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# **Consolidating For Greater Value**

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The Oudh Sugar Mills Limited

Annual Report 2012-13



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Chandra Shekhar Nopany,  
Chairman-cum- Managing Director  
Mr Ashvin Chinubhai Dalal  
Mr Chand Bihari Patodia  
Mr Rohit Kumar Dhoot  
Mr Jayant Narayan Godbole  
Mrs Madhu Vadera Jayakumar  
Mr Aniket Agarwal  
Mr Nirad Kant Bagla  
Mr Yashwant Daga  
Mr Pradeep Kumar Sarkar,  
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 - Chairman  
Mr Ashvin Chinubhai Dalal  
Mr Rohit Kumar Dhoot  
Mrs Madhu Vadera Jayakumar

### Audit Committee

Mr Ashvin Chinubhai Dalal - Chairman  
Mr Chand Bihari Patodia  
Mr Rohit Kumar Dhoot  
Mrs Madhu Vadera Jayakumar  
Mr Nirad Kant Bagla  
Mr Yashwant Daga

### Investors' Grievance Committee

Mrs Madhu Vadera Jayakumar - Chairperson  
Mr Rohit Kumar Dhoot  
Mr Yashwant Daga  
Mr Aniket Agarwal

### Remuneration Committee

Mr Rohit Kumar Dhoot - Chairman  
Mr Ashvin Chinubhai Dalal  
Mrs Madhu Vadera Jayakumar  
Mr Nirad Kant Bagla

### Risk Committee

Mr Jayant Narayan Godbole - Chairman  
Mr Chand Bihari Patodia

## EXECUTIVES

Mr Govind Narayan Pareek - Company Secretary  
Mr Dilip Patodia - Chief Financial Officer  
Mr Vijay Pal Singh - Executive President, Hargaon  
Mr Chandra Mohan Singh - Executive President,  
Narkatiaganj  
Mr Bal Kishore Malpani - Executive President, Rosa  
Mr Pit Ram Singh - Executive President, Hata  
Mr M. P. Singh - Executive Vice President, Allahabad

## AUDITORS

S.R. Batliboi & Co. LLP  
Chartered Accountants

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## 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 & HEAD OFFICE

9/1, R.N. Mukherjee Road, 5th Floor  
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

## MUMBAI OFFICE

Solaris - 1, 'D' Wing, 6th 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 PLANT

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 Eighty First Annual General Meeting of **THE OUDH SUGAR MILLS LIMITED** will be held on Wednesday, the 7th August, 2013 at 11.00 a.m. at the Registered Office of the Company at the Meeting Hall of Oudh Sugar Mills Complex, Hargaon, District Sitapur, Uttar Pradesh, Pin – 261 121, to transact the following businesses:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the nine months financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs Madhu Vadera Jayakumar who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr Jayant Narayan Godbole, a Director liable to retire by rotation, who does not offer himself for re-appointment, be not re-appointed as a Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up."

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. LLP, Chartered Accountants, 22, Camac Street, Kolkata having Firm Registration No. 301003E be and are hereby re-appointed as Statutory 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."

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Mr Aniket Agarwal who was appointed as an Additional Director with effect from 31st January, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General

Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Mr Nirad Kant Bagla who was appointed as an Additional Director with effect from 31st January, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Mr Yashwant Kumar Daga who was appointed as an Additional Director with effect from 15th May, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

**"RESOLVED THAT** the Resolution passed by the Board of Directors of the Company at their meeting held on 3rd January, 2013 authorising to give a Corporate Guarantee of ` 125 Crore to UCO Bank and another guarantee of ` 25 Crore to State Bank of India the two guarantees aggregating to ` 150 Crore for its different units and for the purposes specified therein be and the same is hereby confirmed in terms of the provisions of Section 372A(1) of the Companies Act, 1956".

By Order of the Board

Place: Kolkata

Dated: 15th May, 2013

**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 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 31st July, 2013 (Wednesday) to 7th August, 2013 (Wednesday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 7th August, 2013 in terms of this Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 82 of the Articles of Association of the Company, Mrs Madhu Vadera Jayakumar and Mr Jayant Narayan Godbole Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. However, Mr Jayant Narayan Godbole would not like to be re-elected at the Meeting. A brief resume of Mrs Madhu Vadera Jayakumar nature of her expertise in specific functional areas, names of other Companies in which she holds 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 her re-appointment.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. 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.
8. Members are also requested to notify their email addresses, if any, to the Company/Registrar & Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
9. In all correspondence with the Company/Registrar & Share Transfer Agent the Members are requested to quote their accounts/folio numbers and in case their shares are held in the dematerialised form their Client ID Number and DP ID Number.
10. 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 30.06.2005 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial years 2005-06 and 2008-09 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. As per Ministry of Corporate Affairs (MCA) Notification no G.S.R 352 (E) dated 10th May, 2012 the Company shall also file with MCA in the prescribed form the information pertaining to the names and addresses of all such shareholders who have not encashed up to the date of the forthcoming Annual General Meeting their dividend entitlements for the said two financial years within 90 days of the said meeting. Excel template containing the same said information shall also be uploaded on the Company's website [www.birla-sugar.com](http://www.birla-sugar.com) as well as on MCA's website [www.mca.gov.in](http://www.mca.gov.in) within 14 days of the filing of the said form.
11. 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.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent
13. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited and the listing fees for the year upto and including the year 2013- 14 have been paid to the respective Stock Exchanges.

14. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on National Stock Exchange of India Limited and BSE Limited . 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.
15. The Statement of Profit and Loss for the nine months financial year ended 31st March, 2013, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet and circulated to the Members of the Company along with this Notice are also available in physical/electronic form for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days up to this AGM.
16. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 31st March, 2013 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

Place: Kolkata

Dated: 15th May, 2013

**Govind Narayan Pareek**

Company Secretary

## EXPLANATORY STATEMENT

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

### Item No.5

Mr Aniket Agarwal, an eminent lawyer specialised in corporate restructuring, mergers, acquisitions, demergers and capital and debt reorganisation and a partner of the renowned law firm Khaitan & Co. LLP was appointed as an Additional Director by the Board of Directors w.e.f. 31st January, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 Mr Agarwal holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section

257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Agarwal on the Board would be of immense benefit to the Company and therefore recommends Resolution No. 5 for adoption.

None of the Directors, except Mr Aniket Agarwal, is in any way concerned or interested in the resolution.

The Board recommends Resolution under Item No. 5 to be passed as an Ordinary Resolution.

### Item No. 6

Mr Nirad Kant Bagla, an eminent businessman and the Managing Director of The North Western Cachar Tea Company Limited was appointed as an Additional Director by the Board of Directors w.e.f. 31st January, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the Mr Bagla holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Bagla on the Board would be of immense benefit to the Company and therefore recommends Resolution No.6 for adoption.

None of the Directors, except Mr Nirad Kant Bagla, is in any way concerned or interested in the resolution.

The Board recommends Resolution under Item No. 6 to be passed as an Ordinary Resolution.

### Item No. 7

Mr Yashwant Daga, an industrialist was appointed as an Additional Director by the Board of Directors w.e.f. 15th May, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the Mr Daga holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Daga on the Board is desirable and would be beneficial to the Company and hence recommends Resolution No.7 for adoption.

None of the Directors, except Mr Yashwant Daga, is in any way concerned or interested in the resolution.

The Board recommends Resolution under Item No. 7 to be passed as an Ordinary Resolution.

#### **Item No. 8**

At the request for financial assistance for cultivation of Sugarcane crop by various sugarcane growers and cane societies in the command areas of the Company, State Bank of India and UCO Bank had, on the basis of a corporate guarantees of the Company, sanctioned financial assistance of ` 25 Crore and ` 125 Crore respectively, aggregating to an amount of ` 150 Crore to all such sugarcane growers and cane societies. Such guarantees were issued by the Company on 18th February, 2013 and on 28th February, 2013 respectively. In view of the exceptional circumstances

then existing in the form of paucity of available time, prior approval of the shareholders in the form of Special Resolution could not be obtained.

In terms of the provisions of the second provision to Section 372A (1) any guarantee given by a company without a previously authorised special resolution and under exceptional circumstances preventing such company to do so needs to be confirmed within twelve months of giving of such Guarantee in the Extra Ordinary/Annual General Meeting of such Company. Therefore, the accompanied Resolutions are being put up before you for your approval.

Your Directors recommend the sub-joined Resolution for your approval.

None of the Directors of the Company are in any way interested or concerned in the Resolution except to the extent of their shareholding and the shareholding of their relatives in the Company.

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#### **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 Circular No. 18/2011 dated 29th April, 2011 clarified that a Company will be deemed to 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 documents 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. All those shareholders of the Company who have so far not provided their email-id to the Company are requested to do so. All those shareholders who have already provided their email-id to the Company are requested to keep their Depository Participants (DPs) informed of changes, if there be any, in their email-id.

For shares held in physical form, shareholders can either register their email-id 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 attached to 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

e-mail: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

## FINANCIAL SNAPSHOT

					(` in lacs)
	2008-09	2009-10	2010-11	2011-12	2012-13**
Gross Turnover	58,309.13	55,498.33	92,176.09	1,05,589.17	<b>98,527.82</b>
Operating Profit	10,757.17	1,144.16	7,935.88	11,661.71	<b>16,015.52</b>
Finance Cost	5,120.35	8,140.34	11,273.00	11,617.46	<b>8,528.87</b>
Depreciation and Amortisation	2,632.03	4,077.30	4,117.66	4,248.64	<b>3,185.61</b>
Profit/(Loss) before Tax and Exceptional Items	3,004.79	(11,073.48)	(7,454.78)	(4,204.39)	<b>4,301.04</b>
Profit/(Loss) after Tax	1,917.38	(8,227.90)	(5,111.45)	(4,492.61)	<b>2,908.02</b>
Net Worth	13,770.06	7,251.91	5,897.47	2,663.88	<b>5,578.48</b>
Net Worth per Equity Share (`)	62.82	27.98	22.76	(9.01)	<b>2.23</b>
Dividend per Equity Share (`)	1.50	-	-	-	<b>-</b>
Earning per Equity Share (`)	8.81	(32.88)	(19.72)	(19.08)	<b>9.77</b>
Cane Crushed (Season)	147.83	214.34	275.33	346.80	<b>385.15</b>

\*\* Nine months period from 1st July, 2012 till 31st March, 2013





## KNOWING OUDH SUGAR

Oudh Sugar, a part of the K K Birla Group, is one of India's largest and fastest growing integrated sugar companies. It has a diverse product portfolio, comprising sugar, ethanol, power, organic fertiliser and food processing. Starting with a single sugar manufacturing unit in 1932, we have now expanded our facilities to include four sugar manufacturing units, two distilleries, three co-generation power plants, bio-compost plant, and food and fruit processing unit. This evolution has been driven by our organic and inorganic growth models.

### Our mission

**Our mission is to be among the most efficient companies in India's sugar industry. As a company, we strive to:**

- Excel in our core value area of competence, i.e. manufacture of sugar and allied products
- Uphold and nurture the core values of good Corporate Governance, such as transparency, empowerment, accountability, independent monitoring and environmental consciousness
- Fulfil the hopes and aspirations of customers, employees, financiers and of the society in general
- Provide every opportunity to employees and business associates to realise their potential to the fullest
- Maximise shareholders' wealth through value addition by integration and expansion

### Manufacturing hubs

Plant	Location	Capacity
Sugar	Hargaon, Uttar Pradesh	10,000 tonnes per day
	Narkatiaganj, Bihar	7,500 tonnes per day
	Shahjahanpur, Uttar Pradesh	4,200 tonnes per day
	Kushinagar, Uttar Pradesh	7,000 tonnes per day
Ethanol	Hargaon, Uttar Pradesh	100 Kilo litres per day
	Narkatiaganj, Bihar	60 Kilo litres per day
Power	Hargaon, Uttar Pradesh	15 MW
	Hata, Uttar Pradesh	35 MW
Fertiliser	Hargaon, Uttar Pradesh	-
Food processing unit	Bamrauli, Uttar Pradesh	-

# CHAIRMAN'S COMMUNIQUE

**Dear Shareholders,**

Financial year 2012-13 turned out to be a difficult one for the Indian economy. Against this backdrop, India's sugar industry witnessed significant developments in the current year. The Government initiated partial sugar decontrol - a long awaited decision. The removal of regulated

release mechanism and levy obligation will help the sugar industry by around ₹ 3,000 Crore a year. However, in the Sugar Season 2012-13, the Uttar Pradesh Government also hiked sugarcane prices (State advised price) by ₹ 40 per quintal, thus contributing to the mounting losses of the sugar industry. India's per capita sugar consumption is 19 kg, against a global average of 24.2 kg, indicating the potential for Indian sugar companies to grow further. The country's sugar consumption is estimated to reach 22.5 million tonnes in the Sugar Season 2012-13, up 2.27% year-on-year.

