



The Oudh Sugar Mills Limited

Annual Report 2010-11



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Chandra Shekhar Nopany,  
Chairman-cum- Managing Director  
Mr. Suresh Vinayak Muzumdar  
Mr. Ashvin Chinubhai Dalal  
Mr. Chand Bihari Patodia  
Mr. Rohit Kumar Dhoot  
Mrs. Madhu Vadera Jayakumar  
Mr. Haigreve Khaitan  
Mr. Jayant Narayan Godbole  
Mr. Pushkar Sahay, Nominee of State Bank of India  
Mr. Inderpal Singh Kalra, Nominee of IDBI Bank Ltd.

### COMMITTEES OF DIRECTORS

#### Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany  
Mr. Suresh Vinayak Muzumdar  
Mr. Ashvin Chinubhai Dalal  
Mrs. Madhu Vadera Jayakumar

#### Audit Committee

Mr. Ashvin Chinubhai Dalal  
Mr. Chand Bihari Patodia  
Mr. Suresh Vinayak Muzumdar  
Mr. Rohit Kumar Dhoot

#### Investors' Grievance Committee

Mr. Suresh Vinayak Muzumdar  
Mr. Rohit Kumar Dhoot  
Mrs. Madhu Vadera Jayakumar

#### Remuneration Committee

Mr. Suresh Vinayak Muzumdar  
Mr. Ashvin Chinubhai Dalal  
Mr. Rohit Kumar Dhoot

### EXECUTIVES

Mr. Govind Narayan 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. P.R. Singh, Executive President, Hata  
Mr. M. P.Singh, Vice President, Allahabad  
Mr. Dilip Patodia, Chief Financial Officer

### 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 AND 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

### MUMBAI 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

### SUGAR MILLS

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

### DISTILLERIES

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

### CO-GENERATION POWER PLANTS

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

### FOOD PROCESSING FACTORY

P.O. Bamrauli, Allahabad, (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-ninth 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 Wednesday, the 28th December, 2011 at 11.00 A.M. to transact the following businesses:

### Ordinary Business :

1. To consider and adopt the audited Balance Sheet as at 30th June, 2011, 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. Ashvin Chinubhai Dalal who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Chand Bihari Patodia who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:-

“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 to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the Company on such remuneration and other terms of engagement as would be fixed by the Board of Directors.”

By Order of the Board

Mumbai,

Dated : 10th August, 2011

Govind Narayan 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 20th December, 2011 (Tuesday) to 28th December, 2011 (Wednesday), both days inclusive, for the purpose of holding the Annual General Meeting of the Company on 28th December, 2011 in terms of this Notice.

3. In terms of Article 82 of the Articles of Association of the Company, Mr. Ashvin Chinubhai Dalal and Mr. Chand Bihari Patodia, 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 fees for the year 2011-2012 have been paid to both the above Stock Exchanges.

9. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialized form to have a better liquidity of their shareholding.
10. The Profit and Loss Account for the financial year ended 30th June, 2011, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet are available for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on all working days up to this AGM.
11. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 30th June, 2011 may visit the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) or send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

Mumbai,  
Dated : 10th August, 2011

Govind Narayan Pareek  
Company Secretary

#### **Sub: Green initiative in Corporate Communication- Electronic Mode of service of documents**

The Ministry of Corporate Affairs, Government of India, has by Circular No. 17/2011 dated 21st April, 2011 and another No.18/2011 dated 29th April, 2011 clarified that a company will have complied with the provisions of the Companies Act, 1956 if it has made service of notices(s)/ documents to its shareholders through electronic mode i.e. by e mail. As a strong supporter of green initiatives and as a responsible corporate citizen your Company vehemently supports the said clarification. We are sure, that as a responsible shareholder, you too will support this initiative and get yourselves registered for getting all corporate communications in electronic form from the Company. By registering yourself with the Company for e-communication, you will be able to receive such notice(s)/document(s), etc., promptly and without there being a chance of loss of the same in postal transit.

It is therefore proposed that henceforth Notices of Meetings, Annual Reports, Directors' Reports, Auditors' Report and other shareholder communications will be sent electronically to the email id provided by you and made available with the Company by the Depositories viz., NSDL/ CDSL. As and when there are changes in your email ids, you are requested to keep your Depository Participants (DPs) informed of the same.

For shares held in physical form, shareholders can either register their email ids with the Company at [birlasugar@birla-sugar.com](mailto:birlasugar@birla-sugar.com) mentioning their name(s) and folio no. or return the e-Communication Registration Form, as enclosed with this Annual Report, duly filled in to the Company's Registrar & Share Transfer Agent M/s Link Intime India Private Limited at their address at :

Link Intime India Private Limited (Unit: The Oudh Sugar Mills Ltd.)  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai - 400078  
email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

May it also be noted that should you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.

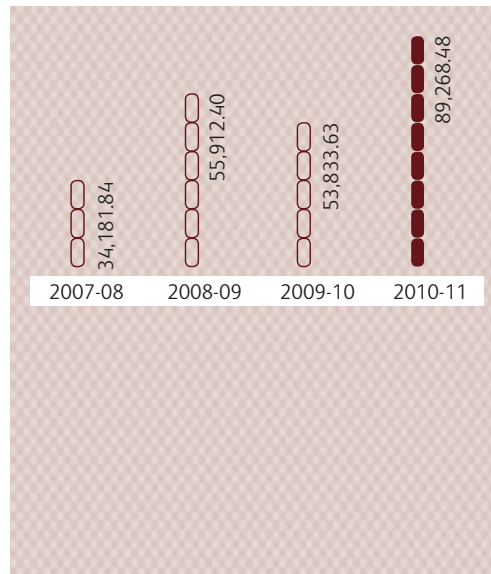




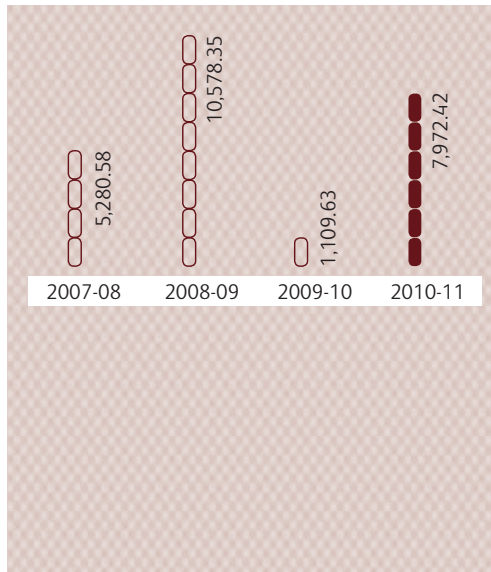
(Rs. in lacs)

	2006-07	2007-08	2008-09	2009-10	<b>2010-11</b>
Gross Turnover	46812.06	35393.59	58309.13	55498.33	91982.79
Operating Profit	129.80	5280.58	10578.35	1109.63	7972.42
Interest & Finance Charges (net)	2044.23	3677.82	4941.53	8105.81	11313.66
Depreciation	2028.67	2229.68	2632.03	4077.30	4111.88
Profit/(Loss) before Tax	(3943.10)	(626.92)	3004.79	(11073.48)	(7453.12)
Profit/(Loss) after Tax	(2689.55)	(451.27)	1917.38	(8227.90)	(5111.45)
Net Worth	10603.02	10083.42	13770.06	7251.91	5897.47
Net Worth per Equity Share (Rs.)	58.34	55.48	62.82	27.98	8.29
Dividend per Equity Share (Rs.)	--	--	1.50	--	--
Earning per Equity Share (Rs.)	(14.80)	(2.48)	8.81	(32.88)	(19.72)
Cane Crushed (Season) (In lac Qtls.)	290.04	237.06	147.83	214.34	275.33

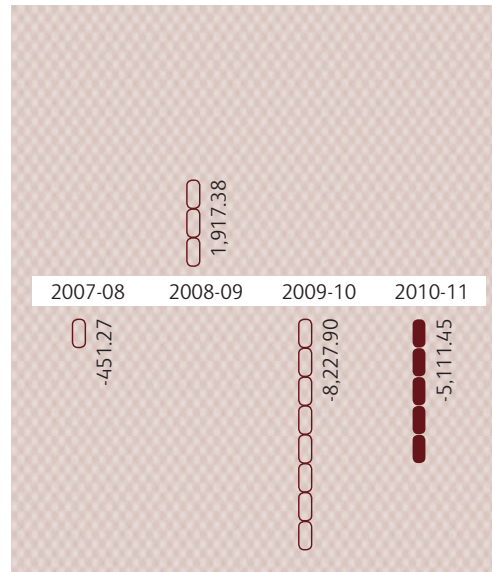
**Total income** (Rs. in lacs)



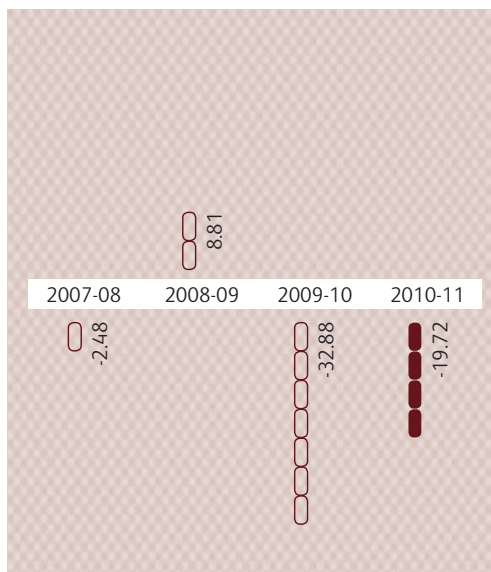
**EBIDT** (Rs. in lacs)



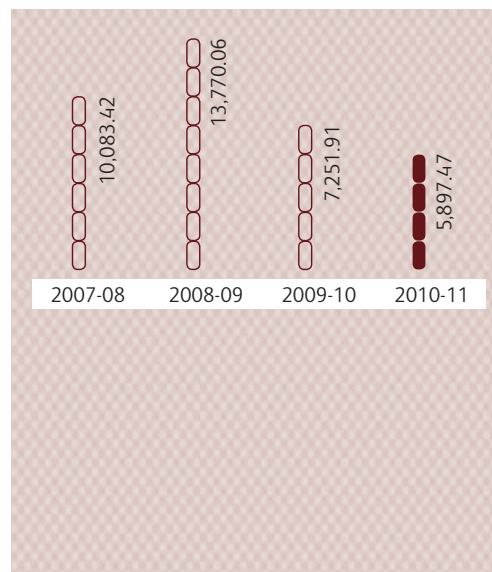
**PAT** (Rs. in lacs)



**EPS** (Rs.)



**Net worth** (Rs. in lacs)



THERE WAS A POSITIVE  
IMPROVEMENT IN THE  
PERFORMANCE OF INDUSTRIAL  
ALCOHOL AND THE RENEWABLE  
ENERGY DIVISIONS OF THE  
ORGANIZATION DUE TO HIGHER  
AVAILABILITY OF MOLASSES  
AND BAGASSE.



# MESSAGE

FROM  
THE CHAIRMAN



WE HAVE CONTINUED TO  
INVEST ON RESEARCH AND  
DEVELOPMENT ACTIVITIES  
TOWARDS IMPROVING SUGAR  
RECOVERY RATIO AS WELL  
AS EDUCATING THE CANE  
GROWERS TO CULTIVATE  
IMPROVED VARIETY OF  
SUGARCANE WITH HIGHER  
SUCROSE CONTENTS.

**Dear Shareholders,**

2010-11 will be remembered as another year of challenges for the sugar industry owing to more than required regulations. Despite higher sugar production, the Government's move to curtail inflation put pressure on sugar prices and restricted exports and stockholding limits of sugar by institutional customers. Besides, the high sugarcane prices worsened the situation for sugar companies, as it was completely unaligned with the price of the end product.

Despite supporting around 50 million farmers and directly providing employment to rural masses and contributing to rural development, sugar is the only industry in independent India that is still reeling under extreme government control. The excessive control in the guise of an exercise to control inflation is wholly unwarranted for the reason that sugarcane accounts for just over 2% and 1% of the total consumer expenditure for rural and urban India, respectively. As a matter of fact, household consumption accounts for just one-third of the total sugar consumption, with institutions and bulk consumers accounting for the remaining two-third.

Despite these adversities, Oudh Sugar reported 66% increase in gross sales and 618% increase in EBIDT. While the former was a result of an increase in sales volume, the latter was the consequence of an improvement in capacity utilization due to higher sugarcane availability. In addition, there was a positive

improvement in the performance of industrial alcohol and the renewable energy divisions of the organization due to higher availability of molasses and bagasse. Today, we are relentlessly investing towards improving our operational efficiencies and enhancing the fundamental strengths of the organisation, by virtue of firm focus on core areas, consolidation of gains and industry foresight.

We have continued to invest on research and development activities towards improving sugar recovery ratio as well as educating the cane growers to cultivate improved variety of sugarcane with higher sucrose contents. During the current year our main thrust will be to contain the high cost of finance without impacting the fund requirements for enlarged business operations.

Going ahead, we expect to witness improved profitability owing to systematic reduction and well management of the debt burden and maximisation of capacity utilisation of all the mills. I am grateful to all our employees, shareholders, investors, customers and other stakeholders for keeping faith in our vision and capabilities to move forward with determination in both good and bad times.

Warm Regards,

**Chandra Shekhar Nopany**



To

The Members,

Your Directors take pleasure in presenting their Report as a part of the 79th Annual Report and the audited Accounts of the Company for the year ended 30th June, 2011.

## 2. Financial Results and Appropriations

		(Rs. in lacs)	
	2010-11	2009-10	
<b>Gross Sales</b>	91982.79	55498.33	
Gross Profit/(Loss) before Depreciation and Interest	7972.42	1109.63	
Less: Interest	11313.66	8105.81	
Depreciation	4111.88	15425.54	12183.11
<b>Profit/(Loss) Before Tax</b>	(7453.12)	(11073.48)	
Less: Provision for Tax:			
-Current	3.00	3.40	
-Deferred Tax Charge/(Credit)	(2343.33)	(3684.77)	
-MAT Credit (Entitlement) / Reversal	-	836.59	
-Income Tax provisions no longer required written back	1.34	(3.62)	
-Fringe benefit Tax	-	(2341.67)	(2845.58)
<b>Profit/(Loss) After Tax</b>	(5111.45)	(8227.90)	
Add: Surplus/(Deficit) brought forward	(4991.38)	1511.40	
: Transfer from General Reserve	-	1725.12	
<b>Amount carried forward to the Balance Sheet</b>	(10102.83)	(4991.38)	