

THE OUDH SUGAR MILLS LIMITED

# Facing Challenges with Fortitude



ANNUAL REPORT **2014-15**

## FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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# Corporate Information

## BOARD OF DIRECTORS

Mr. Chandra Shekhar Nopany,  
Chairman-cum-Managing Director  
Mr. Anand Ashvin Dalal  
Mr. Chand Bihari Patodia  
Mr. Rohit Kumar Dhoot  
Mr. Nirad Kant Bagla  
Mr. Yashwant Kumar Daga  
Ms. Shashi Sharma  
Mr. Arun Kumar Aggarwal,  
Nominee of IDBI Bank Ltd.

## COMMITTEES OF DIRECTORS

### Finance & Corporate Affairs Committee

Mr. Chandra Shekhar Nopany - Chairman  
Mr. Rohit Kumar Dhoot  
Mr. Nirad Kant Bagla

### Audit Committee

Mr. Anand Ashvin Dalal - Chairman  
Mr. Chand Bihari Patodia  
Mr. Rohit Kumar Dhoot  
Mr. Nirad Kant Bagla  
Mr. Yashwant Kumar Daga

### Stakeholders' Relationship Committee

Mr. Nirad Kant Bagla - Chairman  
Mr. Yashwant Kumar Daga  
Ms. Shashi Sharma

### Nomination and Remuneration Committee

Mr. Rohit Kumar Dhoot - Chairman  
Mr. Chand Bihari Patodia  
Mr. Anand Ashvin Dalal

### Risk Management Committee

Mr. Chand Bihari Patodia - Chairman  
Mr. Yashwant Kumar Daga

### Corporate Social Responsibility Committee

Mr. Chandra Shekhar Nopany - Chairman  
Mr. Chand Bihari Patodia  
Mr. Yashwant Kumar Daga

## EXECUTIVES

Mr. Dilip Patodia - President (Finance) & Chief Financial Officer  
Mr. Devendra Kumar Sharma - Executive President, Hargaon  
Mr. Chandra Mohan Singh - Executive President, Narkatiaganj  
Mr. Bal Kishore Malpani - Executive President, Rosa  
Mr. Poresh Kumar Saini - Executive President, Hata  
Mr. M P Singh - Executive Vice President, Allahabad  
Mr. Anand Sharma - Vice President (Legal) & Company Secretary

## AUDITORS

S.R. Batliboi & Co. LLP  
Chartered Accountants  
22, Camac Street,  
3rd Floor, Block - C,  
Kolkata - 700 016

## ADVOCATES & SOLICITORS

Khaitan & Co. LLP

## BANKERS

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

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
(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  
Tel. No. : (05862) 256220, Fax No. : (05862) 256225  
E-mail : birlasugar@birla-sugar.com  
Website : www.birla-sugar.com  
CIN - L15432UP1932PLC025186

## CORPORATE & HEAD OFFICE

Birla Building  
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 Building no. 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.)

# Chairman's Communique



**In 2014-15, our Revenue from Operations (Gross) grew by almost 20% and stood at ₹ 1,42,965.29 lacs (₹ 1,19,298.28 lacs 2013-14), on account of better supply of good quality cane resulting into higher realisations and higher sales.**

**Overall, we have put in a lot of emphasis on enhancement of operational efficiency, ensuring optimum raw material usage and re-engineering of processes.**

**Dear Shareholders,**

The year 2014-15 was another tough year for the sugar industry across the world, particularly in India. As an industry, we have made strong representation to the Government, to help in the creation of a competitive operating environment, for cane prices to be linked to realisation across the country and for incentivising exports.

## Global Scenario

The overall global sugar balance is normalising. Although sugar production in China, Brazil and Thailand declined during 2014-15, it was compensated by an increase in India, Ukraine and the Euro Zone. Therefore, the overall global output remained largely static at 172 million tonnes.

The global sugar prices remained depressed during the year. However, with the surplus coming down significantly (from 2.6 million tonnes in 2013-14 to 0.6 million tonnes in 2014-15), the downward spiral in the global sugar prices is likely to be arrested. However, prices remain to be depressed, with prices touching a six year low of nearly 11 cents/lb in 2014-15. The consecutive surplus years, high stocks across the world and the decline of the Brazilian currency against the dollar have contributed to keeping prices low.

## Indian context

The Indian sugar industry is faced with multiple challenges from a structural and regulatory perspective. Moderate domestic demand growth coupled with higher production (from 24.4 million tonnes in 2013-14 to 28.3 million tonnes in 2014-15) are leading to an oversupply and increase in carry forward stocks of nearly 10 million tonnes. Together with this, exports were also unattractive given the low global prices.

Such a tough operating environment was only made tougher by unrealistic and unsustainable cane pricing, especially in Uttar Pradesh. The State Advised Price is significantly higher than what is the Fair and Remunerative Price, in the current scenario. Moreover, there is no finalisation on the government support / subsidy to sugar mills too. Therefore, many of the mills in Uttar Pradesh are running up cane arrears besides becoming unviable, especially in the weak pricing scenario.

There are many steps that the Central Government has taken to support sugar manufacturers, and to help them pay the cane-arrears. Some of them include a subsidy per tonne for exports of raw sugar, interest free loans and withdrawal of import benefits for raw sugar, and hike in import duty of processed sugar. The reduction in the period for discharging sugar export obligations are designed to prevent leakage in the domestic market.

These initiatives are all commendable and encouraging, but sadly, they are not enough. This is because the most important structural issue facing the industry is unviable cane prices.

The sugar industry has three principal requests for the government, and these include creation of buffer stock of 10% of sugar production, financial restructuring of loans and reforming the cane pricing mechanism by linking it to sugar prices.

### **Oudh Sugar Mills – performing through challenges**

Looking back at the performance of the Company, I would like to say that turbulent times continued. In 2014-15, our Revenue from Operations (Gross) grew by almost 20% and stood at ₹ 1,42,965.29 lacs (₹ 1,19,298.28 lacs 2013-14), on account of better supply of good quality cane resulting into higher realisations

and higher sales. We reported a net loss of ₹ 7,387.10 lacs against ₹ 5,459.98 lacs in 2013-14 due to lower offtake and subdued sugar sales realisation. Overall, we have put in a lot of emphasis on enhancement of operational efficiency, ensuring optimum raw material usage and re-engineering of processes.

### **Looking forward**

We believe that the sugar industry in India will stabilise and demand will increase with rising middle-class population and income levels and a greater consumption of sugar based items. The world sugar industry is also expected to touch 50 million tonnes in production on the back of rising demand and more efficient sugar production. Greater blending will result in a more attractive return from by-products such as ethanol as well.

To be able to realise these benefits, and ensure that the sugar industry does not get crippled with excruciating circumstances, which in-turn do not help even the farmers, a rationalisation of policy is a must.

### **With gratitude**

The Company has what it is because of our people and I am sure that our management team has the courage, calibre and commitment to take Oudh to higher levels and surpass over these tough times. I am confident that you share this feeling and would like to thank all stakeholders for their continued support and deep faith in our ability to create positive value for the community at large.

Thank you,

**Chandra Shekhar Nopany**

Chairman-cum-Managing Director

# Directors' Report

To  
The Members,

Your Directors have pleasure in submitting their 83rd Annual Report alongwith the audited annual accounts of the Company for the financial year ended 31st March, 2015.

## Financial Results and Appropriations

₹ in lacs

	Year ended 31st March, 2015	Year ended 31st March, 2014
<b>Revenue from Operations (Gross)</b>	1,42,965.29	1,19,298.28
Profit before Finance Costs, Tax, Depreciation and Amortisation	4,569.59	9,049.66
Less: Depreciation & Amortisation Expenses	2,847.29	4,173.81
Finance Costs	12,887.11	15,734.40
<b>Profit/(Loss) Before Tax</b>	(11,164.81)	(8,322.62)
Less: Provision for Tax:		
Deferred Tax Charge/(Credit)	(3,777.71)	(2,862.64)
<b>Profit/(Loss) After Tax</b>	(7,387.10)	(5,459.98)

## Operating Performance

In face of overall subdued market conditions, your Company has delivered top line growth and performed ahead of underlying sugar season 2014-15 which is mainly due to having supply of good cane quality resulting into higher recoveries and expedite sales. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report which is made an integral part of this Report and marked as **Annexure "A"**.

## Financial Performance 2014-15

The Company had recorded Total Revenue of ₹ 1,38,386.60 lacs (including other income aggregating to ₹ 173.11 lacs) during the financial year ended 31st March, 2015. The Revenue from Operations (Gross) of the Company for the year 2014-15 stood at ₹ 1,42,965.29 lacs.

The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at ₹ 4,569.59 lacs representing 3.30% of the total revenue. The decline in PBIDT of the Company during the period under review is mainly attributed to subdued sugar sales realisation.

There is no change in the nature of business of the Company. There were no significant or material orders

passed by regulators, courts or tribunals impacting the Company's operation in future. In view of continuing losses the Board does not propose to carry any amount to Reserves.

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31st March 2015 and date of this report.

There exist a continuous process to identify, evaluate and manage significant risk faced though a risk management process designed to identify key risks facing each business. During the year risk analysis and assessment were conducted.

## Research & Development

During the year under review the Company has undertaken Research & Development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise increase the sucrose contents in their produce.

## Dividend

In view of the losses/accumulated losses the Board of Directors do not recommend any dividend for the year under review.



## Share Capital

During the year there were no changes in either the Equity Share capital of the Company or the Preference Share Capital of the Company, as the paid up Equity Share Capital as on 31st March 2015 stood at ₹ 2,604.43 lacs and whereas the paid up Preference Share Capital of the Company stood at ₹ 5,000.00 lacs. However, in terms of authorisation provided by the shareholders in their general meeting and subsequent to in – principle approval of both the Stock Exchanges, your Company has preferred an application for reduction of capital to the tune of ₹ 6,400/- only before the Hon'ble High Court at Allahabad, Lucknow Bench and the proceedings in the said application are pending.

## Scheme of Arrangement

The Board of Directors at its meeting held on March 13, 2015 has consented to the Composite Scheme of Arrangement subject to approval of Shareholders, Lenders, Creditors, Hon'ble High Court, SEBI, CCI and other regulatory authorities, in order to rearrange its business activities, to achieve the Business alignment as per market dynamics and variant capital needs of each business, as well as ability to recognise the true value of assets in the books which have significantly appreciated over time and thereby improving the financial position and key ratios of the businesses.

## Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis Report, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance form integral part of this Report and are annexed to this Report as **Annexure "A", "B", "C", and "D"** respectively.

## Directors

The Board of Directors comprises of seven Non-Executive Directors having experience in varied fields and a Chairman cum Managing Director. Out of seven Non-Executive Directors, four of them are Independent Directors.

Mr. Aniket Agarwal ceased to be the Director of the Company with effect from 30th January, 2015 due to his resignation on account his illness & increasing professional engagement. The Board of Directors record their appreciation for the services rendered by him during his tenure as a Director of the Company.

In order to fill up the casual vacancy caused in the office of Independent Director upon resignation of Mr. Aniket Agarwal, the name of Ms. Shashi Sharma as an Independent Director has been recommended both by the Nomination and Remuneration Committee and by the Board of Directors to ensure meeting compliances with the requirements of Section 149(1) of the Companies Act, 2013, read with rule 3(i) of the Companies (Appointment and Qualification of Directors) Rules, 2014, subject to the approval of the shareholders at the ensuing Annual General Meeting. She has given declaration that she fulfils and complies with all the conditions specified in the Companies Act 2013 making her eligible to be appointed as an Independent Director. The Board of Directors are also of the opinion that she fulfils all the conditions specified in the Companies Act, 2013 making her eligible for appointment as an Independent Director.

IDBI Bank had made substitution of their nominee Director Mr. Umesh Jain with Mr. Arun Kumar Aggarwal with effect from 13th March, 2015. The Board of Directors records the appreciation of the services rendered by Mr. Jain during his tenure as a Director of the Company.

Mr. Chand Bihari Patodia will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment as Director of the Company. He is proposed to be re-appointed as Director and will be liable to retire by rotation.

Mr. Anand Ashvin Dalal, Mr. Rohit Kumar Dhoot, Mr. Yashwant Kumar Daga and Mr. Nirad Kant Bagla were severally appointed as Independent Directors at the Annual General Meeting (AGM) held on 8th September, 2014 pursuant to the provisions of Section 149 of the Companies Act 2013 for a period of 5 years w.e.f. date of AGM and they will not be liable to retire by rotation during their respective terms of 5 years.

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Directors in compliance with the provisions of Section 149 of the Companies Act 2013 read with Listing Agreement and the Board is also of the opinion that Independent Directors fulfils all the conditions specified in the Companies Act, 2013 read with Listing Agreement to making them eligible to act as Independent Director.

Other information on the Directors including required particulars of Directors retiring by rotation is provided in the Report of Corporate Governance annexed to this Report as **Annexure "B"**.

### Key Managerial Personnel

The following three persons were formally appointed as Key Managerial Personnel of the Company in compliance with Section 203 of the Companies Act 2013 viz:

- a. Mr. Chandra Shekhar Nopany, Chairman – cum – Managing Director
- b. Mr. Dilip Patodia, President and Chief Financial Officer
- c. Mr. Anand Sharma, Company Secretary

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the Code of Conduct & Ethics applicable to Directors & employees of the Company and a declaration to the said effect by the Managing Director is made part of Corporate Governance Report which forms part of this report. The Code is available on the Company's website at [www.birla-sugar.com](http://www.birla-sugar.com). All Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### Audit Committee

The Audit Committee was constituted on 25.08.2000 and the Committee now comprises of Mr. Anand Ashvin Dalal, Mr. Chand Bihari Patodia, Mr. Yashwant Kumar Daga, Mr. Rohit Kumar Dhoot and Mr. Nirad Kant Bagla. The Company Secretary acts as the Secretary to the Committee and the Chief Financial Officer is a permanent invitee to the meetings. During the year there were no instances where Board has not accepted the recommendation of Audit Committee.

The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

### Stakeholders' Relationship Committee

The Investors Grievance Committee was constituted on 25.08.2000 and was renamed as Stakeholders' Relationship Committee w.e.f. 13.05.2014 to comply with the requirements of the Companies Act 2013 and the Listing Agreement. The Committee now comprises of Mr. Nirad Kant Bagla, Mr. Yashwant Kumar Daga and Ms. Shashi Sharma. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

### Nomination And Remuneration Committee

The Remuneration Committee was constituted on 02.09.2002 and was renamed as Nomination and Remuneration Committee w.e.f. 13.05.2014 to comply with the requirements of the Companies Act 2013 and the Listing Agreement. The Committee now comprises of Mr. Rohit Kumar Dhoot, Mr. Anand Dalal and Mr. Chand Bihari Patodia. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on 13.05.2014 and the Committee now comprises of Mr. Chandra Shekhar Nopany, Mr. Chand Bihari Patodia, and Mr. Yashwant Kumar Daga. The Company Secretary acts as the Secretary to the Committee. The details of the terms of reference, number and dates of meetings held, attendance of the Directors and remuneration paid to them are separately provided in the Corporate Governance Report.

### Internal Complaints Committee

An Internal Complaints Committee was constituted by the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Act aims at protecting women's right to gender equality, life and liberty at workplace to encourage women participation at work. The Committee meets all



the criteria including its composition mentioned in the Act and relevant Rules. No complaint has been received by the Committee during the year under review.

### Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy as adopted by the Board of Directors is attached as **Annexure "E"** to this Report. The Committee has also framed criteria for performance evaluation of every Director and accordingly has carried out the performance evaluation.

### Corporate Social Responsibility Policy

The Company continues to spend to support local initiatives to improve infrastructure as well as support in other corporate social responsibilities. The disclosure requirement with respect to CSR spends are not applicable to the Company in view of inadequate profits/losses during the three immediately preceding financial years. The CSR Policy as approved by the Board is available on Company's website at [www.birla-sugar.com](http://www.birla-sugar.com).

### Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year under review five Board Meetings, five Audit Committee Meetings, five Stakeholders' Relationship Committee Meetings, two Nomination & Remuneration Committee Meetings and one Corporate Social Responsibility Committee Meeting were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The Independent Directors of the Company have had a separate meeting on January 29, 2015 to review the performance and evaluation of Independent Directors and Board as a whole and assess the quality, quantity and timeliness of flow of information from the Company management to the Directors.

### Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note 2.1 of the Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the loss of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### Auditors, Audit Qualifications and Board's Explanations

#### Statutory Auditors

Messrs S R Batliboi & Co LLP, Chartered Accountants, hold office as Auditors of the Company till the conclusion of ensuing Annual General Meeting and being eligible, offered themselves for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said re-appointment, if made by the Shareholders, will be well within the limits prescribed in Section 141 of the Companies Act, 2013.

The Board, on the recommendation of the Audit Committee, proposed that Messrs S R Batliboi & Co LLP, Chartered Accountants, be re-appointed as the Statutory Auditors of the Company for a period beginning the conclusion of the ensuing Annual General Meeting of the Company and ending on the conclusion of the Annual General Meeting to be held next thereafter.

The remarks / observations made by the Statutory Auditors in their report are self explanatory and does not require any further clarifications/ explanation. However, the Statutory Auditors have commented upon recognition of Deferred Tax Asset (net) of ₹ 12,904.91 lacs (including ₹ 3,771.71 lacs for the year up to 31.03.2015) based on the future profitability projections. The Industry is in active discussions with Central and State Governments on the matter of pricing of Sugarcane and other incentives in order to make operations viable. The Company is hopeful of positive outcome of the discussions with the Govt. and expects to be in a position to generate positive cash flows and profitability and is certain that there would be sufficient taxable income in future to claim the above tax credit.

#### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Sugar activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed Messrs D Radhakrishnan & Co, Cost Accountants, as the Cost Auditors to audit the cost accounts of the Company for the financial year 2015-16. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification.

#### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed Messrs Vinod Kothari & Co., Practising Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2014-15. The Secretarial Audit Report is annexed herewith as **"Annexure F"** and which is self explanatory.

#### Subsidiary Companies and Consolidated Financial Statements

The Company has following wholly owned subsidiaries, one step down subsidiary and one joint venture company as per detail given below:

- i. Hargaon Investment & Trading Company Limited
- ii. Champaran Marketing Company Limited
- iii. OSM Investment & Trading Company Limited
- iv. Hargaon Properties Limited – step down subsidiary
- v. Palash Securities Limited

- vi. Allahabad Canning Limited
- vii. Vaishali Sugar & Energy Limited
- viii. Avadh Sugar & Energy Limited–A Joint Venture Company

During the year three wholly owned subsidiaries being no. (v), (vi) & (vii) and one joint venture company being no. (viii) have been set up to facilitate the proposed scheme of re-arrangement and the said companies are yet to commence business.

The Company has also formulated a policy for determining material subsidiaries in line with the requirement of Listing Agreement. The said Policy is being disclosed on the Company's website at [www.birla-sugar.com](http://www.birla-sugar.com).

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India form part of this Annual Report.

The salient features of the financial statement of its subsidiaries are also provided in a separate statement being **"Annexure G"** and made part of this Report.

The Annual Accounts of the subsidiary companies will be made available for inspection by any shareholder at the Registered Office of the Company and would also be available on the Company's website at [www.birla-sugar.com](http://www.birla-sugar.com). Furthermore, a hard copy of the detailed accounts of the subsidiaries would be furnished to any shareholder on demand at any point of time.

#### Fixed Deposits

The Company has not accepted any deposits from the public and as such there are no outstanding fixed deposits in terms of Companies (Acceptance of Deposit Rules) 2014.

#### Investor Education and Protection Fund

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on the date of the last Annual General Meeting held on 8th September, 2014 on the website of the Company [www.birla-sugar.com](http://www.birla-sugar.com), as also on the website of the Ministry of Corporate Affairs [www.mca.gov.in](http://www.mca.gov.in).