

Growing sustainably.
And profitably.



The Oudh Sugar Mills Limited
Annual Report 2008-09



Late Dr K.K. Birla

(1918-2008)

Our Source of Inspiration



The Oudh Sugar Mills Limited

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

ATTENDANCE SLIP

Only Shareholders or the proxies will be allowed to attend the meeting

D.P. ID	
---------	--

LF No.	
--------	--

Client ID	
-----------	--

No. of Shares held	
--------------------	--

I hereby record my presence at the Seventy Seventh Annual General Meeting of the Company being held at Meeting Hall, Oudh Sugar Mills Complex, P.O. Hargaon, District - Sitapur (U.P.), Pin -261 121 on Thursday, 26th November, 2009 at 2.00 P.M.

Name of the Shareholder _____
(in capital letters)

Name of the Proxy _____
(in capital letters)

Signature

NOTE : Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.



The Oudh Sugar Mills Limited

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

PROXY

D.P. ID	
---------	--

LF No.	
--------	--

Client ID	
-----------	--

No. of Shares held	
--------------------	--

I/We _____ of _____

being a member / members of THE OUDH SUGAR MILLS LIMITED hereby appoint Shri/Smt. _____

of _____ or failing him/her Shri/Smt _____

of _____ or failing him/her Shri/Smt _____

of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Seventy Seventh Annual General Meeting of the Company to be held on Thursday, 26th November, 2009 at 2.00 P.M. at the Registered Office of the Company at Meeting Hall, Oudh Sugar Mills Complex, P.O. Hargaon, District - Sitapur (U.P.), Pin -261 121 and/or at any adjournments thereof.

Signed this _____ day of _____ 2009

Affix
Revenue
Stamp

(Signature of the shareholder)

NOTE : The Proxy Form signed across revenue stamp should reach the Registered Office of the Company at least 48 hours before the scheduled time of Meeting.

CONTENTS

Corporate Information	2
Notice	3
Key Figures	4
Chairman's Message	6
Directors' Report	8
Management Discussion & Analysis Report	12
Report on Corporate Governance	24
Financial Statements (Standalone)	35
Financial Statements (Consolidated)	69
Financial Statements (Subsidiaries)	99

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chandra Shekhar Nopany, Chairman-cum-Mg. Director
 Mr. S.V. Muzumdar
 Mr. Ashvin C. Dalal
 Mr. C.B. Patodia
 Mr. Rohit Kumar Dhoot
 Mrs. Madhu Vadera Jayakumar
 Mr. Haigreave Khaitan
 Mr. J.N. Godbole

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany
 Mr. S.V. Muzumdar
 Mr. Ashvin C. Dalal
 Mrs. Madhu Vadera Jayakumar

Audit Committee

Mr. Ashvin C. Dalal
 Mr. C.B. Patodia
 Mr. S.V. Muzumdar
 Mr. Rohit Kumar Dhoot

Investors' Grievance Committee

Mr. S.V. Muzumdar
 Mr. Rohit Kumar Dhoot
 Mrs. Madhu Vadera Jayakumar

Remuneration Committee

Mr. S.V. Muzumdar
 Mr. Ashvin C. Dalal
 Mr. Rohit Kumar Dhoot

EXECUTIVES

Mr. G.N. Pareek, Company Secretary
 Mr. Naresh Chandra Paliwal, Executive President, Hargaon
 Mr. Chandra Mohan Singh, Executive President, Narkatiaganj
 Mr. B.K. Malpani, Executive President, Rosa
 Mr. S. K. Premi, Executive President, Allahabad
 Mr. P.K. Saini, Executive President, Hata

AUDITORS

S.R. Batliboi & Co.
 Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co.

BANKERS

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

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

CORPORATE OFFICE

Unit No. 210/212, Solaris – 1, 'A' Wing, 2nd Floor
 Saki Vihar Road, Opp : L&T Gate No. 6,
 Andheri (East), Mumbai – 400 072.
 Tel. No. : 91-022-2847 0249
 Fax No. : 91-022-2847 0275
 e-mail : oudhsugar@mtnl.net.in

HEAD OFFICE

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

SUGAR MILLS

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

DISTILLERY

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

CANNING FACTORY

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

CO-GENERATION POWER PLANT

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



The Oudh Sugar Mills Limited

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

NOTICE

Notice is hereby given that the Seventy-seventh Annual General Meeting of the members of The Oudh Sugar Mills Limited will be held at the Registered Office of the Company at Meeting Hall, Oudh Sugar Mills Complex, Hargaon, District Sitapur, Uttar Pradesh, Pin - 261121, on Thursday, the 26th November, 2009 at 2.00 P.M. to transact the following businesses :

Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 30th June, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Rohit Kumar Dhoot who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Haigre Khaitan who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration

Place : Mumbai

Dated : 25th August, 2009

By Order of the Board

G. N. Pareek

Company Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.
2. The Register of the Members of the Company will remain closed from 23rd October, 2009 to 24th October, 2009 both days inclusive for the purpose of payment of dividend for the year ended 30th June, 2009 and from 24th November, 2009 to 25th November, 2009, both days inclusive, for the purpose of holding the Annual General Meeting of the Company on 26th November, 2009 in terms of this notice.
3. In terms of Article 82 of the Articles of Association of the Company, Mr. Rohit Kumar Dhoot and Mr. Haigre Khaitan Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold Directorship and Membership/Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the report on Corporate Governance forming part of the Annual Report. The Board of Directors of the

Company recommends their respective re-appointments.

4. Members are requested to notify the change in their addresses, if any to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
5. In all correspondences with the Company/Registrar & Share Transfer Agent, the members are requested to quote their account/folio numbers and in case their shares are held in the dematerialised form, they must quote their Client ID Number and their DP ID Number.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed / unpaid dividends till the financial year up to and including 31.03.1999 have since been transferred to the said fund. There had been no payment of dividend after 31.03.1999 till the financial year 2003-04. Therefore, Members who have not encashed the dividend warrants so far for the financial years 2003-04 and for subsequent financial years may make their claim to the Company / Registrar and Share Transfer Agent. Once the unclaimed/unpaid dividend is transferred to the Fund no claim in this regard, shall lie against the Fund or the Company.
7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the Government can be obtained for the purpose from the Company/Registrar & Share Transfer Agent. The said Form 2B can also be downloaded from the Company's website.
8. The Equity Shares of the Company are listed at The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051. The listing fee for the year 2009-2010 has been paid to both the above Stock Exchanges.
9. Shares of the Company are compulsorily tradable on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited only in the dematerialised form. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialised form to have a better liquidity of their shareholding.

By Order of the Board

G. N. Pareek

Company Secretary

Place : Mumbai

Dated : 25th August, 2009

KEY FIGURES

(Rs. in lakhs)

FINANCIAL HIGHLIGHTS					
	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Turnover	37,628.42	52,864.92	46,812.06	35,393.59	58,309.13
EBDIT	8,096.94	10,297.66	129.80	5,280.58	10,578.35
Net Profit/(Loss)	1,116.04	4,536.51	-2,689.55	-451.27	1,917.38
Segment Revenue					
(a) Sugar	32,078.00	44,890.74	37,817.54	25,839.51	47,532.93
(b) Distillery	2,335.20	3,792.89	3,919.33	4,677.10	5,017.13
(c) Co-generation	0.00	0.00	766.43	725.57	587.06
(d) Canning	1,191.37	1,433.10	1,741.15	1,913.72	2,507.44

(Rs.)

PER SHARE DATA					
	2004-05	2005-06	2006-07	2007-08	2008-09
Earnings per share	7.05	24.96	-14.80	-2.48	9.34
Dividend per share	2.50	4.50	0.00	0.00	1.50
Payout Ratio (%)	35.46	18.03	0.00	0.00	16.06
Book value per share	53.69	73.35	58.34	55.48	62.82

Total Income (Rs. in lakhs)

2008-09	55,933.88
2007-08	34,181.84
2006-07	44,356.97

EBDIT (Rs. in lakhs)

2008-09	10,578.35
2007-08	5,280.58
2006-07	129.80

PAT (Rs. in lakhs)

2008-09	1,917.38
2007-08	-451.27
2006-07	-2,689.55

EPS (Rs.)

2008-09	9.34
2007-08	-2.48
2006-07	-14.80

RONW (%)

2008-09	13.92
2007-08	-4.48
2006-07	-25.37

Net Worth (Rs. in lakhs)

2008-09	13,770.06
2007-08	10,083.42
2006-07	10,603.02

Debt-Equity Ratio

2008-09	5.78
2007-08	8.58
2006-07	5.32

Net Cash from Operating Activities (Rs. in lakhs)

2008-09	21,338.03
2007-08	-10,929.49
2006-07	3,770.23



Mr. Chandra Shekhar Nopany
Chairman-cum-Managing Director

The Board is headed by Mr. Chandra Shekhar Nopany, aged 43 years, who is the Chairman-cum-Managing Director. He is a Chartered Accountant and Master in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA. He is an eminent industrialist having vast industrial experience in diverse fields like sugar, tea, shipping, textiles, fertilisers and chemicals, etc. He is the past President of Indian Chamber of Commerce.

CHAIRMAN'S MESSAGE

Dear Shareholders,

The year gone by has been unforgettable for the incredible impact of the global recession on economies around the world.

However, we chose to prepare ourselves for the global rebound by consolidating energies, optimising opportunities and augmenting capacities. Adorning our portfolio, the New India Sugar Mills at Hata, Uttar Pradesh, commenced operations this year with a crushing capacity of 7,000 tonnes of sugarcane per day.

Our efforts paid off and reflected in a quantifiable increase in total income from Rs. 34,181.84 lakhs in 2007-08 to Rs. 55,933.88 lakhs in 2008-09.

I am proud to iterate the challenges faced and overcome, the market situation and the strategies we implemented to grow, sustainably and profitably.

THE CHALLENGE TO GROW

The Sugar industry at present is under that phase of the peculiar sugar cycle, where sugarcane production plummets sharply. The sugar production in turn was also impacted. This can be attributed to poor or delayed rainfall hampering sucrose formation, lesser

acreage and loss in farmer interest. This in turn resulted in a declining stock/consumption ratio, finally resulting in soaring sugar prices.

We took this in our stride and leveraged on the high prices and enhanced realisations to augment capacities and de-risk our sugar and allied products business.

The year also saw increasing attention paid to additional revenue streams. Ethanol, a by product of sugar is one of the most effective renewable biomass fuels available. Ethanol, when mixed with gasoline, acts as an oxygenate, containing an enhanced oxygen content which besides absorbing Carbon di-oxide can be used as an alternative fuel. This not only reduces vehicular pollution, but also plays a pivotal role in decreasing our dependence on non renewable sources of energy.

We, at The Oudh Sugar Mills, have focused on what we do best, that is producing high grade sugar and allied products. However, attention was paid to minimise risks and grow responsibly. We took efforts at generation of power using bagasse and alcohol manufacture through molasses.

Thus, we have continued in the path of wholesome growth in a

We chose to prepare ourselves for the global rebound by consolidating energies, optimising opportunities and augmenting capacities. Adorning our portfolio, the New India Sugar Mills at Hata, Uttar Pradesh, commenced operations this year with a crushing capacity of 7,000 tonnes of sugarcane per day.

Report  Junction.com

year where we did not let the all pervading gloom take the upper hand.

OUTLOOK

The Sugar production is further expected to fall in the coming sugar season. Prices shall thus surge again. Sugar stocks are going to fall further as Government looks to import more and more raw sugar to tide over the shortage.

To face the vicissitudes of the economy, it is important to pay increased attention to the extreme link in our system, the farmers. We have never compromised on the timely payments for the very upholders of our business. In fact, significant attempts are being made through awareness oriented training and education to familiarise the farmers with advanced methods in cane farming so as to escape the fickleness of natural and crop cyclical conditions.

Also, the Hata plant has commenced production and lending support towards augmenting capacities. This unit also has co-generation facilities. Thereby, we have always remained independent in terms of power, as also using ethanol to reduce vehicular pollution and bagasse as a 'green' source of power for our projects.

Therefore, we are looking forward to an era of global economic rebound wherein we will continue to benefit from our values, act on the opportunity, serve our people and grow further responsibly.

I hereby take the opportunity to extend my regards to our shareholders who have kept their faith in us and I hope they will continue participating in all our future successes.

Warm regards,

Chandra Shekhar Nopany