



**GANGAKHED SUGAR
& ENERGY LIMITED**



Green Optimism

Gangakhed Sugar and Energy Limited
5th Annual Report 2011-12

Forward looking statement

In this Annual Report, the forward-looking information if any, is for enabling investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or our uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, arising as a result of new information, future events or otherwise.

Contents

Corporate Overview

02

Discover the Green Quotient

06

Green Dynamism

07

Business Segment Performance

Strategic Review

10

Chairman's Message

12

Cane Development Programmes

14

Technology

16

Farmer Welfare

18

Corporate Social Responsibility

20

Industry Review

22

Directors' Profile

Statutory Reports

24

Directors' Report

Financial Statements

29

Auditor's Report

32

Balance Sheet

33

Profit and Loss Statement

34

Cash Flow Statement

35

Notes

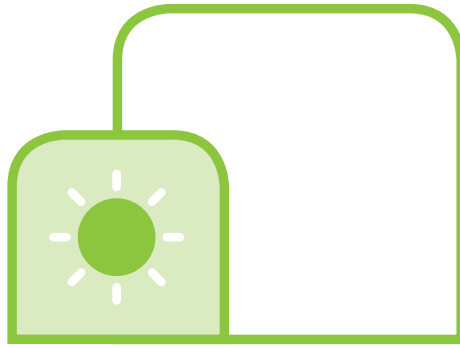


2011-12 marks the completion of our second full year of operations. A period of intense learning and achievements. We overcame teething challenges and achieved satisfactory levels of operational efficiency and profit.

This achievement has enabled us to move ahead with confidence. In a planet imperilled by twin shadows of fossil fuel depletion and growing carbon footprints, green energy shows the way. It is clean, renewable and largely carbon-neutral. Our objective is to emerge as a powerful integrated green energy player.

Our Integrated Cane Processing Plant (ICPP), efficient cane development programmes, technology advancement and strong farmer relationships have enabled us to produce green energy.

Our by-products have created additional revenue streams to de-risk the sugar business and help create the foundation for a cleaner, greener world.



Discover the Green Quotient

Green is the result of our integrated operations.

Gangakhed Sugar & Energy Limited is an integrated manufacturer of sugar, energy and distillery products, located at Taluka Gangakhed, District Parbhani, Marathwada Division in Maharashtra.

Our state-of-the-art infrastructure, coupled with advanced technology, allows efficiency in operations. We are evolving a strong business model by forging strong farmer relationships and undertaking initiatives towards the socio-economic development of the region.

6,000 TCD Sugar plant

30 MW Co-generation power plant

60 KLPD Distillery plant (With 1.8 MW Co-generation power plant)

12.06% Average recovery for 2011-12



○ Sugar Plant

Our state-of-the-art Integrated Cane Processing Plant called as ICPP gives us the flexibility to alter production in line with market dynamics.

At Gangakhed Sugar & Energy Limited, our state-of-the-art ICPP allows us to enjoy the synergies of being in cane-surplus regions and addressing the entire sugar value chain. The cane procured from the farmers, is processed for sugar production. The by-products e.g. molasses and bagasse generated during sugar production is converted into industrial alcohol and green energy, respectively. The waste water is filtered, recycled and reused for irrigation purposes.

The crushing season coincides with the period of peak demand, which enables us to sale excess energy.

The industrial alcohol, which also includes ethanol, further strengthens our revenue stream.

Green Optimism by Green Trading

Renewable Energy Certificate (REC)

Gangakhed Sugar & Energy Limited has acquired the REC – Non Solar accreditation from Maharashtra Energy Development Agency (MEDA) for its co-generation capacity. REC is also known by functionally equivalent names, such as Green Tags, Renewable Obligation Certificates or Tradable Renewable Certificates. RECs are expected to become the currency of renewable energy markets because of their flexibility and the fact that they are not subject to the geographic and physical limitations of commodity electricity. RECs can be used by the obligated entities to demonstrate compliance with regulatory requirements, such as Renewable Purchase Obligations.

Carbon Credit

Gangakhed Sugar & Energy Limited uses renewable resources (biomass: Bagasse) as the source of fuel for their cogeneration plant for generating steam and electricity. Hence, it is eligible to claim carbon credits for the avoidance of emission of tonnes of carbon dioxide, which would have been otherwise emitted if a fossil fuel (like coal) was used as fuel source. Therefore, the Company can trade the carbon credits with a company in the developed nations for a particular market determined value as explained above and earn additional revenues in this manner.



Vision

To become leader in producing sustainable green co-generation power and bio fuels like ethanol.



Mission

Running the plants with BAST (Best Available Systems and Technology) efficiently and produce world class quality products, setting up benchmarks and delivering excellence on a continuous basis.

Presence



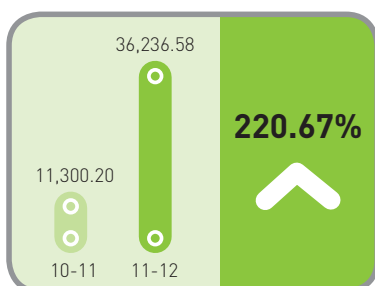
- District Boundaries
- Major Roads
- Roads
- Rivers
- District Headquarters
- Taluk Headquarters
- Towns
- Railways
- Plant Site

Map not to scale

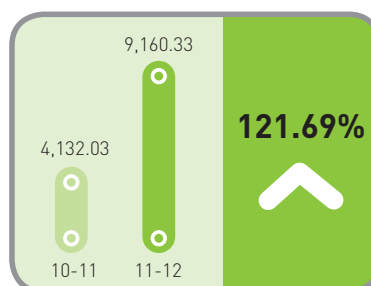


Green Dynamism

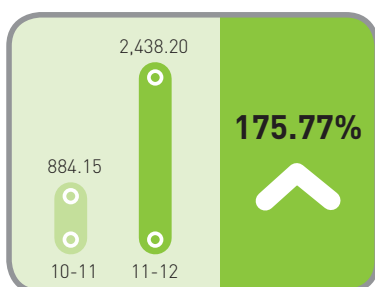
Revenues (₹ lacs)



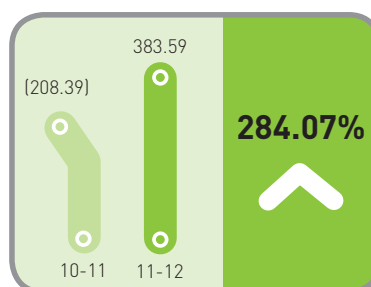
EBIDTA (₹ lacs)



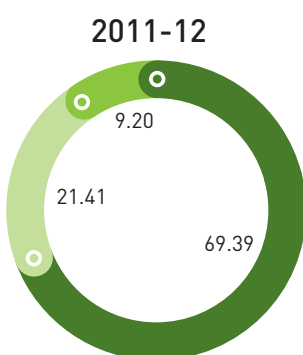
Cash Profit (₹ lacs)



Net Profit (₹ lacs)



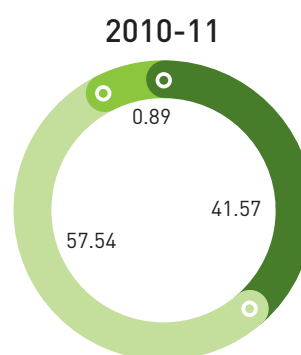
Divisional break-up of revenues (%)



Sugar

Energy

Ethanol



Pie & Graph Not to Scale

Business Segment **Performance**

Sugar Division

₹ 31,465.06 lacs Revenues

₹ 5,257.28 lacs EBIDTA

177 Crushing days

4,639.91 tcd Cane crushed

8,21,263.78 MT Total cane crushed

12.06% Average recovery

Co-generation

₹ 9,707.61 lacs Revenues

₹ 3,338.12 lacs EBIDTA

13,05,39,590 kwh Energy generated

9,77,30,645.30 kwh Energy exported

Distillery



₹ 4,171.59 lacs Revenues

₹ 564.94 lacs EBIDTA

5.19 lac litre Ethanol production

114.83 lac litre Rectified spirit, extra neutral alcohol and denatured spirit production



Chairman's Message

Dear Friends,

We have witnessed satisfactory growth and profitability in the 2011-12, considering the dismal economic scenario. Now begins the crucial lap of the journey. This marathon will take us further to new orbits of green growth. We have the confidence, capability and the commitment to achieve our vision: To become a leader in producing sustainable green energy and bio-fuels like ethanol.

INDIA'S SUGAR INDUSTRY IS AN IMPORTANT AGRO-BASED INDUSTRY AND CONTRIBUTES OVER 1% OF INDIA'S GDP. IT GENERATES RURAL EMPLOYMENT FOR OVER 50 MILLION FAMILIES ACROSS INDIA.

Green growth

In the recent years, there has been frequent concerns over climate change. Besides, growing industrialisation poses a constant threat on environment sustainability. This has encouraged industrial enterprises to adopt green measures. At Gangakhed Sugar & Energy Limited, we have emerged as an integrated player across the sugar value chain. While sugar remains our main product, our modernised state-of-the-art Integrated Cane Processing Plant lays equal emphasis on by-products – co-generation energy and ethanol. Such an approach will unleash multiple revenue streams and market dynamics.

In addition, co-generation gives us an opportunity to earn carbon credits and tax benefits, adding to our bottomline. The company is eligible for the Mega Project status of power plants, which shall entitle us to further benefits. We have already received REC accreditation from MEDA (Maharashtra Energy Development Agency). Finally, spiralling oil prices will translate into a demand for alternative fuel like ethanol. Our presence in the ethanol space will enable us to reap the benefit.

Getting the basics right

India's sugar industry is an important agro-based industry and contributes over 1% of India's GDP. It generates rural employment for over 50 million families across India. However, the industry has been historically suffering from lack of government support. The consequence is the absence of an even balance between sugar prices and the cost of procurement. As a result, the industry has frequently suffered losses, leading to higher cane arrears.

We are aligning our business plans with long-term stability. We are escalating our investments in the cane farming community to reinforce our presence in the cane surplus regions.

We have already put in place several cane development programmes like drip irrigation and satellite mapping system to improve crop quality and per-acre productivity. This entails dual benefits. The farmers gain owing to higher production, while the Company benefits owing to better recoveries. We have made 12,380 farmers shareholders of the Company, strengthening their commitment to the company.

Our efforts ensure that the plant enjoys an uninterrupted supply of raw materials. Besides, our technology investments warrant higher automation, improving our operational efficiencies and reducing our production cost significantly.

Significant developments in 2011-12

During the year, we underwent financial restructuring with Indian Renewable Energy Development Authority (IREDA), which significantly reduced our interest burden in crores. We also received financial support from the Sugar Development Fund, which further improved our cash flows.

Social contribution

Our contribution towards society spans multiple domains. We are running educational institutes and also entering into banking sector for the economic support & welfare to

the farmers and the community. We started the development of infrastructure facilities e.g. construction of roads and also conducted various health & public welfare programmes like blood donation, cancer awareness and eye check-up, tied-up with nearby hospitals for better medical facilities to the farmers, employees, among others. We are also providing financial assistance to farmers for irrigation and crop loans, drip loan, basal dose advance, among others. through tie ups with multi-state co-operative societies & giving counter guarantees for and on behalf of the farmers for financing.

Looking forward

I am grateful to the management team for their wise counsel and enthusiastic participation in our journey. Thanks to all members of the Gangakhed Sugar & Energy Limited family for their heart-warming encouragement and support.

We are geared for sustainable green growth.

Best wishes,

Ratnakar M. Gutte

Chairman

WE HAVE ALREADY PUT IN PLACE SEVERAL CANE DEVELOPMENT PROGRAMMES LIKE DRIP IRRIGATION AND SATELLITE MAPPING SYSTEM TO IMPROVE CROP QUALITY AND PER-ACRE PRODUCTIVITY. THIS ENTAILS DUAL BENEFITS. THE FARMERS GAIN OWING TO HIGHER PRODUCTION, WHILE THE COMPANY BENEFITS OWING TO BETTER RECOVERIES.



Green optimism begins with quality cane delivery

Quality cane delivery is the starting point in a sequence of initiatives that facilitate the production of green energy.

We have undertaken various initiatives towards increasing cane yield average and recoveries. These include:

Drip irrigation programme

We have implemented the State Government's plan for subsidised irrigation on 1,000 acres of land. We are drawing water from the adjacent Godavari River to address the water requirements of the cane fields. We have also appointed technologically-skilled people for efficient handling of irrigation.

Sample plantation

A special area has been marked nearest to the plant for a sample plantation programme. It allows us to determine the quality of the produce and enables us to modify methods and techniques towards improving the quality of the sugarcane cultivated.

Satellite mapping

We have implemented a satellite-mapping system, covering a 100-km radius of plantation areas. It allows us to keep a track on the land availability, as well as the volume of crop cultivated. This has resulted in ensuring abundant cane supply.

Specialised software

We have developed a unique software to streamline all activities, starting from farmer registration to cane delivery to the sugar plant. The software tracks each cane grower through a distinctive identification number and stores the name of the crop he/she cultivates, date of cultivation, land details and crushing patterns. This allows an extensive age analysis of cane, strengthening our quality control ability.

14.90% Increase in the cultivated area over the past two years



**Technology
takes us
further
every day**

Technology excellence plays a vital role in driving our green optimism. We have invested in advanced technology and planetary gears to ensure full automation.

The major benefits comprise the following:

- Lower human intervention, leading to an efficient handling of operations
- Reduction in steam consumption per tonne of cane, leading to lower energy absorption
- Reduction in the cane's moisture content during crushing, leading to the improvement in the efficiency of boilers
- Minimisation of energy consumption across our production value chain
- Surplus energy generation from bagasse

Decanter system

We have installed a decanter system, first-of-its-kind in India, for muddy juice separation. It eliminates the bagacillo requirement of sugar process, resulting in higher bagasse saving and its effective utilisation for co-generation.

0.04%

Reduction in pol loss in press mud, compared to 0.06% to 0.08% by using conventional vacuum filter

Our use of high-energy efficiency equipment further leads to a reduction in captive consumption, which ultimately translates into additional co-generation of energy for merchant sale.

40% to 39%

Reduction in steam consumption per tonne of cane; industry average is 45%

50% to 48%

Reduction in moisture content of cane; industry average is 52%



**We cultivate
innovative
leaders,**
who happen to
be farmers

Cane farmers represent the lifeline of our operations. We support their innate capabilities for innovation through multiple initiatives and strengthen the closer bonds of trust.

Education

We conduct various farmer awareness programmes across 300 villages. This educational programme provides information about the farming techniques, utilisation of better seeds, innovative methods of irrigation and new methods of cultivation for quality of output.

We conduct regular seminars through tie-ups with various educational & technical institutes likewise Vasant Dada Sugar Institute – to enhance awareness levels on various sugar breeds and other advanced technical aspects.

Financial support

We arrange financial assistance for farmers to purchase quality fertilisers, irrigation and crop cutting techniques. We are in the process of entering a financial tie-up for our farmers with the multi-state co-operative bank for basic financial assistance.

Road infrastructure

We have built a robust road infrastructure to facilitate the movement of sugarcane to the plant. Previously, kutchra road used to be troublesome for farmers.

Equity

We have made 12,380 farmers our shareholders, encouraging them to participate in the Company's growth.



Steps for **Social Optimism**



○ Republic Day Function at Sakharshala

At Gangakhed Sugar & Energy Limited, corporate social responsibility has always been integral to our Chairman's vision. It is the cornerstone of our values of Good Corporate Citizenship. As part of our social commitment, we have dedicatedly undertaken initiatives in education, healthcare, farmer awareness, financial assistance and safety to bring about visible and measurable rural transformation and sustainable development for the rural masses.



○ Eye Check-up Camp



○ Cancer Awareness Programme

Education

The management has started Polytechnic collage, an ITI institute in the vicinity of 25 kms of radius and a primary school, Sakharshala, at the plant site, which takes care of the basic educational needs of the children of cane harvesters, villagers and workers.

Healthcare

We regularly conduct medical camps (Cancer & Other disease treatment and Eye Check-up from reputed doctors and blood donation) for community well-being. The Company has also provided ambulance at the plant site to address any medical emergencies.

Awareness programmes

We regularly conduct crop seminars to enhance farmer awareness. The initiative comprises direct interactions with university scientists, agronomists and with reputed agricultural institutes. The objective is to educate and provide guidelines to farmers to adopt innovative farming technologies.

Farmer assistance

We provide financial assistance to farmers through nationalised banks and also assist them towards acquiring tractors, trucks and other vehicles.

Safety

We impart regular trainings and conduct seminars with workers and factory employees for necessary safety measures.



Industry Review



○ Cane Supply System

Sugar industry is the second largest agro-based industry in India, contributing over 1% to the national GDP of the country. Globally it holds a second position after Brazil, both as sugar and sugarcane producers, producing nearly 15% and 25%, respectively. The sugar industry has significantly contributed to the rural development, by mobilising resources and generating employment. Around 7.5% of the rural population depends upon sugarcane for their livelihood. There are over 600 sugar mills in the country, supporting over 600 million cane farmers. Sugarcane is primarily grown in nine states of India. Uttar Pradesh is the largest sugarcane growing state in the country followed by Maharashtra (Source: Indian Institute of Sugarcane Resource, Newsletter).



○ Molasses Tanks

The Maharashtra sugar industry is an important driver of India's sugar industry. Crushing season 2011-12 witnessed lower rainfall in major sugar producing regions in India, including Maharashtra. As a result, 77.10 MT of sugarcane was crushed to produce 8.99 MT of sugar across 162 mills (comprising 120 cooperative mills). Cane recovery stood at 11.67%.

With the shortage of sugar expected in 2012, the sugar mill cooperatives had organised a cane development workshop for the sugar mills to improve the crushing capabilities. In the coming season the participation is expected to increase owing to lower production projections.

Cane prices and conversion margins in major states

Particulars	Cane Price [^]	Recovery rate	Cane cost of production	Sugar price [#]
SY 2011-12	(₹/Qtl)	(%)	₹/MT	₹/MT
Uttar Pradesh	250	9.50	26,316	28,000
Maharashtra	250	11.50	21,739	27,000
Tamil Nadu	220	9.50	23,158	27,500
N. Karnataka	250	11.50	21,739	27,000

[Source: ICRA]

Note: [^] Landed cost at factory, [#]: levy sugar for 2009-10 taken at 20%, levy price at ₹ 13.5/kg. For 2010-11, current price trends and 90-10 free to levy mix has been taken.

Based on data provided by some ICRA-rated mills; cane cost, recovery rates and hence conversion margins can vary significantly from mill to mill even in the same region.



○ Control Room



○ Switch Yard

By-products

The sugar industry also provides by-products like bagasse, molasses and press-mud, which are utilised to generate energy and produce ethanol.

Ethanol

Ethanol is produced directly from sugar molasses. Ethanol production is projected to grow by 29% to 2,170 million litres for 2011-12. The Government of India also offers subsidised loans to sugar mills for the setting up of an ethanol producing unit, covering 40% of the project cost. Of the total 330 distilleries, 140 distilleries are equipped to produce about 2 billion litres of conventional ethanol annually. This is expected to meet the demand for 5%

mandatory blending of ethanol with petrol.

At present, the government has fixed a provisional price of ethanol at ₹ 27 per litre.

Cogeneration sector

Bagasse (by-product) is utilised in two major ways: in the making of paper and in the generation of electricity. The energy produced through co-generation substitutes the conventional thermal alternative and reduces greenhouse gas emissions. With the modernisation of the new and existing sugar mills, the surplus energy generated, in over 550 sugar factories, is likely to be around 5000MW [Source: Ministry of New and Renewable Energy].



Directors' Profile



○ 1



○ 2



○ 3



○ 4

1. Mr. Ratnakar Manikrao Gutte (Chairman)

Mr. Ratnakar Manikrao Gutte has enriched Gangakhed Sugar & Energy Limited with his rich experience in the field of project execution - fabrication, erection, testing and commissioning of power plants - and helped transform the Company into one of the few ICPP Players in Maharashtra.

He has deep knowledge and practical experience of the domestic power sector, having closely worked with leading companies in the Energy business. Being a first generation entrepreneur, he possesses excellent on-the-job knowledge of engineering, the intricacies of civil construction, machinery installation, finance, banking, taxation, general management and commercial matters.

He is passionate about the Energy sector. It not only makes good business sense but also provides gainful employment to the skilled workers and farmers of the economically impoverished Vidharba region. With growing awareness of Climate change he has embarked upon a plan to set up an Integrated Green Energy project in Parbhani district.

Under his supervision and control two other group companies Sunil Hitech Engineers Limited and Seam Industries Limited has registered significant growth in short period of time. Sunil Hitech Engineers Limited is one of the leading infrastructure companies working in power sector in India. Seam Industries Ltd. is also gradually augmenting its customer's base and is in the path of success and growth.

In recent years he was awarded with various prestigious awards like 'Life Time Udyog Achievement Award 2004', 'Great Achiever in Industrial Excellence Award 2004', 'NCCL Entrepreneur of the Year 2007-08' and 'Bharat Vibhushan Samman Puraskar 2009' to name a few. During April 2011, He was honoured with the 'Marathwada Gaurav Award' by Shri Prithviraj Chavan, the Hon'ble Chief Minister of Maharashtra, in the presence of Hon'ble State and Central Ministers, for his significant contribution in the field of industry as well as social services.

2. Mr. Sunil Ratnakar Gutte

(Director)

Sunil R. Gutte, Director of the Company, has been serving the Company since its incorporation. He is a Mechanical Engineer from Pune and underwent rigorous training at BHEL's Welding Research Institute in Tiruchirapalli and a training programme in Project Management from IIM, Ahmedabad. He possesses sound technical, managerial, and interpersonal skill. He has imparted the employees with zeal, eagerness to work for the organisation, a sense of belonging among them and to contribute their best towards the development of the organisation as a whole and strengthen the Company to meet the future challenges and opportunities strategically.

He played a key role in broadening the Company's market. He pioneered paradigmatic changes in the management structure, reporting standards, structured decision making, HR policies and Corporate Governance practices. He played a key role in transforming the Company into among only a few ICPP players in Maharashtra.

In addition to this, he is also managing the affairs of the group companies, which have registered phenomenal growth under his supervision and control.

With his strategic leadership and governance qualities, analytical skill and team building, he has solidified his presence in the corporate sector.

3. Mrs. Sudhamati Ratnakar Gutte

(Director)

Mrs. Sudhamati Ratnakar Gutte, working in the capacity of Director, has comprehensive hands-on experience in handling the Company's overall management and administration. She has been serving the Company from its inception. She, with her foresight, efficient team-building and sound managerial skill developed the culture of timeliness and loyalty in the organisation. She interacts with the employees and knows their weaknesses, problems they are facing in the organisation and suggests remedial measures for them and helps overcome them so that the employee can utilise himself optimally in the organisation.

In addition to the above, she regularly participates in social activities to fulfill the Company's Corporate Social Responsibility, contributing to large-scale societal development. She regularly interacts with the underprivileged and takes various initiatives for their welfare like providing them with educational, medical and farming facilities.

4. Mr. Radheshyam R Tiwari

(Director)

Mr. Radheshyam Tiwari is a post-graduate in Commerce and a Master of Business Administration. He has rich experience in handling accounts and finance functions. He is overseeing purchase and fund management activities for all the group companies. He has been associated with the group from over 10 years. He is thoroughly conversant with MIS and direct and indirect tax compliances and other accounts and finance aspects.



Directors' Report

To,

The Members of,

Gangakhed Sugar & Energy Limited,

Your Directors are pleased to present their Fifth Annual Report for the Financial Year ended as on March 31, 2012.

FINANCIAL RESULTS

The financial performance of your Company for the financial year ended on March 31, 2012 is summarised below:

	2012	(₹ in Lacs) 2011
Net Sale/Revenue	36,236.58	11,300.20
Other Income	390.14	89.31
TOTAL Income	36,626.72	11,389.51
TOTAL Expenditure	35,673.84	11,190.69
Profit Before Tax	952.88	198.82
Profit After Tax	383.59	(208.39)
Amount transferred to General Reserve	383.59	(208.39)

PERFORMANCE REVIEW

Your company succeeded in capitalising on the opportunities that prevailed even in the overall negative environment to report growth in turnover of ₹ 36,236.58 lacs in the current fiscal.

This is the second year of operation of our own three segments. The financial period under review is of twelve months from April 1, 2011 to March 31, 2012.

The Net sales/Revenue from Operations of your Company for the financial year ended as on March 31, 2012 is ₹ 36,236.58 lacs, whereas it was ₹ 11,300.20 lacs for the financial year ended as on March 31, 2011, thereby registered a significant growth over 3 times over the last year's performance. Profit before tax for the financial year ended as on March 31, 2012 is ₹ 952.88 lacs, whereas it was ₹ 198.82 lacs for the financial year ended as on March 31, 2011.

Profit after tax is ₹ 383.60 lacs for the financial year ended as on March 31, 2012 and during the financial year ended as on March 31, 2011 Company suffered loss.

FUTURE PROSPECTS

General Economic Review

World economy has been passing through stress. Financial turmoil in Europe has affected other countries. This contagion has pushed up borrowing costs and slowed growth in many parts of the world and capital flows to developing countries have fallen. As a result, and despite a strengthening of activity in the United States and Japan, world trade has slowed down. Under this scenario, the forecast for global economic growth has been revised downward to about 2.5 percent in 2012. Indian economy also slowed down in 2011-12 mainly due to weak industrial growth. Inflation remained a major concern constraining RBI to pursue tight monetary policy.

Sugar Industry Review

Sugar is the second largest agro-based industry in India and contributes significantly to the socio-economic development of rural population. The sugar industry also plays a leading role in global sugar market being the world's second largest producer after Brazil, producing nearly 15 & 25 per cent of global sugar and sugarcane, respectively. In addition, to traditional white sugar, about 6-8 MT alternative sweeteners

(Solid, liquid & powdered Jaggery and Khandsari) are also produced in the decentralised sectors. The sugar industry is a key driver of rural development, supporting India's economic growth and contributing over 1 percent to national GDP. The industry is inherently supporting over 6 million cane farmers and their families, along with workers and entrepreneurs of almost 600 mills and its integrated industries, apart from a host of wholesalers and distributors spread across the country. About 7.5 percent rural Indian population depends upon sugarcane for their livelihood and therefore its significance in socio-economic life of masses cannot be ignored.

Opportunities in sugar industry are rising due to

- Growing Population and Rise in Income
- High Demand from Food and Beverage Industry
- Opportunity from by-products
- Growing Pharmaceutical Market
- Untapped Market Potential
- Government Initiatives
- Innovations in Technology

DIVIDEND

Considering future plans of your company Board of Directors has decided to plough back the profits of the company, thus has not recommended dividend for the financial year ended on March 31, 2012.

PUBLIC DEPOSITS

The Company has not accepted any deposits during the financial year ended on March 31, 2012.

DIRECTORS

As per the provisions of the Companies Act, 1956, Mr. Sunil Ratnakar Gutte is liable to retire by rotation in the forthcoming Annual General Meeting and being eligible, offered himself for reappointment. The Board of Directors recommends his reappointment subject to the approval of shareholders at the ensuing annual general meeting.

AUDIT COMMITTEE

Your Board of Directors has constituted an Audit Committee of the Board, comprising of Mr. Radheshyam Tiwari (as a

Chairman), Mr. Sunil R. Gutte and Mrs. Sudhamati R. Gutte (as members), Directors of the Company, to meet the requirements of Section 292A of the Companies Act, 1956. All the members of the Committee have good knowledge of finance, accounts and other related taxation & legal aspects.

Audit Committee is entrusted with the powers as well as duties and responsibilities as mentioned in the provisions of Section 292A of the Companies Act, 1956 and as may be entrusted by the Board of Directors from time to time.

Functions of Audit Committee:

- Discussions with the auditors periodically about internal control systems.
- Discussions with the auditors periodically about scope of audit including the observations of the auditors.
- Review the quarterly, half-yearly and annual financial statements before submission to the board.
- Ensure compliance of internal control systems.
- Recommendation to the Board on various issues.
- Perform any activity as may be entrusted by the Board from time to time.

ALLOTMENT OF SHARES TILL DATE OF REPORT

Following allotments has been made till the date of report –

Sr. No.	Date of Allotment	No. of Shares Allotted	Face Value	Premium
1.	21.04.2011	35,00,000	10/-	90/-
2.	26.04.2011	85,600	10/-	90/-
3.	21.05.2012	4,800	10/-	90/-

The paid up capital of the Company as on the date of report is ₹ 695,741,880/- being 69,574,188 shares of ₹ 10/- each.

APPOINTMENT OF COMPANY SECRETARY

Your Board of Directors at its meeting held on 21/05/2012 appointed Mr. Shrikant Rikhe as a Company Secretary of the Company.

STATUTORY AUDITORS

M/s. K.K Mankeshwar & Co., Chartered Accountants, (having ICAI FRN 106009W), shall hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Certificate from the Auditors has been received to the effect that their reappointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Board recommends the reappointment of M/s. K.K Mankeshwar & Co., Chartered Accountants, subject to the approval of Shareholders in the ensuing Annual General Meeting.

COST AUDITORS

In order to comply with the provisions of Section 233B, your Board of Directors at its meeting held on 21/05/2012 appointed M/s. N. D. Chavan & Company, Cost Accountants (M. No. 10144) as Cost Auditors to conduct Audit of Cost records of the Company for the financial year 2012-2013 subject to the Approval of the Central Government. A Certificate from the Auditors has been received to the effect that their reappointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENTS

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any.
- ii) Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the period ended on March 31, 2012;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) The annual accounts have been prepared on a going concern basis.

DIRECTORS EXPLANATIONS/INFORMATIONS ON AUDITORS' QUALIFICATIONS

Auditors' Query: Regarding non provision of retirement benefits for employees.

Management Reply: The Company has already initiated steps for getting the actuarial valuation done, for the purpose of retirement benefits of the employees.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 there is no Employee which comes under the purview of the aforesaid section read

with the aforesaid Rules for the financial year ended on March 31, 2012.

FOREIGN EXCHANGE EARNINGS & OUTGO

For the financial year ended on March 31, 2012, there is no foreign exchange earnings and outgo.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed herewith and forms part of this report.

ACKNOWLEDGEMENT

The Directors of your Company express their gratitude for the valuable support extended by shareholders, employees, bankers and other persons associated with your Company. With the whole hearted support of the Shareholders, Employees, Bankers and all other persons concerned, your company will reach the new limits of success and growth.

By the order of the Board
For **Gangakhed Sugar & Energy Limited**

Ratnakar M. Gutte
Director

Sunil R. Gutte
Director

Place : Nagpur
Date : August 7, 2012

Annexure to Directors' Report

CONSERVATION OF ENERGY

Your company realises the importance of energy conservation. Your company is regularly taking initiatives to ensure optimum utilisation of energy available in its day to day operations.

Total energy consumption and energy consumption per unit of production is as below

Particulars	Units	2011-2012	2010-2011
A Power & Fuel Consumption			
1 Electricity			
(a) Purchased	KWH	16,39,800.00	5,144,856.00
Total Amount	₹	2,11,01,000.00	82,420,573.00
Rate/KWH	₹	12.87	16.02
(b) Own Generation			
i) Thorough Diesel Generator Units	MW	27,250.00	-
Units/Ltr of Diesel		9,089.00	-
Oil	Ltrs.	-	-
Total Cost	₹	4,09,000.00	-
Cost/Unit	₹	-	-
ii) Thorough Power Plant Units	MW	13,05,39,590.00	201,641,700.00
Total Cost	₹	76,09,32,000.00	520,235,586.00
Cost/Unit	₹	5.76	2.58
2 Coal	M.T.	30,957.00	152,273.29
	Amount	15,11,78,000.00	692,514,695.66
	Rate/MT	4883.49	4,547.84
B Consumption per unit of production			
Power			
Coal	M.T.	3,17,000.00	152,273.29
Sugar	Production (MTs)	99,057.00	201,641,700.00
	Unit/Production		1,324.21

By the order of the Board
For **Gangakhed Sugar & Energy Limited**

Place : Nagpur
Date : August 7, 2012

Ratnakar M. Gutte
Director

Sunil R. Gutte
Director

Auditor's Report

1. We have audited the attached Balance Sheet of M/s Gangakhed Sugar and Energy Limited, Gangakhed, District Parbhani as at March 31 2012, and also the Statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above attention is drawn to:
 - (a) Point No. 2(b) of Note No. 18, regarding non provision of retirement benefits to employees.
5. We also report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (iii) The Balance Sheet, Statement of Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss account and cash flow statement read together with the notes to financial statements thereon comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representation received from the Directors of the Company as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2012 from being appointed as a director of the company in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statement, 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date: and
 - c) in case of cash flow statement, of the cash flows for the year ended on that date.

Ashwin Mankeshwar

Partner

Membership No: 046219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Place : Nagpur

Date : August 7, 2012

Firm Registration No: 106009W

Annexure 'A'

[Referred to in para 3 of our report of even date]

In terms of the information and explanations given to us and books and records examined by us in the normal course of the audit and to the best of our information and belief, we state that:

1. (a) The company is in process of maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed Assets have been physically verified by the management during the year. There are no material discrepancies between the book records and the physical records have been noticed.
- (c) The Company has not disposed off any part of fixed assets during the year.
2. (a) The inventory has been physically verified by the management. In our opinion the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory the discrepancies noticed on verification between the physical stock and the book records were not material.
3. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956. Accordingly paragraph 4 (iii) of the Companies (Auditors Report) order is not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) According to the information and explanations given to us by the management, transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us by the management, there are transactions/arrangement in excess of ₹ 5 lakhs in respect of companies in which directors are interested and prices are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and rules framed there under.
7. In our opinion, the Company has an Internal Audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the central government for maintenance of cost records under Section 209(1) (d) of the companies Act 1956 in respect of Company's product to which the said rules are made applicable and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
9. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, custom duty, excise duty, service tax, and other statutory dues applicable to it. According to the information and explanation no undisputed amounts is payable in respect of the aforesaid dues as on March 31, 2012 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanation given to us, no undisputed amounts is payable in respect of the aforesaid dues as on March 31, 2012

for a period of more than six months from the date of becoming payable.

(c) According to the information and explanation given to us and, the particulars of dues of Excise duty, as on March 31, 2012 which have not been deposited on account of disputes have been stated in Note no. "17 I (a)" – Contingent Liabilities and Commitments of the Financial Statement.

10. Since the company is registered for a period less than five years clause no 4 (x) of the companies (Auditors report) order 2003 as regards accumulated losses is not applicable.
11. According to the records of the company examined by us and information and explanations given to us, the company has not defaulted in repayment of dues to any financial institutions or bank or debenture holders as at the balance sheet date.
12. According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual fund societies are in our opinion, not applicable to the company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments hence clause 4 (xiv) of the Companies (Auditors Reports) order 2003 is not applicable to the Company.
15. According to the information and explanation given to us, the Company has given guarantee to banks for farmer's loans and the terms and condition of the same are not prejudicial to the interest of the company.
16. In our opinion and according to the information and explanation given to us and to the best of our knowledge and belief on an overall basis the term loan taken and/

or utilised during the year have been applied for the purpose for which they have obtained.

17. On the basis of overall explanation of the Balance Sheet of the Company in our opinion & according to information and explanation given to us, there are no funds raised on short term basis which have been used for long term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the act.
19. According to the information and explanations given to us, the company has not issued any secured debentures during the period covered by our report.
20. The Company has issued 3585600 Equity shares of Face value ₹ 10 each during the year, and raised ₹ 3,585.60 lacs (Share capital 358.56 lacs Securities premium ₹ 3,227.04 lacs).
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the Management.

Ashwin Mankeshwar

Partner

Membership No: 046219

For and on behalf of

K. K. Mankeshwar & Co.

Chartered Accountants

Place : Nagpur

Date : August 7, 2012

Firm Registration No: 106009W

Balance Sheet as at March 31, 2012

Particulars	Note No.	(₹ in Lacs)	
		As on March 31, 2012	As on March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share capital	1	6,956.94	6,598.38
(b) Reserves & surplus	2	4,453.15	787.27
2 Share Application Money Pending Allotment		4.80	87.79
3 Non-Current Liabilities			
(a) Long-term borrowings	3	28,356.61	31,829.33
(b) Deferred tax liabilities (Net)	4	903.63	364.48
(c) Other Long term liabilities	5	5,683.11	7,647.94
4 Current Liabilities			
(a) Short-term borrowings	6	17,915.50	15,632.29
(b) Trade payables	7	3,149.67	1,016.45
(c) Other current liabilities	8	6,800.85	2,588.62
(d) Short-term provisions	9	30.14	42.74
TOTAL		74,254.40	66,595.29
II. ASSETS			
1 Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	10	42,871.24	43,922.41
(ii) Capital work-in-progress	10	94.62	-
(b) Non-current investments	11	226.00	-
(c) Long-term loans and advances	12	1,277.16	2,368.07
2 Current Assets			
(a) Current investments		-	-
(b) Inventories	13	18,607.62	14,192.58
(c) Trade receivables	14	3,831.99	499.34
(d) Cash and cash equivalents	15	4,223.92	3,468.94
(e) Short-term loans and advances	16	3,121.85	2,143.95
Contingent Liabilities and Commitments	17		
Significant Accounting Policies & notes to Financial Statements	18		
TOTAL		74,254.40	66,595.29

As per our Report attached
For **K. K. Mankeshwar & Co.**
Firm Registration Number : 106009W
Chartered Accountants

For **Gangakhed Sugar & Energy Limited**

Ashwin Mankeshwar
Partner
Membership no.: 046219

Ratnakar M. Gutte
Director

Sunil R. Gutte
Director

Place : Nagpur
Date : August 7, 2012

Shrikant Rikhe
Company Secretary

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

Particulars	Note No.	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
I. REVENUE	19		
Sales		36,176.33	11,477.74
Less: Excise duty		(362.17)	(177.54)
Net revenue from operations		35,814.16	11,300.20
II SALES TAX REFUND (MEGA PROJECT BENEFIT)		422.42	-
Total revenue from operations		36,236.58	11,300.20
III OTHER INCOME	20	390.14	89.31
IV. TOTAL REVENUE		36,626.72	11,389.51
V. EXPENSES			
Cost of materials consumed	21	18,470.98	15,873.26
Purchase of Stock in trade		3,414.91	-
Changes in Inventories of Finished Goods, work in progress and stock in trade	22	(2,900.94)	(12,139.06)
Employee benefits expense	23	1,104.56	473.26
Finance costs	24	6,152.84	2,840.67
Depreciation	10	2,054.61	1,092.54
Other expenses	25	7,376.88	3,050.01
Total expenses		35,673.84	11,190.69
VI. PROFIT BEFORE TAX		952.88	198.82
VII. CURRENT TAX EXPENSES			
(1) Minimum Alternate Tax		30.14	42.74
(2) Deferred tax		539.15	364.48
VIII. PROFIT (LOSS) FOR THE YEAR		383.59	(208.39)
IX. EARNINGS PER EQUITY SHARE:			
(1) Basic	26	0.55	(0.32)
(2) Diluted		0.65	(0.04)

As per our Report attached
For **K. K. Mankeshwar & Co.**
Firm Registration Number : 106009W
Chartered Accountants

For **Gangakhed Sugar & Energy Limited**

Ashwin Mankeshwar
Partner
Membership no.: 046219

Ratnakar M. Gutte
Director

Sunil R. Gutte
Director

Place : Nagpur
Date : August 7, 2012

Shrikant Rikhe
Company Secretary

Cash Flow Statement for year ended March 31, 2012

Sr. No.	Particulars	(₹ in Lacs)	
		Year ended March 31, 2012	Year ended March 31, 2011
A	CASH FLOW FROM OPERATING ACTIVITIES		
(a)	Net Profit from operating activities before exceptional items, taxes and appropriations	952.88	198.82
	Adjustments:		
	Depreciation	2,054.61	1,092.54
	Interest and Finance costs (net)	6,152.84	2,825.69
	Preliminary Expenses written off	-	53.73
	Loss on sale of fixed assets	0.02	-
(b)	Working capital changes:		
	- Increase in inventories	(4,415.05)	(12,883.80)
	- Increase in trade receivables	(3,332.64)	(478.01)
	- Increase in short-term loans and advances	(977.90)	-
	- Increase in short term borrowings	2,283.21	-
	- Decrease in trade payables	2,133.22	29.92
	- Increase in other current liabilities	200.39	3,842.54
	- Increase in provisions	(42.74)	3,273.69
	Cash generated from operations	5,008.84	(2,044.88)
B	CASH FLOW FROM INVESTING ACTIVITIES		
(a)	Increase in Fixed assets, Capital work in progress	(1,098.07)	(13,287.97)
(b)	Investment	(226.00)	-
	Net cash used in Investing Activities	(1,324.07)	(13,287.97)
C	CASH FLOW FROM FINANCING ACTIVITIES		
(a)	Proceeds from issue of share capital	3,502.62	957.70
(b)	Decrease in other long-term loans and advances	1,090.91	6,117.37
(c)	Capital Subsidy received	55.24	-
(d)	Repayment of Other Long Term Liabilities	(1,425.71)	8,283.56
(f)	Interest and other finance costs	(6,152.84)	(2,825.69)
	Net Cash used in Financing Activities	(2,929.78)	12,532.94
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	754.99	(2,799.91)
	Add: Cash and cash equivalents at the beginning of the year	3,468.93	6,268.84
	Cash and cash equivalents at the end of the year	4,223.92	3,468.93

Notes

- The above statement has been prepared following the Indirect Method.
- Increase in Fixed Assets are stated inclusive of movements of Capital work in progress and Capital advances between the beginning and the end of the year.
- Cash and Cash Equivalents represent Cash, Bank Balances and Fixed Deposit (less than 12 months).

As per our Report attached
For **K . K. MANKESHWAR & CO.**
Firm Registration Number : 106009W
Chartered Accountants

For **Gangakhed Sugar & Energy Limited**

ASHWIN MANKESHWAR

Partner
Membership no.: 046219

Ratnakar M. Gutte
Director

Sunil R. Gutte
Director

Place : Nagpur
Date : August 7, 2012

Shrikant Rikhe
Company Secretary

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 1 - SHARE CAPITAL

1.1 Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10 each	10,50,00,000	10,500.00	10,50,00,000	10,500.00
Issued				
Equity Shares of ₹ 10 each	6,95,69,388	6,956.94	6,59,83,788	6,598.38
Subscribed and Paid up				
Equity Shares of ₹ 10 each fully paid	6,95,69,388	6,956.94	6,59,83,788	6,598.38
TOTAL	6,95,69,388	6,956.94	6,59,83,788	6,598.38

1.2 Reconciliation of number of shares outstanding at the beginning and at the end of reporting year				
Particulars	As at March 31, 2012		As at March 31, 2011	
	Number	Amount	Number	Amount
At the beginning of the year	6,59,83,788	6,598.38	6,49,21,500	6,492.15
Add : Shares issued during the year	35,85,600	358.56	10,62,288	106.23
At the end of reporting year	6,95,69,388	6,956.94	6,59,83,788	6,598.38

1.3 Terms of Equity Shares

The Company has only one class of Shares referred to as Equity Shares having a face value of ₹ 10 per share. Shareholders are eligible to vote per share held.

1.4 Details of Shares in the company held by each shareholders.				
Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Promoter & promoter Groups				
Sunil Hitech Engineers Limited	1,95,00,000	28.03	1,95,00,000	29.55
Mr. Ratnakar M. Gutte	1,00,02,500	14.38	1,00,02,500	15.16
Mrs. Sudhamati R Gutte	1,00,02,500	14.38	1,00,02,500	15.16
Mr. Sunil R. Gutte	1,00,02,500	14.38	1,00,02,500	15.16
Mr. Vijay R. Gutte	1,00,02,500	14.38	1,00,02,500	15.16
Kundan Goods Private Limited	53,36,000	7.67	53,36,000	8.09
Jaypee Development Corporation Limited	35,00,000	5.03	-	-
Others	12,23,388	1.76	11,37,788	1.72
TOTAL	6,95,69,388		6,59,83,788	

1.5 Calls unpaid by Directors and Officers

- The Equity Shares issued to the directors are Fully Paid Up and there are no unpaid calls to be received
- The company has not issued Equity Shares to its officers.

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 2 - RESERVES AND SURPLUS

2.1 Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
a. Capital Subsidy		
Opening Balance	-	-
(+) Received during the year	55.25	-
Closing Balance	55.25	-
b. Securities Premium Reserve		
Opening Balance	971.16	15.10
Add : Securities premium credited on Share issue	3,227.04	956.06
Closing Balance	4,198.20	971.16
c. Profit/(Loss) in Statement of Profit and Loss		
Opening balance	(183.89)	24.50
(+) Net Profit/(Loss) for the current year	383.59	(208.39)
Closing Balance	199.70	(183.89)
TOTAL	4,453.15	787.27

2.2 The Capital subsidy represents the Subsidy received during the year from Ministry of New and Renewable Energy, New Delhi against the scheme for implementation of Grid Interactive Biomass Power and Bagasse Cogeneration projects.

2.3 The Company has credited ₹ 3,227.04 lacs (35,85,600 equity shares at ₹ 90 each) to securities premium Reserve during the year.

NOTE 3 - LONG TERM BORROWINGS

3.1 Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Secured		
15% Fully Convertible debentures	-	3,000.00
Term Loans		
Long Term Loans from Bank	13,430.58	25,889.33
Long Term Loans from NBFC	1,298.00	-
Loan from Sugar Development Fund	4,582.48	2,940.00
Loan from Indian Renewable Energy Development Agency Limited	9,000.00	-
Vehicle Loan	45.55	-
TOTAL	28,356.61	31,829.33

3.2 The company has fully repaid 15% fully convertible debentures amounting to ₹ 3,000.00 lacs in the month of June 2011.

3.3 Details of Long Terms Loans from Bank availed by company are stated as under:

Long term loans from UCO Bank, Union Bank, Oriental Bank of Commerce, Bank of India, Andhra Bank is under consortium are secured by way of first Pari Passu equitable mortgage charge amongst consortium member bank over land situated at mouza Makhani Wegdwadi Akloi, Taluka Gangakhed, District Parbhani. Building and other immovable

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

Fixed Assets (existing and proposed); Hypothecation of movable assets; Pledge of shares to the extent of 51% held in the name of promoters of the company in favour of consortium member bank on first paripassu charge basis.

3.4 Loan from NBFC is the Long term loan from Tata Capital Limited of ₹ 2,500.00 lacs is secured against first and exclusive charge by the way of equitable mortgage of property as may be acceptable to Tata Capital Limited at its sole discretion having value not less than ₹ 1,000.00 lacs. First and exclusive charge on cranes having value not less than ₹ 1,000.00 lacs. Unconditional and irrecoverable personal guarantee of Chairman and other Directors of the company and the Corporate guarantee of Sunil Hitech Engineers Limited.

3.5 Details of Loan from Sugar Development Fund availed by company are as under:

(a) The Sugar Development Fund Loan includes loan for co-gen division of ₹ 2,940.00 lacs for which the company has provided a bank guarantee for ₹ 3,558.09 lacs. The loan is repayable after 7 years and 6 months (including 3 years of moratorium period.)

(b) The Sugar Development Fund Loan includes loan taken during the year for distillery division for ₹ 2,189.47 lacs for which the company has provided a bank guarantee for ₹ 2,504.96 lacs. The loan is repayable after 4 years and 6 months (including 1 years of moratorium period.)

3.6 Details of Loan from Indian Renewable Energy Development Agency Ltd. availed by company is as under:

Long term loan from Indian Renewable Energy Development Agency Limited (IREDA) are secured by way of Mortgage of Immovable properties, Hypothecation of movable assets, Pledge of shares (51%) in the name of share holders of the company, 1st Pari Passu equitable mortgage charge in favour of consortium lending members bank viz. UCO Bank, Bank of India, Andhra Bank, Union Bank of India and Oriental Bank of Commerce over building and other immovable fixed assets embedded to earth at Gangakhed, Parbhani, Maharashtra, both existing and proposed. 2nd Pari-Passu charge on current assets of the company. First charge on FDR to the extent of two installments of IREDA loan and interest and Personal guarantee of Chairman and other directors of the company.

NOTE 4 - DEFERRED TAX LIABILITY

The Deferred tax liability comprises timing differences on account of:-

4.1 Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Deferred Tax Asset - DTA		
Unabsorbed Depreciation	1,047.35	-
Preliminary Expenses	10.71	14.28
TOTAL DTA	1,058.06	14.28
Deferred Tax Liability - DTL		
Depreciation	1,961.69	378.76
TOTAL DTL	1,961.69	378.76
Net Deferred Tax Liability (DTL) as at Balance Sheet date	(903.63)	(364.48)
Net Deferred Tax Liability (DTL) as at MARCH 31, 2011	(364.48)	-
Net Deferred Tax Liability (DTL) Charged to Statement of profit and loss	539.15	364.48

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 5 - OTHER LONG TERM LIABILITIES

5.1 Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Payable to related parties		
Sundry Creditors for Fixed Assets	4,553.38	6,452.75
Sundry Creditors For Goods Supplied	578.15	634.03
Other Payables		
Harvesting and Transportation contractors	551.58	561.16
	5,683.11	7,647.94

5.1 a) Sundry creditors for fixed assets represents amount payable to Sunil Hitech Engineers Limited.

b) Sundry creditors for goods supplied represents amount payable to Sunil Hitech Engineers Limited.

NOTE 6 - SHORT TERM BORROWINGS

6.1 Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Short Term Borrowings		
Secured Loans		
Loan Repayable on demand		
Cash credit from banks	13,137.22	10,661.52
Short Term Loans from Bank	4,390.97	4,755.80
Unsecured		
Security Deposits received	387.31	214.97
TOTAL	17,915.50	15,632.29

6.2 Details of cash credit (secured) availed from bank and description of security and name of guarantors provided for such loans.

Working capital loan is a consortium finance availed from bankers that include UCO Bank (Lead Banker), IDBI, Union Bank of India and Oriental Bank of Commerce. The loan is secured by way of hypothecation of stocks & book debts both present & future of the Company, first pari passu charge (hypothecation) on movable fixed assets and current assets. The CC limit of ₹ 15,000.00 lacs, for which the Personal guarantee is given by chairman, and other Directors.

6.3 Details of Short Term Loans from Bank availed by the company and description of the security provided for such loans.

- (a) Loan from Union Bank of India of ₹ 2,000.00 lacs for Harvesting & Transportation was taken during the year for which personal guarantees of Chairman and other director was given and the corporate guarantee by the company is given.

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 7 - TRADE PAYABLES

7.1 Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Trade payable		
Sundry Creditors - Micro, Small and Medium Enterprises	79.60	-
Sundry Creditors - Other Creditors	3,070.07	1,016.45
TOTAL	3,149.67	1,016.45

7.2 The Disclosures required under the Micro, Small and Medium Development Act, 2006 (The Development Act).

a) The delayed payment due as at the end of the year on account of principal is ₹ Nil.

b) Interest due on the delayed payment is ₹ Nil

NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Other Liabilities		
Current maturities of long term debts	4,011.84	1,116.00
Interest accrued but not due on borrowings	131.76	203.98
Advance received from customers	146.07	236.93
Other Payables		
Incentives Payable to H&T Contractors	676.44	388.95
Chief Minister's Relief Fund Payable	16.43	9.79
Share Application Money Refundable	1.71	2.61
Allowances Payable to employees	0.66	0.11
Statutory Dues Payable	152.40	79.20
Cane Bill Payable	1,134.79	463.92
Excise duty payable on year end inventories	412.11	-
Salary Payable	116.65	87.14
TOTAL	6,800.85	2,588.62

NOTE 9 - SHORT TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Other Provision		
Provision for Income Tax	30.14	42.74
TOTAL	30.14	42.74

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 10 - FIXED ASSETS

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at April 1, 2011	Additions/ (Disposals)	Sales/ (Adjustments)	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation charge for the year	Balance as at March 31, 2012	Balance as at March 31, 2011
A Tangible Assets								
Freehold Land	1,400.00	13.96	-	1,413.96	-	-	1,413.96	1,400.00
Factory Buildings	7,472.70	1.64	-	7,474.34	108.56	245.99	7,119.79	7,364.14
Office Building, Shed and Other building	5,149.67	86.11	-	5,235.78	41.27	83.45	5,111.06	5,108.40
Plant and Equipment	30,754.01	765.09	16.00	31,503.09	932.08	1,691.39	28,881.35	29,821.93
Furniture and Fixtures	53.03	-	-	53.03	1.59	3.96	47.48	51.44
Vehicles	129.17	150.91	-	280.08	5.15	21.31	253.62	124.01
Computers and Printers	56.39	-	-	56.39	3.90	8.51	43.98	52.49
Total A	45,014.97	1,017.71	16.00	46,016.67	1,092.54	2,054.61	42,871.24	43,922.41
B Capital Work In Progress								
Civil construction	-	-	-	-	-	-	94.62	-
Total B	-	-	-	-	-	-	94.62	-
Total (A+B)	45,014.97	1,017.71	16.00	46,016.67	1,092.54	2,054.61	42,965.86	43,922.41

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 11 - NON CURRENT INVESTMENTS

Particulars	[₹ in Lacs]	
	As at March 31, 2012	As at March 31, 2011
Other Investments		
(a) Investment in Equity instruments	226.00	
TOTAL	226.00	-

11.1 Details of Other Investments

Particulars							(₹ in Lacs)	
Nature of Control		Number of Shares		Quoted / Unquoted	Partly Paid / Fully paid	Amount		
		2012	2011			2012	2011	
Investment in Equity Instruments								
Purple Haze Motion Pictures Private Limited	Controlled Special Purpose Entity	2,26,000	-	Unquoted	Fully Paid	226.00	-	
TOTAL						226.00	-	

NOTE 12 - LONG TERM LOANS AND ADVANCES

12.1 Particulars	[₹ in Lacs]	
	As at March 31, 2012	As at March 31, 2011
Security Deposits		
Unsecured, considered good	80.80	116.31
Doubtful	-	-
Sub-total (a)	80.80	116.31
Loans & Advances to related parties		
Unsecured, considered good	16.74	16.74
Sub-total (b)	16.74	16.74
Other loans & advances		
Unsecured, Considered good		
Balance with statutory authorities	375.68	1,047.04
H & T Contractor Advances	319.04	1,102.67
Advance to irrigation department	62.48	85.31
VAT Refund - Package Scheme of Incentive, 2007	422.42	-
Sub-total (c)	1,179.62	2,235.02
TOTAL (a+b+c)	1,277.16	2,368.07

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 12 - LONG TERM LOANS AND ADVANCES

12.2 Details of Unsecured Loans & Advances (considered good) to related parties:

Particulars	[₹ in Lacs]	
	As at March 31, 2012	As at March 31, 2011
Loans to related parties include		
Due from RMG Ventures Private Limited in which company director is director	16.74	16.74
Employee advances include		
Due by director	-	-
Due by officer	-	-

NOTE 13 - INVENTORIES

13.1 Particulars	[₹ in Lacs]	
	As at March 31, 2012	As at March 31, 2011
Raw materials	770.59	187.70
Work in Process	780.05	276.86
Finished Goods:		
Sugar - Free	12,827.90	9,333.93
Sugar - Levy	1,420.12	2,578.36
Rectified Spirit	28.75	368.00
Impure Sprit	27.62	8.83
Extra Neutral Alcohol	493.61	395.97
Absolute Alcohol	28.05	-
Fusel Oil	0.20	-
Stores and spares	1,526.58	595.37
By-Products:		
Molasses	489.46	415.67
Bagasse	162.53	14.41
Pressmud	52.16	17.48
TOTAL	18,607.62	14,192.58

13.2 a) Raw Material, Stores & Spare parts, chemical etc., are valued at cost.

b) Finished goods and Work in Process are valued at cost or net realisable value which ever is lower.

c) In case of finished goods and work in progress cost comprises of material, direct labor and applicable overhead expenses. The cost of finished goods also includes applicable excise duty.

d) By products are valued are net realisable value.

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

NOTE 14 - TRADE RECEIVABLES

Particulars	As at March 31, 2012	(₹ in Lacs) As at March 31, 2011
Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	10.42	7.52
Other Receivables		
Unsecured, considered good	3,821.57	491.82
TOTAL	3,831.99	499.34

NOTE 15 - CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2012	(₹ in Lacs) As at March 31, 2011
Balances with banks :		
On current accounts	680.37	951.79
Fixed Deposits (less than 12 months maturity)	3,524.75	2,493.35
Cash on hand	18.80	23.80
TOTAL	4,223.92	3,468.94

NOTE 16 - SHORT TERM LOANS AND ADVANCES

Particulars	As at March 31, 2012	(₹ in Lacs) As at March 31, 2011
Loans & Advances to related parties		
Unsecured, considered good	103.43	-
Sub-total (a)	103.43	-
Other loans & advances		
Employee advances	12.95	17.12
Balance with statutory authorities	1,324.51	1,194.10
Prepaid expenses	55.77	33.56
Advance income tax	79.64	26.25
H & T Contractor Advances	1,081.06	520.06
Cane Growers Advances	428.07	315.78
Advance to Suppliers	30.42	32.06
Other Advances	6.00	5.00
Sub-total (b)	3,018.42	2,143.95
TOTAL (a+b)	3,121.85	2,143.95

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

16.2 Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
Loans to related parties include		
Due from Sunil Hi-tech Engineers Limited in which company director is director	103.43	-

NOTE 17 - CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	(₹ in Lacs)	
	As at March 31, 2012	As at March 31, 2011
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	131.39	17.58
(b) Guarantees given by the Company to various Banks	6,125.92	2,735.84
	6,257.32	2,753.42
(ii) Capital Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	193.20	-
	193.20	-

NOTE 18 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

a) Basis of Accounting:

The financial statements are prepared under the historical cost convention on accrual basis in accordance with generally accepted accounting principles in India and comply with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

b) Use of Estimates:

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect the reported amounts of assets and liabilities and disclosure relating to the contingent liabilities on the date of financial statements and reported amount of revenues and expenses during the reported year.

c) Fixed Assets:

Fixed assets are stated at cost of acquisition (net of CENVAT & VAT), installation or construction including financing costs till commencement of

commercial production other direct expenses incurred to bring the assets to its present location and condition less accumulated depreciation thereon.

d) Impairment of Assets:

The company applies the test of Impairments of certain assets as provided in accounting standards 28 “Impairment of Assets”.

e) Depreciation/ Amortisation:

- 1) Depreciation is provided on straight line method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- 2) Fixed asset individually costing ₹ 5000 or less are depreciated 100%, except when they are part of larger capital investment program.

f) Revenue Recognition:

- 1) Revenue from sale of goods is recognised when all significant risk and rewards of ownership of products are transferred to the buyers which are usually at the time of dispatch to customers. Sales are net of discounts and returns.

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

- 2) Revenue from services is recognised as and when the services are rendered.
- 3) Revenue is recognised when there is reasonable certainty of its realisation.
- g) **Investments:**
 - 1) Long term investments are stated at cost and Current investments are stated at cost or realisable value, whichever is lower.
 - 2) Investments that are readily realisable and intended to be held for not more than a year are classified as current investment.
- h) **Inventories are valued as follows:**
 - 1) Raw materials, stores and spares, packing materials and chemicals are valued at cost.
 - 2) Finished goods and Work in Process are valued at cost or net realisable value which ever is lower. In case of finished goods and work in progress cost comprises of material, direct labor and applicable overhead expenses. The cost of finished goods also includes applicable excise duty.
 - 3) By product are valued at net realisable value.
- i) **Foreign Currency Transaction:**
Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions and / or restatements are dealt with in the Statement of Profit and Loss as income or expenses of the year in which they arise.
- j) **Employee Benefits:**
These are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the period in which the related services are rendered.
- k) **Taxes on Income:**
 - 1) Current Tax on income is accounted on the basis of the provision of the Income Tax Act, 1961.
 - 2) Deferred tax resulting from timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.
- l) **CENVAT, Service Tax and VAT Credit :**
CENVAT, Service Tax and VAT credits receivable/availed are treated as an asset with relevant expenses being accounted net of such credits, and the same are reduced to the extent of their utilisations.
- m) **Earnings Per Share:**
 - 1) Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholder by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for the event of bonus issue.
 - 2) For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to the equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effect of all dilutive potential equity shares.
- n) **Borrowing Cost:**
Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as 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. All other borrowing costs are charged to the revenue. Financing costs till commencement of commercial production is charged to respective fixed assets.
- o) **Provisions, Contingent Liabilities and Contingent Assets:**
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.
- p) **Securities Premium Account Utilisation**
Securities premium account will be utilised as permitted by sec 78(2) of the companies Act, 1956.

2. Notes to Financial Statements

- a) Certain Bank Accounts, debtors, loans and advances and creditors are subject to reconciliation, however they will not have any significant impact on the profit for the year and on the net worth of the company as on the balance sheet date.
- b) The company is in process of getting actuarial valuation for Retirement benefits of employees.

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

c) List of related Parties:

- | | |
|--|---|
| <p>1) Controlled Special Purpose Entity</p> <p>i) Sunil Hitech Engineers Limited</p> <p>ii) Seam Industries Limited</p> <p>iii) Purple Haze Motion Pictures Private Limited</p> <p>iv) Trimurti Towers Private Limited</p> <p>v) Sunil Hitech Energy Private Limited</p> <p>vi) SHEL Investment Consultancy Private Limited</p> <p>vii) Yogeshwari Hatcheries Private Limited</p> <p>viii) RMG Ventures Private Limited</p> <p>ix) Infrastructure Construction & Operations Management Institute</p> | <p>2) Companies in which Directors have shareholdings</p> <p>i) Shanti Laxmi Contractors Private Limited</p> <p>ii) Sadoday Laxmi Infrastructure Private Limited</p> <p>iii) Kundan Goods Private Limited</p> <p>3) Key Management personnel</p> <p>i) Mr. Ratnakar Gutte</p> <p>ii) Mrs. Sudhamati Gutte</p> <p>iii) Mr. Sunil R. Gutte</p> <p>iv) Mr. Radheshyam Tiwari</p> <p>4) Relative of Directors</p> <p>i) Mrs. Swati Phad</p> <p>ii) Mr. Vijay R. Gutte</p> |
|--|---|

d) The details of transaction with the related parties:-

Particulars	[₹ in Lacs]	
	March 31, 2012	March 31, 2011
Purchase of Goods – Companies under the same Management	1,443.53	5,695.51
Purchase of Fixed Assets – Companies Under the same Management	Nil	6,841.29
(Payable)/Receivables		
Companies Under the same Management	(5,114.79)	(6,452.75)
Key Management Personnel	(1.77)	6.00

e) Capital work in Progress during the year includes the following:

- 1) Civil construction Work in Progress of ₹ 94.62 lacs (Previous Year ₹ Nil/-)

f) Segment Reporting

The Company has identified business segment as the primary segment after considering all the relevant factors. The common assets and liabilities, which are not identifiable to a specific segment are clubbed under “Unallocated Assets/Liabilities.

	(₹ in Lacs)			
Particulars	Sugar	Power	Spirit	TOTAL
Revenue				
Gross Sales to external customers	27,291.30	4,681.30	4,203.73	36,176.33
P. Y. (2010-11)	4,842.21	6,475.73	159.81	11,477.75
Excise Duty	(330.02)	-	(32.15)	(362.17)
P. Y. (2010-11)	(173.37)		(4.17)	(177.54)
Baggaess transferred to Power Division	3,928.45	-	-	3,928.45
P. Y. (2010-11)	2,323.33			2,323.33
Molasses transferred to Distillery Division	575.33	-	-	575.33
P. Y. (2010-11)	311.47			311.47
Power, Steam & Water transferred to sugar Divn	-	4,930.70	-	4,930.70

Notes “1” to “18” attached to and forming part of the Balance Sheet as at March 31, 2012

Particulars	Sugar	Power	Spirit	(₹ in Lacs) TOTAL
P. Y. (2010-11)		3,602.32		3,602.32
Power & Water trans to Distillery Division	-	95.61	-	95.61
P. Y. (2010-11)		31.20		31.20
Total Segment Revenues (Net of Excise Duty)	31,465.06	9,707.61	4,171.58	45,344.25
Total Previous Year	7,303.64	10,109.25	155.64	17,568.53
Segmental Results before Interest & Tax	4,252.58	2,625.20	227.96	7,105.74
P. Y. (2010-11)	2,379.18	517.53	124.81	3021.52
Interest and Finance Cost	3,674.29	1,799.86	678.68	6,152.83
P. Y. (2010-11)	1,282.58	1,115.26	442.83	2840.66
Profit / (Loss) before tax	578.29	825.33	(450.72)	952.90
P. Y. (2010-11)	1,096.60	(579.74)	(318.02)	198.84
Provision for tax				
MAT Tax	-	-	-	30.14
P. Y. (2010-11)	-	-	-	42.74
Deffered Tax	-	-	-	539.16
P. Y. (2010-11)	-	-	-	364.48
Net Profit/ (Loss)	-	-	-	383.59
P. Y. (2010-11)	-	-	-	(208.39)
Other Information :				
Segmental Assets	22,771.12	17,325.97	5,935.58	46,032.67
P. Y. (2010-11)	34,271.87	17,072.51	6,614.05	57,958.43
Unallocated Assets	-	-	-	28,221.73
P. Y. (2010-11)	-	-	-	8,636.86
Total Assets	-	-	-	74,254.40
P. Y. (2010-11)	-	-	-	66,595.29
Segmental liabilities				
Previous Year	-	-	-	-
Unallocated Liabilities	-	-	-	16,051.08
P. Y. (2010-11)	-	-	-	8,789.02
Total Liabilities	-	-	-	16,051.08
P. Y. (2010-11)	-	-	-	8,789.02
Capital Expenditure During the Period (Including movements in CWIP)	815.21	250.95	46.18	1,112.33
Depreciation	1,050.54	735.98	268.09	2,054.61
P. Y. (2010-11)	544.19	480.67	67.69	1,092.55
Total Liabilities Excludes				
Secured Loans	-	-	-	45,884.80
P. Y. (2010-11)	-	-	-	47,246.65
Deffered Tax Liabilities	-	-	-	903.63
P. Y. (2010-11)	-	-	-	364.48

- g) The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever to correspond with the currents year's classification/disclosure.

Notes “19” to “26” attached to and forming part of the Statement of Profit and Loss for the year ended March 31, 2012

NOTE 19 - REVENUE FROM OPERATIONS

Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Sale of Products		
Finished Goods		
Sugar Sale	23,785.51	4,745.08
Power Sale	4,681.30	6,475.73
Molasses Sale	-	97.13
Spirit Sales	4,201.15	159.81
Fusel Oil Sale	2.58	-
Traded Goods		
Maize Sales	3,234.55	-
Other Sales	188.36	-
Sale of By-Products		
Pressmud Sale	4.62	-
Other Sales	78.26	-
Gross revenue from operations	36,176.33	11,477.74
Less:		
Excise duty	(362.17)	(177.54)
Net revenue from operations	35,814.16	11,300.20
Revenue from other operations		
Sales Tax refund (Mega project benefit)	422.42	-
Total revenue from operations	36,236.58	11,300.20

NOTE 20 - OTHER INCOME

Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Income from Fixed Deposits	237.85	65.22
Miscellaneous Income	46.60	23.63
Rent Received	1.10	0.46
Insurance Claim received	104.58	-
Profit on sale of Fixed Assets	0.01	-
TOTAL	390.14	89.31

Notes “19” to “26” attached to and forming part of the Statement of Profit and Loss for the year ended March 31, 2012

NOTE 21 - COST OF MATERIALS CONSUMED

21.1 Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Raw Materials Consumed		
Opening stock	187.70	-
Add : Purchases	19,053.86	16,060.96
	19,241.56	16,060.96
Less : Closing stock	770.58	187.70
Cost of material consumed	18,470.98	15,873.26

21.2 Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Breakup of raw material consumed :		
Sugar Cane	14,365.28	8,751.76
Coal	3,061.65	6,852.48
Molasses	864.08	-
Bagasse	179.95	269.03
	18,470.96	15,873.27
Breakup of closing stock of inventory :		
Coal	426.77	60.54
Molasses	330.39	127.16
Bagasse	13.42	-
	770.58	187.70

NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Opening Stock :		
Finished	13,132.65	1,270.45
In Process	276.86	-
Sub-total (a)	13,409.51	1,270.45
Closing Stock :		
Finished	15,530.40	13,132.65
In Process	780.05	276.86
Sub-total (b)	16,310.45	13,409.51
Net Increase/(Decrease) in Stocks (b-a)	2,900.94	12,139.06

Notes “19” to “26” attached to and forming part of the Statement of Profit and Loss for the year ended March 31, 2012

NOTE 23 - EMPLOYEE BENEFITS EXPENSE

Particulars	[₹ in Lacs]	
	Year ended March 31, 2012	Year ended March 31, 2011
Salaries & Wages (Including Allowances)	1,011.61	440.00
Contribution to Provident, Superannuation & Other Funds	64.53	21.00
Staff and Labour Welfare Expenses	28.42	12.26
TOTAL	1,104.56	473.26

NOTE 24 - INTEREST AND FINANCE COSTS

Particulars	[₹ in Lacs]	
	Year ended March 31, 2012	Year ended March 31, 2011
Interest on Long term borrowings	3,644.25	2,198.88
Interest on Short term Loans	460.32	61.25
Interest on Cash Credit	1,557.95	215.53
Interest on Debenture Loan	99.31	251.48
Finance and Placement Charges	245.58	48.88
Processing charges	145.42	64.64
TOTAL	6,152.84	2,840.67

NOTE 25 - OTHER EXPENSES

Particulars	[₹ in Lacs]	
	Year ended March 31, 2012	Year ended March 31, 2011
Other Manufacturing Expenses		
Cane Harvesting Expenses	1,854.37	286.84
Cane Transportation Expenses	2,583.87	438.97
Chemicals & Consumables	382.90	237.28
Power, Fuel and Water Charges	325.30	296.92
Repairs and Maintenance - Buildings	18.37	0.79
Repairs and Maintenance - Plant & Machinery	311.53	283.60
Repairs and Maintenance - Sundries	87.63	42.53
Repairs and Maintenance - Others	133.17	27.55
Excise duty on year end inventory of Finished goods	134.45	431.63
Other Manufacturing Expenses	321.61	106.86
Administrative Expenses		
Insurance Charges	41.28	5.92
Rates and Taxes, excluding taxes on Income	0.01	5.52
Sales Tax and VAT Expenses	422.42	185.68
Office & Other Expenses	251.90	168.23
Travelling and Conveyance	26.88	3.88

Notes “19” to “26” attached to and forming part of the Statement of Profit and Loss for the year ended March 31, 2012

NOTE 25 - OTHER EXPENSES (CONTD.)

Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Selling and Distribution Expenses	397.32	423.47
Legal and Professional Charges	74.09	45.60
Payment to Auditors		
For Audit Fees	5.00	5.00
Cost Audit Fees	3.80	-
For reimbursement of expenses	0.97	-
Preliminary Expenses	-	53.73
TOTAL	7,376.88	3,050.01

NOTE 26 - EARNING PER SHARE

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

Particulars	Year ended March 31, 2012	(₹ in Lacs) Year ended March 31, 2011
Reconciliation of earnings		
Net profit/(loss) after tax attributable to equity shareholders (In ₹)	383.59	(208.39)
Reconciliation of number of shares		
Shares outstanding at the beginning of the period	6,59,83,788	6,49,21,500
Shares outstanding at the end of the period	6,95,69,388	6,59,83,788
Weighted average number of equity shares	6,93,71,744	6,56,92,750
Basic earnings per share	0.55	(0.32)
Diluted earnings per share	0.65	(0.04)
Face value ₹ 10/- per share		

As per our Report attached
For **K. K. Mankeshwar & Co.**
Firm Registration Number : 106009W
Chartered Accountants

Ashwin Mankeshwar
Partner
Membership no.: 046219

Place : Nagpur
Date : August 7, 2012

For **Gangakhed Sugar & Energy Limited**

Ratnakar M. Gutte
Director

Shrikant Rikhe
Company Secretary

Sunil R. Gutte
Director

Notes

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Corporate information

BOARD OF DIRECTORS

Mr. Ratnakar Manikrao Gutte

Chairman

Mr. Sunil Ratnakar Gutte

Director

Mrs. Sudhamati Ratnakar Gutte

Director

Mr. Radheshyam R. Tiwari

Director

COMPANY SECRETARY

Mr. Shrikant Rikhe

97, East High Court Road,

Ramdaspath, Nagpur-440010

E-mail: csf@gangakhedicpp.com

STATUTORY AUDITORS

K. K. Mankeshwar & Co.

Chartered Accountants

243, "SHRIKA RESIDENCY",

Central Road, Dharampeth,

Nagpur- 440010

COST AUDITORS

N. D. Chavan & Co.

Cost Accountants

Flat No. 8, "Tirupati Residency"

Ramchandra Nagar, Shahanurmiya

Darga Road, Aurangabad-431005

R & T AGENTS

M/s. Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Sakivihar Road,

Saki Naka, Andheri (E), Mumbai- 400072

Tel: 022-40430200

Email: info@bigshareonline.com

DEPOSITORIES

National Securities Depositories Limited

BANKERS

Bank of India

ICICI Bank Ltd.

IDBI Bank

Oriental Bank of Commerce

State Bank of India

Union Bank of India

Andhra Bank

DBS Bank

UCO Bank

Axis Bank Ltd.

YES Bank

Vaidyanath Urban Co-operative Bank Ltd.

REGISTERED OFFICE

Vijay Nagar, Kodri Road,

Makhani, Gangakhed,

Dist. Parbhani-431514

E-mail: info@gangakhedicpp.com

CORPORATE OFFICE

97, East High Court Road,

Ramdaspath, Nagpur-440010

PLANT LOCATION

Vijay Nagar, Kodri Road,

Makhani, Gangakhed,

Dist. Parbhani-431514



GANGAKHED SUGAR & ENERGY LIMITED

Gangakhed Sugar & Energy Limited

Registered office:

Vijaynagar, Makhani,
Kodri Road, Gangakhed,
Distt.: Parbhani (Maharashtra) - 431515
India

Corporate office:

97, East High Court Road,
Ramdaspath, Nagpur - 400010
India

Email: info@gangakhedicpp.com

Website: www.gangakhedicpp.com