Upper Ganges Sugar & Industries Limited

Annual Report 2010-11

Beyond sugar

Disclaimer

In this Annual Report, we have disclosed forward-looking information to help investors to comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

Corporate Information 01

About us 02

Our success is not measured by a year but a period of time 03

Chairperson's review 04

Directors' Report 06

Management Discussion and Analysis 10

Report on Corporate Governance 22

Auditors' Report 35

Balance Sheet 38

Profit and Loss Account 39

Cash Flow Statement 40

Schedules 42

Balance Sheet Abstract 69

Consolidated Accounts 70

Statement pursuant to Section 212 of the Companies Act, 1956 97

E-Communication Registration Form 99

Corporate Information

Board of Directors

Mrs. Nandini Nopany - *Chairperson cum Managing Director*
Mr. Chandra Shekhar Nopany
Mr. R.K. Choudhury
Mr. G.K. Bhagat
Lt. Gen. K. Chiman Singh (Retd.)
Mr Gaurav Swarup
Mr. Sunil Kanoria
Mr. I.P. Singh Roy
Mr. P.K. Lakhotia
Mr. D.K. Mandal, Nominee of IDBI Bank Limited

Committees of Directors

Finance & Corporate Affairs Committee
Mrs. Nandini Nopany
Mr. Chandra Shekhar Nopany
Mr. G.K. Bhagat
Lt. Gen. K. Chiman Singh (Retd.)

Audit Committee
Lt. Gen. K. Chiman Singh (Retd.)
Mr. R.K. Choudhury
Mr. G.K. Bhagat
Mr. I.P. Singh Roy

Investors' Grievance Committee
Mr. G.K. Bhagat
Mr. Chandra Shekhar Nopany
Mr. I.P. Singh Roy

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

Executives

Mr. C.B. Patodia – Advisor
Mr. S.K. Poddar – Company Secretary
Mr. Sukhvir Singh, Executive President (Seohara)
Mr. B.K. Sureka, Executive President (Sidhwalia)
Mr. Birinder Singh, Executive President (Hasanpur)
Mr. S.S. Binani, Executive Vice-President (Tea Garden)
Mr. S K Maheshwari, Chief Financial Officer

Auditors

S.R. Batliboi & Co.
Chartered Accountants

Advocates & Solicitors

Khaitan & Co.

Bankers

State Bank of India
Punjab National Bank
IDBI Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.
59C, Chowringhee Road
3rd Floor, Kolkata -700 020
Telephone : 91-033-2289 0540
Fax : 91-033-2289 0539
e-mail : kolkata@linkintime.co.in

Registered Office

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

Corporate and 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.)

Co-generation plants

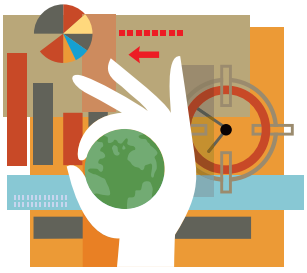
Co-generation Plant, Seohara
Co-generation Plant, Sidhwalia

Tea garden

Cinnatolliah Tea Garden
North Lakhimpur (Assam)

Upper Ganges Sugar and Industries Limited.

- Part of the renowned K.K. Birla Group of Companies
- Rich eight-decade sugar industry presence
- Product basket comprising sugar, ethanol, power, fertilisers and tea



Philosophy

- To fulfill the expectations of customers, farmers, employees, financiers and the society at large
- To maximise shareholders' return through continuous value-addition, consolidation of gains, integration of diverse businesses and product expansion
- To abide by the principles of good corporate governance through transparency, empowerment, accountability, independent monitoring and environmental consciousness

Values

To strive and excel in our core area of competence – manufacture of sugar and allied products – and provide every opportunity to employees, farmers and business associates to fully realise their potential

Businesses

- **Sugar:** Three manufacturing facilities with a cumulative sugarcane crushing capacity of 18,000 tonnes per day (TCD)
- **Ethanol:** A 100 kilo litre per day (KLPD) industrial alcohol/ethanol distillery
- **Power:** 42 MW capacity cogeneration power plants (2)
- **Fertiliser:** Bio-compost plant at Shyamabad (near Seohara), producing organic fertilisers marketed under the Uttam Jaivik Khad brand
- **Tea:** Cinnatolliah Tea Garden covering 746 Ha in North Lakhimpur (Assam)

Facilities	Capacities
Seohara, Bijnor (Uttar Pradesh)	■ 10,000 TCD crushing capacity ■ 100 KLPD ethanol capacity ■ 24 MW cogeneration capacity
Sidhwalia, Gopalganj (Bihar)	■ 5,000 TCD crushing capacity ■ 18 MW cogeneration capacity
Hasanpur, Samastipur (Bihar)	■ 3,000 TCD crushing capacity

Our success is not measured by a year but a period of time

(Rs. in lacs)

	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Turnover	35,225.82	32,841.21	46,030.56*	41,873.69	66,825.04
Operating Profit/(Loss)	(1,959.00)	4,151.49	7,657.75	1,231.70*	6,271.94
Interest & Finance Charges (net)	1,190.98	2,963.87	4,219.94	4,301.86*	5,402.31
Depreciation	1,098.32	2,051.46	2,596.69	2,632.04	2,612.62
Profit/(Loss) before Tax	(4,248.30)	(863.84)	841.12	(5,702.20)	(1,742.99)
Profit/(Loss) after Tax	(2,826.13)	(629.24)	626.94	(3,906.64)	(1,220.28)
Net Worth	13,885.50*	13,202.59*	13,667.27*	9,760.63	8,540.35
Net Worth per Equity Share (Rs.)	120.14*	114.24*	118.26*	84.45	73.90
Dividend per Equity Share (Rs.)	–	–	1.20	–	–
Earning per Equity Share (Rs.)	(25.15)	(5.44)	5.42	(33.80)	(10.56)
Cane Crushed (Season) (In lac Qtls.)	241.40	164.53	116.30	147.93*	176.65

* Figures have been regrouped

Chairperson's review

"The big picture at the Company will be to enhance asset utilisation, maximise our surplus and repay debt."

Mrs. Nandini Nopany, Chairperson-cum-Managing Director reviews the Company's performance of 2010-11 and looks ahead

We reported a significant growth in our revenues, but owing to the industry scenario, the Company is still not out of the woods.

Our performance

- The Company recorded a net revenue growth of 59.68% to Rs. 64,150.23 lacs
- Gross sales increased 59.59% to Rs. 66,825.04 lacs from Rs. 41,873.69 lacs in 2009-10
- EBIDTA stood at Rs. 6,271.94 lacs against Rs. 1,231.70 lacs in the previous year, increasing 409.21%
- PAT stood at Rs.(1,220.28) lacs against Rs.(3,906.64) lacs in 2009-10

The Company's performance during 2010-11 comprised the high cost brought forward sugar inventory from the 2009-10 season (reflecting the impact of volatile cane costs and 20 per cent levy sugar for a part of the year) on the one hand and high sugar production costs of 2010-11 on the other. The result of this combination was that the performance of the Company was poor in the first two quarters of the financial year under review and improved in the subsequent quarters. The bottom line is that the Company is still not out of the woods even though there was a decline in the overall cane cost from Rs 230 a quintal to Rs 205 a quintal.

Even though there was a rationalisation in the exposure of sugar in the overall product mix, the reality is that the Company still derived a majority of its revenues from sugar. The harsh reality is that sugar manufacture continues to be relatively unviable and even though cane crushing improved from 50 per cent utilisation to 75 per cent in 2010-11, it was still way below the level that ensures industry viability. In turn, this had a downstream impact in terms of a low output of by-products, increasing the Company's break-even point.

Optimism for the year ahead

The industry is optimistic that a decontrol from 2011-12 could possibly shift the incidence of subsidy from the industry to the government on the one hand and the absence of the monthly release mechanism could possibly enhance the industry's marketing flexibility.

From a state-level perspective, we recognise that the impending elections in Uttar Pradesh in the first quarter of 2012 may not soften cane prices and improvements may need to be derived from internal efficiencies. We expect to maintain our 2010-11 recovery of 9.8 per cent, which was higher than the Uttar Pradesh average, while we will increase average capacity utilisation from 75 per cent to 90 per cent in 2011-12.

Expectations from the projected decontrol on sugar prices: We expect sugar prices to decline, because with complete decontrol there will no obligation to provide levy sugar and resultantly a number of manufacturers will be inclined to liquidate their stocks as free sale. This answers the general fear of an increase in sugar prices should decontrol happen. As a result, the decontrol will most likely improve the government's position on countering inflation. Having said that, let me indicate that the impact the subsequent price discovery will have on the performance of the sugar companies will depend on how they capitalise on the emerging situation which in turn will depend on the strength of their balance sheets – while strong companies will possess the patience to resist selling during price declines, the weaker ones may be tempted to liquidate.

Indian demand for sugar: One cannot escape the reality that there has been a consistent increase in India's consumption of sweeteners (gur, khandsari and sugar) by 2 to 2.5 per cent. As the country modernises, the proportion of gur and khandsari will decline and that of sugar will increase. So from a demand perspective, the prospects of sugar are fairly secure.

Realisations over the foreseeable future: The country's sugar inventory is about three months consumption which is significantly lower than the nine months' consumption inventory that we witnessed in the past. As a result, market prices are likely to remain firm. Besides, international sugar prices are robust and a level of Rs. 28 a kg in the retail market is likely to be sustained given the country's labour costs, cultivation spread, cane output and interest rate.

Outlook

The Company intends to increase revenues by 25-30 per cent annually. Therefore, 2011-12 will be a turnaround year for the Company. The big picture at the Company will be to consolidate gains, enhance asset utilisation, maximise surplus and repay costlier debts. We intend to shrink our balance sheet size and make up for two years of lost time during the industry downtrend. Besides, we intend to enhance the exposure of cogeneration and ethanol which are comparatively more rewarding, strengthening our non-sugar exposure and reducing our dependence on the cyclical impact of out product mix. This is expected to reinforce our performance in the foreseeable future.

Directors' Report

Dear members

Your Directors take pleasure in presenting their report as a part of the 79th Annual Report and the audited accounts of the Company for the year ended 30th June, 2011.

2. Financial results and appropriations

(Rs. in lacs)

	2010-11		2009-10	
Gross Sales		66,825.04		41,873.69
Gross profit/(loss) before Interest, Depreciation and Taxation		6,271.94		1,231.70
Less: Interest & Finance Charges	5,402.31		4,301.86	
Depreciation	2,612.62	8,014.93	2,632.04	6,933.90
Profit/(loss) before tax		(1,742.99)		(5,702.20)
Less: Provision for taxation:				
- Current Tax	102.59		117.00	
- MAT credit reversal	–		104.55	
- Deferred tax credit	625.30		1,988.21	
- Income Tax provisions no longer required written back	–	(522.71)	(28.90)	(1,795.56)
Profit/(loss)after tax		(1,220.28)		(3,906.64)
Add: Surplus brought forward from previous year	152.55		559.19	
Transfer from General Reserve	1,100.00	1,252.55	3,500.00	4,059.19
Amount carried to Balance Sheet		32.27		152.55

Operating Performance

3. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis, which is attached and made an integral part of this report.

Financial Performance 2010-11

4. The Company had recorded a Net Revenue of Rs. 64,150.23 lacs (including other income and Agricultural Profit aggregating to Rs. 232.60 lacs) for the year ended 30th June, 2011. The Gross Sales (inclusive of Excise Duty) of the Company for the year 2010-11 increased by 59.59% to Rs. 66,825.04 lacs from Rs. 41,873.69 lacs in the year 2009-10.

5. The earning before interest, depreciation and tax for the year under review stood at Rs. 6,271.94 lacs representing 9.78% of the net revenue and showed an increase of 409.21% over previous year's Rs. 1,231.70 lacs. The improvement of EBIDTA of

the Company during the year under review can be attributed to better capacity utilisation due to more availability of sugarcane during the year under review.

6. The sugar industry continued facing difficulties on account of the negative policies of the Government during the year under review. Sugar prices remained under severe pressure during the year largely due to measures taken by the Central Government in its overall policy of controlling inflation. Sentiment in the free sugar market continues to be bearish with the continued imposition of ban on exports, stockholding limits on sugar, impending increase in sugar production and large releases by the government under the monthly release mechanism.

7. The State Government fixed an exorbitant price of Rs. 205/qtl of sugarcane based on political criteria. On one hand sugar prices plummeted and remained under pressure while on the other hand sugarcane price was increased by Rs. 40/qtl by the State Government which resulted in huge losses for the industry as a whole.

8. The performance of the industrial alcohol division and the renewable power divisions of the Company improved during the year due to better availability of molasses and bagasse. The prices of the raw materials continued to be firm during the year due to strong demand by these two sectors.

9. The performance of tea segment continued to be strong during the year under review. Though the production of tea decreased from 13.16 lac kgs in the immediately preceding year to 12.61 lac kgs in the year under review, the average realisation increased from Rs.144.62 per kg in 2009-10 to Rs. 151.69 per kg in 2010-11 indicating an increase of 4.89%.

R&D

10. During the year under review the Company incurred a sum of Rs. 179.65 lacs on account of Research & Development with an intention to improve the sugar recovery ratio and in educating the cane growers to cultivate improved variety of sugarcane.

Dividend

11. The Board of Directors does not recommend any dividend for the year under review in view of the losses.

Corporate Governance

12. Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis, Statement in respect of Conservation of Energy, the report on Corporate Governance, Declaration of Managing Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance are all attached to and form integral part of this Report and are annexed to this Report as Annexure "A", "B", "D", "E" and "F" respectively.

Directors

13. The Company has nine Non-Executive Directors having experience in varied fields and a Chairperson-Cum-Managing Director. During the year under review, three Directors, Mr. Gaurav Swarup, Mr. I P Singh Roy and Mr. P K Lakhotia retire from the Board by rotation and are eligible for re-appointment. Mr. Dilip Kumar Mandal, a Nominee of IDBI Bank Limited was taken on the Board of the Company with effect from 28th September, 2010.

14. Other information on the Directors including required particulars of Directors being reappointed and retiring by rotation is provided in the Report of Corporate Governance

annexed to this Report as Annexure "D".

Directors' Responsibility Statement

15. Your Directors confirm that –

i) In the preparation of the annual accounts the applicable accounting standards were followed and there is no material departures;

ii) Such accounting policies were selected and applied consistently and judgments and estimates made were 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 loss of the Company for that year;

iii) Proper and sufficient care was 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. To ensure this, the Company established internal control systems, consistent with its size and nature of operations, in weighing the assurance provided by any such system of internal controls and in recognising its inherent limitations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit functions;

iv) The annual accounts were prepared on a 'going concern' basis.

Auditors, Audit Qualifications and Board's Explanations

16. The Auditors' Report is self-explanatory. However, the Auditors made an observation regarding recognition of Deferred Tax Assets amounting to Rs. 1,988.57 lacs for the year. The Company's projections are that there would be sufficient taxable income in the future to claim credit of Deferred Tax Assets.

17. The Auditors, Messrs S. R. Batliboi & Co. Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said re-appointment, if made by the Shareholders, will be well within the limits prescribed in Section 224(1B) of the Companies Act, 1956.

18. The Board, on the recommendation of the Audit Committee, proposed that Messrs S. R. Batliboi & Co., Chartered Accountants, be re-appointed as the Statutory Auditors of the Company for the period beginning the conclusion of the ensuing Annual General Meeting of the Company and ending on the conclusion of the Annual General Meeting to be held next thereafter.

Cost Auditors

19. In accordance with the directives of the Central Government under Section 233B of the Companies Act, 1956, Mr S. N. Mukherjee, Cost Accountant, was appointed as cost auditor to audit the cost accounting records relating to products Sugar and Industrial Alcohol at Seohara unit and Sugar at Sidhwalia unit. M/s D Radhakrishnan & Co., Cost Accountants were appointed as cost auditor for the product Sugar at Hasanpur unit and also for the product 'Power' for Seohara and Sidhwalia units of the Company for the current year.

20. Cost Audit Reports for all the applicable products for the year ended 30th June, 2010 were filed on 7th December, 2010 and 8th December, 2010 with cost audit cell of Ministry of Corporate Affairs department within due dates viz., 31st December, 2010.

Subsidiary Company and Consolidated Financial Statements

21. The Company has an Indian Subsidiary viz., Uttar Pradesh Trading Company Limited. In compliance with General Circular No. 2/2011 of Government of India, Ministry of Corporate

Affairs and the Board Resolution passed by the Board of Directors, the Company has opted to avail the exemption provided under Section 212(8) of the Companies Act, 1956 and accordingly the Audited statement of Accounts along with the report of the Board of Directors and Auditor relating to the Company's subsidiary is not annexed as required u/s 212(8) of the Companies Act, 1956. However, the Consolidated Financial Statements conforming to the Accounting Standard 21, 23 and 27 and including inter alia the financial performance of the said subsidiary forms an integral part of the annexed Audited statement of Accounts.

22. The Annual accounts of the said subsidiary company shall also be kept for inspection by any shareholder at the Registered Office of the holding company and of the subsidiary company. The same will also be published on the website www.birla-sugar.com.

23. The Company shall furnish a hard copy of the detailed accounts of the subsidiary company to any shareholder on demand at any point of time.

Particulars of Employees

24. Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 is attached as a separate Annexure "C" and forms an integral part of this Report.

Energy conservation, technology absorption and foreign exchange earnings and outgo

25. 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 per Annexure "B" and forms part of this Report.

Fixed deposits

26. As on 30th June, 2011, your Company had 1463 depositors with fixed deposits of Rs. 1329.14 lacs. 27 depositors have not claimed their fixed deposits amount of Rs. 25.40 lacs as on that date. The Company had been regular in refunding the deposits on maturity.

CEO/CFO Certification

27. Mrs. Nandini Nopany, the Chairperson-cum-Managing Director and Mr. S K Maheswari, CFO have submitted a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

Acknowledgements

28. Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers 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 recognise the valuable contribution made by the employees at all levels to the Company's progress.

For and on behalf of the Board

Nandini Nopany
Chairperson-cum-Managing Director

Place : Kolkata
Dated : 12th August, 2011

Management Discussion and Analysis

Annexure - A

Business review

Sugar

Global overview

Global sugar production in 2009-10 grew to 157.99 million tonnes and is expected to grow 5.67% to 166.95 million tonnes in 2010-11.Consumption of sugar was at 162.61 million tonnes in 2009-10 and is expected to improve to 166.17 million tonnes in 2010-11. Global sugar realisations softened from over USD 700 per tonne in January 2010 to under USD 500 per tonne by April 2010, primarily owing to increased production in Brazil and lower imports into India.

World total exports are put now at 51.29 million tonnes, but still falling short by a significant 2.95 million tonnes or 5.40% decrease from the previous year's record of 54.24 million tonnes. World total import demand has been revised to 50.42 million tonnes, raw value compared to estimated imports of 53.78 million tonnes in 2009-10.

World Sugar Balance

Particulars	2010–11*	2009–10	Change	
	(million tonnes, raw value)		in million tonnes	in %
Production	166.958	157.994	8.964	5.67
Consumption	166.179	162.619	3.560	2.19
Surplus/Deficit	0.779	(4.625)		
Import demand	50.422	53.776	(3.354)	(6.24)
Export availability	51.287	54.236	(2.949)	(5.44)
End stocks	56.159	56.199	(0.040)	(0.07)
Stocks/ Consumption ratio in %	33.79	34.56		

**Estimates for 2010-11*

(Source: ISO Quarterly market outlook, May 2011)

Highlights of the major producers across the Globe

Brazil, India, Thailand, and China account for 53% of the world sugar production while Brazil, Guatemala, Thailand and Australia account for 73% of the world sugar exports *(Source: US department of agriculture)*.

Brazil: Brazil is the world's largest sugar producer and exporter; it's production was 603 million tonnes of cane and 36.40 million tonnes of sugar in 2009-10. Brazil is likely to see a year-on-year production increase of 39.40 million tonnes in 2010-11 on the back of higher planted area in the country's centre-south region (accounts for 90% of Brazil's production). Average estimated

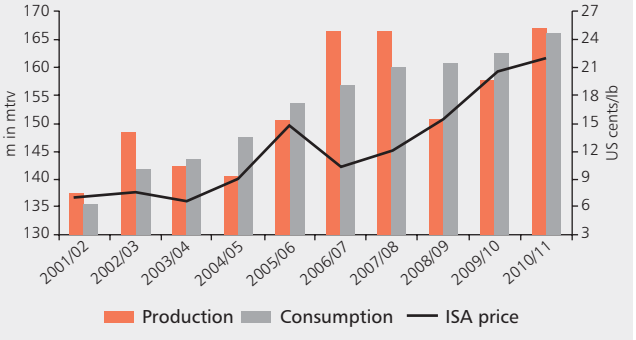
yield of 77.80 tonnes per hectare is expected to decline 4.6% from the 2009-10 season *(Source: Indian Sugar Mills Association)*, although Brazil exported 24.30 million tonnes of sugar in 2009-10 and is likely to export 28.40 million tonnes in 2010-11. By 2011-12, sugar production in Brazil is estimated to increase 19% to over 40 million tonnes *(Source: Bloomberg, June 22, 2011)*.

Thailand: Thailand is the world's second biggest exporter (10 million tonnes in season 2009-10 with an increased area under cane plantation from 1 million hectare in 2009-10 to 1.10 million hectares in 2010-11 *(Source: Indian Sugar Mills Association)*. Sugarcane yield increased 10% to 11%.

Australia: Australia harvested 27.40 million tonnes of cane in 2010-11against an expected quantity of 33 million tonnes owing to rains affecting harvesting *(Source: Indian Sugar Mills Association)*. Queensland (90% of Australia's overseas sugar sales) was hit by a tropical cyclone leading to decline in potential output area by about 50% in the previous year. This is likely to keep exports from the world's third biggest supplier at a two-decade low of 2.2 million tonnes in 2011. Australian output is estimated at a downgraded 7,00,000 tonnes owing to 25% of crop destruction following a cyclone *(Source: Bloomberg February 20, 2011)*. A mere 4.8 million tonnes of sugar production is expected in 2010-11.

China: China's sugar output is expected to decline by 300 thousand tonnes owing to cold weather damaging the sugar cane crop. Snow frost damaged about 1.9 million mu (1,26,667 hectares) of cane in China. China's output is pegged at a lower 11-11.50 million tonnes for season 2010-11 *(Source: Indian Sugar Mills Association)*. Consumption is expected at 13.90 million tones, indicating a deficit of 2.60 million tonnes.

World production, consumption and ISA prices



Indian sugar industry

The Indian sugar industry (the second-largest agro-processing industry in the country) accounted for 2.70% of India's cropped area. It contributed around 0.70% to India's GDP and produced 13% of the global sugar. The industry contributed an estimated Rs. 1,700 crore annually to the national exchequer and various State Governments by way of excise duty and cane purchase tax. The Indian sugar industry is the second largest in the world (after Brazil).

Production: The Indian sugar industry typically follows a six to eight year cycle, wherein 3-4 years of higher production are followed by 2-3 years of lower production. The 2010-11 season witnessed a production surge for the second consecutive year with an estimated production of about 24-25 million tonnes (18.80 million tonnes in 2009-10). The area under cane cultivation increased to 50.80 lac hectares in 2010-11 (42.02 lac hectares in 2009-10).

Consumption: India's sugar consumption in 2010-11 is pegged at around 22-23 million tonnes, catalysed by a growing

population, higher disposable income level and business investments by bulk consumers (bakeries, confectioners and beverage manufacturers, who account for about 60% of mill sugar demand).

Trade: India emerged as a net sugar importer, importing 2.80 million tonnes and 4.50 million tonnes of sugar in 2008-09 and 2009-10 respectively owing to a shortfall in domestic sugarcane and sugar production. In 2010-11, Indian sugar imports are forecast to be lower at 1.20 million tonnes owing to improved domestic supplies. The Government approved export of 1 million tonnes for the season ended September 30, 2011.

Cane production: Sugarcane is planted round the year while the crop is harvested in September-October. In 2009-10, sugarcane production was 274 million tonnes and is expected to increase by 10% in 2010-11 owing to improved cane acreage and superior yield. Relatively strong cane prices vis-a-vis last year and competing food crops (rice, wheat, pulses) supported higher cane acreage (around 13% to 4.80 million hectares in 2010-11).

Sugar prices: Sugar prices corrected downwards from a peak of Rs. 40 per kg in January 2010, owing to an improvement in global and domestic production and tightening measures introduced by the Government (e.g. weekly sales quota, decrease in stock-keeping limits for bulk consumers and removal of import duty on white sugar). The international sugar prices during 2009-10 hovered around $ 585 per tonne for white sugar. It went up to $ 800 per tonne during February-March 2011 but has come down to around $ 600 to $ 640 per tonne in May 2011.

Outlook: With reports of a good monsoon, sugar production in 2011-12 is projected at around 26-26.50 million tonnes followed by an increase in sugarcane plantation by about 10% *(Source: ISMA, 28th June, 2011)*. For 2011-12, the Government announced FRP at Rs. 145 per quintal linked to a basic recovery of 9.5%, against Rs. 139.12 per qtl fixed for 2010-11. Since FRP takes into account the profit and risk element, it is supposed to be remunerative for farmers. Sugar consumption for 2011-12 is expected to increase at 25.30 million tones.

SCOT Analysis

Strengths

- India is the second-largest producer of sugar in the world after Brazil
- Provides direct employment (including ancillary activities) to about 50 million workers
- Supports downstream industries by providing raw material (by products in the form of alcohol, ethanol and cogeneration)
- Catalyses socio-economic development in rural India

Challenges

- Cyclical nature of the industry
- High production cost owing to under-utilised crushing capacities
- Farmers may find alternative crops more profitable

Opportunities

- Potential to enhance sugar production and sugar recovery
- 5% ethanol blending in fuel and remunerative price of Ethanol will enhance industry viability
- High value of by-products for down stream industries
- Huge potential to increase the productivity of cane and sugar recovery rate
- Technology upgradation, and new advanced technology available for the byproduct utilisation

Threats

- Sugar sector is vulnerable to political maneuvering.
- Low ground water availability for irrigation
- Quality of soil deteriorates due to overdose of fertiliser and pesticides to increase sugarcane yield
- Most factories use legacy technology

Operational review

The Company produced 17.00 lac qtls of sugar in 2010-11 against 14.10 lac qtls in 2009-10, an increase of 20.57%. Realisation per quintal (net of excise) of free sugar in indian market decreased from Rs. 2892.20 in 2009-10 to Rs. 2738.25 in 2010-11. The Company crushed 176.65 lac qtls of sugarcane in 2010-11, an increase of 19.41% from 147.93 lac qtls during the previous season.

Comparative operational figures

Particulars	2010-11			Total	
	Seohara	Sidhwalia	Hasanpur	2010-11	2009-10
Capacity -TCD	10,000	5,000	3,000	18,000	18,000
Sugarcane crushed (lac quintals)	116.10	39.64	20.91	176.65	147.93
Recovery (%)	9.78	9.31	9.31	9.62	9.52
Sugar produced (lac quintals)	11.34	3.68	1.98	17.00	14.10
Crushing days (Gross)	137	101	78	316	261
Sales (Rs. in lacs)	39,813.06	5,928.50	9,203.96	5,49,445.52	32,153.87

Financial performance

Sugarcane and sugar production in India typically follows a cyclical pattern. The 2010-11 season witnessed a production surge for the second consecutive year. The Company's operations have resulted in a turn over of Rs. 64,150.23 lacs, registering a handsome growth of 59.68% over the previous year. The Company reported a loss after tax of Rs. (1,220.28) lacs against Rs. (3,906.64) lacs in the previous year.

The sugar division of the Company reported a 74.04% growth in sales volume from 11,48,713 quintals in 2009-10 to 19,99,235 quintals in 2010-11. Average realisation of free sugar of the Company is as follows :

Average Realisation of Free Sugar

Particulars	2010-11			2009-10		
	Quantity In Quintals	Value Rs. in lacs	Average Per Quintal	Quantity In Quintals	Value Rs. in lacs	Average Per Quintal
Indian Market	15,73,175	43,077.52	2,738.25	9,80,100	28,346.48	2,892.20
Export	1,86,937	5,741.16	3,071.17	–	–	–
Total	**17,60,112**	**48,818.68**	**2,773.61**	**9,80,100**	**28,346.48**	**2,892.20**

The Company reported 2,09,18,300 litres of spirit sales, registering a growth of 14.18%. The revenue earned from this division increased 16.28% from Rs. 4,154.64 lacs in 2009-10 to Rs. 4,830.91 lacs in 2010-11.

In the co-generation segment, the Company sold 7,35,69,180 units in 2010-11 against 4,12,77,098 units in 2009-10. The sales from cogeneration of power increased 59.73% from Rs. 3,255.58 lacs in 2009-10 to Rs. 5,200.11 lacs in 2010-11.

Tea sales of the Company decreased 4.92%, to 11,96,371 kg against 12,58,247 kg in the previous year. The sales value stood at Rs. 1,811.09 lacs in 2010-11, a 0.25% increase from Rs. 1,815.69 lacs in 2009-10. The average realisation stood at Rs. 151.69 per kg against Rs. 144.62 per kg in 2009-10.

Business review

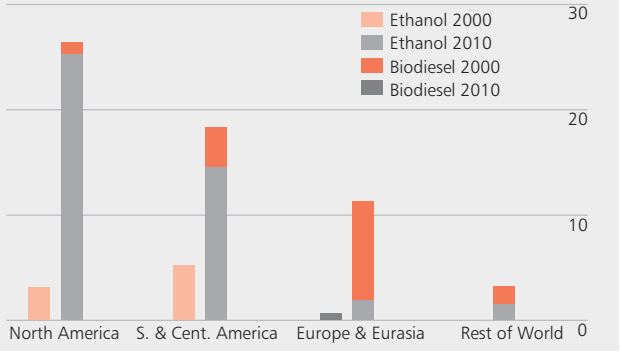
Ethanol

Global overview

Even as global bio fuel production increased 13.80% in 2010, bio fuel accounted for only 0.50% of the global primary energy consumption. The growth was largely driven by North America (+17.70%) and South and Central America (+14.20%); these two regions accounted for three-quarters of the global biofuels production. Ethanol accounted for nearly three-quarters of the global biofuels production.

Ethanol production accelerated by 16% compared with 9% in 2009, while biodiesel growth slowed to 9% compared with the 24% growth in the previous year. US and Brazil continue to dominate global ethanol production with market shares of 56% and 32% respectively. Growth rates accelerated in 2010, growing 21% in US (18% previous year) and 8% in Brazil (4% decline in previous year). *Source: BP Statistical Review of World Energy 2010)*

World biofuels production (Million tonnes oil equivalent)



Indian ethanol

Since India's sugarcane production is cyclical, ethanol and industrial alcohol production in India depends on the availability of sugar molasses (a byproduct of domestic sugar production). Lower sugar molasses availability and consequently higher molasses prices impacted ethanol production cost, thereby disrupting the ethanol supply at pre-negotiated ethanol prices.

India's 330 distilleries produce over 4 billion litres of rectified spirit (alcohol) a year. Around120 distilleries possess the capacity to distil 1.80 billion litres (an additional annual ethanol production capacity of 365 million litres was built up in the last three years following Government funding for sugar mills) of conventional ethanol a year to address the demand for 5% blending with petrol. India produces conventional bio-ethanol from sugar molasses while production of advanced bio-ethanol is in a nascent phase (research and development).

Indian Government has renewed it focus on a nationwide 5% ethanol blending programme in petrol on the back of vastly improved sugarcane and molasses production in 2010-11 and likely to maintain the trend in 2011-12. However, consumption will be constrained to local production levels. The volume required to meet a nationwide E5 blend is put at 860 million litres. For the September 2010- October 2011 period, tenders were issued by the Oil Marketing Companies for 1 billion litres of fuel ethanol, of which 710 million litres have already been contracted, according to sugar industry sources. *(Source: ISO, May, 2011)*

Production: Inadequate sugar molasses supplies in the preceding years constrained ethanol production and consequent higher cane prices made it unviable to supply ethanol to petroleum companies at the negotiated prices. Higher sugarcane and sugar production in 2010-11 raised ethanol production and improved total ethanol supply to offset short (opening) stocks.

Consumption: Strong ethanol consumption across the chemical industry, the potable liquor industry and EBP (Ethanol Blending Programme) are expected to raise the total ethanol consumption

over 2 billion litres in 2011-12. According to industry and trade sources, ethanol availability during 2011-12 is forecast at 300 million litres against the target of 1 billion litres set by the industry. Ethanol consumption for EBP in 2010-11 increased 200 million litres from 50 million litres in 2009-10, owing to improved molasses supply and steady ethanol demand from competing industries.

Trade: India imports ethanol only to address demand shortfalls during years of low sugar production. Ethanol is largely consumed in the potable liquor and chemical industries and not for fuel blending. Ethanol exports are negligible.

Operational review

The Company's distillery in Seohara possesses a capacity to produce 100 KLPD of industrial alcohol/ethanol per annum. The Company produced 211.61 lac litres of spirit in 2010-11 against 189.38 lac litres in 2009-10, registering a 11.74% increase.

Comparative operational figures

	2010-11	2009-10	Growth (%)
Distillery Capacity	100 KLPD	100 KLPD	–
Distillery capacity utilisation %	70.54	63.13	11.74
Spirit produced (lac litres)	211.61	189.38	11.74
Average realisation (Rs. per litre)	22.66	22.20	2.07
Sales (Rs. in Lacs)	5,220.76	4,383.54	19.10

Why India must push for ethanol-blended petrol

- Petroleum is a precious natural resource; India and China will account for 45% of the increase in the global primary energy demand by 2030
- India's oil consumption rose from 6,43,000 barrels of oil daily in 1980 to 3.3 million barrels daily in 2009, making it the world's fourth biggest oil consumer
- India is the world's fourth largest ethanol producer; its production could potentially leave sugar prices unaffected
- As per a report by Institute of Defence Studies and Analysis, around 80 million litres of petrol could be saved annually by blending petrol with 10% ethanol

Business review

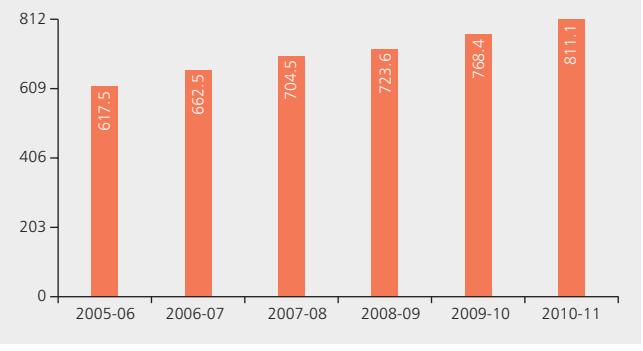
Cogeneration

The sugar industry utilises bagasse as fuel to produce electricity and steam through cogeneration. The potential of power generation through bagasse-based cogeneration through the country's 550 sugar mills has been estimated at 5,000 MW (Source: MNRE). India expects to add around 1,700 MW of power from biomass and bagasse power projects by the end of the Eleventh Year Plan (2007-12), more than twice the actual addition of around 750 MW in the Tenth Five Year Plan. This will include 1,200 MW bagasse-based cogeneration projects and around 500 MW from biomass power projects that run on agro-waste material. Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra and Uttar Pradesh enjoy a leadership position in the implementation of bagasse cogeneration projects. There are around 149 cogeneration projects in Indian sugar mills with an installed capacity aggregating 1,562 MW. Around 70 cogeneration projects are under implementation aggregating around 700 MW *(Source: MNRE)*.

Sectoral opportunities

As on 31 March 2011, India's installed capacity (excluding captive plants) was 173,626 MW, largely dominated by thermal sources (65%). The Indian power sector added its highest-ever annual generation capacity of 12,160 MW in 2010-11, 27% higher than 2009-10. However, this was still short of the 21,441 MW target for 2010-11.

Indian power generation (bn units)



(Source: CEA, IBEF)

Faced with acute power shortage, the Government chalked out a plan to produce power through co-generation under the Public-Private-Partnership (PPP). The Government provides various subsidies and incentives to companies which generate power through agro waste and supply it to the State electricity grid.

Operational review

The Company possesses two co-generation power plants with a total capacity of 42 MW. The Company marketed 735.69 lac units of power from its plants compared with 412.77 lac units sold in 2009-10.

Comparative operational figures

Particulars	2010-11		Total	
	Seohara	Sidhwalia	2010-11	2009-10
Capacity	24	18	42	42
Captive power consumption (As % of total power produced)	34.00	31.67	33.37	44.01
Power generated (units)	80791930	29630000	110421930	73838502
Power supplied to State grid (Rs. in Lacs)	2,117.50	830.86	2,948.36	1,564.72
Average realisation (per kwh)	4.02	4.18	4.07	3.84

Business review

Tea industry

The global tea industry is largely dominated by India (second-largest producer and largest consumer) followed by China, Sri Lanka, Kenya and Indonesia. India accounts for 30% of the world's production; the combined production of Sri Lanka, Kenya and Indonesia was lower than India's.

Indian overview

India is the second-largest tea producer after China. The tea industry's total turnover is estimated at around Rs. 10,000 crore; tea production since independence grew over 250%, while land area grew only 40%. The country offers a variety of products – original Orthodox, CTC, Green tea, Darjeeling tea, Assam tea and Nilgiri tea.

Production: India's tea output declined 1.30% to 966.40 million kg in 2010 following a drop in Assam's output (accounts for 50% of country's tea production), following adverse weather and pest attack. However, during the January-June period of the 2011 calendar year, tea production rose to 358.32 million kg from 338.96 million kg in the corresponding period of 2010.

Realisations: Indian tea prices strengthened on account of a global shortage. Tea prices moved up faster than the rate of production decline, benefiting tea producers:

Between 2007 and 2010, Indian tea production declined 0.34% CAGR whereas tea realisations increased 14.68% CAGR.

Consumption: India's tea consumption grew 1.8% CAGR in four years, increase in prices notwithstanding (at the rate of 14.68% CAGR). According to Indian Tea Association (ITA), domestic tea consumption is expected to grow at the conventional rate of 3% per annum, irrespective of an increase in prices.

SWOT analysis of Tea

Strengths

- Strong domestic market, consuming nearly 80% of the production in India
- In most countries, tea is the second most popular beverage after water
- Wide range of teas – Black, (CTC, Orthodox), Green tea and Organic tea produced by India
- Favourable financing schemes by the Government of India
- Labour welfare laws protecting workmen
- Emerging small grower sector with young plantation profiles

Weaknesses

- The gardens' old age leading to low efficiency
- Stagnant tea exports from India although global demand is expected to increase around 2% a year
- Unorganised small growers with fragmented and scattered holdings produce poor quality tea

Opportunities

- Growing awareness regarding the healthy attributes of tea
- Increasing consumption in major producing countries
- Emerging tea flavours, blends and varieties
- Growing awareness regarding the loose leaf tea flavours
- Expansion in the value-added reseller network for quality loose tea

Threats

- Decline in India's exports following enhanced competitiveness of Sri Lanka and Kenya and the entry of Vietnam and Indonesia
- Around 38% of Indian tea bushes are more than 50 years of age

Outlook

India's shortage of Tea is estimated at 80-100 million kg in the new season beginning April 2011. Besides, tea production in India, Kenya and Sri Lanka is not expected to rise significantly next year either, even as Black tea consumption is expected to increase the world over.

Operational review

With 587.68 Ha of area under cultivation, the Company sold 11,96,372 kg of tea in 2010-11 (12,58,247 kg in 2009-10). Average realisation increased from Rs. 144.62 per kg in 2009-10 to Rs. 151.69 per kg in 2010-11.

Internal Control System

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

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 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 1821. Industrial relations in all the units were cordial throughout the year under review.

Risk Management

The Company has 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, the last such review having been made on 26th October, 2010.

Annexure to Directors' Report

Annexure B

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, 2011

I. Conservation of Energy:

i. Following initiatives have been taken by the Company to conserve Energy during the year 2010-11:

a) The Company continues to use latest PLC based injection water control system sensing vacuum of Pans or Evaporator. This device saves more power than conventional system.

b) Installation of various machineries and equipments dedicated to increase the internal generation of steam as well as to reduce consumption of steam and fuel.

c) By putting up CFL light fitting in the entire lighting systems, the Company has been able to curtail the diesel cost by almost 40% during off season.

The above measures are expected to reduce the consumption of fuel and power substantially and consequently the cost of production.

ii. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Due to resource constraints the Company decided not to commit additional capital resources for reduction of consumption of energy though the Company shall continue to utilise existing means and traditional methods to substantially reduce the requirement of energy and consequentially the cost thereof.

iii. Impact of measures of I and II above for the reduction of energy consumption and consequent impact on the cost of production of goods:

None significant.

iv. Total energy consumption and energy consumption per unit of production.

A) Power & Fuel Consumption:

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
1. Electricity:				
a) Purchased:				
Units (in lacs)	19.87	8.39	11.69	8.52
Total amount (Rs. in lacs)	107.74	50.48	71.76	49.64
Rate/unit (Rs.)	5.42	6.02	6.14	5.83
b) Own generation:				
i) Through diesel generator				
Units (in lacs)	10.62	1.69	15.48	1.63
Units per litre of diesel-oil	3.17	2.54	3.25	2.44
Cost/Unit (Rs.)	12.51	14.43	10.86	13.88

A) Power & Fuel Consumption (Contd.)

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
ii) Through steam turbine/generator:				
Units (in lacs)	405.02	–	333.06	–
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)	34.23	1311.00	–	1,416.00
Total cost (Rs. in lacs)	2.61	79.80	–	72.30
Average rate (Rs.)	7628.28	6086.00	–	5,109.00
3. Furnace oil: (T.D. oil for dryers)				
Quantity (Litres in lacs)	–	0.30	–	0.13
Total amount (Rs. in lacs)	–	11.27	–	4.65
Average Rate (Rs.)	–	37.40	–	35.41
4. Others/internal generation	–	–	–	–

B) Consumption per unit of production:

(No standard has been fixed)

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
Products (Sugar in lac quintals.& Tea in lac kgs.)	17.03	12.61	14.58	13.15
Electricity	25.58	0.80	24.70	0.77
Furnace oil	–	0.02	–	0.01
Coal (in kgs.)	–	0.96	–	1.08
Others (specify)	–	–	–	–

II. Research & Development and Technology Absorption:

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

i) Continuance of heat treatment therapy to treat cane seed to make it of good quality, healthy and disease free.

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

iii) Educating cane growers in seed multiplication by single bud culture of new varieties.

iv) Working in close tandem with the UP Sugarcane Research Station, Shahjahanpur in development of latest sugarcane varieties and their production technology.

v) Testing on new and improved parameters the promising varieties of Cane for their better performance.

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

vii) Cane plantation with method known as Horizontal and Paired Row Method. Owing to above efforts, higher yield of disease free cane is being made available to the Company's

sugar mills resulting in higher return to cane growers. This has also contributed to higher recovery.

viii) Soil testing laboratory carries out proper dosing of fertiliser and nutrients.

ix) Implementation of new plantation technique by trench method for better yield.

x) Ratoon Management by managing the ratoon crop of cane to increase yield.

xi) Distribution of bamboo borings and diesel pumping sets at subsidised rates to the cane growers to boost irrigation.

Future plans

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

ii) To extend the area of cane cultivation for planting early maturing high sugared varieties of cane to get better recovery in early months of cane crushing.

iii) Installation of machineries with latest technologies at different work stations in Hasanpur Factory.

The Company did not import 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 of India allowed exports through merchant exporters also.

c) Earnings in Foreign Exchange – Rs. 5707.30 lacs

d) Expenditure in Foreign Currency – Rs.18.12 lacs

Annexure C

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, 2011

Name	Designation	Remuneration (Rs.)	Nature of duties	Qualification	Experience (years)	Age (years)	Year of commencement of employment	Last employment held
Employed throughout the year:								
Mr. C.B. Patodia	Advisor	1,56,16,078	Advisory	Intermediate	43	62	February, 1990	The New Swadeshi Sugar Mills Ltd., Narkatiaganj
Employed for part of the year								
None								

Notes:

1. The remuneration includes salary, Company's contribution to provident fund and perquisites, among others.
2. Other terms and conditions are as per rules of the Company.

For and on behalf of the Board

Place : Kolkata
Dated: 12th August, 2011

Nandini Nopany
Chairperson-cum-Managing Director

Report on Corporate Governance

Annexure D

1. Company's Philosophy

Upper Ganges, a part of K K Birla Group of Sugar Industries, is structured to institutionalise policies and practices that enhance the efficacy of the Board and the Senior Management of the Company and inculcate a culture of accountability, transparency and integrity across the Company as a whole. Upper Ganges through these pages renews its commitment to uphold and nurture the core values of integrity, passion, responsibility, quality and respect in dealing with its customers, cane growers and other stake holders of the Company. The other enablers for the Company are 'team work' and 'adherence to professionalism.

2. Board of Directors

i) The Company has in all 10 Directors with considerable professional experience in divergent areas connected with corporate functioning. The Board is headed by the Executive Chairperson Mrs. Nandini Nopany who also acts as the Managing Director of the Company and is entrusted with the management of the Company subject to superintendence, control and directions of the Board.

ii) None of the Directors on the Board is a Member of more than 10 committees or chairman of more than 5 committees across all the companies in which he or she is a Director.

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

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 well in advance so that the same could be included in the Agenda of 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 back up 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 are discussed at the meeting without written material being circulated in advance or at the meeting.

viii) The independent directors have confirmed that they satisfy the 'criteria of independence' as stipulated in Clause 49 of the Listing Agreement.

ix) During the year under review there had been no resignation of Director. Mr. Dilip Kumar Mandal, a nominee of IDBI Bank Limited was appointed on the Board of the Company w.e.f 28th September, 2010.

x) During the year under review Mrs Nandini Nopany has been reappointed as the Chairperson cum Managing Director w.e.f 1st October, 2010 after obtaining the approval of the shareholders at the Annual General Meeting of the Company held on 22nd December, 2010.

During the year under review four Board Meetings were held on 25th August, 2010, 26th October, 2010, 28th January, 2011 and 26th April, 2011. 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 other bodies corporate by all the directors are as follows :

Name of Director	Category of Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other bodies corporate	No. of Chairmanship/ Membership of Board Committees in other companies		No. of Equity Shares held
					Chairman	Member	
Mrs. Nandini Nopany	MD	3	No	6	0	1	8,11,090
Mr. Chandra Shekhar Nopany	NED	4	No	12	1	2	45,210
Mr. R.K. Choudhury	NED	1	No	8	4	1	NIL
Mr. G.K. Bhagat	I/NED	4	No	0	0	0	NIL
Lt. Gen. K. Chiman Singh (Retd.)	I/NED	2	Yes	0	0	0	NIL
Mr. Gaurav Swarup	I/NED	4	No	7	0	2	NIL
Mr. Sunil Kanoria	I/NED	1	No	7	0	8	NIL
Mr. I.P. Singh Roy	I/NED	3	No	1	0	0	NIL
Mr. P.K. Lakhotia	NED	1	No	1	0	0	NIL
Mr. D K Mandal- IDBI Nominee	I/NED	3	No	0	0	0	NIL

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

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.

Mr. Gaurav Swarup, Mr. I P Singh Roy and Mr. P K Lakhotia are liable to retire by rotation and are eligible for re-appointment. Particulars of these Directors form part of the Corporate Governance Report.

3. Audit Committee (Constituted on 11.09.2000)

i) Overall purpose/objective

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. The purpose of the Audit Committee is to assist the Board of Directors("the Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing

the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

ii) 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(including the statutory auditors), fixation of audit fee and also approval for payment for any other services.
- Discussion with statutory 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.
- Holding periodic discussions and reviewing with the management, the Statutory Auditors and Internal Auditors the annual and quarterly financial reports and 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 management;
  iii. qualifications and observations in draft audit report;
  iv. significant adjustments arising out of audit;
  v. the going concern assumption;
  vi. compliance with the accounting standards and introduction of steps towards implementation of IFRS;
  vii. compliance of listing requirements of stock exchange and legal requirements concerning financial reporting and preparation of financial statements;
  viii. any related party transactions as per Accounting Standard 18;
  ix. Significant findings of the Statutory and Internal Auditors and follow up thereon.
- Reviewing the Company's financial and risk management policies.
- Reviewing with the management, Statutory and Internal Auditors, the adequacy of and compliances with 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.
- 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.
- Reviewing the functioning of the Whistle Blower mechanism.
- Reviewing the appointment of Cost Auditors
- Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background of the candidate.

iii) Composition and Meetings

The Audit Committee comprises of four Non-executive Directors viz. Lt. Gen. K. Chiman Singh (Retd.) (Chairman), Mr. R.K. Choudhury, Mr. G.K. Bhagat and Mr. I.P. Singh Roy, two third of them are independent Directors. Mr. S.K. Poddar, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside Internal Auditors, the Chief Financial Officer and the Company Secretary. During the year the Committee met four times on 25th August, 2010, 26th October, 2010, 28th January, 2011 and 26th April, 2011 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	2
Mr. R.K. Choudhury	Member	2
Mr. G.K. Bhagat	Member	1
Mr. I.P. Singh Roy	Member	3

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

4. Remuneration Committee (Constituted on 30.07.2002)

Objectives:

i) Though the constitution of the Remuneration Committee is not mandatory, the Company has constituted the Remuneration Committee to review and determine the Company's policy on managerial remuneration and to recommend to the Board on

the specific remuneration of Executive Director and executives just below the rank of the Executive Director, so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance and their remuneration is in line with the industry practice and standards.

The Committee has all the powers and authority as may be necessary for implementation, administration and superintendence of various fringe benefits for managerial remuneration.

ii) Terms of Reference:

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

a. To recommend to the Board salary, perquisites and incentive payable to the Company's Executive Director and executives just below the rank of the Executive Director, and increments in their salaries.

b. To recommend to the Board any new appointments including re-appointments and tenure of office of Executive Director.

c. To consider such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

iii) Composition and Meetings:

The Committee, presently, comprises of three Independent Non-executive Directors, viz. Mr. I.P. Singh Roy (Chairman), Mr. G.K. Bhagat and Mr. Gaurav Swarup. One meeting of the Committee was held during the year and attendance of the members at the meeting was as follows:

Name of the Member	Status	No. of meetings Attended
Mr. I.P. Singh Roy	Chairman	1
Mr. Gaurav Swarup	Member	0
Mr. G.K. Bhagat	Member	1

iv) Remuneration Policy:

The Company, while deciding the remuneration package of the senior management as aforesaid, takes into consideration:

a. Job profile and special skill requirements.

b. Prevailing compensation structure in companies of similar size in the industry.

c. Remuneration package of comparable managerial talent in other industries.

The Non-Executive Directors are paid remuneration by way of commission besides sitting fees, if approved by the Board, on the net profit of the Company at the rate not exceeding 1% of the net profit of the Company determined in accordance with the terms and provisions of Section 349 of the Companies Act, 1956. The distribution of such commission amongst the non-executive directors is placed before the Board for its decision subject to a maximum of Rs. 1 lac per Director per year.

During the last 5 years the Company has not been able to pay any commission to the Non- Executive Directors in view of inadequacy of the net profit of the Company determined in the aforesaid manner.

v) Remuneration of Directors

Details of remuneration paid to the Directors for the year 2010-11:

a) Executive Director

Managing Director	Salary (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)
Mrs. Nandini Nopany	30,00,000	–	3,60,000*

*(Comprises of contribution to Provident Fund Rs. 3.60 lacs)

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

b) Non-Executive Directors

The Company pays a sitting fee of Rs.5,000/- and Rs.2,500/- per meeting to each Director for attending meetings of the Board of Directors and Committees thereof respectively. The detail of sitting fees paid during the year 2010-11 are as follows:

Sl. No.	Name of the Director/Institution	Amount (Rs.)
1.	Mrs. Nandini Nopany	N.A
2.	Mr. Chandra Shekhar Nopany	30000
3.	Mr. R.K. Choudhury	10000
4.	Mr. G.K. Bhagat	40000
5.	Lt. Gen. K. Chiman Singh (Retd.)	20000
6.	Mr. Gaurav Swarup	20000
7.	Mr. Sunil Kanoria	5000
8.	Mr. I.P. Singh Roy	27500
9.	Mr. P.K. Lakhotia	5000
10.	IDBI Bank Limited – To Mr. D. K. Mandal for attending the meetings	15000

5. Investors' Grievance Committee (Constituted on 11.09.2000)

i) Terms of Reference:

The Investors' Grievance Committee oversees the redressal of complaints of investors such as transfer, credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 shares, etc. It also approves allotment of shares and matters incidental thereto including listing thereof. By a resolution of the Board of Directors of the Company dated 26th April, 2011 the terms of reference of the Investor's Grievance Committee has further been enlarged to include taking note of shares transferred in course of a quarter, status of dematerialised shares as on the end of each quarter, stock of blank stationery of share certificates as on the end of each quarter, shareholding pattern of the Company as on the end of each quarter and detail of investors' grievances pending as on the end of each quarter.

ii) Composition & Meetings:

The Committee, presently, comprises of three Non-Executive Directors viz. Mr. G.K. Bhagat (Chairman), Mr. Chandra Shekhar Nopany and Mr. I.P. Singh Roy. Mr. 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 under review and the attendance of the members at the meeting was as follows :

Name of the Member	Status	No. of meetings Attended
Mr. G.K. Bhagat	Chairman	1
Mr. Chandra Shekhar Nopany	Member	0
Mr. I.P. Singh Roy	Member	1

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of shares in physical form upto 1000 shares. The transfers/ transmissions approved by the Secretary are periodically placed before the Committee. During the year under review the Company received 3 complaints/grievances from the shareholders. The average period in which grievances are redressed is 7 days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2011. There were no share transfer applications pending for registration as on 30th June, 2011.

6. General Body Meetings

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

Financial Year	Date	Time	Location
2009-2010	22.12.2010	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor, Uttar Pradesh - 246 746
2008-2009	23.12.2009	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor, Uttar Pradesh - 246 746
2007-2008	19.12.2008	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor, Uttar Pradesh - 246 746

No Special resolution was passed at the Annual General meeting held on 19th December, 2008 and 23rd December, 2009.

Two Special Resolutions were passed at the Annual General Meeting held on 22nd December, 2010 with respect to reappointment of Mrs. Nandini Nopany as the Chairperson cum Managing Director of the Company for a period of three years with effect from 1st October, 2010 and to continue to pay commission upto 1% of the net profit to the Non Executive Directors of the Company.

As of now there is no proposal for passing of any Special Resolution through Postal Ballot. The last Annual General Meeting was held on 22nd December 2010 which was chaired 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. Transaction with Related Parties are disclosed in Note No.16 of Schedule 22 to the Accounts in the Annual Report.

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.

iii) The Company has complied with all the applicable mandatory requirements. The Company has not adopted the non mandatory requirements of the Listing Agreement except relating to the Remuneration Committee.

iv) Periodical disclosures from Senior Management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board.

v) The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India in preparation of its financial statements.

vi) During the year under review, the Company has not raised any funds from public issue, rights issue or preferential issue.

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', English and Hindi Editions in Lucknow, the same were not separately sent to the shareholders.

ii) The financial results are simultaneously posted on the Company's website at **www.birla-sugar.com/upperganges**. Distribution of shareholdings is also displayed on the website. The Company has a separate e-mail ID upperinvestor@birla-sugar.com , for investors to intimate their grievances, if any.

iii) The Company also displays official press releases on the above website.

iv) No presentation was made to any Institutional Investor or to any Analysts during the year.

9. General Shareholders' Information

i) 79th Annual General Meeting

Day : Thursday
Date : December 29, 2011
Time : 11.00 A.M.
Venue : Registered Office of the Company at -
Sugar Mills Complex
P.O. Seohara, Dist. Bijnor
Uttar Pradesh - 246 746

ii) Tentative Financial Calendar for the year 2011-12.

Approval of Audited Annual Results (2010-11)	12th August, 2011
Publication of Audited Results	13th/14th August, 2011
Mailing of Annual Report	November, 2011
First Quarter Results	On or before middle of November, 2011
Second Quarter Results	On or before middle of February, 2012
Third Quarter Results	On or before middle of May, 2012
Audited Annual Results (2011-12)	August, 2012

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from the 22nd December, 2011 (Wednesday), to 29th December, 2011(Thursday) (both days inclusive).

iv) Dividend Payment Date

The Board of Directors do not recommend any dividend for the year under review.

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 Ltd. (CSE)	10031097

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE018B01012. Annual Listing Fee for and up to the year 2011-12 has been paid to BSE, NSE and CSE.

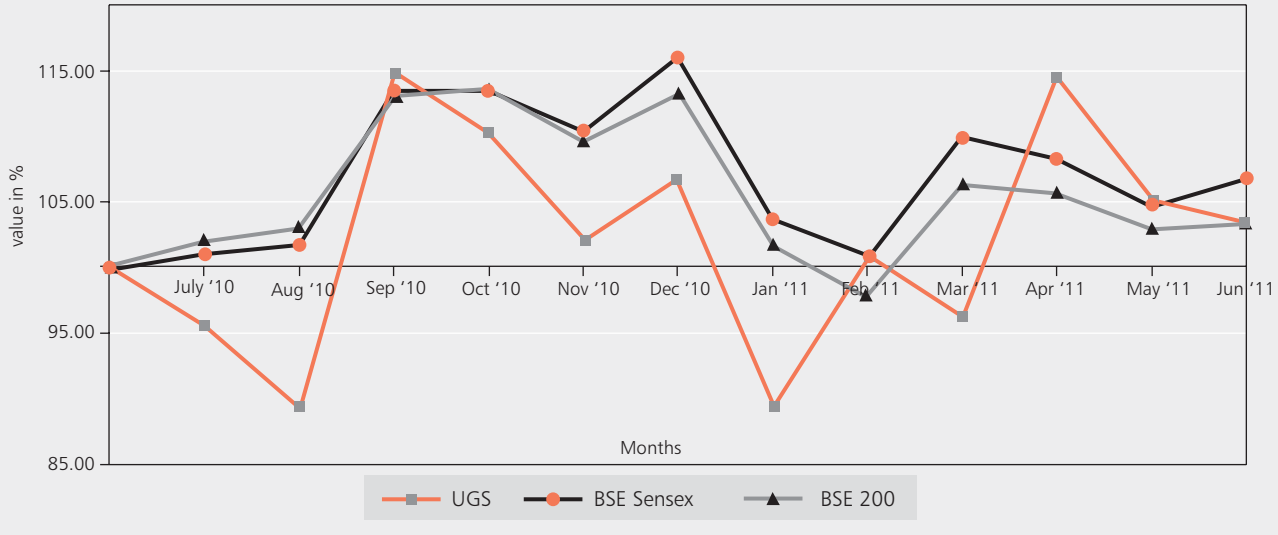
vi) Market Price data

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 :

	Bombay Stock Exchange		National Stock Exchange	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July, 2010	58.00	50.70	58.00	50.70
August, 2010	61.00	45.05	55.50	46.15
September, 2010	62.90	46.50	63.90	46.55
October, 2010	69.00	56.20	68.80	56.00
November, 2010	67.50	50.10	68.80	50.00
December, 2010	60.00	46.20	60.00	46.00
January, 2011	62.30	45.60	60.90	45.50
February, 2011	56.65	47.30	55.90	46.50
March, 2011	60.15	50.05	56.00	50.10
April, 2011	64.00	50.40	64.00	51.05
May, 2011	62.30	51.50	61.00	53.25
June, 2011	60.50	50.00	58.70	48.45

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

A graphical presentation is as follows :



viii) Registrar & Share Transfer Agent

The Company has appointed Link Intime India Pvt. 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:

Link Intime India Pvt. 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@linkintime.co.in

ix) Share Transfer System

The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/transmission of above 1000 shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders. 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 3931 shares were transferred/ transmitted during the year 2010-11. 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, 2011 was as follows:

No. of Equity Shares	No. of shareholders	% of total shareholders	No. of shares held	% of total shares
1 - 100	4353	54.31	230153	1.99
101 - 500	2452	30.59	666452	5.77
501 - 1000	560	6.99	446762	3.87
1001 - 2000	302	3.77	458699	3.97
2001 - 3000	121	1.50	310526	2.69
3001 - 4000	50	0.62	180946	1.57
4001 - 5000	47	0.59	220409	1.90
5001 - 10000	59	0.74	420183	3.64
10001 and above	71	0.89	8623109	74.60
Total	**8015**	**100.00**	**11557239**	**100.00**

b) Detail of Shareholding pattern of the Company as on 30th June, 2011 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	5981146	51.75
Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	398428	3.45
Private Bodies Corporate	1055176	9.13
Indian Public	4094620	35.43
NRIs / OCBs / FIIs / Foreign Nationals	27869	0.24
Total	**11557239**	**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 Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. Over 97% of the Equity Shares of the Company have already been dematerialised.

xii) Outstanding GDRs /ADRs/Warrants or Convertible Instrument

The Company has never issued 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

Co-generation

a) Seohara, Dist. Bijnor, Uttar Pradesh, Pin - 246746
b) Sidhwalia, Dist. Gopalganj, Bihar, Pin - 841428

Tea Garden

Cinnatolliah Tea Garden
North Lakhimpur Assam, Pin - 787001

xiv) Address for Correspondence:

a) 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

b) Link Intime India Pvt. Ltd.
Unit : Upper Ganges Sugar & Industries Ltd.
59C, Chowringhee Road, 3rd Floor
Kolkata - 700 020, India
Tel : 91-033-2289 0540
Fax : 91-033-2289 0539
e-mail : kolkata@linkintime.co.in

10. Re-appointment of Directors

i) Mr Gaurav Swarup, aged 55 years, is a Graduate in Mechanical Engineering from Jadavpur University and holds Master's Degree in Business Administration (MBA) from Harvard University, U.S.A. He has joined Paharpur Cooling Towers Limited in the year 1981 and since 2002 he is the Managing Director of the Company. He is a member of the Board of Governors, Indian Institute of Management, Kolkata; Chairman, Federation of Indian Chambers of Commerce & Industry, Eastern Region; Past Member, Society of National Council of Science Museums; Past Chairman Board of Practical Training, Eastern Region; Past President of the Indian Chamber of Commerce, Kolkata; Past Chairman, Plastic Export Promotion Council and was a Member of the State Planning Board, Government of Tripura. He has also been on the Board of number of Corporates such as TIL Limited, Upper Ganges Sugar and Industries Limited, Indo US Mim Tec Private Limited and has over three decades of experience of Corporate Management. He is in the panel of various seminars/ discussions organized by various Chambers of Commerce on Economy, Business and Governance. He joined the Board of the Company in February, 2003.

Mr Gaurav Swarup does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr. Gaurav Swarup is a Director or Chairman/Member of the Board Committees.

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Chemical & Metallurgical Design Co. Ltd.	–	–
2.	KSB Pumps Ltd.	Audit Committee	Member
3.	Paharpur Cooling Towers Ltd.	–	–
4.	Paharpur Industries Ltd.	–	–
5.	Swadeshi Polytex Ltd.	–	–
6.	The Industrial & Prudential Investment Co. Ltd.	–	–
7.	TIL Ltd.	Audit Committee	Member

ii) Mr. I P Singh Roy, aged 64 years, holds Master's Degree in Arts from Calcutta University and is a Barrister-at-Law, having done his Bachelor of Law from King's College, London. He is an Advocate at the Hon'ble High Court at Calcutta, having about 35 years of experience and has appeared in a large number of commercial and industrial law matters before Industrial Tribunals, High Courts and the Supreme Court of India. He joined the Board of the Company in September, 2005.

Mr I P Singh Roy does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr. I P Singh Roy is a Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/ Member
1.	Uttar Pradesh Trading Company Ltd.	–	–

iii) Mr. P K Lakhotia, aged 61 years, holds Master's Degree in Economics. Mr. Lakhotia has about 31 years of Industrial experience in Sugar Industry. He is the Executive President of the Gobind Sugar Mills Limited. He joined the Board of the Company in August 2005.

Mr P K Lakhotia does not hold any Equity Share in the Company.

Names of other Indian public limited companies in which Mr. P K Lakhotia is a Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/ Member
1.	Moon Corporation Ltd.	–	–

11. Prevention of 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. This code is applicable to all Directors/officers (including statutory auditors)/designated employees. The Code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

12. Code of Conduct & Ethics

The Company has also adopted a Code of Conduct and Ethics (Code) for the members of Board of Directors and Senior Management Personnel of the Company to follow. The Code is posted on the website of the Company at www.birla-sugar.com. 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 their compliance with the Code, and a declaration to this effect, signed by the Managing Director, is attached to this report.

13. Legal Compliances

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company Secretary as well as steps taken by the Company to rectify instances of non compliances, if any.

14. Compliances with Corporate Governance Norms

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended September 30, 2010, December 31, 2010, March 31, 2011 and June 30, 2011. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Uttar Pradesh along with the Annual report.

As regards compliance with the non-mandatory requirements, the following have been adopted:

i. Remuneration Committee

As detailed in the earlier paragraphs, the Company has constituted a Remuneration Committee. The Chairman of the Remuneration Committee is Mr. I P Singh Roy.

ii. Whistle Blower Mechanism

Though a codified Whistle Blower Policy of the Company is not in place every employee of the Company is encouraged to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in any way. The Company is committed to adhere to the highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith.

iii. Other non mandatory requirements have not been adopted by the Company.

15. Subsidiary Company

The Company has a material non listed Indian Subsidiary Company viz., Uttar Pradesh Trading Company Limited. The Audit Committee reviews the financial statements and in particular, the investments made by unlisted subsidiary company. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary company are placed before the Board of Directors of the Company for their review.

16. Shareholders' Rights

The quarterly financial results are published in leading financial newspapers, uploaded on the Company's website and any major developments are covered in the press releases/intimation to stock exchanges by the Company. The Company therefore has not been sending the half yearly financial results to the shareholders.

17. Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs has in the year 2009 announced a set of voluntary guidelines on Corporate Governance. The Company in line with its stated policy of being committed to the principles and practices of good Corporate Governance, is in compliance with many of these guidelines, as reported in the earlier paragraphs. As regards the remaining guidelines, the Company is in the process of evaluating the feasibility of implementing the same progressively.

Annexure E

Declaration on Code of Conduct

To
The members,
Upper Ganges Sugar & Industries Ltd.
9/1, R.N. Mukherjee Road
Kolkata 700 001

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Nandini Nopany, Chairperson-cum-Managing Director of Upper Ganges Sugar & Industries Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2010-11.

For and on behalf of the Board

Place: Kolkata
Date: 12th August, 2011

Nandini Nopany
Chairperson-cum-Managing Director

Annexure F

Auditors' Certificate on Corporate Governance

To
The members,
Upper Ganges Sugar & Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by **UPPER GANGES SUGAR & INDUSTRIES LIMITED**, for the year ended 30th June, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company 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.**
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
Partner
Membership No. 54968

Place: Kolkata
Date: August 12, 2011

Financial Section

Auditors' Report

To
The Members of
Upper Ganges Sugar & Industries Limited

1. We have audited the attached Balance Sheet of UPPER GANGES SUGAR & INDUSTRIES LIMITED ("the Company") as at 30th June, 2011 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.
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 (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.
4. Without qualifying our opinion, we draw attention to Note No. 4 on Schedule 22, regarding accounting of Sugarcane purchases at Seohara Sugar unit in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs. 1891.18 lacs, however, since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.
5. 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, *subject to our comments in para (f) (i) below* :
   (e) On the basis of written representations received from the directors as on 30th June, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2011 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 – 22 :
      (i) *Note No.6 regarding recognition of Deferred Tax Asset (DTA) (net) of Rs. 1988.57 lacs (including Rs. 1363.27 lacs recognised in earlier years) up to 30th June, 2011, based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the above impact been considered, there would be a loss of Rs. 3208.85 lacs as against the reported loss of Rs. 1220.28 lacs for the year and the Reserves & Surplus would be Rs. 5452.93 lacs as against the reported figures of Rs. 7441.50 lacs as on the Balance Sheet date.*
      (ii) *Note No. 9 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2011 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2011, 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.

In our opinion and to the best of our information and according to the explanations given to us, the said Statements of Account, *Subject to the matters stated in para (f) above*, 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, 2011;
(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.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

Per **Sanjoy K Gupta**
a Partner
Membership No. 54968

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, 2011)

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

(b) All Fixed Assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part 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) According to the information and explanations given to us, 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. Accordingly the provisions of clauses 4 (iii) (b) to (d) of the order are not applicable to the Company and hence not commented upon.

(b) The Company has taken loans of Rs. 2185 lacs from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2185 lacs and the year-end balance of loans taken from such parties was Rs. 2185 lacs.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(d) There are no stipulations for repayment of the above loans but the same are repayable on demand. As informed to us, the lenders have not demanded repayment of the above loan during the year and thus, there has been no default on the part of the company. The payment of interest has been regular.

(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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company 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 lacs 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, the 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 under Section 209(1)(d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company has generally 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 and other material statutory dues with appropriate authorities *apart from Cane Purchase Tax of Rs 106.18 lacs relating to the sugar units in Bihar which has not been paid as on the Balance sheet date, pending disposal by the State Government of the representation made by the Bihar Sugar Mills Association for its remission.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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 and other material statutory

dues were outstanding, at the year end for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding in respect of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess on account of any dispute are as follows :

Name of the statute	Nature of dues	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	343.74	1993-1994 to 2009-10	Commissioner (Appeals)/ CESTAT/ High Court
	Excise duty on burnt/ waste and loss on storage of molasses	4.58	1973-1974, 1982-1983, 1987-1988, 1998-1999, 2000-2001	
	Excise Duty for Discrepancy in Seasonwise stocks of Sugar	6.06	2000-2001	
	Disallowance of Service Tax on discount to wholesellers and other items	6.39	1997-1998, 1999-2000, 2005-2006 to 2008-2009	
Prevention of (Water) Pollution Act	Water Cess	1.41	1989-1990	High Court, Allahabad
Bihar Sugarcane (Supply & Regulation) Act,1981	Interest on Cane Cess	15.33	1976-1977, 1984-1985 to1989-1990, 2000-2001 to 2004-2005	Certificate Officer, Samastipur/High Court, Patna

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year *but had 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 bank and/or financial institutions.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 any 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 to the Company.

(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 to the Company.

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that Rs.10,986 lacs approx. raised on short-term basis have been used for long-term investment (without considering permanent working capital) representing mainly acquisition of fixed assets and repayment of loans.*

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

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

(xx) The Company has not raised any money through a public issue during the year.

(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 year.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

Per **Sanjoy K Gupta**
a Partner
Membership No. 54968

Balance Sheet As at 30th June, 2011

(Rs. in lacs)

	Schedule	30th June, 2011	30th June, 2010
SOURCES OF FUNDS			
(A) Shareholders' Funds			
(a) Share Capital	1	1155.73	1155.73
(b) Reserves & Surplus	2	7441.50	8658.66
		8597.23	**9814.39**
(B) Loan Funds	3		
(a) Secured		33794.47	39325.74
(b) Unsecured		18846.86	11087.43
		52641.33	**50413.17**
		61238.56	**60227.56**
APPLICATION OF FUNDS			
(A) Fixed Assets	4		
(a) Gross Block		57440.18	57094.06
(b) Less : Accumulated Depreciation		20185.18	17629.01
(c) Net Block		37255.00	39465.05
(d) Capital Work-in-Progress (including Capital Advances)		1011.56	1084.75
		38266.56	**40549.80**
(B) Investments	5	**2115.55**	**2117.62**
(C) Deferred Tax Asset (net)		**1988.57**	**1363.27**
(D) Current Assets, Loans & Advances			
(a) Inventories	6	16479.71	22136.75
(b) Sundry Debtors	7	1271.30	1043.19
(c) Cash & Bank Balances	8	646.01	470.97
(d) Other Current Assets	9	26.23	21.42
(e) Loans & Advances	10	5670.71	3377.23
		24093.96	**27049.56**
Less : Current Liabilities & Provisions	11		
(a) Current Liabilities		4910.10	10666.96
(b) Provisions		315.92	236.01
		5226.02	10902.97
Net Current Assets		**18867.94**	**16146.59**
(E) Tea Department Balance		(0.06)	50.28
		61238.56	**60227.56**
Accounting Policies & Notes to Accounts	22		

Schedules referred to above form an integral part of the Balance Sheet
As per our Report of even date.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Profit and Loss Account For the year ended 30th June, 2011

(Rs. in lacs)

	Schedule	2010-11		2009-10	
INCOME					
Gross Sales	12		66825.04		41873.69
Less: Excise Duty		2472.46		1849.87	
Cess		434.95	2907.41	275.69	2125.56
Net Sales			63917.63		39748.13
Other Income	13		229.53		415.89
Agricultural Profit	14		3.07		9.52
			64150.23		**40173.54**
EXPENDITURE					
Decrease/(Increase) in Stocks	15		5711.30		(9742.55)
Excise Duty & Cess on Stocks (Refer Note no. 11 on Schedule 22)			(158.35)		117.15
Purchase of Trading Goods			2317.31		2344.39
Raw Materials Consumed	16		40477.60		37919.14
Stores, Spares & Packing Materials Consumed	17		2063.54		1538.72
Power & Fuel			641.80		621.88
Payments to and Provisions for Employees	18		4300.25		4126.77
Manufacturing, Selling and Other Expenses	19		2489.51		1974.57
Directors' Remuneration	20		35.33		41.77
			57878.29		38941.84
Profit before Interest, Depreciation & Taxation			6271.94		1231.70
Less : Interest & Finance charges (net)	21		5402.31		4301.86
Depreciation			2612.62		2632.04
			8014.93		**6933.90**
Profit/(Loss) before Taxation			**(1742.99)**		**(5702.20)**
Provision for Taxation :					
Current Tax [including Wealth Tax Rs. 6.00 lacs (Rs. 6.00 lacs)]			102.59		117.00
Minimum Alternate Tax Credit Reversal			–		104.55
Deferred Tax Credit			(625.30)		(1988.21)
Provision for Income Tax no longer required written back			–		28.90
Profit/(Loss) after Taxation			(1220.28)		(3906.64)
Surplus brought forward from previous year			152.55		559.19
Transfer from General Reserve			1,100.00		3500.00
Surplus Carried to Balance Sheet			**32.27**		**152.55**
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.) (Refer Note no.13 on Schedule 22)			(10.56)		(33.80)
Accounting Policies & Notes to Accounts	22				

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

As per our Report of even date.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Cash Flow Statement For the year ended 30th June, 2011

(Rs. in lacs)

	2010-11	2009-10
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax	**(1742.99)**	**(5702.20)**
Adjustments for :		
Depreciation	2612.62	2632.04
Interest & Finance Charges (net of capitalisation & subsidy)	5843.04	4400.13
Bad Debts & Irrecoverable balances written off	0.52	4.87
Molasses Storage and Maintenance Fund	3.12	3.44
(Profit)/Loss on Fixed Assets sold / discarded (net)	3.25	(291.49)
Provision for Bad & Doubtful Debts /Advances	8.98	23.16
Interest Income	(440.91)	(98.68)
Dividend Income	(137.24)	(64.36)
Operating Profit before Working Capital Changes:	**6150.39**	**906.91**
Adjustments for :		
Increase/(Decrease) in Trade Payables	(5601.19)	4109.87
Decrease in Trade & Other Receivables	143.54	1124.21
Decrease/(Increase) in Inventories	5657.04	(9535.45)
Decrease in Tea Department Balance	50.34	65.66
	249.73	(4235.71)
Cash Generated from / (Used in) Operations :	6400.12	(3328.80)
Direct Taxes Refund / (Paid)	83.84	(315.38)
Net Cash from/(Used in) Operating Activities	**6483.96**	**(3644.18)**
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	113.41	349.47
Loans (Given)/Received back (net)	(3491.99)	2.37
Interest Income	436.10	90.09
Dividend Income	137.24	64.36
Deposit under Tea Development Account Scheme	(117.69)	(42.41)
Purchase of Fixed Assets	(581.85)	(653.94)
Capital Subsidy received during the year	730.83	–
Fixed Deposits	(29.40)	188.42
Sale of long term Investments	2.07	–
Net Cash used in Investing Activities	**(2801.28)**	**(1.64)**

Cash Flow Statement *(Contd.)* For the year ended 30th June, 2011

(Rs. in lacs)

	2010-11	2009-10
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	14257.49	14648.98
Repayment of Loans	(12109.56)	(6229.29)
Interest & Finance charges paid	(5924.92)	(4767.08)
Subsidy towards interest on Excise Loan	240.01	361.26
Dividend Paid (including Dividend Tax)	–	(162.26)
Net Cash from/(Used in) Financing Activities	**(3536.98)**	**3851.61**
Net Changes in Cash & Cash Equivalents (A+B+C)	**145.70**	**205.79**
Cash & Cash Equivalents - Opening Balance	**329.40**	**123.61**
* **Cash & Cash Equivalents - Closing Balance**	**475.10**	**329.40**

* Represents Cash and Bank balances as indicated in Schedule - 8, and excludes Rs.170.91 lacs (Rs. 141.57 lacs) being bank balances with restricted use or with maturity of more than three months.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Schedules to the Balance Sheet

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
1,60,00,000 (1,60,00,000) Equity Shares of Rs. 10 each	1600.00	1600.00
16,00,000 (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 (1,15,57,239) Equity Shares of Rs. 10 each fully paid	1155.73	1155.73
	1155.73	**1155.73**

Notes : 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.

SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve		
As per last Account	19.97	19.97
Capital Redemption Reserve		
As per last Account	327.00	327.00
General Reserve		
As per last Account	1522.04	5022.04
Less:Transfer to Profit & Loss Account	1100.00	3500.00
	422.04	**1522.04**
Securities Premium		
As per last Account	6583.34	6583.34
Molasses & Alcohol Storage & Maintenance Reserve :		
As per last Account	53.76	50.32
Add : Provided during the year	3.12	3.44
	56.88	**53.76**
Surplus as per Profit & Loss Account	32.27	152.55
	7441.50	**8658.66**

Schedules to the Balance Sheet *(Contd.)*

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 3 LOAN FUNDS		
A. SECURED LOANS		
Term Loans :		
Long Term		
From Scheduled Banks		
Under Project Finance/Corporate Loan Scheme	11082.35	15717.22
Under Financial Assistance Scheme - Excise Duty Loan	1371.94	2721.50
From Sugar Development Fund	8229.48	7701.41
Short Term		
From a Body Corporate	1250.00	–
Other Loans :		
From Scheduled Banks on Cash Credit Account	11860.70	13185.61
	33794.47	39325.74
B. UNSECURED LOANS		
Short Term Loan from Scheduled Banks	6500.00	4200.00
From a Scheduled Bank against		
Crop loan to Canegrowers	712.50	742.15
From the Subsidiary Company (not bearing interest)	300.50	112.00
From Co-operative Farming Societies	151.50	103.55
Inter Corporate Loans	9820.00	4570.00
Fixed Deposits from Staff & Others	1329.14	1326.54
Trade & Other Deposits (partly not bearing interest)	33.22	33.19
	18846.86	11087.43
	52641.33	50413.17

Notes :

1. Term loans from Scheduled Banks under Project Finance/Corporate Loan Scheme are 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), Sidhwalia and Hasanpur 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.

   Term Loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Seohara & Sidhwalia. The aforesaid loan includes Rs. 461.07 (Rs. 415.51 lacs) towards interest which is recoverable as subsidy from the Government and included in Claims & Refunds Receivable under the head Loans & Advances in Schedule-10.

2. Term loans from Sugar Development Fund are secured by a second 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 (including Co-generation Plant) and include Rs. 443.76 lacs (Rs. 393.77 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.

3. Short Term Loan from a body corporate is secured by pledge of certain shares held as investments by the company and subsidiary company.

4. Cash credit borrowings are secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows -
   a) Tea Garden - First Charge
   b) Hasanpur Sugar Unit - Second Charge
   c) Seohara Sugar Unit - Third Charge - (ranking pari-passu between the lenders)
   d) Sidhwalia Sugar Unit - Third Charge

5. Unsecured loans, as stated above, include Rs. 18237.51 lacs (Rs. 10233.28 lacs) falling due for payment within one year.

Schedules to the Balance Sheet *(Contd.)*

SCHEDULE 4 FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK AS AT	
	As at 1st July, 2010	Additions/ Adjust-ments	Deductions/ Adjust-ments	As at 30th June, 2011	As at 1st July, 2010	For the year	Less : on Deductions/ Adjustments	Up to 30th June, 2011	30th June, 2011	30th June, 2010
Freehold Land	983.11	–	100.79	882.32 (a)	–	–	–	–	882.32	983.11
Leasehold land	94.55	–	–	94.55	94.55	–	–	94.55	–	–
Tea Plantations	2.39	–	–	2.39	2.26	–	–	2.26	0.13	0.13
Buildings (including on leasehold land)	4340.11	48.32	–	4388.43	779.93	98.92	–	878.85	3509.58	3560.18
Plant & Machinery	50995.36	389.52	14.02	51370.86	16344.56	2463.37	7.28	18800.65	32570.21	34650.80
Railway Sidings	19.70	–	–	19.70	4.52	0.86	–	5.38	14.32	15.18
Furniture & Fixtures	338.16	68.81	44.38	362.59	242.66	22.18	42.17	222.67	139.92	95.50
Motor Car, Lorries & other conveyances	320.68	12.58	13.92	319.34	160.53	27.29	7.00	180.82	138.52	160.15
	57094.06	519.23	173.11	57440.18	17629.01	2612.62	56.45	20185.18	37255.00	39465.05
Add: Capital Work-in-Progress	1084.75	276.94	350.13	1011.56 (d)	–	–	–	–	1011.56	1084.75
Total	**58178.81**	**796.17**	**523.24 (e)**	**58451.74 (b) & (c)**	**17629.01**	**2612.62**	**56.45**	**20185.18**	**38266.56**	**40549.80**
Previous Year's Total	56399.69	2891.88	1112.76	58178.81	15069.35	2632.04	72.38	17629.01	40549.80	

Notes :

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

b) Includes assets held in joint ownership with others Rs. 185.02 lacs (Rs.181.10 lacs).

c) Includes fixed assets awaiting disposal Gross Block Rs.57.27 lacs (Rs.10.69 lacs) and written down value Rs.49.15 lacs (Rs.3.11 lacs).

d) Includes advances against purchase of fixed assets Rs.239.76 lacs (Rs.306.19 lacs).

e) Includes Capital Subsidy of Rs.30.83 lacs (Rs. 700.00 lacs) received during the year.

	No. of Shares	Face Value per Share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 5 INVESTMENTS (at cost)				
LONG TERM				
GOVERNMENT SECURITIES				
Unquoted :				
11.5% U.P.State Development Loan, 2010			–	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
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			0.13	0.10
			1.69	3.76
EQUITY SHARES (FULLY PAID) :				
Quoted :				
New India Retailing & Investment Ltd.	202500	10	277.50	277.50
Chambal Fertilizers & Chemicals Ltd.	704160	10	98.85	98.85
			376.35	376.35
Unquoted :				
In Subsidiary Company :				
Uttar Pradesh Trading Company Ltd.	163624995	1	1736.55	1736.55
			1736.55	1736.55

Schedules to the Balance Sheet *(Contd.)*

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 5 INVESTMENTS (at cost) *(Contd.)*				
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.	–	10	–	5.40
	(54000)*			
Chandausi Rice Mills Ltd. **	1000	10	–	–
Jaihind Publishing Company Ltd. **	65	25	–	–
Akhil Bharat Printers Ltd. **	270	100	–	–
			0.90	6.30
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	10	–	–
Nagina Co-op. Cane Development Union Ltd.	1	10	–	–
Moradabad Co-op. Cane 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.	–	10	–	4.60
	(46000)*		2115.55	2127.62
Less : Provision for diminution in value of Investments			–	10.00
			2115.55	2117.62
Aggregate Value of Investments				
Quoted			376.35	376.35
Unquoted			1739.20	1741.27
Market Value of Quoted Investments			630.41	531.11

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. 0.29 lac (Rs. 0.26 lac) have been deposited with the Government Authorities,of which Rs. 0.23 lac (Rs. 0.23 lac) have matured but are pending encashment.

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

** Represents Companies under liquidation.

Schedules to the Balance Sheet *(Contd.)*

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 6 INVENTORIES		
At Lower of Cost and Net Realisable Value		
Raw Materials	49.46	66.51
Stores, Chemicals, Spare Parts etc. [(including in transit Rs. 38.31 lacs (Rs. 15.28 lacs)]	941.02	874.89
Finished Goods	14717.16	19056.49
Power-Banked	10.91	8.44
Trading Goods [including in transit Rs. Nil (Rs. 1284.01 lacs)]	1.66	1289.12
Goods under Process	394.90	490.77
Standing Crops	13.84	8.66
	16128.95	**21794.88**
At Estimated net Realisable Value		
By Products	342.07	333.54
Scrap	8.69	8.33
	350.76	**341.87**
	16479.71	**22136.75**

SCHEDULE 7 SUNDRY DEBTORS (Unsecured)		
(A) Debts Outstanding for a period exceeding six months :		
Considered Good	432.76	73.14
Considered Doubtful	43.04	49.66
	475.80	122.80
Less : Provision	43.04	49.66
	432.76	**73.14**
(B) Other Debts		
Considered Good	838.54	970.05
	838.54	**970.05**
	1271.30	**1043.19**

Schedules to the Balance Sheet *(Contd.)*

(Rs. in lacs)

			30th June, 2011	30th June, 2010
SCHEDULE 8 CASH & BANK BALANCES				
Cash in hand			43.97	40.11
Cheques/Drafts in hand			–	147.87
With Scheduled Banks on				
Current Account			103.44	138.59
Savings Account			0.02	0.02
Tea Development Account			0.17	0.10
Fixed Deposit Account [Receipt for Rs. 15.50 lacs (Rs. 15.50 Lacs pledged with Government authorities as security)]			480.50	126.10
Unpaid Dividend Account			15.39	15.45
			643.49	468.24
With Non-Scheduled Banks on Current Account				
Name of the Bank	**Maximum amount outstanding during the year**			
District Co-operative Bank Ltd.	361.76	(358.03)	2.11	2.21
Mini Co-operative Bank Ltd.	10.08	(4.23)	0.14	0.16
Bijnor Urban Co-operative Bank	0.10	(0.10)	0.01	0.10
The Samastipur Central Co-op. Bank Ltd.	0.14	(0.14)	0.14	0.14
			2.40	2.61
With Post Office on				
Savings Account (Pass Book for Rs. 0.09 lac (Rs. 0.09 lac) pledged with Government authorities)			0.12	0.12
			646.01*	470.97 *

*including Rs. 140.02 lacs (Rs. 110.62 lacs) towards earmarked accounts.

SCHEDULE 9 OTHER CURRENT ASSETS		
(A) Interest accrued on Investments		
[including Rs. 0.84 lac (Rs. 0.84 lac) considered doubtful]	0.92	0.93
Less : Provision	0.84	0.84
	0.08	0.09
(B) Accrued Interest on deposits, loans & advances		
Considered Good	26.15	21.33
Considered Doubtful	3.83	3.83
	29.98*	25.16
Less : Provision	3.83	3.83
	26.15	21.33
	26.23	21.42

*including Rs. 3.83 lacs (Rs. 3.83 lacs) due for more than six month.

Schedules to the Balance Sheet *(Contd.)*

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 10 LOANS AND ADVANCES		
UNSECURED		
Considered good		
Loans (Bearing interest)		
To a Body Corporate	3500.00	–
To Employees	12.88	20.89
	3512.88	**20.89**
Advances :		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	447.70	517.35
Advance payment of Income-tax & tax deducted at source [(after adjusting provisions Rs. 296.48 lacs (Rs. 236.61 lacs)]	55.92	242.35
Balance with Excise & other Government authorities	671.73	1065.34
Claims & Refunds Receivable	524.71	1267.70
Deposit against demand under appeal and/or under dispute	110.18	69.89
Deposit under Tea Development Account Scheme, 1990	298.47	180.78
Sundry Deposits	49.12	12.93
	2157.83	**3356.34**
Considered Doubtful:		
Loans	23.16	23.16
Advances	39.17	31.51
	62.33	54.67
Less : Provision	62.33	54.67
	–	–
	5670.71	**3377.23**
Note :		
Amount due from Officers of the Company	–	–
Maximum amount due at any time during the year	2.58	0.80

SCHEDULE 11 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities:		
Acceptances	–	1727.73
Sundry Creditors for goods, services, expenses etc.		
Due to Micro and Small Enterprises (Refer note no.8 on Schedule 22)	127.42	89.18
Due to Others	4049.19	8322.71
Other Liabilities	156.26	143.80
Advance against sale of goods/Fixed Assets	252.35	87.88
Fractional entitlement for Bonus and Right Shares	0.22	0.22
Interest accrued but not due on loan & deposits	283.87	266.18
Investor Education & Protection Fund (Not yet due)		
Unclaimed Matured Fixed Deposits	25.40	13.81
Unpaid & Unclaimed Dividends	15.39	15.45
	4910.10	**10666.96**
B. Provisions :		
Leave	104.20	96.90
Gratuity	211.72	139.11
	315.92	**236.01**
	5226.02	**10902.97**

Schedules to the Profit and Loss Account

(Rs. in lacs)

	2010-11	2009-10
SCHEDULE 12 GROSS SALES		
Finished Goods	62065.16	38441.76
Power	2948.36	1564.72
Trading Goods	645.98	626.48
By-Products	1144.03	1099.42
Processing Charges	–	115.87
Others	21.51	25.44
	66825.04	**41873.69**

SCHEDULE 13 OTHER INCOME		
Income from Long Term Investments (Non-trade)		
Dividend	14.56	13.86
Interest on Government Securities	0.18	0.41
Insurance & Other Claims	46.72	3.51
Rent & Hire Charges	7.54	8.58
Unspent liabilities, excess provisions and unclaimed balances written back	27.20	37.32
Land Dividend	122.68	50.50
Profit on sale of Fixed Assets (net)	–	291.49
Miscellaneous Receipts	10.65	10.22
	229.53	**415.89**

	2010-11		2009-10	
SCHEDULE 14 AGRICULTURAL PROFIT				
INCOME				
Sales [including inter-transfers Rs. 19.90 lacs (Rs. 14.88 lacs)]		43.33		24.23
Other Income :				
Unspent liabilities written back		–		0.06
Miscellaneous Receipts		0.72		2.08
Increase in Stocks				
Closing Stock	13.84		8.66	
Less : Opening Stock	8.66	5.18	6.68	1.98
		49.23		**28.35**
EXPENDITURE				
Seeds, Manures and Fodder Consumed		10.35		6.26
Tractor Expenses		3.40		2.84
Repairs to :				
Buildings		–		0.01
Others		–		0.01
Lease Rent		11.15		–
Rates & Taxes		0.05		0.05
Payments to and Provisions for Employees :				
Salaries, Wages, Bonus, etc.	17.17		6.28	
Contribution to Provident and other Funds	0.12	17.29	0.08	6.36
Irrigation Expenses		1.30		2.12
Harvesting Expenses		2.04		–
Miscellaneous Expenses		0.58		1.18
		46.16		**18.83**
Profit transferred to Profit & Loss Account		**3.07**		**9.52**

Schedules to the Profit and Loss Account *(Contd.)*

(Rs. in lacs)

	2010-11	2009-10
SCHEDULE 15 DECREASE/(INCREASE) IN STOCKS		
Opening Stock :		
Goods Under Process	490.77	483.71
Finished Goods	19056.49	9872.55
Power - Banked	8.44	27.92
Trading Goods	1289.12	3.34
By-Products	333.54	1044.38
Scrap	8.33	12.24
	21186.69	**11444.14**
Less :		
Closing Stock :		
Goods under Process	394.90	490.77
Finished Goods	14717.16	19056.49
Power - Banked	10.91	8.44
Trading Goods	1.66	1289.12
By-Products	342.07	333.54
Scrap	8.69	8.33
	15475.39	**21186.69**
	5711.30	**(9742.55)**
SCHEDULE 16 RAW MATERIALS CONSUMED		
Opening Stock	66.51	160.31
Add : Purchases & Procurement Expenses [including transfer of sugarcane from own farm Rs. 19.90 lacs (Rs. 14.88 lacs)]	40099.43	37519.17
Purchase Tax & Cess	361.12	306.17
	40527.06	37985.65
Less : Closing Stock	49.46	66.51
	40477.60	**37919.14**
SCHEDULE 17 STORES, SPARES & PACKING MATERIALS CONSUMED		
Stores, Spare Parts, Chemicals etc. [after adjusting sales & claims Rs. 91.38 lacs (Rs. 172.89 lacs)]	1112.86	847.69
Packing Materials	950.68	691.03
	2063.54	**1538.72**
SCHEDULE 18 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus etc.	3756.57	3543.66
Contribution to Provident & other Funds	297.08	270.97
Gratuity	123.41	191.46
Workmen Compensation	0.91	1.53
Employees' Welfare Expenses	122.28	119.15
	4300.25	**4126.77**

Schedules to the Profit and Loss Account *(Contd.)*

(Rs. in lacs)

	2010-11		2009-10	
SCHEDULE 19 MANUFACTURING, SELLING AND OTHER EXPENSES				
Repairs to and Maintenance of:				
Buildings		134.87		109.68
Machinery		827.19		805.14
Others		23.10		13.99
Rent		13.61		14.36
Rates & Taxes (net)		34.30		29.18
Insurance		65.86		74.54
Auditors' Remuneration:				
As Auditors				
Audit Fees		11.50		11.50
Tax Audit Fees		6.90		6.90
Limited Review Fees		6.90		6.90
In other capacity for certificates & other services		4.95		5.39
For Expenses		2.90		2.50
Cost Auditors' Remuneration:				
For Audit Fees		0.60		0.60
For Expenses		0.11		0.09
Selling Commission & Expenses:				
Commission on sales (other than sole selling agents)		213.24		135.09
Brokerage		30.85		29.62
Other Selling Expenses		449.32		121.06
Charity & Donations		0.34		0.62
Provision for Bad & Doubtful Debts / Advances		8.98		23.16
Bad debts, irrecoverable advances etc. written off	8.35		5.78	
Less : Adjusted against provisions	7.83	0.52	0.91	4.87
Long Term Investments written off	10.00		–	
Less : Adjusted against provisions	10.00	–	–	–
Exchange Rate Fluctuations		33.86		–
Loss on fixed assets sold / discarded (net)		3.25		–
Molasses Storage & Maintenance Reserve		3.12		3.44
Miscellaneous Expenses [including Directors' travelling Rs. 63.31 lacs (Rs. 42.92 lacs)]		613.24		575.94
		2489.51		**1974.57**

Schedules to the Profit and Loss Account *(Contd.)*

(Rs. in lacs)

	2010-11		2009-10	
SCHEDULE 20 DIRECTORS' REMUNERATION				
Directors' Remuneration :				
(A) Managing Director's Remuneration :				
Salary	30.00		30.00	
Contribution to Provident Fund	3.60		3.60	
Gratuity	–	33.60	6.50	40.10
(B) Directors' Fees		1.73		1.67
		35.33		**41.77**

Note: In view of the loss, no provision for Directors' Commission has been made.

SCHEDULE 21 INTEREST & FINANCE CHARGES (NET)				
Interest				
On Fixed Loans		4065.60		3642.72
On Other Loans *		1964.07		975.84
To Income Tax Department		0.93		0.06
Finance Charges				
To Banks		36.38		168.05
To Others		26.65		21.62
		6093.63		**4808.29**
Less : At Credit				
Amount Capitalised		–		42.31
Subsidy towards Interest on Excise Duty Loan		250.59		365.85
From Income Tax Department		13.45		0.16
On Unsecured Loans, Debts & Deposits (Gross) [Tax deducted at source Rs. 42.55 lacs (Rs.10.46 lacs)]		427.28		98.11
		691.32		**506.43**
		5402.31		**4301.86**

* including Rs. 397.08 lacs (Rs. Nil) for earlier years.

Schedule forming part of the Accounts

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of Preparation:

The financial statements have been prepared to comply in all material aspects with the Accounting Standards Notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

(ii) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Revenue Recognition:

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

(a) Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

(b) Dividend Income is recognized when the shareholders' right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if the same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

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

(d) Due to uncertainty in realization, following incomes are accounted for on acceptance/actual receipt basis:-

(i) Insurance and other claims.

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

(iii) Replanting subsidy.

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

(iv) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprise the purchase price inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection/commissioning expenses etc. upto the date the asset is ready for its intended use.

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

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

(v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(vi) 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 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.

(c) Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

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

(vii) Government Grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant on subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Revenue grants/subsidies which are not related to any expenses, are recognised as income in Profit & Loss Account.

When the grant or subsidy relates to an asset, it is deducted from the gross value of the asset concerned in arriving at the carrying amount of related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as part of the shareholders funds.

(viii) 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.

(ix) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are carried at lower of cost and fair value determined on individual investment basis. 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.

(x) Inventories:

Raw Materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

Goods under process, finished goods (including Power Banked) and traded goods are valued at lower of cost and net realisable value. Finished goods and Goods under process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

Cost of inventory is computed on weighted average basis.

By products, Country crop and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value.

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

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(xi) 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.

(d) Forward Exchange Contracts not entered for trading or speculation purpose

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 contracts is recognized as income or expense for the year.

(xii) Retirement benefits :

(a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

(b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.

(c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.

(d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(xiii) Taxation:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income tax reflects the impact of current year timing differences between taxable income and accounting 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 enacted or substantively enacted as of the Balance Sheet date. Deferred tax asset is recognized 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 carry forward unabsorbed depreciation and tax losses, all deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realised.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date. The company writes-down the carrying amount of a Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the 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 the Company will pay normal Income Tax during the specified period.

(xiv) 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 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.

(xv) Share issue expenses:

Share issue expenses are adjusted against Securities Premium Account.

(xvi) Fixed Assets Acquired under Lease:

(a) Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the lease items, are capitalised at the lower of the fair value and present value of minimum lease payment at the inception of the lease term and disclosed as lease assets. Lease payments are apportioned between the finance charge and the reduction the lease liability so as to achieve a constant rate of interest on the remaining balance of their liability, Finance charges are charged directly to the expenses account.

(b) Operating Lease

Leases where the lessor effectively retains substantially all the risk and benefit of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense the Profit & Loss account.

(xvii) Earning per Share:

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

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

(xviii) 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.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(xix) Cash and Cash equivalents:

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

(xx) 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. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate required to settle the obligation, at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(xxi) Derivative Instruments:

As per the announcement made by the Institute of Chartered Accountants of India, Derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item, is charged to the income statement. Net gains are ignored as a matter of prudence.

(Rs. in lacs)

		As at 30th June, 2011	As at 30th June, 2010
2.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	1118.27	1178.16
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	511.49	488.26
	(ii) Sales Tax & Entry Tax	118.18	28.24
	(iii) Collection charges against Cane Dues	431.42	–
	(iv) Others	79.02	154.77
	Total	**1140.11**	**671.27**
	(b) Bank Guarantees outstanding	319.31	26.00
	(c) (i) Guarantees given to banks against loans to cane growers	1400.00	1400.00
	(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	893.60	982.21

4. In view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court, the Company for its Seohara Sugar Unit in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-08 @ Rs.110 per quintal as against the State Advised Price (SAP) of Rs.125 per quintal. Pending final decision by the Hon'ble Supreme Court in this matter, the differential price of Rs.1891.18 lacs between SAP and the amount already provided, as stated above, has not been accounted for.

5. Diminution of Rs 216.75 lacs (Rs.216.75 lacs) in the value of certain quoted investments based on the last quoted price has not been provided, as the break up value of the said shares supplemented by the market value as on 30th June 2011, of the quoted investments held by the investee Company, is much higher than the corresponding Book Value.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

6. The break-up of net Deferred Tax Asset as at 30th June, 2011 is as under :

(Rs. in lacs)

		As at 30th June, 2011	As at 30th June, 2010
(A)	Deferred Tax Asset		
(i)	Carry forward of unabsorbed depreciation & Business Losses	8393.78	7990.69
(ii)	Expenses allowable against taxable income in future years	649.24	621.28
		9043.02	8611.97
(B)	Deferred Tax Liability		
(i)	Timing difference in depreciable assets	7054.45	7248.70
		7054.45	7248.70
	Net Deferred Tax Assets	1988.57	1363.27

Although, there is carried forward unabsorbed Depreciation & Business Losses as on the Balance Sheet date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above Tax credit.

7. **(a)** The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of The Payment of Gratuity Act, 1972. The Company has got an approved Gratuity Fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for gratuity.

I. Expenses recognized in the statement of Profit & Loss Account are as follows:

(Rs. in lacs)

Particulars	2010-11	2009-10
Current service cost	60.61	54.66
Interest cost on benefit obligation	85.39	66.58
Expected return on plan assets	(76.29)	(70.69)
Past Service cost	–	61.19
Net actuarial loss recognised in the year	53.70	86.22
Total Employer Expenses	**123.41**	**197.96**
Actual return on plan assets	85.72	85.63

II. Net Liability / (Assets) recognized in the Balance Sheet are as follows:

(Rs. in lacs)

Particulars	As at 30th June, 2011	As at 30th June, 2010
Present value of Defined Benefits Obligation	1227.89	1116.03
Fair value of plan assets	1016.17	976.92
	211.72	139.11
Less: Unrecognised past service cost	–	–
Net liability	**211.72**	**139.11**

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

III. Change in the present value of the defined benefit obligation during the year are as follows: *(Rs. in lacs)*

Particulars	2010-11	2009-10
Present Value of Defined Benefit Obligation at the beginning of the year	1116.03	919.54
Current Service Cost	60.61	54.66
Interest Cost	85.39	66.58
Past Service cost	–	61.19
Benefits Paid	(97.27)	(87.10)
Actuarial Loss / (Gain)	63.13	101.16
Present Value of Defined Benefits Obligation at the end of the year	**1227.89**	**1116.03**

IV. Change in the Fair Value of Plan Assets during the year ended are as follows: *(Rs. in lacs)*

Particulars	2010-11	2009-10
Fair Value of Plan Assets at the beginning of the year	976.92	968.96
Expected Return on plan assets	76.29	70.69
Contribution by Employer	50.80	9.43
Benefits paid	(97.27)	(87.10)
Actuarial Gains/ (Losses)	9.43	14.94
Fair Value of Pan Assets at the end of the year	**1016.17**	**976.92**

V. The major categories of plan assets as a percentage of the fair value of the total plan assets

Particulars	2010-11	2009-10
Funded with insurer	100%	100%

VI. The principal assumptions are as follows:

Particulars	2010-11	2009-10
Discount Rate	8.00%	8.00%
Expected Rate of return on assets	8.00%	7.60%
Rate of increase in salaries	5.00%	5.00%
Withdrawal rates	Varying between 1.80% to 6.20% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

VII. Amounts for the current and previous years are as follows: *(Rs. in lacs)*

Particulars	As at 30th June, 2011	As at 30th June, 2010	As at 30th June, 2009	As at 30th June, 2008
Defined benefit obligation	1227.89	1116.03	919.54	841.12
Plan Assets	1016.17	976.92	968.96	822.13
Surplus / (Deficit)	(211.72)	(139.11)	49.42	(18.99)
Experience Gain/ (Loss) Adjustments on plan liabilities	63.13			
Experience Gain/ (Loss) Adjustments on plan assets	9.43			
Experience Gain / (Loss) adjustment on plan liabilities due to change in assumptions	Nil			

Note: The experience adjustments on plan liabilities and assets are not readily available for earlier years and hence not disclosed.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) **Defined Contribution Plan :**

The Company has recognized the following amount as an expense and included under, "Contribution to Provident & Other Funds".

(Rs. in lacs)

	2010-11	2009-10
Contribution to Employees Provident/Pension Fund	298.65	272.57
Contribution to Superannuation Fund	2.15	2.08

Note:

i. The Company expects to contribute Rs. 150.00 lacs to Gratuity Fund in 2011-12.

ii. The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

iii. The Guidance Note on implementation of AS-15 (Revised), "Employee Benefits" issued by the ICAI states that Provident Fund set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regard to future obligation arising due to interest shortfall (i.e. government interest to be paid on the provident fund scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund Liability.

8. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs. in lacs)

		2010-11	2009-10
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	114.43	81.85
(ii)	Interest due on above.	5.06	3.84
	Total (i) & (ii)	119.49	85.69
(iii)	Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	8.18	9.75
(iv)	Amounts paid to the suppliers beyond the respective due date	175.41	220.70
(v)	Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	4.63	1.41
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year	9.69	5.25
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	3.30	2.08

9. Assets, Liabilities and Income & Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended March 31, 2011 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 April 1, 2011 to June 30, 2011 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

10. The land ceiling matter under the U.P. Imposition of Ceiling on Land Holdings 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 appropriate adjudicating authorities.

11. Excise Duty & Cess on sales has been reduced from sales in Profit & Loss Account and Excise Duty & Cess on increase/decrease in stock has been considered as Income/Expenses in Profit & Loss Account.

12. (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)

	2010-11	2009-10
Stores and Spares, etc.	520.04	596.87

13. **Earning per Share (EPS):**

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

	2010-11	2009-10
Profit/(Loss) as per Profit & Loss Account (Rs. in lacs)	(1220.28)	(3906.64)
Weighted average Number of Equity Shares outstanding during the year (Rs. 10 each)	11557239	11557239
Basic and Diluted earning per share (Rs.)	(10.56)	(33.80)

14. **Operating lease:**

Certain office premises, godowns, cane purchasing centres etc. are held on operating lease. The lease term is ranging up to 3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

(Rs. in lacs)

Particulars	2010-11	2009-10
Lease payments made for the year *	13.61	14.36

* Excluding lease rent for use of land Rs.11.15 lacs (Rs. Nil).

15. **Derivative instruments outstanding as on the Balance Sheet date:**

Currency / Interest rate swap for foreign currency loan of USD 4.00 millions (USD 6.66 millions) equivalent to Rs.1843.70 lacs (Rs. 3072.84 lacs) @ 6 months Libor + 1.30% p.a vis a vis fixed rate of 8.75% p.a.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

16. Related Party Disclosures:

(a) Names of the related parties:

Subsidiary Company	Uttar Pradesh Trading Company Ltd.
Key Management Personnel	Mrs. Nandini Nopany - Chairperson cum Managing Director
	Mr. C.B. Patodia - Advisor
	Mr. S.K.Poddar - Company Secretary
	Mr. Sukhvir Singh - Executive President, Seohara Unit
	Mr. B.K. Sureka - Executive President, Sidhwalia Unit
	Mr. R.K. Gupta - Executive President, Hasanpur Unit (upto 7th November, 2010)
	Mr. Birinder Singh - Sr. Executive Vice President, Hasanpur Unit (from 12th November, 2010)
	Mr. S.S. Binani - Executive Vice President, Cinnatolliah Tea Garden
Relatives of Key Management Personnel	Mr. Chandra Shekhar Nopany - Son of Mrs. Nandini Nopany
	Mrs. Shruti Vora – Daughter of Mrs. Nandini Nopany
	Mrs. Jyotsna Poddar - Sister of Mrs. Nandini Nopany
	Mrs. Shobhana Bhartia - Sister of Mrs. Nandini Nopany
	Mr. Prateek Sureka - Son of Mr. B.K. Sureka
	Mr. Pragati Sureka - Son of Mr. B.K. Sureka
	Mrs. Anita Sureka - Wife of Mr. B.K. Sureka
Enterprises owned or significantly influenced by Key Management Personnel and their relatives	The Oudh Sugar Mills Ltd.
	Gobind Sugar Mills Ltd.
	H.T. Media Ltd.
	Hargaon Investment & Trading Co. Ltd.
	OSM Investment & Trading Co. Ltd.
	Champaran Marketing Co. Ltd.
	Uttam Commercial Ltd.
	Moon Corporation Ltd.
	Manbhawani Investment Limited

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011

(Rs. in lacs)

	Subsidiary		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 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011
Sale of Goods										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	**0.10**	–	**0.10**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Moon Corporation Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(1996.59)	(–)	(1996.59)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	**455.31**	–	**455.31**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(240.30)	(–)	(240.30)	(–)
Sale of Fixed Assets										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	**3.48**	–	**3.48**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	**0.59**	–	**0.59**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Purchase of Goods										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	**67.07**	–	**67.07**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(45.33)	(–)	(45.33)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	**19.71**	–	**19.71**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(10.42)	(–)	(10.42)	(–)
Interest Expense										
H T Media Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(11.89)	(–)	(11.89)	(–)
Manbhawani Investment Ltd.	–	–	–	–	–	–	**33.60**	–	**33.60**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(31.50)	(–)	(31.50)	(–)
Uttam Commercial Ltd.	–	–	–	–	–	–	**18.90**	–	**18.90**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(15.94)	(–)	(15.94)	(–)
Others	–	–	–	–	**1.15**	**1.46**	–	–	**1.15**	**1.46**
	(–)	(–)	(–)	(–)	(1.10)	(1.76)	(–)	(–)	(1.10)	(1.76)
Interest received during the year										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	**384.59**	–	**384.59**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Moon Corporation Ltd.	–	–	–	–	–	–	–	-	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(38.82)	(–)	(38.82)	(–)
Rent received during the year										
Moon Corporation Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(2.31)	(–)	(2.31)	(–)
Dividend Paid during the year										
Hargaon Investment & Trading Co. Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(7.90)	(–)	(7.90)	(–)
OSM Investment & Trading Co. Ltd	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(2.82)	(–)	(2.82)	(–)
Champaran Marketing Co. Ltd	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(3.13)	(–)	(3.13)	(–)
Mrs. Nandini Nopany	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(7.39)	(–)	(–)	(–)	(–)	(–)	(7.39)	(–)
Others	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(0.56)	(–)	(0.23)	(–)	(0.79)	(–)
Intercorporate Loans and Fixed Deposits Taken										
Uttar Pradesh Trading Co. Ltd.	**205.50**	**300.50**	–	–	–	–	–	–	**205.50**	**300.50**
	(567.00)	(112.00)	(–)	(–)	(–)	(–)	(–)	(–)	(567.00)	(112.00)
Manbhawani Investment Ltd.	–	–	–	–	–	–	–	**240.00**	–	**240.00**
	(–)	(–)	(–)	(–)	(–)	(–)	(100.00)	(240.00)	(100.00)	(240.00)
Uttam Commercial Ltd.	–	–	–	–	–	–	–	**135.00**	–	**135.00**
	(–)	(–)	(–)	(–)	(–)	(–)	(135.00)	(135.00)	(135.00)	(135.00)
Others	–	–	–	–	–	**9.00**	–	–	–	**9.00**
	–	–	(–)	(–)	(3.00)	(9.00)	(–)	(–)	(3.00)	(9.00)
Intercorporate Loans and Fixed Deposits Refunded										
Uttar Pradesh Trading Co. Ltd.	**17.00**	–	–	–	–	–	–	–	**17.00**	–
	(502.50)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(502.50)	(–)
HT Media Ltd.	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(500.00)	(-)	(500.00)	(–)

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011 (Contd.)

(Rs. in lacs)

	Subsidiary		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 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011
Loans given										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	**4250.00**	**3500.00**	**4250.00**	**3500.00**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Loans refunded										
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	**750.00**	–	**750.00**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Balance Outstanding On Current Account (Net) Receivable / (-)Payable										
Gobind Sugar Mills Ltd.	–	–	–	–	–	–	–	**-0.36**	–	**-0.36**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(-0.04)	(–)	(-0.04)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	**6.80**	–	**6.80**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(28.42)	(–)	(28.42)
Director sitting fees										
Mr. Chandra Shekhar Nopany	–	–	–	–	**0.30**	–	–	–	**0.30**	–
	(–)	(–)	(–)	(–)	(0.28)	(–)	(–)	(–)	(0.28)	(–)
Remuneration										
Mr. C.B.Patodia	–	–	**156.16**	**3.77**	–	–	–	–	**156.16**	**3.77**
	(–)	(–)	(167.04)	(3.92)	(–)	(–)	(–)	(–)	(167.04)	(3.92)
Mr. S. K. Poddar	–	–	**21.57**	**0.53**	–	–	–	–	**21.57**	**0.53**
	(–)	(–)	(20.60)	(0.50)	(–)	(–)	(–)	(–)	(20.60)	(0.50)
Mr. Sukhvir Singh	–	–	**32.61**	–	–	–	–	–	**32.61**	–
	(–)	(–)	(33.08)	(0.70)	(–)	(–)	(–)	(–)	(33.08)	(0.70)
Mr. B.K.Sureka	–	–	**14.80**	**0.48**	–	–	–	–	**14.80**	**0.48**
	(–)	(–)	(14.43)	(0.48)	(–)	(–)	(–)	(–)	(14.43)	(0.48)
Mr. S.S.Binani	–	–	**15.61**	–	–	–	–	–	**15.61**	–
	(–)	(–)	(13.59)	(–)	(–)	(–)	(–)	(–)	(13.59)	(–)
Mr. Birinder Singh	–	–	**7.75**	**0.55**					**7.75**	**0.55**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Mr. R.K. Gupta	–	–	**4.68**	–	–	–	–	–	**4.68**	–
	(–)	(–)	(15.71)	(0.64)	(–)	(–)	(–)	(–)	(15.71)	(0.64)

(c) The remuneration paid to Mrs. Nandini Nopany, Managing Director, has been disclosed in Schedule-20 to the accounts.
(d) Investment in Subsidiary Company is disclosed in Schedule-5 to the Accounts.

17. The Company's segment information as at and for the year ended 30th June, 2011 are as below:

(Rs. in lacs)

		Sugar	Spirit	Co-generation	Tea	Others	Total
(a)	**Revenue (net of excise duty and cess)**						
	Segment Revenue	57455.31	4830.91	5200.11	1811.09	645.98	69943.40
		(35435.39)	(4154.64)	(3255.58)	(1815.69)	(626.48)	(45287.78)
	Less - Inter-segment Sales	3760.91	13.11	2251.75	–	–	6025.77
		(3839.89)	(8.90)	(1690.86)	(–)	(–)	(5539.65)
	Net Sales/Income from Operations	53694.40	4817.80	2948.36	1811.09	645.98	63917.63
		(31595.50)	(4145.74)	(1564.72)	(1815.69)	(626.48)	(39748.13)
(b)	**Results**						
	Segment Results	261.74	1168.39	1838.60	659.74	4.84	3933.31
		(-3007.43)	(672.21)	(537.47)	(771.10)	(21.61)	(-1005.04)
	Unallocated expenses net of unallocated income						273.99
							(395.30)
	Operating Profit/(-) Loss						3659.32
							(-1400.34)
	Interest & Finance Charges (net)						5402.31
							(4301.86)
	Income & Wealth Tax						102.59
							(117.00)

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

17. The Company's segment information as at and for the year ended 30th June, 2011 are as below: (Contd.)

(Rs. in lacs)

		Sugar	Spirit	Co-generation	Tea	Others	Total
	Income Tax Provision no longer required written back						–
							(28.90)
	MAT Credit Reversal						–
							(104.55)
	Deferred Tax Credit						(625.30)
							(-1988.21)
	Net Profit/(-) Loss						**-1220.28**
							(-3906.64)
(c)	**Total Assets**						
	Segment Assets	**39609.82**	**5317.19**	**11383.62**	**980.39**	**9.23**	**57300.25**
		(48259.33)	(5135.47)	(11867.75)	(949.86)	(15.50)	(66227.91)
	Unallocated Corporate Assets						9164.39
							(4902.62)
							66464.64
							(71130.53)
(d)	**Total Liabilities**						
	Segment Liabilities	**4301.53**	**178.80**	**60.30**	**173.58**	**185.60**	**4899.81**
		(10242.34)	(110.34)	(91.64)	(149.44)	(12.10)	(10605.86)
	Unallocated Corporate Liabilities						**52967.60**
							(50710.28)
							57867.41
							(61316.14)
(e)	**Other Information**						
	(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	**3.12**	–	–	–	–	**3.12**
		(3.44)	(–)	(–)	(–)	(–)	(3.44)
	(ii) Capital Expenditure	**183.20**	**22.29**	**173.84**	**66.71**	–	**446.04**
		(145.84)	(6.70)	(92.10)	(61.76)	(–)	(306.40)
	(iii) Depreciation for the year	**1638.35**	**278.92**	**653.49**	**41.25**	**0.61**	**2612.62**
		(1641.42)	(285.36)	(663.69)	(41.48)	(0.09)	(2632.04)
(f)	**Geographical Segments Revenue**						
	India						**58210.33**
							(39748.13)
	Overseas (including through third party)						**5707.30**
							(–)
							63917.63
							(39748.13)

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.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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

Quantitive Information :

A. Licensed and Installed Capacity, Production, Stock & Sale of Goods Produced / Traded during the year *(Rs. in lacs)*

Class of Goods	Unit	Licenced Capacity*	Installed Capacity	Production	Purchases		Opening stock		Sales (b)		Closing stock (b)	
					Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Sugar	Qtls.	Not	18000	1699827	60447	1687.14	807058 (c)	20041.80	1999235	54945.52	567656	14386.88
		applicable	(18000)	(1409990)	(48600)	(1727.73)	(499285)	(9688.14)	(1148713)	(32153.87)	(807058)	(20041.80)
			Tons crushing per day									
Molasses	Qtls.	–	–	**855962**	–	–	**92822**	**243.08**	**848967 (d)**	**1130.82**	**99784**	**256.55**
		(–)	(–)	(712901)	(–)	(–)	(220168)	(912.76)	850138	(1094.83)	(92822)	(243.08)
Spirit	Ltrs.	**30.00**	**30.00**	**21160951**	–	–	**1568448**	**277.12**	**20918300**	**5220.76**	**1829391**	**291.37**
(including denaturants)		(30.00)	(30.00)	(18937845)	(–)	(–)	(999915)	(168.50)	(18320250)	(4383.54)	(1568448)	(277.12)
		Millions	Millions									
Carbon-di-oxide	MT.	**6600**	**6600**	**2421.87**	–	–	–	–	**2421.87**	**73.46**	–	–
		(6600)	(6600)	(1976.54)	(–)	(–)	(–)	(–)	(1976.54)	(77.62)	(–)	(–)
Power	Unit	**39 MW**	**39 MW**	**110421930**	–	–	**309300**	**8.44**	**73569180**	**2948.36**	**424481 (f)**	**10.91**
		(39 MW)	(39 MW)	(73838502)	(–)	(–)	(1375369)	(27.92)	(41277098)	(1564.72)	(309300)	(8.44)
		Per hour	Per hour									
Tea	Kg.	Not	Not	**1260821**	–	–	**31187**	**21.58**	**1196371**	**1814.82**	**47977**	**38.91**
		applicable	Applicable	(1315913)	(–)	(–)	(23254)	(15.91)	(1258247)	(1819.66)	(31187)	(21.58)
Bio Compost	Qtls.	Not	**200000**	**81510**	–	–	–	–	**81510 (d)**	**10.60**	–	–
		applicable	(200000)	(64803)	(–)	(–)	(–)	(–)	(64803)	(7.07)	(–)	(–)
Diesel	Ltrs.	–	–	–	**1611640**	**625.77**	**9789**	**3.62**	**1616342**	**639.89**	**3126**	**1.22**
		(–)	(–)	(–)	(1748570)	(613.25)	(6440)	(2.05)	(1743261)	(622.75)	(9789)	(3.62)
Grease, Gear Oil	Ltrs.	–	–	–	**340**	**0.38**	**109**	**0.15**	**337**	**0.43**	**112**	**0.15**
& Brake Oil		(–)	(–)	(–)	(200)	(0.25)	(90)	(0.12)	(181)	(0.22)	(109)	(0.15)
Mobil Oil	Ltrs.	–	–	–	**3197**	**4.02**	**1025**	**1.34**	**4026**	**5.66**	**196**	**0.29**
		(–)	(–)	(–)	(2553)	(3.16)	(846)	(1.17)	(2373)	(3.51)	(1025)	(1.34)
Bagasse	Qtls.	–	–	**1884413 (e)**	–	–	**73281**	**90.46**	**1885544 (d)**	**13.21**	**72150**	**85.52**
		(–)	(–)	(1399446)	(–)	(–)	(93176)	(131.62)	(1419341)	(4.59)	(73281)	(90.46)
Sugar Processing charges										–		–
										(115.87)		(–)
Sundries								**8.33**		**21.51**		**8.69**
								(12.24)		(25.44)		(8.33)
						2317.31		**20695.92**		**66825.04**		**15080.49**
						(2344.39)		(10960.43)		(41873.69)		(20695.92)
Farm Products	Qtls.								**20972**	**43.33**		
									(10938)	(24.23)		

* On per annum basis except stated otherwise.

Notes :

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

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

(c) Includes 401 (2014) quintals lost due to reprocessing.

(d) Includes 624000 (687800) quintals of Molasses, 1877095 (1417574) quintals of Bagasse and 8446 (10299) quintals of Bio Compost consumed departmentally.

(e) Includes bagasse used in Co-generation but excludes the quantum used for own consumption in Sugar Units.

(f) After adjusting inter-transfers 27820491 (23749412) units, transmission loss Nil (182071) units and captive consumption 8917078 (9695990) units.

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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

Class of Goods	Unit	2010-2011		2009-2010	
		Quantity	Rs. in lacs	Quantity	Rs. in lacs
Sugarcane (crushed)	Quintals	17665066	39097.96	14792626	37263.23
Raw Sugar	"	–	–	250	4.08
Molasses	"	886402	2559.39	799459	2590.14
Press Mud	"	230164	15.60	235027	14.60
Bagasse	"	1810775	2204.18	1290199	1541.75
Power Steam	MT	186675	240.97	49195	148.54
Green Leaf	Kgs.	5586543	22.35	5716080	18.37
Total			**44140.45**		**41580.71**
Less : Inter unit transfer of own produced materials			3662.85		3661.57
Net consumption of raw materials			**40477.60**		**37919.14**

Notes:

(i) The above figures are after adjusting transit losses/shortages and include the quantity and value of materials produced during the process of manufacturing 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. 22.35 lacs (Rs.18.37 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)

	2010-2011	2009-2010
Opening Stock	–	–
Production	5586543	5716080
Closing Stock	–	–

(Rs. in lacs)

		2010-2011	2009-2010
C.	C.I.F. Value of Imports (including through canalizing agencies on invoice value) :		
	(a) Stores, Chemicals and Spares, etc.	–	1.30
	(b) Capital Goods	–	10.97
	(c) Trading Goods	127.17	1727.73
D.	Expenditure in Foreign Currency (On Cash Basis)		
	(a) Travelling expenses	16.95	7.14
	(b) Others	1.17	1.23
E.	Earning in Foreign Exchange (On Cash Basis) FOB Value of Exports including through third parties	5707.30	Nil

Schedule forming part of the Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

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

	Raw Materials		Stores, Chemicals, Spare Parts etc.	
	Rs. In lacs	%	Rs. In lacs	%
Imported (as certified by the management)	–	–	**0.25**	**0.02**
	(4.08)	(0.01)	(1.61)	(0.11)
Indigenous	**40477.60**	**100.00**	**1632.65**	**99.98**
	(37915.06)	(99.99)	(1442.95)	(99.89)
	40477.60	**100.00**	**1632.90**	**100.00**
	(37919.14)	(100.00)	(1444.56)	(100.00)

G. Amount remitted in Foreign Currencies towards Dividend:

		2010-11	2009-10
1.	No. of Non-Resident Shareholders	71	76
2.	Ordinary Shares held	27869	32043
3.	Amount remitted and/or paid in Indian Currency (Rs. in lacs)	Nil	0.38

19. Previous years figures including those given in brackets, have been regrouped and/or rearranged, wherever necessary.

Signatories to Schedules 1 to 22

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. L15421UP1932PLC025141

Balance Sheet Date	3	0		0	6		2	0	1	1	State Code							2	0

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

Public Issue						N	I	L	Rights Issue						N	I	L
Bonus Issue						N	I	L	Private Placement						N	I	L

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

Total Liabilities		6	1	2	3	8	5	6	Total Assets		6	1	2	3	8	5	6
Sources of Funds																			
Paid-up Capital			1	1	5	5	7	3	Secured Loans		3	3	7	9	4	4	7
Reserves & Surplus			7	4	4	1	5	0	Unsecured Loans		1	8	8	4	6	8	6
Application of Funds																			
Net Fixed Assets		3	8	2	6	6	5	6	Investments			2	1	1	5	5	5
Net Current Assets		1	8	8	6	7	9	4	Tea Department Balance								(6)
Deferred Tax Assets (Net)			1	9	8	8	5	7									

IV. Performance of Company (Amount in Rs. thousands)

Turnover (inc. other income)		6	4	1	5	0	2	3	Total Expenditure		6	5	8	9	3	2	2
Profit/(Loss) before Tax			(1	7	4	2	9	9)	Profit/(Loss) after Tax			(1	2	2	0	2	8)
Earning Per Share (in Rs.)				(1	0	.	5	6)	Dividend Rate (Rs.)						N	I	L

V. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) 17011000
Product Description Sugar

Item Code No. (ITC Code) 0220710
Product Description Industrial Spirit

Item Code No. (ITC Code) 09024002
Product Description Tea

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors of
Upper Ganges Sugar & Industries Limited

1. We have examined the attached Consolidated Balance Sheet of UPPER GANGES SUGAR & INDUSTRIES LIMITED and its subsidiary as at 30th June, 2011 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 and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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, whose financial statements reflect total assets of Rs. 3519.07 lacs as at 31st March 2011 [Refer note no. 1(c) on Schedule 22] and total revenues of Rs.106.41 lacs and net cash flow of Rs. 4.35 lac for the year then ended. These financial statements have been audited by other 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.

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" notified under the Companies Accounting Standards Rules, 2006.

5. Without qualifying our opinion, we draw attention to Note No. 5 on Schedule 22, regarding accounting of Sugarcane purchases at Seohara Sugar unit in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs. 1891.18 lacs, however since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.

6. Attention is drawn to the following notes on Schedule 22:
   (i) Note No. 7 regarding recognition of Deferred Tax Asset (DTA) (net) of Rs. 1988.57 lacs (including Rs. 1363.27 lacs recognised in earlier years) upto 30th June, 2011, based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the impact of above been considered, there would be a loss of Rs. 3111.81 lacs as against the reported loss of Rs. 1123.24 lacs for the year and the Reserves & Surplus would be Rs. 7527.17 lacs as against the reported figures of Rs. 9515.74 lacs as on the Balance Sheet date.

   (ii) Note No.10 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2011 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2011, 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.

7. Based on our audit and on consideration of the report of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, *subject to the matters stated in para 6 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
   (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, 2011;
   (b) in the case of Consolidated Profit & Loss Account, of the consolidated loss 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.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

Per **Sanjoy K Gupta**
a Partner
Membership No. 54968

Consolidated Balance Sheet of Upper Ganges Sugar & Industries Limited and its Subsidiary company as on 30th June, 2011

(Rs. in lacs)

	Schedule	30th June, 2011	30th June, 2010
SOURCES OF FUNDS			
(A) Shareholders' Funds			
(a) Share Capital	1	1155.73	1155.73
(b) Reserves & Surplus	2	9515.74	10635.86
		10671.47	**11791.59**
B. Loan Funds	3		
(a) Secured		33794.47	39325.74
(b) Unsecured		18546.36	10975.43
		52340.83	**50301.17**
		63012.30	**62092.76**
APPLICATION OF FUNDS			
A. Fixed Assets	4		
(a) Gross Block		57455.18	57109.06
(b) Less : Accumulated Depreciation		20185.18	17629.01
(c) Net Block		37270.00	39480.05
(d) Capital Work-in-Progress (including Capital Advances)		1011.56	1084.75
		38281.56	**40564.80**
B. Investments	5	**3864.92**	**3966.99**
C. Deferred Tax Asset (net)		**1988.57**	**1363.27**
D. Current Assets, Loans & Advances			
(a) Inventories	6	16479.71	22136.75
(b) Sundry Debtors	7	1271.30	1043.19
(c) Cash & Bank Balances	8	648.11	471.55
(d) Other Current Assets	9	26.23	21.42
(e) Loans & Advances	10	5678.86	3377.54
		24104.21	**27050.45**
Less : Current Liabilities & Provisions	11		
(a) Current Liabilities		4910.98	10667.02
(b) Provisions		315.92	236.01
		5226.90	**10903.03**
Net Current Assets		**18877.31**	**16147.42**
E. Tea Department Balance		(0.06)	50.28
		63012.30	**62092.76**
Accounting Policies & Notes to accounts	22		

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

As per our Report of even date.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata – 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Consolidated Profit and Loss Account of Upper Ganges Sugar & Industries Limited and its Subsidiary company for the year ended 30th June, 2011

(Rs. in lacs)

	Schedule	2010-11		2009-10	
INCOME					
Gross Sales	12		66825.04		41873.69
Less: Excise Duty		2472.46		1849.87	
Cess		434.95	2907.41	275.69	2125.56
Net Sales			63917.63		39748.13
Other Income	13		335.94		581.27
Agricultural Profit	14		3.07		9.52
			64256.64		**40338.92**
EXPENDITURE					
Decrease / (Increase) in Stocks	15		5711.30		(9742.55)
Excise Duty & Cess on Stocks			(158.35)		117.15
(Refer Note no. 12 on Schedule 22)					
Purchase of Trading Goods			2317.31		2344.39
Raw Materials Consumed	16		40477.60		37919.14
Stores, Spares & Packing Materials Consumed	17		2063.54		1538.72
Power & Fuel			641.80		621.88
Payments to and Provisions for Employees	18		4300.25		4126.77
Manufacturing, Selling and Other Expenses	19		2498.85		1975.46
Directors' Remuneration	20		35.36		41.81
			57887.66		**38942.77**
Profit before Interest, Depreciation & Taxation			**6368.98**		**1396.15**
Less : Interest & Finance charges (net)	21		5402.31		4292.79
Depreciation			2612.62		2632.04
			8014.93		**6924.83**
Profit / (Loss) beforeTaxation			**(1645.95)**		**(5528.68)**
Provision for Taxation :					
Current Tax [including Wealth Tax Rs. 6.00 lacs (Rs. 6.00 lacs)]			102.59		128.71
Minimum Alternate Tax Credit Reversal			–		104.55
Deferred Tax Credit			(625.30)		(1988.21)
Provision for Income Tax no longer required written back			–		28.90
Profit / (Loss) after Taxation			**(1123.24)**		**(3744.83)**
Surplus brought forward from previous year			1381.95		1660.98
Transfer from General Reserve			1100.00		3500.00
Profit available for Appropriation			**1358.71**		**1416.15**
APPROPRIATIONS					
Transfer to Reserve Fund			19.41		34.20
Balance carried to Balance Sheet			1339.30		1381.95
			1358.71		**1416.15**
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.)					
(Refer Note no.14 on Schedule 22)			(9.72)		(32.40)
Accounting Policies & Notes to Accounts	22				

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account
As per our Report of even date.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

Consolidated Cash Flow Statement For the year ended 30th June, 2011

(Rs. in lacs)

	2010-11	2009-10
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax	**(1645.95)**	**(5528.68)**
Adjustments for :		
Depreciation	2612.62	2632.04
Interest & Finance Charges (net of capitalisation & subsidy)	5843.04	4400.13
Bad debts & irrecoverable balances written off	0.52	4.87
Molasses Storage and Maintenance Reserve	3.12	3.44
(Profit)/Loss on Fixed Assets sold / discarded (net)	3.25	(291.49)
Profit on Sale of of long term Investments	–	(57.61)
Provision for Bad & Doubtful Debts /Advances	8.98	23.16
Contigent Provisions against Standard Assets	0.77	–
Interest Income	(440.91)	(107.75)
Dividend Income	(243.65)	(172.13)
Operating Profit before Working Capital Changes	**6141.79**	**905.98**
Adjustments for :		
Increase/(Decrease) in Trade Payables	(5601.14)	4109.93
Decrease in Trade & Other Receivables	135.70	1124.21
Decrease/(Increase) in Inventories	5657.04	(9535.45)
Decrease in Tea Department Balance	50.34	65.66
	241.94	**(4235.65)**
Cash Generated from / (Used in) Operations :	6383.73	(3329.67)
Direct Taxes Refund / (Paid)	83.84	(325.14)
Net Cash from/(Used in) Operating Activities	**6467.57**	**(3654.81)**
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	113.41	349.47
Loans (Given)/Received back (net)	(3491.99)	352.37
Interest Income	436.10	112.39
Dividend Income	243.65	172.13
Deposit under Tea Development Account Scheme	(117.69)	(42.41)
Purchase of Fixed Assets	(581.85)	(653.94)
Capital Subsidy received during the year	730.83	–
Fixed Deposits	(29.40)	188.42
Sale of long term Investments	102.07	159.61
Purchase of long term Investments	–	(564.50)
Net Cash used in Investing Activities	**(2594.87)**	**73.54**
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	14068.99	14584.48
Repayment of Loans	(12109.56)	(6229.29)
Interest & Finance charges paid	(5924.92)	(4767.08)
Subsidy towards interest on Excise Loan	240.01	361.26
Dividend paid (including Dividend Tax)	–	(162.26)
Net Cash from/(Used in) Financing Activities	**(3725.48)**	**3787.11**
Net changes in Cash & Cash Equivalents (A+B+C)	**147.22**	**205.84**
Cash & Cash equivalents - Opening Balance	**329.98**	**124.14**
* **Cash & Cash equivalents - Closing Balance**	**477.20**	**329.98**

* Represents Cash and Bank balances as indicated in Schedule - 8, and excludes Rs. 170.91 lacs (Rs. 141.57 lacs) being bank balances with restricted use or with maturity of more than three months.

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
1,60,00,000 (1,60,00,000) Equity Shares of Rs. 10 each	1600.00	1600.00
16,00,000 (16,00,000) Preference Shares of Rs. 100 each	1600.00	1600.00
3,00,000 (3,00,000) Preference Shares of Rs. 10 each	30.00	30.00
	3230.00	**3230.00**
Issued, Subscribed and Paid-up :		
1,15,57,239 (1,15,57,239) Equity Shares of Rs. 10 each fully paid	1155.73	1155.73
	1155.73	**1155.73**

Notes : 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.

SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve		
As per last account	27.17	27.17
Capital Redemption Reserve :		
As per last account	**357.00**	**357.00**
Reserve Fund :		
As per last Account	354.20	320.00
Add : Transfer from Profit & Loss Account	19.41	34.20
	373.61	**354.20**
General Reserve:		
As per last account	1878.44	5378.44
Less:Transfer to Profit & Loss Account	1100.00	3500.00
	778.44	**1878.44**
Securities Premium :		
As per Last Account	**6583.34**	**6583.34**
Molasses & Alcohol Storage & Maintenance Reserve :		
As per last Account	53.76	50.32
Add : Provided during the year	3.12	3.44
	56.88	**53.76**
Surplus as per Profit & Loss Account	**1339.30**	**1381.95**
	9515.74	**10635.86**

Schedules forming part of the Consolidated Balance Sheet *(Contd.)*

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 3 LOAN FUNDS		
A. SECURED LOANS		
Term Loans :		
Long Term		
From Scheduled Banks		
Under Project Finance/Corporate Loan Scheme	11082.35	15717.22
Under Financial Assistance Scheme - Excise Duty Loan	1371.94	2721.50
From Sugar Development Fund	8229.48	7701.41
Short Term		
From a Body Corporate	1250.00	–
Other Loans :		
From Scheduled Banks on Cash Credit Account	11860.70	13185.61
	33794.47	39325.74
(B) UNSECURED LOANS		
Short Term Loan from Scheduled Banks	6500.00	4200.00
From a Scheduled Bank against		
Crop loan to Canegrowers	712.50	742.15
From Co-operative Farming Societies	151.50	103.55
Inter Corporate Loans	9820.00	4570.00
Fixed Deposits from Staff & Others	1329.14	1326.54
Trade & Other Deposits (partly not bearing interest)	33.22	33.19
	18546.36	10975.43
	52340.83	50301.17

Notes :

1. Term loans from Scheduled Banks under Project Finance/Corporate Loan Scheme are 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), Sidhwalia and Hasanpur 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.

   Term Loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Seohara & Sidhwalia. The aforesaid loan includes Rs. 461.07 lacs (Rs. 415.51 lacs) towards interest which is recoverable as subsidy from the Government and included in Claims & Refunds Receivable under the head Loans & Advances in Schedule-10.

2. Term loans from Sugar Development Fund are secured by a second 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 (including Co-generation Plant) and include Rs. 443.76 lacs (Rs. 393.77 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.

3. Short Term Loan from a body corporate is secured by pledge of certain shares held as investments by the company and subsidiary company.

4. Cash credit borrowings are secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows -
   a) Tea Garden - First Charge
   b) Hasanpur Sugar Unit - Second Charge
   c) Seohara Sugar Unit - Third Charge - (ranking pari-passu between the lenders)
   d) Sidhwalia Sugar Unit - Third Charge

5. Unsecured loans, as stated above, include Rs. 17937.01 lacs (Rs. 10121.28 lacs) falling due for payment within one year.

Schedules forming part of the Consolidated Balance Sheet *(Contd.)*

SCHEDULE 4 FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK AS AT	
	As at 1st July, 2010	Additions/ Adjust-ments	Deductions/ Adjust-ments	As at 30th June, 2011	As at 1st July, 2010	For the year	Less : on Deductions/ Adjustments	Up to 30th June, 2011	30th June, 2011	30th June, 2010
Freehold Land	998.11	–	100.79	897.32 (a)	–	–	–	–	897.32	998.11
Leasehold land	94.55	–	–	94.55	94.55	–	–	94.55	–	–
Tea Plantations	2.39	–	–	2.39	2.26	–	–	2.26	0.13	0.13
Buildings (including on leasehold land)	4340.11	48.32	–	4388.43	779.93	98.92	–	878.85	3509.58	3560.18
Plant & Machinery	50995.36	389.52	14.02	51370.86	16344.56	2463.37	7.28	18800.65	32570.21	34650.80
Railway Sidings	19.70	–	–	19.70	4.52	0.86	–	5.38	14.32	15.18
Furniture & Fixtures	338.16	68.81	44.38	362.59	242.66	22.18	42.17	222.67	139.92	95.50
Motor Car, Lorries & other conveyances	320.68	12.58	13.92	319.34	160.53	27.29	7.00	180.82	138.52	160.15
	57109.06	519.23	173.11	57455.18	17629.01	2612.62	56.45	20185.18	37270.00	39480.05
Add: Capital Work–in–Progress	1084.75	276.94	350.13	1011.56 (d)	–	–	–	–	1011.56	1084.75
Total	**58193.81**	**796.17**	**523.24 (e)**	**58466.74 (b) & (c)**	**17629.01**	**2612.62**	**56.45**	**20185.18**	**38281.56**	**40564.80**
Previous Year's Total	56414.69	2891.88	1112.76	58193.81	15069.35	2632.04	72.38	17629.01	40564.80	

Notes :

a) Title deeds for Rs. 7.10 lacs (Rs. 7.10 lacs) are yet to be executed in favour of the Company.
b) Includes assets held in joint ownership with others Rs. 185.02 lacs (Rs. 181.10 lacs).
c) Includes fixed assets awaiting disposal Gross Block Rs. 57.27 lacs (Rs. 10.69 lacs) and written down value Rs. 49.15 lacs (Rs. 3.11 lacs).
d) Includes advances against purchase of fixed assets Rs. 239.76 lacs (Rs. 306.19 lacs).
e) Includes Capital Subsidy of Rs. 30.83 lacs (Rs. 700.00 lacs) received during the year.

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 5 INVESTMENTS (at cost)				
LONG TERM				
GOVERNMENT SECURITIES				
Unquoted				
11.5% U.P.State Development Loan, 2010			–	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
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			0.13	0.10
			1.69	**3.76**
EQUITY SHARES (FULLY PAID) :				
Quoted :				
The Oudh Sugar Mills Ltd.	3326901	10	1724.89	1724.89
Haryana Oxygen Ltd.	5000	10	0.50	0.50
S I L Investments Ltd.	2019339	10	478.36	478.36
Sutlej Textile & Industries Ltd.	2027798	10	593.89	593.89
Manbhawani Investment Ltd.	73500	10	2.25	2.25
Manavta Holdings Ltd.	73500	10	2.25	2.25
Chambal Fertilizers & Chemicals Ltd.	1966795	10	377.97	377.97
New India Retailing & Investment Ltd.	285573	10	633.70	633.70
			3813.81	**3813.81**
Unquoted :				
Birla Buildings Ltd.	8400	10	0.84	0.84
Bihar State Financial Corporation Ltd.	60	100	0.06	0.06

Schedules forming part of the Consolidated Balance Sheet *(Contd.)*

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 5 INVESTMENTS (at cost) *(Contd.)*				
Indo International Distillers				
Association Pvt.Ltd.	–	10	–	5.40
	(54000)*			
Taparia Ltd.	3500	10	0.40	0.40
Shree Vihar Properties Ltd.	224307	10	19.73	19.73
Modern Diagen Services Ltd.	13196	10	1.32	1.32
Chandausi Rice Mills Ltd. **	2000	10	–	–
Jaihind Publishing Company Ltd. **	65	25	–	–
Akhil Bharat Printers Ltd. **	270	100	–	–
Leas Communication Ltd.	21000	10	–	–
Maruti Ltd. **	40000	10	–	–
APV Texmaco Ltd. **	20400	10	–	–
Moon Corporation Ltd.	2874	5	0.39	0.39
India Educational & Research				
Institution Pvt. Ltd.	4900	10	0.49	0.49
			23.23	**28.63**
In Other Companies :				
EQUITY SHARES (PARTLY PAID) :				
Modern Diagen Services Ltd. (Rs. 2 paid up per share)	1306404	10	26.13	26.13
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	10	–	–
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
8% Cumulative Redeemable Preference Shares				
New India Retailing & Investment Ltd.	–	100	–	100.00
	(100000)			
			0.05	**100.05**
Share Application Money :				
Indo International Distillers				
Association Pvt. Ltd.	–	10	–	4.60
	(46000)*			
			3864.92	**3976.99**
Less : Provision for diminution in value of Investments			–	10.00
			3864.92	**3966.99**

Schedules forming part of the Consolidated Balance Sheet *(Contd.)*

(Rs. in lacs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2011	30th June, 2010
SCHEDULE 5 INVESTMENTS (at cost) *(Contd.)*				
Aggregate Value of Investments				
Quoted			3813.81	3813.81
Unquoted			51.11	153.18
Market Value of Quoted Investments			8597.87	8086.88

Notes :

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

b. Out of the above, Government Securities of the face value of Rs. 0.29 lacs (Rs. 0.26 lacs) have been deposited with the Government Authorities, of which Rs. 0.23 lacs (Rs. 0.23 lacs) have matured but are pending encashment.

c. 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.

** Represents Companies under liquidation.

	30th June, 2011	30th June, 2010
SCHEDULE 6 INVENTORIES		
At Lower of Cost and Net Realisable Value		
Raw Materials	49.46	66.51
Stores, Chemicals, Spare Parts etc. [(including in transit Rs. 38.31 lacs (Rs. 15.28 lacs)]	941.02	874.89
Finished Goods	14717.16	19056.49
Power-Banked	10.91	8.44
Trading Goods [including in transit Rs. Nil (Rs. 1284.01 lacs)]	1.66	1289.12
Goods under Process	394.90	490.77
Standing Crops	13.84	8.66
	16128.95	**21794.88**
At Estimated Realisable Value		
By-Products	342.07	333.54
Scrap	8.69	8.33
	350.76	**341.87**
	16479.71	**22136.75**

SCHEDULE 7 SUNDRY DEBTORS (Unsecured)		
(A) Debts Outstanding for a period exceeding six months :		
Considered Good	432.76	73.14
Considered Doubtful	43.04	49.66
	475.80	122.80
Less : Provision	43.04	49.66
	432.76	**73.14**
(B) Other Debts		
Considered Good	838.54	970.05
	1271.30	**1043.19**

Schedules forming part of the Consolidated Balance Sheet *(Contd.)*

(Rs. in lacs)

			30th June, 2011	30th June, 2010
SCHEDULE 8 CASH & BANK BALANCES				
Cash on hand			44.00	40.11
Cheques/Drafts in hand			–	147.87
With Scheduled Banks on :				
Current Account			105.51	139.17
Savings Account			0.02	0.02
Tea Development Account			0.17	0.10
Fixed Deposit Account [(Receipt for Rs. 15.50 lacs (Rs. 15.50 Lacs) pledged with Government authorities as security)]			480.50	126.10
Unpaid Dividend Account			15.39	15.45
			645.59	**468.82**
With Non-Scheduled Banks on Current Account				
Name of the Bank	**Maximum amount outstanding during the year**			
District Co-operative Bank Ltd.	361.76	(358.03)	2.11	2.21
Mini Co-operative Bank Ltd.	10.08	(4.23)	0.14	0.16
Bijnor Urban Co-operative Bank	0.10	(0.10)	0.01	0.10
The Samastipur Central Co-op. Bank Ltd.	0.14	(0.14)	0.14	0.14
			2.40	**2.61**
With Post Office on :				
Savings Account (Pass Book for Rs. 0.09 lacs (Rs. 0.09 lacs) pledged with Government authorities)			0.12	0.12
			648.11 *	**471.55***

*including Rs. 140.02 lacs (Rs. 110.62 lacs) towards earmarked accounts.

SCHEDULE 9 OTHER CURRENT ASSETS		
(A) Interest accrued on Investments		
[including Rs. 0.84 lacs (Rs. 0.84 lacs) considered doubtful]	0.92	0.93
Less : Provision	0.84	0.84
	0.08	**0.09**
(B) Accrued Interest on deposits, loans & advances		
Considered Good	26.15	21.33
Considered Doubtful	3.83	3.83
	29.98*	25.16*
Less : Provision	3.83	3.83
	26.15	**21.33**
	26.23	**21.42**

* including Rs. 3.83 lacs (Rs. 3.83 lacs) due for more than six month.

Schedules forming part of the Consolidated Balance Sheet *(Contd.)*

(Rs. in lacs)

	30th June, 2011	30th June, 2010
SCHEDULE 10 LOANS AND ADVANCES		
UNSECURED		
Considered good		
Loans (Bearing interest)		
To a Body Corporate	3500.00	–
To Employees	12.88	20.89
	3512.88	**20.89**
Advances :		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	455.54	517.35
Advance payment of Income-tax & tax deducted at source [(after adjusting provisions Rs. 308.23 lacs (Rs.248.36 lacs)]	56.23	242.66
Balance with Excise & other Government authorities	671.73	1065.34
Claims & Refunds Receivable	524.71	1267.70
Deposit against demand under appeal and/or under dispute	110.18	69.89
Deposit under Tea Development Account Scheme, 1990	298.47	180.78
Sundry Deposits	49.12	12.93
	2165.98	**3356.65**
Considered Doubtful :		
Loans	23.16	23.16
Advances	39.17	31.51
	62.33	54.67
Less : Provision	62.33	54.67
	–	–
	5678.86	**3377.54**
Note :		
Amount due from Officers of the Company	–	–
Maximum amount due at any time during the year	**2.58**	**0.80**

SCHEDULE 11 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities:		
Acceptances	–	1727.73
Sundry Creditors for goods, services, expenses etc.		
Due to Micro and Small Enterprises (Refer note no.9 on Schedule 22)	127.42	89.18
Due to Others	4049.25	8322.77
Other Liabilities	156.31	143.80
Provisions against Standard Assets	0.77	–
Advance against sale of goods/Fixed Assets	252.35	87.88
Fractional entitlement for Bonus and Right Shares	0.22	0.22
Interest accrued but not due on Loans & Deposits	283.87	266.18
Investor Education & Protection Fund (Not yet due)		
Unclaimed Matured Fixed Deposits	25.40	13.81
Unpaid & Unclaimed Dividends	15.39	15.45
	4910.98	**10667.02**
B. Provisions :		
Leave	104.20	96.90
Gratuity	211.72	139.11
	315.92	**236.01**
	5226.90	**10903.03**

Schedules forming part of the Consolidated Profit and Loss Account

(Rs. in lacs)

	2010-11	2009-10
SCHEDULE 12 GROSS SALES		
Finished Goods	62065.16	38441.76
Power	2948.36	1564.72
Trading Goods	645.98	626.48
By-Products	1144.03	1099.42
Processing Charges	–	115.87
Others	21.51	25.44
	66825.04	**41873.69**

SCHEDULE 13 OTHER INCOME		
Income from Long Term Investments (Non-trade)		
Dividend	120.97	121.63
Interest on Government Securities	0.18	0.41
Insurance & Other Claims	46.72	3.51
Rent & Hire Charges	7.54	8.58
Unspent liabilities, excess provisions and unclaimed balances written back	27.20	37.32
Land Dividend	122.68	50.50
Profit on sale of Fixed Assets (net)	–	291.49
Profit on sale of Long Term Investments (Non–trade)	–	57.61
Miscellaneous Receipts	10.65	10.22
	335.94	**581.27**

	2010-11		2009-10	
SCHEDULE 14 AGRICULTURAL PROFIT				
INCOME				
Sales [including inter-transfers Rs. 19.90 lacs (Rs. 14.88 lacs)]		43.33		24.23
Other Income :				
Unspent liabilities written back		–		0.06
Miscellaneous Receipts		0.72		2.08
Increase in Stocks				
Closing Stock	13.84		8.66	
Less : Opening Stock	8.66	5.18	6.68	1.98
		49.23		**28.35**
EXPENDITURE				
Seeds, Manures and Fodder Consumed		10.35		6.26
Tractor Expenses		3.40		2.84
Repairs to :				
Buildings		–		0.01
Others		–		0.01
Lease Rent		11.15		–
Rates & Taxes		0.05		0.05
Payments to and Provisions for Employees :				
Salaries, Wages, Bonus, etc.	17.17		6.28	
Contribution to Provident and other Funds	0.12	17.29	0.08	6.36
Irrigation Expenses		1.30		2.12
Harvesting Expenses		2.04		–
Miscellaneous Expenses		0.58		1.18
		46.16		**18.83**
Profit transferred to Profit & Loss Account		**3.07**		**9.52**

Schedules forming part of the Consolidated Profit and Loss Account *(Contd.)*

(Rs. in lacs)

	2010-11	2009-10
SCHEDULE 15 DECREASE/(INCREASE) IN STOCKS		
Opening Stock :		
Goods Under Process	490.77	483.71
Finished Goods	19056.49	9872.55
Power - Banked	8.44	27.92
Trading Goods	1289.12	3.34
By-Products	333.54	1044.38
Scrap	8.33	12.24
	21186.69	**11444.14**
Less :		
Closing Stock :		
Goods under Process	394.90	490.77
Finished Goods	14717.16	19056.49
Power - Banked	10.91	8.44
Trading Goods	1.66	1289.12
By-Products	342.07	333.54
Scrap	8.69	8.33
	15475.39	**21186.69**
	5711.30	**(9742.55)**

SCHEDULE 16 RAW MATERIALS CONSUMED		
Opening Stock	66.51	160.31
Add : Purchases & Procurement Expenses		
[including transfer of sugarcane from own farm Rs. 19.90 lacs (Rs. 14.88 lacs)]	40099.43	37519.17
Purchase Tax & Cess	361.12	306.17
	40527.06	**37985.65**
Less : Closing Stock	49.46	66.51
	40477.60	**37919.14**

SCHEDULE 17 STORES, SPARES & PACKING MATERIALS CONSUMED		
Stores, Spare Parts, Chemicals etc.	1112.86	847.69
[after adjusting sales & claims Rs. 91.38 lacs (Rs. 172.89 lacs)]		
Packing Materials	950.68	691.03
	2063.54	**1538.72**

SCHEDULE 18 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus etc.	3756.57	3543.66
Contribution to Provident & other Funds	297.08	270.97
Gratuity	123.41	191.46
Workmen Compensation	0.91	1.53
Employees' Welfare Expenses	122.28	119.15
	4300.25	**4126.77**

Schedules forming part of the Consolidated Profit and Loss Account *(Contd.)*

(Rs. in lacs)

	2010-11		2009-10	
SCHEDULE 19 MANUFACTURING, SELLING AND OTHER EXPENSES				
Repairs to and Maintenance of:				
Buildings		136.22		109.68
Machinery		827.19		805.14
Others		23.10		13.99
Rent		13.61		14.36
Rates & Taxes (net)		34.38		29.26
Insurance		65.86		74.54
Auditors' Remuneration :				
As Auditors				
Audit Fees		11.56		11.56
Tax Audit Fees		6.90		6.90
Limited Review Fees		6.90		6.90
In other capacity for certificates & other services		4.99		5.43
For Expenses		2.90		2.50
Cost Auditors' Remuneration :				
For Audit Fees		0.60		0.60
For Expenses		0.11		0.09
Selling Commission & Expenses :				
Commission on sales (other than sole selling agents)		213.24		135.09
Brokerage		30.85		29.62
Other Selling Expenses		449.32		121.06
Charity & Donations		0.34		0.62
Provision for Bad & Doubtful Debts / Advances		8.98		23.16
Provision for Standard Assets		0.77		–
Bad debts, irrecoverable advances etc. written off	8.35		5.78	
Less : Adjusted against provisions	7.83	0.52	0.91	4.87
Exchange Rate Fluctuations		33.86		–
Long Term Investments written off	10.00		–	
Less : Adjusted against provisions	10.00	–	–	–
Loss on fixed assets sold / discarded		3.25		–
Molasses Storage & Maintenance Reserve		3.12		3.44
Miscellaneous Expenses [including Directors' traveling Rs. 63.31 lacs (Rs. 42.92 lacs)]		620.28		576.65
		2498.85		**1975.46**

SCHEDULE 20 DIRECTORS' REMUNERATION				
Directors' Remuneration :				
(A) Managing Director's Remuneration:				
Salary	30.00		30.00	
Contribution to Provident Fund	3.60		3.60	
Gratuity	–	33.60	6.50	40.10
(B) Directors' Fees		1.76		1.71
		35.36		**41.81**

Note: In view of the loss, no provision for Directors' Commission has been made.

Schedules forming part of the Consolidated Profit and Loss Account *(Contd.)*

(Rs. in lacs)

	2010-11		2009-10	
SCHEDULE 21 INTEREST & FINANCE CHARGES (NET)				
Interest				
On Fixed Loans		4065.60		3642.72
On Other Loans *		1964.07		975.84
To Income Tax Department		0.93		0.06
Finance Charges				
To Banks		36.38		168.05
To Others		26.65		21.62
		6093.63		4808.29
Less : At Credit				
Amount Capitalised		–		42.31
Subsidy towards Interest on Excise Duty Loan		250.59		365.85
From Income Tax Department		13.45		0.16
On Unsecured Loans, Debts & Deposits (Gross) [Tax deducted at source Rs. 42.55 lacs (Rs. 12.26 lacs)]		427.28		107.18
		691.32		515.50
		5402.31		4292.79

* including Rs. 397.08 lacs (Rs. Nil) for earlier years.

Schedules forming part of the Consolidated Accounts

SCHEDULE 22 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, 2011.

1. **Principles of Consolidated Financial Statements:**
   The consolidated financial statements which relate to Upper Ganges Sugar & Industries Ltd. and its subsidiary company, have been prepared on the following basis:

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

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

   (c) As the financial year of subsidiary closes on 31st March, it's audited accounts as at and for the year ended 31st March, 2011, has been incorporated in these accounts. However, in order to eliminate the intra-group balances, certain adjustments pertaining to the period from 1st April, 2011 to 30th June, 2011 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 ownership/ voting power as on 30.06.2011	% of ownership/ voting power as on 30.06.2010
Uttar Pradesh Trading Company Ltd.	India	100	100

Schedules forming part of the Consolidated Accounts *(Contd.)*

2. Statement of Significant Accounting Policies:

(i) Basis of Preparation:

The financial statements have been prepared to comply in all material aspects with the Accounting Standards Notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year.

(ii) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Revenue Recognition:

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

(a) Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

(b) Dividend Income is recognized when the shareholders' right to receive the payment is established by the balance sheet date.

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

(d) Due to uncertainty in realization, following incomes are accounted for on acceptance/actual receipt basis:-

(i) Insurance and other claims.

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

(iii) Replanting subsidy.

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

(iv) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprise the purchase price inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection/commissioning expenses etc. upto the date the asset is ready for its intended use.

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

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

(v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) 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 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.

(c) Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.

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

(vii) Government Grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant on subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

Revenue grants/subsidies which are not related to any expenses, are recognised as income in Profit & Loss Account.

When the grant or subsidy relates to an asset, it is deducted from the gross value of the asset concerned in arriving at the carrying amount of related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as part of the shareholders funds.

(viii) 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.

(ix) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are carried at lower of cost and fair value determined on individual investment basis. 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.

(x) Inventories:

Raw Materials and stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

Goods under process, finished goods (including Power Banked) and traded goods are valued at lower of cost and net realisable value. Finished goods and Goods under process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

Cost of inventory is computed on weighted average basis.

By products, Standing crop and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value.

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

(xi) 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.

(d) Forward Exchange Contracts not entered for trading or speculation purpose

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 contracts is recognized as income or expense for the year.

(xii) Retirement benefits :

(a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

(b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.

(c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(xiii) Taxation:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income tax reflects the impact of current year timing differences between taxable income and accounting 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 enacted or substantively enacted as of the Balance Sheet date. Deferred tax asset is recognized 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 carry forward unabsorbed depreciation and tax losses, all deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realised.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date. The company writes-down the carrying amount of a Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent that there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the 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 the Company will pay normal Income Tax during the specified period.

(xiv) 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 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.

(xv) Share issue expenses:

Share issue expenses are adjusted against Securities Premium Account.

(xvi) Fixed Assets Acquired under Lease:

(a) Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the lease items, are capitalised at the lower of the fair value and present value of minimum lease payment at the inception of the lease term and disclosed as lease assets. Lease payments are apportioned between the finance charge and the reduction the lease liability so as to achieve a constant rate of interest on the remaining balance of their liability, Finance charges are charged directly to the expenses account.

(b) Operating Lease

Leases where the lessor effectively retains substantially all the risk and benefit of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense the Profit & Loss account.

Schedules forming part of the Consolidated Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(xvii) **Earning per Share:**

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

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

(xviii) **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.

(xix) **Cash and Cash equivalents:**

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

(xx) **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. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate required to settle the obligation, at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(xxi) **Derivative Instruments:**

As per the announcement made by the Institute of Chartered Accountants of India, Derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item, is charged to the income statement. Net gains are ignored as a matter of prudence.

(Rs. in lacs)

		As at 30th June, 2011	As at 30th June, 2010
3.	Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	1118.27	1178.16
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	511.49	488.26
	(ii) Sales Tax & Entry Tax	118.18	28.24
	(iii) Collection charges against Cane Dues	431.42	–
	(iv) Others	79.02	154.77
	Total	**1140.11**	**671.27**
	(b) Bank Guarantees outstanding	319.31	26.00
	(c) (i) Guarantees given to banks against loans to cane growers	1400.00	1400.00
	(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	893.60	982.21

5. In view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court, the Company for its Seohara Sugar Unit in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-08 @ Rs.110 per quintal as against the State Advised Price (SAP) of Rs.125 per quintal. Pending final decision by the Hon'ble Supreme Court in this matter, the differential price of Rs.1891.18 lacs between SAP and the amount already provided, as stated above, has not been accounted for.

6. There is a diminution of Rs.1244.91 lacs (Rs.1012.03 lacs) in the value of certain quoted investments based on the last quoted prices. The above investments being Long Term and strategic in nature and diminution in value of said investments being temporary in nature, no provision there against is required in the Accounts.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

7. The break-up of net Deferred Tax Asset as at 30th June, 2011 is as under : *(Rs. in lacs)*

		As at 30th June, 2011	As at 30th June, 2010
(A)	Deferred Tax Asset		
(i)	Carry forward of unabsorbed depreciation & Business Losses	8393.78	7990.69
(ii)	Expenses allowable against taxable income in future years	649.24	621.28
		9043.02	8611.97
(B)	Deferred Tax Liability		
(i)	Timing difference in depreciable assets	7054.45	7248.70
		7054.45	7248.70
	Net Deferred Tax Assets	1988.57	1363.27

Although, there is carried forward unabsorbed Depreciation & Business Losses as on the Balance Sheet date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above Tax credit.

8. **(a)** The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of The Payment of Gratuity Act, 1972. The Company has got an approved Gratuity Fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for gratuity.

I. Expenses recognized in the statement of Profit & Loss Account are as follows: *(Rs. in lacs)*

Particulars	2010-11	2009-10
Current service cost	60.61	54.66
Interest cost on benefit obligation	85.39	66.58
Expected return on plan assets	(76.29)	(70.69)
Past Service cost	–	61.19
Net actuarial loss recognised in the year	53.70	86.22
Total Employer Expenses	**123.41**	**197.96**
Actual return on plan assets	85.72	85.63

II. Net Liability / (Assets) recognized in the Balance Sheet are as follows:

Particulars	As at 30th June, 2011	As at 30th June, 2010
Present value of Defined Benefits Obligation	1227.89	1116.03
Fair value of plan assets	1016.17	976.92
	211.72	139.11
Less: Unrecognised past service cost	–	–
Net liability	**211.72**	**139.11**

III. Change in the present value of the defined benefit obligation during the year are as follows:

Particulars	2010-11	2009-10
Present Value of Defined Benefit Obligation at the beginning of the year	1116.03	919.54
Current Service Cost	60.61	54.66
Interest Cost	85.39	66.58
Past Service cost	–	61.19
Benefits Paid	(97.27)	(87.10)
Actuarial Loss / (Gain)	63.13	101.16
Present Value of Defined Benefits Obligation at the end of the year	**1227.89**	**1116.03**

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

IV. Change in the Fair Value of Plan Assets during the year ended are as follows

(Rs. in lacs)

Particulars	2010-11	2009-10
Fair Value of Plan Assets at the beginning of the year	976.92	968.96
Expected Return on plan assets	76.29	70.69
Contribution by Employer	50.80	9.43
Benefits paid	(97.27)	(87.10)
Actuarial Gains/ (Losses)	9.43	14.94
Fair Value of Pan Assets at the end of the year	**1016.17**	**976.92**

V. The major categories of plan assets as a percentage of the fair value of the total plan assets

Particulars	2010-11	2009-10
Funded with insurer	100%	100%

VI. The principal assumptions are as follows.

Particulars	2010-11	2009-10
Discount Rate	8.00%	8.00%
Expected Rate of return on assets	8.00%	7.60%
Rate of increase in salaries	5.00%	5.00%
Withdrawal rates	Varying between 1.80% to 6.20% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

VII. Amounts for the current and previous years are as follows:

(Rs. in lacs)

Particulars	As at 30th June, 2011	As at 30th June, 2010	As at 30th June, 2009	As at 30th June, 2008
Defined benefit obligation	1227.89	1116.03	919.54	841.12
Plan Assets	1016.17	976.92	968.96	822.13
Surplus / (Deficit)	(211.72)	(139.11)	49.42	(18.99)
Experience Gain/ (Loss) Adjustments on plan liabilities	63.13			
Experience Gain/ (Loss) Adjustments on plan assets	9.43			
Experience Gain / (Loss) adjustment on plan liabilities due to change in assumptions	Nil			

Note: The experience adjustments on plan liabilities and assets are not readily available for earlier years and hence not disclosed.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) **Defined Contribution Plan :**

The Company has recognized the following amount as an expense and included under, "Contribution to Provident & Other Funds".

(Rs. in lacs)

	2010-11	2009-10
Contribution to Employees Provident/Pension Fund	298.65	272.57
Contribution to Superannuation Fund	2.15	2.08

Note:

i. The Company expects to contribute Rs 150.00 lacs to Gratuity Fund in 2011-12.

ii. The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

iii. The Guidance Note on implementation of AS-15 (Revised), "Employee Benefits" issued by the ICAI states that Provident Fund set up by the employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regard to future obligation arising due to interest shortfall (i.e. government interest to be paid on the provident fund scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund Liability.

9. Based on the information / documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(Rs. in lacs)

		2010-11	2009-10
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	114.43	81.85
(ii)	Interest due on above.	5.06	3.84
	Total (i) & (ii)	119.49	85.69
(iii)	Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	8.18	9.75
(iv)	Amounts paid to the suppliers beyond the respective due date	175.41	220.70
(v)	Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	4.63	1.41
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year	9.69	5.25
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	3.30	2.08

10. Assets, Liabilities and Income & Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended March 31, 2011 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 April 1, 2011 to June 30, 2011 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

11. The land ceiling matter under the U.P. Imposition of Ceiling on Land Holdings 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 appropriate adjudicating authorities.

Schedules forming part of the Consolidated Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

12. Excise Duty & Cess on sales has been reduced from sales in Profit & Loss Account and Excise Duty & Cess on increase/decrease in stock has been considered as Income/Expenses in Profit & Loss Account.

13. (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)

	2010-11	2009-10
Stores and Spares, etc.	520.04	596.87

14. Earning per Share (EPS):

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

	2010-11	2009-10
Profit/(Loss) as per Profit & Loss Account (Rs.in lacs)	(1123.24)	(3744.83)
Weighted average Number of Equity Shares outstanding during the year (Rs.10 each)	11557239	11557239
Basic and Diluted earning per share (Rs.)	(9.72)	(32.40)

15. Operating lease:

Certain office premises, godowns, cane purchasing centres etc. are held on operating lease. The lease term is ranging up to 3 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

(Rs. in lacs)

	2010-11	2009-10
Lease payments made for the year *	13.61	14.36

* Excluding lease rent for use of land Rs.11.15 lacs (Rs. Nil).

16. Derivative instruments outstanding as on the Balance Sheet date:

Currency / Interest rate swap for foreign currency loan of USD 4.00 millions (USD 6.66 millions) equivalent to Rs.1843.70 lacs (Rs. 3072.84 lacs) @ 6 months Libor + 1.30% p.a vis a vis fixed rate of 8.75% p.a.

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

17. 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

18. Related Party Disclosures:

(a) Names of the related parties:

Key Management Personnel	Mrs. Nandini Nopany – Chairperson cum Managing Director
	Mr. C.B. Patodia - Advisor
	Mr. S.K.Poddar - Company Secretary
	Mr. Sukhvir Singh - Executive President, Seohara Unit
	Mr. B.K. Sureka - Executive President, Sidhwalia Unit
	Mr. R.K. Gupta - Executive President, Hasanpur Unit (upto 7th November, 2010) Mr. Birinder Singh - Sr. Executive Vice President, Hasanpur Unit (from 12th November, 2010)
	Mr. S.S. Binani - Executive Vice President, Cinnatolliah Tea Garden
Relatives of Key Management Personnel	Mr. Chandra Shekhar Nopany - Son of Mrs. Nandini Nopany
	Mrs. Shruti Vora – Daughter of Mrs. Nandini Nopany
	Mrs. Jyotsna Poddar - Sister of Mrs. Nandini Nopany
	Mrs. Shobhana Bhartia - Sister of Mrs. Nandini Nopany
	Mr. Prateek Sureka - Son of Mr. B.K. Sureka
	Mr. Pragati Sureka - Son of Mr. B.K. Sureka
	Mrs. Anita Sureka - Wi.fe of Mr. B.K. Sureka
Enterprises owned or significantly influenced by Key Management Personnel and their relatives	The Oudh Sugar Mills Ltd.
	Gobind Sugar Mills Ltd.
	H.T. Media Ltd.
	Hargaon Investment & Trading Co. Ltd.
	OSM Investment & Trading Co. Ltd.
	Champaran Marketing Co. Ltd.
	Uttam Commercial Ltd.
	Moon Corporation Ltd.
	Manbhawani Investment Limited

Schedules forming part of the Consolidated Accounts *(Contd.)*

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011

(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 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011
Sale of Goods								
Gobind Sugar Mills Ltd.	–	–	–	–	**0.10**	–	**0.10**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Moon Corporation Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(1996.59)	(–)	(1996.59)	(–)
The Oudh Sugar Mills Ltd.	–	–	–	–	**455.31**	–	**455.31**	–
	(–)	(–)	(–)	(–)	(240.30)	(–)	(240.30)	(–)
Sale of Fixed Assets								
The Oudh Sugar Mills Ltd.	–	–	–	–	**3.48**	–	**3.48**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	**0.59**	–	**0.59**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Purchase of Goods								
The Oudh Sugar Mills Ltd.	–	–	–	–	**67.07**	–	**67.07**	–
	(–)	(–)	(–)	(–)	(45.33)	(–)	(45.33)	(–)
Gobind Sugar Mills Ltd.	–	–	–	–	**19.71**	–	**19.71**	–
	(–)	(–)	(–)	(–)	(10.42)	(–)	(10.42)	(–)
Interest Expense								
H T Media Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(11.89)	(–)	(11.89)	(–)
Manbhawani Investment Ltd.	–	–	–	–	**33.60**	–	**33.60**	–
	(–)	(–)	(–)	(–)	(31.50)	(–)	(31.50)	(–)
Uttam Commercial Ltd.	–	–	–	–	**18.90**	–	**18.90**	–
	(–)	(–)	(–)	(–)	(15.94)	(–)	(15.94)	(–)
Others	–	–	**1.15**	**1.46**	–	–	**1.15**	**1.46**
	(–)	(–)	(1.10)	(1.76)	(–)	(–)	(1.10)	(1.76)
Dividend Received during the year								
The Oudh Sugar Mills Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(43.43)	(–)	(43.43)	(–)
Interest received during the year								
The Oudh Sugar Mills Ltd.	–	–	–	–	**384.59**	–	**384.59**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Moon Corporation Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(38.82)	(–)	(38.82)	(–)
Rent received during the year								
Moon Corporation Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(2.31)	(–)	(2.31)	(–)
Dividend Paid during the year								
Hargaon Investment & Trading Co. Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(7.90)	(–)	(7.90)	(–)
OSM Investment & Trading Co. Ltd	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(2.82)	(–)	(2.82)	(–)
Champaran Marketing Co. Ltd	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(3.13)	(–)	(3.13)	(–)
Mrs. Nandini Nopany	–	–	–	–	–	–	–	–
	(7.39)	(–)	(–)	(–)	(–)	(–)	(7.39)	(–)
Others	–	–	–	–	–	–	–	–
	(–)	(–)	(0.56)	(–)	(0.23)	(–)	(0.79)	(–)
Intercorporate Loans and Fixed Deposits Taken								
Manbhawani Investment Ltd.	–	–	–	–	–	**240.00**	–	**240.00**
	(–)	(–)	(–)	(–)	(100.00)	(240.00)	(100.00)	(240.00)
Uttam Commercial Ltd.	–	–	–	–	–	**135.00**	–	**135.00**
	(–)	(–)	(–)	(–)	(135.00)	(135.00)	(135.00)	(135.00)
Others	–	–	–	**9.00**	–	–	–	**9.00**
	(–)	(–)	(3.00)	(9.00)	(–)	(–)	(3.00)	(9.00)
Intercorporate Loans and Fixed Deposits Refunded								
HT Media Ltd.	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(500.00)	(–)	(500.00)	(–)
Loans given								
The Oudh Sugar Mills Ltd.	–	–	–	–	**4250.00**	**3500.00**	**4250.00**	**3500.00**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2011 (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 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011	Transaction Value	Balance Outstanding as on 30.06 2011
Loans refunded								
The Oudh Sugar Mills Ltd.	–	–	–	–	**750.00**	–	**750.00**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Balance Outstanding On Current Account (Net) Receivable / (–)Payable								
Gobind Sugar Mills Ltd.	–	–	–	–	–	**–0.36**	–	**–0.36**
	(–)	(–)	(–)	(–)	(–)	(–0.04)	(–)	(–0.04)
The Oudh Sugar Mills Ltd.	–	–	–	–	–	**6.80**	–	**6.80**
	(–)	(–)	(–)	(–)	(–)	(28.42)	(–)	(28.42)
Director sitting fees								
Mr. Chandra Shekhar Nopany	–	–	**0.30**	–	–	–	**0.30**	–
	(–)	(–)	(0.28)	(–)	(–)	(–)	(0.28)	(–)
Remuneration								
Mr. C.B.Patodia	**156.16**	**3.77**	–	–	–	–	**156.16**	**3.77**
	(167.04)	(3.92)	(–)	(–)	(–)	(–)	(167.04)	(3.92)
Mr. S.K. Poddar	**21.57**	**0.53**	–	–	–	–	**21.57**	**0.53**
	(20.60)	(0.50)	(–)	(–)	(–)	(–)	(20.60)	(0.50)
Mr. Sukhvir Singh	**32.61**	–	–	–	–	–	**32.61**	–
	(33.08)	(0.70)	(–)	(–)	(–)	(–)	(33.08)	(0.70)
Mr. B.K.Sureka	**14.80**	**0.48**	–	–	–	–	**14.80**	**0.48**
	(14.43)	(0.48)	(–)	(–)	(–)	(–)	(14.43)	(0.48)
Mr. S.S.Binani	**15.61**	–	–	–	–	–	**15.61**	–
	(13.59)	(–)	(–)	(–)	(–)	(–)	(13.59)	(–)
Mr. Birinder Singh	**7.75**	**0.55**					**7.75**	**0.55**
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Mr. R.K. Gupta	**4.68**	–	–	–	–	–	**4.68**	–
	(15.71)	(0.64)	(–)	(–)	(–)	(–)	(15.71)	(0.64)

(c) The remuneration paid to Mrs. Nandini Nopany, Managing Director, has been disclosed in Schedule-20 to the accounts.

19. The Company's segment information as at and for the year ended 30th June, 2011 are as below:

(Rs. in lacs)

		Sugar	Spirit	Co-generation	Tea	Others	Total
(a)	**Revenue (net of excise duty and cess)**						
	Segment Revenue	57455.31	4830.91	5200.11	1811.09	645.98	69943.40
		(35435.39)	(4154.64)	(3255.58)	(1815.69)	(626.48)	(45287.78)
	Less - Inter-segment Sales	3760.91	13.11	2251.75	–	–	6025.77
		(3839.89)	(8.90)	(1690.86)	(–)	(–)	(5539.65)
	Net Sales/Income from Operations	53694.40	4817.80	2948.36	1811.09	645.98	63917.63
		(31595.50)	(4145.74)	(1564.72)	(1815.69)	(626.48)	(39748.13)
(b)	**Results**						
	Segment Results	261.74	1168.39	1838.60	659.74	–3.63	3924.84
		(–3007.43)	(672.21)	(537.47)	(771.10)	(20.83)	(–1005.82)
	Unallocated expenses net of unallocated income						168.48
							(230.07)
	Operating Profit/(-) Loss						3756.36
							(–1235.89)
	Interest & Finance charges (net)						5402.31
							(4292.79)
	Income Tax Provision no longer required written back						–
							(28.90)
	Income & Wealth Tax						102.59
							(128.71)
	MAT Credit Reversal						–
							(104.55)
	Deferred Tax Credit						–
							(625.30)
							(–1988.21)
	Net Profit /(–) Loss						–1123.24
							(–3744.83)

SCHEDULE 22 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (Contd.)

19. The Company's segment information as at and for the year ended 30th June, 2011 are as below: (Contd.)

(Rs. in lacs)

		Sugar	Spirit	Co-generation	Tea	Others	Total
(c)	**Total Assets**						
	Segment Assets	**39609.82**	**5317.19**	**11383.62**	**980.39**	**34.17**	**57325.19**
		(48259.33)	(5135.47)	(11867.75)	(949.86)	(31.39)	(66243.80)
	Unallocated Corporate Assets						**10914.07**
							(6751.99)
							68239.26
							(72995.79)
(d)	**Total Liabilities**						
	Segment Liabilities	**4301.53**	**178.80**	**60.30**	**173.58**	**186.48**	**4900.69**
		(10242.34)	(110.34)	(91.64)	(149.44)	(12.16)	(10605.92)
	Unallocated Corporate Liabilities						**52667.10**
							(50598.28)
							57567.79
							(61204.20)
(e)	**Other Information**						
	(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	**3.12**	–	–	–	–	**3.12**
		(3.44)	(–)	(–)	(–)	(–)	(3.44)
	(ii) Capital Expenditure	**183.20**	**22.29**	**173.84**	**66.71**	–	**446.04**
		(145.84)	(6.70)	(92.10)	(61.76)	(–)	(306.40)
	(iii) Depreciation for the year	**1638.35**	**278.92**	**653.49**	**41.25**	**0.61**	**2612.62**
		(1641.42)	(285.36)	(663.69)	(41.48)	(0.09)	(2632.04)
(f)	**Geographical Segments Revenue**						
	India						**58210.33**
							(39748.13)
	Overseas (including through third party)						**5707.30**
							(–)
							63917.63
							(39748.13)

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 for fixed assets / additions to the fixed assets thereof cannot be furnished.

20. Previous years figures including those given in brackets, have been regrouped and/or rearranged, wherever necessary.

Signatories to Schedules 1 to 22

S. R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per **Sanjoy K. Gupta**
a Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 12th August, 2011

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

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, 2011 was held by the Company.

The net aggregate amount of the profit of the subsidiary company for the financial year ended 31st March, 2011 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. 97.04 lacs and Rs. 1013.21 lacs respectively.

Since the close of the accounts of the subsidiary company on 31st March, 2011 no material 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 to Upper Ganges Sugar & Industries Limited, the holding company had been repaid to the extent of Rs. 5 lacs.

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Financial Information of Subsidiary Company u/s 212(8) of the Companies Act, 1956

Sl. No.	Financial Information (in Rs.)	Uttar Pradesh Trading Company Limited
1.	Reporting Currency	Rupees
2.	Paid up Capital	163624995
3.	Reserves & Surplus	188194944
4.	Total Liabilities	351819939
5.	Investments	319333085
6.	Total Assets	351819939
7.	Turnover/ Total Income	10641285
8.	Profit before taxation	9703804
9.	Provision for Taxation	Nil
10.	Profit after Taxation	9703804
11.	Proposed Dividend	Nil
12.	Country	India

Notes

UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office: P.O. Seohara, Dist. Bijnor Uttar Pradesh, Pin - 246 746
Corporate & Head Office: 9/1, R.N. Mukherjee Road, 5th Floor, Kolkata 700 001
Phones :91 033 2243 0497/8 - Fax 91 033 2248 6369
Website: www.birlasugar.com, Email ID: birlasugar@birla-sugar.com

E-COMMUNICATION REGISTRATION FORM

Folio No. (For Physical Shares) : .....

DP ID/Client ID (For Demat Shares) : .....

Name of 1st Registered Holder : .....

Name(s) of Joint holder(s) : .....

.....

.....

Registered Address : .....

.....

.....

.....

E-mail ID (to be registered) : .....

.....

.....

I, as a shareholder of Upper Ganges Sugar & Industries Limited agree to receive all communications from the Company in electronic mode. Please register my above e-mail id in your records for sending all communications through email.

Date:_____ Signature:_____
of 1st holder

Notes :

- Shareholders are requested to keep the Company informed of any change in their e-mail id.
- This form is also available on the website of the Company, www.birla-sugar.com in "Investor" Section.

UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office: P.O. Seohara, Dist. Bijnor (U.P.), Pin - 246 746

NOTICE

Notice is hereby given that the Seventy-ninth Annual General Meeting of **UPPER GANGES SUGAR & INDUSTRIES LIMITED** will be held on Thursday, the 29th December, 2011 at 11.00 A.M. at the Registered Office of the Company at Sugar Mills Complex, P.O. Seohara, Dist. Bijnor (U.P.), Pin - 246 746 to transact the following businesses:

1. To consider and adopt the audited Balance Sheet as at 30th June, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Gaurav Swarup who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr I P Singh Roy who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr P K Lakhotia who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:-

   "RESOLVED THAT Messrs S R Batliboi & Co., Chartered Accountants, 22, Camac Street, Kolkata-700 016, having Firm Registration No. 301003E be and are hereby re-appointed as Statutory Auditors of the Company to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the Company on such remuneration and other terms of engagement as would be fixed by the Board of Directors."

By Order of the Board

Place : Kolkata
Dated : 12th August, 2011

S.K. Poddar
Company Secretary

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The instrument appointing proxy, in order to be effective, should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.**
2. The Register of the Members and Share Transfer Books of the Company will remain closed from the 22nd December, 2011 (Wednesday) to the 29th December, 2011 (Thursday) both days inclusive, for the purpose of holding the Annual General Meeting of the Company on 29th December, 2011.
3. In terms of Article 82 of the Articles of Association of the Company, Mr. Gaurav Swarup, Mr. I.P. Singh Roy and Mr. P K Lakhotia Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold Directorship and Membership/ Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends the re-appointment of all the above three Directors.
4. Members are requested to notify the change in their addresses, if any, to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialized form should send the above information to their Depository Participants.
5. In all correspondence with the Company/Registrar & Share Transfer Agent the members are requested to quote their accounts/folio numbers and in case their shares are held in

the dematerialized form their Client ID Number and DP ID Number.

6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/ unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed / unpaid dividends up to and including the financial year 30.06.2000 have been transferred to the said fund. Members who have not encashed the dividend warrants so far for the subsequent financial years may make their claim to the Company / Registrar and Share Transfer Agent. In terms of Section 205C of the said Act once the unclaimed/unpaid dividend is transferred to the Fund no claim in this regard, shall lie against the Fund or the Company.

7. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the Government can be obtained for the purpose from the Company/Registrar & Share Transfer Agent. The said Form 2B can also be downloaded from the Company's website.

8. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and The Calcutta Stock Exchange Limited and the listing fees for the year upto and including the year 2011-2012 have been paid to the respective Stock Exchanges.

9. The Profit and Loss Account for the financial year ended 30th June, 2011, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet are available for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on all working days up to this AGM.

10. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 30th June, 2011 may visit the Company's website www.birla-sugar.com or send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

Place : Kolkata
Dated : 12th August, 2011

S.K. Poddar
Company Secretary

Sub: **Green initiative in Corporate Communication- Electronic Mode of service of documents**

The Ministry of Corporate Affairs, Government of India, has by Circular No. 17/2011 dated 21st April, 2011 and another dated 18/2011 dated 29th April, 2011 clarified that a company will have complied with the provisions of the Companies Act, 1956 if it has made service of notices(s)/documents to its shareholders through electronic mode i.e. by e mail. As a strong supporter of green initiatives and as a responsible corporate citizen your Company vehemently supports the said clarification. We are sure, that as a responsible shareholder, you too will support this initiative and get yourselves registered for getting all corporate communications in electronic form from the Company. By registering yourself with the Company for e-communication, you will be able to receive such notice(s)/document(s), etc., promptly and without there being a chance of loss of the same in postal transit.

It is therefore proposed that henceforth documents Notices of Meetings, Annual Reports, Directors' Reports, Auditors' Report and other shareholder communications will be sent electronically to the e mail id provided by you and made available with the Company by the Depositories viz., NSDL/CDSL. As and when there are changes in your email ids, you are requested to keep your Depository Participants (DPs) informed of the same.

For shares held in physical form, shareholders can either register their e mail ids with the Company at birlasugar@birla-sugar.com mentioning their name(s) and folio no. or return the attached E-communication Registration Form (as attached on page 99 of the Annnual Report) duly filled in to the Company's Registrar & Share Transfer Agent M/s Link Intime India Private Limited at their address at 59C, Chowringhee Road, 3rd Floor, Kolkata- 700 020.

May it also be noted that should you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.

UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office: P.O. Seohara, Dist. Bijnor (U.P.), Pin - 246 746

ATTENDANCE SLIP

Only Shareholders or the proxies will be allowed to attend the meeting

D.P. ID		LF No.	
Client ID		No. of Shares held	

I hereby record my presence at the Seventy Ninth Annual General Meeting of the Company being held at Sugar Mills Complex, P.O. Seohara, Dist. Bijnor (U.P.), Pin -246 746 on Thursday, 29th December, 2011 at 11.00 A.M.

Name of the Shareholder _____

(in capital letters)

Name of the Proxy _____

(in capital letters)

_____

Signature

Note : Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office: P.O. Seohara, Dist. Bijnor (U.P.), Pin - 246 746

PROXY

D.P. ID		LF No.	
Client ID		No. of Shares held	

I/We _____ of _____ being a member/members of UPPER GANGES SUGAR & INDUSTRIES LIMITED hereby appoint Shri/Smt. _____ of _____ or failing him Shri/Smt _____ of _____ or failing him Shri/Smt _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Seventy Ninth Annual General Meeting of the Company to be held on Thursday, 29th December, 2011 at 11.00 A.M. at Registered Office of the Company at Sugar Mills Complex, P.O. Seohara, Dist. Bijnor (U.P.), Pin -246 746 and/or at any adjournments thereof.

Affix Revenue Stamp

Signature of the shareholder

Signed this _____ day of _____2011

Note : The Proxy Form signed across revenue stamp should reach the Registered Office of the Company at least 48 hours before the scheduled time of Meeting.

A TRISYS product
info@trisyscom.com
print anderson 98317 78971

BOOK POST

If undelivered please return to:

Upper Ganges Sugar & Industries Limited
9/1, R.N. Mukherjee Road, Kolkata - 700 001
www.birla-sugar.com