Corporate Information

Chairman Emeritus

Dr. K.K. Birla

Board of Directors

Smt. Nandini Nopany - *Chairperson cum Mg. Director*
Shri C.S. Nopany
Shri R.K. Choudhury
Shri G.K. Bhagat
Shri Bhaskar Mitter
Lt. Gen. K. Chiman Singh (Retd.)
Shri Gaurav Swarup
Shri Supriya Gupta
Shri Sunil Kanoria
Shri I.P. Singh Roy
Shri P.K. Lakhotia

Committees of Directors

Finance & Corporate Affairs Committee
Smt. Nandini Nopany
Shri C.S. Nopany
Shri G.K. Bhagat
Shri Bhaskar Mitter

Audit Committee
Lt. Gen. K. Chiman Singh (Retd.)
Shri R.K. Choudhury
Shri G.K. Bhagat
Shri Supriya Gupta

Investors' Grievance Committee
Shri G.K. Bhagat
Shri C.S. Nopany
Shri Bhaskar Mitter

Remuneration Committee
Shri I.P. Singh Roy
Shri G.K. Bhagat
Shri Bhaskar Mitter

Executives

Shri C.B. Patodia - Advisor
Shri S.K. Poddar - Secretary
Shri B.K. Malpani, Executive President (Seohara)
Shri B.K. Sureka, Executive President (Sidhwalia)
Shri R.K. Gupta, Executive Vice-President (Hasanpur)
Shri S.S. Binani, Executive Vice-President (Tea Garden)

Auditors

S.R. Batliboi & Co.
Chartered Accountants

Advocates & Solicitors

Khaitan & Co.

Bankers

State Bank of India
Punjab National Bank

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.
59C, Chowringhee Road, 3rd Floor, Kolkata -700 020
Telephone : 91-033-2289 0540
Fax : 91-033-2289 0539
e-mail : kolkata@intimespectrum.com

Registered Office

P.O. Seohara, Dist. Bijnor (U.P.)
Pin Code : 246 746

Corporate & Head Office

9/1, R.N. Mukherjee Road, Kolkata - 700 001
Telephone No. 91-033-2243 0497/8
Fax : 91-033-2248 6369
e-mail : birlasugar@birla-sugar.com
Website : www.birla-sugar.com/upperganges

Sugar Mills

1. Seohara, Dist. Bijnor (U.P.)
2. Sidhwalia, Dist. Gopalganj (Bihar)
3. Hasanpur, Dist. Samastipur (Bihar)

Distillery

Seohara, Dist. Bijnor (U.P.)

Tea Garden

Cinnatolliah Tea Garden
Lakhimpur North (Assam)

Upper Ganges Sugar & Industries Ltd.

About the Company

- Established in the year 1932.
- Produces sugar, industrial alcohol, ethanol, bio-compost and tea.
- Production units located in three states-Uttar Pradesh, Bihar and Assam.
- Total cane crushing capacity: in the process of increase from 14,250 TCD to 20,000 TCD.
- Total industrial alcohol/ ethanol capacity: in the process of increase from 55 klpd to 100 klpd.
- Total sales in 2005-06: Rs.443.30 cr. (16.85 per cent increase over 2004-05)
- Total profit after tax in 2005-06: Rs.28.62 cr. (109 per cent increase over 2004-05)
- Earnings per share in 2005-06: Rs.40.86 (108.79 per cent increase over 2004-05)

Sugar mills

1. Seohara, Dist. Bijnor (U.P.)
2. Sidhwalia, Dist. Gopalganj (Bihar)
3. Hasanpur, Dist. Samastipur (Bihar)

Distillery

Seohara, Dist. Bijnor (U.P.)

Cinnatolliah tea garden

Lakhimpur North (Assam)

Upper Ganges Sugar & Industries Ltd.

Performance at a glance

Financial Results

(Rs. in lakh)

	2001-02	2002-03	2003-04	2004-05*	2005-06
Gross sales	21,523.49	31,148.74	28,852.26	37,938.80	44,330.68
Operating profit	2,008.57	1,693.04	5,882.50	7,980.12	7,049.81
Interest & Finance charges (net)	2,121.38	1,990.50	2,272.50	1,978.29	1,381.52
Depreciation	739.31	775.01	834.88	858.42	936.40
Profit/(loss) before tax	(852.12)	(1,072.47)	2,775.12	1,915.00	4,731.89
Profit/(loss) after tax	(499.47)	(717.19)	1,681.40	1,369.44	2,862.29
Net worth	6,213.49	5,508.21	6,977.68	7,950.85	10,088.18
Net worth per equity share (Rs.)	89.03	78.92	99.98	113.92	144.03
Dividend per equity share (Rs.)	--	--	3.00	4.00	5.00
Earning per equity share (Rs.)	--	--	24.09	19.57	40.86
Cane crushed (season) (in lac qtls.)	184.62	194.43	166.31	169.16*	186.60

* Including in respect of sugar division of New India Sugar Mills Ltd., merged with the Company with effect from 1st October, 2004

Upper Ganges Sugar & Industries Ltd.

Directors' Report

Dear Shareholders

Your Directors take pleasure in presenting their Report and the audited Statements of Account of the Company for the year ended 30th June 2006.

Financial Results

(Rs. in lakh)

	2005 - 06		2004 – 05	
Gross Sales		44,330.68		37,938.50
Gross Profit before Depreciation and Exceptional Items		5,668.29		6,001.83
Less : Exceptional Items (net)		–		3,228.41
Gross Profit before Depreciation		5,668.29		2,773.42
To which is added:				
Balance brought forward				
from the previous year	815.85		872.17	
Debenture Redemption Reserve written back	–	815.85	116.75	988.92
Making a total of		6,484.14		3,762.34
Out of this provisions have been made for :				
Depreciation	936.40		858.42	
Taxation (net)	473.65		205.98	
Fringe Benefit Tax	14.50		3.82	
Deferred Tax Liability	1,381.45		335.76	
Profit & Loss Account debit balance transferred under Scheme of Arrangement	–	2,806.00	224.18	1,628.16
Surplus available for Appropriation		3,678.14		2,134.18
Appropriations :				
Interim Dividend	–		279.18	
Proposed Dividend	577.86		–	
Dividend Tax	81.05		39.15	
Transfer to General Reserve	2,000.00	2,658.91	1,000.00	1,318.33
Balance carried to Balance Sheet		1,019.23		815.85

Financial performance & dividend

The financial performance of the Company for the year under review has significantly improved. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussions & Analysis Report, which is attached as a separate annexure and forms a part of this report. Furthermore, the financial results for the year 2005-06 includes the results of sugar business of New India Sugar Mills, which was merged with the Company with effect from 1st October, 2004. Accordingly, the results for 2005-06 are not comparable with the results of 2004-05.

Dividend

The Directors have recommended a dividend @ Rs. 5.00 per Equity Share for the year ended 30th June, 2006 on the increased capital. The dividend tax including surcharge on the amount of dividend shall be payable by the Company. The total outflow on this account shall be Rs. 658.91 lakh as compared to Rs. 318.33 lakh in the previous year.

Rights shares

The Company issued and allotted 45,52,852 Equity Shares of Rs. 10 each at a premium of Rs. 140 per share aggregating Rs. 6829.28 lakh on Rights basis in the ratio of 13 Equity Shares for every 20 Equity Shares held. The proceeds of the Rights Issue have been utilised as per the objects of the issue.

Capital projects

To facilitate greater economies of scale, the sugarcane crushing capacity of Hasanpur Sugar Mills, Samastipur (Bihar), a unit of the Company, is being expanded from 1750 tonnes crushing daily (TCD) to 5000 TCD. The aggregate project cost would be about Rs.130 crores.

The expansion of Bharat Sugar Mills, Sidhwalia (Bihar) a unit of the Company, from 2500 TCD to 5000 TCD with a sulphur free Sugar Refinery and a Co-Generation Plant of 18 MW at a capital outlay of about Rs. 125 crores is progressing satisfactorily and is expected to go on stream from the start of crushing operations for the season 2007-08.

The installation of a 24 MW Co-Generation Plant at Seohara, at an estimated capital outlay of about Rs. 100 crores is under implementation, and the plant is progressing as per schedule.

The expansion of the Company's distillery at Seohara from the exiting capacity of 55 klpd to 100 klpd at an estimated cost of about Rs. 36 crores is progressing as per schedule.

Corporate Governance

A separate report on Corporate Governance, by the Managing Director of compliance and a declaration by all members of the Board and Senior Management Personnel pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are attached as separate annexure and forms a part of this Report.

Directors

Industrial Development Bank of India Ltd. vide their letter dated 25th April, 2006 had withdrawn the nomination of Shri L.P. Aggarwal as a Director on the Board of the Company. The Directors placed on record their appreciation of the valuable advice received from Shri L.P. Aggarwal during his tenure as a Director of the Company.

Shri R.K. Choudhury, Shri G.K. Bhagat and Shri Sunil Kanoria retire from the Board by rotation and are eligible for re-election.

Directors' Responsibility Statement

Your Directors 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;

ii) such accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;

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.

Auditors

The Notes on Accounts appearing on Schedule 25 and referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments and explanations.

The Auditors, Messers S. R. Batliboi & Co, Chartered Accountants, retire and are eligible for re-appointment.

In accordance with the directives of the Central Government under Section 233 B of the Companies Act, 1956, Shri S.N. Mukherjee, Cost Accountant, has been appointed as Cost Auditor to audit the cost accounting records relating to Sugar and Industrial Alcohol Units situated at Seohara and Sugar unit at Sidhwalia and M/s. D. Radhakrishnan & Co., Cost Accountants have been appointed for Sugar unit at Hasanpur for the current year.

Subsidiary Companies

The audited Accounts of Uttar Pradesh Trading Company Ltd., a subsidiary of the Company, for the year ended 31st March, 2006 are attached.

Statutory requirements

As required under the Listing Agreements with the Stock Exchanges, Consolidated Financial Statements, conforming to the Accounting Standard 21 are attached.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is attached as a separate annexure and forms a part of this Report.

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 is attached as a separate annexure and forms a part of this Report.

Acknowledgements

Your Directors take this opportunity of recording their appreciation of the financial institutions and bankers for extending their support to the Company. Your Directors are also grateful to the various ministries in the Central Government and State Governments of Uttar Pradesh, Bihar and Assam, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Directors also place on record their appreciation of the valuable contribution made by the employees at all levels.

For and on behalf of the Board

Nandini Nopany
Chairperson-cum-Mg. Director

Kolkata,
Dated, the 18th August, 2006

Upper Ganges Sugar & Industries Ltd.

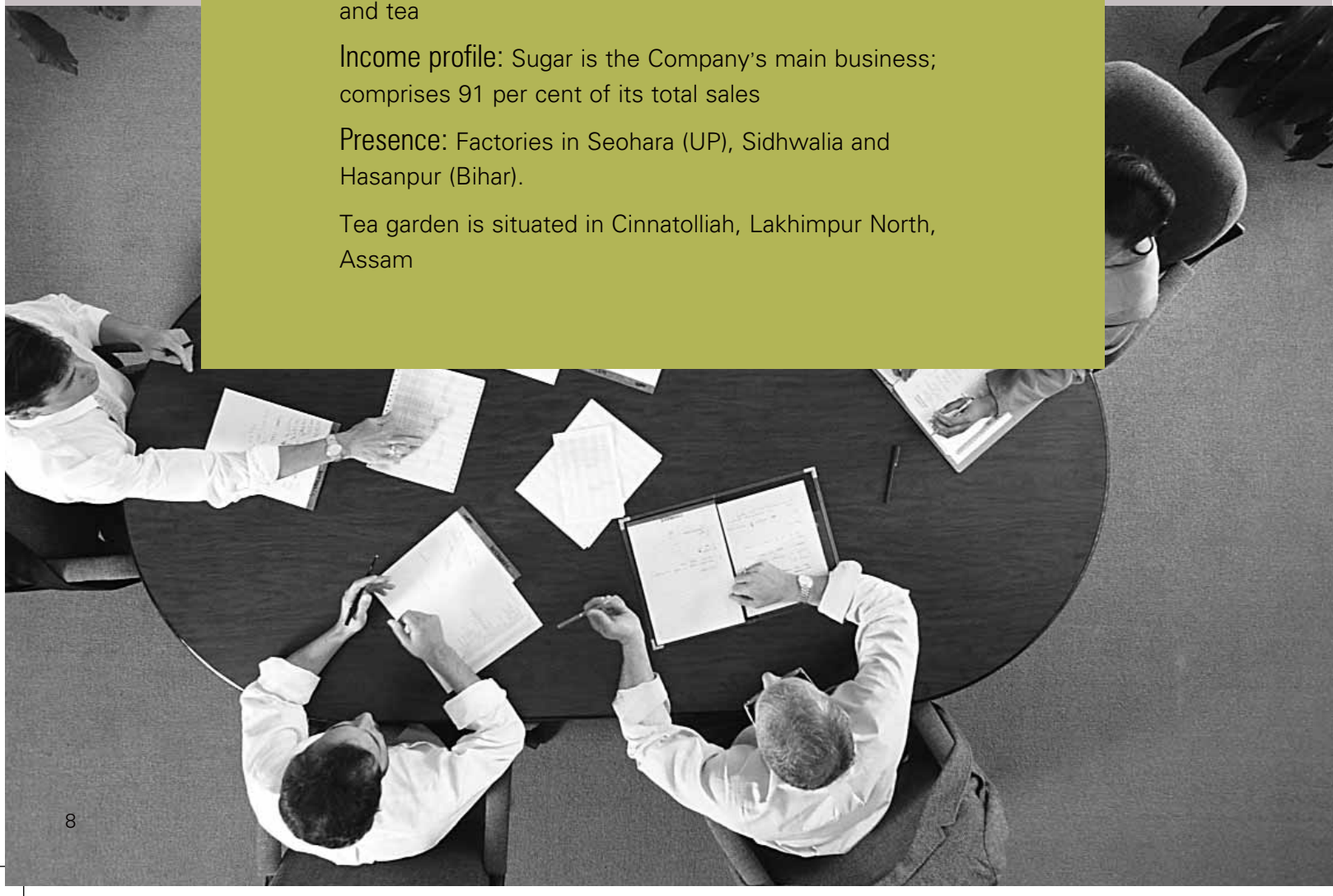
Management Discussions and Analysis

Business: Sugar, industrial alcohol/ ethanol, bio-compost and tea

Income profile: Sugar is the Company's main business; comprises 91 per cent of its total sales

Presence: Factories in Seohara (UP), Sidhwalia and Hasanpur (Bihar).

Tea garden is situated in Cinnatolliah, Lakhimpur North, Assam



A. Sugar

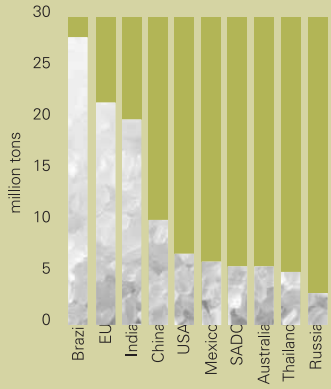
Global Overview

Production

■ More than 100 countries produce sugar. Nearly 74 per cent is made from sugarcane grown primarily in the tropical and sub tropical zones of the southern hemisphere and the rest from sugar beet grown in the temperate zones of the northern hemisphere.

■ The global sugar production during 2005-06 was estimated at 149.85 million tonnes (raw sugar equivalent), 79 per cent of which was produced by the top 10 global sugar producers. This corresponded to an increase of 4.20 per cent over 2004-05 when the production was 143.81 million tonnes.

Top Sugar Producers in 2005-06 (est)



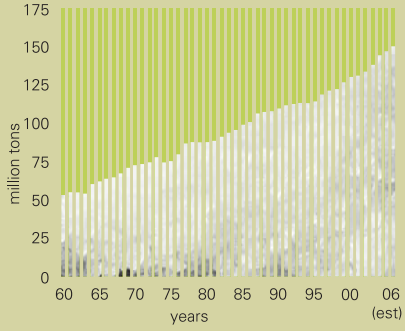
■ The bulk of the growth in production was accounted for by developing countries, where aggregated production was forecast to reach 106 million tonnes by 2006, led by a record harvest in Brazil and a recovery in India.

■ By the end of the 2005-06 sugar season, world sugar stock is estimated at 57.22 million tonnes marginally higher than 2004-05.

Consumption

■ Global sugar consumption in 2006-07 was forecast to rise to 152.50 million tonnes (increasing at a rate of 1.83 per cent per annum) due to consumption growth in the developing countries of the Far-East and Latin America.

World Sugar Consumption



■ Sugar consumption in developing countries was estimated to reach 100 million tonnes in 2006 in line with rising income and population growth.

■ After two seasons of world production deficit vis-a-vis world consumption in 2003-04 and 2004-05 and balance demand and supply in the last season (the production - consumption gap being 0.092 mtrv) the world sugar economy is facing the first season of a statistically significant gap between world production and consumption since 2002-03.

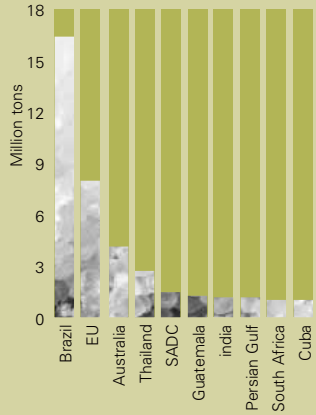
■ International Sugar Organisation's first forecast for the next season (October 2006 - September 2007) puts world production at 2.173 million tonnes higher than world consumption.

Export

■ Global export trade is dominated by Brazil, European Union, Thailand and Australia.

■ About 69% of the total world sugar production is consumed in the country of its origin, with the rest being traded on the world sugar markets. Exports from Brazil and Thailand are expected to have an impact through lower production, primarily as a result of unfavourable weather conditions.

Top Sugar Exporters in 2005-06 (est)



■ Among the developed countries, where demand had been relatively stable, consumption is forecast to remain relatively unchanged in the EU, South Korea and US.

■ The European Union's reform of the Common Market Organisation will have a radical change in the global sugar market. In line with the WTO order, the European Union has limited exports to the world market to 1.3 million tonnes and has stopped issuing sugar export licenses from 22nd May 2006. In the long term, the European Union is expected to become a net sugar importer.

Global sugar scenario - production, consumption and inventory

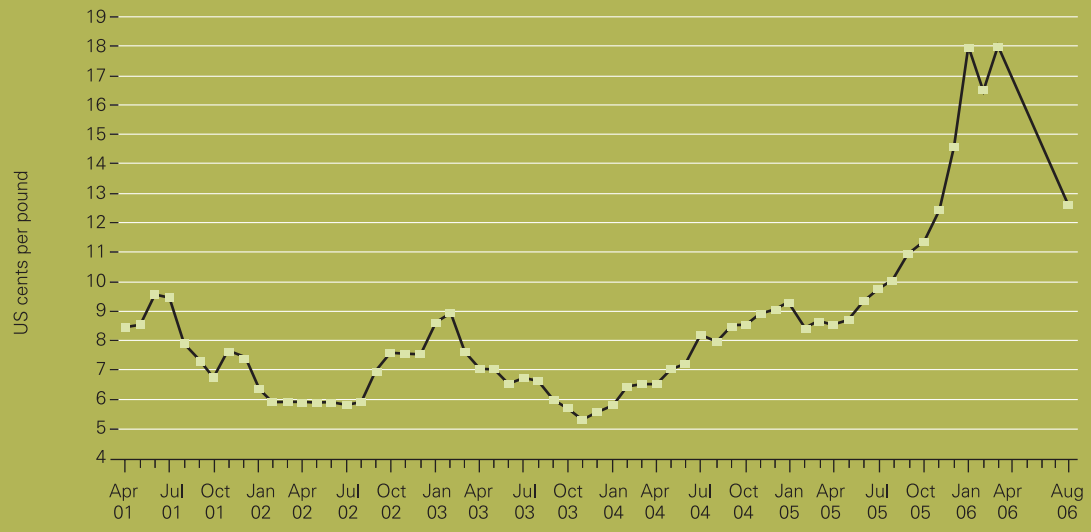
Centrifugal sugar ['000 MT] raw value

World total	Production	Domestic consumption	Surplus/ Deficit	Import Demand	Exports Availability	Ending stocks	Stocks/consumption Ratio in %
2005-06	1,49,852 (4.20%)	1,49,760 (1.66%)	92	46,678	46,694	57,223	38.21
2006-07 (Estimated)	1,54,670 (3.22%)	1,52,497 (1.83%)	2,173	45,469	46,215	58,650	38.46

Source: ISO August, 2006 (Figures in bracket are %-wise growth over previous year)

Pricing

As a result of the ongoing global sugar production cut, together with significant longer term structural changes within the world sugar market during the past 16 months, world sugar prices increased significantly (by 100%) from US 8.0 cents/ lb in April 2005 to US19.7 cents/ lb in February 2006, and ended the financial year in the US17.0-18.0 cents/lb range. The prices have since come down to 12.58 cents/lb.



Reasons for price volatility in sugar

There have been a number of factors that have been affecting sugar prices.

- Record oil prices and low sugar prices prompted Brazil, the world's biggest sugar producer, to turn more cane into ethanol. In fact, Brazil had at one time mandated 24 per cent blending of ethanol into petrol.

- The last two years saw sugar production dip considerably in India, Pakistan and Brazil. The European Union undertook to remove their subsidy on a time bound schedule that resulted in sugar prices soaring new heights.

- However, the contraction in European Union sugar output would not trigger a global deficit due to expansion in sugar production in India and Brazil. The higher sugar prices also prompted Brazil to reduce its blending of ethanol into petrol to 20 per cent leaving more cane for sugar production. All these factors have contributed in a downward correction in sugar prices.

The Indian Sugar Industry has grown horizontally with a large number of small-sized plants being set up throughout the country.

Indian Sugar Overview

Industry Scenario

■ India is the largest consumer and second largest producer of sugar in the world. The Rs.500 billion Indian sugar industry is also the second largest in the country's agro-processing sector.

■ It is a fragmented sector (453 operational sugar factories) with the largest private sector player accounting for a mere 3 per cent of the market.

■ There are 571 installed sugar mills in the country with a production capacity of 19 million tonnes (MT) of sugar.

■ India, as the world's second largest producer of sugarcane (after Brazil), accounts for around 5 per cent of the global sugar production.

■ Although export restrictions and duties have gradually been relaxed, the government still largely controls the industry, particularly the pricing of sugarcane and allocation of land designated for cane growing.

■ More than 50% of the area of sugarcane cultivation in India is located in UP.

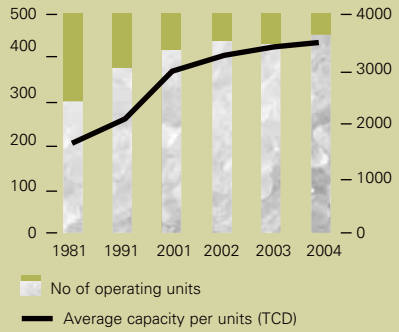
■ Cane cultivation acreage in UP increased from 2.03 million hectares in 2003-04 to 2.4 million hectares in 2005-06.

Factors affecting the Indian Sugar Industry

The broad dynamics that affect the Indian Sugar Industry revolve around certain parameters.

Capacity growth: The Indian Sugar Industry has grown horizontally with a large number of small-sized plants being set up throughout the country. The government granted licenses to new units with an initial capacity of 1,250 tonnes crushing per day (TCD) in the 1980s, which was increased to 2,500 TCD. Subsequently, de-licensing of the industry in 1998 provided a growth impetus to the country's sugar units.

Capacity growth



Production: Sugar production in India has been driven by factors like cane acreage, yield per hectare, drawal (cane crushed by the plant/ total cane produced in plants cultivable area) and recovery percentage which in turn depend on rainfall and a competitive advantage over other crops. Currently around 4 million hectares of land i.e., around 2.7 per cent of the cultivated area, is under sugarcane production. The average recovery is around 10 per cent.

Area and production

Year	Area under cane (million hectares)	Cane production (million tonnes)
1981	2.67	154
1991	3.69	241
2001	4.32	296
2002	4.41	297
2003	4.36	282
2004	3.99	236
2005	3.75	270

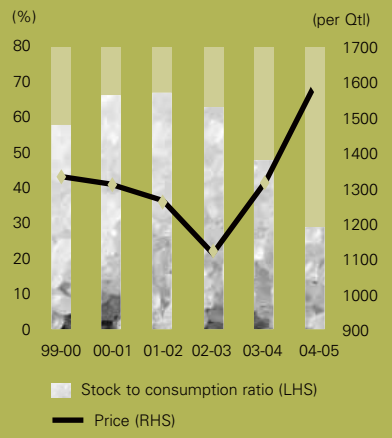
Consumption: Sugar consumption depends on population growth and per capita consumption. Sugar consumption in India increased at a CAGR of 4 per cent in the last five years and is expected to grow at the same pace over the coming years. The per capita consumption of sugar is around 19 kgs in India, one of the lowest in the world.

Production & Consumption Statistics: The difference between production and consumption reduced inventory from 11.3 MT in FY2001-02 to a projected 3.5 MT in 2007. Also, the stock-to-consumption ratio, which was around 67 per cent in FY2001-02, declined to 26 per cent in FY2004-05.

(lakh/tonnes)

Years	2001-02	2002-03	2003-04	2004-05	2005-06E
Opening stock	106.63	113.17	116.14	85.00	48.25
Production	185.29	201.40	139.95	126.91	189.00
Imports	-	0.41	4.00	21.38	-
Total supply	291.92	314.98	260.09	233.29	237.25
Consumption	167.81	183.84	172.85	185.00	185.00
Exports	10.94	15.00	2.24	0.04	8.00
Closing stock	113.17	116.14	85.00	48.25	44.25
Closing stock/consumption	67.44%	63.17%	49.18%	26.08%	23.92%

Source: ISMA



Bihar, the next sugar destination in India

In 1940, Bihar accounted for 32 sugar units out of 148 sugar units in India (over 20 per cent), while presently Bihar is left with only nine functional units out of a total of 480 sugar mills in India. The state's contribution to the total sugar produced by the country declined from 28 per cent in the 1930s to below 2 per cent. But according to a comprehensive study by the Bihar Industries Commission, this scenario could correct following various initiatives that the State Government has already embarked upon.

Infrastructure revival: Bihar's per capita expenditure on infrastructure of Rs 44.60 (as against a national average of Rs 118) and irrigation cum flood control of Rs 104.40 (compared to a national average of Rs 200) is expected to correct faster than ever before in view of the new State Government and a stated emphasis on infrastructure expansion.

Central grant: A grant of Rs. 8250 crores was made to Bihar by the Central Government on 14th February, 2006 under the Annual Plan for 2006-07 which includes an additional Central assistance of Rs 50 crores for priority schemes to be initiated in the State.

Unexplored room: At a time when there is a severe competition for cane in the other parts of the country, a mere four cane growing districts have been explored in Bihar (out of 15), offering an attractive opportunity for sustainable expansion.

Fiscal incentives: The Bihar government announced several

incentive programmes, which include a capital subsidy of 10% or Rs. 10 crores, whichever is less, on the total investment made on plant and machinery, reimbursement of excise duty on the production of sugar, exemption from the payment of purchase tax on the purchase of sugarcane and from the payment of stamp duty and registration fee on the purchase of land etc. These incentives will be available for a period of five years from the date of commencement of production.

Sugarcane Pricing

In India, the government announces a minimum support price for sugarcane. The price announced by the central government is termed as Statutory Minimum Price (SMP). The Central government fixed the SMP for sugarcane at Rs 79.5 per quintal linked to a recovery of 9 per cent for the sugar season 2005-06. An additional payment of 88 paise had to be made for every additional 0.1 per cent recovery over the base rate of 9 per cent.

Furthermore, factories are required to pay an additional price under Clause 5A of Sugarcane (Control) Order, 1966, which is calculated by the Government based on any additional sugar price realised by the factories.

Basic Statutory Minimum Price (Rs. per quintal)

	2005-06	2004-05
Seohara	89.18	87.70
Sidhwalia	81.26	78.02
Hasanpur	85.66	80.66

However, factories paid higher cane price at the behest of the State Governments.

Levy Sugar Prices

The price of levy sugar for the Company's sugar factories for the season 2003-04 was fixed and is given in the table below. The Government is yet to fix the Levy Sugar prices for the seasons 2004-05 and 2005-06. The industry has represented to the Government to finalize the levy prices urgently.

Levy price for the Season 2003-2004 (Rs. per quintal)

Seohara	1330.77
Sidhwalia	1409.30
Hasanpur	1409.30

Operations of the Company

In a raw material intensive business, a culture of operational excellence helped the Company report growing margins. However during the year under review, the sugarcane crop was adversely affected by severe thunderstorms and resulted in lodging of cane. Despite adverse climatic conditions, the Company reported a recovery of 9.49 per cent.

Criticality

Recovery influences the amount of sucrose extracted per tonne of cane – the higher the recovery, the better the efficiency. The Company recognised that its competencies could only be enhanced by aggressive cane development and through capacity expansion. An investment of Rs. 400 crores in capacities for sugar, ethanol manufacture and co-generation is under progress.

Highlights

- The Company's gross sales increased by 16.85 per cent from Rs. 379.39 crores in 2004-05 to Rs. 443.31 crores in 2005-06.
- The Net Profit increased by 109 per cent giving an EPS of Rs 24.77 on the enhanced equity capital.
- During the last year, the Company imported 85,000 quintals of raw sugar under the Advance License Scheme which has been exported during the

year under review.

- The Company's sugar units at Seohara, Sidhwalia and distillery at Seohara have been granted ISO 9001:2000 certificates for manufacturing and sale of Sugar, Spirit/Ethanol and its by-products by SGS United Kingdom Limited.

Outlook

The long-term outlook for the industry appears stable due to a sustainable increase in demand, rising population and increased per capita consumption. The balanced demand and supply position in the global industry for the next couple of years should support a stable medium-term price outlook.

Expanded growth opportunities in cane (through higher cane acreage of 15-20 per cent in 2006) and milling are possible where suitable farmland is available.

The industry is gradually shifting from standalone sugar manufacturing unit to integrated complexes through the commissioning of downstream distilleries and co-generation units that process by-products like molasses and bagasse to manufacture stable demand products such as ethanol and power with attractive returns.

The sugar industry in India is poised for record production levels over the next few years. The season 2005-06 had a balanced production and consumption levels with low inventories. The Indian sugar industry will need to gear itself to export and play a significant role in the international markets. The gap in world supply with the withdrawal of EU sugar can be partly met by India. It is widely expected that the Government will soon allow exports freely. As sugarcane cultivation currently occupies only 2.7 per cent of the cultivable land in the country and the fact that the per capita consumption of sugar in India is low, there exists a huge potential for the sector to grow strongly.

Sugar manufacturing strategy

- Expansion of installed capacity
- Achieve greater raw material security
- Strengthen farmer relationships
- Continuously improve technology in sugar mills

The comparative operational figures of the sugar factories for the last two seasons:

	Season 2005-06				Season 2004-05			
	Seohara	Sidhwalia	Hasanpur	Total	Seohara	Sidhwalia	Hasanpur	Total
Sugarcane crushed (lakh quintals)	139.67	34.25	12.68	186.60	140.35	21.05	7.76	169.16
Recovery (per cent)	9.57	9.31	9.40	–	10.10	9.20	9.70	–
Sugar produced (lakh quintals)	13.35	3.19	1.18	17.72	14.13	1.94	0.80	16.87
Crushing days	169	136	77		158	91	51	

Ethanol is a real-world petroleum substitute that is likely to emerge as a complete energy solution in countries like India over the years.

B. Ethanol and industrial alcohol

Sugarcane is an energy crop, as its derivatives can be used to produce ethanol – fuel and electricity. Ethanol has been a resounding success especially at times of high and volatile crude oil prices. Countries like Brazil and USA have made ethanol a national priority.

The demand for ethanol is expanding worldwide. Ethanol is a real-world petroleum substitute that is likely to emerge as a complete energy solution in countries like India over the years. To prepare for this eventuality, the Company is expanding its distillery at Seohara from 55 KLPD to 100 KLPD, which will be fully operational during the 2006-07 to meet the increased demand of ethanol from major oil companies.

Outlook

With the price of fossil fuels (oil and gas) rising to unprecedented levels, the use of substitute fuels (bio-fuels, ethanol) is rapidly increasing. The Government of India re-started its ethanol programme last year in a few states only. It plans to make an all-India blending of 5 per cent ethanol with petrol mandatory by October 2006 and expects to increase the blending percentage to 10 per cent from October 2007. An estimated ethanol requirement would be 587 million litres and 1100 million litres at 5% and 10% blending respectively. Such quantities will be available indigenously. With molasses and bagasse both being transformed into energy sources (as a substitute for motor fuel and conventional power respectively), the sugar industry is poised to emerge as an important energy player.

Environmental benefits of using ethanol

- Carbon monoxide (CO) emissions reduced by 20 per cent.
- Sulphur oxide (Sox) emissions reduced by 100 per cent.
- Reduction of photochemical reactivity and toxicity of the emissions.
- High biodegradability in the soil and water bodies in cases of accidental spills and leakages.

	2005-06	2004-05
Production (lac litres)	145.02	114.46
Sales (lac litres)	144.30	107.90
No. of working days	288	237
Realisations per litre-		
Ethanol	23.15	23.45
Rectified spirit	24.00	24.12

C. Tea

The all-India production of tea in 2005 was 928 million kgs as against the production of 893 kgs during the previous year.

Tea exports for the year were less by 10.10 million kgs. when compared with the previous year. Tea production at the Cinnatolliah Tea Garden (CTG) during 2005 was 10.91 lakh kgs of made tea as against 10.88 lakh kgs during the previous year. Realisations for tea during the year under review were Rs.82.04 per kgs as against Rs. 74.54 per kgs during the previous year.

The Company is accelerating the uprooting and re-plantation in uneconomic areas to improve average yield. The industry outlook for tea for the season 2006-07 looks encouraging as the relationship between the management and the workers is cordial with no signs of industry unrest.

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.

Annexure to

Directors' Report

Statement showing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2006

I. Conservation of energy:

a) Installation of various machinery and equipments to increase generation of steam as well as to reduce consumption of steam and fuel.

b) Installation of new fuel efficient, higher capacity boilers to save fuel consumption. One new turbine of 3 MW has also been installed to increase efficiency in power generation with lower steam consumption.

c) Vapour line juice heaters have been installed for waste heat recovery.

d) Continuous pans have been installed for reducing steam consumption.

e) Thyrester drive AC Motors have been installed on centrifugal machines for energy saving.

f) Installation of high efficiency injection and spray pumps for reducing energy consumption.

g) Installation of steam traps at various steam line drain for saving steam energy.

h) Installation of water recycling pumps for conservation of water resources as well as energy saving. Due to this total number of tubewells in operation has reduced.

i) Installation of two numbers fast boiling low head Calandria Pan which has reduced boiling time as well as saving in fuel energy.

j) Installation of one number vapour cell to enhance boiling process with steam economy as well indirectly helping crushing speed.

k) Installation of Pan Feed Auto Control for steam economy.

l) Automation in injection water control for pans installed for energy saving.

m) Complete combustion control automation being introduced in three boilers for fuel saving.

n) The Company has installed a new bio gas digester and 25 TPH Boiler at its Distillery, which will be commissioned during the current year.

The required data with regard to conservation of energy is furnished below :

(A) Power & Fuel Consumption :

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
1. Electricity:				
a) Purchased :				
Units (in lakh)	--	5.39	--	5.25
Total amount (Rs. in lakh)	--	34.49	--	34.68
Rate/Unit (Rs.)	--	6.41	--	6.61
b) Own Generation :				
i) Through Diesel Generator :				
Units (in lakh)	24.71	3.96	30.90	3.87
Units per litre of diesel-oil	2.91	2.71	2.86	2.70
Cost/Unit (Rs.)	10.35	10.30	8.65	8.61
ii) Through Steam Turbine/Generator :				
Units (in lakh)	419.47	--	341.23	--
Units per litre of fuel oil/gas	Not ascertainable as the bagasse which			
Cost/Unit (Rs.)	is a by-product is being used as fuel			
2. Coal :				
Quantity (Tonnes)	121.81	925.00	252.96	612.00
Total Cost (Rs. in lakh)	7.02	30.38	12.87	16.97
Average Rate (Rs.)	5,760.83	3,284.57	5,086.09	2,773.69
3. Furnace Oil : (T.D.Oil for Dryers)				
Quantity (Litres in lakh)	--	0.27	--	1.41
Total amount (Rs. in lakh)	--	5.59	--	24.17
Average Rate (Rs.)	--	20.78	--	17.10
4. Others/Internal generation	--	--	--	--
(B) Consumption per unit of production :	No standard has been fixed			
Products (Sugar in lakh qtls.& Tea in lakh kgs.)	17.72	10.91	16.87	10.88
Electricity	25.07	0.86	22.06	0.84
Furnace Oil	--	0.02	--	0.13
Coal (in kgs.)	--	0.85	--	0.56
Others (specify)	--	--	--	--

II. Research & Development and Technology Absorption:

The Company has been carrying out Research & Development in the following specific areas :

i) Heat treatment therapy to treat cane seed to make it disease free.

ii) Maintenance of three tier seed nurseries to provide healthy cane seed of desired varieties to cane growers to boost sugarcane production.

iii) Prophylactic measures are being taken by adoption of integrated pest management technology.

iv) Ratoon management to increase ratoon cane production per unit area.

v) Seed multiplication by single bud culture of new varieties.

vi) Using support of UP Sugarcane Research Station, Shahjahanpur for latest sugarcane varieties and their production technology.

vii) Procurement of cane seed of early and high sugared varieties from outside factory areas as well as different Sugarcane Research Stations for enhancement of area under these varieties in our different zones.

viii) Applying recommended plant hormones, growth regulators and micro nutrients for improvement in yield at Tea Gardens.

ix) Testing of promising varieties for their performance through All India and Zonal and Manurial Varietal Trials.

x) Applying more organic manures and to reduce use of chemical fertilisers for improvement in yield and quality. Integrated nutrients management programme has been introduced for reclamation of deteriorating soil health in the area.

xi) Implementation of poly bag seed multiplication, paid-crop system of cane plantation to encourage the new system of cane planting.

Owing to above efforts, higher yield of disease free cane is being made available to the Company's sugar mills resulting in higher return to cane growers. This has also contributed in higher recovery.

Future plans are :

i) Continue research of better yielding disease free variety of cane by adopting measures stated above.

ii) Installation of machinery with latest technology at different stations in the factory.

iii) Installation of soil testing plant for use of correct doses of fertilisers.

iv) To extend the area of early maturing high sugar content sugarcane varieties to get better recovery in early months of cane crushing.

v) Neem cake use for control of leaching of nitrogenous fertiliser from soil at Tea Garden.

The Company has not imported any technology

III. Foreign Exchange Earnings and Outgo

a) Activities relating to exports, initiatives taken to increase exports b) Development of new export markets for products and services and export plan		Sugar is generally exported through Indian Sugar Exim Corporation Ltd. The Government has allowed exports through merchant exporters also.
c) Earnings in Foreign Exchange	–	Rs. 1457.67 lakh
d) Expenditure in Foreign Currency	–	Rs. 8.33 lakh

Statement pursuant to Section 212 of the Companies Act, 1956

The entire subscribed equity capital of Uttar Pradesh Trading Company Limited as on 31st March, 2006 was held by the Company.

The net aggregate amount of the profits of the subsidiary Company for the last as well as the previous financial years which concern the members of the Company but have not been dealt with in or for the purposes of the accounts of the Company amounts to Rs. 149.40 lakh and Rs. 899.52 lakh respectively.

Since the close of the accounts of the subsidiary Company on 31st March, 2006 no change has taken place in the holding Company's interest in the subsidiary Company nor has any material change taken place in the subsidiary Company in regard to any of the matters specified in Section 212(5)(b) of the Companies Act, 1956, except that the monies lent by the subsidiary Company increased by Rs. 19.00 lakh and investments decreased by Rs. 35.07 lakh.

S. K. Poddar	C. S. Nopany	Nandini Nopany
Secretary	*Director*	*Chairperson-cum-Mg. Director*

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 30th June, 2006

Name	Designation	Remuneration Rs.	Nature of Duties	Qualification	Experience (years)	Age (years)	Date of commencement of employment	Last employment held
Employed throughout the year :								
Shri C.B. Patodia	Advisor	54,07,748	Advisory	Intermediate	38	57	February, 1990	The New Swadeshi Sugar Mills Ltd., Narkatiaganj
Employed for part of the year :								
Smt. Nandini Nopany	Mg. Director	22,35,000	Overall management of the affairs of the Company	I.C.S.E.	33	59	October, 1995	None

Notes :

1. The remuneration includes salary, Company's contribution to provident fund and perquisites but does not include contribution to gratuity fund.
2. The appointment in respect of Managing Director is contractual.
3. Other terms and conditions are as per rules of the Company.
4. Shri C.S. Nopany, a Director of the Company, is a relative of Smt. Nandini Nopany.

For and on behalf of the Board

Place : Kolkata
Date : 18th August, 2006

Nandini Nopany
Chairperson-cum-Mg. Director

Upper Ganges Sugar & Industries Ltd.

Report on Corporate Governance

1. Company's Philosophy

The Company believes that good Corporate Governance consists of a combination of business practices which result in enhancement of the value of the Company to its shareholders and simultaneously enable the Company to fulfil its obligations to other stakeholders such as customers, employees and financiers, and to the society in general. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company makes its best endeavours to uphold and nurture these core values in all aspects of its operations.

2. Board of Directors

The Board is headed by Smt. Nandini Nopany, Chairperson-cum-Managing Director and is composed of eminent persons with considerable professional experience in various fields. The present strength of the Board of Directors is eleven, of which ten are non-executive Directors and one Managing Director. The Board has more than the required number of independent directors. Except Shri C.S. Nopany who is holding 39,600 (0.34%) Equity Shares, no other non-executive Director is holding any equity share of the Company.

3. Board Meetings and Committee Meetings

i) With a view to institutionalise all corporate affairs and set up systems and procedures for advance planning for matters requiring discussions/ decisions by the Board, the Company has defined guidelines for the meeting of the Board of Directors and Committees thereof. These guidelines seek to systematise the decision making process at the meetings of the Board/Committees in an informed and most efficient manner.

ii) The Company holds minimum of four Board Meetings in each year. The meetings are held at the Company's Corporate Office at "Birla Building", 9/1, R.N. Mukherjee Road, Kolkata 700 001.

iii) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/ decisions in the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board Meetings.

iv) The Chairperson-cum-Managing Director and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.

v) Agenda papers are circulated to the Directors in advance. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.

vi) In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance or at the meeting.

During the year under review seven Board Meetings were held on 16th August, 2005, 23rd September, 2005, 27th October, 2005, 19th January, 2006, 20th February, 2006, 28th March, 2006 and 29th April, 2006. The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also the number of directorships in Indian public limited companies are as follows :

Name of Director	Category of Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships	No. of Chairmanship/ Membership of Board Committees	
					Chairman	Member
Smt. Nandini Nopany	MD	5	No	8	–	2
Shri C.S. Nopany	NED	6	No	13	2	2
Shri R.K. Choudhury	NED	3	No	9	–	2
Shri G.K. Bhagat	I/NED	6	No	1	1	1
Shri Bhaskar Mitter	I/NED	5	No	6	2	5
Lt. Gen. K. Chiman Singh (Retd.)	I/NED	2	Yes	1	1	–
Shri Gaurav Swarup	I/NED	5	No	8	–	1
Shri Supriya Gupta	I/NED	7	No	12	4	2
Shri Sunil Kanoria	I/NED	4	No	5	1	2
Shri L.P. Aggarwal (Nomination by IDBI withdrawn on 02.05.2006)	I/NED/ND	4	No	–	–	–
Shri P.K. Lakhotia (Appointed on 16.08.2005)	NED	–	No	2	–	–
Shri I.P. Singh Roy (Appointed on 23.09.2005)	I/NED	4	No	2	–	–
Shri G. Dhurka (Resigned w.e.f. 16.08.2005)	I/NED	1	No	–	–	–

MD - Managing Director
NED - Non Executive Director
ND - Nominee Director
I - Independent

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Membership/Chairmanship of only the Audit Committee and the Shareholders'/ Investors' Grievance Committee of all public limited companies has been considered.

4. Committees of the Board

The Board of Directors has constituted four Committees of the Directors with adequate delegation of powers for prompt disposal of matters concerning the day to day affairs of the Company. These Committees are Finance & Corporate Affairs Committee, Audit Committee, Investors' Grievance Committee and Remuneration Committee. The Committees meet as often as required. The details of Audit Committee and Investors' Grievance Committee are as follows -

i) Audit Committee

a) Composition

The Board has constituted an Audit Committee, which at present comprises of four non-executive Directors viz. Lt. Gen. K. Chiman Singh (Retd.) (Chairman), Shri R.K. Choudhury, Shri G.K. Bhagat and Shri

Supriya Gupta, of whom three including the Chairman, are independent. Shri S.K. Poddar, Company Secretary, is the Secretary of the Committee. During the year the Committee met eight times and attendance of the members at the meetings was as follows :

Name of the Member	Status	No. of meetings attended
Lt. Gen. K. Chiman Singh (Retd.)	Chairman	1
Shri R.K. Choudhury	Member	3
Shri G.K. Bhagat	Member	8
Shri Supriya Gupta	Member	6

The Secretary of the Company who is also acting as Secretary of the Audit Committee attended the meetings. At the invitation of the Committee, the Internal Auditors, Statutory Auditors and Cost Auditors also attended the Audit Committee Meetings to answer and clarify the queries raised at the Meetings.

b) Terms of Reference

The terms of reference of Audit Committee include the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee reviews reports of the internal auditors, adequacy of internal audit, meets the statutory auditors periodically and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors, compliance of accounting standards applicable to the Company and other related matters and reviews major accounting policies followed by the Company. The Committee also reviews the Cost Audit Reports as submitted by the Cost Auditors relating to Sugar & Industrial Alcohol. The quarterly and annual financial statements before submission to the Board are reviewed by the Committee. The Committee recommends the appointment and removal of Statutory Auditors, Cost Auditors and Internal Auditors and fixation of their remuneration. The minutes of the Audit Committee Meetings are confirmed by the Board of Directors.

ii) Investors' Grievance Committee

a) Composition

The Committee, presently, comprises of three non-executive Directors viz. Shri G.K. Bhagat (Chairman), Shri C.S. Nopany and Shri B. Mitter. Shri S.K. Poddar, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges. During the year the Committee met two times and the attendance of the members at the meetings was as follows :

Name of the Member	Status	No. of meetings attended
Shri G.K. Bhagat	Chairman	2
Shri C.S. Nopany	Member	2
Shri B. Mitter	Member	1

b) Terms of Reference

The Committee oversees the performance of Intime Spectrum Registry Limited, the Registrar & Share Transfer Agent of the Company and recommends measures to improve the level of investor related services. The Committee deals with the applications for transfer/ transmission of shares, subdivision and consolidation of share certificates and issue of duplicate share certificates, etc. The Committee also keeps a close watch on all complaints/grievances of shareholders. During the year under review the Company received 54 complaints/grievances from the shareholders, which were duly attended. The average period of redressal of grievances is 7 days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June 2006. There were no share transfer applications pending for registration on 30th June 2006.

5. Remuneration Committee

Though the constitution of the Remuneration Committee is not mandatory, the Company has constituted the Remuneration Committee. The Committee, presently, comprises of three independent non-executive Directors, viz. Shri I.P. Singh Roy (Chairman), Shri G.K. Bhagat and Shri B. Mitter. Shri L.P. Aggarwal (IDBI Nominee) ceased to be a Member of the Committee with effect from 2nd May 2006. One meeting of the Committee was held during the year, which was attended, by Shri I.P. Singh Roy, Shri G.K. Bhagat, Shri B. Mitter and Shri L.P. Aggarwal. The Secretary of the Company who is also acting as Secretary of the Remuneration Committee attended the meeting.

6. Remuneration of Directors

Details of remuneration paid to the Directors for the year 2005-06 :

i) Executive Director

Managing Director	Salary (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)
Smt. Nandini Nopany	19,95,000	–	2,40,000

Smt. Nandini Nopany has been re-appointed as Managing Director of the Company for a further period of 5 years with effect from 1st October, 2005. The salary of Smt. Nandini Nopany has been increased from Rs. 1,80,000 per month to Rs. 2,50,000 per month by the Board of Directors with effect from 1st July, 2006. A Resolution along with explanatory statement for the approval of the shareholders has been included in the Notice convening the Annual General Meeting.

Smt. Nandini Nopany's remuneration package includes salary, free furnished accommodation with all expenses for upkeep and maintenance thereof, contribution to Provident Fund, reimbursement of medical expenses, leave travel concession, car with driver and telephone.

ii) Non-Executive Directors

The Company pays remuneration to its non-executive Directors by way of commission upto 1% of the net profits for all directors put together with the maximum ceiling of Rs. 40,000 per director. The details of sitting fee paid during the year 2005-06 are as follows:

Sl. No.	Name of the Director/ Institution	Amount (Rs.)
1.	Smt. Nandini Nopany	42,500
2.	Shri C.S. Nopany	50,000
3.	Shri R.K. Choudhury	22,500
4.	Shri G.K. Bhagat	77,500
5.	Shri Bhaskar Mitter	52,500
6.	Lt. Gen. K. Chiman Singh (Retd.)	15,000
7.	Shri Gaurav Swarup	25,000
8.	Shri Supriya Gupta	50,000
9.	Shri Sunil Kanoria	20,000
10.	Industrial Development Bank of India Ltd.*	22,500
11.	Shri G. Dhurka	7,500
12.	Shri P.K. Lakhotia	–
13.	Shri I.P. Singh Roy	20,000

* For the meetings attended by Nominee Director of IDBI

7. Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites, bonus, exgratia, etc. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled by him, individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognise their contribution, retain talent in the organisation and reward merits.

8. Internal Control System

The Internal Control System of the Company is aimed at proper utilisation and safeguarding of the Company's resources and also at promoting operational efficiency. The Internal Audit of the Company is conducted by various firms of Chartered Accountants. The findings of the Internal Audit and consequent corrective actions initiated and implemented from time to time are placed before the Audit Committee. The Audit Committee reviews such audit findings and the adequacy of Internal Control System.

9. 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. The current strength of management staff is 85 and non-management staff is 648.

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

10. General Body Meetings

The last three Annual General Meetings of the Company were held as under :

Financial Year	Date	Time	Location
2004-2005	30.03.2006	11.00 a.m.	Registered Office : Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2003-2004	09.12.2004	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2002-2003	07.11.2003	10.30 a.m.	Registered Office : Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746

Special resolutions were passed at the Annual General Meeting held on the 30th March, 2006 for approval for continuation of payment of commission to Directors, not exceeding @ 1% of net profits for a further period of five years, with effect from 1st April 2006, on 9th December, 2004 for amendment of Article 75 of the Articles of Association of the Company pertaining to sitting fees to Directors and on 7th November, 2003 for delisting of the Company's shares from Uttar Pradesh Stock Exchange Association Ltd.

The last Annual General Meeting held on 30.03.2006 was duly attended by Lt. Gen. K. Chiman Singh (Retd.), Chairman of the Audit Committee.

11. Postal Ballot

No resolution was passed last year through postal ballot. At the ensuing Annual General Meeting an Ordinary Resulation for disposal of a unit of the Company is proposed to be passed by postal ballot, the result of which will be declared on Thursday, the 5th October 2006 at 11.00 A.M. at the Registered Office of the Company at P.O. Seohara, Dist. Bijnor (U.P).

12. Disclosures

i) There were no pecuniary relationships or transactions with the non-executive directors, apart from payment of sitting fees and commission.

ii) There were no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have a potential conflict with the interest of the Company at large.

iii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.

13. Risk Management:

The Company has in place a Risk Management Policy, which lays down a robust and dynamic process for identification and mitigation of risks. This policy has been adopted by the Audit Committee as well as the Board of Directors of the Company. The Audit Committee reviews the risk management and mitigation plan from time to time.

14. Means of Communication

i) Since the financial results in respect of each quarter and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board/Committee and posted on the Company's Website and also published in 'Business Standard', in English in Kolkata and Mumbai editions and 'Hindustan', in Hindi in Lucknow edition, the same were not separately sent to the shareholders.

ii) The financial results are simultaneously posted on the Company's website at www.birla-sugar.com/upperganges. Distribution of shareholdings is also displayed on the website.

iii) The quarterly, annual financial results, annual report & accounts and shareholding pattern are simultaneously filed on the Electronic Data Information Filing and Retrieval (EDIFAR) Website maintained by National Informatics Centre in association with SEBI. The site can be accessed at www.sebiedifar.nic.in.

iv) Management Discussions & Analysis Report which is forming a part of the Annual Report includes discussions on industry structure and developments, opportunities and threats, segment wise performance, outlook, risks and concerns and discussions on financial performance with the operational performance.

15. General Shareholders' Information

i) **74th Annual General Meeting**

Day : Friday
Date : 3rd November, 2006
Time : 11 A.M.
Venue : Registered Office -
Sugar Mills Complex
P.O. Seohara, Dist. Bijnor
Uttar Pradesh - 246 746

ii) **Tentative Financial Calendar for the year 2006-07**

Audited Annual Results (2005-06)	17th August, 2006
Publication of Audited Results	18th August, 2006
Mailing of Annual Report	October, 2006
First Quarter Results	End October, 2006
Second Quarter Results	End January, 2007
Third Quarter Results	End April, 2007
Audited Annual Results (2006-07)	August, 2007

iii) **Book Closure**

The Register of Members and Share Transfer Books of the Company shall remain closed from the 27th October 2006 to the 3rd November 2006 (both days inclusive).

iv) **Dividend Payment Date**

The Directors have recommended a dividend @ Rs.5.00 per equity share for the year ended 30th June 2006. The dividend will be paid after 3rd November 2006.

v) **Listing on Stock Exchanges and Stock Codes**

The names of the stock exchanges at which the Equity Shares of the Company are listed and the respective stock codes are as under :

Sl. No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd.	530505
2.	The National Stock Exchange of India Ltd.	UPERGANGES
3.	The Calcutta Stock Exchange Association Ltd.	10031097

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE018B01012.

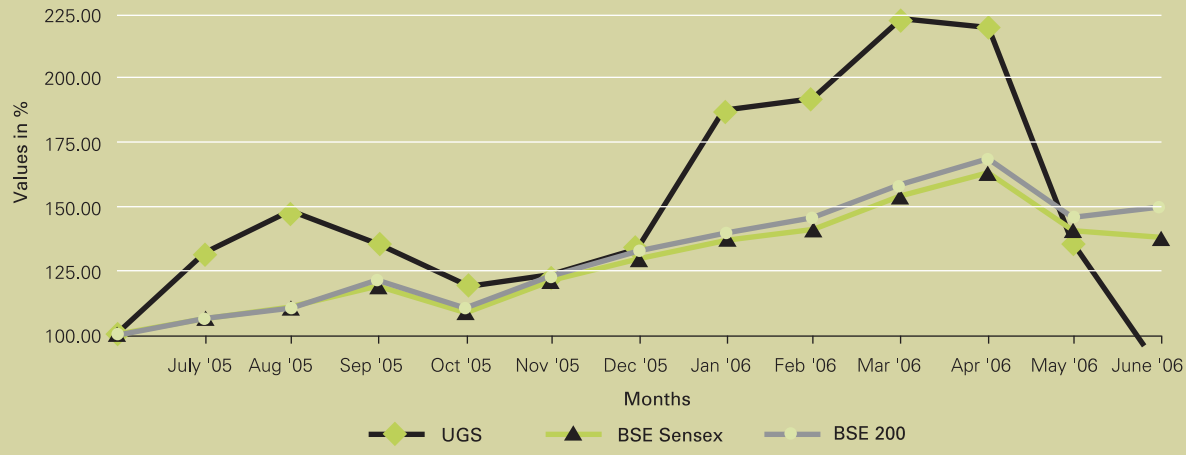
vi) **Market Price data**

Monthly high/low of market price of the Company's Equity Shares traded on Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd. during the last financial year was as follows :

Month	Bombay Stock Exchange Ltd.		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July, 2005	295.00	198.00	295.20	196.00
August, 2005	344.00	245.10	375.00	242.30
September, 2005	304.90	246.10	302.00	240.15
October, 2005	280.00	195.00	280.00	196.20
November, 2005	268.00	220.60	269.20	212.10
December, 2005	285.00	226.00	284.90	229.00
January, 2006	445.80	259.00	446.50	259.05
February, 2006	459.35	365.05	457.65	357.00
March, 2006	441.15	366.00	444.60	365.00
April, 2006	482.45	413.25	482.00	412.00
May, 2006	457.25	266.85	436.00	270.95
June, 2006	282.90	154.20	285.50	155.00

vii) **Performance of Company's Equity Shares in comparison to BSE Sensex and BSE 200**

A graphical presentation is as follows:



viii) **Registrar & Share Transfer Agent**

The Company has appointed Intime Spectrum Registry Ltd. as its Registrar & Share Transfer Agent (RTA) for handling work related to share registry in terms of both physical and electronic modes. Accordingly, all correspondence, shares for transfer, demat/remat requests and other communication in relation thereto should be mailed/hand delivered to the said RTA directly at the following address:

Intime Spectrum Registry Ltd.
Unit : Upper Ganges Sugar & Industries Ltd.
59C, Chowringhee Road, 3rd Floor
Kolkata - 700 020
Tel : 91 033 2289 0540
Fax : 91 033 2289 0539
e-mail : kolkata@intimespectrum.com

ix) **Share Transfer System**

After the requests for transfer/ transmission of shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and despatch to the shareholders. The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares in consultation with the Chairman of the Investors' Grievance Committee. Share transfer requests, if found valid and complete in all respects, are normally effected within a period of 15 days from the date of receipt. A total of 9011 shares were transferred/ transmitted during the year 2005-06. The dematerialised shares are directly transferred to the beneficiaries by the Depositories.

x) **Distribution of Shareholding**

a) The Distribution of Shareholding as on 30th June, 2006 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 - 100	4,911	64.62	2,32,620	3.32
101 - 500	1,856	24.42	4,90,567	7.00
501 - 1000	413	5.43	3,18,297	4.54
1001 - 2000	178	2.34	2,68,094	3.83
2001 - 3000	77	1.01	2,01,421	2.88
3001 - 4000	31	0.41	1,14,367	1.63
4001 - 5000	27	0.36	1,27,619	1.82
5001 - 10000	45	0.59	3,25,534	4.65
10001 and above	62	0.82	49,25,868	70.33
Total	**7,600**	**100.00**	**70,04,387**	**100.00**

b) Details of Shareholding as on 30th June, 2006 was as follows

Category	No. of Shares held	% of Shareholding
Promoters/ persons acting in concert	27,86,322	39.78
Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	1,17,591	1.68
Private Bodies Corporate	11,29,245	16.12
Indian Public	28,45,347	40.62
NRIs/ OCBs / FIIs / Foreign Nationals	1,25,952	1.80
Total	**70,04,387**	**100.00**

xi) **Dematerialisation of Shares and Liquidity**

The Equity Shares of the Company are compulsorily traded in dematerialised form at all the stock exchanges viz. Bombay Stock Exchange Ltd., The National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Association Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. Over 90% of the Equity Shares of the Company have already been dematerialised.

xii) **Insider Trading**

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

xiii) **Code of Conduct & Ethics**

The Company has adopted a Code of Conduct and Ethics (Code) for the members of Board of Directors and Senior Management Personnel of the Company. The essence of the Code is to conduct the business of the Company in an honest and ethical manner, in compliance with applicable laws and in a way that excludes considerations of personal advantage. All Directors and Senior Management Personnel have affirmed compliance with the Code, and a declaration to this effect, signed by the Managing Director, is attached to this report.

xiv) **Location of Plants:**

Sugar Mills :

a) Seohara, Dist. Bijnor, Uttar Pradesh, Pin - 246746

b) Sidhwalia, Dist. Gopalganj, Bihar, Pin - 841428

c) Hasanpur, Dist. Samastipur, Bihar, Pin - 848205

Distillery

Seohara, Dist. Bijnor, Uttar Pradesh, Pin - 246746

Tea Garden

Cinnatolliah Tea Garden
Lakhimpur North, Assam,
Pin - 787001

xv) **Address for Correspondence :**

The Secretary,
Upper Ganges Sugar & Industries Ltd.
9/1, R.N. Mukherjee Road
5th Floor, Birla Building
Kolkata - 700 001, India
Tel : 91 - 033 - 2243 0497/8
Fax : 91 - 033 - 2248 6369
e-mail : birlasugar@birla-sugar.com

Intime Spectrum Registry Ltd.
Unit : Upper Ganges Sugar & Industries Ltd.
59C, Chowringhee Road
3rd Floor, Kolkata - 700 020
Tel : 91-033-2289 0540
Fax : 91-033-2289 0539
e-mail : kolkata@intimespectrum.com

16. Non-Mandatory Requirements

The Company has constituted a Remuneration Committee during the year 2002-03.

17. Re-appointment of Directors

Three non-executive Directors namely Shri R.K. Choudhury, Shri G.K. Bhagat and Shri Sunil Kanoria are due for retirement by rotation at the forthcoming Annual General Meeting. Brief particulars of the said Directors are given below :

i) Shri R.K. Choudhury, aged 70 years, is a Bachelor of Law. He is a Senior Partner in Khaitan & Co., Advocates and Notaries, and is a leading Advocate having wide experience in the matter of taxation, corporate planning and international arbitration. He is a member of International Bar Association, Supreme Court Bar Association, Bar Council of India and Indian Council of Arbitration. Besides being an Advocate, he is also a social worker and is associated with several social and philanthropic organisations. He is on the Board of several leading companies of India. He joined the Board of the Company in the year 1979.

Names of Indian public limited companies in which Shri R.K. Choudhury is Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Upper Ganges Sugar & Industries Ltd.	Audit Committee	Member
2.	Birla VXL Ltd.	Investors' Grievance Committee	Member
3.	Balrampur Chini Mills Ltd.	–	–
4.	Reliance Bengal Industries Ltd.	–	–
5.	Lynx Machinery & Commercials Ltd.	–	–
6.	Puja Corporation Ltd.	–	–
7.	RKDK International Ltd.	–	–
8.	Khaitan Consultants Ltd.	–	–
9.	Elpro International Ltd.	–	–

ii) Shri G.K. Bhagat, aged 80 years, received his Master's Degree in Ceramic Technology from the Ohio State University, Columbus, Ohio, United States of America. He was the Managing Director of Bengal Potteries Ltd. Shri Bhagat is the past President/Chairman of Indian Chamber of Commerce, Kolkata, Indian Ceramic Society, All India Pottery Manufacturers Association and Chemical & Allied Products Export Promotion Council. He joined the Board of the Company in February 1973.

Names of Indian public limited companies in which Shri G.K. Bhagat is Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Upper Ganges Sugar & Industries Ltd.	Audit Committee	Member
		Investors' Grievance Committee	Chairman

iii) Shri S. Kanoria, aged 41 years, is a Member of the Institute of Chartered Accountants of India. Shri Kanoria is a Member of the Governing Council of Finance Industry Development Council and Construction Industry Development Council, and Member of the Management Committee of ASSOCHAM and Construction Technician's Training Institute, Hyderabad. He is the Governor of Indian Society for Trenchless Technology and Committee Member of the Working Group on Construction for the Tenth Five Year Plan. He is also the past President of Merchants' Chamber of Commerce and Federation of Indian Hire Purchase Association. He joined the Board of the Company in August 2004.

Names of Indian public limited companies in which Shri S. Kanoria is a Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Upper Ganges Sugar & Industries Ltd.	–	–
2.	SREI Infrastructure Finance Ltd.	Share Transfer & Investors' Grievance Committee Audit Committee	Member Member
3.	Quipo Infrastructure Equipment Ltd.	Audit Committee	Chairman
4.	NAC Infrastructure Equipment Ltd.	–	–
5.	Aermid SREI Health Care Finance Ltd.	–	–

Declaration by the Managing Director on Code of Conduct

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Nandini Nopany, Chairperson-cum-Managing Director of Upper Ganges Sugar & Industries Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2005-06.

Nandini Nopany
(Chairperson-cum-Managing Director)

Kolkata
Dated: 17th August, 2006

Auditors' Certificate

To

The Members of **Upper Ganges Sugar & Industries Limited.**

We have examined the compliance of conditions of Corporate Governance by Upper Ganges Sugar & Industries Limited, for the year ended on 30th June, 2006, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For. **S.R. BATLIBOI & CO.**
Chartered Accountants
per **R. K. Agrawal**
a Partner
Membership No. 16667

22, Camac Street,
Block 'C', 3rd Floor,
Kolkata - 700 016, India

Date: August 17, 2006

Financial Section

AUDITORS' REPORT

To the Members of
Upper Ganges Sugar & Industries Limited

We have audited the attached Balance Sheet of UPPER GANGES SUGAR & INDUSTRIES LIMITED as at 30th June, 2006 and also the Profit and Loss Account 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.

We 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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 statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us;

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

(e) On the basis of written representations received from the directors as on 30th June, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2006 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

(f) Attention is drawn to the following notes on Schedule - 25 :-

(i) Note Nos. 6 and 7 regarding non-adjustment of certain realisations in earlier years aggregating to Rs.118.18 lacs (previous year Rs. 157.69 lacs) and non-provision of interest payable thereon, if any, in case of refund of such realisations. As the matters are under adjudication / not yet settled, the impact of above non-adjustment on the Company's profit is not presently ascertainable;

(ii) Note No.11 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2006 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2006 in these statements of account, the impact whereof on the Company's profit, reserves, assets and liabilities has not been ascertained.

In respect of the above items, the previous year's audit report was similarly modified.

Subject to the above, whose impact on the Company's profit is not presently ascertainable, and read together with other 'NOTES' appearing on Schedule - 25, the said Statements of Account, in our opinion and to the best of our information and according to explanations given to us, 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 Balance Sheet, of the state of affairs of the Company as at 30th June, 2006;

(b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

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

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Date : 17th August, 2006

ANNEXURE TO THE AUDITORS' REPORT

Referred to in our report of even date to the members of Upper Ganges Sugar & Industries Limited as at and for the year ended 30th June, 2006

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature and value of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on such physical verification.

(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the requirements of sub clauses (b) to (d) of clause (iii) of the order are not applicable.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the requirements of sub clauses (f) and (g) of clause (iii) of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.

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

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with by the Company. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any other Tribunal.

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records in respect of Sugar and Industrial Alcohol under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company has been regular in depositing 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 other material statutory dues with appropriate authorities *though there has been slight delays in few cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding in respect of sales tax, income tax, custom

duty, wealth tax, service tax, excise duty and cess on account of any dispute are as follows:

Name of the statute	Nature of dues (Rs in lacs)	Amount which the amount relates	Period to dispute is pending	Forum where
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on inputs and capital goods	102.30	1997-2006	Commissioner (Appeals)/ CESTAT/High Court
	Excise duty on burnt/ waste and loss on storage of molasses	8.95	1973-1974, 1982-1984, 1987-1988, 2003-2004	
	Service Tax on discount to wholesellers	1.93	1997-98, 1999-2000	
Prevention of (Water) Pollution Act	Water Cess	1.41	1989-1990	High Court, Allahabad
UP Trade Tax Act, 1948	Sales tax on works contract	16.20	1989-1990	High Court, Allahabad
Bihar Sales Tax	Rejection of Form F	28.24	1982-84, 1992-93, 1995-1997	Jt. Commissioner/ Commissioner Sales Tax
Assam General Sales Tax Act	Rejection of Form F	8.08	1999-2000	Commissioner, Guwahati
Bihar Sugarcane (Supply & Regulation) Act,1981	Interest on Cane cess	9.28	1980-81 to 1991-92, 1994-95 to 1996-99, 2001-2002	Certificate Officer, Samastipur, Gopalganj

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank .

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and therefore the provisions of clause 4(xiv) of the order are not applicable.

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from a bank, the terms and conditions whereof are stated to be not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.

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

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has offered shares during the year to its existing shareholders on rights basis and money received thereagainst is lying with the Banker to the Issue as on the Balance Sheet date as indicated in Note no.9 on Schedule - 25.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Prtner
Membership No. 16667

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Date : 17th August, 2006

BALANCE SHEET As at 30th June, 2006

(Rs. in lacs)

	Schedule	30th June, 2006	30th June, 2005
SOURCES OF FUNDS			
(A) Shareholders' Funds			
(a) Share Capital	1	700.44	697.94
(b) Share Application Money (Refer Note no.9 on Schedule 25)		19.06	–
(c) Share Capital Suspense		–	2.50
(d) Reserves & Surplus	2	9387.74	7250.41
		10107.24	7950.85
(B) Loan Funds	3		
(a) Secured		14410.28	19270.61
(b) Unsecured		3892.13	2555.46
		18302.41	21826.07
(C) Deferred Tax Liability (net)		2149.38	767.93
		30559.03	**30544.85**
APPLICATION OF FUNDS			
(A) Fixed Assets	4		
(a) Gross Block		21933.29	20260.35
(b) Less : Depreciation		9922.04	9222.71
(c) Net Block		12011.25	11037.64
(d) Capital Work-in-Progress		1228.68	1097.33
		13239.93	12134.97
(B) Capital Expenditure on New/ Expansion Projects	5	4222.05	1977.82
(C) Investments	6	2242.37	2242.35
(D) Current Assets, Loans & Advances			
(a) Inventories	7	11864.56	14877.91
(b) Sundry Debtors	8	510.70	241.01
(c) Cash & Bank Balances	9	520.28	269.76
(d) Other Current Assets	10	18.60	29.11
(e) Loans & Advances	11	1533.13	1572.61
		14447.27	16990.40
Less : Current Liabilities & Provisions	12	3682.74	2930.85
Net Current Assets		10764.53	14059.55
(E) Tea Department Balance		90.15	130.16
		30559.03	**30544.85**
Accounting Policies & Notes to the Accounts	25		

Schedules referred to above form an integral part of the Balance Sheet
In terms of our attached Report of even date.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

PROFIT AND LOSS ACCOUNT For the year ended 30th June, 2006

(Rs. in lacs)

	Schedule	2005-06		2004-05	
INCOME					
Gross Sales	13		44330.68		37938.50
Less: Excise Duty		2666.24		2146.71	
Cess		292.93	2959.17	283.32	2430.03
Net Sales			41371.51		35508.47
Other Income	14		155.22		321.90
Agricultural Profit/(Loss)	15		1.16		(2.65)
			41527.89		35827.72
EXPENDITURE					
Decrease in Stocks	16		2944.57		1028.97
Excise Duty & Cess on Stocks (Refer Note no. 5 on Schedule 25)			(235.03)		(137.27)
Purchase of Trading /Semi Finished Goods			428.39		1529.28
Raw Materials Consumed	17		24574.07		19499.38
Stores, Spares & Packing Materials Consumed	18		1531.64		1286.59
Fuel & Electricity			505.96		449.03
Payments to and Provisions for Employees	19		2812.19		2423.62
Manufacturing, Selling and Other Expenses	20		1885.66		1743.88
Directors' Remuneration	21		30.63		24.12
			34478.08		27847.60
Profit before Interest, Depreciation, Exceptional Items & Taxation			7049.81		7980.12
Less: Interest & Finance Charges(net)	22		1381.52		1978.29
Depreciation			936.40		858.42
			2317.92		2836.71
Profit before Exceptional Items & Taxation			4731.89		5143.41
Less: Exceptional Items (net)	23		–		3228.41
Profit before Taxation			4731.89		1915.00
Less : Provision for Taxation [including Wealth Tax Rs. 8.00 lacs (Rs.6.00 lacs)]			518.65		205.98
Minimum Alternate Tax (MAT) Credit Entitlement			(45.00)		–
Provision for Fringe Benefit Tax			14.50		3.82
Deferred Tax Liability			1381.45		335.76
Profit after Taxation			2862.29		1369.44
Add : Balance brought forward from previous year			815.85		872.17
Debenture Redemption Reserve written back			–		116.75
Profit & Loss Account debit balance transferred under Scheme of Arrangement			–		(224.18)
Profit available for Appropriation			**3678.14**		**2134.18**
APPROPRIATIONS					
Transfer to General Reserve			2000.00		1000.00
Proposed Dividend	24		577.86		279.18
Provision for Dividend Tax			81.05		39.15
Balance carried to Balance Sheet			1019.23		815.85
			3678.14		**2134.18**
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.)					
(Refer Note no.15 on Schedule 25)					
Including Exceptional Items			40.86		19.57
Excluding Exceptional Items			40.86		65.70
Accounting Policies & Notes to the Accounts	25				

Schedules referred to above form an integral part of the Profit & Loss Account
In terms of our attached Report of even date.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CASH FLOW STATEMENT For the year ended 30th June, 2006

(Rs. in lacs)

	2005-06	2004-05
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	4731.89	1915.00
Adjustments for		
Exceptional Items (net)	–	3228.41
Depreciation	936.40	858.42
Interest & Finance Charges (net of capitalisation)	1454.58	2065.66
Provision for Doubtful Debts/Advances	21.80	16.26
Bad Debts & Irrecoverable balances written off	0.10	19.24
Provision for Diminution in the value of Investments	–	25.00
Molasses Storage and Maintenance Fund	10.95	7.61
Loss/(Profit) on Fixed Assets sold / discarded/(net)	33.16	(35.60)
Interest & Dividend Income	(141.84)	(115.72)
Operating Profit before Working Capital Changes	**7047.04**	**7984.28**
Adjustments for		
Trade Payables	330.09	(830.75)
Trade & Other Receivables	(364.40)	1253.34
Inventories	3013.35	940.71
Tea Department Balance	40.01	(55.09)
	3019.05	1308.21
Cash Generated from Operations	10066.09	9292.49
Direct Taxes Paid	(462.11)	(318.71)
Cash from Operating Activities before Exceptional Items	9603.98	8973.78
Exceptional Items	–	(3326.40)
Net Cash from Operating Activities	**9603.98**	**5647.38**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	71.72	73.40
Cash balance of Sugar Division of New India Sugar Mills Ltd. (transferred under Scheme of Arrangement)	–	24.65
Loans Given (net)	67.80	(305.33)
Interest & Dividend Received	152.35	103.44
Deposit under Tea Development Account Scheme	17.48	36.48
Purchase of Fixed Assets	(4143.48)	(3302.76)
Purchase /Redemption of Investments (net)	(0.02)	–
Net Cash used in Investing Activities before Exceptional Items	(3834.15)	(3370.12)
Exceptional Items	–	100.00
Net Cash used in Investing Activities	**(3834.15)**	**(3270.12)**

CASH FLOW STATEMENT (Contd.)

(Rs. in lacs)

	2005-06	2004-05
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	3406.12	4272.77
Repayment of Loans	(6960.64)	(4413.44)
Share Application Money	19.06	–
Interest & Finance Charges Paid	(1672.37)	(2127.71)
Dividend Paid	(311.48)	(233.30)
Net Cash used in Financing Activities	**(5519.31)**	**(2501.68)**
Net Changes in Cash & Cash Equivalents (A+B+C)	**250.52**	**(124.42)**
*** Cash & Cash Equivalents - Opening Balance**	269.76	394.18
*** Cash & Cash Equivalents - Closing Balance**	520.28	269.76

* Represents Cash and Bank balances as indicated in Schedule - 9

In terms of our attached Report of even date.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–1 SHARE CAPITAL		
Authorised		
1,60,00,000 Equity Shares of Rs. 10 each	1600.00	1600.00
16,00,000 Preference Shares of Rs. 100 each	1600.00	1600.00
	3200.00	**3200.00**
Issued, Subscribed and Paid-up		
70,04,387 Equity Shares of Rs. 10 each fully paid	700.44	697.94
(69,79,378)		
Add : Forfeited Shares (amount originally paid-up)	– (b)	–
	700.44	**697.94**

Notes:

(a) Out of the above, 37,01,945 Equity Shares have been issued / allotted as fully paid bonus shares by capitalisation of Securities Premium & General Reserve and 1,20,496 (95,487) Equity Shares have been allotted as fully paid-up for consideration other than cash

(b) The actual amount being Rs. 50 only, has not been shown above.

SCHEDULE–2 RESERVES & SURPLUS		
Capital Reserve		
As per last Account	19.97	19.97
	19.97	**19.97**
Capital Redemption Reserve		
As per last Account	327.00	327.00
	327.00	**327.00**
General Reserve		
As per last Account	5606.36	4481.11
Add : Excess of Assets over Liabilities in respect of Sugar Division of New India Sugar Mills Ltd. transferred to the Company under Scheme of Arragement	–	125.25
Transfer from Profit & Loss Account	2000.00	1000.00
	7606.36	**5606.36**
Securities Premium		
As per last Account	387.69	387.69
	387.69	**387.69**
Debenture Redemption Reserve		
As per last Account	–	116.75
Less : Transfer to Profit & Loss Account	–	116.75
	–	**–**
Molasses & Alcohol Storage & Maintenance Reserve		
As per last Account	93.54	75.05
Add: Transferred under Scheme of Arrangement	–	10.88
Provided during the year	10.95	7.61
	104.49	**93.54**
Less : Utilised during the year	77.00	–
	27.49	**93.54**
Surplus as per Profit & Loss Account	1019.23	815.85
	9387.74	**7250.41**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–3 LOAN FUNDS		
(A) SECURED LOANS		
Term Loans		
From Financial Institutions / Banks		
Under Project Finance Scheme	651.25	1106.25
Under Corporate Loan Scheme	3229.17	6592.50
From Sugar Development Fund	1276.66	1237.90
Other Loans		
From Scheduled Banks on Cash Credit Account	9253.20	10333.96
	14410.28	**19270.61**
(B) UNSECURED LOANS		
Corporate Loan from a Scheduled Bank	1000.00	–
From the Subsidiary Company (not bearing interest)	346.00	101.00
From Co-operative Farming Societies	165.01	226.56
Inter Corporate Loans	1291.50	1185.00
Fixed Deposits from Staff & Others	1060.87	1022.57
Trade & Other Deposits (partly not bearing interest)	28.75	20.33
	3892.13	2555.46
	18302.41	**21826.07**

Notes:

1 Term loans from financial institutions / banks are secured by first mortgage and charge on all the immovable and movable assets, present and future, of the Company's Seohara Sugar Unit, Seohara Distillery Unit, Hasanpur Sugar Unit and Sidhwalia Sugar Unit; ranking pari passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.

2 Term loan from Sugar Development Fund is secured by a second charge on the immovable and movable assets, present and future, of the Company's Sidhwalia Sugar Unit and includes Rs. 307.57 lacs (Rs. 268.81 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.

3 Cash credit borrowings are secured by hypothecation of entire current assets of the Company, and further secured by a charge on the immovable assets of the Company as follows -

a) Tea Garden - First Charge

b) Seohara Sugar Unit - Second Charge (ranking pari-passu between the lenders)

c) Sidhwalia Sugar Unit - Third Charge

d) Hasanpur Sugar Unit - Second Charge

Further, Cash Credit Borrowings include Working Capital Demand Loan of Rs. 2500.00 lacs (Rs. 6000.00 lacs) and Foreign Currency Demand Loan of Rs. NIL (Rs. 1082.25 lacs).

4 The above loans include Rs. 5328.85 lacs (Rs. 5473.96 lacs) falling due for payment within one year.

SCHEDULES TO THE BALANCE SHEET

SCHEDULE–4 FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK AS AT	
	As at 30th June, 2005	Assets Transferred under Scheme of Arrangement	Additions/ Adjust-ments	Deductions/ Adjust-ments	As at 30th June, 2006	Upto 30th June, 2005	Transferred under Scheme of Arrangement	For the Year	Less: on Deductions/ Adjustments	Up to 30th June, 2006	30th June, 2006	30th June, 2005
Freehold Land	71.97	–	161.91	–	233.88 (c)	0.11	–	–	–	0.11	233.77	71.86
Leasehold Land	94.55	–	–	–	94.55	81.04	–	4.50	–	85.54	9.01	13.51
Tea Plantations	2.39	–	–	–	2.39	1.88	–	0.11	–	1.99	0.40	0.51
Buildings (including on leasehold land)	2273.43	–	90.89	7.86	2356.46	439.51	–	42.22	5.43	476.30	1880.16	1833.92
Plant & Machinery	17269.92	–	1637.62 (e)	301.05	18606.49	8407.36	–	849.59	204.77	9052.18	9554.31	8862.56
Railway Sidings	1.89	–	–	–	1.89	1.81	–	–	–	1.81	0.08	0.08
Furniture & Fixtures	259.41	–	21.26	8.41	272.26	165.22	–	18.46	5.93	177.75	94.51	94.19
Tube-wells	89.87	–	3.76	–	93.63	21.58	–	1.74	–	23.32	70.31	68.29
Trucks & Conveyance	196.92	–	99.45	24.63	271.74	104.20	–	19.78	20.94	103.04	168.70	92.72
	20260.35	–	2014.89	341.95	21933.29	9222.71	–	936.40	237.07	9922.04	12011.25 (d)	11037.64
Add: Capital Work-in- Progress	1097.33	–	1790.91	1659.56 (b)	1228.68 (f)	–	–	–	–	–	1228.68	1097.33
Total	**21357.68**	**–**	**3805.80**	**2001.51**	**23161.97 (a)**	**9222.71**	**–**	**936.40**	**237.07**	**9922.04**	**13239.93**	**12134.97**
Previous Year's Total	17738.00	2276.98	1665.95	323.25	21357.68	7569.39	873.65	858.42	78.75	9222.71	12134.97	

Notes:

a) Includes assets held in joint ownership with others Rs. 203.99 lacs (Rs.203.40 lacs).
b) Represents amount allocated to various heads of fixed assets.
c) Title deeds for Rs.36.63 lacs (Rs.36.63 lacs) are yet to be executed in favour of the Company.
d) Includes fixed assets awaiting disposal valuing Rs.20.40 lacs (Rs.17.40 lacs).
e) After adjusting Rs.77.00 lacs being the amount utilised out of Molassess and Alcohol Storage & Maintenance Reserve
f) Includes advances against purchase of fixed assets/services Rs.268.60 lacs (Rs.46.68 lacs).

	30th June, 2006	30th June, 2005
SCHEDULE–5 CAPITAL EXPENDITURE ON NEW/EXPANSION PROJECTS		
A. Land-Freehold	631.60	508.01
B. Machinery under erection	644.44	–
C. Furniture & Fixtures	4.02	4.33
D. Materials at Site	68.70	–
E. Advances against purchase of fixed assets / services	2496.15	1395.63
F. Incidental Expenditure pending allocation to Fixed Assets :		
Salary & Wages	11.19	4.75
Power & Fuel	0.71	–
Project Consultancy Charges	26.93	–
Miscellaneous Expenses	46.19	11.93
Interest	290.24	52.58
Depreciation	1.88	0.59
	4222.05	**1977.82**

SCHEDULE–6 INVESTMENTS	No. of Shares	Face Value per Share (Rs.)	30th June, 2006	30th June, 2005
LONG TERM (At Cost)				
GOVERNMENT SECURITIES				
Quoted				
11.5% U.P. State Development Loan, 2010			2.10	2.10
11.5% U.P. State Development Loan, 2011			0.70	0.70
12% U.P. State Development Loan, 2011			0.70	0.70
			3.50	**3.50**
Unquoted				
12 Years National Savings Certificates			0.01	0.01
12 Years National Plan Savings Certificates			0.08	0.08
7 Years National Savings Certificates			0.07	0.07
6 Years National Savings Certificates			0.60	0.58
			0.76	**0.74**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2006	30th June, 2005
SCHEDULE–6 INVESTMENTS (Contd.)				
EQUITY SHARES (Fully Paid)				
Quoted				
India Steamship Co.Ltd.	– #	10	–	40.70
	(371200)			
Pilani Investment & Industries Corp. Ltd.	8500	10	124.25	124.25
New India Sugar Mills Ltd.	202500	10	277.50	277.50
Chambal Fertilizers & Chemicals Ltd.	704160 #	10	98.85	58.15
	(500000)			
			500.60	**500.60**
Unquoted				
In Subsidiary Company				
Uttar Pradesh Trading Company Ltd.	163624995	1	1736.55	1736.55
			1736.55	**1736.55**
In Other Companies				
Birla Buildings Ltd.	8400	10	0.84	0.84
Bihar State Financial Corporation Ltd.	60	100	0.06	0.06
Indo International Distillers Association Pvt. Ltd.	54000 *	10	5.40	5.40
e-commodities Ltd.	250000 *	10	25.00	25.00
Chandausi Rice Mills Ltd. (value written off)	1000	10	–	–
Jaihind Publishing Company Ltd. (in liquidation, value written off)	65	25	–	–
Akhil Bharat Printers Ltd. (in liquidation, value written off)	270	100	–	–
			31.30	**31.30**
In Co-operative Farming Societies				
Krishna Sahakari Kheti Samiti Ltd.	5	100	0.01	0.01
Kuri Sanyukta Sahakari Kheti Samiti Ltd.	1	100	–	–
Keshopur Sanyukta Sahakari Kheti Samiti Ltd.	1	100	–	–
Pandia Sanyukta Sahakari Kheti Samiti Ltd.	1	100	–	–
Seohara Co-op. Cane Development Union Ltd.	1	100	–	–
Najibabad Co-op. Cane Development Union Ltd.	1	100	–	–
Nagina Co-op. Cane Development Union Ltd.	1	10	–	–
Moradabad Co-op. Cane Development Union Ltd.	1	10	–	–
			0.01	**0.01**
PREFERENCE SHARES (Fully Paid)				
Unquoted				
Raj Kamal Parkashan Pvt. Ltd.	50	100	0.05	0.05
Share Application Money				
Indo International Distillers Association Pvt. Ltd.	46000 *	10	4.60	4.60
			2277.37	**2277.35**
Less : Provision for diminution in value of Investments			35.00	35.00
			2242.37	**2242.35**
Aggregate Value of Investments				
Quoted			504.10	504.10
Unquoted			1738.27	1738.25
Market Value of Quoted Investments			365.39	352.60

Converted to 2,04,160 shares of Chambal Fertilzers & Chemicals Ltd. during the year.

SCHEDULES TO THE BALANCE SHEET

SCHEDULE–6 INVESTMENTS (Contd.)

Notes:

a. All the above Investments are Non-Trade, except those marked with an astric.

b. Out of the above, Government Securities of the face value of Rs.0.76 lac (Rs. 0.74 lac) have been deposited with the Government Authorities, of which Rs.0.73 lac (Rs.0.74 lac) have matured but are pending encashment.

c. Quotations for Government Securities of the face value of Rs.3.50 lacs being not available, cost thereof has been taken as market value.

d. In case of the above investments, where the figure appears as NIL, the cost is either written off in the the books or happens to be less than Rs.500 individually.

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–7 INVENTORIES		
At Lower of Cost and Net Realisable Value		
Raw Materials	78.04	180.65
Stores, Chemicals, Spare Parts etc. (including in transit)	708.31	670.23
Finished Goods	10388.35	12822.20
Semi Finished Goods	–	338.23
Trading Goods	5.62	5.32
Goods under Process	151.61	80.76
Standing Crops	3.28	7.53
	11335.21	**14104.92**
At Estimated Realisable Value		
By Products	511.91	761.16
Scrap	17.44	11.83
	529.35	**772.99**
	11864.56	**14877.91**

SCHEDULE–8 SUNDRY DEBTORS (Unsecured)		
(A) Debts Outstanding for a period exceeding six months		
Considered Good	2.97	45.15
Considered Doubtful	37.84	28.43
	40.81	73.58
Less : Provision	37.84	28.43
	2.97	**45.15**
(B) Other Debts		
Considered Good	507.73	195.86
	507.73	**195.86**
	510.70	**241.01**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

			30th June, 2006	30th June, 2005
SCHEDULE–9	**CASH & BANK BALANCES**			
Cash in hand (including cheques,drafts and stamp papers in hand)			274.39	49.83
With Scheduled Banks on				
Current Account			92.33	63.75
Savings Account			0.02	0.02
Tea Development Account			0.16	0.19
Fixed Deposit Account [(Receipt for Rs. 15.00 lacs (Rs.8.00 lacs) pledged with Government authorities as security)]			106.60	142.09
Unpaid Dividend Account			12.56	5.71
Rights Issue Account			19.06	–
			505.12	**261.59**
With Non-Scheduled Banks on Current Account				
Name of the Bank	**Maximum amount outstanding during the year**			
District Co-operative Bank Ltd.	448.51	(299.03)	3.54	3.33
Prathma Bank	515.15	(296.43)	8.65	3.44
Mini Co-operaive Bank Ltd.	0.03	(1.99)	0.03	0.03
Bijnor Urban Co-operative Bank	5.05	(–)	0.06	–
Vidur Gramin Bank	332.97	(495.23)	2.74	1.20
			15.02	**8.00**
With Post Office on				
Savings Account (Pass Book for Rs. 0.11 lac (Rs.0.11 lac) pledged with Government authorities)			0.14	0.17
			520.28 *	**269.76 ***

*including Rs.91.62 lacs (Rs.142.11 lacs) towards earmarked accounts.

SCHEDULE–10	**OTHER CURRENT ASSETS**		
(A) Interest & Dividend accrued on Investments [including Rs.0.84 lac (Rs.0.84 lac) considered doubtful]	2.45	0.93
Less : Provision	0.84	0.84
	1.61	**0.09**
(B) Accrued Interest on deposits, loans & advances etc. [including Rs.3.93 lacs (Rs.7.27 lacs) due for more than six months]		
Considered Good	16.99	29.02
Considered Doubtful	3.83	3.83
	20.82	32.85
Less : Provision	3.83	3.83
	16.99	**29.02**
	18.60	**29.11**

SCHEDULE–11	**LOANS AND ADVANCES**	
Loans : (Unsecured, Considered Good)		
– To a Body Corporate	274.00	349.00
– To Others	65.03	57.75
	339.03	**406.75**
Advances : (Unsecured, Considered Good)		
– Advances recoverable in cash or in kind or for value to be received or pending adjustments	438.72	359.81
– Advance payment of Income-tax, Refunds receivable & tax deducted at source (net of provisions)	123.84 *	150.85
– Balance with Excise & other Government authorities	292.00	316.27
– Claims & Refunds Receivable	70.81	90.94
– Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	33.70	19.80
– Deposit with Government authorities & others	47.53	23.21
– Deposit under Tea Development Account Scheme, 1990	187.50	204.98
	1194.10	**1165.86**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–11 LOANS AND ADVANCES (Contd.)		
Considered Doubtful		
Loans	24.23	24.31
Advances, Claims & Refunds Receivable	41.86	29.39
	66.09	53.70
Less : Provision	66.09	53.70
	–	–
	1533.13	**1572.61**
* Includes Minimum Alternate Tax credit entitlement Rs.45.00 lacs (Rs.Nil)		
Notes		
Advances due from the Officers of the Company	1.40	–
Maximum amount due at any time during the year	6.44	5.68
	Amount Due	**Maximum amount outstanding at any time during the year**
Loan to an Associate Company:		
New India Sugar Mills Ltd.*	–	349.00
	(349.00)	(360.99)

* Ceased to be Associate Company with effect from 13.06.2006.

	30th June, 2006	30th June, 2005
SCHEDULE–12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for goods, services, expenses etc.	1957.46	2054.86
For Other Finance	281.70	231.76
Excess price of levy sugar realised	72.87	103.05
Advance against sale of goods etc.	515.70	39.28
Fractional entitlement for Bonus Shares	0.01	0.01
Interest accrued but not due on loans, deposits etc.	122.24	122.05
Preference Shares Redemption	1.26	1.26
Directors' Remuneration Payable	4.23	4.53
Investor Education & Protection Fund		
Unclaimed Matured Fixed Deposits	16.42	8.52
Unpaid & Unclaimed Dividends	12.56	5.71
	2984.45	**2571.03**
B. Provisions		
For Leave	36.53	37.67
For Proposed Dividend	577.86	279.18
For Dividend Tax	81.05	39.15
For Fringe Benefit Tax	2.85	3.82
	698.29	**359.82**
	3682.74	**2930.85**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–13 GROSS SALES				
Finished Goods		41926.44		36290.37
Trading Goods		435.04		408.52
By Products		1950.41		1220.91
Miscellaneous		18.79		19.00
		44330.68		37938.80
Less: Claims, Rebates etc.		–		0.30
		44330.68		**37938.50**
SCHEDULE–14 OTHER INCOME				
Income from Long Term Investments (Non-trade)				
Dividend		15.65		9.19
Interest on Government Securities		0.41		0.41
Insurance & Other Claims		22.26		39.16
Rent & Hire Charges		3.04		3.25
Miscellaneous Income		24.08		19.93
Unspent liabilities, excess provisions and unclaimed balances written back		35.20		54.76
Land Dividend		52.72		18.75
Interest and Holding Charges on Buffer Stock		–		137.08
Replanting Subsidy		1.86		3.77
Profit on Fixed Assets sold / discarded (net)		–		35.60
		155.22		**321.90**
SCHEDULE–15 AGRICULTURAL PROFIT/(LOSS)				
INCOME				
Sales [including inter-transfers Rs.11.35 lacs (Rs.4.56 lacs)]		16.43		8.61
Other Income				
Unspent liabilities written back		0.04		0.02
Miscellaneous Receipts		0.15		0.01
		16.62		8.64
EXPENDITURE				
Decrease/(Increase) in Stocks				
Opening Stock	7.53		3.59	
Less : Closing Stock	3.28	4.25	7.53	(3.94)
Seeds, Manures and Fodder Consumed		2.38		4.68
Tractor Expenses		2.39		2.36
Repairs to Buildings & others		–		0.02
Rates & Taxes		0.05		0.05
Payments to and Provisions for Employees :				
Salaries, Wages, Bonus, etc.	4.95		6.63	
Contribution to Provident and other Funds	0.06	5.01	0.06	6.69
Irrigation Expenses		0.34		1.00
Miscellaneous Expenses		1.04		0.43
		15.46		**11.29**
Profit/(Loss) transferred to Profit & Loss Account		**1.16**		**(2.65)**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–16 DECREASE IN STOCKS				
Opening Stock				
Goods Under Process		80.76		8.61
Finished Goods		12822.20		13578.29
Semi Finished Goods		338.23		–
Trading Goods		5.32		5.02
By Products		761.16		264.79
Scrap		11.83		6.42
		14019.50		13863.13
Add: Stocks transferred under Scheme of Arrangement		–		1185.34
		14019.50		15048.47
Less :				
Closing Stock				
Goods under Process		151.61		80.76
Finished Goods		10388.35		12822.20
Semi Finished Goods		–		338.23
Trading Goods		5.62		5.32
By Products		511.91		761.16
Scrap		17.44		11.83
		11074.93		14019.50
		2944.57		**1028.97**
SCHEDULE–17 RAW MATERIALS CONSUMED				
Opening Stock		180.65		65.53
Add : Purchases [including procurement expenses and sugarcane transferred from own farm Rs. 11.35 lacs (Rs.4.56 lacs)]		24176.56		19514.93
Purchase Tax & Cess (net)		294.90		100.87
		24652.11		19681.33
Less : Sales		–		1.30
Closing Stock		78.04		180.65
		78.04		181.95
		24574.07		**19499.38**
SCHEDULE–18 STORES, SPARES & PACKING MATERIALS CONSUMED				
Stores, Spare Parts, Chemicals etc. [after adjusting sales & claims Rs.64.23 lacs (Rs.42.43 lacs)]		861.51		683.34
Packing Materials		670.13		603.25
		1531.64		**1286.59**
SCHEDULE–19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus etc.		2442.24		2133.02
Contribution to Provident & other Funds		192.14		161.11
Contribution to Gratuity Fund		101.63		52.47
Workmen Compensation		0.71		3.15
Employees' Welfare Expenses		82.65		83.14
		2819.37		2432.89
Less : Recoveries		7.18		9.27
		2812.19		**2423.62**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–20 MANUFACTURING, SELLING AND OTHER EXPENSES				
Repairs to and Maintenance of:				
Buildings		84.63		94.89
Machinery		708.66		570.94
Others		15.18		8.51
Rent		13.11		11.54
Rates & Taxes (net)		22.03		20.94
Insurance		102.28		111.11
Auditors' Remuneration :				
– For Audit Fees		7.50		7.50
– For Limited Reviews & Tax Audit Fees		9.75		8.25
– In other capacity for certificates & other services		7.20		5.60
– For Expenses		1.61		1.67
Cost Auditors' Remuneration :				
– As Auditors		0.60		0.56
– For Expenses		0.12		0.11
Selling Commission & Expenses :				
– Commission to Wholesellers		147.89		132.74
– Brokerage		23.65		9.97
– Other Selling Expenses		173.19		162.78
Charity & Donations		1.46		7.77
Provision for bad & doubtful debts / advances		21.80		16.26
Provision for diminution in value of Investments		–		25.00
Items pertaining to previous years (net)		0.09		1.44
Bad debts, irrecoverable advances etc. written off	0.10		32.71	
Less : Adjusted against provisions	–	0.10	13.47	19.24
Value of Investments written off	–		0.10	
Less : Adjusted against provisions	–	–	0.10	–
Exchange Rate Fluctuations		12.44		5.06
Sales Tax for earlier years		7.18		7.14
Loss on fixed assets sold / discarded (net)		33.16		–
Molasses Storage & Maintenance Reserve		10.95		7.61
Miscellaneous Expenses [including Directors' travelling Rs.27.85 lacs (Rs.11.09 lacs)]		481.08		507.25
		1885.66		**1743.88**

SCHEDULE–21 DIRECTORS' REMUNERATION				
Profit before Taxation as per Profit & Loss Account		4731.89		1915.00
Add: Depreciation (as per Accounts)		936.40		858.42
Provision for bad and doubtful debts / advances		21.80		16.26
Provision for diminution in the value of Investments		–		25.00
Net loss on fixed assets sold and/or discarded (as per Accounts)		33.16		–
Net profit on fixed assets sold/discarded (as per Section 349 of the Companies Act, 1956)		–		3.09
Directors' Fees & Remuneration		30.63		24.12
		1021.99		926.89
		5753.88		**2841.89**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–21 DIRECTORS' REMUNERATION (Contd.)				
Less :				
Depreciation (under Section 350 of the Companies Act, 1956)		936.40		858.42
Bad debts/advances adjusted against provision		–		13.47
Provision for doubtful debts no longer required written back		–		2.43
Net loss on fixed assets sold/discarded (as per Section 349 of the Companies Act, 1956)		1.92		–
Net profit on fixed assets sold and/or discarded (as per Accounts)		–		35.60
Profit on sale of land		32.10		–
Net profit on fixed assets sold relating to Oil Mill unit		–		97.99
Value of Investment adjusted against provision		–		0.10
Managing Director's Remuneration		22.35		18.23
Directors' Fees		4.05		1.36
		996.82		**1027.60**
Profit for the year		4757.06		1814.29
Less : Loss brought forward from the previous year		–		72.15
Net Profit under Section 349 of the Companies Act, 1956		**4757.06**		**1742.14**
(A) Directors' Commission being 1% of above, subject to the maximum limit of Rs. 0.40 lac per Director per annum		4.23		4.53
(B) Managing Director's Remuneration :				
Salary	19.95		16.43	
Contribution to Provident Fund	2.40	22.35	1.80	18.23
(C) Directors' Fees		4.05		1.36
		30.63		**24.12**

SCHEDULE–22 INTEREST & FINANCE CHARGES (NET)				
On Fixed Loans & Deposits		1007.10		1259.90
To Income Tax Department		0.06		0.36
To Banks & Others		704.16		872.19
		1711.32		**2132.45**
Less : At Credit				
Amount Capitalised		256.74		66.79
On Secured Loans, Deposits etc. (Gross) [Tax at source Rs.11.30 lacs (Rs.14.12 lacs)]		73.06		87.37
		329.80		154.16
		1381.52		**1978.29**

SCHEDULE–23 EXCEPTIONAL ITEMS				
Expenses				
Differential Cane Price for earlier years		–		3326.40
Income				
Profit on Sale of a Unit		–		97.99
		–		**3228.41**

SCHEDULE–24 PROPOSED DIVIDEND				
Interim Dividend				
On 6979378 Equity Shares @ Rs.4.00 per share		–		279.18
Proposed Dividend				
On 11557239 Equity Shares @ Rs.5.00 per share (Refer note No.10 on Schedule 25)		577.86		–
		577.86		**279.18**

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE–25 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Accounting Policies

(i) Basis of Accounting

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis, as per normally accepted accounting principles, except for the following which due to uncertainty in realisation, are maintained on cash/ acceptance basis: -

(a) Insurance and other claims

(b) Interest on doubtful loans and advances to cane growers.

(c) Replanting subsidy.

(d) Compensation receivable in respect of land surrendered to / acquired by the Government.

(ii) Revenue Recognition

Revenue from the sale of goods is recognized upon passage of title to the customers which generally coincides with delivery thereof.

(iii) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection/commissioning expenses etc. upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

Assets awaiting disposal are valued at the lower of written down value and net realisable value and disclosed separately.

(iv) Depreciation

(a) The classification of plant and machinery into continuous and non continuous process is done as per technical certification and depreciation thereon is provided accordingly.

(b) Depreciation on fixed assets is provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(c) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis, with reference to the date of addition / disposal.

(d) Leasehold land is amortized over the period of lease.

(e) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(v) Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(vi) Investments

Current Quoted Investments are stated at lower of cost and market rate on individual investment basis. Unquoted/ long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

(vii) Inventories

(a) Inventories are valued at lower of cost (computed on annual weighted average basis) and net realisable value. However, by products and saleable scraps, whose cost is not identifiable, are valued at estimated realisable value.

SCHEDULE–25 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) In case of inter-transferred materials, the transfer price is considered as cost for the purpose of valuation of closing stock.

(viii) Foreign Currency Transactions

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalized.

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year

(ix) Retirement Benefits

(a) The Company has created an approved gratuity fund which has taken a group gratuity insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year based on actuarial valuation carried out by them, which together with annual contribution in subsequent years, would be sufficient to cover the gratuity liability as and when it accrues for payment.

(b) Leave liability is provided for on the basis of actuarial valuation carried on at the year end.

(c) Retirement benefits in the form of provident fund / pension schemes and superannuation funds are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(x) Taxation

Provision for Income Tax comprises of current tax and deferred tax charge or release. Current Income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets will be realized against future taxable profits.

Fringe Benefit Tax is provided in accordance with the provisions of the Income Tax Act, 1961.

(xi) Segment Reporting

(a) Identification of Segments

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

(b) Inter Segment Transfers

The Company accounts for inter segment transfers at mutually agreed transfer prices.

(c) Allocation of Common Costs

Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated -Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(xii) Earning per Share

Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, net profit or loss for the period attributable to equity share holders and the weighted average no. of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares

(xiii) Excise Duty

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the Balance Sheet date.

(xiv) Hedging

The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations.

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalized.

(xv) Research & Development

Research and Development expenditure of revenue nature are charged to the Profit & Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(xvi) Premium on Redemption of Debentures

Premium on redemption of debentures is accounted for in the year of payment.

(xvii) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

(xviii) Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.

(Rs. in lacs)

			2005-06	2004-05
2.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for		15,404.26	6,014.40
3.	Contingent Liabilities not provided for in respect of :–			
	(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:			
		(i) Excise Duty	153.60	98.37
		(ii) Sales & Entry Tax	63.98	21.60
		(iii) Others	78.36	93.90
	Total		**295.94**	**213.87**
	(b)	(i) Guarantees given to a bank against loans to cane growers	580.00	900.00
		(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	219.93	302.44
	(c) Custom duty in respect of pending export obligation against duty free imports		–	622.68
	(d) Additional liability, if any, under Clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases for the sugar season 2004-2005 in respect of Company's Hasanpur Sugar Unit (amount unascertainable)			

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

4. Diminution of Rs 274.71 lacs in the value of certain quoted investments based on their last quoted prices has not been provided, as the break up value of the said companies supplemented by the market value as on 30th June, 2006, of the quoted investments held by them, is much higher.

5. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of Finished goods / By products.

6. Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs.72.87 lacs (Rs.103.05 lacs) (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 50.44 lacs (Rs.80.62 lacs), are in force in terms of the court orders, is included under the head 'Current Liabilities'. Necessary adjustment for the above amount together with interest, if any, in this regard will be made in the accounts as and when the matter will be finally settled.

7. Pending decisions of various courts on writ petitions filed by / against the Company, no credit has been taken in the Profit and Loss Account in respect of certain realisations aggregating to Rs.45.31 lacs (Rs.54.64 lacs) in earlier years, which continue to be shown under the head "Liabilities for other Finance" in Schedule - 12. Against the above, fixed deposit receipts / bank guarantees for Rs. 44.47 lacs have been furnished by the Company.

8. (a) Provision for Income Tax includes Rs.415.00 lacs being Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961, for the year ended 31st March, 2006. Out of the above amount, Rs.45.00 lacs being the difference between MAT and normal tax liability, is thus available as tax credit for set off in future years, as per Section 115JAA of the Income Tax Act, 1961, has been carried forward as recoverable under 'MAT Credit Entitlement'.

(b) Unlike previous year, tax liability for the period from 1st April, 2006 to 30th June, 2006 has been provided in the accounts based on the operating results for the said period at the applicable tax rates. However, final tax liability will be determined and provided for on the basis of taxable profit for the year ending 31st March, 2007.

(c) The break up of net Deferred Tax Liability of Rs.2,149.38 lacs as on 30th June, 2006 is as follows:

(Rs. in lacs)

	2005-06	2004-05
(A) Deferred Tax Liability		
(i) Timing difference in depreciable assets	2,420.41	2,298.82
	2,420.41	**2,298.82**
(B) Deferred Tax Asset		
(i) Carry forward unabsorbed business losses & depreciation	–	1,217.80
(ii) Expenses allowable against taxable income in future years	271.03	313.09
	271.03	**1,530.89**
Net Deferred Tax Liability (A - B)	**2,149.38**	**767.93**

9. The Company has offered 45,52,852 Equity Shares of Rs.10 each at a premium of Rs.140 per share aggregating to Rs. 6,829.28 lacs to its existing shareholders on rights basis through a Letter of Offer dated 14th June, 2006 and the said issue was opened on 28th June, 2006. Against the said offer Rs.19.06 lacs received by the Banker to the Issue upto the Balance Sheet date, has been shown as 'Share Application Money', pending closure of the issue.

10. Provision for dividend in the accounts has been made after taking into consideration 45,52,852 Equity shares issued/allotted on right basis after the Balance Sheet date, since as per the terms contained in the Letter of Offer dated 14th June, 2006, the said new equity shares issued/allotted shall rank pari passu in all respects including dividends with the existing equity shares of the Company. The amount of dividend on such shares stand at Rs. 259.57 lacs (including dividend tax Rs.31.93 lacs)

11. Assets, Liabilities and Income & Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended 31st March, 2006 as the financial year of the Tea Garden closes on 31st March. The net balance of payments and realizations on account of the said Tea Garden during the period from 1st April, 2006 to 30th June, 2006 has been shown

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

12. The land ceiling matter under the U.P. Imposition of Land Ceiling Act, 1960 / Bihar Land Reforms (Fixation of Ceiling, Area and Acquisition of Surplus Land) Act, 1961 for acquisition of agricultural land by the Government is pending before the Hon'ble High Courts at Allahabad and Patna and the proceedings have been stayed by the Hon'ble Courts.

13. Sundry creditors include Rs.14.05 lacs (Rs.19.30 lacs) due to Small Scale Industrial undertakings (SSI) to the extent such parties have been identified from the available documents / information. The names of SSI units to whom amounts are due for more than 30 days as on the Balance Sheet date are furnished below. The Company has normally made payments to the SSI units in due time and also there being no claims from the parties, interest, if any, on overdue payments, is not expected to be material and thus not provided for-

1. M/s Chandra Pumps (Pvt) Ltd.
2. M/s Gita Flopumps India Pvt. Ltd.
3. M/s K. S. B. Engineering Works
4. M/s N. K. (Organic Inorganic) India Pvt. Ltd.
5. M/s National Electricals
6. M/s Reddy Engineering Co.
7. M/s Shilpi Electro Complex

14. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.

(b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.

(c) The following items are included under other heads of expenses in the Profit & Loss Account :

(Rs. in lacs)

	2005-06	2004-05
Salaries & Wages	96.66	64.54
Stores and Spares etc.	592.82	503.26
Rent	0.75	0.57

15. Earning per Share (EPS)

In terms of Accounting Standard - 20, the calculation of EPS is given below:

	2005-06	2004-05
Profit before exceptional items as per Profit & Loss Account (Rs in lacs)	2,862.29	4,597.85
Less : Exceptional items	–	3,228.41
Profit after exceptional items as per Profit & Loss Account (Rs in lacs)	2862.29	1,369.44
Weighted average No. of Equity Shares outstanding during the year (Rs. 10 each)	70,04,387	69,98,135
Basic and Diluted earning per share (Rs.):-		
Including exceptional items	40.86	19.57
Excluding exceptional items	40.86	65.70

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

16. The Company's segment information as at and for the year ended 30th June, 2006 are as below: *(Rs. in lacs)*

		Sugar	Spirit	Tea	Others	Total
(a)	**Revenue (net of excise duty and cess)**					
	External Sales	37427.29 (32354.38)	2690.06 (1975.05)	819.12 (770.13)	435.04 (408.91)	41371.51 (35508.47)
	Inter-segment Sales	847.18 (874.47)	– (0.28)	– (–)	– (–)	847.18 (874.75
	Total Revenue	**38274.47 (33228.85)**	**2690.06 (1975.33)**	**819.12 (770.13)**	**435.04 (408.91)**	**42218.69 (36383.22)**
(b)	**Results**					
	Segment Results	5544.77 (6892.29)	792.82 (491.81)	81.59 (66.51)	23.73 (53.73)	6442.91 (7504.34)
	Unallocated expenses net of unallocated income					329.50 (382.64)
	Operating Profit					**6113.41 (7121.70)**
	Interest & Finance Charges (net)					1381.52 (1978.29)
	Exceptional Items (net)					– (3228.41)
	Income, Wealth & Fringe Benefit Tax					533.15 (209.80)
	MAT Credit Entitlement					(45.00) (–)
	Deferred Tax Liability (net)					1381.45 (335.76)
	Net Profit					**2862.29 (1369.44)**
(c)	**Total Assets**					
	Segment Assets	25081.02 (26833.93)	3212.79 (2351.02)	969.80 (918.33)	1829.17 * (42.91)	31092.78 (30146.19)
	Unallocated Corporate Assets					3148.99 (3329.51)
						34241.77 (33475.70)
(d)	**Total Liabilities**					
	Segment Liabilities	2632.10 (2276.41)	119.48 (78.75)	101.89 (81.64)	9.70 (26.49)	2863.17 (2463.29)
	Unallocated Corporate Liabilities					21271.36 (23061.56)
						24134.53 (25524.85)
(e)	**Other Information**					
	(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	10.95 (7.61)	– (–)	– (–)	– (–)	10.95 (7.61)
	(ii) Capital Expenditure	1779.66 (2475.04)	779.90 (898.84)	32.56 (65.20)	1798.35 * (–)	4390.47 (3439.08)
	(iii) Depreciation for the year	795.03 (763.19)	103.93 (59.23)	37.22 (35.73)	0.22 (0.27)	936.40 (858.42)
(f)	**Geographical Segments**					
	Revenue:					
	India					39913.84 (35508.47)
	Overseas					1457.67 (–)
						41371.51 (35508.47)

* includes Rs.1798.35 lacs for the Co-generation Plant under construction.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

Notes:

(i) Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Sugar", "Spirit" and "Tea" as the operating segments:

Sugar - Consists of manufacture and sale of Sugar, Molasses & Bagasse.

Spirit - Consists of manufacture & sale of Industrial Spirits (including denaturants), Bio Compost & Fusel Oil.

Tea - Consist of cultivation, manufacture and sale of tea.

Others – Consist of miscellaneous business comprising of less than 10% revenues.

(ii) Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations.

(iii) The Company has common fixed assets for producing goods for domestic and overseas. Hence, separate figures for fixed assets / additions to the fixed assets thereof cannot be furnished.

17. Related Party Disclosures

(a) Names of the related parties

Subsidiary Company	Uttar Pradesh Trading Company Ltd.
Associate Company	New India Sugar Mills Ltd.*
Key Management Personnel	Smt. Nandini Nopany – Chairperson cum Mg. Director
	Shri C.B. Patodia – Advisor
	Shri B.K. Malpani – Executive President, Seohara Unit
	Shri B.K. Sureka – Executive President, Sidhwalia Unit
	Shri R.K. Gupta – Executive Vice President, Hasanpur Unit
	Shri S.S. Binani – Executive Vice President, Cinnatolliah Tea Garden
Relatives of Key Management Personnel	Dr. K. K. Birla – Father of Smt. Nandini Nopany
	Shri C.S. Nopany – Son of Smt. Nandini Nopany
	Smt. Jyotsna Poddar – Sister of Smt. Nandini Nopany
	Smt. Shobhana Bhartia – Sister of Smt. Nandini Nopany
	Smt. Prem Lata Malpani – Wife of Shri B.K.Malpani
	Shri Amit Malpani – Son of Shri B. K. Malpani
	Smt. Anchal Malpani – Wife of Shri Amit Malpani
	Shri Prateek Sureka – Son of Shri B.K. Sureka
	Shri Pragati Sureka – Son of Shri B.K. Sureka
Enterprises owned or significantly	The Oudh Sugar Mills Ltd.
influenced by Key Management Personnel	The Hindustan Times Ltd.
and their relatives	Gobind Sugar Mills Ltd.

* ceased to be Associate Company with effect from 13th June, 2006.

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June 2006

(Rs. in lacs)

	Subsidiary		Associate Company		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006
Sale of Goods & Services												
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(1.55)	(–)	(1.55)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	52.27	–	52.27	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(75.18)	(–)	(75.18)	(–)
New India Sugar Mills Ltd.*	–	–	450.28	–	–	–	–	–	–	–	450.28	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Sale of Fixed Assets												
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	23.04	–	23.04	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(13.16)	(–)	(13.16)	(–)
Purchase of Goods & Services												
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	245.76	–	245.76	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(271.18)	(–)	(271.18)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	3.39	–	3.39	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Interest Expense												
Shri Amit Malpani	–	–	–	–	–	–	1.47	1.14	–	–	1.47	1.14
	(–)	(–)	(–)	(–)	(–)	(–)	(1.39)	(0.86)	(–)	(–)	(1.39)	(0.86)
Smt. Anchal Malpani	–	–	–	–	–	–	1.44	1.63	–	–	1.44	1.63
	(–)	(–)	(–)	(–)	(–)	(–)	(1.03)	(0.91)	(–)	(–)	(1.03)	(0.91)
Smt. Premlata Malpani	–	–	–	–	–	–	1.69	1.24	–	–	1.69	1.24
	(–)	(–)	(–)	(–)	(–)	(–)	(1.08)	(0.98)	(–)	(–)	(1.08)	(0.98)
Others	–	–	–	–	–	–	2.20	1.13	–	–	2.20	1.13
	(–)	(–)	(–)	(–)	(0.09)	(–)	(2.08)	(0.68)	(–)	(–)	(2.17)	(0.68)
Interest Income												
New India Sugar Mills Ltd.*	–	–	19.99	–	–	–	–	–	–	–	19.99	–
	(–)	(–)	(33.66)	(13.33)	(–)	(–)	(–)	(–)	(–)	(–)	(33.66)	(13.33)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.38)	(–)	(10.38)	(–)
Dividend Paid during the year												
Dr. K. K. Birla	–	–	–	–	–	–	2.47	–	–	–	2.47	–
	(–)	(–)	(–)	(–)	(–)	(–)	(2.75)	(–)	(–)	(–)	(2.75)	(–)
Smt. Nandini Nopany	–	–	–	–	12.42	–	–	–	–	–	12.42	–
	(–)	(–)	(–)	(–)	(12.47)	(–)	(–)	(–)	(–)	(–)	(12.47)	(–)
New India Sugar Mills Ltd. *	–	–	10.80	–	–	–	–	–	–	–	10.80	–
	(–)	(–)	(10.80)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.80)	(–)
Others	–	–	–	–	0.04	–	0.98	–	2.04	–	3.06	–
	(–)	(–)	(–)	(–)	(0.03)	(–)	(0.57)	(–)	(1.53)	(–)	(2.13)	(–)
Intercorporate Loans and Fixed Deposits Taken												
Uttar Pradesh Trading Co. Ltd.	250.00	346.00	–	–	–	–	–	–	–	–	250.00	346.00
	(561.00)	(101.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(561.00)	(101.00)
Others	–	–	–	–	–	–	16.12	47.75	–	–	16.12	47.75
	(–)	(–)	(–)	(–)	(–)	(–)	(39.03)	(57.03)	(–)	(–)	(39.03)	(57.03)
Intercorporate Loans and Fixed Deposits Refunded												
Uttar Pradesh Trading Co. Ltd.	5.00	–	–	–	–	–	–	–	–	–	5.00	–
	(580.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(580.00)	(–)
Smt. Premlata Malpani	–	–	–	–	–	–	5.41	–	–	–	5.41	–
	(–)	(–)	(–)	(–)	(–)	(–)	(10.40)	(–)	(–)	(–)	(10.40)	(–)
Shri Amit Malpani	–	–	–	–	–	–	4.44	–	–	–	4.44	–
	(–)	(–)	(–)	(–)	(–)	(–)	(9.52)	(–)	(–)	(–)	(9.52)	(–)
Shri C. S. Nopany	–	–	–	–	–	–	5.00	–	–	–	5.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Smt. Anchal Malpani	–	–	–	–	–	–	2.40	–	–	–	2.40	–
	(–)	(–)	(–)	(–)	(–)	(–)	(3.40)	(–)	(–)	(–)	(3.40)	(–)

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE–25 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(Rs. in lacs)

	Subsidiary		Associate Company		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006
Loans & Advances given												
New India Sugar Mills Ltd. *	–	–	1,475.00	–	–	–	–	–	–	–	1,475.00	–
	(–)	(–)	(311.99)	(349.00)	(–)	(–)	(–)	(–)	(–)	(–)	(311.99)	(349.00)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(700.00)	(–)	(700.00)	(–)
Loans & Advances refunded												
New India Sugar Mills Ltd *	–	–	1,550.00	–	–	–	–	–	–	–	1,550.00	–
	(–)	(–)	(11.99)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(11.99)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(700.00)	(–)	(700.00)	(–)
Balance Outstanding On Current Account (Net) Debit / (-)Credit												
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	-0.40	–	(0.40)
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(1.11)	(–)	(1.11)
New India Sugar Mills Ltd. *	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(85.89)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(85.89)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	16.72	–	16.72
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(13.99)	(–)	(13.99)
The Hindustan Times Ltd.	–	–	–	–	–	–	–	–	–	5.48	–	5.48
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(9.45)	(–)	(9.45)
Directors' Commission & sitting fees												
Shri C. S. Nopany	–	–	–	–	–	–	0.90	0.40	–	–	0.90	0.40
	(–)	(–)	(–)	(–)	(–)	(–)	(0.73)	(0.40)	(–)	(–)	(0.73)	(0.40)
Remuneration												
Shri C. B. Patodia	–	–	–	–	54.08	0.51	–	–	–	–	54.08	0.51
	(–)	(–)	(–)	(–)	(37.87)	(2.25)	(–)	(–)	(–)	(–)	(37.87)	(2.25)
Shri B.K.Malpani	–	–	–	–	10.55	0.23	–	–	–	–	10.55	0.23
	(–)	(–)	(–)	(–)	(9.20)	(0.52)	(–)	(–)	(–)	(–)	(9.20)	(0.52)
Shri B. K. Sureka	–	–	–	–	8.33	0.46	–	–	–	–	8.33	0.46
	(–)	(–)	(–)	(–)	(5.72)	(–)	(–)	(–)	(–)	(–)	(5.72)	(–)
Shri S. S. Binani	–	–	–	–	8.73	–	–	–	–	–	8.73	–
	(–)	(–)	(–)	(–)	(8.20)	(0.35)	(–)	(–)	(–)	(–)	(8.20)	(0.35)
Shri R. K. Gupta	–	–	–	–	3.37	0.16	–	–	–	–	3.37	0.16
	(–)	(–)	(–)	(–)	(1.04)	(0.16)	(–)	(–)	(–)	(–)	(1.04)	(0.16)

* Ceased to be Associate Company with effect from 13th June, 2006.

(c) The remuneration paid to Smt. Nadini Nopany, Managing Director, has been disclosed in Schedule-21 to the accounts.

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

18. Additional information pursuant to the provisions of Clauses 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 (to the extent applicable):

Quantitive Information :

A. Licensed and Installed Capacity, Production, Stock and Sale of Goods Produced / Traded during the year

(Rs. in lacs)

	Unit	Licenced Capacity *	Installed Capacity	Production	Purchases		Opening Stock		Sales		Closing Stock (b)	
					Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Sugar (Bagged)	Qtls.	Not Applicable	142500 (142500) Crushing Per day	1794224 (g) (1739527)	– (–)	– (–)	922579 (c) (1209627)	12629.37 (14601.96)	2092379 (2023719)	37908.40 (33207.46)	623875 (922579)	10150.14 (12629.37)
Molasses	Qtls.	– (–)	– (–)	849666 (736407)	– (–)	– (–)	282353 (210397)	667.10 (197.41)	868540 (d) (620568)	1423.43 (796.46)	251280 (f) (282353)	463.03 (667.10)
Spirit (including denaturants)	Ltrs.	16.50 (16.50) Millions	16.50 (16.50) Millions	14502736 (11446122	– (–)	– (–)	1304672 (703384)	168.30 (72.26)	14430050 (10790170)	3122.81 (2240.47)	1353772 (1304672)	170.39 (168.30)
Fusel Oil	Ltrs.	– (–)	– (–)	– (1000)	– (–)	– (–)	– (9000)	– (2.41)	– (10000)	– (0.70)	– (–)	– (–)
Carbon-di-oxide	MT.	6600.00 (6600.00)	6600.00 (6600.00)	1962.19 (1367.21)	– (–)	– (–)	– (–)	– (–)	1962.19 (1367.21)	57.81 (42.06)	– (–)	– (–)
Tea	Kg.	Not Applicable	Not Applicable	1091551 (1088391)	– (–)	– (–)	40406 (39885)	24.53 (22.02)	992478 (1052777)	822.19 (784.37)	103515 (40406)	67.82 (24.53)
Tea Seed	Kg.	Not Applicable	Not Applicable	492 (–)	– (–)	– (–)	– (–)	– (–)	– (d) (–)	– (–)	– (–)	– (–)
Bio Compost	Qtls.	Not Applicable	200000 (200000)	46216 (41054)	– (–)	– (–)	– (–)	– (–)	46216 (41054)	15.23 (15.71)	– (–)	– (–)
Semi Finished Goods	Qtls.	– (–)	– (–)	– (–)	– (85000)	– (1127.03)	25478 (–)	338.23 (–)	– (g) (59417)	– (–)	– (25478)	– (338.23)
Diesel	Ltrs.	– (–)	– (–)	– (–)	1287000 (1428000)	425.85 (399.78)	16713 (15971)	4.74 (3.86)	1285448 (1423041)	432.12 (404.99)	15369 (16713)	5.09 (4.74)
Grease, Gear Oil & Brake Oil	Ltrs.	– (–)	– (–)	– (–)	200 (200)	0.16 (0.16)	121 (299)	0.09 (0.22)	288 (378)	0.24 (0.31)	33 (121)	0.03 (0.09)
Mobil Oil	Ltrs.	– (–)	– (–)	– (–)	2940 (2960)	2.38 (2.31)	611 (1158)	0.49 (0.94)	2911 (3507)	2.68 (3.22)	640 (611)	0.50 (0.49)
Bagasse	Qtls.	– (–)	– (–)	861876 (e) (567729)	– (–)	– (–)	184689 (178904)	94.06 (95.99)	948078(d) (561944)	526.98 (423.75)	98487 (184689)	48.88 (94.06)
Sundries								11.83 (7.39)		18.79 (19.00)		17.44 (11.83)
						428.39 (1529.28)		**13938.74 (15004.46)**		**44330.68 (37938.50)**		**10923.32 (13938.74)**
Farm Products	Qtls.								2228 (9049)	16.43 (8.61)		

* On per annum basis except stated otherwise

Notes:

(a) Licensed and installed capacities are as certified by the management and accepted as correct by the Auditors.

(b) Quantitative figures of Closing Stock are shown after adjusting shortages / excesses, destruction etc. Sales figures are inclusive of excise duty.

(c) Includes 487 (2,490) quintals lost due to reprocessing and 62 (Nil) quintals lost in transit during the year.

(d) Includes 4,38,282 (4,29,391) quintals of Molasses, 1,77,039 (1,24,791) quintals of Bagasse, Nil (1,403) quintals of Bio Compost and 492 (-) Kgs. of Tea Seed consumed departmentally

(e) Excludes consumption by Sugar Units

(f) After adjusting 12,198 quintals lost due to auto combustion and includes 7,926 quintals of sub-standard materials pending destruction, for which permission from excise authorities is awaited

(g) Includes 24,242 Quintals (56,535 qtls.) recovered from process of 25,478 Quintals (59,417 Quintals) of Raw Sugar.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)**

B. Raw Materials Consumed (after adjusting sales and claims):

Class of Goods	Unit	Quantity	Rs. in lacs
Sugarcane (crushed)	Quintals	1,86,60,484 (1,69,15,904)	24,049.29 (19,165.94)
Molasses	"	6,26,554 (4,85,601)	503.62 (308.03)
Press Mud	"	1,26,373 (1,72,375)	5.98 (10.25)
Green Leaf	Kgs.	47,42,208 (47,37,382)	15.18 (15.16)
			24,574.07 **(19,499.38)**

Notes:

(i) The above figures are after adjusting transit losses/shortages and exclude the value of materials acquired during the process of manufacture and consumed departmentally.

(ii) Value of green leaf (raw materials) produced and plucked in the Tea Garden could not be ascertained as the production involves integrated process having various stages such as nursery, replantation etc. The figures of Rs.15.18 lacs (Rs.15.16 lacs) stated above represents only the cess on green leaf.

(iii) Particulars of Opening and Closing Stock and production of Green Leaf Tea (in Kgs.)

Opening Stock	–	(–)
Production	47,42,208	(47,37,382)
Closing Stock	–	(–)

(Rs. in lacs)

		2005-06	2004-05
C.	C.I.F. Value of Imports during the year (including through canalising agencies on invoice value)		
	(a) Stores, Chemicals and Spares etc.	67.28	39.98
	(b) Semi Finished Goods	Nil	985.57
D.	Expenditure in Foreign Currency during the year (On Cash Basis) Traveling Expenses	8.33	2.11
E.	Earning in Foreign Exchange (On Cash Basis) : F O B value of Exports (including through third party)	1,457.67	Nil

F. Break-up of consumption of raw materials and stores, chemicals, spares etc. (including debits to other heads of account):

	Raw Materials		Stores, Chemicals, Spare Parts etc.	
	Rs. in lacs	%	Rs. in lacs	%
Imported (as certified by the management)	– (–)	– (–)	70.35 (40.91)	3.31 (2.29)
Indigenous	24,574.07 (19,499.38)	100 (100)	2,054.11 (1,748.94)	96.69 (97.71)
	24,574.07 **(19,499.38)**	**100** **(100)**	**2,124.46** **(1,789.85)**	**100.00** **(100.00)**

Notes:

The above figures are inclusive of transit losses and shortages and include Rs. 21.22 lacs (Rs.18.66 lacs) being the value of unserviceable/damaged raw materials and stores written off during the year.

19. Corresponding figures for the previous year are given in brackets and the same have been regrouped and/or rearranged, wherever necessary. Further, the previous years' figures being inclusive of the figures (part of the year), in relation to the Sugar Division of New India Sugar Mills Limited (merged with the Company with effect from 1st October, 2004) are not comparable with the current year's figures.

Signatories to Schedules – 1 to 25

S. R. Batliboi & Co.
Chartered Accountants
Per R. K. Agrawal
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. L15421UP2000PLC025141

State Code 20

Balance Sheet Date 30 (Date) 06 (Month) 2006 (Year)

II. Capital Raised during the year *(Amount in Rs. Thousands)*

Public Issue	NIL	Rights Issue	NIL*
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs. Thousands)*

Total Liabilities	3055903	Total Assets	3055903

Sources of Funds

Paid-up Capital	70044	Secured Loans	1441028
Share Application Money	1906	Unsecured Loans	389213
Reserves & Surplus	938774	Deferred Tax Liability (Net)	214938

Application of Funds

Net Fixed Assets	1323993	Net Current Assets	1076453
Capital Expenditure on New/Expansion Projects	422205	Tea Department Balance	9015
Investments	224237	Accumulated Losses	NIL
		Miscellaneous Exp.	NIL

IV. Performance of Company *(Amount in Rs. Thousands)*

Turnover (inc. other income)	4152789	Total Expenditure	3679600
Profit before Tax	473189	Profit after Tax	286229
Earning per share in (Rs.)	40.89	Dividend Rate (%)	50

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Product Description	Item Code No. (ITC Code)
Sugar	17011000
Industrial Alcohol	02207100
Tea	09024002

*Rights Issue open on 28.06.2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UPPER GANGES SUGAR & INDUSTRIES LIMITED

1. We have examined the attached Consolidated Balance Sheet of UPPER GANGES SUGAR & INDUSTRIES LIMITED and its subsidiary as at 30th June, 2006 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We 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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We have not audited the financial statements of the subsidiary company consolidated herein, whose financial statements reflect total assets of Rs. 2829.21 lacs as at 31st March, 2006 and total revenues of Rs.156.65 lacs for the year then ended. These financial statements have been audited by another auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of other auditor as well as management certificate in respect of certain adjustments for the reasons as mentioned in Note No. 1(c) of Schedule-25.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21,"Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of Upper Ganges Sugar & Industries Limited and its subsidiary and its associate included in the consolidated financial statements.

5. Attention is drawn to the following notes on Schedule 25:

   (i) *Note Nos. 8 and 9 regarding non-adjustment of certain realisations in earlier years aggregating to Rs.118.18 lacs (previous year Rs.157.69 lacs) and non-provision of interest payable thereon, if any, in case of refund of such realisations. As the matters are under adjudication /not yet settled, the impact of above non-adjustment on the Company's profit is not presently ascertainable;*

   (ii) *Note No.13 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2006 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2006 in these statements of account, the impact whereof on the Company's profit, reserves, assets and liabilities has not been ascertained.*

In respect of the above items, the previous year's audit report was similarly modified.

Subject to the above, whose impact on the Company's profit/reserves is not presently ascertainable, in our opinion, and on the basis of the information and explanations given to us, and also based on the consideration of separate audit reports on individual financial statements of Upper Ganges Sugar & Industries Limited and its subsidiary and associate, the consolidated statements of account, read together with the 'Notes' appearing in Schedule 25, give a true and fair view:

(a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of Upper Ganges Sugar & Industries Ltd. and its subsidiary and associate as at 30th June, 2006

(b) in the case of Consolidated Profit & Loss Account, of the consolidated results of operation of Upper Ganges Sugar & Industries Ltd. and its subsidiary and associate for the year then ended; and

(c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Upper Ganges Sugar & Industries Ltd. and its subsidiary and associate for the year then ended.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Date :17th August, 2006

CONSOLIDATED BALANCE SHEET As at 30th June, 2006

(Rs. in lacs)

	Schedule	30th June, 2006	30th June, 2005
SOURCES OF FUNDS			
A. Shareholders' Funds			
(a) Share Capital	1	700.44	697.94
(b) Share Application Money (Refer Note no.11 on Schedule 25)		19.06	–
(c) Share Capital Suspense		–	2.50
(d) Reserves & Surplus	2	10720.87	8270.06
		11440.37	8970.50
B. Amount due to Preference Shareholders	2A	30.00	30.00
C. Loan Funds	3		
(a) Secured		14410.28	19270.61
(b) Unsecured		3546.13	2454.46
		17956.41	21725.07
D. Deferred Tax Liability (net)		2149.38	767.93
		31576.16	**31493.50**
APPLICATION OF FUNDS			
A. Fixed Assets	4		
(a) Gross Block		21949.29	20276.35
(b) Less : Depreciation		9922.04	9222.71
(c) Net Block		12027.25	11053.64
(d) Capital Work-in-Progress		1228.68	1097.33
		13255.93	12150.97
B. Capital Expenditure on New / Expansion Projects	5	4222.05	1977.82
C. Investments	6	3242.85	3092.33
D. Current Assets, Loans & Advances			
(a) Inventories	7	11864.56	14877.91
(b) Sundry Debtors	8	510.70	241.01
(c) Cash & Bank Balances	9	521.00	270.54
(d) Other Current Assets	10	18.60	29.11
(e) Loans & Advances	11	1533.12	1654.56
		14447.98	17073.13
Less : Current Liabilities & Provisions	12	3682.80	2930.91
Net Current Assets		10765.18	14142.22
E. Tea Department Balance		90.15	130.16
		31576.16	**31493.50**
Accounting Policies & Notes to the Accounts	25		

Schedules referred to above form an integral part of the Consolidated Balance Sheet
In terms of our attached Report of even date.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 30th June, 2006

(Rs. in lacs)

	Schedule	2005-06		2004-05	
INCOME					
Gross Sales	13		44330.68		37938.50
Less: Excise Duty		2666.24		2146.71	
Cess		292.93	2959.17	283.32	2430.03
Net Sales			41371.51		35508.47
Other Income	14		302.75		754.67
Agricultural Profit/(Loss)	15		1.16		(2.65)
			41675.42		**36260.49**
EXPENDITURE					
Decrease in Stocks	16		2944.57		1028.97
Excise Duty & Cess on Stocks (Refer Note no.7 on Schedule 25)			(235.03)		(137.27)
Purchase of Trading /Semi Finished Goods			428.39		1529.28
Raw Materials Consumed	17		24574.07		19499.38
Stores, Spares & Packing Materials Consumed	18		1531.64		1286.59
Fuel & Electricity			505.96		449.03
Payments to and Provisions for Employees	19		2812.19		2423.62
Manufacturing, Selling and Other Expenses	20		1974.58		1744.61
Directors' Remuneration	21		30.68		24.18
			34567.05		**27848.39**
Profit before Interest, Depreciation, Exceptional Items & Taxation			**7108.37**		**8412.10**
Less : Interest & Finance Charges (net)	22		1381.52		1957.51
Depreciation			936.40		858.42
			2317.92		**2815.93**
Profit before Exceptional Items & Taxation			**4790.45**		**5596.17**
Less: Exceptional Items (net)	23		–		3228.41
Profit before Taxation			**4790.45**		**2367.76**
Less : Provision for Taxation [including Wealth Tax Rs. 8.00 lacs (Rs.6.00 lacs)]			521.76		211.28
Minimum Alternate Tax (MAT) Credit Entitlement			(45.00)		–
Provision for Fringe Benefit Tax			14.50		3.82
Deferred Tax Liability			1381.45		335.76
Profit after Taxation			**2917.74**		**1816.90**
Add : Proportinate Share in the Income of Associate Company			261.45		27.40
Balance brought forward from previous year			1277.90		963.42
Adjustment due to cessation of a subsidiary company			–		(11.89)
Debenture Redemption Reserve written back			–		116.75
Profit & Loss Account debit balance transferred under Scheme of Arrangement			–		(224.18)
Profit available for Appropriation			**4457.09**		**2688.40**
APPROPRIATIONS					
Transfer to General Reserve			2000.00		1000.00
Transfer to Reserve Fund			31.00		88.75
Proposed Dividend	24		580.86		282.18
Provision for Dividend tax			81.47		39.57
Balance carried to Balance Sheet			1763.76		1277.90
			4457.09		**2688.40**
Earning per Share of Rs. 10 each - Basic and Diluted(Rs.) (Refer Note no. 17 on Schedule - 25)					
Including Exceptional Items			45.34		26.31
Excluding Exceptional Items			45.34		72.45
Accounting Policies & Notes to the Accounts	25				

Schedules referred to above form an integral part of the Consolidated Profit & Loss Account
In terms of our attached Report of even date.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CONSOLIDATED CASH FLOW STATEMENT For the year ended 30th June, 2006

(Rs. in lacs)

	2005-06	2004-05
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	**4790.45**	**2367.76**
Adjustments for		
Exceptional Items (net)	–	3228.41
Depreciation	936.40	858.42
Interest & Finance Charges (net of capitalisation)	1454.58	2065.70
Provision for Doubtful Debts/ Advances	21.80	16.26
Bad Debts & Irrecoverable balances written off	0.10	19.24
Provision for Diminution in the value of Investments	–	25.10
Molasses Storage and Maintenance Fund	10.95	7.61
Loss/(Profit) on Fixed Assets sold / discarded (net)	33.16	(35.60)
Loss/(Profit) on Sale of Investments	88.25	(323.42)
Interest & Dividend Income	(289.37)	(245.89)
Operating Profit before Working Capital Changes	**7046.32**	**7983.59**
Adjustments for		
Trade Payables	330.09	(830.77)
Trade & Other Receivables	(284.25)	1173.20
Inventories	3013.35	940.71
Tea Department Balance	40.01	(55.09)
	3099.20	1228.05
Cash Generated from Operations	10145.52	9211.64
Direct Taxes Paid	(463.41)	(325.10)
Cash Flow Before Exceptional Items	9682.11	8886.54
Exceptional Items	–	(3326.40)
Net Cash from Operating Activities	**9682.11**	**5560.14**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	71.72	73.40
Cash balance of Sugar Division of New India Sugar Mills Ltd. (transferred under Scheme of Arrangement)	–	24.65
Loans Given (net)	67.80	(304.33)
Interest & Dividend Received	299.88	233.67
Deposit under Tea Development Account Scheme	17.48	36.48
Purchase of Fixed Assets	(4143.48)	(3302.76)
Purchase of Investments	–	(540.73)
Sale/Redemption of Investments (net)	22.68	481.32
Net Cash used in Investing Activities before Exceptional Items	(3663.92)	(3298.30)
Exceptional Items	–	100.00
Net Cash used in Investing Activities	**(3663.92)**	**(3198.30)**

CONSOLIDATED CASH FLOW STATEMENT *(Contd.)*

(Rs. in lacs)

	2005-06	2004-05
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	3161.12	4272.77
Repayment of Loans	(6960.64)	(4394.44)
Share Application Money	19.06	–
Interest & Finance Charges paid	(1672.37)	(2127.75)
Dividend Paid	(314.90)	(236.72)
Net Cash used in Financing Activities	**(5767.73)**	**(2486.14)**
Net changes in Cash & Cash Equivalents (A+B+C)	250.46	(124.30)
*** Cash & Cash Equivalents - Opening Balance**	270.54	394.84
*** Cash & Cash Equivalents - Closing Balance**	521.00	270.54

* Represents Cash and Bank balances as indicated in Schedule - 9

In terms of our attached Report of even date.

S. R. Batliboi & Co.
Chartered Accountants
Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–1 SHARE CAPITAL		
Authorised		
1,60,00,000 Equity Shares of Rs. 10 each	1600.00	1600.00
16,00,000 Preference Shares of Rs. 100 each	1600.00	1600.00
	3200.00	**3200.00**
Issued, Subscribed and Paid-up		
70,04,387 Equity Shares of Rs. 10 each fully paid	700.44	697.94
(69,79,378)		
Add : Forfeited Shares (amount originally paid-up)	– (b)	–
	700.44	**697.94**

Notes:

(a) Out of the above, 37,01,945 Equity Shares have been issued / allotted as fully paid bonus shares by capitalisation of Securities Premium & General Reserve and 1,20,496 (95,487) Equity Shares have been allotted as fully paid-up for consideration other than cash

(b) The actual amount being Rs. 50 only, has not been shown above.

SCHEDULE–2 RESERVES & SURPLUS		
Capital Reserve		
As per last Account	27.17	30.58
Less : Adjustment due to cessation of subsidiary company	–	3.41
	27.17	**27.17**
Capital Redemption Reserve		
As per last Account	327.00	327.00
	327.00	**327.00**
Reserve Fund		
As per last Account	194.00	107.65
Less : Adjustment due to cessation of subsidiary company	–	2.40
	194.00	105.25
Add : Transfer from Profit & Loss Account	31.00	88.75
	225.00	**194.00**
General Reserve		
As per last Account	5962.76	4780.12
Less : Adjustment due to cessation of subsidiary company	–	19.01
	5962.76	4761.11
Add : Transfer from Profit & Loss Account	2000.00	1000.00
	7962.76	5761.11
Excess of Assets over Liabilities in respect of Sugar Division of New India Sugar Mills Ltd. transeferred to the Company under Scheme of Arrangement	–	125.25
Proportionate share of changes in net assets of the Associate Company (post acquisition)	–	76.40
	7962.76	**5962.76**
Securities Premium		
As Per last Account	387.69	387.69
	387.69	**387.69**
Debenture Redemption Reserve		
As per last Account	–	116.75
Less : Transfer to Profit & Loss Account	–	116.75
	–	**–**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–2 RESERVES & SURPLUS *(Contd.)*		
Molasses & Alcohol Storage & Maintenance Reserve		
As per last Account	93.54	75.05
Add: Transferred under Scheme of Arrangement	–	10.88
Provided during the year	10.95	7.61
	104.49	93.54
Less : Utilised during the year	77.00	–
	27.49	**93.54**
Surplus as per Profit & Loss Account	**1763.76**	**1277.90**
	10720.87	**8270.06**

SCHEDULE–2A AMOUNT DUE TO PREFERENCE SHAREHOLDERS		
3,00,000 10% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up in cash	**30.00 ***	**30.00**

* Reedemable at par after a period of 7 years but not later than 10 years from the date of allotment i.e. 2.11.1999

SCHEDULE–3 LOAN FUNDS		
(A) SECURED LOANS		
Term Loans		
From Financial Institutions / Banks		
Under Project Finance Scheme	651.25	1106.25
Under Corporate Loan Scheme	3229.17	6592.50
From Sugar Development Fund	1276.66	1237.90
Other Loans		
From Scheduled Banks on Cash Credit Account	9253.20	10333.96
	14410.28	**19270.61**
(B) UNSECURED LOANS		
Corporate Loan from a Scheduled Bank	1000.00	–
From Co-operative Farming Societies	165.01	226.56
Inter Corporate Loans	1291.50	1185.00
Fixed Deposits from Staff & Others	1060.87	1022.57
Trade & Other Deposits (partly not bearing interest)	28.75	20.33
	3546.13	**2454.46**
	17956.41	**21725.07**

Notes:

1. Term loans from financial institutions / banks are secured by first mortgage and charge on all the immovable and movable assets, present and future, of the Company's Seohara Sugar Unit, Seohara Distillery Unit, Hasanpur Sugar Unit and Sidhwalia Sugar Unit,ranking pari passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.
2. Term loan from Sugar Development Fund is secured by a second charge on the immovable and movable assets, present and future, of the Company's Sidhwalia Sugar Unit and includes Rs. 307.57 lacs (Rs. 268.81 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.
3. Cash credit borrowings are secured by hypothecation of entire current assets of the Company, and further secured by a charge on the immovable assets of the Company as follows -
   a) Tea Garden - First charge
   b) Seohara Sugar Unit - Second charge (ranking pari-passu between the lenders)
   c) Sidhwalia Sugar Unit - Third charge
   d) Hasanpur Sugar Unit - Second Charge

   Further, Cash Credit Borrowngs include Working Capital Demand Loan of Rs. 2500.00 lacs (Rs. 6000.00 lacs) and Foreign Currency Demand Loan of Rs. Nil (Rs. 1082.25 lacs).
4. The above loans include Rs.5328.85 lacs (Rs.5473.96 lacs) falling due for payment within one year.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

SCHEDULE–4 FIXED ASSETS

(Rs. in lacs)

Description of Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK AS AT	
	As at 30th June, 2005	Assets Transferred under Scheme of Arrangement	Additions/ Adjust-ments	Deductions/ Adjust-ments	As at 30th June, 2006	Upto 30th June, 2005	Transferred under Scheme of Arrangement	For the Year	Less: on Deductions/ Adjustments	Up to 30th June, 2006	30th June, 2006	30th June, 2005
Freehold Land	87.98	–	161.91	–	249.89 (c)	0.11	–	–	–	0.11	249.78	87.87
Leasehold land	94.55	–	–	–	94.55	81.04	–	4.50	–	85.54	9.01	13.51
Tea Plantations	2.39	–	–	–	2.39	1.88	–	0.11	–	1.99	0.40	0.51
Buildings (including on leasehold land)	2273.43	–	90.89	7.86	2356.46	439.51	–	42.22	5.43	476.30	1880.16	1833.92
Plant & Machinery	17269.92	–	1637.62 (e)	301.05	18606.49	8407.36	–	849.59	204.77	9052.18	9554.31	8862.56
Railway Sidings	1.89	–	–	–	1.89	1.81	–	–	–	1.81	0.08	0.08
Furniture & Fixtures	259.40	–	21.26	8.41	272.25	165.22	–	18.46	5.93	177.75	94.50	94.18
Tube-wells	89.87	–	3.76	–	93.63	21.58	–	1.74	–	23.32	70.31	68.29
Trucks & Conveyance	196.92	–	99.45	24.63	271.74	104.20	–	19.78	20.94	103.04	168.70	92.72
	20276.35	**–**	**2014.89**	**341.95**	**21949.29**	**9222.71**	**–**	**936.40**	**237.07 (e)**	**9922.04**	**12027.25 (d)**	**11053.64**
Add: Capital Work-in- Progress	1097.33	–	1790.91	1659.56 (b)	1228.68 (f)	–	–	–	–	–	1228.68	1097.33
Total	**21373.68**	**–**	**3805.80**	**2001.51**	**23177.97 (a)**	**9222.71**	**–**	**936.40**	**237.07**	**9922.04**	**13255.93**	**12150.97**
Previous Year's Total	17811.90	2276.98	1665.95	381.15	21373.68	7570.76	873.65	858.42	80.12	9222.71	12150.97	

Notes:

a) Includes assets held in joint ownership with others Rs. 203.99 lacs (Rs.203.40 lacs).
b) Represents amount allocated to various heads of fixed assets.
c) Title deeds for Rs.36.63 lacs (Rs.36.63 lacs) are yet to be executed in favour of the Company.
d) Includes fixed assets awaiting disposal valuing Rs.20.40 lacs (Rs.17.40 lacs).
e) After adjusting Rs.77.00 lacs being the amount utilised out of Molassess and Alcohol Storage & Maintenance Reserve.
f) Includes advances against purchase of fixed assets/services Rs.268.60 lacs (Rs.46.68 lacs).

	30th June, 2006	30th June, 2005
SCHEDULE–5 CAPITAL EXPENDITURE ON NEW/EXPANSION PROJECTS		
A. Land- Freehold	631.60	508.01
B. Machinery under Erection	644.44	–
C. Furniture & Fixtures	4.02	4.33
D. Materials at Site	68.70	–
E. Advances against purchase of fixed assets / services	2496.15	1395.63
F. Incidental Expenditure pending allocation to Fixed Assets :		
Salary & Wages	11.19	4.75
Power & Fuel	0.71	–
Project Consultancy Charges	26.93	–
Miscellaneous Expenses	46.19	11.93
Interest	290.24	52.58
Depreciation	1.88	0.59
	4222.05	**1977.82**

SCHEDULE–6 INVESTMENTS	No. of Shares	Face Value per Share (Rs.)	30th June, 2006	30th June, 2005
LONG TERM (At Cost)				
Government Securities				
Quoted				
11.5% U.P. State Development Loan, 2010			2.10	2.10
11.5% U.P. State Development Loan, 2011			0.70	0.70
12% U.P. State Development Loan, 2011			0.70	0.70
			3.50	**3.50**
Unquoted				
12 Years National Savings Certificates			0.01	0.01
12 Years National Plan Savings Certificates			0.08	0.08
7 Years National Savings Certificates			0.07	0.07
6 Years National Savings Certificates			0.60	0.58
			0.76	**0.74**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2006		30th June, 2005	
SCHEDULE–6 INVESTMENTS (Contd.)						
EQUITY SHARES (Fully Paid)						
Quoted						
India Steamship Co. Ltd.	– #	10		–		319.82
	(2666900)					
The Oudh Sugar Mills Ltd.	1963127	10		901.26		901.26
Ceekay Daikin Ltd.	5000	10		0.50		0.50
Haryana Oxygen Ltd.	5000	10		0.50		0.50
Sutlej Industries Ltd.	2019339	10		1048.57		1048.57
Manbhawani Investment Ltd.	73500	10		2.25		2.25
Manavta Holdings Ltd.	73500	10		2.25		2.25
Gobind Sugar Mills Ltd.	20000	10		102.00		102.00
Chambal Fertilizers & Chemicals Ltd.	1966795 #	10		377.97		58.15
	(500000)					
Pilani Investment & Industries Corp.Ltd.	8500	10		124.25		124.25
New India Sugar Mills Ltd.						
Associate Company @	335573	10	483.20		379.40	
Add : Share of profit for the period/year			261.45		27.40	
Proportionate share of post accquisition change in net assets			–		76.40	
			744.65		483.20	
Less : Shares sold during the year	50000		110.95		–	
	285573			633.70		483.20
				3193.25		**3042.75**
Unquoted						
In Other Companies						
Birla Buildings Ltd.	8400	10		0.84		0.84
Bihar State Financial Corp. Ltd.	60	100		0.06		0.06
Indo International Distillers						
Association Pvt.Ltd.	54000 *	10		5.40		5.40
e-commodities Ltd.	250000 *	10		25.00		25.00
Taparia Ltd.	3500	10		0.40		0.40
Shree Vihar Properties Ltd.	108000	10		8.10		8.10
Damanganga Processors Ltd.	250000	10		25.00		25.00
Chandausi Rice Mills Ltd. (value written off)	2000	10		–		–
Jai Hind Publication Ltd. (in liquidation, value written off)	65	25		–		–
Akhil Bharat Printers Ltd. (in liquidation, value written off)	270	100		–		–
Leas Communication Ltd. (value written off)	21000	10		–		–
Maruti Ltd. (in liquidation, value written off)	40000	10		–		–

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2006		30th June, 2005	
SCHEDULE–6 INVESTMENTS (Contd.)						
In Other Companies						
APV Texmaco Ltd. (in liquidation, value written off)	20400	10		–		–
Moon Corporation Ltd.	2874	5		0.39		0.39
Rajpur Farms Ltd.	40000	10		4.00		4.00
Narkatiaganj Farms Ltd.	40000	10		4.00		4.00
Modern Household & Accessories						
Trading Pvt. Ltd.	20000	10		2.00		2.00
India Educational & Reaserch						
Institution Pvt. Ltd.	4900	10		0.49		0.49
				75.68		**75.68**
In Co-operative Farming Societies						
Krishna Sahakari Kheti Samiti Ltd.	5	100		0.01		0.01
Kuri Sanyukta Sahakari Kheti Samiti Ltd.	1	100		–		–
Keshopur Sanyukta Sahakari Kheti Samiti Ltd.	1	100		–		–
Pandia Sanyukta Sahakari Kheti Samiti Ltd.	1	100		–		–
Seohara Co-op. Cane Development Union Ltd.	1	100		–		–
Najibabad Co-op. Cane Development Union Ltd.	1	100		–		–
Nagina Co-op. Cane Development Union Ltd.	1	10		–		–
Moradabad Co-op. Cane Development Union Ltd.	1	10		–		–
				0.01		**0.01**
PREFERENCE SHARES (Fully Paid)						
Unquoted						
Raj Kamal Parkashan Pvt. Ltd.	50	100		0.05		0.05
				0.05		**0.05**
Share Application Money						
Indo International Distillers						
Association Pvt. Ltd.	46000 *	10		4.60		4.60
				4.60		**4.60**
				3277.85		**3127.33**
Less : Provision for diminution in value of Investments				35.00		35.00
				3242.85		**3092.33**
Aggregate Value of Investments						
Quoted				3196.75		3046.25
Unquoted				46.10		46.08
Market Value of Quoted Investments				5736.69		6223.61

Converted to 14,66,795 shares of Chambal Fertilzers & Chemicals Ltd during the year

@ Ceased to be Associate Company with effect from 13.06.2006.

Notes:

a. All the above Investments are Non-Trade, except those marked with an astric.

b. Out of the above, Government Securities of the face value of Rs.0.76 lac (Rs. 0.74 lac) have been deposited with the Government Authorities, of which Rs.0.73 lac (Rs. 0.74 lac) have matured but are pending encashment.

c. Quotations for Government Securities of the face value of Rs. 3.50 lacs being not available, cost thereof has been taken as market value.

d. In case of the above Investments, where the figure appears as NIL, the cost is either written off in the books or happens to be less than Rs. 500 individually.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–7 INVENTORIES		
At Lower of Cost and Net Realisable Value		
Raw Materials	78.04	180.65
Stores, Chemicals, Spare Parts etc. (including in transit)	708.31	670.23
Finished Goods	10388.35	12822.20
Semi Finished Goods	–	338.23
Trading Goods	5.62	5.32
Goods under Process	151.61	80.76
Standing Crops	3.28	7.53
	11335.21	**14104.92**
At Estimated Realisable Value		
By Products	511.91	761.16
Scrap	17.44	11.83
	529.35	**772.99**
	11864.56	**14877.91**

	30th June, 2006	30th June, 2005
SCHEDULE–8 SUNDRY DEBTORS (UNSECURED)		
(A) Debts Outstanding for a period exceeding six months		
Considered Good	2.97	45.15
Considered Doubtful	37.84	28.43
	40.81	73.58
Less : Provision	37.84	28.43
	2.97	45.15
(B) Other Debts		
Considered Good	507.73	195.86
	507.73	195.86
	510.70	**241.01**

			30th June, 2006	30th June, 2005
SCHEDULE–9 CASH & BANK BALANCES				
Cash in hand (including cheques, drafts and stamp papers in hand)			274.39	49.83
With Scheduled Banks on				
Current Account			93.05	64.53
Savings Account			0.02	0.02
Tea Development Account			0.16	0.19
Fixed Deposit Account [(Receipt for Rs. 15.00 lacs (Rs.8.00 lacs) pledged with Government authorities as security)]			106.60	142.09
Unpaid Dividend Account			12.56	5.71
Rights Issue Account			19.06	–
			505.84	**262.37**
With Non-Scheduled Banks on Current Account				
Name of the Bank	**Maximum amount outstanding at any time during the year**			
District Co-operative Bank Ltd.	448.51	(299.03)	3.54	3.33
Prathma Bank	515.15	(296.43)	8.65	3.44
Mini Co-operaive Bank Ltd.	0.03	(1.99)	0.03	0.03
Bijnor Urban Co-operative Bank	5.05	(–)	0.06	–
Vidur Gramin Bank	332.97	(495.23)	2.74	1.20
			15.02	**8.00**
With Post Office on				
Savings Account (Pass Book for Rs. 0.11 lac (Rs.0.11 lac) pledged with Government authorities)			0.14	0.17
			521.00 *	**270.54 ***

*including Rs.91.62 lacs (Rs.142.11 lacs) towards earmarked accounts.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–10 OTHER CURRENT ASSETS		
(A) Interest Dividend & accrued on Investments [including Rs.0.84 lac (Rs.0.84 lac) considered doubtful]	2.45	0.93
Less : Provision	0.84	0.84
	1.61	**0.09**
(B) Accrued Interest on deposits, loans & advances etc. [including Rs.3.93 lacs (Rs.7.27 lacs) due for more than six months]		
Considered Good	16.99	29.02
Considered Doubtful	3.83	3.83
	20.82	**32.85**
Less : Provision	3.83	3.83
	16.99	**29.02**
	18.60	**29.11**

SCHEDULE–11 LOANS AND ADVANCES		
Loans : (Unsecured, Considered Good)		
To a Body Corporate	274.00	349.00
To Others	65.03	57.75
	339.03	**406.75**
Advances : (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	438.72	359.81
Advance payment of Income-tax, Refunds receivable & tax deducted at source (net of provisions)	123.83 *	152.65
Balance with Excise & other Government authorities	292.00	316.27
Claims & Refunds Receivable	70.81	171.09
Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	33.70	19.80
Deposit with Government authorities & others	47.53	23.21
Deposit under Tea Development Account Scheme, 1990	187.50	204.98
	1194.09	**1247.81**
Considered Doubtful		
Loans	24.23	24.31
Advances, Claims & Refunds Receivable	41.86	29.39
	66.09	**53.70**
Less : Provision	66.09	53.70
	–	**–**
	1533.12	**1654.56**

* Includes Minimum Alternate Tax Credit Entitlement Rs. 45.00 lacs (Rs.Nil)

Notes:

Advances due from the Officers of the Company	1.40	–
Maximum amount due at any time during the year	6.44	5.68

Loan to an Associate Company	**Amount Due**	**Maximum amount outstanding at any time during the year**
New India Sugar Mills Ltd.*	–	349.00
	(349.00)	(360.99)

*Ceased to be Associate Company with effect from 13.06.2006

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

	30th June, 2006	30th June, 2005
SCHEDULE–12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for goods, services, expenses etc.	1957.52	2054.92
For Other Finance	281.70	231.76
Excess Price of Levy Sugar realised	72.87	103.05
Advance against sale of goods etc.	515.70	39.28
Fractional Entitlement for Bonus Shares	0.01	0.01
Interest accrued but not due on Loans, Deposits etc.	122.24	122.05
Preference Shares Redemption	1.26	1.26
Directors' Remuneration Payable	4.23	4.53
Investor Education & Protection Fund :		
Unclaimed Matured Fixed Deposit	16.42	8.52
Unpaid & Unclaimed Dividends	12.56	5.71
	2984.51	**2571.09**
B. Provisions		
For Leave	36.53	37.67
For Proposed Dividend	577.86	279.18
For Dividend Tax	81.05	39.15
For Fringe Benefit Tax	2.85	3.82
	698.29	**359.82**
	3682.80	**2930.91**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2005-06	2004-05
SCHEDULE–13 GROSS SALES		
Finished Goods	41926.44	36290.37
Trading Goods	435.04	408.52
By Products	1950.41	1220.91
Miscellaneous	18.79	19.00
	44330.68	37938.80
Less: Claims, Rebates etc.	–	0.30
	44330.68	**37938.50**
SCHEDULE–14 OTHER INCOME		
Income from Long Term Investments (Non-trade)		
Dividend	163.18	118.54
Interest on Government Securities	0.41	0.41
Insurance & Other Claims	22.26	39.16
Rent & Hire Charges	3.04	3.25
Miscellaneous Income	24.08	19.93
Unspent liabilities, excess provisions and unclaimed balances written back	35.20	54.76
Land Dividend	52.72	18.75
Interest & holding charges on Buffer Stock	–	137.08
Profit on sale of long term Investments	–	323.42
Replanting Subsidy	1.86	3.77
Profit on Fixed Assets sold / discarded (net)	–	35.60
	302.75	**754.67**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–15 AGRICULTURAL PROFIT/(LOSS)				
INCOME				
Sales [including inter-transfers Rs.11.35 lacs (Rs.4.56 lacs)]		16.43		8.61
Other Income				
Unspent liabilities written back		0.04		0.02
Miscellaneous Receipts		0.15		0.01
		16.62		**8.64**
EXPENDITURE				
Decrease/(Increase) in Stocks				
Opening Stock	7.53		3.59	
Less : Closing Stock	3.28	4.25	7.53	(3.94)
Seeds, Manures and Fodder Consumed		2.38		4.68
Tractor Expenses		2.39		2.36
Repair to Building & others		–		0.02
Rates & Taxes		0.05		0.05
Payments to and Provisions for Employees				
Salaries, Wages, Bonus, etc.	4.95		6.63	
Contribution to Provident and other Funds	0.06	5.01	0.06	6.69
Irrigation Expenses		0.34		1.00
Miscellaneous Expenses		1.04		0.43
		15.46		**11.29**
Profit/(Loss) transferred to Profit & Loss Account		**1.16**		**(2.65)**

SCHEDULE–16 DECREASE IN STOCKS				
Opening Stock				
Goods Under Process		80.76		8.61
Finished Goods		12822.20		13578.29
Semi Finished Goods		338.23		–
Trading Goods		5.32		39.65
By Products		761.16		264.79
Scrap		11.83		6.42
		14019.50		**13897.76**
Less : Adjustment due to cessation of a subsidiary company		–		34.63
		14019.50		**13863.13**
Add: Stocks transferred under Scheme of Arrangement		–		1185.34
		14019.50		**15048.47**
Less				
Closing Stock				
Goods under Process		151.61		80.76
Finished Goods		10388.35		12822.20
Semi Finished Goods		–		338.23
Trading Goods		5.62		5.32
By Products		511.91		761.16
Scrap		17.44		11.83
		11074.93		**14019.50**
		2944.57		**1028.97**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–17 RAW MATERIALS CONSUMED				
Opening Stock		180.65		65.53
Add : Purchases [including procurement expenses and sugarcane transferred from own farm Rs. 11.35 lacs (Rs.4.56 lacs)]		24176.56		19514.93
Purchase Tax & Cess (net)		294.90		100.87
		24652.11		19681.33
Less : Sales		–		1.30
Closing Stock		78.04		180.65
		78.04		181.95
		24574.07		**19499.38**
SCHEDULE–18 STORES, SPARES & PACKING MATERIALS CONSUMED				
Stores, Spare Parts, Chemicals etc. [after adjusting sales & claims Rs.64.23 lacs (Rs.42.43 lacs)]		861.51		683.34
Packing Materials		670.13		603.25
		1531.64		**1286.59**
SCHEDULE–19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus etc.		2442.24		2133.03
Contribution to Provident & other Funds		192.14		161.10
Contribution to Gratuity Fund		101.63		52.47
Workmen Compensation		0.71		3.15
Employees' Welfare Expenses		82.65		83.14
		2819.37		2432.89
Less : Recoveries		7.18		9.27
		2812.19		**2423.62**
SCHEDULE–20 MANUFACTURING, SELLING AND OTHER EXPENSES				
Repairs to and Maintenance of				
Buildings		84.63		94.89
Machinery		708.66		570.94
Others	15.18		8.51	
Rent		13.11		11.54
Rates & Taxes (net)		22.09		21.00
Insurance		102.28		111.11
Auditors' Remuneration:				
For Audit Fees		7.56		7.56
For Limited Reviews & Tax Audit Fees		9.75		8.25
In other capacity for certificates & other services		7.20		5.60
For Expenses		1.61		1.67
Cost Auditors' Remuneration				
As Auditors		0.60		0.56
For Expenses		0.12		0.11

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–20 **MANUFACTURING, SELLING AND OTHER EXPENSES** *(Contd.)*				
Selling Commission & Expenses				
Commission to wholesellers		147.89		132.74
Brokerage		23.65		9.97
Other Selling Expenses		173.19		162.78
Charity & Donations		1.46		7.77
Value of Investments written off	–		8.35	
Less : Adjusted against provisions	–	–	8.25	0.10
Provision for Bad & Doubtful Debts / Advances		21.80		16.26
Provision for diminution in value of Investments		–		25.00
Items pertaining to previous years (net)		0.09		1.44
Bad debts, irrecoverable advances etc. written off	0.10		32.71	
Less : Adjusted against provisions	–	0.10	13.47	19.24
Exchange Rate Fluctuations		12.44		5.06
Sales Tax for earlier years		7.18		7.14
Loss on fixed assets sold / discarded (net)		33.16		–
Molasses Storage & Maintenance Reserve		10.95		7.61
Loss on sale of Investments		88.25		–
Miscellaneous Expenses [including Directors' travelling Rs.27.85 lacs (Rs.11.09 lacs)]		481.63		507.76
		1974.58		**1744.61**

SCHEDULE–21 **DIRECTORS' REMUNERATION**				
Directors' Remuneration				
(A) Directors' Commission being 1% of net profit u/s 349 of the Companies Act, 1956, subject to the maximum limit of Rs. 0.40 lac per Director per annum		4.23		4.53
(B) Managing Director's Remuneration				
Salary	19.95		16.43	
Contribution to Provident Fund	2.40	22.35	1.80	18.23
(C) Directors' Fees		4.10		1.42
		30.68		**24.18**

SCHEDULE–22 **INTEREST & FINANCE CHARGES (NET)**				
On Fixed Loans & Deposits		1007.10		1259.90
To Income Tax Department		0.06		0.40
To Banks & Others		704.16		872.19
		1711.32		**2132.49**
Less : At Credit:				
Amount Capitalised		256.74		66.79
On Secured Loans, Deposits etc. (Gross) [Tax at source Rs.11.30 lacs (Rs.18.60 lacs)]		73.06		108.19
		329.80		**174.98**
		1381.52		**1957.51**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2005-06		2004-05	
SCHEDULE–23 EXCEPTIONAL ITEMS				
Expenses				
Differential Cane Price for earlier years		–		3326.40
Income				
Profit on Sale of a Unit		–		97.99
		–		**3228.41**

SCHEDULE–24 PROPOSED DIVIDEND				
On 300000 Cumulative Redeemable Preference shares (issued by a Subsidiary Company to outsiders) @ 10% per annum		3.00		3.00
Interim Dividend				
On 6979378 Equity Shares @ Rs.4.00 per share		–		279.18
Proposed Dividend				
On 11557239 Equity Shares @ Rs.5.00 per share (Refer Note. no.12 on Schedule 25)		577.86		–
		580.86		**282.18**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE–25 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Notes annexed to and forming part of the Company's Consolidated Balance Sheet and Profit & Loss Account as at and for the year ended 30th June, 2006.

1. Principles of Consolidated Financial Statements

The consolidated financial statements which relate to Upper Ganges Sugar & Industries Ltd. and its subsidiary company, have been prepared on the following basis :

(a) The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealized profit / loss included therein.

(b) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are prepared, to the extent possible, in the same manner as the Company's separate financial statements.

(c) As the financial year of subsidiary closes on 31st March, its audited accounts as at and for the year ended 31st March, 2006, have been incorporated in these accounts. However, in order to eliminate the intra-group balances, certain adjustments pertaining to the period from 1st April, 2006 to 30th June, 2006 have been made in the accounts.

(d) The difference between the cost of the Company's investments in the subsidiary and the equity capital of the subsidiary (as defined in Accounting Standard - 21) as on the date of investment, is treated as Goodwill / Capital Reserve, as the case may be, in the financial statements.

(e) The Subsidiary Company considered in the financial statements is as follows:

Name	Country of Incorporation	% of voting power as on 30.06.2006
Uttar Pradesh Trading Company Ltd.	India	100

2. Investments in Associates

(a) In order to fall in line with Accounting Standard 23 - Accounting for Investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the Company has prepared the accompanying Consolidated Financial Statements by accounting for investment in associates under the equity method.

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

(b) The associate company considered in the financial statements is as follows :

Name	Country of Incorporation	% of ownership interest (till 13.06.2006)
New India Sugar Mills Limited	India	23.17

However, the above Company ceased to be an associate with effect from 13.06.2006 and accordingly proportionate share of profit has been considered upto the above date and the carrying amount of the investments at that date, is considered as cost thereafter in terms of Accounting Standard 23.

3. Accounting Policies

(i) Basis of Accounting

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis, as per normally accepted accounting principles, except for the following which due to uncertainty in realisation, are maintained on cash/ acceptance basis: -

(a) Insurance and other claims

(b) Interest on doubtful loans and advances to cane growers.

(c) Replanting subsidy

(d) Compensation receivable in respect of land surrendered to / acquired by the Government.

(ii) Revenue Recognition

Revenue from the sale of goods is recognized upon passage of title to the customers which generally coincides with delivery thereof.

(iii) Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection/commissioning expenses etc. upto the date the asset is ready for its intended use.

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

Assets awaiting disposal are valued at the lower of written down value and net realisable value and disclosed separately.

(iv) Depreciation

(a) The classification of plant and machinery into continuous and non continuous process is done as per technical certification and depreciation thereon is provided accordingly.

(b) Depreciation on fixed assets is provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956

(c) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis, with reference to the date of addition / disposal

(d) Leasehold land is amortized over the period of lease

(e) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(v) Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(vi) Investments

Current Quoted Investments are stated at lower of cost and market rate on individual investment basis. Unquoted/ long term investments are considered "at cost" on individual investment basis, unless there is a decline other than

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

(vii) Inventories

(a) Inventories are valued at lower of cost (computed on annual weighted average basis) and net realisable value. However, by products and saleable scraps, whose cost is not identifiable, are valued at estimated realisable value.

(b) In case of inter-transferred materials, the transfer price is considered as cost for the purpose of valuation of closing stock.

(viii) Foreign Currency Transactions

(a) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Differences
Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalized.

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

(ix) Retirement Benefits

(a) The Company has created an approved gratuity fund which has taken a group gratuity insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year based on actuarial valuation carried out by them, which together with annual contribution in subsequent years, would be sufficient to cover the gratuity liability as and when it accrues for payment.

(b) Leave liability is provided for on the basis of actuarial valuation carried on at the year end.

(c) Retirement benefits in the form of provident fund / pension schemes and superannuation funds are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(x) Taxation

Provision for Income Tax comprises of current tax and deferred tax charge or release. Current Income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets will be realized against future taxable profits.

Fringe Benefit Tax is provided in accordance with the provisions of the Income Tax Act, 1961.

(xi) Segment Reporting

(a) Identification of Segments:
The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

(b) Inter Segment Transfers
The Company accounts for inter segment transfers at mutually agreed transfer prices.

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

(c) Allocation of Common Costs :
Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated -Common".
The accounting policies adopted for segment reporting are in line with those of the Company.

(xii) Earning per Share
Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding during the year.
For the purpose of calculating diluted earning per share, net profit or loss for the period attributable to equity share holders and the weighted average no. of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

(xiii) Excise Duty
Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the Balance Sheet date

(xiv) Hedging
The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations.
The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalized.

(xv) Research & Development
Research and Development expenditure of revenue nature are charged to the Profit & Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(xvi) Premium on Redemption of Debentures
Premium on redemption of debentures is accounted for in the year of payment.

(xvii) Provisions
A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

(xviii) Contingencies
Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes to the accounts.

(Rs. in lacs)

			2005-06	2004-05
4.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for		15,404.26	6,014.40
5.	Contingent Liabilities not provided for in respect of :–			
	(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:			
		(i) Excise Duty	153.60	98.37
		(ii) Sales & Entry Tax	63.98	21.60
		(iii) Others	78.36	93.90
	Total		**295.94**	**213.87**
	(b)	(i) Guarantees given to a bank against loans to cane growers	580.00	900.00
		(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	219.93	302.44
	(c) Custom duty in respect of pending export obligation against duty free imports		–	622.68
	(d) Additional liability, if any, under Clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases for the sugar season 2004-2005 in respect of Company's Hasanpur Sugar Unit (amount unascertainable)			

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

6. Diminution of Rs.695.98 lacs in the value of certain quoted investments based on their last quoted prices has not been provided, as the break up value of the said companies supplemented by the market value as on 30th June, 2006, of the quoted investments held by them, is much higher.

7. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of Finished goods / By products.

8. Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs.72.87 lacs (Rs.103.05 lacs) (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 50.44 lacs (Rs.80.62 lacs), are in force in terms of the Court Orders, is included under the head 'Current Liabilities'. Necessary adjustment for the above amount together with interest, if any, in this regard will be made in the accounts as and when the matter will be finally settled.

9. Pending decisions of various courts on writ petitions filed by / against the Company, no credit has been taken in the Profit and Loss Account in respect of certain realisations aggregating to Rs.45.31 lacs (Rs.54.64 lacs) in earlier years, which continue to be shown under the head "Liabilities for other Finance" in Schedule - 12. Against the above, fixed deposit receipts / bank guarantees for Rs. 44.47 lacs have been furnished by the Company.

10. (a) Provision for Income Tax includes Rs.415.00 lacs being Minimum Alternate Tax (MAT) in terms of Section 115JB of the Income Tax Act, 1961, for the year ended 31st March, 2006. Out of the above amount, Rs.45.00 lacs being the difference between MAT and normal tax liability and is thus available as tax credit for set off in future years, as per section 115JAA of the Income Tax Act, 1961, has been carried forward as recoverable under 'MAT Credit Entitlement'.

(b) Unlike previous year, tax liability for the period from 1st April, 2006 to 30th June, 2006 has been provided in the accounts with respect to the holding company , based on the operating results for the said period at the applicable tax rates.However,final tax liability will be determined and provided for on the basis of taxable profit for the year ending 31st March, 2007.

(c) The break up of net Deferred Tax Liability of Rs.2,149.38 lacs as on 30th June, 2006 is as follows:

(Rs. in lacs)

	2005-06	2004-05
(A) Deferred Tax Liability		
(i) Timing difference in depreciable assets	2,420.41	2,298.82
	2,420.41	**2,298.82**
(B) Deferred Tax Asset		
(i) Carry forward unabsorbed business losses & depreciation	–	1,217.80
(ii) Expenses allowable against taxable income in future years	271.03	313.09
	271.03	**1,530.89**
Net Deferred Tax Liability (A - B)	**2,149.38**	**767.93**

11. The Company has offered 45,52,852 Equity Shares of Rs.10 each at a premium of Rs.140 per share aggregating to Rs. 6,829.28 lacs to its existing shareholders on Rights basis through a Letter of Offer dated 14th June, 2006 and the said issue was opened on 28th June, 2006. Against the said offer, Rs.19.06 lacs received by the Banker to the Issue upto the Balance Sheet date, has been shown as 'Share Application Money', pending closure of the issue.

12. Provision for dividend, in the accounts has been made after taking into consideration 45,52,852 Equity shares issued/allotted on rights basis after the Balance Sheet date, since as per the terms contained in the Letter of Offer dated 14th June, 2006, the said new equity shares issued/allotted shall rank pari passu in all respects including dividends with the existing equity shares of the company. The amount of dividend on such shares stand at Rs.259.57 lacs (including dividend tax Rs.31.93 lacs).

13. Assets, Liabilities and Income & Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended 31st March, 2006 as the financial year of the Tea Garden closes on 31st March. The net balance of payments and realizations on account of the said Tea Garden during the period from 1st April, 2006 to 30th June, 2006 has been shown

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

14. The land ceiling matter under the U.P. Imposition of Land Ceiling Act, 1960 / Bihar Land Reforms (Fixation of Ceiling, Area and Acquisition of Surplus Land) Act, 1961 for acquisition of agricultural land by the Government is pending before the Hon'ble High Courts at Allahabad and Patna and the proceedings have been stayed by the Hon'ble Courts.

15. Sundry creditors include Rs.14.05 lacs (Rs.19.30 lacs) due to Small Scale Industrial undertakings (SSI) to the extent such parties have been identified from the available documents / information. The names of SSI units to whom amounts are due for more than 30 days as on the Balance Sheet date are furnished below. The Company has normally made payments to the SSI units in due time and also there being no claims from the parties, interest, if any, on overdue payments, is not expected to be material and thus not provided for-

1. M/s Chandra Pumps (Pvt) Ltd.
2. M/s Gita Flopumps India Pvt. Ltd.
3. M/s K.S.B. Engineering Works
4. M/s N.K. (Organic Inorganic) India Pvt. Ltd.
5. M/s National Electricals
6. M/s Reddy Engineering Co.
7. M/s Shilpi Electro Complex

16. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.

(b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.

(c) The following items are included under other heads of expenses in the Profit & Loss Account :

(Rs. in lacs)

	2005-06	2004-05
Salaries & Wages	96.66	64.54
Stores and Spares etc.	592.82	503.26
Rent	0.75	0.57

17. Earning per Share (EPS)

In terms of Accounting Standard - 20, the calculation of EPS is given below:

	2005-06	2004-05
Profit before exceptional items as per Profit & Loss Account (Rs in lacs)	2,917.74	5,045.31
Add : Share in income of Associate Company	261.45	27.40
Less : Dividend on 10% Cumulative Redeemable Preference Shares (including Dividend Tax)	3.42	3.42
Total	**3,175.77**	**5,069.19**
Less : Exceptional items	–	3,228.41
Profit after exceptional items as per Profit & Loss Account (Rs in lacs)	**3,175.77**	**1,840.78**
Weighted average No. of Equity Shares outstanding during the year (Rs. 10 each)	70,04,387	69,96,140
Basic and Diluted earning per share (Rs.):-		
Including exceptional items	45.34	26.31
Excluding exceptional items	45.34	72.45

18. The subsidiary company has given undertakings to financial institutions/banks and a co-operative society not to transfer, assign, pledge, hypothecate or otherwise dispose of its shareholding in the following companies without their prior approval in writing till the loans granted by them to these companies remain outstanding.

(a) The Oudh Sugar Mills Limited

(b) Sutlej Industries Limited

(c) Manavta Holdings Limited

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

19. The Company's segment information as at and for the year ended 30th June, 2006 are as below: *(Rs. in lacs)*

		Sugar	Spirit	Tea	Others	Total
(a)	**Revenue (net of excise duty and cess)**					
	External Sales	37427.29 (32354.38)	2690.06 (1975.05)	819.12 (770.13)	435.04 (408.91)	41371.51 (35508.47)
	Inter-segment Sales	847.18 (874.47)	– (0.28)	– (–)	– (–)	847.18 (874.75)
	Total Revenue	**38274.47** **(33228.85)**	**2690.06** **(1975.33)**	**819.12** **(770.13)**	**435.04** **(408.91)**	**42218.69** **(36383.22)**
(b)	**Results**					
	Segment Results	5544.77 (6892.29)	792.82 (491.81)	81.59 (66.51)	23.12 (53.13)	6442.30 (7503.74)
	Unallocated expenses net of unallocated income					270.33 (-49.94)
	Operating Profit					**6171.97** **(7553.68)**
	Interest & Finance Charges (net)					1381.52 (1957.51)
	Exceptional Items (net)					– (3228.41)
	Income, Wealth & Fringe Benefit Tax					536.26 (215.10)
	MAT Credit Entitlement					-45.00 (–)
	Deferred Tax Liability (net)					1381.45 (335.76)
	Net Profit					**2917.74** **(1816.90)**
(c)	**Total Assets**					
	Segment Assets	**25081.02** **(26833.93)**	**3212.79** **(2351.02)**	**969.80** **(918.33)**	**1845.90 *** **(139.84)**	**31109.51** **(30243.12)**
	Unallocated Corporate Assets					**4149.45** **(4181.29)**
						35258.96 **(34424.41)**
(d)	**Total Liabilities**					
	Segment Liabilities	**2632.10** **(2276.41)**	**119.48** **(78.75)**	**101.89** **(81.64)**	**9.76** **(26.55)**	**2863.23** **(2463.35)**
	Unallocated Corporate Liabilities					20925.36 (22960.56)
						23788.59 **(25423.91)**
(e)	**Other Information**					
	(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	10.95 (7.61)	– (–)	– (–)	– (–)	10.95 (7.61)
	(ii) Capital Expenditure	1779.66 (2475.04)	779.90 (898.84)	32.56 (65.20)	1798.35 * (-)	4390.47 (3439.08)
	(iii) Depreciation for the year	795.03 (763.19)	103.93 (59.23)	37.22 (35.73)	0.22 (0.27)	936.40 (858.42)
(f)	**Geographical Segments**					
	Revenue:					
	India					39913.84 (35508.47)
	Overseas					**1457.67** **(–)**
						41371.51 **(35508.47)**

* includes Rs.1798.35 lacs for the Co-generation Plant under construction.

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

Notes:

(i) Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Sugar", "Spirit" and "Tea" as the operating segments:

Sugar - Consists of manufacture and sale of Sugar, Molasses & Bagasse.

Spirit - Consists of manufacture & sale of Industrial Spirits (including denaturants), Bio Compost & Fusel Oil.

Tea - Consist of cultivation, manufacture and sale of tea.

Others – Consist of miscellaneous business comprising of less than 10% revenues.

(ii) Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations.

(iii) The Company has common fixed assets for producing goods for domestic and overseas. Hence, separate figures for fixed assets / additions to the fixed assets thereof cannot be furnished.

20. Related Party Disclosures

(a) Names of the related parties	
Subsidiary Company	Uttar Pradesh Trading Company Ltd.
Associate Company	New India Sugar Mills Ltd. *
Key Management Personnel	Smt. Nandini Nopany – Chairperson cum Mg. Director
	Shri C.B. Patodia – Advisor
	Shri B.K. Malpani – Executive President, Seohara Unit
	Shri B.K. Sureka – Executive President, Sidhwalia Unit
	Shri R.K. Gupta – Executive Vice President, Hasanpur Unit
	Shri S.S. Binani – Executive Vice President, Cinnatolliah Tea Garden
Relatives of Key Management Personnel	Dr. K. K. Birla – Father of Smt. Nandini Nopany
	Shri C.S. Nopany – Son of Smt. Nandini Nopany
	Smt. Jyotsna Poddar – Sister of Smt. Nandini Nopany
	Smt. Shobhana Bhartia – Sister of Smt. Nandini Nopany
	Smt. Prem Lata Malpani – Wife of Shri B.K.Malpani
	Shri Amit Malpani – Son of Shri B.K. Malpani
	Smt. Anchal Malpani – Wife of Shri Amit Malpani
	Shri Prateek Sureka – Son of Shri B.K. Sureka
	Shri Pragati Sureka – Son of Shri B.K. Sureka
Enterprises owned or significantly	The Oudh Sugar Mills Ltd.
influenced by Key Management Personnel	The Hindustan Times Ltd.
and their relatives	Gobind Sugar Mills Ltd.

* ceased to be Associate Company with effect from 13th June, 2006.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2006

(Rs. in lacs)

	Associate		Enterprises owned by Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006
Sale of Goods & Services										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(1.55)	(–)	(1.55)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	52.27	–	52.27	–
	(–)	(–)	(–)	(–)	(–)	(–)	(75.18)	(-)	(75.18)	(-)
New India Sugar Mills Ltd.*	450.28	–	–	–	–	–	–	–	450.28	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Sale of Fixed Assets										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	23.04	–	23.04	–
	(–)	(–)	(–)	(–)	(–)	(–)	(13.16)	(–)	(13.16)	(–)
Purchase of Goods & Services										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	245.76	–	245.76	–
	(–)	(–)	(–)	(–)	(–)	(–)	(271.18)	(–)	(271.18)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	3.39	–	3.39	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Interest Expenses										
Shri Amit Malpani	–	–	–	–	1.47	1.14	–	–	1.47	1.14
	(–)	(–)	(–)	(–)	(1.39)	(0.86)	(–)	(–)	(1.39)	(0.86)
Smt. Anchal Malpani	–	–	–	–	1.44	1.63	–	–	1.44	1.63
	(–)	(–)	(–)	(–)	(1.03)	(0.91)	(–)	(–)	(1.03)	(0.91)
Smt. Premlata Malpani	–	–	–	–	1.69	1.24	–	–	1.69	1.24
	(–)	(–)	(–)	(–)	(1.08)	(0.98)	(–)	(–)	(1.08)	(0.98)
Others	–	–	–	–	2.20	1.13	–	–	2.20	1.13
	(–)	(–)	(0.09)	(–)	(2.08)	(0.68)	(–)	(–)	(2.17)	(0.68)
Interest Income										
New India Sugar Mills Ltd.*	19.99	–	–	–	–	–	–	–	19.99	–
	(33.66)	(13.33)	(–)	(–)	(–)	(–)	(–)	(–)	(33.66)	(13.33)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(10.38)	(–)	(10.38)	(–)
Investment in Shares										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(531.22)	(–)	(531.22)	(–)
Premium on Renunciation of shares of The Oudh Sugar Mills Ltd.										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(22.15)	(–)	(22.15)	(–)
Dividend Paid during the year										
Dr. K.K. Birla	–	–	–	–	2.47	–	–	–	2.47	–
	(–)	(–)	(–)	(–)	(2.75)	(–)	(–)	(–)	(2.75)	(–)
Smt. Nandini Nopany	–	–	12.42	–	–	–	–	–	12.42	–
	(–)	(–)	(12.47)	(–)	(–)	(–)	(–)	(–)	(12.47)	(–)
New India Sugar Mills Ltd.*	10.80	–	–	–	–	–	–	–	10.80	–
	(10.80)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.80)	(–)
Others	–	–	0.04	–	0.98	–	2.04	–	3.06	–
	(–)	(–)	(0.03)	(–)	(0.57)	(–)	(1.53)	(–)	(2.13)	(–)
Dividnd received										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	49.08	–	49.08	–
	(–)	(–)	(–)	(–)	(–)	(–)	(33.62)	(–)	(33.62)	(–)
Inter corporate Loans and Fixed Deposits Taken										
Shri Amit Malpani	–	–	–	–	5.33	13.48	–	–	5.33	13.48
	(–)	(–)	(–)	(–)	(8.15)	(12.59)	(–)	(–)	(8.15)	(12.59)
Smt. Anchal Malpani	–	–	–	–	4.39	13.58	–	–	4.39	13.58
	(–)	(–)	(–)	(–)	(11.59)	(11.59)	(–)	(–)	(11.59)	(11.59)
Smt. Premlata Malpani	–	–	–	–	6.40	15.69	–	–	6.40	15.69
	(–)	(–)	(–)	(–)	(9.29)	(14.70)	(–)	(–)	(9.29)	(14.70)
Others	–	–	–	–	–	5.00	–	–	–	5.00
	(–)	(–)	(1.00)	(–)	(10.00)	(18.15)	(–)	(–)	(11.00)	(18.15)
Inter corporate Loans and Fixed Deposits Refunded										
Shri C.S. Nopany	–	–	–	–	5.00	–	–	–	5.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Shri Amit Malpani	–	–	–	–	4.44	–	–	–	4.44	–
	(–)	(–)	(–)	(–)	(9.52)	(–)	(–)	(–)	(9.52)	(–)
Smt. Premlata Malpani	–	–	–	–	5.41	–	–	–	5.41	–
	(–)	(–)	(–)	(–)	(10.40)	(–)	(–)	(–)	(10.40)	(–)
Smt. Anchal Malpani	–	–	–	–	2.40	–	–	–	2.40	–
	(–)	(–)	(1.00)	(–)	(3.40)	(–)	(–)	(–)	(4.40)	(–)

SCHEDULE–25 **ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS** *(Contd.)*

(Rs. in lacs)

	Associate		Enterprises owned by Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006	Transaction Value	Balance Outstanding as on 30.06 2006
Loans & Advances given										
New India Sugar Mills Ltd.*	1,475.00	–	–	–	–	–	–	–	1,475.00	–
	(311.99)	(349.00)	(–)	(–)	(–)	(–)	(–)	(–)	(311.99)	(349.00)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(700.00)	(–)	(700.00)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(500.00)	(–)	(500.00)	(–)
Loans & Advances refunded										
New India Sugar Mills Ltd.*	1,550.00	–	–	–	–	–	–	–	1,550.00	–
	(11.99)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(11.99)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)		(–)	(700.00)	(–)	(700.00)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(500.00)	(–)	(500.00)	(–)
Balance Outstanding On Current Account (Net) Debit/(Credit)										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	(0.40)	–	(0.40)
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(1.11)	(–)	(1.11)
New India Sugar Mills Ltd.*	–	–	–	–	–	–	–	–	–	–
	(–)	(85.89)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(85.89)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	16.72	–	16.72
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(13.99)	(–)	(13.99)
The Hindustan Times Ltd.	–	–	–	–	–	–	–	5.48	–	5.48
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(9.45)	(–)	(9.45)
Directors' Commission & sitting fees										
Shri C.S. Nopany	–	–	–	–	0.90	0.40	–	–	0.90	0.40
	(–)	(–)	(–)	(–)	(0.73)	(0.40)	(–)	(–)	(0.73)	(0.40)
Remuneration										
Shri C.B.Patodia	–	–	54.08	0.51	–	–	–	–	54.08	0.51
	(–)	(–)	(37.87)	(2.25)	(–)	(–)	(–)	(–)	(37.87)	(2.25)
Shri B.K.Malpani	–	–	10.55	0.23	–	–	–	–	10.55	0.23
	(–)	(–)	(9.20)	(0.52)	(–)	(–)	(–)	(–)	(9.20)	(0.52)
Shri B.K.Sureka	–	–	8.33	0.46	–	–	–	–	8.33	0.46
	(–)	(–)	(5.72)	(–)	(–)	(–)	(–)	(–)	(5.72)	(–)
Shri S.S.Binani	–	–	8.73	–	–	–	–	–	8.73	–
	(–)	(–)	(8.20)	(0.35)	(–)	(–)	(–)	(–)	(8.20)	(0.35)
Shri R.K. Gupta	–	–	3.37	0.16	–	–	–	–	3.37	0.16
	(–)	(–)	(1.04)	(0.16)	(–)	(–)	(–)	(–)	(1.04)	(0.16)

* Ceased to be Associate Company with effect from 13th June, 2006.

(c) The remuneration paid to Smt. Nadini Nopany, Managing Director, has been disclosed in Schedule-21 to the accounts.

21. Corresponding figures for the previous year are given in brackets and the same have been regrouped and/or rearranged, wherever necessary .Further, the previous years' figures being inclusive of the figures (part of the year), in relation to the Sugar Division of New India Sugar Mills Limited (merged with the Company with effect from 1st October, 2004) are not comparable with the current year's figures.

Signatories to Schedules – 1 to 25

S. R. Batliboi & Co.
Chartered Accountants
Per R. K. Agrawal
a Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 17th August, 2006

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their Report and the audited Accounts of the Company for the year ended 31st March, 2006.

Financial Results

		Rs.	Rs.
2.	The Profit & loss Account shows a profit of		1,55,92,607
	To which is added the balance brought forward from the previous year		4,25,52,526
	Making a total of		5,81,45,133
	Out of this provisions have been made for -		
	Reserve Fund	31,00,000	
	Taxation (including Rs.4,755 provision in respect of an earlier year)	3,10,755	
	Dividend Tax	42,075	34,52,830
	Leaving a balance available for disposal of		5,46,92,303
	The Directors recommend payment of Dividend on 3,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each @ 10% per annum		3,00,000
	Balance to be carried forward		5,43,92,303

Directors

3. The term of Shri C.S. Nopany, Managing Director of the Company expired on the 31st March, 2006. He has been re-appointed as Managing Director for a further period of five years with effect from 1st April, 2006 subject to approval of the shareholders.

4. Shri R.N. Jhunjhunwala retires from the Board by rotation and is eligible for re- election.

Director's Responsibility Statement

5. Your Directors confirm that -

   i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;

   ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year ;

   iii) they have taken proper and sufficient care 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) they have prepared the annual accounts on a going concern basis.

Auditors

6. The Auditors, Messrs S. S. Kothari & Co., Chartered Accountants, retire and are eligible for re appointment.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

7. As the Company has no manufacturing activity, provisions of Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy, technology absorption, etc. are not applicable. During the year, no foreign exchange was earned or used by the Company.

Audit Committee

8. As required under the provisions of the Companies Act, 1956, an Audit Committee has been constituted by the Board of Directors consisting of Shri R.N. Jhunjhunwala as Chairman and Smt. Nandini Nopany and Shri A.L. Tulsian as Members.

9/1, R. N. Mukherjee Road,
Kolkata 700 001,
Dated : the 13th April, 2006

R. N. Jhunjhunwala *Director*
A. L. Tulsian *Director*
C. S. Nopany *Managing Director*
Nandini Nopany Chairperson

AUDITORS' REPORT

To
The Members

1. We have audited the attached Balance Sheet of Uttar Pradesh Trading Company Limited as at 31st March, 2006 and also the Profit and Loss Account 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 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 the 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, 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 statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we 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 have been kept by the Company as required by law so far as appears from our examination of those books.

   iii) The Balance Sheet and Profit & Loss Account, dealt with by this report, are in agreement with the books of account as submitted to us.

   iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report 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 representations received from the Directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director 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 accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with 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 31st March, 2006; and

      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **S. S. Kothari & Co.**
Chartered Accountants

India Steamship House
21, Old Court House Street,
Kolkata - 700001
Dated : the 12th April, 2006

R. N. Bardhan
Partner
Membership No. 17270

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Paragraph 3 of our report of even date

1. The Company has maintained proper records showing full particulars and location of land. The fixed assets of the Company have been physically verified by the management during the year and no fixed assets were disposed off during the year.
2. According to the information and explanations given to us, there are adequate Internal control procedures commensurate with the size of the Company for purchase of fixed assets. No major weaknesses have been noticed in the internal control system.
3. The Company has no manufacturing and/or trading activities and as such the question of having any stock and maintenance of record in respect thereof and physical verification of inventory does not arise
4. (a) The Company has granted unsecured interest free loan to the holding company which considering the strategic relationship are stated to be on reasonable terms.
   (b) The Company has not taken any loans, secured or unsecured from companies; firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
5. There was no transaction which required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. The internal audit was conducted by a service company and in our opinion, the Internal audit system was commensurate with the size of the Company and the nature of its business.
8. The Company is regular in depositing undisputed statutory dues with the appropriate authorities as applicable. As the Company has no employee and no manufacturing and / or trading activities are carried on by the Company the question of payment of provident fund, employees' state insurance, sale tax, custom duty, excise duty, cess etc. does not arise. According to the information and explanations given to us no undisputed amounts payable in respect of statutory dues relating to Income Tax, Wealth Tax, Service Tax and Cess were outstanding as at 31st March, 2006 for a period of more than six months from the date they became payable. There are no dues outstanding in respect of statutory dues as stated above on account of any dispute.
9. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities hence maintenance of records in respect thereof does not arise.
11. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
12. In respect of dealing in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
13. The Company has not given any guarantee for the loans taken by others from bank and financial institutions.
14. The Company has not taken any term loan from any financial institutions or bank. The Company does not have any borrowing by way of debentures.
15. We have been informed by the management that no funds raised on short term basis have been used for long term purpose.
16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has not raised any money through a public issue during the year.
17. The Company has not issued any debentures during the year.
18. Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
19. The nature of the Company's business / activities during the year is such that the other clauses of the Companies (Auditors' Report) Order, 2003, are not applicable.

For **S. S. Kothari & Co.**
Chartered Accountants

India Steamship House
21, Old Court House Street,
Kolkata - 700001
Dated : the 12th April, 2006

R. N. Bardhan
Partner
Membership No. 17270

BALANCE SHEET As at 31st March, 2006

(Amount in Rupees)

	Schedule	31.03.2006	31.03.2005
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	166,624,995	166,624,995
Reserves & Surplus	2	115,642,303	100,702,526
		282,267,298	**267,327,521**
Loan			
Unsecured Loan			
From Upper Ganges Sugar & Industries Ltd. the holding company (not bearing interest)		–	19,200,000
		–	**19,200,000**
		282,267,298	**286,527,521**
APPLICATION OF FUNDS			
Fixed Assets			
Land (at cost)		**1,600,382**	**1,600,382**
Investments	3	**248,272,344**	**195,150,244**
Current Assets, Loans & Advances			
Current Assets	4	43,175	147,196
Loans & Advances	5	33,005,472	90,512,774
		33,048,647	**90,659,970**
Less : Current Liabilities & Provisions	6		
Current Liabilities		6,000	6,000
Provisions		648,075	877,075
		654,075	**883,075**
Net Current Assets		**32,394,572**	**89,776,895**
		282,267,298	**286,527,521**
Accounting Policies & Notes on Accounts	9		

As per our Report attached.

For **S. S. Kothari & Co.**
Chartered Accountants

R. N. Bardhan
Partner
Membership No. 17270
India Steamship House
21, Old Court House Street
Kolkata 700 001
Dated: the 12th April, 2006

R. N. Jhunjhunwala *Director*

A. L. Tulsian *Director*

C. S. Nopany *Managing Director*

Nandini Nopany Chairperson

PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2006

(Amount in Rupees)

		Schedule	2005-06	2004-05
INCOME				
Dividend			14,753,082	10,934,997
Interest (Gross)		7	911,918	1,464,443
Land Rent			14	14
Profit on sale of Investments			–	32,341,750
			15,665,014	**44,741,204**
EXPENDITURE				
Directors' Fees			5,200	6,000
Other Expenses		8	67,207	63,447
Interest to Income Tax Department			–	3,845
Value of Investments written off	824,000			
Less : Provision for diminution in value of Investments	814,000		–	10,000
			72,407	**83,292**
Profit before Taxation			**15,592,607**	**44,657,912**
Less : Provision for taxation (including short provision in respect of an earlier year Rs. 4,755)			310,755	530,457
Profit after Taxation			**15,281,852**	**44,127,455**
Add: Balance brought forward from last year			42,552,526	7,642,146
Profit available for appropriation			**57,834,378**	**51,769,601**
APPROPRIATIONS				
Transfer to Reserve Fund			3,100,000	8,875,000
Proposed Dividend on 3,00,000 Cumulative Redeemable				
Preference Shares of Rs. 10 each @ 10% per annum			300,000	300,000
Provision for Dividend Tax			42,075	42,075
Balance carried to Balance Sheet			54,392,303	42,552,526
			57,834,378	**51,769,601**
Accounting Policies and Notes on Accounts		9		

This is the Profit & Loss Account referred to in our Report of even date

For **S. S. Kothari & Co.**
Chartered Accountants

R. N. Bardhan
Partner
Membership No. 17270
India Steamship House
21, Old Court House Street
Kolkata 700 001
Dated: the 12th April, 2006

R. N. Jhunjhunwala
Director

A. L. Tulsian
Director

C. S. Nopany
Managing Director

Nandini Nopany
Chairperson

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

	31.03.2006	31.03.2005
SCHEDULE–1 SHARE CAPITAL		
Authorised		
16,70,00,000 Ordinary Shares of Re.1 each	167,000,000	167,000,000
3,00,000 Preference Shares of Rs.10 each	3,000,000	3,000,000
	170,000,000	**170,000,000**
Issued		
16,37,25,000 Ordinary Shares of Re.1 each	163,725,000	163,725,000
3,00,000 10% Cumulative Redeemable Preference Shares of Rs.10 each	3,000,000	3,000,000
	166,725,000	**166,725,000**
Subscribed & Paid-up		
16,36,24,995 Ordinary Shares of Re.1 each fully paid up	163,624,995	163,624,995
3,00,000 10% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up in cash	3,000,000	3,000,000
	166,624,995	**166,624,995**

Notes:

1) Out of 16,36,24,995 Ordinary Shares 7,20,000 Shares have been allotted as fully paid Bonus Shares by capitalisation of General Reserve.

2) The entire Subscribed Ordinary Share Capital is held by Upper Ganges Sugar & Industries Ltd., the holding company.

3) The Preference Shares are redeemable at par after a period of 7 years but not later than 10 years from the date of allotment i.e. 2.11.1999.

SCHEDULE–2 RESERVES & SURPLUS		
Share Premium Account		
As per last Account	**10,750,000**	**10,750,000**
Reserve Fund		
As per last Account	19,400,000	10,525,000
Add : Transfer from Profit & Loss Account	3,100,000	8,875,000
	22,500,000	**19,400,000**
General Reserve		
As per last Account	**28,000,000**	**28,000,000**
Surplus as per Profit & Loss Account	**54,392,303**	**42,552,526**
	115,642,303	**100,702,526**

SCHEDULE–3 INVESTMENTS (AT COST)

	No. of Shares	Face Value Rs.	31.03.2006	31.03.2005
Quoted				
Equity Shares (Fully Paid)				
Chambal Fertilisers & Chemicals Ltd. (*)	12,62,635	10	27,911,525	–
India Steamship Co. Ltd. (*)	22,95,700	10	–	27,911,525
The Oudh Sugar Mills Ltd.	1,963,127	10	90,126,179	37,004,079
	(9,44,990)			
Ceekay Daikin Ltd.	5,000	10	50,000	50,000
Haryana Oxygen Ltd.	5,000	10	50,000	50,000
New India Sugar Mills Ltd.	1,33,073	10	10,188,950	10,188,950
Sutlej Industries Ltd.	20,19,339	10	104,856,706	104,856,706
Manbhawani Investment Ltd.	73,500	10	225,296	225,296
Manavta Holdings Ltd.	73,500	10	225,296	225,296
Gobind Sugar Mills Ltd.	20,000	10	10,200,000	10,200,000
			243,833,952	**190,711,852**

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

SCHEDULE–3 INVESTMENTS (AT COST) *(Contd.)*	No. of Shares	Face Value	31.03.2006	31.03.2005
Unquoted				
Equity Shares (Fully Paid)				
Taparia Ltd.	3,500	10	40,105	40,105
Rajpur Farms Ltd.	40,000	10	400,000	400,000
Narkatiaganj Farms Ltd.	40,000	10	400,000	400,000
Shree Vihar Properties Ltd.	1,08,000	10	810,000	810,000
Damanganga Processors Ltd.	2,50,000	10	2,500,000	2,500,000
Moon Corporation Ltd.	2,874	5	39,287	39,287
Modern Household & Accessories Trading Pvt. Ltd.	20,000	10	200,000	200,000
India Educational & Research Institutions Pvt. Ltd.	4,900	10	49,000	49,000
Leas Communications Ltd.(value written off)	21,000	10	–	–
Chandausi Rice Mills Ltd. (value written off)	1,000	10	–	–
Maruti Ltd. (In liquidation - value written off)	40,000	10	–	–
APV Texmaco Ltd.(In liquidation - value written off)	20,400	10	–	–
			4,438,392	**4,438,392**
			248,272,344	**195,150,244**
Aggregate Book Value of Quoted Investments			243,833,952	190,711,852
Aggregate Book Value of Unquoted Investments			4,438,392	4,438,392
			248,272,344	**195,150,244**
Market Value of Quoted Investments			**1,062,010,160**	**447,640,035**

(*) Pursuant to a Scheme of Arrangement and Amalgamation, the Company, during the year under review was allotted 12,62,635 Equity Shares of Rs. 10 each of Chambal Fertilisers & Chemicals Ltd. in lieu of 22,95,700 Equity Shares of Rs. 10 each held in India Steamship Co. Ltd. on its amalgamation with Chambal Fertilisers & Chemicals Ltd.

SCHEDULE–4 CURRENT ASSETS		
Cash & Bank Balances		
With Scheduled Banks on Current Account	43,175	147,196
	43,175	**147,196**

SCHEDULE–5 LOANS & ADVANCES		
(Unsecured, Considered Good)		
Loans:		
Loan to Upper Ganges Sugar & Industries Ltd., the holding company (not bearing interest)	32,700,000	–
To a body corporate	–	90,000,000
Advance payment of Income-tax & tax deducted at source	305,472	512,774
	33,005,472	**90,512,774**

SCHEDULE–6 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors for Expenses	6,000	6,000
	6,000	**6,000**
Provisions		
For Taxation	306,000	535,000
For Proposed Dividend	300,000	300,000
For Dividend Tax	42,075	42,075
	648,075	**877,075**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

	2005-06	2004-05
SCHEDULE–7 INTEREST (Gross)		
On Loans (Tax deducted at source Rs. 2,02,472 – previous year Rs. 3,03,511)	911,918	1,457,288
On Bonds (Tax deducted at source Rs. NIL – previous year Rs. 1,763)	–	2,782
From Income Tax Department	–	4,373
	911,918	**1,464,443**

SCHEDULE–8 OTHER EXPENSES		
Rates & Taxes	6,310	6,310
Service Charges	37,468	34,000
General Charges	17,429	17,137
Audit Fees	6,000	6,000
	67,207	**63,447**

SCHEDULE–9 ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. Accounting Policies

(a) Fixed Assets
Fixed Assets are stated at cost

(b) Recognition of Income and Expenditure
Income and Expenditure are recognised on accrual basis.

(c) Investments
Long Term Investments are considered at cost on individual basis, unless there is permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of Investments.

2. No provision has been made in respect of diminution in the value of certain quoted investments aggregating Rs.15,246,352 as the same, in the opinion of management, is not permanent in nature. However, there is no diminution in the overall market value of the quoted investments.

3. The Company has given undertakings to financial institutions/banks not to transfer, assign, pledge, charge or create any lien or otherwise dispose of its shareholdings in The Oudh Sugar Mills Ltd. and Sutlej Industries Ltd. without their prior approval in writing till the financial assistance provided by them to the said companies remain outstanding.

4. The Company has given an undertaking to Darbhanga Mansion Co-operative Housing Society Ltd. not to transfer, create any charge, pledge or encumbrance or otherwise dispose of its shareholding in Manavta Holdings Ltd. without their written consent.

Signatories to Schedules '1' to '9'

For **S. S. Kothari & Co.**
Chartered Accountants

R. N. Bardhan
Partner
Membership No. 17270
India Steamship House
21, Old Court House Street
Kolkata 700 001
Dated: the 12th April, 2006

R. N. Jhunjhunwala
Director

A. L. Tulsian
Director

C. S. Nopany
Managing Director

Nandini Nopany
Chairperson

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 21-1945 0 State Code 21

Balance Sheet Date 31 03 2006

Date Month Year

II. Capital Raised during the year *(Amount in Rs. Thousands)*

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs. Thousands)*

Total Liabilities	2822667	Total Assets	2822667
Sources of Funds			
Paid-up Capital	166625	Reserves & Surplus	1156422
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	1600	Investments	2482722
Net Current Assets	32395	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company *(Amount in Rs. Thousands)*

Turnover	15665	Total Expenditure	72
Profit before Tax	15593	Profit after Tax	15282
Earning per Share in (Rs.)	0.09	Dividend Rate	NIL

V. Generic Names of Principal Products / Services of Company (As per Monetary terms)

Item Code No. (ITC Code) :
Product Description :

Not Applicable since the Company is an Investment Company.

R. N. Jhunjhunwala *Director*
A. L. Tulsian *Director*
C. S. Nopany *Managing Director*
Nandini Nopany Chairperson

SCHEDULES TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY

(As required in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. in lacs)

Particulars	Amount outstanding As on 31.03.2006	Amount overdue As on 31.03.2006
Liabilities Side		
1. Loans and Advances availed by the NBFC'S inclusive of interest accrued thereon but not paid:		
(a) Debentures		
Secured	Nil	Ni
Unsecured (Other than falling within the meaning of Public Deposits)	Nil	Nil
(b) Deferred Credits	Nil	Ni
(c) Term Loans	Nil	Nil
(d) Inter-Corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	Nil	Ni
(f) Public Deposits	Nil	Nil
(g) Other Loans (specify nature)	Nil	Nil
2. Break-up of (1) (f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured Debentures	N.A.	N.A.
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	N.A.	N.A.
(c) Other Public Deposits	N.A.	N.A.
Assets Side :		
3. Break-up of Loans and Advances including Bills receivables (other than those included in (4) below)		
(a) Secrued		Nil
(b) Unsecured		327.00
4. Break-up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities		
i) Lease Assets including lease rentals under sundry debtors :		
(a) Financial Lease		Nil
(b) Operating Lease		Nil
ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on Hire		Nil
(b) Repossessed Assets		Nil
iii) Hypothecation Loans counting towards EL/HP activities :		
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil
5. Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil
2. Unquoted :		
(i) Shares		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil

(Rs. in lacs)

	Amount outstanding
Long Term Investments:	
1. Quoted:	
(i) Shares :	
(a) Equity	2438.34
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted	
(i) Shares :	
(a) Equity	44.38
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

6. Borrower group-wise classification of all Leased Assets, Stock-on-Hire and Loans and Advances :

(Rs. in lacs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries / Holding Co.	Nil	327.00	327.00
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Ni
Total	**Nil**	**327.00**	**327.00**

7. Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/ Break-up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries/Holding Co.	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	10695.39	2482.72
Total :	**10695.39**	**2482.72**

8. Other Information

Particulars	Amount
i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
iii) Assets acquired in satisfaction of debt	Nil

R. N. Jhunjhunwala	**A. L. Tulsian**	**C. S. Nopany**	**Nandini Nopany**
Director	*Director*	*Mg. Director*	*Chairperson*