

JK SUGAR LTD.



A N N U A L R E P O R T 2 0 1 1 - 1 2

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 A.K. Jain A. K. Kinra
Date: 30th May, 2012 Whole-time Director 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 Singhania 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