UPPER GANGES SUGAR & INDUSTRIES LIMITED

Building

for the long term

12/13 **ANNUAL REPORT**

Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs Nandini Nopany - Chairperson-cum-Managing Director
Mr Chandra Shekhar Nopany
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 Sunil Kanoria
Mr Padam Kumar Khaitan

Audit Committee

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

Investors' Grievance Committee

Mr Chandra Shekhar Nopany - Chairman
Mr Ishwari Prosad Singh Roy
Mr Gaurav Swarup
Mr Bal Kishore Malpani

Remuneration Committee

Mr Ishwari Prosad Singh Roy - Chairman
Mr Padam Kumar Khaitan
Mr Gaurav Swarup
Mr Bal Kishore Malpani

Risk Committee

Mr Gaurav Swarup - Chairman
Mr Sunil Kanoria

EXECUTIVES

Mr Chand Bihari Patodia - Advisor
Mr Santosh Kumar Poddar - Company Secretary
Mr Shiv Kumar Maheshwari - Chief Financial Officer
Mr Sukhvir Singh - Executive President (Seohara)
Mr Bishnu Kumar Sureka - Executive President (Sidhwalia)
Mr Birinder Singh - Executive President (Hasanpur)
Mr Shyam Sunder Binani - Executive Vice-President (Tea Garden)

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

Birla Building, 5th Floor
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

BANKERS

State Bank of India
Punjab National Bank
IDBI Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.
Yes Bank Ltd.
DCB Bank Limited

AUDITORS

S.R. Batliboi & Co.,LLP
Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co. LLP

DISTILLERY

Seohara, Dist. Bijnor (U.P.)

CO-GENERATION

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

TEA GARDEN

Cinnatolliah Tea Garden
North Lakhimpur (Assam)

UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office:

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

NOTICE

Notice is hereby given that the Eighty First Annual General Meeting of **UPPER GANGES SUGAR & INDUSTRIES LIMITED** will be held on Thursday, the 8th August, 2013 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 31st March, 2013, the Statement of Profit and Loss for the nine months period ended on that date and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr Chandra Shekhar Nopany who retires by rotation and is eligible for re-appointment.

3. To appoint a Director in place of Mr Gaurav Swarup who retires by rotation and is eligible for re-appointment.

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

SPECIAL BUSINESS

5. **Confirmation of the Resolution of the Board to give Corporate Guarantee to UCO Bank**

   To consider and if thought fit to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

   "**RESOLVED** that the Resolution passed by the Board of Directors of the Company at its meeting held on 5th February, 2013 authorising to give a Corporate Guarantee of ₹ 60 crore to UCO Bank for the purpose specified therein be and the same is hereby confirmed in terms of the provisions of Section 372A(1) of the Companies Act, 1956".

By Order of the Board

Place: Kolkata,
Dated: 15th May, 2013

Santosh Kumar 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 1st August, 2013 (Thursday) to 8th August, 2013 (Thursday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 8th August, 2013 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 Chandra Shekhar Nopany and Mr Gaurav Swarup, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief resume of Mr Chandra Shekhar Nopany and Mr Gaurav Swarup, 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 re-appointments.

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 & 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, 2005 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 2008-09 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 file with MCA in the prescribed form the information pertaining to the names and addresses of all such shareholders who have not encashed up to the date of the forthcoming Annual General Meeting their dividend entitlements for the said two financial years within 90 days of the said meeting. Excel template containing the same said information 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 the filing of the said form.

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 respective 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, BSE Limited and The Calcutta Stock Exchange Limited and the listing fees for the year upto and including the year 2013- 14 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, BSE 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 31st March, 2013, 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/electronic form for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. 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 31st March, 2013 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: 15th May, 2013

Santosh Kumar Poddar
Company Secretary

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

At the request of various sugarcane growers/cane societies in the command areas of Seohara Sugar Mill of the Company for financial assistance for cultivation of Sugarcane crop UCO Bank on the basis of a corporate guarantee of the Company had sanctioned an aggregate financial assistance of ₹ 60 crore to all such sugarcane growers/cane societies. In view of the exceptional circumstances then existing in the form of paucity of available time prior approval of the share holders in the form of special resolution could not be obtained.

In terms of the provisions of the second provision to Section 372A (1) any guarantee given by a company without a previously authorised special resolution and under exceptional circumstances preventing such company to do so needs to be confirmed within twelve months of giving of such Guarantee in the Extra Ordinary/ Annual General Meeting of such Company. Therefore, the accompanied Resolution is being put up before you for your approval.

Your Directors recommend the sub-joined Resolution for your approval.

None of the Directors of the Company are in any way interested or concerned in the Resolution except to the extent of their shareholding and the shareholding of their relatives in the Company.

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

It is therefore proposed that henceforth documents Notices of Meetings, Annual Reports, Directors' Reports, Auditors' Report and other shareholder communications will be sent electronically to the e-mail id provided by you and made available with the Company by the Depositories viz., NSDL/CDSL. All those shareholders of the Company who have so far not provided their e-mail ids to the Company are requested to do so. All those shareholders who have already provided their e-mail ids to the Company are requested to keep their Depository Participants (DPs) informed of changes, if there be any, in their e-mail ids.

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 E-communication Registration Form attached to 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.

FINANCIAL PERFORMANCE

(₹ in lacs)

	2008-09	2009-10	2010-11	2011-12	2012-13**
Gross Turnover	46,030.56*	41,873.69	66,298.64*	73,716.30	52,939.23
Operating Profit/(Loss)	7,657.75	1,231.70*	6,719.61*	7,178.45	8,810.35
Finance Costs	4,219.94	4,301.86*	5,855.98*	6,187.14	4,556.56
Depreciation and Amortisation Expenses	2,596.69	2,632.04	2,612.62	2,654.93	1,998.47
Profit/(Loss) before Tax and Exceptional Items	841.12	(5,702.20)	(1,748.99)*	(1,663.62)	2,255.32
Exceptional Items	-	-	-	(1,891.58)	-
Profit/(Loss) after Tax	626.94	(3,906.64)	(1,220.28)	(2,324.96)	1,264.86
Net Worth	13,667.27*	9,760.63	8,540.35	6,215.39	7,531.19
Net Worth per Equity Share (₹)	118.26*	84.45	73.90	53.78	65.16
Dividend per Equity Share (₹)	1.20	-	-	-	-
Earning per Equity Share (₹)	5.42	(33.80)	(10.56)	(20.12)	10.94#
Cane Crushed (Season) (In lac quintals)	116.30	147.93*	176.65	213.10	244.39

* Figures have been regrouped

** Nine months period from 1st July, 2012 till 31st March, 2013

Not annualised

COMPANY AT A GLANCE

Upper Ganges has emerged as one of India's leading integrated sugar companies. It has evolved from having a single sugar manufacturing unit in the year 1932 to now being an expanded company with three integrated manufacturing units located in Uttar Pradesh and Bihar. With more than eight decades of experience, it is one of India's oldest sugar manufacturing companies under the proud parentage of K K Birla Group of Companies.

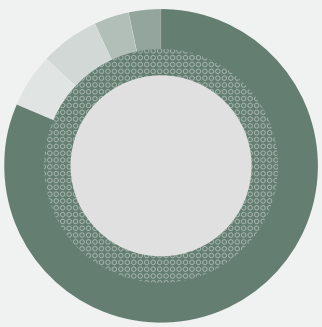
CORPORATE VALUES

To strive and excel in our core values and areas of competence - manufacture of sugar and allied products - and provide opportunity to all stakeholders to fully realise their potentials.

SUSTAINABLE CORPORATE PHILOSOPHY

- To fulfil the expectations of customers, employees, financiers and all other stakeholders
- To maximise shareholders' return through continuous and qualitative value addition, integration of businesses and product segments
- To abide by the principles of good Corporate Governance through transparency, empowerment, accountability, independent monitoring and environment consciousness

REVENUE BREAK-UP FOR 2012-13



Product	Contribution (%)
Sugar	81.48
Ethanol/Spirit	5.59
Power	6.08
Tea	3.78
Others (including organic fertiliser, bio-compost/wormi-compost/press mud)	3.07

PRODUCT BASKET

- Sugar
- Ethanol/Spirit
- Power
- Organic fertiliser
- Tea

MANUFACTURING CAPACITIES

Business segment	Manufacturing locations	Installed capacity
Sugar plant	Seohara (U.P.), Sidhwalia and Hasanpur (Bihar)	18,000 tonnes per day
Distillery plant	Seohara (U.P.)	100 kilo litres per day
Co-generation power plant	Seohara (U.P.) and Sidhwalia (Bihar)	42 MW
Tea garden	North Lakhimpur (Assam)	13 lac kgs

CHAIRPERSON'S STATEMENT

Dear Shareholders,

The financial year 2012-13 was fraught with enormous challenges, owing to the global and domestic economic turbulence. Amid the challenging business environment, India's sugar industry had its share of sweet pie, with the government lending support through partial sugar decontrol with effect from Sugar Season (SS) 2012-13. This will help the industry save ₹ 3,000 Crore a year. While the progressive steps would definitely ensure the long-term sustainability of the sugar players, decontrol of sugarcane pricing, if allowed by the Government, would have further boosted the otherwise ailing sugar industry. The linkage of sugarcane pricing with the ultimate realisation of finished sugar prices would have been a step in the right direction. It would have been a more realistic, fair and transparent system for both the cane growers as well as the sugar millers.

With the regulated free sugar release mechanism having been removed, sugar companies will be able to better manage their inventories. Moreover, sugar mills are also not required to sell 10% of their production (popularly known as levy sugar) to the government at highly discounted rates for subsidised distribution under public distribution system (PDS). This will help the sugar industry to reduce its ever mounting losses.

During SS 2012-13, South India's sugar industry put up a better performance compared to its northern counterpart, owing to cane price differentiation and higher recovery rate.

PERFORMANCE REVIEW

During the year under review, we reported a turnover of ₹ 52,939.23 lacs for the nine months ended 31st March, 2013. Compared to a loss of ₹ 2,324.96 lacs in the twelve months, financial year 2011-12, we booked a net profit of ₹ 1,264.86 lacs for the nine months ended on 31st March, 2013. This profit was driven by higher sugar realisation and better recovery. We crushed 244.39 lac quintals of sugarcane in SS 2012-13 as compared to 213.10 lac quintals in SS 2011-12, registering a growth of 14.7%. Our sugar realisation per quintal increased by 16.21% from ₹ 2,868.65 in the SS 2011-12 to ₹ 3,333.66 in SS 2012-13, resulting in enhanced profitability. Our EBITDA reached ₹ 8,810.35 lacs for the nine months ended 31st March, 2013. Besides, we witnessed a sugar recovery rate of 9.35% for the nine months ended 31st March, 2013. The revenue contribution of the by-products was 1.17% of the total revenue for the nine months ended 31st March, 2013.

CONNECTED PRODUCTS DEPLOYMENT

Ethanol: The ethanol industry holds significant potential in a world of ever rising energy prices. The Government has rightly given a thrust to this clean energy by mandating the oil sector to blend a minimum 5% ethanol with petrol in future. These developments will ensure high off-take of ethanol, besides, fetching remunerative prices. The regulated price mechanism of ethanol has now been replaced by market-driven pricing formula.

Power: With 42 MW of installed generation capacity, the generation of electricity grew by 6%, primarily due to higher cane availability and increase in the generation days.

OUR FOCUS

Our focus continues to be on improving operational efficiencies targeted towards better recovery rate, higher sugarcane crushing, enhanced sugarcane procurement and optimum asset utilisation. While the basic business of sugar continues to remain under severe pressure, we have been encouraged by developments in both power and ethanol. We will continue to focus on these business segments, which are helping us to diversify our business, synergise our operations and thus, reduce risks.

I thank all our employees, customers, bankers and stakeholders for their continued unwavering support throughout our journey.

With best wishes,

Nandini Nopany
Chairperson-cum-Managing Director

DIRECTORS' REPORT

To
The Members,

Your Directors take pleasure in presenting their report as a part of the 81st Annual Report and the audited accounts of the Company for the nine month financial year ended 31st March, 2013

2. FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in lacs)

	Nine Months Period Ended 31st March, 2013		Year Ended 30th June, 2012	
Gross Sales		**52,939.23**		73,716.30
Profit before Exceptional Item, Finance Costs, Depreciation & Amortisation Expenses and Tax		**8,810.35**		7,178.45
Less: Depreciation and Amortisation expenses	**1,998.47**		2,654.93	
Finance Costs	**4,556.56**	**6,555.03**	6,187.14	8,842.07
Profit/(Loss) Before Exceptional Item and Tax		**2,255.32**		(1,663.62)
Less: Loss on account of Exceptional Item		**-**		1,891.58
Less: Tax Expense:				
-Current Tax	**460.82**		87.60	
-Deferred Tax Charge/(Credit)	**529.64**	**990.46**	(1,317.84)	(1,230.24)
Profit/(Loss) after tax		**1,264.86**		(2,324.96)

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 which is made an integral part of this Report and marked as Annexure "A".

CHANGE OF FINANCIAL YEAR

4. The Board of Directors had approved the change of the Financial Year from 1st July to 30th June of every year to 1st April to 31st March of every year . Accordingly, the above financial results are of nine months for the period 1st July, 2012 to 31st March, 2013 and are not comparable with the results of the Financial Year 2011-12.

FINANCIAL PERFORMANCE 2012-13

5. The Company had recorded Net Revenue of ₹ 52,256.67 lacs (including other income aggregating to ₹ 1,042.75 lacs) for the nine month period ended 31st March, 2013. The Gross Sales of the Company for the year 2012-13 stood at ₹ 52,939.23 lacs.

6. The Profit before Finance Costs, Depreciation and Tax for the year under review stood at ₹ 8,810.35 lacs representing 16.86 % of the net revenue. The improvement of PBIDT of the Company during the period under review is attributed to higher capacity utilisation due to availability of sufficient quantity of sugarcane and better realisation of by-products of the Company .

7. During the period under review the sugar industry per se could have performed better had the State Government of UP adopted a pragmatic policy based on business considerations in so far fixation of State Administered Price (SAP) of sugarcane was concerned. Prices of sugar though were firm during August, 2012 to November, 2012 they started softening once the crushing operations for the Sugar Season 2012-13 commenced and the pressure of cane payment forced the millers to liquidate their finished goods stock.

8. The Cabinet Committee on Economic Affairs (CCEA) on 4th April, 2013 decided to do away with the regulated release mechanism and the obligation of levy quota on sugar mills effective the Sugar Season 2012-13, still leaving the right with state governments to take call on cane area reservation, minimum distance criteria and adoption of the cane price fixation formula. .

9. The State Government of UP fixed an exorbitant price of ₹ 280 per Quintal of sugarcane up from ₹ 240 per Quintal on extraneous considerations without any economic justification. The sugar industry of Bihar in consultation with its State Government fixed a price of ₹ 255 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 UP.

10. The performance of the Industrial Alcohol division and the renewable Power divisions of the Company improved during the year due to better availability of molasses and bagasse. The Central Government has made it mandatory to blend 5% of the ethanol with Petrol leading to a better off take of Ethanol produced by the sugar industry per se. Effective 1st April, 2013 the Public Sector Oil Marketing Companies have increased the prices of ethanol to ₹ 34/- a litre from ₹ 27/- a litre. This increase in prices of ethanol will help sugar industry to improve its overall profit performance. Still higher price is expected by the ethanol manufacturers in view of the current landed cost of the imported ethanol being ₹ 50-55 per litre.

11. The performance of Tea segment continued to be strong during the year under review due to better realisation. The production of Tea decreased from 13.00 lac kgs in the year 2011-12 to 11.59 lac kgs in the year under review.

RESEARCH AND DEVELOPMENT

12. 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

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

CORPORATE GOVERNANCE

14. 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

15. The Company has eight Non-Executive Directors having experience in varied fields and a Chairperson-Cum-Managing Director. Mr Ram Kishore Choudhary had not offered himself for re-appointment at the last Annual General Meeting of the Company held on 29th November, 2011 and had accordingly ceased to be a Director of the Company. Mr Choudhary had served as Director on the Board of the Company for about 33 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.

16. During the year under review, two Directors, Mr Chandra Shekhar Nopany and Mr Gaurav Swarup retire from the Board by rotation and are eligible for re-appointment.

17. Other information on the Directors including the required particulars of Directors retiring by rotation and being reappointed is provided in the Report of Corporate Governance annexed to this Report as Annexure "D".

DIRECTORS' RESPONSIBILITY STATEMENT

18. 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 nine month period ended 31st March, 2013 all 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 has 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

19. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax liability amounting to ₹ 529.64 lacs for the period. The recognition of Deferred Tax Asset (DTA) got reduced from ₹ 3306.41 lacs to ₹ 2776.77 lacs as at March 31,2013 due to reversal of ₹ 529.64 during the period ended 31st March, 2013 on account of profit for the period. Further, in view of partial decontrol of sugar industry as well as strengthening of market prices of Company's by products, the management is certain that there would be sufficient profit in future to claim the above deferred tax credit.

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

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

COST AUDITORS

22. In accordance with the directives of the Central Government under Section 233B of the Companies Act, 1956, Mr Som Nath Mukherjee, Cost Accountant, was appointed as Cost Auditor to audit the Cost Accounting Records relating to the all products viz. Sugar, Industrial Alcohol, Power and Tea for the year 2013-14.

23. Cost Audit Reports for all the applicable products for which cost audit is mandatory for the year ended 30th June, 2012 were filed on 25th February, 2013 with cost audit cell of Ministry of Corporate Affairs department within specified due dates.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

24. The Company has an Indian Subsidiary viz., Uttar Pradesh Trading Company Limited. In compliance with General Circular No. 2/2011 of Government of India, Ministry of Corporate Affairs and the Board Resolution passed by the Board of Directors, the Company has opted to avail the exemption provided under Section 212(8) of the Companies Act, 1956 and accordingly the Audited statement of Accounts along with the report of the Board of Directors and Auditor relating to the Company's subsidiary is not annexed as required under Section 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.

25. 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

26. 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.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

27. During the year under review, the Company has credited ₹ 8,19,271 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 2004-05.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

28. 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

29. As on 31st March, 2013, your Company had 1,499 depositors with fixed deposits of ₹ 1271.87 lacs. Two depositors have not claimed their matured fixed deposit amount of ₹ 0.50 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 with in 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

30. Mrs Nandini Nopany, the Chairperson-cum-Managing Director and Mr Shiv Kumar Maheshwari, CFO have submitted a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

ACKNOWLEDGEMENTS

31. 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

Nandini Nopany

Chairperson-cum-Managing Director

Place: Kolkata
Dated: 15th May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE – A

GLOBAL ECONOMY

The global slowdown has crippled the economic environment across countries in FY 2012-13. The combination of events ranging from US fiscal cliff to the European debt crisis affected global demand of almost all the commodities. The slowdown in the emerging economies also negatively impacted the investment climate. However, the situation is expected to subside going forward. Supportive financial conditions and rebounding manufacturing demand are likely to trigger growth in the US. The recent financial stimulus is expected to facilitate growth in Japan too. Emerging economies are helping accelerate global growth. Global growth is expected to be around 3.30% in 2013 and 4% in 2014 *(Source: International Monetary Fund)*.

INDIAN ECONOMY - A MACRO VIEW

The economic environment was challenging owing to the international crisis as well as domestic factors in FY 2012-13. But, the economic indicators have started showing signs of improvement. The Reserve Bank of India has reduced repo rate thrice and Cash Reserve ratio once in 2013. This will, to some extent, lead to revival of the investment climate and boost consumer sentiment. It is projected that GDP will grow by 5% in the FY 2012-13 and around 6% in the FY 2013-14. Fiscal deficit is also expected to narrow going ahead. Though the fiscal deficit is forecast to reach around 4.80% of GDP in the FY 2013-14, ultimately it will settle down to somewhere around 3% of the GDP by the FY 2016-17.

SUGAR INDUSTRY- STRUCTURE AND DEVLOPMENT

Global Scenario

The growth in sugar consumption since Sugar Season (SS) 2008-09 (October 2008-September 2009) was not commensurate with the continuous production growth witnessed by the sugar industry.

Sugarcane accounts for around 78% of the world's total sugar produced, while the rest is sourced from sugar beets. Brazil tops the list of the world's sugar producing countries followed by India. The top five sugar producing countries constitute around 60% of the total global production. Brazil, Australia and Mexico are the major sugar exporters, while China, European Union and Indonesia are the primary importers.

Key Metrics

45%

Brazil's contribution to global exports

36%

Asia's contribution to global sugar production

45%

Asia's contribution to global sugar consumption

Major sugar producing countries as % of world sugar production

Year	Brazil	India	EU-27	China	Thailand	U.S.	Others
2011	24%	16%	10%	7%	6%	4%	33%
2012	21%	17%	10%	7%	6%	4%	35%
2013E	22%	14%	9%	8%	6%	5%	36%

(Source: Fitch Report)

Demand-Supply Dynamics

The Sugar Season(SS) 2012-13 is expected to emulate the trend of the past two sugar seasons of supply outpacing demand. The surplus, expected to come around 8.526 million tonnes for the SS 2012-13 (up from 6.479 million tonnes during SS 2011-12), will add to the already ballooning global inventory. The global sugar inventory is projected to reach 69.70 million tonnes in SS 2012-13, as against 64.33 million tonnes in SS 2011-12.

Production

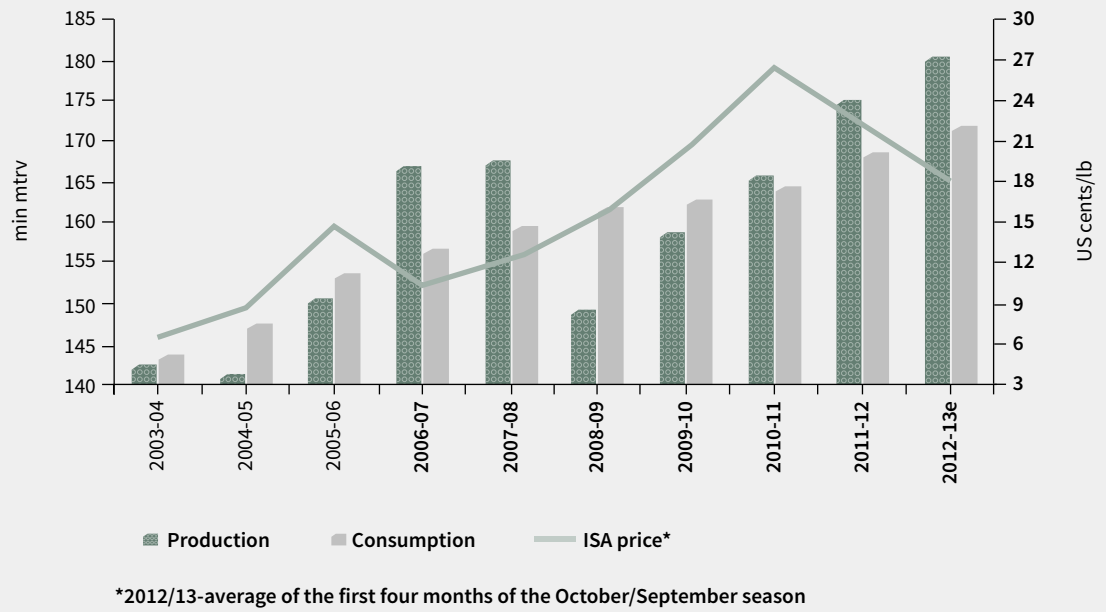
World's total sugar output is forecast to rise from 174.842 million tonnes in SS 2011-12 by 3.16% to reach 180.369 million tonnes in SS 2012-13.

Brazil's significant recovery in sugar production due to dry weather in the closing months of the harvesting season 2012-13 and expected noteworthy contributions from China, Mexico and USA are likely to help augment global sugar outputs and surplus stock in SS 2012-13.

Consumption

The sugar demand is estimated to reach around 171.843 million tonnes in SS 2012-13, growing at 2.07% from 168.36 tonnes in SS 2011-12.

World's production, consumption and ISA prices trend



(Source: ISO)

Export -Import

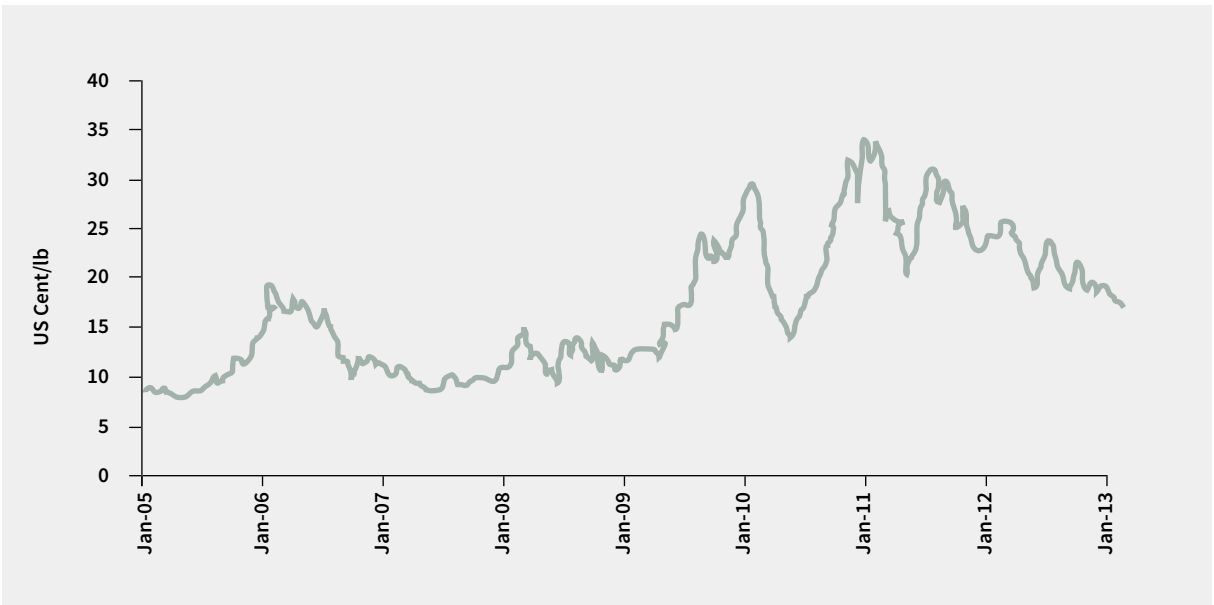
The global sugar export is estimated to decrease by 0.14 million tonnes to reach 53.89 million tonnes in SS 2012-13 from 54.03 million tonnes in SS 2011-12.

The global sugar import is likely to fall by 4.60% to touch 50.73 million tonnes in SS 2012-13, as compared to 53.20 million tonnes in SS 2011-12.

Global Sugar Prices

Global sugar prices are under continuous pressure owing to recovery in sugar production in Brazil. There is expectation of global sugar surplus for the SS 2012-13, contributing to the built up of global sugar inventory.

World raw sugar price trend



(Source: Bloomberg)

Indian Sugar Scenario

India is the world's largest consumer and second largest producer of sugar. Sugar industry is the second largest agro-based industry after the cotton textiles industry in India. It holds economic importance driving the rural economy and supporting agricultural growth. The sugar industry is fragmented in nature with the presence of both organised and unorganised players. The six major states – Maharashtra, Uttar Pradesh, Karnataka, Andhra Pradesh, Gujarat and Tamil Nadu – account for around 93% of the country's total sugar production.

Key Metrics

USD15 bn*	50+ million	5+ lacs	671
Sugar industry size in India	Employment to farmers in the rural India	Employment to workers in the rural India	Operational sugar units

** Billion*

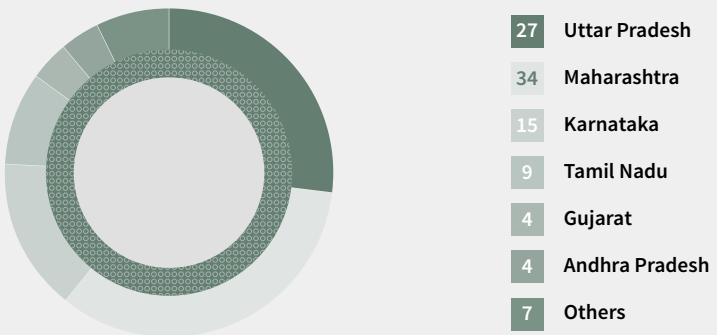
Area under sugarcane production trend

India	SY 2001	SY 2002	SY 2003	SY 2004	SY 2005	SY 2006	SY 2007	SY 2008	SY 2009	SY 2010	SY 2011	**SY 2012**
Area (mn hec)	4.30	4.40	4.50	3.90	3.70	4.20	5.10	5.10	4.40	4.20	4.90	5.10
Sugarcane (mn tn)	296	297	287	234	237	281	356	341	285	278	325	343
Yield-kg/Hectares	68.60	67.40	63.60	59.40	64.80	66.90	69.00	68.90	64.60	70.20	68.70	68.10

(Source: Indian Sugar Mills Association [ISMA])

Cane acreage (51 hectares) in 2012-13 (%)*

State-wise sugar production (260 lacs tonnes) in 2012-13* (%)



(Source: ISMA)

*These figures are for the latest sugar season ended

Demand-Supply Dynamics

Production

India's sugar production is estimated to decline by 8% to reach around 25 million tonnes in SS 2012-13, as compared to around 26.342 million tonnes in SS 2011-12.

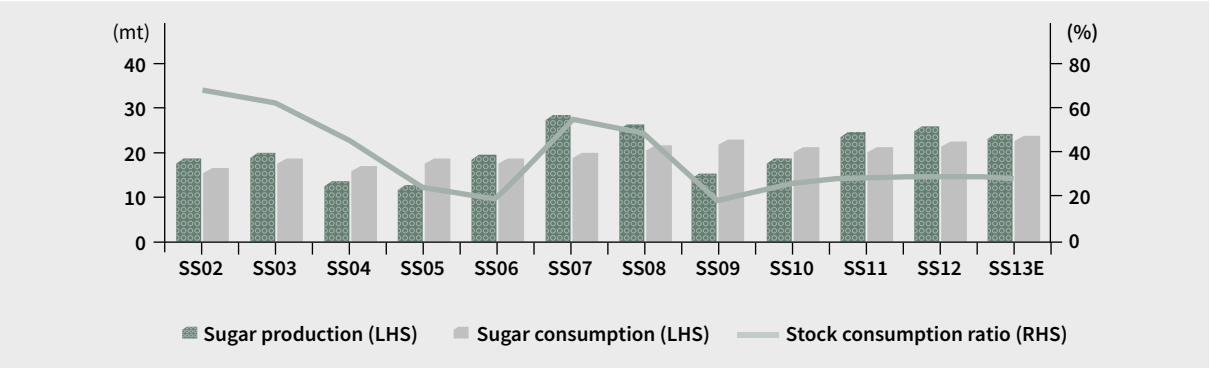
Consumption

The domestic consumption is likely to grow by 2.27% from 22 million tonnes in SS 2011-12 to reach 22.50 million tonnes in SS 2012-13.

Export

Due to less rewarding international sugar prices, the export is expected to decrease from 3.40 million tonnes in SS 2011-12 to very insignificant levels in SS 2012-13.

Domestic consumption and production



(Source: ISMA)

State-Wise Sugar Production in SS 2012-13

Uttar Pradesh - The state has produced 74.30 lac tonnes of sugar by crushing 808 lac tonnes of sugarcane by April, 2013. UP's overall recovery rate has increased marginally by 0.12 units over last sugar season to stand at 9.19%. However, recoveries in eastern UP were slightly down as compared to the previous sugar season whereas in Western and Central UP the recovery was better.

Maharashtra - It has produced little less than 80 lac tonnes of sugar by crushing 699 lac tonnes of sugarcane at 11.40% recovery rate. The total production fell from around 90 lac tonnes achieved in the last sugar season, owing to the region's unfavourable climatic conditions and drought.

Karnataka - Total sugar production till April, 2013 end was 33.60 lac tonnes, as compared to 37.20 lac tonnes during the entire SS 2011-12. Recovery rate was about 10.44%, as compared to 11% during SS 2011-12. The production decline is primarily due to the low rainfall in the region.

Sugarcane Pricing

Sugarcane constitutes over 92% of the operating cost in the sugar industry. Hence, high price of sugarcanes dampens a sugar company's operating margins.

India's sugarcane prices are governed by the Central and the State governments by setting Fair and Remunerative Price (FRP) and State Advised Prices (SAP), respectively. The Central Government hiked FRP to ₹170 per quintal for SS 2012-13. In the northern region, UP's decision to hike SAP by ₹ 40 to take sugarcane prices to ₹ 280 per quintal will affect the operational performances of the companies in UP. However, SAP in Maharashtra was only ₹ 210- ₹ 250 per quintal. Besides, the recovery rate of sugar from sugarcane in the state was also higher than in UP. However, greater capacity utilisation helps to mitigate the risk of high fixed cost in the northern zone's sugar mills.

Southern India's sugar mills are in comfort zone, as compared to their northern counterparts, due to high recovery rate, adoption of FRP and high yield.

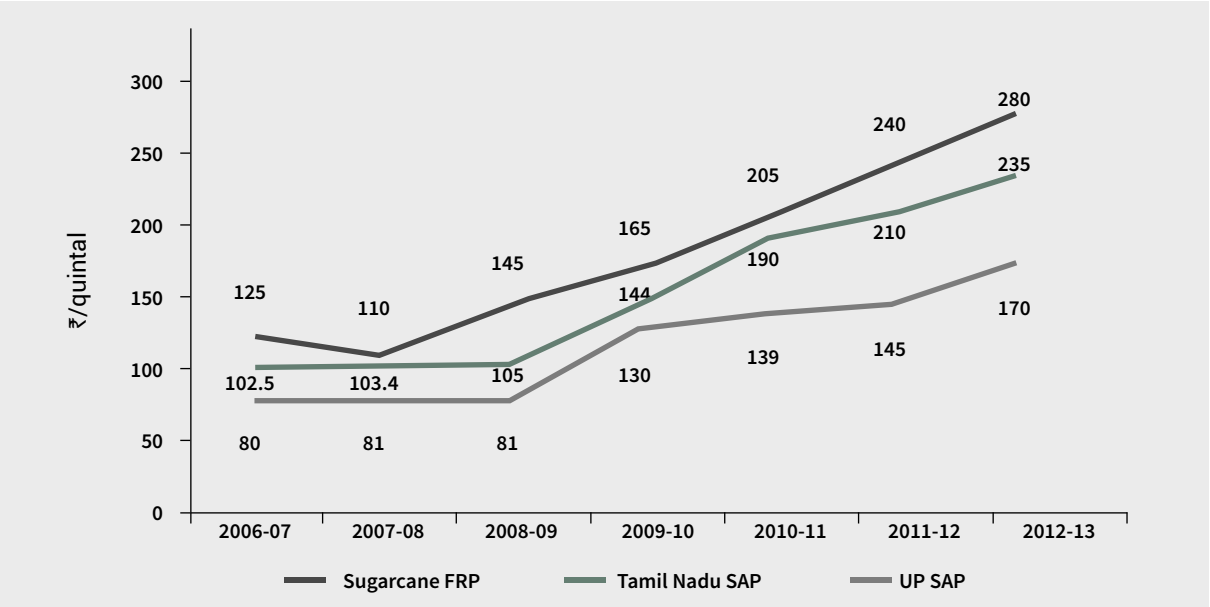
(Source: ISMA)

State-wise sugar data

States	Yield/Hectare (kg)	Operating days	Sugarcane Price (₹ per quintal)		
			SS 11	SS 12	SS 13
Tamil Nadu	104.80	220-300	190	210	235
Karnataka	85.80	150-180	180	200	220-280
Andhra Pradesh	78.70	150-170	180-200	200	250
Maharashtra	77.80	130-175	200	180-205	210-250
UP	56.50	130-160	205	240	280

(Source: ISMA)

Sugarcane price trend

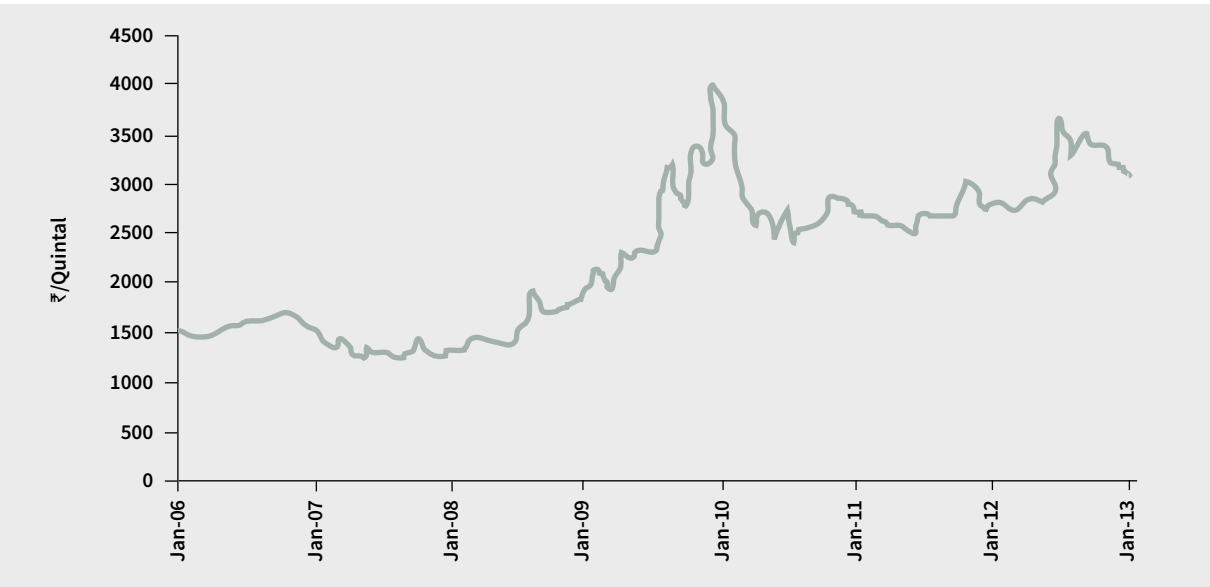


(Source: Bloomberg)

Sugar Realisations

High sugarcane prices are putting pressure on the sugar margins. Sugar prices which were at a level of ₹ 35.25 per kg in September, 2012 (highest since January, 2010) have plunged to around ₹ 29-32 per kg by the end of February/March, 2013 due to burgeoning inventory and improved production outlook, while the sugarcane prices continued elevating. The sugar price is expected to increase in future due to lower production in Maharashtra and Karnataka, owing to drought like situation in Maharashtra and scanty rainfall in Karnataka in SS 2012-13.

Sugar price trend



(Source: Bloomberg)

Export and Import

International white sugar prices have come down due to the higher sugar production in Brazil. It is around USD 488.60 per tonne which ultimately comes near ₹ 26,000 per tonne in Indian currency. However, the domestic realisation price is ₹ 29,000-32,000 per tonne, making it unviable to export sugar.

In case of any shortfall, import would not be a feasible option, as the ultimate cost after import will be at par with India's prevalent sugar prices. Some insignificant quantity of imported sugar is being exported after adding value to raw sugar.

Growth Drivers

- **Rural resource utilisation:** Rural resources, like manpower, raw material and infrastructure can be used abundantly, which can lead to the industry's growth.
- **High population:** India's population is expected to increase by 32 crore to reach 1.53 billion by 2030. This burgeoning population is anticipated to lead to robust domestic demand.
- **Low per capita sugar consumption:** India's per capita sugar consumption stands at 19 kg, as against a global average of 24.20 kg. It indicates the existence of untapped potential in India for the sugar companies *(Source: ISMA)*.
- **Rising per capita income:** The per capita income for 2012-13 is likely to be ₹ 68,747 against ₹ 61,564 in 2011-12, showing a growth of 11.70%. This would augment consumption, resulting in high demand for sugar.
- **Demand from bulk consumers:** More than 60% of the total demand comes from bulk consumers, like soft drink manufacturers, bakeries, confectionary, hotel and restaurant. Increasing young population is expected to drive this demand constantly.
- **Better inventory management:** Following the partial decontrol of sugar with effect from Sugar Season 2012-13, the sugar mill owners need not adhere to levy obligation and further shall not be subjected to release mechanism of free sugar. This will help the mill owners to manage their inventory of finished sugar based on market dynamics and their own judgement.
- **Robust growth in by-products demand:** The increasing demands for different sugar by-products are likely to drive industry growth.

Government Initiatives

Going by some of the key recommendations of the Rangarajan Committee, the Government allowed partial decontrol of sugar. Sugar decontrol measures:

- **Abolition of regulated release mechanism:** The policy that mandated mill owners to sell free sugar in the open market according to "release mechanism" has been abolished with effect from Sugar Season 2012-13.
- **No levy obligation applicable from SS 2012-13:** The companies had to sell 10% of their production to the government at a subsidised price for Public Distribution System (PDS). With this practice having been abolished, the sugar industry's savings have been augmented by around ₹ 3,000 crore a year.

Industry Outlook

Abolition of sugar levy and adverse climatic conditions in Maharashtra and Karnataka are likely to result in better sugar realisations. Moreover, the government has allowed sugar decontrol to reduce mounting loss of the sugar companies. It will lead to better inventory management and improve efficiency. However, high sugarcane prices can put pressure on the operating margins. The sugar consumption is expected to reach around 31.30 million tonnes by 2020-21 *(Source: ISMA)*.

Sugar industry's latest developments and high sugar price expectations in SS 2013-14 are anticipated to drive industry growth.

Fair and Remunerative Prices of sugarcane (₹ per quintal)

	2010-2011	2011-12	**2012-13**
Seohara	142.04	149.59	170.00
Sidhwalia	139.12	145.00	170.00
Hasanpur	139.12	145.00	170.00

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

Upper Ganges Sugar & Industries Limited: Sugar Division Performance

Operational review of sugar

Sugar production: Registered a production of 21.29 lac quintals during the nine month period ended 31st March, 2013 as compared to 19.75 lac quintals during the whole of 2011-12.

Sugarcane crushing: Crushed 230.07 lac quintals of sugarcane during the nine month period ended 31st March, 2013 as against 210.95 lac quintals during the whole of 2011-12.

Sugar realisation: Realisation per tonne (net of excise) of free sugar increased to ₹ 3,333.66 in 2012-13 from ₹ 2,868.65 in 2011-12, thus registering an increase of 16.21%.

Sugarcane pricing: State Government of UP has fixed the State Administered Price of Sugarcane (SAP) at ₹ 280 per quintal for the Sugar Season 2012-13 up from ₹ 240 per quintal for the Sugar Season 2011-12 i.e. an increase of 16.67%. This increase in SAP has eroded to a considerable extent the benefit accrued to sugar miller due to increase in sugar realisation.

Comparative operational figures

	SS 2012-13			**Total**	
	Seohara	Sidhwalia	Hasanpur	**SS 2012-13**	SS 2011-12
Installed capacity (TCD)	10,000	5,000	3,000	18,000	18,000
Sugarcane crushed (lac quintals)	151.71	52.39	40.29	244.39	213.10
Recovery (%)	9.60	8.95	9.21	9.37	9.44
Sugar produced (lac quintals)	14.54	4.67	3.68	22.89	20.07
Crushing days (Gross)	161	113	128		
Sales (₹ in lacs)*	27,555.19	9,365.85	4,979.87	41,900.91	56,852.96

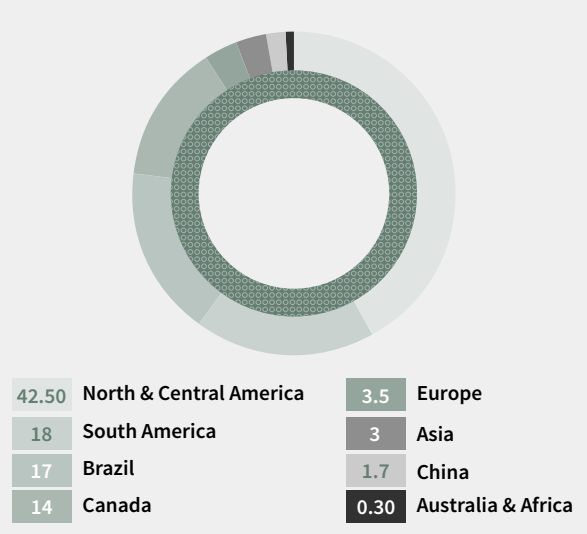
* The sales figures pertain to financial year 2012-13 (9 months period ended 31st March, 2013) and financial year 2011-12 (12 months period ended 30th June, 2012). These sales figures are not comparable for the reason that the length of the two accounting years is not same and also for the fact that while the financial year 2011-12 has been able to absorb the impact of the full Sugar Season 2011-12, the financial year 2012-13 has not been able to do so with reference to Sugar Season 2012-13.

ETHANOL INDUSTRY- STRUCTURE AND DEVELOPMENT

Global Scenario

The US, Brazil, the European Union nations, Canada, China, Argentina and Indonesia are expected to continue their dominance on the global ethanol industry over the next decade. These countries contributed around 90% of global biofuel output, demand and trade in 2012. The ethanol industry has taken a huge leap from its infancy and contributes significantly to the world's major economies. The ethanol industry has taken enormous strides in terms of production quantity, job creation and foreign oil displacement. Global ethanol production is expected to rise by 40% over the next decade in these countries.

Major producing regions during 2012 (%)



(Source: Renewable Fuel Association)

Demand-Supply dynamics

Production

After experiencing two years of stagnation, the global fuel ethanol production is estimated to grow by 6.30% to reach 88.90 billion litres in 2013. The global fuel production is expected to increase, triggered by high sugarcane cultivation area in Brazil and enhanced blend ratio of Gasoline. Ethanol production in the European Union is likely to grow by 16% to a record level of 5 billion litres in 2013. This growth is driven by commencement of two large production plants in the UK and less competition from imported US E-90 ethanol blends.

Global fuel ethanol production (million litres)

Country	2008	2009	2010	2011	2012	2013e
Argentina	-	25	132	210	270	400
Australia	131	208	284	298	450	455
Brazil	24, 772	22, 556	25, 326	19, 935	21, 500	23, 900
Canada	850	955	1, 200	1, 350	1, 800	1, 950
China	2, 000	2, 050	2, 050	2, 100	2, 400	2, 400
Colombia	256	327	291	337	360	380
EU	2, 816	3, 702	4, 258	4, 450	4, 300	5, 000
India	263	105	365	430	575	750
Thailand	336	401	426	510	675	850
USA	34, 968	40, 728	50, 087	52, 805	50, 350	51, 500
Others	486	652	592	694	924	1, 315
Total	**66, 878**	**71, 708**	**85, 011**	**83, 119**	**83, 604**	**88, 900**

(Source: ISO)

Consumption

Global fuel consumption is projected to grow by 5.50% over 2012 to reach 87.80 billion litres in 2013. Higher mandated inclusion under Renewable Fuel Standard (RFS2) in the US and demand increase from India and Thailand are likely to augment global ethanol demand. Rising inclusion obligations in the European Union will ensure significant growth too.

Global fuel ethanol consumption (million litres)

Country	2008	2009	2010	2011	2012	2013e
Argentina	0	3	116	170	238	390
Australia	131	206	280	288	450	455
Brazil	19, 962	22, 523	22, 535	19, 194	19, 200	21, 200
Canada	1, 395	1, 176	1, 687	2, 025	2, 050	2, 075
China	2, 000	2, 050	2, 050	2, 100	2, 400	2, 400
Colombia	247	338	292	351	370	400
EU	3, 520	4, 335	5, 478	5, 647	5, 862	6, 100
India	265	105	238	430	575	800
Thailand	336	446	438	420	495	700
USA	36, 341	41, 065	48, 003	48, 685	50, 000	51, 000
Others	960	851	1, 098	1, 350	1, 628	2, 235
Total	**65, 161**	**73, 098**	**82, 215**	**80, 660**	**83, 268**	**87, 755**

(Source: ISO)

Indian Ethanol Industry- Promising Future

- The Cabinet Committee on Economic Affairs had vide a Gazette Notification mandated the Public Sector Oil Marketing Companies to achieve a minimum blending level of 5% of ethanol with petrol latest by 30th June, 2013 across the country. It will lead to high demand for ethanol.
- The government has also removed the regulated price mechanism for ethanol. The price will be decided by the market demand and supply dynamics. It will reduce losses for the ethanol producers.
- The Oil Marketing Companies (OMCs) have agreed to acquire ethanol at a base price of ₹ 34 per litre against earlier price of ₹ 27 per litre. The OMCs decided to procure around 1,100 million litres of ethanol in November 2012, out of which around 110 million litres is expected to be bought at a price of ₹ 34-36 per litre. It is believed that rest of the quantity will be procured at slightly higher prices. But, such offered price would be less in comparison to the import price of ₹ 50-55 per litre currently. This will enhance the profitability of sugar companies.

The ethanol production is forecast to reach 750 million litres in 2013, growing at almost 30% over the previous year. All these factors are conducive for significant growth in the ethanol industry.

Upper Ganges Sugar & Industries Limited: Ethanol Division Performance

Ethanol's operational review * (9 months performance)

	2012-13 (01.07.2012 to 31.03.2013)	2011-12 (01.07.2011 to 30.06.2012)
Ethanol produced (lac litres)	89.19*	215.01
No days worked	111*	226

* The operating performance of the distillery took a hit for the reason that the Company's only distillery at Seohara was not operational during November and December, 2012 due to repairs and maintenance shut down whereas during the financial year 2011-12, it operated for the whole of the year.

Comparative operational figures*

	2012-13* (01.07.2012 to 31.03.2013)	2011-12 (01.07.2011to 30.06.2012)
Distillery capacity (KLPD)	100	100
Distillery capacity utilisation (%)	39.64	55.51
Spirit produced (lac litres)	89.19	124.91
Average recovery (Litres per quintal) in percentage	23.97	23.61
Sales (₹ in lacs) **	2,750.29	3,116.06

* Figures are not comparable for the reason that the Company's only distillery at Seohara was not operational during November and December, 2012 due to repairs and maintenance shut down though during the financial year 2011-12 it operated for the whole of the year.

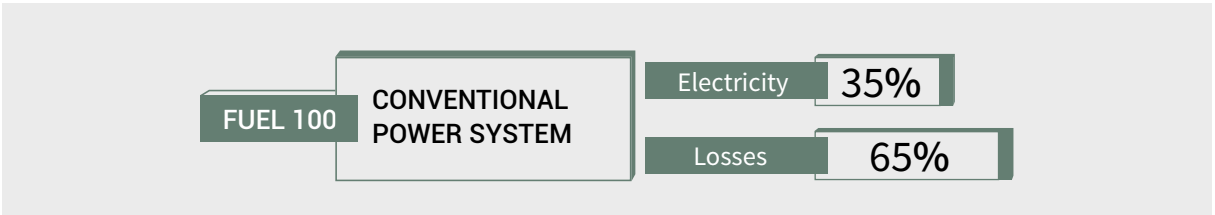
** includes sale figures of by-products of distillery namely ENA, Co_2 gas, bio-compost etc.

COGENERATION INDUSTRY: STRUCTURE, DEVELOPMENT AND THE WAY AHEAD

Cogeneration is the simultaneous heat and electricity production from bagasse and non-bagasse based fuel inputs. Bagasse is by-product of the sugar industry. In an environment fraught with energy deficit, this can be a promising solution that can lead India towards energy independence.

India consumes 12.18 quadrillion btu of power per annum. It is the need of the hour to ensure consistent and qualitative power supply, without ignoring the economic parameters. However, India is facing many challenges, such as coal's non-availability, high prices of fossil fuels and high green house gas emissions. Hence, co-generation, which will help utilise resources effectively, holds a promising future.

Cogeneration leads to efficiency



Cogeneration leads to efficiency

India's cogeneration has come a long way since its inception. Maharashtra, Uttar Pradesh, Tamil Nadu, Andhra Pradesh and Bihar are among the leading states in context of bagasse based cogeneration in sugar mills. The potential installed capacity in sugar mills for power generation stands at 7,000 MW. As on 30th September, 2012, as many as 200 bagasse-based cogeneration projects produced 2,250 MW of India's total power. Around 50 bagasse-based cogeneration projects were under construction to generate about 750 MW of power *(Source: Ministry of New and Renewable Energy)*.

The government targets to produce additional 1,900 MW of power from cogeneration in the 12th Five Year Plan, of which around 1,400 MW will be bagasse-based and rest would be non-bagasse based cogeneration *(Source: Press Information Bureau, Government of India)*.

Few benefits provided to UP's sugar industry as per Sugar, Cogen and Molasses Encouragement Policy, 2013 (UP) for establishment of new units, capacity additions etc, include:

- Interest reimbursement of 5% on the loans obtained from banks/ financial institutions for new establishments and capacity additions.
- Exemption from stamp duty and registration fees.
- Exemption from purchase tax on sugarcane.
- Refund of society commission.
- The overall cap on incentive amount shall be ₹ 75 crores over a period of 5 years.

Upper Ganges Sugar & Industries Limited: Cogeneration Division Performance

Operational review of power cogeneration (9 months performance)

	2012-13 (01.07.2012 to 31.03.2013)	2011-12 (01.07.2011 to 30.06.2012)
Generation of power (lac units)	1,164.78	1,099.25
Sale of power to state grid (lac units)	768.68	725.40
Captive power consumption	394.67	377.52
Sales Realisation (₹ in lacs)-Net of rebate	3,218.82	2,963.80

Comparative operational figures

	2012-13		**Total**	
	Seohara	**Sidhwalia**	**2012-13***	2011-12**
Capacity (MW)	24	18	42	42
Captive power consumption (as % of total power produced)	35.14	31.62	34.01	26.90
Power generated (in lac units)	787.30	377.48	1164.78	1616.58
Power supplied to State grid (in lac units)	510.57	258.11	768.68	1181.71

*figures pertain to performance of 9 months 01.07.2012 to 31.03.2013

** figures pertain to performance of 12 months 01.07.2011 to 30.06.2012

INDIA'S TEA INDUSTRY- STRUCTURE AND DEVELOPMENT

India's tea industry holds economic importance, employing around 35 lac workers directly and indirectly. The market size is estimated to reach ₹ 33,000 crore by 2015 from ₹ 19,500 crore in 2011. The branded tea segment captures around 55% of the market size *(Source: ASSOCHAM)*.

Key Highlights

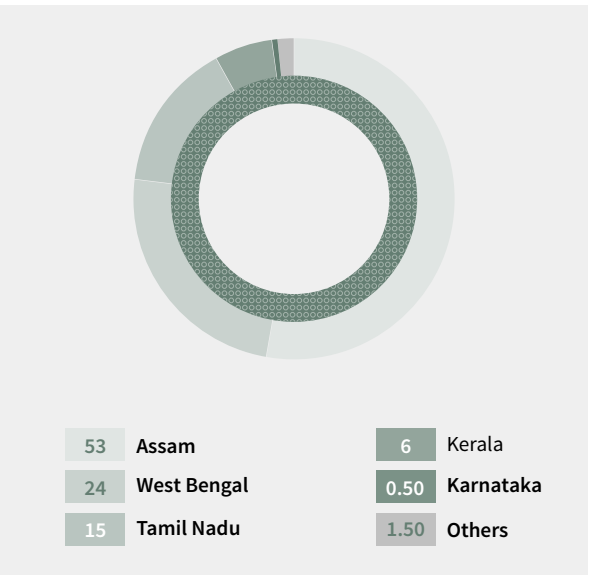
- India, the world's second largest tea producer, contributes around 30% of the total global output.
- India ranks first in the world in terms of tea consumption, covering 25% of the global pie.
- India is the fourth largest tea exporter after Kenya, China and Sri Lanka.

(Source: ASSOCHAM)

Major producing areas

India's tea production hub is mainly concentrated in the country's north-eastern region, with Assam and West Bengal contributing 77% of the total production. However, southern states, like Tamil Nadu, Kerala and Karnataka also cover a major part of the remaining production.

State-wise contribution in total tea production (%)



(Source: Tea Board of India)

Demand-Supply dynamics

Production

The estimated production from April to January, 2012-13, stands at 1,059.20 million kgs, as against 1,040 million kgs during the same period in 2011-12.

Domestic Consumption

Domestic consumption is estimated to be at 890 million kgs for 2012-13, as against 873 million kgs for 2011-12.

Exports

It is projected to be around 220 million kgs in the 2012-13, increasing from 214 million kgs in 2011-12.

(Source: Tea Board of India)

Tea Industry's Outlook

The tea industry showed resilience in 2012 and is expected to perform well in the coming years. In 2013, India's tea prices are likely to increase by around ₹ 20-25 per kg, driven by scanty rainfall in tea producing zones and rising production costs. A marginal hike in tea production of Kenya can lead to subdued growth of India's tea exports. However, robust domestic demand is expected to help India's tea industry to grow at a compound annual growth rate (CAGR) of 14% from 2011 to reach ₹ 33,000 crore in 2015.

Operational review of the Company of tea

	2012-13	2011-12
Production (lac kgs)	11.59	13.00
Average realisation price (₹ per kg)	180.37	150.10
Tea sold (lac kg)	11.10	12.65
Revenue contribution from tea to total revenue (%)	3.78	2.43

RISK MANAGEMENT AND MITIGATION PLAN

The Company is vulnerable to the environment's changing dynamics that results in internal or external challenges. Continuous assessments by the management help to control these risks effectively. Risk management includes identification, assessment and mitigation of the risk. The Company lays down effective risk management policy, which is approved by the Risk Committee of the Company's Board of Directors. The

risks faced by the Company and the management's response to mitigate those include:

- **Further increase in sugarcane price:** The recent deregulation of sugar industry to some extent has still left the power of fixation of SAP of sugarcane with the state government which does so with reference to every Sugar Season purely on extraneous considerations. To mitigate this risk, the management has to increase the volume of crushing of sugarcane to derive incremental contribution from increased operations.
- **Lower sugar price realisation:** Sugar is the core business of Upper Ganges Sugar & Industries Limited. Hence, its low realisation can directly impact the Company's top line. To mitigate this risk, the management is keeping a close watch on sugar's erratic price movement and releasing stock of finished sugar, in accordance with market intelligence. Besides, it is also focusing on its additional revenue stream through the sale of sugar by-products, such as ethanol and power.
- **Industry risk:** Several risks are specific to the dynamics of the sugar industry, which is cyclical in nature. Important mitigation plans includes flexible production, more sugarcane procurement from alternate sources and so on.
- **Competition risk:** Risks are arising due to the presence of a large number of industry players. The mitigation plan results in strategic movement in the sugar market, based on market intelligence, besides shifting the focus on by-products.
- **Climate risk:** The notable risks due to the adverse climatic conditions is reduction in recovery ratio.

HUMAN RESOURCES

The Company recognises human capital's importance to pursue organisational goals and objectives. Key areas of focus of the Company's human resource management initiatives include:

- Employee development and training.
- Health and safety.
- Fair treatment and opportunity.
- Talent management.

Training shapes the human talent and potential to help the organisation achieve its objectives. It ensures skill development and upgradation to meet the current and future needs. The Company's safety policy aims to endow employees with safe and healthy work environment. Fair treatment and opportunity is promoted to bring global diversity in the workforce. The Company understands the need of recognition and rewards, which can encourage the employees and infest a feeling of achievement among them. All these factors make the Company a name to reckon with among the working force. The current strength of management staff is 58 and non-management staff is 1714. Industrial relations in all the units were cordial throughout the year under review.

INTERNAL CONTROL

The Company's internal control system is commensurate with its size and structure of business. This system is designed to provide reasonable assurance about the integrity and reliability of the financial statements. Such systems provide adequate protection to its assets and adherence to the performance standards. An internal audit is conducted by S S Kothari & Co, a firm of Chartered Accountants, at regular intervals. Such an audit continuously monitors the authenticity of the financial statements and the compliance with statutory norms and standards. The audit findings, along with corrective actions taken, are forwarded to the Audit Committee. The Audit Committee reviews such findings to provide reasonable assurance that the internal control system is efficient and performs effectively. The Company has already implemented a robust accounting and internal reporting system with SAP package.

CAUTIONARY STATEMENT

The statements in the Management Discussion and 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 industry associations' estimates, certain assumptions and expectations of future events by the Company, there is a strong likelihood of actual results differing materially from those expressed herein 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 all or any forward looking statement(s) 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 nine months financial year ended 31st March, 2013

I. CONSERVATION OF ENERGY:

i The Company continues to take following initiatives to conserve Energy during the year 2012-13:

a) Various machineries and equipment installed during earlier years besides increasing generation of steam tend to reduce consumption of steam and fuel.

b) Auto control combustion system fitted with all the boilers reduce the consumption of bagasse.

c) The modified system of heating sugarcane juices and bleeding of vapors for pan boiling is working satisfactorily in the form of considerably reducing consumption of steam and fuel.

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:

In view of lesser availability of funds the Company does not intend to commit its already strained financial resources towards implementation of energy reduction programmes though the Company shall continue to use its existing resources and implement conventional methods to substantially reduce consumption of energy.

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.

ANNEXURE – B (Contd.)

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

(A) POWER AND FUEL CONSUMPTION

		Current year		Previous Year	
1.	**Electricity**	**Sugar**	**Tea**	Sugar	Tea
	a) Purchased				
	Units (in lacs)	15.97	7.80	13.48	8.41
	Total amount (₹ in lacs)	98.37	55.63	81.97	55.29
	Rate/unit (₹)	6.16	7.13	6.08	6.58
	b) Own generation				
	i) Through diesel generator				
	Units (in lacs)	3.02	2.24	0.14	1.86
	Units per litre of diesel-oil	3.33	2.45	2.57	2.42
	Cost/Unit (₹.)	13.84	17.86	17.59	16.30
	ii) Through steam turbine/generator				
	Units (in lacs)	514.33	--	278.27	--
	Units per litre of fuel oil/gas	Not ascertainable as the bagasse which is a by-product is being used as fuel			
	Cost/Unit (₹.)				
2.	**Coal**				
	Quantity (tonnes)	--	11.12	4.76	12.77
	Total cost (₹. in lacs)	--	101.77	0.52	93.94
	Average rate (₹)	--	9,150.00	10,997.90	7,354.00
3.	**Furnace oil: (T.D. oil for dryers)**				
	Quantity (Litres in lacs)	--	0.04	--	10.71
	Total amount (₹ in lacs)	--	1.80	--	0.48
	Average Rate (₹)	--	44.45	--	44.93
4.	**Others/internal generation**	--	--	--	

(B) CONSUMPTION PER UNIT OF PRODUCTION: (NO STANDARD HAS BEEN FIXED)

	Products (Sugar in lac qtls. and tea in lac kgs.)	21.29	11.59	20.07	13.01
	Electricity	24.84	0.87	26.89	0.79
	Furnace oil	--	--	--	--
	Coal (in kg.)	--	0.96	--	0.98
	Others (specify)	--	--	--	--

II. Research and Development and Technology Absorption:

The Company continues to carry out Research and Development in the following specific areas:

(1) Control of Insect, Pest and Disease

a) **Through Moist, Hot Treatment:** In order to maintain the genetic purity of varieties of Sugarcane, treatment is given to cane seed with moist hot air treatment. It improves the quality and yield of sugarcane. This process shall continue for the future also.

b) **Chemical Control:** In order to control the Insect, Pest and Borer, insecticide and pesticide is being applied on the crop just before indent of Pest and Borer for its control.

c) **Biological Control of Bore:** Parasites (Tricogranna Cards) have been applied in the crop to protect from Insects, Pests, and Borers.

(2) Ratoon Management

To increase the yield of the Ratoon, farmers are being educated on constant basis to burn the trash in the field, stubbing the plant and giving the proper dose of fertilizers and irrigation. Farmers are educated also to fill the gaps by new and improved plants.

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 as well as to the Company. This has also contributed to higher recovery of cane.

The Company has not imported any new technology.

The Company had incurred an expenditure on research and cane development amounting to ₹ 169.49 lacs

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a)	Activities relating to exports, initiatives taken to increase exports	Non significant as international sugar price in export market were significantly lower than the domestic prices. Therefore, the export of sugar would not have made any economic sense for the year 2012-13.
b)	Development of new export markets for products and services and export plan	
c)	Earnings in Foreign Exchange	Nil
d)	Expenditure in Foreign Currency	₹ 9.87 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 NINE MONTHS FINANCIAL YEAR ENDED 31ST MARCH, 2013

Name	Designation	Remuneration ₹	Nature of duties	Qualification	Experience (years)	Age (years)	Date of commencement of employment	Last employment held
Employed throughout the year								
Mr Chand Bihari Patodia	Advisor	1,48,30,979	Advisory	Intermediate	45	64	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

Place: Kolkata
Dated: 15th May, 2013

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, is of the firm conviction that Corporate Governance in essence refers to the rules, procedures, values, systems or laws by which businesses are operated, regulated, and controlled. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well to formal laws. Governance practices may vary but the principles are generic and universal. Accordingly the Board of UGSIL manages its business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders which term includes every one ranging from the board of directors, management, shareholders, cane growers, customers, employees and society at large.

Given the fact that the business operations of UGSIL is well diversified, sound governance practices are indispensable for it to build and sustain trust in all its stakeholders.

UGSIL is committed to run its business in a legal, ethical and transparent manner with dedication that originates from the very top and permeates throughout the organisation. Besides adhering to the prescribed corporate practices as per Clause 49 of the Listing Agreement, it voluntarily governs itself as per highest ethical and responsible standards of business.

This chapter, along with the chapters on Management Discussion and Analysis and Shareholders information reports UGSIL's compliance with Clause 49 of the Listing Agreement highlighting the additional initiatives taken in line with international best practices.

CORPORATE GOVERNANCE PHILOSOPHY

UGSIL's philosophy is to constantly achieve business excellence and optimise long term value through ethical business conditions. Being a value driven organisation UGSIL envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact on. Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved performance and various recognitions achieved by the Company. This has helped UGSIL to pay uninterrupted value based services to all its stakeholders.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is the backbone of the ability to meet the aspirations of all stakeholders. UGSIL's initiatives towards adhering to highest standards of governance include: professionalisation of the Board; fair and transparent processes and reporting systems; and going beyond the mandated Corporate Governance Code requirements of SEBI. At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities in to achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

2. BOARD OF DIRECTORS

i) The Company has in all 9 Directors with considerable professional experience in divergent areas connected with corporate functioning. Out of these 9 Directors, 5 (55.55%) 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 substantial power of management of the Company subject to superintendence, control and directions of the Board.

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

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

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

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

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

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

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

ix) During the period under review Mr Ram Kishore Choudhary and Mr Gopal Krishna Bhagat had expressed their unwillingness to be reappointed as Directors on their reappointment due to their ill health. Accordingly, they did not stand for re-election as Directors and retired at the last Annual General Meeting of the Company held on 29th November, 2012. One Director had been re-appointed as Director liable to retire by rotation at the last Annual General Meeting.

x) Mr Gopal Krishna Bhagat who had acted as the Non-Executive Director of the Company uninterruptedly for a period of 39 years starting November, 1973 has left for heavenly abode on 15th March, 2013. The Board of Directors had in its meeting held on 15th May, 2013 placed on record the significant contribution made by Mr Bhagat as a Director in making the Company a world class well diversified sugar conglomerate.

xi) During the nine months' financial year under review three Board Meetings were held on 13th August, 2012, 7th November, 2012 and 5th February, 2013.

The composition of the Board of Directors and their attendance at the Board Meetings during the said period and at the last Annual General Meeting as also the number of directorships in other bodies corporate by all the Directors are 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 the Director	Category of the 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	2	No	6	0	1	8,11,090
Mr Chandra Shekhar Nopany	NED	3	No	12	1	1	39,600
Mr Gaurav Swarup	I/NED	2	No	7	0	3	NIL
Mr Sunil Kanoria	I/NED	2	No	4	0	5	NIL
Mr Ishwari Prosad Singh Roy	I/NED	2	Yes	1	0	0	NIL
Mr Padam Kumar Khaitan	NED	2	No	11	2	5	NIL
Mr Pradeep Kumar Singhi	I/NED	2	No	4	3	2	NIL
Mr Bal Kishore Malpani	NED	1	No	0	0	0	750
Mr Dilip Kumar Mandal-Nominee of IDBI Bank	I/NED	2	No	0	0	0	NIL
Mr Ram Kishore Choudhury *	I/NED	1	No	NA	NA	NA	NIL
Mr Gopal Krishna Bhagat *	I/NED	0	No	NA	NA	NA	NIL

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

* retired with effect from 29th November, 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 Chandra Shekhar Nopany and Mr Gaurav Swarup are liable to retire by rotation and are eligible for re-appointment. Hence, particulars of Mr Chandra Shekhar Nopany and Mr Gaurav Swarup 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 Whistle Blower mechanism.
- Reviewing the appointment of Cost Auditors.
- Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background of the candidate.

iii) Composition and Meetings

The Audit Committee comprises of three Non-Executive Directors viz. Mr Pradeep Kumar Singhi, Mr Ishwari Prosad Singh Roy and Mr Bal Kishore Malpani, two-third of them are Independent Directors. Mr Ram Kishore Choudhury ceased to be the Director of the Company with effect from 29th November, 2012 and accordingly he also ceased to be the Member of the Audit Committee.

Mr Santosh Kumar Poddar, Company Secretary, is the Secretary of the Committee. The meetings are attended to 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 period the Committee met three times on 13th August, 2012, 7th November, 2012 and 5th February, 2013 and attendance of the members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Mr Ishwari Prosad Singh Roy	Chairman	2
Mr Ram Kishore Choudhury *	Member	1
Mr Pradeep Kumar Singhi	Member	1
Mr Bal Kishore Malpani	Member	2

*ceased to be a member with effect from 29th November, 2012

The Chairman of the Audit Committee Mr Ishwari Prosad Singh Roy attended the last Annual General Meeting held on 29th November, 2012.

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 re-appointments and tenure of office of Executive Director.

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

iii) Composition and Meetings:

The Committee, comprises of three Independent Non-Executive Directors, viz. Mr Ishwari Prosad Singh Roy (Chairman), Mr Padam Kumar Khaitan and Mr Gaurav Swarup. Mr Gopal Krishna Bhagat ceased to be the Director of the Company with effect from 29th November, 2012 and accordingly, he also ceased to be a Member of the Remuneration Committee with effect from the said date. Further, the Remuneration Committee of the Company was reconstituted by the Board of Directors at its meeting held on 5th February, 2013 and accordingly the revised constitution of the Remuneration committee comprises of the following Directors:

a) Mr Ishwari Prosad Singh Roy (Chairman)
b) Mr Gaurav Swarup
c) Mr Padam Kumar Khaitan
d) Mr Bal Kishore Malpani

One meeting of the Committee was held during the period under review on 1st January, 2013. The attendance of the members at the meeting was as follows:

Name of the Member	Status	No. of meetings attended
Mr Ishwari Prosad Singh Roy	Chairman	1
Mr Gaurav Swarup	Member	1
Mr Padam Kumar Khaitan *	Member	NA
Mr Bal Kishore Malpani *	Member	NA
Mr Gopal Krishna Bhagat #	Member	NA

* Appointed w.e.f. 5th February, 2013

ceased to be a member with effect from 29th November, 2012

iv) Remuneration Policy:

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

a. Job profile and special skill requirements.

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

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

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

During the last 7 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 financial year 2012-13:

a) Executive Director

Managing Director	Salary ₹	Perquisites ₹	Retirement Benefits ₹
Mrs Nandini Nopany	22,50,000	--	2,70,000

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 financial year 2012-13 is as follows:

Sl. No.	Name of the Director/Institution	Amount (₹)
1.	Mrs Nandini Nopany	N.A
2.	Mr Chandra Shekhar Nopany	32,500
3.	Mr Ram Kishore Choudhury *	7,500
4.	Mr Gopal Krishna Bhagat *	10,000
5.	Mr Gaurav Swarup	12,500
6	Mr Sunil Kanoria	12,500
7	Mr Ishwari Prosad Singh Roy	25,000
8.	Mr Padam Kumar Khaitan	12,500
9.	Mr Pradeep Kumar Singhi	12,500
10.	Mr Dilip Kumar Mandal (Nominee of IDBI Bank Limited)	10,000
11.	Mr Bal Kishore Malpani	10,000

*retired with effect from 29th November, 2012.

I5. 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, approval of physical shares above 1,000 shares, among others. It also approves allotment of shares and matters incidental thereto including listing thereof. 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 & Meetings:

The Committee, earlier comprised of two Independent Non-Executive Directors, viz. Mr Gopal Krishna Bhagat (Chairman), and Mr Ishwari Prosad Singh Roy and one Non-Independent Director Mr Chandra Shekhar Nopany. With cessation of Mr Gopal Krishna Bhagat to be the Director of the Company with effect from 29th November, 2012 the strength of the Investor Grievance Committee fell to two directors. Accordingly, the Investor Grievance Committee of the Company was reconstituted by the Board of Directors at its meeting held on 5th February, 2013 and the revised composition of the Investor Grievance Committee is as follows:

a) Mr Chandra Shekhar Nopany

b) Mr Ishwari Prosad Singh Roy

c) Mr Gaurav Swarup

d) Mr Bal Kishore Malpani

Three meetings of the Committee were held during the period under review on 9th July, 2012, 5th October, 2012 and 8th January, 2013. The attendance of the members at the meetings were as follows:

Name of the Member	Status	No. of meetings attended
Mr Chandra Shekhar Nopany	Chairman	3
Mr Ishwari Prosad Singh Roy	Member	3
Mr Gaurav Swarup*	Member	NA
Mr Bal Kishore Malpani*	Member	NA
Mr Gopal Krishna Bhagat #	Chairman	2

* Appointed w.e.f. 5th February, 2013

ceased to be a member with effect from 29th November, 2012

The Board of Directors have authorised the Secretary to approve transfers/transmissions of shares in physical form upto 1,000 shares. The transfers/transmissions approved by the Secretary are periodically placed before the Committee. During the period under review the Company did not receive any complaints/grievances from the shareholders. There were no share transfer applications pending for registration as on 31st March, 2013.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location
2011-12	29.11.2012	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2010-11	29.12.2011	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2009-10	22.12.2010	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 29th December, 2011 and 29th November, 2012.

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 2012-13. The last Annual General Meeting of the Company was held on 29th November, 2012 which was chaired by Mr Ishwari Prosad Singh Roy the 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 period 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) 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.

v) 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.

vi) 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 period under review.

9. GENERAL SHAREHOLDERS' INFORMATION

i) 81st Annual General Meeting

Day	:	Thursday
Date	:	8th August, 2013
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 2013-14

Approval of Audited Annual Results (2012-13)	15th May, 2013
Publication of Audited Results	16th/17th May, 2013
Mailing of Annual Report	On or before 13th July, 2013
First Quarter Results	On or before 14th August, 2013
Second Quarter Results	On or before 14th November, 2013
Third Quarter Results	On or before 14th February, 2014
Audited Annual Results (2013-14)	On or before 30th May, 2014

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from the 1st August, 2013 (Thursday), to 8th August, 2013 (Thursday) (both days inclusive).

iv) Dividend Payment Date

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

v) Listing on Stock Exchanges and Stock Codes

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

Sl. No.	Name of the Stock Exchange	Stock Code
1.	National Stock Exchange of India Ltd. (NSE)	UPERGANGES
2.	BSE 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 financial year 2013-14 has been paid to NSE, BSE and CSE.

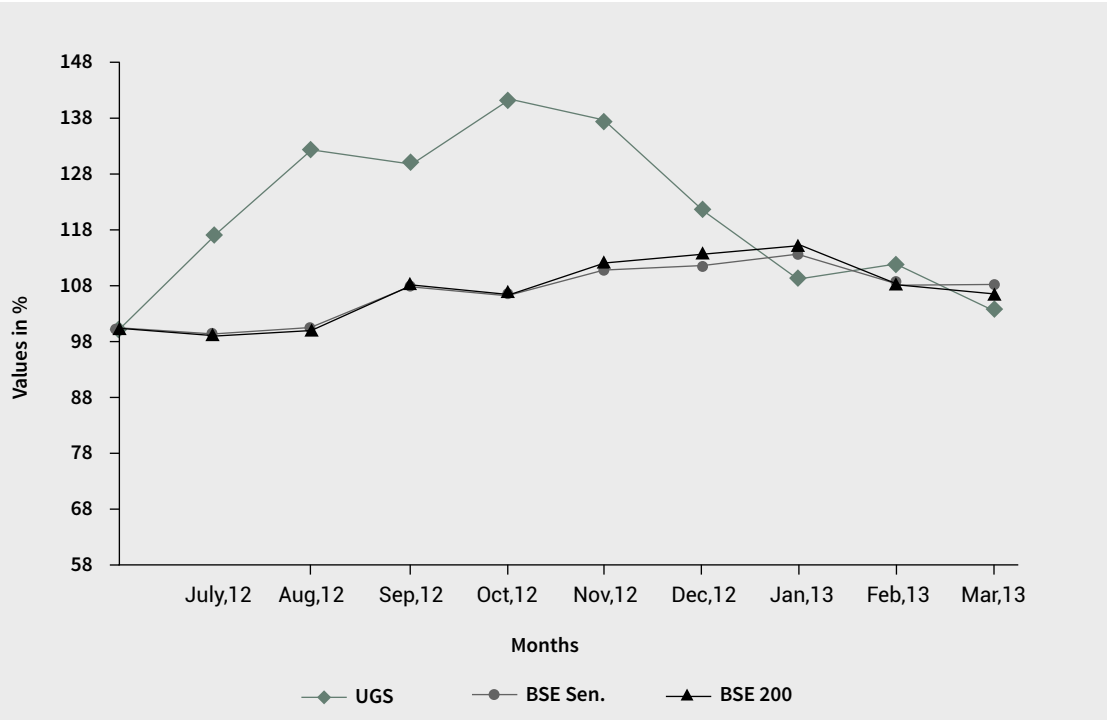
vi) Market Price data

Monthly high/low of market price of the Company's Equity Shares traded on Bombay Stock Exchange Ltd. during the financial year 2012-13 were as follows:

Month	BSE Limited	
	High (₹)	Low (₹)
July, 2012	50.00	37.20
August, 2012	52.65	44.55
September, 2012	54.40	46.80
October, 2012	56.25	47.65
November, 2012	53.90	41.30
December, 2012	52.75	45.00
January, 2013	49.95	37.05
February, 2013	49.00	39.00
March, 2013	47.45	34.00

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

A graphical presentation is as follows:



(viii) Registrar & Share Transfer Agent

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

Link Intime India Pvt. Ltd.

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

ix) Share Transfer System

The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/transmission of above 1,000 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 350 (three hundred and fifty) physical shares were transferred/transmitted during the financial year 2012-13. The dematerialised shares are directly transferred to the beneficiaries by the Depositories.

x) Distribution of Shareholding

a) The Distribution of Shareholding as on 31st March, 2013 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 -500	6,161	84.64	8,09,039	7.00
501 - 1,000	509	6.99	4,05,283	3.51
1,001 - 2,000	278	3.81	4,12,304	3.57
2,001 - 3,000	117	1.61	2,95,543	2.56
3,001 - 4,000	40	0.55	1,41,397	1.22
4,001 - 5,000	41	0.57	1,92,983	1.67
5,001 - 10,000	59	0.81	4,17,124	3.61
10,001 and above	74	1.02	88,83,566	76.86
Total	**7,279**	**100.00**	**1,15,57,239**	**100.00**

b) Detail of Shareholding pattern of the Company as on 31st March, 2013 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	65,05,799	56.29
Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	3,98,428	3.45
Private Bodies Corporate	7,27,265	6.29
Indian Public	38,99,559	33.74
NRIs/OCBs/FIIs/Foreign Nationals	26,188	0.23
Total	**1,15,57,239**	**100.00**

xi) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. BSE 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. 1,13,62,659 Equity Shares viz. 98.32% of the Equity Share Capital 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 Instrument.

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 financial year under review, the Company has credited ₹ 8,19,271 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 2004-05 on 26th September, 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. RE-APPOINTMENT OF DIRECTORS

Two Non-executive Directors namely Mr Chandra Shekhar Nopany and Mr Gaurav Swarup are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Brief particulars of the said Directors are given below:

i) Mr Chandra Shekhar Nopany, aged 48 years, is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, USA. He is an eminent industrialist having vast industrial experience in diverse fields like sugar, tea, shipping, textiles, fertilizers and chemicals, etc. He is the past President of Indian Chamber of Commerce. He joined the Board of the Company in 1992.

Names of other Indian public limited companies in which Mr Chandra Shekhar Nopany is a Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/ Member
1.	The Oudh Sugar Mills Limited	_	_
2.	Sutlej Textiles and Industries Limited	_	_
3.	SIL Investments Limited	Investors' Grievance Committee	Chairman
4.	New India Retailing & Investment Limited	_	_
5.	Chambal Fertilizers & Chemicals Limited	_	_
6.	Uttar Pradesh Trading Co. Limited	_	_
7.	Yashovardhan Investment & Trading Company Limited	_	_
8	Modern Diagen Services Limited	_	_
9.	Chambal Infrastructure Ventures Limited	_	_
10.	Hargaon Investment & Trading Company Limited	_	_
11.	India Steamship Limited	_	_
12.	Ronson Traders Limited	_	_

(ii) Mr Gaurav Swarup, aged 57 years, is a Graduate in Mechanical Engineering from Jadavpur University and holds Master's Degree in Business Administration (MBA) from Harvard University, U.S.A. He has joined Paharpur Cooling Towers Limited in the year 1981 and since 2002 he is the Managing Director of the Company. He is a Past President of the Indian Chamber of Commerce, Kolkata among others. He is in the panel of various seminars/ discussions organised by various Chambers of Commerce on Economy, Business and Governance. He joined the Board of the Company in February, 2003.

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

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

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

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 & ETHICS

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

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 and one non-mandatory requirement 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, 2012, 31st December, 2012 and 31st March, 2013. The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchanges. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Uttar Pradesh along with the Annual report.

As regards compliance with the non-mandatory requirements, the following 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) Whistle Blower Mechanism

Though a codified Whistle Blower 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 open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith.

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

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.

DECLARATION ON CODE OF CONDUCT

ANNEXURE – E

To

The Members,

Upper Ganges Sugar & Industries Ltd.

9/1, R.N. Mukherjee Road

Kolkata 700 001

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Nandini Nopany, Chairperson-cum-Managing Director of Upper Ganges Sugar & Industries Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the financial year 2012-13.

For and on behalf of the Board

Nandini Nopany

Chairperson-cum-Managing Director

Dated 15th May , 2013

AUDITORS' CERTIFICATE

ANNEXURE – F

To

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

We have examined the compliance of conditions of Corporate Governance by UPPER GANGES SUGAR & INDUSTRIES LIMITED, for the nine months period ended 31st March, 2013, 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 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. LLP**
Chartered Accountants
Firm Registration Number: 301003E

per R.K. Agrawal
Partner
Membership Number: 16667

Place: Kolkata.
Date: 15th May, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of

UPPER GANGES SUGAR & INDUSTRIES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Upper Ganges Sugar & Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

As indicated in Note 15 to the financial statements, the Company has recognised Deferred Tax Asset (DTA) (net) of ₹ 2776.77 lacs (after adjusting reversal of ₹ 529.64 lacs during the period) up to March 31, 2013, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty about the above projections, as required in terms of Accounting Standard – 22, had the above impact been considered, the reported profit of ₹1264.86 lacs for the period (after adjusting DTA of ₹ 3306.41 lacs recognised up to June 30, 2012) would turn into a loss of ₹ 1511.91 lacs and the reserves and surplus balance would be ₹ 3598.69 lacs as against the reported figure of ₹ 6375.46 lacs as on the balance sheet date.

Our audit opinion on the financial statements for the previous year was also qualified in respect of the above matter.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter stated in the Basis for Qualified Opinion paragraph,* the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a

statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) *except for the matter stated in the Basis for Qualified Opinion paragraph,* In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
Firm Registration Number: 301003E

per R.K. Agrawal
Partner
Membership Number: 16667

Place: Kolkata.
Date: 15th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date to the members of Upper Ganges Sugar & Industries Limited as at and for the period ended March 31, 2013)

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 period but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) There was no disposal of a substantial part of fixed assets during the period.

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

   (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 period was ₹ 4,135.00 lacs and the period-end balance of loans taken from such parties was ₹ 4,135.00 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 was as stipulated and payment of interest has also 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 period.

(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 period, 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 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 *except for Cane Purchase Tax of ₹142.30 lacs relating to the sugar unit in Bihar which remains unpaid as on the Balance sheet date, pending disposal by the State Government of the representation made by the Bihar Sugar Mills Association for its remission .*

(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 period-end for 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	1717.91	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	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	CESTAT
	Disallowance of Service Tax on discount to wholesellers and other items	18.84	1997-1998, 1999-2000, 2005-2006 to 2008-2009	Commissioner (Appeals)/ CESTAT
Central Sales Tax Act, 1956	Entry Tax on Purchase of Goods	80.14	2006-07 to 2008-09	High Court, Patna
	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	3.37	1980-1981 to 1982-1983, 1984-1985 to 1986-1987, 1991-1992, 1994-1995 to 1998-1999, 2003-2004 & 2004-2005	Certificate Officer, Samastipur

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

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

(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 Order, are not applicable to the Company.

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

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from a bank, the terms and conditions whereof, 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 loans 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 ₹ 14,067 lacs. raised on short-term basis have been used for long-term investment (without considering permanent working capital) mainly towards acquisition of fixed assets and repayment of loans.*

(xviii) The Company has not made any preferential allotment of shares during the period 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 period.

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

(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 period.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
Firm Registration Number: 301003E

per R.K. Agrawal
Partner
Membership Number: 16667

Place: Kolkata.
Date: 15th May, 2013

BALANCE SHEET

as at 31st March, 2013

(₹ in lacs)

	Notes	As at 31st March, 2013	As at 30th June, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,155.73	1,155.73
Reserves and Surplus	4	6,375.46	5,108.72
		7,531.19	**6,264.45**
Non-current Liabilities			
Long-term borrowings	5	12,905.60	15,914.97
Other long-term liabilities	6	585.94	499.94
Long-term provisions	7	639.83	136.71
		14,131.37	**16,551.62**
Current Liabilities			
Short-term borrowings	8	40,186.41	30,823.28
Trade payables	9	27,176.74	9,117.19
Other current liabilities	9	13,970.07	8,639.16
Short-term provisions	7	174.69	240.62
		81,507.91	**48,820.25**
Total		**1,03,170.47**	**71,636.32**
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	33,523.72	35,207.03
Intangible Assets	11	98.31	1.38
Capital Work-in-Progress	12	758.00	730.04
Intangible Assets under development	13	-	132.37
Non-current Investments	14	2,114.14	2,114.15
Deferred Tax Assets (net)	15	2,776.77	3,306.41
Other Non Current Assets	18.2	15.00	-
Long-term Loans and advances	16	854.93	675.61
		40,140.87	**42,166.99**
Current assets			
Inventories	17	58,133.90	23,998.55
Trade Receivables	18.1	2,760.61	3,700.27
Cash and Bank balances	19	875.13	543.50
Short-term loans and advances	16	1,157.31	1,013.04
Other current assets	18.2	102.65	213.60
		63,029.60	**29,468.96**
Tea Department Balance		-	**0.37**
Total		**1,03,170.47**	**71,636.32**
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. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

STATEMENT OF PROFIT AND LOSS

for nine months period ended 31st March, 2013

(₹ in lacs)

	Notes	**Nine Months period ended 31st March, 2013**	Year ended 30th June, 2012
INCOME			
Revenue from Operations (Gross)	20	52,939.23	73,716.30
Less: Excise duty		1,473.44	2,249.10
Cess		251.87	419.33
Revenue from Operations (net)		**51,213.92**	**71,047.87**
Other Income	21	1,042.75	588.09
Total Revenue (I)		**52,256.67**	**71,635.96**
EXPENSES			
Cost of Raw Materials consumed	22	64,873.24	54,893.07
Purchase of Traded Goods	23	837.25	6,483.95
(Increase)/decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(31,805.04)	(7,095.20)
Employee benefits expenses	24	4,138.64	4,479.67
Other expenses	25	5,402.23	5,696.02
Total (II)		**43,446.32**	**64,457.51**
Profit before Finance Costs, Tax, Depreciation & Amortisation and Exceptional Item [(I) - (II)]		**8,810.35**	**7,178.45**
Depreciation and Amortisation expenses	26	1,998.47	2,654.93
Finance Costs	27	4,556.56	6,187.14
Profit/(Loss) before Exceptional Item and Tax		**2,255.32**	**(1,663.62)**
Less/Add : Exceptional Item		**-**	**1,891.58**
Profit/(Loss) before Tax		**2,255.32**	**(3,555.20)**
Tax expenses			
Current tax		460.82	87.60
Deferred tax charge / (credit)		529.64	(1,317.84)
Total tax expense/(credit)		**990.46**	**(1,230.24)**
Profit/(Loss) for the period		**1,264.86**	**(2,324.96)**
Earnings per equity share [Nominal value of share ₹ 10 each (₹ 10)]	29	₹	₹
Basic & Diluted		**10.94**	**(20.12)**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statement

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CASH FLOW STATEMENT

for the nine months period ended 31st March, 2013

(₹ in lacs)

		As at 31st March, 2013	As at 30th June, 2012
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit/(Loss) before tax	2,255.32	(3,555.20)
	Adjustment to reconcile profit/(loss) before tax to net cash flows		
	Depreciation and Amortisation expenses	1,998.47	2,654.93
	Finance Costs	4,556.56	6,187.14
	(Profit)/Loss on Tangible Assets sold/discarded (net)	(1.84)	18.89
	Bad Debts, irrecoverable claims and advances written off	0.03	0.08
	Provision for bad and doubtful debts/advances	6.14	3.61
	Molasses Storage & Maintenance Reserve	1.88	3.06
	Unspent Liabilities and unclaimed Balances adjusted	(933.80)	(152.17)
	Interest Income	(79.11)	(303.89)
	Dividend Income	(14.73)	(68.87)
	Operating Profit before Working Capital Changes:	**7,788.92**	**4,787.58**
	Increase in Trade Payables	18,993.35	5,904.34
	Increase/(decrease) in long term Provisions	136.35	(64.66)
	Increase/(decrease) in short term Provisions	(65.93)	120.07
	Increase in other current liabilities	7,091.26	122.25
	(Decrease) in other long term liabilities	(0.05)	(0.72)
	(Increase)/decrease in Trade Receivables	939.63	(2,439.51)
	(Increase)/decrease in long term Loans & Advances	(4.24)	37.29
	(Increase)/decrease in short term Loans & Advances	(158.88)	411.03
	Decrease in other non current assets	(15.00)	-
	Decrease in other current assets	126.45	343.86
	(Increase)/decrease in Tea Department Balance	0.37	(0.43)
	(Increase)/decrease in Inventories	(34,135.35)	(7,518.84)
	CASH GENERATED FROM OPERATIONS:	**696.88**	**1,702.26**
	Direct Taxes Paid	(66.29)	(123.19)
	NET CASH FROM OPERATING ACTIVITIES	**630.59**	**1,579.07**

(₹ in lacs)

		As at 31st March, 2013	As at 30th June, 2012
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Proceeds from sale of Tangible Assets	4.07	84.50
	Purchase of Fixed Assets including Capital Advances	(528.47)	(836.18)
	Sale of Non-current Investments	0.01	1.40
	Loans Received Back	6.48	3,504.31
	Interest Received	63.61	295.30
	Dividend Received	14.73	68.87
	Deposits under Tea Development Account Scheme	(122.00)	(134.31)
	Fixed Deposits	(107.00)	(59.00)
	Receipt of Capital Subsidy	19.03	79.12
	NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**(649.54)**	**3,004.01**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of Long Term Loans	(4,607.22)	(7,085.06)
	Proceeds from Long Term Loans	-	8,000.00
	Proceeds from Short Term Borrowings (net)	9,363.13	940.58
	Interest Paid	(4,457.21)	(6,391.43)
	Other Borrowing Cost	(55.12)	(208.68)
	NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**243.58**	**(4,744.59)**
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**224.63**	**(161.51)**
	Cash & Cash Equivalents at the beginning of the period	**203.88**	**365.39**
	Cash & Cash Equivalents at the end of the period *	**428.51**	**203.88**

* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 446.62 lacs (₹ 339.62 lacs) being balances having maturity of more than 3 months.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

1. CORPORATE INFORMATION

Upper Ganges Sugar & Industries Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National and Bombay Stock exchanges in India. The Company is primarily engaged in manufacture and sale of Sugar and its By-products (Molasses and Bagasse), Spirits including 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.

2.1 Summary of Significant Accounting Policies

(a) 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.

(b) 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 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.

(c) 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. Based on this, the Company has depreciated its assets based on the rates prescribed in Schedule XIV of the Companies Act, 1956.

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.

(d) Intangible Assets

Intangible assets acquired separately

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

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

Intangible assets are amortised 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 is five years from the date when the asset is available for use. Such intangible assets 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 have been impaired.

The amortisation period and the amortisation 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 amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets being Specialised Software are amortised on a straight line basis over a period of 5 years.

(e) 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 capitalised 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.

(f) 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 or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of Tangible and Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine, 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 which is greater of the asset's net selling price and value in use. In assessing the 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.

(h) 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.

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

(i) 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/ Non-Current investments.

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

(j) 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. Cost of raw materials and stores and spares is detemined on annual weighted average/moving average method.

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 is determined on 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.

(k) 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, which usually coincides on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these not being economic benefits flowing to the Company, 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 period.

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

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.

(l) 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 period 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 amortised 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 period 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 period.

(m) 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 period when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds.

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.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its setllement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non current liability.

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

(n) 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 period and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the period 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 unrecognised deferred tax assets. It recognises unrecognised 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 period 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.

(o) Segment Reporting

Identification of segments

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised 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 Company accounts for inter segment transfers at mutually agreed transfer prices.

Allocation of common costs

Common allocable costs are allocated

NOTES TO FINANCIAL STATEMENTS

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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.

(p) Earnings Per Share

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

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

(q) 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.

(r) 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.

(s) 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.

(t) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(u) 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.

(v) 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 recognise a contingent liability but discloses its existence in the financial statements.

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

3. SHARE CAPITAL

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Authorised:		
1,60,00,000 (1,60,00,000) Equity Shares of ₹ 10/- each	1,600.00	1,600.00
16,00,000 (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:		
1,15,57,239 (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 31st March, 2013		As at 30th June, 2012	
	No. of shares	**₹ in lacs**	No. of shares	₹ in lacs
Equity shares of ₹ 10/- each				
Outstanding at the beginning and end of the period	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 on the shares held by them.

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

Name of the shareholder	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	**% holding in the class**	No. of shares	% holding in the class
SIL Investments Limited	15,47,016	13.39%	15,47,016	13.39%
New India Retailing & Investment Limited	9,69,021	8.38%	9,69,021	8.38%
Mrs Nandini Nopany	8,11,090	7.02%	8,11,090	7.02%
Yashovardhan Investment & Trading Co. Ltd.	6,58,289	5.70%	5,58,289	4.83%
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.

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as at and for the nine months period ended 31st March, 2013

4. RESERVES AND SURPLUS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
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 Storage and Maintenance Reserve		
Balance as per the last financial statements	49.06	56.88
Add: Provided during the period	1.88	3.06
	50.94	59.94
Less: Utilised during the period	-	10.88
Closing balance	**50.94**	**49.06**
General Reserve		
As per the last financial statements	**422.04**	**422.04**
Surplus/(Deficit) in the Statement of Profit and Loss*		
Balance as per last financial statements	(2,292.69)	32.27
Profit/(Loss) for the period	1,264.86	(2,324.96)
Net Surplus/(Deficit) in the Statement of Profit and Loss	**(1,027.83)**	**(2,292.69)**
Total Reserves and Surplus	**6,375.46**	**5,108.72**

*after adjusting ₹ 7,200 lacs being transfer from General Reserve during years 2006-07 to 2010-11 to set off the debit balance in Profit & Loss Account.

5. LONG-TERM BORROWINGS

(₹ in lacs)

	Non-current portion		Current portion	
	As at 31st March, 2013	As at 30th June , 2012	**As at 31st March, 2013**	As at 30th June, 2012
From Banks -				
Under Project Finance/Corporate Loan Scheme	7,069.00	9,113.00	2,992.00	4,689.07
From Sugar Development Fund	5,187.21	6,058.41	871.20	863.66
Other Loans and Advances (unsecured):				
Fixed Deposits from related parties (Note 34f)	-	5.00	5.00	-
Fixed Deposits from others	649.39	738.56	617.48	530.57
	12,905.60	**15,914.97**	**4,485.68**	**6,083.30**
Less: Amount disclosed under the head "other current liabilities" (Note 9)			4,485.68	6,083.30
Net amount	**12,905.60**	**15,914.97**	-	-

(a) Term Loans from Banks carry interest in the range of 12.50% to 14.50% and are secured by first mortgage/ charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation plant), Sidhwalia & 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 ₹ 5,500 lacs is also secured by pledge of certain shares held as investments by the Company and its subsidiary Company.

The above loans are repayable as under.

(₹ in lacs)

Disbursed To	**Balance as at 31st March, 2013**	Repayment Schedule
i. Seohara Sugar Unit	5,500.00	20 Quarterly installments ending on January 2019.
ii. Sidhwalia Sugar Unit	800.00	21 Monthly installments ending on September 2013.
iii. Sidhwali Sugar & Co-Generation unit	1,869.00	20 Quarterly installments ending on September 2014.
iv. Hasanpr Sugar Unit	1,892.00	20 Quarterly installments ending on March 2015.
	10,061.00	

(b) Term loans from the Sugar Development Fund, carry interest @ 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).

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

5. LONG-TERM BORROWINGS (Contd.)

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

Disbursed To		Balance as at 31st March, 2013	Repayment Schedule
i.	Seohara Co-generation unit	1,674.60	10 half yearly installments ending on September 2015.
ii.	Sidhwalia Sugar unit	3,376.99	5 yearly installments ending on September 2019.
iii.	Sidhwalia Co-generation unit	1,006.82	10 half yearly installments ending on February 2018.
		6,058.41	

(c) 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 their tenure.

6. OTHER LONG-TERM LIABILITIES

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Interest accrued but not due on borrowings	553.55	467.50
Trade and other deposits	32.39	32.44
	585.94	**499.94**

7. PROVISIONS

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Provision for employee benefits				
Gratuity (Note 30)	203.17	73.46	125.00	194.55
Leave	69.89	63.25	45.00	38.86
	273.06	**136.71**	**170.00**	**233.41**
Other provisions				
For income tax	366.77	-	-	-
For wealth tax	-	-	4.69	7.21
	366.77	**-**	**4.69**	**7.21**
	639.83	**136.71**	**174.69**	**240.62**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

8. SHORT-TERM BORROWINGS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Cash Credit from banks (secured) (repayable on demand)	29,138.91	21,117.78
Other Loans & Advances (Unsecured)		
From the Subsidiary Company (Note 34f)	1,135.50	1,027.50
Inter-Corporate Deposits		
From related parties (Note 34f)	3,225.00	375.00
From others	6,520.00	8,170.00
From Co-operative Farming Societies	167.00	133.00
	40,186.41	**30,823.28**

(a) Cash Credit borrowings other than from District Co-operative Banks and Development Credit Bank (Commodity Finance) are secured by hypothecation of the entire current assets of the Company ranking pari passu amongst the various lenders. In addition, cash credit borrowings from State Bank of India, Punjab National Bank and Development Credit Bank 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 of ₹ 8,922.40 lacs from District Co-operative Banks and Development Credit Bank (Commodity Finance) are secured by pledge of the stock of Sugar pertaining to Sugar unit at Seohara and Sidhwalia respectively.

Cash Credit borrowings carry interest ranging between 10.20% to 14.50% p.a .

9. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Trade payables (refer Note 38 for details of dues to micro and small enterprises)	27,176.74	9,117.19
Other liabilities:		
Current maturities of long-term borrowings (Note 5)	4,485.68	6,083.30
Payable towards deduction against crop loan by a Bank	5,971.11	-
Payable towards purchase of capital goods	138.81	259.49
Advance against Sales	207.68	136.29
Interest accrued but not due on borrowings, deposits etc.	337.38	379.20
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed Matured Fixed Deposits	0.78	1.01
Unclaimed dividend	4.05	12.33
Others -		
Statutory dues	272.96	276.92
Excise Duty on Closing Stocks	1,843.23	756.46
Crop Loan from a Bank pending disbursment to cane growers	494.27	644.42
Miscellaneous	214.12	89.74
	13,970.07	**8,639.16**
	41,146.81	**17,756.35**

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, 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	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**
Additions	-	-	68.43	187.91	6.33	25.05	12.07	299.79 (b)
Disposals	-	-	-	10.35	0.03	10.91	0.74	22.03
At 31st March, 2013	**856.85**	**94.55**	**4,549.38**	**51,962.23**	**196.85**	**329.89**	**250.26**	**58,240.01**
Depreciation								
At 1st July, 2011	-	94.55	878.85	18,808.29	136.20	180.82	85.06	20,183.77
Charge for the period	-	-	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**
Charge for the period	-	-	79.11	1,837.70	12.85	17.01	34.20	1,980.87
Disposals	-	-	-	8.90	0.03	10.36	0.51	19.80
At 31st March, 2013	**-**	**94.55**	**1,058.42**	**23,082.22**	**153.81**	**193.59**	**133.70**	**24,716.29**
Net Block								
At 30th June, 2012	**856.85**	**-**	**3,501.64**	**30,531.25**	**49.56**	**128.81**	**138.92**	**35,207.03**
At 31st March, 2013	**856.85**	**-**	**3,490.96**	**28,880.01**	**43.04**	**136.30**	**116.56**	**33,523.72**

(a) Title deeds for ₹ 19.77 lacs (₹ 22.65 lacs) are yet to be executed in favour of the Company.

(b) Net of Capital Subsidy of ₹ 19.03 lacs (₹ Nil).

(c) Includes assets held in joint ownership with others, Gross Block ₹ 298.24 lacs (₹ 297.59 lacs) and Net Block ₹ 175.35 lacs (₹ 179.18 lacs).

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

11. INTANGIBLE ASSETS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Computer Software:		
At the beginning of the period	**3.33**	**3.33**
Additions	114.53	-
At the end of the period	**117.86**	**3.33**
Amortisation		
At the beginning of the period	**1.95**	**1.41**
Charge for the period	17.60	0.54
At the end of the period	**19.55**	**1.95**
Net block	**98.31**	**1.38**

12. CAPITAL WORK-IN-PROGRESS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	730.04	749.74
Add: Additions during the period	84.92	488.19
	814.96	1,237.93
Less: Transfer to Tangible Assets during the period	56.96	507.89
Balance carried to Balance Sheet	**758.00**	**730.04**

13. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	132.37	22.06
Add: Additions during the period	29.82	110.31
	162.19	132.37
Less: Transferred to Intangible Assets during the period	114.53	-
Amount recovered from a party	47.66	-
Balance carried to Balance Sheet	**-**	**132.37**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

14. NON-CURRENT INVESTMENTS

(₹ in lacs)

	Number of Units/ shares	Face Value Per Unit/ Share	**As at 31st March, 2013**	As at 30th June, 2012
Non Trade				
(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**

14. NON-CURRENT INVESTMENTS (Contd.)

(₹ in lacs)

	Number of Units/ shares	Face Value Per Unit/ Share	**As at 31st March, 2013**	As at 30th June, 2012
In Government Securities				
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)		0.12	0.13
			0.28	**0.29**
			2,114.14	**2,114.15**
Aggregate amount of quoted investments [Market value: ₹ 411.42 lacs (₹ 578.84 lacs)]			376.35	376.35
Aggregate amount of unquoted investments			1,737.79	1,737.80

a) Includes 6,37,365 shares pledged against term loan of ₹5,500 lacs 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 cost of following unquoted investments in equity shares (fully paid up) has been written off in the past, though quantity thereof appears in the books.

Name of the Company	No. of shares	Face Value per share (in ₹)
Chandausi Rice Mills Ltd. (in liquidation)	1,000	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 31st March, 2013	As at 30th June, 2012
Deferred Tax Asset		
Carry forward of Unabsorbed Depreciation & Business Losses	8,994.77	9,339.27
Expenditure allowable against taxable income in future years	869.51	876.59
	9,864.28	**10,215.86**
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	7,087.51	6,909.45
	7,087.51	**6,909.45**
Net Deferred Tax Asset	**2,776.77**	**3,306.41**

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.

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16. LOANS AND ADVANCES

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
(Unsecured, considered good except stated otherwise)				
Capital advances				
Secured	67.00	-	-	-
Unsecured	237.91	226.06	-	-
	304.91	**226.06**	-	-
Sundry Deposits	**12.99**	**12.94**	**45.00**	**35.00**
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good *	-	-	425.26	406.95
Considered doubtful	48.92	42.78	-	-
	48.92	42.78	425.26	406.95
Less : Provision for doubtful advances	48.92	42.78	-	-
	-	-	**425.26**	**406.95**
Other loans and advances Considered good				
Loan to employees	-	-	2.09	8.57
Deposits against demand under appeal and/or under dispute	-	-	175.98	143.04
Claims Receivable	-	-	9.77	4.02
Prepaid Expenses	5.03	6.98	35.01	89.69
Advance payment of Income Tax and Tax deducted at source after adjusting provisions	69.87	97.63	-	-
Balances with Excise and Other Government Authorities	-	-	371.55	224.99
Balance with Tea Development Account Scheme, 1990	462.13	332.00	92.65	100.78
Considered doubtful				
Loan to others	23.16	23.16	-	-
	560.19	459.77	687.05	571.09
Less: Provision for doubtful Loans	23.16	23.16	-	-
	537.03	**436.61**	**687.05**	**571.09**
	854.93	**675.61**	**1,157.31**	**1,013.04**

* Includes ₹ 55.45 lacs (₹ 25.81 lacs) recoverable from related parties (Note 34g)

17. INVENTORIES

(₹ in lacs)

	Notes	As at 31st March, 2013	As at 30th June, 2012
Valued at Lower of Cost and Net Realisable Value			
Raw materials	22	1,043.39	205.37
Goods under process	23	1,169.04	469.99
Finished goods	23	51,991.80	21,872.63
Traded goods	23	11.96	2.59
Stores, Chemicals and Spare Parts etc.		1,268.70	1,042.74
Power - Banked	23	5.31	1.93
Agriculture Products - Standing Crop	23	11.88	10.60
Valued at Estimated Realisable Value			
By-Products	23	2,624.90	384.40
Scrap	23	6.92	8.30
		58,133.90	**23,998.55**
The above includes stock in transit:			
Stores, Chemicals and Spare Parts etc.		39.85	38.32

18. TRADE RECEIVABLES AND OTHER ASSETS

18.1 Trade receivables

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	26.92	40.28
Considered doubtful	43.04	43.04	-	-
	43.04	**43.04**	**26.92**	**40.28**
Less: Provision for doubtful trade receivables	43.04	43.04	-	-
	-	-	**26.92**	**40.28**
Other receivables				
Unsecured, considered good	-	-	2,733.69	3,659.99
	-	-	**2,733.69**	**3,659.99**
	-	-	**2,760.61**	**3,700.27**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

18. TRADE RECEIVABLES AND OTHER ASSETS (Contd.)

18.2 Other assets (₹ in lacs)

	Non-current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
(Unsecured, considered good, Unless stated otherwise)				
Non Current bank balances (Note 19)	15.00	-	-	-
Considered good				
Interest accrued on Loans, Advances, Deposits, Investments etc.	-	-	50.32	34.82
Claims Receivable towards Subsidies & Incentives	-	-	52.33	178.78
Considered doubtful				
Interest accrued on Loans, Advances, Deposits, Investments etc.	3.89	3.89	-	-
	18.89	**3.89**	**102.65**	**213.60**
Less: Provision for doubtful items	3.89	3.89	-	-
	15.00	**-**	**102.65**	**213.60**

19. CASH AND BANK BALANCES

(₹ in lacs)

	Non -Current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Cash and cash equivalent:				
Balances with banks				
Current accounts			103.64	85.55
Savings accounts			0.02	0.02
Tea Development account			0.26	0.12
Unpaid dividend account			4.05	12.33
Deposits with original maturity of less than 3 months			249.04	75.00
Cheque in hand			19.65	10.68
Cash on hand			51.85	20.18
			428.51	**203.88**
Deposits with original maturity of more than 3 months and not more than 12 months *#	-	-	431.50	324.50
Deposits with original maturity of more than 12 months #	15.00	-	15.00	15.00
In Post office savings bank account			0.12	0.12
	15.00	**-**	**446.62**	**339.62**
Less: Amount disclosed under non-current assets (Note 18.2)	15.00	-	-	-
	-	-	**875.13**	**543.50**

* Includes ₹ 126.00 lacs (₹ 124.00 lacs) towards earmarked accounts.

\# Receipts/Pass Book for ₹ 40.58 lacs (₹ 15.59 lacs) pledged/lodged with various Government Authorities as security.

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

20. REVENUE FROM OPERATIONS

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Revenue from operations		
Sale of products		
Finished goods	48,126.01	60,155.49
Traded goods	846.35	7,216.24
Power	3,218.82	4,882.78
By products	621.01	1,236.28
Others	72.36	46.72
	52,884.55	**73,537.51**
Other operating revenue		
Proceeds from Agriculture Products	3.81	16.42
Excise duty subsidy	-	124.53
Tea replanting Subsidy	-	9.06
Scrap Sales	50.87	28.78
Revenue from operations (gross)	**52,939.23**	**73,716.30**
Less: Excise duty	1,473.44	2,249.10
Cess	251.87	419.33
Revenue from operations (net)	**51,213.92**	**71,047.87**

Detail of products sold

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Finished goods		
Sugar	43,135.49	52,239.87
Spirit	2,956.85	5,961.78
Carbon-di-oxide	31.30	55.49
Tea	2,002.37	1,898.35
	48,126.01	**60,155.49**
Traded goods		
Sugar	-	6,321.22
Diesel & Lubricants	846.35	895.02
	846.35	**7,216.24**
By products		
Molasses	595.19	1,176.84
Bagasse	25.82	58.05
Fusel oil	-	1.39
	621.01	**1,236.28**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

21. OTHER INCOME

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Interest income on		
Loans, deposits, advances etc.	76.07	300.55
Refund from Income Tax Department	3.03	3.32
Long-term investments	0.01	0.02
Dividend income on Long-term investments	14.73	14.64
Insurance and Other Claims	3.15	0.30
Rent and Hire Charges	5.12	5.71
Unspent Liabilities and unclaimed Balances adjusted *	933.80	152.17
Land Dividend	-	54.23
Profit on tangible assets sold/discarded (net)	1.84	-
Miscellaneous Receipts	5.00	57.15
	1,042.75	**588.09**

* includes ₹ 587.55 lacs (₹ Nil) written back on the basis of a favourable judgement from Hon'ble Supreme Court.

22. COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Inventory at the beginning of the period	205.37	49.46
Add: Purchases and procurement expenses	65,251.58	54,755.13
Purchase tax & Cess	459.68	293.85
	65,916.63	**55,098.44**
Less: Inventory at the end of the period	1,043.39	205.37
	64,873.24	**54,893.07**

Details of raw materials consumed

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Sugarcane	64,795.90	52,722.60
Molasses	1,081.73	2,710.33
Bagasse	2,585.44	3,118.73
Power Steam	-	742.25
Biocompost	50.14	43.28
Press mud	28.19	45.85
Green Leaf (Cess)	20.90	23.52
Seed, Manures and fodder	7.82	10.05
	68,570.12	**59,416.61**
Less: Inter-unit transfer of own produced materials	3,696.88	4,523.54
	64,873.24	**54,893.07**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

22. COST OF RAW MATERIALS CONSUMED (Contd.)

Details of raw material inventory

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Sugarcane	165.85	-
Molasses	320.51	197.76
Bagasse	545.59	-
Press mud	11.44	7.61
	1,043.39	**205.37**

Details of Inter-unit transfer of own produced materials

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Sugar Cane	15.23	14.22
Molasses	1,028.46	1,287.13
Bagasse	2,601.66	2,435.40
Power Steam	-	742.25
Biocompost	50.14	43.28
Press mud	1.39	1.26
	3,696.88	**4,523.54**

23. DECREASE/(INCREASE) IN INVENTORIES

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Inventories at the end of the period		
Finished goods	51,991.80	21,872.63
Traded goods	11.96	2.59
Power - Banked	5.31	1.93
By Products	2,624.90	384.40
Goods under process	1,169.04	469.99
Agriculture Products - Standing Crop	11.88	10.60
Scrap	6.92	8.30
	55,821.81	**22,750.44**
Inventories at the beginning of the period		
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**
	(33,071.37)	**(7,261.21)**
Decrease/(Increase) of excise duty on inventories	**1,266.33**	**166.01**
	(31,805.04)	**(7,095.20)**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

23. DECREASE/(INCREASE) IN INVENTORIES (Contd.)

Details of purchase of traded goods

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Sugar	-	5,606.17
Diesel & Lubricants	837.25	877.78
	837.25	**6,483.95**

Details of inventory

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Finished goods		
Sugar	51,757.85	21,510.77
Spirit	199.00	335.99
Tea	34.95	25.87
	51,991.80	**21,872.63**
Traded goods		
Diesel & Lubricants	11.96	2.59
	11.96	**2.59**
By-products		
Molasses	2,057.58	252.04
Bagasse	567.32	132.36
	2,624.90	**384.40**
Goods under process		
Sugar	1,114.24	466.26
Molasses	54.80	3.73
	1,169.04	**469.99**

24. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Salaries, wages, bonus etc.	3,560.96	3,941.96
Contribution to provident & other funds	302.75	327.99
Gratuity expense (Note 30)	146.67	66.82
Employees' welfare expenses	128.26	142.90
	4,138.64	**4,479.67**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

25. OTHER EXPENSES

(₹ in lacs)

	Nine months Period ended 31st March, 2013		Year ended 30th June, 2012	
Consumption of stores and spares		1,255.16		1,366.31
Packing Materials		1,109.86		1,192.37
Power & Fuel		409.01		502.32
Repairs to and Maintenance of:				
Buildings		106.23		134.36
Machinery		1,173.30		1,033.43
Others		12.95		11.98
Rent		19.47		18.83
Rates & Taxes		34.68		44.90
Insurance		57.45		77.42
Payment to Auditors				
As Auditors				
Audit Fees		16.25		16.25
Limited Review Fees		6.78		9.75
In other capacity				
Tax Audit Fees		9.75		6.90
For Certificates and Other services		5.31		4.37
Reimbursement of Expenses		4.92		4.40
Payment to Cost Auditors		1.15		1.05
Commission on sales		220.31		247.60
Freight & forwarding charges etc.		252.05		265.81
Charity and Donations		0.64		1.94
Provision for bad and doubtful debts/advances (net)		6.14		3.61
Bad Debts, irrecoverable claims and advances written off	0.03		0.86	
Less: Adjusted against provisions	-	0.03	0.78	0.08
Loss on tangible assets sold/discarded (net)		-		18.89
Molasses Storage & Maintenance Reserve		1.88		3.06
Director's Sitting fees		1.45		2.05
Miscellaneous Expenses		697.46		728.34
		5,402.23		**5,696.02**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

26. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Depreciation of tangible assets	1,980.87	2,654.39
Amortisation of intangible assets	17.60	0.54
	1,998.47	**2,654.93**

27. FINANCE COSTS

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Interest	4,501.44	5,978.46
Other Borrowing Costs	55.12	208.68
	4,556.56	**6,187.14**

28. AGRICULTURAL INCOME/(LOSS)

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

(₹ in lacs)

	Nine months Period ended 31st March, 2013		Year ended 30th June, 2012	
Income				
Sales of products [including inter-transfers ₹15.23 lacs (₹ 14.22 lacs)]		17.01		30.64
Miscellaneous Receipts		0.84		0.55
		17.85		**31.19**
Expenses				
Raw Materials Consumed		7.82		10.05
(Increase)/Decrease in Stocks:				
Opening Stock	10.60		13.84	
Less: Closing Stock	11.88	(1.28)	10.60	3.24
Rent		1.88		4.42
Rates & Taxes		0.10		0.05
Employee benefits expenses:				
Salaries, Wages, Bonus etc.	8.49		15.92	
Contribution to Provident & Other Funds	0.11	8.60	0.13	16.05
Miscellaneous Expenses		5.15		7.66
		22.27		**41.47**
Agricultural Income / (Loss)		**(4.42)**		**(10.28)**

29. EARNINGS PER SHARE (EPS)

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

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Profit/(Loss) after tax	**1,264.86**	**(2,324.96)**
Net profit/(loss) for calculation of basic and diluted EPS	**1,264.86**	**(2,324.96)**
	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 (₹ 10)]		
Basic & Diluted	**10.94 ***	**(20.12)**
*** Not annualised**		

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 summarise 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)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Current service cost	50.95	68.03
Interest cost on benefit obligation	78.74	94.69
Expected return on plan assets	(68.21)	(78.17)
Net actuarial (gain)/loss recognised in the period	85.19	(17.73)
Net benefit expense	**146.67**	**66.82**
Actual return on plan assets	52.58	91.07

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

Balance Sheet

Net Benefit liability/(asset) (₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Present value of defined benefit obligation	1,372.39	1,297.28
Fair value of plan assets	1,044.22	1,029.27
Plan liability	**328.17**	**268.01**

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

	As at 31st March, 2013	As at 30th June, 2012
Opening defined benefit obligation	1,297.28	1,227.89
Current service cost	50.95	68.03
Interest cost	78.74	94.69
Benefits paid	(124.14)	(88.50)
Actuarial (gains)/losses on obligation	69.56	(4.83)
Closing defined benefit obligation	**1,372.39**	**1,297.28**

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

	As at 31st March, 2013	As at 30th June, 2012
Opening fair value of plan assets	1,029.27	1,016.17
Expected return	68.21	78.17
Contributions by employer	86.51	10.53
Benefits paid	(124.14)	(88.50)
Actuarial gains/(losses)	(15.63)	12.90
Closing fair value of plan assets	**1,044.22**	**1,029.27**

The Company expects to contribute ₹ 125.00 lacs (₹ 194.55 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:

	As at 31st March, 2013	As at 30th June, 2012
Investments with LIC	100%	100%

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

The principal assumptions are shown below:

	As at 31st March, 2013	As at 30th June, 2012
Discount rate	8.20%	8.50%
Expected rate of return on assets	9.00%	8.00%
Withdrawal Rates	Varying between 1.8% to 4.2% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

Amounts for the current and previous four periods are as follows: (₹ in lacs)

	31st March, 2013	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009
Gratuity					
Defined benefit obligation	1,372.39	1,297.28	1,227.89	1,116.03	919.54
Plan assets	1,044.22	1,029.27	1,016.17	976.92	968.96
Surplus/(deficit)	(328.17)	(268.01)	(211.72)	(139.11)	49.42
Experience (gain)/loss adjustments on plan liabilities	41.22	(4.83)	63.13	Not Available *	
Experience gains/(loss) adjustments on plan assets	(15.63)	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 overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Defined Contribution Plan : (₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Contribution to Provident/Pension Funds	300.64	325.84
Contribution to Superannuation Fund	2.11	2.15
	302.75	**327.99**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

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 cancellable.

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Lease payments made for the period *	19.47	18.83
Contingent rent recognised in Statement of profit and loss	-	-
	19.47	**18.83**

* including lease rent for use of agriculture land ₹ 1.88 lacs (₹ 4.42 lacs).

32. During the current period, the Company except for its Tea unit, has implemented SAP system under ERP platform. Accordingly, the Company has changed its method of valuation of inventory of raw materials and stores and spares from weighted average method to moving average method. However, this change has no material impact on profit for the current period.

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 organised 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.

33. SEGMENT INFORMATION (Contd.)

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

Business segments

Nine months period ended 31st March, 2013 (₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	**Total**
Revenue *						
Segment revenue	46,494.10	2,750.29	6,098.17	2,001.04	846.35	58,189.95
Less: Inter segment	4,046.54	50.14	2,879.35	-	-	6,976.03
Total revenue from operations (net)	**42,447.56**	**2,700.15**	**3,218.82**	**2,001.04**	**846.35**	**51,213.92**
Results						
Segment results	2,781.99	1,094.06	2,525.82	594.72	13.65	7,010.24
Unallocated Income/(Expenses) (net of unallocable expenses/ income)						(198.36)
Operating profit						**6,811.88**
Finance costs						4,556.56
Profit before tax						**2,255.32**
Current Tax						460.82
Deferred tax charge						529.64
Net profit for the period						**1,264.86**

As at 31st March, 2013 (₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	**Total**
Segment assets	76,242.26	4,653.05	14,565.65	1,228.63	22.39	96,711.98
Unallocated assets						6,458.49
Total assets						**1,03,170.47**
Segment liabilities	36,213.64	226.36	26.76	209.53	116.02	36,792.31
Unallocated liabilities						58,846.97
Total liabilities						**95,639.28**
Other segment information						
Capital expenditure						
Tangible & Intangible assets	159.37	3.70	-	146.84	-	**309.91**
Depreciation & Amotisation expense	1,157.99	207.75	587.14	45.13	0.46	**1,998.47**
Non-cash expenses	1.88	-	-	-	-	**1.88**

33. SEGMENT INFORMATION (Contd.)

Year ended 30th 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						**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)**

As at 30th June, 2012 (₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	**Total**
Segment assets	44,208.92	5,115.72	14,661.79	1,028.85	13.49	65,028.77
Unallocated assets						6,607.55
Total assets						**71,636.32**
Segment liabilities	11,105.76	218.42	68.56	174.39	114.46	11,681.59
Unallocated liabilities						53,690.28
Total liabilities						**65,371.87**
Other segment information						
Capital expenditure						
Tangible & Intangible assets	521.26	155.47	19.98	90.08	-	**786.79**
Depreciation & Amotisation expense	1,648.24	280.78	682.85	42.45	0.61	**2,654.93**
Non-cash expenses	3.06	-	-	-	-	**3.06**

33. SEGMENT INFORMATION (Contd.)

Geographical segments

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

(₹ in lacs)

Nine months period ended 31st March, 2013	India	Overseas	**Total**
Revenue*			
Revenue from operations	51,213.92	-	**51,213.92**
Other segment information			
Segment assets	96,711.98	-	**96,711.98**

(₹ in lacs)

Year ended 30th 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**

Note: All the fixed assets of the Company are located in India and 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

34. RELATED PARTY DISCLOSURES (Contd.)

Names of related parties and related party relationship		
Related parties where control exists		
	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 Smt. Nandini Nopany
	Mr Nitin Kumar	– Son of Shri Sukhvir Singh
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	The Oudh Sugar Mills Limited	
	Hargaon Investment & Trading Co. Ltd	
	Yashovardhan Investment & Trading Co. Ltd.	
	Uttam Commercial Limited	
	Manbhawani Investment Limited	
	Ronson Traders	

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the reporting period:

a. Sale of goods (₹ in lacs)

	Period ended	Sale of goods	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	230.29	-	-
	30th June, 2012	647.38	-	-

b. Purchase of goods (₹ in lacs)

	Period ended	Purchase of goods	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	175.64	-	-
	30th June , 2012	175.25	-	-

34. RELATED PARTY DISCLOSURES (Contd.)

c. Sale of fixed assets

(₹ in lacs)

	Period ended	Sale of fixed assets	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	-	-	-
	30th June, 2012	28.40	-	-

d. Purchase of fixed assets

(₹ in lacs)

	Period ended	Purchase of fixed assets	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	-	-	-
	30th June, 2012	48.95	-	-

e. Loans/Intercorporate deposits given and receipts thereof

(₹ in lacs)

	Period ended	Loan/ Intercoporate deposits given	Receipts	Interest accrued/ Received	Amount owed by related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
The Oudh Sugar Mills Limited	31st March, 2013		-	-	-
	30th June, 2012	-	3,500.00	242.42	-

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

34. RELATED PARTY DISCLOSURES (Contd.)

f. Loans/Intercorporate deposits and Fixed deposits taken and repayment thereof

(₹ in lacs)

	Period ended	Loan/ Intercoporate deposits taken	Repayments	Interest accrued/ Paid	Amount owed to related parties
Subsidiary company					
Uttar Pradesh Trading Company Limited	31st March, 2013	183.00	75.00	67.56	1,135.50
	30th June, 2012	824.00	97.00	27.90	1,027.50
Relatives of Key Management Personnel					
Others	31st March, 2013	-	-	0.50	5.00
	30th June, 2012	5.00	9.00	0.85	5.00
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Uttam Commercial Limited	31st March, 2013	-	-	6.29	60.00
	30th June, 2012	-	75.00	8.95	60.00
Yashovardhan Investment & Trading Co. Ltd.	31st March, 2013	2,000.00	-	101.81	2,000.00
	30th June, 2012	-	-	-	-
Hargaon Investment & Trading Co. Ltd	31st March, 2013	1,000.00	-	2.47	1,000.00
	30th June, 2012	-	-	-	-
Ronson Traders Limited	31st March, 2013	-	-	7.86	75.00
	30th June, 2012	75.00	-	9.98	75.00
Manbhawani Investment Limited	31st March, 2013	-	150.00	20.92	90.00
	30th June, 2012	-	-	33.65	240.00

34. RELATED PARTY DISCLOSURES (Contd.)

g. Receivable/Payable outstanding (net)

(₹ in lacs)

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	-	55.45	-
	30th June, 2012	-	25.81	-

h. Director's Sitting Fees

(₹ in lacs)

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Relatives of Key Management Personnel				
Shri Chandra Shekhar Nopany	31st March, 2013	0.33	-	-
	30th June, 2012	0.48	-	-

i. Remuneration to Key Managerial Personnel

(₹ in lacs)

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Smt. Nandini Nopany	31st March, 2013	25.20	-	-
	30th June, 2012	33.60	-	-
Shri C.B. Patodia	31st March, 2013	148.31	-	20.37
	30th June, 2012	156.23	-	3.77
Shri Sukhvir Singh	31st March, 2013	31.15	-	1.61
	30th June, 2012	35.43	-	0.73
Shri B.K. Sureka	31st March, 2013	15.38	-	0.44
	30th June, 2012	16.52	-	0.55
Shri Birinder Singh	31st March, 2013	14.23	-	2.65
	30th June, 2012	16.79	-	2.91
Shri S.S. Binani	31st March, 2013	19.53	-	-
	30th June, 2012	17.37	-	-
Shri S.K.Poddar	31st March, 2013	21.49	-	-
	30th June, 2012	25.96	-	0.63

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.

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

35. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 1,762.93 lacs (₹ 1,115.21 lacs).

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

36. CONTINGENT LIABILITIES

(₹ in lacs)

		31st March, 2013	30th June, 2012
(a)	Demands/Claims by various Government Authorities and others not acknowledged as debt and contested by the Company:		
	(i) Excise Duty & Service Tax	1,921.88	1,246.53
	(ii) Sales & Entry Tax	113.05	429.57
	(iii) Collection charges against Cane Dues	431.42	431.42
	(iv) Others	50.62	52.14
	Total	**2,516.97 ***	**2,159.66**
(b)	Outstanding towards crop loan disbursed to growers for which corporate guarantee is given to the banks	62.62	59.83
(c)	Bank Guarantees outstanding	24.00	208.13

* 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 the above mentioned cases and hence, no provision against these are considered necessary.

37. There is a diminution of ₹ 216.75 lacs (₹ 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 31st March 2013, 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)

		31st March, 2013	30th June, 2012
(i)	Principal amount remaining unpaid to any supplier at the end of accounting period (including retention money against performance).	37.89	32.52
(ii)	Interest due on above.	0.17	2.94
	Total of (i) & (ii)	**38.06**	**35.46**
(iii)	Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	14.62	9.90
(iv)	Amount paid to the suppliers beyond the respective due date.	63.71	63.58
(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.	1.13	0.97
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	1.30	3.91
(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

39. 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.

40. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Spare Parts	5.17	-
	5.17	**-**

41. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
a) Travelling	9.87	29.47
b) Others	-	1.20
	9.87	**30.67**

NOTES TO FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

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

	31st March, 2013		30th June, 2012	
	Consumption %	Value (₹ in lacs)	Consumption %	Value (₹ in lacs)
Raw Materials				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	64,873.24	100.00%	54,893.07
	100.00%	**64,873.24**	**100.00%**	**54,893.07**
Stores and Spares				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	1,255.16	100.00%	1,366.31
	100.00%	**1,255.16**	**100.00%**	**1,366.31**

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

43. The Ministry of Consumer Affairs, Food and Public Distribution, Government of India vide its Notification 281 (E) dated May 2, 2013 has dispensed away the levy obligation from sugar season 2012-13 onwards. Accordingly, all Sugar Stocks for the current sugar season have been valued as Free Sugar.

44. The accounting year of Cinnatolliah Tea Garden, a unit of the Company, used to close on 31st March, as against the Company accounts which used to close on 30th June which has now been changed to 31st March from current year. In view of above, the accounts of the said unit for twelve months period ended 31st March, 2013 have been considered in these accounts as against the Company's accounts for the nine months period ended 31st March, 2013.

45. The Company has changed its accounting year ending on 30th June to 31st March and hence the current period figures being for nine Months period from 1st July, 2012 to 31st March,2013 are not comparable with those of the previous year.

46. Previous year's figures including those given in brackets have been re-grouped/rearranged wherever necessary.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

UPPER GANGES SUGAR & INDUSTRIES LIMITED

We have audited the accompanying consolidated financial statements of Upper Ganges Sugar & Industries Limited ("the Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

As indicated in Note 15 to the Consolidated financial statements, the Company has recognized Deferred Tax Asset (DTA) (net) of ₹ 2,776.77 lacs (after adjusting reversal of ₹ 529.64 lacs during the period) up to March 31, 2013, based on the future profitability projections made by the management. In our opinion, in the absence of virtual certainty about the above projections, as required in terms of Accounting Standard – 22, had the above impact been considered, the reported profit of ₹ 1,400.18 lacs for the period (after adjusting DTA of ₹ 3,306.41 lacs recognised up to June 30, 2012) would turn into a loss of ₹ 1,376.59 lacs and the reserves and surplus balance would be ₹ 5,990.61 lacs as against the reported figure of ₹ 8,767.38 lacs as on the balance sheet date.

Our audit opinion on the financial statements for the previous year was also qualified in respect of the above matter.

QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of the matter stated in the Basis for*

Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the period ended on that date; and

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

OTHER MATTER

We did not audit total assets of ₹ 4,448.69 lacs as at March 31, 2013, total revenues of ₹ 243.59 lacs and net cash outflows amounting to ₹ 25.31 lacs for the period then ended, included in the accompanying consolidated financial statements in respect of the subsidiary, whose financial statements and other financial information have been audited by other auditor and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiary is based solely on the report of other auditor. Our opinion is not qualified in respect of this matter.

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
Firm Registration Number: 301003E

per R.K. Agrawal
Partner
Membership Number: 16667

Place: Kolkata.
Date: 15th May, 2013

CONSOLIDATED BALANCE SHEET

as at 31st March, 2013

(₹ in lacs)

	Notes	As at 31st March, 2013	As at 30th June, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,155.73	1,155.73
Reserves and Surplus	4	8,767.38	7,365.32
		9,923.11	**8,521.05**
Non-Current Liabilities			
Long-term borrowings	5	12,905.60	15,914.97
Other long-term liabilities	6	585.94	499.94
Long-term provisions	7	639.83	136.71
		14,131.37	**16,551.62**
Current Liabilities			
Short-term borrowings	8	39,650.91	30,395.78
Trade payables	9	27,177.09	9,119.09
Other current liabilities	9	13,971.54	8,643.59
Short-term provisions	7	178.12	244.05
		80,977.66	**48,402.51**
Total		**1,05,032.14**	**73,475.18**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	33,538.72	35,222.03
Intangible Assets	11	98.31	1.38
Capital Work-in-Progress	12	816.19	761.12
Intangible Assets under development	13	-	132.37
Non-Current Investments	14	3,865.47	3,863.52
Deferred Tax Assets (net)	15	2,776.77	3,306.41
Other Non Current Assets	18.2	15.00	-
Long-term Loans and Advances	16	859.66	676.01
		41,970.12	**43,962.84**
Current Assets			
Inventories	17	58,133.90	23,998.55
Trade Receivables	18.1	2,760.61	3,700.27
Cash and Bank balances	19	876.97	570.65
Short-term Loans and Advances	16	1,187.89	1,026.06
Other Current Assets	18.2	102.65	216.44
		63,062.02	**29,511.97**
Tea Department Balance		**-**	**0.37**
Total		**1,05,032.14**	**73,475.18**
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. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for nine months period ended 31st March, 2013

(₹ in lacs)

	Notes	Nine Months period ended 31st March, 2013	Year ended 30th June, 2012
INCOME			
Revenue from Operations (Gross)	20	52,939.23	73,716.30
Less: Excise duty		1,473.44	2,249.10
Cess		251.87	419.33
Revenue from Operations (net)		**51,213.92**	**71,047.87**
Other Income	21	1,194.85	792.81
Total Revenue (I)		**52,408.77**	**71,840.68**
EXPENSES			
Cost of Raw Materials consumed	22	64,873.24	54,893.07
Purchase of Traded Goods	23	837.25	6,483.95
(Increase)/Decrease in Inventories of Finished Goods, Traded Goods and Goods under Process	23	(31,805.04)	(7,095.20)
Employee benefits expense	24	4,138.64	4,479.67
Other Expenses	25	5,420.14	5,718.98
Total (II)		**43,464.23**	**64,480.47**
Profit before Finance Costs, Tax, Depreciation & Amortisation and Exceptional Item [(I) - (II)]		**8,944.54**	**7,360.21**
Depreciation and Amortisation expenses	26	1,998.47	2,654.93
Finance Costs	27	4,555.43	6,186.57
Profit/(Loss) before Exceptional Item and Tax		**2,390.64**	**(1,481.29)**
Less/Add: Exceptional Item		**-**	**1,891.58**
Profit/(Loss) before Tax		**2,390.64**	**(3,372.87)**
Tax expenses			
Current tax		460.82	87.63
Deferred tax charge/(credit)		529.64	(1,317.84)
Provision for Income Tax no longer required written back		-	0.06
Total tax expense/(credit)		**990.46**	**(1,230.27)**
Profit/(Loss) for the period		**1,400.18**	**(2,142.60)**
Earnings per equity share [Nominal value of share ₹ 10 each (₹ 10)]	29	₹	₹
Basic & Diluted		**12.12**	**(18.54)**
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. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

CONSOLIDATED CASH FLOW STATEMENT

for the nine months period ended 31st March, 2013

(₹ in lacs)

		As at 31st March, 2013	As at 30th June, 2012
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before Tax	2,390.64	(3372.87)
	Adjustments to reconcile:		
	Depreciation and Amortisation expenses	1,998.47	2,654.93
	Finance Costs	4,555.43	6,186.57
	(Profit)/Loss on Tangible Assets sold/discarded (net)	(1.84)	18.89
	Bad Debts, irrecoverable claims and advances written off	0.03	0.08
	Provision for bad and doubtful debts/advances	6.14	3.61
	Contingent provisions against Standard Assets	-	2.66
	Molasses Storage & Maintenance Reserve	1.88	3.06
	Unspent Liabilities and unclaimed Balances adjusted	(933.80)	(152.17)
	Interest Income	(79.11)	(303.89)
	Dividend Income	(166.83)	(273.59)
	Operating Profit before Working Capital Changes:	**7,771.01**	**4,767.28**
	Increase in Trade Payables	18,991.80	5,906.18
	Increase/(decrease) in long term Provisions	136.35	(64.66)
	Increase/(decrease) in short term Provisions	(65.93)	120.07
	Increase in other current liabilities	7,091.86	123.89
	(Decrease) in other long term liabilities	(0.05)	(0.72)
	(Increase)/decrease in Trade Receivables	939.63	(2,439.51)
	(Increase)/decrease in long term Loans & Advances	(4.24)	1.70
	(Increase)/decrease in short term Loans & Advances	(176.44)	441.43
	Decrease in other non current assets	(15.00)	0.00
	Decrease in other current assets	126.45	343.86
	(Increase)/decrease in Tea Department Balance	0.37	(0.43)
	(Increase)/decrease in Inventories	(34,135.35)	(7,518.84)
	CASH GENERATED FROM OPERATIONS:	**660.46**	**1,680.25**
	Direct Taxes Paid	(70.62)	(123.25)
	NET CASH FROM OPERATING ACTIVITIES	**589.84**	**1,557.00**

(₹ in lacs)

		As at 31st March, 2013	As at 30th June, 2012
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Proceeds from sale of Tangible Assets	4.07	84.50
	Purchase of Fixed Assets including Capital Advances	(555.58)	(867.26)
	Sale of Non-current Investments	0.01	1.40
	Purchase of Non-current investments	(1.96)	-
	Loans Received Back	6.48	3,504.31
	Interest Received	66.45	292.46
	Dividend Received	166.83	273.59
	Deposits under Tea Development Account Scheme	(122.00)	(134.31)
	Fixed Deposits	(107.00)	(59.00)
	Receipt of Capital Subsidy	19.03	79.12
	NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**(523.67)**	**3,174.81**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of Long Term Loans	(4,607.22)	(7,085.06)
	Proceeds from Long Term Loans	-	8,000.00
	Proceeds from Short Term Borrowings (net)	9,255.13	813.58
	Interest Paid	(4,459.64)	(6,388.11)
	Other Borrowing Cost	(55.12)	(208.68)
	NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**133.15**	**(4,868.27)**
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**199.32**	**(136.46)**
	Cash & Cash Equivalents at the beginning of the period	**231.03**	**367.49**
	Cash & Cash Equivalents at the end of the period *	**430.35**	**231.03**

* represents Cash and Bank Balances as indicated in Note 19 and excludes ₹ 446.62 lacs (₹ 339.62 lacs) being balances having maturity of more than 3 months.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of Upper Ganges Sugar & Industries Limited ("the Company") and its subsidiary company, 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 unrealised profit/loss included therein in accordance with Accounting Standard (AS-21) "Consolidated Financial Statement" .

(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) 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.

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

Name	Country of Incorporation	% of ownership/voting power	
		As on 31st March, 2013	As on 31st March, 2012
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 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.

2.1 Summary of Significant Accounting Policies

(a) 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.

(b) 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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costs 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.

(c) 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. Based on this, the Company has depreciated its assets based on the rates prescribed in the Schedule XIV of the Companies Act, 1956.

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.

(d) Intangible Assets

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

Intangible assets are amortised 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 is five years from the date when the asset is available for use. Such intangible assets 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 have been impaired.

The amortisation period and the amortisation 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 amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets being Specialised Software are amortised on a straight line basis over a period of 5 years.

(e) 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 capitalised 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.

(f) 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 or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(g) Impairment of Tangible and Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine, 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 which is greater of the asset's net selling price and value in use. In assessing the 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.

(h) 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.

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

(i) 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/ Non-Current Investments.

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

(j) Inventories

Raw Materials, stores and spares are valued at lower of cost and net realisable value. However, these items are

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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. Cost of raw materials and stores and spares is detemined on annual weighted average/moving average method.

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 is determined on 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.

(k) 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, which usually coincides on delivery of the goods. The Company collects Sales Tax(s) and Value Added Taxes (VAT) on behalf of the government and, therefore, these not being economic benefits flowing to the Company, 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 period.

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.

(l) 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 period 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 amortised 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 period 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 period.

(m) 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 period when the contributions to the respective funds are due. The Company has no obligation other than contributions to the respective funds.

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.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The Company presents the leave as current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its setllement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non current liability.

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

(n) 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 period and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the period 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

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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 unrecognised deferred tax assets. It recognises unrecognised 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 period 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.

(o) Segment Reporting

Identification of Segments

The Group has identified that its operating segments are the primary segments. The Company's operating businesses are organised 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.

(p) Earnings Per Share

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

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

(q) 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.

(r) 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.

(s) 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.

(t) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(u) 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.

(v) 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 recognise a contingent liability but discloses its existence in the financial statements.

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3. SHARE CAPITAL

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Authorised:		
1,60,00,000 (1,60,00,000) Equity Shares of ₹ 10/- each	1,600.00	1,600.00
16,00,000 (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:		
1,15,57,239 (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 31st March, 2013		As at 30th June, 2012	
	No. of shares	₹ in lacs	No. of shares	₹ in lacs
Equity shares of ₹ 10/- each				
Outstanding at the beginning and end of the period	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 on the shares held by them.

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

Name of the shareholder	As at 31st March, 2013		As at 30th June, 2012	
	No. of shares	% holding in the class	No. of shares	% holding in the class
SIL Investments Limited	15,47,016	13.39%	15,47,016	13.39%
New India Retailing & Investment Limited	9,69,021	8.38%	9,69,021	8.38%
Mrs Nandini Nopany	8,11,090	7.02%	8,11,090	7.02%
Yashovardhan Investment & Trading Co. Ltd.	6,58,289	5.70%	5,58,289	4.83%
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.

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4. RESERVES AND SURPLUS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
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	409.93	373.61
Add: Transfer from statement of Profit & Loss	27.25	36.32
	437.18	**409.93**
Securities Premium Account		
As per the last financial statements	**6,583.34**	**6,583.34**
Molasses Storage and Maintenance Reserve		
Balance as per the last financial statements	49.06	56.88
Add: Provided during the period	1.88	3.06
	50.94	59.94
Less: Utilised during the period	-	10.88
Closing balance	**50.94**	**49.06**
General Reserve		
Balance as per the last financial statements	**778.44**	**778.44**
Surplus/(Deficit) in the Statement of Profit and Loss*		
Balance as per last financial statements	(839.62)	1,339.30
Profit/(Loss) for the period	1,400.18	(2,142.60)
Less: Transfer to Reserve Fund	27.25	36.32
Net Surplus/(Deficit) in the Statement of Profit and Loss	**533.31**	**(839.62)**
Total Reserves and Surplus	**8,767.38**	**7,365.32**

*after adjusting ₹ 7,200 lacs being transfer from General Reserve during years 2006-07 to 2010-11 to set off the debit balance in Profit & Loss Account.

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5. LONG-TERM BORROWINGS

(₹ in lacs)

	Non-Current portion		Current portion	
	As at 31st March, 2013	As at 30th June , 2012	**As at 31st March, 2013**	As at 30th June, 2012
Term Loans (Secured):				
From Banks -				
Under Project Finance / Corporate Loan Scheme	7,069.00	9,113.00	2,992.00	4,689.07
From Sugar Development Fund	5,187.21	6,058.41	871.20	863.66
Other Loans and Advances (unsecured):				
Fixed Deposits from related parties (Note 34f)	-	5.00	5.00	-
Fixed Deposits from others	649.39	738.56	617.48	530.57
	12,905.60	**15,914.97**	**4,485.68**	**6,083.30**
Less: Amount disclosed under the head "other current liabilities" (Note 9)			4,485.68	6,083.30
Net amount	**12,905.60**	**15,914.97**	-	-

(a) Term Loans from Banks carry interest in the range of 12.50% to 14.50% and are secured by first mortgage/ charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation plant) , Sidhwalia & 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 ₹ 5,500 lacs is also secured by pledge of certain shares held as investments.

The above loans are repayable as under.

(₹ in lacs)

Disbursed To	**Balance as at 31st March, 2013**	Repayment Schedule
i. Seohara Sugar Unit	5,500.00	20 Quarterly installments ending on January 2019.
ii. Sidhwalia Sugar Unit	800.00	21 Monthly installments ending on September 2013.
iii. Sidhwali Sugar & Co-Generation unit	1,869.00	20 Quarterly installments ending on September 2014.
iv. Hasanpr Sugar Unit	1,892.00	20 Quarterly installments ending on March 2015.
	10,061.00	

(b) Term loans from the Sugar Development Fund, carry interest @ 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)

Disbursed To		Balance as at 31st March, 2013	Repayment Schedule
i.	Seohara Co-generation unit	1,674.60	10 half yearly installments ending on September 2015.
ii.	Sidhwalia Sugar unit	3,376.99	5 yearly installments ending on September 2019.
iii.	Sidhwalia Co-generation unit	1,006.82	10 half yearly installments ending on February 2018.
		6,058.41	

(c) 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 their tenure.

6. OTHER LONG-TERM LIABILITIES

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Interest accrued but not due on borrowings	553.55	467.50
Trade and other deposits	32.39	32.44
	585.94	**499.94**

7. PROVISIONS

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Provision for employee benefits				
Gratuity (Note 30)	203.17	73.46	125.00	194.55
Leave	69.89	63.25	45.00	38.86
	273.06	**136.71**	**170.00**	**233.41**
Other provisions				
For income tax	366.77	-	-	-
For wealth tax	-	-	4.69	7.21
For Standard Assets	-	-	3.43	3.43
	366.77	**-**	**8.12**	**10.64**
	639.83	**136.71**	**178.12**	**244.05**

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8. SHORT-TERM BORROWINGS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Cash Credit from banks (secured) (repayable on demand)	29,138.91	21,117.78
Other Loans & Advances (Unsecured)		
Inter-Corporate Deposits		
From related parties (Note 34f)	3,225.00	375.00
From others	7,120.00	8,770.00
From Co-operative Farming Societies	167.00	133.00
	39,650.91	**30,395.78**

(a) Cash credit borrowings other than from District Co-operative Banks and Development Credit Bank (Commodity Finance) are secured by hypothecation of the entire current assets of the Company ranking pari passu amongst the various lenders. In addition, cash credit borrowings from State Bank of India, Punjab National Bank and Development Credit Bank 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 of ₹ 8,922.40 lacs from District Co-operative Banks and Development Credit Bank (Commodity Finance) are secured by pledge of the stock of Sugar pertaining to Sugar unit at Seohara and Sidhwalia respectively.

Cash Credit borrowings carry interest ranging between 10.20% to 14.50% p.a .

9. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Trade payables (refer Note 38 for details of dues to micro and small enterprises)	27,177.09	9,119.09
Other liabilities:		
Current maturities of long-term borrowings (Note 5)	4,485.68	6,083.30
Payable towards deduction against crop loan by a Bank	5,971.11	-
Payable towards purchase of capital goods	138.81	259.49
Advance against Sales	207.68	136.29
Interest accrued but not due on borrowings, deposits etc.	336.57	381.95
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed Matured Fixed Deposits	0.78	1.01
Unclaimed dividend	4.05	12.33
Others -		
Statutory dues	275.24	278.60
Excise Duty on Closing Stocks	1,843.23	756.46
Crop Loan from a Bank pending disbursment to cane growers	494.27	644.42
Miscellaneous	214.12	89.74
	13,971.54	**8,643.59**
	41,148.63	**17,762.68**

10. TANGIBLE ASSETS

(₹ in lacs)

	Freehold Land (a)	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	**Total (c)**
Cost or valuation								
At 1st July, 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	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**
Additions	-	-	68.43	187.91	6.33	25.05	12.07	299.79(b)
Disposals	-	-	-	10.35	0.03	10.91	0.74	22.03
At 31st March, 2013	**871.85**	**94.55**	**4,549.38**	**51,962.23**	**196.85**	**329.89**	**250.26**	**58,255.01**
Depreciation								
At 1st July, 2011	-	94.55	878.85	18,808.29	136.20	180.82	85.06	20,183.77
Charge for the period	-	-	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**
Charge for the period	-	-	79.11	1,837.70	12.85	17.01	34.20	1,980.87
Disposals	-	-	-	8.90	0.03	10.36	0.51	19.80
At 31st March, 2013	**-**	**94.55**	**1,058.42**	**23,082.22**	**153.81**	**193.59**	**133.70**	**24,716.29**
Net Block								
At 30th June, 2012	**871.85**	**-**	**3,501.64**	**30,531.25**	**49.56**	**128.81**	**138.92**	**35,222.03**
At 31st March, 2013	**871.85**	**-**	**3,490.96**	**28,880.01**	**43.04**	**136.30**	**116.56**	**33,538.72**

(a) Title deeds for ₹ 19.77 lacs (₹ 22.65 lacs) are yet to be executed in favour of the Company.

(b) Net of Capital Subsidy of ₹ 19.03 lacs (₹ Nil).

(c) Includes assets held in joint ownership with others, Gross Block ₹ 298.24 lacs (₹ 297.59 lacs) and Net Block ₹ 175.35 lacs (₹ 179.18 lacs).

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11. INTANGIBLE ASSETS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Computer Software:		
At the beginning of the period	3.33	3.33
Additions	114.53	-
At the end of the period	**117.86**	**3.33**
Amortisation		
At the beginning of the period	1.95	1.41
Charge for the period	17.60	0.54
At the end of the period	**19.55**	**1.95**
Net block	**98.31**	**1.38**

12. CAPITAL WORK-IN-PROGRESS

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	761.12	749.74
Add: Additions during the period	112.03	519.27
	873.15	1,269.01
Less: Transfer to Tangible Assets during the period	56.96	507.89
Balance carried to Balance Sheet	**816.19**	**761.12**

13. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Balance brought forward from the previous year	132.37	22.06
Add: Additions during the period	29.82	110.31
	162.19	132.37
Less: Transferred to Intangible Assets during the period	114.53	-
Amount recovered from a party	47.66	-
Balance carried to Balance Sheet	**-**	**132.37**

14. NON-CURRENT INVESTMENTS

(₹ in lacs)

	Number of Units/Shares	Face Value Per Unit/ Share	**As at 31st March, 2013**	As at 30th June, 2012
Non Trade				
(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 Textile Industries Limited	20,27,798 (a)	10.00	593.89	593.89
Manbhawani Investment Limited	73,500	10.00	2.25	2.25
Manavata 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	24,500	10.00	2.45	0.49
	(4900)			
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
			25.19	**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		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

14. NON-CURRENT INVESTMENTS (Contd.)

(₹ in lacs)

	Number of Units/Shares	Face Value Per Unit/ Share	**As at 31st March, 2013**	As at 30th June, 2012
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				
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)		0.12	0.13
			0.28	**0.29**
			3,865.47	**3,863.52**
Aggregate amount of quoted investments [Market value: ₹ 6913.33 lacs (₹ 7003.57 lacs)]			3,813.81	3,813.81
Aggregate amount of unquoted investments			51.66	49.71

a) Includes 19,00,000 and 19,50,000 shares of Chambal Fertilzers and Chemicals Ltd.and Sutlej Textiles & Industries Ltd. respectively pledged against term loan of ₹ 5500 lacs 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 cost of following unquoted investments in equity shares (fully paid up) has been written off in the past, though quantity thereof appears in the books.

Name of the Company	No. of shares	Face Value per share (in ₹)
Chandausi Rice Mills Ltd. (in liquidation)	2,000	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)	21,000	10.00
Maruti Limited (in liquidation)	40,000	10.00
APV Texmaco Limited (in liquidation)	20,400	10.00

15. DEFERRED TAX ASSET (NET)

(₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Deferred Tax Asset		
Carry forward of Unabsorbed Depreciation & Business Losses	8,994.77	9,339.27
Expenditure allowable against taxable income in future years	869.51	876.59
	9,864.28	**10,215.86**
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	7,087.51	6,909.45
	7,087.51	**6,909.45**
Net Deferred Tax Asset	**2,776.77**	**3,306.41**

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 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
(Unsecured, considered good except stated otherwise)				
Capital advances				
Secured	**67.00**	-	-	-
Unsecured	**237.91**	**226.06**	-	-
	304.91	**226.06**	-	-
Sundry Deposits	**12.99**	**12.94**	**45.00**	**35.00**
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good *	-	-	455.84	419.97
Considered doubtful	48.92	42.78	-	-
	48.92	42.78	455.84	419.97
Less: Provision for doubtful advances	48.92	42.78	-	-
	-	-	**455.84**	**419.97**
Other loans and advances Considered good				
Loan to employees	-	-	2.09	8.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

16. LOANS AND ADVANCES

(₹ in lacs)

	Non-Current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Deposits against demand under appeal and/or under dispute	-	-	175.98	143.04
Claims Receivable	-	-	9.77	4.02
Prepaid Expenses	5.03	6.98	35.01	89.69
Advance payment of Income Tax and Tax deducted at source after adjusting provisions	74.60	98.03	-	-
Balances with Excise and Other Government Authorities	-	-	371.55	224.99
Balance with Tea Development Account Scheme, 1990	462.13	332.00	92.65	100.78
Considered doubtful				
Loan to others	23.16	23.16	-	-
	564.92	460.17	687.05	571.09
Less: Provision for doubtful Loans	23.16	23.16	-	-
	541.76	**437.01**	**687.05**	**571.09**
	859.66	**676.01**	**1,187.89**	**1,026.06**

* Includes ₹ 83.77 lacs (₹ 38.82 lacs) recoverable from related parties (Note 34g)

17. INVENTORIES

(₹ in lacs)

	Notes	**As at 31st March, 2013**	As at 30th June, 2012
Valued at Lower of Cost and Net Realisable Value			
Raw materials	22	1,043.39	205.37
Goods under process	23	1,169.04	469.99
Finished goods	23	51,991.80	21,872.63
Traded goods	23	11.96	2.59
Stores, Chemicals and Spare Parts etc.		1,268.70	1,042.74
Power - Banked	23	5.31	1.93
Agriculture Products - Standing Crop	23	11.88	10.60
Valued at Estimated Realisable Value			
By-Products	23	2,624.90	384.40
Scrap	23	6.92	8.30
		58,133.90	**23,998.55**
The above includes stock in transit:			
Stores, Chemicals and Spare Parts etc.		39.85	38.32

18. TRADE RECEIVABLES AND OTHER ASSETS

18.1 Trade receivables

(₹ in lacs)

	Non-Current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	26.92	40.28
Considered doubtful	43.04	43.04	-	-
	43.04	**43.04**	**26.92**	**40.28**
Less: Provision for doubtful trade receivables	43.04	43.04	-	-
	-	-	**26.92**	**40.28**
Other receivables				
Unsecured, considered good	-	-	2,733.69	3,659.99
	-	-	**2,733.69**	**3,659.99**
	-	-	**2,760.61**	**3,700.27**

18.2 Other assets

(₹ in lacs)

	Non-Current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
(Unsecured, considered good, Unless stated otherwise)				
Non Current bank balances (Note 19)	15.00	-	-	-
Considered good				
Interest accrued on Loans, Advances, Deposits, Investments etc.	-	-	50.32	37.66
Claims Receivable towards Subsidies & Incentives	-	-	52.33	178.78
Considered doubtful				
Interest accrued on Loans, Advances, Deposits, Investments etc.	3.89	3.89	-	-
	18.89	3.89	102.65	216.44
Less: Provision for doubtful items	3.89	3.89	-	-
	15.00	**-**	**102.65**	**216.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

19. CASH AND BANK BALANCES

(₹ in lacs)

	Non -Current		Current	
	As at 31st March, 2013	As at 30th June, 2012	**As at 31st March, 2013**	As at 30th June, 2012
Cash and cash equivalent:				
Balances with banks				
Current accounts			105.47	112.66
Savings accounts			0.02	0.02
Tea Development account			0.26	0.12
Unpaid dividend account			4.05	12.33
Deposits with original maturity of less than 3 months			249.04	75.00
Cheque in hand			19.65	10.68
Cash on hand			51.86	20.22
			430.35	**231.03**
Deposits with original maturity of more than 3 months and not more than 12 months *#	-	-	431.50	339.50
Deposits with original maturity of more than 12 months #	15.00	-	15.00	-
In Post office savings bank account	-	-	0.12	0.12
	15.00	**-**	**446.62**	**339.62**
Less: Amount disclosed under non-current assets (Note 18.2)	15.00	-	-	-
	-	-	**876.97**	**570.65**

* Includes ₹ 126.00 lacs (₹ 124.00 lacs) towards earmarked accounts.

Receipts/Pass Book for ₹ 40.58 lacs (₹ 15.59 lacs) pledged/lodged with various Government Authorities as security.

20. REVENUE FROM OPERATIONS

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Revenue from operations		
Sale of products		
Finished goods	48,126.01	60,155.49
Traded goods	846.35	7,216.24
Power	3,218.82	4,882.78
By products	621.01	1,236.28
Others	72.36	46.72
	52,884.55	**73,537.51**
Other operating revenue		
Proceeds from Agriculture Products	3.81	16.42
Excise duty subsidy	-	124.53
Tea replanting Subsidy	-	9.06
Scrap Sales	50.87	28.78
Revenue from operations (gross)	**52,939.23**	**73,716.30**
Less: Excise duty	1,473.44	2,249.10
Cess	251.87	419.33
Revenue from operations (net)	**51,213.92**	**71,047.87**

Detail of products sold

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Finished goods		
Sugar	43,135.49	52,239.87
Spirit	2,956.85	5,961.78
Carbon-di-oxide	31.30	55.49
Tea	2,002.37	1,898.35
	48,126.01	**60,155.49**
Traded goods sold		
Sugar	-	6,321.22
Diesel & Lubricants	846.35	895.02
	846.35	**7,216.24**
By products sold		
Molasses	595.19	1,176.84
Bagasse	25.82	58.05
Fusel oil	-	1.39
	621.01	**1,236.28**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

21. OTHER INCOME

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Interest income on		
Loans, deposits, advances etc.	76.07	300.55
Refund from Income Tax Department	3.03	3.32
Long-term investments	0.01	0.02
Dividend income on Long-term investments	166.83	219.36
Insurance and Other Claims	3.15	0.30
Rent and Hire Charges	5.12	5.71
Unspent Liabilities and unclaimed Balances adjusted *	933.80	152.17
Land Dividend	-	54.23
Profit on tangible assets sold/discarded (net)	1.84	-
Miscellaneous Receipts	5.00	57.15
	1,194.85	**792.81**

* includes ₹ 587.55 lacs (₹ Nil) written back on the basis of a favourable judgement from Hon'ble Supreme Court.

22. COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Inventory at the beginning of the period	205.37	49.46
Add: Purchases and procurement expenses	65,251.58	54,755.13
Purchase tax & Cess	459.68	293.85
	65,916.63	**55,098.44**
Less: Inventory at the end of the period	1,043.39	205.37
	64,873.24	**54,893.07**

Details of raw materials consumed

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Sugarcane	64,795.90	52,722.60
Molasses	1,081.73	2,710.33
Bagasse	2,585.44	3,118.73
Power Steam	-	742.25
Biocompost	50.14	43.28
Press mud	28.19	45.85
Green Leaf (Cess)	20.90	23.52
Seed, Manures and fodder	7.82	10.05
	68,570.12	**59,416.61**
Less: Inter-unit transfer of own produced materials	3,696.88	4,523.54
	64,873.24	**54,893.07**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

22. COST OF RAW MATERIALS CONSUMED (Contd.)

Details of raw material inventory

(₹ in lacs)

	Nine months Period ended 31st March, 2013	As at 30th June, 2012
Sugarcane	165.85	-
Molasses	320.51	197.76
Bagasse	545.59	-
Press mud	11.44	7.61
	1,043.39	**205.37**

Details of Inter-unit transfer of own produced materials

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Sugarcane	15.23	14.22
Molasses	1,028.46	1,287.13
Bagasse	2,601.66	2,435.40
Power Steam	-	742.25
Biocompost	50.14	43.28
Press mud	1.39	1.26
	3,696.88	**4,523.54**

23. DECREASE/(INCREASE) IN INVENTORIES

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Inventories at the end of the period		
Finished goods	51,991.80	21,872.63
Traded goods	11.96	2.59
Power - Banked	5.31	1.93
By Products	2,624.90	384.40
Goods under process	1,169.04	469.99
Agriculture Products - Standing Crop	11.88	10.60
Scrap	6.92	8.30
	55,821.81	**22,750.44**
Inventories at the beginning of the period		
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**
	(33,071.37)	**(7,261.21)**
Decrease/(Increase) of excise duty on inventories	**1,266.33**	**166.01**
	(31,805.04)	**(7,095.20)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

23. DECREASE/(INCREASE) IN INVENTORIES (Contd.)

Details of purchase of traded goods

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Sugar	-	5,606.17
Diesel & Lubricants	837.25	877.78
	837.25	**6,483.95**

Details of inventory (₹ in lacs)

	As at 31st March, 2013	As at 30th June, 2012
Finished goods		
Sugar	51,757.85	21,510.77
Spirit	199.00	335.99
Tea	34.95	25.87
	51,991.80	**21,872.63**
Traded goods		
Diesel & Lubricants	11.96	2.59
	11.96	**2.59**
By-products		
Molasses	2,057.58	252.04
Bagasse	567.32	132.36
	2,624.90	**384.40**
Goods under process		
Sugar	1,114.24	466.26
Molasses	54.80	3.73
	1,169.04	**469.99**

24. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Salaries, wages, bonus etc.	3,560.96	3,941.96
Contribution to provident & other funds	302.75	327.99
Gratuity expense (Note 30)	146.67	66.82
Employees' welfare expenses	128.26	142.90
	4,138.64	**4,479.67**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

(₹ in lacs)

25. OTHER EXPENSES

	Nine months Period ended 31st March, 2013		Year ended 30th June, 2012	
Consumption of stores and spares		1,255.16		1,366.31
Packing Materials		1,109.86		1,192.37
Power & Fuel		409.01		502.32
Repairs to and Maintenance of:				
Buildings		106.23		134.36
Machinery		1,173.30		1,033.43
Others		12.95		11.98
Rent		19.47		18.83
Rates & Taxes		34.75		44.97
Insurance		57.45		77.42
Payment to Auditors				
As Auditors				
Audit Fees		16.33		16.31
Limited Review Fees		6.78		9.75
In other capacity				
Tax Audit Fees		9.75		6.90
For Certificates and Other services		5.35		4.41
Reimbursement of Expenses		4.92		4.40
Payment to Cost Auditors		1.15		1.05
Commission on sales		220.31		247.60
Freight & forwarding charges etc.		252.05		265.81
Charity and Donations		0.64		1.94
Provision for bad and doubtful debts/advances		6.14		3.61
Provision for standard assets		-		2.66
Bad Debts, irrecoverable claims and advances written off	0.03	-	0.86	
Less: Adjusted against provisions	-	0.03	0.78	0.08
Loss on tangible assets sold/discarded (net)		-		18.89
Molasses Storage & Maintenance Reserve		1.88		3.06
Director's Sitting fees		1.48		2.10
Miscellaneous Expenses		715.15		748.42
		5,420.14		**5,718.98**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

26. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Depreciation of tangible assets	1,980.87	2,654.39
Amortisation of intangible assets	17.60	0.54
	1,998.47	**2,654.93**

27. FINANCE COSTS

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Interest	4,500.31	5,977.89
Other Borrowing Costs	55.12	208.68
	4,555.43	**6,186.57**

28. AGRICULTURAL INCOME/(LOSS)

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

(₹ in lacs)

	Nine months Period ended 31st March, 2013		Year ended 30th June, 2012	
Income				
Sales of products [including inter-transfers ₹ 15.23 lacs (₹ 14.22 lacs)]		17.01		30.64
Miscellaneous Receipts		0.84		0.55
		17.85		**31.19**
Expenses				
Raw Materials Consumed		7.82		10.05
Decrease/(Increase) in Stocks:				
Opening Stock	10.60		13.84	
Less: Closing Stock	11.88	(1.28)	10.60	3.24
Rent		1.88		4.42
Rates & Taxes		0.10		0.05
Employee benefits expense:				
Salaries, Wages, Bonus etc.	8.49		15.92	
Contribution to Provident & Other Funds	0.11	8.60	0.13	16.05
Miscellaneous Expenses		5.15		7.66
		22.27		**41.47**
Agricultural Income/(Loss)		**(4.42)**		**(10.28)**

29. EARNINGS PER SHARE (EPS)

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

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Profit/(Loss) after tax	**1,400.18**	**(2,142.60)**
Net profit/(loss) for calculation of basic and diluted EPS	**1,400.18**	**(2,142.60)**
	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 (₹ 10)]		
Basic & Diluted	**12.12 ***	**(18.54)**
***Not annualised**		

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 summarise 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)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Current service cost	50.95	68.03
Interest cost on benefit obligation	78.74	94.69
Expected return on plan assets	(68.21)	(78.17)
Net actuarial (gain)/loss recognised in the year	85.19	(17.73)
Net benefit expense	**146.67**	**66.82**
Actual return on plan assets	52.58	91.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

Balance Sheet

Net Benefit liability/(asset)		(₹ in lacs)
	As at 31st March, 2013	As at 30th June, 2012
Present value of defined benefit obligation	1,372.39	1,297.28
Fair value of plan assets	1,044.22	1,029.27
Plan liability	**328.17**	**268.01**

Changes in the present value of the defined benefit obligation are as follows:		(₹ in lacs)
	31st March, 2013	30th June, 2012
Opening defined benefit obligation	1,297.28	1,227.89
Current service cost	50.95	68.03
Interest cost	78.74	94.69
Benefits paid	(124.14)	(88.50)
Actuarial (gains)/losses on obligation	69.56	(4.83)
Closing defined benefit obligation	**1,372.39**	**1,297.28**

The Company expects to contribute ₹ 125.00 lacs (₹ 194.55 lacs) to Gratuity Fund in the next year.

Changes in the fair value of plan assets are as follows:		(₹ in lacs)
	31st March, 2013	30th June, 2012
Opening fair value of plan assets	1,029.27	1,016.17
Expected return	68.21	78.17
Contributions by employer	86.51	10.53
Benefits paid	(124.14)	(88.50)
Actuarial gains/(losses)	(15.63)	12.90
Closing fair value of plan assets	**1,044.22**	**1,029.27**

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

	31st March, 2013	30th June, 2012
Investments with LIC	100%	100%

30. GRATUITY - DEFINED BENEFIT PLAN (Contd.)

The principal assumptions are shown below:

	31st March, 2013	30th June, 2012
Discount rate	8.20%	8.50%
Expected rate of return on assets	9.00%	8.00%
Withdrawal Rates	Varying between 1.8% to 4.2% per annum depending upon the duration and age of the employees	
Mortality Table	LIC (1994-96) ultimate	

Amounts for the current and previous four periods are as follows: (₹ in lacs)

	31st March, 2013	30th June, 2012	30th June, 2011	30th June, 2010	30th June, 2009
Gratuity					
Defined benefit obligation	1,372.39	1,297.28	1,227.89	1,116.03	919.54
Plan assets	1,044.22	1,029.27	1,016.17	976.92	968.96
Surplus/(deficit)	(328.17)	(268.01)	(211.72)	(139.11)	49.42
Experience (gain)/loss adjustments on plan liabilities	41.22	(4.83)	63.13	Not Available *	
Experience gains/(loss) adjustments on plan assets	(15.63)	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 overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

Defined Contribution Plan: (₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Contribution to Provident/Pension Funds	300.64	325.84
Contribution to Superannuation Fund	2.11	2.15
	302.75	**327.99**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

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 cancellable.

(₹ in lacs)

	Nine months Period ended 31st March, 2013	Year ended 30th June, 2012
Lease payments made for the period *	19.47	18.83
Contingent rent recognised in Statement of profit and loss	-	-
	19.47	**18.83**

* including lease rent for use of agriculture land ₹ 1.88 lacs (₹ 4.42 lacs).

32. During the current period, the Company except for its Tea unit, has implemented SAP system under ERP platform. Accordingly, the Company has changed its method of valuation of inventory of raw materials and stores and spares from weighted average method to moving average method. However, this change has no material impact on profit for the current period.

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 organised 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.

33. SEGMENT INFORMATION (Contd.)

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

Business segments

Nine months period ended 31st March, 2013 (₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	**Total**
Revenue*						
Segment revenue	46,494.10	2,750.29	6,098.17	2,001.04	846.35	58,189.95
Less: Inter segment	4,046.54	50.14	2,879.35	-	-	6,976.03
Total revenue from operations (net)	**42,447.56**	**2,700.15**	**3,218.82**	**2,001.04**	**846.35**	**51,213.92**
Results						
Segment results	2,781.99	1,094.06	2,525.82	594.72	(4.10)	6,992.49
Unallocated Income/(Expenses) (net of unallocable expenses/income)						(46.42)
Operating profit						**6,946.07**
Finance costs						4,555.43
Profit before tax						**2,390.64**
Current Tax						460.82
Deferred tax charge						529.64
Net profit for the period						**1,400.18**

As at 31st March, 2013 (₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	**Total**
Segment assets	76,242.26	4,653.05	14,565.65	1,228.63	132.73	96,822.32
Unallocated assets						8,209.82
Total assets						**1,05,032.14**
Segment liabilities	36,213.64	226.36	26.76	209.53	128.83	36,805.12
Unallocated liabilities						58,303.91
Total liabilities						**95,109.03**
Other segment information						
Capital expenditure						
Tangible & Intangible assets	159.37	3.70	-	146.84	27.11	**337.02**
Depreciation & Amotisation expense	1,157.99	207.75	587.14	45.13	0.46	**1,998.47**
Non-cash expenses	1.88	-	-	-	-	**1.88**

33. SEGMENT INFORMATION (Contd.)

Year ended 30th 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						**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)**

As at 30th June, 2012 (₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	**Total**
Segment assets	44,208.92	5,115.72	14,661.79	1,028.85	99.75	65,115.03
Unallocated assets						8,360.15
Total assets						**73,475.18**
Segment liabilities	11,105.76	218.42	68.56	174.39	124.21	11,691.34
Unallocated liabilities						53,262.79
Total liabilities						**64,954.13**
Other segment information						
Capital expenditure						
Tangible & Intangible assets	521.26	155.47	19.98	90.08	31.08	**817.87**
Depreciation & Amotisation expense	1,648.24	280.78	682.85	42.25	0.61	**2,654.73**
Non-cash expenses	3.06	-	-	-	-	**3.06**

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)

Period ended 31st March, 2013	India	Overseas	Total
Revenue*			
Revenue from operations	51,213.92	-	**51,213.92**
Other segment information			
Segment assets	96,822.32	-	**96,822.32**

(₹ in lacs)

Year ended 30th 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**

Note: All the fixed assets of the Company are located in India and 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

34. RELATED PARTY DISCLOSURES (Contd.)

Names of related parties and related party relationship		
Related parties with whom transactions have taken place during the year		
Relatives of Key Management Personnel	Mr Chandra Shekhar Nopany	- Son of Smt. Nandini Nopany
	Mrs Shruti Vora	- Daughter of Smt. Nandini Nopany
	Mr Nitin Kumar	- Son of Shri Sukhvir Singh
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	The Oudh Sugar Mills Limited	
	Hargaon Investment & Trading Co. Ltd	
	Yashovardhan Investment & Trading Co. Ltd.	
	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 repprting period:

a. Sale of goods (₹ in lacs)

	Period ended	Sale of goods	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	230.29	-	-
	30th June, 2012	647.38	-	-

b. Purchase of goods (₹ in lacs)

	Period ended	Purchase of goods	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	175.64	-	-
	30th June , 2012	175.25	-	-

34. RELATED PARTY DISCLOSURES (Contd.)

c. Sale of fixed assets

(₹ in lacs)

	Period ended	Sale of fixed assets	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	-	-	-
	30th June 2012	28.40	-	-

d. Purchase of fixed assets

(₹ in lacs)

	Period ended	Purchase of fixed assets	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	-	-	-
	30th June, 2012	48.95	-	-

e. Loans/Intercorporate deposits given and receipts thereof

(₹ in lacs)

	Period ended	Loan/ Intercoporate deposits given	Receipts	Interest accrued/ Received	Amount owed by related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
The Oudh Sugar Mills Limited	31st March, 2013		-	-	-
	30th June, 2012	-	3,500.00	242.42	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

34. RELATED PARTY DISCLOSURES (Contd.)

f. Loans/Intercorporate deposits taken and repayment thereof

(₹ in lacs)

	Period ended	Loan/ Intercoporate deposits taken	Repayments	Interest accrued/ Paid	Amount owed to related parties
Relatives of Key Management Personnel					
Others	31st March, 2013	-	-	0.50	5.00
	30th June, 2012	5.00	9.00	0.85	5.00
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives					
Uttam Commercial Limited	31st March, 2013	-	-	6.29	60.00
	30th June, 2012	-	75.00	8.95	60.00
Yashovardhan Investment & Trading Co. Ltd.	31st March, 2013	2,000.00	-	101.81	2,000.00
	30th June, 2012	-	-	-	-
Hargaon Investment & Trading Co. Ltd	31st March, 2013	1,000.00	-	2.47	1,000.00
	30th June, 2012	-	-	-	-
Ronson Traders Limited	31st March, 2013	-	-	7.86	75.00
	30th June, 2012	75.00	-	9.98	75.00
Manbhawani Investment Limited	31st March, 2013	-	150.00	20.92	90.00
	30th June, 2012	-	-	33.65	240.00

g. Receivable/Payable outstanding (net)

(₹ in lacs)

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives				
The Oudh Sugar Mills Limited	31st March, 2013	-	83.77	-
	30th June, 2012	-	38.82	-

34. RELATED PARTY DISCLOSURES (Contd.)

h. Director's Sitting Fees

(₹ in lacs)

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Relatives of Key Management Personnel				
Shri Chandra Shekhar Nopany	31st March, 2013	0.33	-	-
	30th June, 2012	0.48	-	-

i. Remuneration to Key Managerial Personnel

(₹ in lacs)

	Period ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Smt. Nandini Nopany	31st March, 2013	25.20	-	-
	30th June, 2012	33.60	-	-
Shri C.B. Patodia	31st March, 2013	148.31	-	20.37
	30th June, 2012	156.23	-	3.77
Shri Sukhvir Singh	31st March, 2013	31.15	-	1.61
	30th June, 2012	35.43	-	0.73
Shri B.K. Sureka	31st March, 2013	15.38	-	0.44
	30th June, 2012	16.52	-	0.55
Shri Birinder Singh	31st March, 2013	14.23	-	2.65
	30th June, 2012	16.79	-	2.91
Shri S.S. Binani	31st March, 2013	19.53	-	-
	30th June, 2012	17.37	-	-
Shri S.K.Poddar	31st March, 2013	21.49	-	-
	30th June, 2012	25.96	-	0.63

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

35. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 1,762.93 lacs (₹ 1,115.21 lacs).

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

36. CONTINGENT LIABILITIES

(₹ in lacs)

		31st March, 2013	30th June, 2012
(a)	Demands/Claims by various Government Authorities and others not acknowledged as debt and contested by the Company:		
	(i) Excise Duty & Service Tax	1,921.88	1,246.53
	(ii) Sales & Entry Tax	113.05	429.57
	(iii) Collection charges against Cane Dues	431.42	431.42
	(iv) Others	50.62	52.14
	Total	**2,516.97***	**2,159.66**
(b)	Uncalled Capital on partly paid Shares	104.51	104.51
(c)	Outstanding towards crop loan disbursed to growers for which corporate guarantee is given to the banks	62.62	59.83
(d)	Bank Guarantees outstanding	24.00	208.13

* 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 the above mentioned cases and hence, no provision against these are considered necessary.

37. There is a diminution of ₹ 1,682.40 lacs (₹ 1,555.98 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at and for the nine months period ended 31st March, 2013

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

(₹ in lacs)

		31st March, 2013	30th June, 2012
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	37.89	32.52
(ii)	Interest due on above.	0.17	2.94
	Total of (i) & (ii)	**38.06**	**35.46**
(iii)	Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	14.62	9.90
(iv)	Amount paid to the suppliers beyond the respective due date.	63.71	63.58
(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.	1.13	0.97
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	1.30	3.91
(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

39. 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.

40. The Ministry of Consumer Affairs, Food and Public Distribution, Government of India vide its Notification 281 (E) dated May 2, 2013 has dispensed away the levy obligation from sugar season 2012-13 onwards. Accordingly, all Sugar Stocks for the current sugar season have been valued as Free Sugar.

41. The accounting year of Cinnatolliah Tea Garden, a unit of the Company, used to close on 31st March, as against the Company accounts which used to close on 30th June which has now been changed to 31st March from current year. In view of above, the accounts of the said unit for twelve months period ended 31st March, 2013 have been considered in these accounts as against the Company's accounts for the nine months period ended 31st March, 2013.

42. The Company has changed its accounting year ending on 30th June to 31st March and hence, the current period figures being for nine months period from 1st July, 2012 to 31st March, 2013 are not comparable with those of the previous year.

43. Previous year's figures including those given in brackets have been regrouped/rearranged wherever necessary.

As per our report of even date

For **S.R.Batliboi & Co. LLP**
Firm Regn No. 301003E
Chartered Accountants

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

Place : Kolkata
Dated : 15th May, 2013

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

The entire subscribed Equity Share Capital of Uttar Pradesh Trading Company Limited as on 31st March, 2013 was held by the Company.

FINANCIAL INFORMATION OF SUBSIDIARY COMPANY U/S 212(8) OF THE COMPANIES ACT, 1956

Sl.No.	Financial Information (in ₹)	Uttar Pradesh Trading Company Limited
1	Reporting Currency	(₹)
2	Paid up Capital	16,36,24,995
3	Reserves & Surplus	21,99,63,269
4	Total Liabilities	44,48,69,384
5	Investments	31,95,29,085
6	Total Assets	44,48,69,384
7	Turnover/ Total Income	2,43,58,831
8	Profit before taxation	1,36,06,969
9	Provision for Taxation	---
10	Profit after Taxation	1,36,06,969
11	Proposed Dividend	NIL
12	Country	INDIA

Nandini Nopany
Chairperson-cum-Managing Director

Chandra Shekhar Nopany
Director

Santosh Kumar Poddar
Company Secretary

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UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office: P. O. Seohara, District – Bijnor (U. P.), Pin Code – 246 746
Corporate Office: 9/1, R.N. Mukherjee Road, 5th Floor, Kolkata - 700 001
Tel. No. : 91-033-2243 0497/8, Fax No. : 91-033-2248 6369
E-mail : birlasugar@birla-sugar.com, Website : www.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 b 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 e-mail.

Date:_____ Signature of 1st holder_____

Notes :

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

UPPER GANGES SUGAR & INDUSTRIES LIMITED

REGISTERED OFFICE: P. O. Seohara, District – Bijnor (U. P.), Pin Code – 246 746

ATTENDANCE SLIP

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

I hereby record my presence at the Eighty First Annual General Meeting of the Company being held at the Registered Office of the Company at Sugar Mills Complex, P.O. Seohara, District-Bijnor (U.P.), Pin -246 746 on Thrusday, 8th August, 2013 at 11.00 a.m.

Name of the Shareholder .....

(in capital letters)

Name of the Proxy .....

(in capital letters)

..... Signature

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

UPPER GANGES SUGAR & INDUSTRIES LIMITED

REGISTERED OFFICE: P. O. Seohara, District – Bijnor (U. P.), Pin Code – 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/her Shri/Smt .....

of .....or failing him/her Shri/Smt .....

of.....as my/our proxy to attend and vote for me/us on my/our behalf at the Eighty First Annual General Meeting of the Company to be held on Thrusday, 8th August, 2013 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 and/or at any adjournments thereof.

Signed this ..... day of 2013

Affix Revenue Stamp

.....
(Signature of the shareholder)

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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