

BOARD OF DIRECTORS

Bharat Hari Singhania
Chairman

P. K. Jain

Gautam Khaitan

J. R. C. Bhandari

Vikrampati Singhania

A. K. Kinra

A. K. Jain
Whole-time Director

Auditors

S. S. Kothari Mehta & Co.
Chartered Accountants

Registered Office

7, Council House Street,
Kolkata - 700 001

Bankers

Bank of India
Axis Bank
IDBI Bank
Dena Bank

Plant

Sindhauli Road,
Meerganj,
Bareilly (U.P.)

Company Secretary

Bipin Bihari

Administrative Office

Link House,
3, Bahadurshah Zafar Marg,
New Delhi-110 002.

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the annual report and Audited Accounts for the financial year ended 31st March 2012.

OPERATIONS

During the year under review, your company achieved a turnover of ₹ 166.69 crores as compared to ₹ 164.71 crores during the previous year. The crushing was about 40% higher at 5.87 lac MT as against 4.20 lac MT last year. Recovery during the period improved to 9.15%. Power Export registered a significant increase of 66% as compared to the previous year. However, these operational improvements were overshadowed by the financial burden caused due to further increase of cane price by the State Government from ₹ 205 per quintal last year to ₹ 240 per quintal for 2011-12, an increase of over 17%. The prices of Sugar did not reflect the increase in raw material prices and they moved within a band of ₹ 27500 to ₹ 28500 per MT. The sugar prices clearly remained un-remunerative against disproportionately high cane prices imposed by the State Government.

Despite cost reduction measures that your company undertook as well as improvement at operating level, the company recorded a marginal operating profit (PBITD) of ₹ 1.51 crore. To make the matters worse, during the year Supreme Court also passed a judgement to pay the differential cane price for the season 2007-2008 to the tune of ₹ 7.88 Crores as a one-time expense. This exceptional item, added to the interest and depreciation led to a net loss of ₹ 21.43 Crores.

The accumulated losses of the Company have exceeded 50% of the peak net worth of the company in the immediately preceding four financial years. The company is taking appropriate steps in pursuance of section 23 (1) of Sick Industrial Companies (Special Provisions) Act 1985

CANE DEVELOPMENT

Cane is primary raw material for sugar business. It constitutes over 80-85% of the total cost of production of sugar. Cane development, thus remains an area of prime focus. Your company has a full fledged cane development department with qualified professionals who with the help of scientist from various Cane Research Institutes impart training and educate farmers to adopt modern farm techniques. In order to motivate farmers for planting cane of promising variety, your company provides fertilizers, pesticides, insecticides, micronutrients etc on subsidized rates. Cane seed of promising varieties such as CoS-8436, CoS-98231, CoS-88230, Co-0238, Co-0239 etc were distributed among the farmers to replace the rejected variety of cane. Cane development team continue to organize Kisan Gosthi to exchange experiences at village level.

SHARE CAPITAL

During the year, the paid up Equity Capital of the Company stood increased from ₹ 10.36 Crore to ₹ 12.03 Crore w.e.f. 30th March 2012 on account of Preferential allotment of 16.73 Lacs equity shares of ₹10 each at a premium of ₹ 6.03 per share aggregating to ₹ 2.68 Crore, as approved by the shareholders at the EGM of the company held on 22nd March 2012 and in accordance with the applicable SEBI Regulations.

SCHEME OF AMALGAMATION

The Board of Directors of the Company at its meeting held on 30th May 2012, has approved in-principle, amalgamation of the Company with Dhampur Sugar Mills Limited by way of a Scheme of Amalgamation, in accordance with the provisions of Section 391 to 394 of the Companies Act 1956, subject to finalization of the said Scheme, due diligence, etc., and statutory and other requisite approvals. In the event the Scheme is approved by the appropriate High Courts, the Company shall dissolve without winding up pursuant to the amalgamation. No concessions or reliefs will be sought from creditors or secured creditors or other creditors by the Company/Dhampur Sugar Mills Limited in the Scheme.

CONSERVATION OF ENERGY

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed.

DIRECTORS

Shri J. R. C. Bhandari and Shri Gautam Khaitan retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

AUDITORS

M/s S.S. Kothari Mehta & Co., Chartered Accountants, Auditors of the Company retires and are eligible for re-appointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory.

COST AUDIT

Pursuant to the directions of Cost Audit Branch, Ministry of Corporate Affairs, the Company is required to conduct audit of its cost accounting records with effect from the financial year ended 31st March 2012. Accordingly, audit of the cost accounts of the Company for the said year is being conducted by M/s R. J Goel & Co. Cost Accountants and the Cost Audit Report will be submitted to the said Ministry within the prescribed time.

PARTICULARS OF EMPLOYEES

During the period under review, the Company had no

employee in the category specified under Section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the good Corporate Governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors wish to acknowledge, the continued support and cooperation received from valued Customers, Dealers, Suppliers, Farmers, Shareholders, Banks, Financial Institutions and various Central and State Government Agencies.

Your Directors also acknowledge and appreciate the commitment and dedication of the employees at all levels.

On behalf of the Board

New Delhi
Date: 30th May, 2012

A.K. Jain
Whole-time Director

A. K. Kinra
Director

ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

- a. Steps taken by the company for conservation of energy during the season 2011-12 are as under:
 1. Reduction in power consumption per ton of sugar from 32.99 kwh last season to 31.96 kwh this season.
 2. Reduction in Steam consumption per ton of cane crushed from 51.10% last season to 50.24% this season.
 3. Excess condensate water utilized for process maceration resulting saving in raw water.

4. Replaced capacitors with newly designed capacitors to improve power factor.
 5. Replaced HPMV lamps with CFL lamp at places.
- b. Proposed specific areas of reduction in energy and steam consumption :
 - 1) Installation of V.F.D. in cane carrier and I.R.C. to reduce power consumption about 30%.
 - 2) Installation of SEDL make steam economy device to reduce steam consumption up-to 42% which is presently 50%.
 - c. The required data with regard to conservation of energy is furnished below:

Sl.No.	Particulars	2011-12	2010-11
1.	Power and Fuel consumption		
	Electricity		
	a) Purchased		
	Unit (Kwh In Lacs)	5.96	6.84
	Total Amount (₹Lacs)	27.11	30.43
	Rate/Unit (₹)	4.55	4.45
	b) Own Generation		
	i) Through Diesel Generator		
	Units (Kwh In Lacs)	1.07	0.89
	Unit/Ltr. of Diesel Oil (Kwh)	2.14	2.07
Cost/Unit (₹)	21.18	18.78	
ii) Through Turbo Generator			
Unit (Kwh In Lacs)	214.48	156.78	
2.	Consumption per unit of production		
	Electricity (Kwh/Mt)	350	378

B. RESEARCH AND DEVELOPMENT

In order to increase the intensity and production of high sucrose variety cane, following activities have been carried out:

1. 80000 quintal of seeds of early and high sugar variety cane have been distributed from our seed nurseries raised at farmer's field.
2. Continuous sowing of sugar cane deplete the micronutrients in the soil which affects its fertility. Intensive education programme launched to motivate farmers to use micronutrients containing high zinc percentage along with chemical and organic fertilizer to increase the yield.
3. To maintain the vigor and life span of promising variety of cane, it is necessary to replace 1/3rd seed in every three years. Therefore, 3 tier seed nursery programme – nucleus, primary and secondary have been started.
4. Ratoon management and gap filling techniques have been intensified to increase the yield per unit of land.
5. Trench planting along with increased space between row to row at a distance of 4 feet were experimented and found good result. This technique is being intensified at farmers fields.

C. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

1. Conservation of energy as well as better capacity utilization and reduced losses in bagasse by installing additional semi-kestner (Evaporator)
2. Installation of an additional Pan and Crystallizer has reduced losses in molasses from 1.39% to 1.30% resulting increase in end recovery of sugar from Cane.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL SUGAR INDUSTRY SCENARIO

As per International Sugar Organisation (ISO), the global sugar production is expected to rise by 9.6 Million tons to a record of 173.8 Million tons in 2011-12 with bigger crop in Thailand, China, India, Russia and European Union, Sugar supplies will exceed demand by 6.5 Million tons in 2011-12. Further Global sugar surplus is likely to be higher by 15% in the next season 2012-13. Sugar supply is likely to exceed demand by 7.8 Million tons in 2012-13 as compared to earlier estimate of surplus of 6.8 Million tons. This would be third consecutive year in which production will be higher than consumption.

Analysts anticipate lower sugar prices during the next six months due to higher sugar production in India and Brazil. The new agriculture year in Brazil started in March 2012 with the expected increase of 5.4% sugar cane harvest.

Due to surplus production the International prices during the year remained under pressure. The sugar prices which were prevailing at around USD 760 per MT in May-June, 2011 has come down to USD 560 in May, 2012 registering a downfall of over 26%.

With the prevailing crude oil prices around USD 125 per barrel, Brazil the largest sugar producer on the globe may divert its cane crop for production of Ethanol on economic consideration. This may improve the international prices of sugar to some extent.

SUGAR INDUSTRY SCENARIO IN INDIA

As per Indian Sugar Mills Association (ISMA), it is expected that Sugar production in the country will cross the estimated figure of 260 lac tons and may touch 265 lac tons as against the production of 245 lac tons last year. 251 lac tons of sugar has already been produced upto the end of April, 2012 - which is almost 25 lac tons more than the corresponding period of last year. Most of the increase has been contributed by U.P. which has seen an increase of almost 11 lac tons at a total production of 70 lac tons as against 59 lac tons last year.

During the year, Central Government had revised upwards the Fair and Remunerative Price (FRP) of cane to ₹ 145 per quintal from ₹ 139.12 last year. Against the increase of 4.2% in FRP by Central Government, the state of UP had announced the State Advised Price (SAP) of cane for 2011-12 at ₹ 240 per quintal, up by over 17% from previous year figure of ₹ 205 per quintal.

Sugar prices remained almost constant during the entire year with marginal variation between ₹ 27500 per MT and ₹ 28500 per ton, compared to

last year average realisation of about 27000 per MT, despite heavy increase in cane prices, which has gone up by 17% in U.P. This mismatch of cane price and sugar price has created an acute pressure on profitability, raising questions on the survival of sugar industry especially in U.P. The uneconomic high price of cane has made the operations unviable for most of the sugar mills in U.P. resulting in an all time high outstanding arrear of cane price at ₹ 4500 cr at the close of the season 2011-12.

On consistent pressure from industry, the Central Government had allowed exports of 35 lacs tons of sugar in 5 installments. Subsequently, in the month of May, 2012, the Government has freed sugar exports. This is an appreciable step by the Government, however, due to delayed decision, sugar industry may not reap the benefit as the international prices of sugar has come down to USD 560 per ton making the exports from India unattractive.

OPPORTUNITIES

With the increased focus on clean environment, the prospects of power from renewable sources of energy is gathering momentum. Bagasse, a residual substance generated while cane crushing, has great potential to produce green power. In 2008, National Action Plan for Climate Change (NAPCC), has set a target of obligatory use of atleast 5% energy used, produced from green sources. The obligation of use of Renewable Energy is likely to increase to 15% in next couple of years. This has created a great opportunity for sugar industry.

Even after 65 years of Independence, there is a great shortage of electricity in almost every part of the country. Sugar Industry has potential to produce over 7500 MW of power by using its bagasse if favourable policies are in place.

Molasses is another substance which comes out from the boiling and curing process during sugar production. Molasses is a good raw material for production of ethanol, a better oxygenate as adhesive fuel for motor spirit. Brazil, the largest sugar producer in the world has developed engines which can work with 70 to 80% ethanol. In India, 5% ethanol is blended with petrol. The Government is actively considering to increase the mixing percentage of ethanol to 10%, however, the decision is yet to be announced. The higher production of ethanol will help the country to reduce its dependence on import of petroleum and save foreign currency. With the increasing price of crude oil, the prospect of ethanol is very bright in context of the sugar industry.

Molasses is also used for production of Extra Neutral Alcohol (ENA), Rectified Spirit (RS), absolute Alcohol, Special Denatured Spirit (SDS) and many high value added chemicals.

Another by-product commonly known as Press Mud or Filter Cake contains high quantity of sulphur and other nutrients. Press mud is used as organic manure which enhances the fertility of the land. A technology have been developed to extract "Sugar Wax" from press mud which is high value product used for superior variety of cosmetics and medicines.

If the situation evaluated in totality, there is great scope for industrial complex consisting of sugar plant, co-gen plant and a distillery together.

THREATS AND CONCERNS

In spite of the much propagated industrial liberalisation, sugar industry is still reeling under the era of total regulatory controls. Right from raw material, including cane area, procurement of cane, its movement etc., to finished products and by-products are totally regulated by Government Policies. Sugar industry being an agro based industry has inherent risk of natural calamities. Availability of sugar cane which constitute about 80-85% of the cost of production, is highly dependent on climatic conditions besides being greatly influenced by Govt. policies and prices of other competing crops. Due to a huge farmer base, sugar industry is greatly influenced by political decision also.

In addition, there is no linkage between the raw material prices and the price of the finished commodity resulting in uncertainty of the business. Sugar industry is obliged to supply 10% of its production at substantial concessional price, much below the cost of production, to the Government for supply to the Public Distribution System (PDS). This directly affects the bottom-line of the sugar mill and is causing losses to the tune of ₹ 3000 Crore each year. The remaining 90% of production of sugar is also controlled by the Central Government through a monthly release mechanism.

Archaic control system that the Central Government exercises on the monthly sale of sugar by each sugar mill through the regulated release mechanism is applicable only to the sugar industry in India. Thus, the industry is not even free to plan their cash flow. This in turn leads to cyclicity in production cycles causing sharp swings in national sugar production from year to year.

In spite of the announcement of a Fair and Remunerative Price (FRP) for cane by the Central Government, some of the States like U.P., Punjab, Haryana etc have their policies of announcing State Advised Price (SAP) which is much higher than FRP as well as cane prices paid by some other States. In the year gone by, Uttar Pradesh had announced

unprecedented historically high SAP of ₹ 240 per quintal for the year 2011-12. In just two years time the cane price has been increased from ₹ 165 to ₹ 240 per quintal an increase of over 45% whereas, the sugar price has not even increased by 10% during this period. These uneconomic and irrational increases have led to serious pressures on the sugar business leading to poor payments to the farming community also. Major sugar producing countries in the world including Brazil, Thailand, Mauritius, etc have established an excellent practice of fixing sugar cane price linked to sugar price.

OUTLOOK

The impact of increase in cane price and other input cost could not be absorbed in the sugar price resulting in acute pressure on the financial health of sugar industry in India. Due to high cane price in last couple of years, farmers switched over to cane cultivation in comparison to other competing crops which resulted in continuously increasing production of sugar. Sugar production in India which was 145 lac tons in 2009-10 increased to 245 lac tons in 2010-11 and further increased to 260 lac tons in the year 2011-12 whereas the consumption remained almost constant between 220 to 230 lac tons. As can be seen, the availability of sugar exceeds its demand creating pressure on domestic prices of sugar. On top of this, till last year export of sugar was not freely allowed and only in the month of May 2012 has sugar been freed for exports. Unfortunately this delay may not allow the industry to take full advantage due to falling international prices on account of new sugar coming from Brazil. However, this has led to a marginal improvement in sugar prices domestically.

For the survival of the sugar industry, long term policies are needed to link cane price to sugar price, increase the distance between two sugar mills from existing 15 KM to at least 25 KM preferably 40 KM, as this will allow sugar industry to expand its capacity to make the operation commercially viable.

The expansion of cogenerated power as well as increased use of Ethanol will help the industry to balance its revenue from different sources, hedging its dependence on the commodity cycles of sugar alone.

The industry has been continuously requesting Government for a phase-wise reform of sugar sector by implementing various decontrol measures. The release mechanism should be abolished and the sugar factories should have the freedom of selling sugar as per their commercial decision. The Government should consider withdrawal of the mandatory levy system and like in case of other crops such as wheat, rice etc. consider procuring sugar directly from the market for public distribution system (PDS).

HUMAN RESOURCES

The company recognizes its Human Resources as valuable Assets. It endeavors to increase the skill of its manpower through well-defined training and development programs. The company is committed to create an organization that nurtures talent and enterprise of its people, helping them grow and find fulfillment in an open culture. Its growth strategy is based on a strong Human Resource (HR) foundation created through a judicious use of innovative and complementary HR system. The company has a strong Performance Appraisal System supported by a well laid down reward and performance recognition policy through which the performance of the employees of the company is assessed periodically. Training needs of employees are appropriately identified and meticulously addressed, thereby having a positive impact on the performance. The Industrial relation during the year remained quite cordial.

FINANCIAL PERFORMANCE

The Financial Results for the year ended 31st March, 2012 are summarized below:

(₹ in Crore)

Particular	2011-12	2010-11
Turnover	166.69	164.71
Profit before Interest, Depreciation & Tax	1.51	(-)6.04
Profit before Depreciation	(-)8.33	(-)14.44
Profit before Tax	(-)13.55	(-)19.52
Less: Exceptional Items (Differential cane price for Season 2007-08)	7.88	-
Profit after Tax and exceptional items	(-)21.43	(-)12.74

During the year under review, the turnover of your Company was at ₹ 166.69 crore as against ₹ 164.71 crore in the previous year.

The quantity of cane crushed during the year under review was 40% higher at 58.71 lac quintal against 41.95 lac quintal last year. The recovery during the year, had improved to 9.15% from 8.93% last year. Power export has significantly improved by 66%, from 169 lac units in previous year to 281 lac units during the year under review.

In spite of significant increase in all operating parameters such as cane crush, recovery and power export, PBDIT stands marginally positive at ₹ 1.51 crores. The benefits of improvement in operating parameters could not be reflected on the profit mainly due to mismatch of increase in cane price and sugar realisation. During the year under review

cane price has increased by 17% where as sugar realization has increased by 4% only. This has resulted in erosion of gross margins.

INTERNAL CONTROL SYSTEM

The internal control system of the company are designed to ensure that financial reporting and Management information is reliable. The Internal audit program are designed in such a way that all the functions of the company involving critical aspects are periodically audited and reviewed .The internal control system of the company is regularly reviewed by the internal auditors for its effectiveness and is constantly modified in line with the changing business requirement. The key findings of the audit and action taken in response to audit observations are placed before the audit committee members. The Internal control system ensure that there is no revenue leakage in the system and resources and assets of the company are efficiently utilized and are not prone to misappropriation, theft and fraud.

CAUTIONARY STATEMENT

“Management’s Discussion and Analysis Report” contains forward looking statements, which may be identified by the use of words in that direction, or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures and financial results are forward looking statements. The Company’s actual results, performance or achievement could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any onward looking statements, on the basis of any subsequent development, information or events.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:

- Commitment to excellence and customer satisfaction
- Maximising long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of seven Directors, out of which one is Executive Director, six Non-Executive Directors (NED) four of whom are Independent Directors (IND). The Chairman is Non-Executive. Attendance and other details are as given hereunder:-

Director	Category	Number of Board Meetings Attended	Whether last AGM attended	No. of other Directorships and Committee Memberships/ Chairmanships		
				Other Directorships [§]	Committee Memberships*	Committee Chairmanships*
Shri Bharat Hari Singhania, Chairman	NED	5	Yes	4	1	-
Shri Vikrampati Singhania	NED	5	Yes	3	2	-
Shri Gautam Khaitan	IND	4	No	11	6	3
Shri P.K. Jain	IND	5	Yes	3	-	1
Shri J.R.C. Bhandari	IND	4	No	3	1	3
Shri A.K. Kinra	IND	5	Yes	6	-	-
Shri A.K. Jain, Whole-time Director	Executive	5	Yes	-	-	-

[§] As per Section 275 read with Section 278 of the Companies Act, 1956

* Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee
Shri Bharat Hari Singhania is father of Shri Vikrampati Singhania

NUMBER AND DATES OF BOARD MEETINGS HELD:- Five Board Meetings were held during the financial year ended 31st March 2012 i.e., on 27th May 2011, 26th July 2011, 9th November 2011, 8th February 2012 and 22nd February 2012.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company and the same is available on the website of the Company (www.jksugar.net). All the Board Members and Senior Management Personnel have affirmed compliance with the Code. This Report contains a declaration to this effect signed by the Whole-time Director.

3. AUDIT COMMITTEE:

The Company has an Audit Committee of Directors which consists of four Directors – all of them are Non-Executive Independent Directors, namely Shri P.K. Jain (Chairman of the Committee), Shri Gautam Khaitan, Shri J.R.C. Bhandari and Shri A.K. Kinra.

The 'Terms of Reference' and the constitution of the committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement with the Stock Exchanges.

Four meetings of the Audit Committee were held during the financial year ended 31st March 2012 on:

Date of Meeting	No. of Members attended
27 th May 2011	4
26 th July 2011	4
9 th November 2011	3
8 th February 2012	4

The Company Secretary acts as the Secretary of the Committee. The Statutory Auditors attended four meetings.

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Company has Shareholders / Investors Grievance Committee at the Board level, which consists of three Directors, namely Shri Vikrampati Singhania (Chairman of the Committee and Non Executive Director), Shri Gautam Khaitan and Shri A.K. Kinra, both being Non-Executive Independent Directors. The composition of the Committee is in conformity with Clause 49 (IV) (G) (iii) of the Listing Agreement.

Four meetings of the Shareholders/Investors Grievance Committee were held during financial year ended 31st March 2012 on:

Date of Meeting	No. of Members attended
27 th May 2011	3
26 th July 2011	3
9 th November 2011	2
8 th February 2012	3

Shri Bipin Bihari, Company Secretary is the Compliance Officer who oversees the investors' grievances including related to Transfer of Shares and Non-receipt of balance sheet etc. During the year, no complaint was received from the members. No complaint is pending as on 31st March 2012.

The Company also has a Committee of Directors (COD), which approves registration of transfer and transmission of Shares in physical mode on fortnightly basis. During this period, 21 meetings of COD were held. All the valid requests for transfer of shares were processed in time and there are no pending transfers of shares.

5. REMUNERATION PAID TO DIRECTORS:

- i) **Whole-time Director:** The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Funds for the financial year ended 31st March, 2012 to Shri A.K. Jain, Whole-time Director of the Company is ₹ 45.85 lacs. No Commission was paid during the year.

The Company does not have any Stock Option Scheme. In the case of Whole-time Director notice period is three months.

- ii) **Non-Executive/Independent Directors:** The Company has paid sitting fees aggregating to ₹ 2.67 lacs to all the Non-Executive

Directors for attending the meetings of the Board/Committees thereof.

No other payments were made to Non-Executive Directors and such Directors did not have any other pecuniary relationship or transactions vis-à-vis the Company during the year except as stated above.

The number of Equity Shares held by the Non – Executive Directors as on 31st March 2012 are: Shri Bharat Hari Singhania – 1,54,183 Equity Shares (including 8,550 Equity Shares held as Karta of HUF), Shri Vikrampati Singhania – 10,298 Equity Shares (includes 8,437 Equity Shares held as Karta of HUF), Shri A.K. Kinra – 75 Equity Shares, Shri Gautam Khaitan – Nil Equity Shares, Shri P.K. Jain - Nil Equity Shares, Shri J.R.C. Bhandari – Nil Equity Shares.

The Company does not have any outstanding convertible instruments.

6. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGMs):

Year	Location	Date	Time
2008-2009	Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020	21.08.2009	11.30 AM
2009-2010	Same as above	14.08.2010	10.00 AM
2010-2011	Same as above	03.09.2011	11.30 AM

No Special Resolutions were passed at the AGM held in 2008-09. A Special Resolution was passed through Postal Ballot at the AGM held on 14th August 2010 under section 372A of the Companies Act, 1956 to give guarantes to Banks.

Special Resolutions for allotment of Equity Shares and Preference Shares to JK Tyre & Industries Limited, a constituent of Promoter group on Preferential basis, were passed at the EGM of the Company held on 22nd March 2012

7. DISCLOSURES:

- (a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large :

None. Suitable disclosure as required by Accounting Standard (AS-18) – Related Party Transactions has been made in the Annual Report.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There was no case of non-compliance on any matter related to capital markets during the last three years.

- (c) The Company has strengthened its risk management system and has further laid down procedures to inform Board members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

8. MEANS OF COMMUNICATION:

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in a Bengali language Newspaper (published from Kolkata). The said results are promptly furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company's website-'www.jksugar.net'.

Management Discussion & Analysis forms part of the Annual Report.

9. GENERAL SHAREHOLDERS' INFORMATION:

Registered Office 7, Council House Street,
Kolkata – 700 001
Ph : 033-22486181

Annual General Meeting (AGM)

a) Date, Time & Venue: Tuesday, the 14th August, 2012 at 11:30 A.M at Shripati Singhanian Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata-700 020

- b) As required under clause 49(IV)(G)(i), a brief resume and other particulars of Directors retiring by rotation and seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

Financial Calendar (tentative):

Financial Reporting for the quarter ending :

1 st Quarter ending 30 th June 2012	Within 45 days of the end of the quarter
2 nd Quarter ending 30 th September 2012	Within 45 days of the end of the quarter
3 rd Quarter ending 31 st December 2012	Within 45 days of the end of the quarter
4 th Quarter ending 31 st March 2013	Within 60 days of the end of the 4 th quarter
Annual General Meeting for the financial year 2012-2013	Between July and September, 2013

Date of Book Closure 9th August 2012 to 14th August 2012 (both days inclusive)

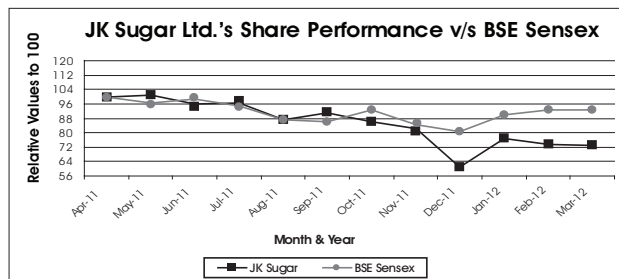
Listing on Stock Exchanges The Equity Shares of the Company are listed on 'Bombay Stock Exchange Ltd.', Mumbai (BSE). The annual listing fee for the financial year 2012-13 has been paid to BSE. The Equity Shares of the Company have been voluntarily delisted from the Calcutta Stock Exchange Limited w.e.f 16th January 2012 under SEBI (Delisting of Equity Shares) Regulation, 2009 due to no trading of the Company's Shares on the said exchange.

Security Code for Company's Equity Shares on Stock Exchanges and ISIN No. BSE - 532519
The ISIN number of the Equity Shares is INE210G01014

Stock Market Price Data

Month	Bombay Stock Exchange Ltd. (BSE)	
	High (₹)	Low (₹)
April-11	22.70	14.50
May-11	23.40	16.25
June-11	22.10	18.00
July-11	21.30	18.15
August-11	19.35	15.35
September-11	21.40	16.35
October-11	19.75	15.90
November-11	20.35	13.00
December-11	16.45	11.20
January-12	16.15	11.30
February-12	16.90	14.15
March-12	16.35	13.00

COMPARISON WITH BSE SENSEX



Distribution of Shareholding (as on 31st March, 2012)

No. of Equity Shares Held	No. of Shares		Shareholders	
	Number	% of Total	Number	% of Total
1- 500	516571	4.29	11830	96.19
501- 1000	178711	1.48	220	1.79
1001-5000	401554	3.34	179	1.45
5001- 10000	160434	1.33	22	0.18
10001 & above	10775315	89.56	48	0.39
Total	12032585	100.00	12299	100.00

Share Transfer System

The transfer / transmission of shares in physical form is normally processed and completed within a period of 15 to 20 days from the date of receipt thereof. In case of shares held in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

Dematerialisation of Shares and liquidity

Trading in the Equity Shares of the Company is permitted on Stock Exchanges only in dematerialised form. Shareholders may dematerialise their holdings in physical form with any one of the Depositories namely, NSDL and CDSL. As on 31st March 2012, 85.25 % of the Equity Shares were held in dematerialised form. The Equity Shares of the Company are actively traded on the Bombay Stock Exchange Ltd. In respect of shares held in dematerialised form, all the requests for nomination, change of address, change of bank mandate/bank particulars and rematerialisation of shares etc. are to be made only to the Depository Participant with whom the shareholders have opened their Demat Account.

Outstanding GDRs/ADRs/Warrants/ : Nil
Options or any Convertible instruments, conversion date and likely impact on equity

Plant Locations

The plant of JK Sugar Limited is located at Sindhauli Road, Meeraganj, Bareilly, Uttar Pradesh.

Unclaimed Shares

In terms of Clause 5A of the Listing Agreement, the Company has through its RTA sent requisite Reminders to Shareholders whose share certificates were returned to the Company as undelivered mail or lying unclaimed, requesting them to provide complete postal address and other relevant details, along with self attested photocopies of PAN Card and proof of address to enable the RTA to dispatch such unclaimed share certificates to them. Necessary steps are being taken to transfer the aforesaid unclaimed shares – 8,163 Equity Shares of ₹ 10 each held by 558 Shareholders, to "Unclaimed Suspense Account".

The "Unclaimed Suspense Account" shall be held by the Company purely on behalf of the allottees and the Shares held in such Suspense Account shall not be transferred except to the allottees as and when they approach the Company.

Address for Correspondence for Share Transfer and Related Matters

- Company Secretary
JK Sugar Limited
4th Floor, Link House
3, Bahadur Shah
Zafar Marg,
New Delhi -110 002
Telephone : 011-33001112/33001162
Fax: 91-11-23716607
Email : investorjksugar@jksmail.com
Website: www.jksugar.net
- Registrar & Share Transfer Agent
Alankit Assignments Ltd. Phone No: 91-11-23541234/42541234
Alankit House, 2E/21, Fax No. 91-11-42541967
Jhandewalan Extn., Email : rta@alankit.com
New Delhi-110 055 (India) Website : www.alankit.com

10. DECLARATION

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Sugar Ltd." during the Financial Year ended 31st March 2012.

A.K. Jain
Whole-time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,
JK Sugar Limited,

We have examined the compliance of conditions of corporate governance by **J K SUGAR LIMITED ('Company')** for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges.

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

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

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

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration No. 000756N

Place: New Delhi
Dated : 30th May, 2012

(CA K K Tulshan)
Partner
Membership No. 085033

AUDITORS' REPORT

TO THE MEMBERS OF JK SUGAR LIMITED

1. We have audited the attached balance sheet of JK SUGAR LIMITED, as at 31st March, 2012, and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 {as amended by the Companies (Auditors' Report) (Amendment) Order, 2004} issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) In the case of the statement of profit and loss, the loss for the year ended on that date; and
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration No. 000756N

(CA K.K. Tulshan)

Partner

Place: New Delhi

Date: 30th May, 2012

Membership No. 085033

ANNEXURE TO THE AUDITORS' REPORT

(As referred to in paragraph '3' of our report to the members of JK SUGAR LIMITED on the accounts as at & for the year ended 31st March 2012)

1. In respect of Its Fixed Assets:
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. In respect of its inventory:
 - (a) As explained to us, the inventories of finished and semi-finished goods and raw materials were physically verified during the year by the Management.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3.
 - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the act.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5.
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government of India for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been made and maintained. However, we have not made a detailed examination of the said records.
9.
 - (a). According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, wealth-tax, customs duty, excise duty, cess and other statutory dues applicable to it. There are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were outstanding, as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - (b). According to the records of the Company examined by us and the information and explanations given to us, there are no dues of sales tax, income tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute, other than the following:-

Sl. No	Name of the Statute	Nature of the dues	Amount Due (₹/ Lakhs.)	Period to which the amounts relates	Forum where disput is pending
1.	Income Tax Act, 1961	Income Tax	39.25	2004-05	Dy Commissioner of Income Tax Circle-4(1), Delhi
2.	Service Tax under finance Act, 1994	Service Tax on GTO	3.23	Nov 04 to Sep 07	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)
3.	Central Excise Act, 1944	10% of sale value of electricity assuming electricity as a exempted goods	807.26 (Stay has been granted by CESTAT against the reversal of CENVAT of ₹ 5.26 Lacs towards exempted goods. The impugned order may not be tenable) (Also refer Note B.3 in Note No: 28)	April 03 to Dec. 07	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)
4.	Central Excise Act, 1944	Reversal of CENVAT credit taken on MS plate/HR plate/ Grand packing	1.13	Sept. 06 to Aug 07	Dy. Commissioner Central Excise, Bareilly
5.	Central Excise Act, 1944	Excise duty payable on burnt molasses due to auto combustion in the season 2006-07	58.42 (out of this ₹ 48.42 has already been provided in the books)	2006-07	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)
6.	Central Excise Act, 1944	Excise duty demands	2.69	Sept. 07 to April 08	Asstt. Commissioner Central Excise, Bareilly
7.	Central Excise Act, 1944	Reversal of CENVAT Credit taken on HR Coil/HR Plates	2.71	Aug. 08 to April 09	Dy. Commissioner Central Excise, Bareilly
8.	Central Excise Act, 1944	Reversal of CENVAT Credit taken on spares of cane carrier/Asbestos packing/ Jointing sheet	0.57	2010-11	Dy. Commissioner Central Excise, Bareilly

10. The accumulated losses of the company as at the close of the financial year amounts to ₹ 3324.50 lacs are not less than 50% of its net worth as on that date. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, corporate guarantee issued by the company for loan taken by others from banks is not prejudicial to the interest of the company.
16. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally there are no

funds raised by the company on short term basis, which have been used for long term investment.

18. During the year, the Company has made a preferential allotment of shares to a company covered in the register maintained under section 301 of the Companies Act, 1956. The price at which it is issued is not prejudicial to the interest of the company.
19. According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures.
20. During the year covered by our audit report, the Company has not raised any money by public issue.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

(CA K.K. Tulshan)
Partner

Place: New Delhi
Date: 30th May, 2012

Membership No. 085033

BALANCE SHEET (As at 31st MARCH, 2012)

Particulars	Note No.	₹ in Lacs	
		31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
a) Share Capital	1	3,005.07	2,385.96
b) Reserves & Surplus	2	(2,888.15)	(763.59)
		<u>116.92</u>	<u>1,622.37</u>
Non-Current Liabilities			
a) Long-term borrowings	3	5,981.13	1,626.48
b) Other long term liabilities	4	1,042.01	-
c) Long term provisions	5	145.62	122.15
		<u>7,168.76</u>	<u>1,748.63</u>
Current Liabilities			
a) Short-term borrowings	6	3,191.82	655.00
b) Trade payables	7	4,805.82	9,211.00
c) Other current liabilities	8		
- Current maturities of long term debts		968.28	1,427.36
- Others		624.63	645.30
		<u>1,592.91</u>	<u>2,072.66</u>
d) Short-term provisions	9	5.20	5.55
		<u>9,595.75</u>	<u>11,944.21</u>
TOTAL		<u>16,881.43</u>	<u>15,315.21</u>
ASSETS			
Non-current assets			
a) Fixed assets	10		
i) Tangible assets		7,090.79	7,260.64
ii) Intangible assets		3.43	5.04
iii) Capital work-in-progress		6.99	-
		<u>7,101.21</u>	<u>7,265.68</u>
b) Non-current investments			
c) Deferred tax assets (net)	11	1,254.44	1,254.44
d) Long term loans and advances	12	43.73	33.00
e) Other non-current assets	13	74.51	65.94
		<u>8,473.89</u>	<u>8,619.06</u>
Current Assets			
a) Inventories	14	5,891.29	4,984.41
b) Trade receivables	15	982.22	206.97
c) Cash & Bank Balances	16	1,118.99	1,108.45
d) Short-term loans and advances	17	325.68	384.90
e) Other current assets	18	89.36	11.42
		<u>8,407.54</u>	<u>6,696.15</u>
TOTAL		<u>16,881.43</u>	<u>15,315.21</u>
Significant Accounting Policies and other Notes to Financial Statements			
	28		

As per our report of even date attached.
For S.S. KOTHARI MEHTA & CO.,
Chartered Accountants
Firm Registration No. 000756N

(CA K.K. Tulshan)
Partner
Membership No.:85033

Place : New Delhi
Dated : This the 30th day of May, 2012.

BIPIN BIHARI
Company Secretary

P. K. JAIN
GAUTAM KHAITAN
J. R. C. BHANDARI
VIKRAMPATI SINGHANIA
A. K. KINRA
A. K. JAIN

Directors

STATEMENT OF PROFIT AND LOSS (FOR THE YEAR ENDED 31ST MARCH, 2012)

Particulars	Note No.	₹ in Lacs	
		2011-12	2010-11
REVENUE			
Revenue from operations (Gross)	19	16,633.80	16,424.66
Less: Excise duty		575.37	565.69
Revenue from operations (Net)		16,058.43	15,858.97
Other Income	20	35.14	46.68
Total Revenue (I)		16,093.57	15,905.65
EXPENSES			
Cost of materials consumed	21	15,173.39	9,393.50
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(726.48)	5,881.10
Employee benefit expenses	23	818.49	696.14
Other expenses	24	677.46	538.66
Total Expenses (II)		15,942.86	16,509.40
Operating Profit/(Loss) (Before Finance Cost & Depreciation) (I-II)			
		150.71	(603.75)
Finance cost	25	984.14	840.27
Profit/(Loss) Before Depreciation		(833.43)	(1,444.02)
Depreciation and amortization expenses	26	521.96	508.28
Profit before exceptional and extraordinary items and tax		(1,355.39)	(1,952.30)
Exceptional items	27	787.71	-
Profit/(Loss) before tax		(2,143.10)	(1,952.30)
Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	(678.56)
Profit/(Loss) for the period from continuing operations		(2,143.10)	(1,273.74)
Earning per equity share:			
(1) Basic		(20.68)	(12.30)
(2) Diluted		(20.68)	(12.30)
Significant Accounting Policies and other Notes to Financial Statements			
	28		

As per our report of even date attached.
For S.S. KOTHARI MEHTA & CO.,
Chartered Accountants
Firm Registration No. 000756N

(CA K.K. Tulshan)
Partner
Membership No.: 85033

Place : New Delhi
Dated : This the 30th day of May, 2012.

BIPIN BIHARI
Company Secretary

P. K. JAIN
GAUTAM KHAITAN
J. R. C. BHANDARI
VIKRAMPATI SINGHANIA
A. K. KINRA
A. K. JAIN

Directors

Note No 1	31.03.2012	₹ in Lacs 31.03.2011
SHARE CAPITAL		
AUTHORISED:		
Equity Shares of ₹ 10/- each		
Opening - 1,10,00,000 Shares of ₹ 10/- each (Previous Year 1,10,00,000 Shares of ₹ 10/- each)	1,100.00	1,100.00
Add 58,26,000 Shares of ₹ 10/- each (Previous year Nil)	<u>582.60</u>	-
Closing 1,68,26,000 Shares of ₹ 10/- each (Previous year 1,10,00,000 Shares)	<u>1,682.60</u>	<u>1,100.00</u>
Preference Shares of ₹ 90/- each (Previous year ₹ 100/-)		
Opening - 15,00,000 Shares of ₹ 100/- each (previous year 15,00,000 Shares)	1,500.00	1,500.00
Add: 1,86,000 Shares of ₹ 90/- each (previous year Nil)	167.40	-
Less: Deduction of ₹ 10/- per share on 15,00,000 Shares (Previous year Nil) (Due to reduction in face value of Shares from ₹ 100/- to ₹ 90/- per Share)	150.00	-
Net increase	<u>17.40</u>	-
Closing 16,86,000 Shares of ₹ 90/- each (previous year 15,00,000 Shares)	<u>1,517.40</u>	<u>1,500.00</u>
Convertible Preference Shares of ₹ 10/- each (previous year ₹ Nil)		
Opening Nil of ₹ Nil each (previous year Nil)	-	-
Add: 30,00,000 Shares of ₹ 10/- each (previous year Nil)	<u>300.00</u>	-
Closing 30,00,000 Shares of ₹ 10/- each (previous year Nil)	<u>300.00</u>	-
Total Preference Share Capital	<u>1,817.40</u>	<u>1,500.00</u>
Unclassified Shares of ₹ 10/- each		
Opening 90,00,000 Shares of ₹ 10/- each (previous year 90,00,000 Shares)	900.00	900.00
Less: Deduction 90,00,000 shares of ₹ 10/- each	900.00	-
Transferred to Equity Shares ₹ 582.60 lacs and Preference share ₹ 317.40	-	900.00
Closing Nil (previous year 90,00,000 Shares)	-	900.00
Total-Authorised Capital	<u>3,500.00</u>	<u>3,500.00</u>
ISSUED, SUBSCRIBED AND PAID UP:		
Equity Shares (with equal rights)		
Opening 1,03,59,585 Shares of ₹ 10/ each (previous year 1,03,59,585 Shares)	1,035.96	1,035.96
Add: Issued 16,73,000 Shares of ₹ 10/- each (previous year Nil)	167.30	-
Closing 1,20,32,585 Shares of ₹ 10/- each (previous year 1,03,59,585 Shares)	<u>1,203.26</u>	<u>1,035.96</u>
Sub-Total Equity Shares Capital	<u>1,203.26</u>	<u>1,035.96</u>
Preference Shares		
Zero coupon preference shares		
Opening 15,00,000 Shares of ₹ 90/- each (previous year 15,00,000 Shares)	1,350.00	1,350.00
Less: Deduction (15,00,000 Shares of ₹ 90/- each)	<u>1,350.00</u>	-
Closing Nil (previous year 15,00,000 Shares)	-	<u>1,350.00</u>
(Series-A): 8% Cumulative Redeemable Preference share		
Opening Nil (previous year Nil)	-	-
Add: Issued 15,00,000 Shares of ₹ 90/- each (previous year Nil)	<u>1,350.00</u>	-
Closing 15,00,000 Shares of ₹ 90/- each (previous year Nil)	<u>1,350.00</u>	-
(Series-B): 8% Cumulative Redeemable Preference share		
Opening Nil (Previous year Nil)	-	-
Add: Issued 1,85,338 Shares of ₹ 90/- each (previous year Nil)	166.80	-
Closing 1,85,338 Shares of ₹ 90/- each (previous year Nil)	<u>166.80</u>	-
Zero Coupon fully convertible Redeemable Preference Share		
Opening Nil (Previous year Nil)	-	-
Add: Issued 28,50,134 Shares of ₹ 10/- each (previous year Nil)	285.01	-
Closing 28,50,134 Shares of ₹ 10/- each (previous year Nil)	<u>285.01</u>	-
Sub-Total Preference Shares Capital	<u>1,801.81</u>	<u>1,350.00</u>
Total-Issued Subscribed & Paid up Capital	<u>3,005.07</u>	<u>2,385.96</u>

a) Rights & restrictions attached to preference shares are as under:

(i) **Preference Shares:-**

8% Cumulative Redeemable Preference Share of ₹ 90 each fully paid up

15,00,000, 8% cumulative redeemable preference shares (Series A) of ₹ 90 each issued on 30th March 2012 to be redeemed in three equal annual installments ₹ 30 per share on 31.03.2029,31.03.2030 and 31.03.2031.

1,85,338, 8% cumulative redeemable preference shares (Series B) of ₹ 90 each issued on 30th March 2012 to be redeemed in three equal annual installments of ₹ 30 per share on 01.07.2029,01.07.2030 and 01.07.2031.

Other right & restrictions of both Series A & B are as under:

The Company shall have the option to prematurely redeem in part or in full the outstanding amount of the CRPS series-A & series-B at any point of time without any premium or discount by giving one month notice in writing to JKTIL subject to the provision of Section 80 of the Companies Act 1956. However, if the financial position of the Company improves, JKTIL shall have right to call for redemption part or full of the aforesaid CRPS series-A & series-B by giving one month notice in writing to the Company.

If the Company fails to pay dividend for consecutive period of three (3) financial years, the holder (JKTIL) may at its sole option call for redemption of the CRPS series-A & series-B within a period of one (1) year thereof, in which case the redemption shall be by way of issuance of appropriate convertible instruments convertible into equity shares subject to applicable regulations/guidelines in this regard.

(ii) The Terms of Zero Coupon Fully Convertible Redeemable Preference Shares issued on 30th March 2012 are as under:

(a) The convertible Preference Shares will be compulsorily converted into Equity Shares any time after expiry of 17 months from the date of allotment but before expiry of 18 months, unless the holder of these convertible preference shares have exercised the option for conversion into equity shares before expiry of 17 months from the date of allotment subject to prevailing SEBI Regulations.

(b) No. of Convertible Preference Shares to be issued-upto 28,51,000 Nos. of ₹ 10 each of the aggregate value not to exceed ₹ 2.86 Crores, convertible into 17,78,000 Equity Shares of ₹ 10 each of the Company at a price of ₹ 16.03 (including a premium of ₹ 6.03) per Equity Shares on preferential basis to JK Tyre & Industries Limited (JKTIL).

(c) The holder of such Convertible Preference Shares shall be entitled to subscribe and to be allotted 17,78,000 Equity Shares of the face value of ₹ 10 each of the Company at a price of ₹ 16.03 (including a premium of ₹ 6.03) per Equity Share, in one or more tranches, at any time before expiry of eighteen (18) months from the date of allotment. For this purpose, the holder will give an advance notice of atleast ten (10) days exercising the aforesaid option specifying the number of Convertible Preference Shares proposed to be converted into Equity Shares.

b) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Shareholders Name	As at 31st March, 2012	As at 31st March, 2011
	No. of Shares held	
(i) Equity Shares		
Bengal & Assam Company Limited	4647691	4647691
JK Tyre and Industries Limited	1673000	-
Edgefield Securities Limited	697500	697500
Habras International (Registered in the name of Shri Anshuman Singhania as partner of the firm)	530000	530000
(ii) Preference Shares		
Zero coupon preference shares		
JK Tyre and Industries Limited	-	1500000
8% Cumulative Redeemable Preference Shares (Series A)		
JK Tyre and Industries Limited	1500000	-
8% Cumulative Redeemable Preference Shares (Series B)		
JK Tyre and Industries Limited	185338	-
(iii) Zero Coupon fully Convertible Redeemable Preference Share		
JK Tyre and Industries Limited	2850134	-

Note No. 2	₹ in Lacs	
	31.03.2012	31.03.2011
RESERVES AND SURPLUS		
a) Securities premium reserves		
As per last account	250.85	363.04
Add: During the year (Premium received on issue of 16,73,000 equity shares @ ₹ 6.03 per equity share)	100.88	-
Less: Being Provision made for Premium on redemption of Zero Coupon Non-Convertible Debentures	82.34	112.19
	<u>269.39</u>	<u>250.85</u>
b) Debenture Redemption Reserve		
As per last account	113.60	113.60
Add: during the year	-	-
Less: utilised during the year	-	-
	<u>113.60</u>	<u>113.60</u>
c) Other reserves		
Molasses Storage Maintenance Fund		
As per last account	49.31	46.08
Add: during the year	4.05	3.23
Less: utilised during the year	-	-
	<u>53.36</u>	<u>49.31</u>
d) Surplus in Profit and Loss Account		
As per last account	(1,177.35)	99.62
Add: during the year	(2,143.10)	(1,273.74)
Less: appropriations	-	-
Transfer to molasses storage maintenance reserve fund	4.05	3.23
	<u>(3,324.50)</u>	<u>(1,177.35)</u>
	<u>(2,888.15)</u>	<u>(763.59)</u>

Note No. 3	₹ in Lacs			
	Non-Current		Current (*)	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
LONG-TERM BORROWINGS				
a) SECURED				
i) Bonds/debentures				
- Zero Coupon Non Convertible Debentures	99.14	297.41	198.28	198.28
- Premium on Zero Coupon Non Convertible Debenture	101.09	307.19	288.44	288.44
ii) Term loans				
- From banks	4,850.00	43.05	175.12	621.57
- From others				
Sugar development fund	859.08	758.39	157.82	90.00
Financial institutions	-	125.00	125.00	166.67
Others	-	-	-	62.40
	<u>5,909.31</u>	<u>1,531.04</u>	<u>944.66</u>	<u>1,427.36</u>
b) UNSECURED				
Deferred payment liabilities (Sales Tax)	71.82	95.44	23.62	-
	<u>5,981.13</u>	<u>1,626.48</u>	<u>968.28</u>	<u>1,427.36</u>
Less: Amount Disclosed under the head "Other Current liabilities"	-	-	968.28	1,427.36
	<u>5,981.13</u>	<u>1,626.48</u>	-	-

(*) Payable during the next 12 months

1. Zero Coupon Non-Convertible Debentures (ZCNCD)
8,312 Zero Coupon Non-Convertible Debentures (ZCNCD) of ₹ 10,000 each fully paid up (since reduced to ₹ 3578.20) aggregating ₹ 297.42 lacs issued to a financial institution, are secured by a first pari passu charge in favour of trustee on movable and immovable assets of the Company, subject to the prior charges in favour of the Company's Bankers on specified movables for securing working capital requirements. The outstanding amount of these debentures and premium thereon are redeemable in 6 quarterly installments at a premium based on a YTM of 10% p.a. with quarterly rest as on reporting date.
2. Term Loans from Bank & Financial Institutions
 - (i) Term Loan from Bank aggregating to ₹ 5000 lacs, is repayable in four years quarterly ballooning installments after one year moratorium commencing from February 2013. Term loans from bank aggregating to ₹ 17.84 lacs is repayable in July 2012. Term loans from financial institution aggregating to ₹ 125 lacs is repayable in three equal installment of ₹ 41.66 lacs each in the month of May, August & November 2012. Term loans from bank & financial institutions are secured/to be secured by a mortgage/charge on all immovable and movable assets, pertaining to the Sugar unit at Meeraganj (Bareilly) present & future, ranking pari passu with the mortgages/charges created on the said assets subject to the prior charges in favour of the Company's Bankers on specified movables for securing working capital requirements.
 - (ii) Term Loans from banks include interest-free excise term loan under "Scheme for extending Financial Assistance to Sugar Undertaking, 2007" amounting to ₹ 7.28 lacs which is secured by residual charge on Fixed Assets of the Company both present & future. The loan is repayable in four monthly installment of ₹1.82 lacs commencing from April 2012.
3. Term Loans for Sugar Development Fund.
 - 3.1. SDF (Term Loan) - For Expansion outstanding amounting to ₹ 237.35 lacs. This Loan is repayable in 7 tranches of ₹ 33.91 lacs each in the month of November and March every year upto November 2016.
 - 3.2. SDF (Short Term Loan) - For Cane Development outstanding amounting to ₹ 50 Lacs. This Loan is repayable in February 2014.
 - 3.3. SDF (Short Term Loan) - For Modernisation outstanding amounting to ₹ 40 Lacs. This Loan is repayable in February 2014.
 - 3.4. SDF (Term Loan) - For Cane Development outstanding amounting to ₹ 239.31 & ₹ 292.41 total ₹ 531.72 Lacs. Loan amounting to ₹ 239.31 Lacs shall be repayable in 4 equal annual installments of ₹ 59.83 lacs commencing from March 2014. Loan amounting to ₹ 292.41 Lacs shall be repayable in 4 equal annual installments of ₹ 73.10 lacs commencing from March 2015.
 - 3.5. The above Term Loans from Sugar Development Fund are secured by exclusive second charge on all movable & immovable assets pertaining to the Sugar unit at Meeraganj, Bareilly.
4. Deferred payment liabilities (Sales Tax):
Deferred Sales Tax outstanding amounting to ₹ 95.44 lacs. Repayable in three tranches of ₹ 23.62 lacs, ₹ 35.42 lacs and ₹ 36.40 lacs on or before 31st March 2013, 31st March 2014 and 31st March 2015 respectively.

	31.03.2012	31.03.2011
Note No. 4		₹ in Lacs
OTHER LONG TERM LIABILITIES		
Trade payables (Refer note B.7 (i) of note no.28)	<u>1,042.01</u>	-
Note No. 5		
LONG-TERM PROVISIONS		
Provision for employee benefits	<u>145.62</u>	<u>122.15</u>
Note No. 6		
SHORT-TERM BORROWINGS		
a) Secured		
i) Cash credit from banks (*)	3,171.82	-
b) Unsecured		
i) Deposits		
Inter Corporate Deposit	20.00	25.00
ii) Other loan & advances	-	630.00
	<u>3,191.82</u>	<u>655.00</u>
(*) Cash credit from Banks are secured by hypothecation of stock and book debts, etc. and second charge on fixed assets pertaining to the Sugar unit at Meeraganj (Bareilly). Inter Corporate Deposits are payable on demand.		
Note No. 7		
TRADE PAYABLES		
a) Micro, small and medium enterprises (*)	-	-
b) Other payables (Refer note B.7(ii) of note no.28)	4,805.82	9,211.00
	<u>4,805.82</u>	<u>9,211.00</u>

(*) Based on information so far available with the Company in respect of MSME (as defined in 'The Micro, Small & Medium Enterprises Development Act 2006') there are no delays in payment of dues to such enterprises during the year and there are no such dues payable at the year end. Further no interest has been paid/payable to such enterprises.

Note No. 8	31.03.2012	₹ in Lacs 31.03.2011
OTHER CURRENT LIABILITIES		
a) Current maturities of long term debts	968.28	1,427.36
b) Others		
i) Interest accrued but not due on borrowings	101.37	186.77
ii) Advance from customers	40.00	22.57
iii) Other payables		
- Statutory Liability (Cane Purchase Tax, TDS & Others)	75.19	61.70
- Excise duty payable on stock	269.92	237.63
- Salary & Wages Payable	56.76	1.36
- Others	81.39	135.27
	<u>624.63</u>	<u>645.30</u>
	<u>1,592.91</u>	<u>2,072.66</u>

Note No. 9		
SHORT TERM PROVISIONS		
a) Provision for employee benefits	4.82	5.15
b) Other provisions		
- Provision for wealth tax	0.38	0.40
	<u>5.20</u>	<u>5.55</u>

Note No. 10										
FIXED ASSETS										
		₹ in Lacs								
PARTICULARS	GROSS VALUE				DEPRECIATION/AMORTISATION				NET VALUE	
	As at 01.04.11	Added during the year	Sales/ Adjustments	As at 31.03.12	Upto 01.04.11	For the Year	Sales/ Adjustments	Upto 31.03.12	As at 31.03.12	As at 31.03.11
i) Tangible Assets										
Land - Freehold	636.16	-	-	636.16	-	-	-	-	636.16	636.16
- Leasehold	16.80	-	-	16.80	-	-	-	-	16.80	16.80
Buildings	1,846.60	0.61	-	1,847.21	384.72	43.33	-	428.05	1,419.16	1,461.88
Plant and Equipment (^)	8,926.29	355.51	5.00	9,276.80	3,809.02	472.28	2.33	4,278.97	4,997.83	5,117.28
Furniture & Fixtures	25.97	1.95	0.05	27.87	17.61	1.06	0.04	18.63	9.24	8.36
Vehicles	43.28	-	8.48	34.80	25.70	3.57	3.61	25.66	9.14	17.56
Office equipment	3.88	-	-	3.88	1.29	0.13	-	1.42	2.46	2.60
Total	11,498.98	358.07	13.53	11,843.52	4,238.34	520.37	5.98	4,752.73	7,090.79	7,260.64
ii) Intangible Assets										
Software	11.49	-	-	11.48	6.46	1.59	-	8.05	3.43	5.04
Grand Total	11,510.47	358.07	13.53	11,855.00	4,244.80	521.96	5.98	4,760.78	7,094.22	7,265.68
Previous year figures	11,372.57	177.20	39.30	11,510.47	3,753.91	508.28	17.40	4,244.79	7,265.68	7,618.66

Note:

- Acquisition through business combination, other adjustments and impairment/revaluation are not applicable as no such transactions occurred during the year, and in the corresponding previous financial year.
- (^) Gross Carrying Value as at 31.03.2012 of Plant and Machinery includes an amount of ₹ 378.29 lacs (Previous year ₹ 321.69 lacs) being Company's share of Capital Expenditure incurred on 132 KV Transmission Line & Bay for which the Company has got an exclusive right of use from Uttar Pradesh Power Corporation Limited in terms of Power Purchase Agreement entered into by the Company with them.

Note No. 11	31.03.2012	₹ in Lacs 31.03.2011
DEFERRED TAX ASSET (NET):		
Deferred Tax Asset		
a) Disallowance under Income tax act, 1961	34.74	34.74
b) Unabsorbed depreciation and loss	2,028.07	2,028.07
c) Others	97.07	97.07
Sub Total	<u>2,159.88</u>	<u>2,159.88</u>
Deferred Tax Liability		
a) Related to Fixed Assets	905.44	905.44
b) Others	-	-
Sub Total	<u>905.44</u>	<u>905.44</u>
	<u>1,254.44</u>	<u>1,254.44</u>

Deferred Tax Asset/Liability has been created pursuant to Accounting Standard on 'Accounting for Taxes on Income' (AS-22) as notified under Companies (Accounting Standards) Rules, 2006. On reassessment the Company is of view that due to improvement in power export, power sale rate, renewable Energy Certificate, focus on cane development, export premium, expected incentive from Government and other efficiency measures, the Company is confident to being able to absorb the deferred Tax Assets.

	31.03.2012	₹ in Lacs 31.03.2011
Note No. 12		
LONG TERM LOANS & ADVANCES		
Unsecured, considered good		
a) Security deposits with Government Authorities & Others	4.71	4.19
b) Others-Cane seed loan to growers	<u>39.02</u>	<u>28.81</u>
	<u>43.73</u>	<u>33.00</u>
Note No. 13		
OTHER NON-CURRENT ASSETS		
Unsecured, considered good		
a) Trade receivables (*)	39.61	39.61
b) Other receivables	<u>34.90</u>	<u>26.33</u>
	<u>74.51</u>	<u>65.94</u>
(*) Debts over six months includes ₹ 39.61 lacs receivables from Uttar Pradesh Power Corporation Limited (UPPCL) towards supply of electricity, for which legal and necessary action has been taken. In the opinion of the Management, these debts are recoverable and the same has been classified as good.		
Note No. 14		
INVENTORIES		
(As taken, valued and certified by the Management)		
(Refer note A 5 in Note no 28)		
a) Raw materials (*)	149.27	51.06
b) Finished goods	5,261.77	4,642.33
c) Work-in-progress	222.93	83.60
d) Stores and spares	243.69	202.00
e) Packing materials	<u>13.63</u>	<u>5.42</u>
	<u>5,891.29</u>	<u>4,984.41</u>
(*) Includes raw material in transit ₹ Nil (Previous year - ₹ Nil)		
Note No. 15		
TRADE RECEIVABLES		
Unsecured, considered good		
a) Outstanding for more than six months from the due date	-	-
b) Others		
Considered good	<u>982.22</u>	<u>206.97</u>
	<u>982.22</u>	<u>206.97</u>
Note No. 16		
CASH & BANK BALANCES		
a) Cash & Cash Equivalents		
Balance with scheduled banks		
i) Cash credit account	-	86.98
ii) Current accounts	1,056.38	453.74
iii) Fixed deposit account	6.65	516.15
Cash in hand	<u>1.26</u>	<u>1.03</u>
	<u>1,064.29</u>	<u>1,057.90</u>
b) Other bank balances		
Earmarked balance in deposit account	54.70	50.55
(as per Uttar Pradesh state molasses control rules, 1974)		
	<u>1,118.99</u>	<u>1,108.45</u>
Note No. 17		
SHORT TERM LOANS & ADVANCES		
unsecured, considered good		
a) Loans & advances to related parties	-	-
b) Others		
Receivables from Government Department & Others	118.85	305.09
Cane seed loan to growers	130.72	13.58
Others	<u>76.11</u>	<u>66.23</u>
	<u>325.68</u>	<u>384.90</u>

	31.03.2012	31.03.2011
Note No. 18		₹ in Lacs
OTHER CURRENT ASSETS		
a) Interest Subvention receivable	84.53	-
b) Others	<u>4.83</u>	<u>11.42</u>
	<u>89.36</u>	<u>11.42</u>
Note No. 19		
REVENUE FROM OPERATIONS		
a) Sale of products		
- Sugar Sale	14,494.34	15,217.95
- Molasses Sale	795.19	538.29
- Power Sale	<u>1,105.54</u>	<u>644.25</u>
	<u>16,395.07</u>	<u>16,400.49</u>
b) Other operating revenues(*)	<u>238.73</u>	<u>24.17</u>
	<u>16,633.80</u>	<u>16,424.66</u>
c) Less: Excise duty on Sugar & Molasses	<u>575.37</u>	<u>565.69</u>
	<u>16,058.43</u>	<u>15,858.97</u>
(*) Includes ₹ 167.48 lacs (Previous year ₹ NIL) being the amount received towards sale of export entitlement of sugar in favour of third parties.		
Note No. 20		
OTHER INCOME		
a) Interest income (Includes tax deducted at source ₹ 3.59 lacs (previous year ₹ 2.55 lacs)	33.76	26.08
b) Other non operating income		
- Profit on sale of fixed assets	0.56	19.41
- Liability/provision no longer required written back	-	0.36
- Miscellaneous receipts	<u>0.82</u>	<u>0.83</u>
	<u>35.14</u>	<u>46.68</u>
Note No. 21		
COST OF MATERIALS CONSUMED		
a) Sugar cane, Bagasse & Biomass (*)	14,853.17	9,110.69
b) Chemicals	150.09	108.86
c) Packing Material	<u>170.13</u>	<u>173.95</u>
	<u>15,173.39</u>	<u>9,393.50</u>
(*) Includes change in inventory of Bagasse.		
Indigenous	14,853.17	9,110.69
% of Total	100.00	100.00
Imported	-	-
% of Total	-	-
Note No. 22		
(INCREASE)/DECREASE IN STOCKS		
Closing stock		
- Finished goods	5,261.77	4,642.33
- Work in progress	<u>222.93</u>	<u>83.60</u>
	<u>5,484.70</u>	<u>4,725.93</u>
Opening stock		
- Finished goods	4,642.33	10,726.88
- Work in progress	<u>83.60</u>	<u>19.92</u>
	<u>4,725.93</u>	<u>10,746.80</u>
(INCREASE)/DECREASE IN STOCK	(758.77)	6,020.87
Excise duty variation on opening/closing stock	<u>32.29</u>	<u>(139.77)</u>
	<u>(726.48)</u>	<u>5,881.10</u>

	31.03.2012	31.03.2011
₹ in Lacs		
Note No. 23		
EMPLOYEE BENEFIT EXPENSES		
a) Salary and Wages	648.56	545.24
b) Contribution to provident and other funds	61.50	54.92
c) Staff welfare expenses & other Benefits	108.43	95.98
	<u>818.49</u>	<u>696.14</u>
Note No. 24		
OTHER EXPENSES		
Power and Fuel	40.16	43.80
Other Manufacturing Expenses	45.87	33.82
Store Consumption	206.61	140.22
Repairs to Buildings	20.40	13.95
Repairs to Machinery	114.81	104.70
Rent	24.98	3.21
Insurance	7.65	7.48
Rates and taxes	20.80	8.12
Travelling & Conveyance	26.68	21.78
Loss on sale of Fixed Assets	3.00	3.97
Payment to the Auditors		
-Audit fees	1.50	1.50
-Cost Audit fees	0.35	-
-Tax Audit fees	0.50	0.50
-Certification/Other services	0.98	0.74
-Reimbursement of expenses	0.24	0.31
Commission on Sales	23.27	25.59
Miscellaneous Expenses	139.66	128.97
	<u>677.46</u>	<u>538.66</u>
Note No. 25		
FINANCE COST		
a) Interest expense	899.50	812.62
b) Other borrowing costs	84.64	27.65
	<u>984.14</u>	<u>840.27</u>
Note No. 26		
DEPRECIATION AND AMORTIZATION EXPENSES		
a) Depreciation of tangible assets	520.37	506.69
b) Amortization of intangible assets	1.59	1.59
	<u>521.96</u>	<u>508.28</u>
Note No. 27		
Extraordinary Item		
Differential Cane Price of Season 2007-08 (Refer note B 4 in Note no 28)	787.71	-

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

Note No. 28

A. SIGNIFICANT ACCOUNTING POLICIES

1. The financial statements have been prepared under historical cost convention (except for certain fixed assets were revalued) on accrual basis in compliance with applicable Accounting Standard notified by the Companies (Accounting Standards) Rules, 2006 and relevant provision of Companies Act, 1956.
2. (i) Fixed Assets are stated at cost and net of cenvat, where applicable.
(ii) Depreciation on Fixed assets is calculated on straight-line method, at the rates specified in Schedule XIV to the Companies Act, 1956.
(iii) Intangible Assets are being recognised if the future economic benefit attributable to the asset are expected to flow to the Company and the cost of the asset can be measured reliably. The same are being amortised over the expected duration of benefits or upto 10 years whichever is lower.
3. Expenditure during construction/erection period is included under capital work-in-progress and is allocated to the respective fixed asset on completion of construction / erection.
4. Exchange difference arising on foreign currency translation is charged to the Statement of Profit and Loss at the end of the year or at contracted rate where applicable. Premium in respect of forward contracts is recognized over the life of contract.
5. Inventories are valued at lower of cost and net realisable value (except scrap/waste/By-Products, which are valued at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
6. Borrowing cost is charged to Statement of Profit and Loss except cost of borrowing directly attributable to acquisition and construction of a qualifying asset, which is capitalised till the date of commercial use of the asset.
7. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss when an asset is identified as impaired. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the assets over its remaining useful life.
8. Employee Benefits:
 - (i) Defined Contribution Plan
Employee Benefits in the form of Superannuation Fund, Provident Fund (PF) and Employee Deposit Linked Insurance (EDLI) are considered as defined contribution plans and the contributions thereon are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.
 - (ii) Defined Benefit Plan
Retirement benefits in the form of Gratuity, Leave Encashment and PF (funded) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
 - (iii) Short term compensated absences are provided based on past experience of the leave availed. Actuarial gain/losses, if any, are immediately recognized in the Statement of Profit and Loss .
9. Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of the Income Tax Act, 1961. Deferred Tax Assets are recognised on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realised.

10. Provision in respect of present obligation arising out of past events are made in Accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of Notes to Accounts. Contingent Assets are not recognised or disclosed in Financial Statements and are included, if any, in the Directors' Report.

B. OTHER NOTES

1. Contingent Liabilities not provided for:

	31.3.2012		₹ in Lacs 31.3.2011	
(a) Claims against the Company not acknowledged				
- Income Tax	39.25		39.25	
- Trade tax	14.74		94.50	
- Others	<u>65.69</u>	119.68	<u>65.69</u>	199.44
(b) Excise demands under dispute		20.33		25.37

2. Claims of ₹ 223.09 lacs (Previous Year ₹ 227.51 lacs) in respect of Entry Tax are pending against the Company which have not been acknowledged. The company has been legally advised that no liability would arise on this account, since the Hon'ble Allahabad High Court vide its Order dt. 27.01.2004 declared the Entry Tax Act, 2000 as Ultra Vires and the Hon'ble Supreme Court vide its interim Order dt. 17.04.2007 has upheld the Order of the Hon'ble Allahabad High Court.

3. During the year 2008-09, the company had received demand/Show cause Notices for ₹ 884.37 Lacs from Commissioner Central Excise Meerut (U.P.) demanding duty on the generation of electricity due to the non maintenance of separate set of books. Out of ₹ 884.37 lacs, demand of ₹ 807.26 lacs has been stayed by Hon'ble Custom, Excise & Service Tax Appellate Tribunal (CESTAT) and remaining ₹ 77.11 lacs has been set aside by Commissioner Central Excise pursuant to guideline set by Hon'ble Supreme Court. It is expected that on the same basis remaining liability will be set aside by CESTAT.

4. Exceptional item represents the differential cane price for sugar Season 2007-08 accounted for pursuant to the Hon'ble Supreme Court order dated 17.01.2012.

5. During the year accumulated losses of the company have exceeded 50% of the peak net worth of the company in the immediately preceding four financial years. The company is taking appropriate steps for compliances in pursuance of section 23(1) of Sick Industrial Companies (special provision) Act, 1985.

	31.03.2012	₹ in Lacs 31.03.2011
6. Dividend not provided for on cumulative preference shares:-		
Series A :8% 15,00,000 (previous year Nil) cumulative redeemable preference shares issued on 30.03.2012	0.59	-
Series B: 8% 1,85,338 (previous year Nil) cumulative redeemable preference shares issued on 30.03.2012	0.07	-

7. (i) Long term trade payable include loan to farmers amounting to ₹ 1042.01 Lacs from IDBI (Previous year- Nil), wherein the company is acting as a collecting agent and the same is backed by corporate guarantee from the company.

(ii) Trade payable include short term loan to farmers amounting to ₹ 127.75 Lacs from IDBI (Previous year- ₹ 1500.00 Lacs), and ₹ Nil from Bank of India (Previous year- ₹ 7156.33 Lacs) wherein the company is acting as a collecting agent and the same is backed by corporate guarantee from the company.

	₹ in Lacs	
	2011-12	2010-11
8 Remuneration to Wholetime Director (WTD):		
(a) Salary	18.51	16.86
(b) Contribution to P.F. & Other Funds*	5.00	4.55
(c) Value of Perquisites & Allowances	<u>22.34</u>	<u>19.07</u>
Total	<u>45.85</u>	<u>40.48</u>

* excludes Provision for Gratuity & Leave Encashment, as the actuarial valuation is done on overall Company basis.

9. EMPLOYEE DEFINED BENEFITS :

Defined Benefit Plans-as per actuarial valuation as on March 31, 2012.

	₹ in Lacs			
	March 31, 2012		March 31, 2011	
	Gratuity Non-Funded	Leave Encashment Non-Funded	Gratuity Non-Funded	Leave Encashment Non-Funded
I Expenses recognised in the Statement of Profit & Loss for the year ended March 31, 2012				
1 Current Service Cost	11.38	5.29	9.85	4.25
2 Interest Cost	9.10	1.72	8.13	1.58
3 Expected return on plan assets	-	-	-	-
4 Actuarial (Gains) / Losses	(0.07)	3.09	(9.21)	5.13
5 Total expense	20.40	10.10	8.77	10.96
II Net Asset/(Liability) recognised in the Balance Sheet as at March 31, 2012				
1 Present Value of Defined Benefit Obligation as at March 31, 2012	125.36	25.07	107.09	20.21
2 Fair value of plan assets as at March 31, 2012	-	-	-	-
3 Funded status [Surplus/(Deficit)]	-	-	-	-
4 Net asset/(liability) as at March 31, 2012	(125.36)	(25.07)	(107.09)	(20.21)
III Change in obligation during the Year ended March 31, 2012				
1 Present Value of Defined Benefit Obligation at the beginning of the year	107.09	20.21	101.58	19.73
2 Current Service Cost	11.38	5.29	9.85	4.25
3 Interest Cost	9.10	1.72	8.13	1.58
4 Actuarial (Gains) / Losses	(0.07)	3.09	(9.21)	5.13
5 Benefit Payments	(2.14)	(5.23)	(3.26)	(10.48)
6 Transitional Adjustment	-	-	-	-
7 Present Value of Defined Benefit Obligation at the end of the year	125.36	25.07	107.09	20.21
IV Actuarial Assumptions :				
1 Discount Rate	8.50%	8.50%	8.00%	8.00%
2 Expected rate of return on plan assets	Nil	Nil	Nil	Nil
3 Expected Average remaining working lives of employees	17.92	17.92	18.70	16.96
4 Salary Escalation	4.5%	4.5%	4.5%	4.5%

(a) Defined Benefit Plans-

Amounts recognised as an expense and included in Note No. 23 of Statement of Profit & Loss. Item "Salaries, Wages, Bonus and Gratuity etc" includes ₹ 20.40 lacs for gratuity, ₹ 10.10 lacs for leave encashment.

(b) Defined Contribution Plans -

Amount recognised as an expense and included in Note No. 23 of Statement of Profit & Loss Item "Contributions to Provident and other Funds" ₹ 61.50 lacs

(c) Information of changes in plan assets has not been given since it is not applicable.

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

10. Other non-current Assets include ₹ 0.90 lacs (previous year ₹ 0.90 lacs) for which legal and other necessary action has been taken. In the opinion of the management, these advances are fully recoverable and the same have been classified as good.

11. Earning Per Share:

	31.03.2012	31.03.2011
(a) Profit / (Loss) after tax (₹ In Lacs)	(2143.10)	(1273.74)
(b) Less: Preference dividend (including CDT)	0.77	-
(c) Weighted Average no. of Equity Shares	12032585	10359585
(d) Nominal value of Equity Shares (₹)	10.00	10.00
(e) Earning per Share		
- Basic & Diluted (*) – per Equity Share (₹)	(20.68)	(12.30)

(*) Zero Coupon fully convertible redeemable Preference Shares have not been considered in computation of diluted earning per share since anti dilution in nature due to loss.

12. Particulars of Material Consumed under broad heads are as under:

₹ in Lacs				
Particular's	Opening Balance	Purchase	Consumption	Closing Balance
Sugar Cane, Bagasse & Biomass	33.98	14942.76	14853.17	123.57
	(22.88)	(9121.79)	(9110.69)	(33.98)
Process Chemicals	17.07	158.72	150.09	25.70
	(10.09)	(115.84)	(108.86)	(17.07)
Packing Material	5.42	178.34	170.13	13.63
	(14.46)	(164.91)	(173.95)	(5.42)

Figures in brackets relate to previous year.

13. (i) Particulars of Stocks of Finished Goods under broad heads are as under:

(₹ in Lacs)		
Class of goods	Opening Balance	Closing Balance
Sugar	4337.40	4893.86
	(10494.45)	(4337.40)
Molasses	304.93	367.91
	(232.42)	(304.93)

Figures in brackets relate to previous year.

(ii) Particulars of Stocks of Work in Progress under broad heads are as under:

(₹ in Lacs)		
Class of goods	Opening Balance	Closing Balance
Sugar	76.69	217.61
	(19.63)	(76.69)
Molasses	6.91	5.31
	(0.28)	(6.91)

Figures in brackets relate to previous year.

14. Related Party Disclosure:

Relationships

(a) Key Management Personnel: Shri A.K.Jain, Whole-time Director*

(b) Relatives of Key Management Personnel: Smt. Renu Jain (Wife of Shri A.K. Jain)**

* Remuneration – Details given Note No 28 (B 8).

** Lease rent - ₹ 7.20 lacs (Previous year ₹ 7.20 Lacs)

No amount is outstanding at year end.

15. Segment information for the year ended 31st March, 2012

₹ in Lacs

PARTICULARS	2011-12			2010-11		
	Sugar	Power	Total	Sugar	Power	Total
Revenue						
External Sales	14,952.89	1105.54	16,058.43	15,204.58	644.25	15,848.83
Internal Segment Sales	-	-	-	-	-	-
Total Sales	14,901.70	1,105.54	16,007.24	15,204.58	644.25	15,848.83
Other Income	35.14	-	35.14	56.82	-	56.82
Total Revenue	14,988.03	1,105.54	16,093.57	15,261.40	644.25	15,905.65
Results						
Segment Result (PBIT) Profit/(Loss)	(844.25)	473.00	(371.25)	(1,302.59)	190.56	(1,112.03)
Less: Unallocable expenditure net of unallocable income			-			-
Less: Finance Cost			984.14			840.27
Profit / (Loss) before Exceptional Item			(1,355.39)			(1,952.30)
Provision for tax including deferred tax			-			(678.56)
Profit / (Loss) after tax but before exceptional item			(1,355.39)			(1,273.74)
OTHER INFORMATION						
Segment Assets	13,346.62	2,280.37	15,626.99	12,598.74	1,462.03	14,060.77
Unallocable Assets			-			-
Total Assets	13,346.62	2,280.37	15,626.99	12,598.74	1,462.03	14,060.77
Segment Liabilities	6,623.28	-	6,623.28	9,984.00	-	9,984.00
Capital Expenditure	282.26	69.27	351.53	119.64	18.26	137.90
Depreciation	413.96	108.00	521.96	402.83	105.45	508.28
Non Cash item other than Depreciation						
Unallocable	-	-	-	-	-	-

Notes: Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17).

16. In view of inadequate available profits, required Debenture Redemption Reserve has not been created.
17. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Thus previous year figures have been reclassified /recasted suitably. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statement except for presentation and disclosures, where required.
18. The Board of Directors of the Company at its meeting held on 30th May 2012 has approved in-principle, amalgamation of the Company with Dhampur Sugar Mills Limited by way of a scheme of Amalgamation, in accordance with the provisions of Sections 391 to 394 of the Companies Act 1956, subject to finalization of the said scheme, due diligence etc., and statutory and other requisite approvals.

As per our report of even date attached.

For S.S. KOTHARI MEHTA & CO.,
Chartered Accountants
Firm Registration No. 000756N

(CA K.K. Tulshan)
Partner
Membership No.: 085033

Place : New Delhi
Dated : This the 30th day of May, 2012.

BIPIN BIHARI
Company Secretary

P. K. JAIN
GAUTAM KHAITAN
J. R. C. BHANDARI
VIKRAMPATI SINGHANIA
A. K. KINRA
A. K. JAIN

Directors

Cash flow statement as required by Accounting Standard on Cash flow statement AS-3 is as under:

	2011-12	₹ in Lacs 2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and exceptional items	(1,355.39)	(1,952.30)
Adjustments for:		
Depreciation and amortization expenses	521.96	508.28
Loss/(Profit) on Sale of Fixed Assets (Net)	2.44	(15.44)
Interest Expenses	899.50	812.62
Interest Income	(33.76)	(26.08)
Operating Profit before working capital changes	<u>34.75</u>	<u>(672.92)</u>
Adjustments for:		
(Increase)/Decrease in Trade receivables	(775.25)	34.34
(Increase)/Decrease in Loans and advances	49.79	(176.82)
(Increase)/Decrease in Inventories	(906.88)	5,950.82
(Increase)/Decrease in Other current assets	(76.19)	13.63
(Increase)/Decrease in Other non-current assets incl. other Bank Balances	(12.72)	(6.75)
Increase/(Decrease) in Trade payables	(4,405.18)	524.94
Increase/(Decrease) in Provisions	23.12	5.85
Increase/(Decrease) in Other current liabilities	64.73	(183.01)
Increase/(Decrease) in Other long term liabilities	1,042.01	-
Cash generated from operations	<u>(4,961.82)</u>	<u>5,490.08</u>
Direct taxes (paid)/Refund received	(1.30)	(0.68)
Net Cash from operating activities before Exceptional item	<u>(4,963.12)</u>	<u>5,489.40</u>
Exceptional items and prior period adjustment	(787.71)	-
Net Cash from operating activities	<u>(5,750.83)</u>	<u>5,489.40</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(365.06)	(177.20)
Sale of Fixed Assets	5.12	37.34
Interest Received	32.01	26.18
Net Cash used in investing activities	<u>(327.93)</u>	<u>(113.68)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	8,464.23	239.34
Repayment of borrowings	(2,114.18)	(3,844.03)
Proceeds from issue of Equity & Preference Share Capital	2,070.00	-
Repayments of Preference Share Capital	(1,350.00)	-
Interest paid	(984.90)	(840.69)
Net Cash from/(used) in financing activities	<u>6,085.15</u>	<u>(4,445.38)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6.39</u>	<u>930.34</u>
Cash and Cash Equivalents (Opening Balance)	1,057.90	127.56
Cash and Cash Equivalents (Closing Balance)	<u>1,064.29</u>	<u>1,057.90</u>
Notes:		
Cash and Cash Equivalents include:		
– Balances with banks	1,063.03	1,056.87
– Cash, Cheques on hand	1.26	1.03
Total	<u>1,064.29</u>	<u>1,057.90</u>

As per our report of even date attached.

For S.S. KOTHARI MEHTA & CO.,
Chartered Accountants
Firm Registration No. 000756N

(CA K.K. Tulshan)
Partner
Membership No.: 085033

Place : New Delhi
Dated : This the 30th day of May, 2012.

BIPIN BIHARI
Company Secretary

P. K. JAIN
GAUTAM KHAITAN
J. R. C. BHANDARI
VIKRAMPATI SINGHANIA
A. K. KINRA
A. K. JAIN
Directors

JK SUGAR LTD.
Link House, 3 Bahadur Shah Zafar Marg, New Delhi - 110 002

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of **JK Sugar Limited** will be held at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata- 700 020 on Tuesday, the 14th August 2012 at 11.30 AM to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the financial year ended 31st March 2012 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri J.R.C. Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Gautam Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. S.S. Kothari Mehta & Co., Chartered Accountants, (Firm Registration No. 000756N) be and are hereby appointed as Auditors of the Company from the conclusion of the 16th Annual General Meeting upto the conclusion of the next Annual General Meeting on a remuneration of ₹ 1,50,000/- (Rupees One lac fifty thousand only), excluding service tax as applicable and reimbursement of traveling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the audit."

5. To consider Report u/s 23(1) of the Sick Industrial Companies (Special Provisions) Act 1985, and in connection therewith to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT report of Board of Directors as required under Section 23(1) of the Sick Industrial Companies (Special Provisions) Act 1985, on erosion of more than 50% of the Company's net worth as at the end of the financial year ended 31st March 2012 in relation to its peak net worth during the immediately preceding four financial years, be and is hereby received, considered and adopted."

By Order of the Board

Regd. Office:
7, Council House Street, Kolkata - 700 001
Date: 30th May, 2012

Bipin Bihari
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Registers of Members and Share Transfer Books of the Company shall remain closed from 9th August 2012 to 14th August 2012 (both days inclusive).
3. Re-appointment of Directors:
Brief resumes of the Directors proposed to be re-appointed (Item Nos. 2 and 3 of the Notice) are given hereunder:-
 - I. Shri Jatan Roop Chand Bhandari, aged 78 years, holds Masters Degree in Commerce. He has over 53 years of rich experience in the areas of commerce, administration, mergers and amalgamations, accounts and finance. He joined the Board of the Company on 31st January 2006. Shri J. R. C. Bhandari is a Director of Ultima Finvest Limited, Bengal & Assam Company Limited and JK Agri Genetics Limited. He is the Chairman of Audit Committee of JK Agri Genetics Limited, Bengal & Assam Company

Limited and Ultima Finvest Limited. He is member of Shareholders/Investors Grievance Committee of Bengal & Assam Company Limited. Shri Bhandari is not related to any Director of the Company. He does not hold any Share of the Company. His Director Identification Number is 00292314.

- ii. Shri Gautam Khaitan, aged 47 years, holds Bachelors Degree in Commerce and is a Law Graduate and an advocate. He joined the Board of the Company on 4th September 2003. He is also on the Boards of Salora International Limited, KRBL Limited, FACOR Alloys Limited, Aravali Securities & Finance Limited, Ilpea Paramount Limited, Acrotech Limited, MedSave Healthcare Limited, Bharat Seats Limited, Arcofemi Healthcare Limited, Texmaco Infrastructure & Holding Limited (formerly Texmaco Limited) and Acrotech Uniexpat Limited. Shri Khaitan is the Chairman of Audit Committee of Salora International Limited, Acrotech Limited and Shareholders/Investors Grievance Committee of Bharat Seats Limited. Shri Khaitan is also member of Audit Committee and Shareholders/Investors Grievance Committee of Aravali Securities & Finance Limited and Texmaco Limited. Shri Khaitan is not related to any Director of the Company. His Director Identification Number is 00021117. He does not hold any Share of the Company.

Item No. 5

Section 23 of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) inter alia provides that if the accumulated losses of the industrial company as at the end of any financial year have resulted in the erosion of 50% or more of its peak net worth during the immediately preceding four financial years, the Company shall report the said fact to the Board for Industrial and Financial Reconstruction (BIFR) and to the Shareholders. The accumulated losses of the Company as at 31st March 2012 had resulted in erosion of more than 50% of ₹ 36.30 Crore, the peak net worth of the Company during the preceding four financial years as at 31st March 2008.

Accordingly, pursuant to Section 23(1)(b) of SICA a Report of the Board have been set out in the Annexure to the Notice for consideration of the Shareholders.

None of the Directors of the Company may be deemed to be concerned or interested in the Resolution.

By Order of the Board

Regd. Office:

7, Council House Street, Kolkata - 700 001

Date: 30th May, 2012

Bipin Bihari
Company Secretary

Report of Erosion of Net Worth pursuant to Section 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA)

A. Erosion Of Net Worth U/S 23 Of SICA:

The Company's net worth as at 31st March 2012, as a result of accumulated losses, had been eroded by more than 50% of ₹ 36.30 Crores, the peak net worth of the Company in the preceding four financial years as at 31st March 2008.

B. Causes of Erosion

The Company suffered losses on account of following reasons which were beyond the control of the management:

1. The Govt. of Uttar Pradesh (U.P.) had in the year 2004, announced a scheme namely "Sugar Industrial Promotion Policy -2004" giving various incentives to Sugar companies investing minimum of ₹ 350 Crores, for a period of 5 years (10 years if investment is more than ₹ 500 Crores). Various incentives clubbed together to such sugar mills, amounted to approximate ₹ 200 per quintal of sugar resulting about 8% -10% of the total cost of the production. As a result larger players of the sugar industry started putting number of new mills. Four new sugar mills came up in close vicinity to the Company's factory, eating away the cane area thus reducing cane availability in terms of quantity as well as quality.
2. The reserve Cane area of the Company had five rivers, namely, Ramganga, Bhakra, Baigul, Sanka and Pilakhar. About 30%-35% of the Company's cane area is affected during a year of excessive rain/flood.
3. Excessive regulatory control: right from the raw material including cane area, procurement of cane, its movement etc to finished products and by-products are totally regulated by Govt. Policies which is detrimental to the growth of the sugar industry.
4. The sugar industry is mandatorily required to supply 10% of its annual production to the Government under the Public Distribution System. The Government procures this on a much lower price than even the cost of production. This has resulted in your Company losing substantial amounts. Further, the remaining 90% of the production is also controlled by Central Government through the quantitative release mechanism.
5. Despite announcement of Fair and Remunerative Price (FRP) for Cane by Central Govt., some of the States like U.P, Punjab, Haryana etc. have their own policies for announcing State Advised Price (SAP) which is much higher than FRP as well as cane price paid by other non SAP States.

For the last three years FRP announced by Central Govt. and SAP announced by state of U.P. are as under:

Year	FRP announced by Central Govt. (₹/Qntl.)	SAP announced by Uttar Pradesh (₹/Qntl.)
2009-10	129.85	165.00
2010-11	139.12	205.00
2011-12	145.00	240.00

The sugar prices in turn does not absorb the increasing cane price announced by the State Govt.

6. Further, on 17.01.2012, Hon'ble Supreme Court of India passed an order requiring the sugar mills in U.P. to pay a differential cane price of ₹ 15 per quintal for the season 2007-08 which adversely affected the sugar industry in U.P. This has brought an additional liability of ₹ 7.88 Crores to your company during the accounting year 2011-2012
7. There is no linkage between cane price and sugar price. The sugar industry being an agro-based industry involving large number of farmers, is highly influenced by political considerations.

During the year, the Company enhanced its share capital by issuing additional Equity Shares and Preference Shares of the aggregate value of ₹ 7.20 Crores. This in turn improved the net worth of the Company by an equal amount. However, despite the above as also the improved performance parameters, the operations of the Company resulted in loss of ₹ 21.43 Crores during the year 2011-12, primarily on account of higher cane price and additional cane liability of ₹. 7.88 Crores, as mentioned above.

FOR ATTENTION OF THE SHAREHOLDERS

1. Members/ Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
2. Please check the Pincode in the address slip and advise correction, if any, therein. Also please do indicate the Pincode Number of your delivery post office while notifying change in your address to the Company where shares are held in physical form.
3. Requests for transfer of Equity Shares and related correspondence should be addressed to the Company's Registrar and Share Transfer Agents: Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055 (RTA). The Shareholders may approach their Depository Participant for getting their shares dematerialised and in respect of shares already held in dematerialised mode for registration of change in their addresses, bank mandates, nominations etc.
4. Transferee(s) seeking transfer of shares in physical form(s) should furnish copy of their PAN card to the Company / RTA for registration of transfer of shares.
5. Shareholders having multiple folios are requested to write to the RTA for consolidation of the Folios to save the administrative or servicing cost.
6. Investor Grievances can be lodged with the RTA. In case of any difficulty, please write to the Company Secretary at Link House, 4th Floor, Bahadur Shah Zafar Marg, New Delhi- 110 002 or E-mail: bbihari@jkmmail.com.
7. **Nomination:** Pursuant to Section 109A of the Companies Act 1956, individual Shareholders holding Shares in the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole/ all joint Shareholders.
8. **Dematerialisation of Shares and Liquidity:** Members may in their own interest consider dematerialisation of their shareholding in the Company held in physical form. Dematerialisation facility is available both on NSDL and CDSL. *Company's ISIN No. is INE210G01014.*
9. **Unclaimed Suspense Account-** Pursuant to Clause 5A of the Listing Agreement, the Company has through its RTA sent requisite Reminders to Shareholders whose share certificates were returned to the Company as undelivered mail or lying unclaimed and transferred the unclaimed Equity Shares to "Unclaimed Suspense Account".
The "Unclaimed Suspense Account" shall be held by the Company purely on behalf of the allottees and the Shares held in such Suspense Account shall not be transferred except to the allottees as and when they approach the Company / its RTA along with documentary evidence to prove their identity, such as passport, voter's ID card, PAN etc. Shareholders may opt either for credit of shares lying in the "Unclaimed Suspense Account" to their respective demat accounts or for obtaining the physical certificates.
10. Shareholders are requested to quote their Folio no. / DP-ID, Client-ID and details of Shares held in physical / demat mode, e-mail IDs and Telephone / Fax Nos. for prompt reply to their communications.

Green Initiative in Corporate Governance: Register E-mail Address

The Ministry of Corporate Affairs has permitted companies to send various notices/documents under the Companies Act 1956, to its shareholders, through electronic mode. We request the Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Alankit Assignments Ltd. (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No. /DP ID-Client ID, PAN, Name(s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communications through E-mail) and send the same under your signature(s).

Notes

JK SUGAR LIMITED

Regd. Office: 7, Council House Street, Kolkata - 700 001

ADMISSION SLIP

Folio No.		DP-ID#	
No. of Shares held		Client-ID#	

I hereby record my presence at the 16th Annual General Meeting of the Company being held at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata-700 020 on Tuesday, the 14th day of August, 2012 at 11.30 A.M.

Name of the Member (in block Letters) :
Name of the Proxy/Authorised Representative attending* (in block letters) :

Applicable for investors holding shares in dematerialised form.

* Strike out whichever is not applicable.

Signature of the Member/Proxy/Authorised Representative*

- Notes: 1. A Member/Proxy/Authorised representative wishing to attend the meeting must complete this Admission Slip before coming to Meeting and hand it over at the entrance.
 2. If you intend to appoint a Proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.

JK SUGAR LIMITED

Regd. Office: 7, Council House Street, Kolkata - 700 001

PROXY FORM

Folio No.		DP-ID#	
No. of Shares held		Client-ID#	

I/We.....
 ofbeing a member/members of JK Sugar Limited, hereby appoint
 Shri/Smt./Km.....of.....
 or failing him /her Shri/Smt./Km.of.....
 or failing him/her Shri/Smt./Km... ..of.....
 as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Tuesday, the 14th day of August, 2012 at 11.30 A.M. and at any adjournment thereof.

Signed this.....Day of.....2012.

Signature(s).....

Affix
 ₹ 1/-
 revenue
 stamp

Applicable for investors holding shares in dematerialised form.

Note: The proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company at 7, Council House Street, Kolkata - 700 001 not less than 48 hours before the time fixed for the Meeting.

