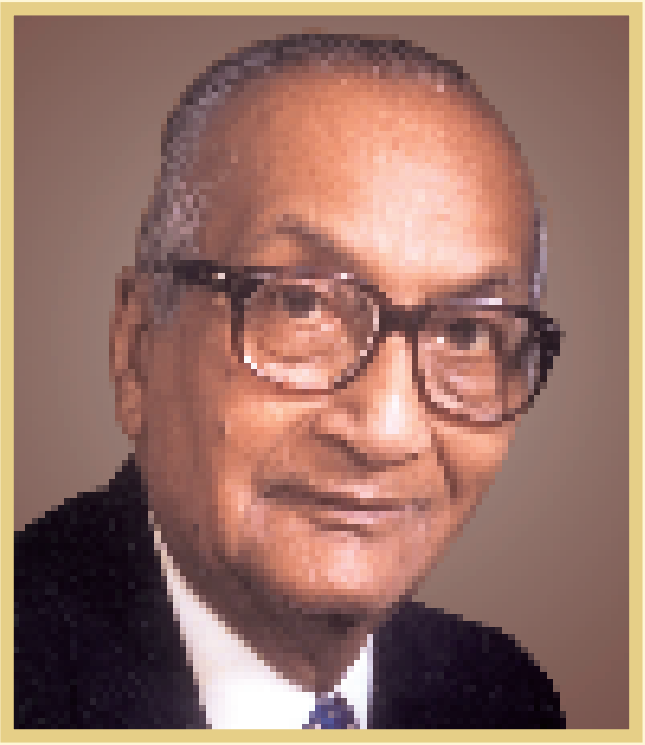
Future
ahead



Dr. K. K. Birla, *Chairman Emeritus*

Smt. Nandini Nopany, *Chairperson cum Mg. Director*

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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
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
Lt. Gen. K. Chiman Singh (Retd.)

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 I. P. Singh Roy

Remuneration Committee
Shri I.P. Singh Roy
Shri G.K. Bhagat
Shri Gaurav Swarup

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
Industrial Developement Bank of India Ltd.
ICICI Bank Ltd.
AXIS Bank Ltd.

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 : 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)

About the Company

Parentage

We are a part of the renowned K.K. Birla Group of Companies with diversified interests in industries such as fertilisers, chemicals, heavy engineering, textiles, shipping and the media.

Presence

▲ Headquartered in Kolkata

▲ Three sugar mills – in Seohara in Bijnor district of Uttar Pradesh, Sidhwalia in Gopalganj district of Bihar, and Hasanpur district Samastipur of Bihar

▲ A bio-compost plant in Shyamabad near Seohara, Uttar Pradesh

▲ A tea garden in North Lakhimpur, Assam

▲ Shares listed on the Bombay Stock Exchange, National Stock Exchange and the Calcutta Stock Exchange.

Products

We manufacture sugar, industrial alcohol and ethanol – an eco-friendly fuel, and organic fertilisers –marketed under the brand name of Uttam Jaivik Khad, and tea.

Philosophy

▲ To satisfy the expectations of customers, employees, financers and of the society at large.

▲ To maximise shareholders' wealth through value addition by integration and expansion.

▲ To uphold and nurture the principles of good Corporate Governance through transparency, empowerment, accountability, independent monitoring and environment consciousness.

Values

We strive to excel in our core areas of competence – manufacture of sugar and allied products – and provide every opportunity to employees and business associates to fully realise their potential.

Performance at a Glance

(Rs. in lakh)

	2002-03	2003-04	2004-05	2005-06	2006-07
Gross Turnover	31148.74	28852.26	37938.50	44330.68	35225.82
Operating Profit / (Loss)	1693.04	5882.50	7980.12	7049.81	(1921.80)
Interest & Finance Charges (net)	1990.50	2272.50	1978.29	1381.52	1228.18
Depreciation	775.01	834.88	858.42	936.40	1098.32
Profit/(Loss) before Tax	(1072.47)	2775.12	1915.00	4731.89	(4248.30)
Profit/(Loss) after Tax	(717.19)	1681.40	1369.44	2862.29	(2826.13)
Net Worth	5508.21	6977.68	7950.85	10088.18	13923.62
Net Worth per equity share (Rs.)	78.92	99.98	113.92	144.03	120.47
Dividend per equity share (Rs.)	–	3.00	4.00	5.00	–
Earning per equity share (Rs.)	–	24.09	19.57	40.86	(25.15)
Cane Crushed (Season) (In lakh Qtls.)	194.43	166.31	169.16	186.60	241.40

Directors' Report

To

[redacted]

Your Directors take pleasure in presenting their report and the audited accounts of the Company for the year ended 30th June, 2007.

Financial results

(Rs. in lakh)

	2006 - 07		2005 – 06	
Gross sales		35225.82		44330.68
Gross profit/loss before depreciation		(3149.98)		5668.29
To which is added/deducted :				
Balance brought forward from the previous year	1019.23		815.85	
Income tax provision no longer required written-back	82.50		--	
Deferred tax assets/liability	1395.29		(1381.45)	
Transfer from general reserve	1900.00	4397.02	–	(565.60)
Leaving a balance of		1247.04		5102.69
Out of this provisions have been made for :				
Depreciation	1098.32		936.40	
Taxation (net)	36.46		473.65	
Fringe benefit tax	19.16	1153.94	14.50	1424.55
Balance available for appropriation		93.10		3678.14
Appropriations :				
Proposed dividend	–		577.86	
Dividend tax	–		81.05	
Transfer to general reserve	–	–	2000.00	2658.91
Balance carried to balance sheet		93.10		1019.23

Financial performance

The financial performance of the Company for the year under review has been severely affected primarily due to two factors. Firstly, a record bumper production that far outstripped the demand for sugar, saw a steep fall in prices. Secondly, the state governments fixed high and uneconomic prices of sugarcane. Both these factors have resulted in huge losses for the sugar industry. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report, which is attached as a separate annexure and forms a part of this report.

Dividend

In view of losses, the Directors do not recommend any dividend for the year.

Capital projects

During the year under review, your Company has successfully completed installation of a 24-MW Co-generation plant at Seohara. Capacity of distillery at Seohara has been enhanced from 55 kilo litres per day (klpd) to 100 klpd.

The expansion of crushing capacity of Hasanpur Sugar Mills, Samastipur (Bihar), a unit of your Company, from 1750 tonnes crushing daily (TCD) to 5000 TCD at a capital outlay of about Rs. 130 crores, is progressing satisfactorily.

The project for expansion of crushing capacity of Bharat Sugar Mills, Sidhwalia (Bihar) a unit of your 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 in progress and it is expected to be completed during the current fiscal.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, the report on Corporate Governance, Auditors' Certificate on compliance of conditions of Corporate Governance, declaration of Managing Director and the Management Discussion & Analysis Report, are attached and form part of this report.

Directors

Shri Bhaskar Mitter, Non-Executive Director of your Company, stepped down from the Board with effect from 23rd February, 2007. Shri Mitter, appointed as a Director of your Company in the year 1973, contributed immensely towards the growth and development of the Company. Your Directors place on record their appreciation of the valuable advice and guidance given by him during his tenure as a Director of the Company.

Shri C.S. Nopany, Lt. Gen. K. Chiman Singh (Retd.) and Shri Supriya Gupta retire from the Board by rotation and are eligible for re-appointment.

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 losses 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 and referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments and explanations.

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

In accordance with the directives of the Central Government under Section 233B 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 the sugar unit at Sidhwalia and M/s. D. Radhakrishnan & Co., Cost Accountants, have been appointed as Cost Auditor for sugar unit at Hasanpur for the current year.

Subsidiary company

The audited accounts of Uttar Pradesh Trading Company Ltd., a subsidiary of the Company, for the year ended 31st March, 2007, are attached as required under Section 212 of the Companies Act, 1956.

Consolidated financial statements

As required under the Listing Agreements with the stock exchanges, consolidated financial statements conforming to the Accounting Standard 21 issued by the Institute of Chartered Accountants of India are attached.

Particulars of employees

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.

Energy conservation, technology absorption and foreign exchange earnings and outgo

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

London,
26th September, 2007

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, 2007.

I. Conservation of energy:

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

b) The Company has installed new fuel-efficient higher capacity boilers to save fuel consumption. One new turbine of 24 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 drains 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 introduced latest PLC-based injection water control system, sensing vacuum of pans or evaporators. This device saves more power than conventional system.

o) Installation of high-efficiency hot water lifting pumps for cooling tower for power saving.

p) The Company has installed new bio-gas digester and 25-TPH boiler at its distillery for saving in fuel energy.

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

(A) Power and fuel consumption :

	Current year		Previous year	
	Sugar	Tea	Sugar	Tea
1. Electricity:				
a) Purchased :				
Units (in lakh)	–	5.13	--	5.39
Total amount (Rs. in lakh)	–	33.74	--	34.49
Rate/unit (Rs.)	–	6.57	--	6.41
b) Own generation:				
i) Through diesel generator :				
Units (in lakh)	23.78	4.33	24.71	3.96
Units per litre of diesel oil	2.90	2.88	2.91	2.71
Cost/unit (Rs.)	11.42	11.45	10.35	10.30
ii) Through steam turbine/generator :				
Units (in lakh)	503.47	–	419.47	–
Units per litre of fuel oil/gas Cost/unit (Rs.)	Not ascertainable as the bagasse which is a by-product is being used as fuel			
2. Coal:				
Quantity (Tonnes)	111.96	797.00	121.81	925.00
Total cost (Rs. in lakh)	6.51	29.38	7.02	30.38
Average rate (Rs.)	5814.33	3686.68	5760.83	3284.57
3. Furnace oil: (T.D. oil for dryers)				
Quantity (Litres in lakh)	–	0.77	–	0.27
Total amount (Rs. in lakh)	–	20.02	–	5.59
Average rate (Rs.)	–	26.19	–	20.78
4. Others/internal generation	–	–	–	–
B) Consumption per unit of production :	No standard has been fixed			
Products (Sugar in lakh qtls. and tea in lakh kgs.)	23.19	11.90	17.72	10.91
Electricity	22.73	0.79	25.07	0.86
Furnace Oil	–	0.06	–	0.02
Coal (in kg.)	–	0.67	–	0.85
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 the 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. 22.17 lakh
d) Expenditure in foreign currency	–	Rs. 894.61 lakh

IV. 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, 2007

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	91,57,170	Advisory	Intermediate	39	58	February, 1990	The New Swadeshi Sugar Mills Ltd., Narkatiaganj
Smt. Nandini Nopany	Mg. Director	36,58,000	Overall management of the affairs of the Company	I.C.S.E.	34	60	October, 1995	None

Notes:

1. The remuneration includes salary, Company's contribution to provident fund and perquisites, etc.
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: London
Date : 26th September, 2007

Nandini Nopany
Chairperson-cum-Managing Director

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, 2007, 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. 209.43 lakh and Rs. 1048.92 lakh respectively.

Since the close of the accounts of the subsidiary company on 31st March, 2007, 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 decreases by Rs. 2.00 lakh.

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Management Discussion and Analysis

Indian economy

Overview

India is one of the world's fastest growing economies based on rising industrial production, manufacturing growth, savings, investments, exports, foreign currency reserves and credit outflows etc. All these factors have translated into the second fastest growing GDP in the world.

GDP growth (%)

2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
4.0	5.8	3.8	8.5	7.5	9.0	9.4

More importantly this trend has continued in the current fiscal too. The Indian GDP recorded a growth of 9.3 percent in the first quarter of 2007-08, with the agriculture sector recording a higher growth at 3.8 percent against 2.8 percent in the corresponding period of the previous fiscal.

Growth initiatives for the agricultural sector

The government has taken a number of initiatives to boost the agricultural sector through the Union Budget 2007-08

▲ **Farm Credit:** Target of Rs. 2,25,000 crores for 2007-08 with an addition of 50 lakh new farmers to the banking system; provision of Rs. 1,677 crores for 2 percent interest subvention for short-term crop loans; a special plan being implemented over a period of three years in 31 especially distressed districts in four States involving a total amount of Rs. 16,979 crores.

▲ **Accelerated Irrigation Benefit Programme:** 35 projects likely to be completed in 2006-07 and additional irrigation potential of 900,000 hectares to be created; outlay to be increased from Rs. 7,121 crores to Rs. 11,000 crores including grant component to state governments of Rs. 3,580 crores, an increase from Rs. 2,350 crores.

▲ **Agricultural Insurance:** National Agricultural Insurance Scheme to be continued for Kharif and Rabi 2007-08 with a provision of Rs. 500 crores; a weather based crop insurance scheme to be started by Agricultural Insurance Corporation on a pilot basis as an alternative to NAIS; allocation of Rs. 100 crores to be made in 2007-08.

▲ **Rural Infrastructure Development Fund**: Corpus of RIDF-XIII to be raised from Rs. 10,000 crores to Rs. 12,000 crores; separate window for rural roads to continue with a corpus of Rs. 4,000 crores.

These initiatives are expected to drive the growth of the agricultural sector over the coming years, increasing its relevance to the Indian economy.

Global sugar overview

The world sugar market has entered a distinctive surplus phase, characterised by a significant excess in global production over consumption and export availability considerably higher than projected import demand. The gap between production and consumption has increased to a record high of 10.288 million tonnes during 2006-07.

Worldwide, the sugar industry is regulated. This is because of the perishable nature of cane, the need to influence domestic prices and the landholding structure; though the instruments of regulation vary across geographies. Nearly 80 percent of world sugar is derived from cane.

The global sugar industry is highly influenced by Brazil, given that it is the least cost producer and the largest exporter of sugar. Ethanol has had a significant influence on the global sugar market.

Fact file

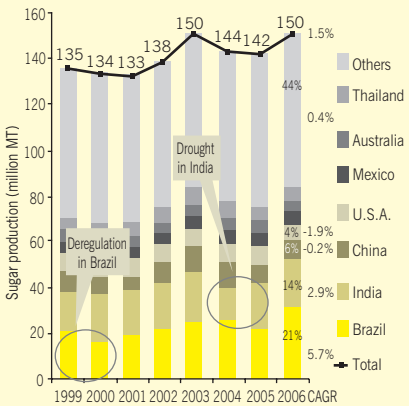
Sugar production: 165.508 million tonnes

Production

The world sugar production is expected to increase by 10 percent and reach 165.508 million tonnes in the sugar season 2006-07. The world sugar production has been increasing steadily at a seven year CAGR of 1.5 percent.

The major sugar producing countries comprising Brazil, India, China and U.S.A account for 45 percent of total sugar production. EU collectively produces around 14 percent of the total sugar production. Brazil is the largest producer of sugar and has increased its production by 5.7 percent CAGR over the last 7 years since deregulation in 1999-2000. Going forward, the country plans to boost sugarcane output to 627 million tonnes in the next seven years. India is the second largest producer and its sugar production has increased consistently except in years which were drought affected.

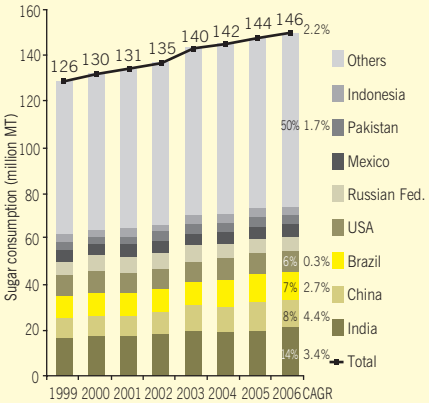
World sugar production (1999- 2006)



Consumption

The total world consumption of sugar is at 155.220 million MT. India is the largest consumer of sugar followed by China, Brazil, USA and Russia. Consumption in China, India and Brazil is growing at a higher rate than the world average of 2.2 percent. Consequently, these geographies are expected to play a larger role in the global sugar trade in the coming years.

World sugar consumption (1999 – 2006)



International trade

The world sugar trade accounts for around 36 percent of the global sugar production. The major producers of sugar in the world are also the leading exporters, and are highly dependent on the world trade. Australia exports around 72 percent of its production, while Brazil exports 56 percent of its production.

The world sugar trade is dominated by Brazil and EU. Australia and Thailand are the other major sugar exporting countries. Brazil supplies large quantities of sugar to all the continents which is likely to grow further and consequently its influence on the global trade flow would increase further. On the other hand, the role of EU in the

sugar trade is expected to reduce as it is expected to become a marginal exporter over the period 2006 to 2010. This is mainly due to a WTO ruling that has led to reduction in EU subsidies for sugar production. In fact, EU may even become a net importer subsequently.

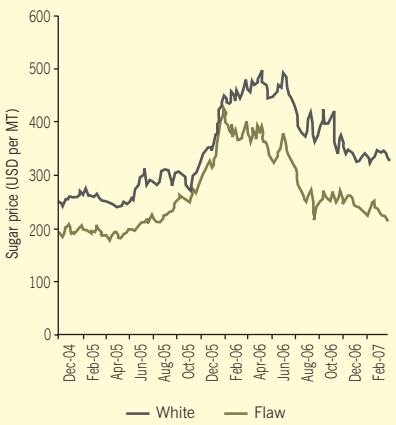
India is however unique, as it is the world's largest consuming market. India's dependence on the world trade is marginal and therefore, it is largely insulated from the global price variations. In case of a global surplus though, domestic prices tend to get influenced by low global prices since exports from India are less viable. Historically, India has used the world trade to manage its surplus and deficit, as it is typically self sufficient in sugar. At no point in the last 7 years has India imported or exported more than 2 percent of the total world sugar trade.

Pricing

The world raw and refined sugar prices usually move in synchronisation with an average USD 60 differential between the raw and the refined prices. The world sugar prices are highly influenced by Brazil, as it is the largest exporter and the least cost producer among the major exporting nations.

Thus, given the high influence of Brazil, large sugar exporters typically generate higher margins from domestic sales as compared to the exports. Government intervention and regulations are used to maintain high domestic prices in these countries, when compared with the current world sugar price. This is a key feature of the sugar trade worldwide. India is unique in this respect, due to its low reliance on exports, and has one of the lowest retail prices of sugar amongst the key geographies.

World raw and refined sugar prices (2004-07)



World sugar balance (million tonnes, raw value)

	2006-07	2005-06	Change	
			In million tonnes	In %
Production	165.508	152.079	13.43	8.83
Consumption	155.220	149.859	5.36	3.58
Surplus/deficit	10.288	2.220	8.07	
Import demand	45.952	46.676	-0.72	
Export availability	45.939	46.689	-0.75	
End stocks	67.229	59.764	7.45	12.46
Stock/consumption ratio (%)	43.30	39.88		

Indian sugar overview

The Indian sugar industry is the country's second-largest agro-processing industry with a production of over 28 million tonnes during 2006-07. Over the last four decades, sugar production grew at a CAGR of 6 percent.

This sector is a key driver of rural development, supporting India's economic growth. The industry is inherently inclusive supporting over 50 million farmers and their families, along with workers and entrepreneurs of almost 500 mills, apart from a host of wholesalers and distributors spread across the country.

The Indian sugar market is one of the largest markets in the world, in volume terms. India is also the second largest sugar producing geography globally. It remains a key growth driver for world sugar, growing above the Asian and world consumption growth average.

The annual economic contribution of the Indian sugar industry to the government exchequer through principal indirect taxes amounts to more than Rs. 2,800 crores.

Fact file

- ▲ Industry size stands at about Rs. 450 billion
- ▲ Fragmented industry – Total mills 499
- ▲ Uttar Pradesh is the largest sugar cane growing state in India
- ▲ Sugar production for the 2006-07 sugar season was 28.5 million tonnes
- ▲ Average recovery rates vary between 9.5 percent -- 10.5 percent
- ▲ Economies of scale compare poorly with world leaders - Thailand (10,370 TCD), Brazil (9,186 TCD), Australia (9,216 TCD).

Structure

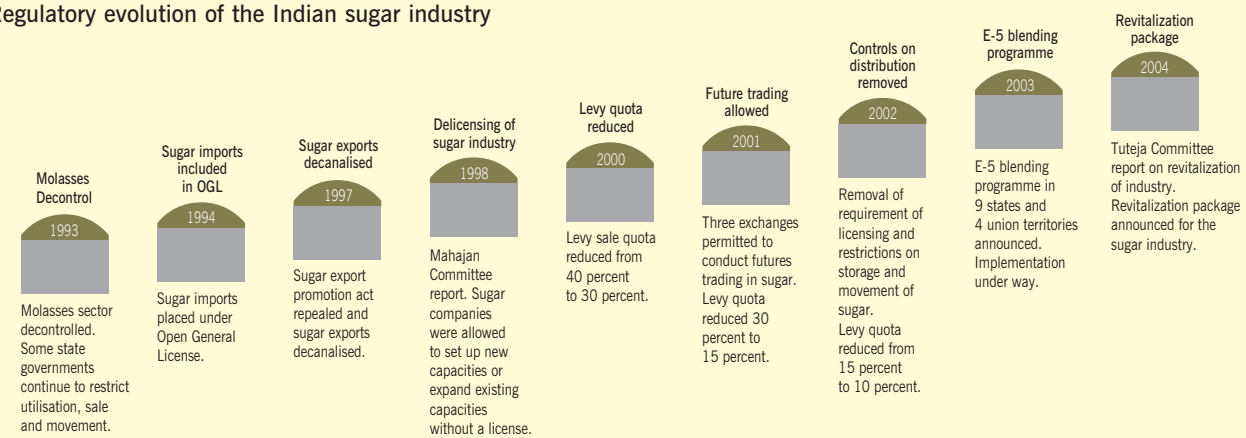
The Indian sugar sector is composed of three distinct categories - public mills, private mills and co-operative mills. Public mills account for around six percent of the total mills in operation while the private mills account for approximately 40 percent and the co-operative mills account for approximately 53 percent. But this distribution has undergone a significant shift. At present, the sugar production from the private mills accounts for more than 54 percent of the total production while the share of production from the co-operative mills has come down to 43 percent.

Regulations

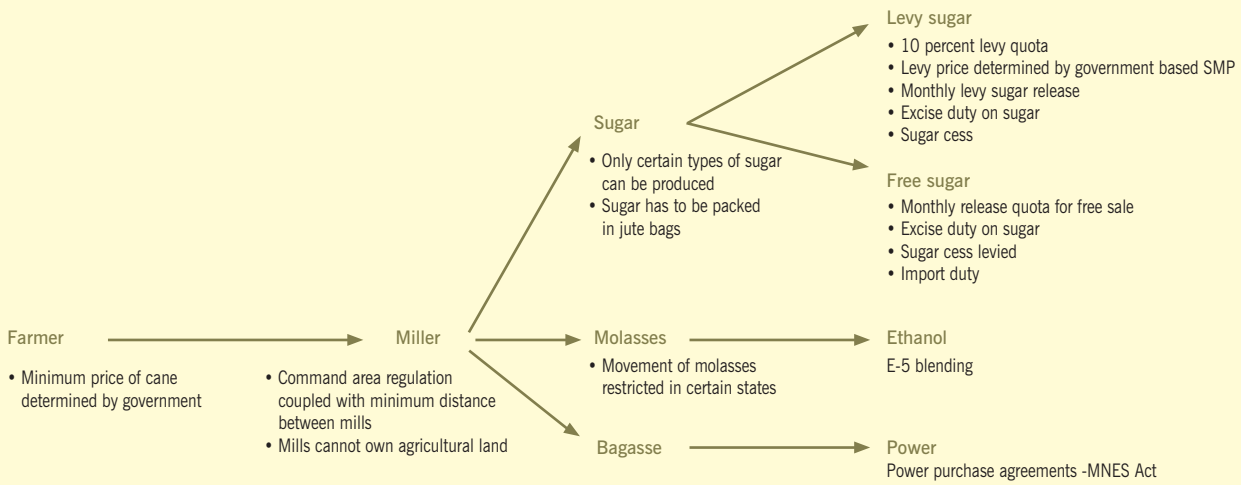
Sugar has historically been classified as an essential commodity and hence it has been regulated across the value chain. It is the most regulated sector in agriculture in India. From licensing of mills to the specifications of gunny bags to be used for packaging, every thing is dictated by the Sugarcane Control Order, 1966.

However, since 1993 the regulatory environment has been progressively eased. The key regulatory milestones include de-licensing of the industry in 1998 and the removal of control on storage and distribution in 2002.

Regulatory evolution of the Indian sugar industry

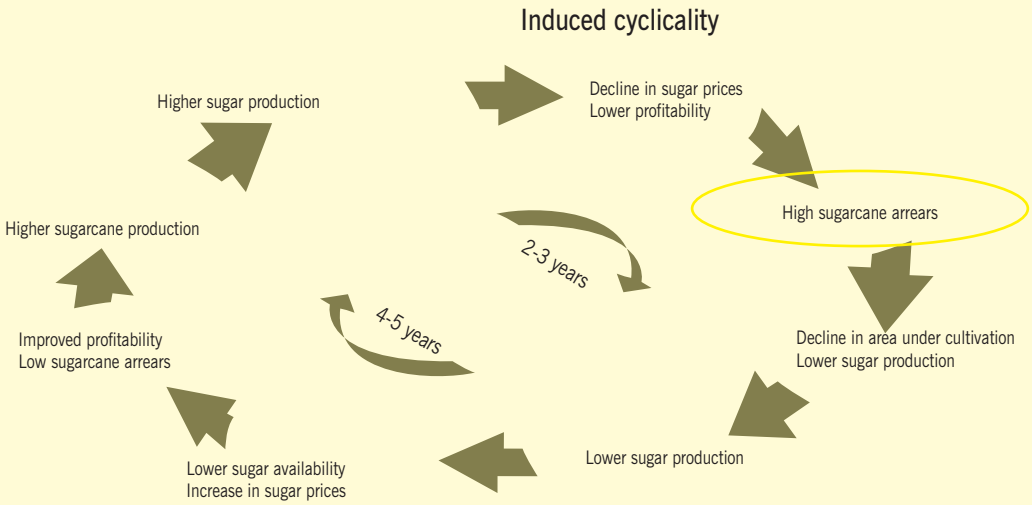


Current regulation for the sugar industry



Production

Sugar production has been increasing steadily but there have been periods of low production, due to a variety of reasons including pests and drought. Production has been cyclical, with the typical cycle duration ranging between 6 to 8 years.



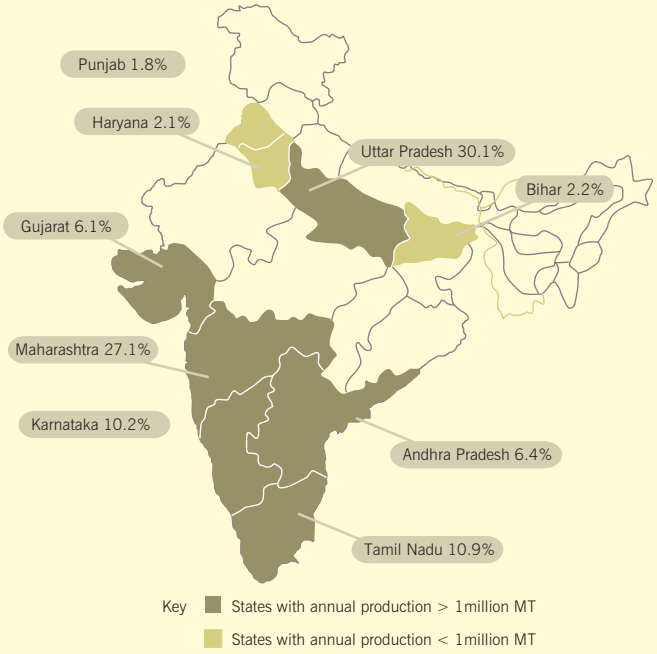
Sugar production in India is driven by factors such as sugar and sugarcane prices, cane acreage, yield per hectare and recovery percentage.

Cane acreage: Presently around million hectares of land is under cane cultivation, of which 2.5 million hectares is in Uttar Pradesh.

	1981	1991	2001	2004	2006
Area under cane (million hectares)	2.67	3.69	4.32	3.94	4.20
Cane production (million tonnes)	154	241	296	234	281

Yield per hectare: The average yield per hectare of cane production in India is estimated at 68 tonnes per hectare compared to 73 tonnes per hectare in Brazil. Besides, the yield per hectare varies depending on the location of the growing area South India being significantly higher than the north. In Tamilnadu, the yield per hectare is about 105 tonnes as opposed to Uttar Pradesh's 59 tonnes.

Recovery percentage:



Sugar season being longer in the south, almost 270-300 days as opposed to north's 150-160 days, permit higher yields per acre as well as better capacity utilisation of plants.

Sugar is produced in India primarily in nine major states. In 2006, the six states of Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Uttar Pradesh and Tamil Nadu produced more than 1 million MT of sugar per annum each, with the three states of Bihar, Punjab and Haryana producing less than 1 million MT of sugar.

India is the world's second largest producer and may overtake Brazil in 2007-08. India is likely to produce 28.5 million tonnes in 2006-07.

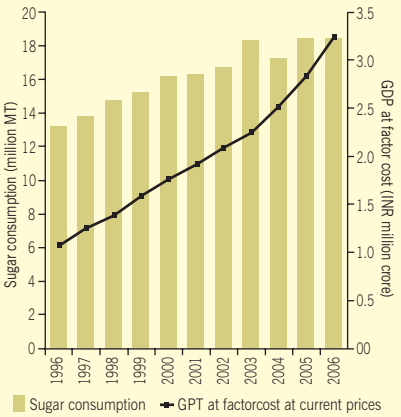
Consumption

The Indian sugar consumption has steadily increased at 3.5 percent since 1996. The total sugar consumption is estimated at 20 million MT. Of the total sugar sold in the free market, an estimated 61 percent is accounted for by the industrial and small business segment, also referred to as indirect consumption of sugar. Dairy, confectionary, bakery and beverages account for 75 percent of industrial consumption. The household segment, which consumes sugar directly, accounts for an estimated 39 percent of the total free sale (non-levy) sugar consumption. (See table below)

Typically, sugar consumption is driven by the GDP growth and this has been the case for India as well. The per capita consumption has seen a steady growth of 2.1 percent CAGR over this period, while the population has grown at a CAGR of 1.4 percent.

The per capita sugar consumption increases with rise in income. At the lowest income levels, the average household sugar consumption is at 2.2 kg per month, while at the highest income levels the average household sugar consumption is at 5.11 kg per month.

Sugar consumption and GDP (1996 - 2006)



Exports

To support the ailing sugar industry, impacted by a bumper sugarcane production and sliding realization, the government has provided permission to export sugar in January 2007.

The government made a u-turn to its earlier policy and is now actively encouraging Indian exporters to move abroad as much sugar as possible. India's exports are expected to reach 2 million tonnes for the sugar season 2006-07.

In addition to providing an additional revenue stream, exports have been boosted by favourable government incentives against transportation costs. The central government announced reimbursement of internal transport and freight charges subject to a ceiling of Rs. 1350 per tonne for mills located in coastal area and Rs. 1450 per tonne for those in interior areas.

Sugar stock

As per the latest estimates, sugar production is likely to be 28.5 million tonnes and the carryover stock would be around 10.80 million tonnes at the start of the next season. The carryover stock from last season to the current one is 3.9 million tonnes. Adding to production, the total availability will be 32.8 million tonnes. Even if we were to project 2 million tonnes exports and 20 million tonnes consumption, we will be surely left with 10.8 million tonnes carryover for the next season which is equivalent to almost seven months consumption.

Government initiatives for stock building

The Food Ministry has created a 5 million tonnes sugar buffer to bail out the ailing industry. The buffer would basically transfer the cost of interest, storage and insurance payable on the total sequestered quantity from the sugar mills to the Union Government's account. The money for buffer stock will come from the Sugar Development Fund.

All India non-levy sugar consumption by segments (2007)

	Low income household	High income household	Industrial	Small business
Consumption (mn MT)	4.51	2.24	5.26	5.51
Percentage of total	25.80	12.70	30.00	31.50

Sugar Equation (million/tonne)

	2002-03	2003-04	2004-05	2005-06	2006-07
Opening stock	11.32	11.62	7.67	4.00	3.90
Production	20.14	14.00	12.69	19.27	28.50
Imports	0.04	0.40	2.14	0	0
Total supply	31.50	26.02	23.34	23.27	32.80
Consumption	18.38	18.13	18.50	18.24	20.00
Exports	1.50	0.22	0	1.13	2.00
Total demand	19.88	17.51	18.50	19.37	22.00
Closing stock	11.62	7.67	4.00	3.90	10.80
Closing stock/consumption	63.17%	49.18%	21.62%	21.38%	54.00%

Pricing

Sugar is a controlled commodity in India. It is covered under the purview of the Essential Commodities Act, 1955.

The government regulates the rates at which sugarcane supplied to the mills by farmers. The sugarcane purchase rates are fixed based on the basis of the Bhargava Committee recommendations. The Statutory Minimum Price (SMP) announced by GOI each year is used to determine the price payable to the sugarcane farmers. However, some of the state governments fix their own State Advised Price (SAP) that are substantially higher than the SMP.

This pricing mechanism has been adopted to ensure that the farmers get a fair price for the cane. Besides, it reduces the impact of cane prices variation on the cost structure of different mills depending on their location.

Sugar season	SMP (Rs. per quintal)	Link to recovery (%)
2000-01	59.50	8.5
2001-02	62.05	8.5
2002-03	69.50	8.5
2003-04	73.00	8.5
2004-05	74.50	8.5
2005-06	79.50	9.0
2006-07	80.25	9.0

Statutory minimum prices (Rs. per quintal)

	2004-05	2005-06	2006-07
Seohara	87.70	89.18	85.38
Sidhwalia	78.02	81.26	82.95
Hasanpur	80.66	85.66	83.85

Even for a low income household, 10 percent increase in sugar price would result in less than 1 percent increase in the monthly food expense.

Bihar: An emerging sugar destination

The sugar industry is the largest agro-based industry in Bihar. In 2006-07, the state's sugar production is 0.451 million tonnes as against 0.422 million tonnes in 2005-06.

The Sugar Industry in Bihar in 2006-07 vis-à-vis 2005-06

	2005-06	2006-07
Total area under sugarcane	2.30 lakh hec.	2.51 lakh hec.
Total sugarcane production	12.99 MMT	14.15 MMT
Productivity of sugarcane	56.10 MT/hec.	56.50 MT/hec.
Cane crushed	44.54 lakhMT	52.04 lakhMT
Sugar produced	0.422 MMT	0.451 MMT
Recovery percentage	9.48 %	8.6 %
Crushing duration	126 days	150 days

The State Investment Promotion Board (SIPB), the single window clearance, has approved proposals for 15 new sugar complexes from leading players, promising investment of Rs. 3,771 crores in the state's sugar sector.

Of the nine private sector sugar mills in the state, seven are currently expanding their production capacity from 36,500 TCD to around 53,000 TCD. The introduction of greenfield projects will raise production capacity to 63,000 TCD, an increment of 26,500 TCD, which is around 72 percent of existing capacity.

To expand the capacity of the sugar industry, the state government has announced an incentive scheme to encourage the establishment of new sugar industries and distilleries in a time-bound manner.

Operational performance

A culture of continuous improvement at all its facilities coupled with a bumper sugarcane crop enabled the Company to increase production by 31 percent over 2005-06 and strengthen recoveries by 12 basis points over the same period.

The Indian sugar industry was plagued by declining prices due to the record sugarcane harvest, resulting in an extended crushing season for the Company. This lead to the free sale prices in the domestic market falling by around 33 percent and is presently below the levy realizations in 2007. Most sugar mills faced significant losses; Upper Ganges was no exception.

Highlights 2006-07

▲ Gross sales decreased by 20.54 percent from Rs. 44330.68 lakhs in 2005-06 to Rs. 35225.82 lakhs in 2006-07.

▲ The Company reported a net loss of Rs. 2826.13 lakhs in 2006-07 compared to a net profit of Rs. 2862.29 lakhs in 2005-06.

▲ It invested Rs. 22019 lakhs in 2006-07 towards capital expenditure for its expansion and modernization projects including Co-generation and Distillery at its three operating units.

	Sugar season 2006-07				Sugar season 2005-06			
	Seohara	Sidhwalia	Hasanpur	Total	Seohara	Sidhwalia	Hasanpur	Total
Sugarcane crushed (lakh quintals)	176.35	40.83	24.22	241.40	139.67	34.25	12.68	186.60
Recovery (%)	9.93	8.86	8.69		9.57	9.31	9.40	
Sugar produced (lakh quintals)	17.48	3.61	2.10	23.19	13.35	3.19	1.17	17.71
Crushing days	189	161	142		169	136	77	

Incentive package for sugar industry

For new sugar mills

▲ Reimbursement of central excise duty on sugar.

▲ Exemption of purchase tax on sugarcane.

▲ Exemption of stamp duty and registration fees on purchase of land.

▲ Grant of 10 percent subsidy on capital investment (plant and machinery) to a maximum of Rs. 10.00 crores, which ever is less.

For distillery and ethanol units

▲ Exemption of Administrative Charge on Molasses.

▲ Reimbursement of Sales Tax (VAT) on Molasses.

▲ Exemption of Stamp Duty and Registration Fees on purchase of Land.

▲ Grant of 10 percent Subsidy on Capital Investment (Plant and Machinery) to maximum of 3.5 crores.

Setting-up Co-generation units

▲ Exemption of electricity duty on co-generated power.

▲ Exemption of stamp duty and registration fees on purchase of land.

▲ Grant of 10 percent subsidy on capital investment (plant and machinery) to a maximum of 10.00 crores.

▲ Laying of transmission line from factory to grid station by electricity board.

Future Outlook

World sugar prices have been under continuous bearish pressure during most of 2007. The significant excess of global production over consumption has depressed sentiments leading to a sharp fall in sugar prices during the year. It is estimated that sugar production will further increase by 4.1 million tonnes during 2007-08 which would only accentuate the problem. World sugar production is expected to reach a new record of 169.584 million tonnes against a consumption estimated at around 158.784 million tonnes during 2007-08 with a surplus of 10.80 million tonnes.

The Indian sugar industry is poised for an even higher sugar production in SY 2007-08 with a production estimate of more that 30 million tonnes and the domestic sugar demand is expected to be around 21 million tonnes. It is expected that India will overtake Brazil as the world's largest sugar producer in the SY 2007-08.

The world production is expected to rise primarily on account of a strong Indian production. The only silver lining is that plantation scheduled in November-February is likely to fall due to delay in payment of sugarcane dues and strong prices in alternate food crops such as paddy and wheat. Part of sugarcane acreage is likely to be diverted to other food crops. By products, productivity improvements and product innovations combined with price risk management tools and international trade would help improve the industry's profitability and reduce the volatility in the production cycles. Apart from catering to the largest sugar consuming population in the world, the industry can emerge as a significant source of electric power through co-generation as well as of fuel ethanol for blending with petrol through the E5 programme and beyond. The co-generation opportunity can add 9700 MW power capacity to meet almost 6 percent of additional power requirement by 2017 and generate almost 48 million carbon credits.

KPMG in its detailed report on the sugar industry based on analysis of past ten years has projected that in coming years India would need to target its production in excess of domestic consumption. Sugar consumption is projected to grow by around 3-5 percent a year as rising income and lower sugar prices make sugar more affordable, particularly in Asia where person consumption of sugar remains low relative to the world average. Consumption is likely to grow strongly in the Middle East and Africa as a result of rising incomes and population growth. With surplus production of sugar and ban on sugar export being lifted by government, it is estimated that India would become a regular exporter in the coming years. Given the growing sugar production and the structural changes witnessed in Indian sugar industry, India is all set continue its domination at the global level.

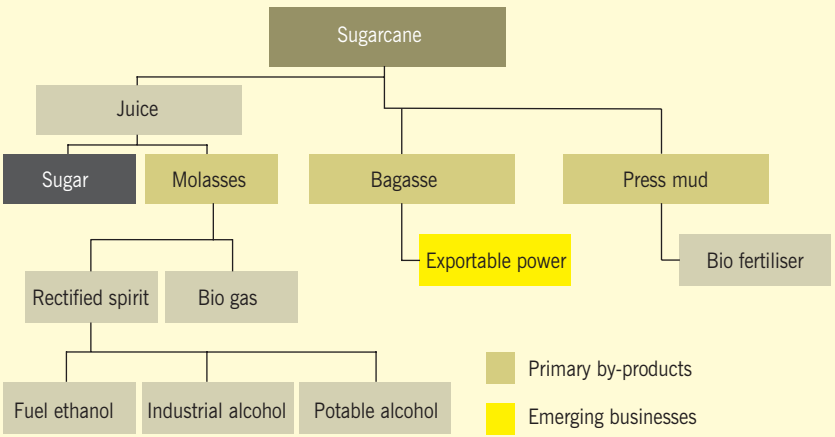
By-products from sugarcane

The sugar industry is beginning to

diversify into multiple by-products, to enhance the value addition for every MT of cane that is crushed.

For every tonne of sugarcane that mills crush, they obtain around 100 kgs of sugar, 45 kgs of molasses and 300 kgs of bagasse. Forty five kgs of molasses can, in turn, yield 9.9 litres of alcohol. The steam from burning 300 kgs bagasse can similarly generate 125-140 units of electricity.

As a result, co-generation and distilleries are emerging as the growth drivers for sugar producers across the country, offsetting the negative trend in revenues from their core sugar production activity.



1) Ethanol

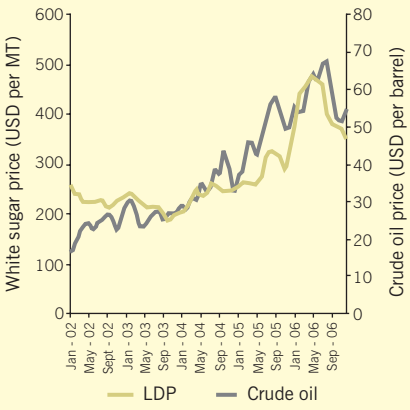
Ethanol a real-world petroleum substitute is likely to emerge as a complete energy solution in the coming years, especially with the spiraling cost of crude.

Being an oxygenate, ethanol contains 35 percent oxygen, helping combust fuel more completely and reducing vehicular tailpipe emissions. This progressive use of ethanol will reduce vehicular pollution load and migrate vehicles to Euro IV norms. The accelerated phase-out of MTBE (Methyl tertiary-butyl ether) will accelerate ethanol demand.

Global perspective: The world trade of ethanol reached a record high of 7.8 billion litres in 2006 compared to 5.9 billion litres in 2005. Brazil is the dominant supplier at 3.43 billion litres and US is the major importer at 2.74 billion litres.

Indian perspective: In India, the blending of petrol with 5 percent ethanol has been permitted, in all states excepting the North-East states. India requires an estimated 550 million litres of Ethanol. The government is considering a proposal to make 5 percent doping compulsory with immediate effect across the country, which is expected to increase to 10 percent from October 2008. To capitalise on this demand, the Company increased its distillery capacity at Seohara from 55 KLPD to 100 KLPD.

Global outlook: The world fuel ethanol production and consumption is forecast to grow by 28 percent and 27 percent respectively in 2007. The world production is expected to rise to 50.7 billion litres in 2007 from 39.5 billion litres in 2006. The world consumption closely approximates world production and is forecast to reach 49.2 billion litres in 2007 from 38 billion litres in 2006. The growth in consumption will be lead by US and Brazil, growing at 27 percent and 17 percent respectively.



Indian outlook: An increase in doping of fuel with ethanol to 10 percent is expected to double the demand for this petroleum substitute significantly over the long term.

2) Co-generation

Some 100 sugar units across the country generate about 1700 MW of electricity per annum, of which 925 MW is supplied to state electricity boards (SEBs). Uttar Pradesh heads the list with a generation capacity of about 450 MW and an estimated 400 MW of capacity under various stages of implementation. Sugar units in Tamilnadu produce 285 MW, Karnataka 271 MW, Andhra Pradesh 171 MW and Punjab 6 MW.

Upper Ganges is investing heavily in co-generation. It has already commissioned a plant of 24 MW at Seohara during June, 2007. It is also scheduled to commission 18 MW plant at Sidhwalia by November 2007.

Tea industry

Indians drank an estimated 780 million kgs (mkg) of tea in 2006 - some 23 mkg more than the previous year, consuming 81 percent of the total tea produced in the country proving that India was the world's largest tea consumer.

India recorded a production of 9.56 mkg of tea in 2006 against 9.28 mkg in 2005. Total production in North India during the period stood at 7.30 mkg against 7.01 mkg last year, while the production in South was at 2.26 mkg. Exports grew by 2.48 percent during the year under review to 204 mkg from 199.05 mkg largely due to the global shortfall in tea.

Tea production at the Company's tea plantation grew by 9.07 percent over the previous year level, while realizations were Rs. 85.39 per kg in 2006-07 compared with Rs. 82.84 per kg in 2005-06. The Company increased pruning, uprooting and replanting initiative to improve the yield and quality of the tea leaves.

Human resource

The Company recruits the best, trains them and provides them with opportunities for personal and professional development. An emphasis is laid on achievement, motivation, participation, empowerment and leadership. The Company followed employee-friendly policies and undertook various staff welfare measures. It believes in regular communication with its employees. With this objective, regular meetings were held with employees and the management. Industrial relations in the Company remained cordial during the year. Due to various measures adopted by the management, the Company had a low employee-turnover ratio.

Internal audit

Adequate control systems have been institutionalised for monitoring all operational and managerial functions, being carried out in conformity with well-defined processes. The compliance of these processes and refinement of the same to reflect learning and changes in business environment is reviewed periodically. Regular audits of all key areas of business activities are conducted by internal audit teams. The internal audit function is jointly carried out with external management audit firms. The audit observations are reported and discussed by the senior management and also presented to the Audit Committee of the Board. The observations are discussed with the operations teams and the recommendations generated from there are implemented appropriately.

Cautionary statement

The statements in the Management Discussion & 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 result 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 climate 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.

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

i) 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 10, of which nine are non-executive Directors and one Managing Director. 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.

ii) None of the Directors on the Board is a member of more than 10 committees or Chairman of more than five committees across all the companies in which he is a Director.

iii) 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 700001.

iv) 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.

v) 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.

vi) 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.

vii) 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, five Board Meetings were held on 17th August, 2006, 25th October, 2006, 25th January, 2007, 27th April, 2007 and 31st May, 2007. 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	3	No	8	--	2
Shri C.S. Nopany	NED	4	No	15	2	2
Shri R.K. Choudhury	NED	2	No	9	--	3
Shri G.K. Bhagat	I/NED	5	No	1	1	1
Shri Bhaskar Mitter*	I/NED	2	No	--	--	--
Lt. Gen. K. Chiman Singh (Retd.)	I/NED	4	Yes	1	1	--
Shri Gaurav Swarup	I/NED	4	No	7	--	1
Shri Supriya Gupta	I/NED	4	No	11	4	4
Shri Sunil Kanoria	I/NED	3	No	7	--	3
Shri P.K. Lakhotia	NED	--	No	2	--	--
Shri I.P. Singh Roy	I/NED	4	No	2	--	1

MD - Managing Director
NED - Non Executive Director
I - Independent
* - Resigned w.e.f. 23.02.2007

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

3. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the stock exchange read with Section 292A of the Companies Act, 1956.

a) Terms of reference

The terms of reference of the Audit Committee are broadly as under:

▲ Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

▲ Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment

for any other services.

▲ Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

▲ Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.

▲ Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :

i. any changes in accounting policies and practices;

ii. major accounting entries based on exercise of judgment by the management;

iii. qualifications in draft audit report;

iv. significant adjustments arising out of audit;

v. the going concern assumption;

vi. compliance with accounting standards;

vii. compliance with stock exchange and legal requirements concerning financial statements;

viii. any related party transactions as per Accounting Standard 18.

▲ Reviewing the Company's financial and risk management policies.

▲ Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

▲ Reviewing the adequacy of internal audit function, including structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

▲ Discussion with internal auditors of any significant findings and follow-up thereon.

▲ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

b) Composition

The Audit Committee 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 four 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	4
Shri R.K. Choudhury	Member	1
Shri G.K. Bhagat	Member	4
Shri Supriya Gupta	Member	3

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.

4. Remuneration Committee

i) Though the constitution of the Remuneration Committee is not mandatory, the Company has constituted the Remuneration Committee.

ii) The broad terms of reference of the Remuneration Committee are as under:

a. To approve the remuneration and commission payable to the Directors.

b. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

iii) The Committee, presently, comprises of three Independent Non-executive Directors, viz. Shri I.P. Singh Roy (Chairman), Shri G.K. Bhagat and Shri Gaurav Swarup. Shri Bhaskar Mitter ceased to be a member of the Committee with effect from 23rd February, 2007. One meeting of the Committee was held during the year which was attended by Shri I.P. Singh Roy, Shri G.K. Bhagat and Shri Bhaskar Mitter. The Secretary of the Company who is also acting as Secretary of the Remuneration Committee attended the meeting.

iv) **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.

v) **Remuneration of Directors**

Details of remuneration paid to the Directors for the year 2006-07:

a) Executive Director

Managing Director	Salary (Rs.)	Perquisites (Rs.)	Retirement benefits (Rs.)
Smt. Nandini Nopany	30,00,000	--	6,58,000

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

b) Non-Executive Directors

The Company pays remuneration to its non-executive Directors by way of commission up to 1% of the net profits for all Directors put together with the maximum ceiling of Rs. 1,00,000 per Director. The Company pays a fee of Rs.5000 and Rs.2500 per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The details of sitting fees paid during the year 2006-07 are as follows:

Sl. No.	Name of the Director/ Institution	Amount (Rs.)
1.	Smt. Nandini Nopany	32,500
2.	Shri C.S. Nopany	40,000
3.	Shri R.K. Choudhury	12,500
4.	Shri G.K. Bhagat	60,000
5.	Shri Bhaskar Mitter	27,500

Sl. No.	Name of the Director/ Institution	Amount (Rs.)
6.	Lt. Gen. K. Chiman Singh (Retd.)	30,000
7.	Shri Gaurav Swarup	20,000
8.	Shri Supriya Gupta	27,500
9.	Shri Sunil Kanoria	15,000
10.	Shri I.P. Singh Roy	17,500
11.	Shri P.K. Lakhotia	–

5. Investors' Grievance Committee

The Committee, presently, comprises of three Non-executive Directors viz. Shri G.K. Bhagat (Chairman), Shri C.S. Nopany and Shri I.P. Singh Roy. 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. One meeting of the Committee was held during the year which was attended by Shri G.K. Bhagat and Shri C.S. Nopany.

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of up to 1,000 shares. The transfers/transmissions approved by the Secretary are periodically placed before the Committee. 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 25 complaints/grievances from the shareholders which were duly attended. The average period in which grievances are addressed is seven days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2007. There were no share transfer applications pending for registration on 30th June, 2007.

6. General Body Meetings

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

Financial year	Date	Time	Location
2005-06	03.11.2006	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2004-05	30.03.2006	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2003-04	09.12.2004	11.00 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 and on 9th December, 2004 for amendment of Article 75 of the Articles of Association of the Company pertaining to sitting fees to Directors.

There was no occasion to pass special resolution through postal ballot. Further, no such proposal is proposed to be placed for the shareholders' approval at the forthcoming Annual General Meeting.

The last Annual General Meeting held on 3rd November, 2006 was duly attended by Lt. Gen. K. Chiman Singh (Retd.), Chairman of the Audit Committee.

7. Disclosures

i) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.

ii) 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.

8. 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. The distribution of shareholdings is also displayed on the website. The Company has a separate e-mail ID upperinvestor@birla-sugar.com, for investors to intimate their grievances, if any.

iii) The quarterly, annual financial results, annual report and 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) No presentation was made to any institutional investor or to any analysts during the year.

9. General shareholders' information

i) 75th Annual General Meeting

Day : Monday

Date : 3rd December, 2007

Time : 11.00 A.M.

Venue : Registered Office -
Sugar Mills Complex
P.O. Seohara, Dist. Bijnor
Uttar Pradesh - 246 746

ii) Tentative financial calendar for the year 2007-08

Audited annual results (2006-07)	21st September, 2007
Publication of audited results	22nd /23rd September, 2007
Mailing of annual report	November, 2007
First quarter results	End October, 2007
Second quarter results	End January, 2008
Third quarter results	End April, 2008
Audited annual results (2007-08)	August, 2008

iii) Book closure

The Register of Members and Share Transfer Books of the Company shall remain closed from the 26th November, 2007 to the 3rd December, 2007 (both days inclusive).

iv) Dividend payment date

The Directors have not recommended any dividend for the year.

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. (BSE)	530505
2.	National Stock Exchange of India Ltd. (NSE)	UPERGANGES
3.	The Calcutta Stock Exchange Association Ltd. (CSE)	10031097

Under the depository system International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE018B01012. The annual listing fee for the year 2006-07 has been paid to BSE, NSE and CSE.

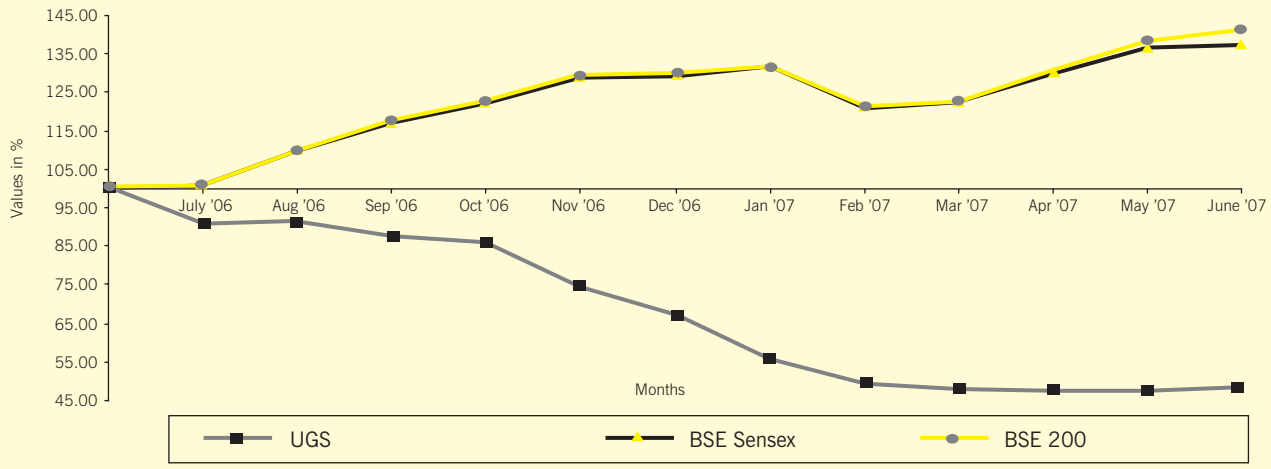
vi) Market price data

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

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July, 2006	172.95	150.00	175.00	150.00
August, 2006	175.20	149.00	174.90	148.00
September, 2006	160.90	135.05	159.80	135.70
October, 2006	155.00	141.10	154.50	142.00
November, 2006	146.90	121.25	147.00	104.95
December, 2006	143.00	110.65	144.00	105.25
January, 2007	124.00	91.50	129.00	91.35
February, 2007	99.95	75.00	99.80	74.05
March, 2007	88.75	70.00	89.00	69.05
April, 2007	109.40	74.30	109.40	74.30
May, 2007	94.90	76.25	95.05	76.10
June, 2007	85.50	68.10	84.40	68.00

vii) Performance of Company's equity shares in comparison to BSE sensex and BSE 200

A graphical presentation is as follows:



viii) Registrar and 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
email: 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 and 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 up to 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 2,636 shares were transferred/ transmitted during the year 2006-07. 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, 2007 was as follows:

No. of equity shares	No. of share holders	% of total shareholders	No. of shares held	% of total shares
1 - 100	5,779	57.24	3,15,821	2.73
101 - 500	3,115	30.86	8,22,804	7.12
501 - 1000	593	5.87	4,58,937	3.97
1001 - 2000	302	2.99	4,43,384	3.83
2001 - 3000	95	0.94	2,42,392	2.10
3001 - 4000	51	0.51	1,78,945	1.55
4001 - 5000	38	0.38	1,75,437	1.52
5001 - 10000	48	0.48	3,37,487	2.92
10001 and above	74	0.73	85,82,032	74.26
Total	**10,095**	**100.00**	**1,15,57,239**	**100.00**

b) Details of shareholding as on 30th June, 2007 was as follows:

Category	No. of shares held	Percentage of shareholding
Promoters	56,83,206	49.17
Financial institutions, banks, mutual funds, insurance companies, etc.	5,70,769	4.94
Private Bodies Corporate	12,51,118	10.82
Indian Public	39,60,340	34.27
NRIs/ OCBs / FIIs / Foreign nationals	91,806	0.80
Total	**1,15,57,239**	**100.00**

xi) Dematerialisation of shares and liquidity

The equity shares of the Company are in compulsorily 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 96.92% of the equity shares of the Company have already been dematerialised.

xii) Outstanding GDRs/ADRs/Warrants or Convertible Instrument

As on 30th June, 2007, the Company did not have any outstanding GDRs/ ADRs/Warrants or Convertible Instrument.

xiii) 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

xiv) 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

10. Non-mandatory requirements

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

11. Re-appointment of Directors

Three Non-executive Directors, namely Shri C.S. Nopany, Lt. Gen. K. Chiman Singh (Retd.) and Shri Supriya Gupta are due for retirement by rotation at the forthcoming Annual General Meeting. Brief particulars of the said Directors are given below:

i) Shri C.S. Nopany, aged 42 years, is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, USA. He is an eminent industrialist having vast industrial experience in diverse fields like sugar, tea, shipping, textiles, fertilisers and chemicals, etc. He is the past President of Indian Chamber of Commerce. He joined the Board of the Company in 1992.

Shri C.S. Nopany holds 39,600 (0.34%) equity shares in the Company

Names of companies in which Shri C.S. Nopany is a Director or Chairman/Member of the Board Committees are as follows:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Chambal Infrastructure Ventures Ltd.	–	–
2.	Darbhanga Marketing Co. Ltd.	–	–
3.	Gobind Sugar Mills Ltd.	Remuneration Committee Investors' Grievance Committee	Member Member
4.	Hargaon Investment & Trading Co. Ltd.	–	–
5.	SIL Investments Ltd.	Investors' Grievance Committee	Chairman
6.	OSM Investment & Trading Co. Ltd.	–	–
7.	New India Retailing and Investment Ltd.	–	–
8.	RTM Investment & Trading Co. Ltd.	–	–
9.	SCM Investment & Trading Co. Ltd.	–	–
10.	Sutlej Textiles and Industries Ltd.	Investors' Grievance Committee	Chairman
11.	The Oudh Sugar Mills Ltd.	–	–
12.	Upper Ganges Sugar & Industries Ltd.	Investors' Grievance Committee	Member
13.	Uttar Pradesh Trading Co. Ltd.	–	–
14.	Yashovardhan Investment & Trading Co. Ltd.	–	–
15.	Modern Diagen Services Ltd.	–	–
16.	Chambal Fertilisers & Chemicals Ltd.	–	–
17.	La Monde Exports Pvt. Ltd.	–	–
18.	Indo Maroc Phosphore S.A., Morocco	–	–
19.	CFCL Technologies Ltd., Cayman Islands	–	–
20.	CFCL Ventures Ltd., Cayman Islands	–	–
21.	India Steamship Pte Ltd., Singapore	–	–

ii) Lt. Gen. K. Chiman Singh (Retd.), aged 79 years, is a retired Army General and an awardee of Param Vishist Seva Medal. He joined the Board of the Company in 1987.

Lt. Gen. K. Chiman Singh (Retd.) does not hold any share, in his own name or by/for other persons on a beneficial basis, in the Company.

Names of the companies in which Lt. Gen. K. Chiman Singh (Retd.) 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.	Audit Committee	Chairman

iii) Shri Supriya Gupta, aged 71 years, is an Arts Graduate from Presidency College, Kolkata. He is a well known banker with more than 41 years of experience in banking industry. He was the President of The Calcutta Stock Exchange Association Ltd., Managing Director and Chairman of UTI Bank Ltd., Managing Director of State Bank of Bikaner and Jaipur and Deputy Managing Director, Commercial Banking, State Bank of India. He joined the Board of the Company in February, 2003.

Shri Supriya Gupta does not hold any share, in his own name or by/for other persons on a beneficial basis, in the Company.

Names of companies in which Shri Supriya Gupta is Director or Chairman/Member of the Board Committees are as follows:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Bengal Tea & Fabrics Ltd.	Audit Committee Remuneration Committee Shareholders'/Investors' Grievance Committee	Chairman Chairman Member
2.	Hindustan National Glass & Industries Ltd.	–	–
3.	Kanoria Chemical & Industries Ltd.	Audit Committee	Chairman
4.	Kirtivardhan Finvest & Services Ltd.	–	–
5.	Nabil Bank Ltd., Kathmandu	Audit Committee	Chairman
6.	Vivekanand Sky Road Ltd.	–	–
7.	Upper Ganges Sugar & Industries Ltd.	Audit Committee	Member
8.	Indessa Gases Pvt. Ltd.	–	–
9.	Adhunik Metaliks Ltd.	Audit Committee	Chairman
10.	Star Paper Mills Ltd.	–	–
11.	Stone India Ltd.	Audit Committee	Member
12.	Ramkrishna Forgings Ltd.	Audit Committee	Member
13.	Pantheon Data Services Pvt. Ltd.	–	–
14.	Budge Budge Co. Ltd.	–	–

12. 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 the internal control system.

13. 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 58 and non-management staff is 681.

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

14. Risk management

The Company has in place a Risk Management Policy, which lays down the process for identification and mitigation of risks. This policy has been approved by the Board of Directors of the Company. The Board of Directors reviews the risk management and mitigation policy from time to time.

15. 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.

16. Code of conduct and 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.

Declaration by the Managing Director on Code of Conduct

To
The Members
Upper Ganges Sugar & Industries Limited
P.O. Seohara
Dist. Bijnor (U.P.)

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, 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 2006-07.

Nandini Nopany
(Chairperson-cum-Managing Director)

Dated: 21st September, 2007

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 30th June, 2007, 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**
Partner
Membership No. 16667

Dated : 21st September, 2007

AUDITORS' REPORT

To the Members of
Upper Ganges Sugar & Industries Limited

We have audited the attached Balance Sheet of UPPER GANGES SUGAR & INDUSTIRES LIMITED as at 30th June, 2007 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 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, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2007 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 – 23:

(i) Note Nos. 6 and 7 regarding non-adjustment of certain realisations in earlier years aggregating to Rs. 118.18 lacs (Previous Year Rs. 118.18 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 loss is not presently ascertainable;

(ii) Note No. 13 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2007 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2007 in these statements of account, the impact whereof on the Company's loss, 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 loss is not presently ascertainable, 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, 2007;

(b) in the case of the Profit and Loss Account, of the loss 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.

For **S. R. Batliboi & Co.**
Chartered Accountants

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Dated: 21st September, 2007

Per **R. K. Agrawal**
Partner
Membership No. 16667

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, 2007

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

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on inputs and capital goods	122.50	1997-2007	Commissioner (Appeals)/ CESTAT/High Court
	Excise duty on burnt/ waste and loss on storage of molasses	9.69	1973-1974, 1982-1984, 1987-1988, 2003-2004	
	Excise duty for Discrepancy in Season wise stocks of Sugar	6.06	2000-2001	
	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
Tax on Entry of Goods Act, 2000	Entry tax on purchase of Raw Sugar	5.32	2004-2005	Joint Commissioner (Appeals), Bijnor
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	8.46	1999-2000	Commissioner, Guwahati
Bihar Sugarcane (Supply & Regulation) Act,1981	Interest on Cane cess	7.70	1980-81 to 1991-92, 1994-95 to 1996-99, 2001-2002	Certificate Officer, Samastipur / High Court, Patna

(x) The Company has no accumulated losses at the end of the financial year. *The Company has incurred cash loss during the year* but it has not incurred cash loss in the 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. There were no debentures outstanding during the year.

(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 (cane-growers) 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 Rs. 2880 lacs approx. raised on short-term basis have been used for long-term investment (without considering permanent working capital).*

(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) We have verified the end use of money raised by public issues as disclosed vide Note No. 11 on Schedule 23 to the financial statements.

(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.

For **S. R. Batliboi & Co.**
Chartered Accountants

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Dated : 21st September, 2007

Per **R. K. Agrawal**
Partner
Membership No. 16667

BALANCE SHEET As at 30th June, 2007

(Rs. in lacs)

	Schedule	30th June, 2007	30th June, 2006
SOURCES OF FUNDS			
A) Shareholders' Funds			
(a) Share Capital	1	1155.73	700.44
(b) Share Application Money		–	19.06
(c) Reserves & Surplus	2	12767.89	9387.74
		13923.62	**10107.24**
(B) Loan Funds	3		
(a) Secured		22828.82	14410.28
(b) Unsecured		11770.05	3892.13
		34598.87	**18302.41**
(C) Deferred Tax Liability (net)		**754.09**	**2149.38**
		49276.58	**30559.03**
APPLICATION OF FUNDS			
(A) Fixed Assets	4		
(a) Gross Block		35217.42	21933.29
(b) Less: Depreciation		10621.14	9922.04
(c) Net Block		24596.28	12011.25
(d) Capital Work-in-Progress		852.99	1228.68
		25449.27	**13239.93**
(B) Capital Expenditure on New / Expansion Projects	5	**11893.33**	**4222.05**
(C) Investments	6	**2118.12**	**2242.37**
(D) Current Assets, Loans & Advances			
(a) Inventories	7	18489.91	11864.56
(b) Sundry Debtors	8	590.88	510.70
(c) Cash & Bank Balances	9	449.97	520.28
(d) Other Current Assets	10	16.13	18.60
(e) Loans & Advances	11	2633.04	1533.13
		22179.93	**14447.27**
Less : Current Liabilities & Provisions	12		
(a) Current Liabilities		12423.88	2984.45
(b) Provisions		50.65	698.29
		12474.53	3682.74
Net Current Assets		**9705.40**	**10764.53**
(E) Tea Department Balance		**110.46**	**90.15**
		49276.58	**30559.03**
Accounting Policies & Notes to the Accounts	23		

Schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date.

For **S. R. Batliboi & Co.**
Chartered Accountants
Per **R. K. Agrawal**
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

PROFIT AND LOSS ACCOUNT For the year ended 30th June, 2007

(Rs. in lacs)

	Schedule	2006-07		2005-06	
INCOME					
Gross Sales	13		35225.82		44330.68
Less: Excise Duty		2614.11		2666.24	
Cess		250.92	2865.03	292.93	2959.17
Net Sales			32360.79		41371.51
Other Income	14		203.11		155.22
Agricultural Profit	15		1.11		1.16
			32565.01		**41527.89**
EXPENDITURE					
Decrease/(Increase) in Stocks	16		(6565.56)		2944.57
Excise Duty & Cess on Stocks (Refer Note no. 5 on Schedule 23)			543.54		(235.03)
Purchase of Trading Goods			604.95		428.39
Raw Materials Consumed	17		32203.37		24574.07
Stores, Spares & Packing Materials Consumed	18		1964.54		1531.64
Fuel & Electricity			410.96		505.96
Payments to and Provisions for Employees	19		3289.62		2812.19
Manufacturing, Selling and Other Expenses	20		1995.93		1885.66
Directors' Remuneration	21		39.46		30.63
			34486.81		34478.08
Profit / (Loss) before Interest, Depreciation & Taxation			**(1921.80)**		**7049.81**
(Add)/Less: Interest & Finance charges (net)	22		1228.18		1381.52
Depreciation			1098.32		936.40
			(2326.50)		2317.92
Profit / (Loss) before Taxation			**(4248.30)**		4731.89
Provision for Taxation [including Wealth Tax Rs. 6.00 lacs (Rs.8.00 lacs)]			29.61		518.65
Income Tax Provision no longer required written back			82.50		–
Minimum Alternate Tax (MAT) Credit entitlement / Reversal			6.85		(45.00)
Deferred Tax Asset / (Liability)			1395.29		(1381.45)
Provision for Fringe Benefit Tax			19.16		14.50
Profit / (Loss) after Taxation			**(2826.13)**		**2862.29**
Less / Add: Balance brought forward from previous year			1019.23		815.85
Transfer from General Reserve			1900.00		–
Balance available for Appropriation			**93.10**		**3678.14**
APPROPRIATIONS					
Transfer to General Reserve			–		2000.00
Proposed Dividend			–		577.86
Provision for Dividend Tax			–		81.05
Balance carried to Balance Sheet			93.10		1019.23
			93.10		**3678.14**
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.) (Refer Note no.18 on Schedule 23)			**(25.15)**		40.66
Accounting Policies & Notes to the Accounts	23				

Schedules referred to above form an integral part of the Profit & Loss Account

As per our Report of even date.

For **S. R. Batliboi & Co.**
Chartered Accountants
Per **R. K. Agrawal**
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CASH FLOW STATEMENT For the year ended 30th June, 2007

(Rs. in lacs)

	2006-07	2005-06
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	(4248.30)	4731.89
Adjustments for		
Depreciation	1098.32	936.40
Interest & Finance Charges (net of capitalisation)	1349.20	1454.58
Provision for Doubtful Debts/Advances	–	21.80
Bad Debts & Irrecoverable balances written off	1.96	0.10
Molasses Storage and Maintenance Fund	10.93	10.95
Loss on Fixed Assets sold / discarded (net)	1.31	33.16
Profit on sale of Hata unit	(35.71)	–
Loss on Sale of Investments	47.75	–
Interest & Dividend Income	(172.86)	(141.84)
Operating Profit / (Loss) before Working Capital Changes	**(1947.40)**	**7047.04**
Adjustments for		
Trade Payables	7689.98	330.09
Trade & Other Receivables	(1391.51)	(364.40)
Inventories	(6625.35)	3013.35
Tea Department Balance	(20.31)	40.01
	(347.19)	3019.05
Cash Generated from Operations	(2294.59)	10066.09
Direct Taxes Paid	(12.84)	(462.11)
Net Cash from Operating Activities	**(2307.43)**	**9603.98**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	176.80	71.72
Sale of Hata Unit	890.00	–
Loans received back (net)	210.71	67.80
Interest & Dividend Received	175.33	152.35
Deposit under Tea Development Account Scheme	37.27	17.48
Purchase of Fixed Assets	(19414.23)	(4143.48)
Sale / (Purchase) of Investments (net)	76.50	(0.02)
Net Cash used in Investing Activities	**(17847.62)**	**(3834.15)**

CASH FLOW STATEMENT (Contd.)

(Rs. in lacs)

	2006-07	2005-06
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	27935.44	3406.12
Repayment of Loans	(11676.19)	(6960.64)
Share Application Monery	–	19.06
Right Issue of Shares	436.23	–
Premium on Right Issue of Shares	6373.99	–
Right Shares Issue expenses	(178.34)	–
Interest & Finance charges paid	(2149.54)	(1672.37)
Dividend Paid (including Dividend Tax)	(656.85)	(311.48)
Net Cash used in Financing Activities	**20084.74**	**(5519.31)**
Net Changes in Cash & Cash Equivalents (A+B+C)	(70.31)	250.52
*** Cash & Cash Equivalents - Opening Balance**	520.28	269.76
*** Cash & Cash Equivalents - Closing Balance**	449.97	520.28

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

As per our report of even date.

For **S. R. Batliboi & Co.**
Chartered Accountants
Per **R. K. Agrawal**
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2007	30th June, 2006
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		
1,15,57,239 Equity Shares of Rs. 10 each fully paid	1155.73	700.44
(70,04,387)		
Add: Forfeited Shares (amount originally paid-up)	– (b)	–
	1155.73	**700.44**

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 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	7606.36	5606.36
Add: Transfer from Profit & Loss Account	–	2000.00
	7606.36	**7606.36**
Less: Transfer to Profit & Loss Account	1900.00	–
	5706.36	**7606.36**
Securities Premium		
As per last Account	387.69	387.69
Add: Received on Right Shares issued during the year	6373.99	–
	6761.68	**387.69**
Less: Adjustment of Right Shares issue expenses	178.34	–
	6583.34	**387.69**
Molasses & Alcohol Storage & Maintenance Reserve		
As per last Account	27.49	93.54
Add: Provided during the year	10.93	10.95
	38.42	**104.49**
Less: Utilised during the year	0.30	77.00
	38.12	**27.49**
Surplus as per Profit & Loss Account	**93.10**	**1019.23**
	12767.89	**9387.74**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2007	30th June, 2006
SCHEDULE–3 **LOAN FUNDS**		
(A) SECURED LOANS		
Term Loans		
From Bank(s)		
Under Project Finance Scheme	10468.60	651.25
Under Corporate Loan Scheme	5182.50	3229.17
From Sugar Development Fund	1315.43	1276.66
Other Loans		
From Scheduled Banks on Cash Credit Account	5862.29	9253.20
	22828.82	**14410.28**
(B) UNSECURED LOANS		
Corporate Loan from Scheduled Banks	7480.00	1000.00
From State Bank of India against Crop loan to Canegrowers	405.71	–
From Subsidiary Company (not bearing interest)	240.00	346.00
From Co-operative Farming Societies	85.98	165.01
Inter Corporate Loans	2565.00	1291.50
Fixed Deposits from Staff & Others	959.06	1060.87
Trade & Other Deposits (partly not bearing interest)	34.30	28.75
	11770.05	3892.13
	34598.87	**18302.41**

Notes:

1) Term loans from bank(s) are secured / to be secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-Generation plant) and Sidhwalia and Distillery unit at Seohara, 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 (save and except book debts), present and future, of the Company's Sidhwalia Sugar Unit and includes Rs. 346.34 lacs (Rs. 307.57 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

4) The above loans include Rs.13380.84 lacs (Rs.5328.85 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, 2006	Additions/ Adjust-ments	Deductions/ Adjust-ments	As at 30th June, 2007	Upto 30th June, 2006	For the Year	Less: on Deductions/ Adjustments	Up to 30th June, 2007	30th June, 2007	30th June, 2006
Freehold Land	233.88	517.37	–	751.25 (c)	0.11	–	–	0.11	751.14	233.77
Leasehold Land	94.55	–	–	94.55	85.54	4.50	–	90.04	4.51	9.01
Tea Plantations	2.39	–	–	2.39	1.99	0.11	–	2.10	0.29	0.40
Buildings (including on leasehold land)	2356.46	504.37	9.89	2850.94	476.30	45.93	7.66	514.57	2336.37	1880.16
Plant & Machinery	18606.49	12719.65 (e)	546.46	30779.68	9052.18	994.39	379.12	9667.45	21112.23	9554.31
Railway Sidings	1.89	18.20	0.39	19.70	1.81	0.49	0.37	1.93	17.77	0.08
Furniture & Fixtures	272.26	24.88	1.24	295.90	177.75	25.18	1.04	201.89	94.01	94.51
Tube-wells	93.63	20.94	–	114.57	23.32	1.83	–	25.15	89.42	70.31
Trucks & Conveyance	271.74	56.05	19.35	308.44	103.04	25.89	11.03	117.90	190.54	168.70
	21933.29	13861.46	577.33	35217.42	9922.04	1098.32	399.22	10621.14	24596.28 (d)	12011.25
Add: Capital Work-in-Progress	1228.68	1626.57	2002.26 (b)	852.99 (f)	–	–	–	–	852.99	1228.68
Total	**23161.97**	**15488.03**	**2579.59**	**36070.41 (a)**	**9922.04**	**1098.32**	**399.22**	**10621.14**	**25449.27**	**13239.93**
Previous Year's Total	21357.68	3805.80	2001.51	23161.97	9222.71	936.40	237.07	9922.04	13239.93	

Notes:

a) Includes assets held in joint ownership with others Rs. 212.55 lacs (Rs. 203.99 lacs).

b) Represents amount allocated to various heads of fixed assets.

c) Title deeds for Rs.7.10 lacs (Rs.36.63 lacs) are yet to be executed in favour of the Company.

d) Includes fixed assets awaiting disposal valuing Rs.3.14 lacs (Rs.20.40 lacs).

e) After adjusting Rs. 0.30 lac (Rs.77.00 lac) being the amount utilised out of Molassess and Alcohol Storage & Maintenance Reserve and includes foreign exchange fluctuation Rs. 29.70 lacs.

f) Includes advances against purchase of fixed assets/services Rs.337.11 lacs (Rs.268.60 lacs).

	30th June, 2007		30th June, 2006	
SCHEDULE–5 CAPITAL EXPENDITURE ON NEW/ EXPANSION PROJECTS				
A. Freehold Land		1030.89		631.60
B. Fixed Assets				
1) Plant & Machinery	32.14		–	
2) Building	7.37		0.82	
3) Furniture & Fixtures	6.76		5.08	
	46.27		5.90	
Less: Depreciation (charged to Pre-operative expenses as below)	9.16	37.11	1.88	4.02
C. Machinery & Building under erection		18452.70		644.44
D. Tubewell		19.16		–
E. Materials at Site (including goods in transit)		1322.63		68.70
F. Advances against purchase of fixed assets / services		1705.15		2496.15
G. Incidental Expenditure Pending Allocation to Fixed Assets:				
Salary & Wages		93.80		11.19
Power & Fuel		122.60		0.71
Project Consultancy charges		64.96		26.93
Miscellaneous Expenses		130.84		46.19
Interest & Finance charges (including foreign exchange fluctuation loss Rs. 68.62 lacs) (net)		1297.07		290.24
Depreciation		9.16		1.88
		24286.07		**4222.05**
Less:				
Sale of Hata Unit (Refer note No. 8 on Schedule 23)		854.29		–
Capitalised / Allocated to Fixed Assets during the year		11538.45		–
		12392.74		–
		11893.33		**4222.05**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2007	30th June, 2006
SCHEDULE–6 **INVESTMENTS**				
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	0.60
			0.76	**0.76**
EQUITY SHARES(Fully Paid)				
Quoted				
Pilani Investment & Industries Corp. Ltd	–	10	–	124.25
	(8500)			
New India Sugar Mills Ltd. (Since changed to New India Retailing & Investment Ltd.)	202500	10	277.50	277.50
Chambal Fertilizers & Chemicals Ltd.	704160	10	98.85	98.85
			376.35	**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 (e)	5.40
e-commodities Ltd.	250000 *	10	25.00 (e)	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 Union Ltd.	1	10	–	–
			0.01	**0.01**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2007	30th June, 2006
SCHEDULE–6 INVESTMENTS *(Contd.)*				
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 (e)	4.60
			2153.12	2277.37
Less : Provision for diminution in value of Investments			35.00	35.00
			2118.12	**2242.37**
Aggregate Value of Investments				
Quoted			379.85	504.10
Unquoted			1738.27	1738.27
Market Value of Quoted Investments			321.62	365.39

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. 0.76 lac) have been deposited with the Government Authorities, of which Rs.0.73 lac (Rs.0.73 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.

e) Indicate Securities where provision towards diminution in the value of Investments has been made.

	30th June, 2007	30th June, 2006
SCHEDULE–7 INVENTORIES		
At Lower of Cost and Net Realisable Value		
Raw Materials	156.08	78.04
Stores, Chemicals, Spare Parts etc. (including in transit)	689.64	708.31
Finished Goods	16182.70	10388.35
Power-Banked	10.49	–
Trading Good	4.26	5.62
Goods under Process	157.27	151.61
Standing Crops	3.70	3.28
	17204.14	**11335.21**
At Estimated Realisable Value		
By Products	1256.21	511.91
Scrap	29.56	17.44
	1285.77	529.35
	18489.91	**11864.56**

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

			30th June, 2007	30th June, 2006
SCHEDULE–8	**SUNDRY DEBTORS (UNSECURED)**			
(A) Debts Outstanding for a period exceeding six months				
Considered Good			7.04	2.97
Considered Doubtful			37.84	37.84
			44.88	40.81
Less: Provision			37.84	37.84
			7.04	2.97
(B) Other Debts				
Considered Good			583.84	507.73
			583.84	507.73
			590.88	**510.70**

SCHEDULE–9	**CASH & BANK BALANCES**			
Cash in hand			19.94	74.53
Cheques / Drafts in hand			121.82	199.86
With Scheduled Banks on				
Current Account			97.03	92.33
Savings Account			0.02	0.02
Tea Development Account			0.18	0.16
Fixed Deposit Account [Receipt for Rs. 25.00 lacs (Rs.15.00 Lacs) pledged with Government authorities as security]			134.10	106.60
Unpaid Dividend Account			14.62	12.56
Right Issue Account			–	19.06
			387.71	**505.12**
With Non-Scheduled Banks on Current Account				
Name of the Bank	**Maximum amount outstanding during the year**			
District Co-operative Bank Ltd.	559.74	(448.51)	21.17	3.54
Prathma Bank	916.34	(515.15)	22.62	8.65
Mini Co-operative Bank Ltd.	7.55	(0.03)	0.97	0.03
Bijnor Urban Co-operative Bank	5.11	(5.05)	0.06	0.06
The Samastipur Central Co-op. Bank Ltd.	5.10	(-)	0.25	–
Uttar Pradesh Gramin Bank	447.77	(332.97)	17.05	2.74
			62.12	**15.02**
With Post Office on				
Savings Account [Pass Book for Rs. 0.11 lac (Rs.0.11 lac) pledged with Government authorities]			**0.14**	**0.14**
			449.97 *	**520.28**

* including Rs. 91.12 lacs (Rs.91.62 lacs) towards earmarked accounts.

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2007	30th June, 2006
SCHEDULE–10 OTHER CURRENT ASSETS		
(A) Interest & Dividend accrued on Investments		
[including Rs.0.84 lac (Rs.0.84 lac) considered doubtful]	0.91	2.45
Less: Provision	0.84	0.84
	0.07	**1.61**
(B) Accrued Interest on deposits, loans & advances etc.		
[including Rs.3.93 lacs (Rs.3.93 lacs) due for more than six months]		
Considered Good	16.06	16.99
Considered Doubtful	3.83	3.83
	19.89	20.82
Less: Provision	3.83	3.83
	16.06	**16.99**
	16.13	**18.60**

SCHEDULE–11 LOANS AND ADVANCES		
Loans: (Unsecured, considered good, bearing interest)		
To a Body Corporate	74.00	274.00
To Others	54.38	65.03
	128.38	**339.03**
Advances: (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	352.85	438.72
Advance payment of Income-tax, Refunds receivable & tax deducted at source (net of provisions)	162.36 *	123.84
Balance with Excise & other Government authorities	1639.71	292.00
Claims & Refunds Receivable	93.59	70.81
Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	53.96	33.70
Deposit with Government authorities & others	51.96	47.53
Deposit under Tea Development Account Scheme, 1990	150.23	187.50
	2504.66	**1194.10**
Considered Doubtful		
Loans	24.17	24.23
Advances, Claims & Refunds Receivable	39.40	41.86
	63.57	66.09
Less: Provision	63.57	66.09
	–	–
	2633.04	**1533.13**

* Includes Minimum Alternate Tax credit entitlement Rs.38.15 lacs (Rs. 45.00 lacs)

Notes :

Advances due from the Officers of the Company	–	1.40
Maximum amount due at any time during the year	6.19	6.44

SCHEDULES TO THE BALANCE SHEET

(Rs. in lacs)

	30th June, 2007	30th June, 2006
SCHEDULE–12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for goods, services, expenses etc.	11487.31	1957.46
For Other Finance	425.68	281.70
Excess price of levy sugar realised	72.87	72.87
Advance against sale of goods etc.	175.08	515.70
Fractional entitlement for Bonus and Right Shares	0.22	0.01
Interest accrued but not due on loans, deposits etc.	228.86	122.24
Preference Shares Redemption	1.26	1.26
Directors' Commission Payable	–	4.23
Investor Education & Protection Fund:		
Unclaimed Matured Fixed Deposits	17.98	16.42
Unpaid & Unclaimed Dividends	14.62	12.56
	12423.88	**2984.45**
B. Provisions		
For Leave	49.00	36.53
For Proposed Dividend	–	577.86
For Dividend Tax	–	81.05
For Fringe Benefit Tax (net of advances)	1.65	2.85
	50.65	698.29
	12474.53	**3682.74**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07	2005-06
SCHEDULE–13 GROSS SALES		
Finished Goods	33071.38	41926.44
Power	229.86	–
Trading Goods	615.03	435.04
By-Products [including items Capitalised Rs.12.66 lacs (Re. 0.89 lac)]	1314.74	1950.41
Miscellaneous	39.55	18.79
	35270.56	44330.68
Less: Returns out of earlier years' sales	41.87	–
Discounts & Rebates	2.87	–
	35225.82	**44330.68**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–14 **OTHER INCOME**				
Income from Long Term Investments (Non-trade)				
Dividend		13.86		15.65
Interest on Government Securities		0.41		0.41
Insurance & Other Claims		44.59		22.26
Rent & Hire Charges		3.46		3.04
Unspent liabilities, excess provisions and unclaimed balances written back		16.06		35.20
Land Dividend		37.57		52.72
Interest and Holding Charges on Buffer Stock		41.97		–
Replanting Subsidy		1.86		1.86
Profit on Sale of Hata Unit (Refer Note No. 8 on Schedule 23)		35.71		–
Sales Tax refunds for earlier years		0.09		–
Miscellaneous Receipts		7.53		24.08
		203.11		**155.22**

SCHEDULE–15 **AGRICULTURAL PROFIT**				
INCOME				
Sales [including inter-transfers Rs.3.35 lacs (Rs.11.35 lacs)]		9.86		16.43
Other Income				
Unspent liabilities written back		0.27		0.04
Miscellaneous Receipts		0.01		0.15
		10.14		**16.62**
EXPENDITURE				
Decrease/(Increase) in Stocks				
Opening Stock	3.28		7.53	
Less: Closing Stock	3.70	(0.42)	3.28	4.25
Seeds, Manures and Fodder Consumed		3.09		2.38
Tractor Expenses		2.11		2.39
Rates & Taxes		0.04		0.05
Payments to and Provisions for Employees:				
Salaries, Wages, Bonus, etc.	3.28		4.95	
Contribution to Provident and other Funds	0.05	3.33	0.06	5.01
Irrigation Expenses		0.29		0.34
Miscellaneous Expenses		0.59		1.04
		9.03		**15.46**
Profit transferred to Profit & Loss Account		**1.11**		**1.16**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–16 DECREASE /(INCREASE) IN STOCKS				
Opening 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
Less:				
Closing Stock				
Goods under Process		157.27		151.61
Finished Goods		16182.70		10388.35
Power - Banked		10.49		–
Trading Goods		4.26		5.62
By-Products		1256.21		511.91
Scrap		29.56		17.44
		17640.49		11074.93
		(6565.56)		2944.57
SCHEDULE–17 RAW MATERIALS CONSUMED				
Opening Stock		78.04		180.65
Add: Purchases [including procurement expenses and sugarcane transferred from own farm Rs. 3.35 lacs (Rs.11.35 lacs)]		31912.03		24176.56
Purchase Tax & Cess (net)		369.38		294.90
		32359.45		24652.11
Less: Closing Stock		156.08		78.04
		32203.37		24574.07
SCHEDULE–18 STORES, SPARES & PACKING MATERIALS CONSUMED				
Stores, Spare Parts, Chemicals etc. [after adjusting sales & claims Rs.72.10 lacs (Rs.64.23 lacs)]		1035.94		861.51
Packing Materials		928.60		670.13
		1964.54		1531.64
SCHEDULE–19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus etc.		2833.52		2442.24
Contribution to Provident & other Funds		225.38		192.14
Contribution to Gratuity Fund		136.52		101.63
Workmen Compensation		2.61		0.71
Employees' Welfare Expenses		97.57		82.65
		3295.60		2819.37
Less: Recoveries		5.98		7.18
		3289.62		2812.19

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–20 **MANUFACTURING, SELLING AND OTHER EXPENSES**				
Repairs to and Maintenance of				
Buildings		98.80		84.63
Machinery		743.77		708.66
Others		12.30		15.18
Rent		12.24		13.11
Rates & Taxes (net)		26.67		22.03
Insurance		96.47		102.28
Auditors' Remuneration				
For Audit Fees		8.25		7.50
For Limited Reviews & Tax Audit Fees		9.00		9.75
In other capacity for certificates & other services		3.66		7.20
For Expenses		1.40		1.61
Cost Auditors' Remuneration				
As Auditors		0.60		0.60
For Expenses		0.18		0.12
Selling Commission & Expenses				
Commission to Wholesellers		104.94		147.89
Brokerage		18.04		23.65
Other Selling Expenses		264.33		173.19
Charity & Donations		0.90		1.46
Provision for Bad & Doubtful Debts / Advances		–		21.80
Items pertaining to previous years (net)		2.66		0.09
Bad debts, irrecoverable advances etc. written off		1.96		0.10
Exchange Rate Fluctuations		–		12.44
Sales Tax for earlier years		–		7.18
Loss on fixed assets sold / discarded (net)		1.31		33.16
Molasses Storage & Maintenance Reserve		10.93		10.95
Loss on sale of long Term Investments		47.75		–
Miscellaneous Expenses [including Directors' traveling Rs.19.57 lacs (Rs.27.85 lacs)]		529.77		481.08
		1995.93		**1885.66**

SCHEDULE–21 **DIRECTORS' REMUNERATION**				
Profit / (Loss) before Taxation as per Profit & Loss Account		(4248.30)		4731.89
Add / (Less):				
Depreciation (as per Accounts)		1098.32		936.40
Provision for bad and doubtful debts / advances		–		21.80
Net loss on fixed assets sold and/or discarded (as per Accounts)		1.31		33.16
Directors' Fees & Remuneration		39.46		30.63
		1139.09		1021.99
		(3109.21)		**5753.88**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–21 **DIRECTORS' REMUNERATION (Contd.)**				
Less/(Add):				
Depreciation (under Section 350 of the Companies Act,1956)		1098.32		936.40
Provision for doubtful debts no longer required written back		2.52		–
Net loss on fixed assets sold/discarded (as per Section 349 of the Companies Act,1956)		26.91		1.92
Profit on sale of land		5.15		32.10
Profit on sale of Hata Unit		35.71		–
Managing Director's Remuneration		36.58		22.35
Directors' Fees		2.88		4.05
		1208.07		996.82
Net Profit/(Loss) under Section 349 of the Companies Act 1956		(4317.28)		4757.06
(A) Directors' Commission being 1% of above, subject to the maximum limit of Rs. 1.00 lac (Rs. 0.40 lac) per Director per annum		–		4.23
(B) Managing Director's Remuneration:				
Salary	30.00		19.95	
Contribution to Provident Fund	3.60		2.40	
Contribution to Gratuity Fund	0.48		–	
Provision for Leave	2.50	36.58	–	22.35
(C) Directors' Fees		2.88		4.05
		39.46		**30.63**

In view of the loss under Section 349, as stated above, no provision for Directors' Commission has been made.

SCHEDULE–22 **INTEREST & FINANCE CHARGES (NET)**				
On Fixed Loans & Deposits		1509.65		1007.10
To Income Tax Department		5.16		0.06
To Banks & Others		780.12		704.16
		2294.93		**1711.32**
Less: At Credit				
Amount Capitalised		945.73		256.74
On Secured Loans, Deposits etc. (Gross) [Tax at source Rs.14.84 lacs (Rs.11.30 lacs)]		121.02		73.06
		1066.75		329.80
		1228.18		**1381.52**

SCHEDULE–23 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. Expenses on major modernization programs are capitalized.

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 (including power banked) 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.

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(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

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income taxes reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax asset are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. If the Company has carried forward unabsorbed depreciation and tax losses, deferred tax asset are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realised.

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

(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–23 | 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) Share issue expenses

Share issue expenses are adjusted against Securities Premium Account.

(xiii) Earning per Share

Basic earnings per Share are 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. The weighted average numbers of shares outstanding during the year are adjusted for bonus element in a right issue to existing share holders.

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

(xiv) 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.

(xv) 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.

(xvi) 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.

(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)

		2006-07	2005-06
2.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	7242.14	15404.26
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	219.14	153.60
	(ii) Sales & Entry Tax	42.02	63.98
	(iii) Others	79.12	78.36
	Total	**340.28**	**295.94**
	(b) (i) Guarantees given to a bank against loans to cane growers	1050.00	580.00
	(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	592.85	219.93
	(c) 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–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

4. Diminution of Rs. 216.75 lacs (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 company supplemented by the market value as on 30th June, 2007 of the quoted investments held by it, 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 (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 50.44 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 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. The Company has sold during the year all immovable and movable assets of its Hata unit, which was under commissioning, and the gain of Rs. 35.71 lacs arisen on such sale has been shown separately under the head "Other Income".

9. Since there has been no trading in the shares of Pilani Investment & Industries Corporation Ltd., at the relevant stock exchanges for the last few years, the Company has sold its holding in the above Company, based on the valuation report of an independent firm of Chartered Accountants. The loss of Rs. 47.75 lacs, arisen on such sale, has been charged to Profit and Loss Account during the year.

10. In terms of Accounting Standard – 22, net deferred tax asset (DTA) of Rs. 1395.29 lacs arisen for the year ended 30th June, 2007, has been recognised. However, there is net deferred tax liability of Rs. 754.09 lacs as on 30th June, 2007, as follows:-

(Rs. in lacs)

	2006-07	2005-06
(A) Deferred Tax Liability		
(i) Timing difference in depreciable assets	3229.95	2420.41
	3229.95	**2420.41**
(B) Deferred Tax Asset		
(i) Carry forward unabsorbed business losses & depreciation	2080.61	–
(ii) Expenses allowable against taxable income in future years	395.25	271.03
	2475.86	**271.03**
Net Deferred Tax Liability (A - B)	**754.09**	**2149.38**

11. The Company has raised Rs. 6829.28 lacs (including Securities Premium Rs. 6373.99 lacs) by issue of Right Shares during the year and has utilized the proceeds of the issue for repayment of a part of the working capital borrowings and expenses incurred on such rights issue as stated in the Letter of Offer.

12. Right Shares issue expenses includes Rs.12.00 lacs paid to the Statutory Auditors.

13. Assets, Liabilities and Income & Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended 31st March, 2007 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, 2007 to 30th June, 2007 has been shown 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. 21.01 lacs (Rs.14.05 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

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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-

(a) M/s Jai Bharat Metal Industries
(b) M/s Jassal Engineers (Regd.)
(c) M/s Krishi Udyog Shala
(d) M/s Maha Shakti Engineering Co.
(e) M/s Maha Shakti Machines (P) Ltd.
(f) M/s Prem Chand Industry
(g) M/s K.S.B. Engineering Works
(h) M/s S.J. Industries
(i) M/s National Electricals
(j) M/s Subhash Rubber Works (P) Ltd.
(k) M/s Shilpi Electro Complex

16. Based on the information / documents available with the Company, no creditor is being covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions / payments have been made by the Company to such creditors, if any, and no disclosures thereof are made in these accounts.

17. (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)

	2006-07	2005-06
Salaries & Wages	105.20	96.66
Stores and Spares etc.	616.39	592.82
Rent	0.39	0.75

18. **Earning per Share (EPS)**

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

	2006-07	2005-06
Profit / (Loss) as per Profit & Loss Account (Rs. in lacs)	(2826.13)	2862.29
Weighted average Number of Equity Shares outstanding during the year (Rs. 10 each)	11235396	7039095
Basic and Diluted earning per share (Rs.)	(25.15)	40.66

19. Foreign currency exposures in respect of foreign creditors of Rs. 56.96 lacs are not hedged as on the Balance Sheet date.

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

20. Related Party Disclosures

(a) Names of the related parties

Subsidiary Company	Uttar Pradesh Trading Company Ltd.
Key Management Personnel	Smt. Nandini Nopany – Chairperson cum Managing Director
	Shri C.B. Patodia – Advisor
	Shri S.K.Poddar - Company Secretary
	Shri B.K. Malpani - Executive President, Seohara Unit
	Shri B.K. Sureka - Executive President, Sidhwalia Unit
	Shri R.K. Gupta - Sr. 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 influenced by Key Management Personnel and their relatives	The Oudh Sugar Mills Ltd.
	H. T. Media Ltd.
	Gobind Sugar Mills Ltd.
	OSM Investment & Trading Co. Ltd.
	Hargaon Investment & Trading Co. Ltd
	Champaran Marketing Co. Ltd.

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2007 *(Rs. in lacs)*

	Subsidiary 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 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007
Sale of Goods & Services										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	0.51	–	0.51	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	19.17	–	19.17	–
	(–)	(–)	(–)	(–)	(–)	(–)	(52.27)	(–)	(52.27)	(–)
Sale of Fixed Assets										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	951.78	–	951.78	–
	(–)	(–)	(–)	(–)	(–)	(–)	(23.04)	(–)	(23.04)	(–)
Purchase of Goods & Services										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	109.01	–	109.01	–
	(–)	(–)	(–)	(–)	(–)	(–)	(245.76)	(–)	(245.76)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	0.52	–	0.52	–
	(–)	(–)	(–)	(–)	(–)	(–)	(3.39)	(–)	(3.39)	(–)
Purchase of Fixed Assets										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	115.13	–	115.13	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	1.74	–	1.74	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Interest Expense										
H T Media Ltd.	–	–	–	–	–	–	10.11	–	10.11	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Shri Amit Malpani	–	–	–	–	0.91	0.06	–	–	0.91	0.06
	(–)	(–)	(–)	(–)	(1.47)	(1.14)	(–)	(–)	(1.47)	(1.14)
Smt. Anchal Malpani	–	–	–	–	2.35	1.61	–	–	2.35	1.61
	(–)	(–)	(–)	(–)	(1.44)	(1.63)	(–)	(–)	(1.44)	(1.63)
Smt. Premlata Malpani	–	–	–	–	1.73	0.64	–	–	1.73	0.64
	(–)	(–)	(–)	(–)	(1.69)	(1.24)	(–)	(–)	(1.69)	(1.24)
Others	–	–	–	–	0.47	0.45	2.11	–	2.58	0.45
	(–)	(–)	(–)	(–)	(2.20)	(1.13)	(21.21)	(–)	(23.41)	(1.13)
Dividend Paid during the year										
Hargaon Investment & Trading Co. Ltd.	–	–	–	–	–	–	32.90	–	32.90	–
	(–)	(–)	(–)	(–)	(–)	(–)	(14.85)	(–)	(14.85)	(–)
OSM Investment & Trading Co. Ltd	–	–	–	–	–	–	11.74	–	11.74	–
	(–)	(–)	(–)	(–)	(–)	(–)	(5.47)	(–)	(5.47)	(–)
Champaran Marketing Co. Ltd	–	–	–	–	–	–	13.04	–	13.04	–
	(–)	(–)	(–)	(–)	(–)	(–)	(6.25)	(–)	(6.25)	(–)
Dr. K.K. Birla	–	–	–	–	8.89	–	–	–	8.89	–
	(–)	(–)	(–)	(–)	(2.47)	(–)	(–)	(–)	(2.47)	(–)
Smt. Nandini Nopany	–	–	27.81	–	–	–	–	–	27.81	–
	(–)	(–)	(12.42)	(–)	(–)	(–)	(–)	(–)	(12.42)	(–)
Others	–	–	0.08	–	1.99	–	0.96	–	3.03	–
	(–)	(–)	(0.04)	(–)	(0.98)	(–)	(2.04)	(–)	(3.06)	(–)
Intercorporate Loans and Fixed Deposits Taken										
Uttar Pradesh Trading Co. Ltd.	222.50	240.00	–	–	–	–	–	–	222.50	240.00
	(250.00)	(346.00)	(–)	(–)	(–)	(–)	(–)	(–)	(250.00)	(346.00)
H T Media Ltd.	–	–	–	–	–	–	500.00	500.00	500.00	500.00
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Others	–	–	–	–	41.07	62.19	–	–	41.07	62.19
	(–)	(–)	(–)	(–)	(16.12)	(47.75)	(455.00)	(455.00)	(471.12)	(502.75)

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(Rs. in lacs)

	Subsidiary 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 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007
Intercorporate Loans and Fixed Deposits Refunded										
Uttar Pradesh Trading Co. Ltd.	328.50	–	–	–	–	–	–	–	328.50	–
	(5.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(5.00)	(–)
Hargaon Investment & Trading Co. Ltd.	–	–	–	–	–	–	300.00	–	300.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
OSM Investment & Trading Co. Ltd	–	–	–	–	–	–	115.00	–	115.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Champaran Marketing Co. Ltd.	–	–	–	–	–	–	40.00	–	40.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Others	–	–	–	–	26.63	–	–	–	26.63	–
	(–)	(–)	(–)	(–)	(17.25)	(–)	(–)	(–)	(17.25)	(–)
Balance Outstanding On Current Account (Net) Debit / (–)Credit										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	–0.75	–	–0.75
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(-0.40)	(–)	(-0.40)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	58.02	–	58.02
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(16.72)	(–)	(16.72)
Directors' Commission & sitting fees										
Shri C.S. Nopany	–	–	–	–	0.40	–	–	–	0.40	–
	(–)	(–)	(–)	(–)	(0.90)	(0.40)	(–)	(–)	(0.90)	(0.40)
Remuneration										
Shri C.B.Patodia	–	–	91.57	1.27	–	–	–	–	91.57	1.27
	(–)	(–)	(54.08)	(0.51)	(–)	(–)	(–)	(–)	(54.08)	(0.51)
Shri S. K. Poddar	–	–	13.32	–	–	–	–	–	13.32	–
	(–)	(–)	(8.36)	(–)	(–)	(–)	(–)	(–)	(8.36)	(–)
Shri B.K.Malpani	–	–	11.63	0.31	–	–	–	–	11.63	0.31
	(–)	(–)	(10.55)	(0.23)	(–)	(–)	(–)	(–)	(10.55)	(0.23)
Shri B.K.Sureka	–	–	10.71	0.62	–	–	–	–	10.71	0.62
	(–)	(–)	(8.33)	(0.46)	(–)	(–)	(–)	(–)	(8.33)	(0.46)
Shri S.S.Binani	–	–	10.51	–	–	–	–	–	10.51	–
	(–)	(–)	(8.73)	(–)	(–)	(–)	(–)	(–)	(8.73)	(–)
Shri R.K. Gupta	–	–	5.11	0.21	–	–	–	–	5.11	0.21
	(–)	(–)	(3.37)	(0.16)	(–)	(–)	(–)	(–)	(3.37)	(0.16)

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

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

21. The Company's segment information as at and for the year ended 30th June, 2007 are as below:

(Rs. in lacs)

		Sugar	Spirit	Co-generation	Tea	Others	Total
(a)	**Revenue (net of excise duty and cess)**						
	External Sales	27583.88 (37427.29)	2919.76 (2690.06)	226.99 (–)	1015.13 (819.12)	615.03 (435.04)	32360.79 (41371.51)
	Inter-segment Sales	1394.59 (847.18)	2.48 (–)	1.91 (–)	– (–)	– (–)	1398.98 (847.18)
	Total Revenue	**28978.47 (38274.47)**	**2922.24 (2690.06)**	**228.90 (–)**	**1015.13 (819.12)**	**615.03 (435.04)**	**33759.77 (42218.69)**
(b)	**Results**						
	Segment Results	–3852.22 (5544.77)	1079.06 (792.82)	2.60 (–)	137.19 (81.59)	6.73 (23.73)	–2626.64 (6442.91)
	Unallocated expenses net of unallocated income						393.48 (329.50)
	Operating Profit / (–)Loss						**–3020.12 (6113.41)**
	Interest & Finance Charges (net)						1228.18 (1381.52)
	Income, Wealth & Fringe benefit Tax						48.77 (533.15)
	Income Tax Provision no longer required written back						82.50 (–)
	MAT Credit entitlement / Reversal						6.85 (-45.00)
	Deferred Tax Asset / (–)Liability (net)						1395.29 (-1381.45)
	Net Profit / (–)Loss						**–2826.13 (2862.29)**
(c)	**Total Assets**						
	Segment Assets	42214.52 (25081.02)	5314.00 (3212.79)	10296.42 (1798.35)	992.12 (969.80)	13.94 (30.82)	58831.00 (31092.78)
	Unallocated Corporate Assets						2920.11 (3148.99)
							61751.11 (34241.77)
(d)	**Total Liabilities**						
	Segment Liabilities	10993.16 (2632.10)	316.63 (119.48)	789.96 (–)	105.34 (101.89)	5.00 (9.70)	12210.09 (2863.17)
	Unallocated Corporate Liabilities						35617.40 (21271.36)
							47827.49 (24134.53)
(e)	**Other Information**						
	(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	10.93 (10.95)	– (–)	– (–)	– (–)	– (–)	10.93 (10.95)
	(ii) Capital Expenditure	11515.63 (1779.66)	2078.72 (779.90)	8295.40 (1798.35)	121.59 (32.56)	– (–)	22011.34 (4390.47)
	(iii) Depreciation for the year	875.37 (795.03)	141.91 (103.93)	42.25 (–)	38.70 (37.22)	0.09 (0.22)	1098.32 (936.40)
(f)	**Geographical Segments**						
	Revenue						
	India						32360.79 (39913.84)
	Overseas						– (1457.67)
							32360.79 (41371.51)

SCHEDULE–23 | 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”, "Co–generation" 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

Co Generation - Consists of generation and transmission of power

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.

22. 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)

					Purchases		Opening Stock		Sales (b)		Closing Stock (b)	
	Unit	Licenced Capacity *	Installed Capacity	Production	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Sugar (Bagged)	Qtls.	Not Applicable	142500 (142500) Crushing Per day	2319104 (1794224)	– (–)	– (–)	623875 (c) (922579)	10150.14 (12629.37)	1792313 (2092379)	28560.74 (37908.40)	1150088 (623875)	15916.45 (10150.14)
Molasses	Qtls.	– (–)	– (–)	1089342 (849666)	– (–)	– (–)	251280 (282353)	463.03 (667.10)	988394 (d) (868540)	1299.17 (1423.43)	356787 (f) (251280)	613.91 (463.03)
Spirit (including denaturants)	Ltrs.	30.00 (16.50) Millions	30.00 (16.50) Millions	15279577 (14502736)	– (–)	– (–)	1353772 (1304672)	170.39 (168.30)	14736940 (14430050)	3388.03 (3122.81)	1878651 (1353772)	229.05 (170.39)
Carbon–di–oxide	MT.	6600.00 (6600.00)	6600 (6600)	1658.35 (1962.19)	– (–)	– (–)	– (–)	– (–)	1658.35 (1962.19)	50.20 (57.81)	– (–)	– (–)
Power	Unit	24 MW Per hour	24 MW Per hour	9398977 (–)	– (–)	– (–)	– (–)	– (–)	7636778 (–)	226.99 (–)	374114 (g) (–)	10.49 (–)
Tea	Kg.	Not Applicable	Not Applicable	1190536 (1091551)	– (–)	– (–)	103515 (40406)	67.82 (24.53)	1193083 (992478)	1018.82 (822.19)	55880 (103515)	37.20 (67.82)
Tea Seed	Kg.	Not applicable	Not Applicable	280 (492)	– (–)	– (–)	– (–)	– (–)	– (d) (–)	– (–)	– (–)	– (–)
Bio Compost	Qtls.	Not applicable	200000 (200000)	41235 (46216)	– (–)	– (–)	– (–)	– (–)	41235 (d) (46216)	11.72 (15.23)	– (–)	– (–)
Semi Finished Goods	Qtls.	– (–)	– (–)	– (–)	– (–)	– (–)	– (25478)	– (338.23)	– (–)	– (–)	– (–)	– (–)
Diesel	Ltrs.	– (–)	– (–)	– (–)	1769000 (1287000)	599.68 (425.85)	15369 (16713)	5.09 (4.74)	1769009 (1285448)	608.85 (432.12)	12494 (15369)	4.13 (5.09)
Grease, Gear Oil & Brake Oil	Ltrs.	– (–)	– (–)	– (–)	400 (200)	0.39 (0.16)	33 (121)	0.03 (0.09)	432 (288)	0.47 (0.24)	1 (33)	– (0.03)
Mobil Oil	Ltrs.	– (–)	– (–)	– (–)	4320 (2940)	4.88 (2.38)	640 (611)	0.50 (0.49)	4844 (2911)	5.71 (2.68)	116 (640)	0.13 (0.50)
Bagasse	Qtls.	– (–)	– (–)	1428357 (e) (861876)	– (–)	– (–)	98487 (184689)	48.88 (94.06)	518270 (d) (948078)	15.57 (526.98)	1008574 (98487)	642.30 (48.88)
Sundries								17.44 (11.83)		39.55 (18.79)		29.56 (17.44)
						604.95 (428.39)		10923.32 (13938.74)		35225.82 (44330.68)		17483.22 (10923.32)
Farm Products	Qtls.								8030 (14773)	9.86 (16.43)		

* On per annum basis except stated otherwise.

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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 578 (487) quintals lost due to reprocessing and nil (62) quintals lost in transit during the year.

(d) Includes 647207 (438282) quintals of Molasses, 505946 (177039) quintals of Bagasse, 12389 (Nil) quintals of Bio-Compost and 280 (492) Kgs. of Tea Seed consumed departmentally.

(e) Excludes consumption by Sugar Units.

(f) Includes 7926 quintals of sub-standard materials pending destruction, for which permission from excise authorities is awaited.

(g) After adjusting inter-transfer to other units 63110 units, transmission loss 75932 units and captive consumption 1249043 units.

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

Class of Goods	Unit	Quantity	Rs. in lacs
Sugarcane (crushed)	Quintals	24139772 (18660484)	31957.93 (24049.29)
Molasses	Quintals	676633 (626554)	203.01 (503.62)
Press Mud	Quintals	177199 (126373)	7.91 (5.98)
Bagasse	Quintals	185334 (–)	18.34 (–)
Green Leaf	Kgs.	5055473 (4742208)	16.18 (15.18)
			32203.37 (24574.07)

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.16.18 lacs (Rs.15.18 lacs) stated above represent only the cess on green leaf.

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

(in Kgs.)

Opening Stock	–	(–)
Production	5055473	(4742208)
Closing Stock	–	(–)

SCHEDULE–23 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(Rs. in lacs)

		2006-07	2005-06
C.	C.I.F. Value of Imports during the year (including through canalising agencies on invoice value)		
	(a) Stores, Chemicals and Spares etc.	47.83	67.28
	(b) Capital Goods	830.46	–
D.	Expenditure in Foreign Currency during the year (On Cash Basis)		
	(a) Traveling Expenses	1.65	8.33
	(b) Interest and Finance Charges	55.54	–
	(c) Others	6.96	–
E.	Earning in Foreign Exchange (On Cash Basis)		
	(a) F O B value of Exports (including through third party)	–	1457.67
	(b) Interest Income	22.17	–

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	–	–	83.37	3.23
(as certified by the management)	(–)	(–)	(70.35)	(3.31)
Indigenous	32203.37	100	2497.56	96.77
	(24574.07)	(100)	(2054.11)	(96.69)
	32203.37	100	2580.93	100.00
	(24574.07)	(100)	(2124.46)	(100.00)

Notes:

The above figures are inclusive of transit losses and shortages and include Rs. 23.10 lacs (Rs.21.22 lacs) being the value of unserviceable/damaged raw materials and stores written off during the year.

23. Corresponding figures for the previous year are given in brackets and the same have been regrouped and/or rearranged, wherever necessary.

Signatories to Schedules – 1 to 23

For **S. R. Batliboi & Co.**
Chartered Accountants

Per R. K. Agrawal
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

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

CIN	L15421UP1932PLC025141	State Code	20
Balance Sheet Date	30 (Date) 06 (Month) 2007 (Year)		

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

Public Issue	NIL	Rights Issue	68102 2
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	4927658	Total Assets	4927658
Sources of Funds			
Paid-up Capital	11557 3	Secured Loans	2282882
Reserves & Surplus	1276789	Unsecured Loans	1177005
		Deferred Tax Liability (Net)	75409
Application of Funds			
Net Fixed Assets	2544927	Net Current Assets	97054 0
Capital Expenditure on New/Expansion Projects	1189333	Tea Department Balance	11046
Investments	211812	Accumulated Losses	NIL
		Miscellaneous Exp.	NIL

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

Turnover (inc. other income)	3256501	Total Expenditure	3681331
Loss before Tax	42483 0	Loss after Tax	28261 3
Earning per share in (Rs.)	(25·15)	Dividend Rate (%)	–

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	02207 1 0
Tea	09024002

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 & INDUSTIRES LIMITED and its subsidiary as at 30th June, 2007 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. 3004.23 lacs (Previous year Rs. 2829.21 lacs) as at 31st March, 2007 and total revenues of Rs. 223.74 lacs (Previous year 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 - 24.

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" issued by the Institute of Chartered Accountants of India.

5. Attention is drawn to the following notes on Schedule 24:

   (i) *Note Nos. 7 and 8 regarding non-adjustment of certain realisations in earlier years aggregating to Rs.118.18 lacs (Previous Year Rs.118.18 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 loss is not presently ascertainable;*

   (ii) *Note No. 14 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2007 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2007 in these statements of account, the impact whereof on the Company's loss, 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 loss / 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, the consolidated statements of account, read together with the 'Notes' appearing in Schedule 24, 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 Limited and its subsidiary as at 30th June, 2007;

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

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

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Dated : 21st September, 2007

CONSOLIDATED BALANCE SHEET As at 30th June, 2007

(Rs. in lacs)

	Schedule	30th June, 2007	30th June, 2006
SOURCES OF FUNDS			
A. Shareholders' Funds			
(a) Share Capital	1	1155.73	700.44
(b) Share Application Money		–	19.06
(c) Reserves & Surplus	2	14334.25	10720.87
		15489.98	**11440.37**
B. Amount due to Preference Shareholders	2A	–	**30.00**
C. Loan Funds	3		
(a) Secured		22828.82	14410.28
(b) Unsecured		11530.05	3546.13
		34358.87	**17956.41**
D. Deferred Tax Liability (net)		**754.09**	**2149.38**
		50602.94	**31576.16**
APPLICATION OF FUNDS			
A. Fixed Assets	4		
(a) Gross Block		35233.43	21949.29
(b) Less: Depreciation		10621.14	9922.04
(c) Net Block		24612.29	12027.25
(d) Capital Work-in-Progress		852.99	1228.68
		25465.28	**13255.93**
B. Capital Expenditure on New / Expansion Projects	5	**11893.33**	**4222.05**
C. Investments	6	**3119.73**	**3242.85**
D. Current Assets, Loans & Advances			
(a) Inventories	7	18489.91	11864.56
(b) Sundry Debtors	8	590.88	510.70
(c) Cash & Bank Balances	9	456.81	521.00
(d) Other Current Assets	10	16.13	18.60
(e) Loans & Advances	11	2935.00	1533.12
		22488.73	**14447.98**
Less: Current Liabilities & Provisions			
(a) Current Liabilities		12423.94	2984.51
(b) Provisions	12	50.65	698.29
		12474.59	**3682.80**
Net Current Assets		**10014.14**	**10765.18**
E. Tea Department Balance		110.46	90.15
		50602.94	**31576.16**
Accounting Policies & Notes to the Accounts	24		

Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date

For **S. R. Batliboi & Co.**
Chartered Accountants
Per **R. K. Agrawal**
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

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, 2007

(Rs. in lacs)

	Schedule	2006-07		2005-06	
INCOME					
Gross Sales	13		35225.82		44330.68
Less: Excise Duty		2614.11		2666.24	
Cess		250.92	2865.03	292.93	2959.17
Net Sales			32360.79		41371.51
Other Income	14		426.39		302.75
Agricultural Profit	15		1.11		1.16
			32788.29		**41675.42**
Expenditure					
Decrease / (Increase) in Stocks	16		(6565.56)		2944.57
Excise Duty & Cess on Stocks (Refer Note no. 6 on Schedule 24)			543.54		(235.03)
Purchase of Trading Goods			604.95		428.39
Raw Materials Consumed	17		32203.37		24574.07
Stores, Spares & Packing Materials Consumed	18		1964.54		1531.64
Fuel & Electricity			410.96		505.96
Payments to and Provisions for Employees	19		3289.62		2812.19
Manufacturing, Selling and Other Expenses	20		1992.53		1974.58
Directors' Remuneration	21		39.52		30.68
			34483.47		**34567.05**
Profit/(Loss) before Interest, Depreciation & Taxation			**(1695.18)**		**7108.37**
Less / (Add): Interest & Finance charges (net)	22		1219.50		1381.52
Depreciation			1098.32		936.40
			(2317.82)		**2317.92**
Profit/(Loss) before Taxation			**(4013.00)**		**4790.45**
Provision for Taxation [including Wealth Tax Rs. 6.00 lacs (Rs.8.00 lacs)]			29.61		521.76
Income Tax Provision no longer required written back			82.50		–
Minimum Alternate Tax (MAT) Credit entitlement / Reversal			6.85		(45.00)
Deferred Tax Asset / (Liability)			1395.29		(1381.45)
Provision for Fringe Benefit Tax			19.16		14.50
Profit/(Loss) after Taxation			**(2590.83)**		**2917.74**
Less /Add: Proportionate Share in the Income of Associate Company			–		261.45
Balance brought forward from previous year			1763.76		1277.90
Transfer from General Reserve			1900.00		–
Balance available for Appropriation			**1072.93**		**4457.09**
APPROPRIATIONS					
Transfer to General Reserve			–		2000.00
Transfer to Reserve Fund			45.00		31.00
Transfer to Capital Redemption Reserve			30.00		–
Dividend	23		1.77		580.36
Provision for Dividend tax			0.30		81.47
Balance carried to Balance Sheet			995.86		1763.76
			1072.93		**4457.09**
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.) (Refer Note no.19 on Schedule 24)			(23.08)		45.12
Accounting Policies & Notes to the Accounts	24				

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

As per our report of even date

For **S. R. Batliboi & Co.**
Chartered Accountants
Per **R. K. Agrawal**
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

S. K. Poddar
Secretary

C. S. Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CONSOLIDATED CASH FLOW STATEMENT For the year ended 30th June, 2007

(Rs. in lacs)

	2006-07	2005-06
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	**(4013.00)**	**4790.45**
Adjustments for		
Depreciation	1098.32	936.40
Interest & Finance charges (net of capitalisation)	1349.20	1454.58
Provision for Doubtful Debts/Advances	–	21.80
Bad debts & irrecoverable balances written off	1.96	0.10
Molasses Storage and Maintenance Fund	10.93	10.95
Loss on Fixed Assets sold / discarded (net)	1.31	33.16
Loss on sale of Investments	43.51	88.25
Profit on Sale of Hata Unit	(35.71)	–
Interest & Dividend Income	(404.82)	(289.37)
Operating (Loss) / Profit before Working Capital Changes	**(1948.30)**	**7046.32**
Adjustments for		
Trade Payables	7689.98	330.09
Trade & Other Receivables	(1391.51)	(284.25)
Inventories	(6625.35)	3013.35
Tea Department Balance	(20.31)	40.01
	(347.19)	3099.20
Cash Generated from Operations	(2295.49)	10145.52
Direct Taxes paid	(14.81)	(463.41)
Net cash from operating activities	**(2310.30)**	**9682.11**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	176.80	71.72
Sale of Hata Unit	890.00	–
Loans Given / Recovered (net)	(89.29)	67.80
Interest & Dividend Received	407.29	299.88
Deposit under Tea Development Account Scheme	37.27	17.48
Purchase of Fixed Assets	(19414.24)	(4143.48)
Sale of Investments (net)	79.61	22.68
Net Cash used in Investing Activities	**(17912.56)**	**(3663.92)**

CONSOLIDATED CASH FLOW STATEMENT *(Contd.)*

(Rs. in lacs)

	2006-07	2005-06
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	27935.44	3161.12
Repayment of Loans	(11570.19)	(6960.64)
Share Application Money	–	19.06
Right Issue of Shares	436.23	–
Redemption of Preference Share Capital	(30.00)	–
Premium on Right Issue of Shares	6373.99	–
Right Shares Issue expenses	(178.34)	–
Interest & Finance charges paid	(2149.54)	(1672.37)
Dividend paid (including Dividend Tax)	(658.92)	(314.90)
Net Cash from Financing Activities	**20158.67**	**(5767.73)**
Net changes in Cash & Cash Equivalents (A+B+C)	(64.19)	250.46
*** Cash & Cash equivalents - Opening Balance**	521.00	270.54
*** Cash & Cash equivalents - Closing Balance**	456.81	521.00

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

As per our report of even date.

For **S. R. Batliboi & Co.**
Chartered Accountants
Per **R. K. Agrawal**
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

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, 2007	30th June, 2006
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		
1,15,57,239 Equity Shares of Rs. 10 each fully paid	1155.73	700.44
(70,04,387)		
Add: Forfeited Shares (amount originally paid-up)	– (b)	–
	1155.73	**700.44**

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 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	27.17
	27.17	**27.17**
Capital Redemption Reserve		
As per last Account	327.00	327.00
Add: Transfer from Profit & Loss Account	30.00	–
	357.00	**327.00**
Reserve Fund		
As per last Account	225.00	194.00
Add: Transfer from Profit & Loss Account	45.00	31.00
	270.00	**225.00**
General Reserve		
As per last Account	7962.76	5962.76
Add: Transfer from Profit & Loss Account	–	2000.00
	7962.76	7962.76
Less: Transfer to Profit & Loss Account	1900.00	–
	6062.76	**7962.76**
Securities Premium		
As Per Last Account	387.69	387.69
Add: Received on Right Shares issued during the year	6373.99	–
	6761.68	**387.69**
Less: Adjustment of Right Shares issue expenses	178.34	–
	6583.34	**387.69**
Molasses & Alcohol Storage & Maintenance Reserve		
As per last Account	27.49	93.54
Add: Provided during the year	10.93	10.95
	38.42	**104.49**
Less: Utilised during the year	0.30	77.00
	38.12	**27.49**
Surplus as per Profit & Loss Account	**995.86**	**1763.76**
	14334.25	**10720.87**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	30th June, 2007	30th June, 2006
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

* Redeemed on 02.11.2006

SCHEDULE–3 **LOAN FUNDS**		
(A) SECURED LOANS		
Term Loans		
From Banks		
Under Project Finance Scheme	10468.60	651.25
Under Corporate Loan Scheme	5182.50	3229.17
From Sugar Development Fund	1315.43	1276.66
Other Loans		
From Scheduled Banks on Cash Credit Account	5862.29	9253.20
	22828.82	**14410.28**
(B) UNSECURED LOANS		
Corporate Loan from Scheduled Banks	7480.00	1000.00
From State Bank of India against Crop loan to Canegrowers	405.71	–
From Co-operative Farming Societies	85.98	165.01
Inter Corporate Loans	2565.00	1291.50
Fixed Deposits from Staff & Others	959.06	1060.87
Trade & Other Deposits (partly not bearing interest)	34.30	28.75
	11530.05	**3546.13**
	34358.87	**17956.41**

Notes:

1. Term loans from bank(s) are secured/to be secured by first mortgage/charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation plant) and Sidhwalia and Distillery unit at Seohara, 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 (save and except book debts), present and future, of the Company's Sidhwalia Sugar Unit and includes Rs. 346.34 lacs (Rs. 307.57 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
4. The above loans include Rs. 13380.84 lacs (Rs. 5328.85 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, 2006	Additions/ Adjust-ments	Deductions/ Adjust-ments	As at 30th June, 2007	Upto 30th June, 2006	For the Year	Less: on Deductions/ Adjustments	Up to 30th June, 2007	30th June, 2007	30th June, 2006
Freehold Land	249.89	517.37	–	767.26 (c)	0.11	–	–	0.11	767.15	249.78
Leasehold Land	94.55	–	–	94.55	85.54	4.50	–	90.04	4.51	9.01
Tea Plantations	2.39	–	–	2.39	1.99	0.11	–	2.10	0.29	0.40
Buildings (including on leasehold land)	2356.46	504.37	9.89	2850.94	476.30	45.93	7.66	514.57	2336.37	1880.16
Plant & Machinery	18606.49	12719.65 (e)	546.46	30779.68	9052.18	994.39	379.12	9667.45	21112.23	9554.31
Railway Sidings	1.89	18.20	0.39	19.70	1.81	0.49	0.37	1.93	17.77	0.08
Furniture & Fixtures	272.25	24.89	1.24	295.90	177.75	25.18	1.04	201.89	94.01	94.50
Tube–wells	93.63	20.94	–	114.57	23.32	1.83	–	25.15	89.42	70.31
Trucks & Conveyance	271.74	56.05	19.35	308.44	103.04	25.89	11.03	117.90	190.54	168.70
	21949.29	**13861.47**	**577.33**	**35233.43**	**9922.04**	**1098.32**	**399.22**	**10621.14**	**24612.29(d)**	**12027.25**
Add: Capital Work–in-Progress	1228.68	1626.57	2002.26 (b)	852.99 (f)	–	–	–	–	852.99	1228.68
Total	**23177.97**	**15488.04**	**2579.59**	**36086.42 (a)**	**9922.04**	**1098.32**	**399.22**	**10621.14**	**25465.28**	**13255.93**
Previous Year's Total	21373.68	3805.80	2001.51	23177.97	9222.71	936.40	237.07	9922.04	13255.93	

Notes:

a) Includes assets held in joint ownership with others Rs. 212.55 lacs (Rs. 203.99 lacs).

b) Represents amount allocated to various heads of fixed assets.

c) Title deeds for Rs.7.10 lacs (Rs.36.63 lacs) are yet to be executed in favour of the Company.

d) Includes fixed assets awaiting disposal valuing Rs.3.14 lacs (Rs.20.40 lacs).

e) After adjusting Rs. 0.30 lacs (Rs.77.00 lacs) being the amount utilised out of Molassess and Alcohol Storage & Maintenance Reserve and includes foreign exchange fluctuation Rs. 29.70 lacs.

f) Includes advances against purchase of fixed assets/services Rs.337.11 lacs (Rs.268.60 lacs).

	30th June, 2007		30th June, 2006	
SCHEDULE–5 CAPITAL EXPENDITURE ON NEW/ EXPANSION PROJECTS				
A. Freehold Land		1030.89		631.60
B. Fixed Assets				
1) Plant & Machinery	32.14		–	
2) Building	7.37		0.82	
3) Furniture & Fixtures	6.76		5.08	
	46.27		5.90	
Less: Depreciation (charged to Pre-operative expenses as below)	9.16	37.11	1.88	4.02
C. Machinery & Building under erection		18452.70		644.44
D. Tubewell		19.16		–
E. Materials at Site (including goods in transit)		1322.63		68.70
F. Advances against purchase of fixed assets / services		1705.15		2496.15
G. Incidental Expenditure Pending Allocation to Fixed Assets:				
Salary & Wages		93.80		11.19
Power & Fuel		122.60		0.71
Project Consultancy charges		64.96		26.93
Miscellaneous Expenses		130.84		46.19
Interest & Finance charges (including foreign exchange fluctuation loss Rs. 68.62 lacs) (net)		1297.07		290.24
Depreciation		9.16		1.88
		24286.07		**4222.05**
Less:				
Sale of Hata Unit (Refer note No. 9 on Schedule 24)		854.29		–
Capitalised / Allocated to Fixed Assets during the year		11538.45		–
		12392.74		–
		11893.33		**4222.05**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2007		30th June, 2006	
SCHEDULE–6 **INVESTMENTS**						
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		0.60
				0.76		**0.76**
EQUITY SHARES(Fully Paid)						
Quoted						
The Oudh Sugar Mills Ltd.	1963127	10		901.26		901.26
Ceekay Daikin Ltd.	–	10		–		0.50
	(5000)					
Haryana Oxygen Ltd.	5000	10		0.50		0.50
S I L Investments Ltd. (formally Sutlej Industries Ltd.)	2019339	10		478.36		1048.57
Sutlej Textile & Industries Ltd.	2027798 (f)	10		593.89		–
	(-)					
Manbhawani Investment Ltd.	73500	10		2.25		2.25
Manavta Holdings Ltd.	73500	10		2.25		2.25
Gobind Sugar Mills Ltd.	320000 (g)	10		102.00		102.00
	(20000)					
Chambal Fertilizers & Chemicals Ltd.	1966795	10		377.97		377.97
Pilani Investment & Industries Corp.Ltd.	–	10		–		124.25
	(8500)					
New India Sugar Mills Ltd. (Since changed to New India Retailing & Investment Ltd.)	285573 (h)	10	633.70		483.20	
Add : Share of Profit of Associate for the period			–		261.45	
			633.70		744.65	
Less : Shares sold during the year			–	633.70	110.95	633.70
				3092.18		**3193.25**
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 (e)		5.40
Carried forward				**6.30**		**6.30**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2007	30th June, 2006
SCHEDULE–6 INVESTMENTS (Contd.)				
In Other Companies (Contd.) Brought forward			6.30	6.30
e-commodities Ltd.	250000 *	10	25.00 (e)	25.00
Taparia Ltd.	3500	10	0.40	0.40
Shree Vihar Properties Ltd.	224307	10	19.73	8.10
	(108000)			
Modern Diegen Services Ltd. (formally Damanganga Processors Ltd.)	13196 (f) (250000)	10	1.32	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	–	–
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
Narkatiaganj Farms Ltd.	– (40000)	10	–	4.00
Modern Household & Accessories Trading Pvt. Ltd.	– (20000)	10	–	2.00
India Educational & Research Institution Pvt. Ltd.	4900	10	0.49	0.49
			53.63	**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
Share Application Money				
Indo International Distillers Association Pvt. Ltd.	46000 *	10	4.60 (e)	4.60
			3154.73	3277.85
Less : Provision for diminution in value of Investments			35.00	35.00
			3119.73	**3242.85**
Aggregate Value of Investments				
Quoted			3095.68	3196.75
Unquoted			24.05	46.10
Market Value of Quoted Investments			6486.98	5736.69

SCHEDULES TO THE CONSOLIDATED 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. 0.76 lac) have been deposited with the Government Authorities, of which Rs.0.73 lac (Rs. 0.73 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.

e) Indicate securities where provision towards diminution in the value of Investments has been made.

f) Received against the holding in Sutlej Industries Limited and Damanganga Processors Limited whose textile business has been merged with the Company during the year.

g) includes 3,00,000 Bonus Shares received during the year.

h) Ceased to be Associate Company with effect from 13.06.2006.

(Rs. in lacs)

	30th June, 2007	30th June, 2006
SCHEDULE–7 **INVENTORIES**		
At Lower of Cost and Net Realisable Value		
Raw Materials	156.08	78.04
Stores, Chemicals, Spare Parts etc. (including in transit)	689.64	708.31
Finished Goods	16182.70	10388.35
Power-Banked	10.49	–
Trading Goods	4.26	5.62
Goods under Process	157.27	151.61
Standing Crops	3.70	3.28
	17204.14	**11335.21**
At Estimated Realisable Value		
By-Products	1256.21	511.91
Scrap	29.56	17.44
	1285.77	**529.35**
	18489.91	**11864.56**

SCHEDULE–8 **SUNDRY DEBTORS (UNSECURED)**		
(A) Debts Outstanding for a period exceeding six months		
Considered Good	7.04	2.97
Considered Doubtful	37.84	37.84
	44.88	**40.81**
Less: Provision	37.84	37.84
	7.04	**2.97**
(B) Other Debts		
Considered Good	583.84	507.73
	583.84	**507.73**
	590.88	**510.70**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

			30th June, 2007	30th June, 2006
SCHEDULE–9 **CASH & BANK BALANCES**				
Cash in hand			19.94	74.53
Cheques/Drafts in hand			121.82	199.86
With Scheduled Banks on				
Current Account			103.87	93.05
Savings Account			0.02	0.02
Tea Development Account			0.18	0.16
Fixed Deposit Account [Receipt for Rs.25.00 lacs (Rs.15.00 lacs) pledged with Government authorities as security]			134.10	106.60
Unpaid Dividend Account			14.62	12.56
Right Issue Account			–	19.06
			394.55	**505.84**
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.	559.74	(448.51)	21.17	3.54
Prathma Bank	916.34	(515.15)	22.62	8.65
Mini Co-operative Bank Ltd.	7.55	(0.03)	0.97	0.03
Bijnor Urban Co-operative Bank	5.11	(-)	0.06	0.06
The Samastipur Central Co-op. Bank Ltd.	5.10	(–)	0.25	–
Vidur Gramin Bank	447.77	(332.97)	17.05	2.74
			62.12	**15.02**
With Post Office on				
Savings Account [Pass Book for Rs. 0.11 lac (Rs.0.11 lac) pledged with Government authorities]			**0.14**	**0.14**
			456.81 *	**521.00**

*including Rs.91.12 lacs (Rs.91.62 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]	0.91	2.45
Less : Provision	0.84	0.84
	0.07	**1.61**
(B) Accrued Interest on Deposits, Loans & Advances etc.		
[including Rs.3.93 lacs (Rs.3.93 lacs) due for more than six months]		
Considered Good	16.06	16.99
Considered Doubtful	3.83	3.83
	19.89	**20.82**
Less: Provision	3.83	3.83
	16.06	**16.99**
	16.13	**18.60**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	30th June, 2007	30th June, 2006
SCHEDULE–11 **LOANS AND ADVANCES**		
Loans : (Unsecured, Considered Good Bearing Interest)		
To a Body Corporate	374.00	274.00
To Others	54.38	65.03
	428.38	**339.03**
Advances: (Unsecured, Considered Good) Advances recoverable in cash or in kind or for value to be received or pending adjustments	352.85	438.72
Advance payment of Income-tax, Refunds receivable & tax deducted at source (net of provisions)	164.32 *	123.83
Balance with Excise & other Government authorities	1639.71	292.00
Claims & Refunds Receivable	93.59	70.81
Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	53.96	33.70
Deposit with Government authorities & others	51.96	47.53
Deposit under Tea Development Account Scheme, 1990	150.23	187.50
	2506.62	**1194.09**
Considered Doubtful		
Loans	24.17	24.23
Advances, Claims & Refunds Receivable	39.40	41.86
	63.57	66.09
Less : Provision	63.57	66.09
	–	–
	2935.00	**1533.12**

* Includes Minimum Alternate Tax credit entitlement Rs. 38.15 lacs (Rs.45.00 lacs)

Notes:

Advances due from the Officers of the Company	–	1.40
Maximum amount due at any time during the year	6.19	6.44

SCHEDULE–12 **CURRENT LIABILITIES & PROVISIONS**		
A. Current Liabilities		
Sundry Creditors for goods, services, expenses etc.	11487.37	1957.52
For Other Finance	425.68	281.70
Excess Price of Levy Sugar realised	72.87	72.87
Advance against sale of goods etc.	175.08	515.70
Fractional entitlement for Bonus and Right Shares	0.22	0.01
Interest accrued but not due on Loans, Deposits etc.	228.86	122.24
Preference Shares Redemption	1.26	1.26
Directors' Commission Payable	–	4.23
Investor Education & Protection Fund		
Unclaimed Matured Fixed Deposit	17.98	16.42
Unpaid & Unclaimed Dividends	14.62	12.56
	12423.94	**2984.51**
B. Provisions		
For Leave	49.00	36.53
For Proposed Dividend	–	577.86
For Dividend Tax	–	81.05
For Fringe Benefit Tax (net of advances)	1.65	2.85
	50.65	**698.29**
	12474.59	**3682.80**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–13 GROSS SALES				
Finished Goods		33071.38		41926.44
Power		229.86		–
Trading Goods		615.03		435.04
By-Products [including items Capitalised Rs.12.66 lacs (Re. 0.89 lac)]		1314.74		1950.41
Miscellaneous		39.55		18.79
		35270.56		44330.68
Less: Returns out of earlier years' sales		41.87		–
Discounts & Rebates		2.87		–
		35225.82		**44330.68**
SCHEDULE–14 OTHER INCOME				
Income from Long Term Investments (Non-trade)				
Dividend		237.14		163.18
Interest on Government Securities		0.41		0.41
Insurance & Other Claims		44.59		22.26
Rent & Hire Charges		3.46		3.04
Unspent liabilities, excess provisions and unclaimed balances written back		16.06		35.20
Land Dividend		37.57		52.72
Interest & holding charges on Buffer Stock		41.97		–
Replanting Subsidy		1.86		1.86
Profit on Sale of Hata Unit (Refer Note No. 9 on Schedule 24)		35.71		–
Sales Tax refunds for earlier years		0.09		–
Miscellaneous Income		7.53		24.08
		426.39		**302.75**
SCHEDULE–15 AGRICULTURAL PROFIT				
INCOME				
Sales [including inter-transfers Rs.3.35 lacs (Rs.11.35 lacs)]		9.86		16.43
Other Income				
Unspent liabilities written back		0.27		0.04
Miscellaneous Receipts		0.01		0.15
		10.14		**16.62**
EXPENDITURE				
Decrease / (Increase) in Stocks				
Opening Stock	3.28		7.53	
Less: Closing Stock	3.70	(0.42)	3.28	4.25
Seeds, Manures and Fodder Consumed		3.09		2.38
Tractor Expenses		2.11		2.39
Rates & Taxes		0.04		0.05
Payments to and Provisions for Employees				
Salaries, Wages, Bonus, etc.	3.28		4.95	
Contribution to Provident and other Funds	0.05	3.33	0.06	5.01
Irrigation Expenses		0.29		0.34
Miscellaneous Expenses		0.59		1.04
		9.03		**15.46**
Profit transferred to Profit & Loss Account		**1.11**		**1.16**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–16 DECREASE /(INCREASE) IN STOCKS				
Opening 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
Less:				
Closing Stock				
Goods under Process		157.27		151.61
Finished Goods		16182.70		10388.35
Power - Banked		10.49		–
Trading Goods		4.26		5.62
By-Products		1256.21		511.91
Scrap		29.56		17.44
		17640.49		11074.93
		(6565.56)		2944.57
SCHEDULE–17 RAW MATERIALS CONSUMED				
Opening Stock		78.04		180.65
Add: Purchases [including procurement expenses and sugarcane transferred from own farm Rs. 3.35 lacs (Rs.11.35 lacs)]		31912.03		24176.56
Purchase Tax & Cess (net)		369.38		294.90
		32359.45		24652.11
Less: Closing Stock		156.08		78.04
		32203.37		24574.07
SCHEDULE–18 STORES, SPARES & PACKING MATERIALS CONSUMED				
Stores, Spare Parts, Chemicals etc. [after adjusting sales & claims Rs.72.10 lacs (Rs.64.23 lacs)]		1035.94		861.51
Packing Materials		928.60		670.13
		1964.54		1531.64
SCHEDULE–19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus etc.		2833.52		2442.24
Contribution to Provident & other Funds		225.38		192.14
Contribution to Gratuity Fund		136.52		101.63
Workmen Compensation		2.61		0.71
Employees' Welfare Expenses		97.57		82.65
		3295.60		2819.37
Less: Recoveries		5.98		7.18
		3289.62		2812.19

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006–07		2005–06	
SCHEDULE–20 MANUFACTURING, SELLING AND OTHER EXPENSES				
Repairs to and Maintenance of				
Buildings		98.80		84.63
Machinery		743.77		708.66
Others		12.30		15.18
Rent		12.24		13.11
Rates & Taxes (net)		26.74		22.09
Insurance		96.47		102.28
Auditors' Remuneration				
For Audit Fees		8.31		7.56
For Limited Reviews & Tax Audit Fees		9.00		8.25
In other capacity for certificates & other services		3.68		8.70
For Expenses		1.40		1.61
Cost Auditors' Remuneration				
As Auditors		0.60		0.60
For Expenses		0.18		0.12
Selling Commission & Expenses				
Commission to wholesellers		104.94		147.89
Brokerage		18.04		23.65
Other Selling Expenses		264.33		173.19
Charity & Donations		0.90		1.46
Provision for Bad & Doubtful Debts / Advances		–		21.80
Items Pertaining to previous years (net)		2.66		0.09
Bad debts, irrecoverable advances etc. written off		1.96		0.10
Exchange Rate Fluctuations		–		12.44
Sales Tax for earlier years		–		7.18
Loss on fixed assets sold / discarded (net)		1.31		33.16
Molasses Storage & Maintenance Reserve		10.93		10.95
Loss on sale of Long Term Investments (net)		43.51		88.25
Miscellaneous Expenses [including Directors' traveling Rs.19.57 lacs (Rs.27.85 lacs)]		530.46		481.63
		1992.53		**1974.58**

SCHEDULE–21 DIRECTORS' REMUNERATION				
Directors' Remunerations				
(A) Directors' Commission being 1% of net profit u/s 349 of the Companies Act, 1956, subject to the maximum limit of Rs. 1.00 lac (Rs. 0.40 lac) per Director per annum		–		4.23
(B) Managing Director's Remuneration				
Salary	30.00		19.95	
Contribution to Provident Fund	3.60		2.40	
Contribution to Gratuity Fund	0.48		–	
Provision for Leave	2.50	36.58	–	22.35
(C) Directors' Fees		2.94		4.10
		39.52		**30.68**

In view of the loss under Section 349, no provision for Director's Commission has been made.

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	2006-07		2005-06	
SCHEDULE–22 INTEREST & FINANCE CHARGES (NET)				
On Fixed Loans & Deposits		1509.65		1007.10
To Income Tax Department		5.16		0.06
To Banks & Others		780.12		704.16
		2294.93		**1711.32**
Less: At Credit				
Amount Capitalised		945.73		256.74
On Loans, Deposits etc. (Gross) [Tax at source Rs.16.70 lacs (Rs.11.30 lacs)]		129.70		73.06
		1075.43		**329.80**
		1219.50		**1381.52**
SCHEDULE–23 DIVIDEND				
On 300000 Cumulative Redeemable Preference Shares (issued by Subsidiary Company to outsiders) @ 10% per annum		1.77		3.00
Proposed Dividend				
On 11557239 Equity Shares @ Rs. Nil (Rs.5.00) per share		–		577.86
		1.77		**580.86**

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE–24 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, 2007.

1. **Principles of Consolidated Financial Statements**

The consolidated financial statements which relate to Upper Ganges Sugar & Industries Ltd. and its subsidiary company, has 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, it's audited accounts as at and for the year ended 31st March, 2007, has been incorporated in these accounts. However, in order to eliminate the intra-group balances, certain adjustments pertaining to the period from 1st April, 2007 to 30th June, 2007 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 30.06.2007
Uttar Pradesh Trading Company Ltd.	India	100

2. **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

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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. Expenses on major modernization programs are capitalized.

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 (including power banked) 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.

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(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

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income taxes reflects the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax asset are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. If the Company has carried forward unabsorbed depreciation and tax losses, deferred tax asset are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realised.

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

(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 to each

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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) Share issue expenses

Share issue expenses are adjusted against Securities Premium Account.

(xiii) Earning per Share

Basic earnings per Share are 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. The weighted average numbers of shares outstanding during the year are adjusted for bonus element in a right issue to existing share holders.

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

(xiv) 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.

(xv) 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.

(xvi) 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.

(xvii) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with on original maturity of three months or less.

(xviii) 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.

(xix) 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)

		2006-07	2005-06
3.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	7242.14	15404.26
4.	Contingent Liabilities not provided for in respect of:		
	(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:		
	(i) Excise Duty	219.14	153.60
	(ii) Sales & Entry Tax	42.02	63.98
	(iii) Others	79.12	78.36
	Total	**340.28**	**295.94**
	(b) (i) Guarantees given to a bank against loans to cane growers	1050.00	580.00
	(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	592.85	219.93
	(c) 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–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

5. Diminution of Rs. 548.03 lacs (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, 2007 of the quoted investments held by it, is much higher.

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

7. Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs. 72.87 lacs (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 50.44 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.

8. 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 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.

9. The Company has sold during the year all immovable and movable assets of its Hata unit, which was under commissioning, and the gain of Rs.35.71 lacs arisen on such sale has been shown separately under the head "Other Income" vide Schedule-14.

10. Since there has been no trading in the shares of Pilani Investment & Industries Corporation Ltd., at the relevant stock exchanges for the last few years, the Company has sold its holding in the above Company, based on the valuation report of an independent firm of Chartered Accountants. The loss of Rs. 47.75 lacs, arisen on such sale, has been charged to Profit and Loss Account during the year.

11. In terms of Accounting Standard – 22, net deferred tax asset (DTA) of Rs. 1395.29 lacs arisen for the year ended 30th June, 2007, has been recognised. However, there is net deferred tax liability of Rs. 754.09 lacs as on 30th June, 2007, as follows:

(Rs. in lacs)

	2006-07	2005-06
(A) Deferred Tax Liability		
(i) Timing difference in depreciable assets	3229.95	2420.41
	3229.95	**2420.41**
(B) Deferred Tax Asset		
(i) Carry forward unabsorbed business losses & depreciation	2080.61	–
(ii) Expenses allowable against taxable income in future years	395.25	271.03
	2475.86	**271.03**
Net Deferred Tax Liability (A - B)	**754.09**	**2149.38**

12. The Company has raised Rs. 6829.28 lacs (including Securities Premium Rs. 6373.99 lacs) by issue of Right Shares during the year and has utilized the proceeds of the issue for repayment of a part of the working capital borrowings and expenses incurred on such rights issue as stated in the Letter of Offer.

13. Right Shares issue expenses includes Rs.12.00 lacs paid to the Statutory Auditors.

14. Assets, Liabilities and Income & Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended 31st March, 2007 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, 2007 to 30th June, 2007 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

15. 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.

16. Sundry creditors include Rs. 21.01 lacs (Rs. 14.05 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

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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 Jai Bharat Metal Industries
2. M/s Jassal Engineers (Regd.)
3. M/s Krishi Udyog Shala
4. M/s Maha Shakti Engineering Co.
5. M/s Maha Shakti Machines (P) Ltd.
6. M/s Prem Chand Industry
7. M/s K.S.B. Engineering Works
8. M/s S.J. Industries
9. M/s National Electricals
10. M/s Subhash Rubber Works (P) Ltd.
11. M/s Shilpi Electro Complex

17. Based on the information / documents available with the Company, no creditor is covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions / payments have been made by the Company to such creditors, if any, and no disclosures thereof are made in these accounts.

18. (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)

	2006-07	2005-06
Salaries & Wages	105.20	96.66
Stores and Spares etc.	616.39	592.82
Rent	0.39	0.75

19. Earning per Share (EPS)

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

	2006-07	2005-06
Profit / (Loss) as per Profit & Loss Account (Rs. in lacs)	(2590.83)	2917.74
Add: Share in income of Associate Company	–	261.45
Less: Dividend on 10% Cumulative Redeemable Preference Shares (including Dividend Tax)	2.07	3.42
Profit / (Loss) for equity shareholders (Rs. in lacs)	(2592.90)	3175.77
Weighted average number of Equity Shares outstanding during the year (Rs. 10 each)	11235396	7039059
Basic and Diluted earning per share (Rs.)	(23.08)	45.12

20. 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) Sutlej Textiles & Industries Ltd.

(b) Manavta Holdings Limited

21. Foreign currency exposures in respect of foreign creditors of Rs. 56.96 lacs are not hedged as on the Balance Sheet date.

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

22. The Company's segment information as at and for the year ended 30th June, 2007 are as below:

(Rs. in lacs)

		Sugar	Spirit	Co-generation	Tea	Others	Total
(a)	**Revenue (net of excise duty and cess)**						
	External Sales	27583.88 (37427.29)	2919.76 (2690.06)	226.99 (–)	1015.13 (819.12)	615.03 (435.04)	32360.79 (41371.51)
	Inter-segment Sales	1394.59 (847.18)	2.48 (–)	1.91 (–)	– (–)	– (–)	1398.98 (847.18)
	Total Revenue	**28978.47 (38274.47)**	**2922.24 (2690.06)**	**228.90 (–)**	**1015.13 (819.12)**	**615.03 (435.04)**	**33759.77 (42218.69)**
(b)	**Results**						
	Segment Results	–3852.22 (5544.77)	1079.06 (792.82)	2.60 (–)	137.19 (81.59)	5.52 (23.12)	–2627.85 (6442.30)
	Unallocated expenses net of unallocated income						165.65 (270.33)
	Operating Profit / (–)Loss						**–2793.50 (6171.97)**
	Interest & Finance Charges (net)						1219.50 (1381.52)
	Income Tax Provision no longer required written back						82.50 (–)
	Income, Wealth & Fringe benefit Tax						48.77 (536.26)
	MAT Credit entitlement / Reversal						6.85 (-45.00)
	Deferred Tax Asset / (–)Liability (net)						1395.29 (-1381.45)
	Net Profit / (-)Loss						**–2590.83 (2917.74)**
(c)	**Total Assets**						
	Segment Assets	42214.52 (25081.02)	5314.00 (3212.79)	10296.42 (1798.35)	992.12 (969.80)	36.79 (47.55)	5885385 (31109.51)
	Unallocated Corporate Assets						4223.68 (4149.45)
							63077.53 (35258.96)
(d)	**Total Liabilities**						
	Segment Liabilities	10993.16 (2632.10)	316.63 (119.48)	789.96 (–)	105.34 (101.89)	5.06 (9.76)	12210.15 (2863.23)
	Unallocated Corporate Liabilities						35377.40 (20925.36)
							47587.55 (23788.59)
(e)	**Other Information**						
	(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	10.93 (10.95)	– (–)	– (–)	– (–)	– (–)	10.93 (10.95)
	(ii) Capital Expenditure	11515.63 (1779.66)	2078.72 (779.90)	8295.40 (1798.35)	121.59 (32.56)	– (–)	22011.34 (4390.47)
	(iii) Depreciation for the year	875.37 (795.03)	141.91 (103.93)	42.25 (–)	38.70 (37.22)	0.09 (0.22)	1098.32 (936.40)
(f)	**Geographical Segments**						
	Revenue						
	India						32360.79 (39913.84)
	Overseas						– (1457.67)
							32360.79 (41371.51)

SCHEDULE–24 | 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", "Co-generation" 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

Co Generation - Consists of generation and transmission of power

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.

23. Related Party Disclosures

(a) Names of the related parties	
Key Management Personnel	Smt. Nandini Nopany – Chairperson cum Mg. Director
	Shri C.B. Patodia – Advisor
	Shri S.K. Poddar - Company Secretary
	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 influenced by Key Management Personnel and their relatives	The Oudh Sugar Mills Ltd.
	H. T. Media Ltd.
	Gobind Sugar Mills Ltd.
	O S M Investment & Trading Co. Ltd.
	Hargaon Investment & Trading Co. Ltd.
	Champaran Marketing Co. Ltd.

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2007 *(Rs. in lacs)*

	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 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007
Sale of Goods & Services								
Gobind Sugar Mills Ltd.	–	–	–	–	0.51	–	0.51	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	19.17	–	19.17	–
	(–)	(–)	(–)	(–)	(52.27)	(–)	(52.27)	(–)
Sale of Fixed Assets								
The Oudh Sugar Mills Ltd.	–	–	–	–	951.78	–	951.78	–
	(–)	(–)	(–)	(–)	(23.04)	(–)	(23.04)	(–)
Purchase of Goods & Services								
The Oudh Sugar Mills Ltd.	–	–	–	–	109.01	–	109.01	–
	(–)	(–)	(–)	(–)	(245.76)	(–)	(245.76)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	0.52	–	0.52	–
	(–)	(–)	(–)	(–)	(3.39)	(–)	(3.39)	(–)
Purchase of Fixed Assets								
The Oudh Sugar Mills Ltd.	–	–	–	–	115.13	–	115.13	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	1.74	–	1.74	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Interest Expenses								
H T Media Ltd.	–	–	–	–	10.11	–	10.11	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Shri Amit Malpani	–	–	0.91	0.06	–	–	0.91	0.06
	(–)	(–)	(1.47)	(1.14)	(–)	(–)	(1.47)	(1.14)
Smt. Anchal Malpani	–	–	2.35	1.61	–	–	2.35	1.61
	(–)	(–)	(1.44)	(1.63)	(–)	(–)	(1.44)	(1.63)
Smt. Premlata Malpani	–	–	1.73	0.64	–	–	1.73	0.64
	(–)	(–)	(1.69)	(1.24)	(–)	(–)	(1.69)	(1.24)
Others	–	–	0.47	0.45	2.11	–	2.58	0.45
	(–)	(–)	(2.20)	(1.13)	(21.21)	(–)	(23.41)	(1.13)
Dividend Paid during the year								
Hargaon Investment & Trading Co. Ltd.	–	–	–	–	32.90	–	32.90	–
	(–)	(–)	(–)	(–)	(14.85)	(–)	(14.85)	(–)
OSM Investment & Trading Co. Ltd	–	–	–	–	11.74	–	11.74	–
	(–)	(–)	(–)	(–)	(5.47)	(–)	(5.47)	(–)
Champaran Marketing Co. Ltd	–	–	–	–	13.04	–	13.04	–
	(–)	(–)	(–)	(–)	(6.25)	(–)	(6.25)	(–)
Dr. K.K. Birla	–	–	8.89	–	–	–	8.89	–
	(–)	(–)	(2.47)	(–)	(–)	(–)	(2.47)	(–)
Smt. Nandini Nopany	27.81	–	–	–	–	–	27.81	–
	(12.42)	(–)	(–)	(–)	(–)	(–)	(12.42)	(–)
Others	0.08	–	1.99	–	0.96	–	3.03	–
	(0.04)	(–)	(0.98)	(–)	(2.04)	(–)	(3.06)	(–)
Dividend Received								
The Oudh Sugar Mills Ltd.	–	–	–	–	88.34	–	88.34	–
	(–)	(–)	(–)	(–)	(49.08)	(–)	(49.08)	(–)
Others	–	–	–	–	4.00	–	4.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Intercorporate Loans and Fixed Deposits Taken								
H T Media Ltd.	–	–	–	–	500.00	500.00	500.00	500.00
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Others	–	–	41.07	62.19	–	–	41.07	62.19
	(–)	(–)	(16.12)	(47.75)	(455.00)	(455.00)	(471.12)	(502.75)

SCHEDULE–24 | ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(Rs. in lacs)

	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 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007	Transaction Value	Balance Outstanding as on 30.06 2007
Intercorporate Loans and Fixed Deposits Refunded								
Hargaon Investment & Trading Co. Ltd.	–	–	–	–	300.00	–	300.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
OSM Investment & Trading Co. Ltd	–	–	–	–	115.00	–	115.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Champaran Marketing Co. Ltd.	–	–	–	–	40.00	–	40.00	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Others	–	–	26.63	–	–	–	26.63	–
	(–)	(–)	(17.25)	(–)	(–)	(–)	(17.25)	(–)
Balance Outstanding On Current Account (Net) Debit / (–)Credit								
Gobind Sugar Mills Ltd.	–	–	–	–	–	–0.75	–	–0.75
	(–)	(–)	(–)	(–)	(–)	(-0.40)	(–)	(-0.40)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	58.02	–	58.02
	(–)	(–)	(–)	(–)	(–)	(16.72)	(–)	(16.72)
Directors' Commission & sitting fees								
Shri C.S. Nopany	–	–	0.40	–	–	–	0.40	–
	(–)	(–)	(0.90)	(0.40)	(–)	(–)	(0.90)	(0.40)
Remuneration								
Shri C.B.Patodia	91.57	1.27	–	–	–	–	91.57	1.27
	(54.08)	(0.51)	(–)	(–)	(–)	(–)	(54.08)	(0.51)
Shri S.K. Poddar	13.32	–	–	–	–	–	13.32	–
	(8.36)	(–)	(–)	(–)	(–)	(–)	(8.36)	(–)
Shri B.K.Malpani	11.63	0.31	–	–	–	–	11.63	0.31
	(10.55)	(0.23)	(–)	(–)	(–)	(–)	(10.55)	(0.23)
Shri B.K.Sureka	10.71	0.62	–	–	–	–	10.71	0.62
	(8.33)	(0.46)	(–)	(–)	(–)	(–)	(8.33)	(0.46)
Shri S.S.Binani	10.51	–	–	–	–	–	10.51	–
	(8.73)	(–)	(–)	(–)	(–)	(–)	(8.73)	(–)
Shri R.K. Gupta	5.11	0.21	–	–	–	–	5.11	0.21
	(3.37)	(0.16)	(–)	(–)	(–)	(–)	(3.37)	(0.16)

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

24. Corresponding figures for the previous year are given in brackets and the same have been regrouped and/or rearranged, wherever necessary.

Signatories to Schedules – 1 to 24

For **S. R. Batliboi & Co.**
Chartered Accountants

Per R. K. Agrawal
Partner
Membership No. 16667
22, Camac Street, Block 'C'
3rd Floor, Kolkata - 700 016
Dated : 21st September, 2007

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, 2007.

Financial Results

		Rs.	Rs.
2.	The Profit & Loss Account shows a profit of		2,11,50,301
	To which is added the balance brought forward from the previous year		5,43,92,303
	Making a total of		7,55,42,604
	Out of this provisions have been made for -		
	Reserve Fund	45,00,000	
	Capital Redemption Reserve	30,00,000	
	Taxation (including short provision in respect of an earlier year)	123	
	Dividend Tax	30,033	75,30,156
	Leaving a balance available for disposal of		6,80,12,448
	The Directors recommend payment of Dividend on 3,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each @ 10% per annum (upto the date of redemption i.e. 01.11.2006)		1,76,712
	Balance to be carried forward		6,78,35,736

Dividend

3. Your Directors have not recommended any dividend on the Ordinary Shares for the Financial Year.

Directors

4. Smt. Nandini Nopany and Shri A.L. Tulsian retire from the Board by rotation and are eligible for re-appointment.

Auditors

5. 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:

6. 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.

Particulars of Employees

7. The provisions of Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company as there is no employee.

Directors' Responsibility Statement:

8. 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.

Audit Committee

9. 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 : 16th April, 2007

R. N. Jhunjhunwala	A. L. Tulsian	I. P. Singh Roy	C. S. Nopany	Nandini Nopany
Director	*Director*	*Director*	*Managing Director*	Chairperson

AUDITORS' REPORT

To
The Members

1. We have audited the attached Balance Sheet of Uttar Pradesh Trading Company Limited as at 31st March, 2007 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, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 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, 2007; 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 : 16th April, 2007

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 of during the year.
2. 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.
3. (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.
4. 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.
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 is commensurate with the size of the Company and the nature of its business.
8. The Company is not required to maintain the cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
9. 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-lax, 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. 2007 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.
10. 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.
11. According to information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, banks and debenture holders.
12. 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.
13. 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.
14. 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.
15. The Company has not given any guarantee for the loans taken by others, from bank and financial institutions.
16. 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.
17. We have been informed by the management that no funds raised on short term basis have been used for long term purposes.
18. 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.
19. The Company has not issued any debentures during the year.
20. The Company, during the year has not raised any money by public issue.
21. 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.

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

India Steamship House
21, Old Court House Street,
Kolkata - 700001
Dated : 16th April, 2007

R. N. Bardhan
Partner
Membership No. 17270

BALANCE SHEET As at 31st March, 2007

(Amount in Rupees)

	Schedule	31.03.2007	31.03.2006
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	163,624,995	166,624,995
Reserves & Surplus	2	136,585,736	115,642,303
		300,210,731	**282,267,298**
APPLICATION OF FUNDS			
Fixed Assets			
Land (at cost)		**1,600,382**	**1,600,382**
Investments	3	**244,557,083**	**248,272,344**
Current Assets, Loans & Advances			
Current Assets	4	55,867	43,175
Loans & Advances	5	54,210,144	33,005,472
		54,266,011	**33,048,647**
Less : Current Liabilities & Provisions	6		
Current Liabilities		6,000	6,000
Provisions		206,745	648,075
		212,745	**654,075**
Net Current Assets		**54,053,266**	**32,394,572**
		300,210,731	**282,267,298**
Accounting Policies & Notes on Accounts	8		

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: 16th April, 2007

R. N. Jhunjhunwala
Director

A. L. Tulsian
Director

I. P. Singh Roy
Director

C. S. Nopany
Managing Director

Nandini Nopany
Chairperson

PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2007

(Amount in Rupees)

	Schedule	2006-07	2005-06
INCOME			
Dividend		22,328,643	14,753,082
Interest on Loans (Tax deducted at source Rs. 10,144; previous year Rs. 2,02,472)		45,205	911,918
Miscellaneous Receipt		74	–
Land Rent		–	14
		22,373,922	**15,665,014**
EXPENDITURE			
Directors' Fees		6,000	5,200
Loss on Sale of Investments		1,134,092	–
Other Expenses	7	83,529	67,207
		1,223,621	**72,407**
Profit before Taxation		**21,150,301**	**15,592,607**
Less : Provision for taxation (including short provision in respect of an earlier year Rs. 123)		123	310,755
Profit after Taxation		**21,150,178**	**15,281,852**
Add: Balance brought forward from last year		54,392,303	42,552,526
Profit available for appropriation		**75,542,481**	**57,834,378**
APPROPRIATIONS			
Transfer to Reserve Fund		4,500,000	3,100,000
Transfer to Capital Redemption Reserve		3,000,000	–
Proposed Dividend on 3,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each @ 10% per annum		176,712	300,000
Provision for Dividend Tax		30,033	42,075
Balance carried to Balance Sheet		67,835,736	54,392,303
		75,542,481	**57,834,378**
Accounting Policies and Notes on Accounts	8		

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

As per our Report attached.

For **S. S. Kothari & Co.**

Chartered Accountants

R. N. Bardhan	R. N. Jhunjhunwala	A. L. Tulsian	I. P. Singh Roy	C. S. Nopany	Nandini Nopany
Partner	*Director*	*Director*	*Director*	*Managing Director*	Chairperson

Membership No. 17270

India Steamship House

21, Old Court House Street

Kolkata 700 001

Dated: 16th April, 2007

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

			31.03.2007	31.03.2006
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		
	Less : Redeemed during the year	3,000,000	–	3,000,000
			163,624,995	**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 have been redeemed during the year

SCHEDULE–2 **RESERVES & SURPLUS**			
Share Premium Account			
As per last Account	**10,750,000**	**10,750,000**	
Reserve Fund			
As per last Account	22,500,000	19,400,000	
Add: Transfer from Profit & Loss Account	4,500,000	3,100,000	
	27,000,000	**22,500,000**	
General Reserve			
As per last Account	**28,000,000**	**28,000,000**	
Capital Redemption Reserve			
As per last Account	–	–	
Add: Transfer from Profit & Loss Account	3,000,000	–	
	3,000,000	**–**	
Surplus as per Profit & Loss Account	**67,835,736**	**54,392,303**	
	136,585,736	**115,642,303**	

SCHEDULE–3	**INVESTMENTS (AT COST)**				
		No. of Shares	**Face Value Rs.**	**31.03.2007**	**31.03.2006**
Quoted					
Equity Shares (Fully Paid)					
Chambal Fertilisers & Chemicals Ltd.		12,62,635	10	27,911,525	27,911,525
The Oudh Sugar Mills Ltd.		1,963,127	10	90,126,179	90,126,179
Ceekay Daikin Ltd.		–	10	–	50,000
		(5,000)			
Haryana Oxygen Ltd.		5,000	10	50,000	50,000
New India Sugar Mills Ltd.		83,073	10	6,360,619	10,188,950
		(1,33,073)			
Sutlej Industries Ltd.		20,19,339	10	104,856,706	104,856,706
Sutlej Textiles & Industries Ltd. *		20,27,798	10	2,368,040	–
		(–)			
Manbhawani Investment Ltd.		73,500	10	225,296	225,296
Manavta Holdings Ltd.		73,500	10	225,296	225,296
Gobind Sugar Mills Ltd.		3,20,000	10	10,200,000	10,200,000
		(20,000)			
				242,323,661	**243,833,952**

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

SCHEDULE–3 INVESTMENTS (AT COST) *(Contd.)*	No. of Shares	Face Value	31.03.2007	31.03.2006
Unquoted				
Equity Shares (Fully Paid)				
Taparia Ltd.	3,500	10	40,105	40,105
Rajpur Farms Ltd.	–	10	–	400,000
	(40,000)			
Narkatiaganj Farms Ltd.	–	10	–	400,000
	(40,000)			
Shree Vihar Properties Ltd.	2,24,307	10	1,973,070	810,000
	(1,08,000)			
Damanganga Processors Ltd.	13,196	10	131,960	2,500,000
	(2,50,000)			
Moon Corporation Ltd.	2,874	5	39,287	39,287
Modern Household & Accessories Trading Pvt. Ltd.	–	10	–	200,000
	(20,000)			
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	–	–
			2,233,422	**4,438,392**
			244,557,083	**248,272,344**
Aggregate Book Value of Quoted Investments			242,323,661	243,833,952
Aggregate Book Value of Unquoted Investments			2,233,422	4,438,392
			244,557,083	**248,272,344**
Market Value of Quoted Investments			**658,142,622**	**1,062,010,160**

(*) Pursuant to a scheme of arrangement, the Company, during the year under review was allotted 20,19,339 Equity Shares of Rs. 10 each of Sutlej Textiles & Industries Ltd. against 20,19,339 Equity Shares held in Sutlej Industries Ltd., on account of demerger of textile division into Sutlej Textiles & Industries Ltd.

Pursuant to a scheme of arrangement, the Company, during the year under review was allotted 8,459 Equity Shares of Rs. 10 each of Sutlej Textiles & Industries Ltd. and also 13,196 New Equity Shares of Damanganga Processors Ltd., against its holding of 2,50,000 Equity Shares of Rs. 10 each in Damanganga Processors Ltd., on account of demerger of its textiles division into Sutlej Textiles & Industries Ltd.

Note:

2661 Equity Shares of Upper Ganges Sugar & Industries Ltd. were allotted in terms of the Scheme of Arrangement for Demerger of New India Sugar Mills Ltd. by transfer of its Sugar Division to Upper Ganges Sugar & Industries Ltd. and were also disposed off during the year.

(Amount in Rupees)

	31.03.2007	31.03.2006
SCHEDULE–4 CURRENT ASSETS		
Cash & Bank Balances		
With Scheduled Banks on Current Account	55,867	43,175
	55,867	**43,175**
SCHEDULE–5 LOANS & ADVANCES		
(Unsecured, Considered Good)		
Loans:		
Loan to Upper Ganges Sugar & Industries Ltd., the holding company (not bearing interest)	24,200,000	32,700,000
To a body corporate	30,000,000	–
Advance payment of Income-tax & tax deducted at source	10,144	305,472
	54,210,144	**33,005,472**

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

	31.03.2007	31.03.2006
SCHEDULE–6 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors for Expenses	6,000	6,000
	6,000	**6,000**
Provisions		
For Taxation	–	306,000
For Proposed Dividend	176,712	300,000
For Dividend Tax	30,033	42,075
	206,745	**648,075**

SCHEDULE–7 OTHER EXPENSES		
Rates & Taxes	6,600	6,310
Service Charges	40,406	37,468
General Charges	30,523	17,429
Audit Fees	6,000	6,000
	83,529	**67,207**

SCHEDULE–8 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.39,18,021 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 Sutlej Textiles and 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 '8'

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: 16th April, 2007

R. N. Jhunjhunwala
Director

A. L. Tulsian
Director

I. P. Singh Roy
Director

C. S. Nopany
Managing Director

Nandini Nopany
Chairperson

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 21-19450 State Code 21

Balance Sheet Date 31 (Date) 03 (Month) 2007 (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	300211	Total Assets	300211
Sources of Funds			
Paid-up Capital	163625	Reserves & Surplus	136586
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	1600	Investments	244557
Net Current Assets	54054	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover	22374	Total Expenditure	12224
Profit before Tax	21150	Profit after Tax	21150
Earning per Share in (Rs.)	0.13	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	A. L. Tulsian	I. P. Singh Roy	C. S. Nopany	Nandini Nopany
Director	*Director*	*Director*	*Managing Director*	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	Amount outstanding As on 31.03.2007	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
(g) Other Loans (specify nature)	Nil	Nil

Assets Side:	Amount outstanding
2. Break-up of Loans and Advances including Bills receivables (other than those included in (4) below)	
(a) Secrued	Nil
(b) Unsecured	542.10
3. Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC 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) Other Loans counting towards AFC activities :	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil
4. 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	2399.56
(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	46.01
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

5. Borrower group-wise classification of Assets, financed as in (2) and (3) above :

(Rs. in lacs)

Category	Amount (net of provisions) Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	242.00	242.00
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	300.00	300.00
Total	**Nil**	**542.00**	**542.00**

6. 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**

7. 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	I. P. Singh Roy	C. S. Nopany	Nandini Nopany
Director	*Director*	*Director*	*Managing Director*	Chairperson

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