Beyond sugar

Dhampur Sugar Mills Limited
Annual Report, 2011-12

Caution regarding forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

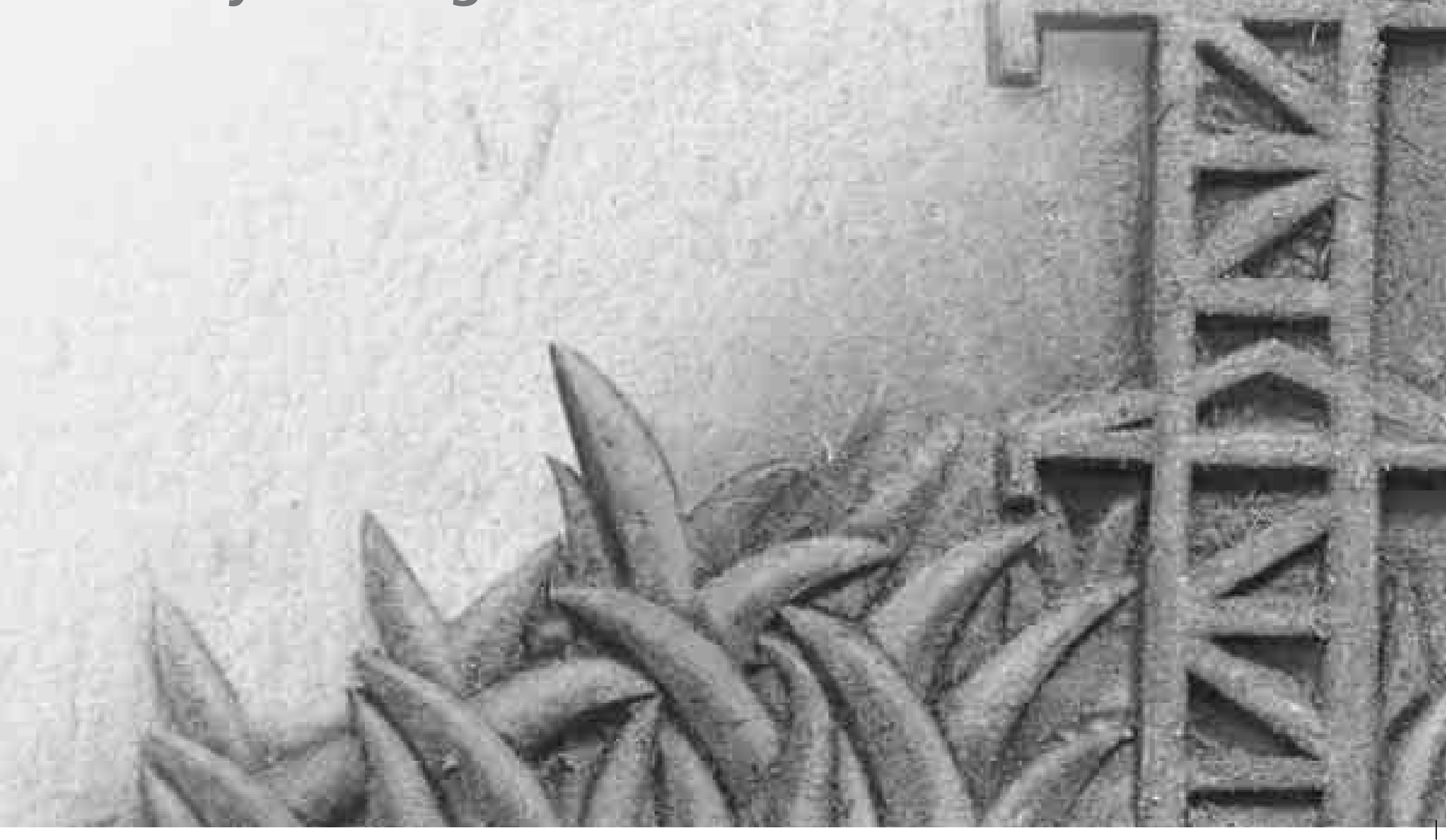
We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Across the pages

Peak cane prices, high interest costs, low sugar realisations, low ethanol prices, low yielding cane, global turmoil, controlled sector, export quota and industry cyclicality.

The year 2011-12 was possibly the most challenging year for India's sugar industry. And yet, Dhampur reported a net profit growth of 126% and proposed a dividend of ₹ 1.25 per share for the year under review. This contrarian performance was derived from a business strategy that can be concised in just two words.

Beyond sugar.



Corporate identity

Dhampur Sugar Mills Ltd is one of India's leading sugar companies.

One of the first in the industry to extend its portfolio beyond sugar.

Enhancing overall viability. And emerging as one of India's most efficient sugar companies.

Pedigree

Dhampur Sugar Mills was founded by the late Shri Ram Narain in 1933 at Dhampur, Uttar Pradesh, with a crushing capacity of 300 TCD. Over the years, Dhampur emerged as one of the largest sugarcane derivate companies in India (39,500 TCD as on 31 March, 2012)

Vision

- To de-risk from the cyclical nature of a commodity business, by enhancing value and generating revenues from our by-products
- To be one of the most efficient and profitable companies in our sector
- To incorporate technology as the key differentiator, leading to growth and industry leadership
- To create value for our customers and stakeholders

Manufacturing capacities

Business segment	Manufacturing locations	Installed capacity
Sugar production (TCD)	Dhampur, Asmoli, Mansurpur, Rajpura	39,500 TCD
Sugar refinery (TPD)	Asmoli, Mansurpur	1,700 TPD
Cogeneration (MW)	Dhampur, Asmoli, Mansurpur, Rajpura	150 MW
Distillery (LPD)	Dhampur, Asmoli	2,70,000 LPD

Product basket

Sugar	Power	Chemical
Refined sugar, plantation white sugar and retail sugar (branded as Dhampure)	Exportable capacity of 87 MW	Ethanol, rectified spirit, extra neutral alcohol and ethyl acetate

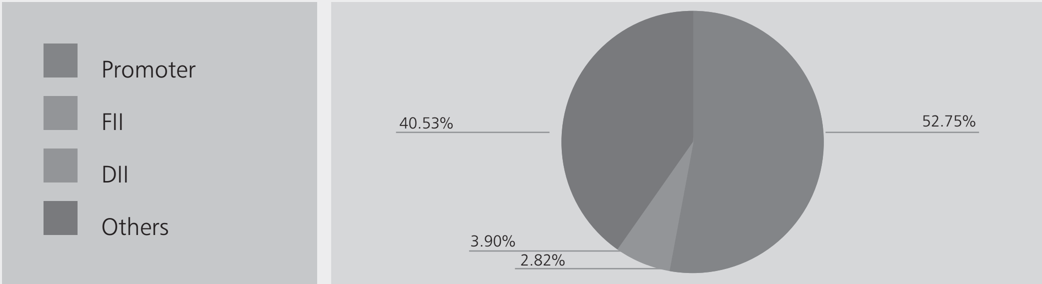
Presence

The Company has its corporate office in New Delhi and integrated manufacturing facilities located in Dhampur, Asmoli, Mansurpur and Rajpura in Uttar Pradesh.

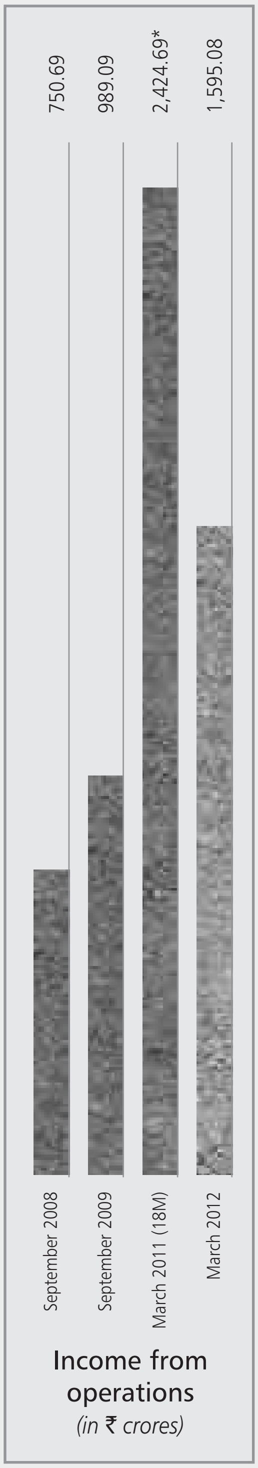
Pioneering

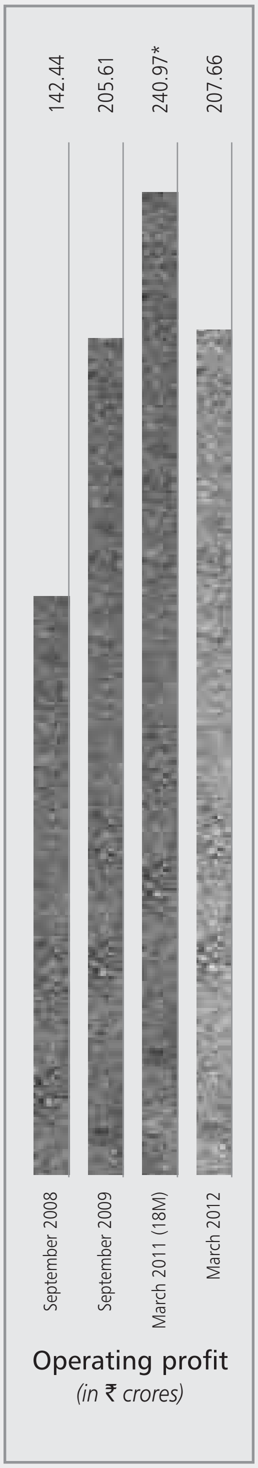
- First Indian sugar company...
  - To install a sugar refinery in 1993
  - To launch sulphurless sugar in consumer packs in 2000
  - To provide energy alternatives through cogeneration and ethanol
  - To install multi-fuel, high-pressure boilers (105 kg per sq. cm and 170 tonnes per hour capacities)
- One of the highest power-to-sugar capacities (3.8 kw per tonne)
- One of the largest producers of molasses-based alcohol, including diverse value-added chemicals
- One of the largest 'exporters' of agro fuel-produced power in India and among the most efficient sugarcane product companies in North India

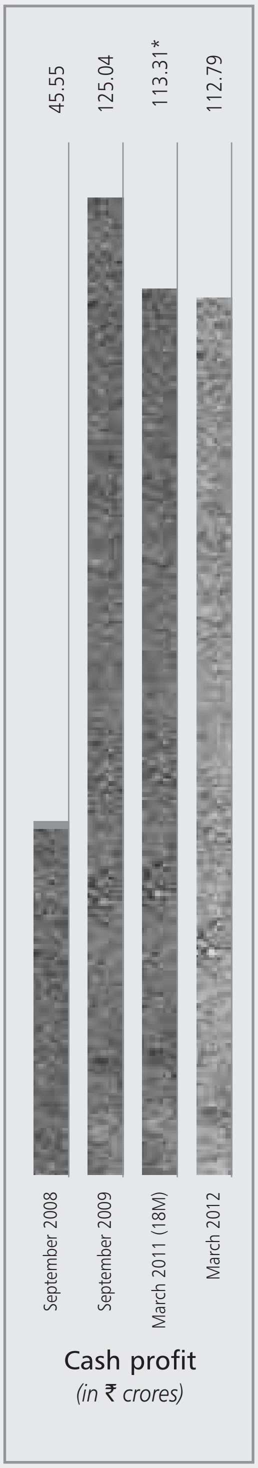
Shareholding pattern (as on 31st March, 2012)

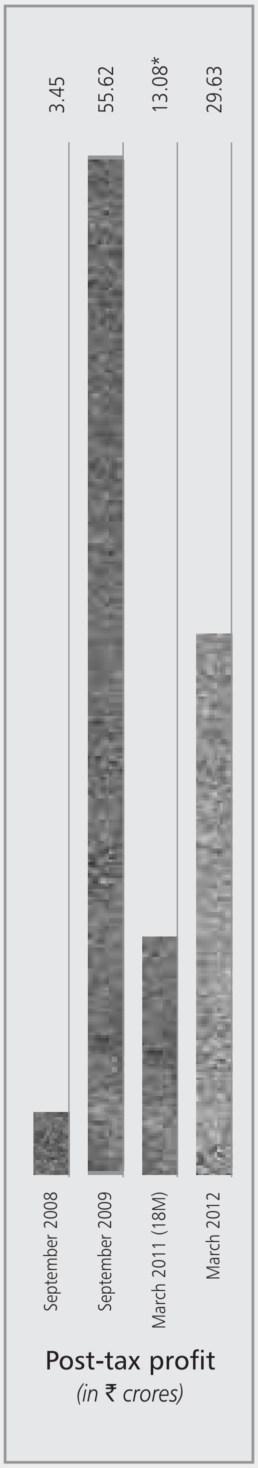


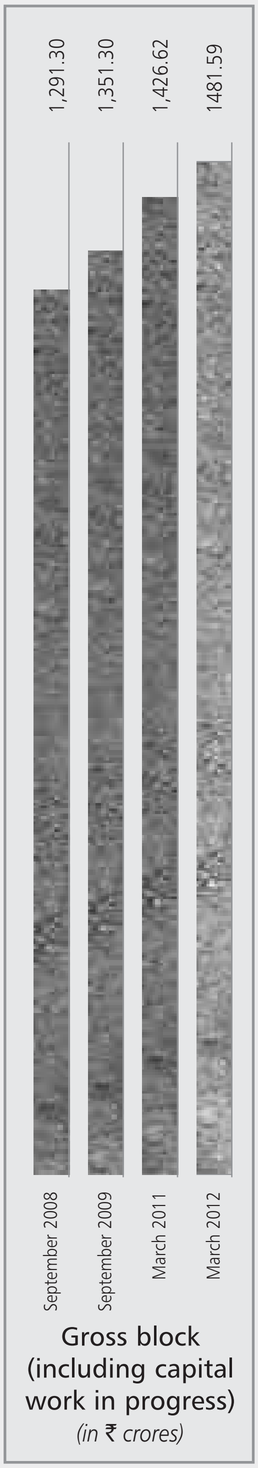
Extending beyond sugar has worked. The evidence is here.



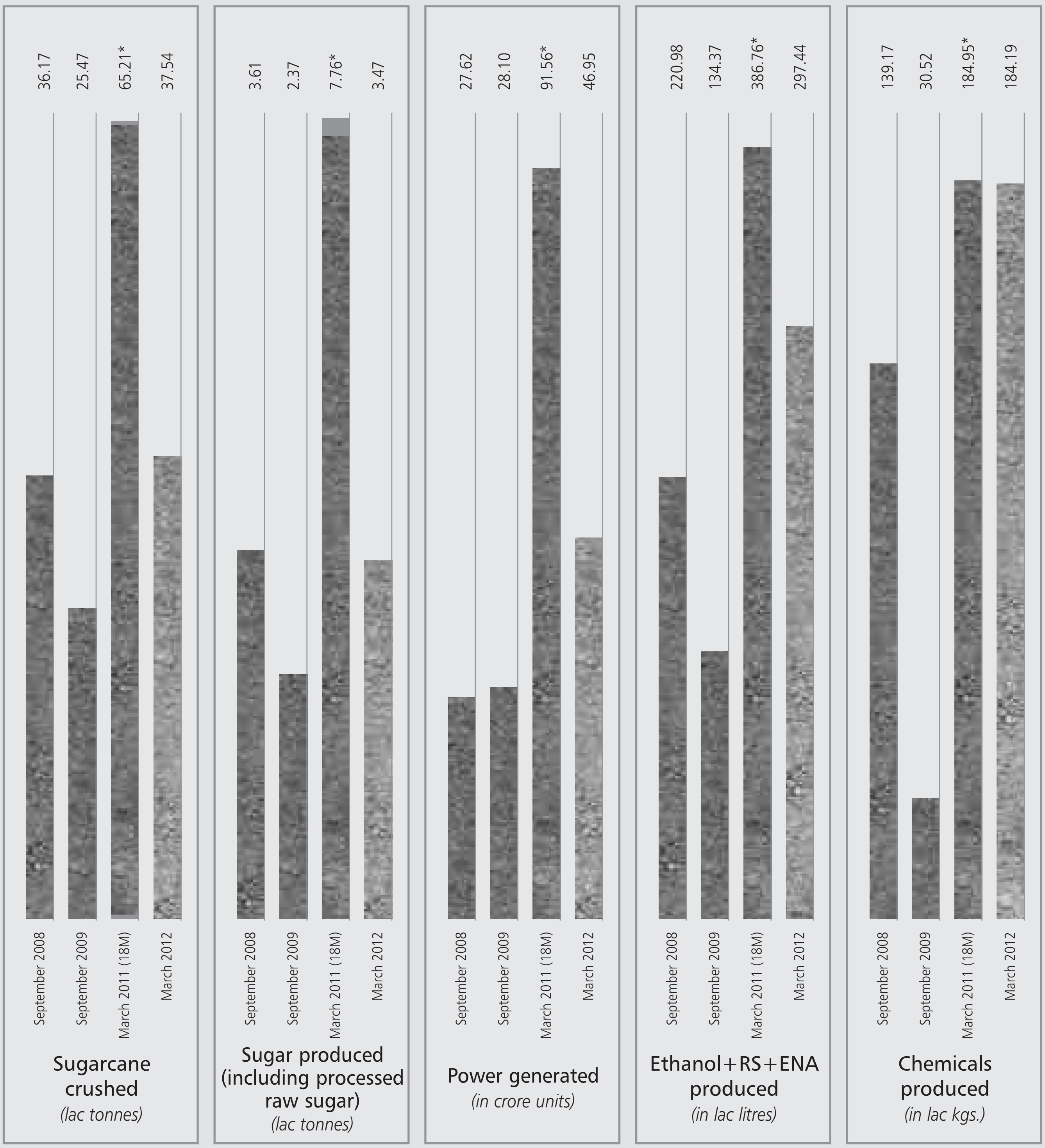








All the figures are pertaining to consolidated accounts



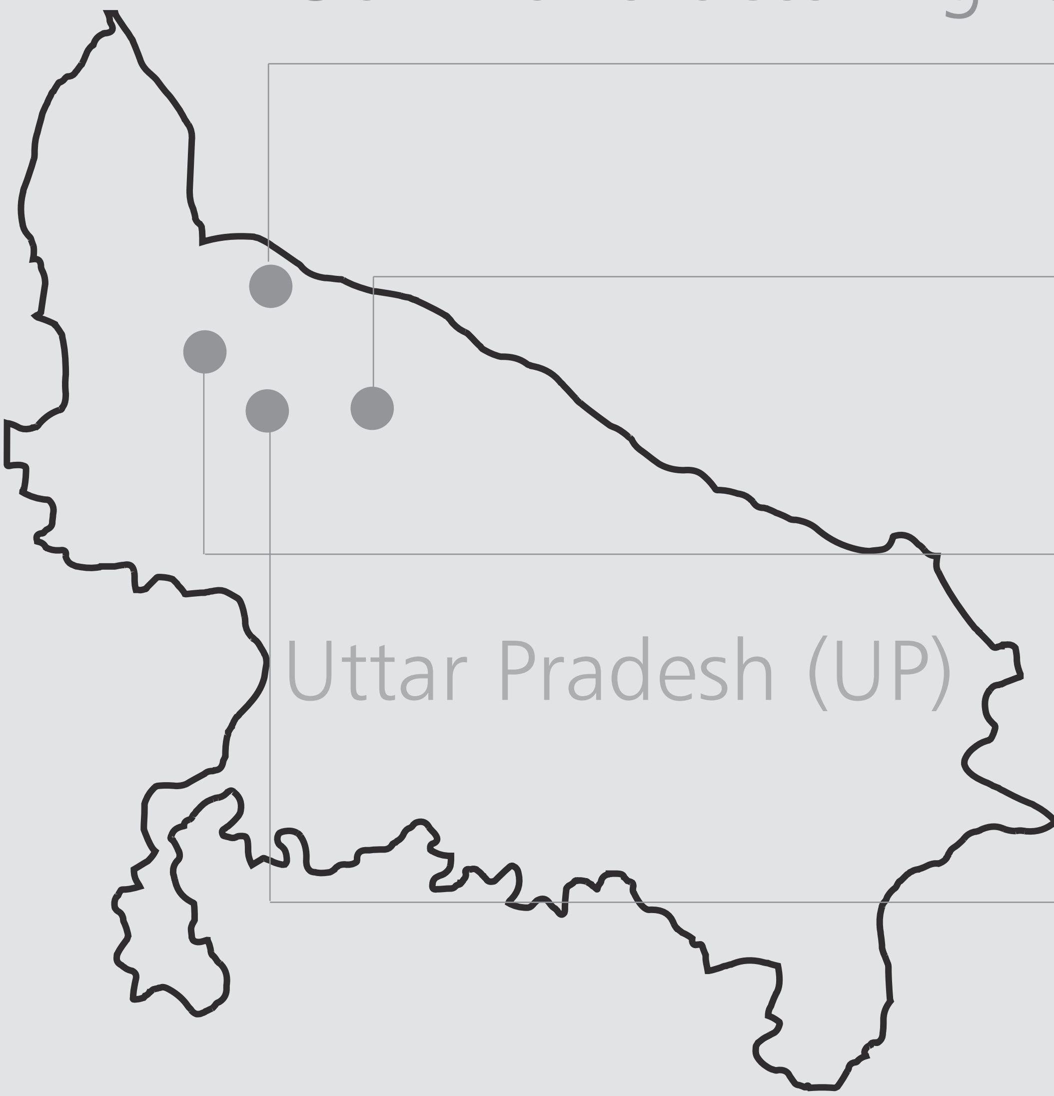
**The figures are for the 18 months (18M) ending 31 March 2011*

Dhampur's journey.

1933	Incorporated as Dhampur Sugar Mills Limited with a cane crushing capacity of 300 TCD at Dhampur
1987	Leased a sick sugar unit at Mansurpur (1,800 TCD)
1991	Established a chemical unit at Dhampur to process molasses into alcohol and other chemicals (7,600 TPA)
1993	Increased crushing capacity of Dhampur unit to 5000 TCD
1994	Installed new sugar unit at Asmoli of 2,500 TCD
1995	Increased capacity of Dhampur unit to 9,000 TCD
1996	Increased capacity of Dhampur unit to 10,000 TCD

1997	Improved capacity of the chemical plant at Dhampur to 16,500 TPA
1999	Enhanced capacity of Asmoli unit to 5,000 TCD
2006	■ Improved capacity of Dhampur unit to 12,000 TCD and Asmoli unit to 6,000 TCD ■ Merged Mansurpur sugar unit with Dhampur Sugar Mills Limited (DSML)
2007	■ Established greenfield Rajpura unit (7,500 TCD) ■ Enhanced a power generation capacity of plant at Dhampur unit to 65MW, plant at Asmoli unit to 40MW and plant at Mansurpur unit to 28 MW ■ Set-up a distillery plant at Asmoli with a capacity of 100000 LPD through a joint venture with Falck Energy
2008	Expanded Dhampur unit to 15,000 TCD, Asmoli unit to 9,000 TCD and Mansurpur unit to 8000 TCD
2010	Distillery at Asmoli became a wholly-owned subsidiary in June, 2010
2011	Enhanced power generation capacity of Mansurpur unit to 33 MW
2012	Distillery at Asmoli merged with DSML vide Honourable High Court Order in January, 2012

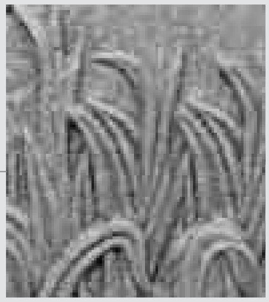
Our manufacturing facilities



(map not to scale)

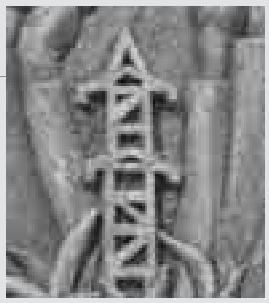
39,500 TCD
Total sugar production capacity

150 MW
Total cogeneration capacity



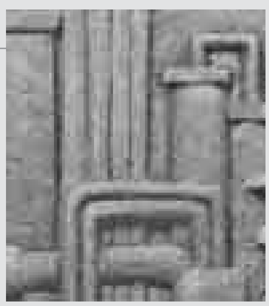
Dhampur unit

Nature	Greenfield
Location	Dhampur in District Bijnor of UP
Uniqueness	Integrated sugar mill with cogeneration and distillery facilities
Income streams	Sugar (15,000 TCD) Cogeneration (65 MW) Distillery (1,70,000 LPD)



Asmoli unit

Nature	Greenfield
Location	Asmoli in District Bheemnagar of UP
Uniqueness	Integrated sugar mill with cogeneration, distillery and refinery facilities
Income streams	Sugar (9,000 TCD) Cogeneration (40 MW) Distillery (1,00,000 LPD) Refinery (900 TPD)



Mansurpur unit

Nature	Brownfield
Location	Mansurpur in District Muzaffarnagar of UP
Uniqueness	Integrated sugar mill with cogeneration and refinery facilities
Income streams	Sugar (8,000 TCD) Cogeneration (33 MW) Refinery (800 TPD)

Rajpura unit

Nature	Greenfield
Location	Rajpura in District Bheemnagar of UP
Uniqueness	Integrated sugar mill with cogeneration facilities
Income streams	Sugar (7,500 TCD) Cogeneration (12 MW)

270,000 LPD
Total distillery capacity

1,700 TPD
Total refinery capacity

Our business segments at a glance.

Business segment	Revenue (₹ crores)			Operating profit (₹ crores)			Operating margin (%)			Contribution to total revenue (%)		
	2008-09	2009-11	2011-12	2008-09	2009-11	2011-12	2008-09	2009-11	2011-12	2008-09	2009-11	2011-12
Sugar	976.14	2386.12*	1495.70	132.04	13.23*	56.71	13.5	0.6*	3.8	82.8	73.5*	74.6
Cogeneration	155.52	665.06*	333.88	66.08	219.65*	119.41	42.5	33.0*	35.8	13.1	20.4*	16.7
Chemicals	47.83	196.66*	174.54	7.47	6.36*	31.52	15.6	3.2*	18.1	4.1	6.1*	8.7

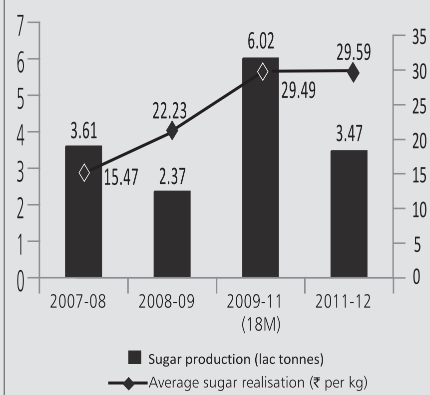
** The financial year 2009-11 comprising 18 months ending March 2011*

Developments, 2011-12	Road ahead
■ Witnessed a stable realisation in sugar prices at ₹ 28-30 per kg throughout the year ■ Witnessed a sharp rise in the cost of sugarcane from ₹ 205 per quintal to ₹ 240 per quintal ■ Enhanced sugarcane crushing owing to higher cane availability and improved crushing time	■ Focus on strengthening cane development activities to secure sugarcane supplies ■ Focus on lower steam consumption resulting in increased bagasse saving ■ Focus on controlling operating cost
■ Maximised energy production and reduced steam consumption through the efficient utilisation of high pressure boilers ■ Exported 30.56 crore units of power at an average realisation of ₹ 4.22 per unit ■ Became eligible for Renewable Energy Certificates (REC) under the NAPCC programme	■ Lower steam consumption by utilising new assets ■ Exploration new areas by exporting under open access ■ Capitalise on higher cane availability by running power plants for more days ■ Save more bagasse in order to enhance production
■ Improved realisations from chemicals, RS/ENA/ Ethanol ■ Higher production of chemicals due to higher availability of molasses	■ The government’s focus on increasing usage of ethanol fuel is expected to generate better demand and higher realisations ■ Focus on research and development for product customisation and cost-effectiveness

Managing Directors' statement

Mr. Gaurav Goel and **Mr. Gautam Goel**, *Managing Directors*, review the Company's performance for 2011-12

Sugar production vis-a-vis realisation

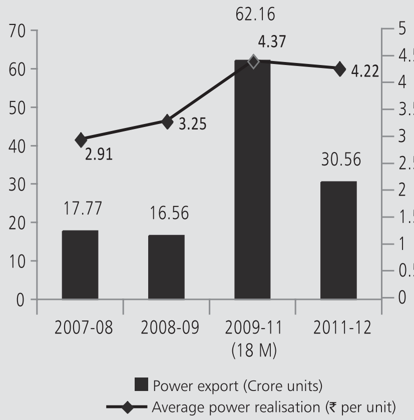


Overview

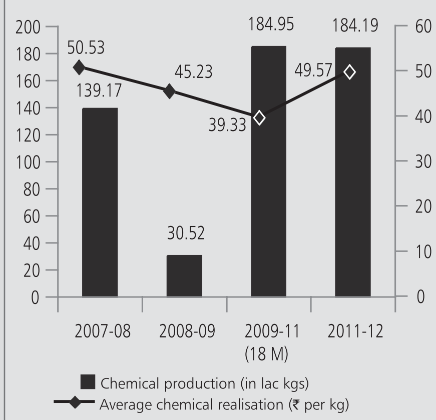
The financial year 2011-12 was challenging for India's sugar industry on account of higher sugarcane costs (state advised price) announced by the state government that the mills were expected to pay farmers a ₹ 240 per quintal of cane compared with ₹ 205 per quintal in the previous year. Coupled with this, domestic free sugar prices stayed subdued at ₹ 28 to ₹ 30 per kg in 2011-12.

It is in this context that the performance of Dhampur Sugar must be appraised. The Company reported a turnover of ₹ 1595.08 crores for the year ended March 2012 as against ₹ 2424.69 crores during the 18 months period ended March 2011; the Company reported a profit of ₹ 29.63 crores in 2011-12 against ₹ 13.08 crores in the previous period. This improvement in profit was largely derived from improved cogeneration, better chemical realisations and higher cane crushing leading to a higher sugar production. The result was even as a large part of the industry reported losses, Dhampur reported an operating profit of ₹ 207.66 crores in 2011-12. This is not just an improved performance by the Company; it is a validation of the Company's longstanding integrated business model. It has been one of our finest hours in which we have conclusively demonstrated that industry challenges

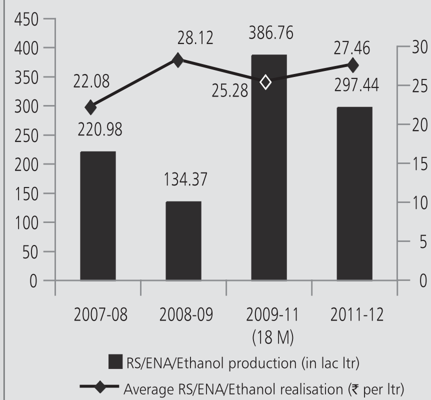
Power export vis-a-vis realisation



Chemical production vis-a-vis realisation



RS/ENA/Ethanol production vis-a-vis realisation



notwithstanding, it is possible to secure profits from the circumstances.

This improvement transpired for an important reason: even as recent as 2006-07, the proportion of non-sugar revenues (where the industry enjoys stronger terms of trade and margins) in the Company's overall product mix was 16.4%; this increased to 25.8% in 2011-12.

Performance of the sugar division

At Dhampur, we expanded our sugar production capacity across the years with the objective to enhance sugar throughput on the one hand and simultaneously provide adequate by-products for profitable downstream conversion.

The sugar division accounted for a stable 74.6% of the Company's revenues for the year ended March 2012 as against 73.5% for the 18 months period ending March 2011. Revenue from operations stood at ₹ 1,495.70 crores in the year ending March 2012 compared with ₹ 2,386.12 crores in the 18 months period ending March 2011, the sugar business reported a marginal operating profit due to higher cane costs. This was true for the broad industry as well; the subdued performance in the sugar division was offset by the growth in our ancillary business.

Performance of the downstream products division

At Dhampur, we were among the first players in India's sugar industry to invest in cogeneration. This was done with the perspective of adding value to downstream products and generate steady revenues, protected by a power purchase agreement.

This division reported stable power generation at 16.7% of the total revenue for the year ending March 2012. The Company generated 46.95 crore units of power in 2011-12 (12 months), of which it exported 30.56 crore units. This translated into a divisional revenue of ₹ 333.88 crores in 2011-12.

The distillery segment reported an improved turnover, accounting for 8.7% of the revenue in 2011-12 (12 months) as against 6.1% in 2009-11 (18 months), owing to enhanced production as compared with the previous year. The division's operating profitability increased from ₹ 31.52 crores in 2011-12 (12 months) as against ₹ 6.36 crores in 2009-11 (18 months), owing to higher average realisations. Overall, the division reported a revenue of ₹ 174.54 crores in 2011-12 (12 months) as against ₹ 196.66 crores in the previous year (18 months), owing to higher molasses availability.

Operational highlights, 2011-12

The bedrock of our superior performance during the year under review was an operational discipline that translated into the following achievements:

- Crushed 37.54 lac tonnes of sugarcane in 2011-12 (12 months) compared with 65.21 lac tonnes in 2009-11 (18 months) leading to sugar production of 3.47 lac tonnes and 6.02 lac tonnes respectively
- Increased average cane crushing from 129 days in the sugar season 2010-11 to 140 days in 2011-12, enhancing asset utilisation
- Sold export quota of sugar at a premium
- Doubled the production capacity of ethyl acetate from 70 TPD to 140 TPD, resulting in higher sales; correspondingly, average realisations increased from around ₹ 40 per kg to ₹ 50 per kg
- Supplied 1.41 crore litres of ethanol in 2011-12 to prominent oil manufacturing companies like IOC, BPCL and HPCL for petrol blending at an average realisation of ₹ 27 per litre, which strengthened distillery earnings

Bottleneck

Some of the challenges faced by the industry and the Company comprised the following realities in 2011-12:

Differential cane pricing: The Honourable Supreme Court issued an order asking sugar companies to pay the differential cane price for sugar seasons 2006-07 and 2007-08, resulting in an additional expense of ₹ 48.04 crores.

Higher cane price: The SAP of ₹ 240 per quintal of cane in 2011-12 (₹ 205 per quintal of cane in 2010-11) resulted in most sugar millers incurring a loss at an average of ₹ 2 per kg, mounting cane payment arrears.

High interest costs: Rising interest rates and a growing inventory affected the debt servicing capability of most sugar mills, but for extensively integrated players like Dhampur, realisations from chemicals/ethanol and cogeneration helped offset sugar losses.

Capitalising on emerging opportunities

The outlook continues to be cautiously optimistic as higher cane prices will translate into a higher cane output with a correspondingly higher distillery and cogeneration throughput.

Sugar: India's sugar production in sugar season 2011-12 is estimated to be around 26 million tonnes on account of a higher cane acreage and improved sugarcane production. India's higher production is likely to outstrip domestic consumption (estimated at around 23 MT). The Company will focus on increasing its sugar production and asset utilisation to amortise its fixed costs better and provide adequate by-products for efficient downstream processing.

Power: India is a power-deficit country; UP is its most power-deficit state with an estimated peak shortage of around 3000 MW, affecting industrial and consumer interests. In view of this, the Company does not have a problem in selling power from its cogeneration plants to the state electricity grid. Power purchase agreement with the government reinforced revenues and profitability. Going ahead, the Company expects to increase cogeneration on account of a higher bagasse availability, which will enable it to run its plants for additional off-season days.

Chemicals: The Indian government made it mandatory to blend 5% of ethanol with petrol to reduce the country's dependence on fossil fuels and crude oil imports. It is estimated that the total national sugar production of 26.0 million tonnes will result in producing 2,400 million litres of extra neutral alcohol (ENA), the raw material for ethanol and alcohol. At 5% mandatory blending, the industry will require 700 million litres of ethanol; a tender by oil marketing companies in February 2012 indicated the purchase of 1,010 million litres of ethanol in sugar season 2012.

Basis of optimism

- The Indian government appointed a committee to examine sugar industry de-regulation which will cover the removal of the levy sugar obligation, monthly release quota, higher exports presence and a scheme to link cane prices to sugar realisations
- India's cane acreage is expected to increase in 2012-13 season, which will lead to higher ethanol and power throughput
- The government is considering the report of a committee to fix ethanol prices which is likely to enhance from the existing ₹ 27 per litre

Looking forward

At Dhampur, we believe that the Company is well placed to absorb sugar volatility on account of its extensive integration. Our business model (power and chemical operations) makes it possible for us to leverage the macro environment and industry reality better. Going forward, we believe our robust cogeneration and distillery operations will facilitate stronger cash flow and superior shareholder value.

Controls dictate...	Decontrol could help...
■ Raw material (sugarcane) costs that mills must pay farmers ■ End product (sugar) realisations regulated through the monthly release mechanism ■ Sugar availability for the domestic market through control of exports and imports	■ Even out the sugar cyclicality ■ Ensure remunerative cane prices ■ Lead to capacity consolidation and economies of scale ■ Double ethanol production and replace 3% of India's gasoline consumption ■ Generate close to 8,000 MW of green power against today's 900 MW ■ Make India a consistent sugar exporter

Business strategy

Strategic intent

- To be the most efficient sugar and downstream product manufacturing company in India (the world's second-largest sugar producing nation) and the world
- To emerge as the lowest-cost sugar and sugar derivatives producer in the world
- To optimise returns from cane through the value-added utilisation of sugar, molasses and bagasse
- To increase profits sustainably in real terms and maximise returns on capital employed through cost leadership, innovative technology and employee engagement

Objectives

- To enhance shareholder value by optimising long-term returns and business growth
- To emerge among the world's most efficient lowest-cost producers
- To achieve balanced operational, social and environmental performance
- To provide employees with a safe and healthy working environment

Goals

Growth	Profitability
■ To expand the Company's sugar, power and distillery production ■ To consolidate and improve the profitability of downstream products and further develop new appropriate applications ■ To maximise the use of bagasse and biomass to cogenerate electricity ■ To seek opportunities for sugar and downstream products	■ To achieve a competitive return on shareholders funds; increase profits on an on-going basis in real terms ■ To enhance the quality and quantity of the bottomline
Asset management	**Product development**
■ To manage investments in fixed assets and working capital, leading to the most efficient use of funds employed; within reasonable gearing and interest cover	■ To consistently deliver quality products and services to customers ■ To undertake research and development to improve returns, and develop new products and applications, from its core commodity products using every stick of cane ■ To be proactive in identifying customer needs
Human resources	**Corporate governance**
■ To promote on-going employee development ■ To offer equal opportunities to all employees	■ To manage the Company in an efficient, accountable, responsible and transparent manner ■ To be socially responsible; maintain appropriate ethical, environmental and risk management standards ■ To take cognizance of all stakeholder interests

Strategic roadmap

Objectives	Performance	Validation	Roadmap
Primary objective Wealth creation	■ Improved business profitability owing to efficient integration ■ Registered a profit of ₹ 29.63 crores in 2011-12 (₹ 13.08 crores in the previous year) ■ Market capitalisation stood at ₹ 229.64 crores in 2011-12	12.5% Dividend declared by the Company on equity shares in 2011-12	■ Optimise financial growth by fully exploiting the Company's production capacity and strong domestic and export markets
Growth			
Enhance production of sugar and its derivatives – power and chemicals	■ Registered an improvement in sugar production at 3.47 lac tonnes in 2011-12 ■ Improved chemical and power production to 184.19 lac kgs and 46.95 crore units	13.1% Growth in cane crushing in the current season over the last season 2010-11	■ Improve sugar production in the next sugar season, riding a higher sugarcane availability in U. P. ■ Run power and distillery operations throughout the year
Operate downstream plants at maximum capacity for higher returns	■ Increased capacity utilisation of plants owing to higher cane crushing ■ Witnessed record ethanol production and power generation owing to higher molasses and bagasse availability	18.1% Operating margin of chemical segment in 2011-12	■ Increase the number of crushing days to enhance the production and sales of power and chemicals
Increase downstream revenues by developing new products	■ Registered improved earnings from chemical, ethanol and power segments due to reduced raw material cost and improved realisations	25.4% Revenues from non-sugar business in 2011-12	■ Drive downstream business to deliver increased margins as the government is likely to revise ethanol and power prices upward

25.4%

Revenue from non-sugar business

Beyond sugar...

Focusing on integration

In a cyclical industry like sugar, a company can protect itself from periodic volatility through proactive investments in unfavourable years

At Dhampur Sugar Mills, we have done precisely that by investing more than ₹ 1000 crores made in our business over the decade leading to 2011-12, a large proportion transpired in an unfavourable year, making it possible for the Company to capitalise with speed on subsequent rebounds.

A majority of the Company's investment was made in scale and product mix. The result is that the Company extended from a singular dependence on sugar to a broader dependence on less cyclical and high margin by-products – cogeneration, distillery and refinery. Besides, the end product of one business became the raw material for the other, strengthening overall business integration.

The result was that even as the Company's revenues increased from ₹ 750.69 crores in 2007-08 to ₹ 1595.08 crores in 2011-12, the proportion of non-sugar revenues stood at 25.4%. Demonstrating conclusively that even in challenging industry periods, there is a future beyond sugar.

16.7%

Contribution to revenues from cogeneration

Beyond sugar...

Focusing on cogeneration

In a plantation-led business like sugar, cane (raw material) costs are generally outside the Company's direct control.

At Dhampur Sugar Mills, we countered the threat arising from this reality by investing in a 150 MW cogeneration capacity. Power generated from this unit will be marketed to government agencies through a long-term agreement at remunerative realisations.

The result is that the power is cogenerated through the incineration of by-product bagasse. Of the total power generated in 2011-12, 35% is used for captive plant requirement (enhancing self-sufficiency) and 65% is marketed to the state grid at attractive realisations.

Operational discipline

At Dhampur, we strengthened this business model through a high operational standard reflected in the following initiatives:

- Installed four high pressure multifuel boilers to reduce steam consumption
- Installed a bagasse drier to minimise moisture in bagasse, improving generation efficiency
- Improved bagasse fuel value by increasing bagasse temperature in the diffuser plant, resulting in improved power production
- Reduced specific power consumption, improving power revenues
- Incorporated 105 kg/sq. cm pressure boilers, resulting in an improved energy generation to fuel consumption ratio

The result was that even as the Company's non-sugar revenues increased from ₹ 259.1crores in 2007-08 to ₹ 508.4 crores in 2011-12, the proportion of non-sugar EBIDTA derived from cogeneration stood at 57.5% of the total EBIDTA in 2011-12. Demonstrating conclusively that even in challenging industry periods, there is a future beyond the conventional.

8.7%

Contribution to revenues from the distillery

Beyond sugar...

Focusing on chemicals

In a large commodity business like sugar, poor realisations can dent margins.

At Dhampur Sugar Mills, we developed an entire business around leveraging the use of the molasses by-product to produce alcohol, ethanol, rectified spirits, extra neutral alcohol and ethyl acetate. Besides, we graduated to the more value-added end to mitigate the impact of price erosion. Over the years, the Company invested in a distillery and then periodically reinforced capacity to 270 kilolitres per day.

Operational discipline

At Dhampur Sugar Mills, we strengthened this business model through a high operational standard reflected in the following initiatives:

- Used multi-pressure distillation and integral evaporation technology to produce quality products; reduced effluents
- Doubled ethyl acetate capacity from 70 TPD to 140 TPD
- Enhanced average realisations of Ethyl Acetate from around ₹ 40 per kg in 2008-09 to ₹ 50 per kg in 2011-12
- Utilised methane available from ETP to generate power, resulting in a higher uptime and a corresponding increase in distillery production per quintal of cane from 0.59 litre in 2009-11 (18 months) to 0.79 litre in 2011-12
- Improved production efficiency by minimising effluent generation to way below prevailing industry standards

The result was that the Dhampur's chemicals business generated an increase in revenues from ₹ 110.07 crores in 2006-07 to ₹ 174.54 crores in 2011-12; its proportion of non-sugar EBIDTA stood at 15.2% of the total EBIDTA in 2011-12. Demonstrating that even in a competitive commodity business, there is a future beyond the usual.

1,50,000

Farmer's providing cane to the Company

Beyond sugar...

Focusing on farmer welfare

In an asset-intensive business like sugar, competitive advantage is influenced by what happens in the fields.

At Dhampur Sugar Mills, we established strong relations with more than 1,50,000 farmers, resulting in availability of the right cane quantity at the right time across the years.

Operational discipline

At Dhampur, we reinforced farmer relations through the following initiatives:

- Energised the rural economy through the purchase of sugarcane with a total outlay of ₹ 944.01 crores in 2011-12
- Extended beyond a mere purchase of cane to look into ways that would enhance farmer profitability
- Accelerated its crushing to vacate the fields of cane early enough in the season for farmers to plant a second crop
- Enhanced awareness of modern scientific farm management practices (soil testing, organic manuring, qualitative seeds), leading to better yields
- Tied-up with commercial banks and government agencies to provide soft loans to farmers
- Continuous cane development programme to ensure quality and quantity of cane over the period

The result was that Dhampur Sugar Mills maintained adequate cane area over five years to ensure proper cane supply through cane development. Demonstrating that even in an asset-led business, the competitive difference is derived from an ability to inspire trust among people.

95%

In-house consumption of baggase and molasses

Beyond sugar...

Focusing on efficiency

In a commodity business like sugar with its various downstream verticals, efficiency is critical to business success.

At Dhampur, we have grown efficiency through periodic investments that helped widen our product portfolio and increase our integration.

Business commitment

At Dhampur, we strengthened our business through the following initiatives:

- Invested more than ₹ 1000 crores in gross block over 10 years leading to best business integration in 2011-12

The Company balanced its capacities: more than 95% of the bagasse and molasses generated was consumed in-house in 2011-12.

Dhampur created one of the world's most efficient integrated sugarcane structures

1 Strategic location

The Company's manufacturing locations are located in the rich cane belts of western UP, making it possible to crush sugarcane within an average 48 hours of harvest and enhancing sugar extraction. Average recovery was 9.23% in 2011-12 compared with an average UP recovery of 9.07%.

5 Scale

The Company's cogeneration and ethanol manufacturing capacities are one of the highest in India.

The strength in our numbers

2 Enhancing capacities

The Company enjoys a track record of enhancing asset capacity through favourable and unfavourable years: cane crushing capacity increased from 20,000 TCD in 2001-02 to 39,500 TCD; exportable cogeneration capacity increased to 87 MW from Nil MW during the period; distillery capacity increased to 2,70,000 LPD during the period.

3 Experienced team

The Company's senior management possesses significant experience in the sugar, ethanol and cogeneration industries. The top Dhampur management headed the Indian Sugar Mills Association for several years. Presently, Mr. Gautam Goel, Managing Director is President of Indian Sugar Mills Association for 2012-13. The management team is trained and driven by a result-oriented discipline to reduce costs and enhance revenues.

4 Extensive integration

The Company is integrated through the processing of cane, bagasse and molasses to produce sugar, power and ethanol. This integration made it possible for the Company to emerge among the top sugar companies in India to report a profit in 2011-12.

6 Asset utilisation

The Company's multifuel boilers consume alternative fuels like coal and rice husk during the off-season, enhancing cash flows throughout the year.

7 Farmer relationships

The Company works closely with more than 1,50,000 farmers, resulting in predictable cane availability.

25.42%

Revenue growth (CAGR 2008-12)

11.37%

EBIDTA growth (CAGR 2008-12)

84.86%

PAT growth (CAGR 2008-12)

6.69%

Gross block addition (CAGR 2008-12)

Business segment review

SUGAR

74.6%
Contribution to total revenue, 2011-12

27.3%
Contribution to EBIDTA, 2011-12

Snapshot

Revenues	₹ 1495.70 crores
Operating profit	₹ 56.71 crores
Sugar production	3.47 lac tonnes
Sugar sales	3.73 lac tonnes
Sugar inventory (31st March, 2012)	1.99 lac tonnes

Overview

The Company is one of India's most efficient and integrated sugar companies with a total cane crushing capacity of 39,500 TCD. It also has one of the country's largest raw sugar refining capacity of 1,700 TPD. The Company's manufacturing units are located at Dhampur, Asmoli, Mansurpur and Rajpura in cane-rich Uttar Pradesh.

Competitive edge

- The Company's higher sugarcane availability coupled with higher capacity utilisation translated into higher sugar production
- The Company's integrated sugar refinery capacity for transforming raw sugar into finished sugar, enables the sugar plant to run round-the-year operations

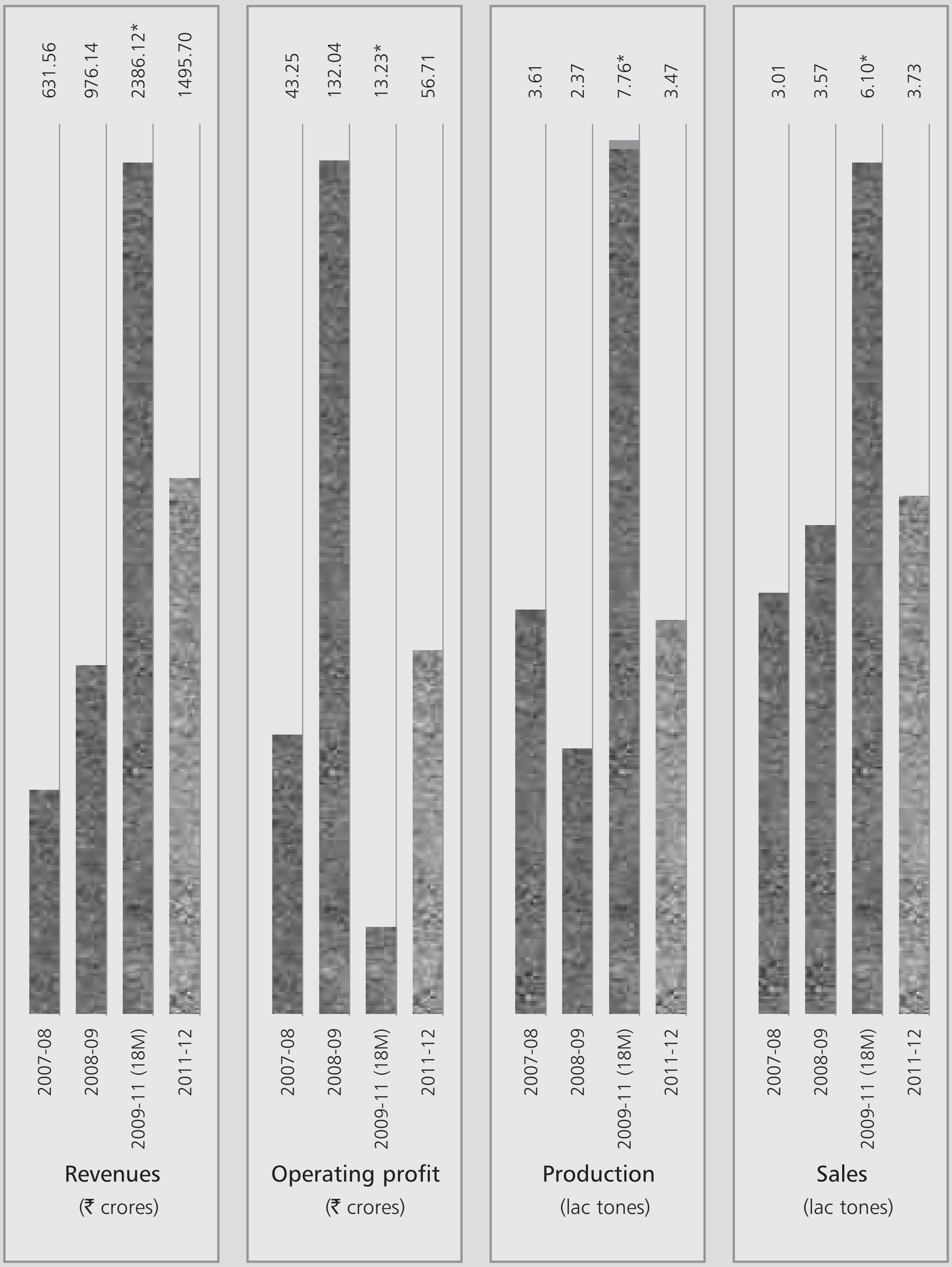
Key initiatives, 2011-12

- Crushed 37.54 lac tonnes of sugarcane for the 12 months period ended March 2012 as against 65.21 lac tonnes for the 18 months period ending March 2011
- Produced 3.47 lac tonnes of sugar in 2011-12 (12 months) compared with 7.76 lac tonnes of sugar in 2009-11 (18 months)
- Sugarcane recovery stood at 9.23% as against average recovery in UP of 9.07%
- Maintained an average inventory of 1.99 lac tonnes as on March 2012 at an average cost of ₹ 27.91 per kg (free sugar and levy sugar combined)
- Reported revenues of ₹ 1495.70 crores (12 months ended March 2012), owing to stable realisations

Going forward

- Improve efficiency, augment industry flow and increase cash flow
- Increase sugar production on the back of a higher cane acreage, yield and cane availability
- Improve earnings from the sugar business when the government deregulates the industry
- Strengthen cane development activity to secure sugarcane supply

Performance review



**The financial year 2009-11 comprising 18 months (18M) ending March 2011*

Business segment review

CO-GENERATION

16.7%
Contribution to total revenue, 2011-12

57.5%
Contribution to EBIDTA, 2011-12

Snapshot

Revenues	₹ 333.88 crores
Operating profit	₹ 119.41 crores
Power generated	46.95 crore units
Power exported	30.56 crore units
Average realisations	₹ 4.22 per unit

Overview

The Company invested in cogeneration capacity to become energy self-sufficient. The Company's total power generation capacity is 150 MW, of which 63 MW is for captive consumption and the rest is available for export to the grid. The Company was the first in its sector in Uttar Pradesh to install multifuel boilers to reduce its dependence on the use of bagasse to generate power during the off-season.

Competitive edge

- The Company's multifuel boilers (capable of consuming bagasse, coal and rice husk) sustain the cogeneration units through the year
- The Company's cogeneration unit helps de-risk from industry cyclicality
- The Company's buyback arrangement with the state electricity board and power merchants enables it to export 50% of the power produced through coal during the off-season through open access

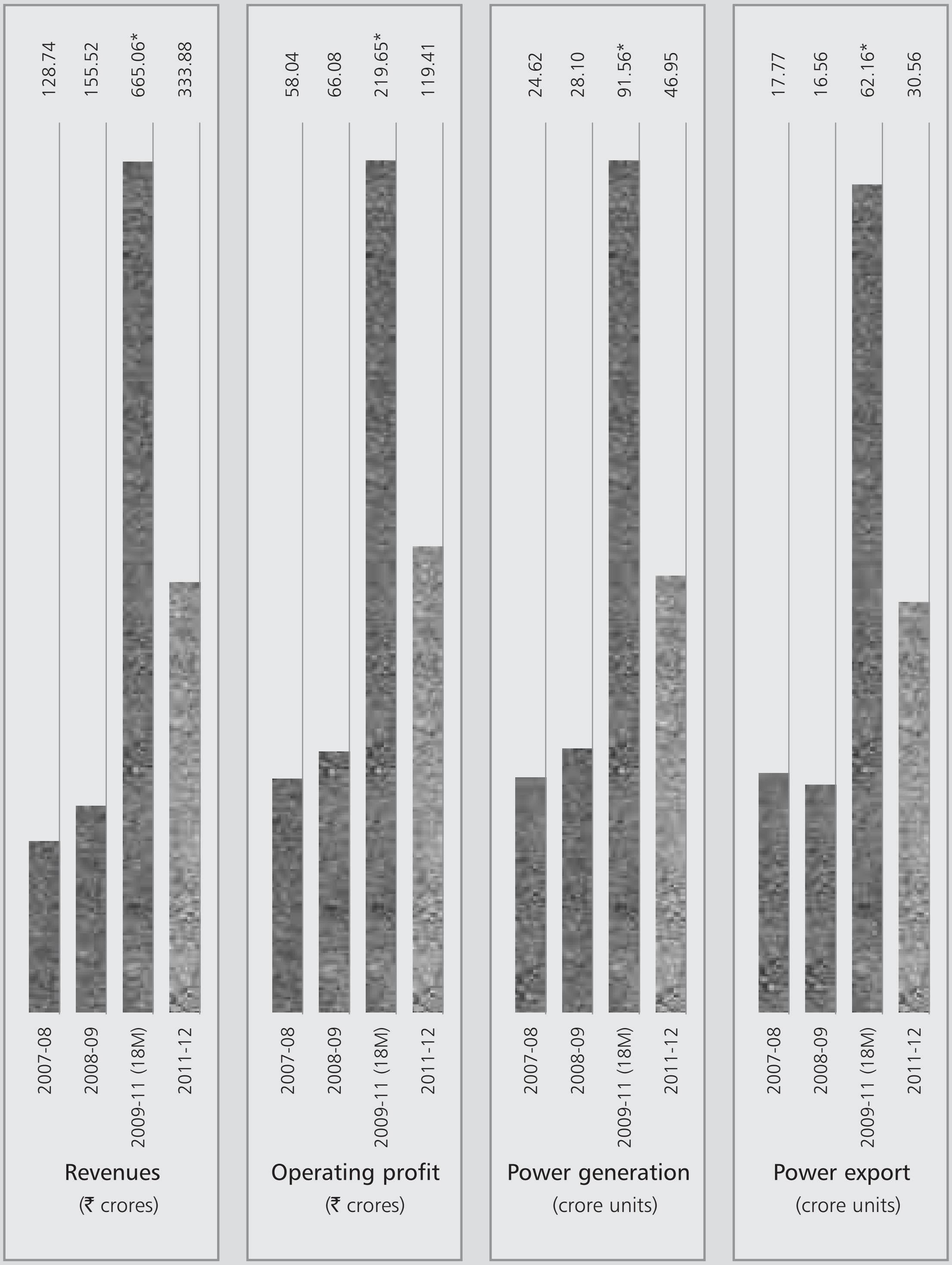
Key highlights, 2011-12

- Exported 30.56 crore units of power to the state grid for the year ended March 2012
- Reported a revenue of ₹ 333.88 crores during the year ended March 2012
- Reduced steam consumption and maximised energy production by efficiently utilising high pressure boilers
- Installed bagasse drier to reduce moisture from bagasse, leading to better plant utilisation and higher power generation

Going forward

- Increase power export to provide a healthy cushion against industry volatility
- Run power plants for more days in the off-season to capitalise on higher cane availability and power trading opportunities
- Enhance power production during off-season by improving crushing days due to more bagasse saving
- Enhance revenues by improving capacity utilisation arising out of higher cane availability, increased realisations and improved efficiencies
- Explore new areas to market power under the open access system

Performance review



**The financial year 2009-11 comprising 18 months (18M) ending March 2011*

Business segment review

DISTILLERY

8.7%

Contribution to total revenue, 2011-12

15.2%

Contribution to EBIDTA, 2011-12

Snapshot

Revenues	₹ 174.54 crores
Operating profit	₹ 31.52 crores
Ethanol/RS/ENA production	297.44 lac litre
Chemicals production	184.19 lac kgs
Average realisation of Ethanol/RS/ENA	₹ 27.46 per litre
Average realisation of chemicals	₹ 49.57 per kg

Overview

The Company is one of the largest manufacturers of ethanol, chemicals and other sugarcane derivatives in the industry with a distillery capacity of 270,000 LPD. The Company produces a diverse product portfolio comprising ethanol, rectified spirits, extra neutral alcohol, ethyl acetate, carbon dioxide and bio-fertilisers, among others.

Competitive edge

- The Company is one of the largest manufacturers of sugarcane derivatives (chemicals) in the country
- The Company's ability to alter its product mix in accordance with market conditions enables it to produce rectified spirits and ethanol for OMCs and chemicals for paint and pharmaceutical companies based on prevailing demand
- The Company converts methane which is generated during distillery operations into power

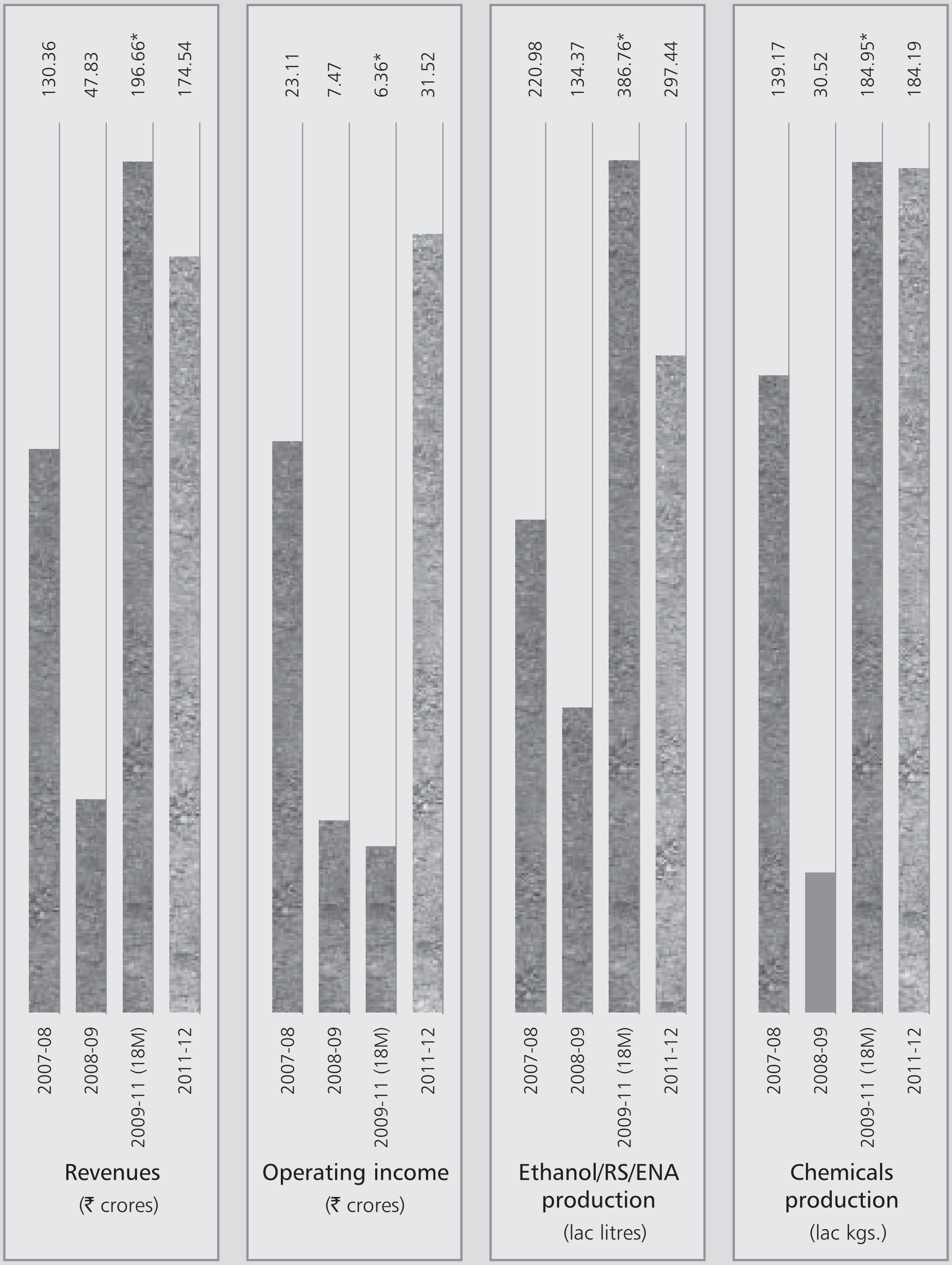
Key highlights, 2011-12

- Registered sales volume of chemicals at 166.77 lac kgs during the year ended March 2012
- Registered stable sales volume of ethanol/RS/ENA at 267.99 lac litre during the year ended March 2012
- Reported revenues at ₹ 174.54 crores during the year ended March 2012 on account of higher average realisations

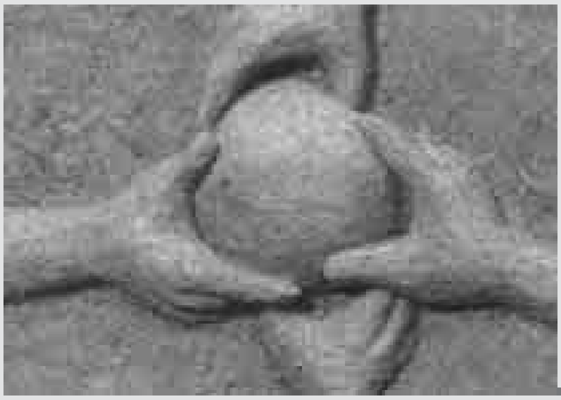
Going forward

- Improve the production of chemicals, ethanol and Rectified spirits owing to a better projected availability of molasses
- Improve the production of chemicals as they offer higher margins
- Increase sales of ethanol to oil marketing companies at remunerative prices due to the mandatory ethanol blending programme being implemented by the central government

Performance review



The financial year 2009-11 comprises 18 months (18M) ending March 2011



Management Discussion and Analysis

Global sugar industry

After two deficit years, world sugar production almost matched world sugar consumption at 167 million tonnes (MT) in 2010-11 compared with a production of 160.56 MT in 2009-10. Global fundamentals shifted from a perceived deficit to a short-term surplus due to a larger-than-expected Indian and Thai harvest.

Brazil: Brazil is the world's largest sugar producer, producing 38.7 MT of sugar in 2010-11 compared with 28.6 MT in 2009-10. The sugar production in 2011-12 is estimated to dip to 37.07 MT, owing to dry weather conditions. In the upcoming harvest season, an increased amount of sugarcane will be diverted to ethanol production rather than sugar production as ethanol will enjoy a strong price momentum in the coming year owing to an additional two million flexi-fuel cars in Brazil in 2010-11 and ethanol shortage owing to a higher swing towards sugar production.

China: China is the world's second-largest sugar consumer after India. It imports most of its annual sugar requirement from Brazil – the world's top producer. The country's production declined from 11.4 million tonnes in 2009-10 to 10.5 million tonnes in 2010-11 as it was affected by drought. In 2011-12, the country is expected to produce around 11.5 million tonnes of sugar and import around 2.5 million tonnes of sugar in order to meet its annual demand of 14-14.5 million tonnes.

Thailand: Thailand is the world's second-largest sugar exporter after Brazil. It registered a 40% increase in sugar production from 6.9 million tonnes in 2009-10 to a record 9.7 million tonnes in 2010-11, owing to better climatic conditions. The country is estimated to produce another bumper sugar crop in 2011-12 at around 10 million tonnes, topping its previous year's output of 9.66 million tonnes, owing to favourable climatic conditions.

Outlook

Going ahead, world sugar production is estimated to be 175.8 million tonnes for the 2011-12 sugar season owing to higher cane acreage and higher production in India and Brazil. The consumption is expected to be low at 164 million tonnes due to a sluggish global economy and high prices.

Industry snapshot

167 MT	166 MT	24 kg
Sugar production 2011-12	Sugar consumption 2011-12	Per capita sugar consumption 2011-12

17-19%

Increase in sugarcane prices over the previous year

Indian sugar industry

The sugar industry is the second-largest agro-based industry in India next only to cotton textiles, supporting over 50 million sugarcane farmers, dependents and labourers involved in cultivation, harvesting and machine manufacture, among others (7.5% of the rural population). India possesses 20% of the world's total sugar mills and accounts for about 15% of the global production *(Source: ISMA)*.

Sugar production and consumption: India's sugar production during sugar year (SY) 2010-11 was 24.4 million tonnes, a 29.10% growth over the previous year's 18.9 million tonnes, driven mainly by improved cane acreage, adequate rainfall and increased productivity. During SY 2011-12, sugar production is expected to be 10.16% higher at 26 million tonnes due to higher sowing in SY 2009-10 and SY 2010-11. This output is likely to outstrip domestic consumption of 23 million tonnes by almost 3 million tonnes. However, this surplus is likely to be offset through exports as the government already allowed 2.0 million tonnes of exports from 2011-12 production and have further allowed export under OGL without any quantitative restriction.

Domestic sugar production and consumption (in MT)

Sugar year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Opening stock (1st October)	4.0	3.7	10.2	9.9	3.5*	5.0*	5.8
Production (Oct-Sept)	19.3	28.3	26.3	14.6	18.9	24.4	26.0
Imports	-	-	-	1.3*	6.0*	-	-
Total availability	23.3	32.0	36.5	25.8	28.4	29.4	31.8
Domestic consumption	18.5	20.1	21.7	22.3	23.4	21.0	23.0
Exports	1.1	1.7	4.9	0.0	0	2.6	3.0
Closing Stock as on Sept. 30	3.7	10.2	9.9	3.5*	5.0*	5.8	5.8
Closing Stock as Months of Consumption	2.3	6.1	5.5	2.7	2.6	2.9	2.9

** Import figure/CS for SY 2008-09 excludes 2.0 million of unprocessed raw sugar lying with sugar mills while import figures/CS for SY 2009-10 includes the processing of the aforesaid raw sugar*

Source: ISMA

Cane prices: Cane prices increased across India. The state-advised prices (SAP) in UP increased 17-19% from ₹ 205 - ₹ 210 per tonne of cane in 2010-11 to ₹ 240 - ₹ 250 per tonne of cane in 2011-12, encouraging farmers to plant more sugarcane, leading to higher sugar production, making the country a net exporter of sugar.

Cane production: With higher cane prices, farmers increased the area under cane cultivation by 15.35% from 44.15 lakh hectares in 2008-09 to 50.93 lakh hectares in 2011-12 throughout the country and the farmers in UP increased cane acreage 8.06% from 20.84 lakh hectares to 22.52 lakh hectares respectively in the same period. With higher cane acreage, the total cane production is estimated to increase 9.82% to 380 million tonnes in 2011-12 as compared with 346 million tonnes in 2010-11.The outlook for cane production remains positive because cane returns continue to be higher than alternative crops.

Area under sugarcane cultivation

Year	Area covered (pan-India) (lakh hectares)	Area covered (UP) (lakh hectares)	Cane production (pan-India) (MT)
2008-09	44.15	20.84	289
2009-10	41.75	19.77	274
2010-11	49.44	21.25	346
2011-12	50.93	22.52	380

(Source: ISMA)

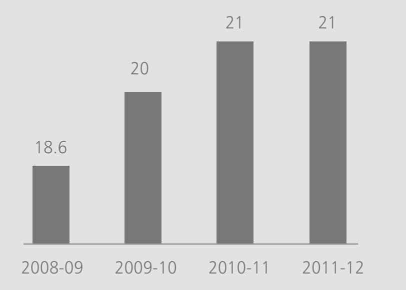
Sugar prices: Domestic free sugar prices remained subdued between ₹ 28 and ₹ 30 per kg 2011-12 mainly because of a domestic sugar surplus. Sugar prices declined to a low of ₹ 28 per kg in August 2011 on account of lower-than-expected exports, together with a year-on-year rise in free sugar releases and anticipation of production increases. But after remaining below the production cost for a long time, prices improved to ₹ 30 per kg during September-November 2011 due to an increased sugar demand in the festive season, and allowance of 1 million tonnes of sugar exports under OGL. Domestic sugar prices started softening from December 2011 onwards because of fresh sugar production and softening international prices (which offset the positive impact of the government allowing an additional 1 million tonne of exports). Going ahead, outlook is likely to be driven by expectations of domestic sugar production for SY 2012-13, performance of international crude oil prices which will determine raw sugar: ethanol mix in Brazil and the Government of India's policies regarding sugar exports and import duties.

Exports: Indian sugar production (24.5 million tonnes) surpassed consumption (22 million tonnes) in 2010-11, making India a net exporter of sugar in SY 2010-11. On account of higher production, the government allowed the export of 2 million tonnes of sugar from 2011-12 sugar production and thereafter allowed export under OGL without any quantitative restriction. The delay in harvesting in Brazil has given an opportunity to India to enter the international market and reduce domestic oversupply.

Growth drivers

- **Low per capita consumption:** India is one of the world's largest sugar consumers with the lowest per capita sugar consumption at 21 kgs (Brazil's per capita sugar consumption is 58 kgs).
- **Surging population:** India's sugar consumption is likely to be driven by population growth. India's population of 1.21 billion is expected to reach 1.53 billion by 2030.
- **Growing per capita income:** The increase in India's per capita income from ₹10,574 in 1993-94 to ₹ 60,972 in 2011-12 resulted in higher sugar offtake, a trend that is expected to continue.

Per capita consumption *(kg.)*



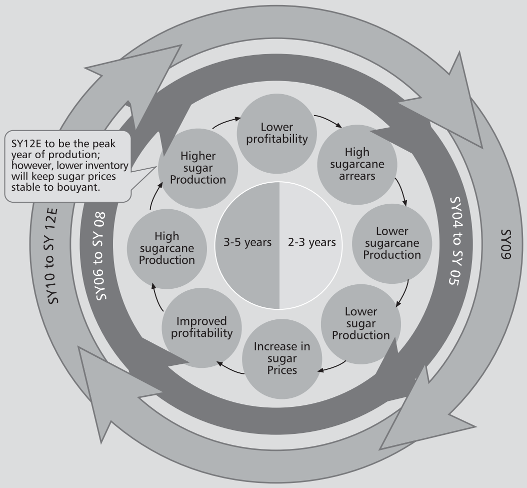
Outlook

Going ahead, the cyclical nature of production and cane arrears could affect sugar production in the days to come. India's sugar production is expected to be at the same level of 26 million tonnes in SY 2012-13, but comfortable enough to meet domestic demand and address exports.

Industry snapshot

380MT	26MT	23MT	3MT	21kg
Cane production 2011-12	Sugar production 2011-12	Sugar consumption 2011-12	Sugar exports 2011-12	Per capita sugar consumption 2011-12

The sugar industry cycle



Sugar is a cyclical industry, marked by 3-5 years of a production up cycle and 2-3 years of a down cycle. The industry down cycle usually starts with oversupply implying lower sugar prices, leading to lower profitability for millers, cane arrears, farmer switch to alternative crops, lower sugarcane harvest and lower sugar production. This down cycle lasts for 2-3 years.

A sudden drop in sugar production leads to higher sugar prices leading to better mill profitability, higher sugarcane prices, increased planting, higher sugar production and lower sugar prices. For the ensuing production cycle, following the down cycle of SY09 period, an up cycle started during SY10 and is likely to peak in SY12.

Cogeneration sector

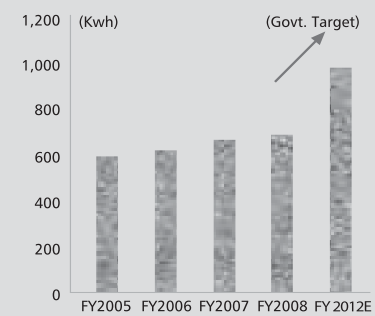
In the present scenario marked by a shortage of fossil fuels, cogeneration faces a promising future. In a sugar mill, bagasse (a fibrous residue of crushed sugarcane) is incinerated to create high pressure steam in boilers to rotate the turbo generator blades to produce an electric current. The process is called cogeneration, which essentially implies the production of two forms of energy (electricity and heat). The power generated is used to meet sugar mill requirements; the surplus is fed into the grid.

India's 527 working sugar mills crush around 240 million tonnes of cane per year and generate 80 million tonnes of wet bagasse (50% moisture), of which they consume around 70 million tonnes to meet captive requirements of power and steam. Thus, electricity production through cogeneration in sugar mills in India provides low cost, non-conventional power. Under the Eleventh Plan period (2007-2012), the government aims to add 1,700 MW of power generation capacities through biomass and bagasse cogeneration in various states (Maharashtra, Uttar Pradesh, Tamil Nadu and Karnataka). The target comprises 500 MW from biomass projects and 1,200 MW from projects based on utilising bagasse as a source of bioenergy. At present, a capacity of around 1854 MW of surplus power generation has been commissioned in 170 sugar mills in Andhra Pradesh, Bihar, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh and Uttarakhand. More than 200 MW of projects in about 20 private sector sugar mills are under construction.

Growth drivers

Low per capita consumption: India's per capita power consumption of 704 units per annum is miniscule compared with the power consumption of many developed countries, indicating the sector's high growth potential. The National Electricity Policy envisages a rise in per capita power consumption to 1,000 units by 2012.

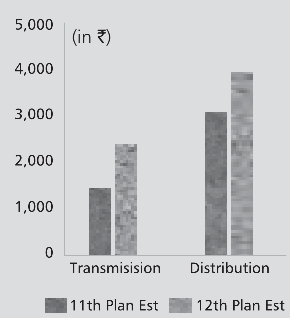
India's per capita power consumption



(Source: Karvy)

Substantial investments: As per the Power Ministry, the earmarked transmission and distribution investment for the 11th and 12th Plan is ₹ 1,400 billion and ₹ 2,400 billion respectively.

Investments in power transmission and distribution



(Source: Karvy)

Private sector role: Currently, central and state utilities enjoy a dominant share in the country's overall generation capacity. Going ahead, there will be a paradigm shift in the participation of private sector players in power generation, catalysed by the Electricity Act 2003 and National Tariff Policy 2006. The private sector, which contributed a mere 11% to installed capacity in FY10, which is expected to account for around 55% of the total capacity addition planned over FY10-15E. Private sector participation increased on account of attractive returns, increased flexibility, funding options and high merchant power rates. Installed capacity is set to increase from 159,398 MW in FY10 to 270,929 MW in FY15E.

Power capacity addition (FY 10-15E)

	2009-10	2010-11	2011-12E	2012-13E	2013-14E	2014-15E
Central sector (MW)	53,953	4,652	7,530	7,480	7,312	5,380
State sector (MW)	73,984	6,413	3,723	3,500	3,500	3,500
Private sector (MW)	31,461	5,336	10,323	12,210	16,040	14,632
Total addition (MW)	1,59,398	16,401	21,576	23,190	26,852	23,512
Total capacity (MW)	1,59,398	175,799	1,97,375	2,20,565	2,47,417	2,70,929

(Source: CEA, Karvy research)

Coal deficit: Coal-based plants account for 60% of India's power generation capacity. The power sector will require additional coal of around 446 MT over five years at a 10.2% CAGR, while coal production is expected to increase by only 7.2% CAGR. This provides ample opportunities to sugar companies to provide bagasse-based power to the state grid.

Demand and supply for coal

	2009-10	2010-11	2011-12E	2012-13E	2013-14E	2014-15E
Demand (MTPA)	401	437	481	529	587	652
Domestic supply (MTPA)	366	384	413	445	480	518
Imports (MTPA)	35	53	68	84	107	134
Imports (%)	9	12	14	16	18	21

(Source: CEA, Karvy research)

Rising power demand: During the mid-nineties, industry and agriculture were the largest consumers of electricity, accounting for 70% of India's consumption. However, after implementing the Electricity Act in 2003, consumption by industry and agriculture reduced and domestic (residential) consumption grew.

Increased consumption: Power consumption is expected to increase from 668 billion units in 2010-11 to 1,100 billion units by the end of the Twelfth Plan. During the Twelfth Plan, capacities are expected to grow at a CAGR of 5.89%, leading to a 6.2% CAGR in generation. Consumption is expected to grow by a CAGR of 8% during the Twelfth Plan, primarily driven by a higher growth of 9.5% in the commercial segment, 9.25% growth in the domestic (residential) segment, a healthy 8.5% CAGR in the industrial segment and 4% CAGR in agriculture. By 2017, these sectors are estimated to account for around 93% of total consumption in the country. Given the huge capacities expected to be commissioned in various sectors in the economy, it is expected that around 50,000 MW capacities will be added in the Eleventh Plan and around 75,000 MW in the Twelfth Plan.

Road ahead

Going ahead, the Central Electricity Regulatory Commission will undertake cogeneration measures like generic tariff norms for cogeneration projects, norms and pricing framework for renewable energy certificates (RECs) and amendment of grid code provisions. The State Electricity Regulatory Commissions took proactive measures like increased cogeneration tariffs, permitting third-party sales, allowing coal use in the off-season and power offtake at preferential rates.

As part of its National Action Plan for Climate Control, the Government of India set the share of renewable energy in the overall energy procurement of utilities at 10% (minimum) by 2015 and 15% (minimum) by 2020. Even under the conservative assumption that the mandatory renewable energy portfolio obligation for utilities accounts for 6% of their overall energy requirement by 2014-15 and that cogeneration contributes to its current share (8%) of the total renewable energy available, the additional cogeneration capacity requirement increases from 1,854 MW as on January 2012 to 3175 MW in 2014-15.

Indian ethanol sector

India is the world's fourth-largest petroleum consumer; 80% of the country's oil consumption is addressed through petroleum and petroleum product imports. In order to enhance the country's energy security, the government mandated the blending of 5% ethanol with petrol in nine states and four Union Territories in 2003 and subsequently mandated 5% ethanol blending with petrol in 20 states and eight Union Territories in November 2006 on an all-India basis (except a few North-East states and Jammu & Kashmir). The Government of India approved the National Policy on Biofuels on December 24, 2009, which proposed a target of 20% blending of biofuel for bio-diesel and bio-ethanol by 2017.

India has 330 distilleries, which produce over 4 billion litres of rectified spirit (alcohol) a year. Of the total distilleries, about 120 distilleries have the capacity to distillate 1.8 billion litres (an additional annual ethanol production capacity of 365 million litres was built up in the last three years) of conventional ethanol per year and meet the demand for 5% blending with petrol.

Presently, the Ministry of Petroleum and Natural Gas has not been able to implement compulsory blending of 5% ethanol in petrol (gasoline) due to a disagreement between different ministries over the compulsory 5% ethanol blending programme in addition to a disagreement over the EBP and interests of potable liquor and chemical makers.

Ethanol production and distribution (million litres)

Calendar year	2006	2007	2008	2009	2010	2011	2012E
Opening stock	483	747	1,396	1,673	1,283	1,085	999
Production	1,898	2,398	2,150	1,073	1,435	1,934	2,130
Imports	29	15	70	320	150	50	100
Total supply	2,410	3,160	3,616	3,066	2,868	3,069	3,229
Exports	24	14	3	3	3	10	10
Consumption:							
■ Industrial use	619	650	700	700	720	750	775
■ Potable liquor	745	800	850	880	900	950	1,010
■ Blended petrol	200	200	280	100	50	250	300
■ Other use	75	100	110	100	110	110	110
Total consumption	1,639	1,750	1,940	1,780	1,780	2,060	2,195
Ending stocks	747	1,396	1,673	1,283	1,085	999	1,024
Total distribution	2,410	3,160	3,616	3,066	2,868	3,069	3,229

(Source: FAS/New Delhi)

Production: Total ethanol production increased from 1,435 million litres in 2009-10 to 1,934 million litres in 2010-11 on account of higher sugarcane and sugar production. In 2009-10, short supplies of sugar molasses constrained ethanol production and consequent higher prices made it unviable to supply ethanol to petroleum companies at negotiated prices. But with higher sugarcane and sugar production in 2011-12, the estimated ethanol production is pegged at 2,130 million litres and the government is likely to renew its focus and strongly implement mandatory 5% ethanol blending in petrol. It is expected that the government will raise ethanol prices from ₹ 27 per litre, which could provide supplementary income to distilleries and ensure farmers a better sugarcane price.

Consumption: Ethanol consumption increased from 1,780 million litres in 2009-10 to 2,010 million litres in 2010-11, owing to improved molasses supply and steady ethanol demand from competing industries. During 2009-10, better ethanol market prices were attractive for suppliers to divert their supplies from the government-mandated ethanol blending programme. With improving ethanol demand across the chemical, potable liquor and EBP segments, total ethanol consumption is expected to rise to more than 2,095 million litres in 2011-12. The oil manufacturing companies floated tenders to purchase 1,010 million litres of ethanol in 2011-12 from the sugar industry for blending, whereas sugar millers agreed to supply 600 million litres, providing room for more growth.

Ethanol blending programme – Fact file

OCTOBER 2002	Government decides on petrol-ethanol blending but does not make it mandatory
OCTOBER 2007	Government makes blending of 5% ethanol in petrol mandatory at ₹ 21.50 a litre ex-factory which leads to a protest by petroleum and chemicals ministry
NOVEMBER 2009	Government fixes procurement price of ethanol at ₹ 27 per litre
AUGUST 2010	Cabinet committee on Economic Affairs appoints panel of experts under Chaudhuri Committee, Planning Commission for price revision of ethanol
MARCH 2011	Chaudhuri Committee gives its report, suggesting a formula linking the ethanol price with prevailing petrol prices. The recommendations are added in National Bio-Fuel Policy; sugar mills offer 610 million litres of ethanol but supply finalised for only 580 million litres and OMCs finally contract for 470 million litres
JANUARY 2012	OMCs float tenders for 1,010 million litres, but the industry agreed to supply only 600 million litres and demands an ethanol price revision

(Source: Business Standard, 30 March, 2012)

Why India must push for ethanol-blended petrol

- Petroleum is a precious natural resource; India and China will account for 45% of the increase in global primary energy demand by 2030
- India's expenditure on import of petroleum products in 2010-11 is estimated at over US$ 110 billion, almost five times the value in 2003-04
- India meets 80% of its total oil consumption through imports as a result of which its petroleum consumption has gone up from 91 MT in 1998-99 to an estimated 142 MT in 2010-11
- India is the world's fourth-largest ethanol producer; its production could potentially leave sugar prices unaffected
- As per a report by Institute of Defence Studies and Analysis, around 80 million litres of petrol could be saved annually by blending petrol with 10% biofuel
- The on-road vehicle population in India in the last five years increased from 49 million to 65 million vehicles in 2009 and is expected to cross 120 million by 2015, which will propel the consumption of oil and petroleum

Financial statement analysis

Accounting policy

Dhampur Sugar Mills followed the accrual basis of accounting; its accounts were prepared on the basis of accounting standards as per Section 211(3C) of the Companies Act, 1956, issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

In a challenging year, the Company registered robust growth vindicating the resilience and robustness of its business model to deliver superior returns in good times and bad times.

A. Profit and Loss statement

Revenue

The Company's revenue stood at ₹ 1,595.08 crores in 2011-12 as against ₹ 2,424.69 crores in 2009-11 (18 months). The Company witnessed improved volumes and higher contribution of chemical segment inspite of no participation of raw sugar in the current period.

Segment-wise revenue break-up

The Company generates revenue from three segments – sugar, cogeneration and distillery.

Sugar: Revenue from the sugar segment stood at ₹ 1,495.70 crores in 2011-12, representing 74.6% of the Company's total revenue against ₹ 2,386.12 crores in 2009-11 (18 months), contributing 73.5% of the Company's revenue.

Cogeneration: The cogeneration segment contributed 16.7% to the total revenue at ₹ 333.88 crores in 2011-12 as against ₹ 666.06 crores in 2009-11 (18 months), contributing 20.4% of the total revenue. The Company generated 46.95 crore units of power and exported 30.56 crore units in 2011-12. The average realisation per unit stood at ₹ 4.22 per unit in 2011-12.

Distillery: The Company's distillery segment comprises ethanol, alcohol, rectified spirit (RS) and other value-added chemicals, including Ethyl Acetate. The revenue from this segment stood at ₹ 174.54 crores in 2011-12 as against ₹ 196.66 crores in 2009-11(18 months), contributing 8.7% and 6.1% to the total revenue respectively. The improvement was on account of improved volumes and average realisations at ₹ 27.46 per litre (ethanol/RS/ENA) and ₹ 49.57 per kg (chemicals) in 2011-12 as against ₹ 25.28 per litre (ethanol/RS/ENA) and ₹ 39.33 per kg (chemicals) in 2009-11(18 months).

Other income

The Company's other income stood at ₹ 4.52 crores in 2011-12, comprising income from rent, dividend and interest income. Other income accounted for only 0.29% of the total income, reflecting the Company's emphasis on its core business.

Operational cost

Operational expenses stood at ₹ 1,334.38 crores in 2011-12 compared with ₹ 2,136.72 crores in 2009-11(18 months). Despite a reduction in the total cost, the Company witnessed an increase in cane cost, raw material cost and interest cost, among others.

Raw materials: Raw material cost stood at ₹ 1,032.07 crores in 2011-12 as against ₹ 2,158.56 crores in 2009-11 (18 months), constituting 77.34% of the total cost in 2011-12.

Employee cost: Employee cost stood at ₹ 58.96 crores in 2011-12 as against ₹ 93.96 crores in 2009-11 (18 months).

Other expenses: The Company's other expenses stood at ₹ 133.10 crores in 2011-12 as against ₹ 226.23 crores in 2009-11 (18 months). The major components of other expenses comprised stores, spares, packing material, power and fuel, rent, rates, insurance, selling expenses and miscellaneous expenses, among others.

Interest: The interest cost stood at ₹ 94.87 crores in 2011-12 compared with ₹ 127.45 crores in 2009-11 (18 months).

EBIDTA

Notwithstanding the adverse external environment, EBIDTA stood at ₹ 207.66 crores in 2011-12 as against 240.97 crores in 2009-11 (18 months). The EBIDTA margin stood at 12.98% in 2011-12 as against 9.82% in 2009-11 (18months). The improvement in margins was on account of reduced employee cost and other expenses.

Net profit

The net profit stood at ₹ 29.63 crores in 2011-12 against ₹ 13.08 in 2009-11 (18 months), owing to a reduction in operating expenses.

B. Balance sheet

Capital employed

The capital employed in the business stood at ₹ 1460.32 crores in 2011-12 against ₹ 1340.96 crores in 2009-11. The Company's well-timed business strategies and intelligently funding practices helped maintain the return on capital employed.

Networth

The networth (shareholder's fund) stood at ₹ 485.24 crores in 2011-12.

Share capital

The Company's equity share capital comprised 5,39,05,975 equity shares of ₹ 10 each, and 4,13,940 6% cumulative redeemable preference shares of ₹ 100 fully paid up and 4,69,013 1% redeemable preference shares of ₹ 100 each fully paid up. The promoter's holding comprised 52.75% of the issued equity capital as on 31 March, 2012

Reserves and surplus

The reserves and surplus decreased to ₹ 422.43 crores in 2011-12 from ₹ 452.47 crores in 2009-11 due to incurring ₹ 48.04 crores differential cane price for the season 2006-07 and 2007-08 despite securing a net profit of ₹ 29.63 crores.

External funds

The Company's external funds comprised non-current, current borrowings (including working capital) and unsecured loans. The Company's total external debt stood at ₹ 993.04 crores as on 31 March 2012 against ₹ 895.08 crores as on 31 March 2011, owing to increased term loans from banks and working capital borrowings.

Gross block

The Company's gross block stood at ₹ 1,446.76 crores in 2011-12 as against ₹ 1,408.84 crores in 2009-11, owing to the addition of plant and machinery and other assets.

Depreciation: The Company's accumulated depreciation stood at ₹ 461.78 crores in 2011-12 against ₹ 399.35 crores in 2009-11, owing to an increase in gross block. The accumulated depreciation as a percentage of gross block stood at 31.92% in 2011-12, reflecting the newness of the Company's assets.

Working capital

The Company's working capital stood at ₹ 440.73 crores in 2011-12 against ₹ 328.59 crores in 2009-11.

Current assets

The Company's total current assets stood at ₹ 1003.50 crores in 2011-12 against ₹ 875.53 crores in 2009-11, owing to increased inventory and trade receivables.

Inventory: The Company's inventory stood at ₹ 710.23 crores in 2011-12 as against ₹ 671.07 crores in 2009-11, owing to an increase in finished goods inventory.

Trade receivables: The Company's total trade receivables stood at ₹ 216.27 crores in 2011-12

Cash and cash equivalents: The Company's cash and bank balances stood at ₹ 13.21 crores in 2011-12 against ₹ 24.26 crores in 2009-11, owing to reduced deposits and balances in bank.

Short-term loans and advances: The Company's loans and advances stood at ₹ 39.67 crores in 2011-12 against ₹ 63.38 crores in 2009-11, owing to reduced income tax payments and pre-paid expenses

Other current assets: Other current assets stood at ₹ 24.12 crores in 2011-12 against ₹ 33.23 crores in 2009-11, owing to a decline in advances and claim receivables.

Current liabilities

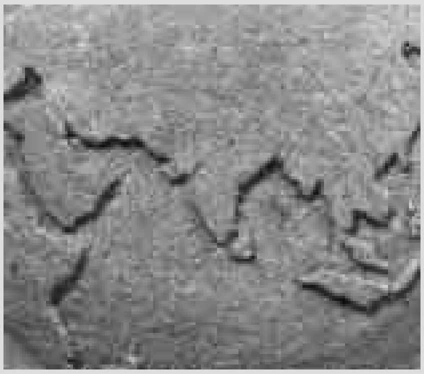
The total current liabilities stood at ₹ 1,108.25 crores in 2011-12 against ₹ 1,019.57 crores in 2009-11, owing to an increase in short-term borrowings.

Short-term borrowings: The Company's short-term borrowings stood at ₹ 454.05 crores in 2011-12 against ₹ 395.64 crores, owing to increased working capital borrowings due to higher inventories.

Creditors: The creditor's stood at ₹ 433.12 crores in 2011-12 against ₹ 449.87 crores in 2009-11.

Other current liabilities: The other current liabilities stood at ₹ 204.53 crores in 2011-12 against ₹ 159.31 crores in 2009-11.

Short-term provisions: The Company's short-term provisions stood at ₹ 16.55 crores in 2011-12 against ₹ 14.75 crores in 2009-11, owing to an increase in provisions for employees and dividend.



Countering risks and Maximising returns

Risk management is an integral part of Dhampur's business approach covering an ability to identify, assess, mitigate, manage and monitor all relevant forms of risk. The management is involved in continuously developing and enhancing its comprehensive systems for risk identification and management.

External risks

Risks	Mitigation strategies
Industry risk A global economic downturn could affect the growth of the sugar industry	■ Sugar comprises a small proportion of the household budget; its staple importance relatively insulates the sugar industry from the economic slowdown ■ The country's low per capita consumption of 21 kg vis-à-vis 23.8 kg global per capita consumption indicates room for growth
Cyclicality risk A downtrend in the sugar industry cycle can erode profitability due to high input prices and low realisations	■ The Company's integrated business model produces value-added sugar by-products like ethanol, power, chemicals and bio-fertilisers, which acts as an effective hedge during a down cycle ■ The Company's 1,700 TPD raw sugar refining capacity enables it to process raw sugar into white sugar during the off-season
Regulatory risks Unfavourable government policies may impact business growth	■ The government set-up an expert committee to examine industry de-regulation ■ The government allowed the export of 2 million tonnes of sugar; also permitted sugar exports under open general license (OGL) which will augment industry liquidity and progressive liquidation of cane arrears
Climate risk Adverse climatic conditions in the command area could impact cane production	■ The Company's manufacturing units are located in Dhampur, Asmoli, Mansurpur and Rajpura, ideal locations for cane cultivation ■ The locations enjoy adequate rainfall and sunlight, essential for sugarcane cultivation, supported by sufficient irrigation, reducing climatic risk

Operational risks

Risks	Mitigation strategies
Competition risk The presence of a number of sugar mills in the vicinity of the Company's units could impact cane availability	■ The Company maintains healthy farmer relations, leading to adequate cane supply from its command areas ■ The Company pays farmers promptly, enhancing their confidence ■ The Company supports farmers by providing seeds, fertilisers and insecticides at subsidised rates and educates them on applying modern and scientific farm management practices
Raw material risk Lower cane realisations may induce farmers to switch to cultivation of other crops, leading to sugarcane shortage	■ The higher SAP price of ₹ 240 per quintal as against ₹ 205 per quintal last year provided an impetus to farmers to grow more sugarcane ■ The area under sugarcane cultivation in UP increased 5.14% from 21.4 lakh hectares in 2008-09 to 22.5 lakh hectares in 2011-12, resulting in higher cane availability *(Source: Economic Times, 21 February, 2012)* ■ The Company incurred 16.73 crores on cane development activities in 2011-12 which induce farmers to sow more cane ■ The Company provides extensive training to farmers in cane variety selection and procurement and educates them on latest farming techniques, resulting in higher cane productivity ■ The Company created a sugarcane development team to monitor pockets where cane is not cultivated and encourage farmers to plant more cane by explaining the mechanics of viability
Location risk A high duration between harvesting and crushing can lead to poor recovery, affecting viability	■ The Company's units are well-connected to state and national highways to ensure that cane is delivered on time ■ The Company created a team to manage logistics between farmers and factories, accelerating cane transfer
Liquidity risk In an industry marked by low liquidity, the Company may not be able to raise adequate working capital to run the business or mobilise long-term funds for new projects	■ The Company enjoys a favourable reputation among banks and financial institutions with regard to its fundamental strength of timely loan payment ■ The Company's debt-equity ratio reflected room for fresh fund mobilisation whenever needed

Statutory Section

Directors' Report

Dear members

Your Directors are pleased to present their 77th Annual Report together with the Company's audited accounts for the year ended 31st March, 2012.

(₹ crores)

Financial results	31st March, 2012 (12 months)	31st March, 2011 (18 months)
Total turnover	1598.37	2,436.03
Operating profit (before interest, depreciation, extraordinary items and tax)	206.57	233.83
Interest	94.87	127.24
Depreciation	67.66	96.17
Extraordinary items	0.00	0.00
Profit before tax	44.04	10.42
Provision for tax	(15.50)	(1.74)
Profit after tax	28.54	8.68
Proposed dividend	(7.04)	5.83
Tax on proposed dividend	(1.14)	(0.95)
Transferred to General Reserve	(50.00)	0.00
Profit of Dhampur Sugar Distillery Pvt. Ltd. on amalgamation (net) upto 31 March, 2011	4.30	0.00
Surplus carried to Balance Sheet	21.27	46.61

Dividend:

Your Directors recommend a dividend of ₹ 1.25/- per equity share (12.50%) on 53,905,975 equity shares of ₹ 10 each for the period ended 31st March, 2012 which, if approved at the ensuing Annual General Meeting, will be paid to the following:

i) All those members whose names appear in the register of members as on 23rd August, 2012.

ii) All those members whose names appear on that date as beneficial owners as furnished by NSDL and CDSL.

Operational performance:

The key operational data of our sugar/co-generation units at Dhampur, Asmoli, Mansurpur and Rajpura are as follows:

Sugar unit operations	31st March, 2012 (12 months)	31st March, 2011 (18 months)
Sugar unit Dhampur		
Cane crushed (lac-qtls.)	139.06	251.12
Recovery (%)	9.62	9.81
Sugar produced (lac-qtls.)	13.37	24.63
Sugar unit, Asmoli		
Cane crushed (lac-qtls.)	88.30	139.31
Recovery (%)	9.05	9.05
Sugar produced (lac-qtls.)	7.99	12.61
Sugar unit, Mansurpur		
Cane crushed (lac-qtls.)	74.49	155.78
Recovery (%)	8.64	8.90
Sugar produced (lac-qtls.)	6.44	13.86
Sugar unit, Rajpura		
Cane crushed (lac-qtls.)	73.59	106.39
Recovery (%)	9.33	8.60
Sugar produced (lac-qtls.)	6.87	9.15
Summary (sugar operations) at a glance		
Cane crushed (lac-qtls.)	375.44	652.60
Sugar produced (lac-qtls.)	34.67	60.25
Recovery (%)	9.23	9.27
Co-generation Unit Operations		
Co-generation Unit, Dhampur		
Power generated (M.W.)	269105	520,657
Sale to UPPCL (M.W.)	186454	371,633
Co-generation Unit, Asmoli		
Power generated (M.W.)	112404	244,429
Sale to UPPCL (M.W.)	85103	186,219

	31st March. 2012 (12 months)	31st March. 2011 (18 months)
Co-generation Unit, Mansurpur		
Power generated (M.W.)	63888	113,792
Sale to UPPCL (M.W.)	34039	63,780
Co-generation Unit, Rajpura		
Power generated (M.W.)	24083	36,714
Sale to UPPCL (M.W.)	0	0
Summary (Cogeneration operations) at a glance		
Power generated (M.W.)	469480	9,15,592
Sale to UPPCL (M.W.)	305596	6,21,632

Performance of the Company's chemical unit:

The production of RS/ENA/Ethanol was at 181.96 lac BL during the year ended 31st March, 2012 as against production of 208.90 lac BL in the 18 months ended 31st March 2011.

Production (net) of chemicals stood at 184.19 lac kilograms during the year ended 31st March 2012 as against 184.95 lac kilograms in 18 months ended 31st March 2011.

Subsidiaries and promoted company:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

The merger of Wholly owned subsidiary of the Company i.e Dhampur Sugar Distillery Private Limited with the Company have been approved by Hon'ble High Court, Allahabad vide its order dated 10th January, 2012.

Public deposits:

Public deposits as on 31st March, 2012 stood at ₹ 21.82 crores as against ₹ 17.83 crores as on 31st March, 2011. There were unclaimed deposits amounting to ₹ 0.71 crores pertaining to 180 depositors as on that date. Out of these, depositors with deposits aggregating ₹ 0.32 crores have subsequently claimed/renewed their deposits. However, the balance amount of ₹ 0.39 crores still remained unclaimed.

Directors:

Shri. Gaurav Goel, Shri Gautam Goel, Shri. Rahul Bedi, Shri. M.P Mehrotra , Shri. Harish Saluja, Directors of the Company will retire by rotation and being eligible offer themselves for re-appointment.

During the year Shri R.K. Chaujar, Circle Head, PNB Moradabad, was appointed as Nominee Director of the Company on behalf of Punjab National Bank.

Directors' responsibility statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

i) That the applicable accounting standards have been followed in the preparation of the Annual Accounts;

ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Company's state of affairs at the end of the financial period and of the profit or loss of the Company for that period;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) That the Directors have prepared the annual accounts on a 'going concern' basis.

Auditors and Auditors' Report

M/s S. Vaish & Co., Chartered Accountants, Kanpur, and M/s Mittal Gupta & Co., Chartered Accountants, Kanpur, the joint auditors of your Company will retire at the ensuing Annual General Meeting and being eligible are proposed to be re-appointed.

The observations of the Auditors in their report read with the accounts are self-explanatory and therefore do not require further explanation.

Corporate Governance

In compliance with Clause 49 of the Listing Agreement with the stock exchanges, a detailed Corporate Governance Report has been given elsewhere in this report, along with the Management discussion and analysis report, which form an integral part of the Annual Report.

A certificate from Shri Saket Sharma, FCS, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Company Members and others entitled thereto. Members interested in obtaining such particulars may write to the Company Secretary at the Company's Registered Office.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The particulars as required by the Companies (Disclosure of Particulars in the Board of Directors Report) Rules, 1988, with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure.

Industrial relations

The industrial relations remained cordial during the period.

Acknowledgements

Your Directors place on record their acknowledgement and sincere appreciation to the shareholders for their confidence in the management of the Company, the Central Government, the State Government, Banks and Financial institutions for their continued support, the cane growers for their efforts in ensuring timely cane supply, the Company's officers and staff for their relentless and dedicated efforts, resulting in the Company's growth and look forward to a bright future.

By order of the Board of Directors

Place: New Delhi **V. K. Goel**
Date: 15th May, 2012 *Chairman*

Annexure to Directors' Report

for the year ended 31st March, 2012

Conservation of energy:

a) Energy conservation measures taken:

   i) Energy conservation measures undertaken to save steam.

   ii) Instrumentation at various machines to save energy.

b) Steps taken for further reduction of energy consumption by installing hydraulic drive system at Mill House in place of gear boxes.

With power consumption savings at Mill House, additional power requirement for enhanced crushing will be met.

c) Form - A

I. Power and fuel consumption	31st March, 2012 (12 months)	31st March, 2011 (18 months)
1 Electricity		
A Purchased:		
Units (kwh)	22,39,688	12,80,659
Total value (₹)	1,23,67,241	70,97,445
Rate (₹/Unit)	5.52	5.54
B Own generation:		
i. Through diesel generator:		
Units (kwh)	10,09,635	10,57,286
Unit per litre of diesel	3.30	2.96
Cost/unit	12.72	12.13
ii. Through steam turbine:		
Units (kwh)	11,92,70,623	18,38,88,000
Unit per litre of fuel/oil/gas	Steam produced mainly by use of own and purchased bagasse, paddy husk and coal.	
2 Coal		
Quantity (tonnes)	57,556	1,97,042
Total cost (₹ in lac)	3,137.38	10,650.53
Average rate (₹ / tones)	5,451	5,405
3 Furnace oil		
Quantity (lts.)	-	-
Total cost (₹)	-	-
Average rate	-	-

4	Other/Internal generation:		
	Quantity (tonnes)	-	-
	Total cost (₹)	-	-
	Average rate	-	-
II.	**Consumption per unit of production**		
A	Sugar (qtls.)	34,57,876	77,44,857
	- Electricity (kwh/qtls.)	31.92	24.05
	- Furnace oil	-	-
	- Coal (tonnes)	-	-
B	Chemical (qtls.)		
	- Electricity (kwh/qtls.)	25.26	37.08
	- Furnace oil	-	-
	- Coal (tonnes)	-	-

Technology absorption:

Research and development

1. Specific areas in which the Company carried out R&D:
Development of new liquid bio-fertiliser and decomposing culture for compost to produce improved bio-compost.

2. Benefits derived as a result of the above R&D:
Better sugarcane yields for farmers with by usage of this bio-compost in the fields.

3. Future plan of action:
Installation of two roller mills, improving extraction and reducing power consumption.

4. Expenditure on R&D:
₹ 16.73 crores compared with previous year's ₹ 17.86 crores

Technology absorption, adoption and innovation:

1. Efforts in brief made towards technology absorption, adoption and innovation:
Ongoing discussions for technology transfer of liquid chemical fertiliser.

2. Benefit derived as a result of above efforts e.g. product improvement, cost reduction, product development and import substitution, among others:

a) Technology imported – No.

b) Year of import - N.A.

c) Has technology been fully absorbed - N.A.

d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - N.A.

Foreign exchange earnings and outgo:

a) Activities related to exports: Steps were taken to increase export, development of new export markets for products, services and export plans.

b) Total foreign exchange used and earned are as per table below:

(₹ crores)

	Current year	Previous year
Export and foreign exchange earnings	145.53	187.03
Imports and expenditure in foreign currency	132.36	311.41

Report on Corporate Governance

I) The Company's philosophy on Corporate Governance:

The Company possesses an ethical mindset about the values of good Corporate Governance, which involves support from diverse categories of people and agencies. The following attributes are significant for good Corporate Governance:

a) Transparency in policies and action.

b) Independence to develop and maintain a healthy work culture.

c) Accountability for performance.

d) Responsibility towards the society and for its core values.

e) Growth for stakeholders.

The Company makes an honest endeavour to uphold these attributes in all its operational aspects.

II) Board of Directors:

The Company's Board of Directors comprises promoters, executives, non-executives, nominee(s) of Banks/FI's and Independent Directors. There are 14 Directors on the Board as on 31st March, 2012, of whom five are whole-time Directors, including Chairman and Vice Chairman.

During the period from 1st April, 2011 to 31st March, 2012, four Board meetings were held on:

1) 24th May, 2011
2) 2nd August, 2011
3) 14th November, 2011
4) 14th February, 2012

The attendance of each Director at Board meetings, the last Annual General Meeting and number of other directorships and chairmanships/memberships of committees of each Director in various companies:

Name of Director(s)	Category	Number of Board meeting attended	Last AGM attended	Number of other directorships and committee memberships / chairmanships		
				Other directorships	Committee memberships	Committee chairmanships
Shri V. K. Goel	P, C and ED	4	Yes	4	None	None
Shri A. K. Goel	P and VC	4	Yes	1	None	None
Shri Gaurav Goel	P and MD	4	Yes	8	1	None
Shri Gautam Goel	P and MD	3	Yes	8	None	None
Shri A. K. Gupta	ID and NED	3	Yes	18	2	1
Shri M. P. Mehrotra	ID and NED	4	Yes	18	8	3
Shri Harish Saluja	ID and NED	4	No	7	1	None
Shri Rahul Bedi	ID and NED	4	No	None	None	None
Shri J. P. Sharma	WTD	0	Yes	1	None	None
Shri Priya Brat	ID and NED	4	No	4	3	None
Shri B. B. Tandon	ID and NED	4	No	16	19	4
Mrs. Romi Chakravorty	ID,ND and NED	2	No	None	None	None
Shri S. P. Arora	ID,ND and NED	3	No	10	None	None
Mr. R.K Chaujar*	ID,ND and NED	2	No	None	None	None

P, C and ED: Promoter, Chairman and Executive Director; VC : Vice Chairman; MD : Managing Director; ID : Independent Director; WTD : Whole-time Director; NED : Non-Executive Director; ND : Nominee Director.

* Appointed w.e.f 2nd August, 2011

Brief resumes of the Directors being reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorship and the membership of committees of the Board are furnished here under:

a) **Mr. Gaurav Goel,** *Managing Director* of the Company, having more than a decade of experience in the sugar industry. He is currently a member of a committee of Indian Sugar Mills Association and The Associated Chambers of Commerce and Industry of India (ASSOCHAM). He was also the President for the year 2006-07 of the Young Entrepreneurs Organisation, Delhi Chapter.

He has been associated with the Company as a promoter Director since 1994.

Age	:	38 Years
Qualification	:	Bachelor in Business Management
Experience	:	17 years

Directorship in other companies:
1) Goel Investments Limited 2) Shudh Edible Products Ltd. 3) Decon Mercantile Pvt. Ltd. 4) Francis Kleon & Co. (Bombay) Pvt Ltd. 5) Star Metal Refinery Pvt. Ltd.
6) KSM Holdings Ltd. 7) Dhampur International Pte. Ltd. (Singapore),
8) YPO (Delhi Chapter) U/S 25.

Committee/Executive position held in other Companies: One

b) **Mr. Gautam Goel,** *Managing Director* of the Company, having more than a decade of experience in the sugar industry. He is currently president of Indian Sugar Mills Association for 2012-13.

He is associated with the Company as a promoter Director since 1994.

Age	:	37 Years
Qualification	:	Graduate
Experience	:	17 years.

Directorship in other companies:
1) Goel Investments Limited 2) Shudh Edible Products Ltd. 3) Saraswati Properties Ltd 4) Sonitron Ltd. 5) KSM Holdings Ltd. 6) Indian Sugar Exim Corporation 7) Dhampur International Pte. Ltd. (Singapore) 8) Fat Bio Fuels Technology Pte. Ltd. (Singapore)

Committee/Executive position held in other Companies: None

c) **Mr. M. P. Mehrotra,** *Director* of the Company since 1987. He is a Chartered Accountant.

Age	:	74 Years
Qualification	:	Chartered Accountant
Experience	:	44 years.

Directorship in other companies:
1) VLS Finance Ltd. 2) South Asian Enterprises Ltd. 3) India Securities Ltd.
4) Empee Sugars & Chemicals Ltd.
5) Empee Distilleries Ltd. 6) Delton Cables Ltd. 7) SBICAP Securities Ltd.
8) Baroda Pioneer Asset Management Co. Ltd, 9) Jaybharat Textiles and Real Estate Ltd., 10) Eskay K'n'IT (India) Ltd., 11) Asahi Industries Ltd., 12) KSL and Industries Ltd., 13) K- Lifestyle Technologies Ltd., 14) Superior Industrial Enterprises Ltd.,
15) Moonrock Hospitality Pvt. Ltd.
16) Maxim Infracom Pvt. Ltd.
17) VLS Commodities Ltd. (Formerly Gaurav Overseas Export Pvt. Ltd)
18) Bay Datacom Solutions (P) Ltd.

Committee/Executive position held in other companies: Eleven

d) **Shri Harish Saluja,** is a *Director* of the Company since 1980. He is a Businessman.

Age	:	73 Years
Qualification	:	Graduate
Experience	:	43 years

Directorship in other companies:
1) Saraswati Properties Limited
2) Revive Realty Private Limited 3) Ishwar dwellings Private Limited 4) Real Value Developers Pvt. Ltd. 5) Real Value Energy Limited 6) Norburry Consultants Private Limited 7) Revive Containers Private Limited

Committee/Executive position held in other Companies: One

e) **Shri B. B. Tandon**, is a **Director** of the Company since 2008. He retired as Chief Election Commissioner of India.

Age	:	68 Years
Qualification	:	M. A., LL. B, IAS
Experience	:	44 years

Directorship in other companies:
1) Adani Power Ltd., 2) ACB (India) Ltd., 3) Bhushan Steel Ltd.
4) Birla Corporation Ltd. 5) Exicom Tele-Systems Ltd 6) Filatex India Ltd.,
7) Jaiprakash Power Ventures Ltd.,
8) Jaypee Infratech Limited 9) Lanco Anapara Power Ltd., 10) Oriental Carbon & Chemicals Ltd., 11) Precision Pipes & Profiles Ltd., 12) Vikas Global One Ltd., 13) VLS Finance Ltd.,
14) Ambience Pvt. Ltd., 15) Ambuja Cement Foundation 16) Price Waterhouse Coopers India, Member of Advisory Board.

Committee/Executive position held in other Companies: Twenty Three

III) Audit Committee:

The Committee discharges such duties and functions as laid down in Clause 49 of the Listing Agreement with the stock exchanges and such other functions as may be specifically delegated to the Committee by the Board from time to time. The constitution of the Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. The members of the Audit Committee comprise three Independent Non-Executive Directors and the Vice Chairman.

During the period from 1st April, 2011 to 31st March, 2012, four Audit Committee meetings were held on:

1) 24th May, 2011

2) 2nd August, 2011

3) 14th November, 2011

4) 14th February, 2012

Details of the composition of the Audit Committee and the attendance at the meetings held are as follows:

Sl. No.	Name of Directors	Meetings attended
1	Shri M. P. Mehrotra, Chairman	4
2	Shri A. K. Goel	4
3	Shri A. K. Gupta	3
4	Shri Priya Brat	4

The Committee, inter alia, reviewed the financial statements including Auditors' Reports for the year ended 31st March, 2012 and recommended its adoption, records of related party transactions, reports related to compliance of laws and risk management.

Shri Arhant Jain, Executive President (Finance) & Secretary also acts as the Secretary to the Committee.

IV) Remuneration Committee:

The Remuneration Committee, that was reconstituted on 21st January, 2009, comprises five Independent Non-Executive Directors namely, Shri M. P. Mehrotra, Chairman, Shri Priya Brat, Shri A. K. Gupta, Shri Harish Saluja and Shri B. B. Tandon.

The Remuneration Committee was constituted to recommend/review the remuneration package of the Managing/Whole-time Directors, based on their performance and defined assessment criteria.

Last Remuneration Committee was held on 29th April, 2010 where all the members of the Committee were present.

Details of remuneration paid to Directors for the period of Year ended 31st March, 2012

Name of Director(s)	Category	Salary and perquisites (₹ in lac)	Sitting fee (₹ in lac)
Shri V. K. Goel	P,C and ED	48.00	-
Shri A. K. Goel	P and VC	48.00	-
Shri Gaurav Goel	P and MD	48.00	-
Shri Gautam Goel	P and MD	48.00	-
Shri A. K. Gupta	ID and NED		1.13
Shri M. P. Mehrotra	ID and NED		1.20
Shri Harish Saluja	ID and NED		0.90
Shri Rahul Bedi	ID and NED		0.60
Shri J. P. Sharma	WTD	3.07	
Shri Priya Brat	ID and NED	-	1.50
Shri B. B. Tandon	ID and NED	-	0.60
Mrs. Romi Chakrvorty	ID,ND and NED	-	0.30
Shri S. P. Arora	ID,ND and NED	-	0.68
Shri. R. K Chaujar	ID,ND and NED	-	0.30

V) Shareholders'/Investors' Grievance Committee:

The Board had reconstituted the Shareholders'/Investors' Grievance Committee(the Committee) on 28th November, 2008, comprising Shri A. K. Gupta, Chairman; Shri Priya Brat; Shri S. P. Arora and Shri Harish Saluja.

The Committee, inter alia, reviews issue of duplicate certificates and oversees and reviews all matters connected with the Company's transfer of securities. It looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, among others. It oversees the performance of the Company's Registrars and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. Besides, it monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Board delegated the power of approving transfer of securities to Shri Gaurav Goel, the Company's Managing Director.

During the period from 1st April, 2011 to 31st March, 2012, four investors grievance Committee meetings were held on:

1) 24th May, 2011

2) 2nd August, 2011

3) 14th November, 2011

4) 14th February, 2012

The attendances at the meetings are as follows:

Sl. No.	Name of Directors	Meetings attended
1	Shri A. K. Gupta, Chairman	3
2	Shri Priya Brat	4
3	Shri Harish Saluja	4
4	Shri S. P. Arora	3

Status of investors' grievances:

The total number of letters/complaints received is 143 and all of them have been dealt with to the satisfaction of shareholders during the year ended 31st March, 2012 and no demat request/transfer was pending as on that date.

Compliance Officer

Mr. Arhant Jain, Executive President (Finance) & Secretary, is the Compliance Officer of the Company.

The Company has made separate e-mail id i.e investordesk@dhampur.com for the purpose of investors which is also given at the website of the Company.

VI) General body meetings:

Details of Annual General Meetings are as follows:

i) Location and time, where last three AGMs were held.

Year	Location	Date	Time
2009-11	Registered office P.O. Dhampur (Bijnor)	1st August, 2011	2.00 pm
2008-09	Registered office P.O. Dhampur (Bijnor)	10th February, 2010	2.00 pm
2007-08	Registered office P.O. Dhampur (Bijnor)	17th March, 2009	2.00 pm

ii) Whether special resolutions were put through postal ballot last year? No

iii) Are votes proposed to be conducted through postal ballot this year? No

VII) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors, the management, their subsidiaries and relatives, among others that may have potential conflict with the interest of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

VIII) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets during the last three years** - None

IX) Means of communication

Half-yearly/quarterly results are taken on record by the Board of Directors and submitted to the stock exchanges in terms of the requirements of Clause 41 of the Listing Agreement.

Half-yearly/quarterly results are normally published in Business Standard/Financial Express/Economic Times (in English) and Jan Satta/Amar Ujala/Veer Arjun (in Hindi). The Company published the same on its website.

X) General shareholder information

1. 77th Annual General Meeting:

Date: 30th August, 2012

Time: 2 p.m.

Venue: Registered office at Dhampur, Dist.Bijnor (U.P.)

2. Tentative financial calendar

Board meeting to approve quarterly financial results:

Period quarter ending	Proposed Board meeting dates
30th June, 2012	End July, 2012
30th September, 2012	End October, 2012
31st December, 2012	End January, 2013
31st March, 2013	End May, 2013
Annual General Meeting for the year ending 31st March, 2013:	September, 2013

3. Date of book closure

From Thursday, 23rd August, 2012 to Thursday, 30th August, 2012. (Both days inclusive)

4. Listing on stock exchanges

- The Bombay Stock Exchange Limited (BSE)
- The National Stock Exchange of India Limited (NSE), The Luxembourg Stock Exchange
- The annual listing fees for the year 2012-13 have been duly paid to all the above stock exchanges.

5. Stock code

Stock exchanges	Stock code
- The Bombay Stock Exchange Limited (BSE)	500119
- The National Stock Exchange of India Limited (NSE)	Dhampursug
- The Luxembourg Stock Exchange	GDR

The equity shares available for dematerialisation are as follows ISIN No.INE041A01016 with NSDL and CDSL.

6. Stock market data from 1st April, 2011 to 31st March, 2012 (in ₹)

Months	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2011	64.2	59	65.5	58.9
May, 2011	60.2	50	60.15	50.05
June, 2011	60.6	51.95	60.7	52.05
July, 2011	61.05	55.2	61.2	55.1
August, 2011	56.95	44.1	56.45	44
September, 2011	48.55	38.7	48.75	38.75
October,2011	44.8	38	44.75	38
November, 2011	40.35	31	40.5	31.5
December, 2011	33.3	27	33.4	27.4
January, 2012	38.85	26.55	38.8	29
February, 2012	40.9	36.05	42	36
March, 2012	50.8	39	50.8	39.15

7. Registrars & Share Transfer Agents

M/s Alankit Assignments Limited, Alankit House, 2E/21 Jhandewalan Extension, New Delhi 110 055

Ph: 011 – 42541953, Fax: 011- 42541201, E- mail: rta@alankit.com

8. Share Transfer System

At present, the share transfers which are received in physical form are processed and the share certificates returned within the stipulated period from the date of receipt, subject to the documents being valid and complete in all respects.

As per the SEBI circular, it has become mandatory for transferee(s) to furnish a copy of his/her/their PANCARD for registration of transfer of shares in Physical form.

9. Distribution of shareholding as on 31st March, 2012

Sl. No.	Shareholding of normal value of ₹ 10 each	Number of Shareholders	Percent of total shareholders	Share amount (₹)	Percent of total equity
1	1 to 5000	38477	90.231	48252740	8.951
2	5001 to 10000	2183	5.119	17728850	3.289
3	10001 to 20000	937	2.197	14292480	2.651
4	20001 to 30000	309	0.725	8001230	1.484
5	30001 to 40000	161	0.378	5768800	1.07
6	40001 to 50000	152	0.356	7219050	1.339
7	50001 to 100000	188	0.441	14066800	2.61
8	100001 to ABOVE	236	0.553	423729800	78.605
	T O T A L	42643	100	539059750	100

Category	Holding	%
1 Promoter	6761683	12.54
2 Associate Company	12096355	22.440
3 Director and Relatives	85364	0.16
4 Person Acting in Concert	9490396	17.605
5 Banks	468148	0.868
6 FI	1615354	2.997
7 FII	1517733	2.816
8 Corporate Bodies	6293494	11.68
9 Resident Indian Public	14860663	27.57
10 NRI/OCB/Foreign Nationals	692435	1.29
11 Mutual Funds	23350	0.04
12 Trust	1000	0.002
Grand Total	**53905975**	**100**

10. Dematerialisation of shares

Over 87.54% of the outstanding shares have been dematerialised up to 31st March, 2012. Trading in equity shares of the Company is permitted only in dematerialised form with effect from October/November, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

11. Shareholding details 31st March, 2012

Out of the total number of shares of the Company, 4000000 and 1000000 shares allotted on preferential basis and 1200000 Equity Shares alloted on conversion of Equity warrants are yet to be listed with NSE and BSE. The application for the same has already been submitted with the Stock Exchanges.

12. Plant locations

Sugar units:

Dhampur, Dist. Bijnor (U.P.)
Asmoli, Dist. Bheemnagar (U.P.)
Mansurpur, Dist. Muzaffarnagar (U.P.)
Rajpura, Dist. Bheemnagar (U.P.)

Chemical unit:

Dhampur, Dist. Bijnor (U.P.)
Asmoli, Dist. Bheemnagar (U.P.)

Cogeneration units:

Dhampur, Dist. Bijnor (U.P.)
Asmoli, Dist. Bheemnagar (U.P.)
Mansurpur, Dist. Muzaffarnagar (U.P.)
Rajpura, Dist. Bheemnagar (U.P.)

13. Address for correspondence:

Dhampur Sugar Mills Limited,
241 Okhla Industrial Estate,
Phase – III, New Delhi 110 020
Ph: 011-30659400, Fax: 011-26935697
E-mail: investordesk@dhampur.com

Declaration on compliance with code of conduct

As provided under clause 49 of the Listing Agreement with the stock exchanges, all Board Members and Senior Management personnel have affirmed the compliance with Dhampur Sugar Mills Limited Code of Business Conduct and Ethics for the period ended 31st March, 2012.

Certificate by CEO/CFO for the period from 1st April, 2011 to 31st March, 2012

We Vijay Kumar Goel, Chairman and Arhant Jain, Executive President (Finance) & Company Secretary of Dhampur Sugar Mills Limited, to the best of our knowledge and belief, certify that;

a) We have reviewed the Balance Sheet, Profit and Loss Account, Cash Flow Statement and the Director's report for the period from 1st April, 2011 to 31st March, 2012 and based upon our knowledge and information certify that :-

i. These statements do not contain any materially untrue statement or omit any material fact or contain the statement that might be misleading,

ii These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards and other applicable laws and regulations.

b) There are, to best of our knowledge and belief no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Companies Code of Conduct.

c) We accept the responsibility for establishing and maintaining internal control for financial reporting for the Company and we have:

i) Evaluated the effectiveness of the internal control system of the Company.

ii) Disclosed to the auditors and Audit Committee of the Board, deficiencies in the design or operation of internal controls, if any of which we are aware, and

iii) Necessary steps taken /proposed to be taken to ratify these deficiencies.

d) We have indicated to auditors and the Audit Committee of the Board that there have been:

i) no significant changes in internal control over the financial reporting during the period

ii) no significant changes in accounting policies during the period

iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: New Delhi
Date:15th May, 2012

Vijay Kumar Goel
Chairman

Arhant Jain
Executive President (Finance)
& Company Secretary

Certificate on Corporate Governance

To
The Members of
Dhampur Sugar Mills Limited

I have examined the compliance of conditions of Corporate Governance by Dhampur Sugar Mills Limited for the period ended 31st March, 2012 as stipulated in Clause 49 of the listing Agreements of the said Company with Stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management, our examination was limited to procedures and in implementations there of, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

I state that in respect of Investor Grievance(s) received during the period ended 31st March, 2012 no such grievances are pending for a period exceeding one month against the Company as per the records maintained by Company and presented to the Investor Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kanpur
Dated: 15th May, 2012

Saket Sharma
Company Secretary
C.P. No. 2565

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Dhampur Sugar Mills Limited

We have examined the attached Consolidated Balance Sheet of **Dhampur Sugar Mills Limited** ("the Company") and its Subsidiary as at 31 March, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary viz. Dhampur International PTE Limited whose financial statements reflect total assets of ₹ 0.01 crore as at 31 March, 2012 and total revenues of ₹ 1.23 crore for the year ended on that date (these figures include intra group balances and intra group transactions eliminated on consolidation).The figures of this subsidiary has been incorporated on the basis of audited financial statements for the year ended 30 September, 2011 and unaudited financial statements for the six months ended 31 March, 2012.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its Subsidiary included in the consolidated financial statements.

In our opinion and on the basis of the information and explanations given to us and on the consideration of separate audit reports on audited financial statements of the Company and its Subsidiaries, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India :

i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its Subsidiary as at 31 March, 2012;

ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Company and its Subsidiary for the year ended on that date; and

iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its Subsidiary for the year ended on that date.

For S. Vaish & Co.,	**For Mittal Gupta & Co.,**
(S.P. Agrawal)	**(B.L. Gupta)**
Partner	*Partner*
Chartered Accountants	*Chartered Accountants*
M.No. 007269	M.No. 073794
FRN 00001C	FRN 01874C

Place: Kanpur
Dated: 15-05-2012

Consolidated Balance Sheet as at 31 March, 2012

(₹ Crores)

Particulars	Note No.	As at 31.03.2012		As at 31.03.2011	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	62.81		62.81	
Reserves and surplus	2	422.43	485.24	452.47	515.28
Non-current liabilities					
Long-term borrowings	3	426.23		377.40	
Deferred tax liabilities (Net)	4	1.62		0.00	
Other long-term liabilities	7	5.75		5.09	
Long-term provisions	5	16.68	450.28	16.04	398.53
Current liabilities					
Short-term borrowings	6	454.05		395.64	
Trade payables	7	433.12		449.87	
Other current liabilities	7	204.53		159.31	
Short-term provisions	8	16.55	1108.25	14.75	1019.57
Total			**2043.77**		**1933.38**
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	9	984.98		1009.49	
Capital work-in-progress		34.83		17.78	
Non-current investments	10	8.96		8.93	
Deferred tax assets (net)	4	0.00		13.88	
Long-term loans and advances	11	11.12		7.33	
Other non-current assets	12	0.38	1040.27	0.44	1057.85
Current assets					
Inventories	13	710.23		671.07	
Trade receivables	14	216.27		83.59	
Cash and cash equivalents	15	13.21		24.26	
Short-term loans and advances	11	39.67		63.38	
Other current assets	12	24.12	1003.50	33.23	875.53
Total			**2043.77**		**1933.38**
Significant Accounting Policies					
Notes on Financial Statements	1 to 34				

This is the Balance Sheet referred to in our report of even date

For S. Vaish & Co. — **For Mittal Gupta & Co.** — **For and on behalf of the Board**

S. P. Agrawal
Partner
Chartered Accountants

B. L. Gupta
Partner
Chartered Accountants

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A. K. Gupta
Director

M. P. Mehrotra
Director

Place: Kanpur
Dated: 15 May, 2012

Consolidated Profit and Loss Account for the year ended 31 March, 2012

(₹ Crores)

Particulars	Note No.	Year ended 31.03.2012		18 Months ended 31.03.2011	
INCOME					
Revenue from operations	16	1595.08		2424.69	
Less : Excise duty and other taxes		57.56	1537.52	75.84	2348.85
Other income	17		4.52		28.84
Total revenue			**1542.04**		**2377.69**
EXPENSES					
Cost of materials consumed	18		1032.07		2158.56
Purchases of Stock-in-Trade	16		149.93		107.03
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	19		(39.68)		(449.06)
Employee benefits expense	20		58.96		93.96
Other expenses	21		133.10		226.23
Total			**1334.38**		**2136.72**
Earnings before interest, tax depreciation and amortisation			**207.66**		**240.97**
Depreciation and amortisation expense			67.66		98.70
Finance costs	22		94.87		127.45
Profit before exceptional and extraordinary items and tax			**45.13**		**14.82**
Exceptional items {Net gain/(loss)} - Differential cane price		(48.04)		0.00	
Less : transferred from general reserve		48.04	0.00	0.00	0.00
Profit before extraordinary items and tax			**45.13**		**14.82**
Extraordinary items {Net gain/(loss)}			0.00		0.00
Profit/(loss) before tax			**45.13**		**14.82**
Tax expense:					
Current tax (MAT)			0.00		(1.73)
MAT credit entitlement			0.00		1.53
Deferred tax assets/(liability) (Net)			(15.50)		(1.54)
Profit/(loss)			**29.63**		**13.08**
Earning per equity share (nominal value of share ₹ 10/- each)					
Basic (₹ per share)			5.43		2.34
Diluted (₹ per share)			5.43		2.34
Significant Accounting Policies					
Notes on Financial Statements	1 to 34				

This is the Profit and Loss Statement referred to in our report of even date

For S. Vaish & Co.
S. P. Agrawal
Partner
Chartered Accountants

For Mittal Gupta & Co.
B. L. Gupta
Partner
Chartered Accountants

For and on behalf of the Board

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A. K. Gupta
Director

M. P. Mehrotra
Director

Place: Kanpur
Dated: 15 May, 2012

Consolidated Cash Flow Statement for the year ended 31 March, 2012

(₹ Crores)

Particulars	Year ended 31.03.2012		18 Months ended 31.03.2011	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) before tax and exceptional items		45.13		14.82
Adjustment for:				
Depreciation	67.66		98.70	
Loss on sale of fixed assets (net)	0.09		0.08	
Finance costs	94.87		127.45	
Interest and other investment income	(3.16)		(1.72)	
Molasses storage fund	0.25		0.36	
Profit on sale of investments	0.00		(0.07)	
Balances written-off	0.00		1.83	
Provision for doubtful debts	0.03		2.68	
Provision for diminution in value of investments	0.00		0.25	
		159.74		229.56
Operating profit before working capital changes		**204.87**		**244.38**
Adjustments for:				
Trade and other receivables	(130.07)		16.79	
Inventories	(39.13)		(242.60)	
Trade and other payables	(10.64)	(179.84)	71.97	(153.84)
Cash generated from operation		25.03		90.54
Taxes refund/(paid)		26.62		(22.86)
Net cash from operating activities (A)		**51.65**		**67.68**
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Decrease in investment in partnership firm		0.00		0.50
Purchases of fixed assets		(59.25)		(96.75)
Loans (net)		1.67		(5.96)
Sale of fixed assets		3.01		5.27
Change in minority and capital reserve		0.00		(19.17)
Sale of investments		0.00		3.48
Purchases of investments		(0.03)		(0.25)
Interest and other investment income		3.01		1.95
Net cash used in investing activities (B)		**(51.59)**		**(110.93)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceed from conversion of equity warrants		0.00		0.36
Securities premium received		0.00		6.84
Proceeds from borrowings (net)		90.92		164.82
Dividend including dividend distribution tax		(6.72)		(9.53)
Finance costs paid		(95.31)		(132.29)
Net cash used in financing activities (C)		**(11.11)**		**30.20**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(11.05)		(13.05)
Opening Balance of Cash and Cash Equivalents		24.26		37.31
Closing balance of Cash and Cash Equivalents		13.21		24.26

This is the Cash Flow Statement referred to in our report of even date

For S. Vaish & Co. | For Mittal Gupta & Co. | For and on behalf of the Board

S. P. Agrawal
Partner
Chartered Accountants

B. L. Gupta
Partner
Chartered Accountants

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A. K. Gupta
Director

M. P. Mehrotra
Director

Place: Kanpur
Dated: 15 May, 2012

System of Accounting and Significant Accounting Policies

I System of Accounting:

(i) Financial statements are based on historical cost.

(ii) The Company and its Subsidiary companies follow the mercantile system of accounting and recognise income and expenditure on an accrual basis, except in case of those with significant uncertainties.

II Significant Accounting Policies :

1 Principles of consolidation

The consolidated financial statements relate to Dhampur Sugar Mills Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on following basis :

a) The financial statement of the Company and its subsidiary companies have been consolidated on a line-by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances and intra-group transactions resulting in unrealised profits or losses.

b) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, for like transaction and events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

c) The excess of cost to the Company of its investments in the subsidiary company is recognised in the financial statement as goodwill and the excess of company’s portion of equity of the subsidiary over the cost of the investments therein is treated as capital reserve.

d) Minority interest in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments as stated above.

If, the amount of losses applicable to the minority on consolidation exceeds the minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that minority has a binding obligation to, and is able to, make good the losses. if the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

e) The following subsidiary companies are considered in the consolidated financial statements:-

Name of the Subsidiary Company *	Country of Incorporation	% of Voting Power held 31 March, 2012	Financial year ended on
Dhampur International Pte Limited	Singapore	100.00%	30 September, 2011

* Dhampur Sugar Distillery Pvt Ltd. (DSDPL), a wholly owned subsidiary, has been merged w.e.f. 01-10-2010 vide Hon'ble High Court order dated 10 January, 2012

f) These consolidated financial statements are based, in so far as they relate to amounts included in respect of the subsidiary, on the audited financial statements for twelve months ended 30 September, 2011 and unaudited financial statements for six months ended 31 March, 2012 prepared for consolidation.

2. Accounting for investment in Associates as per Accounting Standard (AS) - 23 " Accounting for Investments" is not applicable.

3. Other Significant Accounting Policies :

These are set out in the statement of significant accounting policies of the financial statements of the holding Company and its subsidiary.

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

1. Share capital

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Authorised shares				
9,70,00,000 (8,70,00,000) equity shares of ₹ 10/- each		97.00		87.00
51,00,000 (51,00,000) preference shares of ₹ 100/- each		51.00		51.00
Issued, subscribed and paid-up shares				
Equity				
5,39,05,975 (5,39,05,975) equity shares of ₹ 10/- each fully paid-up	53.91		53.91	
3,25,496 equity shares forfeited	0.07		0.07	
Less : Calls in arrears	#	53.98	#	53.98
Preference				
4,13,940 (4,13,940) 6% Cumulative redeemable preference shares of ₹ 100/- each fully paid-up		4.14		4.14
4,69,013 (4,69,013) 1% Cumulative redeemable preference shares of ₹ 100/- each fully paid-up		4.69		4.69
Total		**62.81**		**62.81**

1.a **Reconciliation of shares outstanding at the beginning and at the end of the reporting period is set out below:**

	31.03.2012		31.03.2011	
	No.	(₹ crores)	No.	(₹ crores)
Authorised shares				
Equity shares				
At the beginning of the period	87000000	87.00	87000000	87.00
Added as per scheme of amalgamation of DSDPL	10000000	10.00	0	0.00
Outstanding at the end of the period	97000000	97.00	87000000	87.00
Preference shares				
At the beginning of the period	5100000	51.00	5100000	51.00
Change during the period	0	0.00	0	0.00
Outstanding at the end of the period	5100000	51.00	5100000	51.00
Issued, subscribed and paid-up shares				
Equity shares				
At the beginning of the period	53905975	53.91	52705975	52.71
Issued during the period - conversion of equity warrant	0	0	1200000	1.20
Outstanding at the end of the period	53905975	53.91	53905975	53.91
Preference shares				
At the beginning of the period	882953	8.83	882953	8.83
Change during the period	0	0.00	0	0.00
Outstanding at the end of the period	882953	8.83	882953	8.83
Equity warrants				
At the beginning of the period	0	0.00	1200000	0.84
Converted into equity during the period	0	0.00	1200000	0.84
Outstanding at the end of the period	0	0.00	0	0.00

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

1.b Details of shareholders holding more than 5% shares :

	As at 31.03.2012		As at 31.03.2011	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid-up				
Goel Investments Ltd.	11255515	20.88	11255515	20.88
Sonitron Ltd.	4940716	9.17	4940716	9.17
Shudh Edible Products Ltd.	4549680	8.44	4549680	8.44
Mr. Gautam Goel	3009702	5.58	1698605	3.15
Mr. Gaurav Goel	2993095	5.55	1694050	3.14
6% Cumulative Redeemable Preference shares of ₹ 100 each fully paid-up				
IFCI Ltd.	413940	100.00	413940	100.00
1% Cumulative Redeemable Preference shares of ₹ 100 each fully paid-up				
IFCI Ltd.	469013	100.00	469013	100.00

1.c Calls unpaid of equity shares

	As at 31.03.2012		As at 31.03.2011	
	No.	Amt. in ₹	No.	Amt. in ₹
i) Calls unpaid by directors and officers	Nil	Nil	Nil	Nil
ii) Calls unpaid by others	2185	10705	2185	10705

1.d Terms/right attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

1.e Terms of redemption of Preference shares

(i) 4,69,013 - 1% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable in 12 quarterly equal installments commencing from December, 2012.

(ii) 4,13,940 - 6% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable in 12 quarterly equal installments commencing from December, 2013.

1.f The Board of directors recommended the following dividend :

Particulars	As at 31.03.2012	As at 31.03.2011
Proposed dividend per equity share of ₹ 10/- each	₹ 1.25	₹ 1.00
Proposed dividend per 1% Cumulative Redeemable Preference Share of ₹ 100/- each	₹ 1.00	₹ 1.50
Proposed dividend per 6% Cumulative Redeemable Preference Share of ₹ 100/- each	₹ 6.00	₹ 9.00

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

2. Reserves and surplus

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Capital reserve				
Balance as per last account	6.66		3.42	
Less/Add: On amalgamation of subsidiary	(3.70)	2.96	3.24	6.66
Securities Premium Reserve				
Balance as per last account	317.67		310.83	
Add: received during the period	0.00	317.67	6.84	317.67
Reserve for construction of Molasses Storage Tank				
Balance as per last account	2.06		1.70	
Add: provided during the period	0.25	2.31	0.36	2.06
General Reserve				
Balance as per last account	76.35		76.35	
Add: transferred from statement of profit & loss	50.00		0.00	
Less: transferred to statement of profit & loss (exceptional items)	(48.04)	78.31	0.00	76.35
Surplus/(deficit)				
Balance as per last account	49.73		44.06	
Profit for the year	29.63		13.08	
Less: Appropriations				
Proposed equity dividend	6.74		5.39	
Dividend on preference shares	0.30		0.44	
Tax on dividend	1.14		0.95	
Adjusted in capital reserve	0.00		0.63	
Transferred to general reserve	50.00		0.00	
Net surplus/(deficit)		21.18		49.73
Total		**422.43**		**452.47**

3. Long-term borrowings

(₹ Crores)

	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
Term loans				
Secured				
Rupee term loans from banks	256.25	54.46	164.14	56.35
Rupee term loans from banks under SEFASU	0.00	0.13	0.13	25.42
Foreign currency term loan from bank (ECB)	20.36	20.35	35.67	17.83
Rupee term loans from financial institutions	0.00	3.41	3.40	6.74
Zero coupon rupee term loans from banks	18.06	3.80	21.86	0.37
Rupee term loans from sugar development fund	122.18	26.59	143.33	13.15
	416.85	**108.74**	**368.53**	**119.86**
Unsecured				
Deposits - from directors & their relatives	1.65	0.40	0.36	0.00
- from public	3.25	2.91	4.41	1.92
Buyers' credit from banks	4.48	0.00	4.10	0.00
	9.38	3.31	8.87	1.92
Total	**426.23**	**112.05**	**377.40**	**121.78**

3.a Nature of security

Term loans (excise) from banks of ₹ 0.13 crores under the Government sponsored subvention Scheme for extending Financial assistance to Sugar Undertakings, 2007 (SEFASU,2007) are secured by fifth residual parri passu charge on all movable and immovable assets of the Company and personal guarantee of promoter directors.

Term loans from bank of ₹ 2.93 crores are secured by subservient sixth charge on all movable and immovable assets of the Company.

Term loans from Sugar Development Fund are secured by exclusive second charge on all movable and immovable assets excluding current assets of the Company.

All other term loans from financial institutions and banks (including ECB and Zero coupon loans) are secured by first parri passu charge on all movable and immovable assets except book debts, stock-in-trade, raw materials, spare parts and other assets and personal guarantee of promoters directors and part of above are also secured by pledge of 7562061 equity shares of Kashipur Sugar Mills Limited.

3.b Maturity profile and Rate of interest of long term borrowings are as set out below :

Particulars	ROI (%) as on 31.03.2012	1-2 years	2-3 years	3-4 years	Beyond 4 years
		(₹ crores)			
Secured					
Term Loans from banks	14.00	6.00	-	-	-
	13.75	57.20	46.00	35.83	73.36
	13.50	1.21	1.21	-	-
	13.00	0.73	0.73	0.18	-
	12.75	0.49	0.36	-	-
	12.00	6.00	1.50	-	-
	11.00	4.00	4.00	4.00	8.00
	10.50	0.63	0.60	0.00	0.00
	10.00	1.21	0.91	-	-
	7.00	0.84	0.84	0.42	-
Sub-total		**78.31**	**56.15**	**40.43**	**81.36**
Foreign currency term loan from bank (ECB)	3.10	20.36	0.00	0.00	0.00
Zero coupon rupee term loans from banks	-	7.22	7.22	3.62	0.00
Rupee term loans from sugar development fund	4.00	34.29	32.18	29.78	25.93
Total secured		**140.18**	**95.55**	**73.83**	**107.29**
Unsecured					
Deposits	11 to 12	4.90	-	-	-
Buyers' credit from bank		4.48	-	-	-
Total unsecured		**9.38**	**0.00**	**0.00**	**0.00**
Grand-total		**149.56**	**95.55**	**73.83**	**107.29**

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

4. Deferred Tax (Liability)/Asset (Net)

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Deferred Tax Asset :		
i) On account of timing difference of expenses which are allowable under Income Tax Laws in subsequent years	7.33	6.33
ii) On account of carried forward losses and unabsorbed depreciation	86.74	96.46
	94.07	102.79
Deferred Tax Liability :		
i) On account of differences in written down value of fixed assets	95.69	88.91
Net Deferred Tax (Liability)/Asset	**(1.62)**	**13.88**

5. Long-term provisions

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for employee benefits :		
Provision for gratuity	16.68	16.04
Total	**16.68**	**16.04**

6. Short-term borrowings

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured		
Cash credit from banks	330.39	256.19
Rupee term loans from banks	110.34	72.40
	440.73	**328.59**
Unsecured		
Deposits - from directors & their relatives	1.04	0.76
- from public	11.86	10.13
Buyers' credit from banks	0.00	55.33
Loans and advances from related parties	0.42	0.83
	13.32	67.05
Total	**454.05**	**395.64**

6.a Nature of security

All Cash credit limits from banks other than DCB are secured by pledge of stocks of sugar and hypothecation of consumable stores and spare parts, chemicals, molasses etc. by third charge over the fixed assets of the Company and personal guarantee of promoter directors.

Cash credit accounts from DCB are secured by pledge of stocks of sugar.

Rupee term loans from banks are secured by personal guarantee of promoter directors.

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

7. Trade payables and Other Current Liabilities

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
Trade payables (refer note 31 of dues to micro and small enterprises)	0.00	433.12	0.00	449.87
Other liabilities				
Current maturities of long term borrowings (refer note 3)	0.00	112.05	0.00	121.78
Interest accrued but not due on borrowings	5.75	4.64	5.09	4.22
Interest accrued and due on borrowings	0.00	2.44	0.00	1.53
Investor Education and Protection Fund will be credited by following amounts (as and when due) :				
Unpaid dividend	0.00	0.21	0.00	0.15
Unpaid matured deposits	0.00	0.71	0.00	0.26
Advance from customers	0.00	55.68	0.00	0.92
Others :				
Security deposits	0.00	1.90	0.00	2.39
Statutory dues payable	0.00	26.90	0.00	28.06
Sub-total	5.75	204.53	5.09	159.31
Total	**5.75**	**637.65**	**5.09**	**609.18**

8. Short-term provisions

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for employee benefits		
Provision for employees	6.64	6.24
Other provisions		
Provision for tax	1.73	1.73
Provision for dividend (including dividend distribution tax)	8.18	6.78
Total	**16.55**	**14.75**

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

9. Tangible assets

(₹ Crores)

Particulars	Goodwill	Land	Building	Plant & Equip-ments	Furniture & Fixtures	Railway sidings	Weigh-bridge	Computers	Office Equip-ments	Electrical Appliances	Vehicles	Live Stock	Farm Asset & Equipment	Total
Cost														
As on 01-04-2011	3.70	39.13	105.09	1224.45	6.53	0.00	6.19	5.64	2.09	3.41	12.17	0.01	0.43	1408.84
Additions	0.00	1.90	1.14	35.42	0.10	0.00	0.02	0.91	0.03	0.26	2.90	0.00	0.02	42.70
Disposals	0.00	0.00	0.00	7.67	0.03	0.00	0.00	0.01	0.00	0.01	0.57	0.01	0.00	8.30
Adjustment on amalgamation of DSDPL	3.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.70
Other adjustments :														
- Exchange differences	0.00	0.00	0.00	7.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.04
- Borrowing costs	0.00	0.00	0.01	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18
As at 31-03-2012	0.00	41.03	106.24	1259.41	6.60	0.00	6.21	6.54	2.12	3.66	14.50	0.00	0.45	1446.76
Depreciation														
As on 01-04-2011	0.00	0.00	19.42	355.15	4.02	0.00	4.23	4.51	1.57	2.67	7.50	0.00	0.28	399.35
Charges for the year	0.00	0.00	2.84	61.96	0.44	0.00	0.27	0.59	0.08	0.17	1.27	0.00	0.01	67.63
Disposals	0.00	0.00	0.00	4.74	0.02	0.00	0.00	0.01	0.00	0.01	0.42	0.00	0.00	5.20
As at 31-03-2012	0.00	0.00	22.26	412.37	4.44	0.00	4.50	5.09	1.65	2.83	8.35	0.00	0.29	461.78
Net Block														
As on 31-03-2011	3.70	39.13	85.67	869.30	2.51	0.00	1.96	1.13	0.52	0.74	4.67	0.01	0.15	1009.49
As on 31-03-2012	0.00	41.03	83.98	847.04	2.16	0.00	1.71	1.45	0.47	0.83	6.15	0.00	0.16	984.98

10. Non-current Investments

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Trade Investments :-				
Ramganga Sanyukta Sahkari Kheti Samiti Limited (Unquoted)				
01 (01) Equity share of ₹ 100/- each fully paid-up		#		#
Other Investments :-				
In Other Companies :				
Investment in Equity shares (fully paid-up unless otherwise stated)				
Kashipur Sugar Mills Limited (Quoted)				
7562061 (7562061) Equity shares of ₹ 10/- each	8.19		8.19	
VLS Finance Limited (Quoted)				
263142 (263142) Equity shares of ₹ 10/- each	0.44		0.44	
South Asian Enterprises Limited (Quoted) (**)				
250000 (250000) Equity shares of ₹ 10/- each	#		#	
(At cost less provision for other than diminution in value ₹ 0.25 crores (P.Y. ₹ 0.25 crores))				
Glenesia Industries Limited (Unquoted)				
500000 (500000) Equity shares of ₹ 10/- each	0.05	8.68	0.05	8.68
Investment in Mutual fund				
Baroda Pioneer PSU Bond Fund - Monthly Dividend Plan (Quoted)				
274830 (250000) Units of ₹ 10/- each		0.28		0.25
Total		**8.96**		**8.93**

(₹ Crores)

Disclosure of non-current investments	As at 31.03.2012		As at 31.03.2011	
Aggregate amount of quoted investments		8.91		8.88
Aggregate amount of unquoted investments		0.05		0.05
Total investments net of provision for diminution		8.96		8.93
Aggregate provision for diminution in value of investments (**)		0.25		0.25
Aggregate market value of quoted investments		4.41		7.31

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

11. Long and short term loans and advances

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
(Unsecured considered good unless otherwise stated)				
Capital advances	1.75	0.00	0.00	0.00
Security deposits	3.41	0.70	3.75	0.00
Loans and advances to related parties :				
Considered good	0.00	12.54	0.00	14.21
Considered doubtful	0.00	10.00	0.00	10.00
Less : Provision for doubtful	0.00	-10.00	0.00	-10.00
Other loans and advances :				
Balances with excise authorities	0.00	17.22	0.00	18.16
Income tax and wealth tax payments	0.00	2.23	0.00	28.85
MAT credit entitlement	3.08	0.00	3.08	0.00
Payments of taxes under protest/appeal	2.88	0.00	0.50	0.00
Prepaid expenses	0.00	1.32	0.00	2.16
Others	0.00	5.66	0.00	0.00
Total	**11.12**	**39.67**	**7.33**	**63.38**

12. Other non-current and current assets

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
(Unsecured considered good unless otherwise stated)				
Others :				
Other Advances	0.00	21.14	0.00	28.56
Inventory - Loose tools and equipments	0.38	0.00	0.44	0.00
Claim receivable	0.00	2.12	0.00	3.96
Interest receivable	0.00	0.86	0.00	0.71
Total	**0.38**	**24.12**	**0.44**	**33.23**

13. Inventories

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Raw materials	35.17	26.96
Goods-in-process	14.21	19.98
Standing cane and other crops	0.33	0.24
Finished goods	623.35	596.28
Traded goods	0.26	0.24
Stores, Spare parts, Gunny/P.P. bags, Chemicals etc.	36.91	27.37
Total	**710.23**	**671.07**

14. Trade receivables

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
(Unsecured considered good unless otherwise stated)				
Outstanding for a period exceeding six months from the date they are due for payment :				
- Considered good	4.52		29.31	
- Considered doubtful	2.70		2.68	
- Provision for doubtful	-2.70	4.52	-2.68	29.31
Other receivables		211.75		54.28
Total		**216.27**		**83.59**

15. Cash and cash equivalents

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Cash and cash equivalents				
Balances with banks :				
On Current accounts	2.13		10.85	
On unpaid dividend account	0.21	2.34	0.15	11.00
Cheques/drafts on hand		0.00		0.07
Cash on hand		2.43		2.84
Other bank balances :				
Deposits pledged against margiin money/guarantee	4.38		6.91	
Deposits with original maturity more than 3 months but upto 12 months	4.06	8.44	3.44	10.35
Total		**13.21**		**24.26**

16. Revenue from operations/Purchases of stock-in-trade/Inventories

(₹ Crores)

Particulars	Opening stock	Purchases	Sales	Closing stock
Revenue from operations				
Sale of Products				
Finished goods				
Sugar	550.75	-	1091.49	565.13
Previous year	(111.01)	-	(1722.27)	(550.75)
Molasses	29.39	-	14.75	31.25
Previous year	(7.04)	-	(10.84)	(29.39)
Chemicals	5.58	-	172.97	16.54
Previous year	(10.44)	-	(195.80)	(5.58)
Farm produce	0.03	-	0.93	0.05
Previous year	(0.02)	-	(0.44)	(0.03)
Power	0.00	-	132.30	0.00
Previous year	0.00	-	(266.73)	0.00
Others	10.52	-	4.71	25.48
Previous year	(2.52)	-	(38.03)	(10.52)
Sub-total finished goods	**596.27**		**1417.15**	**638.45**
Previous year	**(131.03)**		**(2234.11)**	**(596.27)**

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

16. **Revenue from operations/Purchases of stock-in-trade/Inventories** (Contd.)

(₹ Crores)

Particulars	Opening stock	Purchases	Sales	Closing stock
Traded goods				
Coaking coal	0.00	121.74	121.75	0.00
Previous year		0.00	0.00	0.00
P. P. Bags		5.26	6.01	
Previous year		0.00	0.00	
Sugar		12.86	13.36	
Previous year		(94.39)	(162.78)	
Other purchases	0.24	10.07	10.27	0.26
Previous year	(0.12)	(12.64)	(12.76)	(0.24)
Sub-total traded goods	**0.24**	**149.93**	**151.39**	**0.26**
Previous year	**(0.12)**	**(107.03)**	**(175.54)**	**(0.24)**
Stock-in-process :				
Sugar (Qtls.)	7.75			8.18
Previous year	-			(7.75)
Molasses (Qtls.)	0.49			0.42
Previous year	-			(0.49)
Chemicals (Qtls.)	11.74			5.61
Previous year	(16.96)			(11.74)
Standing crops	0.24			0.33
Previous year	(0.27)			(0.24)
Sub-total Stock-in-process	**20.22**			**14.54**
Previous year	**(17.23)**			**(20.22)**
Revenue from operations (Gross) (A)	616.73	149.93	1568.54	653.25
Previous year	**(148.38)**	**(107.03)**	**(2409.65)**	**(616.73)**

Other operating revenue

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Miscellaneous income	3.48	6.27
Scrap sale	0.95	1.14
Balances written back	0.58	0.92
Insurance claim received	0.00	3.07
Income/adjustments relating to earlier years	2.76	0.00
Other services	0.00	3.64
Sale of export license (OGL)	18.77	0.00
Other operating revenue (B)	**26.54**	**15.04**
Total Revenue from operations (Gross) (A+B)	**1595.08**	**2,424.69**

17. Other income

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Rent	1.20	1.98
Profit on sale of assets	0.16	0.18
Interest income	3.13	1.72
Profit on sale of investments	0.00	0.07
Foreign exchange differences (net)	0.00	24.89
Dividend income	0.03	0.00
Total	**4.52**	**28.84**

18. Cost of materials consumed

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Sugar cane	944.01	1568.37
Raw sugar	0.00	420.03
Molasses consumed	6.42	8.79
Bagasse / coal / rice husk & other fuel consumed	38.52	133.10
Others	43.12	28.27
Total	**1032.07**	**2158.56**

19. (Increase)/Decrease in inventories

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Inventories at the end of the year		
Finished goods	638.46	596.27
Stock-in-process	14.54	20.22
Traded goods	0.26	0.24
	653.26	616.73
Inventories at the beginning of the year		
Finished goods	596.27	131.03
Stock-in-process	20.22	17.23
Traded goods	0.24	0.12
	616.73	148.38
Net excise duty on account of (Increase)/decrease in inventories	(3.15)	19.29
(Increase)/Decrease in inventories	**(39.68)**	**(449.06)**

20. Employees benefits expense

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Salaries, wages and bonus (including contract labour)	46.75	75.59
Contribution to provident and other funds	4.66	7.76
Workmen and staff welfare expenses	1.72	4.98
Gratuity	2.67	5.23
Voluantary retirement compensation	3.16	0.40
Total	**58.96**	**93.96**

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

21. Other expense

(₹ Crores)

Particulars	Year ended 31.03.2012		18 months ended 31.03.2011	
Consumption of stores, spares and other manufacturing expense		21.84		39.11
Packing material expense		14.74		31.99
Expenditure on crops		0.43		0.61
Power and fuel		4.21		4.14
Repairs and maintenance :				
Plant and machinery	27.62		36.06	
Buildings	2.21		3.57	
Others	1.30	31.13	1.74	41.37
Rent		4.80		8.72
Rates and taxes		1.16		1.55
Trade tax/entry tax/excise duty		0.25		8.75
Charity and donation		0.17		0.30
Insurance		2.72		5.92
Molasses fund		0.25		0.36
Selling expenses :				
Commission to selling agents	6.89		10.84	
Other selling expense	5.97	12.86	14.25	25.09
Payment to auditors :				
Audit fee	0.14		0.19	
Tax audit fee	0.05		0.09	
Management and other services	0.04		0.10	
Reimbursement of expenses	0.01	0.24	0.01	0.39
Miscellaneous expenses		20.63		35.60
Cane development expense		16.73		17.21
Expenses relating to earlier year		0.28		0.03
Foreign exchange difference		0.31		0.00
Balances written-off	0.00		3.90	
Less : Provision already made	0.00	0.00	-2.10	1.80
Provision for diminution in value of investments		0.00		0.25
Provision for doubtful debts		0.03		2.68
Directors sitting fee		0.07		0.10
Loss on sale of fixed/discarded assets		0.25		0.26
Total		**133.10**		**226.23**

22. Finance costs

(₹ Crores)

Particulars	Year ended 31.03.2012		18 months ended 31.03.2011	
Interest		91.34		124.52
Documentation and other bank charges		3.04		4.81
Foreign exchange difference		2.92		0.00
		97.30		129.33
Less : Interest capitalised during the period		(2.43)		(1.88)
Total		**94.87**		**127.45**

23. Exceptional items represents Differential cane price for the season 2006-07 and 2007-08 aggregating ₹ 48.04 crores provided for pursuant to the order of Hon'ble Supreme Court dated 17 January, 2012 and an equivalent amount has been withdrawn from General Reserve.

24. The accounts have been prepared without accounting for any incentive entitlements under U.P. Sugar Incentive Promotion Policy, 2004 as the scheme has been subsequently withdrawn by the State Government. The Company has filed writ petition before Hon'ble Allahabad High Court (Lucknow Bench) for enforcement of the scheme and settlement of incentive claims. As per the erstwhile incentive policy, the Company is eligible for capital subsidy of ₹ 89.89 crores i.e. @10% of the investments made (already vetted ₹ 50.80 crores) and for reimbursement of taxes and other charges aggregating to ₹ 44.72 crores upto 31 March, 2012 (including ₹ 7.78 crores for the current year).

25. In the opinion of the Board, current assets and loans and advances have realisable value in the ordinary of business at least equal value at which they are stated in the Balance Sheet.

26. Employees Benefits :

The required disclosures of employees benefits as per Accounting Standard -15 are given hereunder:-

(i) In respect of Short Term Employee Benefits:

The Company has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calendar year and the same have been provided for on accrual basis.

(ii) In respect of defined Benefit Scheme (Based on actuarial valuation) of Gratuity :

(₹ Crores)

Particulars	2011-2012	2009-2011
A) Change in Obligation over the year ended 31.03.2012		
Present value of defined obligation as on 01.04.2011	16.04	12.32
Current Service Cost	0.97	1.88
Interest Cost	1.34	1.70
Actuarial Gains/Losses	(0.69)	0.65
Benefits Paid	(0.98)	(0.51)
Present value of defined obligation as on 31.03.2012	16.68	16.04
B) Expenses recognised during the year ended 31.03.2012		
Current Service Cost	0.97	1.86
Interest Cost	1.34	1.70
Actuarial Gains/Losses	(0.69)	0.65
Current Service Cost & Actuarial losses in respect of separated employees	1.05	1.02
Total	2.67	5.23
C) Principal Actuarial Assumptions		
Mortality Table (LIC)	1994-96 (duly modified)	
Discount Rate (per Annum)	8.50%	(8.50%)
Rate of Escalation in Salary (per Annum)	6.00%	(6.00%)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors

(iii) Defined Contribution Plan :

Provision for contribution to defined contribution plan recognised as expense during the period are as under :

(₹ Crores)

Particulars	2011-2012	2009-2011
Employer's Contribution to Provident Fund	2.40	4.20
Employer's Contribution to Pension Fund	2.26	3.56

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

27. Segment Reporting:

(₹ Crores)

Particulars	Sugar	Chemicals	Co-gen	Others	Total
1. Segment Revenue (Including Excise Duty)					
a) External Sales	1,275.51	174.54	132.30	12.73	1,595.08
Previous year	(1,822.33)	(192.88)	(318.96)	(79.56)	(2,413.73)
b) Inter Segment Sales	207.46	-	201.58	-	409.04
Previous year	(483.10)	(3.78)	(346.11)	(1.13)	(834.12)
c) Total Revenue	1,482.97	174.54	333.88	12.73	2,004.12
Previous year	(2,305.43)	(196.66)	(665.07)	(80.69)	(3,247.85)
2. Segment Results					
(Profit(+)/Loss(-) before tax and interest from each segment)	36.63	26.50	90.80	1.86	155.79
Previous year	(-11.81)	(-2.84)	(179.72)	(-0.35)	(164.72)
Less : Finance costs					94.87
Previous year					(125.73)
Less/ Add: Other Unallocable Expense/Income					
Net off Unallocable Income/Expenses					15.79
Previous year					(24.17)
Net Profit(+)/Loss(-) Before Tax					45.13
Previous year					(14.82)
Less: Tax expense (Net)					15.50
Previous year					(1.74)
Net Profit after Tax (Before Adjustment of Minority Interest)					29.63
Previous year					(13.08)
Share of Profit/Loss to Minority					0.00
Previous year					-
Net Profit after Tax (after adjustment of Minority Interest)					29.63
Previous year					(13.08)
3. Other Information					
a) Segment Assets	1,236.81	213.45	550.03	0.96	2,001.25
Previous year	(1,187.54)	(186.24)	(488.56)	(0.93)	(1,863.27)
Unallocable Corporate Assets					42.52
Previous year					(70.11)
Total Assets					2043.77
Previous year					(1933.38)
b) Segment Liabilities	522.46	15.92	2.47	0.08	540.93
Previous year	(509.26)	(9.36)	(2.55)	(1.13)	(522.30)
Unallocable Corporate Liabilities					1,016.03
Previous year					(895.80)
Total Liabilities					1556.96
Previous year					(1418.10)
c) Capital Expenditure	40.11	13.33	13.52	0.02	66.98
Previous year	(45.39)	(8.58)	(44.97)	(0.02)	(98.96)
d) Depreciation	34.02	5.02	28.61	0.01	67.66
Previous year	(49.47)	(9.27)	(39.93)	(0.03)	(98.70)
e) Non Cash Expenditure other than Depreciation	0.28	-	-	-	0.28
Previous year	(4.43)	(0.56)	-	-	(4.99)

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

28. Earnings per Share (EPS) :

Particulars	Year ended 31.03.2012		18 months ended 31.03.2011	
i) Net Profit/ Loss(-) after Extra Ordinary Items & Provision for Taxes				
[Including Dividend on Preference Shares for the period Amounting to ₹ 0.35 crore (₹ 0.52 crore)]	₹ crores	29.28	₹ crores	12.57
(Used as numerator for calculating E.P.S.)				
ii) Weighted average No.of Equity Shares outstanding during the period:				
(Used as denominator for calculating E.P.S.)				
- for Basic EPS	No.	53905975	No.	53780929
- for Diluted EPS	No.	53905975	No.	53780929
iii) Earning per Share after Extra Ordinary Items				
- Basic	₹	5.43	₹	2.34
- Diluted	₹	5.43	₹	2.34
(Equity Share of Face value of ₹ 10 each)				

29. Related Party Disclosures:

A. List of related parties with whom transactions have taken place and relationships:

i) Enterprises where control exists:

Associates -

Kashipur Sugar MillsLimited

ii) Enterprises where there is significant influence

1 Goel Investments Limited
2 Ujjwal Rural Services Ltd.
3 Saraswati Properties Limited
4 Shudh Edible Products Limited
5 Sonitron Limited

iii) Key management personnel and their relatives

1 Mr.Vijay Kumar Goel, Executive Director
Mrs Deepa Goel (Wife)
2 Mr. Ashok Kumar Goel, Vice Chairman
Mrs Vinita Goel (Wife)
3 Mr. Gaurav Goel, Managing Director
Mrs Priyanjali Goel (Wife)
4 Mr. Gautam Goel, Managing Director
Mrs Bindu Vashist Goel (Wife)
5 Mr. J.P. Sharma, Director
Mr. Mukul Sharma (Son)
6 Mr Priya Brat, Director
Mrs Shakuntala Brat (Wife), Mr Anu Mahendru (Daughter)
7 V. K. Goel, H.U.F
8 Gaurav Goel, H.U.F
9 Gautam Goel, H.U.F

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

B. Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31 March, 2012

(₹ Crores)

Sl. No.	Particulars	Enterprises where control exists				Enterprises where there in significant influence		Key Management Personnel and their Relatives	
		Associate		Others					
		2011-12	2009-11	2011-12	2009-11	2011-12	2009-11	2011-12	2009-11
	Transactions during the year ended 31.03.2012								
1	Loans/Advances given (Net)	1.12	4.92	0.00	0.00	7.87	6.90	0.00	0.00
2	Net Reciepts towards Loan / Advances given	2.87	0.00	0.00	0.00	7.87	6.90	0.00	0.00
3	Receipts towards amount invest in Firm	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00
4	Loans taken	0.00	0.00	0.00	0.00	10.16	27.80	0.00	0.00
5	Loans repaid	0.00	0.00	0.00	0.00	9.88	31.56	0.00	0.00
6	Sale of Goods/Fixed Assets	0.04	0.34	0.00	0.00	0.00	0.00	0.00	0.00
7	Purchase of Goods/ Fixed Assets	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00
8	Subscription/Purchase of Equity Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.20
9	Rent paid	0.00	0.00	0.00	0.00	3.60	6.84	0.00	0.00
10	Rent received	0.00	0.00	0.00	0.00	0.00	0.36	0.00	0.00
11	Remuneration paid	0.00	0.00	0.00	0.00	0.00	0.00	2.00	4.75
12	Interest expense	0.00	0.00	0.00	0.00	0.00	0.11	0.35	0.20
13	Loss on Investments/ Investment W/off	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.00
14	Receipts towards reimbursement of expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Club Fee / ITA./ Medical reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
	Amount due to/from Related Parties:								
1	Unsecured Loans/Deposits	0.00	0.00	0.00	0.00	0.00	0.00	3.09	1.12
2	Current Liabilities	0.00	0.00	0.00	0.00	0.65	0.39	0.01	0.47
3	Investments Net of provision	8.22	8.19	0.00	0.00	0.00	0.00	0.00	0.00
4	Loans/Advances & Receivables Net of provision	12.59	14.25	0.00	0.00	0.00	0.12	0.00	0.00

30. **Disclosures as required by the Amendment to Clause 32 of the Listing Agreement :**
Loans and Advances given to Associates and Others :

Name of Company	Type	Balance as at 31.03.2012	Maximum balance during the period	Investment in the Shares of the Company
		(₹ crores)		No. of Shares
Kashipur Sugar Mills Limited (*,**, ^ ^)	Associate	12.53	14.25	7562061 Equity Shares

* Have no repayment schedule
** No interest is charged.
^ ^ Balance and maximum balance net of provision ₹ 10 crores.

31. Following are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:

(a) Sundry creditors include a sum aggregating ₹ 1.95 crores (₹ 2.57 crores) due to micro and small enterprises is on account of principal only.

(b) The amount of interest paid by the Company in terms of Section 16, along with the amount of payments made to the micro and small enterprise beyond the appointed date during the period - ₹ Nil.

(c) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the period but without adding the interest specified under this Act. - ₹ Nil.

(d) The amount of interest accrued and remaining unpaid - ₹ Nil.

(e) The amount of further interest remaining due and payable even in succeeding years - ₹ Nil.

The above mentioned outstandings are in normal course of business and the information regarding micro and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

32. **Derivative instruments**

i) The Company has entered into following Forward Contract

a) The Company used foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Outstanding forward exchange contracts entered into by the Company:

As at	No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (₹ crores)
31.03.2012	2	2.80	14.24
31.03.2011	1	2.25	10.03

(Forward exchange contract outstanding as on 31 March, 2012 include forward sale of US Dollar against export receipts)

ii) The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at 31.03.2012		As at 31.03.2011	
	US Dollar Equivalent (Million)	INR Equivalent (₹ crores)	US Dollar Equivalent (Million)	INR Equivalent (₹ crores)
a) Amounts payable in foreign currency on account of the following :				
Stock-in-trade/Raw materials	10.00	50.88	12.30	54.83
Capital Imports	0.88	4.49	0.92	4.11
Advance from customers	9.99	50.83	0.00	0.00
Loans Payable	8.00	40.70	12.00	53.50
b) Amounts receivable in foreign currency on account of the following:				
Export receivable	10.97	55.83	0.00	0.00

33. Previous year figures in bracket have been regrouped wherever considered necessary.

Notes on Consolidated Financial Statements for the year ended 31 March, 2012

34. Contingent Liabilities and Commitments : Not Provided for in Respect of :

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
I Contingent Liabilities		
Claims/disputed liabilities not acknowledged as debt:		
A) In respect of some pending cases of employees under labour laws	Amount not ascertainable	Amount not ascertainable

B) Details of disputed liabilities/demands :

Sl. No.	Particulars	Period to which amount relates	Forum where matter is pending	31.03.2012 ₹ Crores	31.03.2011 ₹ Crores
1	Additional U.P.Trade Tax and Central Sales Tax Liability against which ₹ Nil (₹ Nil) have been deposited	1997-98 to 2004-05 2000-01,2002-2003 to 2005-06, 1996-97, 1999-2000, 2000-01	High Court Joint Commissioner appeal Trade Tax Tribunal	2.53 0.26 0.01	2.53 0.26 0.01
	Sub-total			2.80	2.80
2	Entry Tax	2001-02, 2003-04, 2004-05	High Court	0.55	0.38
	Sub-total			0.55	0.38
3	Cenvat Credit on Inputs, Capital items and Services against which ₹ 0.81 crore have been deposited	1994-95, 1995-96, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07	Commissioner (A) & CESTAT	34.26	33.29
		1995-96, 1996-97, 1998-99 to 2003-04	High Court	0.30	0.30
	Sub-total			34.56	33.59
4	Excise duty on Molasses, Scrap and Pressmud	1997-98,2000-01 to 2002-03	Commissioner (A) & CESTAT	0.04	0.70
	Sub-total			0.04	0.70
5	Purchase Tax Penalty	1998-1999	High Court	0.36	0.36
	Sub-total			0.36	0.36
6	Stamp duty demand under Uttar Pradesh Stamp Act against which ₹ 0.13 crore have been deposited	1992.1993 2003-2004 2005-2006	Registrar of Stamp Duty Registrar of Stamp Duty High Court	0.25 0.26 3.50	0.25 0.26 3.50
	Sub-total			4.01	4.01
	Grand Total			42.32	41.84

II Commitments

A Uncalled liability on investments in partly paid-up shares - Nil (Prev. year Nil)

B Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2.90 crores (₹0.76 crore).

As per our report of even date

For S. Vaish & Co.
S. P. Agrawal
Partner
Chartered Accountants

For Mittal Gupta & Co.
B. L. Gupta
Partner
Chartered Accountants

For and on behalf of the Board

Arhant Jain
Executive President (Finance) & Secretary

V. K. Goel
Chairman

A. K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A. K. Gupta
Director

M. P. Mehrotra
Director

Place: Kanpur
Dated: 15 May, 2012

Financial Information of Subsidiary Company as at 30 September, 2011

(₹ Crores)

Name of Subsidiary	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments	Turnover	Profit Before Tax	Provision for Tax	Profit after Tax	Proposed Dividend
Dhampur	INR	0.037	(0.091)	0.011	0.065	Nil	1.23	1.19	Nil	1.19	Nil
International Pte Ltd.	US$	7609	(18628)	2283	13302	Nil	250000	241856	Nil	241856	Nil

Standalone Section

Dhampur Sugar Mills Limited

Auditors' Report

To
The Members of
Dhampur Sugar Mills Limited

We have audited the attached Balance Sheet of **Dhampur Sugar Mills Limited** (the Company), as at 31st March, 2012 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto and signed by us, this day under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in para 1 above, we report that :

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;

   e) On the basis of written representation received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :

   i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March,2012;

   ii) in the case of Profit and Loss Account of the Profit for the year ended on that date; and

   iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. Vaish & Co.,**	For **Mittal Gupta & Co.,**
(S.P. Agrawal)	**(B. L. Gupta)**
Partner	*Partner*
Chartered Accountants	Chartered Accountants
Membership No. 07269	Membership No. 073794
FRN 00001C	FRN 01874C

Place : Kanpur
Dated : 15th May, 2012

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' report to the members of Dhampur Sugar Mills Limited (the Company) for the year ended 31st March,2012 :

i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management at the end of the period. In our opinion the frequency of verification is reasonable considering the size of the Company and nature of its business.

(c) The Company has not disposed off a substantial part of its fixed assets during the period and the going concern status of the Company is not affected.

ii) (a) The inventories, except stores, have been physically verified during the period by the management. In our opinion, the frequency of verification of inventory, except stores, is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.

iii) (a) The Company had granted interest free unsecured loans/advances to two companies covered in the register maintained under section 301 of the Companies Act, 1956.

- The maximum amount involved during the period is ₹ 24.32 crore.
- The year end balance due is ₹ 22.53 crore.

(b) In our opinion, the other terms and conditions on which interest free unsecured loans/advances have been granted to a company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(c) The payments of principal amount are regular, wherever stipulated.

(d) There is no overdue amount of loans/advances, more than rupee one lac, granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(e) The Company had taken interest free unsecured loans/advances from four companies covered in the register maintained under section 301 of the Companies Act, 1956.

- The maximum amount involved during the period is ₹ 3.17 crore.
- The year end balance due is ₹ 0.65 crore.

(f) In our opinion, the other terms and conditions on which loans/advances have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

(g) The payments of principal amount are regular, wherever stipulated.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding the value of rupees five lac in respect of each party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and section 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) We have broadly reviewed the cost accounting records maintained by the company pursuant to Companies (Cost Accounting Records) Rules 2011 prescribed by Central

Government under section 209 (1) (d) of Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of cost records with a view to determine whether they are accurate or complete.

ix) (a) As explained to us, the statutory dues payable by the Company comprises mainly of Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income-tax, Sales-tax (VAT), Wealth-tax, Service-tax, Custom Duty, Excise Duty, Cess, Entry tax, Purchase tax and other material statutory dues applicable to it. According to the records of the Company and information and explanations given to us, the Company has been generally regularly depositing the aforesaid undisputed statutory dues with the appropriate authorities. There are no undisputed statutory dues as referred to above as at 31st March,2012 outstanding for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there were no dues on account of Income Tax and Wealth Tax which were not deposited on account any dispute. However, the particulars of Service-tax, Sales-tax (VAT), Custom Duty, Excise Duty, Entry tax, Stamp duty and other statutory material dues, which have not been deposited on account of any dispute, are as referred to in the details of Contingent Liabilities in Note No. "35".

x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by the audit and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, there is no default in repayment of dues to any Financial Institution and Bank during the period under report, as per the terms of the respective loans.

xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society, as such the provisions of paragraph 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments, accordingly the provisions of paragraph 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions; as such the provisions of paragraph 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xvi) The term loans obtained by the Company have been applied for the purposes for which they were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment during the period.

xviii) The Company has not made any preferential allotment of shares during the period to parties covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures during the period .

xx) The Company has not raised any money during the period by public issue.

xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For **S. Vaish & Co.,**	For **Mittal Gupta & Co.,**
(S.P. Agrawal)	**(B. L. Gupta)**
Partner	*Partner*
Chartered Accountants	Chartered Accountants
Membership No. 07269	Membership No. 073794
FRN 00001C	FRN 01874C

Place : Kanpur
Dated : 15th May, 2012

Balance Sheet as at 31 March, 2012

(₹ Crores)

Particulars	Note No.	As at 31.03.2012		As at 31.03.2011	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	1	62.81		62.81	
Reserves and surplus	2	422.52	485.33	446.11	508.92
Non-current liabilities					
Long-term borrowings	3	426.23		377.40	
Deferred tax liabilities (Net)	4	1.62		0.00	
Other long-term liabilities	7	5.75		5.09	
Long-term provisions	5	16.68	450.28	16.02	398.51
Current liabilities					
Short-term borrowings	6	454.05		395.63	
Trade payables	7	433.10		446.91	
Other current liabilities	7	204.53		159.31	
Short-term provisions	8	16.55	1108.23	14.75	1016.60
Total			**2043.84**		**1924.03**
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	9	984.98		976.30	
Capital work-in-progress		34.83		17.74	
Non-current investments	10	8.99		45.46	
Deferred tax assets (net)	4	0.00		13.88	
Long-term loans and advances	11	11.12		6.98	
Other non-current assets	12	0.38	1040.30	0.44	1060.80
Current assets					
Inventories	13	710.23		666.85	
Trade receivables	14	216.27		85.22	
Cash and cash equivalents	15	13.21		22.77	
Short-term loans and advances	11	39.72		55.49	
Other current assets	12	24.11	1003.54	32.90	863.23
Total			**2043.84**		**1924.03**
Significant Accounting Policies					
Notes on Financial Statements	**1 to 36**				

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For S. Vaish & Co.,
(S.P. Agrawal)
Partner
Chartered Accountants

For Mittal Gupta & Co.,
(B. L. Gupta)
Partner
Chartered Accountants

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

Place : Kanpur
Dated : 15th May, 2012

A. K. Gupta
Director

M.P. Mehrotra
Director

Profit and Loss Statement for the year ended 31 March, 2012

(₹ Crores)

Particulars	Note No.	Year ended 31.03.2012		18 Months ended 31.03.2011	
INCOME					
Revenue from operations	16	1593.85		2409.87	
Less : Excise duty and other taxes		57.56	1536.29	72.27	2337.60
Other income	17		4.52		26.16
Total revenue			**1540.81**		**2363.76**
EXPENSES					
Cost of materials consumed	18		1032.07		2162.55
Purchases of Stock-in-Trade	16		149.93		107.03
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	19		(39.68)		(456.36)
Employee benefits expense	20		58.96		93.08
Other expenses	21		132.96		223.63
Total			**1334.24**		**2129.93**
Earnings before interest, tax, depreciation and amortization			**206.57**		**233.83**
Depreciation and amortization expense			67.66		96.17
Finance costs	22		94.87		127.24
Profit before exceptional and extraordinary items and tax			**44.04**		**10.42**
Exceptional items {Net gain/(loss)} - Differential cane price		(48.04)		0.00	
Less : transferred from general reserve		48.04	0.00	0.00	0.00
Profit before extraordinary items and tax			44.04		10.42
Extraordinary items {Net gain/(loss)}			0.00		0.00
Profit/(loss) before tax			**44.04**		**10.42**
Tax expense:					
Current tax (MAT)			0.00		(1.73)
MAT credit entitlement			0.00		1.53
Deferred tax assets/(liability) (Net)			(15.50)		(1.54)
Profit/(loss)			**28.54**		**8.68**
Earning per equity share (nominal value of share ₹ 10/- each)					
Basic (₹ per share)			5.23		1.52
Diluted (₹ per share)			5.23		1.52
Significant Accounting Policies					
Notes on Financial Statements		1 to 36			

This is the Profit & Loss Statement referred to in our report of even date

For and on behalf of the Board

For S. Vaish & Co.,
(S.P. Agrawal)
Partner
Chartered Accountants

For Mittal Gupta & Co.,
(B. L. Gupta)
Partner
Chartered Accountants

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A. K. Gupta
Director

M.P. Mehrotra
Director

Place : Kanpur
Dated : 15th May, 2012

Cash Flow Statement for the year ended 31 March, 2012

(₹ Crores)

Particulars	Year ended 31.03.2012		18 Months ended 31.03.2011	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) before tax and exceptional items		44.04		10.42
Adjustment for:				
Depreciation	67.66		96.17	
Loss on sale of fixed assets (net)	0.09		0.08	
Finance costs	94.87		127.24	
Interest and other investment income	(3.16)		(1.68)	
Molasses storage fund	0.25		0.36	
Profit on sale of investments	0.00		(0.07)	
Balances written-off	0.00		1.80	
Provision for doubtful debts	0.03		2.68	
Provision for diminution in value of investments	0.00		0.25	
		159.74		226.83
Operating profit before working capital changes		**203.78**		**237.25**
Adjustments for:				
Trade and other receivables	(130.08)		27.13	
Inventories	(39.13)		(247.83)	
Trade and other payables	(9.54)	(178.75)	70.68	(150.02)
Cash generated from operation		25.03		87.23
Taxes refund/(paid)		26.62		(22.86)
Net cash from operating activities (A)		**51.65**		**64.37**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Decrease in investment in partnership firm		0.00		0.50
Purchases of fixed assets		(59.25)		(96.45)
Loans (net)		1.67		(6.01)
Sale of fixed assets		3.01		5.25
Sale of investments		0.00		3.48
Purchases of investments		(0.03)		(21.99)
Interest and other investment income		3.01		1.91
Net cash used in investing activities (B)		**(51.59)**		**(113.31)**
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceed from conversion of equity warrants		0.00		0.36
Securities premium received		0.00		6.84
Proceeds from borrowings (net)		90.92		169.07
Dividend including dividend distribution tax		(6.72)		(9.53)
Finance costs paid		(95.31)		(132.07)
Net cash used in financing activities (C)		**(11.11)**		**34.67**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(11.05)		(14.27)
Opening Balance of Cash and Cash Equivalents		22.77		37.04
Opening Balance from Amalgamated Company		1.49		0.00
Closing Balance of Cash and Cash Equivalents		13.21		22.77

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

For S. Vaish & Co.,
(S.P. Agrawal)
Partner
Chartered Accountants

For Mittal Gupta & Co.,
(B. L. Gupta)
Partner
Chartered Accountants

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A. K. Gupta
Director

M.P. Mehrotra
Director

Place : Kanpur
Dated : 15th May, 2012

Notes on Financial Statements for the Year ended 31 March, 2012

1. Share Capital

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Authorized shares				
9,70,00,000 (8,70,00,000) equity shares of ₹ 10/- each		97.00		87.00
51,00,000 (51,00,000) preference shares of ₹ 100/- each		51.00		51.00
Issued , subscribed and paid-up shares				
Equity				
5,39,05,975 (5,39,05,975) equity shares of ₹ 10/- each fully paid-up	53.91		53.91	
3,25,496 equity shares forfeited	0.07		0.07	
Less : Calls in arrears	#	53.98	#	53.98
Preference				
4,13,940 (4,13,940) 6% Cumulative redeemable preference shares of ₹ 100/- each fully paid-up		4.14		4.14
4,69,013 (4,69,013) 1% Cumulative redeemable preference shares of ₹ 100/- each fully paid-up		4.69		4.69
Total		**62.81**		**62.81**

1.a Reconciliation of shares outstanding at the and at the end of the reporting period is set out below :

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	No.	(₹ Crores)	No.	(₹ Crores)
Authorized shares				
Equity shares				
At the beginning of the period	87000000	87.00	87000000	87.00
Added as per scheme of amalgamation of DSDPL	10000000	10.00	0	0.00
Outstanding at the end of the period	97000000	97.00	87000000	87.00
Preference shares				
At the beginning of the period	5100000	51.00	5100000	51.00
Change during the period	0	0.00	0	0.00
Outstanding at the end of the period	5100000	51.00	5100000	51.00
Issued , subscribed and paid-up shares				
Equity shares				
At the beginning of the period	53905975	53.91	52705975	52.71
Issued during the period - conversion of equity warrant	0	0	1200000	1.20
Outstanding at the end of the period	53905975	53.91	53905975	53.91
Preference shares				
At the beginning of the period	882953	8.83	882953	8.83
Change during the period	0	0.00	0	0.00
Outstanding at the end of the period	882953	8.83	882953	8.83
Equity warrants				
At the beginning of the period	0	0.00	1200000	0.84
Converted into equity during the period	0	0.00	1200000	0.84
Outstanding at the end of the period	0	0.00	0	0.00

Notes on Financial Statements for the Year ended 31 March, 2012

1.b Details of shareholders holding more than 5% shares :

Particulars	As at 31.03.2012		As at 31.03.2011	
	No.	% holding	No.	% holding
Equity shares of ₹ 10 each fully paid-up				
Goel Investments Ltd.	11255515	20.88	11255515	20.88
Sonitron Ltd.	4940716	9.17	4940716	9.17
Shudh Edible Products Ltd.	4549680	8.44	4549680	8.44
Mr. Gautam Goel	3009702	5.58	1698605	3.15
Mr. Gaurav Goel	2993095	5.55	1694050	3.14
6% Cumulative Redeemable Preference shares of ₹ 100 each fully paid-up				
IFCI Ltd.	413940	100.00	413940	100.00
1% Cumulative Redeemable Preference shares of ₹ 100 each fully paid-up				
IFCI Ltd.	469013	100.00	469013	100.00

1.c Calls unpaid of equity shares

Particulars	As at 31.03.2012		As at 31.03.2011	
	No.	Amt. (In ₹)	No.	Amt. (In ₹)
i) Calls unpaid by directors and officers	Nil	Nil	Nil	Nil
i) Calls unpaid by others	2185	10705	2185	10705

1.d Terms/right attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting

1.e Terms of redemption of Preference shares

(i) 4,69,013 - 1% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable in 12 quarterly equal installments commencing from December, 2012.

(ii) 4,13,940 - 6% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable in 12 quarterly equal installments commencing from December, 2013.

1.f The Board of directors recommended the following dividend :

Particulars	As at 31.03.2012	As at 31.03.2011
Proposed dividend per equity share of ₹ 10/- each	₹ 1.25	₹ 1.00
Proposed dividend per 1% Cumulative Redeemable Preference Share of ₹ 100/- each	₹ 1.00	₹ 1.50
Proposed dividend per 6% Cumulative Redeemable Preference Share of ₹100/- each	₹ 6.00	₹ 9.00

Notes on Financial Statements for the Year ended 31 March, 2012

2. Reserves And Surplus

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Capital reserve				
Balance as per last account	3.42		3.42	
Less : transferred to amalgamation reserve	(0.46)	2.96	0.00	3.42
Securities premium reserve				
Balance as per last account	317.67		310.83	
Add: received during the period	0.00	317.67	6.84	317.67
Reserve for construction of Molasses Storage Tank				
Balance as per last account	2.06		1.70	
Add: provided during the period	0.25	2.31	0.36	2.06
Amalgamation reserve				
Reserve credited on amalgamation of Dhampur Sugar Distillery (P) Ltd.	3.24		0.00	
Add : transferred from capital reserve on amalgamation	0.46		0.00	
Less : goodwill transferred on amalgalmation	(3.70)	0.00	0.00	0.00
General reserve				
Balance as per last account	76.35		76.35	
Add: transferred from Surplus	50.00		0.00	
Less: transferred to statement of profit & loss (exceptional items)	(48.04)	78.31	0.00	76.35
Surplus/(deficit)				
Balance as per last account	46.61		44.71	
Profit for the year	28.54		8.68	
Profit/(loss) of DSDPL upto 30-09-2010 on amalgamation	(2.99)		0.00	
Profit/(loss) of DSDPL during 01-10-2010 to 31-03-2011 on amalgamation	7.29		0.00	
Less : Appropriations				
Proposed equity dividend	6.74		5.39	
Dividend on preference shares	0.30		0.44	
Tax on dividend	1.14		0.95	
Transferred to general reserve	50.00		0.00	
Net surplus/(deficit)		21.27		46.61
Total		**422.52**		**446.11**

3. Long-term borrowings

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
Term loans				
Secured				
Rupee term loans from banks	256.25	54.46	164.14	56.35
Rupee term loans from banks under SEFASU	0.00	0.13	0.13	25.42
Foreign currency term loan from bank (ECB)	20.36	20.35	35.67	17.83
Rupee term loans from financial institutions	0.00	3.41	3.40	6.74
Zero coupon rupee term loans from banks	18.06	3.80	21.86	0.37
Rupee term loans from sugar development fund	122.18	26.59	143.33	13.15
	416.85	**108.74**	**368.53**	**119.86**
Unsecured				
Deposits - from directors & their relatives	1.65	0.40	0.36	0.00
- from public	3.25	2.91	4.41	1.92
Buyers' credit from bank	4.48	0.00	4.10	0.00
	9.38	**3.31**	**8.87**	**1.92**
Total	**426.23**	**112.05**	**377.40**	**121.78**

Notes on Financial Statements for the Year ended 31 March, 2012

3.a Nature of security

Term loans (excise) from banks of ₹ 0.13 crores under the Government sponsored subvention Scheme for extending Financial assistance to Sugar Undertakings, 2007 (SEFASU,2007) are secured by fifth residual parri passu charge on all movable and immovable assets of the company and personal guarantee of promoter directors.

Term loans from bank of ₹ 2.93 crores are secured by subservient sixth charge on all movable and immovable assets of the company.

Term loans from Sugar Development Fund are secured by exclusive second charge on all movable and immovable assets excluding current assets of the company.

All other term loans from financial institutions and banks (including ECB and Zero coupon loans) are secured by first parri passu charge on all movable and immovable assets except book debts, stock-in-trade, raw materials, spare parts and other assets and personal guarantee of promoters directors and part of above are also secured by pledge of 7562061 equity shares of Kashipur Sugar Mills Limited.

3.b Maturity profile and Rate of interest of long term borrowings are as set out below :

Particulars	ROI (%) as on 31.03.2012	1-2 years	2-3 years	3-4 years	Beyond 4 years
		(₹ Crores)			
Secured					
Term Loans from banks	14.00	6.00	-	-	-
	13.75	57.20	46.00	35.83	73.36
	13.50	1.21	1.21	-	-
	13.00	0.73	0.73	0.18	-
	12.75	0.49	0.36	-	-
	12.00	6.00	1.50	-	-
	11.00	4.00	4.00	4.00	8.00
	10.50	0.63	0.60	0.00	0.00
	10.00	1.21	0.91	-	-
	7.00	0.84	0.84	0.42	-
Sub-total		**78.31**	**56.15**	**40.43**	**81.36**
Foreign currency term loan from bank (ECB)	3.10	20.36	0.00	0.00	0.00
Zero coupon rupee term loans from banks	-	7.22	7.22	3.62	0.00
Rupee term loans from sugar development fund	4.00	34.29	32.18	29.78	25.93
Total secured		**140.18**	**95.55**	**73.83**	**107.29**
Unsecured					
Deposits	11 to 12	4.90	-	-	-
Buyers' credit from bank		4.48	-	-	-
Total unsecured		**9.38**	**0.00**	**0.00**	**0.00**
Grand-total		**149.56**	**95.55**	**73.83**	**107.29**

Notes on Financial Statements for the Year ended 31 March, 2012

4. Deferred Tax (Liability)/Asset (Net)

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Deferred Tax Asset :		
i) On account of timing difference of expenses which are		
allowable under Income Tax Laws in subsequent years	7.33	6.33
ii) On account of carried forward losses and unabsorbed		
depreciation	86.74	96.46
	94.07	102.79
Deferred Tax Liability :		
i) On account of differences in written down value of fixed assets	95.69	88.91
Net Deferred Tax (Liability) / Asset	(1.62)	13.88

5. Long-term provisions

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for employee benefits :		
Provision for gratuity	16.68	16.02
Total	16.68	16.02

6. Short-term borrowings

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured		
Cash credit from banks	330.39	256.18
Rupee term loans from banks	110.34	72.40
	440.73	328.58
Unsecured		
Deposits - from directors & their relatives	1.04	0.76
- from public	11.86	10.13
Buyers' credit from banks	0.00	55.33
Loans and advances from related parties	0.42	0.83
	13.32	67.05
Total	454.05	395.63

6.a Nature of security

All Cash credit limits from banks other than DCB are secured by pledge of stocks of sugar and hypothecation of consumable stores and spare parts, chemicals, molasses etc. by third charge over the fixed assets of the company and personal guarantee of promoter directors.

Cash credit accounts from DCB are secured by pledge of stocks of sugar.

Rupee term loans from banks are secured by personal guarantee of promoter directors.

Notes on Financial Statements for the Year ended 31 March, 2012

7. Trade payables and Other Liabilities

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
Trade payables (refer note '31' of dues to micro and small enterprises)	0.00	433.10	0.00	446.91
Other liabilities				
Current maturities of long term borrowings (refer note '3')	0.00	112.05	0.00	121.78
Interest accrued but not due on borrowings	5.75	4.64	5.09	4.22
Interest accrued and due on borrowings	0.00	2.44	0.00	1.53
Investor Education and Protection Fund will be credited by				
following amounts (as and when due) :				
Unpaid dividend	0.00	0.21	0.00	0.15
Unpaid matured deposits	0.00	0.71	0.00	0.26
Advance from customers	0.00	55.68	0.00	0.92
Others :				
Security deposits	0.00	1.90	0.00	2.39
Statutory dues payable	0.00	26.90	0.00	28.06
	5.75	204.53	5.09	159.31
Total	**5.75**	**637.63**	**5.09**	**606.22**

8. Short-term provisions

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Provision for employee benefits :				
Provision for employees		6.64		6.24
Other provisions :				
Provision for tax		1.73		1.73
Provision for dividend (including dividend distribution tax)		8.18		6.78
Total		**16.55**		**14.75**

9. Tangible assets

(₹ Crores)

Particulars	Land	Building	Plant & Equip-ments	Furniture & Fixtures	Railway sidings	Weigh-bridge	Computers	Office Equip-ments	Electrical Appliances	Vehicles	Live Stock	Farm Assest & Equipment	Total
Cost													
As on 01-04-2011	38.11	102.95	1194.05	6.51	0.00	6.19	5.63	2.08	3.40	12.16	0.01	0.43	1371.52
Additions	1.90	1.13	35.44	0.11	0.00	0.02	0.90	0.04	0.26	2.91	0.00	0.02	42.73
Disposals	0.00	0.00	7.67	0.03	0.00	0.00	0.01	0.00	0.01	0.57	0.01	0.00	8.30
Additions through amalgamation	1.02	2.15	30.38	0.01	0.00	0.00	0.02	0.00	0.01	0.00	0.00	0.00	33.59
Other adjustments :													
Exchange differences	0.00	0.00	7.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.04
Borrowing costs	0.00	0.01	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18
As at 31-03-2012	41.03	106.24	1259.41	6.60	0.00	6.21	6.54	2.12	3.66	14.50	0.00	0.45	1446.76
Depreciation													
As on 01-04-2011	0.00	19.26	351.21	4.01	0.00	4.23	4.49	1.57	2.67	7.50	0.00	0.28	395.22
Charges for the year	0.00	2.83	61.97	0.44	0.00	0.27	0.60	0.08	0.16	1.27	0.00	0.01	67.63
Disposals	0.00	0.00	4.74	0.02	0.00	0.00	0.01	0.00	0.01	0.42	0.00	0.00	5.20
Additions through amalgamation	0.00	0.17	3.93	0.01	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	4.13
As at 31-03-2012	0.00	22.26	412.37	4.44	0.00	4.50	5.09	1.65	2.83	8.35	0.00	0.29	461.78
Net Block													
As on 31-03-2011	38.11	83.69	842.84	2.50	0.00	1.96	1.14	0.51	0.73	4.66	0.01	0.15	976.30
As on 31-03-2012	41.03	83.98	847.04	2.16	0.00	1.71	1.45	0.47	0.83	6.15	0.00	0.16	984.98

Notes on Financial Statements for the Year ended 31 March, 2012

10. Non-current Investments

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Trade Investments :-				
Ramganga Sanyukta Sahkari Kheti Samiti Limited (Unquoted)				
01 (01) Equity share of ₹ 100/- each fully paid-up	#			#
In Subsidiary Companies (Unquoted) :				
Investment in Equity shares (fully paid-up unless otherwise stated)				
Dhampur Sugar Distillery Private Limited				
Nil (10000000) Equity shares of ₹ 10/- each	0.00		36.50	
(Equity shares cancelled on amalgamation)				
Dhampur International Pte Ltd.				
10000 (10000) Equity shares of S$ 1/- each	0.03	0.03	0.03	36.53
Other Investments :-				
In Other Companies :				
Investment in Equity shares (fully paid-up unless otherwise stated)				
Kashipur Sugar Mills Limited (Quoted)				
7562061 (7562061) Equity shares of ₹ 10/- each	8.19		8.19	
VLS Finance Limited (Quoted)				
263142 (263142) Equity shares of ₹ 10/- each	0.44		0.44	
South Asian Enterprises Limited (Quoted) (**)				
250000 (250000) Equity shares of ₹ 10/- each	#		#	
(At cost less provision for other than diminution in value				
₹ 0.25 crores (P.Y. ₹ 0.25 crores)				
Glenesia Industries Limited (Unquoted)				
500000 (500000) Equity shares of ₹ 10/- each	0.05	8.68	0.05	8.67
Investment in Mutual fund				
Baroda Pioneer PSU Bond Fund - Monthly Dividend Plan (Quoted)				
274830 (250000) Units of ₹ 10/- each		0.28		0.25
Total		8.99		45.46

(₹ Crores)

Disclosure of non-current investments	As at 31.03.2012		As at 31.03.2011	
Aggregate amount of quoted investments		8.91		8.88
Aggregate amount of unquoted investments		0.08		36.58
Total investments net of provision for diminution		8.99		45.46
Aggregate provision for diminution in value of investments (**)		0.25		0.25
Aggregate market value of quoted investments		4.41		7.31

11. Long and short term loans and advances

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
(Unsecured considered good unless otherwise stated)				
Capital advances	1.75	0.00	0.00	0.00
Security deposits	3.41	0.70	3.40	0.00
Loans and advances to related parties :				
Considered good	0.00	12.59	0.00	14.25
Considered doubtful	0.00	10.00	0.00	10.00
Less : Provision for doubtful	0.00	-10.00	0.00	-10.00
Other loans and advances :				
Balances with excise authorities	0.00	17.22	0.00	10.26
Income tax and wealth tax payments	0.00	2.23	0.00	28.82
MAT credit entitlement	3.08	0.00	3.08	0.00
Payments of taxes under protest/appeal	2.88	0.00	0.50	0.00
Prepaid expenses	0.00	1.32	0.00	2.16
Others	0.00	5.66	0.00	0.00
Total	11.12	39.72	6.98	55.49

12. Other non-current and current assets

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Non-current	Current	Non-current	Current
(Unsecured considered good unless otherwise stated)				
Others :				
Other Advances	0.00	21.13	0.00	28.23
Inventory - Loose tools and equipments	0.38	0.00	0.44	0.00
Claim receivable	0.00	2.12	0.00	3.96
Interest receivable	0.00	0.86	0.00	0.71
Total	0.38	24.11	0.44	32.90

13. Inventories

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
Raw materials	35.17	24.75
Goods-in-process	14.21	19.98
Standing cane and other crops	0.33	0.24
Finished goods	623.35	594.67
Traded goods	0.26	0.24
Stores, Spare parts, Gunny/P.P. bags, Chemicals etc.	36.91	26.97
Total	710.23	666.85

Notes on Financial Statements for the Year ended 31 March, 2012

14. Trade receivables

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
(Unsecured considered good unless otherwise stated)				
Outstanding for a period exceeding six months from				
the date they are due for payment :				
- Considered good	4.52		29.31	
- Considered doubtful	2.70		2.68	
- Provision for doubtful	(2.70)	4.52	(2.68)	29.31
Other receivables		211.75		55.91
Total		**216.27**		**85.22**

15. Cash and cash equivalents

(₹ Crores)

Particulars	As at 31.03.2012		As at 31.03.2011	
Cash and cash equivalents				
Balances with banks :				
On Current accounts	2.13		10.06	
On unpaid dividend account	0.21	2.34	0.15	10.21
Cheques/drafts on hand		0.00		0.07
Cash on hand		2.43		2.84
Other bank balances :				
Deposits pledged against margin money/guarantee	4.38		6.91	
Deposits with original maturity more than 3 months but upto 12 months	4.06	8.44	2.74	9.65
Total		**13.21**		**22.77**

16. Revenue from operations/Purchases of stock-in-trade/Inventories

(₹ Crores)

Particulars	Opening stock		Production /Purchases		Sales/ Revenue from operations		Closing stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Revenue from operations								
Sale of Products								
Finished goods								
Sugar (Qtls.)	2171750	550.75	3466876	0.00	3675132	1,091.49	1960134	565.13
Previous year	(520987)	(111.01)	(7762471)	0.00	(6100712)	(1,792.38)	(2171750)	(550.75)
Molasses (Qtls.)	735108	29.39	1880996	0.00	1946200	14.75	666036	31.25
Previous year	(106713)	(7.04)	(3285276)	0.00	(2645316)	(40.48)	(735108)	(29.39)
Chemicals (Qtls.)	18134	5.58	640728	0.00	532009	172.97	56695	16.55
Previous year	(5127)	(1.73)	(527929)	0.00	(444910)	(143.62)	(10312)	(3.98)
Farm produce (Qtls.)	966	0.03	26327	0.00	26800	0.93	493	0.05
Previous year	(169)	(0.02)	(63557)	0.00	(62760)	(0.44)	(966)	(0.03)
Power (M.W.)	0	-	469480		418490	132.30	0	0.00
Previous year	(0)	(0.00)	(915592)		(818093)	(268.85)	(0)	(0.00)
Others	0	10.52	0	0.00	0	4.71	0	25.48
Previous year	0	(2.52)	0	0.00	0	(39.88)	0	(10.52)
Sub-total finished goods	**2925958**	**596.27**	**6484407**	**0.00**	**6598631**	**1417.15**	**2683358**	**638.46**
Previous year	**(632996)**	**(122.32)**	**(12554825)**	**0.00**	**(10071791)**	**(2285.65)**	**(2918136)**	**(594.67)**

16. Revenue from operations/Purchases of stock-in-trade/Inventories (Contd.)

(₹ Crores)

Particulars	Opening stock		Production /Purchases		Sales/ Revenue from operations		Closing stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Traded goods								
Coaking coal (Qtls.)	0	-	911510	121.74	911510	121.75	0	-
Previous year	0	(0.00)	0	(0.00)	0	(0.00)	0	(0.00)
P. P. Bags (Nos.)	0	-	110055	5.26	110055	6.01	0	-
Previous year	0	(0.00)	0	(0.00)	0	(0.00)	0	(0.00)
Sugar (Qtls.)	0	-	56135	12.86	56135	13.36	0	-
Previous year	0	(0.00)	(444024)	(94.39)	(444024)	(96.43)	0	(0.00)
Other purchases	0	0.24	0	10.07	0	10.27	0	0.26
Previous year	0	(0.12)	0	(12.64)	0	(12.76)	0	(0.24)
Sub-total traded goods	**0**	**0.24**	**1077700**	**149.93**	**1077700**	**151.39**	**0**	**0.26**
Previous year	**0**	**(0.12)**	**(444024)**	**(107.03)**	**(444024)**	**(109.19)**	**0**	**(0.24)**
Total		596.51		149.93		1568.54		638.72
Previous year		(122.44)		(107.03)		(2394.84)		(594.91)
Stock-in-process :								
Sugar (Qtls.)	32831	7.75					30104	8.18
Previous year	(0)	(0.00)					(32831)	(7.75)
Molasses (Qtls.)	19071	0.49					15764	0.42
Previous year	(0)	(0.00)					(19071)	(0.49)
Chemicals (Qtls.)	44440	11.74					26021	5.61
Previous year	(58210)	(16.96)					(44440)	(11.74)
Standing crops		0.24						0.33
Previous year		(0.27)						(0.24)
Sub-total Stock-in-process		**20.22**						**14.54**
Previous year		**(17.23)**						**(20.22)**
Revenue from operations (Gross) (A)		616.73		149.93		1,568.54		653.26
Previous year		(139.67)		(107.03)		(2,394.84)		(615.13)

Other operating revenue

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Miscellaneous income	2.25	6.26
Scrap sale	0.95	1.14
Balances written back	0.58	0.92
Insurance claim received	0.00	3.07
Income/adjustments realting to earlier years	2.76	0.00
Other services	0.00	3.64
Sale of export licence (OGL)	18.77	0.00
Other operating revenue (B)	**25.31**	**15.03**
Revenue from operations (Gross)(A+B)	**1593.85**	**2409.87**

a. The differences of 3360 Qtls. (10996 Qtls.) in finished goods/purchased goods sugar represents reprocessing and transit/storage/accidental losses.
b. The difference of 3868 Qtls. (11565 Qtls.) in finished goods molasses represents loss/shortage on account of overflow and storage losses.
c. The difference of 70158 Qtls. (77834 Qtls.) in finished goods chemicals represents captive consumption and storage losses.
d. Sales of molasses includes 1781291 Qtls. (1778524 Qtls.) inter-unit transfer at Nil value.
e. Sales of farm produce includes Nil Qtl. (51638 Qtls.) inter-unit transfer at Nil value.
f. Sales of power includes 112894 M.W.. (200462 M.W.) inter-unit transfer at Nil value.
g. The stock figures of Dhampur Sugar Distillery Pvt Ltd. (DSDPL) as on 01-04-2011 has been merged with the opening stock of the Company on account of amalgamation.

Notes on Financial Statements for the Year ended 31 March, 2012

17. Other income

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Rent	1.20	1.98
Profit on sale of assets	0.16	0.18
Interest income	3.13	1.68
Profit on sale of investments	0.00	0.07
Freign exchange differences (net)	0.00	22.25
Dividend income	0.03	0.00
Total	**4.52**	**26.16**

18. Cost of materials consumed

(₹ Crores)

	Year ended 31.03.2012		18 months ended 31.03.2011	
	Qty.(Qtls.)	(₹)	Qty.(Qtls.)	(₹)
Sugar cane consumed				
Sugar cane purchases	37675095	891.43	65357467	1474.87
Expenses on purchase of sugar cane		28.39		55.22
Cane commission		16.38		26.22
Purchase tax		7.54		13.07
	37675095	943.74	65357467	1569.38
Add : Opening stock of cane	49188	1.01	0	0.00
Less : Closing stock of cane	-30658	-0.74	-49188	-1.01
Less : Driage	-150124	0.00	-100104	0.00
Sub-total	**37543501**	**944.01**	**65208174**	**1568.37**
Raw sugar consumed	0	0.00	1783870	420.03
Molasses consumed	105723	6.42	63488	9.59
Bagasse / coal / rice husk & other fuel consumed		38.52		133.10
Others		43.12		31.46
Total		1032.07		2162.55

19. (Increase)/Decrease in inventories

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Inventories at the end of the year		
Finished goods	638.46	594.67
Stock-in-process	14.54	20.22
Traded goods	0.26	0.24
	653.26	615.13
Inventories at the beginning of the year		
Finished goods	596.27	122.32
Stock-in-process	20.22	17.23
Traded goods	0.24	0.12
	616.73	139.67
Net excise duty on account of (Increase)/decrease in inventories	-3.15	19.10
(Increase)/Decrease in inventories	(39.68)	(456.36)

Notes on Financial Statements for the Year ended 31 March, 2012

20. Employees benefits expense

(₹ Crores)

Particulars	Year ended 31.03.2012	18 months ended 31.03.2011
Salaries , wages and bonus (including contract labour)	46.75	74.78
Contribution to provident and other funds	4.66	7.69
Workmen and staff welfare expenses	1.72	4.98
Gratuity	2.67	5.23
Voluantary retirement compensation	3.16	0.40
Total	**58.96**	**93.08**

21. Other expense

(₹ Crores)

Particulars	Year ended 31.03.2012		18 months ended 31.03.2011	
Consumption of stores, spares and other manufacturing expense		21.84		37.90
Packing material expense		14.74		31.99
Expenditure on crops		0.43		0.61
Power and fuel		4.21		4.14
Repairs and maintenance :				
Plant and machinery	27.62		35.61	
Buildings	2.21		3.56	
Others	1.30	31.13	1.72	40.89
Rent		4.80		8.70
Rates and taxes		1.16		1.42
Trade tax/entry tax/excise duty		0.25		8.75
Charity and donation		0.17		0.30
Insurance		2.72		5.77
Molasses fund		0.25		0.36
Selling expenses :				
Commission to selling agents	6.89		10.74	
Other selling expense	5.97	12.86	14.25	24.99
Payment to auditors :				
Audit fee	0.14		0.15	
Tax audit fee	0.05		0.08	
Management and other services	0.04		0.08	
Reimbursement of expenses	0.01	0.24	0.01	0.32
Miscellaneous expenses		20.61		34.51
Cane development expense		16.73		17.86
Expenses relating to earlier year		0.28		0.03
Foreign exchange difference		0.19		0.00
Balances written-off	0.00		3.90	
Less : Provision already made	0.00	0.00	-2.10	1.80
Provision for diminution in value of investments		0.00		0.25
Provision for doubtful debts		0.03		2.68
Directors sitting fee		0.07		0.10
Loss on sale of fixed/discarded assets		0.25		0.26
Total		**132.96**		**223.63**

Notes on Financial Statements for the Year ended 31 March, 2012

22. Finance costs

(₹ Crores)

Particulars		Year ended 31.03.2012		18 months ended 31.03.2011
Interest		91.34		124.31
Documentaion and other bank charges		3.04		4.81
Foreign exchange difference		2.92		0.00
		97.30		129.12
Less : Interest capitalized during the period		-2.43		-1.88
Total		94.87		127.24

23. Exceptional items represents Differential cane price for the season 2006-07 and 2007-08 aggregating ₹ 48.04 crores provided for pursuant to the order of Hon'ble Supreme Court dated 17th January, 2012 and an equivalent amount has been withdrawn from General Reserve.

24. The accounts have been prepared without accounting for any incentive entitlements under U.P. Sugar Incentive Promotion Policy, 2004 as the scheme has been subsequently withdrawn by the State Government. The Company has filed writ petition before Hon'ble Allahabad High Court (Lucknow Bench) for enforcement of the scheme and settlement of incentive claims. As per the erstwhile incentive policy, the company is eligible for capital subsidy of ₹ 89.89 crores i.e. @10% of the investments made (already vetted ₹ 50.80 crores) and for reimbursement of taxes and other charges aggregating to ₹ 44.72 crores upto 31st March, 2012 (including ₹ 7.78 crores for the current year).

25. In th opinion of the Board, current assets and loans and advances have realisable value in the ordinary course of business at least equal to the value at which they are stated in the balance sheet.

26. Dhampur Sugar Distillery pvt Ltd., (DSDPL) , a wholly owned subsidiary of the company has been merged w.e.f. 1st October,2010 vide order dated 10th January, 2012 of Hon;ble High Court Judicature at Allahabad. The required disclosures are as under :

a)	Name of the company	Dhampur Sugar Distillery Pvt. Ltd.
b)	Nature of business of amalgamating company	Manufacturing of chemicals
c)	Effective date of amalgamation	1st October, 2010
d)	Description and no. of shares issued as consideration	NIL
e)	Percentage of equity shares exchanged to effect the amalgamation	NIL
f)	Net deficit (being excess of identifiable liabilities over assets) (₹ crores)	3.45
g)	Adjusted from capital reserve as per amalgamation scheme (₹ crores)	0.46
h)	Difference adjusted from the "Surplus" as per Balance Sheet (₹ crores)	2.99

27. Employees Benefits :

The required disclosures of employees benefits as per Accounting Standard -15 are given hereunder :-

(i) In respect of Short Term Employee Benefits :

The Company has at present only the scheme of cumulative benefit of leave encashment payable at the end of each calender year and the same have been provided for on accrual basis.

(ii) In respect of Defined Benefit Scheme (Based on Actuarial Valuation) of Gratuity :

Notes on Financial Statements for the Year ended 31 March, 2012

(₹ Crores)

A) Change in Obligation over the year ended 31.03.2012	2011-2012	2009-2011
Present Value of defined obligation as on 01-04-2011	16.02	12.32
Current Service Cost	0.97	1.86
Interest Cost	1.34	1.70
Actuarial Gains/losses	(0.69)	0.65
Benefits Paid	(0.96)	(0.51)
Present Value of defined obligation as on 31-03-2012	16.68	16.02

(₹ Crores)

B) Expenses recognised during the year ended 31.03.2012	2011-2012	2009-2011
Current Service Cost	0.97	1.86
Interest Cost	1.34	1.70
Actuarial Gains/losses	(0.69)	0.65
Current Service Cost & Actuarial losses in respect of seprated employees	1.05	1.02
Total	2.67	5.23

C) Principal Actuarial Assumptions :		2011-2012	2009-2011
Mortality Table (LIC)	--	1994-96 (Duly modified)	
Discount Rate (per Annum)	--	8.50%	(8.50%)
Rate of Escalation in Salary (per Annum)	--	6.00%	(6.00%)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors

(iii) Defined Contribution Plan :

Provision for contribution to defined contribution plan, recognised as expense during the period are as under :

(₹ Crores)

Particulars	2011-2012	2009-2011
Employer's Contribution to Provident Fund :	2.40	4.17
Employer's Contribution to Pension Fund :	2.26	3.52

Notes on Financial Statements for the Year ended 31 March, 2012

28. Segment Reporting :

(₹ Crores)

Particulars	Sugar	Chemicals	Co-gen	Others	Total
1. Segment Revenue (including Excise Duty)					
a) External Sales	1,275.51	174.54	132.30	11.50	1,593.85
Previous Year	(1,930.22)	(144.48)	(321.96)	(13.21)	(2,409.87)
b) Inter Segment Sales	207.46	-	201.58	-	409.04
Previous Year	(386.16)	-	(343.11)	(1.13)	(730.40)
c) Total Revenue	**1,482.97**	**174.54**	**333.88**	**11.50**	**2002.89**
Previous Year	**(2,316.38)**	**(144.48)**	**(665.07)**	**(14.34)**	**(3,140.27)**
2. Segment Results					
(Profit(+)/Loss(-) before Tax and Interest from each segment)	36.63	26.50	90.80	0.77	154.70
Previous Year	(-11.81)	(-8.66)	179.72	0.83	(160.08)
Less : Finance costs					94.87
Previous Year					(125.56)
Less/ Add :Other Unallocable Expense/Income					
net off Unallocable Income/Expenses					15.79
Previous Year					(24.10)
Net Profit(+)/loss(-) before Tax					**44.04**
Previous Year					**(10.42)**
Less : Tax expense (Net)					15.50
Previous Year					(1.74)
Net Profit(+)/Loss(-) after Tax					**28.54**
Previous Year					**(8.68)**
3. Other Information					
a) Segment Assets	1,236.81	213.45	550.03	0.95	2,001.24
Previous Year	(1,197.01)	(130.90)	(488.56)	(0.92)	(1,817.39)
Unallocable Corporate Assets					42.60
Previous Year					(106.64)
Total Assets					**2,043.84**
Previous Year					**(1,924.03)**
b) Segment Liabilities	522.46	15.92	2.47	0.06	540.91
Previous Year	(509.26)	(7.49)	(2.55)	(0.02)	(519.32)
Unallocable Corporate Liabilities					1,016.03
Previous Year					(895.79)
Total Liabilities					**1,556.94**
Previous Year					**(1,415.11)**
c) Capital Expenditure	40.11	13.33	13.52	0.02	66.98
Previous Year	(45.39)	(8.26)	(44.97)	(0.02)	(98.64)
d) Depreciation	34.02	5.02	28.61	0.01	67.66
Previous Year	(49.47)	(6.74)	(39.93)	(0.03)	(96.17)
e) Non Cash Expenditure other than Depreciation	0.28	-	-	-	0.28
Previous Year	(4.43)	(0.56)	-	-	(4.99)

Notes on Financial Statements for the Year ended 31 March, 2012

29. Earnings per share (EPS) :

(₹ Crores)

Particulars	Year ended 31.03.2012		18 months ended 31.03.2011	
i) Net Profit/ Loss(-) after Extra Ordinary Items & Provision for Taxes				
[Including Dividend on Preference Shares for the period				
Amounting to ₹ 0.35 crore (₹ 0.52 crore)]	₹ crores	28.19	₹ crores	8.16
(Used as numerator for calculating EPS)				
ii) Weighted average No.of Equity Shares outstanding during the period:				
(Used as denominator for calculating EPS)				
- for Basic EPS	No.	53905975	No.	53780929
- for Diluted EPS	No.	53905975	No.	53780929
iii) Earning per Share after Extra Ordinary Items				
- Basic	₹	5.23	₹	1.52
- Diluted	₹	5.23	₹	1.52
(Equity Share of Face value of ₹ 10 each)				

30. Related Party Disclosures:

A. List of Related Parties with whom transactions have taken place and relationships:

i) Enterprises where control exists:

Subsidiary -

Dhampur International Pte Limited

Associates -

Kashipur Sugar Mills Limited

ii) Enterprises where there is significant influence

1 Goel investments Limited
2 Ujjwal Rural Services Ltd.
3 Saraswati Properties Limited
4 Shudh Edible Products Limited
5 Sonitron Limited

iii) Key Management Personnel and their relatives

1 Mr.Vijay Kumar Goel, Executive Director
Mrs Deepa Goel (Wife)
2 Mr. Ashok Kumar Goel, Vice Chairman
Mrs Vinita Goel (Wife)
3 Mr. Gaurav Goel, Managing Director
Mrs Priyanjali Goel (Wife)
4 Mr. Gautam Goel, Managing Director
Mrs Bindu Vashist Goel (Wife)
5 Mr. J.P. Sharma, Director
Mr. Mukul Sharma (Son)
6 Mr. Priya Brat, Director
Mrs Shakuntala Brat (Wife), Ms. Anu Mahendru (Daughter)
7 V. K. Goel, H.U.F
8 Gaurav Goel, H.U.F
9 Gautam Goel, H.U.F

Notes on Financial Statements for the Year ended 31 March, 2012

B. Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31 March, 2012

(₹ Crores)

Particulars	Enterprises where control exists				Enterprises where there in significant influence		'Key Management personnel and their Relatives	
	Associate/Subsidiary		Other					
	2011-2012	2009-2011	2011-2012	2009-2011	2011-2012	2009-2011	2011-2012	2009-2011
Transactions during year ended 31.03.2012								
1 Loans/advances given (Net)	1.12	4.96	0.00	0.00	7.87	6.90	0.00	0.00
2 Net Reciepts towards Loan /Advances given	2.87	0.00	0.00	0.00	7.87	6.90	0.00	0.00
3 Receipts towards amount invested in Firm	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.00
4 Loans taken	0.00	0.00	0.00	0.00	10.16	27.80	0.00	0.00
5 Loans repaid	0.00	0.00	0.00	0.00	9.88	31.56	0.00	0.00
6 Sale of Goods/Fixed Assets	0.04	100.28	0.00	0.00	0.00	0.00	0.00	0.00
7 Purchase of Goods/Fixed Assets	0.00	3.82	0.00	0.00	0.00	0.00	0.00	0.00
8 Subscription/Purchase of Equity Shares	0.00	21.74	0.00	0.00	0.00	0.00	0.00	7.20
9 Rent paid	0.00	0.00	0.00	0.00	3.60	6.84	0.00	0.00
10 Rent received	0.00	0.00	0.00	0.00	0.00	0.36	0.00	0.00
11 Remuneration paid	0.00	0.00	0.00	0.00	0.00	0.00	2.00	4.75
12 Interest expense	0.00	0.00	0.00	0.00	0.00	0.11	0.35	0.20
13 Loss on investments /investment w/off	0.00	0.00	0.00	0.15	0.00	0.00	0.00	0.00
14 Receipts towards reimbursement of expenses	0.00	0.24	0.00	0.00	0.00	0.00	0.00	0.00
15 Club Fee / L.T.A./ Medical reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Amount due to/from Related Parties:								
1 Unsecured Loans/Deposits	0.00	0.00	0.00	0.00	0.00	0.00	3.09	1.12
2 Current Liabilities	0.00	0.00	0.00	0.00	0.65	0.39	0.01	0.47
3 Investments Net of Provision	8.22	44.72	0.00	0.00	0.00	0.00	0.00	0.00
4 Loans/Advances & Receivables Net of Provision	12.59	23.71	0.00	0.00	0.00	0.12	0.00	0.00

31. Disclosures as required by the Amendment to Clause 32 of the Listing Agreement : Loans and Advances given to Subsidiary and others :

Name of Company	Type	Balance as a 31.03.2012	Maximum balance during the period	Investment in the share of the company
			(₹ crores)	No of Shares
Dhampur International Pte Ltd.	Subsidiary	0.06	0.06	10000 Equity Shares
Kashipur Sugar Mills Limited (*,**, ^ ^)	Associate	12.53	14.25	7562061 Equity Shares

*Have no repayment schedule
**No interest is charged.
^ ^ Balance and maximum balance net of provision ₹ 10 crores.

32. Following are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:

(a) Sundry creditors include a sum aggregating ₹ 1.95 crores (₹ 2.57 crores) due to micro and small enterprises is on account of principal only.

(b) The amount of interest paid by the company in terms of Section 16, alongwith the amount of payments made to the micro and small enterprise beyond the appointed date during the period - ₹ Nil.

(c) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the period but without adding the interest specified under this Act. - ₹ Nil.

(d) The amount of interest accrued and remaining unpaid - ₹ Nil.

(e) The amount of further interest remaining due and payable even in succeeding years - ₹ Nil.

The above mentioned outstandings are in normal course of business and the information regarding micro and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

33. Derivative instruments

i) The company has entered into following Forward Contract :

a) The Company used foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Outstanding forward exchange contracts entered into by the company :

As at	No. of Contracts	US Dollar Equivalent (Million)	INR Equivalent (₹crores)
31.03.2012	2	2.80	14.24
31.03.2011	1	2.25	10.03

(Forward exchange contract outstanding as on 31st March, 2012 include forward sale of US Dollar against export receipts)

ii) The period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	As at 31.03.2012		As at 31.03.2011	
	Us Dollar Equivalent (Million)	INR Equivalent (₹ crores)	Us Dollar Equivalent (Million)	INR Equivalent (₹ crores)
a) Amounts payable in foreign currency on account of the following :				
Stock-in-trade/Raw materials	10.00	50.88	12.30	54.83
Capital Imports	0.88	4.49	0.92	4.11
Advance from customers	9.99	50.83	0.00	0.00
Loans Payable	8.00	40.70	12.00	53.50
b) Amounts receivable in foreign currency on account of the following :				
Export receivable	10.97	55.83	0.00	0.00

Notes on Financial Statements for the Year ended 31 March, 2012

34. Additional informations

(₹ Crores)

Particulars	Year ended 31.03.2012		18 months ended 31.03.2011	
A Imports calculated on CIF basis in respect of:				
1. Stores and spare parts		0.15		0.14
2. Stock-in tade/Raw material		127.00		297.11
3. Capital goods		0.00		4.09
B Expenditure in foreign currency during the period				
1. For foreign travel		0.75		1.75
2. Interest		2.05		8.19
3. Others		2.40		0.12
	Year ended 31.03.2012		18 months ended 31.03.2011	
	Amount	% age	Amount	% age
C Consumption of:				
1. Stores, spare parts etc.				
i) Value of imported goods	0.14	0.26	0.00	0.00
ii) Value of indigenous stores and spare parts	52.64	99.74	83.79	100.00
	52.77	100.00	83.79	100.00
2. Raw materials				
i) Value of imported goods	62.90	6.09	547.48	25.32
ii) Value of indigenous goods	969.17	93.91	1615.07	74.68
	1032.07	100.00	2162.55	100.00
D. Earnings in Foreign Exchanges				
i) Export of Goods	145.53		187.03	
ii) Others	0.00		0.00	

35. Previous year figures in bracket have been regrouped wherever considered necessary.

Notes on Financial Statements for the Year ended 31 March, 2012

36. Contingent liabilities and commitments

(₹ Crores)

Particulars	As at 31.03.2012	As at 31.03.2011
I Contingent Liabilities		
Claims/disputed liabilities not acknowledged as debt :		
A) In respect of some pending cases of employees under labour laws	Amount not ascertainable	Amount not ascertainable

B. Details of disputed liabilities/demand

Sl. No.	Particular	Period to which amount relates	Forum where pending	31.03.2012 ₹ crores	31.03.2011 ₹ crores
1	Additional U.P.Trade Tax and Central	1997-98 to 2004-05	High Court	2.53	2.53
	Sales Tax Liability against which ₹		Joint Commissioner Appeal	0.26	0.26
	Nil (₹ Nil crore) have been deposited	1996-97, 1999-2000, 2000-01	Trade Tax Tribunal	0.01	0.01
	Sub-total			2.80	2.80
2	Entry Tax	2001-02, 2003-04, 2004-05	High Court	0.55	0.38
	Sub-total			0.55	0.38
3	Cenvat Credit on Inputs, Capital				
	items and Services against which	1994-95, 1995-96, 2001-02 to 2008-09	Commissioner (A) & CESTAT	34.26	33.29
	₹ 0.81 crore have been deposited	1995-96, 1996-97, 1998-99 to 2003-04	High Court	0.30	0.30
	Sub-total			34.56	33.59
4	Excise duty on Molasses, Scrap and Pressmud	1997-98,2000-01to 2002-03, 2007-08	Commissioner (A) & CESTAT	0.04	0.70
	Sub-total			0.04	0.70
5	Purchase Tax Penalty	1998-1999	High Court	0.36	0.36
	Sub-total			0.36	0.36
6	Stamp duty demand under Uttar	1992.1993	Registrar of Stamp Duty	0.25	0.25
	Pradesh Stamp Act against which	2003-2004	Registrar of Stamp Duty	0.26	0.26
	₹0.13 crore have been deposited	2005-2006	High Court	3.50	3.50
	Sub-total			4.01	4.01
	Grand Total			**42.32**	**41.84**

II Commitments

A Uncalled liability on investments in partly paid-up shares - Nil (Prev. year Nil)

B Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2.90 crores (₹ 0.76 crore).

As per our report of even date

For **S. Vaish & Co.**

(S.P. Agrawal)
Partner
Chartered Accountants

For **Mittal Gupta & Co.**

(B. L. Gupta)
Partner
Chartered Accountants

For **and on behalf of the Board of Directors**

Arhant Jain
Executive President (Finance) & Secretary

V.K. Goel
Chairman

A.K. Goel
Vice Chairman

Gaurav Goel
Managing Director

Gautam Goel
Managing Director

A.K. Gupta
Director

M.P. Mehrotra
Director

Place : Kanpur
Dated : 15th May, 2012

Corporate information

Board of Directors

Mr. V. K. Goel, Chairman

Mr. A. K. Goel, Vice Chairman

Mr. Gaurav Goel, Managing Director

Mr. Gautam Goel, Managing Director

Mr. A. K. Gupta

Mr. M. P. Mehrotra

Mr. Harish Saluja

Mr. Rahul Bedi

Mr. J. P. Sharma

Mr. Priya Brat

Mr. B. B. Tandon

Mr. R. K. Chaujar, Nominee – Punjab National Bank

Mr. S. P. Arora, Nominee – IFCI Limited

Ms. Romi Chakravorty, Nominee – IDBI Bank Limited

Executive President (Finance) and Secretary

Mr. Arhant Jain

Auditors

S. Vaish & Company
Chartered Accountants, Kanpur

Mittal Gupta & Company
Chartered Accountants, Kanpur

Bankers

Punjab National Bank
Bank of Baroda
Central Bank of India
State Bank of India
Axis Bank
State Bank of Travancore
Jammu & Kashmir Bank
ICICI Bank Limited
IDBI Bank Limited
IFCI Limited
Prathma Bank
UP Co-operative & District Co-operative Banks

Registrar and Share Transfer Agent

M/s Alankit Assignments Limited
'Alankit House'
2E/21 Jhandewalan Extension
New Delhi – 110055

Registered office

Dhampur Sugar Mills Limited
Dhampur (N.R.)
District Bijnor – 246761 (UP)

Corporate office

241, Okhla Industrial Estate
Phase–III, New Delhi – 110020

Works

Dhampur, District Bijnor (UP)
Asmoli, District Bheemnagar (UP)
Mansurpur, District Muzaffarnagar (UP)
Rajpura, District Bheemnagar (UP)

A TRISYS PRODUCT
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