DWARIKESH SUGAR INDUSTRIES LIMITED

Annual Report 2011-12

Content

Mission Statement

" In our endeavour to be the torch-bearers of the Indian sugar industry, we are specially committed to our farmers, workforce and shareholders. It is our endeavour to provide our farmers the agreed price in time and to provide a transparent system of sugar cane procurement. We also seek to provide a congenial atmosphere and work place for the employees of the company, who are our lifeline. Adherence to the best corporate governance practices and a deep-rooted commitment to excellence is our resolve. All these culminate in our permanent effort to enhance shareholder value and wealth through growth of the company."

CORPORATE INFORMATION

DIRECTORS

G. R. Morarka	Chairman & Mananging Director
B. J. Maheshwari	Whole Time Director & Company Secretary cum Chief Compliance Officer
Vijay S. Banka	Whole Time Director & Chief Financial Officer
S. S. Vaidya	Independent Director (Ceased w.e.f 09.08.2012)
L. N. Heda	Independent Director (Ceased w.e.f 21.11.2011)
K. L. Garg	IDBI Nominee Director
Balkumar Agarwal	Independent Director
Harshvardhan Neotia	Independent Director (Ceased w.e.f 14.05.2012)
K. N. Prithviraj	Independent Director

REGISTERED OFFICE & UNIT I

Unit I: Dwarikesh Nagar - 246 762.
District: Bijnor,
Uttar Pradesh.

CORPORATE OFFICE

511, Maker Chambers – V,
221, Nariman Point,
Mumbai - 400 021.

OTHER UNITS

Unit II: Dwarikesh Puram - 246 722.
Tehsil Dhampur, District Bijnor,
Uttar Pradesh.

Unit III: Dwarikesh Dham - 243 503.
Tehsil Faridpur, District Bareilly,
Uttar Pradesh.

VICE PRESIDENT (WORKS) – DN UNIT
M. N. Agarwal

VICE PRESIDENT – COMMERCIAL
K. P. Gadia

CHIEF GENERAL MANAGER (WORKS) – DD UNIT
R. K. Gupta

SOLICITORS
Kanga & Co.

BANKERS

Punjab National Bank
IDBI Bank
Sarva UP Gramin Bank Limited
Zila Sahkari Bank

AUDITORS

S. S. Kothari Mehta & Co.
Chartered Accountants

BOARD OF DIRECTORS

Meet the Directors:

G. R. Morarka - Chairman & Managing Director

Shri G. R. Morarka is a visionary and a dynamic entrepreneur with more than two decades of experience, he started his career by overseeing the family-run Pampasar Distillery Limited (PDL), which he subsequently divested in favour of Shaw Wallace. This son of late parliamentarian Mr. Radheshyam Morarka, launched his own business by setting up a sugar plant at Dwarikesh Nagar, Uttar Pradesh in a record period of 14 months. With his far–sighted vision and strategic thought, he then expanded his business by setting up the Dwarikesh Puram and Dwarikesh Dham sugar plants and co-generation plant.

A Commerce graduate and ICWA Inter, Mr. G. R. Morarka is the recipient of Indira Gandhi Priyadarshini Award for Management. He has also been honoured with "Bhamasha Award" for the year 2006 and again in the year 2011 by Rajasthan State Government for social service in the field of education. He has also been awarded "Indira Gandhi Sadbhavna Award" in the year 2011. He has recently been awarded "Swami Krishnanand Saraswati Purashkar".

K. L. Garg - Independent Nominee Director

Shri Garg is a science graduate and having degree in Law and he has also done his CAIIB and PG Diploma in Disaster Preparedness and Rehabilitation. He has 32 years of experience of working in various departments of IDBI including Corporate Finance, Administration, Recovery and Rehabilitation.

Balkumar Agarwal - Independent Director

A former representative of the Government of Maharashtra on the BSE Board, Mr. Balkumar Agarwal is an IAS officer who retired as Additional Chief Secretary, Govt. of Maharashtra. This Commerce and Law graduate was also on the Boards of Industrial Investment Bank of India, SIDBI and SICOM, besides being Managing Director of the Maharashtra State Financial Corporation.

K. N. Prithviraj - Independent Director

As Independent Director on various Boards, he contributed significantly to the growth of many entities, such as Surana Ind. Ltd; Falcon Tyres Ltd; Brickwork Ratings India Pvt. Ltd. Mr. K. N. Prithviraj was also a Research Fellow of Department of Economies, University of Madras. Masters in Economics, he has also done his CAIIB (I) and is associated with organizations of repute like Axis Bank Ltd., PNB Investment Services Ltd., Falcon Tyres Ltd. to name a few.

B. J. Maheshwari – Whole Time Director & Company Secretary cum Chief Compliance Officer

A qualified Chartered Accountant and Company Secretary, he has been inducted on the Board in May, 2009 and been appointed as "Whole Time Director & Company Secretary (CS) & Chief Compliance Officer (CCO), associated with the Company since 1994, Shri B. J. Maheshwari has more than 28 years of relevant experience spanning Legal, Taxation, Secretarial and Administrative matters.

Vijay S. Banka – Whole Time Director & Chief Financial Officer

A qualified Chartered Accountant, he has been inducted on the Board in May, 2009 and been appointed as "Whole Time Director & Chief Financial Officer", associated with the Company since the past four years, Mr. Vijay S. Banka has nearly two decades of rich experience in handling Finance and Strategy.

LETTER FROM THE CMD

DEAR FELLOW STAKE HOLDERS

It is my pleasure to present to you the 19th Annual Report of your company.

As you know, managing growth and price stability are the major challenges of macroeconomic policymaking. In 2011-12, India found itself in the heart of these conflicting demands. Meanwhile, the Indian economic growth rate is recently further downgraded to 6.2 per cent from the earlier estimate of 6.5 per cent after having grown at the rate of 8.4% in each of the two preceding years. This indicates a slowdown which can be attributed almost to weakening industrial growth. Inflation as measured by the WPI remained high during most of the current fiscal year, though by the year end there was a clear slowdown. Food inflation, in particular, has come down to around zero, with most of the remaining WPI inflation being driven by non-food items. Monetary policy was tightened by the RBI during the year to control inflation. The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September 2011 owing to turmoil in euro zone. However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising and a gradual upswing is imminent.

GLUT IN SUGAR MARKET

Sugar production in the country has been estimated at 26.2 million tons in the season 2011-12 as against 24.4 million tons in the previous season. Higher sugarcane price resulted in lower diversion to unorganized sectors like Gur and Khandsari and also led to an increase in the cane area, cane production vis-a-vis sugar production. Besides, carryover stocks of about 5.5 million tons of sugar from the previous season created a glut in the domestic sugar market. Meanwhile, domestic consumption remained at about 22 million tons. Similar situation prevailed in the world sugar market due to which India could hardly export about 3.4 million tons of sugar. In the given scenario, domestic sugar prices continued to remain depressed largely on account of the excessive releases in the domestic market whereas the cane price was record high. This resulted into heavy losses even to the best performing units. Obligation to supply 10% levy sugar further aggravated the problem.

SUGAR KNOWS NO GEOGRAPHICAL BARRIERS

Mills in UP pay SAP for sugarcane which is significantly higher than the FRP paid by sugar mills in Southern/Western States. On account of agro-climatic conditions, the average recovery in Maharashtra is around 11-12% and above whereas the same is around 9.25% in UP. Taking into consideration the recovery difference, the cane cost per qtl. of sugar in the SAP States of Uttar Pradesh, Uttarakhand, Bihar, Haryana and Punjab works out to be higher by Rs. 700 to Rs. 800 per qtl. as compared to the non-SAP States. Clearly, the cost of sugar produced in Southern States is lower than the sugar produced in North.

Beside that state of U.P. has an excess capacity which cannibalized on account of the incentive policy announced by the then Government in 2006. The policy was subsequently scrapped by the incumbent Government. Excess capacity has not only reduced the number of crushing days, but has resulted in mills competing with one another for their raw material requirement. As compared, the average crushing days for mills in Western and Southern states are 175 to 200 days as against 100 to 150 days in UP. In other words, the mills in Maharashtra and Southern India have much better asset turnover ratio and the capital employed is more optimally utilised.

The transportation cost from South and Maharashtra to Northern Market is hardly about Rs. 200/- per qtl. Therefore, clearly there is a Rs. 500/- per qtl. marketing advantage for Southern mills vis-a-vis their Northern counterparts. Since there are no geographical barriers, low cost sugar produced there, makes inroads into the Northern markets, causing a dent in the margins of the mills in North, who are already victims of a much higher cane cost. Beside that Southern/ Western mills have locational advantage being near to the ports, which increases their export and import competitiveness.

CHALLENGES AHEAD

The SAP for sugarcane was increased by a whopping 17% to Rs. 240 per quintal for the general variety from Rs. 205 per quintal in the season 2010-11. Higher cane price has encouraged the farmers to plant more sugarcane and divert more sugarcane to the sugar factories as compared to the unorganized sector like Gur and Khandsari. This has led to an increase in sugar production in U.P. to 6.9 million tons in the season 2011-12 as against 5.9 million tons in the previous season. It is estimated that production of sugar in U.P. in the crushing season 2012-13 would be around 8.0 million tons. Excessive sugar production amidst excessive releases has softened the sugar prices. While cane price is increasing, sugar price is not following the trend due to dual control on the raw material as well as the finished product. Thus viability of the sugar sector has been affected.

However, mills face a yet another big challenge. Rejected and low recovery variety of sugarcane is still thriving in the command area of many mills. That's why yield and average recovery is still lower. It will require gigantic effort on the part of sugar mills to eradicate such variety. Some help from the Government is also required. New varieties with better yield and recovery should be encouraged for plantation.

DWARIKESH SUGAR INDUSTRIES: 2011-12

The overall negative environment prevailing in the industry impacted the working of your Company as well. The levy sugar obligation, higher sugarcane cost, lower sugar sales realisation together pulled the performance down. Throughout the year price of free sale sugar hovered in the range of Rs. 2,700 to Rs. 3,000 per quintal. However, domestic sugar prices started reviving from July, 2012 and are currently hovering around Rs. 3200-3300 per quintal. Considering 10% sugar offered for levy sale at a price of Rs. 1,950 per quintal average realisation on sale of total quantity is lesser by Rs. 100 per quintal.

DWARIKESH – HIGHLIGHTS: 2011-12

On the operational side, I am happy to inform you that DN plant maintained its highest standards of manufacturing efficiencies and clocked the best recovery in the State. Another notable achievement of your company for the season was that the process losses recorded at DN and DP unit are among the lowest in the sugar industry in Uttar Pradesh. In totality, crushing and production was in line with the expectation and was quite comparable at all the three units.

Recovery at DD plant is significantly better than the recovery recorded last year. Massive cane development efforts have been embarked upon in the Command Area of DD unit and it is expected that in a couple of years crushing and recovery at DD plant would improve by leaps and bounds.

I am pleased to inform you that your company excelled in cogeneration of power. We exported cogenerated power worth Rs. 7315 lakh to the state grid in the season 2011-12 against Rs. 5569 lakh in the previous season. However, multiple barriers on sale of molasses adversely impacted the top-line and cash-flows of sugar companies including your company as well.

FINANCIAL SCORE CARD

Particulars	2011-12 (Rs. Lacs)	%	2010-11 (Rs. Lacs)	%
Net Sales	68,887	100.00	58,404	100.00
EBIDTA	9,611	13.95	7,488	12.82
EBDTA	1,725	2.50	1,510	2.59
EBT	(1,564)	(2.27)	(1,762)	(3.02)

Depressed sugar market conditions impacted the prices which continued to be on the lower side for most part of the year. The prices revived only during the last quarter of the year. EBIDTA margin though is better than last year. The drag on the profitability was caused by lower realisations on sale of sugar for most part of the year, higher SAP announced by the State Government, additional sugarcane price liability pertaining to the crushing season 2007-08 and higher interest cost. In spite of best efforts to rationalise the interest cost, the same has shot up to Rs. 79 crores from Rs. 60 crores in the previous year. A heartening feature of the year was increased revenue from sale of power. EBIDTA margin and EBIDTA in % terms is better than the figures clocked during the previous year.

TRENDZ: 2012-13

Sugar production in the country is estimated to be in excess of domestic consumption by about 2 million tons due to an increase in cane area. However, the cane acreage is lower in Maharashtra and Karnataka but higher in case of U.P. and Tamil Nadu. Sugarcane yield has also been affected in Maharashtra and Karnataka due to lower rainfall.

Owing to lower production in Maharashtra and Karnataka, few millers and traders have imported the substantial quantity of raw sugar due to lower sugar prices in the world market, lower import duty @ 10% and appreciating Rupee. Import of cheap sugar will crash the prices in the domestic market and the mills may not be in position to clear the cane price payment in the season 2012-13. This may lead to shift of the cane area in favour of other crops and India risks being a perennial importer of sugar from the season 2013-14 at a much higher cost, thereby affecting all the stake holders including millions of sugarcane farmers, consumers and the millers as well.

Central Government announced a FRP of Rs.170 per quintal linked to a recovery 9.5% for the season 2012-13. FRP has no relevance in the State of U.P. and the SAP for the season 2012-13 has been announced at Rs. 275, 280 and 290 per quintal for rejected, normal and early maturing varieties, which is quite high in view of the prevailing low price of sugar. This does not make a good economic sense and the sugar industry is likely to suffer heavy losses, which may lead to accumulation of cane price arrears, thereby affecting millions of sugarcane farmers. It is tad ironical that India, inspite of being the largest sugar consuming nation and the second largest sugar producing nation, has a continuously bleeding sugar industry.

GOING FORWARD

Sugar has been classified as an essential commodity under the Essential Commodity Act and hence it has been regulated across the entire value chain. However, fundamental changes in the consumer profile and demonstrated ability of the sector to continuously ensure availability of sugar for domestic consumption has diluted the need for sugar to be considered as an essential commodity.

Various expert committees set up in the past like Mahajan Committee, Tuteja Committee and Thorat Committee have recommended for decontrol of the sugar sector. Recently, a High Power Committee headed by Dr. C. Rangarajan, Chairman, E.A.C. to Hon'ble Prime Minister has recommended complete decontrol of the sugar sector. The Committee has asked the government to remove levy sugar obligation and to do away with the regulated release mechanism immediately beside rationalization of sugarcane pricing and liberalization of sugar trade to be introduced over a two to three year period, in a calibrated and phased manner.

If the recommendations are implemented, it will completely transform the crisis ridden beleaguered sugar industry. An appropriate environment is already there and time is now overripe for removal of sugar from the ambit of essential commodities and deregulation of the sugar sector in the interest of all the three stake holders i.e. consumers, farmers and millers.

SUMMING UP

I would like to take this opportunity to thank you for all your support. I seek your continued support in our endeavor to achieve better results in future. I would also like to use this opportunity to thank all our business associates, our employees, our farming brethren who have reposed immense confidence in us, our Banks and Financial Institutions who have proved to be our reliable and trustworthy friends, various Government agencies and last but not the least the illustrious members of our Board who have provided their valuable guidance whenever required.

G. R. MORARKA

(Chairman and Managing Director)

A VIRTUAL TOUR OF THE COMPANY'S PLANT & MANUFACTURING PROCESS

3

4

7

8

9

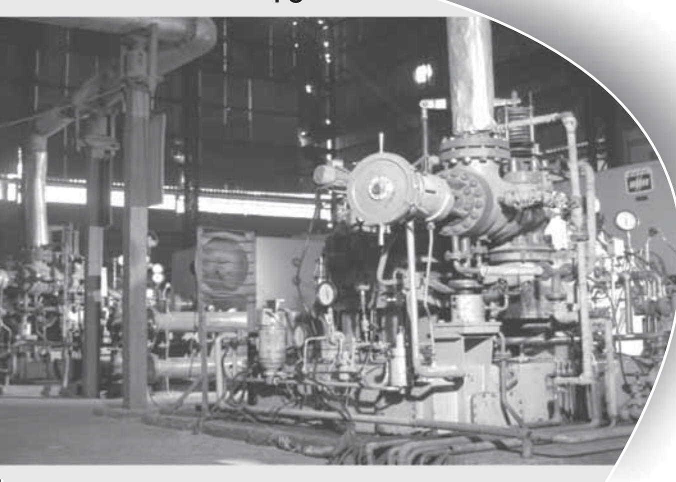
1

2

5

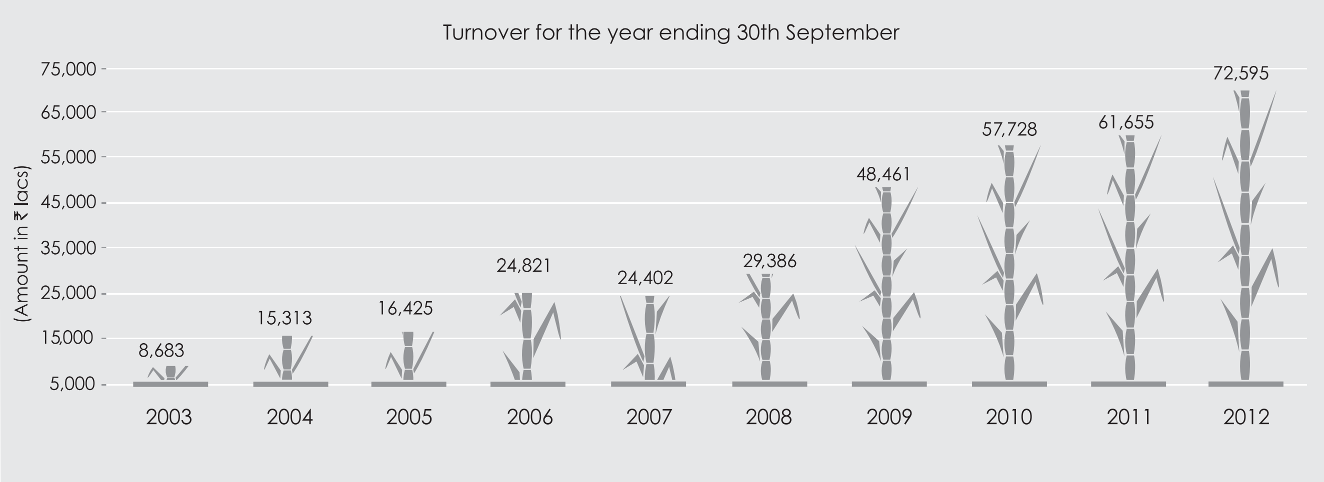
6

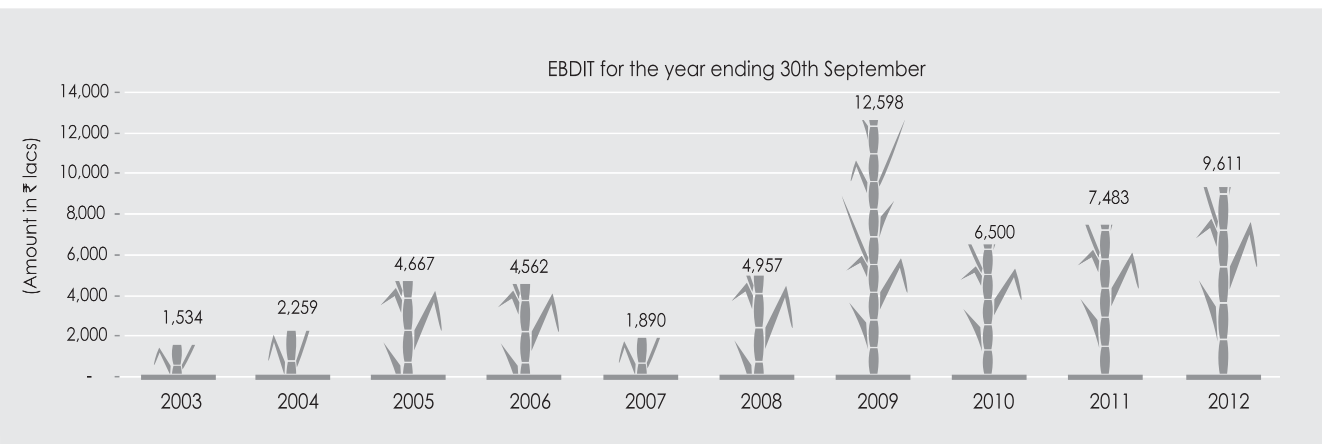
10

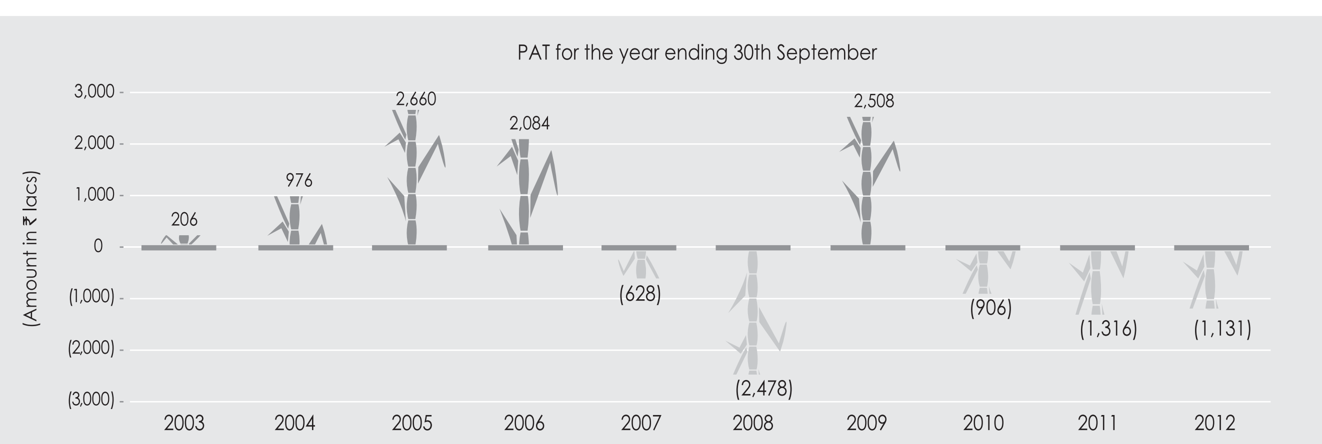


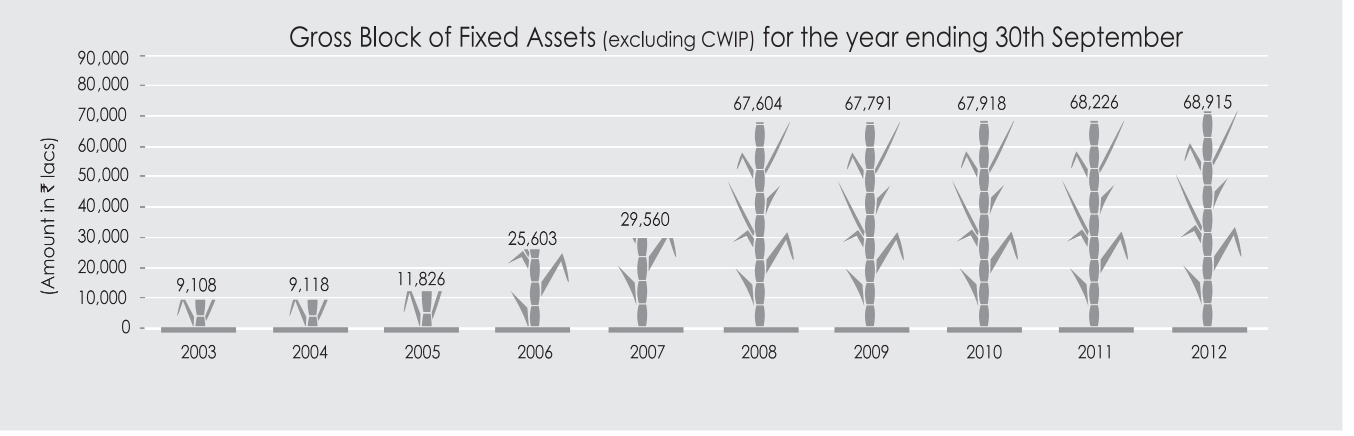
1. Loading of Truck carrying sugar cane on the Truck Tippler
2. Unloading of sugar cane from the truck by unloaders into cane carrier.
3. Sugar cane fibres after being cut taken by elevators to the sugar mills for crushing.
4. Syrup receiving Station.
5. Boiler Station.
6. Sugar crystals being cooled in hopper.
7. Final product (sugar being bagged).
8. Sugar Gowdon.
9. 30 KLPD Distillery.
10. Co-generation of power

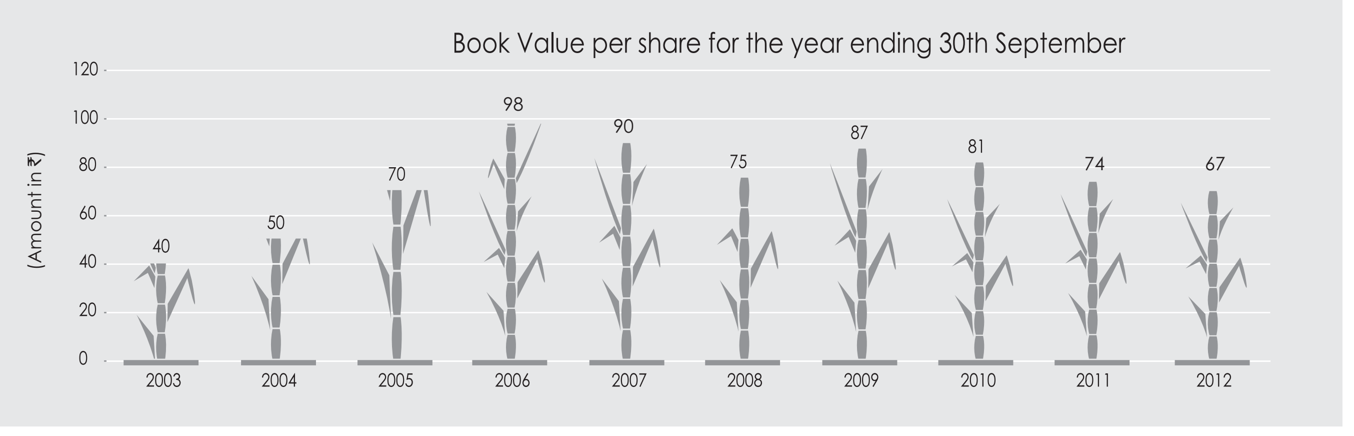
WHAT THE NUMBERS SAY

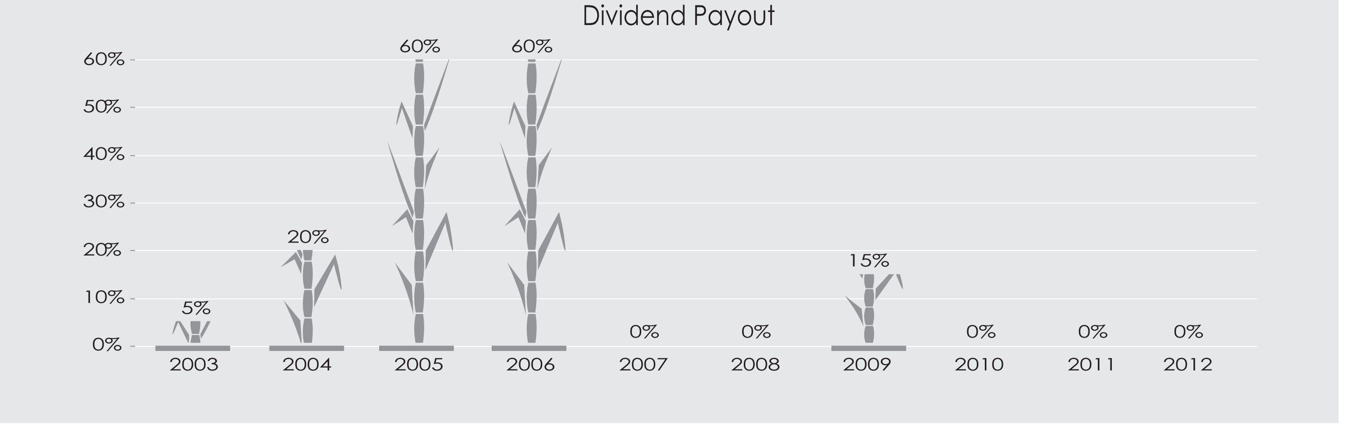







Gross Block of Fixed Assets (excluding CWIP) for the year ending 30th September
(Amount in ₹ lacs)
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
9,108
9,118
11,826
25,603
29,560
67,604
67,791
67,918
68,226
68,915
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012


Book Value per share for the year ending 30th September
(Amount in ₹)
120
100
80
60
40
20
0
40
50
70
98
90
75
87
81
74
67
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012


Dividend Payout
60%
50%
40%
30%
20%
10%
0%
5%
20%
60%
60%
0%
0%
15%
0%
0%
0%
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012

OPERATIONAL OVERVIEW

PRESENT BUSINESS OPERATIONS:

The Company is currently engaged in the business of manufacture and sale of Sugar, Co-generation and Industrial Alcohol.

Sugar Division:

The Company has three sugar manufacturing units, out of which 2 units are located in Bijnor District of Uttar Pradesh (UP) & one Sugar Unit in Bareilly District, UP. The present sugar cane crushing capacity of the 3 plants is 21,500 TCD ,out of which Dwarikesh Nagar, Dist: Bijnor, UP has 6500 TCD, Dwarikesh Puram, District Bijnor, UP has 7500 TCD & Dwarikesh Dham, District Bareilly, UP has 7500 TCD. The Company manufactures and sells three grades of sugar viz. L, M and S. The Company sells sugar in bulk to wholesalers / agents. The Company's sugar is recognized in the market by the name "Bundki" which is original name of the place where the factory's first plant is located or by the name "Dwarikesh".

Power Co-generation:

The Company is also engaged in Co-generation of Power. The Company has a power plant with a capacity of 17 MW at it's Dwarikesh Nagar Unit and is using 9 MW for captive consumption in manufacture of sugar and balance 8 MW is supplied to SEB viz. Uttar Pradesh Power Corporation Limited (UPPCL). Further, the Company has capacity of 33 MW at it's Dwarikesh Puram Unit, out of which 24 MW is used for sale of power to State Grid and balance 9 MW for captive consumption. Further the Company has 36 MW of Co-generation at it's Dwarikesh Dham Unit, out of which 24 MW is for sale to State Grid & balance 12 MW for captive consumption. During the year, the Company sold Power worth ₹ 7,316 lacs to the SEB.

Industrial Alcohol / (Ethanol):

The Company has a ready capacity of 30 KLPD distillery for the manufacture of Industrial Alcohol & Ethanol. During 2011-12, company sold Industrial Alcohol of ₹ 852.84 lacs.

MEASURES TAKEN BY THE COMPANY FOR CANE DEVELOPMENT:

The Company follows an extensive cane development process, assisted by the Cane Development Councils. The main objectives of the company's cane development measures are listed below:

- Production of improved and early varieties of sugar cane.
- Increase in per acre yield so that farmers can maximize their earnings and the company is assured of an increased supply.
- Providing seeds, fertilizers and pesticides to farmers covering the command area of the company, so that their crop is not vulnerable to disease etc.
- Procurement of cane seeds from Sugarcane Research Station, and distribution of seeds to growers for raising foundations and primary nurseries.
- Financial assistance for raising and maintenance of nurseries.
- Conducting training seminars for farmers at the Research Station, at the company's expenses.
- Road development as well as repair and maintenance of different link roads in the respective command areas.

EXISTING MARKET AND SELLING ARRANGEMENTS:

Presently, 10% of the sugar produced is released to the Government as levy sugar. The remaining 90% can be sold in the open market. However, the actual quantity that can be sold in the open market is controlled by the Government through a system called Release Mechanism. The price of the sugar sold in the open market depends on market forces. The factories can sell sugar in open market only such quantities that are released by the Government of India for each factory.

The Company sells free sale sugar through a network of agents, who in turn sell to wholesalers. Trade settlements are usually on cash terms. Besides, the company sells its sugar in Central & West UP, part of West Bengal, Bihar, Jharkhand, Assam, Punjab, Haryana, Rajasthan & Delhi.

Key Financial Data

₹ in lakhs

Particulars	2009-2010	2010-2011*	2011-2012
Sales	57,728	61,655	72,595
Revenue from operation			
Other Income	190	35	216
Increase/Decrease ( ) in stock	6,132	(1,829)	9,941
Total Income	**64,051**	**59,861**	**82,752**
Manufacturing and operating expenses	50,735	43,134	63,790
(cost of material used)			
Excise Duty	2,221	2,342	2,735
Exception item/ Deferred revenue expenditure	30	---	---
Staff expenses	3,218	3,543	3,805
Selling & administration expenses	1,346	3,359	2,811
(other expenses)*			
Total Expenditure	**57,551**	**52,378**	**73,141**
Profit before interest, depreciation and tax (PBIDT)	6,500	7,483	9,611
Depreciation	3,206	3,272	3,289
Profit before interest and tax (PBIT)	3,294	4,212	6,322
Interest	4,631	5,978	7,886
Profit before tax (PBT)	(1,336)	(1,766)	(1,564)
Taxes	(431)	(450)	(433)
Profit after Tax (PAT)	(906)	(1,316)	(1,131)
Cash accruals	1,651	1,506	1,725
Equity Share Capital	1,631	1,631	1,631
Preference Share Capital	1,610	1,610	1,610
Share Application money pending allotment			1,000
Equity Share Warrant	---		---
Reserves & Surplus	11,702	10,386	9,255
Secured loan funds excluding cash credit limits/	32,305	39,308	33,169
*secured loan including repayable within 1 year**			
Unsecured loan funds	5,617	239	11
Net block of fixed assets	52,531	50,032	46,999
Investment	27	24	24
Deferred tax liability	1,261	683	249
Current assets	18,300	14,058	26,962
Non Current Assets		1,208	1,231
Current Liabilities	9,306	3,301	7,808
Non Current Liabilities		1,046	1,159
Current Liabilities including cash credit limit	16,732	10,419	27,131
Capital raising expenditure to the extent not written off	---	---	---

*regrouped /reclasiified as per revised schedule VI since 2010-11

VALUE-ADDED STATEMENT

₹ in lakhs

Particulars	2009-2010	2010-2011	2011-2012
Corporate Output (Total Income)	64,051	59,861	82,752
Less: Manufacturing & Operating expenses/ *cost of material consumed**	50,735	43,134	63,790
Less:Exceptional Item/ deferred revenue expenditure	30	---	---
Less: Selling & Administrative expenses/ *Other Expenses**	1,346	3,359	2,811
Gross Value Added	11,940	13,368	16,151
Less: Depreciation	3,206	3,272	3,289
Net Value Added	8,734	10,096	12,862
Allocation of Net Value Added			
to personnel	3,218	3,543	3,805
to Exchequer (Excise)	2,221	2,342	2,735
to Exchequer (Direct Taxes)	249	---	---
to Mat Credit entitlement	(239)	128	---
to deferred tax	(441)	(578)	(433)
to Stake holders (Interest)	4,631	5,978	7,886
to Investors (Dividend)	---	---	---
to Company (Retained earnings)	(906)	(1,316)	(1,131)
	8,734	10,096	12,862

*regrouped /reclasiified as per schedule VI since 2010-11

KEY STATISTICS

Particulars	2009-2010	2010-2011	2011-2012
No of days crushed			
- DN	140	141	155
- DP	134	132	147
- DD	114	113	145
Sugar cane Crushed in Qtls.			
- DN	6,615,074	6,882,340	7,662,759
- DP	6,483,011	5,870,034	7,888,321
- DD	5,855,079	6,105,708	8,157,356
Recovery % - DN	10.31	10.30	10.16
Recovery % - DP	9.77	9.47	9.73
Recovery % - DD	8.77	8.55	9.09
Total losses % -DN	1.89	1.85	1.82
Total losses % -DP	1.96	1.93	1.76
Total losses % -DD	2.04	2.07	1.90
Sugar Cane Bagged in Qtls. - DN	683,165	710,349	778,198
Sugar Cane Bagged in Qtls. - DP	634,460	557,845	767,410
Sugar Cane Bagged in Qtls. - DD	514,082	522,085	741,195

SUCCESS DRIVERS

WHAT THE NUMBERS DO NOT SAY

1) STATE OF THE ART PLANTS:

The company currently has three plants viz. Dwarikesh Nagar (DN), Dwarikesh Puram (DP) & Dwarikesh Dham (DD). DN & DP are located in Bijnor District of Uttar Pradesh and DD is located in Bareilly District in Uttar Pradesh.

Besides, the Company has Cogeneration facilities of 17 MW at DN, 33 MW at DP & 36 MW at DD unit. Out of the above, Company exports 8 MW from DN, 24 MW from DP & 24 MW from DD unit to State Grid.

The Company at its DN unit has a distillery of 30,000 litres per day, which is capable of manufacturing Industrial Alcohol & Ethanol.

Your company is conscious of its social responsibility and hence has in place Bio-methanation, plant which not only results in removing BOD/COD from its spent wash, but also generates energy enabling longer working duration of Distillery operation.

With a view to enhance shareholders value and return to the shareholders, the company is consistently trying to improve and optimise its production capacities.

The Company's present production Capacities are outlined in the following Matrix:

Particulars	DN Unit	DP Unit	DD Unit	Total
Crushing Capacity (TCD)	6500	7500	7500	21500
Co-geneation (MW)	17	33	36	86
Supply to State Grid (MW)	8	24	24	56
Distillery (Ltr. per day)	30000	---	---	30000

The Company's Distillery is capable of manufacturing both Industrial Alcohol and Ethanol.

2) REVVING UP THE REVENUE SIDE

Sugar prices are expected to remain firm going forward in domestic and international market. The apprehension of price decontrol has reached at its apex level and sooner or later this only regulated commodity will be deregulated which will result in free price discovery mechanism and make the sector free out of shackles of price regulations.

3) ABUNDANCE OF WATER & PROXIMITY TO GANGETIC PLAINS:

The company is well-equipped with tube-wells and self reliant in terms of utilities. The proximity of its existing plants to the Gangetic plains is another major plus point. This proximity minimizes risk to some extent in the monsoon dependent sugar sector.

4) REPLACEMENT COST:

The replacement cost of the Company's state of the art sugar plants would be substantially higher, suggesting a hidden asset inbuilt beyond the numbers.

5) TAX SHIELD BENEFIT:

The Company is not liable to pay any income tax except Wealth Tax at the applicable rate in force.

6) WORKING TOWARDS CARBON CREDITS AND RENEWABLE ENERGY CERTIFICATES (REC):

The company's Dwarikesh Puram and Dwarikesh Dham have already been registered with UNFCCC enabling the benefit of Carbon Credits for both the plants. The revenue from Carbon Credit has already started accruing from season 2008-09 onwards. Besides CER, the Company has received accreditation & registration for renewable energy certificates (RECs), which are capable of being sold on the power exchanges shall boost company's revenue stream.

KEY MANAGEMENT PERSONNEL

Names	Designations	Experience (Years)
M.N. Agarwal	Vice President (Works) DN Unit	46
K.P. Gadia	Vice President (Commercial)	38
R K. Gupta	Chief General Manager (Works) – DD Unit	28

FLASH FORWARD A Peep into 2013

The sugar production shall be robust in year 2012-13. The sugar production in the country is estimated to be 24 million tons. The domestic consumption is estimated to be around 22.5 million tons.With the opening stock of around 6.5 million tons, there is sufficient availability of sugar in the Country

It is expected that the production of sugar from all three units at Dwarikesh Nagar, Dwarikesh Puram and Dwarikesh Dham would rise to 25-26 lakh quintals in 2012-13. It is also expected that revenue would rise to ₹ 7500 million.

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Friday, 22nd March, 2013, at 10 a.m. at the Registered Office of the company at Dwarikesh Nagar - 246 762, Dist. Bijnor, Uttar Pradesh, to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 30th September, 2012 and the Balance Sheet as at that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint Auditors and fix their remuneration.
3. To appoint a Director in place of Mr. Balkumar Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. K.N.Prithviraj, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2011 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and re-enactments thereof, for the time being in force) the consent of the company be and is hereby accorded to Ms. Priyanka G Morarka, holding office or place of profit to increase the remuneration upto Rs 2,50,000 per month with effect from 1st May,2011

   "RESOLVED FURTHER that in event of any further relaxation by the Central Government in the guidelines or ceiling on remuneration, the Board of Directors be and are hereby authorised to increase the remuneration to Ms. Priyanka G. Morarka, if they in their absolute discretion think fit, within such guidelines or ceiling and for which consent of the Company as required under various applicable provisions of the Companies Act, 1956, be and is hereby granted."

   "RESOLVED THAT the enhancement in remuneration of Ms. Priyanka G Morarka by the Remuneration Committee in their meeting held on 16th April, 2011 & Board of directors in their board meeting held on 14th May, 2011 be & is hereby ratified."

   "FURTHER RESOLVED THAT Board of Directors do delegate all powers relating to appointment, remuneration, fixation of her designation & other matters to Remuneration Committee."

   "RESOLVED FURTHER THAT the Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution."

By The Order of the Board,
For **Dwarikesh Sugar Industries Limited**

Place: Mumbai
Date: October 25, 2012

B. J. Maheshwari
Whole Time Director & CS cum CCO

Registered Office:

Dwarikesh Nagar – 246762
Dist: Bijnor, Uttar Pradesh.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members & Share Transfer Books of the Company will be closed from Monday, 11th March, 2013 to Friday, 22nd March, 2013 (both days inclusive) for the purpose of Annual General Meeting of the Company
4. The relevant Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of item no. 5 is annexed and forms a part of this notice.
5. Members are requested to notify any change in their address immediately to the company.

6. Members/proxies are requested to bring their copy of Annual Report, while attending the Annual General Meeting.

7. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in **Form 2B** which can be obtained from the Company's Registrar & Transfer Agents(RTA) M/s Universal Capital Securities Pvt. Ltd.

8. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Registered Office well in advance so that the same reaches the company at least ten days before the date of the meeting to enable the Management to keep the information required readily available.

9. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid dividend account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government. The unclaimed dividend for the accounting years 1996-97, 1997-98, 2000-01, 2001-02, 2002-03 & 2003-04 have been transferred to the Investor Education and Protection Fund as on 26/04/2005, 11/05/2006, 14/05/2009, 29/06/2010 , 28/04/2011 & 5/12/2011 respectively (there was NIL outstanding in unpaid dividend account of the accounting year 1998-99 & 1999-00 hence the transfers to Central Government were not applicable for these years) respectively and no claim shall lie against the said Fund or the Company for the amount of dividend so transferred. Unpaid dividend for following years is due as per the details below for transfer to the Investors Education and Protection Fund.

Financial Year	Unpaid Amount (₹) as on 30/09/2012	Due date of Transfer to the Investor Education and protection Fund
2004-2005	66876.00	21/11/2012
2005-2006	440898.00	21/04/2014
2008-2009	466573.50	14/04/2017

10. Pursuant to the green initiatives by the Ministry of corporate affairs, the company proposes to send all documents to be sent to shareholders like notices of general meeting together with AGM, audited financial statements, directors report, auditors report etc. henceforth to the shareholders in electronic form, to those members who have specifically permitted to receive the same in electronic form on their email addresses.Members may also download these documents from company's website www.dwarikesh.com. The physical copy of annual report will also be made available free of cost to the members on their written request. Members who have not given specific consent for receipt of these documents in electronic form hitherto are requested to register their email addresses by sending their details to their Depository participants or company or its RTA & also their consent by e mail to investors@dwarikesh.com or by a written consent to Company's corporate office or to it's RTA..

11. SEBI has mandated the submission of PAN by every participant in securities market. Shareholders who are holding the shares in electronic mode are therefore requested to submit the PAN to their depository participants with whom they are having their demat accounts. Shareholders having shares in physical form can submit their PAN details to the company or its RTA.

12. Other Disclosures:

    Other Disclosures are given in corporate governance report.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item no.5

Ms. Priyanka G. Morarka was appointed as a Management Trainee (Finance) in the meeting of Board of Directors of the Company held on July 28, 2006 & later elevated to Management Executive (Finance) in the meeting of Board of Directors held on November 27, 2006 & later further elevated to Vice President (Corporate Affairs). Ms. Priyanka G. Morarka is a daughter of Shri G. R. Morarka and thus related to the Director of the Company. She was appointed on remuneration of Rs.7500/- per month and such other benefits not exceeding Rs.10000/- per month. The remuneration was increased to Rs.20000/- per month by shareholders approval in the 13th Annual General Meeting and to Rs 50,000 in 16th Annual General Meeting. With expansion of company and diversification of activities, her duties, role and responsibilities have increased substantially with her qualifications in the recent past and her present remuneration does not commensurate with her functions and responsibilities.

It is now proposed to authorize the Board of Directors/Remuneration Committee to empower them to enhance her remuneration upto Rs 250000/- per month pursuant to section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2011 as also to empower them to re-designate her.

The resolution is now being proposed for the shareholders approval.

None of the directors of the Company except Shri G. R. Morarka is concerned or interested in passing of the above resolution.

By The Order of the Board,
For **Dwarikesh Sugar Industries Limited**

Place: Mumbai
Date: October 25, 2012

B. J. Maheshwari
Whole Time Director & CS cum CCO

Registered Office:
Dwarikesh Nagar – 246762
Dist: Bijnor, Uttar Pradesh.

Details of Directors seeking appointment / re-appointment in Annual General Meeting to be held on March 22, 2013.

(Pursuant to clause 49 of the Listing Agreement)

Name, Concise Resume & functional Expertise of Director Appointment	Directorship in other companies	Committee positions held in other companies	
		Audit Committee	Investor grievance/ shareholders' committee
Shri B.K.Agarwal **Qualification:** IAS **Experience:** A retired IAS Officer associated with the Company since the past seven years, Shri B K Agarwal has wide experience in various companies. **Expertise:** Law, Commerce & Strategy Director since 14.10.2005 **Shareholding in company:** Nil	Motilal Oswal Financial Services Limited Motilal Oswal Securities Limited UB Engineering Limited Indian Commodity Exchange Limited	Chairman	
Shri K. N. Prithviraj **Qualification:** C.A.I.I.B-I, M.A (Economics) **Experience:** He has, as an Independent Director of various companies' Boards, contributed significantly to the growth of many entities. Mr. K. N. Prithviraj was also a Research Fellow of Department of Economics, University of Madras and has been associated with organizations of repute like OBC, UBI, PNB, Oriental Insurance Company. **Expertise:** Banking, finance & economics. Director since 30.11.2009 **Shareholding in company:** Nil	Uti Infrastructure Technology And Services Limited Axis Bank Ltd. Surana Industries Limited Falcon Tyres Limited Surana Power Limited Pnb Investment Services Limited National Financial Holdings Company Limited	Member Member	 Member

Notes:

1. Pursuant to the revised clause 49 of the listing agreement, only two committees viz. Audit Committee and shareholders' / investors' grievances committee have been considered.
2. The directorships in private limited companies, foreign companies and companies covered under section 25 of the Companies Act, 1956 have not been considered.

By The Order of the Board,
For **Dwarikesh Sugar Industries Limited**

Place: Mumbai
Date: October 25, 2012

B. J. Maheshwari
Whole Time Director & CS cum CCO

Registered Office:
Dwarikesh Nagar – 246762
Dist: Bijnor, Uttar Pradesh.

MANAGEMENT DISCUSSION AND ANALYSIS

WORLD OUTLOOK – DEVELOPING COUNTRIES HOLD THE KEY

Developments, during the first four months of 2012 were generally positive and in line with the expectations. High-income Europe appeared to be stepping back from the brink. However, the situation has soured significantly since then, with financial market tensions in the Euro Area approaching the levels observed in the fall of 2011, although so far there has been less contagion to developing countries.

The renewed tension compounds the headwinds facing developing countries going forward and increases the likelihood of a serious deterioration of conditions in high-income Europe, to which developing countries remain vulnerable. While countries must be prepared to react to a significant downturn should it arise, they must also be careful to ensure that policy does not become too re-active, but is directed by medium-term domestic priorities.

Even if the current phase of tensions passes, the external environment for developing countries is likely to remain volatile and challenging. Loose monetary policies, and, as yet, unresolved fiscal and banking-sector problems in high-income countries are likely to keep international capital flows and business confidence volatile.

If a close to capacity economy finds demand falling (accelerating) at an unexpectedly rapid pace due to changes in global animal spirits, macro economic policy can potentially find itself following a similarly volatile path of permanently trying to catch up to what for many developing countries are entirely external and largely unforeseen developments.

In such an environment, perhaps the optimal strategy is to follow a steadier course, keeping policy instruments focused on the domestic forces that policy can expect to influence, while allowing automatic stabilizers such as exchange rates and the tax system to deal with the constant changes of a still febrile international environment.

Developing country GDP is expected to expand by 6 percent in each of 2013 and 2014, somewhat slower than the 6.3 percent average pace during the first 7 years of this century. For 2012, weak carry over from the year before will be reflected in a deceleration of annual growth in all regions despite firming quarterly growth, but subsequent developments diverge across regions.

In South Asia, growth is anticipated to remain subdued, as growth in India settles at around 7 percent over the 2012-14 period. Elsewhere, the acceleration in 2013 and 2014 is expected to be strongest in the Middle-East & North Africa as the conflicts that are currently disrupting activity in several countries in the region are assumed to gradually resolve during the course of 2012. Growth in several large middle-income countries (notably, Brazil and China) is expected to moderate somewhat in 2014 as countries bump up against capacity constraints.

Despite the slower growth projected for developing countries, and the acceleration in high-income countries, the developing world will still account for more than half of global growth throughout 2012-14.

INDIAN ECONOMY – UPSWING IMMINENT

Managing growth and price stability are the major challenges of macro economic policymaking. In 2011-12, India found itself in the heart of these conflicting demands. The Indian economy is estimated to grow by 6.9 per cent in 2011-12, after having grown at the rate of 8.4 per cent in each of the two preceding years. This indicates a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-9). At the same time, sight must not be lost of the fact that, by any cross country comparison, India remain among the front-runners. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. The manufacturing sector grew by 2.7 per cent and 0.4 per cent in the second and third quarters of 2011-12. Inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by the year's end there was a clear slowdown. Food inflation, in particular, has come down to around zero, with most of the remaining WPI inflation being driven by non-food manufacturing products. Monetary policy was tightened by the Reserve Bank of India (RBI) during the year to control inflation and curb inflationary expectations. The slowing inflation reflects the lagged impact of actions taken by the RBI and the government. Reflecting the weak manufacturing activity and rising costs, revenues of the centre have remained less than anticipated; and, with higher than budgeted expenditure outgo, a slippage is expected on the fiscal side. The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September 2011 owing to the turmoil in the euro zone, and questions about the outlook on the US economy provoked by rating agencies. However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

INDIAN SUGAR OUTLOOK

India is the world's largest consumer of sugar and the second largest producer of sugar after Brazil. The sugar sector is having dense penetration with all types of players in public, private and co-operative sectors with over 650 sugar mills and with presence of both organised and unorganised players in sugar sector. The industry is highly fragmented and unlike any other industry has direct relation with the large number of farmers and play pivotal role in the upliftment of the rural economy.

The sector's activity is not merely confined to sugar production but it also extends to the cogeneration of 5,000 MW of power and 4 billion litres of rectified spirits / alcohol. Besides all these, there is also a carbon credit story with a number of projects in India registered with UNFCCC. A new revenue stream has been added from the previous crushing season as Sugar Companies generating power are eligible to receive Renewal Energy Certificates (REC) for power consumed by them captively. These certificates can be traded on power exchanges. While carbon credit is available for power sold, RECs will be available for power consumed captively. The crux though in both cases is reduction of carbon emission and contribution towards the cleaner environment.

Sugar industry is gripped with a plethora of problems. Rising input costs coupled with near stagnant selling prices have engulfed the industry in a vortex of problems. The sugar industry is a highly cyclic industry and is also a highly regulated one. While on the buy side State Government decides the price payable for purchase of sugarcane, on the sell side Central Government decides the quantity of sugar to be sold every month. In addition the industry has to bear the burden of subsidizing sale of sugar for BPL population through public distribution system.

The fundamentals of the sugar industry globally are not very strong, similar position is there in the domestic market. For the fear of food inflation being fuelled, Government has been releasing excessive sugar in the domestic market. Due to bearish trend in the world market, India has not been able to achieve the desired level of sugar exports. Small quantity of exports has hardly provided any fillip to the domestic market. Recently, there has been some improvement in the sugar prices but compulsion to pay very high sugarcane prices has further aggravated the problem of the sugar industry.

In the sugar cane crushing season 2012-13, sugar output is expected to be about 24 million tons as against the estimated consumption of 22 million tons, making the sugar stock balance totally skewed against the industry. Besides industry does not have any respite in the matter of sugarcane pricing. Unfortunately, the polices of Central Government aimed at pegging the sugar prices at lower levels in conjunction with the policies of State Government aimed at rewarding the farmers with highest possible price for sugarcane, regardless of the economics of sugar mills, has brought the industry to a stage of flux where it has not even the foggiest idea about the course of future events.

Sugar mills in the State of Uttar Pradesh are the worst hit. Based on the incentive scheme announced by the then Government in 2006, many sugar Companies executed capital projects involving several hundred crores so as to somehow reach the threshold limit stipulated in the incentive scheme. The incumbent Government scraped the scheme. However, damage is already done and the Industry is now saddled with excess capacity which is not being fully utilised.

The Industry is in need of paradigm shift and deregulation of the industry is the only apt solution. Under the able stewardship of Dr. C. Rangarajan, Chairman, to the Prime Minister's Economic Advisory Council, a Committee was constituted in January 2012 to look into the matter pertaining to the Decontrol of the Sugar Sector. Dr. Rangarajan has already submitted his report to the Hon'ble Prime Minister on 12th October, 2012. Main recommendations include the rationalization of sugarcane pricing and liberalization of sugar trade to be introduced over a two to three year period, in a calibrated and phased manner. However, the Rangarajan Committee has also recommended that levy sugar obligation and administrative control on non-levy sugar need to be dispensed with immediately. The recommendations made in this report will bring about greater certainty, stability and rationality into the system and has the potential to propel this sector to a greater height if implemented in an appropriate manner. A vibrant and multi-pronged sugar sector can be a harbinger of prosperity and growth for rural India, provided we get the policy prescriptions right.

Both Central and State Governments have so far been loath to decontrol the sugar sector. However, there is now broad consensus that industry needs to be de-shackled from controls for its healthy long-term cohesive growth. But these policy initiatives require steely determination on the part of Government and intent to sacrifice short term political gains in lieu of long term economic benefits. Sooner or later the business will undergo positive revolutionary changes. The Sugar Companies will then be able to cope with the market driven pulls and pressures, sans any doles and relief measures. Decontrol of the sugar sector will benefit all the three stake holders i.e. farmers, consumers and the millers.

GLOBAL SUGAR INDUSTRY, ON A ROLLERCOASTER RIDE

- After two years of a large statistical deficit (2008/09-2009/10) and a season with neatly balanced world production and consumption (2010/11), the world sugar balance shows a statistical surplus of about 5.2 million tons in 2011/12 due to higher production in Brazil, Thailand, Australia, China and Russia.
- Global Prices on a rollercoaster ride. Sugar prices have fallen 15 percent this year and a global surplus will keep world prices under pressure.
- The global sugar surplus will expand 13 percent in the 2012-13 season that starts in October in most countries from the same period a year earlier, according to the International Sugar Organization.
- Sugar supplies will be 5.9 million tons higher than demand in the 2012-13 season, up from a surplus forecast of 5.2 million tons in 2011- 12.
- Recently, there has been a significant fall in the world sugar prices. Trigger – better crop expectations in Thailand, Australia, China, Russia & India.
- Raw sugar prices averaged 23.56 cents/lb during January 2012, 24.10 cents/lb in March 2012, 20.47 cents/lb in June 2012 and declined to about 19.5 cents/lb in September 2012.

  In the global sugar landscape Brazil is the largest producer and the largest exporter of sugar. India is the largest consumer and second largest producer of sugar.

CHANGING INTERNATIONAL SCENARIO

- Sugar exports from Brazil's key Centre-South region is likely to rise to 25.5 million tons in 2012/13 from 22.7 million tons a year ago on the back of higher production. This is the main reason for depression of the sugar prices in the world market.
- Though, Global new crop sugar supply forecast is still to be better than last year but this would keep the sugar prices in check. Beet sugar production estimates in Russia and Euro-zone also stepped up.
- Thailand has emerged as a major exporter. Sugar production in Thailand is estimated at about 10.5 million to 10.7 million tons and exports may exceed 8 million tons in 2012-13.
- Another key point of attention is the preliminary prospects of Indian production in 2012-13. As per available indications production forecast is estimated at about 24 million tons.

INTERNATIONAL PRICE CARD

- World sugar prices which had reached to 24.10 cents per pound for NY raw and 29 cents per pound for London white during the March quarter declined to 19.5 cents per pound for NY raw.
- Initially, price rise was triggered by lower production estimates from Brazil. Price rise was truncated and the process of reversal started in September quarter on account of higher estimated production in Brazil, Thailand, India, China and Russia. Sugar exports of 3.5 million tons from India in the season 2011-12 also played a small role in the price fall in September quarter.
- Production in Brazil and India would be key drivers of sugar prices in future though low availability of stock will let the market remain vulnerable to supply side shocks. Export policy of India will play a decisive role.
- Recently, Thailand is coming up as a major exporter of sugar after Brazil due to capacity expansion. For the coming season 2012-13, Thailand is likely to export as much as 8 million tons.

INTERNATIONAL SCENARIO IN A NUTSHELL

- Two or three countries play decisive role although sporadic surprises sprung by some countries have challenged the balance.
- Thailand to be a major exporter. Gains in Brazil are coupled with better production prospects in China and Australia.
- Weather in Brazil holds the key for cane yield and cane quality in Brazil.
- India expected to have bumper sugar production of 24 million tons for the year 2012-13.
- About 3.5 million tons of sugar exports from India in the season 2011-12 affected the Global sugar prices.
- Expectation of global surplus of sugar estimated at about 5.9 million tons in 2012-13 has softened the sugar prices in the world market.

- Macro factors will have the potential to destabilize the market. The attitude of funds could drive the prices up or pull the same down. This is notwithstanding the market fundamentals.

WORLD SUGAR BALANCE

Particulars	2009-10 MT	2010-11 MT	2011-12 MT	2012-13 MT (estimated)
Production	155.4	163.4	173.5	177.4
Consumption	161.1	160.8	168.3	171.5
Surplus/ (Deficit)	(5.7)	2.7	5.2	5.9

- After two surplus years 2012-13 is again a surplus year.
- Despite Brazilian woes, favorable prospects from Thailand, Australia, China, Russia, India and Euro-zone - production estimated to be higher by 5.9 million tons.
- India expected to play a key role in the Global trade. Particularly the export policy of India will play a decisive role for the sustainability of world sugar prices.
- Tightness to ampleness, whether will be a reality – questionable

INDIAN SUGAR BALANCE

Particulars	2011-12 MT	2012-13 MT (estimated)
Opening Stock	5.5	6.8
Production	26.2	24.0
Imports	---	---
Total availability	31.7	30.8
Consumption	21.4	22.0
Export	3.5	2.0
Total off-take	24.9	24.0
Closing Stock	6.8	6.8

The period covered above is October to September

- Prospects of 2012-13: About 24 million tons sugar production.
- High cane price in 2011-12 has provided booster dose to area under sugarcane
- However, late monsoons and lower rain fall in major sugar producing states like Maharashtra and Karnataka will affect the sugar production. Whereas sugar production in Maharashtra is likely to be lower by about 1 million ton, in case of U.P. it is likely to be higher by about 1 million ton in the current season 2012-13.
- Owing to lower production in Maharashtra and Karnataka, some mills and traders have already started importing the raw sugar due to lower sugar prices in the world market, lower import duty @ 10% and appreciating rupee – quantity of sugar imports however remain questionable.

CRUSHING SEASON 2011-12 – HIGHLIGHTS

- Sugar production 26.2 million tons as against 24.4 million tons in the previous crushing season.
- Higher area under sugarcane partly responsible for increase in production.
- Higher sugarcane price resulted in lower diversion to unorganized sectors and increase in the cane area.
- Levy obligation remained at 10%.
- Sugar prices continued to remain depressed due to excessive releases in the domestic market whereas cane price was on record high.

SUGAR INDUSTRY IN UTTAR PRADESH, IN A MAZE OF PROBLEMS

The industry is one of the largest in the State and in a State starved of Industrial development is the fulcrum around which the growth of the State depends. The industry in the State has a good mix of players from private, public and Co-operative Sector. The sugar mills in the State face exceptional challenges as compared to their peers in the State of Maharashtra and other Southern States.

- Mills in U.P. pay SAP for sugarcane which historically is significantly higher than the FRP paid by sugar mills in Southern States.
- On account of agro-climatic conditions, the recovery is several notches lower than the recovery recorded in Maharashtra. Average recovery in Maharashtra is impressive 11-12% and above whereas the same is around 9.25% in UP.
- Taking into consideration the recovery difference specially the higher recovery in Maharashtra and North Karnataka, actual cane prices in the SAP States of Uttar Pradesh, Uttarakhand, Haryana and Punjab work out to be higher by Rs.25 to 40 per qtl. as compared to non-SAP States like Maharashtra, Karnataka (North), Andhra Pradesh and Tamilnadu. Therefore, the SAP States will always be at disadvantage as compared to non-SAP States.
- The cane cost per qtl of sugar in the SAP States of Uttar Pradesh, Uttarakhand, Haryana and Punjab works out to be higher by Rs. 700 to Rs. 800 per qtl. as compared to the non-SAP States of South and Maharashtra. Clearly, there is a North and South divide in the sugar sector in India as cost of sugar produced in Southern States is lower than the sugar produced in North.
- Average crushing days – 100 to 150 days. The state has excess capacity which cannibalised on account of the incentive policy announced by the then Government in 2006. The policy was subsequently scrapped by the incumbent Government. Excess capacity has not only reduced the number of crushing days, but has resulted in mills competing with one another and precipitating a bizarre price war. As compared the average crushing days for mills in Maharashtra and Southern India is 175 to 200 days. In other words the mills in Maharashtra and Southern India have much better asset turnover ratio and capital employed is more optimally utilised.
- Land holding in the State of Uttar Pradesh is highly fragmented. Use of advanced scientific farming practices is therefore beyond the means of farmers in Uttar Pradesh. Agro-climatic conditions are also not very favourable. Consequently yield at farm level is sub-optimal.
- Since there are no geographical barriers, low cost sugar produced in Maharashtra makes inroads into the Northern markets, thus causing a dent in the margins of the mills in North, who are already victims of a much higher cane cost. The transportation cost from South and Maharashtra to Northern Market is hardly about Rs. 200/- per qtl. Therefore, clearly there is a Rs. 500/- per qtl marketing advantage for Southern mills vis-a-vis their Northern counterparts.
- Beside that Southern mills have locational advantage being near to the ports, which increases their export competitiveness substantially.
- The price received by sugar mills in Maharashtra for sale of power to the State grid is higher than price received by their peers in the State of Uttar Pradesh.

UTTAR PRADESH – CRUSHING SEASON 2011-12 A SNAPSHOT

- Increase in State Administered Price (SAP) to ₹ 240 per quintal for the general variety from ₹ 205 per quintal in the season 2010-11, a whopping increase in excess of 17%.
- Recovery fractionally lower than the recovery recorded in the previous season.
- Yield at farm level lower than that clocked last year on account of incessant rains which ravaged sugar fields in the command area of many sugar mills.
- Production of sugar 6.9 million tons as compared to 5.9 million tons produced in the previous crushing season.
- Few mills of the co-operative and corporation sector privatised.
- Multiple barriers on sale of molasses adversely impacted the top-line and cash-flows of sugar Companies.

Higher price paid for 2011-12 has encouraged the farmers to plant more sugarcane. However, mills face a yet another big challenge. Rejected and low recovery variety of sugarcane is still thriving in the command area of many mills. It will require gigantic effort on the part of sugar mills to eradicate such variety. Some help from the State Government is also required. It is estimated that production of sugar in Uttar Pradesh in the crushing season 2012-13 would be around 8.0 million tons.

DWARIKESH – NUMBER CRUNCHING

Salient features of the crushing operations in Dwarikesh are listed herein under:

- Sugarcane crushing more than the last year.

- Production of sugar up by 27.70% in over the last year.
- Recovery of sugar marginally lower at DN, while marginally higher at DP & DD.
- Satisfactory utilisation of Co-generation capacity.

Particulars	2011-12	2010-11	% Change
Crushing (Lac/Quintals)	237.08	188.58	25.71%
Recovery (%)	DN – 10.16 DP – 9.73 DD – 9.09	DN - 10.30 DP - 9.47 DD - 8.55	
Production (Lac/Quintals)	22.86	17.90	27.70%

In totality, crushing and production was in line with the expectation and was quite comparable at all the three units. DN plant maintained its highest standards of manufacturing efficiencies and clocked one of the best recoveries in the State. Recovery at DD plant though lower is significantly better than the recovery recorded last year. Massive cane development efforts have been embarked upon in the Command Area of DD unit that are aimed at bringing varietal change, planting of more and more sugar cane and better farming practices. Efforts are aimed at not only increase the area under sugarcane cultivation, but also to incentivise farmers to shift from rejected varieties to better varieties. In the coming season there shall be significant reduction in the area under cultivation of rejected variety and it is expected that in a couple of years crushing and recovery at DD plant would improve by leaps and bounds.

UNIT-WISE PERFORMANCE

Particulars	DN	DP	DD
Crushing(Lac/Quintals)	76.63	78.88	81.57
Recovery (%)	10.16	9.73	9.09
Total Losses (%)	1.82	1.76	1.90

The process losses recorded at DN and DP unit are among the lowest in the sugar industry in Uttar Pradesh. Recovery clocked at DN plant is the highest in the State of Uttar Pradesh.

Lac/₹

Cogeneration	2011-12	2010-11
Power Exported		
DN	1,016	867
DP	2,640	2,212
DD	3,659	2,490
Total	**7,315**	**5,569**

Performance at DN & DP improved marginally but improved substantially at DD.

FINANCIAL SCORE CARD

₹ Lacs

Particulars	2011-12	%	2010-11	%
Net Sales	68,887	100,00	58,404	100,00
EBIDTA	9,611	13.95	7,488	12.82
EBDTA	1,725	2.50	1,510	2.59
EBT	(1,564)	(2.27)	(1,762)	(3.02)

Depressed sugar market conditions impacted the prices which continued to be on the lower side for most part of the year. The prices revived only during the last quarter of the year. EBIDTA margin though is better than last year. The drag on the profitability was caused by lower realisations on sale of sugar for most part of the year, higher SAP announced by the State Government, additional sugarcane liability pertaining to the crushing season 2007-08 and higher interest cost. In spite of best efforts to rationalise the interest cost, the same has shot up to Rs. 79 crores from Rs. 60 crores in the previous year.

A heartening feature of the year was increased revenue from sale of power. EBIDTA margin and EBIDTA in % terms is better the figures clocked during the previous year. In spite of several odds the Company has managed to earn cash profits during the year.

DOMESTIC SUGAR PRICES AND EXPORTS

- The sugar prices remained subdued and range-bound. Throughout the year price of free sale sugar hovered in the band of Rs. 2,700 to Rs. 3,000 per quintal. However, domestic sugar prices started reviving from July, 2012 and are currently hovering around Rs. 3400 per quintal. Levy sugar produced during 2011-12 was sold at Rs. 1953 per quintal.
- Government allowed 1 million ton sugar export quota under OGL 4 on 2.12.2011 and 1 million ton sugar export quota under OGL 5 on 23.2. 2012 during the season 2011-12. While mills closer to the coastal areas physically shipped the sugar out, mills in Uttar Pradesh and the hinterland surrendered their export entitlement to Traders and mills in the coastal area in return for some consideration.
- According to the notification issued on 14th May 2012, effective from May 11, there are no quantitative restrictions on sugar exports and producers are not required to obtain export release order from the Food Ministry under OGL.
- It is learnt that the Food Ministry has recently extended the policy of free exports for one more year i.e. for the season 2012-13. This On one hand the government has extended free exports but on the other the imports have not been banned. Prevailing 10% import duty is not enough to prevent the flow of the imported sugar as current prices in the international market are very low. This will have an adverse effect on the domestic prices. The move to further scrap duty totally on imports will spell disaster to the domestic sugar industry.
- A trader who has imported raw sugar under the Advance Authorisation Scheme (AAS), under which mills are obligated to export the sweetener after processing, on 'grain-to-grain' basis are also not required to obtain export release order.
- However, export release order is required for mills exporting sugar under AAS on tonne-to-tonne basis.
- In 'tonne-to-tonne', mills are allowed to process imported raw sugar, undertake sale in local market and fulfill obligation of exporting an equal quantity later. Whereas in 'grain-to-grain', mills are allowed to process imported sugar and export. Such sugar was not available for domestic market.
- During the season 2011-12, total sugar export has been estimated at about 3.5 million tons. Pace of sugar export had been slow due to bearish trend in world sugar market. On the whole, market sentiments remained dispirited.
- Comfortable stock levels revved by slow exports also drove the prices southwards. From the perspective of sugar mills prices prevailed way below breakeven levels for more than 9 months of the season 2011-12.

LOW DOMESTIC VIS-À-VIS INTERNATIONAL PRICES

- International price of sugar throughout the year remained volatile. Raw sugar prices were as high as 615 US$ per ton in October, 2011, declined to a significant low in June 2012. Unfortunately, free exports were not allowed initially and the domestic industry could take no advantage of the arbitrage opportunity.
- Presently, the international prices are rather subdued. Higher production estimates from Brazil, Thailand, Australia, China & Russia has dampened the international sugar price. Presently the price is hovering around 20 cents per pound for NY raw sugar and USD 550 for London white.
- Price arbitrage opportunity seems to be frittered away as the world sugar market prices have come down heavily. Meanwhile, domestic prices also do not offer any leeway as the Government's fear is about the food inflation and the Government has been releasing excess sugar quotas in the domestic market.
- Traditionally, sugar prices in the world sugar market move in tandem with the Indian domestic prices as India is the biggest consumer in the world. If there is any shortage in India, prices in the international market go up and vice versa.

DICHOTOMY OF PRODUCTION ESTIMATES

- Government also has doubts about the credibility of production estimate and is therefore forever playing the waiting game.
- Industry has estimated a production of 24-24.5 million tons for the year 2012-13.
- However, Food Ministry estimates that the production would be around 23 million tons.
- Sugar production in Maharashtra is estimated to be lower but more in U.P. Therefore some traders cum producers in Maharashtra are contemplating the duty free imports of sugar.
- Sugar mills in North are demanding an increase in import duty, whereas Maharashtra traders and producers are lobbying for reduction from 10% to zero import duty.

- This position coupled with the excessive release of sugar in the domestic market has completely eroded the domestic prices, which had earlier just crossed the breakeven point.
- It is high time that the Government announces a cohesive sugar policy so that industry players can in turn formulate their own hedging strategies.

SEASON 2012-13 HIGHLIGHTS

- Production is estimated to be in excess of domestic consumption.
- Sugar millers have pegged cane acreage for 2012-13 at 53.44 lakh hectares about 1.3% higher than the Government estimate of 52.88 lakh hectares. The industry has forecasted the sugar output for the season between 24-24.5 million tons, whereas the Food Ministry estimates 23 million ton production.
- The cane acreage is lower in Maharashtra and Karnataka, while it is higher in case of U.P. and Tamil Nadu. Besides, sugar yield will be affected in some parts of the country due to lower rainfall and also due to diversion of cane to fodder in some areas. Monsoon has been slightly below normal and came late in various parts of the country this year.
- Area under sugarcane was 5.14 million hectares in 2011-12 as compared to 4.9 million hectares in 2010-11.
- Central Government announced a FRP of ₹ 170 per quintal linked to a recovery 9.5% for the season 2012-13 and ₹ 210 per quintal for the season 2013-14. However FRP has no relevance in the State of Uttar Pradesh.
- State Government of Uttar Pradesh has not issued the sugarcane reservation orders and the sugarcane price has not yet been announced. However, it is expected that good economic sense will prevail and State Government may increase the sugar price marginally
- In 2011-12, a price of ₹ 240 per quintal was announced for the general variety of sugarcane and prices of ₹ 250 per quintal was announced for the early variety. While price of general variety is higher by ₹ 35 per quintal, for the general variety it is higher by ₹ 40 per quintal over the previous year. The price of sugarcane was increased by 46% in a span of two years. This has led to an increase in cane area in the state of U.P.
- Price of sugar – On a marginally increasing trend, though it would be preposterous to forecast its trajectory in future. International prices have already plummeted on the news of higher production in Brazil, India, Thailand, China and Russia. It is tad ironical that India, inspite of being the largest sugar consuming nation and the second largest sugar producing nation has a continuously bleeding sugar industry.

DECONTROL - WAIT SEEMS TO BE OVER

- Decontrol is nemesis of sugar industry, according to policy makers.
- Only industry that remains regulated. Even the oil sector has been deregulated.
- Only industry which pays cash for its raw material purchases and hold stocks on an average for 7 to 8 months on behalf of consumers, in the process incurring storage, logistic and other stock carrying financial costs. It is also required to cede 10% of its production for public distribution purposes at a price which is almost 60% of its cost of production.
- State Government continues to hold domain over fixing up price of raw material. Often the pricing decision is driven by politics rather than by economics.
- Deregulation of the sector is the only apt solution. It would eventually benefit the farmers and consumers as there would be all round efficiency.
- Sugar sector which has recorded the lowest CAGR would show signs of resurgence and provide reasonable returns on investment. Decontrol may open floodgates of FI Investment and FD Investment in the sector.
- Government is seriously mulling decontrol. However, there are multiple pulls and pressures and it will require strong political will to press the pedal and put the process on an overdrive.
- Government constituted several High level Committees to examine the matter. However the process is yet to kick-start. Besides, there being endless intellectual combat on the subject, nothing noteworthy has emerged.
- In January 2012, Hon'ble Prime Minister constituted a Committee on Decontrol of Sugar Sector headed by Dr. C. Rangarajan, Chairman, EAC. The Committee has already submitted its recommendations to the Prime Minister on 12th October, 2012.

BLUE PRINT OF REFORMS SUGGESTED BY DR. RANGARAJAN

- Levy sugar obligation and administrative control on non-levy sugar need to be dispensed with immediately. States may be allowed to buy sugar for the ration shops and fix the retail price. Centre should give subsidy to states.
- Rationalization of sugarcane pricing and liberalization of sugar trade to be introduced over a two to three year period, in a calibrated and phased manner.
- There should be a sharing of the revenues/value created in the sugarcane value chain between the farmers and the millers in a fair and equitable manner.
- An analysis of the costs incurred by sugarcane farmers and those incurred by sugar mills suggests that this ratio between farmers and millers, taking a recovery rate of 10.31%, works out as 69:31 which, rounded off, can be taken as 70:30.
- This value-sharing ratio should apply not only for the revenue generated from sugar but also to that generated from saleable primary by-products produced in the process of sugar production.
- Therefore, it is suggested that 70% of the value of sugar and each of its three major by-products, namely bagasse, molasses and press mud (all ex-mill), be fixed as the cane dues payable to the farmer for the sugarcane supplied.
- Based on an analysis of the data available for the by-products, and if by-products are loaded on the value of sugar, the value-sharing ratio for farmers is estimated to amount to roughly 75% of the ex-mill value of sugar alone.
- The actual payment for the cane dues would happen in two steps. The first would be payment of a floor price, based on FRP as per extant mechanism. Balance payment of cane dues will be done subsequent to publication of half-yearly ex-mill prices, on the lines indicated.
- States should not declare the SAP for sugarcane.
- Cane area reservation may be phased out.
- Minimum distance criterion for setting up mills may be dispensed with.
- As against outright ban, quantitative restrictions, moderate duty (not exceeding 5 to 10%) suggested on export and imports.
- Market determined price of sugar by products.
- Like cement, sugar should be exempted for packaging in jute bags.
- Suitable changes may be made in the relevant Control Orders to give effect to the recommendations outlined above.

ETHANOL

Ethanol is produced from molasses, a by-product generated by sugar industry. It is blended with gasoline and used as an automotive fuel. It is considered as renewable fuel. Unlike Brazil, India is more focused on sugar production rather than ethanol. In India, Ethanol blending program is yet to gather momentum. Often the interests of sugar industry in so far as the promotion of use of ethanol is concerned are found to be in conflict with the interests of the oil industry and chemical industry. Consequently there is flip-flop and the ethanol blending program is lying in a state of virtual inertia.

The process of pricing ethanol in itself is acrimonious and fraught with multiple problems. All three Ministries viz. the Food, Oil & Chemical Ministry are found wrangling with one another. The ethanol price was fixed provisionally at Rs. 27/- per litre way back in August, 2010 for ethanol blending program. Simultaneously, a Committee headed by Dr. Saumitra Chaudhary was constituted to determine the final price of ethanol. The Committee suggested linkage of ethanol price with the petrol price and the formula also incorporated certain provision of profit to the OMCs. But the formula price has not yet been notified. Ethanol usage can address the energy needs of the nation and resultantly foreign exchange reserves of the nation can be more gainfully deployed. While ethanol is a derivative product for Indian Sugar industry, it is besides sugar, the main product for the Brazilian Sugar industry.

CO-GENERATION

India is short on power capacity. The Indian sugar industries have traditionally been practicing cogeneration of power by using bagasse as fuel. The Indian sugar industry has capabilities to produce 5,000 MW of power through cogeneration which can be scaled up. Apart from the captive consumption, the surplus power generated can be sold / traded which can assist the sugar industry to improve its viabilities and diversify its business model, besides help mitigating the energy crisis in the Country. The sugar industry in India has woken up and realised its potential to generate power. However, there are many sugar mills which for obvious reason are still using the old, rundown, inefficient boilers & turbines. Resultantly, the power generation is far below its potential. The need of the hour is to upgrade boilers to high pressure boilers, use efficient turbines and automate the process so that steam usage is economised, power generation maximised and revenues optimised.

RISKS & CONCERNS

As part of our business strategy we are constantly expanding. Our strategy of expansion exposes us to risks such as cost over runs of the project, delay in implementation of the project leading to strain and stress on the financial position of the Company.

The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimization procedures and periodical reviews, to ensure that the risk is controlled by the Executive management through the means of a properly defined policy.

- The risk could be of farmers switching over to other cash crops, diversion of sugarcane to unorganized sector, adverse weather conditions causing erosion in yield and consequently supplies to the mills and most importantly the risk of State Government mandating arbitrarily high prices of sugarcane.

1. **Raw Material Risk:** lower cane realization may prompt farmers to shift to alternate crops, threatening Company's significant investment in assets and infrastructure.

   Risk Mitigations:

   As a focused producer, the Company has invested in enduring farmer relationships through the following initiatives:

   a. Educating the farmers on advantages of growing sugar cane.

   b. Provision of high yielding seeds, cane disease management, timely payment of cane price, etc.

   c. Encouraging the farmers to grow more sugar cane and making cane cultivation attractive.

   d. Providing subsidies to plant better variety of Sugar cane.

2. **Sugar Price Risk:** There is volatility in the sugar price on account of oscillating sugar production.

   Risk Mitigations:

   The company has sizable capacity of power cogeneration. Thus company is de-risking its business to address to the problems of volatility in sugar prices. The Company is also planning some hedging strategies so as to capture the upside in the volatility in the global sugar prices in its revenue stream.

   Regulatory risks

- Sugar Industry operates in a highly regulated environment. Any change in the Government policy could impact the sugar industry and your Company.

3. **Political and Regulatory Risks:** Sugar is one of the industries still to be liberalized. The government still stipulates the minimum cane price that the sugar companies should pay to the farmers. Even the release of sugar for domestic sale is controlled by the government.

Risk Mitigations:

This is a systematic risk which cannot be alleviated unless the industry is completely decontrolled. Way forward is complete deregulation of sugar industry and consolidation of the industry.

ACCOUNTING POLICIES

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The significant accounting policies followed by your Company are stated in Schedule 'A' & Schedule 'B' - Significant Accounting policies and notes on accounts forming part of the annual report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against perils of unauthorized use or disposition. Towards enhancing the efficacy of internal controls, services of external consultants are hired. Their suggestions are reviewed and implemented. Your Company also periodically reviews its business processes with a view to fine tune them.

Your Company also has in place an Internal audit system, whereby an independent professional firm of Internal Auditors conduct regular audits across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise Management on corrective polices, if necessary.

HUMAN CAPITAL

Your Company recognizes the importance of human capital and is in the process of building a strong talent pool which would provide it with the competitive edge. Your Company has started series of initiatives for talent acquisition and retention.

Skill mapping and matching is done on a continuous basis. Assessment of training and development needs of the employees is carried out at the time of performance appraisals and the training programs are then designed to bridge gaps, if any. Key Result Areas of employees are determined and their performance evaluated accordingly.

The industrial relations continued to be cordial with spirit of bonhomie and camaraderie prevailing among the rank and file of employees. Your Company employed a total of 948 employees during the year.

CAUTIONARY STATEMENT

The statements in the Management Discussions & Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global or domestic demand and supplies, political and economic developments in India or other countries, government regulations and taxation policies, prices and availability of raw materials, prices of finished goods, abnormal climatic and geographical conditions, etc. The Company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of Subsequent developments, information or events.

DIRECTOR'S REPORT

The Members of the Company,

Your Directors take pleasure in presenting their Nineteenth Annual Report together with the audited accounts for the year ended 30th September 2012.

1. FINANCIAL RESULTS

	INR in lacs Year ended 30.09.2012	INR in lacs Year ended 30.09.2011
Gross profit before depreciation, interest & tax	**9,610.93**	7,483.40
Less: Depreciation	**3,289.04**	3,271.80
Finance Costs	**7,885.90**	5,977.83
Profit / (Loss) before tax and exceptional items	**(1,564.01)**	(1,766.23)
Less: Provision for taxes (including previous year)	---	128.39
Deferred tax liability	**(433.47)**	(578.31)
Profit /(Loss) after tax	**(1,130.54)**	(1,316.31)
Add: Balance brought forward from previous year	**(2,134.87)**	(818.56)
Amount available for appropriation	**(3,265.41)**	(2,134.87)
Appropriations:	---	---
Balance carried forward to next year	**(3,265.41)**	(2,134.87)
	(3,265.41)	(2,134.87)

2. DIVIDEND

In view of losses during the year, your directors are compelled to skip dividend on 8% and 12% Cumulative Redeemable Preference Shares and also on the Equity Shares for the year.

The dividend on Cumulative Redeemable Preference Shares (both 8% & 12% series) are being accumulated and will be paid in the year of profit.

3. RECLASSIFICATION OF SHARE CAPITAL

The company has reclassified its unissued Authorised share capital by replacing 100,00,000 equity shares of Rs 10 each with 1,000,000 cumulative redeemable preference share of Rs 100 each during the year by creating a new series III cumulative redeemable preference share by obtaining shareholders approval in Extra Ordinary General meeting held on 10th September,2012.The reclassified Authorised Share capital is as follows: The Authorised Share Capital of the Company is Rs. 44,00,00,000/- (Rupees Forty Four Crores Only) divided in to 1,75,00,000 (One Crore Seventy Five Lac Only) Equity Shares of Rs. 10/- each, 1,50,000 (One Lac Fifty Thousand Only) 12% Cumulative Redeemable Preference Shares of Rs. 100/- each (Series I) and 15,00,000 (Fifteen Lac Only) Cumulative Redeemable Preference Shares of Rs. 100/- each (Series II), 10,00,000 (Ten Lac Only) Cumulative Redeemable Preference Shares of Rs. 100/- each (Series III).

4. YEAR IN RETROSPECT

OPERATIONS:

Metrics of sugarcane crushed, sugar produced and recovery achieved during the year is given herein under:

Units	**Cane crushed in MT**	**Sugar produced in quintals**	**Recovery in %**
Dwarikesh Nagar (DN)	7,66,276	778198	10.16
Dwarikesh Puram (DP)	7,88,832	767410	9.73
Dwarikesh Dham (DD)	8,15,736	741195	9.09
Total	23,70,844	22,86,803	

Your Directors are pleased to inform that the recovery recorded at DN plant was amongst the highest in State of Uttar Pradesh.

Performance of cogeneration division: Metrics of power sold:

Unit	2011-12		2010-11	
	Power sold in lac units	Amount in ₹ lacs	Power sold in lac units	Amount in ₹ lacs
DN	255	1,016	222	867
DP	628	2,641	538	2,212
DD	869	3,659	606	2,490
Total	**1752**	**7,316**	**1,366**	**5,569**

Performance of Distillery:

During the year 38,09,947 Litres of Industrial Alcohol (previous year 4,347,511 Litres) and 5,76,219 Ethanol (previous year NIL) was produced at Dwarikesh Nagar Unit of the Company. In value terms the sale of rectified spirit was Rs 852.84 lacs (previous year ₹ 1,183.28 lacs) & sale of Ethanol was ₹ 230.42 lacs (Previous Year NIL).

5. FINANCIAL PERFORMANCE:

Financially, year 2011-12 continued to be difficult. The sugar prices remained subdued and range-bound. Throughout the year price of free sale sugar hovered in the band of Rs. 2,700 and Rs. 3,000 per quintal. However, domestic sugar prices started reviving from July, 2012 and are currently hovering around Rs. 3,400 per quintal. Levy sugar produced during 2011-12 was sold at Rs. 1,953 per quintal. SAP for sugarcane was announced at Rs. 240 per quintal, a hopping increase of 17% for the general variety of sugarcane.

Surplus sugar production in the nation and flip flop on lifting of embargo on export of sugar pegged the sugar prices at lower levels. Lower selling price of sugar and other by-products, had its impact on the bottom-line of your Company. Your Company posted after tax loss of Rs. 11.31 crores as against after tax loss of Rs. 13.16 crores in the previous year. However your Company earned cash profits during the year.

Financial highlights are given below:

Lac/₹

Particulars	2011-12	%	2010-11	%
Net Sales	69,860	100.00	59,313	100.00
EBIDTA	9,611	13.76	7,483	12.62
EBDTA	1,725	2.47	1,505	2.53
EBT	(1,564)	(2.25)	(1,766)	(2.98)

Following analogy can be drawn from the above numbers:

1. EBIDTA in absolute terms as well as in percentage terms is better than the EBIDTA for the earlier year. The EBIDTA in absolute terms is higher by approximately ₹ 21 crores and in % terms is at least 1% better.
2. Evidently drag on the profitability was caused by:
   a. Higher sugarcane cost (SAP of Rs. 240 as against SAP of Rs. 205 last year).
   b. Lower per quintal realisation on sale of sugar.
   c. Incremental sugarcane of Rs. 22.68 crores paid pertaining to crushing 2007-08, pursuant to order of Supreme Court.
   d. Higher interest costs. Interest cost during the year at Rs. 79 crores was higher by Rs. 19 crores over the interest cost of previous year. Incidence of interest was higher on account the following reasons:
   e. Carrying of larger inventory and consequently higher requirement of working capital.
   f. Multiple upward revisions in interest rates by Banks.
3. Net Sales during the year is higher on account of higher quantity of sugar sold. Production of sugar was also at least 27% more than the production of sugar in the previous crushing season.
4. EBIDTA margin of your Company is better on account of revival of sugar prices in the last quarter of the year. Plant capacity configuration and enhanced share of power income in the total revenue stream has also played a major role in improvement of EBIDTA margins.
5. Though your Company continues to ruthlessly and relentlessly attack costs, it is helpless in putting a lid on the interest cost. The Company strives to rationalise its interest cost by recalibrating its debt profile, wherever possible.

6. CANE & SUGAR POLICY:

The main policies of the government in relation to the sugar industry during the year were:

1. The ratio of levy and free sale sugar was 10:90 for the crushing season 2011-12.
2. The price of levy sugar for Central U.P. has been increased during the year to ₹ 1959.41 per quintal for the sugar season 2011-12.
3. The Fair & Remunerative Price (FRP) for the crushing season 2010-11 was ₹ 139.12 per quintal and the same has now been increased to ₹ 145 per quintal for 2011-12.
4. Chronology of SMP announced by the Central Government on the basis of recovery is given herein under:

Season	SMP ₹ / Quintal.
2000-01	59.50
2001-02	62.05
2002-03	64.50
2002-03 (Revised)	69.50
2003-04	73.00
2004-05	74.50
2005-06	79.50
2006-07	80.25
2007-08	81.18
2008-09	81.18
2009-10	107.76
2009-10 (SMP replaced by FRP)	129.84
2010-11	139.12
2011-12	145.00

5. For the crushing season 2010-11, the State Government of Uttar Pradesh announced State Administered Price (SAP) of ₹ 205 per quintal of sugarcane of the general variety to be delivered at the factory gate, which has now been steeply increased to ₹ 240 per quintal for general variety, an increase of ₹ 35 per quintal and to ₹ 250 per quintal for early variety,an increase of ₹ 40 per quintal for the season 2011-12 .The said increase is sharp rise of around 17% for the General variety of Sugar cane and is another blow to the beleaguered sugar industry.

7. DIRECTORS

During the year, Shri S.S. Vaidya, Shri L N Heda & Shri Harshvardhan Neotia have resigned from their directorships in the company. Pursuant to Article 146 of the Articles of Association of the company, Shri B.K.Agarwal & Shri K.N.Prithviraj, retire in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

8. STATEMENT OF DIRECTOR'S RESPONSIBILITIES

As required under the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

(i) in the preparation of the annual accounts, applicable Accounting Standards have been followed with proper explanation relating to material departures, if any;

(ii) 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 state of affairs of your company at the end of the financial year and of the profit of your company for that period;

(iii) Taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

(iv) Prepared the Annual accounts on a going concern basis.

9. CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of corporate governance, Management Discussion and Analysis statement forms part of the Annual report.

10. EMPLOYEES

In accordance with the provisions of sections 217 (2A), read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the directors report, as an addendum thereto. However, as per the provisions of section 219 (1)(b)(iv) of the Companies Act, 1956, the report and accounts, as therein set out, are being sent to all members of the company excluding the aforesaid information about employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Pursuant to section 217 (1)(e) of the Companies Act, 1956, the particulars in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo are furnished in Annexure –I and form a part of this report.

12. SUBSIDIARY COMPANY'S REPORT:

The company is not having any subsidiary as on September 30, 2012.

13. AUDITORS & AUDITOR'S REPORT:

There are no qualifications in the Auditors report.

The Auditors, M/s S S Kothari Mehta & Co., Chartered Accountants retire at the ensuing Annual General Meeting of the Company. You are requested to re-appoint the Auditors for the accounting year 2012-13 and fix their remuneration. M/s S S Kothari Mehta & Co., Chartered Accountants, being eligible, have offered themselves for reappointment.

The observation regarding conversion of free sugar into levy sugar & non provision of Society Commission have been explained satisfactorily in note no 4 & 14 respectively of Schedule B to the Notes on accounts.

14. COST AUDITORS:

As per the directions issued by the Central Government pursuant to the provisions of section 233B of the Companies Act, 1956 M/s Ramanath Iyer & Co, Cost Accountants, were appointed to conduct cost audits relating to sugar, electricity and industrial alcohol for the year ended September 30, 2012.

The cost audit report for the financial year ended September 30, 2012 shall be filed by the cost auditors latest by March 28, 2013 which shall be well within the due date.

15. PUBLIC DEPOSITS

The Company does not have any fixed deposits at the beginning of the year in terms of Section 58A of the Companies Act, 1956. The Company did not accept any deposits during the year.

16. ACKNOWLEDGEMENT

Your directors wish to place on record their sincere gratitude and appreciation to its share holders, sugar cane growers, employees, bankers, financial institutions, Central & State Government Agencies for their valuable contribution in the growth of the organisation.

By Order of the Board
For DWARIKESH SUGAR INDUSTRIES LIMITED

G. R. MORARKA
CHAIRMAN & MANAGING DIRECTOR

VIJAY S BANKA
WHOLE TIME DIRECTOR & CFO

B J MAHESHWARI
WHOLE TIME DIRECTOR & CS Cum CCO

Place : Mumbai
Dated : 25th October, 2012

ANNEXURE – I

PARTICULARS AS REQUIRED UNDER THE COMPANIES [DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS] RULES, 1988.

1. CONSERVATION OF ENERGY

Energy conservation is an on-going activity in the Company and the efforts to conserve energy through improved operational methods and other means are continuing. Details of total energy consumption and energy consumption per unit of production are furnished in the prescribed Form 'A' below.

FORM 'A'

[See Rule 2]

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year 2011-12	Previous Year 2010-11
A.	**POWER AND FUEL CONSUMPTION**		
	1. Electricity		
	a) Purchased		
	Unit – KWH	**692,361**	720,098
	Total amount (₹)	**6,113,480**	5,718,770
	Rate / Unit (₹)	**8.83**	7.94
	b) Own Generation		
	i) Through Diesel Generator		
	Unit –KWH	**174,055**	202,062
	Unit Per Ltr of Diesel	**3.38**	2.99
	Oil cost/Unit(₹)	**12.44**	13.04
	ii) Through Steam Turbine/Generator		
	Unit –KWH	**26,56,23,478**	211,625,046
	Unit per Ltr of fuel		
	Oil/Gas		
	Cost/Unit (₹)		
	2. Coal (Specify quantity and where used		
	Quantity (Tons)	**NIL**	NIL
	Total Cost	**N.A.**	N.A.
	Average Rate	**N.A.**	N.A.
	3. Furnace Oil		
	Quantity (Kilo Ltrs.)	**NIL**	NIL
	Total amount	**N.A.**	N.A.
	Average Rate	**N.A.**	N.A.
	4. Other / internal Generation		

	Bagasse (Qtls.)		**Firewood (Qtls.)**		**Diesel (Ltrs.)**	
	2011-12	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**
Quantity	7,500,152	6,163,092	---	341.9	51,798	67,587
Total Cost (₹)	Own generation	Own generation	---	162,403	2165605	2633697
Rate/Unit (₹)			---	475	41.81	38.97

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT - SUGAR (Unit Qtls.)

Total Sugar Produced = 2286803 Qtls

	Standards (if any)	Current Year 2011-12	Previous Year 2010-11
Electricity (KWH)	N.A.	---	---
Furnace Oil	N.A.	---	---
Coal (Specify Qua)	N.A.	---	---
Others (Specify)	N.A.	---	---
Firewood (MT)	N.A.	---	---
G.N. Husk (MT)	N.A.	---	---
Bagasse (MT)		**0.33 MT/Qtls of Sugar**	**0.34 MT/Qtls of Sugar**

TECHNOLOGY ABSORPTION

FORM-B

FORM FOR DISCLOSURE OF PARTICULARS IN RESPECT OF TECHNOLOGY ABSORPTION

A RESEARCH AND DEVELOPMENT:

Specific Area

1 Proper interaction with prominent cane growers of the area, sugar cane scientists / research stations and CDCs / Cane Co-operative Societies of the reserved zone to educate the cane cultivators and field staff members to disseminate the new and improved cane cultivation technology, innovation in sugarcane research and modern farming practices. Educating farmers for adoption of crop rotation, ratoon management, intercropping, raising different nurseries for multiplication of seed as well as for commercial cultivation, use of Bio-agents, and adoption of cultural practices, plant protection from pest and diseases. Time to time we also disseminate the new technology and different information on website of the company as well as through SMS on mobiles of the cane suppliers.

2 Analysis of soil samples of the reserved zone has been done for almost all villages in the reserved zone; soil map is prepared for finding the NPK available in the soil and requirement for cane cultivation along with data of pH, organic carbon etc. Growers are advised to use inputs as per requirements of soil so that optimum fertilizer dose can be given to maximise yield of cane crop and other prominent crops. Efforts are being made to find out micronutrients deficiency through KVK Nagina or from other soil testing labs, where such facility is available. As per reporting of soil analysis of different villages and centres recommendation is being given to the cane growers, so that concept and use of balance fertilizer could be maintained. Availability of organic manures are scarce, so that we have tested different bio fertilizer in liquid forms like Azobactor and Azosprillium (Nitrogenous), PSB (Phosphatic) and Potassium solubilising bacteria(Potassic) under free demonstration in the cane cultivators/ suppliers fields. 250 demos conducted and its result found positive.

3 Arrangement of agrochemicals for soil treatment, seed treatment and control of other pests affecting the sugarcane crop in our area. Agrochemicals are provided on subsidised rates with the subsidy ranging between 25% to 75%. Fertilizers and bio fertilizers are also provided on subsidised rates. In Spring planted cane mild incidence of Top Borer appeared in general in all cane varieties and we have got controlled through application of Furadon 3G as well as Coragen, which has successfully controlled the incidence of Top borer in addition to Furadon 3G.

4 Distribution of nuclear cane seeds of different improved varieties like CoS- 96268, 96275, 03234, 7250, COJ 88, Co 0238, 0239, 0118, 98014, COJ 83, CoJ- 85, etc. for raising the foundation seed nurseries and subsequent multiplication in primary and secondary nurseries. Allotted nuclear cane seed of different cane varieties obtained from research stations / centres are distributed through CDCs. Subsidy is provided to nursery holders at mills level also. All these varieties have been found suitable and are under further multiplication.

5 Proper supervision of cane seed nurseries is provided by our technically trained staff. Sugarcane Scientists are invited to provide technical guidance to farmers for propagation and multiplication of better quality cane seed.

6 Cane seed treatment of improved varieties through M.H.A.T. units to control seed born diseases like grassy shoot disease, ratoon stunting disease, red leaf strip, leaf streak and leaf stripe diseases etc. In new cane varieties like- Co-0238, 0239, 0118 and in some other broad leaved varieties the incidence of Poccha boeng, Top rot, Yellow leaf disease (YLD) have also come in appearance during the rainy season, but its impact has been non significant on the crop till date.

7 Education to the farmers regarding intercultural practices in sugar cane crop to achieve higher profitability with proper yield with good quality of cane. Conducted village meetings, arranged staff and farmers training. Arranged farmers' tour to sugar cane Research station and at other progressive farmers' fields. Also arranged staff training and in house refresher programme (lecture). Small growers have taken interest for intercropping of pulses crops.

8 Construction, Repairing and Maintenance of link roads in reserved zone, wherever it is required to facilitate easy transportation of sugarcane from the respective fields/ villages of farmers to centres and from centres to mills through 25% contribution of the company, with the help of Cane Development Councils' construction / major repairing of link road are undertaken on priority basis and the same process is continuing onward.

9 Conduct demonstration and trial of different cane varieties, fertilizers, manures and effectiveness of different agrochemicals in different soil conditions, topography and means of irrigation to determine the best

means for its general adoption. Company is providing agricultural implement for deep ploughing of soil for maintenance of better tillage operations through M.B.Plough, Disc plough and for proper depth and width of sugar cane planting Paired row Trench planter and ridger free of charge.

10 A large no. of Deep tube well boring on free of charge is being under taken, since last 6 years back in the growers' field in dry belt / rain fed areas, which is about 25% of the total reserved area and this process is continuing as such.

B BENEFITS DERIVED:

1 Area under Early and new improved varieties increased. New improved varieties like- Co-0238, 0239, 0118, 98014, CoS-96268, CoJ-83, 85, 88 etc are on fast multiplying because of increase in cane yield as well as sugar recovery. Rejected and unsuitable cane varieties are being replaced with new improved cane varieties.

2 Distribution of cane seed of improved varieties, Bio- agents/Agrochemicals, bio fertilizers for plant protection measures & other developmental activities have improved production, productivity and sugar recovery.

3 Use of improved agricultural implements, helped in mechanized cane cultivation, use of sprayers in protection of cane crops from pests & diseases. It has Increased the cane yield and made sugar cane cultivation easy and economic.

4 Exhibition/demonstration to cane growers, farmers meeting, training and tour programmes have been very helpful in imparting improved technical know-how of sugar cane cultivation to cane growers as well as staff members.

5 Awareness about improved cultural practices of sugar cane cultivation to obtain better yield as well as better quality of cane has been created.

6 Cane planting target which was fixed for 11700 hect but our actual achievement could have been 13364 hect and we have got increased in early maturing cane varieties from 13% to 20%. The special achievement is 1200 hect early maturing variety Co-0238 and 0239, which may help in improving the sugar cane recovery during the ensuing crushing season 2012-13 substantially.

7 Under deep tube well boring we have covered 118 borings at farmers' fields at company cost in dry and rain fed area and all are successful and the process is continuing onward.

8 Cane commissioner UP, Lucknow has introduced SIS (sugar cane information system) which helps in providing the cane cultivators on different type of information like – cane area, varieties, Basic quota, no. of purchies, cane supply position, cane price payment and all other related matters with cane supply. Apart from it, it helps in providing cane development activities information like- improved cane varieties, cane planting methods, incidence of pest and diseases, information related to agrochemicals for control of pest and diseases etc through SMS, on website and the information are updated on daily basis. This has abundantly facilitated the cane growers/ suppliers.

C ACTION PLAN:

1 Fixing staff wise target for replacement of rejected and unsuitable varieties and increase the area under new improved varieties to maintain varietal balance. New tested and suitable varieties are under process of fast multiplication.

2 To continue to maintain new improved seed nurseries like –Co-0238, 0239 and 0118, CoS-96268, CoJ-85, 83, 88 etc under supervision of our trained and senior staff so as to achieve the results of low fibre, high sugar and high yield from these cane varieties. These varieties we are multiplying at fast speed. New cane variety Co-0238 is multiplying at very fast speed and the present area is about 1200 hect.

3 Conduct more and more Farmers meeting & Seminars with a view to educate the farmers on new Technology, modern practices in cane cultivation, ratoon management etc, which have proven to be very useful through creating positive impact on the cane growers, to obtained higher yield and better relation and sugar recovery.

4 Focus on construction of link roads for easy transportation of sugar cane at mills gate as well as out centres, to facilitate sugarcane suppliers as well as cane transporters with a view to reduce cane transportation cost.

5 Free boring facility is being provided in continuation onward.

II TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

EFFORTS MADE:

i Results of raising nurseries of different new and improved varieties and seed multiplication program has helped in improvement in suitable varietal combination, significant improvement in cane yield as well as sugar cane recovery. Distribution of different agrochemicals has helped in protection of crop from pest and diseases helping improvement in cane yield as well as cane productivity and quality of cane.

ii The company is making efforts for introduction of more and more labour efficient processes.

iii The Company is planning to set up own research farms with the objective of conducting demonstrations and trials frequently so as to find better varieties of sugarcane and innovation in cultivation practices for obtaining quality cane production. This year we have conducted about 250 demos of liquid bio fertilizers of NPK and observed its results positive / significant.

New and improved agricultural implements like- Trench ridger, M.B.plough, Disk plough, Sugarcane cultivator, Sugarcane planter etc. have come in the market. These are cost effective and given better performance. Such implements have been purchased and their services are provided to the cane planters free of charge.

The Company has carried out the survey of the cane area through satellite mapping. This will facilitate the better estimation of cane area, cane production and condition of the cane crop which may further help in arriving at the tentative estimation of sugar production in the ensuing season.

III FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports

The company has not made any exports during the year. ₹

C I F VALUE OF IMPORTS	Nil (Nil)
EXPENDITURE IN FOREIGN CURRENCY Amortization of Global Depository Receipts expenses GDR) (net)	Nil (Nil)
Interest on Foreign Currency Term Loans	16,02,84,102 (11,84,92,749)
EARNINGS IN FOREIGN CURRENCY Sale of CER's	1,08,64,146 (1,74,94,659)

IV EXPENDITURE INCURRED ON R&D

	Particular	**(₹ in Lacs)**
a)	Capital	Nil
b)	Recurring	73.31
c)	Total	73.31
d)	Total R & D expenditure as percentage of total turnover	0.11%

CORPORATE GOVERNANCE REPORT

INTRODUCTION: Corporate Governance is the mechanism by which the values, principles, management policies and procedures of a corporation are made manifest in the real world. Corporate Governance contemplates fairness, transparency, accountability and responsibility in the functioning of the management and the board of companies. Corporate Governance represents moral framework, the ethical framework and the value framework under which an enterprise takes decisions.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company has implemented and continuously tries to improve the Corporate Governance Practices which attempt to meet stakeholders' expectations' and company's societal commitments through high standards of ethics, sound business decisions, prudent financial management practices, professionalism in decision making and conducting the business and finally with strict compliance with regulatory guidelines on corporate governance.

"Transparency, honesty, efficiency, complete and timely disclosure and sustained enhancement of shareholders value, justice to vendors, employees and the society at large are the cardinal principles of Corporate Governance for your Company"

CLAUSE 49 OF THE LISTING AGREEMENT

Clause 49 of the Listing Agreement with the Stock Exchange sets up the norms and disclosures that are required to be met by the Company on the Corporate Governance front. We confirm our compliance with Corporate Governance criteria, as required under the said clause, vide this report. Certificate of the Statutory Auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement with the Stock Exchange, is enclosed.

2. BOARD OF DIRECTORS

Composition and Category

The Current policy is to have an appropriate mix of executives and independent directors to maintain the independence of the Board. As on 30th September, 2012 the constitution of the Board was:

There are 6 Directors in the Company as on 30th September, 2012. During the year, Shri L. N. Heda, Shri Harshvardhan Neotia & Shri S. S. Vaidya, have resigned from their directorships w.e.f. November 21, 2011, May 14, 2012 and August 9, 2012 respectively.

Name of the Director	Category	No. of other Directorship	No of membership of other Board committee*	No of Board Committee for which Chairman	No. of Equity shares held
Mr. G. R. Morarka	Chairman & Managing Director	4	2	---	2,809,385
Mr. K.L.Garg	Independent Non executive Director -IDBI Nominee	---	---	---	---
Mr. B. K. Agarwal	Independent Non executive Director	4	---	1	---
Mr. K. N. Prithviraj	Independent Non executive Director	6	3	---	---
Mr. B. J. Maheshwari	Whole Time Director	3	2	---	---
Mr. Vijay S Banka	Whole Time Director	2	---	---	---

*In accordance with clause 49, directorships of only public limited companies have been considered. The directorships in section 25 companies and private companies have been excluded. Further, memberships & chairmanships of only Audit committee and Shareholders/Investors Grievance Committee of all Public Limited Companies (excluding Dwarikesh Sugar Industries Limited) have been considered.

Directors retiring by rotation & seeking appointment / re-appointment.

Pursuant to Article 146 of the Articles of Association of the company, Mr. K. N. Prithviraj and Mr. Balkumar Agarwal, retire in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Details of the directors seeking appointment / re-appointment are provided in the Notice of the Annual General Meeting, which is forming part of this Annual report.

Remuneration to Directors:

Effective 19th October, 2007, each director (except Chairman & Managing Director, Whole Time Directors) is paid a sitting fees @ ₹ 10,000 per meeting of Board of Directors of the Company for attending the meeting.

Mr. G. R. Morarka, Mr. B. J. Maheshwari and Mr. Vijay S Banka are the Whole Time Directors in the Company.

Mr. G. R. Morarka is entitled to remuneration up to 5 % of net profits of the Company (computed as per section 349 and 350 of the Companies Act, 1956), by way of salaries, perquisites, Exgratia, medical reimbursement, allowances and commission. The details of remuneration paid / payable to Shri Morarka is provided in note no.7.a to the Notes on accounts.

Mr. B. J. Maheshwari and Mr. Vijay S.Banka are paid minimum remuneration as per schedule XIII of the Companies Act subject to overall ceiling of remuneration of 10% of the net profits payable to Managing Directors and Whole Time Directors. The details of remuneration paid/payable to Mr. Maheshwari & Mr. Banka are provided in note no.7.b to the Notes on accounts.

Details of the Directors' remuneration:

The details of the remuneration paid or provided to the directors of the company for the year ended 30th September, 2012 are provided below:

A. Executive Directors:

1. Remuneration to Managing Director

Particulars	**2011-2012 ₹**
Salary	4,800,000
Leave Encashment	----
	4,800,000
Add: Company's Contribution to P.F. (exempted allowance)	5,76,000
Total	**5,376,000**

(Commission to Managing Director is not payable in view of inadequacy of profit as per Schedule XIII of the Companies Act,1956 and hence not provided for)

2. Remuneration to other Whole time directors

Salary	41,69,880
Other Allowances	35,65,200
Leave Salary	1,31,789
Interim Bonus	3,24,324
Company's Contribution to P.F. (exempted allowance)	5,00,382
Total	**86,91,575**

1. The terms of office of executive directors are for 3 years from the date of their respective appointment / reappointment.
2. Notice period is nil in case of Mr. G. R. Morarka and 24 months each in cases of Mr. B. J. Maheshwari and Mr. V. S. Banka. No stock options have been granted to any directors nor pension is payable to them.
3. Severance fees is nil.

B. Non-Executive Directors:

Name of the Director	**Sitting fees (in ₹)**	**Commission payable (In ₹)**	**Total Payments paid / payable in 2011-12 (In ₹)**
Mr. S. S. Vaidya	15,000	---	15,000
Mr. L. N. Heda	---	---	---
Mr. K. L. Garg	47,500	---	47,500
Mr. B. K. Agarwal	60,000	---	60,000
Mr. Harshvardhan Neotia	---	---	---
Mr. K.N. Prithviraj	37,500	---	37,500

CEO/CFO certificate is attached along with the report.

Attendance of each Director at the Board Meetings and the Last Annual General Meeting:

During the financial year ended 30th September, 2012, 4 Board Meetings were held: on November 28, 2011; February 14, 2012; May 14, 2012 & August 09, 2012. The attendance of each director at these Board meetings and the last Annual General Meeting (AGM) was as follows:

Name of the directors	No. of Board meeting attended	Attendance at Last AGM held on 16th March, 2012
Mr. G.R. Morarka	3	Yes
Mr. S.S. Vaidya (since resigned)	1	No
Mr. K. L .Garg	4	No
Mr. B.K. Agarwal	4	No
Mr. B.J.Maheshwari	4	Yes
Mr. Vijay S. Banka	4	No
Mr. K. N. Prithviraj	3	No
Mr. Harshvardhan Neotia (since resigned)	---	No

3. COMMITTEES OF BOARD

A. AUDIT COMMITTEE

Pursuant to Clause 49 II of the Listing Agreement and also pursuant to the provisions of the Companies Act, 1956, the Committee was constituted, initially to comprising of four directors; all of them are independent, non-executive and later expanded by addition of two Whole Time Directors. Out of these two Whole Time Directors, Mr. B. J. Maheshwari has ceased to be a member of the Audit Committee w.e.f. August 12, 2011 and an Independent Director Mr. B. K. Agarwal is inducted in the same meeting. Members of Audit Committee are eminent persons in their field. Mr. K. N. Prithviraj acts as a chairman of the Audit Committee. Mr. B. J. Maheshwari being a Company Secretary of the company acts as the secretary to the Committee.

Terms of Reference: The Audit Committee reviews and reports to the Board on the following:

- Overseeing the financial reporting process.
- Appointment and remuneration of Auditors.
- Reviewing the financial and risk management policies.
- Reviewing the adequacy of internal control systems.
- Compliance with listing and other legal requirements.
- Changes in accounting policies and practices and reasons for the same.
- Periodical and yearly financial results of the Company.

The Committee also reviews the observations of the Internal and Statutory Auditors, along with the comments and action taken thereon by the Management and invites senior executives to its Meetings as necessary.

The constitution of the Audit Committee as on September 30, 2012 is as follows:

1.	Mr. K. N. Prithviraj	Non-executive Director
2.	Mr. K. L. Garg	Non-executive Director
3.	Mr. B. K. Agarwal	Non- executive Director
4.	Mr. Vijay S Banka	Whole Time Director

Meeting and attendance

During the financial year ended 30th September, 2012, 4 Audit Committee Meetings were held on November 28, 2011; February 14, 2012; May 14, 2012 & August 09, 2012.

Name of the Directors	No of meeting attended
Mr. Vijay S. Banka	4
Mr. K. N. Prithviraj	3
Mr. B. K. Agarwal	4
Mr. K. L. Garg	2

B. REMUNERATION COMMITTEE

Besides Audit Committee, in terms of the Section 292(A) of the Companies Act, 1956, the Remuneration Committee was formed on 22nd October, 2001 now comprising of two independent non executive directors as member & two more Whole Time Directors were inducted on the Committee w.e.f. 29th April, 2009 and a Nominee Director was inducted later. The Company Secretary acts as the secretary to the Committee.

The Remuneration Committee looks after terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Managing Director, Whole Time Director & Directors etc. Remuneration Committee recommends the remuneration for executive directors to the board of directors for its approval and such remuneration is also subject to the approval of shareholders and such other approvals as may be required. In its recommendations, the remuneration committee considers the parameters like performance and contribution, practices and norms followed by companies of similar size and industry standards.

The non-executive directors do not draw any remuneration from the company except payment by way of sitting fees for attending the board / committee meetings.

The composition and names of members of the Remuneration Committee as on September 30, 2012 are as under:

1.	Mr. B.J. Maheshwari	Whole Time Director
2.	Mr. Vijay S. Banka	Whole Time Director
3.	Mr. B.K. Agarwal	Non-executive Director
4.	Mr. K.L. Garg	Nominee Director

The Chairman of the Remuneration Committee is to be elected by its members from amongst themselves.

During the year ended 30th September, 2012, two Remuneration committee meetings were held on November 19, 2011 & November 28, 2011.

Name of the Director	No. of meetings attended
Mr. B.K. Agarwal	2
Mr. L. N. Heda (Since resigned on 21.11.2011)	1
Mr. K.L. Garg	1
Shri S.S.Vaidya (Since resigned on 09.08.2012)	1

Sitting fees @ ₹ 2,500 is paid to a member for attending meeting of the Remuneration committee & Audit Committee and in an event the meeting is held outside Mumbai, additionally, out of pocket expenses of ₹ 500 per meeting is to be paid.

C. SHAREHOLDER'S COMMITTEE

The committee was constituted on 17th March, 2001 to look into the matters relating to redressal of Shareholders and Investors complaints such as transfer of shares, non-receipt of balance Sheet, non-receipt of declared dividends etc. Mr. B. K. Agarwal is a Chairman of the committee & Mr. B. J. Maheshwari -Company Secretary is designated as a Compliance officer.

The Shareholder's Committee comprise of following directors as on September 30, 2012.

1.	Mr. Vijay S. Banka	Whole Time Director
2.	Mr. B.J. Maheshwari	Whole Time Director
3.	Mr. B.K.Agarwal	Non-executive Director

The scope of Shareholders Committee is as follows:

1. To attend to investors grievances or shareholders grievances.
2. To appoint Registrars and Share Transfer Agent.
3. To transfer, transmit, consolidate, issue duplicate share certificates, split share certificates, etc.
4. To attend to complaints of Shareholders regarding non-receipt of Balance Sheet and non-receipt of Declared dividend etc.
5. To do all such acts, things, deeds as may be required to be done in the above regard.

The Shareholders / Investors Grievance Committee are also required to submit their reports / suggestions to the Board of Directors of the Company from time to time.

During the year ended 30th September, 2012, there were no investor's complaints at the beginning of the year, no complaints received during the year & no complaints are pending at the end of the year.

Investor Services

Your Company has appointed M/s Universal Capital Securities Pvt. Ltd. as Registrar and Share Transfer Agent, who have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.

COMPLIANCE OFFICER

The Board has designated Mr. B. J. Maheshwari, Whole-Time Director and CS cum CCO as the compliance officer.

OTHER DISCLOSURES:

A. Transactions during the year:

- No penalty or strictures have been imposed on the Company by Stock Exchanges, SEBI or any Statutory Authority on any matter during last 3 years.
- The Compliance Reports of all laws applicable to the Company are periodically reviewed by the Board.

All related party transactions have been entered into in the Ordinary course of business and were placed periodically before the Audit Committee and the Board. All transactions with the related parties or others are on an arm's length basis.

B. Disclosure of Accounting Treatment:

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

C. Risk Management:

The Company has in place mechanism to inform the Board Members about the Risk Assessment and Minimisation procedures and periodical reviews, to ensure that risk is controlled by the Executive Management through the means of a properly defined policy.

i) Raw material risk:

Higher cane prices on account of lower rainfall would increase the input cost and may also impact the availability of sugarcane.

Risk mitigations:

As a focused producer, Dwarikesh Sugar Industries Limited, has invested in enduring farmer relationships through the following initiatives:

- Educating the farmers on advantages of growing sugar cane.
- Provision of high yielding seeds, cane disease management, timely payment of cane price, etc.
- Encouraging the farmers to grow more sugar cane and making cane cultivation attractive.
- Providing subsidies to plant better variety of Sugar cane.

ii) Sugar Price Risk:

There is volatility in the Sugar Price on account of oscillating sugar production.

Risk mitigation:

The Company has diversified its product mix by foraying into non-sugar business like Industrial Alcohol, Ethanol, Power generation to derisk the volatility in sugar prices being a commodity cyclical. This product mix has done well when the sugar prices are not lucrative and optimized the benefits by the diversified product portfolio.

iii) Political and regulatory risks:

Sugar is one of the industries still to be liberalised. The government still stipulates the minimum cane price that sugar companies should pay to the farmers, for the cane. Even the release of sugar for domestic sale is also controlled by the Government.

Risk mitigation:

This is a systemic risk which can not be alleviated unless the industry is completely decontrolled.

D. Proceeds from public issues, right issues, preferential issues, etc.

There was no public issue or right issue during the year.

E. Subsidiary Companies:

There are no subsidiary companies.

GENERAL BODY MEETINGS

Location and time, where last Annual / Extra Ordinary General Meetings were held during last 3 years is given below:

Financial Year	Date	Location of the Meeting	Time	AGM/ EGM
2008-09	16th March, 2010	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2009-10	16th March, 2011	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2010-11	16th March, 2012	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	AGM
2011-12	10th September, 2012	Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh	10.00 a.m.	EGM

Special resolutions passed in General Meetings during last 3 years:

Date	Particulars
16th March, 2010	a. Renewal of appointment & fixation of remuneration of Mr. G. R. Morarka, Chairman and Managing Director. b. Appointment & fixation of remuneration of Mr. B.J.Maheshwari, Whole-Time Director & CS cum CCO. c. Appointment & fixation of remuneration of Mr. Vijay S. Banka, Whole-Time Director & CFO. d. Enhancement in remuneration of Ms. Priyanka G. Morarka. e. Amendment in Clause V(a)- Capital Clause of Memorandum of Association. f. Amendment in Clause 4(a)- Capital Clause of Articles of Association. g. Further issue of Capital
16th March, 2011	NIL
16th March, 2012	a. Appointment & fixation of remuneration of Mr. B J Maheshwari, Whole Time Director & CS cum CCO. b. Appointment & fixation of remuneration of Mr. Vijay S Banka, Whole-Time Director & CFO.
10th September, 2012	a. Alteration of capital clause V(a) of the Memorandum of the Company b. Alteration of capital clause 4(a) of the Articles of Association of the Company c. Further issue of Cumulative Redeemable Preference Shares of the Company to members / non members of the company.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board at its meeting held on 24th January, 2005 adopted the Code of Business Conduct and Ethics for Directors and Senior Management ('the Code') pursuant to clause 49 of the listing agreement. This code is a comprehensive code applicable to all Directors, Executive & Non-Executive and members of senior management. However, in the light of changing scenario of corporate functioning, the same has been modified & adopted by the Board at its meeting held on 29th November, 2010.

A copy of the Code has been put on the Company's website : www.dwarikesh.com.

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by Shri B.J. Maheshwari, Whole Time Director & CS cum CCO is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the Accounting Year 2011-12.

B. J. Maheshwari
Whole Time Director & CS cum CCO

INSIDER TRADING

The Company has adopted 'code of Internal Procedures and conduct' framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, inter alia, to prevent insider trading in the shares of the Company.

DISCLOSURES

The Company does not have any related party transactions except the ones disclosed in note no. 20 in Other Notes in Notes on Accounts, which may have potential conflict with the interest of the Company at large.

MEANS OF COMMUNICATION

Quarterly Results: The Company's quarterly results in the proforma prescribed by the Stock Exchanges pursuant to clause 41 of the Listing Agreement are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all Stock Exchanges on which the Company's shares are listed. These results are being published in leading newspapers.

Website: As per the requirements of clause 52 and 54 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern etc. is posted on corpfiling website (www.corpfiling.co.in) and also on the Company's website**:(www.dwarikesh.com)** within the time prescribed in this regard. The Company's website also displays the official news releases.

Annual Report: Annual Report containing, inter alia, Audited Annual Accounts, Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD & A) Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION:

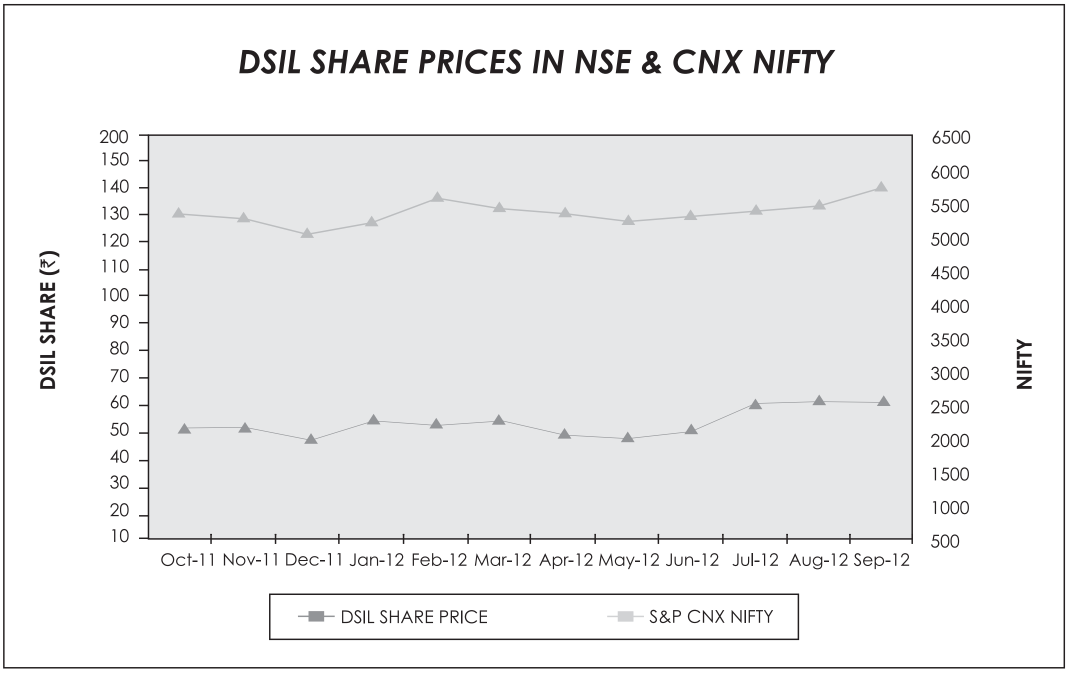
Annual General Meeting	19th Annual General Meeting
Date, time and venue	Friday, 22nd March, 2013 at 10 a.m. at Dwarikesh Nagar – 246 762 District : Bijnor, Uttar Pradesh
Financial Calendar Particulars (October-September) (tentative and subject to change)	Date of Approval/publication
First Quarter Results	On or before 14th February, 2013
Second Quarter Results	On or before 15th May, 2013
Third Quarter Results	On or before 14th August, 2013
Last Quarter Results	On or before 29th November, 2013
Dates of Book Closure	11th March, 2013 to 22nd March, 2013 (both days inclusive).
Dividend Payment Date	Not Applicable since no dividend is recommended.
Listing Details	BSE & NSE

The details of the Stock Exchanges on which the Company's shares are listed are as under:		
Name	**Address**	**Stock Code**
The Bombay Stock Exchange Ltd. (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532610
The National Stock Exchange of India Ltd. (NSE)	"EXCHANGE PLAZA", Bandra-Kurla Complex Bandra (E), Mumbai – 400 051	"DWARKESH"
International Securities Identification Number (ISIN)	INE 366A 01033	

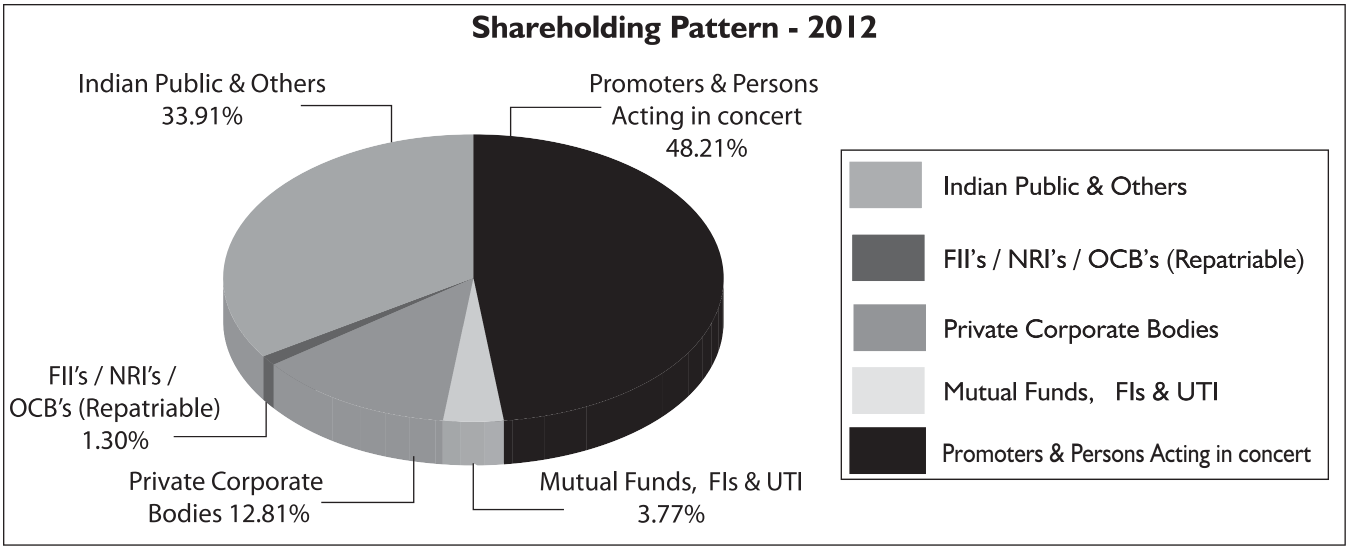
Payment of Listing Fees: Annual listing fee for the year 2012-13 (as applicable) has been paid by the Company to BSE & NSE.

MARKET PRICE DATA: Monthly high/low of market price of the Company's equity shares traded on the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the last financial year was as under:

	National Stock Exchange (NSE)			**Bombay Stock Exchange (BSE)**		
	Month's High price (₹)	**Month's Low price (₹)**	**Volume (Nos.)**	**Month's High price (₹)**	**Month's Low price (₹)**	**Volume (Nos.)**
Oct-11	41.40	36.5	260290	42.45	36	129061
Nov-11	41.60	35.5	170752	42	35	86031
Dec-11	36.85	28.85	161446	37.45	26	90636
Jan-12	44.15	30.55	867884	48.35	30.25	469913
Feb-12	42.35	38.05	116455	43.85	38	87787
Mar-12	44.00	37.3	243849	46.5	36.05	119992
Apr-12	38.95	35.95	120351	39.9	35.3	70809
May-12	36.70	33.55	152037	38.9	32.5	60192
Jun-12	39.50	35.8	117759	40	34.15	57089
Jul-12	50.05	41.35	858354	52.3	38.35	415190
Aug-12	51.05	41.65	143472	52.9	41.35	85979
Sep-12	50.40	43.65	284042	51.4	42.15	122257



Shareholding pattern of the Company as on 30th September, 2012



Sr. No.	Particulars	Percentage
1	Promoters & Persons Acting in concert	**48.21**
2	Mutual Funds, FIs & UTI	**3.77**
3	Private Corporate Bodies	**12.81**
4	FII's / NRI's / OCB's (Repatriable)	**1.30**
5	Indian Public & Others	**33.91**
	Total	**100.00**

Distribution of Shareholding as on 30th September, 2012:

Sr. No.	No. of Equity Shares Held in the range of	No. of Shareholders	Percentage	No. of Shares	Total Percentage
1	1 – 500	10453	87.833	1359708	8.334
2	501 – 1000	656	5.512	530139	3.249
3	1001 – 2000	397	3.336	566731	3.474
4	2001 – 3000	138	1.160	346488	2.124
5	3001 - 4000	50	0.420	177943	1.091
6	4001 – 5000	54	0.454	257506	1.578
7	5001-10000	68	0.571	491652	3.014
8	10,001 & above	85	0.714	12584509	77.136
	Total	**11901**	**100.00**	**16314676**	**100.00**

Registrar and Transfer Agents:

Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093.
Tel: 28207201 / 7203 / 7204 / 7205
Fax: 28369704 / 28207207
E-mail: info@unisec.in

GDR status:

During the financial year 2005-06 the company raised funds amounting to Rs 540,549,427/- through 3 million Global Depositary Receipts (GDR) representing 3 million Equity Shares of face value of Rs 10/- each @ USD 4 per GDR. The GDRs were listed on Luxembourg stock exchange. All 3 million GDRs have been converted into equity shares on or before 30th September, 2008. As on 30th September, 2012, there are no GDRs outstanding.

Dematerialisation of Shares

The company has signed an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As intimated by SEBI, trading in the shares of the company is compulsorily to be in the dematerialised form for all the investors. As on 30th September, 2012, 99.58% of the total shares of the Company have been dematerialised.

Address for Correspondence

Corporate Secretarial Department

The Corporate Secretarial Department is located at the Company's Corporate Office situated at 511, Maker Chambers - V, 221, Nariman Point, Mumbai - 400 021. Tel: 22832468; Fax: 22047288.

The shareholders may address their communications/grievances/ queries to Mr. B. J. Maheshwari, Whole Time Director and CS cum CCO at the above mentioned address.

Change of Address

The shareholders holding shares in Physical form should contact the share transfer agent of the company for change of address.

The shareholders holding shares in Dematerialised form should contact their depository participants for change of address.

Human Resource Development / Industrial Relations:

Continuous learning is the cornerstone of the Company's human resource policy. The Company's human resource policy is structured to meet the aspirations of the employees as well as of the organisation. The Company has adopted a progressive policy of continuous development of its human resources by training and motivating its employees to attain greater efficiency and competency.

Industrial relations in all the units were cordial throughout the year under review.

Corporate Benefits:

Financial Year	Equity Dividend Rate	Dividend Declaration Date
1996-1997	10%	16/03/1998
1997-1998	15%	30/03/1999
1998-1999	15%	28/03/2000
1999-2000	15%	19/06/2001
2000-2001	15%	27/03/2002
2001-2002	5%	31/05/2003
2002-2003	5%	29/03/2004
2003-2004	20%	01/11/2004
2004-2005	60%	16/01/2006
2005-2006	60%	23/03/2007
2006-2007	NIL	---
2007-2008	NIL	---
2008-2009	15%	16/03/2010
2009-2010	NIL	---
2010-2011	NIL	---
2011-2012	NIL	---

Bonus Issues of fully Paid-up Equity Shares

Financial Year	Ratio
2000-2001 (09/04/2001)	13:100

Non-Mandatory Requirements:

Mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company. Non-mandatory requirements are as hereunder:

1. **The Board**

   As the Company has an Executive Chairman and Managing Director, the applicability of this provision does not arise. Maximum tenure of Independent Directors as mentioned is not adopted.

2. **Remuneration Committee**

   The Company has already appointed Remuneration Committee on 22nd October, 2001 and the Committee is operational.

3. **Shareholders Rights**

   The quarterly, Half Yearly and Annual Results are published in leading English News Paper having circulation all over India and also in Hindi News Paper circulating in the District. The results are also posted on the Company's website and corpfiling Website, therefore the same are not sent to the Shareholders individually.

4. **Audit Qualification**

   The company is in the regime of un-qualified financial statements

5. **Training of Board Members**

   The Board of Directors consists of professionals having considerable experience and expertise in their respective fields and industry.

6. **Mechanism for evaluating Non-Executive Board Members**

   As the Non-Executive Directors are professionals, no such mechanism exists.

7. **Whistle Blower Policy**

   There is no Whistle Blower Policy. However the company recognises the importance of reporting to the management by any employee at any level about the unethical behaviour or suspected fraud in violation of the Company's Code of Conduct or any other point of concern.

Location of Plants:

Sugar Mills:

(1) Dwarikesh Nagar – 246 762, District Bijnor, Uttar Pradesh.

(2) Dwarikesh Puram – 246 722, Dist: Bijnor, Uttar Pradesh.

(3) Dwarikesh Dham – 243 503, Dist: Bareilly , Uttar Pradesh.

Distillery:

(1) Dwarikesh Nagar – 246 762, District Bijnor, Uttar Pradesh.

Co-generation:

(1) Dwarikesh Nagar – 246 762, District Bijnor, Uttar Pradesh.

(2) Dwarikesh Puram – 246 722, Dist: Bijnor, Uttar Pradesh.

(3) Dwarikesh Dham – 243 503, Dist: Bareilly Uttar Pradesh.

Subsidiary:

There are no subsidiary companies.

On behalf of the Board of Directors

Place: Mumbai
Dated: 25th October, 2012

B. J. Maheshwari
Whole Time Director & CS Cum CCO

Certificate on Compliance of Corporate Governance under Corporate Governance Clause of the Listing Agreement(s)

To,

The Board of Directors,
Dwarikesh Sugar Industries Limited,

We hereby certify that:

(a) We have reviewed financial statements for the year ended 30th September, 2012 and that to the best of our knowledge and belief;

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements 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, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal and violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the audit committee

  (i) Significant changes in internal control during the year.

  (ii) Significant changes in accounting policies, if any during the year and that the same have been disclosed in the notes to the financial statements, and

  (iii) 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.

Vijay S. Banka
Chief Financial Officer

G. R. Morarka
Chairman & Managing Director

Place : Mumbai
Date : October 25, 2012

Auditor Certificate on Compliance of Corporate Governance under Corporate Governance Clause of the Listing Agreement(s)

To The Members of
Dwarikesh Sugar Industries Limited.

We have reviewed the implementation of Corporate Governance procedures by **Dwarikesh Sugar Industries Limited** during the year ended September 30, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanations given to us, and the representations made by Directors and the management, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the listing agreement(s) with the stock exchange(s) have been complied with by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' committee.

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

For S.S.Kothari Mehta & Co.
Chartered Accountants
Firm Registration No.: 000756N

ARUN K. TULSIAN
Partner,
Membership No.89907

Place : New Delhi
Dated : October 25, 2012

AUDITORS' REPORT

TO THE MEMBERS OF DWARIKESH SUGAR INDUSTRIES LIMITED

We have audited the attached Balance Sheet of Dwarikesh Sugar Industries Limited as at September 30, 2012, the Statement of Profit & Loss and also the Cash Flow Statement of the Company 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. 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 (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information & explanations given to us, 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 the Annexure referred to in paragraph (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 purpose 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. In our opinion, the said Balance Sheet, Statement of Profit & Loss and Cash flow Statement have been prepared in accordance with the accounting standards as prescribed under the provisions of Section 211 (3C) of the Companies Act, 1956;
   e. On the basis of written representations received from the directors, as on September 30, 2012 and taken on record by the Board of directors, we report that none of the directors is disqualified as on September 30, 2012 from being appointed as a director of the Company in terms of Section 274 (1) (g) of the Companies Act, 1956;
   f. Without qualifying our opinion :
      i) We draw attention to sub note 14 of main note 28 (B) of the financial statements relating to Society commission on purchase of sugarcane of Rs. 4,82,12,723 in view of representation for relief/waiver made by UPSMA; the liability will be provided in future depending on decision of the State Government. We have relied on the management assessment in this regard;
      ii) We draw attention to sub note 4 of main note 28 (B) of the financial statements relating to non accounting for adjustment on account of conversion of non-levy sugar into levy sugar. Based on SLP filed and the stay granted by the Hon'ble Supreme Court of India and legal opinion taken by the company, against the order of Hon'ble Allahabad High Court which had upheld the order of Directorate of Sugar for converting the unlifted non-levy quantity of 1,77,403 quintals into levy sugar, the matter being subjudice, the adjustment in accounts cannot be made at this stage. We have relied on the management assessment in this regard.
   g. In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting policies and other Notes to the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) In case of Balance Sheet, of the state the Company's affairs as at September 30, 2012;
      (ii) In case of Statement of Profit & Loss, of the loss for the year ended on that date; and"
      (iii) In case of Cash flow statement, of the cash flows for the year ended on that date.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN
Partner
Membership No.89907

Place: New Delhi
Date: October 25, 2012

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report to the members of Dwarikesh Sugar Industries Limited on the accounts for the year ended September 30, 2012

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

(b) Physical verification of fixed assets is being conducted by the management based on a programme designed to cover all assets over a period of three years, which , in our opinion, is reasonable having regard to the size of the company and nature of its business. Discrepancies noticed on such verification as compared to book records were not material and have been properly adjusted in the books of account.

(c) During the year, the Company has not disposed off substantial part of the fixed assets.

ii) (a) The inventories have been physically verified by the management during the year at all its locations. In our opinion, the frequency of such verification 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.

iii) (a) The Company has taken unsecured loans from three companies and Managing Director covered in the register maintained under section 301 of the Companies Act, 1956, maximum balance outstanding against these loans is Rs 36,33,327 and year end balance is Rs 10,58,226.

(b) In our opinion, the rate of interest and other terms & conditions on which these loans have been taken are not, prima facie, prejudicial to the interest of the Company.

(c) These loans are repayable on demand; therefore, there are no overdue amounts at the year end.

(d) The company has not granted any loan, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(e) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount & interest due thereon and overdue amounts are not required.

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 purchase of inventory & fixed assets and with regard to sale of goods & services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.

v) (a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

vi) The company has not accepted any deposits from the public within the meaning of provisions of Section 58A, 58AA & any other relevant provisions of the Companies Act, 1956, including the Companies (Acceptance of Deposits) Rules, 1975.

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

viii) We have broadly reviewed the cost accounting records maintained by the Company as prescribed by the Government of India under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that, prima facie, the prescribed records have been made and maintained by the company. However, we are not required to make a detailed examination of such records.

ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues applicable to it. There are no arrears of such dues outstanding as at the year end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and as per the books & records examined by us, there are no dues of Income tax, Wealth tax, Service tax, Custom duty and Cess which have not been deposited on account of any dispute except the following in respect of Trade tax and Excise duty along with the forum where the dispute is pending:

S.N.	Name of statute	Nature of dues	Disputed Amt. (net of payments made) (₹)	Forum where dispute is pending
1	Uttar Pradesh Trade Tax Act	Entry Tax	8,19,966 (demand of 8,00,000 subsequently decided in favour of the company)	Additional Commissioner (Appeal) Trade Tax Authorities, Bijnore, Uttar Pradesh.
2	The Central Excise Act, 1944	Excise Duty demands	3,19,35,311	Excise Appellate Authorities

x) The accumulated losses as at the end of the financial year are less than fifty percent of the net worth. Further, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

xi) *According to the information and explanations given to us and as per the books and records examined by us, we report as follows:*

Amounts due in respect of Term Loans (TL)/Interest on term loan (ITL) FROM Banks aggregating Rs. 46,31,03,178 (as per detail noted here under) were delayed but the same have fully been paid during the year. As explained by the management, the delays are attributable due to accumulating losses on account of low realization of sugar sale prices.

Note: - 1. The details are as under:

- *Punjab National Bank TL, 6 instances aggregating to ₹ 24,17,93,311 with delay ranging from 1 to 89 days.*
- *IDBI Bank Limited TL, 4 instances aggregating to ₹ 660,00,000 with delay ranging from 1 to 89 days.*
- *Punjab National Bank ITL in Foreign Currency - I, 4 instances aggregating to ₹ 4,25,73,276 with delay ranging from 1 to 90 days.*
- *Punjab National Bank ITL in Foreign Currency - II, 5 instances aggregating to ₹ 3,47,42,593 with delay ranging from 1 to 90 days.*
- *Punjab National Bank ITL , 5 instances aggregating to ₹ 6,11,57,360 with delay ranging from 1 to 90 days.*
- *IDBI Bank Limited ITL, 5 instances aggregating to ₹ 1,68,36,638 with delay ranging from 1 to 90 days.*

xii) 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 nidhi/mutual benefit fund/society. Therefore the relevant reporting requirements of the Order are not applicable.

xiv) According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.

xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.

xvi) In our opinion and according to the information and explanations given to us, the Company has not raised any term loans during the year.

xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, *the funds raised by the company on short-term basis have been applied for long-term investment to the extent of ₹ 6,31,39,152/-.*

xviii) During the year, the company has not made any preferential allotment of shares to companies and parties covered in the register maintained under section 301 of the Companies Act, 1956.

xix) During the financial year, the Company has not issued any debentures nor has any outstanding debentures.

xx) The company has not raised any monies by way of public issues during the year.

xxi) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No. 000756N

ARUN K. TULSIAN
Partner
Membership No.89907

Place: New Delhi
Date: October 25, 2012

BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

(Amount in `)

Particulars	Note No.	As at 30/09/2012		As at 30/09/2011	
I. EQUITY AND LIABILITIES					
(1) **Shareholder's Funds**					
(a) Share capital	1	**324,146,760**		324,146,760	
(b) Reserves and surplus	2	**925,536,996**		1,038,591,184	
			1,249,683,756		1,362,737,944
(2) **Share application money pending allotment**			**100,000,000**		-
(3) **Non-Current Liabilities**					
(a) Long-term borrowings	3	**2,435,927,816**		3,349,920,955	
(b) Deferred tax liabilities (net)	4	**24,910,144**		68,257,034	
(c) Other long term liabilities	5	**44,634,480**		47,388,012	
(d) Long term provisions	6	**71,247,592**		57,258,885	
			2,576,720,032		3,522,824,886
(4) **Current Liabilities**					
(a) Short-term borrowings	7	**1,933,369,291**		735,708,001	
(b) Trade payables	8	**92,422,660**		66,351,453	
(c) Other current liabilities	9				
Current maturities of long term debts		**880,990,874**		580,886,044	
Others		**672,524,119**		250,845,478	
(d) Short-term provisions	10	**15,869,714**		12,862,489	
			3,595,176,658		1,646,653,465
TOTAL			**7,521,580,446**		6,532,216,295
II. ASSETS					
(1) **Non-current assets**					
(a) Fixed assets	11				
(i) Tangible assets		**4,699,242,680**		4,957,069,212	
(ii) Capital work-in-progress		**646,903**		46,136,223	
		4,699,889,583		5,003,205,435	
(b) Non-current investments	12	**2,400,000**		2,400,000	
(c) Long term loans and advances	13	**105,270,069**		105,358,110	
(d) Other non-current assets	14	**17,801,676**		15,444,509	
			4,825,361,328		5,126,408,054
(2) **Current assets**					
(a) Inventories	15	**2,393,519,332**		1,361,458,030	
(b) Trade receivables	16	**257,228,058**		91,442	
(c) Cash and bank balances	17	**13,331,680**		5,213,743	
(d) Short-term loans and advances	18	**27,027,744**		26,207,312	
(e) Other current assets	19	**5,112,304**		12,837,714	
			2,696,219,118		1,405,808,241
TOTAL			**7,521,580,446**		6,532,216,295

See accompanying notes to the financial statements

As per our report of even date
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

G.R. Morarka
Chairman & Managing Director

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 25th October, 2012

Place: Mumbai
Date: 25th October, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

(Amount in `)

	Particulars	Note No.	Year ended 30/09/2012	Year ended 30/09/2011
	REVENUE:			
I.	Revenue from operations (Gross)	20	7,259,462,309	6,165,488,255
	Less: Excise duty		273,489,638	234,162,715
	Revenue from operations (Net)		6,985,972,671	5,931,325,540
II.	Other income	21	21,643,481	3,521,575
III.	**Total Revenue (I +II)**		7,007,616,152	5,934,847,115
IV.	**EXPENSES:**			
	Cost of materials consumed	22	6,378,976,281	4,313,380,007
	Purchase of stock-in-trade		---	---
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(994,105,905)	182,913,124
	Employee benefit expenses	24	380,536,000	354,325,105
	Finance cost	25	788,589,966	597,783,210
	Depreciation and amortization expenses	26	328,904,153	327,179,666
	Other expenses	27	281,117,097	335,889,418
V.	**Total Expenses**		7,164,017,592	6,111,470,530
VI.	**Profit/(Loss) before tax (III - V)**		(156,401,440)	(176,623,415)
VII.	Tax expense:			
	(1) Current tax			
	Current year		---	---
	Less: MAT credit entitlement		---	---
	Add: Reversal of MAT credit entitlement		---	12,829,134
	Previous year		(362)	9,849
	(2) Deferred tax		(43,346,890)	(57,830,958)
VIII.	Profit/(Loss) for the period after tax		(113,054,188)	(131,631,440)
IX.	**Profit/(Loss) for the period**		(113,054,188)	(131,631,440)
X.	Earning per equity share (Nominal value ` 10 per share)			
	(1) Basic		(7.88)	(9.02)
	(2) Diluted		(7.88)	(9.02)
	See accompanying notes to the financial statements			

As per our report of even date
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

G.R. Morarka
Chairman & Managing Director

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 25th October, 2012

Place: Mumbai
Date: 25th October, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

(Amount in `)

	Year Ended September 30, 2012		Year Ended September 30, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		**(156,401,440)**		(176,623,415)
Adjustments for :				
Depreciation/Obsolscence	**328,904,153**		327,179,666	
Loss on sale of fixed assets	**255,977**		747,900	
Finance cost	**788,589,966**		597,783,210	
Interest income	**(303,513)**		(816,760)	
Dividend income	**(200,000)**		---	
Provision for wealth tax & Fringe benefit tax	**299,540**	**1,117,546,123**	383,363	925,277,379
Operating profit before working capital changes		**961,144,683**		748,653,964
Adjustments for changes in Working Capital :				
(Increase)/Decrease in Inventories	**(1,032,061,302)**		183,716,136	
(Increase)/Decrease in Trade Receivables	**(258,781,616)**		(80,478)	
(Increase)/Decrease in Other Receivables	**5,699,315**		85,250,827	
Increase/(Decrease) in Trade Payables	**25,876,326**		(494,662,337)	
Increase/(Decrease) in Other Payables	**338,291,633**	**(920,975,644)**	10,245,947	(215,529,905)
Cash generated from operations		**40,169,039**		533,124,059
Direct taxes paid		**1,357,777**		(166,159)
Net cash from operating activities		**41,526,816**		532,957,900
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	**(27,230,304)**		(106,630,114)	
Investment in shares of subsidiary company	**---**		300,000	
Interest recieved	**303,513**		816,760	
Dividend income	**200,000**		---	
Sale of fixed assets	**310,608**		2,251,231	
Net cash from investing activities		**(26,416,183)**		(103,262,123)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Share application money pending allotment	**150,000,000**		---	
Proceeds from long term borrowings	**---**		1,000,000,000	
Repayment of long term borrowings	**(613,888,309)**		(299,681,656)	
Increase/(Decrease) in short term borrowings including cash credit	**1,197,661,290**		(568,614,472)	
Finance cost paid	**(740,765,677)**		(560,660,557)	
Net cash from financing activities		**(6,992,696)**		(428,956,685)
Net increase in cash and cash equivalents(A+B+C)		**8,117,937**		739,092
Opening balance of cash and cash equivalents		**5,213,743**		4,474,651
Closing balance of cash and cash equivalents		**13,331,680**		5,213,743

Notes:

1. Closing Cash and bank balances Comprise :

a. Cash & Cash Equivalents		
i) Current accounts	491,512	
ii) Fixed deposit account (having maturity upto 3 months)	6,514,863	
iii) Cash on hands	1,640,148	
b. Other bank balances		
i) Earmarked balance for unpaid dividend*	974,348	
ii) Earmarked balance in saving account (as per Uttar Pradesh State Molasses Control Rules, 1974)	3,710,809	
Total		**13,331,680**

2. Figures in bracket indicate cash outflow.

3. The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under the Companies Act, 1956

4. Previous year figures have been regrouped and recasted wherever necessary to conform to the current year's classification.

As per our report of even date
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

B.J. Maheshwari
Whole Time Director & CS cum CCO

Vijay S. Banka
Whole Time Director & Chief Financial Officer

G.R. Morarka
Chairman & Managing Director

B. K. Agarwal
Director

Place: New Delhi
Date: 25th October, 2012

Place: Mumbai
Date: 25th October, 2012

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
1	**SHARE CAPITAL**		
	AUTHORISED:		
	Opening :- 2,75,00,000 (previous year 2,75,00,000) equity shares of ` 10 each	**275,000,000**	275,000,000
	*Less:-1,00,00,000 (previous year Nil) equity shares of ` 10 each reclassified to 10,00,000 (previous year nil) cumulative redeemable preference shares of ` 100 each	**100,000,000**	---
	Closing:- 1,75,00,000 (previous year 2,75,00,000) equity shares of ` 10 each	**175,000,000**	275,000,000
	12% 1,50,000 (previous year 1,50,000) cumulative redeemable preference shares of ` 100 each (Series I)	**15,000,000**	15,000,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ` 100 each (Series II)	**150,000,000**	150,000,000
	Opening:- Cumulative redeemable preference shares of ` 100 each (Series III)	**---**	---
	*Add:- 10,00,000 (previous year nil) cumulative redeemable preference shares of ` 100 each reclassified from equity shares	**100,000,000**	---
	Closing:- 10,00,000 (previous year nil) cumulative redeemable preference shares of ` 100 each (Series III)	**100,000,000**	---
	*During the year the company has reclassified its authorised share capital of ` 44,00,00,000 divided into 1,75,00,000 equity Shares of ` 10 each, 1,50,000 12% cumulative redeemable preference shares of ` 100 each (Series I), 8% 15,00,000 cumulative redeemable preference shares of ` 100 each (Series-II) and 10,00,000 cumulative redeemable preference shares of ` 100 each (Series-III)		
		440,000,000	440,000,000
	ISSUED:		
	1,63,14,676 (previous year 1,63,14,676) equity shares of ` 10 each paid up	**163,146,760**	163,146,760
	12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares of ` 100 each paid up (Series I)	**11,000,000**	11,000,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ` 100 each paid up (Series II)	**150,000,000**	150,000,000
	8% 10,00,000 (previous year nil) cumulative redeemable preference shares of ` 100 each (Series III)	**100,000,000**	---
		424,146,760	324,146,760
	SUBSCRIBED AND FULLY PAID UP:		
	1,63,14,676 (previous year 1,63,14,676) equity shares of ` 10 each paid up	**163,146,760**	163,146,760
	12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares of ` 100 each paid up	**11,000,000**	11,000,000
	8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares of ` 100 each paid up	**150,000,000**	150,000,000
	Total Share Capital	**324,146,760**	324,146,760

A Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :

There was no change in the paid up capital (Equity & Preference) of the company during the Accounting Years 2010-2011 & 2011-2012.

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
B	Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:		
	a) Equity Shares:-		
	Dwarikesh Trading Company Limited	**2,424,889**	2,424,889
		14.86%	14.86%
	Morarka Finance Limited	**2,359,118**	2,353,818
		14.46%	14.43%
	Param Capital Research Private Limited	**865,237**	865,237
		5.30%	5.30%
	Gautam R Morarka	**2,809,385**	2,792,885
		17.22%	17.12%
	b) Preference Shares:-		
	i) 12% Cumulative Redeemable Preference Shares		
	Dwarikesh Trading Company Limited	**110,000**	110,000
		100.00%	100.00%
	ii) 8% Cumulative Redeemable Preference Shares		
	Bimla Devi Poddar	**200,000**	200,000
		13.33%	13.33%
	Krishna Neotia	**200,000**	200,000
		13.33%	13.33%
	Gayatri Neotia	**200,000**	200,000
		13.33%	13.33%
	Suresh Kumar Neotia	**200,000**	200,000
		13.33%	13.33%
	Madhu Neotia	**300,000**	300,000
		20.00%	20.00%
	Harshvardhan Neotia	**200,000**	200,000
		13.34%	13.34%
	Govind Commercial Company Limited	**100,000**	100,000
		6.67%	6.67%
	Likhami Commercial Company Limited	**100,000**	100,000
		6.67%	6.67%

C Rights & restrictions attached to various classes of shares are as under:

a) Equity Shares:-

The Company has one class of equity shares having a par value of ` 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, If any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

b) Preference Shares:-

12% cumulative redeemable preference shares (Series I):

1,10,000, 12% cumulative redeemable preference shares of ` 100 each were issued in September 1998. These preference shares were to be redeemed at par in September,2011 which has been extended to September,2014 by virtue of the resolution passed in the committee of preference share holders meeting held on 28th July,2011 and the consent obtained from the concerned shareholders.

8% cumulative redeemable preference shares (Series II):

1,500,000, 8% cumulative redeemable preference shares of ` 100 each were issued in August,2007. These preference shares were to be redeemed at par in August,2012,which has been extended to August,2015 by virtue of consent obtained from the concerned shareholders.

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
2	RESERVES AND SURPLUS		
a)	**Capital reserve**		
	As per last account	**5,986,500**	5,986,500
	Changes during the year	**---**	---
	Closing balance	**5,986,500**	5,986,500
b)	**Capital redemption reserve**		
	As per last account	**75,200,000**	75,200,000
	Changes during the year	**---**	---
	Closing balance	**75,200,000**	75,200,000
c)	**Securities premium reserve**		
	As per last account	**900,038,192**	900,038,192
	Changes during the year	**---**	---
	Closing balance	**900,038,192**	900,038,192
d)	**Other reserves**		
	General reserve		
	As per last account	**270,854,154**	270,854,154
	Changes during the year	**---**	---
	Closing balance	**270,854,154**	270,854,154
e)	**Surplus (Deficit) in Statement of Profit and Loss**		
	As per last account	**(213,487,662)**	(81,856,222)
	Add: during the year	**(113,054,188)**	(131,631,440)
	Less: appropriations	**---**	---
	Closing balance of Surplus (deficit) in Statement of Profit and Loss	**(326,541,850)**	(213,487,662)
	Total Reserves & Surplus	**925,536,996**	1,038,591,184
3	LONG-TERM BORROWINGS		
	(Refer note.1 of note no.28B)		
a)	**SECURED**		
	i) Term loans		
	From banks	**2,036,459,736**	2,831,655,224
	From others	**394,823,400**	512,800,600
	ii) Deferred payment liabilities-interest free trade tax loan	**4,644,680**	5,465,131
	Total Secured Long term borrowings	**2,435,927,816**	3,349,920,955

NOTES TO THE FINANCIAL STATEMENTS

Note No.	Particulars	As at 30/09/2012 Deferred Tax Asset `	As at 30/09/2012 Deferred Tax Liability `	As at 30/09/2011 Deferred Tax Asset `	As at 30/09/2011 Deferred Tax Liability `
4	DEFERRED TAX LIABILITIES (NET):				
	Difference between book depreciation and tax depreciation		**1,000,309,275**		1,028,267,107
	Non payment of taxes and duties	**4,844,102**		3,058,498	
	Non payment of bonus, leave & gratuity	**28,767,759**		23,448,565	
	Deferment of interest	**9,945,608**		12,430,570	
	Non payment of excise duty on closing stock	**27,568,967**		17,871,151	
	Brought forward losses & depreciation	**904,272,695**		903,201,289	
	Total	**975,399,131**	**1,000,309,275**	960,010,073	1,028,267,107
	Net Deferred Tax Asset /(Liability)	**---**	**(24,910,144)**	---	(68,257,034)

Deferred tax assets in respect of brought forward losses and depreciation have been recognized owing to virtual certainty of availability of future taxable income to realize such assets.

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
5	OTHER LONG TERM LIABILITIES		
a)	Trade payable	**23,220**	218,101
b)	Capital Supplier payable	**34,198,057**	35,177,450
c)	Other payables		
	Security/Retention money	**10,413,203**	11,992,461
	Total Other Long Term Liabilities	**44,634,480**	47,388,012
6	LONG-TERM PROVISIONS		
	Provision for employee benefits		
	Gratuity	**50,810,481**	41,418,516
	Leave encashment	**20,437,111**	15,840,369
	Total Long Term Provisions	**71,247,592**	57,258,885
7	SHORT-TERM BORROWINGS		
	(Refer note.1 of note no.28B)		
a)	**Secured**		
	Cash credit from banks	**1,932,311,065**	711,799,775
		1,932,311,065	711,799,775
b)	**Unsecured**		
	Loan & advances from related parties (Refer note.20 of note no.28B)		
	due to director	**785,852**	10,785,852
	inter corporate deposits	**272,374**	13,122,374
		1,058,226	23,908,226
	Total Short Term Borrowings	**1,933,369,291**	735,708,001

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
8	**TRADE PAYABLES**		
a)	Micro, small and medium enterprises*	**374,678**	411,909
b)	Others	**92,047,982**	65,939,544
	Total Trade Payables	**92,422,660**	66,351,453
*	There are no outstanding amounts payable beyond the agreed period to Micro, Small and Medium enterprises as required by MSMED Act, 2006 as on the Balance Sheet date to the extent such enterprises have been identified based on information available with the company . In view of this there is no overdue interest payable.		
9	**OTHER CURRENT LIABILITIES**		
a)	Current maturities of long term debts (Refer note.1 of note no.28B)		
	i) Term loans		
	From banks	**762,193,224**	537,878,096
	From others	**117,977,200**	42,085,400
	ii) Deferred payment liabilities-interest free trade tax loan	**820,450**	922,548
	Total Current maturities of long term debts	**880,990,874**	580,886,044
b)	Interest accrued but not due on borrowings	**47,824,289**	37,122,653
c)	Advance from customer and others	**394,639,685**	22,511,472
d)	Unpaid dividend	**974,348**	1,038,101
e)	Application money received for allotment of shares and due for refund	**50,000,000**	---
f)	Other payables		
	Statutory dues payable (Including TDS, Purchase tax and Excise duty)	**35,873,393**	36,207,613
	Salary & wages payable	**36,532,206**	21,796,449
	Remuneration-due to directors	**1,015,807**	614,300
	Excise duty payable on stock	**84,971,389**	55,081,371
	Forward premium principal payable	**---**	39,203,000
	Security/Retention money payable	**14,184,272**	30,193,078
	Others	**6,508,730**	7,077,441
	Total Others	**672,524,119**	250,845,478
	Total Other Current Liabilities	**1,553,514,993**	831,731,522
10	**SHORT TERM PROVISIONS**		
	Provision for employee benefits		
	Gratuity	**7,798,504**	5,950,767
	Leave encashment	**8,071,210**	6,911,722
	Total Short Term Provisions	**15,869,714**	12,862,489

11 FIXED ASSETS

(Amount in `)

	PARTICULARS	Gross Block				Depreciation				Net Block	
		As at 01/10/2011 `	Added during the period `	Disposals `	As at 30/9/2012 `	Up to 01/10/2011 `	For the period `	Disposals `	Up to 30/9/2012 `	As at 30/9/2011 `	As at 30/9/2012 `
i)	**Tangible Assets**										
	Freehold land	**77,224,710**	**---**	**---**	**77,224,710**	**---**	**---**	**---**	**---**	**77,224,710**	**77,224,710**
		(77,224,710)	---	---	(77,224,710)	---	---	---	---	(77,224,710)	(77,224,710)
	Buildings	**1,083,023,560**	**4,526,944**	**---**	**1,087,550,504**	**183,142,300**	**28,624,569**	**---**	**211,766,869**	**899,881,260**	**875,783,635**
		(1,078,236,934)	(4,786,626)	---	(1,083,023,560)	(154,643,782)	(28,498,518)	---	(183,142,300)	(923,593,152)	(899,881,260)
	Plant and Equipment	**5,536,338,029**	**56,656,789**	**125,111**	**5,592,869,707**	**1,599,226,447**	**288,542,575**	**31,637**	**1,887,737,385**	**3,937,111,582**	**3,705,132,322**
		(5,520,069,493)	(24,956,853)	(8,688,317)	(5,536,338,029)	(1,319,221,733)	(286,176,457)	(6,171,743)	(1,599,226,447)	(4,200,847,760)	(3,937,111,582)
	Furniture and Fixtures	**37,988,191**	**1,119,010**	**565,617**	**38,541,584**	**20,738,621**	**2,138,926**	**455,897**	**22,421,650**	**17,249,570**	**16,119,934**
		(35,635,574)	(2,792,712)	(440,095)	(37,988,191)	(19,049,859)	1,941,334)	(252,572)	(20,738,621)	(16,585,715)	(17,249,570)
	Vehicles	**32,928,153**	**2,023,852**	**785,928**	**34,166,077**	**13,757,473**	**3,011,037**	**267,544**	**16,500,966**	**19,170,680**	**17,665,111**
		(33,088,781)	(600,095)	(760,723)	(32,928,153)	(11,243,904)	(2,921,002)	(407,433)	(13,757,473)	(21,844,877)	(19,170,680)
	Office equipment	**13,645,326**	**1,774,362**	**8,051**	**15,411,637**	**7,213,916**	**888,801**	**8,048**	**8,094,669**	**6,431,410**	**7,316,968**
		(11,890,423)	(1,884,177)	(129,274)	(13,645,326)	(6,616,940)	(717,600)	(120,624)	(7,213,916)	(5,273,483)	(6,431,410)
	Others (Computers)	**41,482,187**	**5,543,249**	**1,268,952**	**45,756,484**	**41,482,187**	**5,543,249**	**1,268,952**	**45,756,484**	**---**	**---**
		(35,619,883)	(6,857,849)	(995,545)	(41,482,187)	(35,619,883)	(6,857,849)	(995,545)	(41,482,187)	---	---
	Total	**6,822,630,156**	**71,644,206**	**2,753,659**	**6,891,520,703**	**1,865,560,944**	**328,749,157**	**2,032,078**	**2,192,278,023**	**4,957,069,212**	**4,699,242,680**
ii)	**Intangible Assets**	---	---	---	---	---	---	---	---	---	---
	Grand Total	---	**71,644,206**	**2,753,659**	**6,891,520,703**	**1,865,560,944**	**328,749,157**	**2,032,078**	**2,192,278,023**	**4,957,069,212**	**4,699,242,680**
	Previous Year	**(6,791,765,798)**	**(41,878,312)**	**(11,013,954)**	**(6,822,630,156)**	**(1,546,396,101)**	**(327,112,760)**	**(7,947,917)**	**(1,865,560,944)**	**(5,245,369,697)**	**(4,957,069,212)**

Acquisition through business combination, other adjustments and impairment/revaluation are not applicable as no such transactions occurred during the period,and in the corresponding previous period.

Note:-Figures in the brackets are for the previous year.

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
12	NON-CURRENT INVESTMENTS		
	Other investments		
	Unquoted investments (valued at cost in associate companies)		
a)	**Investment in equity instruments**		
	20,000 (previous year 20,000) equity shares of ` 10 each fully paid up in 'Dwarikesh Informatics Limited'	**200,000**	200,000
	extent of holding : 40% (previous year 40%)		
	20,000 (previous year 20,000) equity shares of ` 10 each fully paid up in 'Faridpur Sugars Limited'	**200,000**	200,000
	extent of holding : 40% (previous year 40%)		
b)	**Investments in preference shares**		
	20,000 (previous year 20,000) 10% preference shares of ` 100 each fully paid up in 'Dwarikesh Informatics Limited'	**2,000,000**	2,000,000
	extent of holding : 100% (previous year 100%)		
	Total Non-Current Investments	**2,400,000**	2,400,000
	Aggregate amount of unquoted investments	**2,400,000**	2,400,000
	Aggregate provision for diminution in the value of investments	**---**	---
13	LONG TERM LOANS & ADVANCES		
	unsecured, considered good		
a)	Capital advances	**27,452,015**	26,376,597
b)	Security deposits	**1,806,421**	1,604,937
c)	Others		
	MAT Credit Entitlement	**59,738,677**	59,738,677
	Advances recoverable in cash or in kind or for value to be received		
	Considered good	**16,272,956**	17,637,899
	Considered doubtful	**1,212,958**	1,242,023
	Less: provision for bad and doubtful advances	**1,212,958**	1,242,023
	Total Long Term Loans & Advances	**105,270,069**	105,358,110
14	OTHER NON-CURRENT ASSETS		
	Unsecured, considered good		
(a)	Trade receivables		
	Considered good	**3,877,047**	2,232,047
	Considered doubtful	**799,497**	799,497
	Less: provision for bad and doubtful debts	**799,497**	799,497
		3,877,047	2,232,047
(b)	Other receivables		
	i) Fixed deposit account (having maturity of more than 12 months) (as margin money for bank guarantees / pledged with government departments ,including net interest accrued thereon ` 19,49,520 ( previous year ` 12,34,479)	**11,159,520**	10,444,479
	ii) Others*	**2,765,109**	2,767,983
	Total Non-Current Assets	**17,801,676**	15,444,509

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
*	Includes ` 23,30,519 (previous year ` 23,30,519) representing sales tax and interest thereon paid as a matter of abundant caution under protest under applicable Trade & Sales tax Act, based on the enquiry made on the company by Uttar Pradesh Trade tax authorities in respect of diesel, steel and cement provided to contractors/ sugar cane transporters during the years 1997-98 to 2000-2001.		
	However, the company is confident of the non-applicability of any sales tax levy on this score as these items have been provided strictly for the activities directly related to the manufacturing process. The issue of diesel and other items has also not been classified as revenue income and has always been treated as store consumption. The company has paid the amount purely to establish its bona fide intentions and is confident of settling the issue in its favour and does not consider it necessary for making any provision.		
15	**INVENTORIES**		
	(As taken, valued and certified by the Management)		
	Valued at or below cost: (Refer note.6 of note no.28A)		
a)	Raw materials	**---**	---
b)	Work-in-progress (Refer note.6 II (b) (ii) of note no.28B)	**372,399**	437,532
c)	Finished goods (Refer note.6 II (b) (i) of note no.28B)	**2,270,770,890**	1,246,709,834
d)	Stores and spares	**116,859,622**	112,929,734
e)	Chemicals	**2,017,319**	752,989
f)	Packing material	**3,499,102**	627,941
	Total Inventories	**2,393,519,332**	1,361,458,030
16	**TRADE RECEIVABLES**		
	unsecured, considered good		
a)	Outstanding for more than six months from the due date	**---**	---
b)	Others		
	Considered good	**257,228,058**	91,442
	Total Trade Receivable	**257,228,058**	91,442
17	**CASH & BANK BALANCES**		
a)	**Cash & Cash Equivalents**		
	Balance with scheduled banks		
	i) Current accounts	**491,512**	211,374
	ii) Fixed deposit account (having maturity upto 3 months)	**6,514,863**	---
	Cash on hand	**1,640,148**	1,173,269
		8,646,523	1,384,643
b)	**Other bank balances**		
	i) Earmarked balance for unpaid dividend*	**974,348**	1,038,101
	ii) Earmarked balance in saving account	**3,710,809**	2,790,999
	(as per Uttar Pradesh State Molasses Control Rules, 1974)		
	Total Cash & Bank Balances	**13,331,680**	5,213,743

* There are no amounts outstanding in respect of unpaid dividend for more than seven years to be transferred to Investor Education and Protection Fund.

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	As at 30/09/2012	As at 30/09/2011
18	**SHORT TERM LOANS & ADVANCES**		
	unsecured, considered good		
a)	Loans & advances to related parties	---	207,828
b)	Others		
	Security Deposit	---	500,000
	Balances with central excise	8,490,644	8,896,603
	Advance taxes & TDS {net of tax provisions of ` 6,15,38,885 (previous year ` 6,27,78,391)}	255,970	1,912,925
	Advances recoverable in cash or in kind or for value to be received	18,281,130	14,689,956
	Total Short Term Loans & Advances	**27,027,744**	26,207,312
19	**OTHER CURRENT ASSETS**		
a)	Interest subvention receivable	5,025,955	12,808,714
b)	Interest receivable and others	86,349	29,000
	Total Other Current Assets	**5,112,304**	12,837,714
		Year ended 30/09/2012	Year ended 30/09/2011
20	**REVENUE FROM OPERATIONS**		
	(Refer note.6.II (a) of note no.28B)		
a)	Sale of products	7,162,140,759	6,074,349,270
b)	Other operating revenues*	97,321,550	91,138,985
	Gross Revenue From Operations	7,259,462,309	6,165,488,255
c)	Less: excise duty on sale of products	273,489,638	234,162,715
	Total Net Revenue From Operations	**6,985,972,671**	5,931,325,540

* a) Includes ` 3,60,67,063 (previous year ` 6,79,99,320) being the amount received towards surrender of export entitlement of sugar in favour of third parties.

b) Includes ` 1,08,64,146 (previous year ` 1,74,94,659) being the amount received from sale of Carbon Emission Reductions (CERs).

Note No.	Particulars	Year ended 30/09/2012	Year ended 30/09/2011
21	**OTHER INCOME**		
a)	Interest income		
	on current deposits	303,513	73,233
	on non current deposits with banks	794,491	743,527
b)	Dividend income from non current investment	200,000	---
c)	Other non operating income	20,345,477	2,704,815
	Total Other Income	**21,643,481**	3,521,575

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	Year ended 30/09/2012	Year ended 30/09/2011
22	COST OF MATERIALS CONSUMED		
a)	Raw material consumed*		
	Sugar cane		
	Opening stock	---	---
	Add: purchases	6,178,209,196	4,165,135,357
	Less: closing stock	---	---
		6,178,209,196	4,165,135,357
b)	Other materials consumed		
	i) Chemicals		
	Opening stock	752,989	840,571
	Add: purchases	78,383,855	60,184,677
	Less: closing stock	2,017,319	752,989
		77,119,525	60,272,259
	ii) Packing Material consumed		
	Opening stock	627,941	9,551,130
	Add: purchases	126,518,721	79,049,202
	Less: closing stock	3,499,102	627,941
		123,647,560	87,972,391
	Total Cost Of Materials Consumed	6,378,976,281	4,313,380,007

* Accounting for cane purchase liability for the sugar season 2007-08 was done in the accounting year ended 30th September, 2008 at ` 110 per quintal based on earlier interim order of the Hon'ble Allahabad High Court (subsequently upheld by Hon'ble Supreme Court pending final decision) instead of State Advised Price (SAP) of ` 125 per quintal fixed by the Uttar Pradesh Government. Subsequently, Hon'ble Supreme Court , vide order dated 17th January,2012 ordered payment of the balance amount up to SAP within 3 months from the date of the said order. Accordingly, the differential cane price amounting to ` 22,68,64,473 (previous year ` Nil) has now been provided during the period under the head Raw material consumed. This amount has subsequently been paid in April,2012

Note No.	Particulars	Year ended 30/09/2012	Year ended 30/09/2011
23	(INCREASE)/DECREASE IN STOCKS		
	(Refer note. 6.II (b) of note no. 28B)		
	Closing stock		
	Finished goods	2,270,770,890	1,246,709,834
	Work in progress	372,399	437,532
		2,271,143,289	1,247,147,366
	Opening stock		
	Finished goods	1,246,709,834	1,427,022,870
	Work in progress	437,532	474,284
		1,247,147,366	1,427,497,154
	NET (INCREASE)/DECREASE IN STOCK	(1,023,995,923)	180,349,788
	Excise duty on account of increase/decrease on stock of finished goods	29,890,018	2,563,336
	Total (Increase)/Decrease In Stocks	(994,105,905)	182,913,124

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	Year ended 30/09/2012	Year ended 30/09/2011
24	**EMPLOYEE BENEFIT EXPENSES**		
a)	Salary and wages	**322,356,837**	302,083,099
	Bonus	**1,518,069**	2,178,567
	Leave encashment	**12,899,393**	9,590,764
	Gratuity (Refer note.8.b(ii) of note no.28B)	**11,643,824**	10,480,596
		348,418,123	324,333,026
b)	Contribution to provident and other funds		
	Provident fund	**26,225,374**	23,732,860
c)	Staff welfare expenses	**5,892,503**	6,259,219
	Total Employee Benefit Expenses	**380,536,000**	354,325,105
25	**FINANCE COST**		
a)	Interest expense		
	i) Interest on fixed loans :		
	Term loans	**385,764,579**	345,556,689
	Others (including paid to directors ` 4,87,020 previous year ` 10,97,326)	**1,026,975**	1,617,652
		386,791,554	347,174,341
	ii) Interest on cash credit	**273,231,367**	159,659,834
b)	Other borrowing costs	**14,385,775**	14,833,761
c)	(Gain) / loss on foreign exchange transactions	**114,181,270**	76,115,274
	Total Finance Cost	**788,589,966**	597,783,210
26	**DEPRECIATION AND AMORTIZATION EXPENSES**		
a)	Depreciation		
	Depreciation of tangible assets	**328,749,157**	327,112,760
	Obsolescence	**154,996**	66,906
		328,904,153	327,179,666
b)	Amortization of intangible assets	**---**	---
	Total Depreciation and Amortization Expenses	**328,904,153**	327,179,666
27	**OTHER EXPENSES**		
	Power and fuel		
	Power	**8,136,288**	7,948,463
	(Net of ` 1,14,28,376 power banked with UPPCL previous year ` 1,11,36,563)		
	Fuel	**1,853,144**	36,939,192

NOTES TO THE FINANCIAL STATEMENTS

(Amount in `)

Note No.	Particulars	Year ended 30/09/2012	Year ended 30/09/2011
	Other manufacturing expenses	**58,322,207**	50,935,269
	Repairs to buildings	**9,608,861**	11,596,730
	Repairs to machinery		
	Consumption of stores & spare parts	**54,398,530**	66,912,983
	Plant & machinery	**25,040,664**	24,444,656
	Rent	**2,573,682**	2,735,639
	Insurance	**3,332,612**	1,676,387
	Rates and taxes*	**5,180,190**	4,150,995
	Travelling & conveyance	**12,525,751**	12,625,993
	Postage, telephone & telex	**2,291,686**	2,299,511
	Printing & stationery	**2,420,430**	3,007,903
	Selling commission -others	**18,318,016**	22,335,451
	Freight and forwarding (net of recovery from customers)	**16,517,177**	14,122,529
	Donations & charity	**1,147,100**	5,285,500
	Repairs & maintenance - others	**4,719,781**	4,391,377
	Loss on sale of fixed assets	**255,977**	747,900
	Payment to the auditors		
	Audit fees	**625,000**	625,000
	Taxation matters	**75,000**	75,000
	Reimbursement of expenses	**107,797**	70,716
	Miscellaneous expenses	**53,667,204**	62,962,224
	Total Other Expenses	**281,117,097**	335,889,418

***** Includes provision for wealth tax of ` 4,33,115 for the Assessment year 2012-13 (previous year ` 3,77,102) as per the provisions of Wealth Tax Act, 1957 and provision for Fringe Benefit Tax pertaining to earlier years ` (61,575) (previous year ` 6,261)

NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2012

NOTE "28 A"

GENERAL INFORMATION

Dwarikesh Sugar Industries Limited (DSIL) is a public limited company domiciled in India and was incorporated in the year 1993 under the provisions of the Companies Act, 1956.

Currently equity shares of the company are listed at BSE and NSE.

DSIL is integrated conglomerate, primarily engaged in manufacture of sugar and allied products. From a humble beginning in 1993, DSIL today is a multi faceted, fast growing industrial group with the strong presence in diversified fields such as sugar manufacturing, power and Ethanol/Industrial Alcohol production.

The Company has three sugar manufacturing units, out of which 2 units namely Dwarikesh Nagar and Dwarikesh Puram are located in Bijnor District of Uttar Pradesh (U.P.) and one unit namely Dwarikesh Dham in Bareilly District (U.P).

Registration details

Registration No. CIN No. L15421 UP1993 PLC 018642

State code 20

Generic name of principal product of the Company

Item code No.(ITC Code) 170111.09

Product Description Cane Sugar

SIGNIFICANT ACCOUNTING POLICIES

1. **(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The company prepares its accounts on accrual basis following the historical cost convention and on the basis of going concern in compliance with the provisions of Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

(b) PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

During the year ended 31st March, 2012 the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company for preparation and presentation of financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of these financial statements. However it has significant impact on presentation and disclosures made in the financial statements.

2. **USE OF ESTIMATES**

The preparation of financial statements requires the use of estimates and assumptions to be made that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. **FIXED ASSETS**

Fixed assets are capitalised at cost of acquisition including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to their working condition for intended use.

Emergency machinery spares of irregular use and critical insurance machinery spares are capitalised as part of relevant plant & machinery.

Pre-operative expenditure incurred upto the date of commencement of commercial production is capitalized as part of fixed assets.

4. **INVESTMENTS**

Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost after providing for diminution in value where in the opinion of the management such diminution is not temporary in nature.

5. **DEPRECIATION**

Depreciation is provided for on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of computers (including accessories and peripherals), which are depreciated fully in the year of addition. Depreciation on other additions/deletions is provided pro-rata from/ upto the month of addition/deletion.

Emergency machinery spares of irregular use and critical insurance spares are depreciated over the balance useful life of the parent asset.

All assets costing ` 5,000 or below are depreciated in full by way of a one time depreciation charge.

6. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except in case of scrap which is taken at net realizable value. Cost for various items of inventory is determined as under:

a. Raw materials (including those in transit)	:	Purchase cost including incidental expenses on FIFO basis.
b. Chemicals, Packing material, other Stores and spares (including those in transit)	:	Purchase cost including incidental expenses on weighted average basis.
c. Work-in-process	:	At raw material cost including proportionate production overheads.
d. Finished goods		
i) Sugar	:	At raw material cost including proportionate production overheads.
ii) Molasses	:	At average net realisable price.
iii) Industrial Alcohol	:	At value of molasses as determined above plus proportionate production overheads in distillery.
iv) Traded goods	:	Purchase cost including incidental expenses on FIFO basis.

Net realizable value is the estimated selling price in the ordinary course of the business, less estimated cost necessary to make the sale.

7. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Sales includes excise duty and is accounted for upon dispatch of goods from the factory. Gross sales and net sales are disclosed separately in Statement of Profit & Loss.

Carbon Credit Entitlement (CERs)

Insurance and other claims are accounted for as and when admitted by the appropriate authorities in view of uncertainty involved in ascertainment of final claim.

In process of production, the Company also generates carbon emission reduction units which may be negotiated for price in international market under Clean Development Mechanism (CDM) subject to completing certain formalities and obtaining certificate of Carbon Emission Reduction (CER) as per Kyoto Protocol. Revenue from CER is recognized as and when the CER's are certified and it is probable that the economic benefits will flow to the Company.

Late Payment Surcharge

Late payment surcharge on delayed payments is recognized as income in accordance with the terms of power purchase agreement (PPA) entered into with UPPCL and its associates.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue in respect of dividends is recognised when the Shareholders rights to receive payment is established by the balance sheet date.

8. CONTINGENCIES AND EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Events occurring after the date of the Balance sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered upto the date of approval of accounts by the Board of Directors, where material.

9. GOVERNMENT GRANTS

Grants relating to specific fixed assets are deducted from the original cost of specified assets.

10. EMPLOYEES BENEFITS

a) Provident Fund

Company's contribution to provident fund, being in the nature of defined contribution plan, are being charged to Statement of Profit & Loss in the period during which services are rendered by employees.

b) Gratuity & Leave Encashment

Provision for gratuity and leave encashment in the nature of defined benefit obligation is considered on the basis of Accounting Standard AS-15 on actuarial valuation using projected unit credit method. The discount rate and other financial assumptions are based on the parameters defined in the accounting standard.

c) Other Short term benefits

Expenses in respect of other short term benefits are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

11. EXCISE DUTY

Excise duty in respect of finished goods (including molasses) is accounted for at the end of period and is included in the value of closing stock as per 'Guidance Note on Accounting Treatment of Excise Duty' issued by the Institute of Chartered Accountants of India.

12. INTANGIBLE ASSETS

Items of expenditure that meet the recognition criteria as mentioned in Accounting Standard are classified as intangible assets and are amortized over the period of economic benefits not exceeding ten years.

13. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

14. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transaction. Exchange differences arising on account of forward contracts are dealt with in the Statement of Profit & Loss over the period of the contracts. Monetary assets and liabilities relating to foreign currency transactions are converted at the year end rate or at forward contract rate, as applicable. Gains or losses arising on cross currency forex swap transactions are accounted for over the period of contract.

15. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income & tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/ appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year and reversal/adjustment of earlier year deferred tax assets / liabilities which are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets on account of unabsorbed losses and depreciation are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reassessed at each Balance Sheet date.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

16. IMPAIRMENT OF ASSETS

Where the recoverable amount of the fixed asset is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided for on the revised carrying value of the asset over its remaining useful life. The impairment loss recognized in prior accounting period is reversed if there is a favourable change in the estimate of recoverable amount.

17. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

18. EARNING PER SHARE (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

19. LEASES

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

20. SEGMENT ACCOUNTING & REPORTING

Identification of segments

The company's operating business are organized and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products.

Allocation of common costs

Common allocable costs are allocated to each segment on reasonable basis.

Unallocated Items

Unallocable assets & liabilities represents the assets & liabilities not allocable to any segment as identified as per the Accounting Standard.

Segment Policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

21 CASH & CASH EQUIVALENTS

Cash & Cash Equivalents comprise cash at bank and cash/cheque in hand and term deposits with banks.

"28 B" – <u>OTHER NOTES</u>

1. Securities for borrowings:

Value in `

Abbreviations:

DN - Dwarikesh Nagar Unit | DP - Dwarikesh Puram Unit

DD – Dwarikesh Dham Unit | PNB- Punjab National Bank

IDBI- IDBI Bank Limited

SUPGB- Sarva U.P.Gramin Bank

DCB- District Co-Operative Bank (Zila Sahkari Bank) | SDF- Sugar Development Fund

PICUP- The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh

FCL- Foreign Currency Loan | ROI-Rate of interest

O/S- Amount outstanding | Qtly.- Quarterly

Bank/FI, amount sanctioned and outstanding as on reporting Date	Current	Non-Current	Security	Repayment Schedule of amount outstanding and ROI on the reporting date
i) Long Term Borrowings				
IDBI ** Sanctioned-50,00,00,000 O/S - 10,00,00,000 (20,00,00,000)	7,50,00,000 (7,50,00,000)	2,50,00,000 (12,50,00,000)	Pari-passu Charge on fixed assets : -1st on DD -2nd on DN -3rd on DP	- ROI-13.50% - 4 qtly installments of 2,50,00,000 each payable from January, 2013
IDBI Sanctioned-16,00,00,000 O/S- 8,80,00,000 (12,00,00,000)	2,40,00,000 (2,40,00,000)	6,40,00,000 (9,60,00,000)		- ROI-14.25% -11 qtly installments of 80,00,000 each payable from January,2013
IDBI (SEFASU 2007) Sanctioned-5,95,00,000 O/S - nil (99,16,660)	--- (99,16,660)	--- (---)	Residual pari-passu Charge on Fixed assets of DN,DP & DD	---
PNB ** # Sanctioned- 90,00,00,000 O/S - 57,06,52,989 (71,00,00,000)	19,02,12,000 (13,93,46,000)	38,04,40,989 (57,06,54,000)	Pari-passu Charge on fixed assets : -1st on DP -2nd on DN -3rd on DD	- ROI-15.00% -11 quarterly installments of 4,75,53,000 each and final installment of 4,75,69,989 payable from December,2012
PNB ** # Sanctioned - 94,00,00,000 O/S - 71,99,99,987 (72,00,00,000)	17,29,81,224 (--)	54,70,18,763 (72,00,00,000)	Pari-passu Charge on fixed assets : -1st on DD -2nd on DN -3rd on DP	-ROI-15.00% -next installment of 2,37,91,224 payable in October,2012 -rest amount 13 installments of 4,97,30,000 each and final installment of 4,97,18,763 payable from January,2013
PNB ** # Sanctioned - 56,00,00,000 O/S - 12,00,00,001 (12,00,00,000)	--- (---)	12,00,00,001 (12,00,00,000)	Pari-passu Charge on fixed assets : -1st on DP 24 MW Co-gen assets -2nd on DN -3rd on DD	-ROI-15.00% -next installment of 15,01,319 payable in April,2015 -rest amount 3 installments of 2,96,26,000 payable quarterly each and final installment of 2,96,20,681 payable from July,2015
PNB * Sanctioned – 50,00,00,000 O/S - 40,00,00,001 (45,00,00,000)	10,00,00,000 (4,99,98,776)	30,00,00,001 (40,00,01,224)	Pari-passu Charge on fixed assets : -1st on DN -2nd on DP -3rd on DD	-ROI-15.00% -15 qtly installments of 2,50,00,000 each and final installment of 2,50,00,001 payable from October,2012
PNB Sanctioned - 1,00,00,00,000 O/S – 79,99,99,982 (1,00,00,00,000)	20,00,00,000 (20,00,00,000)	59,99,99,982 (80,00,00,000)	Pari-passu Charge on fixed assets : -1st on DN -2nd on DP -3rd on DD	-ROI-15.00% -15 qtly installments of 5,00,00,000 each and final installment of 4,99,99,982 payable from December,2012

PNB - (SEFASU 2007) Sanctioned - 23,77,00,000 O/S - nil (3,96,16,660)	-- (3,96,16,660)	--- (---)	Residual pari-passu Charge on Fixed assets of DN,DP & DD	---
Total term loans from Banks O/S 2,79,86,52,960 (3,36,95,33,320)	**76,21,93,224** **(53,78,78,096)**	**2,03,64,59,736** **(2,83,16,55,224)**		
SDF Sanctioned - 27,50,00,000 O/S - 25,65,32,000 (25,65,32,000)	5,13,06,400 (---)	20,52,25,600 (25,65,32,000)	Pari-passu Charge on fixed assets : -1st on DP	-ROI- 4% - 10 half yearly Installments of 2,56,53,200 each payable from November,2012
SDF Sanctioned - 26,50,00,000 O/S - 22,12,68,600 (24,58,54,000)	4,91,70,800 (2,45,85,400)	17,20,97,800 (22,12,68,600)	Pari-passu Charge on fixed assets : -1st on DD	-ROI- 4% - 9 half yearly Installments of 2,45,85,400 each payable from November,2012
SDF Sanctioned - 2,00,00,000 O/S - 1,00,00,000 (1,50,00,000)	50,00,000 (50,00,000)	50,00,000 (1,00,00,000)	Bank Guarantee	-ROI- 4% - 2 yearly Installments of 50,00,000 each payable from January,2013
SDF Sanctioned - 2,50,00,000 O/S - 1,25,00,000 (1,87,50,000)	62,50,000 (62,50,000)	62,50,000 (1,25,00,000)	Bank Guarantee	-ROI- 4% -2 yearly Installments of 62,50,000 each payable from January,2013
SDF Sanctioned - 2,50,00,000 O/S - 1,25,00,000 (1,87,50,000)	62,50,000 (62,50,000)	62,50,000 (1,25,00,000)	Bank Guarantee	-ROI- 4% -2 yearly Installments of 62,50,000 each payable from January,2013
Total term Loans from others O/S - 51,28,00,600 (55,48,86,000)	**11,79,77,200** **(4,20,85,400)**	**39,48,23,400** **(51,28,00,600)**		
PICUP O/S – 54,65,130 - (63,87,679) (Trade Tax loan repayable after 5 years from the respective year of collection)	8,20,450 (9,22,548)	46,44,680 (54,65,131)	Pari-passu Charge on fixed assets : -2nd on DN & DP	-Interest Free - 8,20,450 payable in May, 2013, - 20,64,053 payable in May,2014 , and - 25,80,627 payable in May, 2015
Total long term borrowings O/S - 3,31,69,18,690 (3,93,08,06,999)	**88,09,90,874** **(58,08,86,044)**	**2,43,59,27,816** **(3,34,99,20,955)**		

ii) Short Term Borrowings:				
a. Cash Credit				
PNB Sanctioned- 2,60,00,00,000	1,50,28,17,858 (61,19,97,320)	--- (---)	-hypothecation & pledge of stock of sugar, molasses, chemicals, stores & spares - 2nd Pari-passu charge on fixed assets of all three units of the company	-ROI- 14.50%
IDBI Sanctioned- 30,00,00,000	24,99,47,277 (9,98,22,381)	--- (---)		-ROI- 14%
SUPGB Sanctioned- 10,00,00,000	9,97,45,947 (-19,926)	--- (---)		-ROI- 14.00%
DCB Sanctioned- 25,00,00,000	7,97,99,983 (---)	--- (---)		-ROI- 11.50%
Total Cash Credit	**1,93,23,11,065** **(71,17,99,775)**	--- **(---)**		
b. Loans & advances from related parties	**10,58,226** **(2,39,08,226)**	**---** **(---)**	Unsecured	-ROI- 10% - Payable on demand
Total short term borrowings	**1,93,33,69,291** **(73,57,08,001)**			

-Term Loans from PNB and IDBI and Cash credit from all the banks aggregating to 4,73,09,64,025 (previous year 4,08,13,33,095) are personally guaranteed by the Chairman & Managing Director of the company out of which the company has given Counter guarantees of 3,75,14,18,113 (previous year 3,08,13,33,095) to him to secure all these personal guarantees excluding PNB term loan outstanding of 79,99,99,982 (previous year 1,00,00,00,000) and CC outstanding of SUPGB & DCB. - PNB Term Loans marked with # are additionally secured by second pari-passu charge on current assets of the company -Term Loans marked with * were restructured in 2009 and term loans marked with ** were restructured twice first in 2007 and second time in 2009

2. Contingent liabilities not provided for

Particulars	As at 30th Sept' 12 `	As at 30th Sept' 11 `
(a) Claims not acknowledged as debts by the company	20,76,408	20,76,408
(b) In respect of show cause notices from Central Excise department in various cases against which the company has preferred appeals (net of amounts reversed and payments of ` 2,29,14,802 previous year ` 2,18,13,893).	3,33,78,481	3,43,43,578
(c) In respect of Trade Tax and Entry Tax demand received from Uttar Pradesh Trade Tax authorities in various cases, in respect of which the company has preferred appeals (net of amount deposited under appeal of ` 25,85,075 previous year ` 25,67,983).	Nil	1,02,62,361

3. a) Estimated amount of contracts remaining to be executed on capital account, net of advance of ` 2,74,52,015 (previous year ` 2,63,76,597) and not provided for is ` 1,31,43,996 (previous year ` 1,91,12,573). Other Commitments ` Nil (previous year ` Nil).

4. Aggrieved by the Order of the Directorate of Sugar, Government of India, converting un-lifted quantity of non-levy sugar of 1,77,403 quintals into levy, the company filed a writ petition with the Hon'ble Allahabad High Court. Hon'ble High Court upheld the Order of the Directorate of Sugar. The company filed SLP with the Hon'ble Supreme Court of India and the order of the Directorate of Sugar in the interim stands stayed. The company has obtained legal opinion and is advised that the order of the Directorate of Sugar is in contravention of the provisions of applicable laws and is therefore liable to be struck down. Pending disposal of the SLP, liability arising on account of the said Order, if any, has therefore not been provided.

5. Dividend not provided for on cumulative preference shares:-

Particulars	**As at 30th Sept' 12** `	**As at 30th Sept' 11** `
12% 1,10,000 (previous year 1,10,000) cumulative redeemable preference shares	39,60,000 `36 per share	26,40,000 `24 per share
8% 15,00,000 (previous year 15,00,000) cumulative redeemable preference shares	3,60,00,000 `24 per share	2,40,00,000 `16 per share

6. Particulars of Capacity, Production, Stock and Turnover

I Capacities & Production

a.) Capacities

Particulars	**Unit**	**Licensed Capacity**	**Installed Capacity**
Sugar Cane	TCD	21,500 (21,500)	21,500 (21,500)
Industrial Alcohol / Ethanol	KLPD	30 (30)	30 (30)
Power	MW	86 (86)	86 (86)

Note: Capacities are as certified by the Management.

b.) Production

Class of Goods	Unit	Actual Production
Sugar	Qtls.	* 22,86,803 (17,90,279)
Molasses	Qtls.	11,36,033 (9,25,078)
Power	KWH	26,56,23,478 (21,16,25,046)
Industrial Alcohol		
-Spirit	Ltrs.	38,09,947 (43,47,511)
-Ethanol	Ltrs.	5,76,219 (Nil)

* Includes Nil Qtls (previous year 4,040 Qtls) of brown sugar used internally for reprocessing in to white sugar.

Note: Figures in the brackets are for the previous year.

II Particulars of Revenue from operations & Inventory

a) Revenue from operations:

Class of Goods	Unit	Quantity	Value (`)
i) Sugar	Qtls.	*19,97,605 (19,04,606)	5,97,45,50,079 (5,17,36,78,611)
ii) Molasses	Qtls.	**9,65,688 (6,10,409)	32,13,48,115 (21,60,69,321)
iii) Power	KWH	17,51,80,992 (13,66,30,588)	73,15,63,737 (55,68,78,685)
iv) Industrial Alcohol			
-Spirit	Ltrs.	***31,71,000 (44,51,000)	8,52,84,142 (11,83,27,888)
-Ethanol	Ltrs.	5,40,000 (Nil)	2,30,42,199 (Nil)
v) Miscellaneous sale			2,63,52,487 (93,94,765)
vi) Other operating Revenue			9,73,21,550 (9,11,38,985)
Total Revenue from operations			7,25,94,62,309 (6,16,54,88,255)

Note: * Excludes Nil Qtls (previous year 4,040 Qtls) of brown sugar use internally for reprocessing in to white sugar.

** Excludes 1,59,510 Qtls (previous year 1,73,817 Qtls) molasses used internally for manufacturing of Industrial Alcohol in Distillery.

*** Excludes 6,16,594 Ltrs (previous year Nil) spirit used internally manufacturing of Ethanol in Distillery.

b) Inventories

i) Finished Goods

	Class of goods		Opening Stock		Closing Stock	
		Unit	Quantity	Amount (`)	Quantity	Amount (`)
i)	Sugar	Qtls.	4,68,104 (586,471)	1,18,66,15,393 (1,41,40,77,381)	7,57,302 (4,68,104)	2,20,91,47,652 (1,18,66,15,393)
ii)	Molasses	Qtls.	1,70,686 (30,621)	6,00,42,436 (1,04,13,361)	*1,81,032 (1,70,686)	6,03,86,233 (6,00,42,436)
iii)	Industrial Alcohol					
	- Spirit	Ltrs.	2,970 (1,17,897)	52,005 (25,32,128)	**11,195 (2,970)	2,12,679 (52,005)
	-Ethanol	Ltrs.	Nil (Nil)	Nil (Nil)	***42,902 (Nil)	10,24,326 (Nil)

Note: The quantities are net of:

* 489 Qtls (Previous year 787 Qtls) normal losses.

** 14,128 Ltrs (Previous year 11,438 Ltrs) normal losses and use from SDS solution.

*** 6,683 Ltrs gains (Previous year Nil Ltrs normal losses).

ii) Work-in-progress

	Class of goods	Unit	Opening Stock		Closing Stock	
			Quantity	Amount (`)	Quantity	Amount (`)
i)	Sugar	Qtls.	210 (206)	4,08,030 (4,01,439)	108 (210)	2,40,003 (4,08,030)
ii)	Molasses	Qtls.	104 (111)	20,018 (23,995)	54 (104)	9,933 (20,018)
iii)	Industrial Alcohol	Ltrs.	587 (2,662)	9,484 (48,850)	6,884 (587)	1,22,463 (9,484)

(B) Raw Material & Chemicals Consumed

		Quantity (Qtls.)	%	Value (`)
a)	Sugar Cane	2,37,08,436 (1,88,58,082)		6,17,82,09,196 (4,16,51,35,357)
b)	Chemicals			7,71,19,525 (6,02,72,259)
Indigenous			100 (100)	6,25,53,28,721 (4,22,54,07,616)
Imported			Nil (Nil)	Nil (Nil)
Total			100 (100)	6,25,53,28,721 (4,22,54,07,616)
c)	C I F VALUE OF IMPORTS			Nil (Nil)
d)	EXPENDITURE IN FOREIGN CURRENCY Amortization of Global Depository Receipts expenses GDR) (net)			Nil (Nil)
	Interest on Foreign Currency Term Loans			16,02,84,102 (11,84,92,749)
e)	EARNINGS IN FOREIGN CURRENCY Sale of CER's			1,08,64,146 (1,74,94,659)

Note:-Figures in the brackets are for the previous year.

7.

a) Remuneration to Managing Director

	2011-2012 `	2010-2011 `
Salary	48,00,000	48,00,000
Leave Encashment *	Nil	Nil
	48,00,000	48,00,000
Add: Company's Contribution to P.F. (exempted allowance)	5,76,000	5,76,000
Total	53,76,000	53,76,000

(Commission to Managing Director is not payable in view of inadequacy of profit as per Schedule XIII of the Companies Act,1956 and hence not provided for)

b) Remuneration to other Whole time directors

Salary	41,69,880	38,09,916
Other Allowances	35,65,200	28,12,800
Leave Salary *	1,31,789	1,31,274
Interim Bonus	3,24,324	4,45,500
Company's Contribution to P.F. (exempted allowance)	5,00,382	4,57,191
Total	86,91,575	76,56,681

c)

Directors sitting Fee- Non-executive directors	1,60,000	2,05,500

Total Managerial Remuneration (a +b+c)	1,42,27,575	1,32,38,181

*Gratuity and long term liability in respect of leave encashment not determinable as the actuarial valuation is done on overall company basis.

8. a) The company has made provision for gratuity and leave encashment in the nature of defined benefit obligation on the basis of actuarial valuation as per Accounting Standard AS-15. Since the liability has not been funded through a Trust or Insurer, there are no plan assets.

b)

i) Defined Contribution Plans :

Employer's Contribution to Provident Fund ` 2,62,25,374 (previous year ` 2,37,32,860)

ii) Defined Benefits Plans :

Liability for Gratuity is determined on actuarial basis using projected unit credit method. The details are as under:

	As at 30.09.12 (`)	As at 30.09.11 (`)
Change in defined benefit obligation:		
Opening defined benefit obligation	4,73,69,283	3,73,93,670
Current service cost	54,74,255	46,34,365
Interest cost	41,63,991	32,00,240
Actuarial loss/ (gain)	20,05,578	26,45,991
Past service cost	---	---
Benefit paid	(4,04,122)	(5,04,983)
Closing defined benefit obligation	5,86,08,985	4,73,69,283
Change in fair value of assets :		
Contribution by employer	4,04,122	5,04,983
Benefit paid	(4,04,122)	(5,04,983)
Change in fair value of plan assets	---	---
Expense recognized in Statement of Profit & Loss		
Current service cost	54,74,255	46,34,365
Interest cost	41,63,991	32,00,240
Net actuarial losses / (gain)	20,05,578	26,45,991
Past service cost	---	---
Expense recognized in Statement of Profit & Loss	1,16,43,824	1,04,80,596
Financial Assumptions at the valuation date		
Discount rate	8.30%	8.35%
Expected rate of return on assets (p.a.)	---	---
Salary escalation	6.00%	6.00%

Amount for the current and previous four years in respect of gratuity are as follows:-

	Period Ended				
Particulars	**30-Sep-12**	**30-Sep-11**	**30-Sep-10**	**30-Sep-09**	**30-Sep-08**
	(in `)				
Defined Benefit Obligation	5,86,08,985	4,73,69,283	3,73,93,670	2,84,12,041	2,04,04,270
Plan Assets	---	---	---	---	---
Surplus/(Deficit)	(5,86,08,985)	(4,73,69,283)	(3,73,93,670)	(2,84,12,041)	(2,04,04,270)
Exp. Adj. on Plan Liabilities	17,63,251	41,07,428	40,30,723	4,28,767	80,708
Exp. Adj. on Plan Assets	---	---	---	---	---

9. Trade Receivable/Payables and Loans and Advances balances are subject to confirmation and reconciliation.

10. As per the Accounting Standard AS-28 'Impairment of Assets', the company has tested impairment to identify the impairment loss, if any. Based on the assessment of the existing assets, the realizable amount for all the units is higher than the carrying values of such units. Accordingly no impairment is required to be recognized during the period.

11 As per requirement of revised Schedule VI , provision of Wealth Tax and Fringe Benefit Tax (FBT) are considered in other expenditure. Accordingly, provision made for Wealth Tax and FBT amounting to ` 3,77,102 and ` (61,575) respectively earlier shown as Tax Expenses during the previous year have now been reclassified under the head "Other Expenses," which has resulted in change in profit before tax of the previous year to that extent. However, there is no change in Profit after tax.

12 Income from sale of CER , penalty received from customers on late lifting of sugar and amount received towards surrender of export entitlement of sugar in favour of third parties , earlier being shown as " Other Income" ,have now been reclassified under the head "Other Operating Income". This has resulted in change in the sales and other income of the previous year to that extent.

13 The company has not taken/given any assets on finance/ operating lease. Accordingly, Accounting Standard AS-19 on leases is not applicable. The company has taken various office/ residential premises and office equipments on cancellable leases which are renewable on expiry of the respective lease period.

14 Society commission on purchase of sugar cane amounting to ` 4,82,12,723 for the period February, March and April 2012 has not been provided in view of anticipated relief/reduction in the same from the State Government based on the representation made by UPSMA. The liability, if any towards the same, will be provided in future depending on the decision of the State Government in this regard.

15 The financial statements for the year ended September 30, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended September 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

16 Derivative instruments and foreign currency exposures:

(a) There is no foreign currency exposure outstanding as at the Balance Sheet date (Previous year ` Nil).

(b) Particulars of un-hedged foreign currency exposures as at the Balance Sheet date are NIL (Previous year ` Nil).

17 There are no present obligations requiring provision in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 as it is not probable that an outflow of resources embodying economic benefit will be required.

18 Segment information for year ended 30th September, 2012

(i) Information about Primary Business segment

(Amount in `)

Particulars	Sugar	Co-Gen.	Distillery	Adjustment	Total
Revenue					
External Revenue	6,101,582,777	787,659,598	96,730,296		6,985,972,671
	(5,248,754,695)	(574,373,344)	(108,197,501)		(5,931,325,540)
Internal Revenue	44,744,845	374,807,981	---	(419,552,826)	---
	(48,184,968)	(302,756,416)	---	(-35,09,41,384)	---
Total Revenue	**6,146,327,622**	**1,162,467,579**	**96,730,296**	**(419,552,826)**	**6,985,972,671**
Results					
Segment Results	(280,342,898)	883,344,385	29,187,039		632,188,526
	(-20,15,47,018)	(588,594,698)	(34,112,115)		(421,159,795)
Less: Unallocated Expenditure					
(net of income)					
Interest					788,589,966
					(597,783,210)

Profit before tax					**(156,401,440)**
					(-17,66,23,415)
Provision for tax					(43,347,252)
					(-4,49,91,975)
Profit after tax					(113,054,188)
					(-13,16,31,440)
Other Information					
Segment Assets	6,160,598,906	1,217,755,006	115,127,616		7,493,481,528
	(5,315,531,256)	(1,021,191,703)	(122,980,516)		(6,459,703,475)
Segment Liabilities	890,335,219	3,141,549	3,221,797		896,698,565
	(423,527,419)	(5,429,424)	(5,749,474)		(434,706,317)
Capital Expenditure	70,537,985	763,081	343,140		71,644,206
	(39,487,926)	(2,390,386)	---		(41,878,312)
Depreciation/ Obsolescence	253,549,005	67,192,259	8,162,889		328,904,153
	(251,855,523)	(67,173,985)	(8,150,158)		(327,179,666)

Revenue in respect of captive power produced from co generation plant has been arrived at based on the rates at which the same is being supplied to State Electricity Board.

(ii) The company does not have any Secondary Business Segment since there were no exports during the year and no assets located outside India.

19 Earning per share:

(Amount in `)

	2011-12	**2010-11**
Profit after tax	(113,054,188)	(131,631,440)
Less: Preference dividend including corporate dividend tax of earlier year	15,480,837	15,480,837
Profit attributable to Equity Share holders	(128,535,025)	(147,112,277)
Number of equity shares outstanding during the period (weighted average)	16,314,676	16,314,676
Potential equity shares (weighted average)	---	---
Number of equity shares outstanding during the period including potential shares (weighted average)	16,314,676	16,314,676
Nominal value of equity shares (`)	10	10
Earning per share (`) Basic	(7.88)	(9.02)
Earning per share (`) Diluted	(7.88)	(9.02)

20 Related party disclosures as required by Accounting Standard AS-18

a) Names of the related parties and description of relationship:

i) Enterprises over which key management personnel are able to exercise significant influence	- Morarka Finance Limited - Dwarikesh Trading Company Limited - Dwarikesh Informatics Limited - Dwarikesh Agriculture Research Institute - Faridpur Sugars Limited (Associate Company)	
ii) Key Management Personnel	- Shri G.R.Morarka	Chairman & Managing Director
	- Shri B.J.Maheshwari	Whole-Time Director & Company Secretary Cum Chief Compliance Officer
	- Shri Vijay S. Banka	Whole -time Director & Chief Finance Officer
iii) Relatives of Key Managerial Personnel		
Shri G.R.Morarka	- Smt. Smriti G. Morarka (Wife) - Ms. Priyanka G. Morarka (Daughter) - Master Pranay G. Morarka (Son)	
Shri V.S.Banka	- Smt. Sarla V. Banka (Wife)	

b) **Details of Transactions**

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (`)	Amount due to (`)	Amount due from (`)	Investment (`)
1	Morarka Finance Limited	Inter Corporate Deposit Repaid	Nil (1,88,942)	Nil (Nil)		
		Inter Corporate Deposit Received	Nil (1,00,000)			
		Interest Paid	Nil (1,104)			
2	Dwarikesh Trading Co. Ltd.	Inter Corporate Deposit Repaid	3,78,50,000 (28,23,637)	1,46,163 (1,29,96,163)		
		Inter Corporate Deposit Received	2,50,00,000 (1,58,00,000)			
		Interest Paid	5,27,299 (4,91,642)			
3	Dwarikesh Informatics Ltd.	Services Purchased	32,44,956 (43,56,850)	1,92,832 (Nil)	Nil (2,07,828)	
		Reimbursement of Expenses Received / Receivable	28,44,296 (31,91,077)			
		Advance Received Back	Nil (Nil)			22,00,000 (22,00,000)
4	Dwarikesh Agriculture Research Institute (Formerly Dwarikesh Sugarcane Research Institute	Interest Paid	12,656 (12,621)	1,26,211 (1,26,211)		
5	Faridpur Sugars Limited	Inter Corporate Deposit Repaid	Nil (300,000)	Nil (Nil)		
		Inter Corporate Deposit Received	Nil (Nil)			
		Interest Paid	Nil (14,959)			2,00,000 (2,00,000)
6	Shri G.R.Morarka	Loan Repayment	1,38,60,500 (5,00,000)	7,85,852 (1,07,85,852)		
		Loan Taken	38,60,500 (1,00,000)			
		Interest Paid	4,87,020 (10,97,326)			
		Remuneration	53,76,000 (53,76,000)			
		Commission Paid	Nil (Nil)			
		Exgratia Paid	Nil (Nil)			
		Leave Encashment	Nil (Nil)			

Sl. No.	Name of Related Party	Nature of Transaction	Volume of Transaction (`)	Amount due to (`)	Amount due from (`)	Investment (`)
7	Shri B.J. Maheshwari	Remuneration	40,64,913 (34,87,749)			
		Ex-gratia/Interim Bonus	1,69,884 (2,31,660)			
		Leave Encashment	1,18,919 (1,31,274)			
8	Shri Vijay S. Banka	Remuneration	41,70,549 (35,92,158)			
		Ex-gratia/Interim Bonus	1,54,440 (2,13,840)			
		Leave Encashment	12,870 (Nil)			
9	Ms. Priyanka G. Morarka	Remuneration	9,00,000 (6,50,548)			
		Ex-gratia/Interim Bonus	57,550 (44,550)			
		Leave Encashment	42,350 (Nil)			
10	Smt Sarla V. Banka	Remuneration	Nil (120,000)			

As per our report of even date
For **S.S.Kothari Mehta & Co.**
Chartered Accountants

Arun K. Tulsian
Partner
Membership No. 89907

G.R. Morarka
Chairman & Managing Director

B.J. Maheshwari
Whole Time Director & CS cum CCO

B. K. Agarwal
Director

Vijay S. Banka
Whole Time Director & Chief Financial Officer

Place: New Delhi
Date: 25th October, 2012

Place: Mumbai
Date: 25th October, 2012

Key Financial Data

` in lakhs

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011*	2011-2012
Sales	8,683	15,313	16,425	24,821	24,402	29,386	48,461	57,728	61,655	72,595
Revenue from operation										
Other Income	31	45	44	144	119	40	155	190	35	216
Increase/Decrease ( ) in stock	3,070	(2,329)	321	(954)	6,929	7,005	(9,318)	6,132	(1,829)	9,941
Total Income	**11,784**	**13,029**	**16,790**	**24,011**	**31,450**	**36,431**	**39,297**	**64,051**	**59,861**	**82,752**
Manufacturing and operating expenses	8,630	8,114	9,820	16,091	25,440	26,089	20,499	50,735	43,134	63,790
(cost of material used)										
Excise Duty	741	1,003	937	1,355	1,708	2,121	2,274	2,221	2,342	2,735
Exception item/ Deferred revenue expenditure		628	21	30	30	30	30	30	---	---
Staff expenses	576	627	804	1,206	1,597	2,412	2,858	3,218	3,543	3,805
Selling & administration expenses	303	398	541	767	784	822	1,038	1,346	3,359	2,811
(other expenses)*										
Total Expenditure	**10,250**	**10,770**	**12,123**	**19,449**	**29,559**	**31,474**	**26,699**	**57,551**	**52,378**	**73,141**
Profit before interest, depreciation and tax (PBIDT)	1,534	2,259	4,667	4,562	1,890	4,957	12,598	6,500	7,483	9,611
Depreciation	429	461	550	1,221	1,331	2,943	3,295	3,206	3,272	3,289
Profit before interest and tax (PBIT)	1,105	1,798	4,117	3,341	559	2,014	9,302	3,294	4,212	6,322
Interest	724	704	594	650	1,846	4,947	6,164	4,631	5,978	7,886
Profit before tax (PBT)	381	1,094	3,523	2,691	(1,287)	(2,933)	3,138	(1,336)	(1,766)	(1,564)
Taxes	175	118	863	607	(658)	(455)	630	(431)	(450)	(433)
Profit after Tax (PAT)	206	976	2,660	2,084	(628)	(2,478)	2,508	(906)	(1,316)	(1,131)
Cash accruals	764	1,468	3,764	3,645	2	27	6,103	1,651	1,506	1,725
Equity Share Capital	756	756	1,256	1,556	1,556	1,631	1,631	1,631	1,631	1,631
Preference Share Capital	610	110	110	110	1,610	1,610	1,610	1,610	1,610	1,610
Share Application money pending allotment										1,000
Equity Share Warrant					120	60	---	---	---	---
Reserves & Surplus	2,286	3,032	7,569	13,679	12,441	10,638	12,608	11,702	10,386	9,255
Secured loan funds excluding cash credit limits/	2,780	2,738	9,161	10,946	34,704	39,311	38,459	32,305	39,308	33,169
secured loan including repayable within 1 year/ Long term borrowing including current maturity of long term debt*										
Unsecured loan funds	280	5	3	423	763	5,459	44	5,617	239	11
Net block of fixed assets	6,492	7,530	16,665	28,220	56,206	58,655	55,544	52,531	50,032	46,999
Investment	41	33	34	33	22	22	22	27	24	24
Deferred tax liability		675	1,229	1,569	1,413	945	1,701	1,261	683	249
Current assets	6,505	4,307	6,089	6,022	17,261	22,911	12,820	18,300	14,058	26,962
Non Current Assets/ *Long term Loans & advances & other non current assets**									1,208	1,231
Current Liabilities / Current liabilities excluding short term borrowing & current maturity of long term debts*	627	1,422	2,913	4,708	12,578	7,727	5,928	9,306	3,301	7,808
Non Current Liabilities/ Other long term liabilities & long term provisions*									1,046	1,159
Current Liabilities including cash credit limit	5,683	4,554	3,460	6,111	20,972	21,995	12,361	16,732	10,419	27,131
Capital raising expenditure to the extent not written off				120	90	60	30	---	---	---

*regrouped /reclasiified as per revised schedule VI since 2010-11

Financial Icons

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011*	2011-2012
OPERATING RATIOS										
Manufacturing & operating expenses/Total income	73.23%	62.28%	58.49%	67.02%	80.89%	71.61%	52.16%	79.21%	72.06%	77.09%
*Cost of material consumed/Total income**										
Excise duty / Total income	6.29%	7.70%	5.58%	5.64%	5.43%	5.82%	5.79%	3.47%	3.91%	3.30%
Staff expenses / Total income	4.89%	4.82%	4.79%	5.02%	5.08%	6.62%	7.27%	5.02%	5.92%	4.60%
Selling & administration expenses / Total income	2.57%	3.05%	3.22%	3.19%	2.49%	2.26%	2.64%	2.10%	5.61%	3.40%
Other expenses / Total income*										
PBIDT / Total income	13.02%	17.34%	27.80%	19.00%	6.01%	13.61%	32.06%	10.15%	12.50%	11.61%
PBIT / Total income	9.38%	13.80%	24.52%	13.91%	1.78%	5.53%	23.67%	5.14%	7.04%	7.64%
PBT / Total income	3.23%	8.40%	20.98%	11.21%	-4.09%	-8.05%	7.99%	-2.09%	-2.95%	-1.89%
PAT / Total income	1.75%	7.49%	15.84%	8.68%	-2.00%	-6.80%	6.38%	-1.41%	-2.20%	-1.37%

BALANCE SHEET RATIO

Debt Equity Ratio	0.91	0.72	1.04	0.71	2.21	2.82	2.43	2.16	2.88	2.65
(Secured loan excluding cash credit / share holder's funds)										
Inventory Turnover Ratio	1.45	4.20	4.14	8.23	2.45	1.68	5.95	4.04	4.94	3.20
(Turnover / closing stock of inventory)										
(Current assets / Current Liabilities and cash credit limit)										
Fixed Assets Turnover Ratio	1.82	1.73	1.01	0.85	0.56	0.62	0.71	1.22	1.20	1.76
(Total income / net block of fixed assets)										
Fixed Assets Coverage Ratio (FACR)	2.34	2.75	1.82	2.58	1.62	1.49	1.44	1.60	1.26	1.41
(Net block of fixed assets/ Secured loan excluding cash credit)										

PER SHARE DATA

Earnings per share (EPS) (Rs.)	1.75	12.13	23.17	13.90	(4.20)	(15.31)	14.20	(6.50)	(9.02)	(7.88)
Cash earnings per share (CEPS) (Rs.)	9.14	18.63	32.85	24.38	(0.22)	(0.63)	35.90	9.17	8.28	9.62
Dividend (Rs.per Equity Share)	0.50	2.00	6.00	6.00	---	---	1.50	---	---	---
Dividend Payout %	5%	20%	60%	60%	---	---	15%	---	---	---
Book Value (Rs.)	40.23	50.10	70.24	97.89	89.93	75.21	87.28	81.73	73.66	66.73

*regrouped /reclasiified as per revised schedule VI since 2010-11

VALUE-ADDED STATEMENT

` in lakhs

PARTICULARS	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011*	2011-2012
Corporate Output (Total Income)	11,784	13,029	16,790	24,011	31,450	36,431	39,297	64,051	59,861	82,752
Less: Manufacturing & Operating expenses/	8,630	8,114	9,820	16,091	25,440	26,089	20,499	50,735	43,134	63,790
*cost of material consumed**										
Less:Exceptional Item/ deferred revenue expenditure		628	21	30	30	30	30	30	---	---
Less: Selling & Administrative expenses/	303	398	541	767	784	822	1,038	1,346	3,359	2,811
*Other Expenses**										
Gross Value Added	2,851	3,889	6,408	7,123	5,196	9,490	17,730	11,940	13,368	16,151
Less: Depreciation	429	461	550	1,221	1,331	2,943	3,295	3,206	3,272	3,289
Net Value Added	2,422	3,428	5,858	5,902	3,865	6,547	14,435	8,734	10,096	12,862
Allocation of Net Value Added										
to personnel	576	627	804	1,206	1,597	2,412	2,858	3,218	3,543	3,805
to Exchequer (Excise)	741	1,003	937	1,355	1,708	2,121	2,274	2,221	2,342	2,735
to Exchequer (Direct Taxes)	46	87	309	266	72	14	360	249	---	---
to Mat Credit entitlement							(487)	(239)	128	---
to deferred tax	129	31	554	341	(731)	(469)	757	(441)	(578)	(433)
to Stake holders (Interest)	724	704	594	650	1,846	4,947	6,164	4,631	5,978	7,886
to Investors (Dividend)	123	230	875	1,080	36	1	598	---	---	---
to Company (Retained earnings)	83	746	1,785	1,004	(664)	(2,479)	1,910	(906)	(1,316)	(1,131)
	2,422	3,428	5,858	5,902	3,865	6,547	14,435	8,734	10,096	12,862

*regrouped /reclasiified as per revised schedule VI since 2010-11

KEY STATISTICS

` in lakhs

PARTICULARS	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011*	2011-2012
No of days crushed										
- DN	182	150	162	156	169	142	119	140	141	155
- DP				100	166	127	106	134	132	147
- DD						99	66	114	113	145
Sugar cane Crushed in Qtls.										
- DN	8,647,790	7,518,934	8,014,653	7,205,405	8,377,011	7,219,113	5,064,737	6,615,074	6,882,340	7,662,759
- DP				3,393,773	8,895,373	7,129,891	4,575,622	6,483,011	5,870,034	7,888,321
- DD						5,042,169	3,006,582	5,855,079	6,105,708	8,157,356
Recovery % - DN	10.20	10.39	10.48	10.10	10.58	10.64	10.31	10.31	10.30	10.16
Recovery % - DP				10.20	10.07	10.33	9.93	9.77	9.47	9.73
Recovery % - DD						10.27	8.61	8.77	8.55	9.09
Total losses % -DN	2.089	1.880	1.851	2.060	2.04	1.92	1.84	1.89	1.85	1.82
Total losses % -DP				2.305	2.21	1.97	1.97	1.96	1.93	1.76
Total losses % -DD						2.14	2.14	2.04	2.07	1.90
Sugar Cane Bagged in Qtls. - DN	880,985	780,739	840,153	727,362	886,127	768,075	522,037	683,165	710,349	778,198
Sugar Cane Bagged in Qtls. - DP				345,850	895,500	736,265	454,380	634,460	557,845	767,410
Sugar Cane Bagged in Qtls. - DD						517,759	258,461	514,082	522,085	741,195

*regrouped /reclasiified as per revised schedule VI since 2010-11

DWARIKESH SUGAR INDUSTRIES LIMITED

REGD. OFFICE: DWARIKESH NAGAR-246 762, DIST: BIJNOR, UTTAR PRADESH

PROXY FORM

I/We ____

of ____ being a Member / Members of

DWARIKESH SUGAR INDUSTRIES LIMITED hereby appoint ____________________________________

______________________________________ of ____

or failing him _____________________________ of _______________________________________

or failing him _____________________________ of _______________________________________

as my/our proxy to attend and vote for me/us on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the Company to be held at 10.00 a.m. on Friday, 22nd March, 2013 and at any adjournment thereof.

AS WITNESS my/our hand(s) this ______ day of _______2013

Revenue Stamp Re. 1/-

Signed by the said

Note:
The Proxy must be returned so as to reach the Registered Office of the Company at Dwarikesh Nagar - 246762, District: Bijnor, Uttar Pradesh not less than FORTY EIGHT HOURS before the time of holding the aforesaid Meeting.

DWARIKESH SUGAR INDUSTRIES LIMITED

REGD. OFFICE: DWARIKESH NAGAR-246 762, DIST: BIJNOR, UTTAR PRADESH

ATTENDANCE SLIP

Regd. Folio No. ____________

NINETEENTH ANNUAL GENERAL MEETING – FRIDAY, 22nd MARCH, 2013

Name of the attending ____

Member / Proxy (in BLOCK letters) ____

Member's Folio No. ____

No. of Shares held ____

I/We hereby record my/our presence at the NINETEENTH ANNUAL GENERAL MEETING held on Friday, 22nd March, 2013.

Member's / Proxy's Signature ________________________________

Milestones

Year	Event
1993	Incorporation of the Company in the name of Dwarka Sugar Limited.
1994	Change of name to Dwarikesh Sugar Industries Ltd.
1995	Setting up of 2500 TCD sugar plant Commencement of commercial production.
1996	Expansion of capacity to 3500 TCD Setting up of 6 MW Power Plant.
1997	Payment of maiden Dividend of 10%.
1999	Expansion of capacity to 4000 TCD.
2001	Expansion of capacity to 5000 TCD.
	Bought back 25.20 Lakh shares at Rs. 40 per share.
2002	Expansion of co-gen from 6 MW to 9MW.
	Expansion of capacity to 6500 TCD.
2003	Sold Power worth Rs. 183 lacs to UP State Grid.
2004	Successful Completion of IPO (23 Times Oversubscribed).
2004	Expansion of Co-gen power plant from 9 MW to 17 MW.
2005	Commissioned 30 KLPD distillery for manufacture of Industrial Alcohol.
2005	Successfully completed GDR issue of USD 12 million.
2006	Commencement of Dwarikesh Puram plant of 7500 TCD with 9 MW co-generation.
2007	Commencement of Dwarikesh Dham plant of 7500 TCD with 36 MW Co-generation and expanded the Co-generation capacity at Dwarikesh Puram from 9MW to 33 MW.
2008	Commencement of Co-generation for supply to state grid at Dwarikesh Puram and Dwarikesh Dham units.
2009	Recording of the highest recovery in U.P. at the DN plant (10.31 per cent), while recovery recorded of DP plant was amongst the top 5 in the State (9.93 per cent).
	Posting of 69 per cent growth in net sales a record high of Rs. 462 Crores. Profit After Tax touched ₹ 25 Crores, as against loss of ₹ 25 Crores in the previous year.
2010	Highest ever turnover breaching ₹ 500 crores mark.
2011	Registration with NLDC (National Load Dispatch Centre) of all the three units for generation of RECs.
2012	Highest ever turnover breaching ₹ 700 crores mark.

Cautionary Statement

Statements made in this Annual Report describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

Printed by: www.westernpress.in