

# The Oudh Sugar Mills Limited





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# Corporate information

## The Oudh Sugar Mills Limited

### 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. Haigreve 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. V P Singh  
- Executive President, Hargaon  
Mr. Chandra Mohan Singh,  
- Executive President, Narkatiaganj  
Mr. B.K. Malpani, Executive President, Rosa  
Mr. M. P.Singh , Vice President, Allahabad  
Mr. J S Cheema, Executive President, Hata

### AUDITORS

S.R. Batliboi & Co.  
Chartered Accountants

### ADVOCATES & SOLICITORS

Khaitan & Co.

### BANKERS

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

### REGISTRAR & SHARE TRANSFER AGENT

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

### REGISTERED OFFICE

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

#### CORPORATE 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)

### FOOD PROCESSING 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-eighth 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 Tuesday, the 21st December, 2010 at 11.AM. to transact the following businesses :

### Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 30th June, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J N Godbole who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mrs. Madhu Vadera Jayakumar who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S V Muzumdar who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

"RESOLVED that Messrs S. R. Batliboi & Co., Chartered Accountants, 22, Camac Street, Kolkata having Firm registration No. 301003E be and are hereby re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.

### As Special Business:

6. To consider and if thought fit to pass the following special resolution with or without modifications:

"RESOLVED that the Company do continue to pay commission not exceeding 1% of the net profit of the Company to be computed in accordance with Section 349 of the Companies Act, 1956 to all the Directors (except the Managing Director) equally over and above the usual sitting fees for a further period of 5 years with effect from 1st July, 2010."

7. To consider and if thought fit to pass the following ordinary resolution with or without modifications:

"RESOLVED in supersession of the resolution passed at the Annual General Meeting of the Company held on the 6th November, 2006 THAT pursuant to Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to borrow

from time to time such amount of moneys as they may consider adequate for the purposes of the business of the Company, notwithstanding that the moneys to be so borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, subject, however, to the only condition that the total amount of money so borrowed shall not exceed a sum of Rs.1000 crores (Rupees one thousand crores only) outstanding at any one time."

By Order of the Board

Mumbai,

Dated 27th August, 2010

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 a member.** The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.
2. The Register of the Members of the Company will remain closed from 17th December, 2010 (Friday) to 21st December, 2010 (Tuesday), both days inclusive, for the purpose of holding the Annual General Meeting of the Company on 21st December, 2010 in terms of this Notice.
3. In terms of Article 82 of the Articles of Association of the Company, Mr. J N Godbole, and Mrs. Madhu Vadera Jayakumar, and Mr S V Muzumdar 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 the other 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 as 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 Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 and 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 2010-2011 has been paid to both the above Stock Exchanges.
9. Equity Shares of the Company are compulsorily tradable on Bombay Stock Exchange Limited and National Stock Exchange of India Limited 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

Mumbai,  
Dated 27th August, 2010

G. N. Pareek  
Company Secretary

## EXPLANATORY STATEMENT

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

### Item No. 6

In an effort to recognise the valuable contributions made by the Non-Executive Directors in making the Company profitable and economically viable the Company has the policy of paying all the Non-Executive Directors commission @ 1 % of the net profit of the Company calculated in accordance with the terms and provisions of Section 349 of the Companies Act, 1956. For that purpose authority is vested in the Board of Directors of the Company and such authority has expired on 30th June, 2010 by efflux of time. Therefore, there is necessity to renew such an authority of the Board to continue to pay commission to the Directors.

Hence, the subjoined resolution is submitted for your sanction for continuing to pay commission not exceeding @ 1 % of the net profit of the Company to all the Directors (except the Managing Director) equally over and above the usual sitting fees for a further period of 5 years with effect from 1st July, 2010 in such proportion and in such manner as may be determined by the Board of Directors from time to time.

All the Directors (except the Managing Director) may be deemed to be interested in the resolution.

### Item No. 7

By an Ordinary Resolution passed by the shareholders of the Company at an Annual General Meeting held on the 6th November, 2006 the Board of Directors of the Company was authorised to borrow money upto a sum of Rs.750 crores (Rupees Seven hundred fifty crores only) in aggregate (apart from the temporary loans obtained from the Company's Bankers in the Ordinary course of business) notwithstanding that such borrowed money may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserve not set apart for any specific purpose.

In view of increased and diversified nature of activities of the Company it is proposed to increase the said limit from Rs. 750 crores to the proposed Rs. 1000 crores.

The aforesaid proposal for increase in the borrowing limit requires consent of the Members in a General Meeting in terms of Section 293(1)(d) of the Companies Act, 1956 by passing an Ordinary Resolution. Accordingly, the resolution as set out in Item No. 7 of the Notice is proposed to be approved by you.

None of the Directors is interested in the aforesaid resolution.

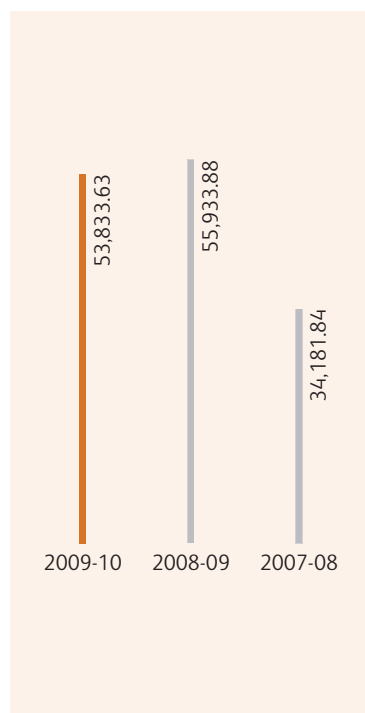
# Performance at a glance

Report Junction.com

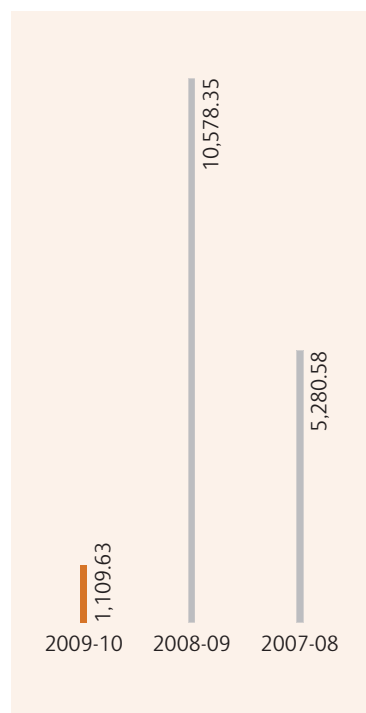
(Rs. in Lakh)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Turnover	52864.92	46812.06	35393.59	58309.13	55498.33
Operating Profit	10297.66	129.80	5280.58	10578.35	1109.63
Interest & Finance Charges (net)	1684.79	2044.23	3677.82	4941.53	8105.81
Depreciation	1558.68	2028.67	2229.68	2632.03	4077.30
Profit/(Loss) before Tax	7054.19	(3943.10)	(626.92)	3004.79	(11073.48)
Profit/(Loss) after Tax	4536.51	(2689.55)	(451.27)	1917.38	(8227.90)
Net Worth	13329.60	10603.02	10083.42	13770.06	7251.91
Net Worth per Equity Share (Rs.)	73.35	58.34	55.48	62.82	(27.98)
Dividend per Equity Share (Rs.)	4.50	--	--	1.50	--
Earning per Equity Share (Rs.)	24.96	(14.80)	(2.48)	8.81	(32.88)
Cane Crushed (Season) (In Lakh Qtls.)	233.59	290.04	237.06	147.83	214.34

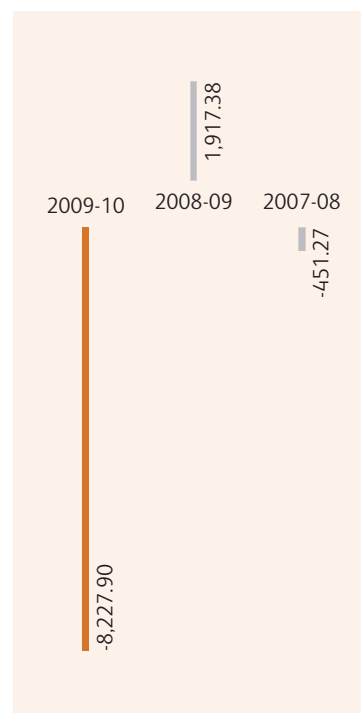
## Total income (Rs. in Lakh)



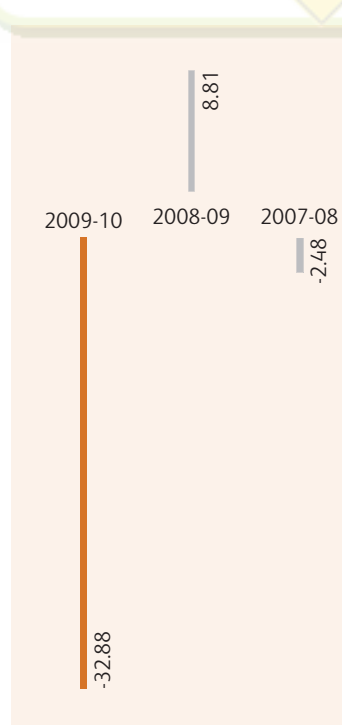
## EBIT (Rs. in Lakh)



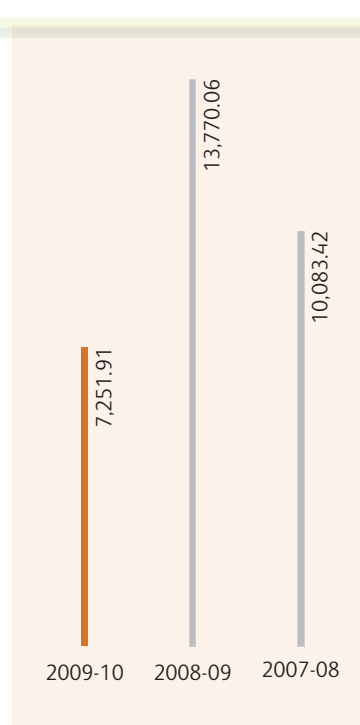
## PAT (Rs. in Lakh)



## EPS (Rs.)



## Net worth (Rs. in lakh)





## Chairman's message

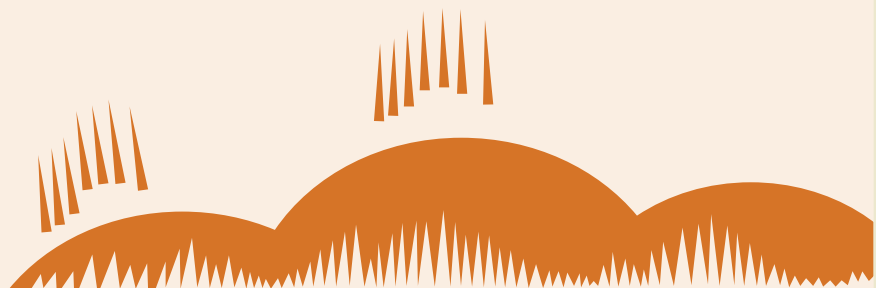
### Dear Shareholders,

While the global and domestic business scenario in India witnessed a moderate stability in 2009-10, the domestic sugar industry presented a bitter irony. At a time when sugar prices touched a record high in the first half of the sugar season 2009-10, the millers incurred losses owing to increase in levy quota of sugar, cane shortage despite payment of higher cane price, adverse government regulations and the faulty handling of the release mechanism of the non-levy sugar.

At Oudh Sugar, we suffered considerable loss due to raw material shortage, resulting in capacity under-utilisation and increased unit costs. The enhanced percentage of levy sugar from 10% to 20% further hit us. To make matters worse, revenues from the by-products segment also declined because of low availability of molasses and bagasse.

Cane price fluctuation represents one of sugar industry's most daunting challenges. The farmers will naturally tend to select that crop, which would give them attractive returns. At Oudh Sugar Mills, we have realised the importance of monetary incentives provided to the farmers. We are focusing on improving farmer education by our constant drive to familiarise





them about better varieties of cane and the advanced methods of cane farming and achieving improved yields through rigorous training and education programmes. This will also help them to deal with crop cycle fluctuations in a better way.

I am optimistic that with the reversal of the sugar cycle the gloom will slowly dissipate. A sharp jump in sugarcane production is expected in the coming season, which will help in optimum capacity utilisation and better returns from the by-products. Such a scenario would improve the bottomlines. India's shift from a sugar-import focused country to a sugar export-focused one is expected to boost the industry growth besides changing the profile of the industry.

We concentrated on our business consolidation and enhancing operational efficiencies. An anticipated increase in capacity utilisation of around 80% is expected to reduce production cost considerably besides making higher quantum of sugar, molasses and bagasse available to reap the price advantages currently associated with the manufacture of ethanol and alternate energy. As a matter of fact, the by-products segment of the sugar industry is gradually looking up with strategic capacity utilisation and regulatory Government support in the form of ethanol blending program.

Let me take this opportunity to acknowledge with pride the high spirit and sense of dedication of our employees, the support of farmers and the enduring faith of our bankers and shareholders in our corporate strategy. On the strength of our collective efforts and with the external scenario reviving gradually but firmly, Oudh Sugar Mills Limited will grow sustainably in the long run.

Warm regards,

**Chandra Shekhar Nopany**

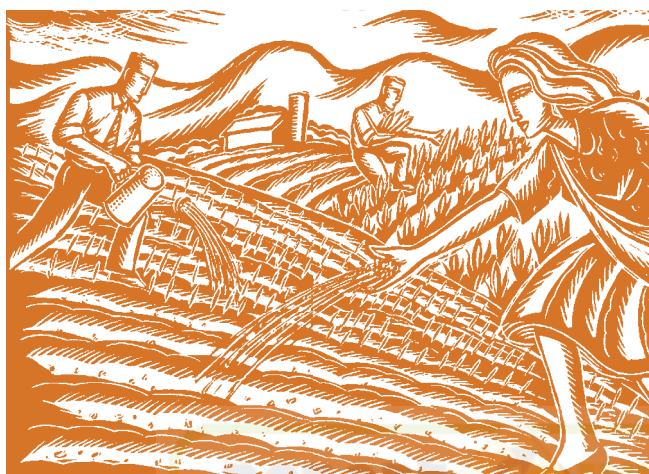
I am optimistic that with the reversal of the sugar cycle the gloom will slowly dissipate. A sharp jump in sugarcane production is expected in the coming season which will help in optimum capacity utilisation and better returns from the by-products.

# Directors' Report

To

The Members,

Your Directors take pleasure in presenting their Report and the audited Accounts of the Company for the year ended 30th June, 2010.



## 2. Financial Results And Appropriations

	2009-10		2008 – 09	
			(Rs. in Lakh)	
Net Revenue		53833.63		55912.40
Gross Profit/(Loss) before Depreciation and Interest		1109.63		10578.35
Less : Interest	8105.81		4941.53	
Depreciation	4077.30	12183.11	2632.03	7573.56
<b>Profit/(Loss) Before Tax</b>		(11073.48)		3004.79
Less : Provision for Tax:				
-Current	3.40		122.02	
-Deferred Tax Charge/(Credit)	(3684.77)		1062.33	
-MAT Credit (entitlement) / Reversal	836.59		(119.02)	
-Income Tax provisions no longer required written back	(3.62)		(1.67)	
-Fringe benefit Tax	2.82	(2845.58)	23.75	1087.41
<b>Profit/(Loss) After Tax</b>		(8227.90)		1917.38
Add : Surplus brought forward	1511.40		78.69	
: Transfer from General Reserve	1725.12	3236.52	--	78.69
Amount available for Appropriation		(4991.38)		1996.07
<b>APPROPRIATIONS</b>				
- Transfer to General Reserve		--	100.00	
- Dividend		--	328.79	
- Dividend Tax (Net)		--	55.88	484.67
<b>Balance carried to Balance Sheet</b>		(4991.38)		1511.40