Upper Ganges Sugar & Industries Limited

Annual Report, 2011-12

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Corporate Information

BOARD OF DIRECTORS

Mrs. Nandini Nopany - Chairperson cum Managing Director
Mr. Chandra Shekhar Nopany
Mr. Ram Kishore Choudhury
Mr. Gopal Krishna Bhagat
Mr. Gaurav Swarup
Mr. Sunil Kanoria
Mr. Ishwari Prosad Singh Roy
Mr. Padam Kumar Khaitan
Mr. Pradeep Kumar Singhi
Mr. Bal Kishore Malpani
Mr. Dilip Kumar Mandal,
Nominee of IDBI Bank Limited

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

Mrs. Nandini Nopany - Chairperson
Mr. Chandra Shekhar Nopany
Mr. Gopal Krishna Bhagat

Audit Committee

Mr. Ishwari Prosad Singh Roy- Chairman
Mr. Ram Kishore Choudhury
Mr. Pradeep Kumar Singhi
Mr. Bal Kishore Malpani

Investors' Grievance Committee

Mr. Gopal Krishna Bhagat - Chairman
Mr. Ishwari Prosad Singh Roy
Mr. Chandra Shekhar Nopany

Remuneration Committee

Mr. Ishwari Prosad Singh Roy- Chairman
Mr. Gopal Krishna Bhagat
Mr. Gaurav Swarup

Risk Committee

Mr. Gaurav Swarup- Chairman
Mr. Sunil Kanoria

EXECUTIVES

Mr. Chand Bihari Patodia - Advisor
Mr. Santosh Kumar Poddar – Company Secretary
Mr. S K Maheshwari - Chief Financial Officer
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)

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.
Yes 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 & 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

SUGAR MILLS

1. Seohara, Dist. Bijnor (U.P.) - 246746
2. Sidhwalia, Dist. Gopalganj (Bihar) - 841428
3. Hasanpur, Dist. Samastipur (Bihar) - 848205

DISTILLERY

Seohara, Dist. Bijnor (U.P.)

CO-GENERATION

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

TEA GARDEN

Cinnatolliah Tea Garden
North Lakhimpur (Assam)

Financial highlights - 2011-12

(₹ in lacs)

	2007-08	2008-09	2009-10	2010-11	2011-12
Gross Turnover	32841.21	46030.56*	41873.69	66298.64*	73716.30
Operating Profit/(Loss)	4151.49	7657.75	1231.70*	6719.61*	7178.45
Finance Costs	2963.87	4219.94	4301.86*	5855.98*	6187.14
Depreciation & Amortisation Expenses	2051.46	2596.69	2632.04	2612.62	2654.93
Profit/(Loss) before Tax and Exceptional Item	(863.84)	841.12	(5702.20)	(1748.99)*	(1,663.62)
Exceptional Item	–	–	–	–	(1891.58)
Profit/(Loss) after Tax	(629.24)	626.94	(3906.64)	(1220.28)	(2,324.96)
Net Worth	13202.59*	13667.27*	9760.63	8540.35	6215.39
Net Worth per Equity Share (₹)	114.24*	118.26*	84.45	73.90	53.78
Dividend per Equity Share (₹)	–	1.20	–	–	–
Earning per Equity Share (₹)	(5.44)	5.42	(33.80)	(10.56)	(20.12)
Cane Crushed (Season) (In lac Qtls.)	164.53	116.30	147.93*	176.65	213.10

* Figures have been regrouped.

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 email. 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 including Notices of Meetings, Annual Reports, Directors' Report, 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 through 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 enclosed with this Annual Report duly filled in to the Company's Registrar & Share Transfer Agent M/s Link Intime India Private Limited at their address at:

M/s Link Intime India Private Limited
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

NOTICE

Notice is hereby given that the Eightieth Annual General Meeting of UPPER GANGES SUGAR & INDUSTRIES LIMITED will be held on Thursday, the 29th November, 2012 at 11.00 A.M. at the Registered Office of the Company at Sugar Mills Complex, P.O. Seohara, District Bijnor (U.P.), Pin - 246 746 to transact the following businesses:-

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 30th June, 2012, the Statement of Profit and Loss 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. Ram Kishore Choudhury who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. Sunil Kanoria who retires by rotation and is eligible for reappointment.
4. To consider and if thought fit to pass, with or without modifications, the following Resolution as an Ordinary Resolution:-

   "RESOLVED THAT Mr. Gopal Krishna Bhagat, a Director liable to retire by rotation, who does not offer himself for reappointment, be not reappointed as a Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up."
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 having Firm Registration No. 301003E be and are hereby reappointed 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."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

   "RESOLVED THAT Mr. Padam Kumar Khaitan who was appointed as an Additional Director with effect from 30th January, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

   "RESOLVED THAT Mr. Pradeep Kumar Singhi who was appointed as an Additional Director with effect from 30th April, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

   "RESOLVED THAT Mr. Bal Kishore Malpani who was appointed as an Additional Director with effect from 13th August, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board

Place: Kolkata
Dated: 13th August, 2012

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 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 of the Company will remain closed from 24th November, 2012 (Saturday) to 29th November, 2012 (Thursday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 29th November, 2012 in terms of this Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 82 of the Articles of Association of the Company, Mr. Gopal Krishna Bhagat, Mr. Ram Kishore Choudhury and Mr. Sunil Kanoria, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. However, Mr. Gopal Krishna Bhagat would not like to be re-elected at the Meeting. A brief resume of Mr. Ram Kishore Choudhury and Mr. Sunil Kanoria, nature of their expertise in specific functional areas, names of other 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 their reappointments.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are requested to notify the change in their addresses, if any, to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
8. Members are also requested to notify their email addresses, if any, to the Company/Registrar and Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No. 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
9. 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 dematerialised form their Client ID Number and DP ID Number.
10. 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 till the financial year up to and including 30th June, 2004 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial years 2005-06 and 2006-07 and all subsequent years may make their claim to the Company/Registrar and Share Transfer Agent. Once the

unclaimed/unpaid dividend is transferred to the Fund no claim in this regard, shall lie as against the Fund or the Company. As per Ministry of Corporate Affairs'(MCA) Notification no G.S.R 352 (E) dated 10th May, 2012 the Company shall also upload on the website of MCA the information pertaining to unclaimed dividend upto the date of forthcoming Annual General Meeting within 90 days of the said meeting in the prescribed format. Information containing the names and address of all such shareholders who have not encashed their dividend entitlements as on the date of the forthcoming Annual General Meeting shall also be uploaded on the Company's website www.birla-sugar.com as well as on MCA's website www.mca.gov.in within 14 days of earlier uploading.

11. 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.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.
13. 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 2012-13 have been paid to the respective stock exchanges.
14. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on National Stock Exchange of India Limited, Bombay Stock Exchange Limited and The Calcutta Stock Exchange Limited. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialised form to have a better liquidity of their shareholding.
15. The Statement of Profit and Loss for the financial year ended 30th June, 2012, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet and circulated to the Members of the Company along with this Notice are also available in physical form 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.
16. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 30th June, 2012 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: 13th August, 2012

S.K. Poddar
Company Secretary

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

Item No.6

Mr. Padam Kumar Khaitan, eminent lawyer specialised in corporate laws and a senior partner of the renowned law firm Khaitan & Company, was appointed as an Additional Director by the Board of Directors with effect from 30th January, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 161 of Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Khaitan holds office up to the date of the ensuing Annual General Meeting. In this regard, the Company has received a request in writing from a Member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Khaitan on the Board is desirable and would be beneficial to the Company and hence recommends Resolution No. 6 for adoption.

The Board recommends Resolution under Item No. 6 to be passed as an Ordinary Resolution.

Item No. 7

Mr. Pradeep Kumar Singhi, an eminent Chartered Accountant, Managing Partner of Singhi & Co., a firm of Chartered Accountants and the Chairman of Baker Tilly Singhi Consultants Private Ltd., was appointed as an Additional Director by the Board of Directors with effect from 30th April, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Singhi holds office up to the date of the ensuing Annual General Meeting. In this regard, the Company has received a request in writing from a member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Singhi on the Board is desirable and would be beneficial to the Company and hence recommends Resolution No.7 for adoption.

The Board recommends Resolution under Item No. 7 to be passed as an Ordinary Resolution.

Item No. 8

Mr. Bal Kishore Malpani, holding a Master's Degree in Business Administration was appointed as an Additional Director by the Board of Directors with effect from 13th August, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Malpani holds office up to the date of the ensuing Annual General Meeting. In this regard, the Company has received a request in writing from a member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Malpani on the Board is desirable and would be beneficial to the Company and hence recommends Resolution No. 8 for adoption.

The Board recommends Resolution under Item No. 8 to be passed as an Ordinary Resolution.

By Order of the Board

Place: Kolkata
Dated: 13th August, 2012

S.K. Poddar
Company Secretary

Upper Ganges is one of the largest and rapidly growing sugar companies in India today. Through organic and inorganic modes of growth, the Company has cautiously but consistently grown from a single unit sugar manufacturing company to a company having three sugar manufacturing units with an aggregate crushing capacity of about 18,000 tonnes of sugarcane per day (TCD).

Values

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

Philosophy

- To fulfill the expectations of customers, employees, financiers and society at large
- To maximise shareholders' return through continuous value-addition, integration and expansion
- To abide by the principles of good Corporate Governance through transparency, empowerment, accountability, independent monitoring and environment consciousness

Parentage

- Established in 1932, Upper Ganges Sugar & Industries Limited (UGSIL) is a part of the renowned KK Birla Group of Companies. The Group has diverse business interests in chemicals, heavy engineering, textiles, shipping and media, among others.
- From a modest beginning in 1932, UGSIL has grown to become one of the pioneers in the sugar industry. It is one of the largest and rapidly growing companies in the sugar industry.

Promoters

- The Company is under the able leadership of Mrs. Nandini Nopany, Chairperson-cum-Managing Director.
- Shares actively traded on The National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and The Calcutta Stock Exchange Ltd.

Presence

- Headquartered in Kolkata, India
- Sugar mills in Seohara (Bijnor district, Uttar Pradesh), Sidhwalia (Gopalganj district, Bihar) and Hasanpur (Samastipur district, Bihar)
- Distillery (ethanol production capacity 100 KLPD) and a cogeneration plant (24 MW) at Seohara and another 18 MW cogeneration plant at Sidhwalia
- Bio-compost plant at Shyamabad near Seohara (Uttar Pradesh)
- Tea garden in Cinnatoliah (North Lakhimpur, Assam)

Products

- Sugar
- Molasses
- Ethanol
- Bagasse
- Industrial alcohol
- Power
- Organic fertiliser
- Tea

Quality

- ISO 9001:2004 certified
- ISO 14001:2004 certified

Mills	Sugar crushing capacity	Ethanol production capacity	Cogeneration plant
Seohara (Bijnor district, Uttar Pradesh)	10,000 TCD	100 KLPD	24 MW
Sidhwalia (Goplaganj district, Bihar)	5,000 TCD	–	18 MW
Hasanpur (Samastipur district, Bihar)	3000 TCD	–	–
Total	**18,000 TCD**	**100 KLPD**	**42 MW**

CHAIRPERSON'S REVIEW

"In 2012-13, we expect to capitalise on the improvement in the fortunes of the sugar industry through the consolidation of our gains, enhanced cane procurement, higher asset utilisation and a stronger recovery."

Mrs. Nandini Nopany, Chairperson-cum-Managing Director, reviews the Company's performance for 2011-12.

The financial year of 2011-12 was yet another challenging one for India's sugar industry. It is an irony that the performance of North India's sugar industry remained under pressure on account of a higher sugarcane price of ₹ 240 per quintal that sugar mills in U.P. were required to pay to the farmers as advised by the State Government, compared with ₹ 205 per quintal in the previous year. If this was not enough, sugar realisations stayed range-bound between ₹ 28 and ₹ 30 per kg through the better part of 2011-12. Keeping this reality in mind – a higher raw material cost and subdued realisations – one was reasonably satisfied with the performance of Upper Ganges Sugar during the year under review. The Company reported a turnover of ₹ 73,716.30 lacs for the year ended 30th June 2012 as against ₹ 66,298.64 lacs in the previous year; profit /(loss) after tax was ₹ 2,324.96 lacs in 2011-12 as against ₹ 1,220.28 lacs in the previous period. The management successfully arrested the decline in performance through a better handling of factors within its control, resulting in a better output, superior coverage of costs

and higher operational efficiency. The result was that we crushed 20.63% more cane in 2011-12 than in the previous year, strengthened realisations by 5.22% to ₹ 2,887.22 per quintal and increased sale of power by 65.61%.

Challenges

The business of sugar manufacture is largely influenced by the availability of cane within a company's command areas and the ability of a company to maximise the drawal of cane for sugar manufacture. During the year under review, there was an increase in cane output in the Company's command area. However, availability was affected by the diversion of cane for the production of gur/khandsari, which resulted in a lower availability for the Company's manufacture and a decline in recovery from 9.62% in 2010-11 to 9.44% in 2011-12. The decline in recovery can be attributed to delay in rains in Western Uttar Pradesh and accumulation of water in the Gopalganj district of Bihar until November.

The Company responded with a sense of positivism to these challenges. The Company worked closely with farmers to mobilise as much cane as it could, provided a subsidy on equipment and seeds leading to the planting of a better cane variety and enhanced trust among farmers through timely cane payments.

Cane development

At Upper Ganges Sugar, we recognise that cane development plays a critical role in organisational stability and growth. Sugar cane constitutes 90-92% of the manufacturing cost of sugar; the more we source and crush, the higher is our profitability. As a result, organisational growth is derived from responsible cane development.

During the year under review, the Company increased cane development investment, subsidised the diesel used in irrigation by farmers within its command area, motorised the pumping of water in the fields and encouraged the increased use of yield-enhancing bio-fertilisers.

The result was an increase in cane sourcing by 20.63% during the year under review and a corresponding decrease in volumetric sales of sugar from 1,88,995 tonnes in 2010-11 to 1,80,467 tonnes in 2011-12.

Byproduct utilisation

Co-generation: The concept of co-generation – producing two different energy forms from one fuel (thermal and electrical energy) – is gaining ground in India's sugar industry. The result is that a number of sugar manufacturers have selected to generate energy from their bagasse byproduct. Upper Ganges was one of the early investors in the co-generation initiative in India's sugar industry as early as in May, 2007; the result is that the Company possessed 42 MW of co-generation capacity at the close of 2011-12.

This strategy of prudent byproduct utilisation translated into a 65.61% increase in cogeneration revenues during the year under review. The Company generated 1,616.5 lacs units of energy in 2011-12 compared to 1,104.2 lacs units in 2010-11; the quantum of revenues derived from co-generation increased from ₹ 2,948.36 lacs in 2010-11 to ₹ 4,882.78 lacs in 2011-12; the quantum of revenues as a proportion of the Company's overall revenues increased from 4.45% to 6.64%. Quite clearly, the Company's decision to invest in co-generation proved business-strengthening and the Company intends to substantially increase co-generation revenues in 2012-13, thus enhancing organisational profitability and stability.

Ethanol: The manufacture of ethanol is strictly influenced by demand and supply. The production and realisations of ethanol remained largely around at the same levels in 2011-12 as in the previous year.

The decision of the government requiring oil marketing companies to mandatorily blend 5% ethanol with gasoline strengthened the offtake of ethanol in the country while making the vehicular fuel environment friendly. Looking ahead, the Company aims to increase its ethanol production capacity.

Outlook

In 2012-13, we expect to capitalise on the improvement in the fortunes of the sugar industry through enhanced cane procurement, higher asset utilisation and a stronger recovery, consolidate earlier gains that will help return our sugar division to profitability.

Even as the prospects of the core business of the Company appear favourable for the moment, the Company will strengthen the utilisation of byproducts with the objective to enhance their share of our overall revenues in 2012-13. We expect that the combination of these two initiatives – core and byproduct management – will translate into better asset utilisation, cost management and a stronger financial performance in 2012-13. The Company expects to utilise this sectoral rebound to pare its debt, strengthen its financial and operational gearing and create a more attractive balance sheet leading to robust sustainability across the foreseeable future.

Directors' Report

To
The Members,

Your Directors take pleasure in presenting their report as a part of the 80th Annual Report and the audited accounts of the Company for the year ended 30th June, 2012.

2. Financial results and appropriations

(₹ in lacs)

		2011 – 12		2010 – 11
Gross Sales		73,716.30		66298.64
Profit before Exceptional Item, Depreciation & Amortisation expenses, Tax and Finance Costs		7,178.45		6,719.61
Less: Depreciation & Amortisation expenses	2,654.93		2,612.62	
Finance Costs	6,187.14	8842.07	5,855.98	8468.60
Profit/(Loss) before Exceptional Item and Tax		**(1,663.62)**		**(1,748.99)**
Less: Loss on account of Exceptional Item		1,891.58		–
Less: Provision for Tax:				
– Current Tax	87.60		96.59	
– Deferred Tax Charge/(Credit)	1317.84	(1,230.24)	(625.30)	(528.71)
Profit/(Loss) after Tax		**(2,324.96)**		**(1,220.28)**
Add: Surplus brought forward from previous year		32.27		152.55
Add: Transfer from General Reserve		–		1100.00
Amount carried forward to the Balance Sheet		**(2,292.69)**		**32.27**

Operating Performance

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

Financial Performance 2011-12

4. The Company had recorded net revenue of ₹ 71,637.45 lacs (including other income aggregating to ₹ 589.58 lacs) for the year ended 30th June, 2012. The gross sales (inclusive of excise duty) of the Company for the year 2011-12 increased by 11.19% to ₹ 73,716.30 lacs from ₹ 66,298.64 lacs in the year 2010-11.

5. The Earning before Finance Costs, Depreciation & Amortisation expenses and Tax for the year under review stood at ₹ 7,178.45 lacs representing 10.02% of the net revenue and showed an increase of 6.83% over previous year's ₹ 6,719.61 lacs. The improvement of EBIDTA of the Company during the year under review can be attributed to better capacity utilisation due to availability of sufficient quantity of sugarcane during the year under review and other cost control measures.

6. During the year under review the sugar industry made substantial losses due to negative policies of the Central and the State Governments. Sugar prices remained under pressure during the major part of the year, mainly due to surplus sugar in the country along with the various controls exercised by the Central Government to control inflation. The Central Government has regulated exports by releasing 30.48 lac tonnes till 2nd August, 2012 and by erratic release of sugar stocks under the archaic monthly release mechanism. The Central Government continued its policy of procuring 10% sugar as levy at prices significantly below the cost of production and the market prices.

7. The State Government of U.P. fixed an exorbitant price of ₹ 240/- per quintal of sugarcane at extraneous considerations without any economic justification. The sugar industry of Bihar in consultation with the State Government fixed a price of ₹ 225 per quintal which was accepted by all the farmers and the State Government as a fair price. The high sugarcane price without a corresponding increase in sugar price crippled the industry in U.P.

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.

9. The performance of Tea segment continued to be strong during the year under review. The production of Tea increased from 12.60 lac kgs in the year 2010-11 to 13.00 lac kgs in the year under review.

Research & Development

10. During the year under review the Company has undertaken research and development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise improve the sucrose contents of their produce.

Dividend

11. The Board of Directors does not recommend any dividend for the year under review in view of the current year's and accumulated losses.

Corporate Governance

12. Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report, the Report on Corporate Governance, Declaration of Managing Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance form an integral part of this Report and are attached to this Report as Annexure 'A', 'D', 'E' and 'F' respectively.

Directors

13. The Company has 10 Non-Executive Directors having experience in varied fields and a Chairperson-cum-Managing Director. During the year under review, three Directors, Mr. Ram Kishore Choudhury, Mr. Sunil Kanoria and Mr. Gopal Krishna Bhagat retire from the Board by rotation and are eligible for re-appointment. However, Mr. Gopal Krishna Bhagat has not offered himself for reappointment on account of his advanced age and accordingly shall cease to be a Director upon conclusion of the ensuing Annual General Meeting. Mr. Bhagat has served as a Director on the Board of the Company for 39 years and the Board places on record its deep appreciation for the services rendered by him during his tenure as a Director of the Company.

14. Lt. General K Chiman Singh (Retd.) and Mr. Pushpendra Kumar Lakhotia ceased to be the Directors of the Company with effect from 1st February, 2012 and 13th August, 2012 respectively. The Board places on record its deep appreciation for the services rendered by them during their respective tenures as Directors of the Company.

15. Pursuant to the provision of Section 260 of the Companies Act, 1956, Mr. Padam Kumar Khaitan, Mr. Pradeep Kumar Singhi and Mr. Bal Kishore Malpani who were appointed as Additional Directors on 30th January, 2012, 30th April, 2012 and 13th August, 2012 respectively would hold office upto the date of the ensuing Annual General Meeting. The Company has received three notices in writing from three different Members proposing the candidatures of Mr. Padam Kumar Khaitan, Mr. Pradeep Kumar Singhi and Mr. Bal Kishore Malpani for the office of Director liable to retire by rotation.

16. 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

17. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows:

    i) That in the preparation of the annual accounts for the financial year ended 30th June, 2012 the applicable accounting standards had been followed along with proper explanation relating to material departures;

    ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

    iii) That 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) That the Directors had prepared the annual accounts on a 'going concern' basis.

Auditors', Audit Qualifications and Board's Explanations

18. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Assets amounting to ₹ 3306.41 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.

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

20. The Board, on the recommendation of the Audit Committee, proposed that Messrs S. R. Batliboi & Co., Chartered Accountants, be reappointed 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

21. 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 the products Sugar and Industrial Alcohol at Seohara unit and the product 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 the Seohara and Sidhwalia and for the product Tea for Cinnatolliah Tea Garden, units of the Company for the year ending on 30th June, 2013.

22. Cost Audit Reports for all the applicable products for which cost audit is mandatory for the year ended 30th June, 2011 were filed on 2nd December, 2011 and 6th December, 2011 with Cost Audit Cell of Ministry of Corporate Affairs department within due dates viz., 31st December, 2011.

Subsidiary Company and Consolidated Financial Statements

23. 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 Auditors 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.

24. The Annual Accounts of the subsidiary company will be available for inspection by any shareholder at the Registered Office of the Company and will also be available on the website www.birla-sugar.com. Furthermore, a hard copy of the detailed account of the subsidiary will be furnished to any shareholder on demand at any point of time.

Particulars of Employees

25. 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

26. 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 are attached as per Annexure 'B' and form part of this Report.

Fixed Deposits

27. As on 30th June, 2012, your Company had 1353 depositors with fixed deposits of ₹ 1274.78 lacs. One depositor has not claimed his matured fixed deposit amount of ₹ 0.65 lacs as on that date. In terms of requirements of Investor Protection and Education Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 the Company shall upload the information on the website of Ministry of Corporate Affairs as well as on its own website www.birla-sugar.com. This will be within such time as is prescribed under the said rules and will contain the detail of all such fixed deposit holders who till the date of the ensuing Annual General Meeting shall not have claimed their matured fixed deposit proceeds. The Company had been regular in refunding the claimed deposits on maturity.

CEO/CFO Certification

28. 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

29. Your Directors take this opportunity of recording their appreciation for the support extended to the Company by the shareholders, financial institutions, bankers, suppliers and cane growers. Your Directors are also grateful to 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 various levels to the Company's progress.

For and on behalf of the Board

Place: Kolkata
Dated: 13th August, 2012

Nandini Nopany
Chairperson-cum-Managing Director

Management Discussion and Analysis Report

Annexure A

Industry Structure and Developments of the Sugar Business

Global Sugar Industry

An overview

The global sugar industry is one of the world's oldest agro-based industries, which produced around 164 million tonnes of sugar in the previous year. While many forces continually impact annual global production, a major sustainability feature of this industry is historic and ongoing growth of sugar consumption, which on an average, increases by around 2.26% per annum.

Out of more than 100 countries producing sugar, about 81% of the producers produce sugar from sugarcane grown primarily in the tropical and sub-tropical zones of the southern hemisphere, and the balance from sugar beet which is grown mainly in the temperate zones of the northern hemisphere. Generally, the cost of producing sugar from sugarcane is lower than that of sugar processed from sugar beets. Currently, 72% of the world's sugar production is consumed in the countries of origin itself while the balance is traded in the world markets.

Global Sugar Production

Global sugar production increased from 164.219 million tonnes in SY (sugar year) 2010-11 to 173.828 million tonnes in SY 2011-12. The surge in the production was due to higher output in India and Thailand and few other countries though the increase was compensated marginally by a decline in sugar production in Brazil and China.

World Sugar Balance

(million tonnes, raw value)

Particulars	2011–12*	2010–11	Change	
			In million tonnes	In %
Production	173.828	164.219	9.609	5.85
Consumption	167.352	163.649	3.703	2.26
Surplus/deficit	6.476	0.570		
Import demand	48.615	53.098	-4.483	-8.44
Export availability	53.538	52.796	0.742	1.41
End stocks	58.470	56.917	1.553	2.73
Stocks/consumption ratio (in %)	34.94	34.78		

[Source: ISO Quarterly Market Outlook, May 2012]

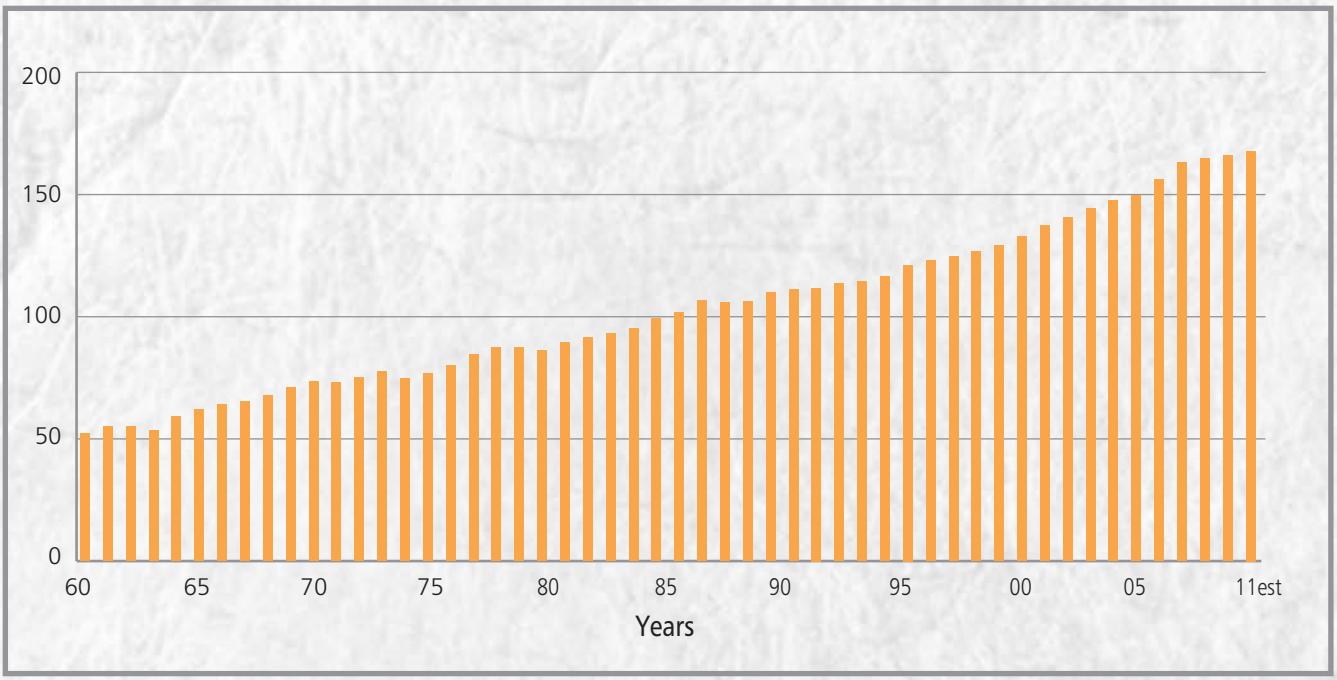
* Estimates for year 2011-12

Global Sugar Consumption

The global sugar consumption is expected to increase from 163.65 million tonnes in 2010-11 to 167.35 million tonnes in 2011-12.

World per capita sugar consumption stood at 23.80 kg and is expected to remain steady at the same level in 2011-12 as well. The per capita consumption in India stood at 21 kg compared with 62 kg of Brazil, 40 kg of the US and 35 kg of the European Union.

Global sugar consumption (million tonnes)



Global Sugar Price

During 2011, limited sugar availability sustained higher world sugar prices which rose above US 30 cents/lb. International sugar prices are expected to soften over the remaining part of SY 2011-12, as production responds globally to recent high prices and the global balance moves into a larger surplus that allows stock rebuilding. More recently, improved production prospects, including predictions of a record crop in Thailand softened the demand resulting in the international price declining to around US 25.20cents/lb in May 2012.

Indian Sugar Industry

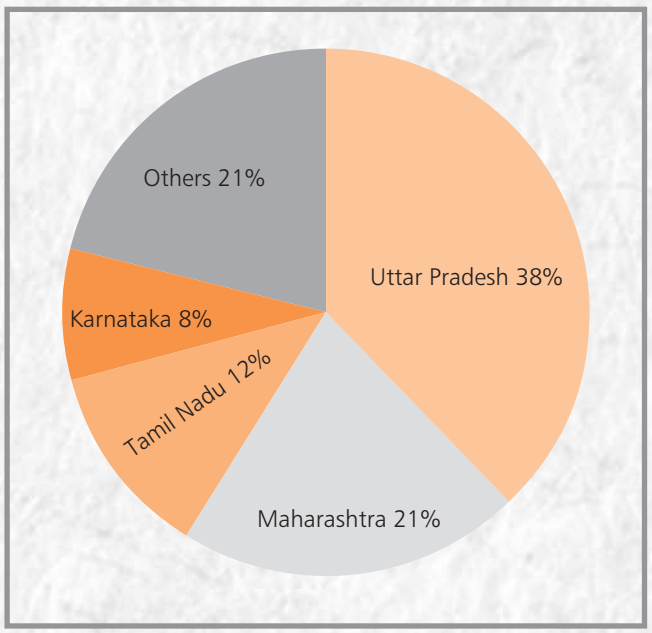
Overview

India is the world's second-largest producer of sugar after Brazil. After cotton, sugar is the second-largest agro-based industry.

Though India is also the world's biggest sugar consumer in terms of absolute consumption, it consumes one-third more sugar than the EU and over 60% more than China. India's per capita consumption is 21 kg, which is below the global average of 24 kg.

The sugar industry occupies an important place in the Indian economy. Nearly 7.5 million people across the country are directly or indirectly employed in the industry. Over 50 million Indians make their livelihood from growing, supplying and otherwise dealing in sugarcane. The sugar industry contributes annually around ₹ 50 billion by way of excise duty, cess, VAT, entry tax and octroi.

Major Sugarcane Producers



[Source: Percentage calculated based on data taken from Agriculture department]

Sugarcane is cultivated in around 5 million hectares of land in India and has about 671 sugar factories with an expected annual sugar production of around 24 million tonnes in SY 2011-12. The major sugarcane producing states in India are Uttar Pradesh, Maharashtra Tamil Nadu and Karnataka. Uttar Pradesh contributes 47% of total acreage, but has only a 38% share in total domestic sugar production as its yields are below national average of 65,000 kgs per hectare. The second-largest producer of sugarcane is Maharashtra with a share of over 20% in production, followed by Tamil Nadu with a share of 12%. India has 20% of the world's total sugar mills and accounts for about 15% of the global production of sugar.

Production

During SY 2011-12, Indian sugar production grew to 26 million tonnes, a 6.71% growth over the previous year, driven mainly by improved cane acreage in response to healthy cane prices being paid, adequate rains and increased productivity. However, with domestic consumption at around 22 million tonnes and exports of around 3.5 million tonnes in SY 2011-12, the overall stock position is expected to remain at 8.3 million tonnes by the end of SY 2011-12.

The domestic sugar industry is likely to remain in surplus with sugar output likely to outstrip domestic consumption for the second consecutive year. The impact of this surplus is likely to be mitigated to the extent of actual exports during this year. The Government of India already permitted free exports of sugar and is expected that exports are still feasible notwithstanding the softening international prices.

Thus, sugar stocks are likely to be 11.3 million tonnes which will be equivalent to around 6 months' consumption and will soften the prices of sugar. However, with less than normal monsoon in 2012, the actual price dynamics may change expectations.

Consumption Pattern

Indian sugar consumption is set to increase in 2012-13 to 22 million tonnes on improved domestic supplies and strong demand from bulk consumers. Prospects of growth in the Indian economy (expected at 7.6% for 2012-13 and 8.6% for 2013-14), and a rapidly growing population (about 1.8% per annum), particularly the youth, will support growth in sugar consumption. Bulk consumers such as soft drink manufacturers, bakeries, confectionary, hotel and restaurant consumers account for 60% of sugar demand. Most bulk consumers only use cane sugar as India does not produce High Fructose Corn Syrup (HFCS) in significant quantities.

Domestic Sugar Production and Consumption

(in million tonnes)

Sugar year	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12E
Opening stock (1st October)	8.50	4.00	4.30	11.03	10.50	4.36	4.98	6.80
Production (October-September)	12.69	19.27	28.36	26.36	14.60	18.91	24.39	26.00
Imports	2.14	–	–	–	2.40*	4.08*	–	–
Total availability	23.33	23.27	32.67	37.39	27.44	27.36	29.37	32.80
Domestic consumption	18.50	18.50	19.90	21.90	22.92	21.33	20.77	21.50
Exports	0.00	1.10	1.73	4.96	0.17	0.24	2.60	3.60
Closing Stock as on 30th September	4.83	3.66	11.03	10.53*	4.36*	5.80	6.00	7.71
Closing Stock as a % of off take	2.61	1.98	5.53	4.79	1.90	2.72	2.88	3.58

* Import figure/CS for SY 2008-09 excludes 2.0 million of unprocessed raw sugar lying with sugar mills while import figures/CS for SY 2009-10 includes the processing of the aforesaid raw sugar

[Source: ISMA]

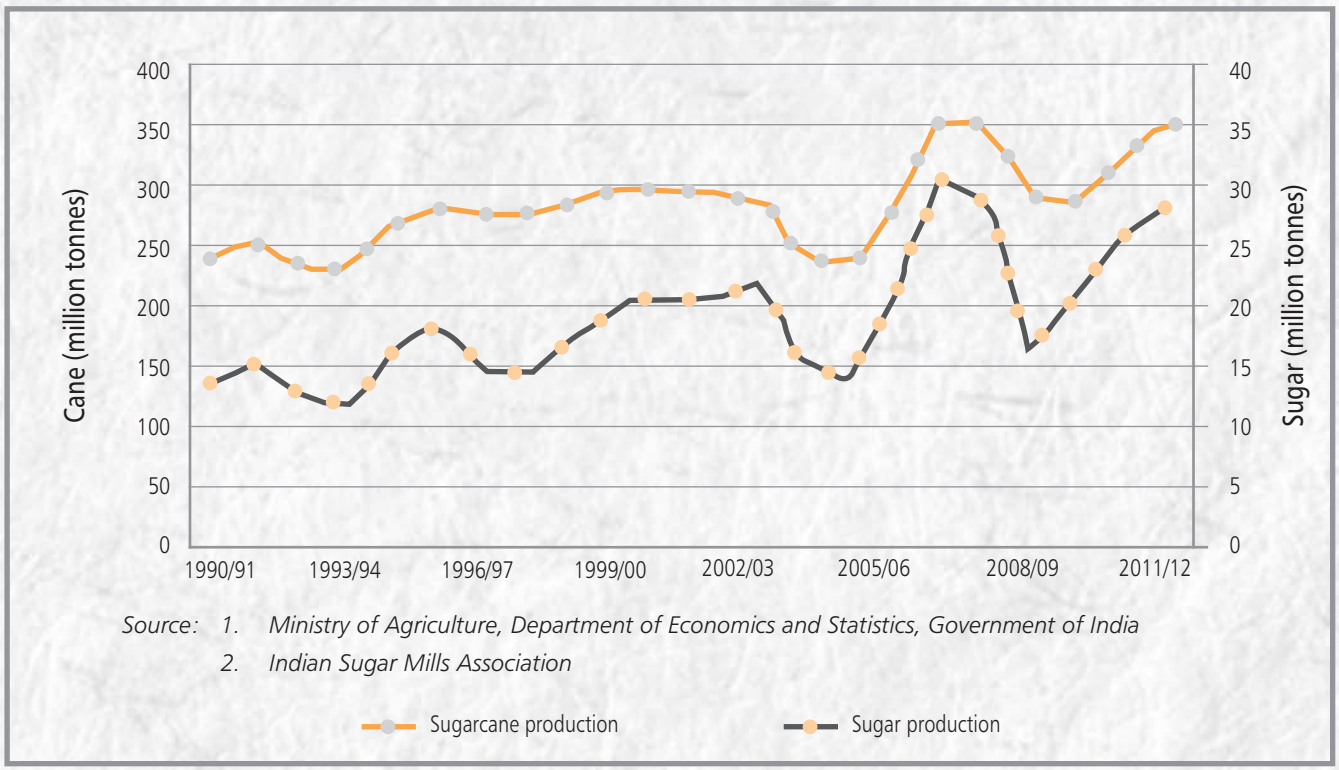
Cane Pricing

Due to a drastic fall in sugarcane and sugar production in the previous two seasons, Government of India increased support prices which mills will have to pay to farmers in last season (2010-11) by as much as ₹ 31.76 per quintal to ₹139.12 per quintal to boost sugarcane acreage. The Fair Remunerative Prices (FRPs) for the 2011-12 season too was raised by ₹ 5.88 per quintal to ₹ 145 per quintal. The FRP of 2012-13 is ₹ 170 per quintal.

The State Advised Price (SAP) in UP increased from ₹ 205 per quintal in 2010-11 to ₹ 240 per quintal in 2011-12, resulting in further pressure on the cost of the mills.

Realisations of Sugar

Domestic sugar prices continued to remain soft on the expectation of increased domestic production in 2011-12 and forecasted higher production in 2012-13. Following the government's decision to allow free sugar exports in 2011-12, domestic sugar prices rose strongly in November 2011, but were moderated as fresh sugar supplies pulled down prices. The prices were range-bound between ₹ 28 per kg to ₹ 30 per kg ex-mill. Higher cane prices and lower realisations resulted in losses for the industry. Sugar prices in the upcoming 2012-13 season are expected to remain highly volatile in view of near drought like situation on the one hand and on the other the prospects of improved domestic supplies. International price movements can influence domestic prices *[Source: Global Agricultural Information Network].*



Source: 1. Ministry of Agriculture, Department of Economics and Statistics, Government of India
2. Indian Sugar Mills Association

Exports of Sugar

In 2011-12, India returned to the league of net exporters. As estimated, India exported 3.5 million tonnes. During the first seven months of the 2011-12 season, the government allowed 3 million tonnes of Open General Licence (OGL) exports in three tranches of one million tonnes each (at the end of November, in early February and, finally, in late March). However, by the beginning of May, the Government decided to free sugar exports from any quantity restrictions for the time being in order to speed up shipments so that mills are able to pay farmers for cane. The industry believes that the country will keep its net exporting status even in 2012-13. However, rupee depreciation against the dollar has reduced the net realisation of sugar for Indian exporters.

Sugar Policy Developments, 2011-12

- The Government decided to allow unrestricted sugar exports by bringing it under the Open General Licence with effect from May 2012.
- The Government approved a third tranche of 1 million tonne of white sugar exports under the so-called Open General Licence (OGL) scheme in late March. This follows the earlier approval of two tranches of 1 million tonne each, in early February and late November respectively, taking the total export allowance to date to 3.5 million tonnes.
- The State Advised Price of Sugarcane was fixed at a record level of ₹ 240 per tonnes without a corresponding increase in sales realisations of sugar.

Outlook of Sugar Business – Global and Indian Perspective

The previous two years have eroded the profitability of the sugar industry, resulting in huge losses and accumulated cane arrears. The problem would have been more acute had the Central Government not permitted the industry to export sugar and reduce the surplus sugar from the Indian markets. The problems facing the sugar industry are being recognised by the Central Government for which they have constituted a high powered

committee under the Chairmanship of Dr. Rangarajan. This Committee is expected to submit its report shortly and it is expected that the industry's demand for deregulation will be accepted.

The monsoons during 2012-13 were delayed with deficiencies in Maharashtra and Karnataka which is likely to affect the sugar production in these two states. Preliminary indications are that the monsoon in the northern region, though late, is by and large satisfactory which will result in an increase in production due to an increase in cane acreage.

As a result of these two factors, sugar production in India during 2012-13 will be lower than the previous year at 25 million tonnes but is still expected to be substantially higher than domestic consumption.

In anticipation of a reduction in production, sugar prices improved from the month of July 2012 onwards. It is yet to be seen whether this price increase can be sustained and will depend on the final outcome of the monsoons and sugarcane availability.

Fair and Remunerative Prices of Sugarcane

(₹ per quintal)

	2009-10	2010-11	2011-12
Seohara	135.32	142.04	149.59
Sidhwalia	129.84	139.12	145.00
Hasanpur	129.84	139.12	145.00

Note: With effect from 2009-10, the term 'Statutory Minimum Price (SMP)' was replaced by 'Fair and Remunerative Price (FRP)'.

Segment-wise or Product-wise Performance

Operational Review of Sugar

The Company produced 20.07 lac quintals of sugar in 2011-12, an increase of 18.06% from 17.00 lac quintals in 2010-11 The Company crushed 213.10 lac quintals of sugarcane in 2011-12, an increase of 20.63%, from 176.65 lac quintals in 2010-11.

However, realisation per tonne (net of excise) of free sugar increased from ₹ 27,382.50 in 2010-11 to ₹ 28,872.20 in 2011-12.

Comparative Operational Figures

	2011-12			Total	
	Seohara	Sidhwalia	Hasanpur	2011-12	2010-11
Installed capacity (TCD)	10,000	5,000	3,000	18,000	18,000
Sugarcane crushed (lac quintals)	134.92	47.01	31.17	213.10	176.65
Recovery (%)	9.44	9.43	9.48	9.44	9.62
Sugar produced (lac quintals)	12.73	4.43	2.91	20.07	17.00
Crushing days (Gross)	144	103	112	359	316
Sales (₹ In lacs)	36,781.21	13,665.23	8,114.65	58,561.09	54,945.52

Operational Review of Ethanol

Total revenue from ethanol segment constituted 6.96% of the total revenue of the Company during 2011-12 compared with 6.86% in 2010-11.

The Company produced 215.01 lac litres of spirit in 2011-12, a 1.61% increase from 211.61 lac litres produced in 2010-11.

Operational Review of co-generation of Power

The Company marketed 1,181.71 lac units of power from two of its plants compared with 735.69 lac units sold in 2010-11.

Total revenue from co-generation of power constituted 9.29% of the total revenue of the Company during 2011-12 compared with 7.38% during 2010-11.

Operational Review of Tea

The Company marketed 12,64,699 kgs of tea during 2011-12 compared with 11,96,371 kgs during the year 2012-13.

Revenue from the tea segment constituted 2.43% of the total revenue for 2011-12 compared with 2.57% during 2010-11.

Industry Structure and Development of Ethanol Business

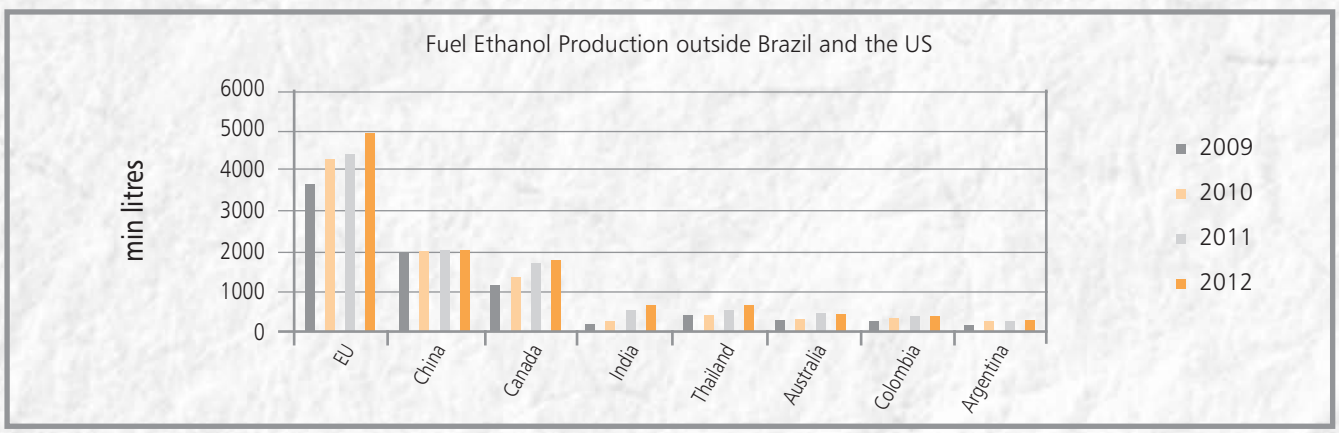
Global Ethanol Scenario

An Overview

The global biofuels industry has grown significantly in recent years and is making a significant contribution to the economies of individual producing countries and to the global economy as a whole. Key drivers for the global biofuels industry are the desires to develop alternative sources of energy in response to soaring crude oil prices, generate increased revenue for farmers by producing value-added bio fuel products, mitigate the impact of adverse climate change and to stimulate agricultural production. Reflecting this, growth in the ethanol and biodiesel industries was stimulated by national policies in the form of mandates and renewable energy goals and high crude oil and refined petroleum prices.

Global Production of Ethanol

Global fuel ethanol production is forecast to grow by only 0.6% in 2012 to 86.0 billion litres, after contracting by 1.0% in 2011. This was the first contraction in output for more than a decade, mainly due to a slump in ethanol production in Brazil. A recovery in Brazil's cane area is expected to allow fuel ethanol production to rebound by almost 10 % in the 2012-13 season. In the US -- the globe's largest producer of ethanol – output is forecast to contract by 1.5%. With production capacity already close to the limit for conventional corn ethanol under the Renewable Fuels Standard (RFS2), a saturated domestic market and constrained export opportunities severely dampened growth prospects



- US$ 87.3 billion of expenditures on feedstock and other goods and services to produce 93.2 billion liters of ethanol supported US$ 301.5 billion of gross output and US$125.2 billion of value-added output on a global basis. Based on OECD-FAO projections for ethanol production, the contribution to world gross output by ethanol is projected to increase 74% to US$ 525.1 billion by 2020
- Global ethanol and biodiesel production supports nearly 1.4 million jobs in all sectors of the global economy in 2010. These jobs include not only direct biofuels production, but also jobs in agriculture, other supplying industries, and other sectors such as retail and wholesale trade that benefit from the economic activity generated by biofuels. The largest share of employment for ethanol occurs in the U.S. and Brazil, although the fastest growth is projected to be realised in the developing Asian and African producing nations.

Global Consumption of Ethanol

Global fuel ethanol consumption is forecast to rise to 86.3 billion litres in 2012, up 4.5%. US consumption is forecast to increase to 3.7% with the continuing slow rollout of E15 constraining growth potential. Brazil's consumption is expected to recover partially after falling in 2011, even though penetration of hydrous ethanol in the nation's fleet of FFVs is anticipated to remain constrained by poor price competitiveness as against gasoline. Rising inclusion obligations in the EU shall ensure continued consumption growth, while significant increases in smaller consumers such as Canada, Colombia and India are also expected in 2012.

Global Economic Impacts of Biofuels

Gross Output	2010 (Mil $)	2020 (Mil $)	% Change
Ethanol	$301,480	$525,088	74.2%
Biodiesel	$72,952	$154,663	112.0%
Total	**$374,432**	**$679,751**	**81.5%**

Employment	2010 (Jobs)	2020 (Jobs)	% Change
Ethanol	1,088,229	1,594,315	46.5%
Biodiesel	291,129	673,380	131.3%
Total	**1,379,358**	**2,267,695**	**64.4%**

Indian Scenario of Ethanol

An Overview

Ethanol and alcohol production in India depends on the availability of sugar molasses (a by-product of sugar production). Since sugarcane production in India is cyclical, ethanol production also varies, thus not assuring the optimum supply levels needed to meet the demand at a given time. Lower sugar molasses availability and consequent higher molasses prices affect cost of production of ethanol, thereby disrupting ethanol supply for the blending programme at a pre-negotiated fixed level.

Production

India has 330 distilleries which produce over 4 billion litres of rectified spirit (industrial alcohol) per year. Of the total distilleries, about 120 distilleries have the capacity to distillate 1.8 billion litres (an additional annual ethanol production capacity of 365 million litres was built up in last three years after the government provided funds to sugar mills) of conventional ethanol per year and meet the demand for the mandatory 5% blending of ethanol with petrol. Currently, India produces conventional bio-ethanol from sugar molasses and producing advanced bio-ethanol is in its nascent form (research and development). *[Source: Global Agricultural Information Network Report, USFDA].*

Consumption

The strong growth in ethanol consumption across the chemical industry, the potable liquor industry and Ethanol Blended Petroleum (EBP) is expected to raise the total ethanol consumption to over 2 billion litres in 2011-12. Ethanol supply for EBP is unlikely to be constrained given the improved supply situation. 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 was raised by 200 million litres from 50 million litres in 2009-10, mostly due to improved supply of molasses and steady demand of ethanol from competing industries. During 2009-10, higher ethanol market prices were attractive for suppliers to divert their supplies from EBP.

Given that India is the fourth-largest global contributor to carbon emissions, the Government of India (GoI) transport policy has already introduced EURO-III and EURO-IV norms for vehicles, which in turn will require adopting clean and green fuel. The Government is concerned for economic, environmental (India's carbon emissions are growing at the rate of 3.2% annually) and energy security and is looking for alternate fuels to meet energy demand.

Conclusion – Ethanol

The biofuels industry has grown significantly in recent years and promises to continue expanding as an increasing number of countries seek to expand sources of alternative energy, reduce dependence on volatile world oil and petroleum prices, create new revenue for farmers and stimulate agricultural production. This expansion will provide significant contributions to the global economy in terms of output growth, job creation and important contributions to environmental quality. The importance of biofuels to agriculture is particularly notable since feedstock produced by the world's farmers provide significant revenue and stimulate future agricultural production that will enhance food security globally. The fastest growth in biofuels production is expected to take place in emerging and developing countries particularly in Asia and Africa. For these countries, biofuels will supply rapidly growing domestic markets and provide an important base for expanding export earnings needed to fuel economic growth.

Conventional bio-ethanol production and distribution

(in million litres)

Calendar year	2007	2008	2009	2010	2011	2012
Opening stock	747	1,396	1,673	1,283	1,085	999
Production	2,398	2,150	1,073	1,435	1,934	2,130
Imports	15	70	320	150	50	100
Total supply	3,160	3,616	3,066	2,868	3,069	3,229
Exports	14	3	3	3	10	10
Consumption						
Industrial use	650	700	700	720	750	775
Potable liquor	800	850	880	900	950	1010
Blended petrol	200	280	100	50	250	300
Other use	100	110	100	110	110	110
Total consumption	1,750	1,940	1,780	1,780	2,060	2,095
Ending stocks	1,396	1,673	1,283	1,085	999	1,024
Total distribution	3,160	3,166	3,066	2,868	3,069	3,229

[Source: FAS/New Delhi Estimates based on information from Trade Sources]

Operational Review – Ethanol

Comparative Operational Figures

	2011-12	2010-11	Growth (%)
Distillery capacity (KLPD)	100	100	
Distillery capacity utilisation (%)	71.67	70.54	1.13
Spirit produced (lac litres)	215.01	211.61	1.61
Average realisation (₹ per litre)	25.03	22.66	10.46
Sales (₹ in lacs)	5,961.78	5,220.76	14.19

Industry Structure and Development of Co-generation

In India, interest in high-efficiency bagasse co-generation started in the 1980s when electricity supply started falling short of demand. High-efficiency bagasse co-generation was perceived as an attractive technology both in terms of its potential to produce carbon neutral electricity as well as its economic benefits to the sugar sector.

In the present scenario, where fossil fuel prices are shooting up and there is a shortage and non-availability of coal, co-generation appears to be a promising development. The thrust on distributed generation and increasing awareness for cutting greenhouse gas emissions increases the need for co-generation. Also, it helps in controlling pollution from fossil fuels.

According to a government policy regulating cooperative sugar factories, the state government provides 5% of the capital expenditure on the co-generation project while the factory concerned puts in an equal amount. The sugar development fund of the Union Government provides 30% funding and the remaining is secured through institutional funding. An investment of around ₹ 4.50 crore per MW is needed to start a co-generation plant in a co-operative factory.

In the last 15 years, 1,952.53 MW of bagasse co-generation projects were commissioned. The states with a leadership position in implementing biomass power projects are Andhra Pradesh, Karnataka, Tamil Nadu, Chhattisgarh, Maharashtra, Punjab and Rajasthan *[Source: MNRE].*

India's 527 working sugar mills crush around 240 million tonnes of cane per year and generate 80 million tonnes of wet bagasse (50% moisture), of which they consume around 70 million tonnes for meeting captive requirements of power and steam. Thus, electricity production through co-generation in sugar mills in India is an important avenue for supplying low-cost, non-conventional power *[Source: Press Information Bureau, Government of India].*

Presently, India has around 206 co-generation units with a cumulative installed exportable capacity of 3,123 MW (peak season). Besides, India has a potential of generating 500 MW of power through bagasse.

Operational Review – Co-generation

The Company possesses two co-generation power plants with a total capacity of 42 MW. The Company marketed 1181.71 lac units of power from its plants compared with 735.69 lac units sold in 2010-11.

Comparative Operational Figures

	2011-12		Total	
	Seohara	Sidhwalia	2011-12	2010-11
Capacity (MW)	24	18	42	42
Captive power consumption (As % of total power produced)	28.89	23.40	27.12	33.27
Power generated (in lac units)	1,096.45	520.13	1,616.58	1,104.22
Power supplied to State grid (₹ in Lacs)	3,229.25	1,653.53	4,882.78	2,948.36
Average realisation (per kwh)	4.13	4.23	4.16	4.07

Industry Structure and Development of Tea Plantation

India's tea industry is around 176 years old. India is the world's largest consumer, second-largest producer and fourth-largest exporter of tea after China and accounts for nearly 30% of global output and nearly 25% of tea produced worldwide is consumed in India. Branded markets account for nearly 55% of the total market and is growing at about 20% CAGR while the unbranded market is growing at 10% annually. Nearly 35 lac workers are employed in over 1,500 tea estates across India and about 65 % of these are employed indirectly. Assam produces over half of India's tea and accounts for over 12% of annual global tea yield. Tea is cheap, affordable and addictive in nature, with 90 % of Indian households being tea drinkers *[Source: ASSOCHAM]*.

Production and Consumption – Tea

Total tea output in India in 2011-12 was recorded at 988 million kgs, posting a positive annual growth of 2.3% for the first time after three consecutive years of decline. Despite tea production improving at a marginal pace in the past decade, domestic tea consumption increased from 653 million kgs in 2000 to 837 million kgs in 2010-11 while per capita tea consumption also improved from 652 grams to 711 grams per head per year.

However, even at the present level, Indian per capita tea consumption is considerably lower than other tea drinking nations such as Ireland (3 kg), more than 2 kg in the U.K., Turkey, and Iraq, and more than 1 kg in Sri Lanka and Pakistan. This signifies remarkable potential to grow in domestic tea consumption *[Source: Credit Analysis & Research Limited]*.

Exports of Tea

The country's total tea exports stood at 186.73 million kg during 2011-12 as against 222.02 million kg during 2010-11. The sharp fall in exports to the tune of 35.3 million kg last year was despite a rise in the total output to 988.33 million kg in 2011-12 from 966.40 million kg in 2010-11 *[Source: Tea Board of India]*.

Outlook of Tea

The relatively steady increase in consumption, with respect to marginal production growth will result in lower exportable surpluses, thus continuing the declining trend in tea export.

The total turnover of the tea industry in India is likely to reach ₹ 33,000 crore by 2015 from the current level of about ₹ 19,500 crore *[Source: ASSOCHAM]*.

Operational Performance of Tea

The Company's tea production increased 3.17% from 12.60 lac kg in 2010-11 to 13.00 lac kg in 2011-12, owing to better agricultural practices followed by the Company. However, average realisation decreased from ₹ 151.69 per kg in 2010-11 to ₹150.10 per Kg in 2011-12, owing to a fluctuation in market price. The Company improved several agricultural operations like the drainage system, among others. The Company also took initiatives like uprooting and re-plantation programmes in uneconomical areas to ensure gradual increase in yield. The Company maintained cordial relations with employees and the Company's operations were not subject to labour problems.

Internal Control System and its Adequacy

The internal control system of the Company is aimed at proper utilisation and safeguarding 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 and reasonableness of internal control system which is commensurate

with the size and operations of the Company. The Company is in the process of implementing SAP.

Human Resource Development/Industrial Relations

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

The current strength of management staff is 60 and non-management staff is 1699. Industrial relations in all the units were cordial through the year under review.

Risk Management

The Company has a risk management policy, which lays down the process for identification and mitigation of risks both internally and externally. 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 31st October, 2011.

SWOT analysis of Sugar Industry

Strengths	Weakness
■ Second-largest producer and largest consumer of sugar globally ■ Important contributor to India's socio-economic growth ■ Provides feed to the downstream industry by way of industrial alcohol, ethanol and co-generation	■ Cyclical nature ■ Irrational sugarcane pricing ■ Outdated technology resulting in higher production cost and lower recoveries

Opportunities	Threats
■ Industry de-regulation, which could lead to balanced sugar production and cane prices ■ Demand from the downstream industries	■ Lower cane availability in the event of farmers shifting their preference towards planting of other crops ■ Unfavorable government regulations towards cane pricing, levy purchase and exports

Cautionary Statement

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

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, 2012

I. Conservation of Energy:

i. **Following initiatives have been taken by the Company to conserve energy during the year 2011-12:**

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 systems.

b) Regular maintenance and upkeep 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 regular maintenance and replacement of 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 have reduced 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 and Fuel Consumption

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
1. Electricity:				
a) Purchased :				
Units (in lacs)	13.48	8.41	19.87	8.39
Total amount (₹ in lacs)	81.97	55.29	107.74	50.48
Rate/unit (₹)	6.08	6.58	5.42	6.02
b) Own generation				
i) Through diesel generator				
Units (in lacs)	0.14	1.86	10.62	1.69
Units per litre of diesel-oil	2.57	2.42	3.17	2.54
Cost/Unit (₹)	17.59	16.30	12.51	14.43

A) Power & Fuel Consumption (Contd.)

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
ii) Through Steam Turbine/Generator:				
Units (in lacs)	278.27	–	405.02	–
Units per litre of fuel oil/gas	Not ascertainable as the bagasse which			
Cost/Unit (₹)	is a by-product is being used as fuel			
2. Coal:				
Quantity (tonnes)	4.76	12.77	34.23	1311.00
Total cost (₹ in lacs)	0.52	93.94	2.61	79.80
Average rate (₹)	10997.90	7354.00	7628.28	6086.00
3. Furnace oil: (T.D. oil for dryers)				
Quantity (Litres in lacs)	–	10.71	–	0.30
Total amount (₹ in lacs)	–	0.48	–	11.27
Average Rate (₹)	–	44.93	–	37.40
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 qtls. and Tea in lac kgs.)	20.07	13.01	17.03	12.61
Electricity	26.89	0.79	25.58	0.80
Furnace oil	–	–	–	0.02
Coal (in kgs.)	–	0.98	–	0.96
Others (specify)	–	–	–	–

II. Research and Development and Technology Absorption

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

i) Continuance of heat treatment therapy to treat cane seed to enhance its quality and make it 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 U.P. 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.

xii) As far as the tea plantation is concerned the Company improved several agricultural operations like the drainage system, among others. The Company also took initiatives like uprooting and re-plantation of tea bushes programmes in uneconomical areas to ensure gradual increase in yield.

Future plans are:

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

ii) To strive for extension of the area of cane cultivation so as to plant early maturing high sucrose content varieties of cane to get better recovery in early months of cane crushing.

iii) To study the feasibility of installation of machineries with latest technologies at different work stations in all the three sugar mills.

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 had during the year under review allowed free exports of Sugar though the contracts of sugar export are required to be registered with DGFT.

c)	Earnings in Foreign Exchange	– Nil
d)	Expenditure in Foreign Currency	– ₹ 30.67 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, 2012

Name	Designation	Remuneration (₹)	Nature of duties	Qualification	Experience (years)	Age (years)	Date of commencement of employment	Last employment held
Employed throughout the year:								
Mr. C.B. Patodia	Advisor	1,56,22,788	Advisory	Intermediate	44	63	February, 1990	The New Swadeshi Sugar Mills Ltd., Narkatiaganj, Bihar
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

Kolkata
Dated: 13th August, 2012

Nandini Nopany
Chairperson-cum-Managing Director

Report on Corporate Governance

Annexure D

1. Company's Philosophy

Upper Ganges Sugar & Industries Limited (UGSIL), a part of Birla Group of Sugar Industries, firmly believes that Corporate Governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objective of the organisation most effectively. Corporate Governance in fact denotes acceptance by the management of the inalienable rights of the shareholders as true owners of the organisation and of their own role as trustees on behalf of the shareholders.

By harnessing ethical values with business acumen the executive functions of UGSIL 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. UGSIL has a strong legacy of fair, transparent and ethical Governance practices and procedures and 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.

UGSIL has also in place a duly codified Code of Conduct and Code of Internal Procedures and Conduct as envisaged under the SEBI (Prohibition of Insider Trading) Regulations, 1992 for its employees including for the Executive Chairperson and Managing Director. This Code is available on Company's website.

UGSIL is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. With the adoption of an uncodified whistleblower mechanism as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges UGSIL has moved far ahead in its pursuit of excellence in Corporate Governance.

2. Board of Directors

i) The Company has in all 11 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 11 Directors, six (54.55%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges. 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 five 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 advanced 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 backup 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 Lt. Gen. K Chiman Singh and Mr. Pushpendra Kumar Lakhotia ceased to be the Directors of the Company with effect from 1st February, 2012 and 13th August, 2012 respectively. Mr. Padam Kumar Khaitan, Mr. Pradeep Kumar Singhi and Mr. Bal Kishore Malpani were appointed as the Additional Directors of the Company with effect from 30th January, 2012, 30th April, 2012 and 13th August, 2012 respectively. The particulars of these Directors form part of the Corporate Governance Report. Three Directors had been reappointed as Directors liable to retire by rotation at the last Annual General Meeting.

During the year under review five Board Meetings were held on 12th August, 2011, 31st October, 2011, 9th January, 2012, 30th January, 2012 and 30th April, 2012. 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 is mentioned below. The number of directorships held by the Directors does not include private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

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	CMD	4	No	6	0	1	8,11,090
Mr. Chandra Shekhar Nopany	NED	5	No	14	1	2	45,210
Mr. Ram Kishore Choudhury	I/NED	3	No	8	3	1	NIL
Mr. Gopal Krishna Bhagat	I/NED	1	No	0	0	0	NIL
Lt. Gen. Kunwar Chiman Singh (Retd.)*	I/NED	1	Yes	0	0	0	NIL
Mr. Gaurav Swarup	I/NED	3	No	7	1	3	NIL
Mr. Sunil Kanoria	I/NED	1	No	4	0	5	NIL
Mr. Ishwari Prosad Singh Roy	I/NED	5	No	1	0	0	NIL
Mr. Padam Kumar Khaitan#	NED	0	NA	11	3	4	NIL
Mr. Pradeep Kumar Singhi$	NED	0	NA	5	3	2	NIL
Mr. Pushpendra Kumar Lakhotia@	NED	0	No	0	0	0	NIL
Mr. Bal Kishore Malpani@@	NED	0	NA	1	0	0	750
Mr. Dilip Kumar Mandal-Nominee of IDBI Bank	I/NED	5	No	0	0	0	NIL

CMD - Chairperson-cum-Managing Director	I - Independent	NED - Non-Executive Director

* resigned with effect from 1st February, 2012	# appointed with effect from 30th January, 2012	$ appointed with effect from 30th April, 2012
@ resigned with effect from 13th August, 2012	@@ appointed with effect from 13th August, 2012	

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 in the aforesaid tabulation.

Mr. Ram Kishore Choudhury, Mr. Sunil Kanoria and Mr. Gopal Krishna Bhagat are liable to retire by rotation and are eligible for reappointment. However, Mr. Gopal Krishna Bhagat has expressed his desire not to be reappointed at the ensuing Annual General Meeting and accordingly the Board has decided not to fill up the vacancy so caused. Hence, particulars of Mr. Ram Kishore Choudhury and Mr. Sunil Kanoria form part of the Corporate Governance Report.

3. Audit Committee (Constituted on 11th September 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 Exchanges 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 are 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 Whistleblower 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 three Non-Executive Directors viz. Mr. Ram Kishore Choudhury, Mr. Gopal Krishna Bhagat and Mr. Ishwari Prosad Singh Roy, two third of them are Independent Directors. Lt. Gen K Chiman Singh ceased to be the Director of the Company with effect from 1st February, 2012 and accordingly he also ceased to be the Member and Chairman of the Audit Committee. Mr. Ishwari Prosad Singh Roy has been appointed as the Chairman of the Audit Committee with effect from 13th August, 2012. Further the Audit Committee of the Company was reconstituted by the Board of Directors at its meeting held on13th August, 2012 and accordingly the revised constitution of Audit Committee comprises of the following Directors:

(i) Mr. Ishwari Prosad Singh Roy (Chairman)

(ii) Mr. Ram Kishore Choudhury

(iii) Mr. Pradeep Kumar Singhi

(iv) Mr. Bal Kishore Malpani

Mr. Santosh Kumar Poddar, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside Internal Auditors to answer and clarify the queries raised at the Meetings. The Chief Financial Officer and the Company Secretary also attended all the meetings. During the year the Committee met four times on 12th August, 2011, 31st October, 2011, 30th January, 2012 and 30th April, 2012 and attendance of the members at the meetings was as follows :

Name of the Member	Status	No. of meetings attended
Lt. Gen. K. Chiman Singh (Retd.)*	Chairman	1
Mr. Ishwari Prosad Singh Roy#	Member	4
Mr. Ram Kishore Choudhury	Member	3
Mr. Gopal Krishna Bhagat@	Member	0
Mr. Pradeep Kumar Singhi$	Member	NA
Mr. Bal Kishore Malpani$	Member	NA

*resigned with effect from 1st February, 2012
# appointed as Chairman with effect from 13th August, 2012.
$ appointed as Member with effect from 13th August, 2012.
@ ceased to be the Member of Audit Committee with effect from 13th August, 2012.

The then Chairman of the Audit Committee Lt. Gen K Chiman Singh attended the last Annual General Meeting held on 29th December, 2011.

4. Remuneration Committee (Constituted on 30th July 2002)

i) Objectives

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 the specific remuneration of the 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 Board and increments in their salaries.

b. To recommend to the Board any new appointments including reappointments 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. Ishwari Prosad Singh Roy (Chairman), Mr. Gopal Krishna Bhagat and Mr. Gaurav Swarup. Two meetings of the Committee were held during the year on 30th September, 2011 and 17th April, 2012. The attendance of the members at the meetings were as follows:

Name of the Member	Status	No. of meetings attended
Mr. Ishwari Prosad Singh Roy	Chairman	1
Mr. Gaurav Swarup	Member	2
Mr. Gopal Krishna Bhagat	Member	2

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 among the Non-Executive Directors is placed before the Board for its decision.

During the last six 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 2011-12:

a) Executive Director

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

*(Comprises of contribution to Provident Fund ₹ 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, entertainment and other expenses, car with driver and telephone among others.

b) Non-Executive Directors

The Company pays a sitting fee of ₹5,000/- and ₹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 2011-12 is as follows:

Sl. No.	Name of the Director/ Institution	Amount (₹)
1.	Mrs. Nandini Nopany	N.A
2.	Mr. Chandra Shekhar Nopany	47500
3.	Mr. Ram Kishore Choudhury	22500
4.	Mr. Gopal Krishna Bhagat	22500
5.	Lt. Gen. Kunwar Chiman Singh (Retd.)	7500
6.	Mr. Gaurav Swarup	20000
7.	Mr. Sunil Kanoria	5000
8.	Mr. Ishwari Prosad Singh Roy	52500
9.	Mr. Padam Kumar Khaitan	0
10.	Mr. Pradeep Kumar Singhi	0
11.	Mr. Pushpendra Kumar Lakhotia	0
12.	IDBI Bank Limited – To Mr. D K Mandal for attending the meetings.	25000
13.	Mr. Bal Kishore Malpani*	NA

*appointed with effect from 13th August, 2012.

5. Investors' Grievance Committee (Constituted on 11th September 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, and approval of physical shares above 1000 shares, among others. 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 Investors' 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 and Meetings:

The Committee, presently, comprises of three Non-Executive Directors viz. Mr. Gopal Krishna Bhagat (Chairman), Mr. Chandra Shekhar Nopany and Mr. Ishwari Prosad Singh Roy. Mr. Santosh Kumar Poddar, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges. Six meetings of the Committee were held during the year under review on 20th July, 2011, 23rd September, 2011, 13th October, 2011, 5th January, 2012, 13th March, 2012 and 9th April, 2012 and the attendance of the members at the meeting was as follows :

Name of the Member	Status	No. of meetings attended
Mr. Gopal Krishna Bhagat	Chairman	3
Mr. Chandra Shekhar Nopany	Member	5
Mr. Ishwari Prosad Singh Roy	Member	6

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 three complaints/grievances from the shareholders. The average period in which grievances are redressed is seven days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2012. There were no share transfer applications pending for registration as on 30th June, 2012.

6. General Body Meetings

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

Financial Year	Date	Time	Location
2010-11	29th December, 2011	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2009-10	22nd December, 2010	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2008-09	23rd December, 2009	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 23rd December, 2009 and 29th December, 2011.

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.

No Special Resolution was passed through postal ballot during the Financial Year 2011-12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution through postal ballot. The last Annual General Meeting of the Company was held on 29th December 2011 which was chaired by Lt. Gen. K. Chiman Singh (Retd.), the then 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 is disclosed in Note No. 34 of 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. Distribution of shareholdings is also displayed on the website. The Annual Report is also available on the website in a user-friendly and downloadable form.

iii) The Company also displays official press releases as and when released on the above website.

iv) **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. Disclosures and communications to BSE and NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

v) **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report are also filed electronically on NEAPS.

vi) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redressal system. The salient features of this system are centralised database of all complaints to SEBI, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

vii) Email id earmarked for redressing Investor queries in terms of Clause 47(f) of the Listing Agreement is upperinvestor@birla-sugar.com.

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

9. General Shareholders' Information

i) **80th Annual General Meeting**

Day : Thursday
Date : 29th November, 2012
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 2012-13

Approval of Audited Annual Results (2011-12)	13th August, 2012
Publication of Audited Results	14th/15th August, 2012
Mailing of Annual Report	October, 2012
First Quarter Results	On or before middle of November, 2012
Second Quarter Results	On or before middle of February 2013
Third Quarter Results	On or before middle of May 2013
Audited Annual Results (2012-13)	August 2013

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from the 24th November, 2012 (Saturday), to 29th November, 2012(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 Exchange
1.	National Stock Exchange of India Ltd. (NSE)	UPERGANGES
2.	Bombay Stock Exchange Ltd. (BSE)	530505
3.	The Calcutta Stock Exchange Ltd. (CSE)	10031097

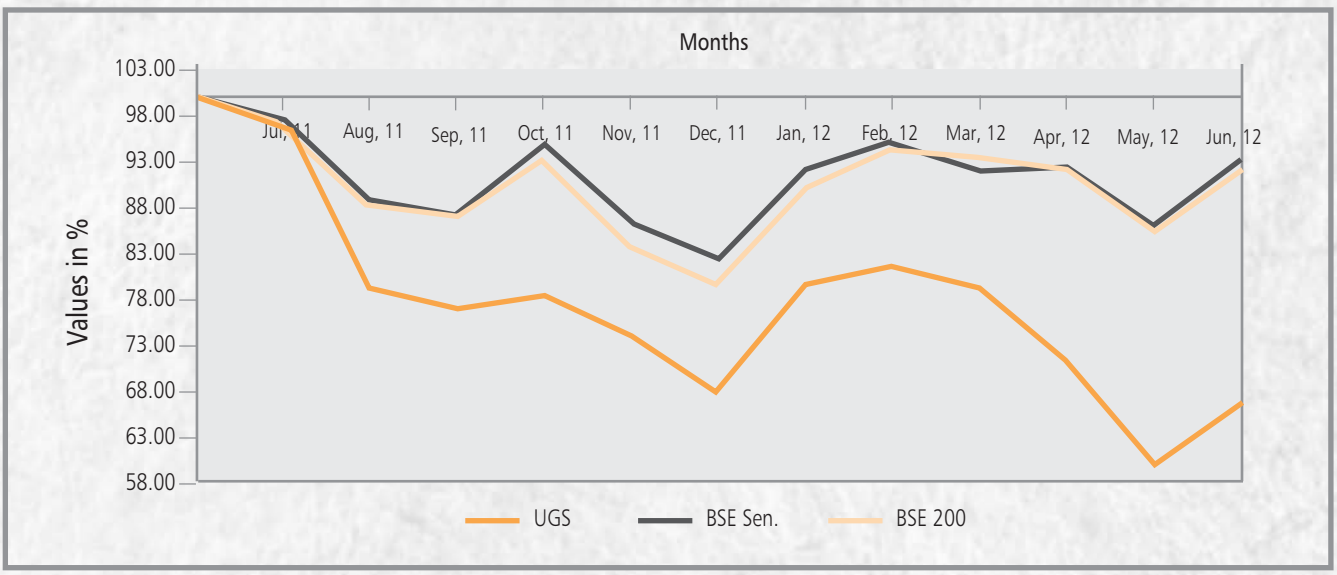
Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE018B01012. Annual Listing Fee for and up to the year 2012-13 has been paid to NSE, BSE and CSE.

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 financial year 2011-12 were as follows:

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Ltd.	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July, 2011	62.50	53.45	59.50	53.75
August, 2011	59.90	42.20	56.95	41.25
September, 2011	53.85	42.00	50.90	43.10
October, 2011	52.90	42.20	48.00	42.05
November, 2011	49.85	36.75	49.30	39.25
December, 2011	45.95	36.35	44.50	35.05
January, 2012	47.95	35.00	46.65	36.50
February, 2012	51.00	37.05	51.90	43.00
March, 2012	53.55	40.00	48.85	39.40
April, 2012	48.65	36.15	47.85	36.00
May, 2012	43.75	30.25	41.75	32.40
June, 2012	42.70	31.15	40.60	31.20

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



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 851 shares were transferred/ transmitted during the year 2011-12. 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, 2012 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 -100	4121	53.97	214978	1.87
101 - 500	2374	31.09	641416	5.55
501 - 1000	517	6.77	411394	3.56
1001 - 2000	298	3.90	444779	3.85
2001 - 3000	108	1.41	275012	2.38
3001 - 4000	47	0.62	166671	1.44
4001 - 5000	43	0.56	205060	1.77
5001 - 10000	53	0.69	374164	3.23
10001 and above	75	0.99	8823765	76.35
Total	**7636**	**100.00**	**11557239**	**100.00**

b) Detail of shareholding pattern of the Company as on 30th June, 2012 was as follows:

Category	No. of shares held	% of Shareholding
Promoters	6330873	54.78
Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	398428	3.45
Private Bodies Corporate	785631	6.80
Indian Public	4012599	34.72
NRIs / OCBs / FIIs / Foreign Nationals	29708	0.25
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. 98.30% 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 any other convertible Instruments.

xiii) Location of Plants:

Sugar Mills

a) Seohara, Dist. Bijnor, Uttar Pradesh, Pin – 246 746
b) Sidhwalia, Dist. Gopalganj, Bihar, Pin – 841 428
c) Hasanpur, Dist. Samastipur, Bihar, Pin – 848 205

Distillery

Seohara, Dist. Bijnor, Uttar Pradesh, Pin – 246 746

Co-generation

a) Seohara, Dist. Bijnor, Uttar Pradesh, Pin – 246 746
b) Sidhwalia, Dist. Gopalganj, Bihar, Pin – 841 428

Tea Garden

Cinnatolliah Tea Garden
North Lakhimpur, Assam, Pin – 787001

xiv) Address for Correspondence:

The Company 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

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

xv) Transfer of unpaid/unclaimed dividend amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 2,99,487, lying in the unpaid/unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 for the year 2003-04 on 3rd February, 2012.

10. CEO and CFO Certification

The Chairperson-cum-Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

11. Reappointment of Directors

Two Non-Executive Directors namely Mr. Ram Kishore Choudhury and Mr. Sunil Kanoria are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Mr. Pradeep Kumar Singhi, Mr. Padam Kumar Khaitan and Mr. Bal Kishore Malpani also joined the Board of the Company. Brief particulars of the said Directors are given below:

(i) Mr. Ram Kishore Choudhury, aged 76 years, is a Bachelor of Law. He is a senior consultant in Khaitan & Co., Advocates and Notaries and is a leading advocate having wide experience in taxation, corporate planning and international arbitration. He is a member of International Bar Association, Supreme Court Bar Association, Bar Council of India and Indian Council of Arbitration. Besides being an advocate, he is also a social worker and is associated with several social and philanthropic organisations. He is also on the boards of several leading companies of India. He joined the Board of the Company in the year 1979.

Mr. Ram Kishore Choudhury does not hold any equity share in the Company.

Names of other Indian public limited companies in which Mr. Ram Kishore Choudhury is a director or chairman/ member of the board/committees:

Sl. No.	Name of the Company in which he is a Director and a Member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Balrampur Chini Mills Limited	Investors' Grievance Committee	Chairman
		Audit Committee	Vice Chairman
		Share Transfer and Shareholders Committee	Member
2.	Khaitan Consultants Limited	None	NA
3.	Puja Corporation Limited	None	NA
4.	Puja Art Archive Limited	None	NA
5.	Digjam Limited	Investors' Grievance Committee	Chairman
6.	Lynx Machinery & Commercials Limited	None	NA

(ii) Mr. Sunil Kanoria, aged 47 years, is a Member of The Institute of Chartered Accountants of India. Mr. Kanoria is a member of the Governing Council of Finance Industry Development Council and Construction Industry Development Council and a Member of the Management Committee of ASSOCHAM and Construction Technicians Training Institute, Hyderabad. He is the Governor of Indian Society for Trenchless Technology and Committee Member of the Working Group on Construction for the Tenth Five Year Plan. He is also the past President of Merchant's Chamber of Commerce and Federation of Indian Hire Purchase Association. He joined the Board of the Company in August, 2004.

Mr. Sunil Kanoria does not hold any equity share in the Company.

Names of other Indian public limited companies in which Mr. Sunil Kanoria is a director or chairman/member of the board/committees:

Sl. No.	Name of the Company in which he is a Director and a Member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Srei Infrastructure Finance Limited	Investor's Grievance Committee	Member
		Audit Committee	Member
2.	Viom Networks Limited	Audit Committee	Member
3.	DPSC Limited	Audit Committee	Member
4.	Viom InTork (Maharashtra) Limited	Audit Committee	Member

iii) Mr. Pradeep Kumar Singhi, aged 57 years is an eminent Chartered Accountant and the Managing Partner of Singhi & Co., a firm of Chartered Accountants. Mr. Singhi has over 30 years of experience in areas as diversified as audit/assurance services, business advisory services, valuation of businesses, acquisitions and takeovers, negotiations involving international transactions. He joined the Board of the Company in April, 2012.

Mr. Pradeep Kumar Singhi does not hold any equity share in the Company.

Names of other Indian public limited companies in which Mr. Pradeep Kumar Singhi is a director or chairman/member of the board/committees:

Sl. No.	Name of the Company in which he is a Director and a Member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Shree Vardhan Limited	None	NA
2.	P.S. Group Realty Limited	Audit Committee	Chairman
		Investor's Grievance Committee	Member
3.	United Credit & Development Company Limited	None	NA
4.	Dharampal Premchand Limited	Investor's Grievance Committee	Member
		Audit Committee	Chairman
5.	J. J. Exporters Limited	Audit Committee	Chairman

iv) Mr. Padam Kumar Khaitan aged 59 years is an eminent lawyer specialising in corporate laws and a senior partner of the renowned law firm Khaitan & Company. Mr. Khaitan has experience in areas as diversified corporate laws, commercial laws, joint ventures, foreign collaborations, foreign investments, litigations, arbitrations, real property, trusts among others.

Mr. Padam Kumar Khaitan does not hold any equity share in the Company.

Names of other Indian public limited companies in which Mr. Padam Kumar Khaitan is a director or chairman/member of the board/committees:

Sl. No.	Name of the Company in which he is a Director and a Member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Ramkrishna Forgings Limited	None	NA
2.	Rungamattee Tea & Industries Limited	None	NA
3.	Cheviot Company Limited	None	NA
4.	Williamson Magor & Company Limited	Audit Committee	Member
		Investor's Grievance Committee	Member
5.	Manjushree Plantations Limited	Investor's Grievance Committee	Chairman
6.	R.V. Investment & Dealers Limited	None	NA
7.	Khaitan Consultants Limited	None	NA
8.	Asian Hotels (East) Limited	Investor's Grievance Committee	Chairman
9.	McNally Sayaji Engineering Limited	Audit Committee	Member
		Investor's Grievance Committee	Member
10.	GJS Hotels Limited	None	NA
11.	Kilburn Engineering Limited	Investor's Grievance Committee	Chairman

v) Mr. Bal Kishore Malpani, aged 65 years, is holding a Master's Degree in Business Administration. He has joined the Board of the Company on 13th August, 2012.

Mr. Bal Kishore Malpani holds 750 Equity Shares in the Company.

Names of other Indian public limited companies in which Mr. Bal Kishore Malpani is a director or chairman/member of the board/committees:

Sl. No.	Name of the Company in which he is a Director and a Member of the Committee of Directors	Name of Committee of the Board	Whether Chairman or Member
1.	Gobind Sugar Mills Limited	None	NA

12. 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. The Code is posted on the website of the Company at www.birla-sugar.com.

13. Code of Conduct and Ethics

The Company has also adopted a Code of Conduct and Ethics ('the 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.

14. Legal Compliances

The Board reviews periodically compliance reports of all laws applicable to the Company, prepared by the Company Secretary which is duly supported by the legal compliance report of the internal auditors and heads of different units. The Board also reviews periodically the steps taken by the Company to rectify instances of non compliances, if there be any.

15. Compliances with Corporate Governance Norms:

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under 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 30th September, 2011, 31st December, 2011, 31st March, 2012 and 30th June, 2012. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement 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 requirements 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. Ishwari Prosad Singh Roy.

ii.) **Whistleblower Mechanism**
Though a codified Whistleblower policy of the Company is not in place every employee of the

Company is encouraged to take up to 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 be open to communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistleblowing in good faith.

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

16. 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.

17. 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.

18. Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs had 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. Regarding the remaining guidelines, the Company is in the process of evaluating the feasibility of implementing the same progressively over time.

Annexure E

Declaration on Code of Conduct

To
The Members,
Upper Ganges Sugar & Industries Limited
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 2011-12.

For and on behalf of the Board

Nandini Nopany
Chairperson-cum-Managing Director

Kolkata
Dated: 13th August, 2012

Annexure F

Auditors' Certificate

To
The Members,
Upper Ganges Sugar & Industries Limited

We have examined the compliance of conditions of Corporate Governance by **UPPER GANGES SUGAR & INDUSTRIES LIMITED**, for the year ended 30th June, 2012, 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's 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
Dated: 13th August, 2012

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, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We 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. Attention is drawn to the following notes :–

   (i) Note 15 regarding recognition of Deferred Tax Asset (DTA) (net) of ₹ 3306.41 lacs (including ₹ 1988.57 lacs recognised in earlier years) up to 30th June, 2012, based on the future profitability projections made by the management. In our opinion in the absence of virtual certainty required in terms of Accounting Standard-22 of the aforesaid projections, had the above impact been considered, there would be a loss of ₹ 5631.37 lacs as against the reported loss of ₹ 2324.96 lacs for the year and the reserve and surplus balance would be ₹ 1802.31 lacs as against the reported figure of ₹ 5108.72 lacs as on the balance sheet date.

   (ii) Note 39 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April,2012 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2012, 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.

5. Further to our comments in the Annexure referred above, we report that:–

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   ii. 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;

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss 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, *except for our comments in para 4 above:*

   v. On the basis of written representations received from the directors as on 30th June, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2012 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters stated in paragraph 4 above,* the said accounts 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, 2012;

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

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

For S. R. BATLIBOI & CO.
Firm Registration No. 301003E
CHARTERED ACCOUNTANTS

22 Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated: 13th August, 2012

Per Sanjoy K Gupta
a Partner
Membership No. 54968

Annexure to 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, 2012)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation 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 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 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) (a) to (d) of the order are not applicable to the Company and hence not commented upon.

(b) The Company has taken loans from four companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 2,260 lacs and the year-end balance of loans taken from such parties was ₹ 2,185 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) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest have 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. 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. There is no sale of services during the year.

(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 section 301, 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 Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company 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, cess and other material statutory dues with appropriate authorities.

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

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

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on Certain inputs and capital goods	1038.76	1993-1994 to 2011-12	Additional Commissioner/ Commissioner (Appeals)/ CESTAT/High Court
	Excise duty on burnt/ waste and loss on storage of molasses	3.31	1973-1974, 1987-1988, 1998-1999, 2000-2001	Commissioner (Appeals)/ CESTAT/ High Court
	Excise Duty for Discrepancy in Season Wise stocks of Sugar	6.06	2000-2001	Commissioner Central Excise/ CESTAT
	Disallowance of Service Tax on discount to wholesellers and other items	20.51	1997-1998, 1999-2000, 2005-2006 to 2008-2009	Commissioner (Appeals)/CESTAT
Central Sales Tax Act, 1956	Entry Tax on Purchase of Goods	98.14	2006-07 to 2008-09	Joint Commissioner/High Court
	Work Contract Tax on Purchase of Goods	3.00	2008-09	Joint Commissioner
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 to 1989-1990, 2000-2001 to 2004-2005	Certificate Officer, Samastipur/ High Court, Patna

(x) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. The Company *has incurred cash losses in the current year* but it had not incurred cash loss in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank and financial institutions. Further, the Company did not have any outstanding debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before 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. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 (as amended) 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, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

(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 ₹ 12,818 lacs. 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.

For S. R. BATLIBOI & CO.
Firm Registration No. 301003E
CHARTERED ACCOUNTANTS

22 Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated: 13th August, 2012

Per Sanjoy K Gupta
a Partner
Membership No. 54968

Balance Sheet as at 30th June, 2012

(₹ in Lacs)

	Notes	As at 30th June, 2012	As at 30th June, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	1,155.73	1,155.73
Reserves and Surplus	4	5,108.72	7,441.50
		6,264.45	**8,597.23**
Non-current Liabilities			
Long-term borrowings	5	15,914.97	13,897.27
Other long-term liabilities	6	499.94	448.99
Long-term provisions	7	136.71	201.37
		16,551.62	**14,547.63**
Current Liabilities			
Short-term borrowings	8	30,823.28	29,882.70
Trade payables	9	9,117.14	3,366.46
Other current liabilities	9	8,639.21	10,040.48
Short-term provisions	7	240.62	120.55
		48,820.25	**43,410.19**
Total		**71,636.32**	**66,555.05**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	35,207.03	37,268.63
Intangible Assets	11	1.38	1.92
Capital Work-in-Progress	12	730.04	749.74
Intangible Assets under development	13	132.37	22.06
Non-current Investments	14	2,114.15	2,115.55
Deferred Tax Assets (net)	15	3,306.41	1,988.57
Long-term loans and advances	16	577.98	500.19
		42,069.36	**42,646.66**
Current Assets			
Inventories	17	23,998.55	16,479.71
Trade Receivables	18.1	3,700.27	1,265.94
Cash and Bank balances	19	543.50	646.01
Short-term loans and advances	16	1,110.67	4,967.92
Other current assets	18.2	213.60	548.87
		29,566.59	**23,908.45**
Tea Department Balance		**0.37**	**(0.06)**
Total		**71,636.32**	**66,555.05**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar	Chandra Shekhar Nopany	Nandini Nopany
Company Secretary	*Director*	*Chairperson-cum-Managing Director*

Statement of Profit and Loss for the year ended 30th June, 2012

(₹ in Lacs)

	Notes	Year ended 30th June, 2012	Year ended 30th June, 2011
INCOME			
Revenue from Operations (Gross)	20	73,716.30	66,298.64
Less : Excise duty		2,249.10	1,935.82
Cess		419.33	420.91
Revenue from Operations (net)		**71,047.87**	**63,941.91**
Other Income	21	589.58	671.90
Total Revenue (I)		**71,637.45**	**64,613.81**
EXPENSES			
Cost of Raw Materials consumed	22	54,893.07	40,468.05
Purchase of Traded Goods	23	6,483.95	2,317.31
(Increase) / decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(7,095.20)	5,547.77
Employee benefits expenses	24	4,479.67	4,351.14
Other expenses	25	5,697.51	5,209.93
Total (II)		**64,459.00**	**57,894.20**
Profit before Finance Costs, Tax, Depreciation & Amortisation and Exceptional Item [(I) - (II)]		**7,178.45**	**6,719.61**
Depreciation and Amortization expenses	26	2,654.93	2,612.62
Finance Costs	27	6,187.14	5,855.98
Profit / (Loss) before Exceptional Item and Tax		**(1,663.62)**	**(1,748.99)**
Less : Exceptional Item	32	**1,891.58**	–
Profit / (Loss) before Tax		**(3,555.20)**	**(1,748.99)**
Tax expenses			
Current tax		87.60	96.59
Deferred tax charge / (credit)		(1,317.84)	(625.30)
Total tax expense / (credit)		**(1,230.24)**	**(528.71)**
Profit / (Loss) for the year		**(2,324.96)**	**(1,220.28)**
Earnings per equity share		**₹**	**₹**
[Nominal value of share ₹ 10 (30 June 2011 : ₹ 10)]	29		
Basic & Diluted		**(20.12)**	**(10.56)**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Cash Flow Statement for the year ended 30th June, 2012

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit / (loss) before tax	(3,555.20)	(1,748.99)
Adjustments for :		
Depreciation and Amortisation expenses	2,654.93	2,612.62
Finance costs	6,187.14	5,855.98
Loss on Tangible Assets sold / discarded (net)	18.89	3.25
Bad debts, irrecoverable claims and advances written off	0.08	0.52
Provision for bad and doubtful debts / advances	5.10	8.98
Molasses Storage & Maintenance reserve	3.06	3.12
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	(153.66)	(27.20)
Interest Income	(303.89)	(442.68)
Dividend Income	(68.87)	(137.24)
Operating Profit before Working Capital Changes :	4,787.58	6,128.36
Increase / (decrease) in Trade Payables, Other Liabilities and Provisions	6,084.34	(5,603.61)
(Increase) in Trade Receivables	(2,439.51)	(237.61)
Decrease in Loans & Advances and Other Current Assets	792.18	381.15
(Increase) / decrease in Tea Department Balance	(0.43)	50.34
(Increase) / decrease in Inventories	(7,518.84)	5,657.04
CASH GENERATED FROM OPERATIONS:	1,705.32	6,375.67
Direct Taxes Refund / (Paid)	(123.19)	89.84
NET CASH FROM OPERATING ACTIVITIES	1,582.13	6,465.51
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from sale of Tangible Assets	84.50	113.41
Purchase of Fixed Assets including Capital Advances	(836.18)	(581.85)
Sale of Non-current Investments	1.40	2.07
Loan Received Back / (Given)	3,504.31	(3,491.99)
Interest Received	295.30	427.26
Dividend Received	68.87	137.24
Deposits under Tea Development Account Scheme	(134.31)	(117.69)
Fixed Deposits	(59.00)	(154.40)
Receipt of Capital Subsidy	79.12	730.83
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	3,004.01	(2,935.12)

Cash Flow Statement *(Contd...)* for the year ended 30th June, 2012

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(7,005.66)	(6,555.00)
Proceeds from Long Term Loans	8,000.00	1,006.82
Proceeds from Short Term Borrowings (net)	861.18	7,725.73
Interest Paid	(6,391.43)	(5,613.04)
Other Borrowing Cost	(208.68)	(74.20)
NET CASH USED IN FINANCING ACTIVITIES	**(4,744.59)**	**(3,509.69)**
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**(158.45)**	**20.70**
Cash & Cash Equivalents at the beginning of the year	**349.98**	**329.28**
Cash & Cash Equivalents at the end of the year *	**191.53**	**349.98**

* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 351.97 lacs (30 June 2011 : ₹ 296.03 lacs) being balances with restrictive use or having maturity of more than 3 months.

As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Notes to the Financial Statements for the year ended 30th June, 2012

1. CORPORATE INFORMATION

Upper Ganges Sugar & Industries Limited (the Company) is a public Company domiciled in India and an existing Company under the provisions of the Companies Act, 1956. Its shares are listed on three stock exchanges in India. The Company is primarily engaged in manufacture and sale of Sugar and its By-products (Molasses and Bagasse), Spirits including Denaturants and Ethanol, Power and Tea. The Company presently has manufacturing facilities at Seohara, District Bijnor in the State of Uttar Pradesh, at Sidhwalia, District Gopalganj and at Hasanpur, District Samastipur in the State of Bihar and Tea Garden at North Lakhimpur in the state of Assam.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained in 2.1 (a) below.

2.1 Summary of Significant Accounting Policies

(a) Change in Accounting Policy

Presentation and disclosure of financial statements

During the year ended 30 June, 2012, revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises the purchase price inclusive of duties (net of CENVAT Credit), taxes, incidental expenses, erection / commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

d) Depreciation on Tangible Fixed Assets

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

Depreciation on tangible 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.

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

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

(e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible

2. BASIS OF PREPARATION *(Contd...)*

assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

(f) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

Finance Lease

Assets acquired under lease agreements which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value of the leased property and present value of minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of 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.

(g) Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Impairment of Tangible and Intangible 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 recognised 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.

(i) Government Grants and Subsidies

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

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

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

2. BASIS OF PREPARATION *(Contd...)*

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

(j) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(k) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable 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), traded goods and standing crops, are valued at lower of cost and net realisable value. Finished goods, Goods under process and Standing Crops include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

Cost of inventories is computed on a weighted average basis.

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

Net realisable 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.

(l) Revenue Recognition

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

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognised when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers, Replanting Subsidy and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

(m) Foreign Currency Transactions

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.

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.

Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognised as income or expenses in the year in which they arise.

2. BASIS OF PREPARATION *(Contd...)*

Forward Exchange Contracts entered into hedge foreign currency risk of an existing asset / liability

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 recognised 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 recognised as income or expense for the year.

(n) Retirement and other Employee Benefits

Retirement benefits in the form of Provident & Pension Funds and Superannuation Scheme are defined contribution schemes and are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds except in case of contribution towards Provident Fund, where the deficit if any, arising in making the statutory payment by the Trust to its members, is being funded by the Company in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

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 financial year.

Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

(o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961 enacted in India. 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 reporting date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognised 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 assets is reviewed at each reporting date. The company writes-down the carrying amount of 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 taxable income will be available in future.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes 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 recognised 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 recognised 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 statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting 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.

(p) Segment Reporting

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

2. BASIS OF PREPARATION *(Contd...)*

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.

Inter Segment Transfers

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

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".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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

(q) Earnings 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.

(r) Cash and Cash Equivalents

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

(s) 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 of the underlying hedged item is charged to the statement of profit and loss. Net gains are ignored as a matter of prudence.

(t) 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 reporting date.

(u) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(v) Provisions

A provision is recognised when the company 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 the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

(w) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. SHARE CAPITAL

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Authorised shares :		
1,60,00,000 (30 June 2011 : 1,60,00,000) Equity Shares of ₹ 10/- each	1,600.00	1,600.00
16,00,000 (30 June 2011 : 16,00,000) Preference Shares of ₹ 100/- each	1,600.00	1,600.00
Total	3,200.00	3,200.00
Issued, subscribed and fully paid-up shares :		
1,15,57,239 (30 June 2011 : 1,15,57,239) Equity Shares of ₹ 10/- each	1,155.73	1,155.73
Total	1,155.73	1,155.73

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 30th June, 2012		As at 30th June, 2011	
Equity Shares	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity shares of ₹ 10/- each				
Outstanding at the beginning and end of the year	1,15,57,239	1,155.73	1,15,57,239	1,155.73

(b) Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
SIL Investments Limited	1,547,016	13.39%	1,253,289	10.84%
New India Retailing & Investment Limited	969,021	8.38%	969,021	8.38%
Mrs. Nandini Nopany	811,090	7.02%	767,665	6.64%
Hargaon Investment & Trading Company Limited	657,966	5.69%	657,966	5.69%
Navjeevan Medical Institute	718,317	6.22%	718,317	6.22%

As per records of the Company, including its register of Share Holders / Members, the above share holdings represents legal ownership of shares.

Notes to the Financial Statements for the year ended 30th June, 2012 *(Contd...)*

4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Capital Reserve		
As per the last financial statements	19.97	19.97
Capital Redemption Reserve		
As per the last financial statements	327.00	327.00
Securities Premium Account		
As per the last financial statements	6,583.34	6,583.34
Molasses & Alcohol Storage and Maintenance Reserve		
Balance as per the last financial statements	56.88	53.76
Add: Provided during the year	3.06	3.12
	59.94	56.88
Less : Utilised during the year (Note 10)	10.88	–
Closing balance	**49.06**	**56.88**
General Reserve		
Balance as per the last financial statements	422.04	1,522.04
Less : Transfer to the statement of profit and loss	–	1,100.00
Closing balance	**422.04**	**422.04**
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	32.27	152.55
Profit / (Loss) for the year	(2,324.96)	(1,220.28)
Add : Transfer from General Reserve	–	1,100.00
Net Surplus / (Deficit) in the Statement of Profit and Loss	**(2,292.69)**	**32.27**
Total Reserves and Surplus	**5,108.72**	**7,441.50**

5. LONG-TERM BORROWINGS

(₹ in Lacs)

	Non-Current portion		Current portion	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
Term Loans (secured) :				
From Banks -				
Under Project Finance / Corporate Loan Scheme	9,113.00	6,402.07	4,689.07	4,631.13
Under Financial Assistance Scheme (Excise Duty Loan)	–	–	–	910.87
From Sugar Development Fund	6,058.41	6,922.07	863.66	863.66
Other Loans and Advances (unsecured) :				
Fixed Deposits from related parties (Note 34f)	5.00	6.00	–	3.00
Fixed Deposits from others	738.56	567.13	530.57	753.01
	15,914.97	**13,897.27**	**6,083.30**	**7,161.67**
Less : Amount disclosed under the head "other current liabilities" (Note 9)			6,083.30	7,161.67
Net amount	**15,914.97**	**13,897.27**	–	–

(a) Term Loans from Banks carry interest rate in the range of 8.75% to 14.25% and are secured / to be secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation Plant), 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. Further, the term loan of ₹ 5500 lacs is also secured by pledge of certain equity shares held as investments by the Company and its subsidiary Company.

5. LONG-TERM BORROWINGS *(Contd...)*

The above loans are repayable as under. *(₹ in Lacs)*

Principal Disbursed Amount	Balance as at 30th June, 2012	Repayment Schedule
i. ₹ 5,500.00 lacs	5,500.00	20 Quarterly installments starting from April 2014.
ii. ₹ 2,550.00 lacs	382.50	20 Quarterly installments started from May 2008.
iii. ₹ 2,500.00 lacs	1,900.00	21 Monthly installments started from January 2012.
iv ₹ 5,531.10 lacs	614.57	9 Half yearly installments started from September 2008.
v. ₹ 6,230.00 lacs	2,803.50	20 Quarterly installments started from December 2009.
vi. ₹ 4,730.00 lacs	2,601.50	20 Quarterly installments started from June 2010.
	13,802.07	

(b) Term loans under Financial Assistance Scheme (Excise Duty Loan) were secured by a residual charge on the entire Fixed Assets (Moveble and Immoveable), present and future of the Companys Sugar unit at Seohara and Sidhwalia. The said loan has been repaid during the year as per the stipulated terms of repayment.

(c) Term loans from the Sugar Development Fund, carry interest of 4% p.a. and 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).

The above loans are repayable as under. *(₹ in Lacs)*

Principal Disbursed Amount	Balance as at 30th June, 2012	Repayment Schedule
i. ₹ 3,349.20 lacs for Seohara Co-generation unit	2,344.44	10 half yearly installments started from March 2011.
ii. ₹ 969.09 lacs for Sidhwalia Sugar unit	193.82	5 yearly installments started from September 2008.
iii. ₹ 3,376.99 lacs for Sidhwalia Sugar unit	3,376.99	5 yearly installments starting from September 2015.
iv. ₹ 1,006.82 lacs for Sidhwalia Co-generation unit	1,006.82	10 half yearly installments starting from August 2013.
	6,922.07	

(d) Fixed Deposits from related parties / others carry interest @ 10.75% to 12.50% and are repayable after two years from the respective date of deposits, depending upon the tenure of deposits.

6. OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Interest accrued but not due on borrowings	467.50	415.83
Trade and other deposits	32.44	33.16
	499.94	448.99

7. PROVISIONS

(₹ in Lacs)

	Long-term		Short-term	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
Provision for employee benefits				
Gratuity (Note 30)	73.46	135.60	194.55	76.12
Leave	63.25	65.77	38.86	38.43
	136.71	201.37	233.41	114.55
Other provisions				
For wealth tax	–	–	7.21	6.00
	–	–	7.21	6.00
	136.71	201.37	240.62	120.55

8. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Secured		
Cash credit from banks (repayable on demand)	21,117.78	11,860.70
Short term loan from a Body Corporate	–	1,250.00
Other Loans & Advances (Unsecured)		
From the Subsidiary Company (Note 34f)	1,027.50	300.50
Inter-Corporate Deposits		
From related parties (Note 34f)	375.00	375.00
From others	8,170.00	9,445.00
Short term loan from a Bank	–	6,500.00
From Co-operative Farming Societies	133.00	151.50
	30,823.28	**29,882.70**

(a) Cash credit borrowings are secured by hypothecation of entire current assets of the Company ranking pari passu amongst the various lenders. In addition, cash credit borrowings of ₹ 20717.35 lacs (30 June 2011 : ₹ 11,860.70 lacs) is further secured by a charge on the immovable assets as follows :

i. Cinnatolliah Tea Unit - First Charge;

ii. Hasanpur Sugar Mills - Second Charge;

iii. Seohara Sugar Unit - Third Charge (ranking pari-passu between the lenders);

iv. Bharat Sugar Mills - Third Charge.

Cash Credit borrowings carry interest at base rate of the respective banks plus 3.00% to 5.00%.

(b) Short term loan from a body corporate was secured by pledge of certain Equity Shares held as investments by the Company and its subsidiary Company.

9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Trade payables (refer Note 38 for details of dues to micro and small enterprises)	9,117.14	3,366.46
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	6,083.30	7,161.67
Payable towards purchase of capital goods	259.49	215.61
Advance against Sales	136.29	252.95
Interest accrued but not due on borrowings, deposits etc.	357.43	822.07
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed Matured Fixed Deposits	1.01	25.40
Unclaimed dividend	12.33	15.39
Others -		
Statutory dues	277.12	114.42
Excise Duty on Closing Stocks	756.31	594.04
Crop Loan from a Bank payable to cane growers	666.19	795.21
Other Miscellaneous	89.74	43.72
	8,639.21	**10,040.48**
	17,756.35	**13,406.94**

Notes to the Financial Statements for the year ended 30th June, 2012 *(Contd...)*

10. TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land (a)	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total (c)
Cost								
At 1st July 2010	983.11	94.55	4,340.11	50,985.56	180.44	320.68	186.28	57,090.73
Additions	15.55	–	48.32	388.45	8.38	12.58	61.50	534.78
Disposals	100.79	–	–	14.02	8.58	13.92	35.80	173.11
At 30th June 2011	**897.87**	**94.55**	**4,388.43**	**51,359.99**	**180.24**	**319.34**	**211.98**	**57,452.40**
Additions	5.56	–	92.52	531.93	(b) 13.29	18.68	34.20	696.18
Disposals	46.58	–	–	107.25	2.98	22.27	7.25	186.33
At 30th June 2012	**856.85**	**94.55**	**4,480.95**	**51,784.67**	**190.55**	**315.75**	**238.93**	**57,962.25**
Depreciation								
At 1st July 2010	–	94.55	779.93	16,351.34	133.61	160.53	108.18	17,628.14
Charge for the year	–	–	98.92	2,464.23	11.16	27.29	10.48	2,612.08
Disposals	–	–	–	7.28	8.57	7.00	33.60	56.45
At 30th June 2011	**–**	**94.55**	**878.85**	**18,808.29**	**136.20**	**180.82**	**85.06**	**20,183.77**
Charge for the year	–	–	100.46	2,498.86	7.48	26.16	21.43	2,654.39
Disposals	–	–	–	53.73	2.69	20.04	6.48	82.94
At 30th June 2012	**–**	**94.55**	**979.31**	**21,253.42**	**140.99**	**186.94**	**100.01**	**22,755.22**
Net Block								
At 30th June 2011	897.87	–	3,509.58	32,551.70	44.04	138.52	126.92	37,268.63
At 30th June 2012	856.85	–	3,501.64	30,531.25	49.56	128.81	138.92	35,207.03

(a) Title deeds for ₹ 22.65 lacs (30 June 2011 : ₹ 22.65 lacs) are yet to be executed in favour of the Company.

(b) Net of ₹ 10.88 lacs (30th June 2011 : ₹ Nil) being the amount utilised out of Molasses & Alcohol Storage and Maintenance Reserve.

(c) Includes assets held in joint ownership with others Gross Block ₹ 297.59 lacs (30th June 2011 : ₹ 295.63 lacs) and Net Block ₹ 179.18 lacs (30th June 2011 : ₹ 184.12 lacs).

11. INTANGIBLE ASSETS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Computer Software :		
As at the beginning of the year	3.33	3.33
Purchase	–	–
At the end of the year	3.33	3.33
Amortization		
As at the beginning of the year	1.41	0.87
Charge for the year	0.54	0.54
At the end of the year	1.95	1.41
Net block	1.38	1.92

12. CAPITAL WORK-IN-PROGRESS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Balance brought forward from the previous year	749.74	778.56
Add : Additions during the year [net of subsidy of ₹ 79.12 lacs (30th June 2011 : ₹ 30.83 lacs)]	488.19	290.48
	1,237.93	1,069.04
Less : Transfer to Tangible Assets during the year	507.89	319.30
Balance at the end of the year	730.04	749.74

13. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Balance brought forward from the previous year	22.06	–
Add : Additions during the year	110.31	22.06
Balance at the end of the year	132.37	22.06

14. NON-CURRENT INVESTMENTS

(₹ in Lacs)

	Number of Units / shares	Face Value Per Unit / Share	As at June 30, 2012	As at June 30, 2011
Non Trade Investments				
(valued at cost unless stated otherwise)				
Quoted (fully paid)				
Investment in Equity Instruments				
New India Retailing & Investment Ltd.	2,02,500	10.00	277.50	277.50
Chambal Fertilizer & Chemicals Ltd.	7,04,160 (a)	10.00	98.85	98.85
			376.35	**376.35**
Unquoted (fully paid)				
Investment in Equity Instruments				
In Subsidiary Company				
Uttar Pradesh Trading Co. Ltd.	16,36,24,995	1.00	1,736.55	1,736.55
In Other Companies				
Bihar State Financial Corporation Ltd.	60	100.00	0.06	0.06
Birla Buildings Ltd.	8,400	10.00	0.84	0.84
			0.90	**0.90**
In Co-operative Farming Societies				
Krishna Sahakari Kheti Samiti Ltd.	5	100.00	0.01	0.01
Kuri Sanyukta Sahakari Kheti Samiti Ltd.	1(b)	100.00		
Keshopur Sanyukta Sahakari Kheti Samiti Ltd.	1(b)	100.00		
Pandia Sanyukta Sahakari Kheti Samiti Ltd.	1(b)	100.00		
Seohara Co-operative Cane Develop. Union Ltd.	1(b)	100.00		
Najibabad Co-operative Cane Develop. Union Ltd.	1(b)	10.00		
Nagina Co-operative Cane Develop. Union Ltd.	1(b)	10.00		
Moradabad Co-operative Cane Develop. Union Ltd.	1(b)	10.00		
			0.01	**0.01**
In Preference Shares				
Raj Kamal Prakashan Pvt. Ltd.	50	100.00	**0.05**	**0.05**
In Government Securities				
11.5% U.P. State Development Loan			–	0.70
12% U.P. State Development Loan			–	0.70
12 Years National Savings Certificates	(c)		0.01	0.01
12 Years National Plan Savings Certificates	(c)		0.08	0.08
7 Years National Savings Certificates	(c)		0.07	0.07
6 Years National Savings Certificates	(c)		0.13	0.13
			0.29	**1.69**
			2,114.15	**2,115.55**
Aggregate amount of quoted investments [Market value : ₹ 575.84 lacs (30 June 2011 : ₹ 630.41 lacs)]			376.35	376.35
Aggregate amount of unquoted investments			1,737.80	1,739.20

a) Includes certain shares pledged against term loan at ₹ 5,500 lacs taken from a bank (refer note no. 5)

b) The figures, being less than ₹ 500, have been shown above as blank.

c) Deposited / pledged with various Government authorities.

d) The following unquoted investments in equity shares (fully paid up), though appearing in the books, the cost whereof had been written off.

Name of the Company	No. of shares	Face value per share (in ₹)
Chandausi Rice Mills Ltd. (in liquidation)	1000	10.00
Jai Hind Publishing Co. Ltd. (in liquidation)	65	25.00
Akhil Bharat Printers Ltd. (in liquidation)	270	100.00

15. DEFERRED TAX ASSET (NET)

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Deferred tax asset		
Carry forward of Unabsorbed Depreciation & Business Losses	9,339.27	8,393.78
Expenditure allowable against taxable income in future years	876.59	649.24
	10,215.86	**9,043.02**
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	6,909.45	7,054.45
	6,909.45	**7,054.45**
Net Deferred tax asset	**3,306.41**	**1,988.57**

Although, there is carried forward unabsorbed depreciation and business losses as on the reporting 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.

16. LOANS AND ADVANCES

(₹ in Lacs)

	Non-Current		Current	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
(Unsecured, considered good except stated otherwise)				
Capital advances	**226.06**	**222.79**	–	–
Sundry Deposits	**12.94**	**12.96**	**35.00**	**35.00**
Loans to related parties (Note 34e)	–	–	–	**3,500.00**
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good *	–	–	406.95	470.50
Doubtful	42.78	39.17	–	–
	42.78	39.17	406.95	470.50
Less : Provision for doubtful advances	42.78	39.17	–	–
	–	–	**406.95**	**470.50**
Other loans and advances				
Considered good				
Loan to employees	–	–	8.57	12.88
Deposits against demand under appeal and / or under dispute	–	–	143.04	111.34
Claims Receivable	–	–	4.02	1.17
Prepaid Expenses	6.98	8.66	89.69	60.57
Advance payment of Income Tax and Tax deducted at source after adjusting provisions	–	–	97.63	62.04
Balances with Excise and Other Government Authorities	–	–	224.99	671.73
Balance with Tea Development Account Scheme, 1990	332.00	255.78	100.78	42.69
Doubtful				
Loan to others	23.16	23.16	–	–
	362.14	287.60	668.72	962.42
Less : Provision for doubtful Loans	23.16	23.16	–	–
	338.98	**264.44**	**668.72**	**962.42**
	577.98	**500.19**	**1,110.67**	**4,967.92**

* Includes ₹ 25.81 lacs (30 June 2011 : ₹ 6.80 lacs) recoverable from related parties (Note 34g)

17. INVENTORIES

(₹ in Lacs)

	Notes	As at 30th June, 2012	As at 30th June, 2011
Valued at Lower of Cost and Net Realisable Value			
Raw materials	22	205.37	49.46
Goods under process	23	469.99	394.90
Finished goods	23	21,872.63	14,717.16
Traded goods	23	2.59	1.66
Stores, Chemicals and spare parts etc.		1,042.74	941.02
Power - Banked	23	1.93	10.91
Agriculture Products - Standing Crop	23	10.60	13.84
Valued at Estimated Realisable Value			
By-Products	23	384.40	342.07
Scrap	23	8.30	8.69
		23,998.55	**16,479.71**
The above includes stock in transit :			
Stores, Chemicals and spare Parts etc.		38.32	38.31

18. TRADE RECEIVABLES AND OTHER ASSETS

18.1 Trade Receivables

(₹ in Lacs)

	Current	
	As at 30th June, 2012	As at 30th June, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	40.28	174.67
Doubtful	43.04	43.04
	83.32	**217.71**
Less: Provision for doubtful trade receivables	43.04	43.04
	40.28	**174.67**
Other receivables		
Unsecured, considered good	3,659.99	1,091.27
	3,659.99	**1,091.27**
	3,700.27	**1,265.94**

18.2 Other current assets

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
(Unsecured, considered good, Unless stated otherwise)		
Considered good		
Interest accrued on Loans, Advances, Deposits, Investments etc.	34.82	26.23
Claims Receivable towards Subsidies & Incentives	178.78	522.64
Doubtful		
Interest accrued on Loans, Advances, Deposits, Investments etc.	3.89	4.67
	217.49	553.54
Less: Provision for doubtful	3.89	4.67
	213.60	**548.87**

19. CASH AND BANK BALANCES

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Cash and cash equivalents		
Balances with banks:		
On current accounts	85.55	105.84
On savings accounts *	0.02	0.02
On Tea Development account	0.12	0.17
On unpaid dividend account	12.33	15.39
Deposits with original maturity less than 3 months	75.00	200.00
Cheque in hand	10.68	–
Cash on hand	20.18	43.97
	203.88	**365.39**
Other bank balances		
Deposits with original maturity of more than 3 months *	339.50	280.50
In Post office savings bank account	0.12	0.12
	339.62	**280.62**
	543.50	**646.01**

* Includes ₹ 124.02 lacs (30th June 2011 : ₹ 140.02 lacs) towards earmarked accounts.

Receipts / Pass Book for ₹ 15.59 lacs (30th June 2011 : ₹ 15.59 lacs) pledged / lodged with various Government Authorities as security.

20. REVENUE FROM OPERATIONS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Revenue from operations		
Sale of products		
Finished goods	60,155.49	58,856.91
Traded goods	7,216.24	3,843.63
Power	4,882.78	2,948.36
By products	1,236.28	593.35
Others	46.72	16.39
	73,537.51	**66,258.64**
Other operating revenue		
Proceeds from Agriculture Products	16.42	23.43
Excise duty subsidy	124.53	–
Tea replanting Subsidy	9.06	–
Scrap Sales	28.78	16.57
Revenue from operations (gross)	**73,716.30**	**66,298.64**
Less : Excise duty	2,249.10	1,935.82
Cess	419.33	420.91
Revenue from operations (net)	**71,047.87**	**63,941.91**

Notes to the Financial Statements for the year ended 30th June, 2012 *(Contd...)*

20. REVENUE FROM OPERATIONS *(Contd...)*

Detail of products sold

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Finished goods		
Sugar	52,239.87	51,747.87
Spirit	5,961.78	5,220.76
Carbon-di-oxide	55.49	73.46
Tea	1,898.35	1,814.82
	60,155.49	**58,856.91**
Traded goods		
Sugar	6,321.22	3,197.65
Diesel & Lubricants	895.02	645.98
	7,216.24	**3,843.63**
By products		
Molasses	1,176.84	580.14
Bagasse	58.05	13.21
Fusel oil	1.39	–
	1,236.28	**593.35**

21. OTHER INCOME

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Interest income on		
Loans, deposits, advances etc.	300.55	429.05
Refund from Income Tax Department	3.32	13.45
Long-term investments	0.02	0.18
Dividend income on Long-term investments	14.64	14.56
Insurance and Other Claims	0.30	46.72
Rent and Hire Charges	5.71	7.54
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	153.66	27.20
Land Dividend	54.23	122.68
Miscellaneous Receipts	57.15	10.52
	589.58	**671.90**

22. COST OF RAW MATERIALS CONSUMED

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Inventory at the beginning of the year	49.46	66.51
Add : Purchases and procurement expenses	54,755.13	40,089.88
Purchase tax & Cess	293.85	361.12
	55,098.44	40,517.51
Less: Inventory at the end of the year	205.37	49.46
	54,893.07	**40,468.05**

Details of raw materials consumed

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Sugarcane	52,722.60	39,084.85
Molasses	2,710.33	2,559.39
Bagasse	3,118.73	2,204.18
Power Steam	742.25	240.97
Biocompost	43.28	13.11
Press mud	45.85	15.60
Green Leaf (Cess)	23.52	22.35
Seed, Manures and fodder	10.05	10.35
	59,416.61	**44,150.80**
Less : Inter-unit transfer of own produced materials	4,523.54	3,682.75
	54,893.07	**40,468.05**

Details of raw material inventory

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Molasses	197.76	34.62
Press mud	7.61	14.84
	205.37	**49.46**

Details of Inter-unit transfer of own produced materials

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Sugarcane	14.22	19.90
Molasses	1,287.13	1,258.80
Bagasse	2,435.40	2,149.04
Power Steam	742.25	240.97
Biocompost	43.28	13.11
Press mud	1.26	0.93
	4,523.54	**3,682.75**

23. DECREASE / (INCREASE) IN INVENTORIES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Inventories at the end of the year		
Finished goods	21,872.63	14,717.16
Traded goods	2.59	1.66
Power - Banked	1.93	10.91
By Products	384.40	342.07
Goods under process	469.99	394.90
Agriculture Products - Standing Crop	10.60	13.84
Scrap	8.30	8.69
	22,750.44	15,489.23
Inventories at the beginning of the year		
Finished goods	14,717.16	19,056.49
Traded goods	1.66	1,289.12
Power - Banked	10.91	8.44
By Products	342.07	333.54
Goods under process	394.90	490.77
Agriculture Products - Standing Crop	13.84	8.66
Scrap	8.69	8.33
	15,489.23	21,195.35
	(7,261.21)	5,706.12
Decrease / (Increase) of excise duty on inventories	166.01	(158.35)
	(7,095.20)	5,547.77

Details of purchase of traded goods

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Sugar	5,606.17	1,687.14
Diesel & Lubricants	877.78	630.17
	6,483.95	2,317.31

Details of inventory

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Finished goods		
Sugar	21,510.77	14,386.88
Spirit	335.99	291.37
Tea	25.87	38.91
	21,872.63	14,717.16
Traded goods		
Diesel & Lubricants	2.59	1.66
	2.59	1.66
By-products		
Molasses	252.04	256.55
Bagasse	132.36	85.52
	384.40	342.07
Goods under process		
Sugar	466.26	390.45
Molasses	3.73	4.45
	469.99	394.90

24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Salaries, wages, bonus etc.	3,941.96	3,804.65
Contribution to provident & other funds	327.99	300.80
Gratuity expense (Note 30)	66.82	123.41
Employees' welfare expenses	142.90	122.28
	4,479.67	**4,351.14**

25. OTHER EXPENSES

(₹ in Lacs)

	Year ended 30th June, 2012		Year ended 30th June, 2011	
Consumption of stores and spares		1,366.31		1,112.86
Packing Materials		1,192.37		950.68
Power & Fuel		502.32		641.80
Repairs to and Maintenance of :				
Buildings		134.36		134.87
Machinery		1,033.43		827.19
Others		11.98		23.10
Rent		18.83		24.76
Rates & Taxes		44.90		40.35
Insurance		77.42		65.86
Payment to Auditors				
As Auditors				
Audit Fees		16.25		11.50
Limited Review Fees		9.75		6.90
In other capacity				
Tax Audit Fees		6.90		6.90
For Certificates and Other services		4.37		4.95
Reimbursement of Expenses		4.40		2.90
Payment to Cost Auditors		1.05		0.71
Commission on sales		247.60		244.09
Freight & forwarding charges etc.		265.81		449.32
Charity and Donations		1.94		0.34
Provision for bad and doubtful debts / advances		5.10		8.98
Bad Debts, irrecoverable claims and advances written off	0.86	–	8.35	–
Less : Adjusted against provisions	0.78	0.08	7.83	0.52
Long term Investments Written off	–	–	10.00	–
Less : Adjusted against provisions	–	–	10.00	–
Loss on Foreign Exchange fluctuations (net)		–		33.86
Loss on tangible assets sold / discarded (net)		18.89		3.25
Molasses Storage & Maintenance Reserve		3.06		3.12
Directors' Sitting fees		2.05		1.73
Miscellaneous Expenses		728.34		609.39
		5,697.51		**5,209.93**

Notes to the Financial Statements for the year ended 30th June, 2012 *(Contd...)*

26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Depreciation of tangible assets	2,654.39	2,612.08
Amortization of intangible assets	0.54	0.54
	2,654.93	2,612.62

27. FINANCE COSTS

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Interest	5,978.46	5,781.78
Other Borrowing Costs	208.68	74.20
	6,187.14	5,855.98

28. AGRICULTURAL INCOME / (LOSS)

Details of the revenue and expenses pertains to agricultural activities which have been included in note 20 to 26 under the respective heads.

(₹ in Lacs)

	Year ended 30th June, 2012		Year ended 30th June, 2011	
Income				
Revenue from operations				
Sales of products [including inter-transfer ₹ 14.22 lacs (30 June 2011 : ₹ 19.90 lacs)]		30.64		43.33
Miscellaneous Receipts		0.55		0.72
		31.19		44.05
Expenses				
Raw Materials Consumed		10.05		10.35
Decrease / (Increase) in Stocks :				
Opening Stock	13.84		8.66	
Less: Closing Stock	10.60	3.24	13.84	(5.18)
Rent		4.42		11.15
Rates & Taxes		0.05		0.05
Employee benefits expenses :				
Salaries, Wages, Bonus etc.	15.92		17.17	
Contribution to Provident & Other Funds	0.13	16.05	0.12	17.29
Miscellaneous Expenses		7.66		7.32
		41.47		40.98
Agricultural Income / (Loss)		(10.28)		3.07

29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Profit / (Loss) after tax	(2,324.96)	(1,220.28)
Net profit / (loss) for calculation of basic and diluted EPS	(2,324.96)	(1,220.28)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic & diluted EPS	11,557,239	11,557,239
Earnings per equity share		
[nominal value of share ₹ 10 (30 June 2011 : ₹ 10)]		
Basic & Diluted	(20.12)	(10.56)

30. GRATUITY - DEFINED BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favorable than the 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 liabilities.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense recognised in employee costs *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Current service cost	68.03	60.61
Interest cost on benefit obligation	94.69	85.39
Expected return on plan assets	(78.17)	(76.29)
Net actuarial (gain) / loss recognised in the year	(17.73)	53.70
Net benefit expense	**66.82**	**123.41**
Actual return on plan assets	91.07	85.72

Balance sheet

Net Benefit liability / (asset) *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Present value of defined benefit obligation	1,297.28	1,227.89
Fair value of plan assets	1,029.27	1,016.17
Plan liability	**268.01**	**211.72**

Changes in the present value of the defined benefit obligation are as follows : *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Opening defined benefit obligation	1,227.89	1,116.03
Current service cost	68.03	60.61
Interest cost	94.69	85.39
Benefits paid	(88.50)	(97.27)
Actuarial (gains) / losses on obligation	(4.83)	63.13
Closing defined benefit obligation	**1,297.28**	**1,227.89**

Changes in the fair value of plan assets are as follows : *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Opening fair value of plan assets	1,016.17	976.92
Expected return	78.17	76.29
Contributions by employer	10.53	50.80
Benefits paid	(88.50)	(97.27)
Actuarial gains / (losses)	12.90	9.43
Closing fair value of plan assets	**1,029.27**	**1,016.17**

The Company expects to contribute ₹ 194.55 lacs (30 June 2011 : ₹ 76.12 lacs) to Gratuity Fund in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	Year ended 30th June, 2012	Year ended 30th June, 2011
Investments with LIC	100%	100%

30. GRATUITY - DEFINED BENEFIT PLAN *(Contd...)*

The principal assumptions are shown below :

	Year ended 30th June, 2012	Year ended 30th June, 2011
Discount rate	8.50%	8.00%
Expected rate of return on assets	8.00%	8.00%
Salary Increase	5.00%	5.00%
Withdrawal Rates	Varying between 1.8% to 6.2% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

Amounts for the current and previous four years are as follows : *(₹ in Lacs)*

Particulars	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009	30th June, 2008
Gratuity					
Defined benefit obligation	1,297.28	1,227.89	1,116.03	919.54	841.12
Plan assets	1,029.27	1,016.17	976.92	968.96	822.13
Surplus / (deficit)	(268.01)	(211.72)	(139.11)	49.42	(18.99)
Experience (gain) / loss adjustments on plan liabilities	(4.83)	63.13	Not Available *	Not Available *	Not Available *
Experience gains / (loss) adjustments on plan assets	12.90	9.43	Not Available *	Not Available *	Not Available *

* Experience adjustments on plan liabilities and assets are not readily available for earlier years and hence not disclosed.

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.

Defined Contribution Plan : *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Contribution to Provident / Pension Funds	325.84	298.65
Contribution to Superannuation Fund	2.15	2.15
	327.99	300.80

Based on past return on assets of the Provident Fund Trust and statutory obligation of the Trust towards its members, the management does not expect any material deficit in fund position and hence no provision has been considered necessary in terms of accounting policy as stated in para "n" of Note 2 above.

31. LEASES

Operating lease :

Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The lease term is ranging up to 3 years and are renewable for further year 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 cancelable. *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Lease payments made for the year *	18.83	24.76
Contingent rent recognised in Statement of profit and loss	–	–
	18.83	24.76

* including lease rent for use of agriculture land ₹ 4.42 lacs (30 June 2011 : ₹ 11.15 lacs).

32. During the year, the Company has paid ₹ 1,891.58 lacs towards differential cane price for its Seohara Sugar unit in Uttar Pradesh for the sugar season 2007-08 in term of the order of the Hon'ble Supreme Court dated 17 January 2012, which has been shown as "Exceptional item" in the statement of profit and loss.

33. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Tea" as the operating segments :

Sugar - Consists of manufacture, trading and sale of Sugar, Molasses and Bagasse

Spirits - Consists of manufacture and sale of Industrial Spirits (including Ethanol), Fusel Oil and Bio-Compost

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.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

Business segments
Year ended 30 June 2012

(₹ in Lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Revenue *						
Segment revenue	62,991.84	5,469.55	7,294.96	1,911.30	895.02	78,562.67
Less : Inter segment	5,059.34	43.28	2,412.18	–	–	7,514.80
Total revenue from operations (net)	**57,932.50**	**5,426.27**	**4,882.78**	**1,911.30**	**895.02**	**71,047.87**
Results						
Segment results	(421.84)	1,463.23	2,825.27	608.26	14.11	4,489.03
Unallocated Income / (Expenses) (net of unallocable expenses / income)						34.49
Operating Profit / (Loss)						**4,523.52**
Finance costs						6,187.14
Profit / (Loss) before exceptional item & tax						**(1,663.62)**
Less : Exceptional item						1,891.58
Profit / (Loss) before tax						**(3,555.20)**
Current Tax						87.60
Deferred tax charge / (credit)						(1,317.84)
Net Profit / (Loss)						**(2,324.96)**

33. SEGMENT INFORMATION *(Contd...)*

(₹ in Lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
As at 30 June, 2012						
Segment assets	45,703.35	5,115.72	13,167.36	1,028.85	13.49	65,028.77
Unallocated assets						6,607.55
Total Assets						**71,636.32**
Segment liabilities	11,127.53	218.42	68.56	174.39	114.46	11,703.36
Unallocated liabilities						53,668.51
Total Liabilities						**65,371.87**
Other segment information						
Capital expenditure						
Tangible assets	410.95	155.47	19.98	90.08	–	**676.48**
Intangible assets	110.31	–	–	–	–	**110.31**
Depreciation	1,647.70	280.78	682.85	42.45	0.61	**2,654.39**
Amortization	0.54	–	–	–	–	**0.54**
Non-cash expenses	3.06	–	–	–	–	**3.06**

(₹ in Lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Year ended 30 June, 2011						
Revenue *						
Segment revenue	57,960.78	4,830.91	5,200.11	1,811.94	645.98	70,449.72
Less : Inter segment	4,242.95	13.11	2,251.75	–	–	6,507.81
Total revenue from operations (net)	**53,717.83**	**4,817.80**	**2,948.36**	**1,811.94**	**645.98**	**63,941.91**
Results						
Segment results	250.57	1,168.39	1,838.60	659.74	4.84	3,922.14
Unallocated Income / (Expenses) (net of unallocable expenses / income)						184.85
Operating Profit / (Loss)						**4,106.99**
Finance costs						5,855.98
Profit / (Loss) before tax						**(1,748.99)**
Current Tax						96.59
Deferred tax charge / (credit)						(625.30)
Net profit / (Loss)						**(1,220.28)**
As at 30 June, 2011						
Segment assets	39,691.58	5,317.19	11,383.62	980.39	11.82	57,384.60
Unallocated assets						9,170.51
Total Assets						**66,555.11**
Segment liabilities	5,178.62	178.80	60.30	173.58	188.19	5,779.49
Unallocated liabilities						52,178.39
Total Liabilities						**57,957.88**
Other segment information						
Capital expenditure						
Tangible assets	227.57	22.29	173.84	66.71	–	**490.41**
Intangible assets	22.06	–	–	–	–	**22.06**
Depreciation	1,637.81	278.92	653.49	41.25	0.61	**2,612.08**
Amortization	0.54	–	–	–	–	**0.54**
Non-cash expenses	3.12	–	–	–	–	**3.12**

33. SEGMENT INFORMATION *(Contd...)*

Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations.

(₹ in Lacs)

Year ended 30 June 2012	India	Overseas	Total
Revenue*			
Revenue from operations	71,047.87	–	**71,047.87**
Other segment information			
Segment assets	65,028.77	–	**65,028.77**
Year ended 30 June 2011			
Revenue*			
Revenue from operations	59,823.06	4,118.85	**63,941.91**
Other segment information			
Segment assets	57,384.60	–	**57,384.60**

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

* Net of excise duty and cess.

34. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties where control exists		
Subsidiary Company	Uttar Pradesh Trading Company Limited	
Related parties with whom transactions have taken place during the year		
Key Management Personnel	Mrs. Nandini Nopany	– Chairperson-cum-Managing Director
	Mr. C.B. Patodia	– Advisor
	Mr. Sukhvir Singh	– Executive President, Seohara Unit
	Mr. B.K. Sureka	– Executive President, Sidhwalia Unit
	Mr. Birinder Singh	– Executive President, Hasanpur Unit
	Mr. S.S. Binani	– Executive Vice President, Cinnatolliah Tea Garden
	Mr. S.K.Poddar	– Company Secretary
Relatives of Key Management Personnel	Mr. Chandra Shekhar Nopany	– Son of Smt. Nandini Nopany
	Mrs. Shruti Vora	– Daughter of Mrs. Nandini Nopany
	Mrs. Jyotsna Poddar	– Sister of Mrs. Nandini Nopany
	Mrs. Anita Sureka	– Wife of Mr. B.K. Sureka
	Mr. Prateek Sureka	– Son of Mr. B.K. Sureka
	Mr. Pragati Sureka	– Son of Mr. B.K. Sureka
	Mr. Nitin Kumar	– Son of Mr. Sukhvir Singh
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	The Oudh Sugar Mills Limited	
	Gobind Sugar Mills Limited	
	Uttam Commercial Limited	
	Manbhawani Investment Limited	
	Ronson Traders Limited	

34. RELATED PARTY DISCLOSURES *(Contd...)*

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale of goods *(₹ in Lacs)*

	Year ended	Sale of goods	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	647.38	–	–
	30 June 2011	455.31	–	–
Gobind Sugar Mills Limited	30 June 2012	–	–	–
	30 June 2011	0.10	–	–

b. Purchase of goods *(₹ in Lacs)*

	Year ended	Purchase of goods	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	175.25	–	–
	30 June 2011	67.07	–	–
Gobind Sugar Mills Limited	30 June 2012	158.12	–	–
	30 June 2011	19.71	–	–

c. Sale of fixed assets *(₹ in Lacs)*

	Year ended	Sale of fixed assets	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	28.40	–	–
	30 June 2011	3.48	–	–
Gobind Sugar Mills Limited	30 June 2012	–	–	–
	30 June 2011	0.59	–	–

d. Purchase of fixed assets *(₹ in Lacs)*

	Year ended	Purchase of fixed assets	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	48.95	–	–
	30 June 2011	–	–	–

e. Loans / Intercorporate deposits given and receipts thereof *(₹ in Lacs)*

	Year ended	Loan / intercorporate deposit given	Receipts	Interest accrued / received	Amount owned by related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
The Oudh Sugar Mills Limited	30 June 2012	–	3,500.00	242.42	–
	30 June 2011	4,250.00	750.00	384.59	3,500.00

34. RELATED PARTY DISCLOSURES *(Contd...)*

f. Loans / Intercorporate deposits and Fixed deposits taken and repayment thereof *(₹ in Lacs)*

	Year ended	Loan / intercorporate deposit taken	Repayments	Interest accrued / paid	Amount owned to related parties
Subsidiary Company					
Uttar Pradesh Trading	**30 June 2012**	824.00	97.00	27.09	1,027.50
Company Limited	**30 June 2011**	205.50	17.00	–	300.50
Relatives of Key Management Personnel					
Others	**30 June 2012**	5.00	9.00	0.85	5.00
	30 June 2011	–	–	1.15	9.00
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Uttam Commercial Limited	**30 June 2012**	–	75.00	8.95	60.00
	30 June 2011	–	–	18.90	135.00
Ronson Traders Limited	**30 June 2012**	75.00	–	9.98	75.00
	30 June 2011	–	–	–	–
Manbhawani Investment Limited	**30 June 2012**	–	–	33.65	240.00
	30 June 2011	–	–	33.60	240.00

g. Receivable / Payable outstanding (net) *(₹ in Lacs)*

	Year ended	Transaction during the year	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	**30 June 2012**	–	25.81	–
	30 June 2011	–	6.80	–
Gobind Sugar Mills Limited	**30 June 2012**	–	–	1.09
	30 June 2011	–	–	0.36

h. Directors' Sitting Fees *(₹ in Lacs)*

	Year ended	Transaction during the year	Amount owned by related parties	Amount owned to related parties
Relatives of Key Management Personnel				
Mr. Chandra Shekhar Nopany	**30 June 2012**	0.48	–	–
	30 June 2011	0.30	–	–

34. RELATED PARTY DISCLOSURES *(Contd...)*

i. Remuneration to key managerial personnel

(₹ in Lacs)

	Year ended	Transaction during the year	Amount owned by related parties	Amount owned to related parties
Mrs. Nandini Nopany	30 June 2012	33.60	–	–
	30 June 2011	33.60	–	–
Mr. C.B. Patodia	30 June 2012	156.23	–	3.77
	30 June 2011	156.16	–	3.77
Mr. Sukhvir Singh	30 June 2012	35.43	–	0.73
	30 June 2011	32.61	–	–
Mr. B.K. Sureka	30 June 2012	16.52	–	0.55
	30 June 2011	14.80	–	0.48
Mr. Birinder Singh	30 June 2012	16.79	–	2.91
	30 June 2011	7.75	–	0.55
Mr. S.S. Binani	30 June 2012	17.37	–	–
	30 June 2011	15.61	–	–
Mr. S.K.Poddar	30 June 2012	25.96	–	0.63
	30 June 2011	21.57	–	0.53

The remuneration to the Key Managerial Personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

35. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 1,115.21 lacs (30 June 2011 : ₹ 1,118.27 lacs).

(b) For commitments relating to lease arrangements, please refer note 31.

36. CONTINGENT LIABILITIES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts and contested by the Company :		
(i) Excise Duty & Service Tax	1,246.53	511.49
(ii) Sales & Entry Tax	429.57	118.18
(iii) Collection charges against Cane Dues	431.42	431.42
(iv) Others	52.14	79.02
Total	*** 2,159.66**	**1,140.11**
(b) (i) Guarantees given to a bank against loans to cane growers	3,200.00	1,400.00
(ii) Against the above, the outstanding amount as on the reporting date	725.91	893.60
(c) Bank Guarantees outstanding	208.13	319.31

* Based in discussion with the Solicitors/favourable decision in Similar Cases / Legal opinions taken by the Company, the Management believes that the Company has a good chance of success in above mentioned cases and hence, no provision there against is considered necessary.

37. There is a diminution of ₹ 216.75 lacs (30 June 2011 : ₹ 216.75 lacs) in the value of certain long term quoted investments based on the last quoted price. The above diminution in the opinion of the management is temporary in nature since the break up value of the said shares supplemented by the market value as on 30 June 2012, of the quoted investments held by the investee Company, is much higher than the corresponding Book Value and hence no provision is considered necessary.

38. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES

(₹ in Lacs)

		Year ended 30th June, 2012	Year ended 30th June, 2011
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	32.52	114.43
(ii)	Interest due on above.	2.94	5.06
	Total of (i) & (ii)	**35.46**	**119.49**
(iii)	Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	9.90	8.18
(iv)	Amount paid to the suppliers beyond the respective due date.	63.58	175.41
(v)	Amount of interest due and payable for the year 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.	0.97	4.63
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	3.91	9.69
(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.	7.63	3.30

39. Assets, Liabilities and Income and Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended 31st March 2012 as the financial year of the Tea Garden closes on 31st March of every year. The net balance of payments and realisations on account of the said Tea Garden during the period from 1 April 2012 to 30 June 2012 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

40. 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.

41. DERIVATIVE INSTRUMENTS OUTSTANDING AS ON THE BALANCE SHEET DATE:

Currency / Interest rate swap for foreign currency loan of US$ 1.33 millions (30 June 2011 : US$ 4.00 millions) equivalent to ₹ 614.57 lacs (30 June 2011 : ₹ 1,843.70 lacs) @ 6 months Libor + 1.30% p.a vis a vis fixed rate of 8.75% p.a.

42. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
(a) Travelling	29.47	16.95
(b) Others	1.20	1.17
	30.67	**18.12**

43. IMPORTED AND INDIGENOUS RAW MATERIALS AND STORES & SPARES CONSUMED.

	30th June, 2012		30th June, 2011	
	Consumption %	Value ₹ in lacs	Consumption %	Value ₹ in lacs
Raw Materials				
Imported	0.00%	–	0.00%	–
Indigenous	100.00%	54,893.07	100.00%	40,468.05
	100.00%	**54,893.07**	**100.00%**	**40,468.05**
Stores and Spares				
Imported	0.00%	–	0.02%	0.25
Indigenous	100.00%	1,366.31	99.98%	1,112.61
	100.00%	**1,366.31**	**100.00%**	**1,112.86**

It is not possible to identify consumption of spare parts separately and hence consumption of stores and spares is shown above.

44. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Exports of goods at F.O.B. Value	–	4,118.85
	–	**4,118.85**

45. PREVIOUS YEAR FIGURES

Previous year's figures have been rearranged where necessary to conform the current year's classification under Revised Schedule VI as mentioned in Note 2.1 (a) above.

As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar	Chandra Shekhar Nopany	Nandini Nopany
Company Secretary	*Director*	*Chairperson-cum-Managing Director*

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of
UPPER GANGES SUGAR & INDUSTRIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Upper Ganges Sugar & Industries Limited** and its subsidiary as at 30th June, 2012 and also the Consolidated Statement of Profit and Loss 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 ₹ 4309.58 lacs as at 31st March, 2012 [Refer note no. 1(c)] and total revenues of ₹ 207.88 lacs and net cash flow of ₹ 25.05 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. Attention is drawn to the following notes :–

   (i) Note 15 regarding recognition of Deferred Tax Asset (DTA) (net) of ₹ 3306.41 lacs (including ₹ 1988.57 lacs recognised in earlier years) up to 30th June, 2012, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty required in terms of Accounting Standard-22 of the aforesaid projections, had the above impact been considered, there would be a loss of ₹ 5449.01 lacs as against the reported loss of ₹ 2142.60 lacs for the year and the reserve and surplus balance would be ₹ 4058.91 lacs as against the reported figure of ₹ 7365.32 lacs as on the balance sheet date.

   (ii) Note No. 39 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2012 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2012, 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.

6. 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, *except for the effects of the matters stated in para 5 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, 2012;

   (b) in the case of Consolidated Statement of Profit & Loss, 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.

For S. R. BATLIBOI & CO.
Firm Registration No. 301003E
CHARTERED ACCOUNTANTS

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

Per Sanjoy K Gupta
a Partner
Membership No. 54968

Dated: 13th August, 2012

Consolidated Balance Sheet as at 30th June, 2012

(₹ in Lacs)

	Notes	As at 30th June, 2012	As at 30th June, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,155.73	1,155.73
Reserves and Surplus	4	7,365.32	9,515.74
		8,521.05	**10,671.47**
Non-Current Liabilities			
Long-term borrowings	5	15,914.97	13,897.27
Other long-term liabilities	6	499.94	448.99
Long-term provisions	7	136.71	201.37
		16,551.62	**14,547.63**
Current Liabilities			
Short-term borrowings	8	30,395.78	29,582.20
Trade payables	9	9,119.04	3,366.52
Other current liabilities	9	8,643.64	10,040.52
Short-term provisions	7	244.05	121.32
		48,402.51	**43,110.56**
TOTAL		**73,475.18**	**68,329.66**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	35,222.03	37,283.63
Intangible Assets	11	1.38	1.92
Capital Work-in-Progress	12	761.12	749.74
Intangible Assets under development	13	132.37	22.06
Non-Current Investments	14	3,863.52	3,864.92
Deferred Tax Assets (net)	15	3,306.41	1,988.57
Long-term loans and advances	16	577.98	500.19
		43,864.81	**44,411.03**
Current Assets			
Inventories	17	23,998.55	16,479.71
Trade Receivables	18.1	3,700.27	1,265.94
Cash and Bank balances	19	570.65	648.11
Short-term loans and advances	16	1,124.09	4,976.06
Other current assets	18.2	216.44	548.87
		29,610.00	**23,918.69**
Tea Department Balance		**0.37**	**(0.06)**
TOTAL		**73,475.18**	**68,329.66**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Consolidated Statement of Profit and Loss for the year ended 30th June, 2012

(₹ in Lacs)

	Notes	Year ended 30th June, 2012	Year ended 30th June, 2011
INCOME			
Revenue from Operations (Gross)	20	73,716.30	66,298.64
Less : Excise duty		2,249.10	1,935.82
Cess		419.33	420.91
Revenue from Operations (net)		**71,047.87**	**63,941.91**
Other Income	21	794.30	778.31
Total Revenue (I)		**71,842.17**	**64,720.22**
EXPENSES			
Cost of Raw Materials consumed	22	54,893.07	40,468.05
Purchase of Traded Goods	23	6,483.95	2,317.31
(Increase) / decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(7,095.20)	5,547.77
Employee benefits expenses	24	4,479.67	4,351.14
Other expenses	25	5,720.47	5,219.30
Total (II)		**64,481.96**	**57,903.57**
Profit before Finance Costs, Tax, Depreciation & Amortization and Exceptional Item [(I) - (II)]		**7,360.21**	**6,816.65**
Depreciation and Amortization expenses	26	2,654.93	2,612.62
Finance Costs	27	6,186.57	5,855.98
Profit / (Loss) before Exceptional Item and Tax		**(1,481.29)**	**(1,651.95)**
Less : Exceptional Item	32	**1,891.58**	–
Profit / (Loss) before Tax		**(3,372.87)**	**(1,651.95)**
Tax Expenses			
Current Tax		87.63	96.59
Deferred Tax Charge / (Credit)		(1,317.84)	(625.30)
Provision for Income Tax no longer required written back		0.06	–
Total Tax Expense / (Credit)		**(1,230.27)**	**(528.71)**
Profit / (Loss) for the year		**(2,142.60)**	**(1,123.24)**
Earnings per equity share	29	₹	₹
[Nominal value of share ₹ 10 (30 June 2011 ₹ 10)]			
Basic & Diluted		**(18.54)**	**(9.72)**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Consolidated Cash Flow Statement for the year ended 30th June, 2012

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	(3,372.87)	(1,651.95)
Adjustments for :		
Depreciation and Amortisation expenses	2,654.93	2612.62
Finance Costs	6,186.57	5855.98
Loss on Tangible Assets sold / discarded (net)	18.89	3.25
Bad debts, irrecoverable claims and advances written off	0.08	0.52
Provision for bad and doubtful debts / advances	5.10	8.98
Contingent Provisions against Standard Assets	2.66	0.77
Molasses Storage & Maintenance Reserve	3.06	3.12
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	(153.66)	(27.20)
Interest Income	(303.89)	(442.68)
Dividend Income	(273.59)	(243.65)
Operating Profit before Working Capital Changes :	4767.28	6119.76
Increase / (decrease) in Trade Payables, Other Liabilities and Provisions	6087.82	(5,603.56)
(Increase) in Trade Receivables	(2,439.51)	(245.45)
Decrease in Loans & Advances and Other Current Assets	786.99	381.15
(Increase) / decrease in Tea Department Balance	(0.43)	50.34
(Increase) / decrease in Inventories	(7,518.84)	5657.04
CASH GENERATED FROM OPERATIONS:	1683.31	6359.28
Direct Taxes Refund / (Paid)	(123.25)	89.84
NET CASH FROM OPERATING ACTIVITIES	1560.06	6449.12
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from sale of Tangible Assets	84.50	113.41
Purchase of Fixed Assets including Capital Advances	(867.26)	(581.85)
Sale of Non-Current Investments	1.40	102.07
Loan Received Back / (Given)	3504.31	(3491.99)
Interest Received	292.46	427.26
Dividend Received	273.59	243.65
Deposits under Tea Development Account Scheme	(134.31)	(117.69)
Fixed Deposits	(59.00)	(154.40)
Receipt of Capital Subsidy	79.12	730.83
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	3174.81	(2728.71)

Consolidated Cash Flow Statement *(Contd...)* for the year ended 30th June, 2012

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Long Term Loans	(7005.66)	(6,555.00)
Proceeds from Long Term Loans	8000.00	1,006.82
Proceeds from Short Term Borrowings (net)	734.18	7,537.23
Interest Paid	(6,388.11)	(5,613.04)
Other Borrowing Cost	(208.68)	(74.20)
NET CASH USED IN FINANCING ACTIVITIES	**(4868.27)**	**(3698.19)**
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**(133.40)**	**22.22**
Cash & Cash Equivalents at the beginning of the year	**352.08**	**329.86**
Cash & Cash Equivalents at the end of the year *	**218.68**	**352.08**

* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 351.97 lacs (30 June 2011 : ₹ 296.03 lacs) being balances with restrictive use or having maturity of more than 3 months.

As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar	Chandra Shekhar Nopany	Nandini Nopany
Company Secretary	*Director*	*Chairperson-cum-Managing Director*

Notes to the Consolidated Financial Statements for the year ended 30th June, 2012

1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of Upper Ganges Sugar & Industries Ltd. ("the Company") and its subsidiary company, (collectively referred as "the Group") have been prepared on the following basis

(a) The financial statements of the company and its subsidiary are consolidated 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, 2012, has been incorporated in these accounts. However, adjustments for major transactions pertaining to the period from 1st April, 2012 to 30th June, 2012 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 30th June, 2012	As on 30th June, 2011
Uttar Pradesh Trading Company Ltd.	India	100	100

2. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained in 2.1 (a) below.

2.1 Summary of Significant Accounting Policies

(a) Change in Accounting Policy

Presentation and disclosure of financial statements

During the year ended 30th June 2012, revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its consolidated financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of consolidated financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses determined, if any. The cost comprises of the purchase price inclusive of duties (net of CENVAT Credit), taxes, incidental expenses, erection / commissioning expenses and borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

2. BASIS OF PREPARATION *(Contd...)*

(d) Depreciation on Tangible Fixed Assets

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

Depreciation on tangible 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.

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

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

(e) Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of the asset. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

(f) Leases

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

Finance Lease

Assets acquired under lease agreements which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value of the leased property and present value of minimum lease payment at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of 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.

(g) Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(h) Impairment of Tangible and Intangible 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 recognised 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.

(i) Government Grants and Subsidies

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

2. BASIS OF PREPARATION *(Contd...)*

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

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

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

(j) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(k) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are considered to be realisable 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), traded goods and standing crops, are valued at lower of cost and net realisable value. Finished goods, Goods under process and Standing Crops include cost of conversion and other costs incurred in bringing the inventories to their present location and condition based on normal operating capacity.

Cost of inventories is computed on a weighted average basis.

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

Net realisable 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.

(l) Revenue Recognition

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

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognised when the shareholders' right to receive the payment is established by the reporting date.

Insurance and other claims, Interest on doubtful loans and advances to cane growers, Replanting Subsidy and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance / actual receipt basis.

(m) Foreign Currency Transactions

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.

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.

2. BASIS OF PREPARATION *(Contd...)*

Exchange differences

Exchange differences arising on the settlement/conversion of monetary items are recognised as income or expenses in the year in which they arise.

Forward Exchange Contracts entered into hedge foreign currency risk of an existing asset / liability

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 recognised 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 recognised as income or expense for the year.

(n) Retirement and other Employee Benefits

Retirement benefits in the form of Provident & Pension Funds and Superannuation Scheme are defined contribution schemes and are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds except in case of contribution towards Provident Fund, where the deficit if any, arising in making the statutory payment by the Trust to its members, is being funded by the Company in terms of the provisions under Employee Provident Fund and Miscellaneous Provisions Act, 1952.

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 financial year.

Short term compensated absences are provided for based on estimates whereas long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

(o) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961 enacted in India. 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 reporting date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognised 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 assets is reviewed at each reporting date. The company writes-down the carrying amount of 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 taxable income will be available in future.

At each reporting 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 recognised 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 recognised 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 statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting 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.

2. BASIS OF PREPARATION *(Contd...)*

(p) Segment Reporting

Identification of Segments

The Group 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.

Inter Segment Transfers

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

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".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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

(q) Earnings 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.

(r) Cash and Cash Equivalents

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

(s) 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 of the underlying hedged item is charged to the statement of profit and loss. Net gains are ignored as a matter of prudence.

(t) 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 reporting date.

(u) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(v) Provisions

A provision is recognised when the Group 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 the best estimate required to settle the obligation, at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

(w) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

3. SHARE CAPITAL

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Authorized Shares :		
1,60,00,000 (30 June 2011 : 1,60,00,000) Equity Shares of ₹ 10/- each	1,600.00	1,600.00
16,00,000 (30 June 2011 : 16,00,000) Preference Shares of ₹ 100/- each	1,600.00	1,600.00
Total	**3,200.00**	**3,200.00**
Issued, Subscribed and Fully Paid-up Shares :		
1,15,57,239 (30 June 2011 : 1,15,57,239) Equity Shares of ₹ 10/- each	1,155.73	1,155.73
Total	**1,155.73**	**1,155.73**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity shares of ₹ 10/- each				
Outstanding at the beginning and end of the year	1,15,57,239	1,155.73	1,15,57,239	1,155.73

(b) Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid.

(c) Detail of shareholders holding more than 5% shares in the company

Name of the shareholders	As at 30th June, 2012		As at 30th June, 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
SIL Investments Limited	15,47,016	13.39%	12,53,289	10.84%
New India Retailing & Investment Limited	9,69,021	8.38%	9,69,021	8.38%
Mrs. Nandini Nopany	8,11,090	7.02%	7,67,665	6.64%
Hargaon Investment & Trading Company Limited	6,57,966	5.69%	6,57,966	5.69%
Navjeevan Medical Institute	7,18,317	6.22%	7,18,317	6.22%

As per records of the Company, including its register of Share Holders / Members, the above share holdings represents legal ownership of shares.

4. RESERVES AND SURPLUS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Capital Reserve		
As per the last financial statements	27.17	27.17
Capital Redemption Reserve		
As per the last financial statements	357.00	357.00
Reserve Fund		
As per the last financial statements	373.61	354.20
Add : Transfer from Statement of Profit & Loss	36.32	19.41
	409.93	**373.61**
Securities Premium Account		
As per the last financial statements	6,583.34	6,583.34
Molasses & Alcohol Storage and Maintenance Reserve		
Balance as per the last financial statements	56.88	53.76
Add: Provided during the year	3.06	3.12
	59.94	56.88
Less : Utilised during the year (Note 10)	10.88	–
Closing balance	**49.06**	**56.88**
General Reserve		
Balance as per the last financial statements	778.44	1,878.44
Less : Transfer to Statement of Profit and Loss	–	1,100.00
Closing balance	**778.44**	**778.44**
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	1,339.30	1,381.95
Profit / (Loss) for the year	(2,142.60)	(1,123.24)
Less : Transfer to Reserve Fund	36.32	19.41
Add : Transfer from General Reserve	–	1,100.00
Net Surplus / (Deficit) in the Statement of Profit and Loss	**(839.62)**	**1,339.30**
Total Reserves and Surplus	**7,365.32**	**9,515.74**

5. LONG-TERM BORROWINGS

(₹ in Lacs)

	Non-Current portion		Current portion	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
Term Loans (secured) :				
From Banks -				
Under Project Finance / Corporate Loan Scheme	9,113.00	6,402.07	4,689.07	4,631.13
Under Financial Assistance Scheme (Excise Duty Loan)	–	–	–	910.87
From Sugar Development Fund	6,058.41	6,922.07	863.66	863.66
Other Loans and Advances (unsecured) :				
Fixed Deposits from related parties (Note 34f)	5.00	6.00	–	3.00
Fixed Deposits from others	738.56	567.13	530.57	753.01
	15,914.97	**13,897.27**	**6,083.30**	**7,161.67**
Less : Amount disclosed under the head "other current liabilities" (Note 9)	–	–	6,083.30	7,161.67
Net Amount	**15,914.97**	**13,897.27**	–	–

(a) Term Loans from Banks carry interest rate in the range of 8.75% to 14.25% and are secured / to be secured by first mortgage / charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation Plant), 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. Further, the term loan of ₹ 5500 lacs is also secured by pledge of certain equity shares held as investments.

5. LONG-TERM BORROWINGS *(Contd...)*

The above loans are repayable as under.

(₹ in Lacs)

Principal Disbursed Amount	Balance as at 30th June, 2012	Repayment Schedule
i. ₹ 5,500.00 lacs	5,500.00	20 Quarterly installments starting from April 2014.
ii. ₹ 2,550.00 lacs	382.50	20 Quarterly installments started from May 2008.
iii. ₹ 2,500.00 lacs	1,900.00	21 Monthly installments started from January 2012.
iv ₹ 5,531.10 lacs	614.57	9 Half yearly installments started from September 2008.
v. ₹ 6,230.00 lacs	2,803.50	20 Quarterly installments started from December 2009.
vi. ₹ 4,730.00 lacs	2,601.50	20 Quarterly installments started from June 2010.
	13,802.07	

(b) Term loans under Financial Assistance Scheme (Excise Duty Loan) were secured by a residual charge on the entire Fixed Assets (Movable and Immovable), present and future of the Company's Sugar units at Seohara and Sidhwalia. The said loan has been repaid during the year as per the stipulated terms of repayment.

(c) Term loans from the Sugar Development Fund, carry interest of 4% p.a. and 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).

The above loans are repayable as under.

(₹ in Lacs)

Principal Disbursed Amount	Balance as at 30th June, 2012	Repayment Schedule
i. ₹ 3,349.20 lacs for Seohara Co-generation unit	2,344.44	10 half yearly installments started from March 2011.
ii. ₹ 969.09 lacs for Sidhwalia Sugar unit	193.82	5 yearly installments started from September 2008.
iii. ₹ 3,376.99 lacs for Sidhwalia Sugar unit	3,376.99	5 yearly installments starting from September 2015.
iv. ₹ 1,006.82 lacs for Sidhwalia Co-generation unit	1,006.82	10 half yearly installments starting from August 2013.
	6,922.07	

(d) Fixed Deposits from related parties / others carry interest rate of 10.75% to 12.50% and are repayable after two years from the respective date of deposits, depending upon the tenure of deposits.

6. OTHER LONG-TERM LIABILITIES

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Interest accrued but not due on borrowings	467.50	415.83
Trade and other deposits	32.44	33.16
	499.94	448.99

7. PROVISIONS

(₹ in Lacs)

	Long-term		Short-term	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
Provision for Employee Benefits				
Gratuity (note 30)	73.46	135.60	194.55	76.12
Leave	63.25	65.77	38.86	38.43
	136.71	201.37	233.41	114.55
Other Provisions				
For wealth tax	–	–	7.21	6.00
For standard assets	–	–	3.43	0.77
	–	–	10.64	6.77
	136.71	201.37	244.05	121.32

8. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Secured		
Cash credit from banks (repayable on demand)	21,117.78	11,860.70
Short term loan from a Body Corporate	–	1,250.00
Other Loans & Advances (Unsecured)		
Inter-Corporate Deposits		
From related parties (Note 34f)	375.00	375.00
From others	8,770.00	9,445.00
Short term loan from a Bank	–	6,500.00
From Co-operative Farming Societies	133.00	151.50
	30,395.78	**29,582.20**

(a) Cash credit borrowings are secured by hypothecation of entire current assets of the Company ranking pari passu amongst the various lenders. In addition, cash credit borrowings of ₹ 20717.35 lacs (30 June 2011 : ₹ 11,860.70 lacs) is further secured by a charge on the immovable assets as follows :

i. Cinnatolliah Tea Unit - First Charge;

ii. Hasanpur Sugar Mills - Second Charge;

iii. Seohara Sugar Unit - Third Charge (ranking pari-passu between the lenders);

iv. Bharat Sugar Mills - Third Charge.

Cash Credit borrowings carry interest at base rate of the respective banks plus 3.00% to 5.00%.

(b) Short term loan from a body corporate was secured by pledge of certain equity shares held as Investments.

9. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Trade payables (refer Note 38 for details of dues to micro and small enterprises)	9,119.04	3,366.52
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	6,083.30	7,161.67
Payable towards purchase of capital goods	259.49	215.61
Advance against Sales	136.29	252.95
Interest accrued but not due on borrowings, deposits etc.	360.18	822.07
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed Matured Fixed Deposits	1.01	25.40
Unclaimed dividend	12.33	15.39
Others -		
Statutory dues	278.80	114.46
Excise Duty on Closing Stocks	756.31	594.04
Crop Loan from a Bank payable to cane growers	666.19	795.21
Other Miscellaneous	89.74	43.72
	8,643.64	**10,040.52**
	17,762.68	**13,407.04**

10. TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land (a)	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total (c)
Cost								
At 1st July 2010	998.11	94.55	4,340.11	50,985.56	180.44	320.68	186.28	57,105.73
Additions	15.55	–	48.32	388.45	8.38	12.58	61.50	534.78
Disposals	100.79	–	–	14.02	8.58	13.92	35.80	173.11
At 30th June 2011	912.87	94.55	4,388.43	51,359.99	180.24	319.34	211.98	57,467.40
Additions	5.56	–	92.52	531.93	(b) 13.29	18.68	34.20	696.18
Disposals	46.58	–	–	107.25	2.98	22.27	7.25	186.33
At 30th June 2012	871.85	94.55	4,480.95	51,784.67	190.55	315.75	238.93	57,977.25
Depreciation								
At 1st July 2010	–	94.55	779.93	16,351.34	133.61	160.53	108.18	17,628.14
Charge for the year	–	–	98.92	2,464.23	11.16	27.29	10.48	2,612.08
Disposals	–	–	–	7.28	8.57	7.00	33.60	56.45
At 30th June 2011	–	94.55	878.85	18,808.29	136.20	180.82	85.06	20,183.77
Charge for the year	–	–	100.46	2,498.86	7.48	26.16	21.43	2,654.39
Disposals	–	–	–	53.73	2.69	20.04	6.48	82.94
At 30th June 2012	–	94.55	979.31	21,253.42	140.99	186.94	100.01	22,755.22
Net Block								
At 30th June 2011	912.87	–	3,509.58	32,551.70	44.04	138.52	126.92	37,283.63
At 30th June 2012	871.85	–	3,501.64	30,531.25	49.56	128.81	138.92	35,222.03

(a) Title deeds for ₹ 22.65 lacs (30 June 2011 : ₹ 22.65 lacs) are yet to be executed in favour of the Company.

(b) Net of ₹ 10.88 lacs (30 June, 2011: ₹ Nil) being the amount utilised out of Molasses & Alcohol Storage and Maintenance Reserve.

(c) Includes assets held in joint ownership with others Gross Block ₹ 297.59 lacs (30 June 2011 : ₹ 295.63 lacs) and Net Block ₹ 179.18 lacs (30 June 2011 : ₹ 184.12 lacs).

11. INTANGIBLE ASSETS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Computer Software :		
As at the beginning of the year	3.33	3.33
Purchase	–	–
At the end of the year	3.33	3.33
Amortisation		
As at the beginning of the year	1.41	0.87
Charge for the year	0.54	0.54
At the end of the year	1.95	1.41
Net block	1.38	1.92

12. CAPITAL WORK-IN-PROGRESS

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Balance brought forward from the previous year	749.74	778.56
Add : Additions during the year [net of subsidy of ₹ 79.12 lacs (30 June 2011 : ₹ 30.83 lacs)]	519.27	290.48
	1,269.01	1,069.04
Less : Transfer to Tangible Assets during the year	507.89	319.30
Balance at the end of the year	761.12	749.74

13. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Balance brought forward from the previous year	22.06	–
Add : Additions during the year	110.31	22.06
Balance at the end of the year	132.37	22.06

14. NON-CURRENT INVESTMENTS

(₹ in Lacs)

	Number of Units / shares	Face Value Per Unit / Share	As at June 30, 2012	As at June 30, 2011
Non Trade Investments				
(valued at cost unless stated otherwise)				
Quoted (fully paid)				
Investment in Equity Instruments				
New India Retailing & Investment Ltd.	2,85,573	10.00	633.70	633.70
Chambal Fertilizer & Chemicals Ltd.	19,66,795 (a)	10.00	377.97	377.97
The Oudh Sugar Mills Limited	33,26,901	10.00	1,724.89	1,724.89
Haryana Oxygen Limited	5,000	10.00	0.50	0.50
SIL Investments Limited	20,19,339	10.00	478.36	478.36
Sutlej Textiles & Industries Limited	20,27,798 (a)	10.00	593.89	593.89
Manbhawani Investment Limited	73,500	10.00	2.25	2.25
Manavta Holdings Limited	73,500	10.00	2.25	2.25
			3,813.81	3,813.81
Unquoted (fully paid)				
Investment in Equity Instruments				
Bihar State Financial Corporation Ltd.	60	100.00	0.06	0.06
Birla Buildings Ltd.	8,400	10.00	0.84	0.84
Tapria Limited	3,500	10.00	0.40	0.40
Indo Educational & Research Institutions Pvt. Limited	4,900	10.00	0.49	0.49
Shree Vihar Properties Limited	2,24,307	10.00	19.73	19.73
Modern Diagen Services Limited	13,196	10.00	1.32	1.32
Moon Corporation Limited	2,874	5.00	0.39	0.39
			23.23	23.23
Unquoted (partly paid)				
Investment in Equity Instruments				
Modern Diagen Services Limited (₹ 2 paid up per Share)	13,06,404	10.00	26.13	26.13
In Co-operative Farming Societies				
Krishna Sahakari Kheti Samiti Ltd.	5	100.00	0.01	0.01
Kuri Sanyukta Sahakari Kheti Samiti Ltd.	1(b)	100.00		
Keshopur Sanyukta Sahakari Kheti Samiti Ltd.	1(b)	100.00		
Pandia Sanyukta Sahakari Kheti Samiti Ltd.	1(b)	100.00		
Seohara Co-operative Cane Development Union Ltd.	1(b)	100.00		
Najibabad Co-operative Cane Development Union Ltd.	1(b)	10.00		
Nagina Co-operative Cane Development Union Ltd.	1(b)	10.00		
Moradabad Co-operative Cane Development Union Ltd.	1(b)	10.00		
			0.01	0.01
In Preference Shares				
Raj Kamal Prakashan Pvt. Ltd.	50	100.00	0.05	0.05
In Government Securities				
11.5% U.P. State Development Loan			–	0.70
12% U.P. State Development Loan			–	0.70
12 Years National Savings Certificates	(c)		0.01	0.01
12 Years National Plan Savings Certificates	(c)		0.08	0.08
7 Years National Savings Certificates	(c)		0.07	0.07
6 Years National Savings Certificates	(c)		0.13	0.13
			0.29	1.69
			3,863.52	3,864.92
Aggregate amount of quoted investments [Market value : ₹ 7003.57 lacs (30 June 2011 : ₹ 8597.87 lacs)]			3,813.81	3,813.81
Aggregate amount of unquoted investments			49.71	51.11

14. NON-CURRENT INVESTMENTS *(Contd...)*

a) Includes certain shares pledged against term loan of ₹ 5,500 lacs loan taken from a Bank. [Refer Note 5]

b) The figures, being less than ₹ 500, have been shown above as blank.

c) Deposited / pledged with various Government authorities.

d) The following unquoted investments in equity shares (fully paid up), though appearing in the books, the cost whereof had been written off.

Name of the Company	No. of shares	Face Value per share (in ₹)
Chandausi Rice Mills Ltd. (in liquidation)	2000	10.00
Jai Hind Publishing Co. Ltd. (in liquidation)	65	25.00
Akhil Bharat Printers Ltd. (in liquidation)	270	100.00
Leas Communication Limited (in liquidation)	21000	10.00
Maruti Limited (in liquidation)	40000	10.00
APV Texmaco Limited (in liquidation)	20400	10.00

15. DEFERRED TAX ASSET (NET)

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Deferred Tax Asset		
Carry forward of Unabsorbed Depreciation and Business Losses	9,339.27	8,393.78
Expenditure allowable against taxable income in future years	876.59	649.24
	10,215.86	**9,043.02**
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	6,909.45	7,054.45
	6,909.45	**7,054.45**
Net Deferred Tax Asset	**3,306.41**	**1,988.57**

Although, there is carried forward unabsorbed depreciation and business losses as on the reporting 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.

16. LOANS AND ADVANCES

(₹ in Lacs)

	Non-Current		Current	
	As at 30th June, 2012	As at 30th June, 2011	As at 30th June, 2012	As at 30th June, 2011
(Unsecured, considered good except stated otherwise)				
Capital advances	226.06	222.79	–	–
Sundry Deposits	12.94	12.96	35.00	35.00
Loan and advances to related parties (Note 34e)	–	–	–	3,500.00
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good *	–	–	419.97	478.33
Doubtful	42.78	39.17	–	–
	42.78	39.17	419.97	478.33
Less : Provision for doubtful advances	42.78	39.17	–	–
	–	–	419.97	478.33
Other loans and advances				
Considered good				
Loan to employees	–	–	8.57	12.88
Deposits against demand under appeal and / or under dispute	–	–	143.04	111.34
Claims Receivable	–	–	4.02	1.17
Prepaid Expenses	6.98	8.66	89.69	60.57
Advance payment of Income Tax and Tax deducted at source after adjusting provisions	–	–	98.03	62.35
Balances with Excise and Other Government Authorities	–	–	224.99	671.73
Balance with Tea Development Account Scheme, 1990	332.00	255.78	100.78	42.69
Doubtful				
Loan to others	23.16	23.16	–	–
	362.14	287.60	669.12	962.73
Less : Provision for doubtful Loans	23.16	23.16	–	–
	338.98	264.44	669.12	962.73
	577.98	500.19	1,124.09	4,976.06

* Includes ₹ 25.81 lacs (30 June 2011 : ₹ 6.80 lacs), recoverable from related parties (Note 34g)

17. INVENTORIES

(₹ in Lacs)

	Notes	As at 30th June, 2012	As at 30th June, 2011
Valued at Lower of Cost and Net Realisable Value			
Raw materials	22	205.37	49.46
Goods under process	23	469.99	394.90
Finished goods	23	21,872.63	14,717.16
Traded goods	23	2.59	1.66
Stores, Chemicals and spare parts etc.		1,042.74	941.02
Power - Banked	23	1.93	10.91
Agriculture Products - Standing Crop	23	10.60	13.84
Valued at Estimated Realisable Value			
By-Products	23	384.40	342.07
Scrap	23	8.30	8.69
		23,998.55	16,479.71
The above includes stock in transit :			
Stores, Chemicals and spare Parts etc.		38.32	38.31

18. TRADE RECEIVABLES AND OTHER ASSETS

18.1 Trade Receivables

(₹ in Lacs)

	Current	
	As at 30th June, 2012	As at 30th June, 2011
Outstanding for a year exceeding six months from the date they are due for payment		
Unsecured, considered good	40.28	174.67
Doubtful	43.04	43.04
	83.32	217.71
Less: Provision for doubtful trade receivables	43.04	43.04
	40.28	**174.67**
Other receivables		
Unsecured, considered good	3,659.99	1,091.27
	3,659.99	**1,091.27**
	3,700.27	**1,265.94**

18.2 Other Current Assets

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
(Unsecured, considered good, Unless stated otherwise)		
Considered good		
Interest accrued on Loans, Advances, Deposits, Investments etc.	37.66	26.23
Claims Receivable towards Subsidies	178.78	522.64
Doubtful		
Interest accrued on Loans, Advances, Deposits, Investments etc.	3.89	4.67
	220.33	553.54
Less: Provision for doubtful	3.89	4.67
	216.44	**548.87**

19. CASH AND BANK BALANCES

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Cash and cash equivalents		
Balances with banks:		
On current accounts	112.66	107.91
On savings accounts *	0.02	0.02
On Tea Development account	0.12	0.17
On unpaid dividend account	12.33	15.39
On Deposits with original maturity less than 3 months	75.00	200.00
Cheque in hand	10.68	–
Cash on hand	20.22	44.00
	231.03	**367.49**
Other bank balances		
Deposits with original maturity of more than 3 months *	339.50	280.50
In Post office savings bank account	0.12	0.12
	339.62	**280.62**
	570.65	**648.11**

* Includes ₹ 124.02 lacs (30 June 2011 : ₹ 140.02 lacs) towards earmarked accounts.

Receipts / Pass Book for ₹ 15.59 lacs (30 June 2011 : ₹ 15.59 lacs) pledged / lodged with various Government Authorities as security.

20. REVENUE FROM OPERATIONS

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Revenue from operations		
Sale of products		
Finished goods	60,155.49	58,856.91
Traded goods	7,216.24	3,843.63
Power	4,882.78	2,948.36
By products	1,236.28	593.35
Others	46.72	16.39
	73,537.51	66,258.64
Other operating revenue		
Proceeds from Agriculture Products	16.42	23.43
Excise duty subsidy	124.53	–
Tea replanting Subsidy	9.06	–
Scrap Sales	28.78	16.57
Revenue from operations (gross)	73,716.30	66,298.64
Less : Excise duty	2,249.10	1,935.82
Cess	419.33	420.91
Revenue from operations (net)	**71,047.87**	**63,941.91**
Detail of products sold		
Finished goods sold		
Sugar	52,239.87	51,747.87
Spirit	5,961.78	5,220.76
Carbon-di-oxide	55.49	73.46
Tea	1,898.35	1,814.82
	60,155.49	**58,856.91**
Traded goods sold		
Sugar	6,321.22	3,197.65
Diesel & Lubricants	895.02	645.98
	7,216.24	**3,843.63**
By products sold		
Molasses	1,176.84	580.14
Bagasse	58.05	13.21
Fuel oil	1.39	–
	1,236.28	**593.35**

21. OTHER INCOME

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Interest income on		
Loans, deposits, advances etc.	300.55	429.05
Refund from Income Tax Department	3.32	13.45
Long-term investments	0.02	0.18
Dividend income on Long-term investments	219.36	120.97
Insurance and Other Claims	0.30	46.72
Rent and Hire Charges	5.71	7.54
Unspent Liabilities, Provisions no longer required and Unclaimed Balances adjusted	153.66	27.20
Land Dividend	54.23	122.68
Miscellaneous Receipts	57.15	10.52
	794.30	**778.31**

22. COST OF RAW MATERIALS CONSUMED

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Inventory at the beginning of the year	49.46	66.51
Add : Purchases and procurement expenses	54,755.13	40,089.88
Purchase tax & Cess	293.85	361.12
	55,098.44	40,517.51
Less: inventory at the end of the year	205.37	49.46
	54,893.07	**40,468.05**

Details of raw materials consumed

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Sugarcane	52,722.60	39,084.85
Molasses	2,710.33	2,559.39
Bagasse	3,118.73	2,204.18
Power Steam	742.25	240.97
Biocompost	43.28	13.11
Press mud	45.85	15.60
Green Leaf (Cess)	23.52	22.35
Seed, Manures and fodder	10.05	10.35
	59,416.61	44,150.80
Less : Inter-unit transfer of own produced materials	4,523.54	3,682.75
	54,893.07	**40,468.05**

Details of raw material inventory

(₹ in Lacs)

	As at 30th June, 2012	As at 30th June, 2011
Molasses	197.76	34.62
Press mud	7.61	14.84
	205.37	**49.46**

Details of Inter-unit transfer of own produced materials

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Sugar Cane	14.22	19.90
Molasses	1,287.13	1,258.80
Bagasse	2,435.40	2,149.04
Power Steam	742.25	240.97
Biocompost	43.28	13.11
Press mud	1.26	0.93
	4,523.54	**3,682.75**

23. DECREASE / (INCREASE) IN INVENTORIES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Inventories at the end of the year		
Finished goods	21,872.63	14,717.16
Traded goods	2.59	1.66
Power - Banked	1.93	10.91
By Products	384.40	342.07
Goods under process	469.99	394.90
Agriculture Products - Standing Crop	10.60	13.84
Scrap	8.30	8.69
	22,750.44	15,489.23
Inventories at the beginning of the year		
Finished goods	14,717.16	19,056.49
Traded goods	1.66	1,289.12
Power - Banked	10.91	8.44
By Products	342.07	333.54
Goods under process	394.90	490.77
Agriculture Products - Standing Crop	13.84	8.66
Scrap	8.69	8.33
	15,489.23	21,195.35
	(7,261.21)	5,706.12
Decrease / (Increase) of excise duty on inventories	166.01	(158.35)
	(7,095.20)	5,547.77

Details of purchase of traded goods

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Sugar	5,606.17	1,687.14
Diesel & Lubricants	877.78	630.17
	6,483.95	2,317.31

Details of inventory

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Finished goods		
Sugar	21,510.77	14,386.88
Spirit	335.99	291.37
Tea	25.87	38.91
	21,872.63	14,717.16
Traded goods		
Diesel & Lubricants	2.59	1.66
	2.59	1.66
By-products		
Molasses	252.04	256.55
Bagasse	132.36	85.52
	384.40	342.07
Goods under process		
Sugar	466.26	390.45
Molasses	3.73	4.45
	469.99	394.90

24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Salaries, wages, bonus etc.	3,941.96	3,804.65
Contribution to provident & other funds	327.99	300.80
Gratuity expense (Note 30)	66.82	123.41
Employees' welfare expenses	142.90	122.28
	4,479.67	**4,351.14**

25. OTHER EXPENSES

(₹ in Lacs)

	Year ended 30th June, 2012		Year ended 30th June, 2011	
Consumption of stores and spares		1,366.31		1,112.86
Packing Materials		1,192.37		950.68
Power & Fuel		502.32		641.80
Repairs to and Maintenance of :				
Buildings		134.36		136.22
Machinery		1,033.43		827.19
Others		11.98		23.10
Rent		18.83		24.76
Rates & Taxes		44.97		40.43
Insurance		77.42		65.86
Payment to Auditors				
As Auditors				
Audit Fees		16.31		11.56
Limited Review Fees		9.75		6.90
In other capacity				
Tax Audit Fees		6.90		6.90
For Certificates and Other services		4.41		4.99
Reimbursement of Expenses		4.40		2.90
Payment to Cost Auditors		1.05		0.71
Commission on sales		247.60		244.09
Freight & forwarding charges etc.		265.81		449.32
Charity and Donations		1.94		0.34
Provision for bad and doubtful debts / advances		5.10		8.98
Provision for standard assets		2.66		0.77
Bad Debts, irrecoverable claims and advances written off	0.86		8.35	
Less : Adjusted against provisions	0.78	0.08	7.83	0.52
Long term Investments Written off	–		10.00	
Less : Adjusted against provisions	–	–	10.00	–
Loss on Foreign Exchange fluctuations (net)		–		33.86
Loss on tangible assets sold / discarded (net)		18.89		3.25
Molasses Storage & Maintenance Reserve		3.06		3.12
Directors' Sitting fees		2.10		1.76
Miscellaneous Expenses		748.42		616.43
		5,720.47		**5,219.30**

26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Depreciation of tangible assets	2,654.39	2,612.08
Amortization of intangible assets	0.54	0.54
	2,654.93	**2,612.62**

27. FINANCE COSTS

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Interest	5,977.89	5,781.78
Other Borrowing Costs	208.68	74.20
	6,186.57	**5,855.98**

28. AGRICULTURAL INCOME / (LOSS)

Details of the revenue and expenses pertains to agricultural activities which have been included in note 20 to 26 under the respective heads.

(₹ in Lacs)

	Year ended 30th June, 2012		Year ended 30th June, 2011	
Income				
Revenue from Operations				
Sales of products [including inter-transfer ₹ 14.22 lacs (30 June 2011 : ₹ 19.90 lacs)]		30.64		43.33
Miscellaneous Receipts		0.55		0.72
		31.19		**44.05**
Expenses				
Raw Materials Consumed		10.05		10.35
Decrease / (Increase) in Stocks :				
Opening Stock	13.84		8.66	
Less: Closing Stock	10.60	3.24	13.84	(5.18)
Rent		4.42		11.15
Rates & Taxes		0.05		0.05
Employee benefits expenses :				
Salaries, Wages, Bonus etc.	15.92		17.17	
Contribution to Provident & Other Funds	0.13	16.05	0.12	17.29
Miscellaneous Expenses		7.66		7.32
		41.47		**40.98**
Agricultural Income / (Loss)		**(10.28)**		**3.07**

29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Profit / (Loss) after tax	**(2,142.60)**	**(1,123.24)**
Net Profit / (Loss) for calculation of basic and diluted EPS	**(2,142.60)**	**(1,123.24)**
	Nos.	**Nos.**
Weighted average number of equity shares in calculating basic & diluted EPS	1,15,57,239	1,15,57,239
Earnings per equity share		
[Nominal value of share ₹ 10 (30 June 2011 : ₹ 10)]		
Basic & Diluted	**(18.54)**	**(9.72)**

30. GRATUITY - DEFINED BENEFIT PLAN

The Company has a defined benefit gratuity plan. Every employee who has completed at least five years or more of service is entitled to Gratuity on terms not less favorable than the 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 liabilities.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of profit and loss

Net employee benefit expense recognised in employee costs *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Current service cost	68.03	60.61
Interest cost on benefit obligation	94.69	85.39
Expected return on plan assets	(78.17)	(76.29)
Net actuarial (gain) / loss recognised in the year	(17.73)	53.70
Net benefit expense	**66.82**	**123.41**
Actual return on plan assets	91.07	85.72

Balance sheet

Net Benefit liability / (asset) *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Present value of defined benefit obligation	1,297.28	1,227.89
Fair value of plan assets	1,029.27	1,016.17
Plan liability	**268.01**	**211.72**

Changes in the present value of the defined benefit obligation are as follows : *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Opening defined benefit obligation	1,227.89	1,116.03
Current service cost	68.03	60.61
Interest cost	94.69	85.39
Benefits paid	(88.50)	(97.27)
Actuarial (gains) / losses on obligation	(4.83)	63.13
Closing defined benefit obligation	**1,297.28**	**1,227.89**

Changes in the fair value of plan assets are as follows : *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Opening fair value of plan assets	1,016.17	976.92
Expected return	78.17	76.29
Contributions by employer	10.53	50.80
Benefits paid	(88.50)	(97.27)
Actuarial gains / (losses)	12.90	9.43
Closing fair value of plan assets	**1,029.27**	**1,016.17**

The Company expects to contribute ₹ 194.55 lacs (30 June 2011 : ₹ 76.12 lacs) to Gratuity Fund in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

	Year ended 30th June, 2012	Year ended 30th June, 2011
Investments with LIC	100%	100%

30. GRATUITY - DEFINED BENEFIT PLAN *(Contd...)*

The principal assumptions are shown below :

	Year ended 30th June, 2012	Year ended 30th June, 2011
Discount rate	8.50%	8.00%
Expected rate of return on assets	8.00%	8.00%
Salary Increase	5.00%	5.00%
Withdrawal Rates	Varying between 1.8% to 6.2% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

Amounts for the current and previous four years are as follows : *(₹ in Lacs)*

Particulars	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009	30th June, 2008
Gratuity					
Defined benefit obligation	1,297.28	1,227.89	1,116.03	919.54	841.12
Plan assets	1,029.27	1,016.17	976.92	968.96	822.13
Surplus / (deficit)	(268.01)	(211.72)	(139.11)	49.42	(18.99)
Experience (gain) / loss adjustments on plan liabilities	(4.83)	63.13	Not Available *		
Experience gains / (loss) adjustments on plan assets	12.90	9.43	Not Available		

* Experience adjustments on plan liabilities and assets are not readily available for earlier years and hence not disclosed.

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.

The Company's Subsidiary has no employee and accordingly the above disclosure does not include any amount in respect of Subsidiary.

Defined Contribution Plan : *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Contribution to Provident / Pension Funds	325.84	298.65
Contribution to Superannuation Fund	2.15	2.15
	327.99	**300.80**

Based on past return on assets of the Provident Fund Trust and statutory obligation of the Trust towards its members, the management does not expect any material deficit in fund position and hence no provision has been considered necessary in terms of accounting policy as stated in para "n" of Note 2 above.

31. LEASES

Operating lease :

Certain office premises, godowns, cane purchasing centre etc. are held on operating lease. The lease term is ranging up to 3 years and are renewable for further year 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 cancelable. *(₹ in Lacs)*

	Year ended 30th June, 2012	Year ended 30th June, 2011
Lease payments made for the year *	18.83	24.76
Contingent rent recognised in Statement of profit and loss	–	–
	18.83	**24.76**

* including lease rent for use of agriculture land ₹ 4.42 lacs (30 June 2011 : ₹ 11.15 lacs).

32. During the year, the Company has paid ₹ 1,891.58 lacs towards differential cane price for its Seohara Sugar unit in Uttar Pradesh for the sugar season 2007-08 in term of the order of the Hon'ble Supreme Court dated 17 January 2012, which has been shown as "Exceptional Item" in the Statement of Profit and Loss.

33. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Accordingly, the Company has identified "Sugar", "Spirits", "Co-generation" and "Tea" as the operating segments :

Sugar - Consists of manufacture, trading and sale of Sugar, Molasses and Bagasse

Spirits - Consists of manufacture and sale of Industrial Spirits (including Ethanol), Fuel Oil and Bio-Compost

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.

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

Business segments
Year ended 30 June 2012

(₹ in Lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Revenue *						
Segment revenue	62,991.84	5,469.55	7,294.96	1,911.30	895.02	78,562.67
Less : Inter segment	5,059.34	43.28	2,412.18	–	–	7,514.80
Total revenue from operations (net)	**57,932.50**	**5,426.27**	**4,882.78**	**1,911.30**	**895.02**	**71,047.87**
Results						
Segment results	(421.84)	1,463.23	2,825.27	608.26	(6.05)	4,468.87
Unallocated Income / (Expenses) (net of unallocable expenses / income)						236.41
Operating Profit / (Loss)						**4,705.28**
Finance costs						6,186.57
Profit / (Loss) before Exceptional Item & Tax						**(1,481.29)**
Less : Exceptional Item						1,891.58
Profit / (Loss) before Tax						**(3,372.87)**
Current Tax						87.63
Deferred tax charge / (credit)						(1,317.84)
Provision for Income Tax no longer required written back						0.06
Net Profit / (Loss)						**(2,142.60)**

33. SEGMENT INFORMATION *(Contd...)*

(₹ in Lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
As at 30 June 2012						
Segment assets	45,703.35	5,115.72	13,167.36	1,028.85	99.75	65,115.03
Unallocated assets						8,360.15
Total assets						**73,475.18**
Segment liabilities	11,127.53	218.42	68.56	174.39	124.21	11,713.11
Unallocated liabilities						53,241.02
Total liabilities						**64,954.13**
Other segment information						
Capital expenditure						
Tangible assets	410.95	155.47	19.98	90.08	31.08	**707.56**
Intangible assets	110.31	–	–	–	–	**110.31**
Depreciation	1,647.70	280.78	682.85	42.45	0.61	**2,654.39**
Amortization	0.54	–	–	–	–	**0.54**
Non-cash expenses	3.06	–	–	–	–	**3.06**
Year ended 30 June 2011						
Revenue *						
Segment revenue	57,960.78	4,830.91	5,200.11	1,811.94	645.98	70,449.72
Less : Inter segment	4,242.95	13.11	2,251.75	–	–	6,507.81
Total revenue from operations (net)	**53,717.83**	**4,817.80**	**2,948.36**	**1,811.94**	**645.98**	**63,941.91**
Results						
Segment results	250.57	1,168.39	1,838.60	659.74	(3.63)	3,913.67
Unallocated Income / (Expenses) (net of unallocable expenses / income)						290.36
Operating profit / (loss)						**4,204.03**
Finance costs						5,855.98
Profit / (Loss) before tax						**(1,651.95)**
Current Tax						96.59
Deferred tax credit						625.30
Net profit / (loss)						**(1,123.24)**
As at 30 June 2011						
Segment assets	39,691.58	5,317.19	11,383.62	980.39	36.76	57,409.54
Unallocated assets						10,920.18
Total assets						**68,329.72**
Segment liabilities	5,178.62	178.80	60.30	173.58	189.07	5,780.37
Unallocated liabilities						51,877.88
Total liabilities						**57,658.25**
Other segment information						
Capital expenditure						
Tangible assets	227.57	22.29	173.84	66.71	–	**490.41**
Intangible assets	22.06	–	–	–	–	**22.06**
Depreciation	1,637.81	278.92	653.49	41.25	0.61	**2,612.08**
Amortization	0.54	–	–	–	–	**0.54**
Non-cash expenses	3.12	–	–	–	–	**3.12**

33. SEGMENT INFORMATION *(Contd...)*

Geographical segments

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations.

(₹ in Lacs)

Year ended 30 June 2012	India	Overseas	Total
Revenue*			
Revenue from operations	71,047.87	–	**71,047.87**
Other segment information			
Segment assets	65,115.03	–	**65,115.03**
Year ended 30 June 2011			
Revenue*			
Revenue from operations	59,823.06	4,118.85	**63,941.91**
Other segment information			
Segment assets	57,409.54	–	**57,409.54**

Note: The Company has common fixed assets for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets have not been furnished.

* Net of excise duty and cess.

34. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year			
Key Management Personnel	Mrs. Nandini Nopany	–	Chairperson-cum-Managing Director
	Mr. C.B. Patodia	–	Advisor
	Mr. Sukhvir Singh	–	Executive President, Seohara Unit
	Mr. B.K. Sureka	–	Executive President, Sidhwalia Unit
	Mr. Birinder Singh	–	Executive President, Hasanpur Unit
	Mr. S.S. Binani	–	Executive Vice President, Cinnatolliah Tea Garden
	Mr. S.K.Poddar	–	Company Secretary
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. Anita Sureka	–	Wife of Mr. B.K. Sureka
	Mr. Prateek Sureka	–	Son of Mr. B.K. Sureka
	Mr. Pragati Sureka	–	Son of Mr. B.K. Sureka
	Mr. Nitin Kumar	–	Son of Mr. Sukhvir Singh
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	The Oudh Sugar Mills Limited		
	Gobind Sugar Mills Limited		
	Uttam Commercial Limited		
	Manbhawani Investment Limited		
	Ronson Traders Limited		

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale of goods

(₹ in Lacs)

	Year ended	Sale of goods	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	647.38	–	–
	30 June 2011	455.31	–	–
Gobind Sugar Mills Limited	30 June 2012	–	–	–
	30 June 2011	0.10	–	–

34. RELATED PARTY DISCLOSURES *(Contd...)*

b. Purchase of goods

(₹ in Lacs)

	Year ended	Purchase of goods	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	175.25	–	–
	30 June 2011	67.07	–	–
Gobind Sugar Mills Limited	30 June 2012	158.12	–	–
	30 June 2011	19.71	–	–

c. Sale of fixed assets

(₹ in Lacs)

	Year ended	Sale of fixed assets	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	28.40	–	–
	30 June 2011	3.48	–	–
Gobind Sugar Mills Limited	30 June 2012	–	–	–
	30 June 2011	0.59	–	–

d. Purchase of fixed assets

(₹ in Lacs)

	Year ended	Purchase of fixed assets	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	48.95	–	–
	30 June 2011	–	–	–

e. Loans / Intercorporate deposits given and receipts thereof

(₹ in Lacs)

	Year ended	Loan / intercorporate deposit given	Receipts	Interest accrued / received	Amount owned by related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
The Oudh Sugar Mills Limited	30 June 2012	–	3,500.00	242.42	–
	30 June 2011	4,250.00	750.00	384.59	3,500.00

34. RELATED PARTY DISCLOSURES *(Contd...)*

f. Loans / Intercorporate deposits taken and repayment thereof *(₹ in Lacs)*

	Year ended	Loan / intercorporate deposit taken	Repayments	Interest accrued / paid	Amount owned to related parties
Relatives of Key Management Personnel					
Others	30 June 2012	5.00	9.00	0.85	5.00
	30 June 2011	–	–	1.15	9.00
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Uttam Commercial Limited	30 June 2012	–	75.00	8.95	60.00
	30 June 2011	–	–	18.90	135.00
Ronson Traders Limited	30 June 2012	75.00	–	9.98	75.00
	30 June 2011	–	–	–	–
Manbhawani Investment Limited	30 June 2012	–	–	33.65	240.00
	30 June 2011	–	–	33.60	240.00

g. Receivable / Payable outstanding (net) *(₹ in Lacs)*

	Year ended	Transaction during the year	Amount owned by related parties	Amount owned to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	30 June 2012	–	25.81	–
	30 June 2011	–	6.80	–
Gobind Sugar Mills Limited	30 June 2012	–	–	1.09
	30 June 2011	–	–	0.36

h. Directors' Sitting Fees *(₹ in Lacs)*

	Year ended	Transaction during the year	Amount owned by related parties	Amount owned to related parties
Relatives of Key Management Personnel				
Mr. Chandra Shekhar Nopany	30 June 2012	0.48	–	–
	30 June 2011	0.30	–	–

i. Remuneration to Key Managerial Personnel *(₹ in Lacs)*

	Year ended	Transaction during the year	Amount owned by related parties	Amount owned to related parties
Mrs. Nandini Nopany	30 June 2012	33.60	–	–
	30 June 2011	33.60	–	–
Mr. C.B. Patodia	30 June 2012	156.23	–	3.77
	30 June 2011	156.16	–	3.77
Mr. Sukhvir Singh	30 June 2012	35.43	–	0.73
	30 June 2011	32.61	–	–
Mr. B.K. Sureka	30 June 2012	16.52	–	0.55
	30 June 2011	14.80	–	0.48
Mr. Birinder Singh	30 June 2012	16.79	–	2.91
	30 June 2011	7.75	–	0.55
Mr. S.S. Binani	30 June 2012	17.37	–	–
	30 June 2011	15.61	–	–
Mr. S.K.Poddar	30 June 2012	25.96	–	0.63
	30 June 2011	21.57	–	0.53

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

35. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 1,115.21 lacs (30 June 2011 : ₹ 1,118.27 lacs).

(b) For commitments relating to lease arrangements, please refer note 31.

36. CONTINGENT LIABILITIES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts and contested by the Company :		
(i) Excise Duty & Service Tax	1,246.53	511.49
(ii) Sales & Entry Tax	429.57	118.18
(iii) Collection charges against Cane Dues	431.42	431.42
(iv) Others	52.14	79.02
Total	*** 2,159.66**	**1,140.11**
(b) Uncalled Capital on partly paid Shares	104.51	104.51
(c) (i) Guarantees given to a bank against loans to cane growers	3,200.00	1,400.00
(ii) Against the above, the outstanding amount as on the reporting date	725.91	893.60
(d) Bank Guarantees outstanding	208.13	319.31

* Based on discussions with the Solicitors/favourable decisions in similar cases / legal opinions taken by the Company, the Management believes that the Company has a good chance of success in above mentioned cases and hence, no provision against there is considered necessary.

37. There is a diminution of ₹ 1,555.98 lacs (30 June 2011 : ₹ 1,244.91 lacs) in the value of certain long term quoted investments based on the last quoted price. 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.

38. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006 INCLUDED IN TRADE PAYABLES

(₹ in Lacs)

	Year ended 30th June, 2012	Year ended 30th June, 2011
(i) Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	32.52	114.43
(ii) Interest due on above.	2.94	5.06
Total of (i) & (ii)	**35.46**	**119.49**
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	9.90	8.18
(iv) Amount paid to the suppliers beyond the respective due date.	63.58	175.41
(v) Amount of interest due and payable for the year 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.	0.97	4.63
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	3.91	9.69
(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.	7.63	3.30

39. Assets, Liabilities and Income and Expenditure of Cinnatolliah Tea Garden have been incorporated as at and for the year ended 31st March 2012 as the financial year of the Tea Garden closes on 31st March of every year. The net balance of payments and realisations on account of the said Tea Garden during the period from 1st April 2012 to 30th June 2012 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

40. 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.

41. **DERIVATIVE INSTRUMENTS OUTSTANDING AS ON THE BALANCE SHEET DATE:**

Currency / Interest rate swap for foreign currency loan of US$ 1.33 millions (30 June 2011 : US$ 4.00 millions) equivalent to ₹ 614.57 lacs (30 June 2011 : ₹ 1,843.70 lacs) @ 6 months Libor + 1.30% p.a vis a vis fixed rate of 8.75% p.a.

42. **PREVIOUS YEAR FIGURES**

Previous year's figures have been rearranged where necessary to conform the current year's classification under Revised Schedule VI as mentioned in Note 2.1 (a) above.

As per our Report of even date.

For 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 : 13th August, 2012

For and on behalf of the Board of Directors.

S. K. Poddar	Chandra Shekhar Nopany	Nandini Nopany
Company Secretary	*Director*	*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, 2012 was held by the Company.

The net aggregate amount of the profits of the subsidiary company for the financial year ended 31st March, 2012 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 ₹ 181.61 lacs and ₹ 1090.84 lacs respectively.

Since the close of the accounts of the subsidiary company on 31st March, 2012 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 ₹ 23.50 lacs.

Nandini Nopany	Chandra Shekhar Nopany	S. K. Poddar
Chairperson-cum-Managing Director	*Director*	*Company Secretary*

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

(₹)

Sl.No.	Financial Information	Uttar Pradesh Trading Company Limited
1	Reporting Currency	₹
2	Paid up Capital	16,36,24,995
3	Reserves & Surplus	20,63,56,300
4	Total Liabilities	43,09,57,555
5	Investments	31,93,33,085
6	Total Assets	43,09,57,555
7	Turnover/ Total Income	2,07,87,510
8	Profit before taxation	1,81,57,970
9	Provision for Taxation	(3,386)
10	Profit after Taxation	1,81,61,356
11	Proposed Dividend	NIL
12	Country	INDIA

UPPER GANGES SUGAR & INDUSTRIES LIMITED
Registered Office : P.O. Seohara, Dist. Bijnor (U.P.), Pin - 246 746
Corporate 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

Regd. 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 Eightieth 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 November, 2012 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

Regd. 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 Eightieth Annual General Meeting of the Company to be held on Thursday, 29th November, 2012 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

Signataure of the shareholder

Signed this _____ day of _____2012

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.

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