to BPL families itself is suffering from serious lacuna.

Thus petty thinking of the central government is damaging the purpose of FRP and state government continue to intervene in cane price fixation arbitrarily which are inflicting heavy damage to the industry. The government should think to reintroduce well devised Bhargava Formula which state that whenever there is extra realization over and above the sugar price fixed on the basis of SMP the same should be shared equally between the farmers and factory.

Levy Sugar

The sugar industry is the only industry in the country which is made to bear the burden of food subsidy under which it is required to supply 10% of its production to the Government as levy sugar at a discounted price, which at present is about 2/3rd of the open market sugar price. The sizable quantity of levy sugar lifted by state government nominee is diverted by unscrupulous traders in the open market and not actually goes to concerned poor family. The levy sugar price fixed by the Government is unrealistic and is often below even the cost of sugarcane. There is no other industry in the country which is required to supply any part of its production for the public distribution system. The Government procures other commodities from the market like wheat, paddy, kerosene, pulses etc. for the PDS. The Food subsidy bill of the Central Government is around Rs. 70,000 crore. A rough calculation of the subsidy burden the Central Government will have to bear, if it procures sugar for its PDS directly from the market, indicates that the additional subsidy burden on account of sugar would be around Rs. 2,500 crore only.

Distillery & Ethanol

Movement and distribution of Molasses and Alcohol (co-products) are governed by the State Governments. Here also due to lack of clear cut cohesive policy which varies from state to state it take considerable time to even allot the sugar factory's

own molasses to Distillery and allotment of finished goods Alcohol due to several bureaucratic hurdles. The ethanol blending program also suffer as states are reluctant to allow permission for allocation of alcohol for production of ethanol. The state authority put hurdles on ethanol production due to perceptible fear of losing revenue and meeting state requirement for potable.

Decontrol of Sugar Sector

The sugar industry is the most controlled industry in the country and sugar as a commodity, continues to be politically sensitive and strictly controlled by the Government of India. Right from the stage of setting up of sugar factory to area reservation of sugarcane, pricing of sugarcane, how much quantity a sugar factory can sell every month including bearing the cost of levy sugar at a discounted price, to compulsory packing of all sugar in jute bags, are decided by the Government. Unfortunately, such decisions of the Government are usually not based on pure economic consideration but are based on extraneous factors like inflation in other commodities or the general perception of the Government about production and demand in the country. The system has generally been seen to be to the disadvantage of the sugar industry, sugarcane farmers and also the consumers of sugar.

The Government has basically been ineffective in controlling the sugar prices especially when the sugar production has not been adequate. In the years of surplus production of sugar, Government releases often distorts the sugar market and kept the sugar prices below the cost of production causing losses to the sugar mills and resulting in building up of cane price arrears.

The sugar industry has been almost continuously agitating before the Government to deregulate the industry so that the sugar mills are able to plan not only their production of sugar but also sale of sugar and thereby cash flows.

The Government is considering introducing decontrol in sugar industry in phased manner and as first steps proposal to removing levy quota and monthly release mechanism.

Linkage of Sugarcane Price with Sugar Price

Almost all the countries follow a practice of cane price payment linked to the sugar price including one or both the by-products price. It is a general understanding that the linkage of cane price to sugar price will ensure a more stable sugar production and less volatility in the availability of sugar and price of sugar. The Prime Minister's Office has formed a Committee under the Chairmanship of Dr. Rangarajan to examine possibilities of such linkages in India also. The government has asked opinion from industry about sharing of sugar and by-product realization with the farmers by formulating a formula of sharing realization of about 60% and thereby fixing the most rational basis of cane price. This will be most positive steps by the government which will stabilize the sugar industry and will lessen the adverse effect of sugar cycle. The political consideration of fixing cane price will also be removed.

CANE & SUGAR POLICY

- I The ratio of levy for the season 2009-10 was increased to 20% from 10% because of lower availability of levy quantity due to lower production. From 2010-11 levy restored to 10%.
- I The Fair and Remunerative Price (FRP) was introduced for the season 2009-10 in place of Statutory Minimum Cane Price (SMP).
- I The levy sugar price for the season 2009-10 was revised after 5 years at Rs. 1951.25 per qtl. and for season 2010-11 at Rs. 2052.01 per qtl..
- I The stock holding limit of sugar for traders upto 30 days has been extended till September, 2011.
- I Stockholding limit on bulk consumers was increased to 90 days.
- I Ethanol price for the season 2010-11 has been provisionally fixed at Rs.27.00 per litre ex-factory from earlier Rs. 21.50 per litre.
- I The ban on future market in sugar has been lifted from October, 2010.
- I The weightage of sugar in Wholesale Price Index (WPI) has been reduced from 3.6% to 1.74%, means contribution of sugar in the inflation index is down by almost 50%.

Import & Export

- I Allowed import of raw sugar at zero duty by sugar mills from 17th April, 2009, which was extended till 1st January, 2011. The government extended the custom duty exemption on raw sugar import by bulk consumer till 1st April, 2011.
- I Allowed import of white or refined sugar at zero duty by some central PSU from 17th April, 2009. The said facilities was also extended to private traders from 31st July, 2009 till 31st March, 2010.

- I Allowed discharge of export obligation under Advance Authorization from December, 2010.
- I Allowed export under OGL and factory-wise export quota was fixed on pro-rata basis to the extent of 5 Lac MT, which was later reduced to 4.48 Lac MT plus balance 0.52 Lac MT to neighboring countries from April, 2011.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

Sugar

India is largest consumer and second largest producer of sugar in world. Sugar is an essential item of mass consumption and with increase in income and spending power the consumption pattern of rural India is changing. The consumption of sugar is on increasing trend and there are huge scope for further increase in demand as India is still lagging behind from many advanced countries in respect of per capita consumption of sugar. Thus there are opportunity in production and consumption of higher quantity of sugar in coming period.

Distillery

The consistent increase of demand of Rectified Spirit /Ethyl Alcohol in varied segment and mandatory provision of ethanol doping of 5% and its proposed increase to 10% will have strong support for growth of sugar industry.

Power

The emergence of Renewal Energy Certificate (REC) mechanism and its certification by domestic institutions with tradability on exchange has given opportunity to sugar factories to start bagasse based co-generation at much lower capital investment which will be feasible.

Bio-Compost Fertiliser

The bio-compost and vermi-compost fertilizers being produced by the company has got immense scope of demand in all major agriculture cultivation as it not only preserve the soil from excessive use of chemical fertilizer but also increase its fertility. The company is using distillery effluent and press mud from sugar and other agricultural waste to produce bio-compost which is very cost efficient. Thus the company apart from treatment of effluent and zero discharge adding value and thus expect good cash flow in near future.

THREATS

- I The sugar sector is exposed to political intervention.
- I Unreasonable increase in cane price in comparison to sugar selling price.
- I Industry cyclicity.

FUTURE PROSPECTS/OUTLOOK

The sugar year 2009-10 opened with a stock of 43 lac M/T against 105 lac M/T in 2008-09. The production for the season 2009-10 was at 189 lac M/T as against 145 lac MT during previous season. The import was 41 Lac MT. The domestic consumption of sugar for 2009-10 was at 213 lac M/T. The export of sugar was 2 Lac MT against 2 Lac MT in previous year. The closing stock was thus at 58 Lac MT.

The production for the season 2010-11 is estimated at 245 lac MT with estimated consumption of 225 to 230 Lac MT owing to increase in per capita income, growing population and economic growth. The export is expected at 20 Lac MT and thus there will be no further surplus. The international price of sugar is on increasing trend which will fetch better realization on export. The balancing of domestic sugar will strengthen the domestic price. Re-imposing of import duty will act as deterrent to free import.

The sugar industry's long standing demand of deregulation is under active consideration of the government. Deregulation will help the industry to grow. It would be in broader interest of all stakeholder-growers, millers, and consumers as would reduce the cyclic impact and minimize government interference.

Global Scenario :

The global forecast of sugar for 2011-12 is at around 176 Million MT against 165.5 Million MT in 2010-11. The forecast increase in sugar output is from EU, China, India and Russia. Brazil should have marginally more sugar availability for export in 2011-12.

Company's Plan :

SUGAR

The company after achieving 5,000 TCD is planning to consolidate in forthcoming season by increasing sugarcane availability. The company plan to further expand its capacity after rationalizing of its existing facilities from 5,000 TCD to 6,000 TCD in phased manner.

The company also plans to enter into co-generation through Renewal Energy Certification, which will require much lower investment in comparison to full fledged co-generation project. At later stage it may go for co-generation on large scale.

The bio-compost and krishi- labh jaivik khad has pick up the momentum and company is further strengthening its production facilities and marketing tie-up.

RISK AND CONCERN

SUGAR

- (a) Government's zeal to control every aspect of sugar industry, although all other industry has been decontrolled, hampering the growth of sugar sector.
- (b) Delay in evolving a rational Sugarcane Pricing Policy- having link with sugar price- is detrimental to growth of the industry.
- (c) The output of sugar, an agro-based product, is influenced by climatic vagaries.
- (d) Sugar Industry being cyclic in nature, the growth is hampered during downtrend.
- (e) Due to increase in interest rate the interest burden on sugar industry have increased as they are forced to maintain higher stock due to monthly release mechanism and so the higher working capital.

DISTILLERY

- (a) Lack of clear cut policy of the State Government and time consuming regulation of the movement and distribution of molasses are major concerns in respect of Distillery operations.
- (b) Inconsistent policy of the Central and State government in the implementation of the Ethanol Blending Programme and its stringent pricing issue are matter of concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

Your Company has adequate systems and internal control procedures to safeguard the assets of the company and to ensure maintenance of proper accounting records. Computersied Information System is available to capture, present and analyse the data for management information and decision-making. The company has installed ERP system for entire factory operation including sugarcane, raw material, Store, manpower, sales, accounting Management. The management and control of factory operation is also under computerization and automation. There is also an Internal Audit System in place which reviews the key business and controls and also test checks on routine transactions and reports deviations. Besides, an Audit Committee periodically reviews the functioning of the entire system.

FIXED DEPOSITS :

The company is complying with Fixed Deposit Rules. There is no overdues Fixed Deposit or interest thereon at the end of the year.

AUDITORS' REPORT :

The Notes on the Statement of Accounts referred to in the Report of the Auditors have been suitably explained by way of 'Notes on Accounts'.

COST AUDIT :

Cost Audit of Accounts of the Company for the year ended 31st March, 2011 is being conducted by M/s. Mani & Co., Cost Accountants, Kolkata, and necessary Report will be submitted to the Ministry of Corporate Affairs, Government of India, well in time.

DIRECTORS :

Dr. Gora Ghosh, Director retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Pankaj Tibrawalla, Director who retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, as amended, with respect to the Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in preparation of accounts for the 18 months period ended 31st March, 2011 , the applicable accounting standards have been followed.
- (ii) That the Directors of the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the 18 months period ended 31st March, 2011.
- (iii) That the Directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors of the Company have prepared the accounts of the Company for the 18 month period ended 31st March, 2011 on 'going concern' basis.

CORPORATE GOVERNANCE :

The Corporate Governance form an integral part of this Report and are set out as separate annexures to this Report. The certificate from the Auditors of the company certifying compliance of condition of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed to Report on Corporate governance.

PERSONNEL :

There was no employee of the Company getting remuneration so as to attract the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended as on date.

LISTING OF SHARES :

The Shares of the Company are listed on the Stock Exchanges of Calcutta and Mumbai. The Company has been regularly paying the Listing Fees to each Stock Exchanges.

CREDIT RATING :

As per Base-II norms in November, 2010 the company has been assigned BB-/Stable rating by CRISIL on Credit facilities from Banks. With the expected strengthening of financial position the company's rating may increase.

Change in Capital Structure :

During the 18 months financial year the company allotted 8,05,000 convertible warrants of Rs.10/- each at a price of Rs. 37.25 per warrant (including a premium of Rs. 27.25) on preferential allotment basis as per SEBI (ICDR) Regulations, 2009, and same were converted into equity shares. Again the company allotted 8,90,000 equity shares of Rs.10/- each at a price of Rs. 28.00 per share (including a premium of Rs. 18.00) on preferential allotment basis as per SEBI (ICDR) Regulations, 2009. The said issue strengthened the Company's financial parameters.

CONSERVATION OF ENERGY :

Particulars in respect of conservation of energy, technology absorption and Foreign Exchange earning and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are given in a separate annexure hereto and forming part of this report.

AUDITORS :

M/s. K.N. Gutgutia & Co., Chartered Accountants, Kolkata, Auditors of the Company, retire and being eligible offer themselves for re-appointment.

APPRECIATION :

Your Directors express their appreciation for the support and contribution by Cane Growers, Bankers, Central and State Government, Suppliers, Customers and the valuable services rendered by the Employees at all levels.

Kolkata,
Dated : 27th May, 2011

For and on behalf of the Board,

O. P. Dhanuka
Chairman & Managing Director

Information pursuant to the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st March, 2011 :

A. CONSERVATION OF ENERGY :

Energy Conservation measures taken :

- a) Your Company continues to give priority to conservation of energy on an ongoing basis.
- b) Total energy consumption and energy consumption per unit of production – Given separately in Form ' A ' annexed hereto.

B. TECHNOLOGY ABSORPTION :

Research & Development (R & D) :

- a) Specific areas in which R & D is being carried out by the Company :

Agriculture Development :

- 1) Soil Analysis and Nutrition
- 2) Soil Testing Lab
- 3) Tissue Culture
- 4) Microbial Culture Laboratory
- 5) Biological Control of Cane Crop
- 6) Heat Treatment Therapy to treat Sugarcane Seeds
- 7) Pest Control Measures to protect Sugar Cane from diseases.
- 8) Multiplication of foundation Cane Seeds by rearing in Nurseries
- 9) Ratoon Management for Sugar Cane crops.

Manufacturing Process :

- 1) Increasing the per day crushing rate.
- 2) Increase in operational efficiency of the Plant
- 3) Reduction of Sugar losses in process
- 4) Reduction in Steam consumption and power saving
- 5) Improvement in Sugar quality

Utilisation of by-products :

Manufacture of Bio-Compost & Vermi-Compost by using Pressmud and Distillery Effluents.

- b) Benefits derived as a result of above R & D :

- 1) By the measures under caption "Agricultural Development" : Availability of high yielding disease-free cane and higher financial return to the Cane Growers. Microbial Lab will increase the fertility of soil by restoring its vital components.
- 2) By the measures under caption "Manufacturing Process" : Improvement in production efficiency and reduction in steam consumption.
- 3) By the measures under caption "utilisation of by-products" : Advent of Bio-Fertilizer and cheaper duly treated Effluent Water, rich in nutrients, which are beneficial to the farmers, factory and environment and achievement of zero water discharge and pollution level below the maximum norms set by government.

- c) Future Plans of Actions :

- 1) Continuous research of better yielding disease-free variety of cane.
- 2) Contemplating scheme to reduce sugar loss in the process and simultaneously increasing operational efficiencies.

- d) Expenditure on R & D :

- | | |
|--|-----------------------------------|
| 1) Capital | :NIL |
| 2) Recurring | : Rs.20.00 Lacs approx. per annum |
| 3) Total | : Rs. 20.00 Lacs approx. |
| 4) Total R & D Expenditure
percentage of total turnover | : 0.17% of total turnover. as |

- e) Technology absorption, Adaptation and Innovation :

- i) Efforts, in brief, made towards technology absorption, adaptation and innovation :

The Research & Development Department and Technical Personnel keep themselves abreast of the technical developments and innovations relating to the Company's product and/or products and bring about improvement in operation for better quality and cost effectiveness.

ii) Benefits derived as a result of the above efforts : The Modernisation of Plant and smooth working ensured. iii) Imported Technology : None during the year. C. **FOREIGN EXCHANGE EARNING AND OUTGO :**

	For 18 months Financial Year 31st March, 2011	For 12 months Financial Year 30th September, 2009
1) Activities relating to exports initiative	None	None
2) Development of new Export Market for products and services of export plan	Nil	Nil
3) Total Foreign Exchange Earnings	Nil	Nil
4) Used (Rs. in Lacs)	250.44	179.95
FORM'A' SUGAR		
	For 18 months Financial Year 31st March, 2011	For 12 months Financial Year 30th September, 2009
A. Power & Fuel consumption (In the process of manufacture) :		
1. Electricity :		
a) Purchased :		
Units	NIL	NIL
Total amount (Rs.)	NIL	NIL
Rate/Unit	N.A.	N.A.
b) Own Generation :		
i) Through Diesel Generator :		
Units	10,60,447	6,82,607
Units/Litres of Diesel Oil	3.12	3.61
Diesel Oil Cost/Unit Rs.	12.05	9.55
ii) Through Steam Turbine :		
Units	1,88,73,368	72,07,719
Units/Qtl. of Bagasse	20.20	20.37
iii) Cost/Unit :	Bagasse being byproduct, not ascertainable.	
2. Coal, Furnace Oil & Ors :	Not directly consumed in production.	
B. Consumption per Unit of Production :		
Production (in Lac Qtls. including Stock in Process)	6.38	2.28
Electricity (per Qtl. of Sugar)(Units)	NPK FERTILISER 31.21	34.60

Power & Fuel Consumption :

	For 18 months Financial Year 31st March, 2011	For 12 months Financial Year 30th September, 2009
1. Electricity		
A. Purchase (Units) (Transfer from Sugar Unit)	42,750 Total Value (Rs.)	13,386
Rate per Unit (Rs.)		
B. Own Generation :		
Through Diesel Generation (Units)		1,53
Unit per Litre of Diesel Oil		2
Diesel Oil Cost/Unit		7.66
2. Coal, Furnace Oil & Others		4.27
(1) Production of Fertiliser (Qtls.)	9,379	
(2) Electricity Power Consumed Unit/Qtls.	4.55	9,66

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Riga Sugar Company Limited as a part of Dhanuka Group, has over the years endeavored to follow practice of Corporate Governance. Riga Sugar's business objective and that of its management and employees is to manufacture and market the Company's products so as to create value for consumers, farmers, shareholders, employees, and the national economy. In addition to compliance with regulatory requirements, Riga Sugar Company Limited endeavors to ensure that standards of ethical and responsible conduct are met throughout the organization. BOARD OF DIRECTORS :

Composition, attendance at the Board meeting & last Annual General Meeting, Outside Directorship and other Board Committees :-During the financial year 2009-11 consisting of 18 months period ended 31.03.2011, 11 (Eleven) Board Meetings were held on 22.10.2009, 30.12.2009, 30.01.2010, 23.03.2010, 26.04.2010, 14.08.2010, 20.09.2010, 15.11.2010, 20.01.2011, 12.02.2011 and 11.03.2011. Above information for the financial year ended 31st March, 2011 as applicable, is tabulated hereunder :

Directors	No of Board Meetings Attended	Attendance At previous AGM held on 25.02.2010	No. of Outside Directorship Held (Public Ltd..Co.)	No. of Membership (Chairmanship) in Board committees	Category
Mr. O. P. Dhanuka	11	Yes	4	-	Promoter & Executive
Mr. Pankaj Tibrawalla	10	Yes	3	1	Non-Promoter & Non-Executive
Mr. Rahul Pasari (resigned w.e.f 26.05.2011)	2	Yes	2	2	-do-
Dr. I. K. Saha	11	No	2	-	Independent & Non-Executive
Dr. Gora Ghose	9	Yes	3	2	-do-
Mr. Suyesh Borar	2	No	-	1	-do-
Mr. S. K. Goenka	9	Yes	3	2	-do-

The composition of the Board and other provisions as to Board and Committees are in compliance with the clause 49. All the independent directors qualify the conditions for being independent director as prescribed under clause 49. No Director is related to any other director, except Mr.O.P.Dhanuka and Mr.Pankaj Tibrawalla, who are related to each other, as Mr. Pankaj Tibrawalla is 'son-in-law' of Mr. O.P.Dhanuka. Further , the Board periodically reviews compliance reports of all laws applicable to the Company and necessary steps are being taken to ensure the compliance in law and spirit.

As required under Annexure I to clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information were placed before the Board from time to time.

The company pays to its non-executive Directors as sitting fees, an amount of Rs.2,500/- per meeting for attending meetings of the Board of Directors.

The company has adopted a code of conduct for its non-executive Directors and all non-executive Directors have affirmed compliances with the said code. All senior Management of the company have also affirmed compliance with the Code of Conduct. The code of conduct is also displayed on the companies website. The Annual Report of the company contains a certificate duly signed by Managing Director in this regard.

BOARD COMMITTEESAUDIT COMMITTEE

The Audit Committee of the Company met 8 times during the financial year 2009-11 on 28.12.2009, 28.01.2010, 22.03.2010, 24.04.2010, 12.08.2010, 18.09.2010, 04.11.2010 and 18.01.2011. TERMS OF REFERENCE

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Reviewing, with the management, the annual and quarterly financial statements before submission to the board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
4. Reviewing the adequacy of internal audit function & discussion with internal auditors any significant findings and follow up there on.
5. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
6. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
7. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
8. Approval of appointment of CFO.
9. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee of the Company comprises 3 Directors, majority of whom are independent and non-executive. Mr. Suyesh Borar, who has financial and accounting knowledge, is the Chairman of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. Auditors and Internal Auditors are invited to the meetings. The constitution of Audit Committee was as follows :

Name of Members	Status	No. of Meetings attended
Mr. Suyesh Borar (Chairman)	Independent & Non-Executive	08
Mr. Rahul Pasari	Non-Promoter & Non-Executive	08
Mr. S.K.Goenka	Independent & Non-Executive	08

SHAREHOLDERS COMMITTEE (i)

Share Transfer Committee

The Share Transfer Committee was constituted to deal with various matters relating to share transfer/transmission, issue of duplicate share certificates, approving the split and consolidation request and other matters relating to transfer and registration of shares.

The members of the committee are Mr. O. P. Dhanuka, Mr. Pankaj Tibrawalla, and Mr. S. K. Goenka. Mr. S. Prasad, Company Secretary is Ex-officio Secretary of the Share Transfer Committee. During financial year 2009-11, 27 No. of share transfer committee meetings were held.

(ii) Shareholders/Investors grievances committee

The company constituted the Shareholders/Investors grievances committee to oversee the redressal of shareholders' and investors' grievances in relation to transfer of shares, non-receipt of annual report and non-receipt of dividend.

Shareholders/Investors Grievance Committee comprises of Mr. Pankaj Tibrawalla, Chairman, Mr. Rahul Pasari and Mr. S. K.Goenka. During the financial year 2009-11, 06 No. of Shareholders/Investors Grievance Committee meetings were held.

RIGA SUGAR COMPANY LIMITED

The constitution of Shareholders/Investors Grievance Committee was as follows :

Name of Members	Status	No. of Meetings attended
Mr. Pankaj Tibrawalla (Chairman)	Non-Promoter & Non-Executive	06
Mr. Rahul Pasari	Non-Promoter & Non-Executive	06
Mr. S.K.Goenka	Independent & Non-Executive	06

Share transfer are processed fortnightly and approved by the share transfer committee. During the Financial Year 2009-11, 6 complaints were received from shareholders and investors. All the complaints have generally been solved to the satisfaction of the complainants. There is no pending complaints.

SUBSIDIARY COMPANY

The company has no subsidiary company.

COMPLIANCE OFFICER

Mr. S. Prasad, Company Secretary, is the Compliance Officer.

Address : Riga Sugar Co. Ltd.

14, Netaji Subhas Road, Kolkata- 700 001

Phone No. 033 2231 3414/15

Fax : 033 2230 3663

e-mail : sprasad@rigasugar.com

REMUNERATION COMMITTEE

Matters of remuneration of Executive Directors is considered by Remuneration Committee before placing before the Board of Directors of the Company, with the interested Executive Director(s), not participating or voting. The terms of remuneration of Executive Directors were approved by the Shareholders at the General Meeting. Remuneration Committee is comprising of 3 Directors, Mr. S. K.Goenka, Chairman, Mr. Suyesh Borar and Mr. Rahul Pasari, all of them independent and non-executive Directors.

The Company pays remuneration by way of salary and perquisites to the Managing Director. The remuneration is recommended by the Remuneration Committee to the Board of Directors and placed before the shareholders' meeting for approval.

The Non-executive Directors are remunerated by way of sitting fee of Rs. 2,500/- for attending each Board of Directors' meeting.

REMUNERATION OF DIRECTORS FOR FINANCIAL YEAR 2009-11

(Amount in Rs.)

Name of the Director	Sitting Fee	Salaries	Perquisites/ Benefits	Total
Mr. O. P. Dhanuka Chairman- Managing Director	-	26,19,600	4,79,030	30,98,630
Dr. I. K. Saha	27,500	-	-	27,500
Dr. Gora Ghose	22,500	-	-	22,500
Mr. P. Tibrawalla	25,000	-	-	25,000
Mr. Rahul Pasari	5,000	-	-	5,000
Mr. S. Borar	-	-	-	-
Mr. S. K. Goenka	22,500	-	-	22,500

The detailed break-up of remuneration of Chairman and Managing Director is given in Para 26 of Notes on Accounts.

The Company does not have any stock option scheme.

The present appointment of the Managing Director is for a period of five years and is effective from 1st March, 2009 to 28th February, 2014.

During the Financial Year 2009-11 no Remuneration Committee Meeting was held.

GENERAL BODY MEETING

Location and time of last Annual General Meetings are as under :

For Fin. Year	Venue	Date and time	No. of Special Resolution passed
30.09.2009	Sitaram Seksaria Sabhagar (Auditorium) Bhartiya Bhasa Parishad, 36A, Shakespeare Sarani, Kolkata- 700 017	25th February, 2010 at 4.30 p.m.	None
30.09.2008	Do	18th February, 2009 at 10.30 a.m.	1
30.09.2007	Do	19th February, 2008 at 4.30 p.m.	None

Three Extra-Ordinary General Body Meeting were held during last 3 years on 02.01.2008, 09.09.2009 and 09.03.2011, during last three years no deemed Extra-Ordinary General Meeting was held for declaration of result of resolution put through postal ballot.

In aforesaid Extra Ordinary General Meetings the following Resolutions were passed :

Date of Extra Ordinary General Meeting/Postal Ballot	Resolution Description	Voting pattern in Postal Ballot % in favour % Against
EGM : 02.01.2008	Special Resolution in terms of section 81(1A) and all other applicable provisions, if any of the Companies Act,1956 for issue of Convertible Equity Share Warrants on Preferential basis.	By show of hands
EGM : 09.09.2009	Special Resolution in terms of section 81(1A) and all other applicable provisions, if any of the Companies Act,1956 for issue of Convertible Equity Share Warrants on Preferential basis.	By show of hands
EGM : 09.03.2011	Special Resolution in terms of section 81(1A) and all other applicable provisions, if any of the Companies Act,1956 for issue of Equity Shares on Preferential basis.	By show of hands

DISCLOSURES

(i) The details of related party transactions is mentioned in para 24 of schedule 14 of Notes on Accounts. There was no materially significant related party transaction, which was considered to have conflict with the interest of the Company at large. (ii) There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange, SEBI

or any other statutory authority, on any matter relating to the capital markets, during the last three years. (iii) None of the Non-Executive Directors hold equity shares or convertible instruments of the Company as on 31.03.2011. (iv) The Company has followed the guidelines of Accounting Standards prescribed under the Companies (Accounting Standard) Rules, 2006 in preparation of its financial statements. (v) Pursuant to the provisions of sub-clause V of the revised clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and the CEO have issued a certificate to the Board, for the financial year ended 31st March, 2011.

MEANS OF COMMUNICATION

The Quarterly, Half yearly and Annual Results were published in the leading English and Bengali Newspapers such as 'The Financial Express' and 'Dainik Statesman' (Bengali). The Half-Yearly reports are not sent to household of shareholders. The Company's Website is www.rigasugar.com, Official news release and presentations made to analysts are sent to the Stock Exchanges at Calcutta and Mumbai, where shares of the Company are listed.

The Company's Quarterly Results are available on www.rigasugar.com

As per Clause 52 of the Listing Agreement with stock exchanges, certain documents/information such as quarterly/annual financial results, shareholding pattern and corporate governance are accessible on the website www.rigasugar.com

The Company has designated separate section for redressal of the investor grievances and necessary disclosure to this effect in the Company's website www.rigasugar.com as well the email-id sprasad@rigasugar.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and developments, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns of the Company and discussion on financial performance with respect to the operational performance, has been covered in the Director's Report.

The Company has an adequate system of internal controls to ensure that transactions are properly recorded, authorized and reported apart from safeguarding its assets. The internal control system is supplemented by well documented policies, guidelines and procedures and review carried out by the Company's internal audit function which submits reports periodically to the Management and the Audit Committee of the Board.

There has been no material development in Human Resources/Industrial Relations during the period covered by this Annual Report. Your Company has a favorable work environment that motivates performance, customer focus and innovation while adhering to the high degree of quality and integrity. Training programmes are being organized to impart further innovative ideas and knowledge as well as to upgrade the skill of the employees.

Manpower figures of the Company as on 31.03.2011 was 749

GENERAL SHAREHOLDERS INFORMATION (i)

Annual General Meeting

Date and Time : 20th August, 2011 at 11.45 a.m.

Venue : Kalakunj

48, Shakespeare Sarani,
Kolkata- 700 017

(ii) Financial Year

The financial year ending of the Company has been extended from 30th September, 2010 to 31st March, 2011. Therefore, current financial year is for 18 months period from 1st October, 2009 to 31st March, 2011. Thereafter, the financial year of the Company will be from 1st April to 31st March every year.

(iii) Financial Year Calendar for 2011-2012

Results for quarter ending June, 2011	second week of August, 2011
Results for quarter ending September, 2011	second week of November, 2011
Results for quarter ending December, 2011	second week of February, 2011
Results for quarter ending March, 2012	second week of May, 2012 (Unaudited) or last week of May, 2012 (If audited)

(iv) Date of Book Closure 18.08.2011 to 20.08.2011

(v) Outstanding ADRs/GDRs Warrants or : NIL
any convertible instruments, conversion date
and likely impact on equity

LISTING OF EQUITY SHARES ON STOCK EXCHANGES AT

(i) The Calcutta Stock Exchange Limited 7, Lyons Range,
Kolkata-700 001

(ii) Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers Dalal
Street, Mumbai-400 001

LISTING FEES

Listing fee for the year 2010-11 and 2011-12 has been paid to the above Stock Exchanges.

DEPOSITORIES

(i) National Securities Depository Limited
Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai-400023

(ii) Central Depository Securities Limited
Phiroze Jeejeebhoy Towers, 28th Floor
Dalal Street Mumbai-400 023

STOCK CODE

- CSE Code 10028038
- BSE Code 507508
- ISIN Code INE 909 C01010

STOCK MARKET DATA

Calcutta Stock Exchange(CSE)

Bombay Stock Exchange(BSE)

	Month's high Price	Months Low price	Volume	Month's high price	Month's low price	Volume
Oct. 2009	-	-	-	46.90	39.75	263398
Nov. 2009	-	-	-	44.70	38.10	251007
Dec. 2009	-	-	-	47.00	38.70	158230
Jan. 2010	-	-	-	53.00	41.15	421715
Feb. 2010	-	-	-	45.40	34.10	172485
Mar. 2010	-	-	-	37.15	26.35	168323
Apr. 2010	-	-	-	40.60	27.95	206137
May 2010	-	-	-	36.90	25.70	265542
Jun. 2010	-	-	-	30.10	26.25	65812
Jul. 2010	-	-	-	30.60	24.40	126764
Aug. 2010	-	-	-	29.40	24.80	145448
Sep. 2010	-	-	-	31.00	24.00	237043
Oct. 2010	-	-	-	32.00	26.50	47632
Nov. 2010	-	-	-	32.80	24.70	100605
Dec. 2010	-	-	-	30.00	22.80	92562
Jan. 2011	-	-	-	30.00	22.95	89014
Feb. 2011	-	-	-	28.00	21.00	52406
Mar. 2011	-	-	-	27.10	21.20	75740
TOTAL						2939863

Note : There was no trading in Calcutta Stock Exchange during the year.

Share Price Performance in comparison to BSE Sensex.

BSE Sensex

% change in RSCL share price	% change in Sensex
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(-) 48%	13%
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Financial Year ended 31st March, 2011

REGISTRAR AND TRANSFER AGENTS, SHARE TRANSFER SYSTEM

Share transfers are normally effected within a maximum period of 30 days from the date of receipt and Demat request is confirmed within a period of 14 days.

Registrars and Share Transfer Agents :

M/s. S. K. Computers
34/1A, Sudhir Chatterjee Street,
Kolkata-700 006

Phone : 033 2219 6797, Fax : 033 2219 4815

CATEGORIES OF SHAREHOLDING AS ON 31st MARCH, 2011

Category	Number of Shares	Percent of total shares
Promoters	42,68,429	56.70
Foreign Institutional Investors	-	-
Banks, Financial Institutions, Insurance Co.	-	-
Companies (Central/State Govt. Institutions/Non Govt. Institutions)	—	—
Mutual Funds and UTI	2,600	0.03
Private Corporate Bodies (including clearing members)	16,56,751	22.00
Non-Resident Indian(NRI) and Overseas Corporate Bodies (OCB)	12,577	0.17
Indian Public	15,88,048	21.10
TOTAL	75,28,405	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2011

Shareholding Range	Number of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	5769	92.51	722802	9.60
501-1000	240	3.85	196470	2.61
1001-2000	100	1.60	149458	2.00
2001-3000	43	0.69	106097	1.41
3001-4000	15	0.24	55296	0.73
4001-5000	7	0.11	31536	0.42
5001-10000	23	0.37	174154	2.31
10001-50000	22	0.35	457846	6.08
50001-100000	6	0.10	467128	6.20
100001 and above	10	0.18	5167618	68.64
TOTAL	6235	100.00	7528405	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

94.91% equity Shares of the Company have been dematerialised as on 31st March, 2011.

PLANT LOCATION

(i) SUGAR UNIT	(ii) DISTILLERY UNIT	(iii) HARABHARA FERTILISER
Dhanuka Gram, P. O. Riga	Dhanuka Gram, P. O. Riga	Dhanuka Gram, P. O. Riga
Dist. Sitamarhi	Dist. Sitamarhi	Dist. Sitamarhi
Bihar-843 327	Bihar-843 327	Bihar-843 327

INVESTORS CORRESPONDANCE

All share transfer cases should be forwarded to the Registrars & Share Transfer Agents of the company. All communication should be forwarded to the Registered Office of the Company marked to the attention of the Company Secretary - Mr. S. Prasad (Phone No. 2231-3414, E-mail : spasad@rigasugar.com)

DECLARATION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, I, O. P. Dhanuka, Managing Director of Riga Sugar Co. Ltd., declare that all the Board Members and senior Executives of the Company have affirmed their compliance with the Code of Conduct of the Company during the financial year 2009-11.

Kolkata
27th May, 2011

O. P. Dhanuka
Chairman-Managing Director

CMD & CEO Certification

The Board of Directors
Riga Sugar Co.Ltd.
Kolkata.

Re : Financial Statements for the Financial Year 2009-11 Certification by CMD and CEO

We, O. P. Dhanuka, Managing Director and S. Prasad, Chief Executive Officer of Riga Sugar Co. Ltd, on the basis of the review of the financial statements and the cash flow statement for the 18 months period ended 31st March, 2011 and to the best of our knowledge and belief, hereby certify that :-1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.

2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the 18 months period ended 31st March, 2011 which are fraudulent, illegal or violative of the company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors & the Audit Committee :
 - a) there have been no significant changes in internal control over financial reporting during this period.
 - b) about the significant changes in accounting policies during this period.
 - c) there have no instances of significant fraud of which we have become aware and the involvements therein, of management or an employee having significant role in the company's internal control systems over financial reporting.

Kolkata
27th May, 2011

S. Prasad
Chief Executive Officer

O. P. Dhanuka
Chairman-Managing Director

CERTIFICATE

To the Members of Riga Sugar Company Limited

We have examined the compliance of conditions of corporate governance by Riga Sugar Company Limited for the for the 18 months period ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with the 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 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 state that in respect of investor grievances received during the financial year consisting of 18 months period ended 31st March, 2011 no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

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.

6C, Middleton Street
Kolkata-700 071
27th May, 2011

For K.N. GUTGUTIA & CO.
Chartered Accountants

(Subhasish Pore)
Partner

(Membership No. 55862)

AUDITOR'S REPORT

TO
THE MEMBERS OF
RIGA SUGAR COMPANY LIMITED

1. We have audited the attached balance sheet of RIGA SUGAR COMPANY LIMITED (hereinafter referred to as "the company"), as at 31st March, 2011 and also the profit and loss account and the cash flow statement for the period of 18 months ended on that date annexed thereto, all of which we have signed this day under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform our audit to obtain reasonable assurance as to whether the aforesaid financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for expressing our opinion on the aforesaid financial statements of the company.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report Amendment) Order, 2004 ("the Order") made by the Central Government of India in exercise of power conferred by sub-section (4A) of section 227 of the Companies Act, 1956 (hereinafter referred to "the Act"), and, on the basis of such checks as we have considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement containing the matters specified in paragraph nos. 4 and 5 of the Order.
4. Further to our statement in the Annexure referred to in paragraph no. 3 above, we report that :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The company's balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the profit and loss account, balance sheet and the cash flow statement comply with the applicable accounting standards referred to sub-section (3C) of section 211 of the Act.
 - (v) Based on written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts of the company 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 -

- (i) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
- (ii) in the case of the profit & loss account, of the profit of the company for the 18 months period ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the 18 months period ended on that date.

For K. N. GUTGUTIA & CO. Chartered Accountants (ICAI Firm Registration No. 304153E) 6C, Middleton Street
Kolkata-700 071
Dated : 27th May, 2011

SUBHASISH PORE
Partner
Membership No. 55862

Annexure

As referred to in paragraph no. 3 of our report of even date

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (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) The company has granted unsecured loans to companies covered under register maintained under section 301 of the Act; as detailed in paragraph no.25 of notes on accounts in schedule-14; and
- (b) the rate of interest and other terms and conditions of loans given by the company are not prima-facie prejudicial to the interest of the company ; and
- (c) Receipt of the principal amount and interest are also regular; and
- (d) there is no overdue amount.
- (e) The company has taken unsecured loans from companies covered in the register maintained under section 301 of the Act; as detailed in paragraph no. 25 of notes on schedule 14; and
- (f) the rate of interest and other terms and conditions of loan taken by the company are not prima facie prejudicial to the interest of the company; and
- (g) Payment of the principle amount and interest are also regular.
- (iv) 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, fixed assets and for the sale of goods. We have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) The particulars of contracts or arrangement referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) save and except the transactions reported in clause (iii) above no transaction has been made.
- (vi) In respect of deposit accepted, in our opinion and according to the information and explanations given to us, directives issued by Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules made thereunder, 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 Board Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) The company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and such accounts and records have been made and maintained.
- (ix) (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with appropriate authorities.

- (b) There are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have not been deposited on account of any dispute, except the following :-

Sl. No.	Nature	Amount (Rs.in Lac)	Forum where dispute is pending
1.	Excise Duty	1.10	CESTAT, Kolkata

- (x) The company has no accumulated losses as at the end of financial year and it has not incurred any cash losses in current and immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to a bank.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is neither a chit fund nor a nidhi/mutual benefit fund/society.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The company has not given any guarantees for loan taken by others from banks or financial institutions except as disclosed in paragraph no. 3 (d) of notes on accounts in schedule 14. The terms and conditions thereof are not prejudicial to the interest of the company.
- (xvi) The term loans were applied, by and large, for the purposes for which they were obtained.
- (xvii) No funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act as per SEBI Regulations and the price of shares issued is not prejudicial to the interest of the company.
- (xix) No debentures have been issued.
- (xx) No money has been raised by public issues during the year.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India, no fraud on or by the company has been noticed or reported.

For K. N. Gutgutia & Co. Chartered Accountants (ICAI Firm Registration No. 304153E) 6C, Middleton Street Kolkata-700 071 27th May, 2011

(SUBHASISH PORE)
Partner
Membership No. 55862

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31.03.2011 Rs.	As at 30.09.2009 Rs.
I. SOURCES OF FUNDS		7,54,52,550	5,85,02,550
1) Shareholders' funds			
a) Capital	1 2		
b) Reserve & Surplus		22,11,17,815	23,18,47,113
		29,65,70,365	29,03,49,663
2) Loan Funds	3 4		
a) Secured Loans		93,47,49,345	77,96,31,835
b) Unsecured Loans		33,05,80,230	18,83,66,092
		1,26,53,29,575	96,79,97,927
TOTAL	5	1,56,18,99,940	1,25,83,47,590
II. APPLICATION OF FUNDS			
1) Fixed Assets		1,40,25,04,185	1,33,25,45,296
a) Gross Block			
b) Less : Depreciation		55,19,48,487	49,30,72,066
c) Net Block		85,05,55,698	83,94,73,230
d) Capital Work in Progress	8	7,29,245	7,09,213
		85,12,84,943	84,01,82,443
2) Investment	9	—	4,38,180
3) Deferred Tax Assets		2,62,72,629	3,15,57,584
4) Current Assets, Loans & Advances	6	1,32,00,20,171	23,67,72,653
a) Inventories			
b) Sundry Debtors		1,31,26,607	80,10,400
c) Cash & Bank Balances		4,30,74,452	1,34,45,916
d) Loans & Advances		21,45,67,630	19,60,39,766
		1,59,07,88,860	45,42,68,735
Less : Current Liabilities & Provisions	7	85,19,08,279	6,12,74,557
a) Current Liabilities			
b) Provisions		5,45,38,213	68,24,795
		90,64,46,492	6,80,99,352
Net Current Assets		68,43,42,368	38,61,69,383
TOTAL		1,56,18,99,940	1,25,83,47,590
Accounting Policies & Notes on Accounts In terms of our Report of even date attached herewith	14		

For K. N. Gutgutia & Co.
Chartered Accountants
SUBHASISH PORE
Partner
(Membership No. 55862)
6C, Middleton Street
Kolkata-700 071 27th
May, 2011

S. Prasad
Company Secretary

O. P. Dhanuka
Chairman & Managing Director

S. K. Goenka
Director

**PROFIT & LOSS ACCOUNT FOR 18 MONTHS PERIOD ENDED
31ST MARCH, 2011**

	Schedule	For 18 months ended 31.03.2011 Rs.	For the year ended 30.09.2009 Rs.
INCOME		1,24,33,09,453	94,49,36,100
Gross Sales	10		
Less, excise and development cess		5,03,20,445	4,56,70,907
Net Sales Other Income		1,19,29,89,008	89,92,65,193
	1112	2,73,02,915	2,04,05,442
VARIATION IN STOCKS		1,22,02,91,923	91,96,70,635
TOTAL		1,01,98,11,859	(14,33,69,644)
EXPENDITURE		2,24,01,03,782	77,63,00,991
Material Consumed, Purchased for Trading, Manufacturing, Administration, Selling and Other Expenses	13	2,05,97,08,480	59,31,44,077
Interest	135		
Depreciation		10,92,51,486	9,49,36,002
TOTAL		5,97,11,371	5,85,67,619
PROFIT/(LOSS) BEFORE TAXATION Provision for tax – Current Tax Deferred Tax Fringe benefit Tax Income Tax for earlier year		2,22,86,71,337	74,66,47,698
		1,14,32,445	2,96,53,293
		11,13,437	—
Profit(Loss) after tax		52,84,955	74,12,154
Balance brought forward from last year		—	4,00,000
		(50,399)	6,94,501
Profit(Loss) available for appropriation		50,84,452	2,11,46,638
For Proposed Divided		6,95,932	(1,36,25,911)
For Tax on Proposed Divided		57,80,384	75,20,727
Balance carried to Balance Sheet		—	58,33,405
		—	9,91,390
Basic and diluted earning per share (Face value of Rs. 10/-each)		57,80,384	6,95,932
		57,80,384	75,20,727
		0.81	3.82

Accounting Policies & Note on Accounts 14
In terms of our Report of even date attached herewith.

For K. N. Gutgutia & Co.
Chartered Accountants
SUBHASISH PORE
Partner
(Membership No. 55862)
6C, Middleton Street
Kolkata-700 071 27th
May, 2011

S. Prasad
Company Secretary

O. P. Dhanuka
Chairman & Managing Director

S. K. Goenka
Director

CASH FLOW STATEMENT FOR 18 MONTHS PERIOD ENDED 31ST MARCH, 2011

	For 18 months ended 31.03.2011 (Rs. in Lacs)	For the year ended 30.09.2009 (Rs. in Lacs)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	114.32	296.53
Adjustment for :		
Depreciation	597.11	585.68
Interest Charges	1,092.51	949.36
Interest/Other Income	(13.25)	(88.50)
(Profit)Loss on Sale of Investment	(0.85)	—
Liability no longer required Written Back	(0.16)	(86.84)
Susidy Received	54.65	—
Loss on Sale of Fixed Asstes	4.09	—
Wealth Tax paid	0.13	0.31
Operating Profit before working Capital Changes	1,848.55	1,656.53
Adjustments For :		
Trade and Other Receivables	(199.62)	(189.60)
Inventories	(10,832.48)	1,701.54
Trade Payables Cash generated from	7,840.07	(1,008.47)
Operating Activities Income Tax (payment)	(1,343.47)	2,160.00
refund (Net)	(29.33)	4.93
Net Cash from Operating Activities	(A) (1,372.80)	2,164.93
B) CASH FLOW FROM INVESTING ACTIVITIES	(769.87)	(730.64)
Purchase of Fixed Assets		
Sale/Purchase of Investment	5.23	—
Sale of Fixed Assets Dividend	3.00	—
Received Interest Received	13.25	154.19
Net Cash used in Investing Activities		
C) CASH FLOW FROM FINANCING ACTIVITIES	(B) (748.39)	(576.45)
Proceeds from allotment money received on Share Capital	549.06	108.36
Proceeds from Long Term Borrowing (including funded interest)	—	1,101.67
Repayment of Long Term Loan	(1,513.58)	(601.23)
Repayment/Proceeds from short term Borrowing	4,486.90	(1,142.08)
Dividend Paid	(56.58)	—
Interest	(1,048.32)	(1,038.02)
Net Cash from Financing Activities	2,417.48	(1,571.30)
Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C)	296.29	17.18
OPENING BALANCE OF CASH & CASH EQUIVALENTS	134.46	117.28
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	430.75	134.46

(1) Cash and cash equivalent consists of cash on hand and balances with Banks.

(2) Figures for the previous year have been regrouped/re-cast wherever necessary.

For K. N. Gutgutia & Co. Chartered Accountants SUBHASISH PORE Partner

(Membership No. 55862) 6C,

Middleton Street Kolkata-

700 071 27th May, 2011

S. Prasad
Company Secretary

Goenka
O. P. Dhanuka
Chairman & Managing Director

S. K.
Director

SCHEDULES "1 TO 14" ANNEXED TO AND FORMING AN INTEGRAL PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT & LOSS ACCOUNT FOR 18 MONTHS PERIOD ENDED ON THAT DATE

As at 31.03.2011 Rs.	As at 30.09.2009 Rs.		
SCHEDULE "1"			
SHARE CAPITAL			
AUTHORISED :			
1,00,000	12% Cumulative Redeemable Preference shares of Rs. 10/- each	10,00,000	10,00,000
1,49,00,000	Equity Shares of Rs. 10/- each	14,90,00,000	14,90,00,000
		15,00,00,000	15,00,00,000
ISSUED, SUBSCRIBED & PAID-UP			
75,28,405	(58,33,405) Equity Shares of Rs 10/- each as fully paid up Share Forfeited	7,52,84,050	5,83,34,050
		1,68,500	1,68,500
		7,54,52,550	5,85,02,550
Notes :	<ul style="list-style-type: none"> i) Out of 75,28,405 (58,33,405) Equity Shares 28,79,780 (24,39,780) Equity Shares are held by erstwhile holding company. ii) 2,45,000 Equity Shares of Rs. 10/- each issued otherwise than in cash in terms of the scheme of arrangement. iii) 12,25,450 Equity Shares of Rs. 10/- each (fully paid-up) issued as Bonus Shares by Capitalisation of General Reserve. iv) During previous years 33,700 Shares were forfeited due to non-payment of allotment money. 		
SCHEDULE "2"			
RESERVE & SURPLUS :			
(a)	Capital Reserve Share Forfeited	6,74,000	6,74,000
(b)	Revaluation Reserve (on revaluation of land)	6,92,18,539	6,92,18,539
(c)	Share Premium	13,23,52,975	9,43,96,725
(d)	General Reserve :		
	As per last Balance Sheet	6,68,61,917	6,68,61,917
	Less : Accumulated Liability of Gratuity & Leave Benefits of Past Years as per Valuation	(5,37,70,000)	
		1,30,91,917	6,68,61,917
(e)	Surplus as per Profit and Loss Account	57,80,384	6,95,932
	TOTAL (a) to (e)	22,11,17,815	23,18,47,113

RIGA SUGAR COMPANY LIMITED

As at 31.01.2011 Rs.	As at 30.09.2009 Rs.		
SCHEDULE "3"			
SECURED LOANS			
TERM LOANS			
		15,03,28,107	20,01,75,580
Sugar Development Fund (Including funded Interest)		21,28,70,959	28,37,46,515
Bank of India Union Bank of India		3,79,83,823	6,86,19,058
		40,11,82,889	55,25,41,153
CASH CREDIT			
Bank of India Union		40,03,17,69	16,87,67,623
Bank of India		6	5,83,23,059
		13,32,48,760	22,70,90,682
		53,35,66,456	77,96,31,835
TOTAL (Particulars of Securities : Note No. 17, Schedule "14")		93,47,49,345	
SCHEDULE "4"			
UNSECURED LOANS			
Inter-Corporate Loans		32,30,80,230	18,63,66,092
Deposit		75,00,000	20,00,000
		33,05,80,230	18,83,66,092

RIGA SUGAR CO. LTD.

Schedule "5"

FIXEDASSETSASAT31STMARCK2011

Items	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	Cost/Value 01.10.2009	Additions	Deductions/ Adjustment	As at 31.03.2011	As at 01.10.2009	For 18 Months Period	Deduction/ Adjustments	As at 31.03.2011	As at 31.03.2011	As at 30.09.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>TANGIBLE</u>										
Free-hold Land	7,69,81,033			7,69,81,033	—	—			7,69,81,033	7,69,81,033
Buildings	12,01,57,091	57,92,319		12,59,49,410	3,02,86,145	53,59,774		3,56,45,919	9,03,03,491	8,98,70,946
Railway Sidings	1,093			1,093	1,083	—		1,083	10	10
Plants Machinery	1,11,03,83,474	6,74,46,532	54,64,647	1,17,23,65,359	45,17,31,037	5,06,09,163		50,23,40,200	67,00,25,159	65,86,52,437
Furniture, Fixtures & Equipments	1,00,76,768	15,77,608	—	1,16,54,376	53,73,785	15,33,852	—	69,07,637	47,46,739	47,02,983
Vehicles	1,33,52,897	21,21,030	15,43,734	1,39,30,193	50,95,622	18,39,787	8,34,950	61,00,459	78,29,734	82,57,275
<u>INTANGIBLE</u>										
Trade Mark	50,000			50,000	31,667	7,500		39,167	10,833	18,333
Software Development	15,42,940	29,781		15,72,721	5,52,727	3,61,295	—	9,14,022	6,58,699	9,90,213
Total	1,33,25,45,296	7,69,67,270	70,08,381	1,40,25,04,185	49,30,72,066	5,97,11,371	8,34,950	55,19,48,487	85,05,55,698	83,94,73,230
Previous period										
Total	1,22,70,25,426	10,60,33,630	5,13,760	1,33,25,45,296	43,50,18,208	5,85,67,618	5,13,760	49,30,72,066	83,94,73,230	

Note: AdditiontoFixedAssetsisnetofCenvatCredit.

Plants machineries added for expansion and depreciated after completion of expansion scheme.

	As at 31.03.2011 Rs.	As at 30.09.2009 Rs.
SCHEDULE "6"		
CURRENT ASSETS, LOANS & ADVANCES :		
Current Assets :		
a) Inventories		
Stores & Spare Parts	5,62,86,106	5,86,71,727
Sugar	1,05,32,61,501	15,87,28,302
Ethyl Alcohol	7,21,32,675	21,30,560
Stock-in-Process	3,24,11,305	12,19,191
Molasses	2,95,87,664	
Raw Materials	3,26,47,686	55,18,408
Bagassee	3,15,16,200	
Stock of Fertiliser	1,21,77,034	1,05,04,465
	1,32,00,20,171	23,67,72,653
b) Sundry Debtors :		
(Unsecured and Considered Good)		
Debts outstanding for a period exceeding Six Months	18,67,514	25,17,036
Other Debts	1,12,59,093	54,93,364
	1,31,26,607	80,10,400
c) Cash & Bank Balances :		
Cash in Hand	21,73,862	17,17,008
Balance with Scheduled Banks :		
In Current Accounts	3,55,41,938	49,51,977
In Fixed Deposit Accounts	47,28,198	63,17,996
In Dividend Account	6,30,454	4,54,935
In Employees Security Deposit Account	—	4,000
	4,30,74,452	1,34,45,916
d) Loans & Advances :		
Loan to Cane Growers	5,42,042	50,31,566
Advances recoverable in cash or in kind for value to be received	4,34,97,330	4,22,62,362
Balance with Government Departments, Railways etc.	12,62,44,985	6,44,99,027
Tax Deducted at Source Advance	35,17,659	
Income Tax Payments Deferred expenditures Inter Corporate	14,16,210	12,52,102
Loan	3,93,49,404	4,18,01,404
	21,45,67,630	19,60,39,766
Total (a) to (d)	1,59,07,88,860	45,42,68,735

	As at 31.03.2011 Rs.	As at 30.09.2009 Rs.
SCHEDULE "7"		
CURRENT LIABILITIES & PROVISIONS :		
a) Current Liabilities :		
Sundry Creditors :		
Other than Micro & Small Enterprises	80,00,00,024	5,79,65,809
Unclaimed Dividend Interest accrued but not due on Loans Excise duty liability on Closing Stock	6,30,464 72,73,002 4,40,04,789	4,54,935 28,53,813
	85,19,08,279	6,12,74,557
b) Provisions :		
Provision For Taxation		
Current	14,16,213	
FBT	14,00,000	
Provisions For Proposed Dividend	5,17,22,000	58,33,405
Provisions For Tax on Proposed Dividend	5,45,38,213	68,24,795
Provision For Retirement Benefits of Employees	90,64,46,492	6,80,99,352
Total (a) to (b)		

SCHEDULE "8"

INVESTMENT : Long		
Term-Non Trade	16,21,86,576	
Unquoted Shares :		
— (43,600) Equity shares of Rs. 10/- each in Eastern Ganges Corporation (P) Ltd.	9,38,142 14,56,30,774	4,38,180
	3,48,33,372	4,38,180
Aggregate value of quoted investmet	70,56,917	
Aggregate value of un-quoted investment	18,84,59,205	4,38,180
Market value of quoted investment	2,62,72,629	

SCHEDULE "9"**DEFERRED TAX**

Deferred Tax Liability		
Depreciation on Fixed Assets		14,91,88,463
Deferred tax Assets :		
Unabsorbed Business Losses carried forward in Income Tax		8,09,679
Unabsorbed Depreciation carried forward in Income Tax (See note no. 16, Schedule 14)		14,55,54,518
Section 43B		2,84,32,339
MAT Credit		59,49,511
		18,07,46,047
Net Deferred tax Assets (Liability)		3,15,57,584

RIGA SUGAR COMPANY LIMITED

	For 18 months period ended 31.03.2011 Rs.	For the year ended 30.09.2009 Rs.
SCHEDULE "10"		
Sales :		
Sale of Sugar, Molasses, Ethyl Alcohol, Ethanol & Fertilisers	1,24,33,09,453	94,43,55,977
Sale of earlier year		5,80,123
	1,24,33,09,453	94,49,36,100
SCHEDULE "11"		
OTHER INCOME		
Interest Gross :		
(Tax Deducted at source Rs. 16,84,192/- Previous year Rs. 18,33,467/-) On		
Deposit with Banks On Loan and	7,19,288	5,10,936
Advances Others (including Interest on	6,05,636	2,32,802
tax refund) Miscellaneous Income	—	81,06,754
Subsidy Claim	58,99,648	28,70,914
Liability no longer existent Written Back	1,85,45,499	—
Insurance Claim Received Profit on Sale	16,253	86,84,036
of Investment	14,31,571	—
	85,020	—
	2,73,02,915	2,04,05,442
SCHEDULE "12".		
VARIATION IN STOCK :		
a) Closing Stock :		
Sugar		15,87,28,302
Molasses	1,05,32,61,501	
Ethyl Alcohol & Ethanol	2,95,87,664	21,31,580
Stock-in-Process	7,21,32,675	12,19,191
Fertilisers Bagassee	3,24,11,305	1,05,04,465
	1,21,77,034	
	3,15,16,200	
b) Opening Stock :		17,25,83,538
Sugar		
Molasses	1,23,10,86,379	
Ethyl Alcohol & Ethanol		30,23,72,605
Stock-in-Process	15,87,28,302	
Fertilisers Bagassee		
	21,31,580	1,18,401
	12,19,191	64,31,055
	1,05,04,465	17,17,314
Excise Duty & Cess on Increase/(decrease) on Finished Goods Stock		
Increase (Decrease)	17,25,83,538	31,06,39,375
	1,05,85,02,841	(13,80,55,837)
	(3,86,90,982)	(53,13,807)
	1,01,98,11,859	(14,33,69,644)

For 18 months period
ended 31.03.2011
Rs.

SCHEDULE "13"

I. MATERIALS CONSUMED, PURCHASED FOR TRADING, MRANUFACTURING, ADMINISTRATION, SELLING & OTHER EXPENSES		
a) Cost of Raw Material consumed (Purchase, Procurement, Transportation, Other Charges etc.)	1,64,92,26,983	37,94,59,308
b) Stores & Spare Parts consumed	13,06,78,679	6,35,42,790
c) Power & Fuel	3,05,73,432	2,24,29,158
d) Ferti-irrigation Exp.	10,22,481	13,36,815
e) Jaivik Krishi Labh Khad Exp.	34,51,764	6,85,748
f) Employees' Remuneration & Benefits : Salaries, Wages, Bonus & others Workmen & Staff	17,45,05,283	8,31,37,549
Welfare Expenses Provident Fund & Pension	49,20,874	20,79,177
Fund Contribution Gratuity Provision for Gratuity & Leave	1,16,77,888	62,52,796
g) Other Expenses :	35,39,081	31,35,713
Auditors' Remuneration :	(20,48,000)	—
Audit Fee Tax Audit	1,04,785	55,150
Fee For Other Services Expenses	79,710	27,575
Cost Audit Fee	90,453	62,317
Rent	37,227	34,479
Rates & Taxes	60,665	27,575
Miscellaneous Expenses	19,38,616	12,23,610
Insurance	31,57,638	31,11,411
Pollution Control Exp.	3,23,63,968	1,78,30,300
Charity & Donations	41,86,667	26,77,712
Commission & Discount	44,58,153	14,71,829
Selling Expenses	7,89,208	1,85,378
Bank Guarantee Commission	21,47,566	20,83,142
Director's Fee	16,01,660	11,96,123
Sundry Balance Written Off	2,67,029	1,60,532
Wealth tax paid	1,02,500	1,00,000
VAT Paid	3,23,559	6,66,741
Provision for Doubtful Debts	12,570	30,690
Loss on Sale of Fixed Assets	29,257	—
	—	1,40,459
	4,08,784	—
II. Interest :	2,05,97,08,480	59,31,44,077
On Term Loans		
To Others	1,37,28,595	2,93,59,296
Less : Prior period	10,42,28,156	6,55,76,706
	-87,05,265	—
III. Depreciation		

10,92,51,486	9,49,36,002
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5,97,11,371	5,85,67,619
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SCHEDULE "14"

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

a) Basis of Preparation of accounts :

The accounts have been prepared based on 'historical cost' (except for certain fixed assets which are revalued) and governing statutes of India except otherwise stated.

b) Use of Estimates :

The preparation of financial statements requires management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosures relating to contingent assets and liabilities as at the balance sheet date and the reported amounts of income and expenditure during the year.

c) Revenue :

Revenue are recognized on the basis of certainty of their ultimate collection.

d) Provisions :

Provisions are recognized where reliable estimates can be made for probable outflow of resources to settle present obligation as a result of past event and the same is reviewed at each balance sheet date.

e) Expenses :

To be consistent with matching principle, expenses incurred during the off-season of the current accounting year which are directly related to the operation of the ensuing season are deferred to the forthcoming accounting year.

f) Prior Period Items :

Prior period expenses/income are accounted under the respective heads. Material items, if any, are disclosed separately by way of a note, except the items which are necessitated by circumstances although related to prior period but are determined in current period.

g) Sales :

Sales include Excise Duty, Inter-divisional transfers but excludes sale tax/VAT.

h) Governments Grants and subsidies :

Government grants and subsidies identifiable with specific fixed assets are adjusted against the value of those fixed assets. Government grants and subsidies not identifiable with any fixed assets are credited to Capital Reserve. Government grants and subsidies identifiable with specific revenue expenses are adjusted with such revenue expenses. Government grants and subsidies not identifiable with any specific revenue expenses, are accounted for as other income.

i) Research & Development :

Revenue Expenditure is charged to Profit & Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the accounting year in which it is incurred.

j) Expenditure on Modernisation and Expansion :

Expenses directly related to the Modernisation/Expansion Project are capitalised. Interest and financial Charges during construction period are also capitalised. Expenses incurred for arranging finance for capital project are amortized over the period of 10 years.

k) Borrowing Cost :

Borrowing cost attributable to the acquisition and construction of fixed assets/projects are capitalized till it is put into use for intended future benefit.

l) Fixed Assets :

Fixed Assets are stated at their original cost comprising purchase price, taxes and duties but net of Modvat/Cenvat credit allowed. All costs attributed to bring such assets to working condition and relative borrowing costs attributable to the acquisition and construction of fixed assets are capitalized till put into use for intended use. Capital subsidy received is reduced from cost of relevant fixed assets. The cost of fixed assets may undergo changes subsequent to its acquisition or construction on account of exchange fluctuation, price adjustments, changes in duties or similar factors.

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

Impairment losses, if any, are recognized in accordance with the Accounting Standard notified under the Companies Act, 1956.

m) Depreciation :

Depreciation on Fixed Assets is provided at the rate and in the manner specified in Schedule XIV to the Companies Act, 1956 considering the Sugar Mill, Ethyl Alcohol, Ethanol & Fertilisers Plants as 'continuous process' Plants. Depreciation is charged on 'Straight Line Method' but for the Fixed Assets acquired during the period from 1986-87 to 1988-89, it is charged on "Written Down Value Method". Discarded assets are depreciated fully. Intellectual Property Rights is amortized over a period of ten years.

n) Inventory :

Description	Basis of Valuation
i) Stores & Spare Parts	At lower of cost or net realisable value.
ii) Loose tools & Equipment's value	At lower of cost or net realisable value.
iii) Raw Materials	At lower of cost or net realisable value.
iv) Finished Goods :	
a) Sugar	At lower of cost or net realisable value.
b) Molasses (By product)	At realisable value.
c) Industrial Alcohol	At lower of cost or net realisable value.
d) Fertiliser	At lower of cost or net realisable value.
e) Bio-Compost & Organic Fertiliser	At estimated realisable value. v) Work in Process
(Sugar) At lower of cost or net realisable value. vi) Standing Crop	At estimated realisable value. vii)
Bagassee	At estimated realisable value. The cost of inventory

comprises cost price and all cost attributed to bring such inventory to its location and is computed on weighted average basis.

o) Employee Benefits :

(a) Short Term employee benefits : These are recognized as an expense at undiscounted amount in the year in which the related services are rendered.

(b) Post employment benefits : (i)

Provident Fund :

Contributions under this defined benefit plan are being deposited to the government administered/trust formed exclusively for maintaining the provident fund related activities of the company, which is an exempted organization under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and charged to profit and loss account on accrual basis.

(ii) Gratuity and Leave Encashment :

Liabilities annually determined by Actuary are provided for.

(iii) Actuarial Gain/Loss :

Liabilities annually determined by Actuary are accounted for.

p) Insurance Claim :

These are accounted for on settlement of claim basis.

q) Foreign Currency Transaction :

Transactions in Foreign Currency covered under 'Forward Contract' are recorded at the exchange rate prevailing at the time of transaction. The difference between forward rate and exchange rate on the date of the Forward Contract is recognised as income or expense over the life of the contract and is taken to Profit and loss account.

r) Taxes on Income :

Income tax expenses comprise current tax and deferred tax. Deferred tax liabilities and assets are recognized for all timing differences using the taxable rates substantively enacted by the balance sheet date and are reviewed at 31st March. Recognition of deferred tax assets is subject to consideration of prudence set out in AS-22 of the Companies Act.1956.

s) Earning Per Share :

Computed in accordance with the AS-20 the Companies Act, 1956.

t) Contingent Liabilities & Assets :

Contingent liabilities are not provided for and are disclosed in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the accounts.

2. Estimated amount of contracts remaining to be executed on Capital Account net of advance NIL (previous year NIL)

3. Contingent Liabilities not provided for in respect of the following :-(a) Bank Guarantee for Levy Sugar case matter for total amount of Rs.32.11Lacs (Previous year Rs.32.11 lacs);

(b) Bank Guarantee in favour of PSU Oil Companies of Rs. 85.01 Lacs (Previous year Rs.6.00 Lacs) toward Ethanol supply.

(c) Bank Guarantee in favour of East Central Railway NIL (Previous Year Rs. 3.73 Lacs)

(d) Undertaking upto a limit of Rs. 300 Lacs given to Bank of India for its Crop/ Agriculture Loans/Advances to the Cane Growers against primary securities of their standing crop and one personal guarantee with a condition that the Company will deduct the loan amount from the proceeds of cane supply by the growers and reimburse the same to the said Bank. In case of default, the Bank will consider reschedulement of repayment upto 36 months. The Company is liable to make payment to the Bank for default of borrowers only after expiry of 36 months and in that case the Bank will assign the right of recovery from the defaulting borrowers to the Company.

RIGA SUGAR COMPANY LIMITED

4. The Accounting Year 2009-10 of the Company, starting from October 01, 2009 has been extended upto 18 months period i.e., from October 01, 2009 to March 31, 2011, in view of maintaining uniform Accounting Year with Income Tax, future compliance of IFRS and proposed Companies Bill provisions. Also time limit for holding AGM of the company has also extended by ROC.
5. Gratuity and Leave encashment liability has been provided as per Actuarial Valuation and accumulated liabilities for the previous years has been adjusted against General Reserve.
6. Capital Subsidy received from Bihar Government under Sugar Incentive Scheme has been adjusted against cost of plant and depreciation already charged against them. Incentive received from Bihar Government as reimbursement of VAT on Molasses for production of Ethanol has been adjusted against raw material consumption. Claim lodged to Bihar Government for reimbursement of excise duty paid toward Expansion of Sugar Plant to 5,000 TCD as per Sugar Incentive Scheme has been recognized on the basis of certainty.
7. Interest Expense is net of Interest Income of Rs. 124.53 Lacs (Previous year 65.69 Lacs) from companies.
8. The following heads of Expenses in Schedule 13 include the items of Expenditure as shown thereunder :-

Heads of Expenses :	2009-11 Rs. in Lacs	2008-09 Rs. in Lacs
(a) Cost of Raw Materials Consumed : Items :-1) Cane Cess 2) Cane Commission	88.30	44.81
(b) Stores & Spare Parts Consumed : Items :-1) Repairs & Maintenance of Machinery 2) Repairs & Maintenance of Building	113.81	21.48
(c) Salaries, Wages, Bonus & Others : Items :-1) Labour Charges for Repairs & Maintenance of Machinery 2) Labour Charges for Repairs & Maintenance of Building	404.39	290.51
9. Particulars of Loans & Advances (Unsecured) :	28.25	24.85
	31.03.2011	30.09.2009
i) Considered Good	Rs. in Lacs	Rs. in Lacs
ii) Considered Doubtful	2,134.77	1,949.91
iii) Provided in account toward doubtful	10.19	11.89
10. Balance with Scheduled Banks in Fixed Deposit Accounts includes : Rs. 47.28 Lacs Deposited with Bank of India as Margin Money for Bank Guarantees (Previous year Rs.63.18 Lacs);	—	(1.40)
	2,145.68	1,960.40
11. As per decision of the Supreme Court/High Court the amount of excess Levy Price/Controlled Price of Sugar amounting to Rs. 32.11 lacs (Previous year Rs. 32.11 lacs) has been grouped under current liabilities payable on demand by the Central Government and Bank Guarantees in this respect is being renewed at Rs.32.11 Lacs (Previous year Rs.32.11 Lacs).		
12. During the year borrowing cost amounting to Rs. 266.38 Lacs (previous year Rs.159.15 Lacs) were capitalized toward acquisition and construction of various fixed assets/integrated project till it was put to use for intended purpose.		
13. A notification pertaining to Bihar Molasses Control (Amendment & Validation) Act, 1999 was issued on 10.01.2000 wherein "administrative charges on sale and supply of Molasses to Sugar Factories within the State" was imposed with retrospective effect from 22.12.1995. The said notification applying the administrative charges with retrospective effect was challenged in Hon'ble Patna High Court. Subsequently a Demand Notice dated 07.04.2003 was issued by the Superintendent of Central Excise on the Distillery Unit of the Company asking therein to deposit the administrative charges for the period from 1995 to April, 2000. The said Demand Notice was challenged by the Company before the Hon'ble Patna High Court where the operation of the Demand Notice was stayed subject to deposit by the company 25% of the disputed amount for the period 1995 to 2000, which has been deposited by the company. The writ petition was disposed-off by Hon'ble Patna High Court on 23.06.2010, against which SLP was filed in Supreme Court who gave stay of recovery and levy of administrative charges. The Company has been regular in making payment of administrative charges from the date of notification till stay order of SC.		
14. The Government of Bihar increased the rate of electricity duty payable on own generation and consumption @ 6% of value from earlier 2 paise per unit. Assessment Order passed by commercial Tax Dept. and demand were raised on 16.01.2009		

- for 2002-03 to 2008-09 under Electricity Duty Act., 1948 for total amount of Rs. 143.63 Lacs. Against which Writ petition were filed in Patna High Court. The High Court vide Interim Order dated 25.03.2009 allowed stay subject to deposit of 1/3rd of total demand within 31.03.2009. Accordingly an amount of Rs. 47.87 Lac was deposited on 30.03.2009. Hon'ble Patna High Court vide order dated 16.09.2009 struck down and quashed the basis of value and hiked rate notification of government of Bihar and asked to make fresh assessment on earlier 2 paise basis per unit. Thus amount paid as deposit is recoverable from Commercial Tax Dept. of Government of Bihar. The state government has appealed to Supreme Court and the matter is pending.
15. During the year the company allotted 8,05,000 convertible warrants of Rs. 10/- each at a price of Rs.37.25 per warrant (including a premium of Rs.27.25) on 4th December, 2009 on preferential allotment basis as per SEBI (ICDR) Regulations, 2009, and same were converted into equity shares on 23.06.2010. Again the company allotted 8,90,000 equity shares of Rs. 10/- each at a price of Rs. 28.00 per share (including a premium of Rs.18.00) on preferential allotment basis on 11th March, 2011 as per SEBI (ICDR) Regulations, 2009. The said issue strengthened the Company's financial parameters.
16. Nature of evidence supporting the recognition of deferred tax assets in respect of unabsorbed depreciation and carry forward losses are as follows :-
- (a) Unabsorbed Depreciation - till assessment year 2008-09, as per last Income Tax Assessment order dated 27.10.2010. For assessment year 2009-10 to 2011-12 claim of unabsorbed depreciation as per Income Tax Return filed/to be filed. (b) Unabsorbed Business Loss - For assessment year 2007-08 as per Income tax assessment order dated 22.12.2009.
17. Secured Loans :
- i) Term Loans from BOI is secured by hypothecation of Machinery and other Movable Assets of the Company (both present and future) ranking pari- passu with the charges already created in favour of UBI as well as second charge over Current Assets of the Company, both present and future, subject to First Charge of BOI and UBI over stock of Finished Goods, Work in Process, Stores Stock and Book Debts for its Working Capital borrowings. Term Loans from BOI is also secured by 1st charge by way of equitable mortgage of the immovable assets of the Company ranking pari- passu with the First Charge created in favour of UBI for their Term Loans and to the extent of Rs. 544 Lacs for their Working Capital facilities.
- ii) Term Loans from UBI is secured by hypothecation of Machinery and other Movable Assets of the Company (both present and future) ranking pari- passu with the charges already created in favour of BOI and as well as second charge over Current Assets of the Company, both present and future, subject to First Charge of BOI and UBI over stock of Finished Goods, Work in Process, Stores Stock and Book Debts for its Working Capital borrowings. Term Loans from UBI is also secured by 1st charge by way of equitable mortgage of the immovable assets of the Company ranking pari- passu with the First Charge created in favour of BOI for their Term Loans and to the extent of Rs. 544 Lacs for their Working Capital facilities.
- iii) Term Loan from Sugar Development Fund is secured by Second Charge by way of mortgage of Immovable Assets of Sugar unit of the Company and hypothecation of Machinery and other Movable Assets.
- iv) Working capital facilities from BOI and UBI are secured against hypothecation of finished Goods, Work-in-Process, Stores and Book Debts by way of First Charge and also partly secured by 1st charge in sugar unit to the extent of Rs.544 Lacs by way of Equitable Mortgage of Immovable Assets of the Company and also 3rd charge by way of equitable mortgage on immovable assets of the Sugar Unit of the Company for balance amount and Second Charge by way of Equitable Mortgage on Immovable Assets of the Distillery Unit of the Company, and Guaranteed by erstwhile Holding Companies and a Director.
18. No supplier has furnished information about their registration under Micro, Small & Medium Enterprises Development Act, 2006 to the company.
19. There is no Impairment of Assets within the meaning of AS-28 of the Companies Act, 1956.
20. **Earning Per Share (EPS)** : The numerators and denominators used to calculate basic and diluted Earning Per Share (Rs. 10 each) :

		Year ended 31.03.2011 (18 Months)	Year ended 30.09.2009 (12 Months)
Profit/(Loss) attributable to the Equity Shareholders (Rs.)	(A)	50,84,451	2,11,46,638
Weighted Average No. of Basic & Diluted Equity Shares outstanding during the year	(B)	62,82,582	55,29,930
Nominal Value of Equity Shares (Rs.)		10	10
Basic/Diluted EPS (Rs.)	(A)/(B)	0.81	3.82

21. Employees Benefits :

Disclosure relating to Employee Benefits in accordance with provision of Accounting Standard (AS)-15 in respect to Company :-a. Expenses recognized in the Statement of Profit & Loss A/c. till last financial year ended 31st March, 2011.

Particulars	(Rs. in Lacs)	
	Gratuity	Leave Encashment
Current Service Cost	41.34	33.84
Interest Cost	57.78	1.42
Expected return on plan Asset	—	—
Plan Amendment cost	4.44	—
Net actuarial (gain) loss recognized in the year	(113.57)	4.56
Total Expenses	(10.01)	39.82
Expenses (Income) Recognized in the Income Statement	(10.01)	39.82
b. Net Receipt/Liability Recognized in the Balance Sheet	(Rs. in Lacs)	

Particulars	(Rs. in Lacs)	
	Gratuity	Leave Encashment
Current Opening net liability	517.98	19.72
Expenses as above	(10.01)	39.82
Contribution paid	(35.39)	(14.90)
Closing net Liability	472.58	44.64
Recognised in Balance Sheet	472.58	44.64
c. Recalculation of Opening and Closig Balace of Defined Benefit Obligation	(Rs. in Lacs)	

Particulars	(Rs. in Lacs)	
	Gratuity	Leave Encashment
Current Liability at the beginning of the Period	517.98	19.72
Interest Cost	57.78	1.42
Current Service Cost	41.34	33.84
Plan Amendments Cost	4.44	—
Benefit Paid	(35.39)	(14.90)
Actuarial (Gain) Loss Obligations	(113.57)	4.56
Liability at the end of the period	472.58	44.64
d. Actuarial assumption	(Rs. in Lacs)	

Particulars	(Rs. in Lacs)	
	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Rate of increase in Salary	5.00%	5.00%
Rate of Return on Plan Assets	N.A.	N.A.

22. The outstanding liabilities considered not to be carried any longer have been written back.

23. Performance of Business Segment is as follows :- (Rs. in Lac)

(The sugar segment includes the production of Sugar, Molasses and Fertilisers, whereas the Distillery segment includes production of Industrial Alcohol and related products).

Reportable Segment	Sugar	Distillery	Un-allocable	Total
1. Segment Revenue :				
Net Sales	10,232.93	1,696.96	—	11,929.89
	(7,677.69)	(1,314.96)	—	(8,992.65)
Less : Inter-Segment Revenue	—	—	—	—
Net sale from operations	10,232.93	1,696.96	—	11,929.89
	(7,677.69)	(1,314.96)	—	(8,992.65)
2. Segment Results :				
Profit(+)/Loss(-) before Tax and Interest	877.94	328.90	—	1,206.84
	(1,058.21)	(187.68)	—	(1,245.89)
Less : (i) Interest	—	—	—	1,092.51
	—	—	—	(949.36)
(ii) Other un-allocable Expenses (Income)	—	—	—	—
Profit (Loss) Before Tax				114.33
				(296.53)

3. Segment Assets & Liabilities :-

		Sugar	Distillery	Unallocated	Elimination	Total
Segment Assets	20,935.50	4,254.81	262.73	-769.57	24,683.47	
	(10,687.78)	(3,897.88)	(319.96)	(1641.15)	(13,264.47)	
Segment Liabilities	9,689.11	144.93	—	-769.57	9,064.47	
	(2,286.51)	(35.64)	(—)	(1,641.15)	(681.00)	
Capital Employed	11,246.39	4,109.88	262.73	—	15,619.00	
	(8,401.27)	(3,862.24)	(319.96)	(—)	(12,583.47)	

4. Other Information :

Capital Expenditure	758.50	11.17	—	—	769.67
	(875.81)	(184.53)	—	—	(1060.34)
Depreciation	424.62	172.49	—	—	597.11
	(466.42)	(119.26)	—	—	(585.68)

24. Related party transaction : (Rs. in Lac)

Name of related party	Description of relationship with the Company	Nature of transaction	Value for the 18 month 31.03.2011	Outstanding as on 31.03.2011	Written off during the period
The Belsund Sugar & Industries Ltd.	Erstwhile Holding Company	ICD Interest	520.00 (Dr.)	223.08 (Cr.)	NIL
			51.65	33.53 (Dr.)	NIL
DG Vitta Vinimay & Properties Ltd.	Erstwhile Holding Company	ICD Interest	387.19 (Dr.)	156.19 (Dr.)	NIL
			70.30	41.83	NIL
O.P. Vanyjya Limited	Associate Company	ICD Interest	7.22 (Dr.)	7.22 (Dr.)	NIL
			1.46	0.91	NIL
Garima Investment & Trading Co. Ltd.	Associate Company	ICD Interest	33.60 (Dr.)	1.60 (Dr.)	NIL
			0.95	0.20	NIL
Paramount Stock & Share broking Services Ltd.	Associate Company	ICD Interest	7.00 (Cr.)	NIL	NIL
			0.22	NIL	NIL
Directors of the Company		Sitting Fee for attending Board Meeting	1.03	NIL	NIL
O.P. Dhanuka	Chairman & Managing Director (Key Managerial person)	Salary as per terms of appointment	30.99	NIL	NIL
Meera Dhanuka	Relative of key managerial person	Rent paid	0.16	0.16	NIL
Tripti Saraf	-Do-	Salary as per terms of appointment	1.84	NIL	NIL

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

2009-11 2008-09

A. Quantitative Information:

i. Licensed Capacity		
Sugar	Not applicable	Not Applicable
Ethyl Alcohol	-do-	-do-
Ethanol	-do-	-do-
N : P : K Fertiliser	-do-	-do-
ii. Installed capacity(As certified by the Management)		
Sugar	5,000 TCD	4500 TCD
Ethyl Alcohol	50 KLPD	50 KLPD
Ethanol	45 KLPD	45 KLPD
N : P : K Fertiliser	15 MT/DAY	15 MT/DAY

RIGA SUGAR COMPANY LIMITED

B. Particulars of Goods Manufactured :
Class of Goods

Class of Goods	Unit	Production		Sale (Net of Excise Duty)	
		Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
a) Sugar	Qtls.	6,27,362 (2,30,131)	9662.29 (7449.99)	3,38,228 (3,52,085)	406.25 (166.14)
b) Molasses	Qtls.	3,36,096 (1,28,656)	1690.06 (1211.12)	2,18,801 (1,28,656)	5.40 (48.40)
c) Industrial Alcohol	B.L.	92,78,743 (50,23,193)	80.92 (45.20)	68,73,429 (49,18,490)	28.81 (NIL)
d) Ethanol	B.L.	5,82,443 (4,75,134)	28.81 (NIL)	20,000 (4,72,000)	
e) N:P:K Fertiliser	Qtls.	9,379 (9,665)		7,903 (4,524)	
f) Bagasse*	Qtls.	2,76,388 (NIL)		24,258 (NIL)	

* excluding captive consumption.

Class of Goods	Unit	Opening Stock		Closing Stock	
		Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
a) Sugar	Qtls.	54,216 (1,76,170)	1587.28 (3023.73)	3,43,350 (54,216)	10532.62 (1587.28)
b) Molasses	Qtls.	— (—)	— (—)	1,17,295 (—)	295.87 (—)
c) Industrial Alcohol	B.L.	1,11,272 (6,569)	20.68 (1.18)	25,16,586 (1,11,272)	578.21 (20.68)
d) Ethanol	B.L.	3,164 (30)	0.63 (0.01)	5,65,607 (3164)	143.11 (0.63)
e) N:P:K Fertiliser	Qtls.	5,141 (—)	49.63 (—)	6,617 (5,141)	69.87 (49.62)
f) Bagasse	Qtls.	(NIL) (NIL)	NIL (NIL)	2,52,130 (NIL)	315.16 (NIL)

C. Particulars of Trading : NIL

D. Raw Materials Consumed

Class of Goods	Unit	Quantity		Value Rs. in (Lacs)	
		2009-11	2008-09	2009-11	2008-09
a) Sugarcane	Qtls.	70,20,680 (25,57,556)	15354.84 (3214.75)	70,20,680 (25,57,556)	15354.84 (3214.75)
b) Molasses	Qtls.	4,57,895 (2,33,385)	987.24 (510.57)	4,57,895 (2,33,385)	987.24 (510.57)
c) Pressmud & others in N : P : K Fertilizer	Qtls.	— (—)	70.67 (69.27)	— (—)	70.67 (69.27)

E. Expenditure in Foreign Currency
On Interest

	(Rs. in Lacs)
2009-11	250.44
2008-09	177.23

On travelling	—	2.50
On Conference	—	0.22
	<u>250.44</u>	<u>179.95</u>

26. Remuneration and Perquisites of Managing Director :

	2009-11 Rs. in Lacs	2008-09 Rs. in Lacs
Salary	15.80	9.10
Contribution to Provident Fund	1.90	1.09
H.R.A.	7.90	4.30
Leave Travel Allowance	0.30	0.15
Reimbursement of Medical Expenses	0.30	0.15
Perquisites	4.79	4.00
	<u>30.99</u>	<u>18.79</u>

27. Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details	Registration No. 32970	State Code	21
	Balance Sheet date	31.03.2011	
II. Capital raised during the year (Amount Rs. in thousand)	Public Issue	Rights Issue	
	Nil Bonus Issue	Nil	
	Nil	Private Placement	54,906
III. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousand)	Total Liabilities	Total Assets	
	15,61,900	15,61,900	
	Sources of Funds	Reserves & Surplus	
	Paid-up Capital	2,21,118	
	75,453	Unsecured Loans	3,30,580
	Secured Loans		
	9,34,749		
	Warrant Application Money		
	Application of Funds	Capital Work-in progress	
	Net Fixed Assets	729	
	8,50,556	Deferred Tax Assets	26,273
	Investment		
	Net Current Assets	Accumulated Losses	
	6,84,342	NIL	
	Miscellaneous Expenditure		
	NIL		
IV. Performance of Company (Amount Rs. in thousand)	Turnover	Total Expenditure	
	12,70,526	12,59,094	
	Profit/(Loss) Before Tax	Profit/(Loss) After Tax	
	11,432	5,084	
	Earning per Share (in Rs.)	Dividend per Share (in Rs.)	
	0.81	NIL	
V. Generic Names of Three Principal Products of Company (as per monetary terms)	Item Code No. (ITC Code)	170111	
	Product Description	SUGAR	
	Item Code No. (ITC Code)	22071001	
	Product Description	Ethyl Alcohol & Ethanol	
	Item Code No. (ITC Code)	N.A.	
	Product Description	N:P:K Fertilizer	

28. Previous year's figures have been re-arranged/regrouped/recasted, wherever necessary.

For K. N. Gutgutia & Co.
Chartered Accountants
SUBHASISH PORE
Partner
(Membership No. 55862)
6C, Middleton Street
Kolkata-700 071
27th May, 2011

Signatures to Schedule "1" to "14"

S. Prasad
Company Secretary

O. P. Dhanuka
Chairman & Managing Director

S. K. Goenka
Director

RIGA SUGAR COMPANY LIMITED

Regd. Office : 14, Netaji Subhas Road
Kolkata-700 001

D.P.ID*
Client ID*/FOLIO NO. :
NO. OF SHARES :

PROXY FORM

I/We
of in the district of
being a Member/Members of Riga Sugar Company Limited, hereby appoint Sri
.....
of or failing him Sri
of
as my/our proxy to attend and vote for me/us and or my/our behalf at the 30th Annual General Meeting of the Company to be held on 20th August, 2011 at 11.45 a.m. and at adjournment thereof.

Signed this _____
Affix
Revenue
Stamp
here

No. of Shares

*Applicable if Shares are held in electronic form

Note : This instrument of Proxy shall be deposited at the Registered Office of the company not less than 48 (Forty-Eight) hours before the time of holding the Meeting.

RIGA SUGAR COMPANY LIMITED

Regd. Office : 14, Netaji Subhas Road
Kolkata-700 001

ATTENDANCE SLIP

30th Annual General Meeting, 20th August, 2011 at 11.45 A.M. at KALAKUNJ, 48, Shakespeare Sarani, Kolkata-700 017.

Name of the Attending Member _____
(in Block Letters)

No. of Shares held : _____ Client ID*/Folio No : _____

DP.ID* I hereby record my
presence at the 30th Annual General Meeting held on 20th August, 2011.

Member's/Proxy's Signature *

Applicable if Shares are held in electronic form.

Note : 1) Please bring this attendance slip to the meeting and hand over at the entrance duly filled in
2) The copy of the Annual Report may please be brought to the meeting hall.

