UPPER GANGES SUGAR & INDUSTRIES LIMITED

SUSTAINING TODAY. GROWING TOMORROW.

ANNUAL REPORT 2013-14

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
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, Whole-time Director
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

Stakeholders' Relationship Committee
Mr Chandra Shekhar Nopany – Chairman
Mr Ishwari Prosad Singh Roy
Mr Gaurav Swarup
Mr Bal Kishore Malpani

Nomination and Remuneration Committee
Mr Ishwari Prosad Singh Roy – Chairman
Mr Padam Kumar Khaitan
Mr Gaurav Swarup
Mr Bal Kishore Malpani

Risk Management 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)

AUDITORS

S.R. Batliboi & Co. LLP
Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co., LLP

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
59C, Chowringhee Road
3rd Floor
Kolkata -700 020
Tel. No.: 91-033-2289 0540, Fax No.: 91-033-2289 0539
e-mail : kolkata@linkintime.co.in

REGISTERED OFFICE

P.O. Seohara, Dist. Bijnor (U.P.)
Pin Code : 246 746
Tel. No.: (01344) 252401, Fax No.: (01344) 252321
Email: birlasugar@birla-sugar.com
Website: www.birla-sugar.com
CIN No. L15421UP1932PLC025141

CORPORATE & HEAD OFFICE

Birla Building, 5th Floor
9/1, R.N. Mukherjee Road,
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

SUGAR MILLS

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

DISTILLERY

Seohara, Dist. Bijnor (U.P.)

CO-GENERATION

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

TEA GARDEN

Cinnatolliah Tea Garden
North Lakhimpur (Assam)

Chairperson's Statement

We shall continue to add value to our operations with higher plant efficiencies and processes for long-term sustainability. We deal with an essential commodity and we think the future is likely to be different as we await a price rise.

Dear Shareholders,

The year 2013-14 has been a tough one with the nation witnessing slow GDP growth. With the growth levels hovering below 5% in all four quarters, it was another cautious year for the sugar industry.

SUGAR INDUSTRY SCENARIO

The sugar industry has been constrained over the past couple of years by the growing divergence between raw material and sugar price realisation. The Cabinet Committee on Economic Affairs decided to decontrol the sugar sector by giving freedom to mills to sell sugar in the open market and removing their obligation to supply the sweetener at subsidised rates for ration shops.

As a result, the regulated release mechanism - under which sugar quantity for open market sale is fixed by the government - has been abolished and mills are freed from mandatory supply of 10% of their production to the government at cheaper rate.

Rising inventory levels, lower exports and slow implementation of the ethanol blending programme continue to be the overriding factors. Partial decontrol was certainly a great step forward to liberate the industry, but it failed to reap in the dividends. There was a further dip in the profitability parameters of sugar companies, post-decontrol.

Going forward, any surge in export from India will only pull global prices down further and keep pressure on the domestic prices. This will, in turn, widen the gap between domestic and international prices substantially in favour of the former and make exports unviable.

Successful implementation of the Rangarajan Committee's recommendations is likely to positively impact the UP-based mills by making them competitive with their counterparts and is, therefore, expected to help the sector. Linking cane

prices to the realisation of sugar and its by-products is also likely to help millers improve their overall profitability, even during a down-cycle.

However, implementation of this in a few states like Karnataka and Maharashtra has already helped their sugar industry with higher production and timely payment to farmers. The problem persists in Uttar Pradesh, where the fixed price mechanism continues to prevail, with the government not initiating any reform.

Over the past few years, the relentless rise in cane prices has left mills bleeding, saddling them with high cane payment arrears. Due to continued losses, the cash flows of mills are expected to remain stressed in the coming season as well, consequently a further increase in cane arrears, translating into reduced cultivation.

OUR PERFORMANCE

We reported an increase in gross sales of ₹ 81,849.73 lacs in 2013-14, compared to ₹ 53,196.15 lacs in 2012-13. However we reported a loss of ₹ 1,939.38 lacs, compared to profit of ₹ 1264.86 lacs in the previous year. At Upper Ganges, we crushed ₹ 222.12 lac quintals of sugarcane during the sugar season 2013-14, compared to ₹ 244.39 lac quintals in sugar season 2012-13.

Some of the primary reasons for the operational loss were:

- The sugar industry's continuous downward trajectory
- Deadlock between the UP government and the millers
- Undistributed rainfall

OUTLOOK

It is expected that there might be a marginal decline in sugar production and inventory levels, which might result in sugar prices to rise. In 2013, the ethanol market situation improved, and the global volume of the ethanol production crossed the 72.5 mt mark.

The top five manufacturing countries (namely the US, Brazil, China, India and Canada) captured almost 90% of the overall ethanol supply. However, changes proposed to the Renewable Fuel Standard (RFS) and possible modifications in the ethanol blend will have a positive impact on the ethanol industry.

India as a country is known for its low-cost, non-conventional power. At present, India has around 206 co-generation units with a cumulative installed exportable capacity of 3,123 MW (peak season). India also has the potential of generating 500 MW of power through bagasse. With the ongoing modernisation of new and existing sugar mills, India is expected to generate surplus power of 5000 MW across all sugar factories in the future. We feel our Company can leverage this advantage of clean power from our co-generation facilities.

The future of the sugar industry seems tied to government bottlenecks. However, we shall continue to add value to our operations with higher plant efficiencies and processes for long-term sustainability. We deal with an essential commodity and we think the future is likely to be different as we await a price rise.

On behalf of the Board of Directors, I would like to take this opportunity to thank our employees, customers, bankers and stakeholders for their relentless service. As we work through the challenges together, I am confident we can overcome these tough times

Warm Regards,

Nandini Nopany
Chairperson

Directors' Report

To
The Members,

Your Directors take pleasure in presenting their report as a part of the 82nd Annual Report and the audited accounts of the Company for the financial year ended 31st March, 2014.

2. FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in lacs)

	Year Ended 31st March, 2014		Nine Months Period Ended 31st March, 2013	
Gross Sales		81,849.73		53,196.15
Profit before Finance Costs, Tax and Depreciation & Amortisation Expenses		6,373.89		8,810.35
Less: Depreciation and Amortisation				
Expenses	2,741.37		1,998.47	
Finance Costs	6,733.18	9474.55	4,556.56	6,555.03
Profit/(Loss) Before Tax		**(3,100.66)**		**2,255.32**
Less: Provision for Tax:				
Current Tax	98.80		460.82	
Deferred Tax Charge/(Credit)	(1,260.08)	(1,161.28)	529.64	990.46
Profit/(Loss) After Tax		**(1,939.38)**		**1,264.86**

OPERATING PERFORMANCE

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

FINANCIAL PERFORMANCE 2013-14

4. The Company had recorded Net Revenue of ₹ 78896.52 lacs (including other income aggregating to ₹ 521.96 lacs) for the financial ended 31st March, 2014.The Gross Sales of the Company for the year 2013-14 stood at ₹ 81849.73 lacs.

5. The Profit before Finance Costs, Depreciation & and Tax (PBIDT) for the year under review stood at ₹ 6373.89 lacs representing 8.08% of the net revenue. The decline in PBIDT of the Company during the period under review is mainly attributed to lower sales realisation on free sugar coupled with higher cane prices.

6. During the period under review Sugar production was lower as sugarcane crushing operations were delayed in Uttar Pradesh by a month due to a stalemate between the industry and the State Government on cane pricing.

7. The Government of India raised the Fair and Remunerative Price (FRP) of sugarcane to ₹ 210/- per quintal up from ₹ 170/- per quintal of sugarcane for the immediately previous season.

8. In Uttar Pradesh the State Advised Price has not changed and remained the same as per last year i.e. ₹ 280/- per quintal. Millers were allowed to pay the Cane Price in two installments. ₹ 260/- to be paid in 1st installment and balance ₹ 20/- to be paid after closure of the Crushing Season. State Government has also provided Subsidy of ₹ 11.03 per quintal of cane on account of Purchase Tax, Society Commission and Entry Tax on Sugar. State Government has also assured to provide ₹ 8.97 p. per quintal of cane for which a Committee has also been constituted which will give their recommendation as to how much amount out of

₹ 8.97 p. shall be paid by the State Government. The sugar industry of Bihar in consultation with its State Government fixed a price of ₹ 255 per quintal similar to the last year. To maintain last year's cane price State Government of Bihar has also provided subsidy of ₹ 10.83 per quintal of cane including cash Subsidy of ₹ 5/- per quintal, ₹ 1.75 p. per quintal for cane tax and ₹ 4.08 per quintal for ZDC.

9. 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. Supply of Ethanol to Oil Marketing Companies has helped to improve the profitability of Distillery.

10. The performance of Tea segment continued to be strong during the year under review due to better realisation.

RESEARCH & DEVELOPMENT

11. During the year under review the Company has undertaken Research & 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

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

CORPORATE GOVERNANCE

13. Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis, Statement in respect of Conservation of Energy, the Report on Corporate Governance, Declaration of Whole-time 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", "B", "D", "E" and "F" respectively.

DIRECTORS

14. The Company has eight Non-Executive Directors having experience in varied fields and a Whole-time Director.

15. During the year under review the term of Mrs Nandini Nopany, as Managing Director expired of 30th September, 2013 and she continued to be a Non-Executive Director with effect from 1st October, 2013. The Board of Directors at their meeting held on 1st November, 2013 appointed Mrs Nopany as the Chairperson of the Company with effect from that date. Mrs Nandini Nopany retires from the Board by rotation and is eligible for re-appointment. Mr Bal Kishore Malpani, was appointed as the Whole-time Director of the Company for a period of three years with effect from 1st November, 2013, subject to the approval of the shareholders at the ensuing Annual General Meeting.

16. Pursuant to the provisions of Section 149 of the Companies Act, 2013 the Board of Directors at its meeting held on 15th May, 2014, designated Mr Ishwari Prosad Singh Roy, Mr Gaurav Swarup, Mr Sunil Kanoria, Mr Padam Kumar Khaitan and Mr Pradeep Kumar Singhi as Independent Directors and recommended to the shareholders for their appointment for a period of five consecutive years with effect from the date of the ensuing Annual General Meeting.

17. Other information on the Directors including the required particulars of Directors retiring by rotation and being reappointed are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of the Listing Agreement.

COMMITTEES OF DIRECTORS

18. The Board of Directors have aligned the existing Committees of the Board with the provisions of Companies Act, 2013 (Act). Accordingly, the Company has renamed its existing Remuneration Committee as Nomination and Remuneration Committee and have delegated to it powers as required under Section 178 of the Act. The existing Investors' Grievance Committee has been renamed as "Stakeholders' Relationship Committee".

    The scope of Audit Committee has also been widened so as to bring it in accordance with the requirement of the Section 177 of the Companies Act, 2013.

INTERNAL COMPLAINTS COMMITTEE (ICC)

19. An Internal Complaints Committee was constituted by the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which had come into force from December, 2013. The Act aims at protecting women's right to gender equality, life and liberty at workplace to encourage women's participation in work.

    The Committee meets all the criteria including its composition as mentioned in the Act and its relevant rules. No complaint has been received by the Committee during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

20. 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 for the financial year ended 31st March, 2014 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

21. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Assets of ₹ 4,036.85 lacs (including ₹ 1,260.08 lacs for the year) up to 31st March, 2014. In view of partial decontrol of sugar industry as well as strengthening of market prices of Company's by products, the Company is certain that there would be sufficient profit to claim the above deferred tax credit.

22. 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 appointment, if made by the Shareholders, will be well within the limits prescribed under the Companies Act, 2013.

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

24. In accordance with the provisions of Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee, appointed Mr Som Nath Mukherjee, Cost Accountant, as the Cost Auditors of the Company for the financial year 2014-15. In terms of Section 148 of the Companies Act, 2013, read with the Rules thereof, the remuneration payable to the Cost Auditor for the year ending 31st March, 2015 is being placed for ratification by the shareholders at the ensuing Annual General Meeting.

25. Cost Audit Reports for all the applicable products for the nine months period ended 31st March, 2013 were filed on 27th September, 2013 with cost audit cell of Ministry of Corporate Affairs department within specified due dates.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

26. The Company has a wholly owned Indian Subsidiary viz., Uttar Pradesh Trading Company Limited. In compliance with General Circular No. 2/2011 of Government of India, Ministry of Corporate Affairs and the Board Resolution passed by the Board of Directors, the Company has opted to avail the exemption provided under Section 212(8) of the Companies Act, 1956 and accordingly the Audited statement of Accounts along with the report of the Board of Directors and Auditor relating to the Company's subsidiary is not annexed as required u/s 212(8) of the Companies Act, 1956. However, the Consolidated Financial Statements conforming to the Accounting Standard 21, 23 and 27 and including inter alia the financial performance of the said subsidiary forms an integral part of the annexed Audited statement of Accounts. A statement pursuant to Section 212 of the Companies Act, 1956 is attached.

27. 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

28. 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

29. During the year under review, the Company has credited ₹ 2,75,600 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 financial year 2005-06.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

30. 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

31. As on 31st March, 2014, your Company had 1276 depositors with fixed deposits of ₹ 1084.01 lacs.

CEO/CFO CERTIFICATION

32. Mr Bal Kishore Malpani, the Whole-time Director and Mr Shiv Kumar Maheshwari, CFO have submitted a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

ACKNOWLEDGEMENTS

33. 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

Place : Kolkata
Dated : 15th May, 2014

Management Discussion and Analysis

ANNEXURE A

GLOBAL ECONOMY

The global economy is expected to be more promising in 2014 compared to 2013. Fears over the fiscal cliff in the United States, the European recession and the rebalancing of China's economy were dampening growth prospects across the world. Besides, business confidence was at its lowest since the financial crisis of 2008-09 globally.

The global economy grew around 3% in 2013, its slowest being in 2009. However, prospects for 2014 look brighter, with robust growth forecast in developed economies, such as Germany, Japan, the UK and the US. In addition, because of their scale, a recovery in these economies is likely to boost global growth to 3.6% in 2014, accelerating to 4.0% in 2015. Having contracted marginally in 2013, the Eurozone is expected to grow again.

Global growth (%)

	2012	2013	2014 (E)	2015 (E)
World Output	3.1	3.0	3.7	3.9
Advanced Economies	1.4	1.3	2.2	2.3
United States	2.8	1.9	2.8	3.0
E0uro Area	-0.7	-0.4	1.0	1.4
Japan	1.4	1.7	1.7	1.0
United Kingdom	0.3	1.7	2.4	2.2
Other Advanced Economies	1.9	2.2	3.0	3.2
Emerging and Developing Economies	4.9	4.7	5.1	5.4

(Source: International Monetary Fund, January, 2014)

INDIAN ECONOMY

India's Gross Domestic Product (GDP) growth slowed considerably from 6.7% during 2008-09. According to the interim budget, GDP growth for the year is expected to be 4.9% with expected 5% growth in the third and fourth quarters of 2013-14. Fiscal deficit for 2013-2014 is expected to be around 4.6% of GDP, below the targeted 4.8%. However on the positive side it is projected that fiscal deficit will be at 4.1% of GDP by 2014-15. Stability of the rupee, rising exports, new reforms, normal monsoons and positive global economic growth will drive India's economic growth.

GDP growth (%)

Year	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Growth	8.6	9.3	6.2	5.0	4.9	6.0

(Source: CRISIL, January and February, 2014)

3%

GROWTH OF GLOBAL ECONOMY IN 2013

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Sugar Industry

The global sugar market is in a state of surplus for the fourth consecutive year. According to the US Department of Agriculture (USDA), global stockpiles will increase to an all-time high of 43.4 million tonnes (mt) in the year ending 2014. The global sugar surplus in 2013-14 at 6.1 mt is the third largest. The largest sugar surplus recorded in 2011-12 was 7 mt.

(Source: Fitch Report)

Fast Facts: Global Sugar Industry

- More than 123 countries produce sugar worldwide, 70% of the world's sugar is consumed in producer countries and 30% is traded internationally.
- About 80% of the global production comes from sugarcane (which is grown in the tropics) and 20% from sugar beet (grown in temperate climates, including Europe).
- Around 170 mt of sugar is produced annually. The largest producers are Brazil (22%), India (15%) and the European Union (10%).

  The top five consumers of sugar use 51% of the world's sugar. They include India, the EU-27, China, Brazil and the US.

  (Source: Action Financial Services, research report, May 2013)

Global Sugar Demand and Supply

According to the International Sugar Organisation, global sugar supplies exceeded demand by nearly 6 mt in 2013-14. A continued global surplus will result in a further build-up of global inventories following the 2009 and 2010 supply deficits.

(Source: Fitch Report)

Production

The global surplus situation is expected to stretch in the sugar season (SS) 2014 and 2015 but the surplus level may shrink considerably in 2015. Provided there is no further currency depreciation in sugar producing/exporting countries, prices in the range of 15-16 cents per pound could influence producers to reduce acreage or divert more sugar towards ethanol production. This will impact the global surplus significantly, compared to SS14.

SS14 GLOBAL SUGAR PRODUCTION

Share between large producers (%)

(Source: Fitch Report, 2014)

Regional Play

Brazil, which accounts for 45% of the overall global sugar trade, is expected to produce an output similar to that of SS14. Unfavourable weather developments in the region reduced the yield, restricting scope for a good harvest. Higher sugar production was further constrained by diversion towards ethanol production (particularly anhydrous ethanol) due to the Government's mandatory requirement to blend 25% anhydrous ethanol with gasoline (implemented from May 2013).

(Source: Fitch Report, 2014)

World Sugar Production (Million tonnes)

	2012-13	2013-14
Asia	66.5	67.4
Africa	11.4	12.2
Central America	14.3	14.5
South America	39.6	39.7
North America	8.5	8.3
Europe	26.6	25
Oceania	4.7	4.8
World	179.6	180.2
Developing countries	137.2	139.2
Developed countries	42.4	41

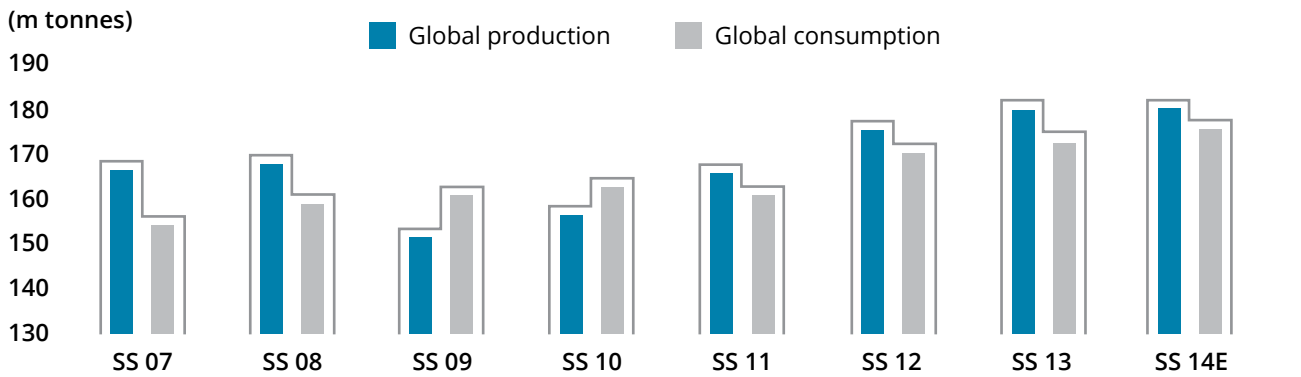
(Source: Fitch Report, 2014)

Consumption

Global sugar consumption grew by 2% to 178.96 million tonnes in 2013-14. On a national crop year-basis, which starts when each of the producing nations begins harvesting, the 2014-15 sugar season is expected to be lower than the current year.

(Source: Bloomberg)

GLOBAL PRODUCTION AND CONSUMPTION TRENDS SINCE SS07



(Source: Fitch Report, 2014)

EXIM of Sugar

In SS14, Brazil, Thailand and India are expected to dominate global sugar exports with 25.7 mmt, 7.9 mmt and 2.0 mmt respectively. On the other hand, China and Indonesia are expected to remain large importers on account of locally decreasing production levels.

World Sugar Prices

Given the global demand-supply dynamics and stock levels, the average global raw sugar prices estimated for 2014 is expected to remain between 16 cents per pound-18 cents per pound.

Higher stock to use ratio in SS13 resulted in a 21.6% yoy decline in average raw sugar prices to 18 cents per pound. Anticipating higher global surplus for SS14, Brazilian exporters are currently liquidating raw sugar inventory at a discount to New York future prices.

This move has helped raw sugar refiners, who are currently taking delivery from the physical market and selling white sugar at a premium in markets such as Africa and Middle East where sugar prices are more lucrative thus improving profitability.

Indian Sugar Industry

The Indian sugar industry, with an annual productive capacity of over 25 mt, is the second largest in the world after Brazil. India accounts for around 15% of the global sugar production. The country consumes approximately 22 mt of sugar annually, with Maharashtra contributing over 60% of it while the rest comes from states like Tamil Nadu, Karnataka, Uttar Pradesh and Madhya Pradesh.

Sufficient and well distributed monsoon rains, rapid population growth and substantial increases in sugar production capacity have made India the largest consumer and second largest producer of sugar production in the world. Highly fragmented with organised and unorganised players, the sector supports over 50 million farmers and their families, making significant contributions towards socio-economic development in the rural areas.

6 million

LIVELIHOOD SUSTAINED BY THE SUGAR INDUSTRY

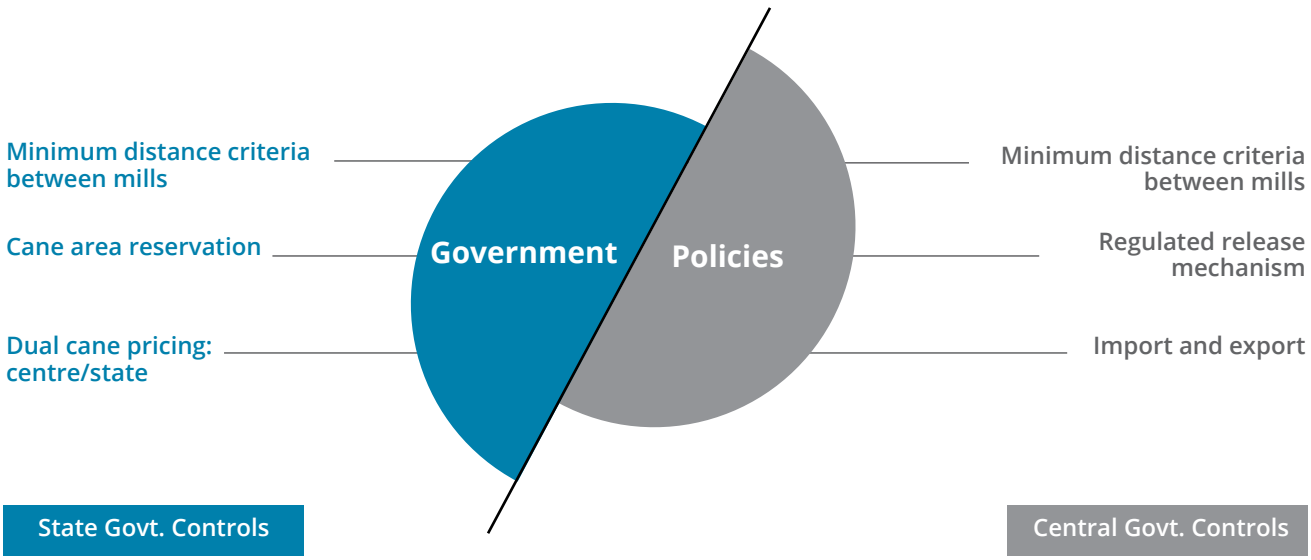
0.5 million

SKILLED AND SEMI-SKILLED INDUSTRIAL WORKERS

Fast Facts: Indian Sugar Industry

- 2nd largest producer of sugar in the world
- 5 million hectares & 60 million cane farmers and dependents
- Located in rural heartland, directly contributes to rural economic development and employment
- 65% of sugar consumed by bulk consumers viz beverage, biscuit, and confectionary etc manufacturers

CONTROLS ON INDIAN SUGAR SECTOR



(Source: Indian Sugar Mills Association [ISMA])

De-control Highlights

- Mills are free to sell sugar on their own commercial considerations
- Sugar prices are range bound
- No levy on sugar obligation: savings of about ₹ 3000 crores
- Public distribution of sugar being bought directly by states through tenders
- Low import duty still allowing sugar imports
  - About 6 lac tonnes of raw sugar for domestic consumption
  - About 1.25 lac tonnes of white sugar from Pakistan

(Source: Indian Sugar Mills Association [ISMA])

Investments Required in the Sector

- Rangarajan Committee suggested that in the next five years, the sector has the potential to grow to ₹ 160,000 crores from ₹ 80,000 crores
- For this, large investments are required both at farm & mill levels
- Rationalisation in the cane pricing policy is expected

Indian Sugar Demand and Supply

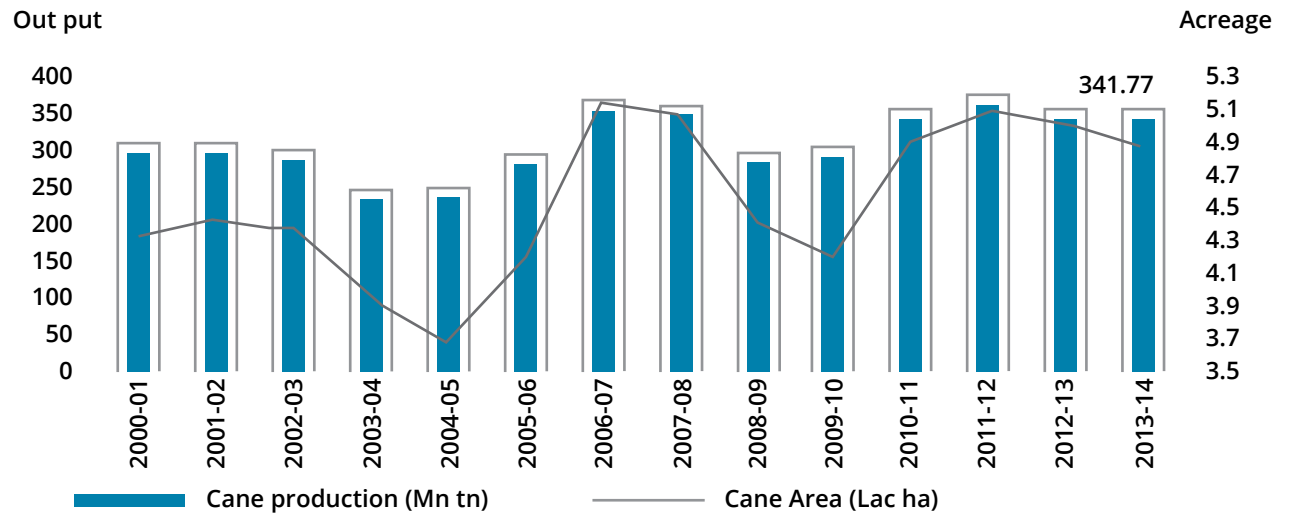
Production

According to the first advance estimates released by the Ministry of Agriculture, sugarcane production is expected to increase to 341.77 mt in 2013-14, compared to last year's 338.96 mt, an increase of 0.8%.

Ministry of Agriculture and the Indian Sugar Mills Association (ISMA), which had estimated sugar production for 2013-14 to be lower to around 23.5 mt have now further revised their estimates to last year's output levels of around 25 mt, thus the country will witness a fourth year of surplus situation. Due to a sharp depreciation in the Rupee, India managed to bag some export orders. However, since international prices are lower, exports from India are unviable.

(Source: Angel Commodities, Research Report, 2013)

SUGARCANE ACREAGE AND PRODUCTION IN INDIA



(Source: Angel Commodities, Research Report, 2013)

Consumption

Domestic production has superceded domestic consumption at 23.5 million mt, which together with imports of 0.5 million mt has resulted in higher stocks of sugar at 8.5 million mt, higher than normative season stocks by around 3 million mt.

(Source: ICRA Report February 2014)

Export

According to the ISMA, India exported around 8.5 lac tonnes of sugar till 31st January, 2014, of which about 4.5 lac tonnes was raw sugar and the rest white and refined. It may be recalled that the Cabinet Committee on Economic Affairs (CCEA) had recently approved a subsidy amount of ₹ 3,333 per tonne for export of 4 mt of raw sugar.

(Source: Exim News Service, March 2014)

Regional Play in India

The state-wise sugarcane production estimates are as follows:

Maharashtra

- The sugarcane acreage is reported to be around 9.4 lac hectare, which is almost similar to that of 2012-13.
- No substantial yield enhancement is expected over last year, due to larger sugarcane acreage under ratoon crop than the usual.
- ISMA projected that the state would produce about 78 lac tonnes in 2013-14, which is almost similar to last year's output (about 80 lac tonnes)

Uttar Pradesh

- Uttar Pradesh showed an acreage of around 25.13 lac hectare.
- ISMA is expecting a slightly lower yield than last year on account of lesser millable sugarcane per hectare availability due to excessive rain, which affected the late sown sugarcane plants.
- 77 lac tonnes sugar production is expected from the northern state in the SS 2013-14.

Karnataka

- Sugar production in the southern state is expected to remain at almost the same level as last year's (i.e. around 34 lac tonnes in 2012-13)

(Source: Indian Sugar Mills Association [ISMA])

Cane Acreage (in million hectares)	India	UP	Maharashtra	Karnataka
SS10	4.18	1.97	0.76	0.34
SS11	4.89	2.13	0.97	0.42
SS12	5.04	2.16	1.02	0.43
SS13	5.23	2.42	0.94	0.43
SS14	5.15	2.51	0.94	0.38

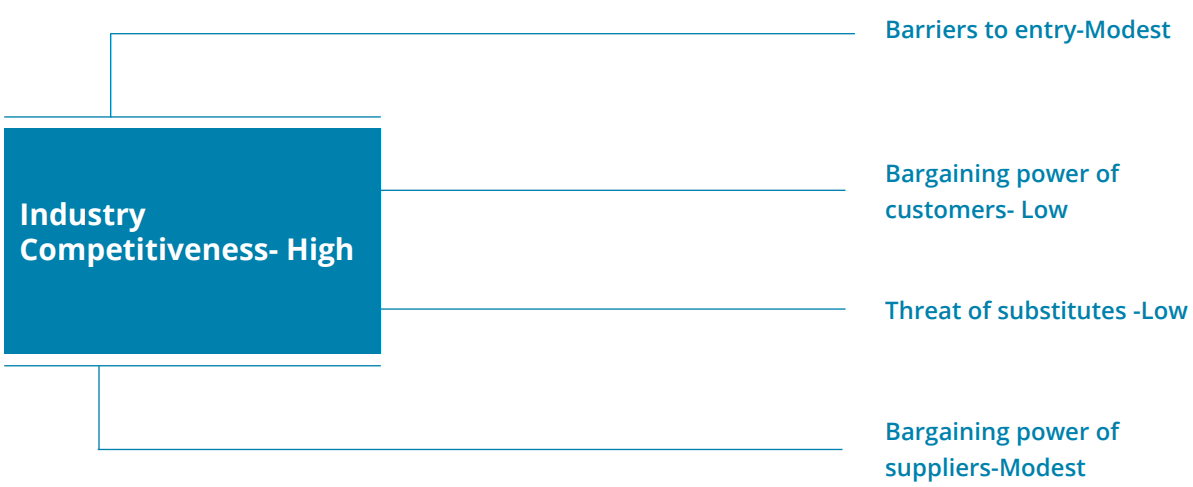
(Source: Fitch Report 2014)

Sugarcane Pricing

For SS14, a Fair Remunerative Price (FRP) of ₹ 210 per quintal was announced by the Government while the State Government of Uttar Pradesh announced a State Advised Prices (SAP) of ₹ 280 per quintal. For SS15, the Commission for Agricultural Costs and Prices has recommended a price of ₹ 220 per quintal (4.7% higher than the previous year's).

(Source: Fitch Report 2014)

PORTERS FIVE FORCE ANALYSIS OF INDIAN SUGAR INDUSTRY



To determine industry attractiveness and long-run profitability of the Indian sugar industry, we applied Porter's Five Forces in our analysis. Porter's Five Forces are: (1) Barriers to entry and exit, (2) Threat of substitutes, (3) Buyer bargaining power, (4) Supplier bargaining power, and (5) Industry competition.

Barriers to Entry and Exit: The Indian sugar industry is characterised by modest entry and exit barriers. Integrated business model and increasing capital requirement in the industry restrict new entrants. The Government's earlier practice of giving incentives to set up new plants by granting higher free sales quota for the first five to eight years of operation led to mushrooming of small units. This incentive has been withdrawn and the new sugar units are required to comply with the levy quota regulation from the first year of operations. The Government has also put a restriction on setting up of two sugar factories within the radius of 15 kms.

Threat of Substitutes: Being an essential commodity, the demand for sugar is not elastic. Gur and khandsari are alternate sweeteners to refined sugar in India. However, with increased per capita income and easy availability of sugar at competitive rates, consumption of gur and khandsari is seeing a downward trend and is mostly confined to rural areas. Hence, threat of substitute is low in the industry.

Buyer Bargaining Power: India's sugar market is highly regulated by the Government. This influences distribution, purchase price of levy sugar and free sale quota releases for sugar. Hence, buyer's power is highly restricted in this sector.

Supplier Bargaining Power: Allocation of the area from where the sugarcane can be procured is decided by the Government. Sugar mills have no choice but to purchase all the cane sold to them, even if it exceeds their requirement. Sugar producers are not allowed to own cane fields in India. Though recent sugar de-control is likely to give higher pricing power to the mills, the Government can still influence the prices with its PDS system.

Industry Competition: Competitiveness among the Indian sugar players is high. With around 500 units engaged in production of sugar, the industry is highly fragmented. Private individual players do not have a big market share. Cooperatives are relatively high as they account for more than 50% of the industry's production.

OUTLOOK FOR 2014-15

Rangarajan Committee Recommendations: Successful implementation of the committee's recommendations would positively impact the UP based mills more than their southern counterparts and would be overall beneficial for the sector. Linking the cane prices to the realisation of sugar and by-products would help millers improve their overall profitability even during a down-cycle. However, the implementation of the committee's recommendation seems unlikely in the short- to medium-term.

Sugar Upcycle: A sharp decrease in sugar production, compared to estimated end SS15 levels may rapidly change the current surplus scenario to one of deficit. In such an event, sugar prices could rise resulting in higher margins and improved credit profiles of sugar companies.

International Prices Diving to New Lows: Any further deterioration in prices below 15-16 cents per pound based on a higher-than-expected global surplus could further affect profitability and impact credit profiles.

(Source: Fitch Report, 2014)

UPPER GANGES SUGAR & INDUSTRIES LIMITED - BUSINESS SEGMENT REVIEW

Sugar

Production

Sugar segment registered a production of ₹ 20.69 lac quintals during the sugar season 2013-14, as against ₹ 22.89 lac quintals during the sugar season 2012-13.

Crushing

At Upper Ganges, we crushed ₹ 222.12 lac quintals of sugarcane during the sugar season 2013-14, compared to ₹ 244.39 lac quintals in sugar season 2012-13.

Sugar Realisations

The realisations per quintal (net of excise) of free sugar decreased to ₹ 2,938.00 in 2013-14 from ₹ 3,333.66 in 2012-13, thus registering an decrease of 11.87%.

Comparative Operational Figures

	SS 2013-14			Total	
	Seohara	**Sidhwalia**	**Hasanpur**	**SS 2013-14**	SS 2012-13
Installed capacity (TCD)	10000	5000	5000	20000	18,000
Sugarcane crushed (lac quintals)	124.23	62.62	35.27	222.12	244.39
Recovery (%)	9.73	9.05	8.35	9.32	9.37
Sugar produced (lac quintals)	12.09	5.67	2.93	20.69	22.89
Crushing days (Gross)	130	130	103	-	-

	Financial Year 2013-14			Total	
	Seohara	**Sidhwalia**	**Hasanpur**	**Financial Year 2013-14 (12 Months)**	Financial Year 2012-13 (9 Months)
Installed capacity (TCD)	10000	5000	5000	20000	18,000
Sugarcane crushed (lac quintals)	123.34	56.40	35.27	215.01	230.07
Recovery (%)	9.72	9.11	8.35	9.34	9.35
Sugar produced (lac quintals)	11.98	4.95	2.95	20.07	21.29
Crushing days (Gross)	129	115	103	-	-

ETHANOL INDUSTRY STRUCTURE AND DEVELOPMENT GLOBAL SCENARIO

In 2012, global ethanol supply registered a 2.3% y-o-y decline and exceeded 69.49 mt. However, in 2013, the market situation improved, and the global volume of the ethanol production crossed the 72.5 mt mark. In the same year, the top five manufacturing countries (namely the US, Brazil, China, India and Canada) captured almost 90% of the overall ethanol supply.

In 2013, global annual production capacity of ethanol exceeded 94.5 mt. North America and Latin America accounted for large shares of the overall capacity. Global ethanol supply will likely go beyond 100 mt in 2018. The US, Brazil and the EU are poised to occupy the leadership in ethanol production in coming years.

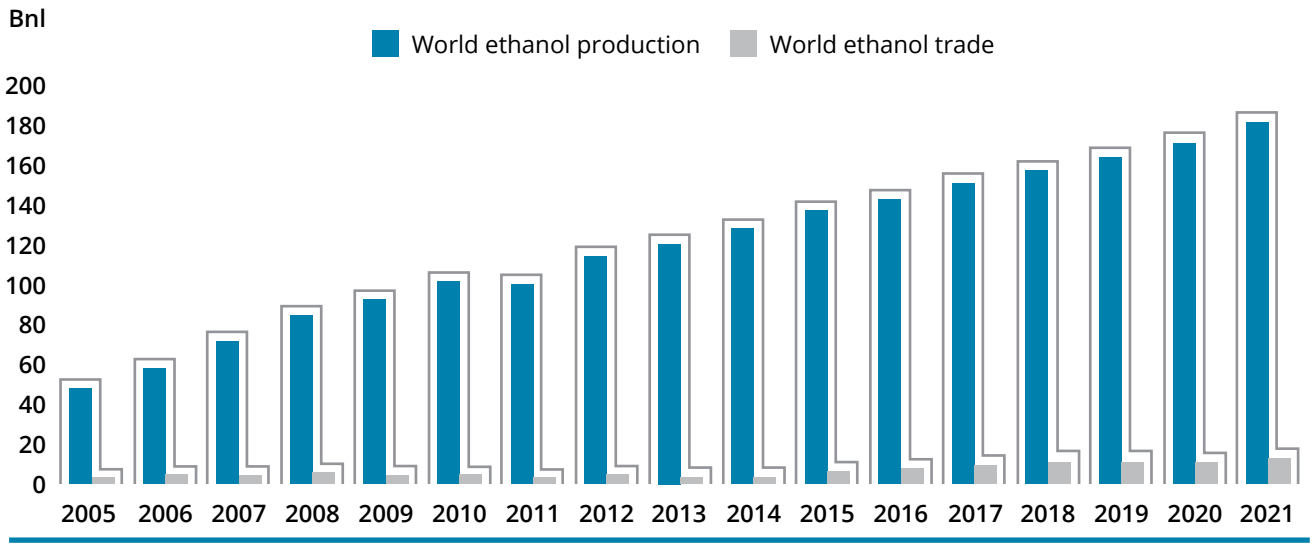
(Source: Ethanol (EtOH) 2014 World Market Outlook and Forecast up to 2018)

Production of Ethanol

Despite a fragile global economy, the Global Renewable Fuels Alliance (GRFA) is expecting almost 2.7% growth in global ethanol output this year, up from 88 billion litres produced in 2013 to 90.38 billion litres in 2014. The world's two largest producers, Brazil and the United States, are forecasted to maintain and increase their production by almost 2.5%, respectively. Another major producer, the European Union, is estimated to achieve an 8% jump in ethanol production this year. Africa, an emerging region, with huge biofuel production potential is anticipating a growth of more than 136% in ethanol production in 2014.

(Source: Global Renewable Fuels Alliance (GRFA), Outlook 2014)

DEVELOPMENT OF THE WORLD ETHANOL MARKET



(Source: OECD and FAO secretariats)

Consumption

Changes proposed to the Renewable Fuel Standard (RFS) and possible modifications in the ethanol blend will impact the ethanol industry. A decline in gasoline consumption will automatically result in low ethanol demand unless the industry can find new growth avenues.

Retaining the status quo, 10% ethanol blend in gasoline in the US would be enough to cause concern among the nation's major ethanol producers. Domestic gasoline consumption has been steadily declining since the inception of the RFS. The trend should continue as standards established in 2011 to reduce greenhouse gas emissions and increase fuel efficiency for medium- and heavy-duty trucks take effect this year and are slated to last until 2018.

Indian Scenario

India has 330 distilleries which can produce over 4 billion litres of rectified spirit (alcohol) per year in addition to 1.5 billion litres of fuel ethanol. Of this total, about 143 distilleries have the capacity to distill around 2 billion litres of conventional ethanol per year and could meet the demand for 5% blending with gasoline. India produces conventional bioethanol from sugar molasses.

The Indian sugar industry has the capacity to produce 250 crore litre of alcohol annually. Its major buyers are chemical industry, whose demand is 60 crore litre, potable alcohol industry, which source 110 crores. (Source: USDA Foriegn Agriculture Service)

Upper Ganges Sugar & Industries Limited: Distillery Division

Our Distillery Division operational snapshot

	Financial Year 2013-14 (12 Months)	Financial Year 2012-13 (9 Months)
Spirit produced (lac litres)	295.42	89.19
No of days worked	303	111

Comparative Operational Figures

	Financial Year 2013-14 (12 Months)	Financial Year 2012-13 (9 Months)
Distillery capacity (KLPD)	100	100
Distillery capacity utilisation (%)	98.47	39.64
Spirit produced (lac litres)	295.42	89.19
Average recovery (litres per quintal) in percentage	23.87	23.97

COGENERATION INDUSTRY

India's 527 operational sugar mills crush around 240 mt of cane annually and generate 80 mt of wet bagasse (50% moisture), of which 70 million is used for consumption, to meet captive requirements of power and steam. Thus, electricity production through cogeneration in sugar mills in India is an important avenue for supplying low-cost, non-conventional power. Presently, India has around 206 cogeneration units with a cumulative installed exportable capacity of 3,123 MW (peak season). India also has the potential of generating 500 MW of power through bagasse. With ongoing modernisation of new and existing sugar mills, India is expected to generate surplus power of 5000 MW across all sugar factories in the future.

What is Cogeneration?

Co-generation is the simultaneous generation of two different forms of useful energy from a single energy source. The two different energy forms are:

- Electrical energy and thermal energy
- Mechanical energy and thermal energy

Why Cogeneration?

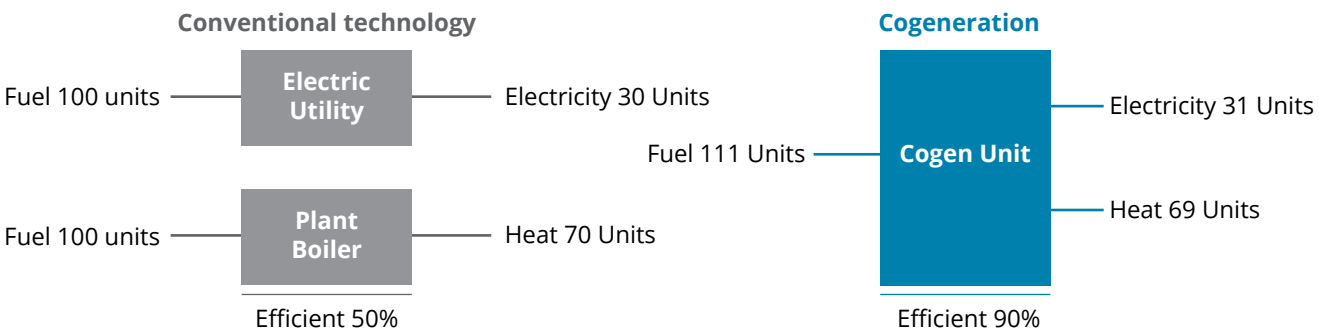
Efficient conventional electricity generation using a large scale centralised power plant is assumed to be at 35%. A typical medium pressure boiler operates at an efficiency of about 85%. Assuming that an industrial process needs both heat and power in a ratio 1.5:1, the overall energy generation efficiency will thus be about 54%.

In case, similar thermal and electrical energy is supplied using a suitable co-generation system, the overall efficiency could range from 65 to 95%. If the efficiency is assumed to be 75%, the total primary fuel savings would be about 28%.

Government Policy

According to a Government policy regulating cooperative sugar factories, the State Government provides 5% of the capital expenditure on the cogeneration project while the factory concerned puts in an equal amount. The Sugar Development Fund of the Union Government provides 30% funding of capital investment and the remaining is secured through institutional funding. An investment of about ₹ 4.50 crores per MW is needed to start a cogeneration plant in a cooperative factory.

COGENERATION SYSTEM PRODUCES SAME AMOUNT OF ENERGY HELPING TO PROTECT THE ENVIRONMENT



Upper Ganges Sugar & Industries Limited: Cogeneration Division

Our cogeneration operational snapshot

	Financial Year 2013-14 (12 Months)	Financial Year 2012-13 (9 Months)
Generation of power (lac units)	1512.10	1,164.78
Sales of power to state grid (lac units)	1049.38	768.68
Captive power consumption	463.89	394.67

Comparative Operational Figures

	Financial Year 2013-14			Total	
	Seohara	Sidhwalia	Hasanpur	Financial Year 2013-14 (12 Months)	Financial Year 2012-13 (9 Months)
Capacity (MW)	24	18	10	52	42
Captive power consumption (as % of total power produced)	31.86	25.36	79.71	30.60	34.01
Power generated (in lac units)	906.60	568.15	37.35	1512.10	1164.78
Power supplied to state grid (in lac units)	617.74	424.06	7.58	1049.38	768.68

INDIA'S TEA INDUSTRY

India's tea industry has a two-fold benefit for the economy: on the one hand, it is one of the major foreign exchange earners for the economy; being labour intensive, it plays a vital role towards employment generation on the other, the country is the second largest producer of tea worldwide and contributes 30% towards global tea production.

(Source: The Indian Tea Industry, 2014-15)

Fast Facts of Indian Tea Industry

- India stands as the fourth largest exporter of tea in the world with China in the first position, having an export capacity of approximately 210 million kgs.
- The tea sector in the country is largely organised since 72% of the total area under tea cultivation and 74% of the total production comes from the organised sector.
- Tea in India is grown over an area of 600000 hectare (ha) which accounts for 16% of the total area under tea cultivation in the world.
- Assam produces over half of India's tea and accounts for over 12% of the annual global tea yield, according to ASSOCHAM.

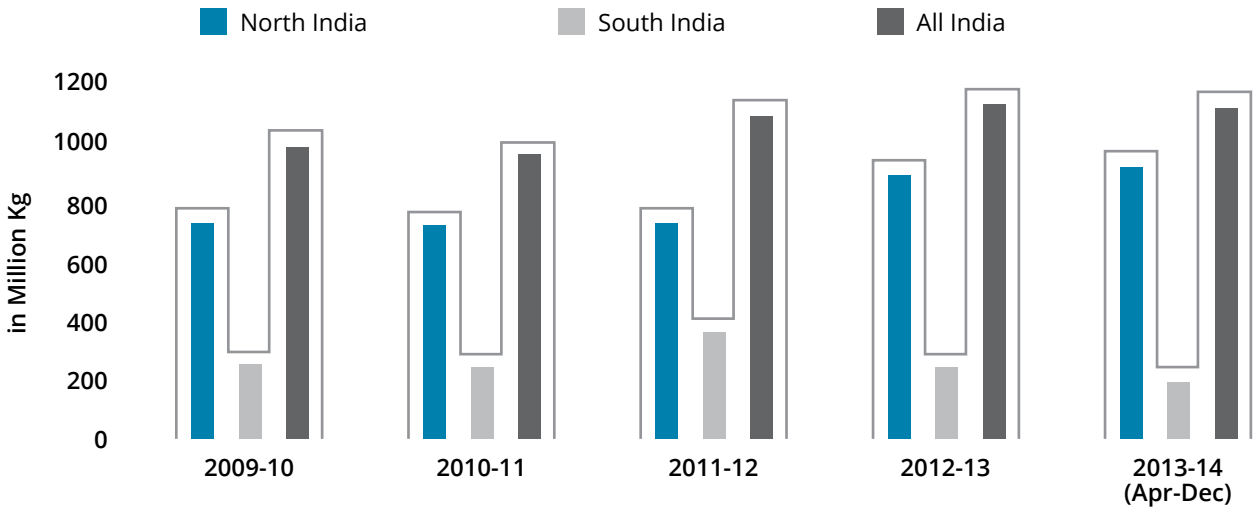
Production of Tea

Tea production is expected to inch up marginally higher in 2013-14 on account of better productivity from North India. India is the second largest producer of tea in the world with a 25% share of total production, but the country consumes 75-80% of its own produce. Annual tea production in 2013 stood at 1200 million kg, with North India accounting for 79% and the remaining coming from South India.

Tea production in India in 2013 grew by 6.5% with a production of 1200 million kgs, compared to 1,126 million kgs in 2012. The increased production had little impact on exports as majority of this tea was CTC (cut, twist, curl) grade and effectively was consumed by the emerging domestic market.

(Source: Onicra Credit Rating Agency of India)

TREND IN THE PRODUCTION OF TEA IN INDIA



(Source: The Indian Tea Industry, 2014-15)

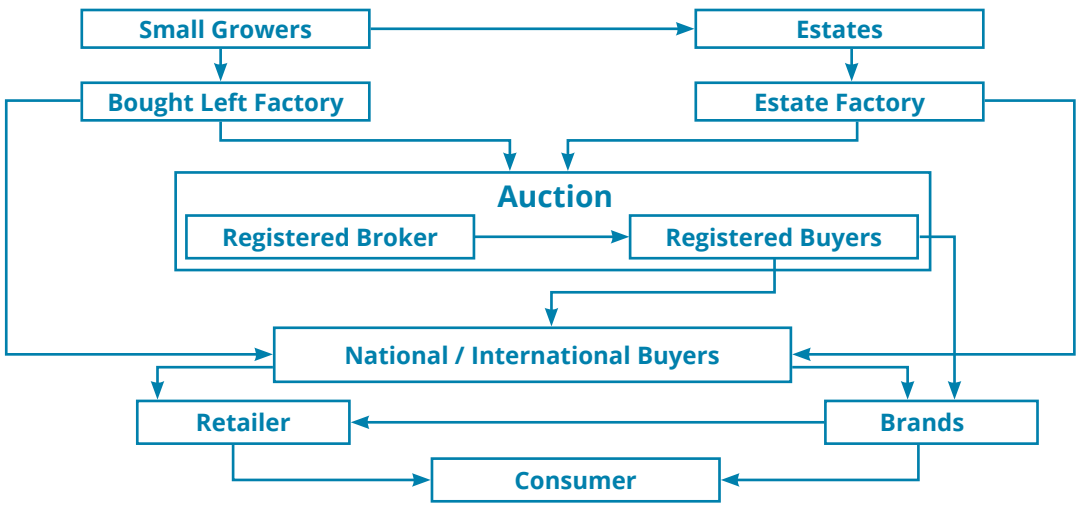
Price Realisation

In India, more than 50% tea sales is routed through auctions conducted at various auction centres located in North & South India. Tea generally moves directly from the factory either to auction centres for sale or for direct sale to national or international buyers. Auction buying is much more fragmented with a sizable gap between wholesale and retail prices. Seasonality in tea prices are also experienced within a year.

Stable prices are expected this year due to strong domestic demand as well increased demand from the export market. Due to last year's poor agro climatic conditions, the production was unable to meet the demand.

(Source: The Indian Tea Industry, 2014-15)

MARKETING CHAIN OF TEA THROUGH AUCTION

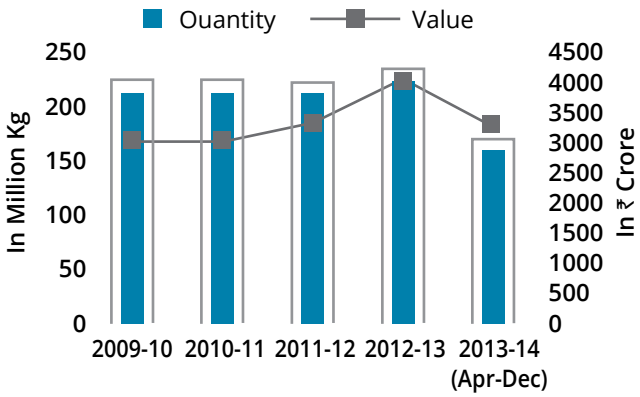


(Source: The Indian Tea Industry, 2014-15)

Export

Over the years, tea export has remained flat due to increasing competition from Kenya and Sri Lanka, which are selling the same quality tea at cheaper prices. In India, orthodox tea and CTC are the main types produced. However, green tea is also produced to some extent. India exports CTC grade tea mainly to Egypt, Pakistan and the UK, and the orthodox variety to Iraq, Iran and Russia.

TEA EXPORT QUANTITY AND VOLUME TREND IN INDIA



(Source: The Indian Tea Industry, 2014-15)

Road Ahead for the Tea Industry

The Indian tea industry is expected to touch a turnover of nearly ₹ 33,000 crores by 2015 driven by increased demand from the domestic market. Tea consumption has increased, compared to production and this will help in better price realisation.

However, India needs to take initiatives to strengthen its stand in the global market and tap the potential market by improving the plucking standards, thereby enhancing product quality. The export growth of the tea has been decreasing and this has resulted in lack of competitiveness in the global market.

New strategies aimed at value addition and reducing production and marketing costs are also needed. Value addition and diversification for varied tea products need to be developed for balancing the supply-demand scenario. The Special Purpose Tea Fund (SPTF), set up by the Commerce Ministry to implement the uprooting and replanting programme would help in improving productivity and yield, thereby reducing future costs.

(Source: The Indian Tea Industry, 2014-15)

RISK MANAGEMENT AT UPPER GANGES SUGAR & INDUSTRIES LIMITED

Risk is integral to all business operations, but the ability to counter potential risks determines the sustainability of a business enterprise.

The Company's effective risk management policy is approved by the Risk Committee.

The following are the risks and mitigation for Upper Ganges:

Revenues and Profitability could be weakened by Adverse Industry

Mitigation

The Company is equipped with economies-of-scale to withstand industry downtrends and optimise its costs. Besides, the Company invested in processes to enhance its recoveries, enhance quality and market it efficiently.

Unfavourable Regulatory Reforms could have a negative Impact on the Industry

Mitigation

The country's sugar industry is advancing towards progressive decontrol based on the findings of the Rangarajan Committee (abolition of regulated release mechanism and levy quota). A complete transition of these initiatives will result in a positive impact for the industry and company.

Inadequate Raw Material Supply could dent operations

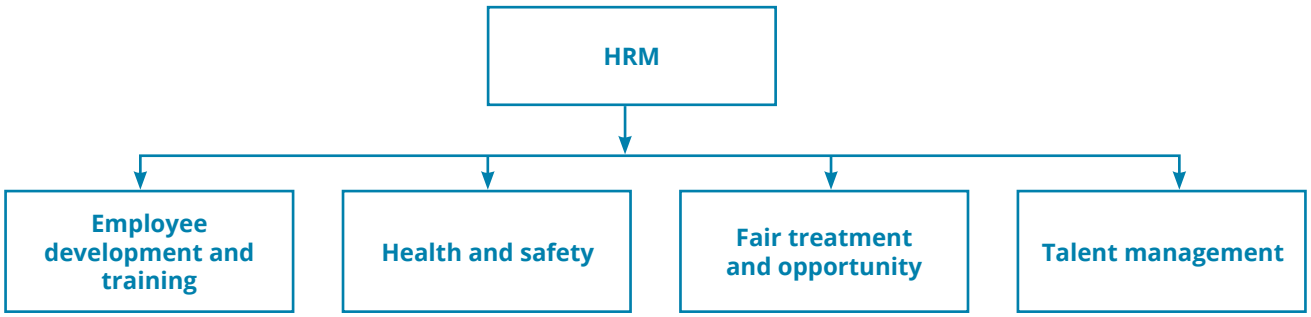
Mitigation

A lower cane output usually translates into lower production of sugar and byproducts. Over the years, the Company has selected to work with a large number of farmers across it's three manufacturing facilities. This mitigates the Company from any shortage of supply of raw material.

HUMAN RESOURCES MANAGEMENT

Human resource management at Upper Ganges Sugar & Industries Limited plays a pivotal role in achieving organisational goals and objectives.

The following initiatives were taken during the year under review:



The current strength of management staff in 2013-14 is 60 and non-management staff is 1606.

INTERNAL CONTROL

The Company's internal control system is commensurate with its business size and structure. 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 performance standards. Regular internal audit is conducted by SS Kothari & Co, a firm of Chartered Accountants. Such audits continuously monitor 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 after reviewing the findings, provides assurance about the internal control system's efficiency and effective performance. 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 scope 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 financial year ended 31st March, 2014

I. CONSERVATION OF ENERGY

i. The Company continues to take following initiatives to conserve energy during the year 2013-14 :

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

b) Auto control combustion system fitted with all the boilers reduces 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)	13.04	8.67	15.97	7.80
	Total amount (₹ in lacs)	82.64	62.04	98.37	55.63
	Rate/unit (₹)	6.34	7.16	6.16	7.13
	b) Own generation				
	i) Through diesel generator				
	Units (in lacs)	6.28	2.02	3.02	2.24
	Units per litre of diesel-oil	3.17	2.57	3.33	2.45
	Cost/Unit (₹)	17.13	20.40	13.84	17.86
	ii) Through steam turbine/generator				
	Units (in lacs)	533.17		514.33	--
	Units per litre of fuel oil/gas Cost/unit (₹)	Not ascertainable as the bagasse which is a by-product is being used as fuel			
2.	**Coal**				
	Quantity (tonnes)	-	10.44	-	11.12
	Total cost (₹ in lacs)	-	96.23	-	101.77
	Average rate (₹)	-	9214.00	-	9150.00
3.	**Furnace oil: (T.D. oil for dryers)**				
	Quantity (Litres in lacs)	--	0.04	--	0.04
	Total amount (₹ in lacs)	--	1.85	--	1.80
	Average Rate (₹)	--	45.05	--	44.45
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.)	20.07	12.13	21.29	11.59
	Electricity	27.53	0.88	24.84	0.87
	Furnace oil	--	--	--	--
	Coal (in kgs.)	--	0.86	--	0.96
	Others (specify)	--	--	--	--

II. RESEARCH & 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

i) 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.

ii) 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.

iii) Biological Control of Bore: Parasites Trichogramma 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 ₹ 104.50 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 2013-14.
b)	Development of new export markets for products and services and export plan	
c)	Earnings in foreign exchange	NIL
d)	Expenditure in foreign currency	₹ 37.52 lacs

ANNEXURE C

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

Name	Designation	Remuneration ₹	Nature of duties	Qualification	Experience (years)	Age (years)	Date of commencement of employment	Last employment held
Employed throughout the year								
Mr C.B. Patodia	Advisor	1,93,98,601	Advisory	Intermediate	46	65	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

Nandini Nopany
Chairperson

Place : Kolkata
Dated : 15th May, 2014

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 Philosphy

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 into 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 Non-Executive Chairperson Mrs. Nandini Nopany.

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 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 financial year under review seven Board Meetings were held on 15th May, 2013, 6th June, 2013, 5th August, 2013, 24th August, 2013, 1st November, 2013, 31st January, 2014 and 21st March, 2014. 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
Mrs Nandini Nopany* (CMD upto 30.09.2013)	C/NED	3	No	6	-	1	7,67,665
Mr Chandra Shekhar Nopany	NED	6	No	8	2	-	39,600
Mr Gaurav Swarup	I/NED	5	No	8	-	3	NIL
Mr Sunil Kanoria	I/NED	1	No	5	1	5	NIL
Mr Ishwari Prosad Singh Roy	I/NED	6	Yes	1	-	-	NIL
Mr Padam Kumar Khaitan	NED	6	No	11	2	3	NIL
Mr Pradeep Kumar Singhi	I/NED	7	No	3	2	-	NIL
Mr Bal Kishore Malpani#	WTD	2	No	-	-	-	750
Mr Dilip Kumar Mandal- Nominee of IDBI Bank	I/NED	5	No	-	-	-	NIL

CMD - Chairperson cum Managing Director, I - Independent, NED - Non-Executive Director, WTD – Whole-time Director, C-Chairperson

* CMD Upto 30.09.2013.

With effect from 01.11.2013

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.

Mrs Nandini Nopany is liable to retire by rotation and is eligible for re-appointment. Hence, particulars of Mrs Nandini Nopany is given in the Annexure to the Notice under the head Information Pursuant to Clause 49 of the Listing Agreement.

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 two Non-Executive Directors viz. Mr Pradeep Kumar Singhi and Mr Ishwari Prosad Singh Roy and one Executive Director Mr Bal Kishore Malpani, two third of them are Independent Directors.

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 four times on 15th May, 2013, 5th August, 2013, 1st November, 2013 and 31st January, 2014 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 Pradeep Kumar Singhi	Member	4
Mr Bal Kishore Malpani	Member	3

The Chairman of the Audit Committee Mr Ishwari Prosad Singh Roy attended the last Annual General Meeting held on 8th August, 2013.

The Board at its meeting held on 15th May, 2014 has reset the role of the Audit Committee to comply with the requirements of Section 177 of the Companies Act, 2013.

4. REMUNERATION COMMITTEE (CONSTITUTED ON 30.07.2002)

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 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 October, 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	-
Mr Padam Kumar Khaitan	Member	1
Mr Bal Kishore Malpani	Member	-

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 8 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 2013-14:

a) Executive Director

Managing Director	Salary (₹)	Perquisites (₹)	Retirement Benefits (₹)
Mrs Nandini Nopany (Upto 30.09.2013)	15,00,000	--	1,80,000

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 2013-14 is as follows:

Sl. No.	Name of the Director/ Institution	Amount (₹)
1.	Mrs Nandini Nopany @	7,500
2.	Mr Chandra Shekhar Nopany	45,000
3.	Mr Gaurav Swarup	32,500
4.	Mr Sunil Kanoria	7,500
5.	Mr Ishwari Prosad Singh Roy	45,000
6.	Mr Padam Kumar Khaitan	42,500
7.	Mr Pradeep Kumar Singhi	45,000
8.	Nominee of IDBI Bank Limited – Mr Dilip Kumar Mandal	25,000
9.	Mr Bal Kishore Malpani #	10,000

@ with effect from 01.10.2013
# upto 01.11.2013

At the Board Meeting held on 15th May, 2014, the Remuneration Committee was renamed as the Nomination and Remuneration Committee. The Committee's composition meets with the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

5. INVESTORS' GRIEVANCE COMMITTEE (CONSTITUTED ON 11TH SEPTEMBER, 2000)

i) Terms of Reference

The Investors' Grievance Committee oversees the redressal of complaints of investors such as transfer, credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 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 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 18th April, 2013, 25th July, 2013 and 21st January, 2014. 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	3
Mr Bal Kishore Malpani	Member	-

The Board of Directors have authorised the Secretary to approve transfers/ transmissions of shares in physical form upto 1000 shares. The transfers/ transmissions approved by the Secretary are periodically placed before the Committee. During the 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, 2014.

At the Board Meeting held on 15th May, 2014, the Investors' Grievance Committee was renamed as the Stakeholders' Relationship Committee in compliance with the requirements of the Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Location
2012-13	08.08.2013	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor, Uttar Pradesh - 246 746
2011-12	29.11.2012	11.00 a.m.	
2010-11	29.12.2011	11.00 a.m.	

One Special Resolution was passed at the Annual General Meeting held on 8th August, 2013 with respect to giving Corporate Guarantee to UCO Bank with respect to the financial assistance to sugarcane growers for cultivation of sugarcane crop in the command areas of Seohara Sugar Mill of the Company.

No Special Resolution was passed at the Annual General Meeting held on 29th December, 2011 and 29th November, 2012.

No Special Resolution was passed through Postal Ballot during the Financial Year 2013-14. The last Annual General Meeting of the Company was held on 8th August, 2013 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. 32 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, Corporate Governance Report and Reconciliation of Share Capital Audit 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) 82nd Annual General Meeting

Day : Thursday
Date : 18th September, 2014
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 (2013-14)	15th May, 2014
Publication of Audited Results	16th/17th May, 2014
Mailing of Annual Report	August, 2014
First Quarter Results	On or before 14th August, 2014
Second Quarter Results	On or before 14th November, 2014
Third Quarter Results	On or before 14th January, 2015
Audited Annual Results (2014-15)	On or before 30th May, 2015

iii) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from the 11th September, 2014 (Thursday) to 18th September, 2014 (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

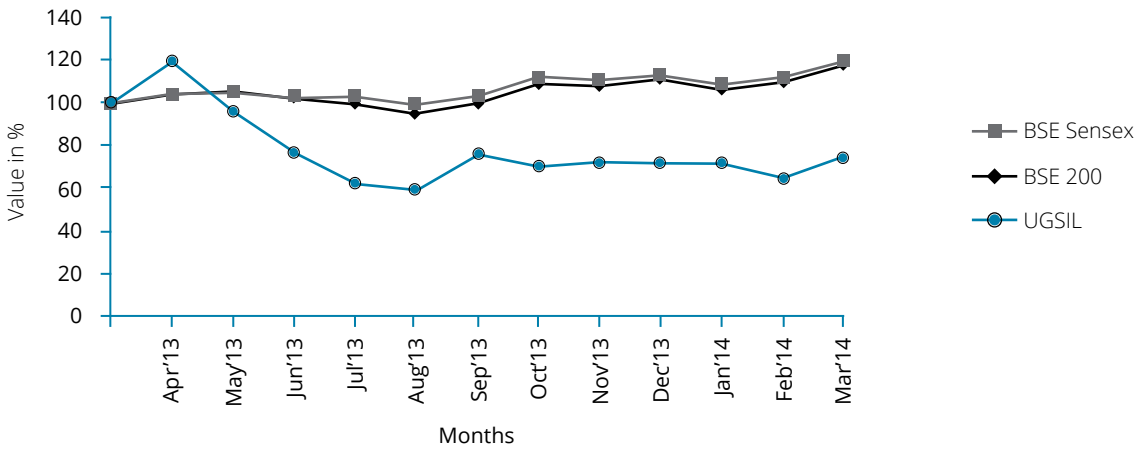
Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE018B01012. Annual Listing Fee for and up to the financial year 2014-15 has been paid to NSE, BSE and CSE.

vi) Market Price Data

Monthly high/low of market price of the Company's Equity Shares traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. during the financial year 2013-14 were as follows:

Month	BSE Limited		Month		
	High (₹)	Low (₹)		High (₹)	Low (₹)
April, 2013	46.90	36.45	October, 2013	32.45	27.00
May, 2013	43.00	34.85	November, 2013	29.80	23.35
June, 2013	39.40	24.05	December, 2013	29.40	24.65
July, 2013	30.80	24.10	January, 2014	30.35	25.75
August, 2013	25.80	22.00	February, 2014	27.70	23.05
September, 2013	30.20	23.70	March, 2014	32.70	24.15

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



viii) Registrar & Share Transfer Agent

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

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

ix) Share Transfer System

The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares. After the requests for transfer/ transmission of above 1000 shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and dispatch to the shareholders. Share transfer requests, if found valid and complete in all respects, are normally effected within a period of 15 days from the date of receipt. A total of 2622 (two thousand six hundred twenty two) physical shares were transferred/ transmitted during the financial year 2013-14. 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, 2014 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1 – 500	5956	84.10	784220	6.78
501 – 1000	521	7.36	415186	3.59
1001 – 2000	274	3.87	408811	3.54
2001 – 3000	115	1.62	288410	2.49
3001 – 4000	41	0.58	145237	1.26
4001 – 5000	44	0.62	206637	1.79
5001 – 10000	55	0.78	379414	3.28
10001 and above	76	1.07	8929324	77.26
TOTAL	**7082**	**100.00**	**11557239**	**100.00**

b) Detail of Shareholding pattern of the Company as on 31st March, 2014 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	6514304	56.37
Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	398428	3.45
Private Bodies Corporate	678554	5.87
Indian Public	3870782	33.49
NRIs / OCBs / FIIs / Foreign Nationals	95171	0.82
TOTAL	**11557239**	**100.00**

xi) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. 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. 1,13,67,571 Equity Shares viz. 98.36% of the Equity Share Capital of the Company have already been dematerialized.

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

c) Hasanpur, Dist. Samastipur, Bihar, Pin – 848 205

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
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 ₹ 2,75,600 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 2005-06 on 26th December, 2013.

10. CEO AND CFO CERTIFICATION

The Whole-time 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

Mrs Nandini Nopany is liable to retire by rotation and is eligible for re-appointment. Pursuant to Section 269 of the Companies Act, 1956, Mr Bal Kishore Malpani was appointed as a Whole-time Director by the Board of Directors at its meeting held on 1st November, 2013, subject to the approval of the shareholders at ensuing Annual General Meeting. Brief particulars of these Directors are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of the Listing Agreement.

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 Whole-time 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 June, 2013, 30th September 2013, 31st December 2013 and 31st March, 2014. 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.

ANNEXURE E

Declaration on Code of Conduct

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, Bal Kishore Malpani, Whole-time 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 2013-14.

For and on behalf of the Board

Place : Kolkata
Date: 15th May, 2014

Bal Kishore Malpani
Whole-time Director

ANNEXURE F

Auditors' Certificate

To

The Members of
Upper Ganges Sugar & Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by UPPER GANGES SUGAR & INDUSTRIES LIMITED, for the financial year ended 31st March, 2014, 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 **Bhaswar Sarkar**
Partner
Membership Number: 55596

Place : Kolkata
Date: 15th May, 2014

Independent Auditors' 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, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4th April 2014, issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 14 to the financial statements, the Company has recognised Deferred Tax Asset (DTA) (net) of ₹ 4036.85 lacs (including ₹ 1260.08 lacs for the year) up to March 31, 2014, 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, loss for the year would have been ₹ 5976.23 lacs (including DTA of ₹ 2776.77 lacs recognised up to March 31, 2013) as against the reported loss of ₹ 1939.38 lacs and reserves & surplus as at the balance sheet date would have been ₹ 403.55 lacs as against the reported figure of ₹ 4440.40 lacs.

Our audit opinion on the financial statements for the previous period 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, 2014;

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

(c) in the case of the Cash Flow Statement, of the cash flows for the year 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4th April 2014 issued by the Ministry of Corporate Affairs;

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 **Bhaswar Sarkar**
Partner
Membership Number: 55596

Place: Kolkata
Date:15th May, 2014

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 YEAR ENDED 31ST MARCH, 2014)

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

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

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

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

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4 (iii) (a) to (d) of the order are not applicable to the Company and hence not commented upon.

(b) The Company has taken loans from four companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 4135 lacs and the year-end balance of loans taken from such parties was ₹ 3135 lacs.

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

(d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. There is no sale of services during the year.

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

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

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the

maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues with appropriate authorities.

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

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

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on Certain inputs and capital goods	202.49	1993-1994 to 2013-14	Additional Commissioner/ Commissioner (Appeals)/ CESTAT/ High Court
	Excise duty on burnt/ waste and loss on storage of molasses	2.63	1987-1988, 1998-1999, 2000-2001	Commissioner (Appeals)/ CESTAT/ High Court
	Disallowance of Service Tax on discount to wholesellers and other items	15.88	1997-1998, 1999-2000, 2005-2006 to 2008-2009	Commissioner (Appeals)/CESTAT
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 year are less than fifty percent of its net worth without considering the impact of the matter stated in the Basis for Qualified Opinion paragraph. *The Company has incurred cash loss in the current year* but it had not incurred cash loss in the immediately preceding financial period.

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

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

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the 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 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* ₹ *10588 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 year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

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

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

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

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

per **Bhaswar Sarkar**
Partner
Membership Number: 55596

Place: Kolkata
Date:15th May, 2014

Balance Sheet

as at 31st March, 2014

(₹ in lacs)

	Notes	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,155.73	1,155.73
Reserves and Surplus	4	4,440.40	6,375.46
		5,596.13	**7,531.19**
Non-current Liabilities			
Long-term borrowings	5	21,018.46	12,905.60
Other long-term liabilities	6	716.42	585.94
Long-term provisions	7	589.83	569.94
		22,324.71	**14,061.48**
Current Liabilities			
Short-term borrowings	8	41,639.60	40,186.41
Trade payables	9	30,553.17	26,653.67
Other current liabilities	9	7,758.65	14,493.14
Short-term provisions	7	229.74	244.58
		80,181.16	**81,577.80**
TOTAL		**1,08,102.00**	**1,03,170.47**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	36,233.96	33,523.72
Intangible Assets	11	84.54	98.31
Capital Work-in-Progress	12	7.31	758.00
Non-current Investments	13	2,114.14	2,114.14
Deferred tax assets (net)	14	4,036.85	2,776.77
Other Non Current Assets	17.2	95.77	15.00
Long-term loans and advances	15	500.61	854.93
		43,073.18	**40,140.87**
Current assets			
Inventories	16	59,156.73	58,133.90
Trade Receivables	17.1	1,826.18	2,760.61
Cash and bank balances	18	855.66	875.13
Short-term loans and advances	15	1,650.30	1,157.31
Other current assets	17.2	1,539.95	102.65
		65,028.82	**63,029.60**
TOTAL		**1,08,102.00**	**1,03,170.47**
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 **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Bal Kishore Malpani
Whole-time Director

Statement of Profit and Loss

for the year ended 31st March 2014

(₹ in lacs)

	Notes	Year ended 31st March, 2014	Nine Months period ended 31st March, 2013
INCOME			
Revenue from Operations (Gross)	19	81,849.73	53,196.15
Less : Excise duty		3,003.79	1,473.44
Cess		471.38	251.87
Revenue from Operations (net)		**78,374.56**	**51,470.84**
Other Income	20	521.96	785.83
Total Revenue (I)		**78,896.52**	**52,256.67**
EXPENSES			
Cost of Raw Materials consumed	21	61,487.30	64,873.24
Purchase of Traded Goods	22	950.44	837.25
(Increase) in Inventories of Finished Goods, Traded Goods and Goods under Process	22	(1,353.17)	(31,805.04)
Employee benefits expenses	23	4,951.26	4,138.64
Other expenses	24	6,486.80	5,402.23
Total (II)		**72,522.63**	**43,446.32**
Profit before finance costs, tax, depreciation and amortisation [(I) - (II)]		**6,373.89**	**8,810.35**
Depreciation and Amortisation expenses	25	2,741.37	1,998.47
Finance Costs	26	6,733.18	4,556.56
Profit / (Loss) before tax		**(3,100.66)**	**2,255.32**
Tax expenses			
Current tax		98.80	460.82
Deferred tax charge / (credit)		(1,260.08)	529.64
Total tax expense / (credit)		**(1,161.28)**	**990.46**
Profit / (Loss) for the year		**(1,939.38)**	**1,264.86**
Earnings per equity share [nominal value of share ₹ 10 each]	28		
Basic & Diluted (₹)		**(16.78)**	**10.94**
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 **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar *Company Secretary*

Chandra Shekhar Nopany *Director*

Bal Kishore Malpani *Whole-time Director*

Cash Flow Statement

for the year ended 31st March, 2014

(₹ in lacs)

		Year ended 31st March, 2014	Nine Months period ended 31st March, 2013
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit / (Loss) before tax	(3,100.66)	2,255.32
	Adjustment to reconcile profit / (loss) before tax to net cash flows		
	Depreciation and Amortisation expenses	2,741.37	1,998.47
	Finance Costs	6,733.18	4,556.56
	(Profit) / Loss on Tangible Assets sold / discarded (net)	0.40	(1.84)
	Bad Debts, irrecoverable claims and advances written off	0.21	0.03
	Provision for bad and doubtful debts / advances	9.52	6.14
	Molasses Storage & Maintenance Reserve	4.32	1.88
	Cane Purchase Tax Remission	(333.57)	-
	Cane Commission Remission	(183.35)	(256.92)
	Unspent Liabilities and unclaimed Balances adjusted	(68.85)	(676.88)
	Interest Income	(100.72)	(79.11)
	Dividend Income	(80.96)	(14.73)
	Operating Profit before Working Capital Changes :	**5,620.89**	**7,788.92**
	Increase in Trade Payables	4,485.27	18,993.35
	Increase in long term Provisions	19.89	136.35
	(Decrease) in short term Provisions	(14.84)	(65.93)
	(Decrease) / Increase in other current liabilities	(6,557.19)	7,091.26
	(Decrease) in other long term liabilities	(0.04)	(0.05)
	Decrease in Trade Receivables	934.22	939.63
	Decrease / (Increase) in long term Loans & Advances	0.09	(4.24)
	(Increase) in short term Loans & Advances	(531.83)	(158.88)
	(Increase) in other non current assets	(80.77)	(15.00)
	(Increase) / Decrease in other current assets	(1,444.57)	126.82
	(Increase) in Inventories	(1,022.83)	(34,135.35)
	CASH GENERATED FROM OPERATIONS:	**1,408.29**	**696.88**
	Direct Taxes Paid	(93.10)	(66.29)
	NET CASH FROM OPERATING ACTIVITIES	**1,315.19**	**630.59**

Cash Flow Statement (contd.)

for the year ended 31st March, 2014

(₹ in lacs)

		Year ended 31st March, 2014	Nine Months period ended 31st March, 2013
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Proceeds from sale of Tangible Assets	18.92	4.07
	Purchase of Fixed Assets including Capital Advances	(4,100.13)	(528.47)
	Sale of Non-current Investments	-	0.01
	Loans Received Back	1.67	6.48
	Interest Received	107.99	63.61
	Dividend Received	80.96	14.73
	Deposits under Tea Development Account Scheme	130.57	(122.00)
	Fixed Deposits	7.75	(107.00)
	Receipt of Capital Subsidy	50.87	19.03
	NET CASH USED IN INVESTING ACTIVITIES	**(3,701.40)**	**(649.54)**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Repayment of Long Term Loans	(4,051.74)	(4,607.22)
	Proceeds from Long Term Loans	11,921.00	-
	Proceeds from Short Term Borrowings (net)	1,453.19	9,363.13
	Interest Paid	(6,848.09)	(4,457.21)
	Other Borrowing Cost	(99.87)	(55.12)
	NET CASH FROM FINANCING ACTIVITIES	**2,374.49**	**243.58**
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**(11.72)**	**224.63**
	Cash & Cash Equivalents at the beginning of the year	**428.51**	**203.88**
	Cash & Cash Equivalents at the end of the year *	**416.79**	**428.51**

* represents Cash and Bank Balances as indicated in Note 18 and excludes ₹ 438.87 lacs (₹ 446.62 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 **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar *Company Secretary*

Chandra Shekhar Nopany *Director*

Bal Kishore Malpani *Whole-time Director*

Notes to Financial Statements

as at and for the year ended 31st March, 2014

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 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. 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) Fixed Assets and Depreciation on Fixed Assets

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

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

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.

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 will not exceed ten years from the date when the asset is available for use.

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

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as at and for the year ended 31st March, 2014

(c) 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.

(d) 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.

(e) Impairment of Fixed 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 the 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.

Depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(f) 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.

(g) Investments

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

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

(h) 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

Notes to Financial Statements

as at and for the year ended 31st March, 2014

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 determined on annual weighted average method / 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 crop 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.

(i) 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 with 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. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the period.

Income from Renewable Energy Certificates (RECs) is recognised at estimated realisable value on confirmation of RECs by the concerned Authorities

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 and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance basis.

(j) 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.

(k) Retirement and Other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds 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

Notes to Financial Statements

as at and for the year ended 31st March, 2014

the respective funds. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the selected service.

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 Copany 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 does not have an unconditional right to defer its settlement for the period beyond 12 months and accordingly entire leave liability is shown as current liability.

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

(l) 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.

(m) 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

Notes to Financial Statements

as at and for the year ended 31st March, 2014

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 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

(n) 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.

(o) 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.

(p) 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

(q) 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.

(r) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(s) 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.

(t) 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 year ended 31st March, 2014

3. SHARE CAPITAL

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
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, 2014		As at 31st March, 2013	
	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, 2014		As at 31st March, 2013	
	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%	6,58,289	5.70%
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.

Notes to Financial Statements

as at and for the year ended 31st March, 2014

4. RESERVES AND SURPLUS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
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	50.94	49.06
Add: Provided during the year	4.32	1.88
Closing balance	**55.26**	**50.94**
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	(1,027.83)	(2,292.69)
Profit / (Loss) for the year	(1,939.38)	1,264.86
Net Surplus / (Deficit) in the Statement of Profit and Loss	**(2,967.21)**	**(1,027.83)**
Total Reserves and Surplus	**4,440.40**	**6,375.46**

*after adjusting ₹ 7,200 lacs being transfer from General Reserve during the 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, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Term Loans (secured) :				
From Banks -				
Under Project Finance / Corporate Loan Scheme	10,480.00	7,069.00	2,769.00	2,992.00
Under Financial Assisstance Scheme (SEFASU 2014)	5,741.00	-	-	-
From Sugar Development Fund	4,316.00	5,187.21	871.21	871.20
Other Loans and Advances (unsecured) :				
Fixed Deposits from related parties (Note 32e)	15.83	-	92.37	5.00
Fixed Deposits from others	465.63	649.39	510.18	617.48
	21,018.46	**12,905.60**	**4,242.76**	**4,485.68**
Less : Amount disclosed under the head "other current liabilities" (Note 9)			4,242.76	4,485.68
Net amount	**21,018.46**	**12,905.60**	**-**	**-**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

(a) Term Loans from Banks under project finance / corporate loan scheme, 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, 2014	Repayment Schedule
i.	Seohara Sugar Unit	5,500.00	20 Quarterly installments ending on January, 2019.
ii.	Sidhwalia Sugar and Co-Generation unit	623.00	20 Quarterly installments ending on September 2014.
iii.	Hasanpur Sugar Unit	946.00	20 Quarterly installments ending on March, 2015.
iv.	Sidhwalia Sugar Unit	4,000.00	20 Quarterly installments ending on September 2020.
vi.	Hasanpur Sugar and Co-Generation unit	2,180.00	19 Quarterly installments ending on September 2019.
		13,249.00	

(b) Term Loans from Punjab National Bank (PNB) & State Bank of India (SBI) under Financial Assistance Scheme (SEFASU 2014) carry interest of 12% and 12.50 % p.a respectively and is repayable in monthly / quaterly installments ending on March, 2019. The Company is entitled to Interest subvention from Government of India up to 12% as per the terms of sanction and the same will be directly reimbursed to Banks by Department of Food & Public Distribution and hence no liability towards interest of 12% p.a. has been provided in these accounts. The above loan is to be secured by the first parri-passu charge on all the fixed assets, both present and future of the Company's Sugar unit at Seohara, Sidhwalia and Hasanpur. The term loan fron PNB is further secured by 3rd parri-passu charge on all current assets of the above units.

(c) 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, 2014	Repayment Schedule
i.	Seohara Co-generation unit	1,004.76	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	805.46	10 half yearly installments ending on February, 2018.
		5,187.21	

(d) Fixed Deposits from related parties / others carry interest @ 11.75% to 12.50% and are repayable after two years from the respective date of deposits, depending upon their tenure.

Notes to Financial Statements

as at and for the year ended 31st March, 2014

6. OTHER LONG-TERM LIABILITIES

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Interest accrued but not due on borrowings	684.07	553.55
Trade and other deposits	32.35	32.39
	716.42	**585.94**

7. PROVISIONS

(₹ in lacs)

	Long-term		Short-term	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits				
Gratuity (Note 29)	223.06	203.17	100.00	125.00
Leave	-	-	124.21	114.89
	223.06	**203.17**	**224.21**	**239.89**
Other provisions				
For income tax	366.77	366.77	-	-
For wealth tax	-	-	5.53	4.69
	366.77	**366.77**	**5.53**	**4.69**
	589.83	**569.94**	**229.74**	**244.58**

8. SHORT-TERM BORROWINGS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Cash credit from banks (secured) (repayable on demand)	33,166.60	29,138.91
Other Loans & Advances (Unsecured)		
From the Subsidiary Company (Note 32e)		
Inter-Corporate Deposits	653.00	1,135.50
From related parties (Note 32e)		
From others	1,135.00	3,225.00
From Co-operative Farming Societies	6,685.00	6,520.00
	-	167.00
	41,639.60	**40,186.41**

(a) Cash credit borrowings from Banks, other than from District Co-operative Bank Ltd. and Development Credit Bank Ltd. (Commodity Finance) are secured by hypothecation of the 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 Ltd. is further secured by a charge on the immovable assets as follows :

Notes to Financial Statements

as at and for the year ended 31st March, 2014

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.

(b) Cash credit of ₹ 8,764.72 lacs (₹ 8,922.40 lacs) from District Co-operative Bank Ltd. and Development Credit Bank Ltd. (Commodity Finance) are secured by pledge of the stock of Sugar pertaining to Sugar unit at Seohara and Sidhwalia.

(c) Cash Credit borrowings carry interest ranging between 11.75% to 12.85% p.a .

9. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Trade payables (refer Note 35 for details of dues to micro and small enterprises)	30,553.17	26,653.67
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	4,242.76	4,485.68
Payable towards deduction against crop loan by a Bank	-	5,971.11
Payable towards purchase of capital goods	321.16	138.81
Payable to employees	547.94	523.07
Advance against Sale of goods/fixed assets	179.50	207.68
Interest accrued but not due on borrowings, deposits etc.	220.94	337.38
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed Matured Fixed Deposits	0.10	0.78
Unclaimed dividend	1.21	4.05
Others -		
Statutory dues	261.02	272.96
Excise Duty on Closing Stocks	1,664.22	1,843.23
Crop Loan from a Bank pending disbursment to cane growers	215.86	494.27
Miscellaneous	103.94	214.12
	7,758.65	**14,493.14**
	38,311.82	**41,146.81**

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 2012	856.85	94.55	4,488.05	51,777.57	190.55	315.75	238.93	57,962.25
Additions	-	-	68.43	187.91	6.33	25.05	12.07	299.79
Disposals	-	-	-	10.35	0.03	10.91	0.74	22.03
At 31st March, 2013	**856.85**	**94.55**	**4,556.48**	**51,955.13**	**196.85**	**329.89**	**250.26**	**58,240.01**
Additions	32.50	-	250.61	4,840.64	10.48	52.59	29.04	5,215.86(b)
Disposals	-	-	7.22	31.52	29.00	30.37	23.44	121.55
Other adjustment								
-Borrowing Costs	-	-	2.95	226.30	-	-	-	229.25
At 31st March, 2014	**889.35**	**94.55**	**4,802.82**	**56,990.55**	**178.33**	**352.11**	**255.86**	**63,563.57**
Depreciation								
At 1st July 2012	-	94.55	983.18	21,249.55	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**	**1,062.29**	**23,078.35**	**153.81**	**193.59**	**133.70**	**24,716.29**
Charge for the year	-	-	105.73	2,551.82	8.65	27.78	21.57	2,715.55
Disposals	-	-	2.88	25.37	27.82	24.66	21.50	102.23
At 31st March, 2014	**-**	**94.55**	**1,165.14**	**25,604.80**	**134.64**	**196.71**	**133.77**	**27,329.61**
Net Block								
At 31st March, 2013	**856.85**	**-**	**3,494.19**	**28,876.78**	**43.04**	**136.30**	**116.56**	**33,523.72**
At 31st March, 2014	**889.35**	**-**	**3,637.68**	**31,385.75**	**43.69**	**155.40**	**122.09**	**36,233.96**

(a) Title deeds for ₹ 17.98 lacs (₹ 19.77 lacs) are yet to be executed in favour of the Company.

(b) Net of Capital Subsidy of ₹ 50.87 lacs (₹ 19.03 lacs).

(c) Includes assets held in joint ownership with others, Gross Block ₹ 302.36 lacs (₹ 298.24 lacs) and Net Block ₹ 172.52 lacs (₹ 175.35 lacs).

Notes to Financial Statements

as at and for the year ended 31st March, 2014

10. TANGIBLE ASSETS (Contd.)

(d) Details of Pre-operative Expenditure Capitalised during the year

(₹ in lacs)

	31st March, 2014	31st March, 2013
Pre-operative Expenses:		
Salary & Wages	40.73	-
Power & Fuel	29.11	-
Rate & Taxes	0.50	-
Insurance	1.82	-
General Expenses - Travelling & Conveyance	4.41	-
General Expenses - Guest House Expenses	1.47	-
General Expenses - Others	0.03	-
Finance Cost	229.25	-
	307.32	**-**
Less: Transferred to Fixed Assets	(307.32)	-
Balance carried to Balance Sheet		

11. INTANGIBLE ASSETS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Computer Software :		
At the beginning of the year	**117.86**	**3.33**
Additions	12.05	114.53
At the end of the year	**129.91**	**117.86**
Amortisation		
At the beginning of the year	**19.55**	**1.95**
Charge for the year	25.82	17.60
At the end of the year	**45.37**	**19.55**
Net block	**84.54**	**98.31**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

12. CAPITAL WORK-IN-PROGRESS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Balance brought forward from the previous year	758.00	730.04
Add : Additions during the year	4,298.93	84.92
	5,056.93	814.96
Less : Transfer to Tangible Assets during the year	5,049.62	56.96
Balance carried to Balance Sheet	**7.31**	**758.00**

13. NON-CURRENT INVESTMENTS

	Number of Units / shares	Face Value Per Unit / Share	As at 31st March, 2014 (₹ in lacs)	As at 31st March, 2013 (₹ in lacs)
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**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

13. NON-CURRENT INVESTMENTS (Contd.)

	Number of Units / shares	Face Value Per Unit / Share	**As at 31st March, 2014 (₹ in lacs)**	As at 31st March, 2013 (₹ in lacs)
In Co-operative Farming Societies				
Krishna Sahakari Kheti Samiti Limited	5	100.00	0.01	0.01
Kuri Sanyukta Sahakari Kheti Samiti Limited	1 (b)	100.00	-	-
Keshopur Sanyukta Sahakari Kheti Samiti Limited	1 (b)	100.00	-	-
Pandia Sanyukta Sahakari Kheti Samiti Limited	1 (b)	100.00	-	-
Seohara Co-operative Cane Development Union Limited	1 (b)	100.00	-	-
Najibabad Co-operative Cane Development Union Limited	1 (b)	10.00	-	-
Nagina Co-operative Cane Development Union Limited	1 (b)	10.00	-	-
Moradabad Co-operative Cane Development Union Limited	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	0.12
			0.28	**0.28**
			2,114.14	**2,114.14**
Aggregate amount of quoted investments [Market value : ₹ 342.06 lacs (₹ 411.42 lacs)]			376.35	376.35
Aggregate amount of unquoted investments			1737.79	1737.79

a) Includes 637,365 shares 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.

Notes to Financial Statements

as at and for the year ended 31st March, 2014

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)	1000	10.00
Jai Hind Publishing Co. Ltd. (in liquidation)	65	25.00
Akhil Bharat Printers Ltd. (in liquidation)	270	100.00

e) 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 2014, of the quoted investments held by the investee Company, is much higher than the corresponding Book Value and hence no provision is considered necessary.

14. DEFERRED TAX ASSET (NET)

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Deferred Tax Asset		
Carry forward of Unabsorbed Depreciation & Business Losses	10,411.37	8,994.77
Expenditure allowable against taxable income in future years	789.22	869.51
	11,200.59	**9,864.28**
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	7,163.74	7,087.51
	7,163.74	**7,087.51**
Net Deferred Tax Asset	**4,036.85**	**2,776.77**

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.

Notes to Financial Statements

as at and for the year ended 31st March, 2014

15. LOANS AND ADVANCES

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
(Unsecured, considered good except stated otherwise)				
Capital advances				
Secured	-	67.00	-	-
Unsecured	59.30	237.91	-	-
	59.30	**304.91**	**-**	**-**
Sundry Deposits	**13.24**	**12.99**	**30.51**	**45.00**
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good *	-	-	638.17	425.26
Considered doubtful	-	-	58.44	48.92
	-	-	696.61	474.18
Less : Provision for doubtful advances	-	-	58.44	48.92
	-	**-**	**638.17**	**425.26**
Other loans and advances Considered good				
Loan to employees	-	-	0.42	2.09
Deposits against demand under appeal and / or under dispute	-	-	144.92	175.98
Claims/Refunds Receivable	-	-	333.83	9.77
Prepaid Expenses	4.69	5.03	40.13	35.01
Advance payment of Income Tax and Tax deducted at source after adjusting provisions	64.17	69.87	-	-
Balances with Excise and Other Government Authorities	-	-	397.32	371.55
Balance with Tea Development Account Scheme, 1990	359.21	462.13	65.00	92.65
Considered doubtful				
Loan to others	7.50	23.16	-	-
	435.57	560.19	981.62	687.05
Less : Provision for doubtful Loans	7.50	23.16	-	-
	428.07	**537.03**	**981.62**	**687.05**
	500.61	**854.93**	**1,650.30**	**1,157.31**

* Includes ₹ Nil (₹ 55.45 lacs) recoverable from related parties (Note 32f).

Notes to Financial Statements

as at and for the year ended 31st March, 2014

16. INVENTORIES

(₹ in lacs)

	Notes	As at 31st March, 2014	As at 31st March, 2013
Valued at Lower of Cost and Net Realisable Value			
Raw materials	21	931.79	1,043.39
Goods under process	22	1,715.71	1,169.04
Finished goods	22	53,300.45	51,991.80
Traded goods	22	9.50	11.96
Stores, Chemicals and spare parts etc.		1,232.88	1,268.70
Power - Banked	22	2.99	5.31
Agriculture Products - Standing Crop	22	15.49	11.88
Valued at Estimated Realisable Value			
By-Products	22	1,939.76	2,624.90
Scrap	22	8.16	6.92
		59,156.73	**58,133.90**
The above includes stock in transit :			
Stores, Chemicals and spare Parts etc.		49.83	39.85

17. TRADE RECEIVABLES AND OTHER ASSETS

17.1 TRADE RECEIVABLES

(₹ in lacs)

	Current	
	As at 31st March, 2014	As at 31st March, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	41.65	26.92
Considered doubtful	43.04	43.04
	84.69	**69.96**
Less : Provision for doubtful trade receivables	43.04	43.04
	41.65	**26.92**
Other receivables		
Unsecured, considered good	1,784.53	2,733.69
	1,784.53	**2,733.69**
	1,826.18	**2,760.61**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

17.2 OTHER ASSETS

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2014	As at 31 March 2013	**As at 31st March, 2014**	As at 31 March 2013
(Unsecured, considered good, Unless stated otherwise)				
Non Current bank balances (Note 18)	15.50	15.00	-	-
Considered good				
Interest accrued on Loans, Advances, Deposits, Investments etc.	-	-	43.05	50.32
Claims Receivable towards Subsidies & Incentives	-	-	866.82	52.33
Renewable Energy Certificate entitlement	-	-	612.58	
Unamortilised Ancillary cost of arranging the borowings	80.27	-	17.50	-
Considered doubtful				
Interest accrued on Loans, Advances, Deposits, Investments etc.	3.89	3.89	-	-
	99.66	18.89	1,539.95	102.65
Less : Provision for doubtful items	3.89	3.89	-	-
	95.77	**15.00**	**1,539.95**	**102.65**

18. CASH AND BANK BALANCES

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	**As at 31st March, 2014**	As at 31st March, 2013
Cash and cash equivalents :				
Balances with banks				
Current accounts			231.83	103.64
Savings accounts			0.02	0.02
Tea Development account			0.17	0.26
Unpaid dividend account			1.21	4.05
Deposits with original maturity of less than 3 months			145.00	249.04
Cheque in hand			-	19.65
Cash on hand			38.56	51.85
			416.79	**428.51**
Deposits with original maturity of more than 3 months and not more than 12 months *#	-	-	438.75	431.50
Deposits with original maturity of more than 12 months #	15.50	15.00	-	15.00
In Post office savings bank account			0.12	0.12
	15.50	**15.00**	**438.87**	**446.62**
Less : Amount disclosed under non-current assets (Note 17.2)	15.50	15.00	-	-
	-	**-**	**855.66**	**875.13**

* Includes ₹ 133.75 lacs (₹ 126.00 lacs) towards earmarked accounts.

Receipts / Pass Book for ₹ 25.58 lacs (₹ 40.58 lacs) pledged / lodged with various Government Authorities as security.

Notes to Financial Statements

as at and for the year ended 31st March, 2014

19. REVENUE FROM OPERATIONS

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Revenue from operations		
Sale of products		
Finished goods	73,437.51	48,126.01
Traded goods	973.07	846.35
Power	4,478.17	3,218.82
By products	1,330.16	621.01
Others	87.80	72.36
	80,306.71	**52,884.55**
Other operating revenue		
Proceeds from Agriculture Products	23.65	3.81
Excise duty subsidy*	124.51	-
Cane purchase tax remission *	333.57	-
Cane commission remission *	183.35	256.92
Renewable Energy Certificates credit	779.13	-
Tea replanting Subsidy	6.04	-
Scrap Sales	92.77	50.87
Revenue from operations (gross)	**81,849.73**	**53,196.15**
Less : Excise duty	3,003.79	1,473.44
Cess	471.38	251.87
Revenue from operations (net)	**78,374.56**	**51,470.84**

* relates to earlier year.

Detail of products sold

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Finished goods		
Sugar	60,432.98	43,135.49
Spirit	10,689.02	2,956.85
Carbon-di-oxide	111.91	31.30
Tea	2,203.60	2,002.37
	73,437.51	**48,126.01**
Traded goods		
Diesel & Lubricants	973.07	846.35
	973.07	**846.35**
By products		
Molasses	1,298.23	595.19
Bagasse *	31.93	25.82
	1,330.16	**621.01**

* including items capitalised ₹ 26.80 lacs (₹ Nil).

Notes to Financial Statements

as at and for the year ended 31st March, 2014

20. OTHER INCOME

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Interest income on		
Loans, deposits, advances etc.	100.08	76.07
Refund from Income Tax Department	0.64	3.03
Long-term investments	-	0.01
Dividend income on Long-term investments	15.74	14.73
Insurance and Other Claims	254.46	3.15
Rent and Hire Charges	6.28	5.12
Unspent Liabilities and unclaimed Balances adjusted	68.85	676.88
Land Dividend	65.22	-
Profit on tangible assets sold / discarded (net)	-	1.84
Miscellaneous Receipts	10.69	5.00
	521.96	**785.83**

21. COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Inventory at the beginning of the year	1,043.39	205.37
Add : Purchases and procurement expenses *	61,354.38	65,251.58
Purchase tax & Cess	21.32	459.68
	62,419.09	**65,916.63**
Less: Inventory at the end of the year	931.79	1,043.39
	61,487.30	**64,873.24**

* after adjusting subsidy/ remission of ₹ 1138.10 lacs allowed by the State Governments.

Details of raw materials consumed

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March,2013
Sugarcane	59,022.49	64,795.90
Molasses - consumed in Distillery unit	4,999.50	1,081.73
Bagasse - consumed in Co-generation units	4,045.67	2,585.44
Biocompost	59.10	50.14
Press mud	30.86	28.19
Green Leaf (Cess)	21.32	20.90
Seed, Manures and fodder	19.94	7.82
	68,198.88	**68,570.12**
Less : Inter-unit transfer of own produced materials	6,711.58	3,696.88
	61,487.30	**64,873.24**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

Details of raw material inventory (₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Sugarcane	71.98	165.85
Molasses - at Distillery unit	268.47	320.51
Bagasse - at Co-generation units	573.92	545.59
Press mud	17.42	11.44
	931.79	**1,043.39**

Details of Inter-unit transfer of own produced materials (₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Sugar Cane	6.72	15.23
Molasses	3,178.40	1,028.46
Bagasse	3,463.85	2,601.66
Biocompost	59.10	50.14
Press mud	3.51	1.39
	6,711.58	**3,696.88**

21. (INCREASE) IN INVENTORIES

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Inventories at the end of the year		
Finished goods	53,300.45	51,991.80
Traded goods	9.50	11.96
Power - Banked	2.99	5.31
By Products	1,939.76	2,624.90
Goods under process	1,715.71	1,169.04
Agriculture Products - Standing Crop	15.49	11.88
Scrap	8.16	6.92
	56,992.06	**55,821.81**
Inventories at the beginning of the year		
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**
	(1,170.25)	**(33,071.37)**
Decrease / (Increase) of excise duty on inventories	**(182.92)**	**1,266.33**
	(1,353.17)	**(31,805.04)**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

Details of purchase of traded goods (₹ in lacs)

	Year ended 31st March ,2014	Nine months Period ended 31st March, 2013
Diesel & Lubricants	950.44	837.25
	950.44	**837.25**

Details of inventory (₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Finished goods		
Sugar	52,915.54	51,757.85
Spirit	321.37	199.00
Tea	63.54	34.95
	53,300.45	**51,991.80**
Traded goods		
Diesel & Lubricants	9.50	11.96
	9.50	**11.96**
By-products		
Molasses	1,117.12	2,057.58
Bagasse	822.64	567.32
	1,939.76	**2,624.90**
Goods under process		
Sugar	1,607.22	1,114.24
Molasses	108.49	54.80
	1,715.71	**1,169.04**

23. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Salaries, wages, bonus etc.	4,329.39	3,560.96
Contribution to provident & other funds	384.93	302.75
Gratuity expense (Note 29)	76.41	146.67
Employees' welfare expenses	160.53	128.26
	4,951.26	**4,138.64**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

23. OTHER EXPENSES

(₹ in lacs)

	Year ended 31st March, 2014		Nine months Period ended 31st March, 2013	
Consumption of stores and spares		1,439.33		1,255.16
Packing Materials		1,077.68		1,109.86
Power & Fuel		535.03		409.01
Repairs to and Maintenance of :				
Buildings		112.49		106.23
Machinery		1,327.67		1,173.30
Others		17.17		12.95
Rent		28.56		19.47
Rates & Taxes		47.82		34.68
Insurance		53.60		57.45
Payment to Auditors				
As Auditors				
Audit Fees		16.25		16.25
Limited Review Fees		9.75		6.78
In other capacity				
Tax Audit Fees		9.75		9.75
For Certificates and Other services		6.62		5.31
Reimbursement of Expenses		5.03		4.92
Payment to Cost Auditors		1.19		1.15
Commission on sales		277.17		220.31
Freight & forwarding charges etc.		319.16		252.05
Charity and Donations		0.91		0.64
Provision for bad and doubtful debts / advances (net)		9.52		6.14
Bad Debts, irrecoverable claims and advances written off	15.87		0.03	
Less : Adjusted against provisions	15.66	0.21	-	0.03
Loss on tangible assets sold / discarded (net)		0.40		-
Molasses Storage & Maintenance Reserve		4.32		1.88
Director's Sitting fees		2.60		1.45
Miscellaneous Expenses		1,184.57		697.46
		6,486.80		**5,402.23**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

25. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Depreciation of tangible assets	2,715.55	1,980.87
Amortisation of intangible assets	25.82	17.60
	2,741.37	**1,998.47**

26. FINANCE COSTS

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Interest	6,632.92	4,501.44
Other Borrowing Costs	100.26	55.12
	6,733.18	**4,556.56**

27. AGRICULTURAL INCOME / (LOSS)

Details of revenue and expenses pertaining to agricultural activities which have been included in notes 19 to 25 under the respective heads :

(₹ in lacs)

		Year ended 31st March, 2014		Nine months Period ended 31st March, 2013
Income				
Sales of products [including inter-transfers ₹ 6.72 lacs (₹ 15.23 lacs)]		30.38		17.01
Miscellaneous Receipts		1.79		0.84
		32.17		**17.85**
Expenses				
Raw Materials Consumed		19.94		7.82
(Increase) / Decrease in Stocks :				
Opening Stock	11.88		10.60	
Less: Closing Stock	15.49	(3.61)	11.88	(1.28)
Rent		4.01		1.88
Rates & Taxes		0.05		0.10
Employee benefits expenses :				
Salaries, Wages, Bonus etc.	11.14		8.49	
Contribution to Provident & Other Funds	0.15	11.29	0.11	8.60
Miscellaneous Expenses		11.37		5.15
		43.05		**22.27**
Agricultural Income / (Loss)		**(10.88)**		**(4.42)**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

28. EARNINGS PER SHARE (EPS)

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

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Profit / (Loss) after tax	**(1,939.38)**	**1,264.86**
Net profit / (loss) for calculation of basic and diluted EPS	**(1,939.38)**	**1,264.86**
	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 (₹)	**(16.78)**	**10.94 ***
*** Not annualised**		

29. 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 as per 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.

Statement of profit and loss

Net employee benefit expense recognised in employee costs

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Current service cost	75.62	50.95
Interest cost on benefit obligation	108.17	78.74
Expected return on plan assets	(91.31)	(68.21)
Net actuarial (gain) / loss recognised in the year/period	(16.07)	85.19
Net benefit expense	**76.41**	**146.67**
Actual return on plan assets	88.44	52.58

Balance Sheet

Net Benefit liability / (asset)

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Present value of defined benefit obligation	1,430.76	1,372.39
Fair value of plan assets	1,107.70	1,044.22
Plan liability	**323.06**	**328.17**

Notes to Financial Statements

as at and for the year ended 31st March, 2014

Changes in the present value of the defined benefit obligation are as follows:

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Opening defined benefit obligation	1,372.39	1,297.28
Current service cost	75.62	50.95
Interest cost	108.17	78.74
Benefits paid	(106.48)	(124.14)
Actuarial (gains) / losses on obligation	(18.94)	69.56
Closing defined benefit obligation	**1,430.76**	**1,372.39**

Changes in the fair value of plan assets are as follows :

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Opening fair value of plan assets	1,044.22	1,029.27
Expected return	91.31	68.21
Contributions by employer	81.52	86.51
Benefits paid	(106.48)	(124.14)
Actuarial gains / (losses)	(2.87)	(15.63)
Closing fair value of plan assets	**1,107.70**	**1,044.22**

The Company expects to contribute ₹ 100.00 lacs (₹ 125.00 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 :

	31st March, 2014	31st March, 2013
Investments with LIC	100%	100%

The principal assumptions are shown below :

	31st March, 2014	31st March, 2013
Discount rate	9.00%	8.20%
Expected rate of return on assets	8.85%	9.00%
Withdrawal Rates	Varying between 1.8% to 4.2% per annum depending upon the duration and age of the employees	

Notes to Financial Statements

as at and for the year ended 31st March, 2014

Amounts for the current and previous four periods are as follows :

(₹ in lacs)

	31st March, 2014	31st March, 2013	30th June, 2012	30th June, 2011	30th June, 2010
Gratuity					
Defined benefit obligation	1,430.76	1,372.39	1,297.28	1,227.89	1,116.03
Plan assets	1,107.70	1,044.22	1,029.27	1,016.17	976.92
Surplus / (deficit)	(323.06)	(328.17)	(268.01)	(211.72)	(139.11)
Experience (gain) / loss adjustments on plan liabilities	60.51	41.22	(4.83)	63.13	Not Available *
Experience gains / (loss) adjustments on plan assets	(2.87)	(15.63)	12.90	9.43	Not Available *

* Experience adjustments on plan liabilities and assets are not readily available for the year 2009-10 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)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Contribution to Provident / Pension Funds	381.87	300.64
Contribution to Superannuation Fund	3.06	2.11
	384.93	**302.75**

30. 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)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Lease payments made for the year/period	28.56	19.47
	28.56	**19.47**

* including lease rent for use of agriculture land ₹ 4.01 lacs (₹ 1.88 lacs).

31. 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.

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

Business segments

Year ended 31st March, 2014

(₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Revenue *						
Segment revenue	68,555.64	9,712.34	7,983.05	2,207.48	973.07	89,431.58
Less : Inter segment	7,493.04	59.10	3,504.88	-	-	11,057.02
Total revenue from operations (net)	**61,062.60**	**9,653.24**	**4,478.17**	**2,207.48**	**973.07**	**78,374.56**
Results						
Segment results	(2,525.14)	3,085.11	2,507.44	712.76	20.87	3,801.04
Unallocated Income / (Expenses) (net of unallocable expenses / income)						(168.52)
Operating profit						3,632.52
Finance costs						6,733.18
Profit / (loss) before tax						(3,100.66)
Current Tax						98.80
Deferred tax charge / (credit)						(1,260.08)
Net loss for the year						**(1,939.38)**

31. SEGMENT INFORMATION (Contd.)

As at 31st March, 2014

(₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Segment assets	77,797.77	6,193.55	15,369.64	1,173.74	13.32	1,00,548.02
Unallocated assets						7,553.98
Total assets						**1,08,102.00**
Segment liabilities	33,509.93	371.00	92.65	219.07	107.80	34,300.45
Unallocated liabilities						68,205.42
Total liabilities						**1,02,505.87**
Other segment information						
Capital expenditure						
Tangible & Intangible assets	407.75	1,133.50	3,068.60	96.62	-	**4,706.47**
Depreciation & Amotisation expense	1,579.34	273.37	835.32	52.73	0.61	**2,741.37**
Non-cash expenses	4.32	-	-	-	-	**4.32**

Period ended 31st March, 2013

(₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Revenue *						
Segment revenue	46,751.02	2,750.29	6,098.17	2,001.04	846.35	58,446.87
Less : Inter segment	4,046.54	50.14	2,879.35	-	-	**6,976.03**
Total revenue from operations (net)	**42,704.48**	**2,700.15**	**3,218.82**	**2,001.04**	**846.35**	**51,470.84**
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 / (credit)						529.64
Net profit						**1,264.86**

31. SEGMENT INFORMATION (Contd.)

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**

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)

Year ended 31st March, 2014	India
Revenue*	
Revenue from operations	**78,374.56**
Other segment information	
Segment assets	**1,00,548.02**

(₹ in lacs)

Period ended 31st March, 2013	India
Revenue*	
Revenue from operations	**51,470.84**
Other segment information	
Segment assets	**96,711.98**

Note: The Company has only domestic operations.

* net of excise duty and cess.

32. 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 (upto 30.09.2013) Chairperson (from 01.10.2013)
	Mr. B.K.Malpani	– Wholetime Director (from 01.11.2013)
	Mr. C.B. Patodia	– Advisor
	Mr. Sukhvir Singh	– Executive President, Seohara Unit
	Mr. B.K. Sureka	– Executive President, Sidhwalia Unit
	Mr. Birinder Singh	– Executive President, Hasanpur Unit
	Mr. S.S. Binani	– Executive Vice President, Cinnatolliah Tea Garden
	Mr. S.K.Poddar	– Company Secretary
Relatives of key management personnel	Mr. Chandra Shekhar Nopany	– Son of Smt. Nandini Nopany
	Mrs. Shruti Vora	– Daughter of Smt. Nandini Nopany
	Mr. Nitin Kumar	– Son of Shri Sukhvir Singh
	Smt. Anita Sureka	– Wife of Shri B.K.Sureka
	Smt. Premlata Malpani	– Wife of Shri B.K.Malpani
	Smt. Amit Malpani	– Son of Shri B.K.Malpani
	Smt. Anchal Malpani	– Wife of Shri Amit Malpani
	Smt. Disha Kabra	– Daughter of Shri B.K.Malpani
	Mr. Jugal Kishore Malpani	– Brother of Shri B.K.Malpani
Enterprises owned or significantly influenced by key management personnel or their relatives	The Oudh Sugar Mills Limited	
	Hargaon Investment & Trading Company Limited	
	Yashovardhan Investment & Trading Company Limited	
	Uttam Commercial Limited	
	Manbhawani Investment Limited	
	Ronson Traders Limited	

32. RELATED PARTY DISCLOSURES (Contd.)

Related party transactions

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

a. Sale of goods (₹ in lacs)

	Year 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, 2014	388.57	-	-
	31st March, 2013	230.29	-	-

b. Purchase of goods (₹ in lacs)

	Year 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, 2014	201.53	-	-
	31st March, 2013	175.64	-	-

c. Sale of fixed assets (₹ in lacs)

	Year 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, 2014	1.89	-	-
	31st March, 2013	-	-	-

d. Purchase of fixed assets (₹ in lacs)

	Year 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, 2014	7.02	-	-
	31st March, 2013	-	-	-

32. RELATED PARTY DISCLOSURES (Contd.)

e. Loans / Intercorporate deposits and Fixed deposits taken and repayment thereof (₹ in lacs)

	Year ended	Loan / Intercoporate deposits taken	Repayments	Interest accrued / paid	Amount owed to related parties
Subsidiary company					
Uttar Pradesh Trading Company Limited	31st March, 2014	156.00	638.50	22.68	653.00
	31st March, 2013	183.00	75.00	67.56	1,135.50
Relatives of key management personnel					
Others	31st March, 2014	15.83	17.71	14.93	108.20 *
	31st March, 2013	-	-	0.50	5.00
Enterprises owned or significantly influenced by key management personnel or their relatives					
Uttam Commercial Limited	31st March, 2014	-	-	8.40	60.00
	31st March, 2013	60.00	-	6.29	60.00
Yashovardhan Investment & Trading Company Limited	31st March, 2014	-	1,000.00	190.44	1,000.00
	31st March, 2013	2,000.00	-	101.81	2,000.00
Hargaon Investment & Trading Company Limited	31st March, 2014	-	1,000.00	0.41	-
	31st March, 2013	1,000.00	-	2.47	1,000.00
Ronson Traders Limited	31st March, 2014	-	-	10.50	75.00
	31st March, 2013	-	-	7.86	75.00
Manbhawani Investment Limited	31st March, 2014	-	90.00	6.16	-
	31st March, 2013	-	150.00	20.92	90.00

* includes opening balance.

f. Receivable / Payable outstanding (net) (₹ in lacs)

	Year 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	31st March, 2014	-	-	39.64
The Oudh Sugar Mills Limited	31st March ,2013	-	55.45	-

32. RELATED PARTY DISCLOSURES (Contd.)

g. Director's Sitting Fees (₹ in lacs)

	Year ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Key management personnel				
Mrs. Nandini Nopany	31st March, 2014	0.08	-	-
	31st March, 2013	-	-	-
Mr. B.K.Malpani	31st March, 2014	0.10		
	31st March, 2013	-	-	-
Relatives of key management personnel				
Shri Chandra Shekhar Nopany	31st March, 2014	0.45		
	31st March, 2013	0.33		

h. Remuneration to key managerial personnel (₹ in lacs)

	Year ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Smt. Nandini Nopany	31st March, 2014	16.80	-	-
	31st March, 2013	25.20	-	-
Shri C.B. Patodia	31st March, 2014	193.99	-	6.68
	31st March, 2013	148.31	-	20.37
Shri Sukhvir Singh	31st March, 2014	40.32	-	0.77
	31st March, 2013	31.15	-	1.61
Shri B.K. Sureka	31st March, 2014	19.92	-	0.64
	31st March, 2013	15.38	-	0.44
Shri Birinder Singh	31st March, 2014	21.28	-	2.97
	31st March, 2013	14.23	-	2.65
Shri S.S. Binani	31st March, 2014	17.11	-	-
	31st March, 2013	19.53	-	-
Shri S.K.Poddar	31st March, 2014	30.59	-	-
	31st March, 2013	21.49	-	-

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 year ended 31st March, 2014

33. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 12.08 lacs (₹ 1,762.93 lacs).

34. CONTINGENT LIABILITIES

(₹ in lacs)

		31st March, 2014	31st March, 2013
(a)	Demands / Claims by various Government Authorities and others not acknowledged as debt and contested by the Company :		
	(i) Excise Duty & Service Tax	3,549.67	1,921.88
	(ii) Sales & Entry Tax	-	113.05
	(iii) Collection charges against Cane Dues	-	431.42
	(iv) Others	28.82	33.37
	Total	**3,578.49 ***	**2,499.72**
(b)	Outstanding towards crop loan disbursed to growers for which corporate guarantee is given to the banks	-	62.62
(c)	Bank Guarantees outstanding	691.09	24.00

* Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company, the management believes that it is possible but not probable the action will succeed and accordingly no provision there against is considered necessary.

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

(₹ in lacs)

		31st March, 2014	31st March, 2013
(i)	Principal amount remaining unpaid to any supplier at the end of accounting period (including retention money against performance).	80.38	37.89
(ii)	Interest due on above.	4.80	0.17
	Total of (i) & (ii)	**85.18**	**38.06**
(iii)	Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	2.65	14.62
(iv)	Amount paid to the suppliers beyond the respective due date.	131.95	63.71
(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.	2.11	1.13
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	6.91	1.30
(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.	-	-

36. 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.

Notes to Financial Statements

as at and for the year ended 31st March, 2014

37. VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Spare Parts	1.74	-
	1.74	**-**

38. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

₹ in lacs

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Travelling	35.78	9.87
	35.78	**9.87**

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

	31st March, 2014		31st March, 2013	
	consumption %	Value ₹ in lacs	consumption %	Value ₹ in lacs
Raw Materials				
Imported	0.00%	-	0.00%	-
Indigenous	100.00%	**61,487.30**	100.00%	**64,873.24**
	100.00%	**61,487.30**	**100.00%**	**64,873.24**
Stores and Spares				
Imported	0.36%	**5.17**	**0.00%**	-
Indigenous	99.64%	**1,434.16**	**100.00%**	**1,255.16**
	100.00%	**1,439.33**	**100.00%**	**1,255.16**

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

40. Previous year's figures including those given in brackets have been regrouped/ rearranged wherever necessary. Further, the previous period figures being for nine months period from 1st July 2012 to 31st March, 2013 (except in case of Cinnatolliah Tea garden, a unit of the Company , where figures for twelve months were included due to change in accounting year of said unit in 2012-13), are not comparable with current year figures.

As per our report of even date

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

per **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar *Company Secretary*

Chandra Shekhar Nopany *Director*

Bal Kishore Malpani *Whole-time Director*

Independent Auditors' 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 at March 31, 2014 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 14 to the Consolidated financial statements, the Company has recognised Deferred Tax Asset (DTA) (net) of ₹ 4036.85 lacs (including ₹ 1260.08 lacs for the year) up to 31st March, 2014, 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, there would be a loss of ₹ 5843.69 lacs (including DTA of ₹ 2776.77 lacs recognised up to 31st March 2013) as against the reported loss of ₹ 1806.84 lacs for the year and the reserve and surplus balance would be ₹ 2928.01 lacs as against the reported figure of ₹ 6964.86 lacs as on the balance sheet date.

Our audit opinion on the Consolidated financial statements for the previous period 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 effects 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, 2014;

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

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

OTHER MATTER

We did not audit total assets of ₹ 3972.78 lacs as at March 31, 2014, total revenues of ₹ 174.82 lacs and net cash outflows amounting to ₹ (-) 0.72 lac for the year 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 **Bhaswar Sarkar**
Partner
Membership Number: 55596

Place: Kolkata
Date:15th May, 2014

Balance Sheet

as at 31st March, 2014

(₹ in lacs)

	Notes	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,155.73	1,155.73
Reserves and Surplus	4	6,964.86	8,767.38
		8,120.59	**9,923.11**
Non-current Liabilities			
Long-term borrowings	5	21,018.46	12,905.60
Other long-term liabilities	6	716.42	585.94
Long-term provisions	7	589.83	569.94
		22,324.71	**14,061.48**
Current Liabilities			
Short-term borrowings	8	40,986.60	39,650.91
Trade payables	9	30,515.91	26,654.02
Other current liabilities	9	7,759.49	14,494.61
Short-term provisions	7	233.17	248.01
		79,495.17	**81,047.55**
TOTAL		**1,09,940.47**	**1,05,032.14**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	36,309.12	33,538.72
Intangible Assets	11	84.54	98.31
Capital Work-in-Progress	12	7.31	816.19
Non-current Investments	13	3,865.47	3,865.47
Deferred tax assets (net)	14	4,036.85	2,776.77
Other Non Current Assets	17.2	95.77	15.00
Long-term loans and advances	15	507.54	859.66
		44,906.60	**41,970.12**
Current assets			
Inventories	16	59,156.73	58,133.90
Trade Receivables	17.1	1,826.18	2,760.61
Cash and bank balances	18	856.78	876.97
Short-term loans and advances	15	1,654.23	1,187.89
Other current assets	17.2	1,539.95	102.65
		65,033.87	**63,062.02**
TOTAL		**1,09,940.47**	**1,05,032.14**
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 **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar *Company Secretary*

Chandra Shekhar Nopany *Director*

Bal Kishore Malpani *Whole-time Director*

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2014

(₹ in lacs)

	Notes	Year ended 31st March, 2014	Nine Months period ended 31st March, 2013
INCOME			
Revenue from Operations (Gross)	19	81,849.73	53,196.15
Less : Excise duty		3,003.79	1,473.44
Cess		471.38	251.87
Revenue from Operations (net)		**78,374.56**	**51,470.84**
Other Income	20	674.10	937.93
Total Revenue (I)		**79,048.66**	**52,408.77**
EXPENSES			
Cost of Raw Materials consumed	21	61,487.30	64,873.24
Purchase of Traded Goods	22	950.44	837.25
(Increase) in Inventories of Finished Goods, Traded Goods and Goods under Process	22	(1,353.17)	(31,805.04)
Employee benefits expenses	23	4,951.26	4,138.64
Other expenses	24	6,505.45	5,420.14
Total (II)		**72,541.28**	**43,464.23**
Profit before finance costs, tax, depreciation and amortisation [(I) - (II)]		**6,507.38**	**8,944.54**
Depreciation and Amortisation expenses	25	2,741.97	1,998.47
Finance Costs	26	6,733.53	4,555.43
Profit / (Loss) before tax		**(2,968.12)**	**2,390.64**
Tax expenses			
Current tax		98.80	460.82
Deferred tax charge / (credit)		(1,260.08)	529.64
Total tax expense / (credit)		**(1,161.28)**	**990.46**
Profit / (Loss) for the year		**(1,806.84)**	**1,400.18**
Earnings per equity share [nominal value of share ₹ 10 each]	28		
Basic & Diluted (₹)		**(15.63)**	**12.12**
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 **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar *Company Secretary*

Chandra Shekhar Nopany *Director*

Bal Kishore Malpani *Whole-time Director*

Consolidated Cash Flow Statement

for the year ended 31st March, 2014

(₹ in lacs)

		Year ended 31st March, 2014	Nine Months period ended 31st March, 2013
(A)	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit / (Loss) before tax	(2,968.12)	2390.64
	Adjustment to reconcile profit / (loss) before tax to net cash flows		
	Depreciation and Amortisation expenses	2,741.97	1998.47
	Finance Costs	6,733.53	4555.43
	Loss / (Profit) on Tangible Assets sold / discarded (net)	0.40	(1.84)
	Bad Debts, irrecoverable claims and advances written off	0.21	0.03
	Provision for bad and doubtful debts / advances	9.52	6.14
	Molasses Storage & Maintenance Reserve	4.32	1.88
	Cane Purchase Tax Remission	(333.57)	-
	Cane Commission Remission	(183.35)	(256.92)
	Unspent Liabilities and unclaimed Balances adjusted	(68.85)	(676.88)
	Interest Income	(100.72)	(79.11)
	Dividend Income	(233.10)	(166.83)
	Operating Profit before Working Capital Changes :	**5,602.24**	**7,771.01**
	Increase in Trade Payables	4447.66	18991.80
	Increase in long term Provisions	19.89	136.35
	(Decrease) in short term Provisions	(14.84)	(65.93)
	(Decrease) / Increase in other current liabilities	(6558.64)	7091.86
	(Decrease) in other long term liabilities	(0.04)	(0.05)
	Decrease in Trade Receivables	934.22	939.63
	Decrease / (Increase) in long term Loans & Advances	0.09	(4.24)
	(Increase) in short term Loans & Advances	(505.18)	(176.44)
	(Increase) in other non current assets	(80.77)	(15.00)
	(Increase) / Decrease in other current assets	(1444.57)	126.82
	(Increase) in Inventories	(1,022.83)	(34135.35)
	CASH GENERATED FROM OPERATIONS:	**1377.23**	**660.46**
	Direct Taxes Paid	(95.30)	(70.62)
	NET CASH FROM OPERATING ACTIVITIES	**1281.93**	**589.84**

Consolidated Cash Flow Statement (contd.)

for the year ended 31st March, 2014

(₹ in lacs)

		Year ended 31st March, 2014	Nine Months period ended 31st March, 2013
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Proceeds from sale of Tangible Assets	18.92	4.07
	Purchase of Fixed Assets including Capital Advances	(4102.69)	(555.58)
	Sale of Non-current Investments	-	0.01
	Purchase of Non current investments	-	(1.96)
	Loans Received Back	1.67	6.48
	Interest Received	107.99	66.45
	Dividend Received	233.10	166.83
	Deposits under Tea Development Account Scheme	130.57	(122.00)
	Fixed Deposits	7.75	(107.00)
	Receipt of Capital Subsidy	50.87	19.03
	NET CASH USED IN INVESTING ACTIVITIES	**(3551.82)**	**(523.67)**
(C)	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Repayment of Long Term Loans	(4051.74)	(4607.22)
	Proceeds from Long Term Loans	11,921.00	-
	Proceeds from Short Term Borrowings (net)	1335.69	9255.13
	Interest Paid	(6,847.63)	(4459.64)
	Other Borrowing Cost	(99.87)	(55.12)
	NET CASH FROM FINANCING ACTIVITIES	**2257.45**	**133.15**
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**(12.44)**	**199.32**
	Cash & Cash Equivalents at the beginning of the year	**430.35**	**231.03**
	Cash & Cash Equivalents at the end of the year *	**417.91**	**430.35**

* represents Cash and Bank Balances as indicated in Note 18 and excludes ₹ 438.87 lacs (₹ 446.62 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 **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar *Company Secretary*

Chandra Shekhar Nopany *Director*

Bal Kishore Malpani *Whole-time Director*

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

1. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Upper Ganges Sugar & Industries Ltd. ("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, 2014	As on 31st March, 2013
Uttar Pradesh Trading Company Ltd.	India	100	100

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 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. 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) Fixed Assets and Depreciation on 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

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use.

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

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 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.

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 will not exceed ten years from the date when the asset is available for use.

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

(c) 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.

(d) 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.

(e) Impairment of Fixed 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 the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

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.

Depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(f) 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.

(g) Investments

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

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

(h) 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 determined on annual weighted average method / 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 crop 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.

(i) 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 with 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. Hence, they are excluded from revenue. Excise duty and Cess deducted from revenue (gross) is the amount that is included in the revenue

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

(gross) and not the entire amount of liability arising during the period.

Income from Renewable Energy Certificates (RECs) is recognised at estimated realisable value on confirmation of RECs by the concerned Authorities.

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 and Compensation receivable in respect of land surrendered to / acquired by the Government due to uncertainty in realisation, are accounted for on acceptance basis.

(j) 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.

(k) Retirement and other Employee Benefits

Retirement benefits in the form of Provident and Pension Funds 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. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the selected service.

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 does not have an unconditional right to defer its settlement for the period beyond 12 months and accordingly entire leave liability is shown as current liability.

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

(l) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

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.

(m) 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 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

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) Shares Issue Expenses

Shares issue expenses are adjusted against Securities Premium Account.

(s) 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.

(t) 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 Consolidated Financial Statements

as at and for the year ended 31st March, 2014

3. SHARE CAPITAL

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
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, 2014		As at 31st March, 2013	
	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, 2014		As at 31st March, 2013	
	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 Company Limited	6,58,289	5.70%	6,58,289	5.70%
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.

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

4. RESERVES AND SURPLUS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
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	**437.18**	**409.93**
Add : Transfer from statement of Profit & Loss	**27.00**	**27.25**
	464.18	**437.18**
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	50.94	49.06
Add: Provided during the year	4.32	1.88
	55.26	**50.94**
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	533.31	(839.62)
Profit / (Loss) for the year	(1,806.84)	1,400.18
Less : Transfer to Reserve Fund	27.00	27.25
Net Surplus / (Deficit) in the Statement of Profit and Loss	**(1,300.53)**	**533.31**
Total Reserves and Surplus	**6,964.86**	**8,767.38**

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

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

5. LONG-TERM BORROWINGS

(₹ in lacs)

	Non-current portion		Current portion	
	As at 31st March, 2014	As at 31st March, 2013	**As at 31st March, 2014**	As at 31st March, 2013
Term Loans (secured) :				
From Banks -				
Under Project Finance / Corporate Loan Scheme	10,480.00	7,069.00	2,769.00	2,992.00
Under Financial Assisstance Scheme (SEFASU 2014)	5,741.00	-	-	-
From Sugar Development Fund	4,316.00	5,187.21	871.21	871.20
Other Loans and Advances (unsecured) :				
Fixed Deposits from related parties (Note 32e)	15.83	-	92.37	5.00
Fixed Deposits from others	465.63	649.39	510.18	617.48
	21,018.46	**12,905.60**	**4,242.76**	**4,485.68**
Less : Amount disclosed under the head "other current liabilities" (Note 9)			4,242.76	4,485.68
Net amount	**21,018.46**	**12,905.60**	**-**	**-**

(a) Term Loans from Banks under project finance/corporate loan scheme, 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, 2014**	Repayment Schedule
i. Seohara Sugar Unit	5,500.00	20 Quarterly installments ending on January, 2019.
ii. Sidhwalia Sugar and Co-Generation unit	623.00	20 Quarterly installments ending on September, 2014.
iii. Hasanpur Sugar Unit	946.00	20 Quarterly installments ending on March, 2015.
iv. Sidhwalia Sugar Unit	4,000.00	20 Quarterly installments ending on September, 2020.
vi. Hasanpur Sugar and Co-Generation unit	2,180.00	19 Quarterly installments ending on September, 2019.
	13,249.00	

(b) Term Loans from Punjab National Bank (PNB) & State Bank of India (SBI) under Financial Assistance Scheme (SEFASU 2014) carry interest of 12% and 12.50 % p.a respectively and is repayable in monthly / quaterly installments ending on March, 2019. The Company is entitled to Interest subvention from Government of India up to 12% as per the terms

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

5. LONG-TERM BORROWINGS (CONTD.)

of sanction and the same will be directly reimbursed to Banks by Department of Food & Public Distribution and hence no liability towards interest of 12% p.a.has been provided in these accounts. The above loan is to be secured by the first parri-passu charge on all the fixed assets, both present and future of the Company's Sugar unit at Seohara, Sidhwalia and Hasanpur. The term loan fron PNB is further secured by 3rd parri-passu charge on all current assets of the above units.

(c) 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)

Principal Disbursed Amount		**Balance as at 31st March, 2014**	Repayment Schedule
i.	Seohara Co-generation unit	1,004.76	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	805.46	10 half yearly installments ending on February, 2018.
		5,187.21	

(d) Fixed Deposits from related parties / others carry interest @ 11.75% 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, 2014	As at 31st March, 2013
Interest accrued but not due on borrowings	684.07	553.55
Trade and other deposits	32.35	32.39
	716.42	**585.94**

7. PROVISIONS

₹ in lacs

	Long-term		Short-term	
	As at 31st March, 2014	As at 31st March, 2013	**As at 31st March, 2014**	As at 31st March, 2013
Provision for employee benefits				
Gratuity (Note 29)	223.06	203.17	100.00	125.00
Leave	-	-	124.21	114.89
	223.06	**203.17**	**224.21**	**239.89**
Other provisions				
For Income Tax	366.77	366.77	-	-
For wealth tax	-	-	5.53	4.69
For standard assets	-	-	3.43	3.43
	366.77	**366.77**	**8.96**	**8.12**
	589.83	**569.94**	**233.17**	**248.01**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

8. SHORT-TERM BORROWINGS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Cash credit from banks (secured) (repayable on demand)	33,166.60	29,138.91
Other Loans & Advances (Unsecured)		
Inter-Corporate Deposits		
From related parties (Note 32e)	1,135.00	3,225.00
From others	6,685.00	7,120.00
From Co-operative Farming Societies	-	167.00
	40,986.60	**39,650.91**

(a) Cash credit borrowings from Banks, other than from District Co-operative Bank Ltd. and Development Credit Bank Ltd. (Commodity Finance) are secured by hypothecation of the 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 Ltd. 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.

(b) Cash credit of ₹ 8,764.72 lacs (₹ 8,922.40 lacs) from District Co-operative Bank Ltd. and Development Credit Bank Ltd. (Commodity Finance) are secured by pledge of the stock of Sugar pertaining to Sugar unit at Seohara and Sidhwalia.

(c) Cash Credit borrowings carry interest ranging between 11.75% to 12.85% p.a .

9. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Trade payables (refer Note 35 for details of dues to micro and small enterprises)	30,515.91	26,654.02
Other liabilities :		
Current maturities of long-term borrowings (Note 5)	4,242.76	4,485.68
Payable towards deduction against crop loan by a Bank	-	5,971.11
Payable towards purchase of capital goods	321.17	138.81
Payable to employees	547.94	523.07
Advance against Sales	179.50	207.68
Interest accrued but not due on borrowings, deposits etc.	220.94	336.57
Investor Education and Protection Fund will be credited by following amounts (as and when due) -		
Unclaimed Matured Fixed Deposits	0.10	0.78
Unclaimed dividend	1.21	4.05
Others -		
Statutory dues	261.85	275.24
Excise Duty on Closing Stocks	1,664.22	1,843.23
Crop Loan from a Bank pending disbursment to cane growers	215.86	494.27
Miscellaneous	103.94	214.12
	7,759.49	**14,494.61**
	38,725.40	**41,148.63**

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 2012	871.85	94.55	4,488.05	51,777.57	190.55	315.75	238.93	57,977.25
Additions	-	-	68.43	187.91	6.33	25.05	12.07	299.79
Disposals	-	-	-	10.35	0.03	10.91	0.74	22.03
At 31st March, 2013	**871.85**	**94.55**	**4,556.48**	**51,955.13**	**196.85**	**329.89**	**250.26**	**58,255.01**
Additions	32.50	-	280.95	4,840.64	40.90	52.59	29.04	5,276.62(b)
Disposals	-	-	7.22	31.52	29.00	30.37	23.44	121.55
Other adjustment								
-Borrowing Costs	-	-	2.95	226.30	-	-	-	229.25
At 31st March, 2014	**904.35**	**94.55**	**4,833.16**	**56,990.55**	**208.75**	**352.11**	**255.86**	**63,639.33**
Depreciation								
At 1st July 2012	-	94.55	983.18	21,249.55	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**	**1,062.29**	**23,078.35**	**153.81**	**193.59**	**133.70**	**24,716.29**
Charge for the year	-	-	105.85	2,551.82	9.13	27.78	21.57	2,716.15
Disposals	-	-	2.88	25.37	27.82	24.66	21.50	102.23
At 31st March, 2014	**-**	**94.55**	**1,165.26**	**25,604.80**	**135.12**	**196.71**	**133.77**	**27,330.21**
Net Block								
At 31st March, 2013	**871.85**	**-**	**3,494.19**	**28,876.78**	**43.04**	**136.30**	**116.56**	**33,538.72**
At 31st March, 2014	**904.35**	**-**	**3,667.90**	**31,385.75**	**73.63**	**155.40**	**122.09**	**36,309.12**

(a) Title deeds for ₹ 17.98 lacs (₹ 19.77 lacs) are yet to be executed in favour of the Company.

(b) Net of Capital Subsidy of ₹ 50.87 lacs (₹ 19.03 lacs).

(c) Includes assets held in joint ownership with others, Gross Block ₹ 363.72 lacs (₹ 298.24 lacs) and Net Block ₹ 232.68 lacs (₹ 175.35 lacs).

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

10. TANGIBLE ASSETS (CONTD.)

(d) Details of Pre-operative Expenditure Capitalised during the year

(₹ in lacs)

	31st March, 2014	31st March, 2013
Pre-operative Expenses:		
Salary & Wages	40.73	-
Power & Fuel	29.11	-
Rate & Taxes	0.50	-
Insurance	1.82	-
General Expenses - Travelling & Conveyance	4.41	-
General Expenses - Guest House Expenses	1.47	-
General Expenses - Others	0.03	-
Finance Cost	229.25	-
	307.32	**-**
Less: Transferred to Fixed Assets	(307.32)	-
Balance carried to Balance Sheet	-	-

11. INTANGIBLE ASSETS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Computer Software :		
At the beginning of the year	**117.86**	**3.33**
Additions	12.05	114.53
At the end of the year	**129.91**	**117.86**
Amortisation		
At the beginning of the year	**19.55**	**1.95**
Charge for the year	25.82	17.60
At the end of the year	**45.37**	**19.55**
Net block	**84.54**	**98.31**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

12. CAPITAL WORK-IN-PROGRESS

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Balance brought forward from the previous year	816.19	761.12
Add : Additions during the year	4,301.77	112.03
	5,117.96	873.15
Less : Transfer to Tangible Assets during the year	5,110.65	56.96
Balance carried to Balance Sheet	**7.31**	**816.19**

13. NON-CURRENT INVESTMENTS

	Number of Units / shares	Face Value Per Unit / Share	As at 31st March, 2014 (₹ in lacs)	As at 31st March, 2013 (₹ in lacs)
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	30,41,697* & (a)	10.00	593.89	593.89
	20,27,798			
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	2.45
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	**25.19**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

13. NON-CURRENT INVESTMENTS (CONTD.)

(₹ in lacs)

	Number of Units / shares	Face Value Per Unit / Share	As at 31st March, 2014	As at 31st March, 2013
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 Limited	1 (b)	100.00	-	-
Pandia Sanyukta Sahakari Kheti Samiti Limited	1 (b)	100.00	-	-
Seohara Co-operative Cane Development Union Limited	1 (b)	100.00	**-**	**-**
Najibabad Co-operative Cane Development Union Limited	1 (b)	10.00	-	-
Nagina Co-operative Cane Development Union Limited	1 (b)	10.00	**-**	**-**
Moradabad Co-operative Cane Development Union Limited	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	0.12
			0.28	**0.28**
			3,865.47	**3,865.47**
*Includes Bonus Shares received during the year.				
Aggregate amount of quoted investments [Market value : ₹ 6,864.08 lacs (₹ 6 ,913.33 lacs)]			3,813.81	3,813.81
Aggregate amount of unquoted investments			51.66	51.66

a) Includes 19,00,000 and 29,25,000 shares of Chambal Fertilzers and Chemicals Ltd. and Sutlej Textiles & Industries Ltd. respectively 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.

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

13. NON-CURRENT INVESTMENTS (CONTD.)

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)	2000	10.00
Jai Hind Publishing Co. Ltd. (in liquidation)	65	25.00
Akhil Bharat Printers Ltd. (in liquidation)	270	100.00
Leas Communication Limited (in liquidation)	21000	10.00
Maruti Limited (in liquidation)	40000	10.00
APV Texmaco Limited (in liquidation)	20400	10.00

e) There is a diminution of ₹ 1,292.25 lacs (₹ 1,682.40 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.

14. DEFERRED TAX ASSET (NET)

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Deferred Tax Asset		
Carry forward of Unabsorbed Depreciation & Business Losses	10,411.37	8,994.77
Expenditure allowable against taxable income in future years	789.22	869.51
	11,200.59	**9,864.28**
Deferred Tax Liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	7,163.74	7,087.51
	7,163.74	**7,087.51**
Net Deferred Tax Asset	**4,036.85**	**2,776.77**

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.

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

15. LOANS AND ADVANCES

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	**As at 31st March, 2014**	As at 31st March, 2013
(Unsecured, considered good except stated otherwise)				
Capital advances				
Secured	-	67.00	-	-
Unsecured	59.30	237.91	-	-
	59.30	**304.91**	**-**	**-**
Sundry Deposits	**13.24**	**12.99**	**30.51**	**45.00**
Advances recoverable in cash or in kind or for value to be received or pending adjustments				
Considered good *	-	-	642.10	455.84
Considered doubtful	-	-	58.44	48.92
	-	-	700.54	504.76
Less : Provision for doubtful advances	-	-	58.44	48.92
	-	**-**	**642.10**	**455.84**
Other loans and advances Considered good				
Loan to employees	-	-	0.42	2.09
Deposits against demand under appeal and / or under dispute	-	-	144.92	175.98
Claims Receivable	-	-	333.83	9.77
Prepaid Expenses	4.69	5.03	40.13	35.01
Advance payment of Income Tax and Tax deducted at source after adjusting provisions	71.10	74.60	-	-
Balances with Excise and Other Government Authorities	-	-	397.32	371.55
Balance with Tea Development Account Scheme, 1990	359.21	462.13	65.00	92.65
Considered doubtful				
Loan to others	7.50	23.16	-	-
	442.50	564.92	981.62	687.05
Less : Provision for doubtful Loans	7.50	23.16	-	-
	435.00	**541.76**	**981.62**	**687.05**
	507.54	**859.66**	**1,654.23**	**1,187.89**

* Includes ₹ Nil (₹ 83.77 lacs) recoverable from related parties (Note 32f)

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

16. INVENTORIES

(₹ in lacs)

	Notes	As at 31st March, 2014	As at 31st March, 2013
Valued at Lower of Cost and Net Realisable Value			
Raw materials	21	931.79	1,043.39
Goods under process	22	1,715.71	1,169.04
Finished goods	22	53,300.45	51,991.80
Traded goods	22	9.50	11.96
Stores, Chemicals and spare parts etc.		1,232.88	1,268.70
Power - Banked	22	2.99	5.31
Agriculture Products - Standing Crop	22	15.49	11.88
Valued at Estimated Realisable Value			
By-Products	22	1,939.76	2,624.90
Scrap	22	8.16	6.92
		59,156.73	**58,133.90**
The above includes stock in transit :			
Stores, Chemicals and spare Parts etc.		49.83	39.85

17. TRADE RECEIVABLES AND OTHER ASSETS

17.1 TRADE RECEIVABLES

(₹ in lacs)

	Current	
	As at 31st March, 2014	As at 31st March, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	41.65	26.92
Considered doubtful	43.04	43.04
	84.69	**69.96**
Less : Provision for doubtful trade receivables	43.04	43.04
	41.65	**26.92**
Other receivables		
Unsecured, considered good	1,784.53	2,733.69
	1,784.53	**2,733.69**
	1,826.18	**2,760.61**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

17.2 OTHER ASSETS

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	**As at 31st March ,2014**	As at 31st March, 2013
(Unsecured, considered good, Unless stated otherwise)				
Non Current bank balances (Note 18)	15.50	15.00	-	-
Considered good				
Interest accrued on Loans, Advances, Deposits, Investments etc.	-	-	43.05	50.32
Claims Receivable towards Subsidies	-	-	866.82	52.33
Renewable Energy Certificate entitlement	-	-	612.58	-
Unamortilised Ancillary cost of arranging the borowings	80.27	-	17.50	-
Considered doubtful				
Interest accrued on Loans, Advances, Deposits, Investments etc.	3.89	3.89	-	-
	99.66	18.89	1,539.95	102.65
Less : Provision for doubtful items	3.89	3.89	-	-
	95.77	**15.00**	**1,539.95**	**102.65**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

18. CASH AND BANK BALANCES

(₹ in lacs)

	Non-current		Current	
	As at 31st March, 2014	As at 31st March, 2013	**As at 31st March ,2014**	As at 31st March, 2013
Cash and cash equivalents :				
Balances with banks				
Current accounts			232.95	105.47
Savings accounts			0.02	0.02
Tea Development account			0.17	0.26
Unpaid dividend account			1.21	4.05
Deposits with original maturity of less than 3 months			145.00	249.04
Cheque in hand			-	19.65
Cash on hand			38.56	51.86
			417.91	**430.35**
Deposits with original maturity of more than 3 months and not more than 12 months *#	-	-	438.75	431.50
Deposits with original maturity of more than 12 months #	15.50	15.00	-	15.00
In Post office savings bank account	-	-	0.12	0.12
	15.50	**15.00**	**438.87**	**446.62**
Less : Amount disclosed under non current assets (Note 17.2)	15.50	15.00	-	-
	-	**-**	**856.78**	**876.97**

* Includes ₹ 133.75 lacs (₹ 126.00 lacs) towards earmarked accounts.

Receipts / Pass Book for ₹ 25.58 lacs (₹ 40.58 lacs) pledged / lodged with various Government Authorities as security.

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

19. REVENUE FROM OPERATIONS

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Revenue from operations		
Sale of products		
Finished goods	73,437.51	48,126.01
Traded goods	973.07	846.35
Power	4,478.17	3,218.82
By products	1,330.16	621.01
Others	87.80	72.36
	80,306.71	**52,884.55**
Other operating revenue		
Proceeds from Agriculture Products	23.65	3.81
Excise duty subsidy*	124.51	-
Cane commission remission *	183.35	256.92
Cane purchase tax remission *	333.57	-
Renewable Energy Certificates credit	779.13	-
Tea replanting Subsidy	6.04	-
Scrap Sales	92.77	50.87
Revenue from operations (gross)	**81,849.73**	**53,196.15**
Less : Excise duty	3,003.79	1,473.44
Cess	471.38	251.87
Revenue from operations (net)	**78,374.56**	**51,470.84**

* relates to earlier year.

Detail of products sold

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Finished goods		
Sugar	60,432.98	43,135.49
Spirit	10,689.02	2,956.85
Carbon-di-oxide	111.91	31.30
Tea	2,203.60	2,002.37
	73,437.51	**48,126.01**
Traded goods		
Diesel & Lubricants	973.07	846.35
	973.07	**846.35**
By products		
Molasses	1,298.23	595.19
Bagasse *	31.93	25.82
	1,330.16	**621.01**

* including items capitalised ₹ 26.80 lacs (₹ Nil).

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

20. OTHER INCOME

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Interest income on		
Loans, deposits, advances etc.	100.08	76.07
Refund from Income Tax Department	0.64	3.03
Long-term investments	-	0.01
Dividend income on Long-term investments	167.88	166.83
Insurance and Other Claims	254.46	3.15
Rent and Hire Charges	6.28	5.12
Unspent Liabilities and unclaimed Balances adjusted	68.85	676.88
Land Dividend	65.22	-
Profit on tangible assets sold / discarded (net)	-	1.84
Miscellaneous Receipts	10.69	5.00
	674.10	**937.93**

21. COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Inventory at the beginning of the period	1,043.39	205.37
Add : Purchases and procurement expenses*	61,354.38	65,251.58
Purchase tax & Cess	21.32	459.68
	62,419.09	**65,916.63**
Less: Inventory at the end of the period	931.79	1,043.39
	61,487.30	**64,873.24**

* after adjusting subsidy/ remission of ₹ 1138.10 lacs allowed by the State Governments.

Details of raw materials consumed

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March,2013
Sugarcane	59,022.49	64,795.90
Molasses - consumed in Distillery unit	4,999.50	1,081.73
Bagasse - consumed in Co-generation units	4,045.67	2,585.44
Biocompost	59.10	50.14
Press mud	30.86	28.19
Green Leaf (Cess)	21.32	20.90
Seed, Manures and fodder	19.94	7.82
	68,198.88	**68,570.12**
Less : Inter-unit transfer of own produced materials	6,711.58	3,696.88
	61,487.30	**64,873.24**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

21. COST OF RAW MATERIALS CONSUMED (CONTD.)

Details of raw material inventory (₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Sugarcane	71.98	165.85
Molasses - at Distillery unit	268.47	320.51
Bagasse - at Co-generation units	573.92	545.59
Press mud	17.42	11.44
	931.79	**1,043.39**

Details of Inter-unit transfer of own produced materials (₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Sugar Cane	6.72	15.23
Molasses	3,178.40	1,028.46
Bagasse	3,463.85	2,601.66
Biocompost	59.10	50.14
Press mud	3.51	1.39
	6,711.58	**3,696.88**

22. (INCREASE) IN INVENTORIES

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Inventories at the end of the year		
Finished goods	53,300.45	51,991.80
Traded goods	9.50	11.96
Power - Banked	2.99	5.31
By Products	1,939.76	2,624.90
Goods under process	1,715.71	1,169.04
Agriculture Products - Standing Crop	15.49	11.88
Scrap	8.16	6.92
	56,992.06	**55,821.81**
Inventories at the beginning of the year		
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**
	(1,170.25)	**(33,071.37)**
Decrease / (Increase) of excise duty on inventories	**(182.92)**	**1,266.33**
	(1,353.17)	**(31,805.04)**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

22. (INCREASE) IN INVENTORIES (CONTD.)

Details of purchase of traded goods (₹ in lacs)

	Year ended 31st March ,2014	Nine months Period ended 31st March, 2013
Diesel & Lubricants	950.44	837.25
	950.44	**837.25**

Details of inventory (₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Finished goods		
Sugar	52,915.54	51,757.85
Spirit	321.37	199.00
Tea	63.54	34.95
	53,300.45	**51,991.80**
Traded goods		
Diesel & Lubricants	9.50	11.96
	9.50	**11.96**
By-products		
Molasses	1,117.12	2,057.58
Bagasse	822.64	567.32
	1,939.76	**2,624.90**
Goods under process		
Sugar	1,607.22	1,114.24
Molasses	108.49	54.80
	1,715.71	**1,169.04**

23. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Salaries, wages, bonus etc.	4,329.39	3,560.96
Contribution to provident & other funds	384.93	302.75
Gratuity expense (Note 29)	76.41	146.67
Employees' welfare expenses	160.53	128.26
	4,951.26	**4,138.64**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

24. OTHER EXPENSES

(₹ in lacs)

	Year ended 31st March, 2014		Nine months Period ended 31st March, 2013	
Consumption of stores and spares		1,439.33		1,255.16
Packing Materials		1,077.68		1,109.86
Power & Fuel		535.03		409.01
Repairs to and Maintenance of :				
Buildings		112.49		106.23
Machinery		1,327.67		1,173.30
Others		17.17		12.95
Rent		28.56		19.47
Rates & Taxes		47.90		34.75
Insurance		53.60		57.45
Payment to Auditors				
As Auditors				
Audit Fees		16.33		16.33
Limited Review Fees		9.75		6.78
In other capacity				
Tax Audit Fees		9.75		9.75
For Certificates and Other services		6.62		5.35
Reimbursement of Expenses		5.03		4.92
Payment to Cost Auditors		1.19		1.15
Commission on sales		277.17		220.31
Freight & forwarding charges etc.		319.16		252.05
Charity and Donations		0.91		0.64
Provision for bad and doubtful debts / advances		9.52		6.14
Bad Debts, irrecoverable claims and advances written off	15.87		0.03	
Less : Adjusted against provisions	15.66	0.21	-	0.03
Loss on tangible assets sold / discarded (net)		0.40		-
Molasses Storage & Maintenance Reserve		4.32		1.88
Director's Sitting fees		2.60		1.48
Miscellaneous Expenses		1,203.06		715.15
		6,505.45		**5,420.14**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

25. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Depreciation of tangible assets	2,716.15	1,980.87
Amortisation of intangible assets	25.82	17.60
	2,741.97	**1,998.47**

26. FINANCE COSTS

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Interest	6,633.27	4,500.31
Other Borrowing Costs	100.26	55.12
	6,733.53	**4,555.43**

27. AGRICULTURAL INCOME / (LOSS)

Details of revenue and expenses pertaining to agricultural activities which have been included in notes 19 to 25 under the respective heads :

(₹ in lacs)

	Year ended 31st March, 2014		Nine months Period ended 31st March, 2013	
Income				
Sales of products [including inter-transfers ₹ 6.72 lacs (₹ 15.23 lacs)]		30.38		17.01
Miscellaneous Receipts		1.79		0.84
		32.17		**17.85**
Expenses				
Raw Materials Consumed		19.94		7.82
Decrease / (Increase) in Stocks :				
Opening Stock	11.88		10.60	
Less: Closing Stock	15.49	(3.61)	11.88	(1.28)
Rent		4.01		1.88
Rates & Taxes		0.05		0.10
Employee benefits expenses :				
Salaries, Wages, Bonus etc.	11.14		8.49	
Contribution to Provident & Other Funds	0.15	11.29	0.11	8.60
Miscellaneous Expenses		11.37		5.15
		43.05		**22.27**
Agricultural Income / (Loss)		**(10.88)**		**(4.42)**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

28. EARNINGS PER SHARE (EPS)

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

(₹ in lacs)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Profit / (Loss) after tax	**(1,806.84)**	**1,400.18**
Net profit / (loss) for calculation of basic and diluted EPS	**(1,806.84)**	**1,400.18**
	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 (₹)	**(15.63)**	**12.12 ***
*** Not annualised**		

29. 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 as per 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)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Current service cost	75.62	50.95
Interest cost on benefit obligation	108.17	78.74
Expected return on plan assets	(91.31)	(68.21)
Net actuarial (gain) / loss recognised in the year	(16.07)	85.19
Net benefit expense	**76.41**	**146.67**
Actual return on plan assets	88.44	52.58

Balance sheet

Net Benefit liability / (asset)

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Present value of defined benefit obligation	1,430.76	1,372.39
Fair value of plan assets	1,107.70	1,044.22
Plan liability	**323.06**	**328.17**

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

29. GRATUITY - DEFINED BENEFIT PLAN (CONTD.)

Changes in the present value of the defined benefit obligation are as follows:

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Opening defined benefit obligation	1,372.39	1,297.28
Current service cost	75.62	50.95
Interest cost	108.17	78.74
Benefits paid	(106.48)	(124.14)
Actuarial (gains) / losses on obligation	(18.94)	69.56
Closing defined benefit obligation	**1,430.76**	**1,372.39**

Changes in the fair value of plan assets are as follows :

(₹ in lacs)

	As at 31st March, 2014	As at 31st March, 2013
Opening fair value of plan assets	1,044.22	1,029.27
Expected return	91.31	68.21
Contributions by employer	81.52	86.51
Benefits paid	(106.48)	(124.14)
Actuarial gains / (losses)	(2.87)	(15.63)
Closing fair value of plan assets	**1,107.70**	**1,044.22**

The Company expects to contribute ₹ 100.00 lacs (₹ 125.00 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 :

	31st March, 2014	31st March, 2013
Investments with LIC	100%	100%

The principal assumptions are shown below :

	31st March, 2014	31st March, 2013
Discount rate	9.00%	8.20%
Expected rate of return on assets	8.85%	9.00%
Withdrawal Rates	Varying between 1.8% to 4.2% per annum depending upon the duration and age of the employees	

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

29. GRATUITY - DEFINED BENEFIT PLAN (CONTD.)

Amounts for the current and previous four periods are as follows :

(₹ in lacs)

	31st March, 2014	31st March, 2013	30th June, 2012	30th June, 2011	30th June, 2010
Gratuity					
Defined benefit obligation	1,430.76	1,372.39	1,297.28	1,227.89	1,116.03
Plan assets	1,107.70	1,044.22	1,029.27	1,016.17	976.92
Surplus / (deficit)	(323.06)	(328.17)	(268.01)	(211.72)	(139.11)
Experience (gain) / loss adjustments on plan liabilities	60.51	41.22	(4.83)	63.13	Not Available *
Experience gains / (loss) adjustments on plan assets	(2.87)	(15.63)	12.90	9.43	Not Available *

* Experience adjustments on plan liabilities and assets are not readily available for the year 2009-10 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)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Contribution to Provident / Pension Funds	381.87	300.64
Contribution to Superannuation Fund	3.06	2.11
	384.93	**302.75**

30. 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)

	Year ended 31st March, 2014	Nine months Period ended 31st March, 2013
Lease payments made for the year/period *	28.56	19.47
	28.56	**19.47**

* including lease rent for use of agriculture land ₹ 4.01 lacs (₹1.88 lacs).

31. 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.

Business segments

Year ended 31st March, 2014

(₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Revenue *						
Segment revenue	68,555.64	9,712.34	7,983.05	2,207.48	973.07	89,431.58
Less : Inter segment	7,493.04	59.10	3,504.88	-	-	11,057.02
Total revenue from operations (net)	**61,062.60**	**9,653.24**	**4,478.17**	**2,207.48**	**973.07**	**78,374.56**
Results						
Segment results	(2,525.14)	3,085.11	2,507.44	712.76	1.70	3,781.87
Unallocated Income / (Expenses) (net of unallocable expenses / income)						(16.46)
Operating profit						3,765.41
Finance costs						6,733.53
Profit / (loss) before tax						(2,968.12)
Current Tax						98.80
Deferred tax charge / (credit)						(1,260.08)
Net loss for the year						**(1,806.84)**

31. SEGMENT INFORMATION (CONTD.)

As at 31st March, 2014

(₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Segment assets	77,797.77	6,193.55	15,369.64	1,173.74	100.46	1,00,635.16
Unallocated assets						9,305.31
Total assets						**1,09,940.47**
Segment liabilities	33,509.93	371.00	92.65	219.07	74.81	34,267.46
Unallocated liabilities						67,552.42
Total liabilities						**1,01,819.88**
Other segment information						
Capital expenditure						
Tangible & Intangible assets	407.75	1,133.50	3,068.60	96.62	2.57	**4,709.04**
Depreciation & Amotisation expense	1,579.34	273.37	835.32	52.73	1.21	**2,741.97**
Non-cash expenses	4.32	-	-	-	-	**4.32**

Period ended 31st March, 2013

(₹ in lacs)

Particulars	Sugar	Spirits	Co-generation	Tea	Others	Total
Revenue *						
Segment revenue	46,751.02	2,750.29	6,098.17	2,001.04	846.35	58,446.87
Less : Inter segment	4,046.54	50.14	2,879.35	-	-	**6,976.03**
Total revenue from operations (net)	**42,704.48**	**2,700.15**	**3,218.82**	**2,001.04**	**846.35**	**51,470.84**
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						**1,400.18**

31. SEGMENT INFORMATION (CONTD.)

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**

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)

Year ended 31st March, 2014	India
Revenue*	
Revenue from operations	**78,374.56**
Other segment information	
Segment assets	**1,00,635.16**

(₹ in lacs)

Period ended 31st March, 2013	India
Revenue*	
Revenue from operations	**51,470.84**
Other segment information	
Segment assets	**96,822.32**

Note: The Company has only domestic operations.

* net of excise duty and cess.

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

32. 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 (upto 30.09.2013) Chairperson (from 01.10.2013)
	Mr. B.K.Malpani	– Wholetime Director (from 01.11.2013)
	Mr. C.B. Patodia	– Advisor
	Mr. Sukhvir Singh	– Executive President, Seohara Unit
	Mr. B.K. Sureka	– Executive President, Sidhwalia Unit
	Mr. Birinder Singh	– Executive President, Hasanpur Unit
	Mr. S.S. Binani	– Executive Vice President, Cinnatolliah Tea Garden
	Mr. S.K.Poddar	– Company Secretary
Relatives of key management personnel	Mr. Chandra Shekhar Nopany	– Son of Smt. Nandini Nopany
	Mrs. Shruti Vora	– Daughter of Smt. Nandini Nopany
	Mr. Nitin Kumar	– Son of Shri Sukhvir Singh
	Smt. Anita Sureka	– Wife of Shri B.K.Sureka
	Smt. Premlata Malpani	– Wife of Shri B.K.Malpani
	Smt. Amit Malpani	– Son of Shri B.K.Malpani
	Smt. Anchal Malpani	– Wife of Shri Amit Malpani
	Smt. Disha Kabra	– Daughter of Shri B.K.Malpani
	Mr. Jugal Kishore Malpani	– Brother of Shri B.K.Malpani
Enterprises owned or significantly influenced by key management personnel or their relatives	The Oudh Sugar Mills Limited	
	Hargaon Investment & Trading Company Limited	
	Uttam Commercial Limited	
	Manbhawani Investment Limited	
	Ronson Traders Limited	

32. RELATED PARTY DISCLOSURES (CONTD.)

Related party transactions

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

a. Sale of goods (₹ in lacs)

	Year 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, 2014	388.57	-	-
	31st March, 2013	230.29	-	-

b. Purchase of goods (₹ in lacs)

	Year 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, 2014	201.53	-	-
	31st March, 2013	175.64	-	-

c. Sale of fixed assets (₹ in lacs)

	Year 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, 2014	1.89	-	-
	31st March, 2013	-	-	-

d. Purchase of fixed assets (₹ in lacs)

	Year 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, 2014	7.02	-	-
	31st March, 2013	-	-	-

32. RELATED PARTY DISCLOSURES (CONTD.)

e. Loans / Intercorporate deposits and Fixed deposits taken and repayment thereof (₹ in lacs)

	Year ended	Loan / Intercoporate deposits taken	Repayments	Interest accrued / paid	Amount owed to related parties
Relatives of key management personnel					
Others	31st March, 2014	15.83	17.71	14.93	108.20*
	31st March, 2013	-	-	0.50	5.00
Enterprises owned or significantly influenced by key management personnel or their relatives					
Uttam Commercial Limited	31st March, 2014	-	-	8.40	60.00
	31st March, 2013	60.00	-	6.29	60.00
Yashovardhan Investment & Trading Company Limited	31st March, 2014	-	1,000.00	190.44	1,000.00
	31st March, 2013	2,000.00	-	101.81	2,000.00
Hargaon Investment & Trading Company Limited	31st March, 2014	-	1,000.00	0.41	-
	31st March, 2013	1,000.00	-	2.47	1,000.00
Ronson Traders Limited	31st March, 2014	-	-	10.50	75.00
	31st March, 2013	75.00	-	7.86	75.00
Manbhawani Investment Limited	31st March, 2014	-	90.00	6.16	-
	31st March, 2013	-	150.00	20.92	90.00

* includes opening balance.

f. Receivable / Payable outstanding (net) (₹ in lacs)

	Year 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, 2014	-	-	76.98
	31st March, 2013	-	83.77	-

32. RELATED PARTY DISCLOSURES (CONTD.)

g. Director's Sitting Fees

(₹ in lacs)

	Year ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Key management personnel				
Mrs. Nandini Nopany	31st March, 2014	0.08	-	-
	31st March, 2013	-	-	-
Mr. B.K.Malpani	31st March, 2014	0.10	-	-
	31st March, 2013	-	-	-
Relatives of key management personnel				
Shri Chandra Shekhar Nopany	31st March, 2014	0.45	-	-
	31st March, 2013	0.33	-	-

h. Remuneration to key managerial personnel

(₹ in lacs)

	Year ended	Transaction during the period	Amount owed by related parties	Amount owed to related parties
Smt. Nandini Nopany	31st March, 2014	16.80	-	-
	31st March, 2013	25.20	-	-
Shri C.B. Patodia	31st March, 2014	193.99	-	6.68
	31st March, 2013	148.31	-	20.37
Shri Sukhvir Singh	31st March, 2014	40.32	-	0.77
	31st March, 2013	31.15	-	1.61
Shri B.K. Sureka	31st March, 2014	19.92	-	0.64
	31st March, 2013	15.38	-	0.44
Shri Birinder Singh	31st March, 2014	21.28	-	2.97
	31st March, 2013	14.23	-	2.65
Shri S.S. Binani	31st March, 2014	17.11	-	-
	31st March, 2013	19.53	-	-
Shri S.K.Poddar	31st March, 2014	30.59	-	-
	31st March, 2013	21.49	-	-

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 year ended 31st March, 2014

33. CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 12.08 lacs (₹ 1,762.93 lacs).

34. CONTINGENT LIABILITIES

(₹ in lacs)

		31st March, 2014	31st March, 2013
(a)	Demands / Claims by various Government Authorities and others not acknowledged as debt and contested by the Company :		
	(i) Excise Duty & Service Tax	3,549.67	1,921.88
	(ii) Sales & Entry Tax	-	113.05
	(iii) Collection charges against Cane Dues	-	431.42
	(iv) Others	28.82	33.37
	Total	**3,578.49***	**2,499.72**
(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
(d)	Bank Guarantees outstanding	691.09	24.00

* Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company, the management believes that it is possible but not probable the action will succeed and accordingly no provision there against is considered necessary.

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

(₹ in lacs)

		31st March, 2014	31st March, 2013
(i)	Principal amount remaining unpaid to any supplier at the end of accounting year (including retention money against performance).	80.38	37.89
(ii)	Interest due on above.	4.80	0.17
	Total of (i) & (ii)	**85.18**	**38.06**
(iii)	Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	2.65	14.62
(iv)	Amount paid to the suppliers beyond the respective due date.	131.95	63.71
(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.	2.11	1.13
(vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	6.91	1.30
(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.	-	-

Notes to Consolidated Financial Statements

as at and for the year ended 31st March, 2014

36. 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.

37. Previous year's figures including those given in brackets have been regrouped/ rearranged wherever necessary. Further, the previous period figures being for nine months period from 1st July 2012 to 31st March, 2013 (except in case of Cinnatolliah Tea garden, a unit of the Company , where figures for twelve months were included due to change in accounting year of said unit in 2012-13), are not comparable with current year figures.

As per our report of even date

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

per **Bhaswar Sarkar**
Partner
Membership No. : 55596

Place : Kolkata
Dated : 15th May, 2014

For and on behalf of the Board of Directors

Santosh Kumar Poddar	**Chandra Shekhar Nopany**	**Bal Kishore Malpani**
Company Secretary	*Director*	*Whole-time Director*

Statement Pursuant to Section 212

of the Companies Act, 1956

The entire subscribed equity capital of Uttar Pradesh Trading Company Limited as on 31st March, 2014 was held by the Company.

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

Sl. No.	Financial Information	Uttar Pradesh Trading Company Limited
(a)	(b)	(c)
1	Reporting Currency	₹
2	Paid up Capital	16,36,24,995
3	Reserves & Surplus	23,32,17,530
4	Total Liabilities	39,72,77,634
5	Investments	31,95,29,085
6	Total Assets	39,72,77,634
7	Turnover/ Total Income	1,74,82,357
8	Profit /(Loss) before taxation	1,32,54,261
9	Provision for Taxation	-
10	Profit/ (Loss) after Taxation	1,32,54,261
11	Proposed Dividend	NIL
12	Country	INDIA

Santosh Kumar Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Bal Kishore Malpani
Whole-time Director

concept, content and design at aicl (info@aicl.in)

BOOK POST

If undelivered, please return to:

Upper Ganges Sugar & Industries Limited
9/1, R. N. Mukherjee Road, 5th Floor
Kolkata-700 001
CIN No. L15421UP1932PLC025141

www.birla-sugar.com

UPPER GANGES SUGAR & INDUSTRIES LIMITED

CIN No. L15421UP1932PLC025141

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

Email: birlasugar@birla-sugar.com Website: www.birla-sugar.com

Phone (01344) 252401 Fax (01344) 252321

NOTICE

Notice is hereby given that the Eighty Second Annual General Meeting of **UPPER GANGES SUGAR & INDUSTRIES LIMITED** will be held on Thursday, the 18th September, 2014 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, 2014, the Statement of Profit and Loss for the financial year ended on that date and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mrs Nandini Nopany (DIN 00051362), who retires by rotation and is eligible for re-appointment.

3. 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 appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration and other terms of engagement as would be fixed by the Board of Directors."

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Padam Kumar Khaitan (DIN 00019700), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Ishwari Prosad Singh Roy (DIN 00217532), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Pradeep Kumar Singhi (DIN 00067296) , Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Gaurav Swarup (DIN 00374298), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Sunil Kanoria (DIN 00421564), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the payment of remuneration of ₹ 95,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to Cost Auditor, Mr Somnath Mukehrjee, for conducting the cost audit of the cost records of the Company for the year ending 31st March, 2015, as approved by the Board of Directors on the recommendation of the Audit Committee, be and is hereby approved and ratified."

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

"RESOLVED THAT pursuant to Section 181 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to Board of Directors to contribute, donate, subscribe and otherwise provide assistance from time to time to any charitable, social, benevolent, public or general fund and to any Non-Profit making Organisation, institution, Society, Trust, Association of Persons not directly related to the business of the Company or for welfare of employees up to a sum of ₹ 50 lacs (Rupees fifty lacs only) during any financial year or 5% of its average net profits for the three immediately preceding financial years, whichever is higher.

RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to do or cause to be done in the name and at the cost of the Company all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid Resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 13 and 61 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the present Authorised Share Capital of the Company be and is hereby increased from ₹ 32,00,00,000 (Rupees thirty two crores) divided into 16000000 (One crore sixty lacs) Ordinary Shares of ₹ 10/- (Rupees ten) each and 1600000 (Sixteen lacs) Preference Shares of ₹ 100/- (Rupees one hundred) each to ₹ 50,00,00,000 (Rupees fifty crores) divided into 16000000 (One crore sixty lacs) Equity Shares of ₹ 10/- (Rupees ten) each and 3400000 (Thirty four lacs) Preference Shares of ₹ 100/- (Rupees one hundred) each by creation of further ₹ 18,00,00,000/- (Rupees eighteen crores) divided into 1800000 (Eighteen lacs) Preference Shares of ₹ 100/- (Rupees one hundred) each with the power to the Board to decide on the extent of variation in such rights and to classify and reclassify from time to time such shares into any class of shares; and the Clause 5 of Memorandum of Association of the Company be and is hereby altered by inserting the following new clause 5:

> "**5.** The Authorised Share Capital of the Company is ₹ 50,00,00,000 (Rupees fifty crores) divided into 16000000 (One crore sixty lacs) Equity Shares of ₹ 10/- (Rupees ten) each and 3400000 (Thirty four lacs) Preference Shares of ₹ 100/- (Rupees one hundred) each with the power to the Board to increase or reduce or consolidate the capital of the Company and/or the nominal value of the shares and to divide/ sub divide/ consolidate/ convert/ reconvert/ cancel/ redeem/ reclassify all types of shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights, as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or the Company in General Meeting, as applicable, in conformity with the provisions of the Act and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and to issue shares of higher or lower denominations in such manner as may for the time being be provided by the Articles of Association of the Company."

RESOLVED FURTHER THAT the any one of the Director and/or the Company Secretary of the Company be and is hereby severally authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution including filing of necessary e-forms with Ministry of Corporate Affairs/ Registrar of Companies."

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

"RESOLVED THAT in accordance with the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered by inserting the following new Article after the existing Article 96:

Appointment of same individual as the Chairperson or Chairman as well as the Managing Director or Chief Executive Officer

Article 96A

Notwithstanding anything to the contrary contained elsewhere in these Articles it will be permissible for the Company to appoint the same individual as the Chairperson or Chairman as well as the Managing Director or Chief Executive Officer of the Company at the same time."

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and such other approvals, the consent of the members of the Company be and is hereby accorded to appoint Mr Bal Kishore Malpani (DIN 00209006) as the Whole-time Director of the Company without any remuneration, for a period of three years with effect from 1st November, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to alter and vary the terms and conditions of appointment and/or remuneration subject to the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to do or cause to be done in the name and at the cost of the Company all such acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid Resolution."

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

"RESOLVED THAT in supersession of the Resolution passed by the shareholders of the Company under Section 293(1)(d) of the Companies Act, 1956, at its meeting held on 30th March, 2006 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, and relevant provisions of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of monies for and on behalf of the Company from time to time, from any persons, firms, bodies corporate, bankers, financial institutions or from others by way of advances, inter corporate deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of Company's assets and properties, whether movable or immovable or debts subject to any restriction imposed by the terms of the Agreements as may have been entered into or may be entered into from time to time for grant of any financial assistance to the Company, of all monies deemed by them to be requisite or proper for the purpose of carrying on the business of the Company, notwithstanding that the monies to be borrowed together with the money already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount of such borrowings outstanding at any time shall not exceed ₹ 1,000 crores (Rupees one thousand crores).

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of Directors or any Executive Director or Directors or any other officer or officers of the Company to give effect to the aforesaid resolution.

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

"RESOLVED THAT pursuant to Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for creating mortgage and / or charge, in addition to the mortgages / charges created / to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immoveable properties of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, in favour of the Banks, National or International Financial Institutions, other Lender(s), Agent(s) and Trustee(s) / Trustee(s), for securing the borrowings availed / to be availed by the Company, by way of loan(s) (in foreign currency and / or in rupee term whether Term Loan / Cash Credit / other facilities) and Securities (comprising fully / partly Convertible Debentures and / or Non Convertible Debentures with or without detachable or non detachable Warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company, from time to time, apart from temporary loans obtained from the Company's bankers in ordinary course of business, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Banks / Financial Institutions / other Lender(s)/Agent(s) and Trustee(s) / Trustee(s), in respect of the said loans / borrowings / debentures / bonds and

containing such specific terms and conditions and covenants, such security to rank in such manner as may be agreed to between the Board of Directors or Committee thereof and the Banks / Financial Institutions/ other Lender(s)/ Agent(s)and Trustee(s) /Trustee(s), subject to necessary provisions & approvals and upto a sum not exceeding ₹ 1,000 crores (Rupees one thousand crores only) outstanding at any point of time.

RESOLVED FURTHER THAT the mortgages and/or charges already created in the past and/or all agreements/documents executed by and with the authority of the Board of Directors of the Company in favour of any financial institutions and/or banks be and are hereby confirmed and ratified within the aforesaid limit of ₹ 1,000 crores (Rupees one thousand crores only)."

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

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 the consent of Members of the Company be and is hereby accorded for entering into related party transactions by the Company w.e.f. 1st April, 2014 upto the maximum amount per annum as mentioned herein below:

Maximum Value of Contract / transaction (per annum) w.e.f. 1.4.2014 (₹ in lacs)

	Transactions defined u/s 188(1) of the Companies Act, 2013			
Name of Related Party	Sale, purchase or supply of any goods or materials	Selling or otherwise disposing of, or buying, property of any kind	Leasing of property of any kind	Availing or rendering of any services; appointment of any agent for purchase or sale of goods or materials, services or property
The Oudh Sugar Mills Ltd	On actual basis but within a limit of ₹ 10 crores per annum. Exempted being in ordinary course of business and on arm's length basis.	-	-	-

RESOLVED FURTHER THAT although all these transactions are based on ordinary course of business and at arm's length basis, the aforesaid consent is sought as an abundant caution, and thus the Board of Directors and/or any Committee thereof be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to all such acts, deeds, things, as may be necessary in its absolute discretion deem necessary, proper, desirable and to finalise any document and writings related thereto.

RESOLVED FURTHER THAT all such transaction(s) or contract(s) entered with respect to sale, purchase or supply of goods or materials with the related party M/s The Oudh Sugar Mills Ltd. by the Board of Directors of the Company, if any, be and are hereby confirmed and ratified within the aforesaid limit of ₹ 10 crores per annum."

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

"RESOLVED THAT in accordance with the provisions of Sections 42, 55, 62 and all other applicable provisions, if any, of the Companies Act, 2013 ('Act") read with the Rules framed thereunder, (including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force) and in accordance with the Article 3 of Articles of Association of the Company, the regulations/ guidelines, if any, prescribed by the relevant authorities from time to time, to the extent applicable and the Listing Agreement entered into by the Company with Stock Exchange where the shares of the Company are listed and subject to such other approvals, consents, sanctions and permissions of appropriate authorities, departments and bodies as may be required, necessitated and subject to such terms and conditions, alteration and modifications as may be considered appropriate and agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include a duly authorised committee thereof for the time being exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and invite to subscribe, issue and allot, in one or more tranches, on a private placement basis, such number of Preference Shares of the Company not exceeding 3000000 (Thirty lacs) Redeemable, Non Convertible, Cumulative Preference Shares of face value of ₹ 100/- (Rupees one hundred only) each of an aggregate nominal amount not exceeding ₹ 30,00,00,000/- (Rupees thirty crores only) ("Preference Shares"), for cash at par or at premium or at such price or prices, at coupon rate of not exceeding 12% p.a., for tenure of not exceeding 5 (five) year, to such persons as may be identified, with such rights and privileges and on such terms and conditions including but not limited as to the rate of dividend, redemption period, manner of redemption, amount of premium, if any, by the Company in this regard and/or as may be prescribed in offer letter, if any, and to modify, alter and re-set all or any of the said terms from time to time, as the Board at its absolute discretion deem fit and appropriate."

"RESOLVED FURTHER THAT in accordance with the provisions of section 43 of the Act, the Preference Shares shall be non-participating, non-convertible, redeemable, carry a preferential right vis-à-vis ordinary share of the Company, with respect to payment of dividend and repayment in case of a winding up or repayment of capital and shall carry voting rights as per provisions of section 47 of the Act."

"RESOLVED FURTHER THAT for the purpose of creating, issuing, offering, inviting and allotting the said Preference Share and giving effect to this resolution, the Board be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board

Santosh Kumar Poddar
Company Secretary

Place : Kolkata
Dated : 14th August, 2014

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the 'MEETING') IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the paid-up share capital of the Company carrying voting rights may appoint a single person as a proxy an such person shall not act as a proxy for any other person or shareholder. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.

3. The Register of the Members of the Company will remain closed from Thursday, 11th September, 2014 to Thursday, 18th September, 2014, both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 18th September, 2014 in terms of this Notice.

4. 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.

5. Mrs Nandini Nopany, retires by rotation and is eligible for re-appointment. A brief resume of Mrs Nandini Nopany, nature of her expertise in specific functional areas, names of other Companies in which she holds 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 annexure to the notice calling the AGM. The Board of Directors of the Company recommends her re-appointment.

6. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 established by the Central Government (Fund). Accordingly, all unclaimed / unpaid dividends till the financial year up to and including 30.06.2006 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial year 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. Pursuant to the applicable provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 8th August, 2013, on the website of the Company as well as filed the relevant form with MCA.

12. In terms of provisions of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form can be obtained for the purpose from the Company/Registrar & Share Transfer Agent.

13. 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.

14. 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 2014- 15 have been paid to the respective Stock Exchanges.

15. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on National Stock Exchange of India Limited and BSE 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.

16. The Statement of Profit and Loss for the financial year ended 31st March, 2014, 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.

17. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 31st March, 2014 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.

18. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 82nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The process and manner of voting by electronic means and all other necessary instructions and informations in this respect has been given in a separate sheet attached hereto forming part of this notice.

19. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11.00 am to 1.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board

Santosh Kumar Poddar
Company Secretary

Place : Kolkata
Dated : 14th August, 2014

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No 4, 5, 6, 7 & 8

Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria are Independent Directors of the Company and have held the positions as such since their respective appointments.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of Independent Directors by a listed company.

It is proposed to appoint Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria as Independent Directors under Section 149 of the Companies Act, 2013 (the Act) Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 87th Annual General Meeting of the Company in the calendar year 2019.

Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria are independent of the management. Brief resume of Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided as annexure to the notice calling the AGM.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria are interested in the resolutions set out respectively at Item Nos. 4, 5, 6, 7 and 8 of the Notice with regard to their respective appointments.

The relatives of Mr Padam Kumar Khaitan, Mr Ishwari Prosad Singh Roy, Mr Pradeep Kumar Singhi, Mr Gaurav Swarup and Mr Sunil Kanoria may be deemed to be interested in the resolutions set out respectively at Item Nos. 4, 5, 6, 7 and 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at Item Nos. 4, 5, 6,7 and 8 of the Notice for approval by the shareholders.

Item No. 9

The Board of Directors had on the recommendation of the Audit Committee, approved the appointment and proposed the remuneration of Mr Somnath Mukehrjee, Cost Accountant, as Cost Auditors for conducting the cost audit of the cost records of Sugar, Industrial Alcohol, Power and Tea units of the Company for the financial year 2014-15 at a remuneration of ₹ 95,000/-.

The Company has received a Certificate dated 17th April, 2014 issued by the above firm regarding their eligibility for appointment as Cost Auditors. A copy of the certificate would be available for inspection by the members at the Registered Office of the Company during normal business hours (11.00 am to 1.00 pm) on all working days excluding Saturday up to the date of the Annual General Meeting.

In accordance with the provisions of section 148 of Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor needs to be approved and ratified by the Shareholders of the Company. Hence, this Resolution is put for the consideration of the Shareholders.

The Board recommends the resolution at item no.9 of the notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Item No. 10

The Board of Directors of the Company was authorised to donate to charitable funds under Sec 293(1)(e) of the Companies Act, 1956 upto ₹ 30 lacs (Rupees thirty lacs only) by an Ordinary Resolution passed by the shareholders of the Company on 09.07.1991 over and the above the limits specified therein.

As per Section 181 of the Companies Act, 2013, the Board of Directors of the Company may contribute to bona fide charitable and other funds, any amount the aggregate of which, in any financial year shall not exceed 5% of its average net profits for the three immediately preceding financial years. Accordingly, contribution to bona fide charitable and other funds of any amount which is higher than the limit prescribed requires the sanction/approval of shareholders in general meeting.

It is therefore, necessary to seek a fresh approval of the shareholders of the Company by way of an Ordinary Resolution pursuant to the provisions of Section 181 of the Companies Act, 2013 and the rules made thereunder to make contributions to bona fide and charitable funds etc. in excess of 5% of the average net profits of the three immediately preceding financial years or upto an amount not exceeding ₹ 50 lacs (Rupees fifty lacs only), whichever is higher.

The Board recommends the resolution at item no.10 of the notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Item No.11

The present Authorised Share Capital of the Company is ₹ 32,00,00,000/- divided into 16000000 Ordinary Shares of ₹ 10/- each and 1600000 Preference Shares of ₹ 100/- each. The present issued, subscribed and paid up Equity Share Capital is ₹ 11,55,72,390/- comprising of 11557239 Ordinary Shares of ₹ 10/- each.

The Board of Directors propose to issue 3000000, 12% Non-Convertible, Cumulative, Redeemable Preference Shares of ₹ 100/- aggregating to ₹ 30,00,00,000/- . This can be done only after increasing the Authorised Capital. The new Authorised Share Capital will comprise of 16000000 Equity Shares of ₹ 10/- each and 3400000 Preference Shares of ₹ 100/- each.

The Resolutions proposed for alteration of Clause 5 of the Memorandum of Association of the Company is required to enable the above proposal to be implemented. Hence, the Board recommends the resolution No 11 of the Notice for approval of the members.

A copy of the Company's Memorandum of Association will be available for inspection at the registered office of the Company during normal business hours on any working day, excluding Saturday, up to the date of the Annual General Meeting.

The Board recommends the resolution at item no.11 of the notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11.

Item No.12

Section 203 of the Companies Act, 2013 ('the Act'), which came into force from 1st April, 2014, provides that unless the Articles of Association of the Company provide otherwise, an individual shall not after 1st April, 2014 be appointed / reappointed as Chairperson of the Company as well as its Managing Director or Chief Executive Officer at the same time.

The existing Articles of Association of the Company do not provide that the Chairperson / Chairman of the Company can also be its Managing Director or Chief Executive Officer at the same time, as there was no such requirement under the Companies Act, 1956.

Having regard to the provisions of the newly enacted Section 203 and since the Company has the practice of appointing the same person as the Chairperson / Chairman and Managing Director the Board, it is proposed therefore to alter the Articles of Association by inserting a new Article 96A after the present Article 96, providing for the Chairperson / Chairman of the Company to be also appointed, and to act as, the Managing Director or Chief Executive Officer of the Company at the same time.

The proposed new Article 96A has been set out in extenso in the text of the Special Resolution at item no. 12 of the Notice. The alteration of the existing Articles of Association in the manner provided in the Special Resolution at item no. 12 of the Notice would require to be approved by a Special Resolution of the members in general meeting in terms of Section 14 of the Act. Hence, the Special Resolution.

A copy of the Company's Articles of Association will be available for inspection at the registered office of the Company during normal business hours (11.00 am to 1.00 pm) on all working days excluding Saturday up to the date of the Annual General Meeting.

The Board recommends passing of the Special Resolution proposed at item no. 12 of the Notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 12.

Item No. 13

The Board of Directors at its meeting held on 1st November, 2013, had appointed Mr Bal Kishore Malpani, as the Whole-time Director of the Company, for a period of three years, at no remuneration. As a Whole-time Director of the Company Mr Bal Kishore Malpani shall be responsible to give direction to the Management team of the Company in accomplishment of its business plan.

His appointment as the Whole-time Director is considered desirable in the interest of the Company and the Board of Directors, accordingly, recommend the Resolution mentioned in Item No 13 of the Notice for your approval.

Mr Bal Kishore Malpani holds 750 equity shares of the Company in his own name.

The Board recommends passing of the Special Resolution proposed at item no. 13 of the Notice.

Except Mr Malpani, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 13. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange. However, a brief resume of Mr Malpani is provided in the annexure to the Notice calling the AGM.

Item No. 14

The members of the Company at their Annual General Meeting held on 30th March, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 500 crores (Rupees five hundred crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 provides that the Company can borrow money, where money to be borrowed, together with the money already borrowed by the Company may and will exceed aggregate of its paid up share

capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, with the consent of the shareholders accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 14 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company and upto a sum of ₹ 1,000 crores (Rupees one thousand crores) outstanding at any point of time.

The Board recommends the resolution at item no.14 of the notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 14.

Item No. 15

At the Annual General Meeting of the Company held on 30th March, 2006, the Members had, by way of Ordinary Resolutions and in pursuance of the provisions of Section 293(1)(a) of the Companies Act, 1956, approved of creation of a mortgage or charge for the said borrowings, as security by way of mortgage / hypothecation on the Company's assets in favour of lending agencies and trustees for the amounts borrowed i.e. upto ₹ 500 crores, including interest, charges, etc. payable thereon.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not mortgage / hypothecate the Company's assets in favour of lending agencies and trustees for the amounts borrowed, except with the consent of the Company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 15 of the Notice, to enable to the Board of Directors to create mortgage or charge for the said borrowings, as security by way of mortgage / hypothecation on the Company's assets in favour of lending agencies and trustees for the amounts borrowed i.e. upto ₹ 1,000 crores, including interest, charges, etc. payable thereon.

The Board recommends the resolution at item no.15 of the notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 15.

Item No 16

Pursuant to Section 188 of the Companies Act, 2013 and The Companies (Meetings of Board and its Powers) Rules, 2014, no contracts or arrangement with a related party with respect to the transactions specified in that Section can be entered by the Company, other than transactions which are entered in the ordinary course of business on an arm's length basis without the consent of the shareholders by special resolution.

In view of its normal course of operations, the Company requires to transact the sale, purchase or supply of goods or materials with the Related Party Messrs The Oudh Sugar Mills Ltd.

Even though the transaction would be entered in the ordinary course of business and on arm's length basis, as abundant caution and good Corporate Governance measures the consent of the shareholders by way of special resolution pursuant to Section 188 of the Companies Act, 2013 and the Rules made thereunder is being requested to enable the Board to enter into contracts / transactions for Sale, Purchase or Supply of Molasses, Baggases, Bio-fertilizers and Stores, Spares & Consumables, any other material with the above Related Party for a period of 5 years with effect from 1st April, 2014 for an amount not exceeding ₹ 10 crores per annum.

The particulars of the transaction pursuant to para 3 of Explanation (1) to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under :

1. Name of the related party : The Oudh Sugar Mills Ltd.
2. Name of the Director or key managerial personnel who is related :Mr Chandra Shekhar Nopany and Mrs Nandini Nopany
3. Nature of relationship : Mr Chandra Shekhar Nopany is a common board member in both the Companies and Mrs Nandini Nopany a Director in the Company and relative of Mr Chandra Shekhar Nopany.
4. Monetary value : Estimated consideration of up to ₹ 10 crores per annum.
5. Nature, material terms and particulars of the contract or arrangement : Sale, Purchase or Supply of Molasses, Baggases, Bio-fertilizers and Stores, Spares & Consumables, any other material in ordinary course of the business and on arm's length basis, for a period of 5 years with effect 1st April, 2014, for an amount not exceeding ₹ 10 crores per annum.
6. Any other information relevant or important for the members to make a decision on the proposed transaction: None.

   The Board recommends the resolution set forth in Item no. 16 for the approval of the members as a Special Resolution.

   Except Mr Chandra Shekhar Nopany and Mrs Nandini Nopany, as stated aforesaid, to whom the resolution relates, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 16.

Item No 17

Your Company is facing many business challenges and the Board considers it necessary to strengthen the capital of the Company in order to successfully get over these challenges. The reason for the passing of this special resolution is to provide the Company with a mechanism to raise cost-effective capital to pare debt as part of a general capital management programme which, in the opinion of the Directors, is deemed appropriate for the activities of the Company, without diluting the Ordinary Share Capital of the Company.

The Board of Directors have considered it expedient to make the issue of preference shares on a private placement basis to select few investors, to ensure full subscription, to minimise the cost of issue and raise the required funds in the shortest time.

Section 62 of the Act read with the Companies (Share Capital & Debentures) Rules, 2014, provides, inter alia, that whenever it is proposed to increase the subscribed capital of a company by issue of further shares, such shares may be offered to any persons, whether or not those persons are holders of the equity shares of the Company or employees of the Company, if authorised by way of a Special Resolution.

Furthermore, as per Section 42 of the Act, read with the Companies (Prospectus and Allotment) Rules 2014, a company offering or making an invitation to subscribe to securities, including Non Convertible Cumulative Redeemable Preference Shares on a private placement basis, is required to obtain the prior approval of the Shareholders by way of a Special Resolution, for each of the offers and invitations.

The approval of the Members is accordingly being sought by way of a Special Resolution under Sections 42, 55 and 62 of the Act read with the Rules made there under, for the issue of Non Convertible Cumulative Redeemable Preference Shares aggregating an amount not exceeding ₹ 30 crores and to offer and allot the Non convertible cumulative redeemable preference shares on a private placement basis on the terms and conditions set out hereunder.

Given below is a statement of disclosures as required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and the terms of issue of the Non-Convertible Cumulative Redeemable Preference Shares:

Issue size	Upto 3000000 (thirty lacs) Non-Convertible Cumulative Redeemable Preference Shares of ₹ 100/- each for an amount not exceeding ₹ 30,00,00,000/-	
Nature of Issue	The present issue of capital would be Redeemable, Cumulative, Non-Participating and Non-Convertible.	
Objects of the Issue	The objective of the issue is to raise funds to strengthen the long term capital base of the Company and to pare debt.	
Manner of Issue	The Non-Convertible Cumulative Redeemable Preference Shares will be issued and offered on a private placement basis in accordance with the provisions of Section 42 of the Act and the Rules made there under.	
Issue Price	Non-Convertible Cumulative Redeemable Preference Shares will be issued at par i.e. at ₹ 100/-	
Rate of Dividend	12 % per annum	
Tenure	Not exceeding 5 years with on Option to issuer to redeem after 12 months of issue.	
Terms of Redemption	Redemption at par along with unpaid cumulative dividend, if any, in accordance with Section 55 of the Act, out of profits available for distribution as dividend or out of proceeds of a fresh issue of shares made for the purpose of redemption	
The current equity shareholding pattern of the Company	Category	%
	Promoters	56.37
	Mutual Funds, Financial Institutions, Banks, Insurance Companies, etc.	3.45
	Private Bodies Corporate	5.90
	Indian Public	33.46
	NRIs / OCBs / FIIs / Foreign Nationals	0.82
	Total	**100.00**
Expected dilution in equity capital upon conversion of preference shares	**Nil**, since the Non-Convertible Cumulative Redeemable Preference Shares are **non-convertible**	

The issue of Non-Convertible Cumulative Redeemable Preference Shares is in accordance with the provisions of the Articles of Association of the Company. There is no subsisting default in the redemption of preference shares issued by the Company or in payment of dividend due on any preference shares issued by the Company.

The Board recommends the resolution set forth in Item no. 17 for the approval of the members as a special resolution.

Except Mr Chandra Shekhar Nopany, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 17.

ANNEXURE TO THE NOTICE
INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

PARTICULARS RELATING TO DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

Name	**Mrs Nandini Nopany**	
Date of Birth	11.05.1947	
Brief Profile covering experience	Mrs Nandini Nopany is an eminent industrialist and philanthropist , she looks after the overall management of the Company and is the driving force of the Company. She has 33 years of experience in managing industries.	
Date of Appointment	27.03.1993	
Shareholding	7,67,665 Equity Shares	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	Uttar Pradesh Trading Company Limited	Member – Audit Committee
	Modern DiaGen Services Limited	
	Uttam Commercial Limited	
	Nilgiri Plantations Limited	
	Ronson Traders Limited	
	Shital Commercial Limited	

Name	**Mr Padam Kumar Khaitan**	
Date of Birth	24.05.1953	
Brief Profile covering experience	Mr Padam Kumar Khaitan is an eminent lawyer specialised in Corporate Laws and a senior partner of the renowned law firm Khaitan & Company LLP. He has experience in Corporate, Commercial, Joint Venture, Foreign Collaboration, Foreign Investment, Litigation, Arbitration, Real Estate, Trust and Personal Clientele work.	
Date of Appointment	30.01.2012	
Shareholding	NIL	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	Rungamattee Tea & Industries Ltd	
	Williamson Magor & Co. Ltd.	Member - Shareholders' Grievance Committee
	Kilburn Engineering Ltd	
	Manjushree Plantations Limited	Chairman - Shareholders' Grievance Committee
	R.V. Investment And Dealers Ltd	
	Ramkrishna Forgings Ltd	
	Khaitan Consultants Limited	
	Cheviot Co Ltd	
	Asian Hotels (East) Limited	Chairman – Share Transfer & Shareholders'/Investor Grievance Committee
	Mcnally Sayaji Engineering Limited	Member - Shareholders' Grievance Committee
	GJS Hotels Limited	

Name	**Mr Ishwari Prosad Singh Roy**	
Date of Birth	23.03.1947	
Brief Profile covering experience	Mr Singh Roy is an Advocate having about 32 years of experience and has appeared in large number of commercial and industrial law matters before Industrial Tribunals, High Courts and Supreme Court of India.	
Date of Appointment	23.09.2005	
Shareholding	NIL	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	Uttar Pradesh Trading Company Limited	

Name	Mr Pradeep Kumar Singhi	
Date of Birth	10.09.1955	
Brief Profile covering experience	Mr Pradeep Kumar Singhi is an eminent Chartered Accountant besides being the Managing Partner of Singhi and Co., a firm of Chartered Accountants and Chairman of Baker Tilly Singhi Consultants Pvt. Ltd. Mr Singhi has over 30 years of experience in areas as diversified as audit/assurance services, business advisory services, valuation of business, acquisition and take overs, negotiations having inter-national transactions. He has working experience in over 15 countries across Europe, Asia, Africa and America. He has acted as a Member of the Managing Committee of Indian Chamber of Commerce for 7 years and is in the Panel of Consultants of World Bank and Asian Development Bank.	
Date of Appointment	30.04.2012	
Shareholding	NIL	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	Shree Vardhan Limited	
	P S Group Realty Limited	Chairman – Audit Committee
	Dharam Pal Premchand Limited	Chairman – Audit Committee

Name	Mr Gaurav Swarup	
Date of Birth	21.11.1956	
Brief Profile covering experience	Mr Gaurav Swarup is a Mechanical Engineer and a Management Graduate. He is the Managing Director of Paharpur Cooling Towers Ltd. He is the past President of Indian Chamber of Commerce, Kolkata.	
Date of Appointment	20.02.2003	
Shareholding	NIL	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	Swadeshi Polytex Ltd	
	Industrial And Prudential Investment Company Limited	
	Paharpur Cooling Towers Ltd	
	Paharpur Industries Limited	
	Chemical And Metallurgical Design Company Limited	
	K S B Pumps Limited	Member – Audit Committee
		Member - Shareholders' Grievance Committee
		Chairman – Share Transfer Committee
	TIL Limited	Member – Audit Committee
	New Holding And Trading Company Limited	

Name	Mr Sunil Kanoria	
Date of Birth	04.05.1965	
Brief Profile covering experience	Mr Sunil Kanoria is a Chartered Accountant. He is the President of the Federation of Indian Hire Purchase Association and Member of several important organisations viz. Finance Industry Development Council, Construction Industry Development Council, etc. He is also the past President of Merchants Chamber of Commerce.	
Date of Appointment	10.08.2004	
Shareholding	NIL	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	Srei Infrastructure Finance Limited	Member - Shareholders' Grievance Committee
		Member – Audit Committee
	Srei Equipment Finance Limited	Chairman – Audit Committee
	Viom Networks Limited	Member – Audit Committee
	India Power Corporation Limited	Member – Audit Committee
	Viom Infra Networks (Maharashtra) Limited	Member – Audit Committee

Name	Mr Bal Kishore Malpani	
Date of Birth	19.10.1947	
Brief Profile covering experience	Mr Bal Kishore Malpani is Management Graduate and has a long work experience of 43 years in Sugar Industry.	
Date of Appointment	13.08.2012	
Shareholding	750 Equity Shares	
	Name of Indian Company	**Committee Memberships, if any with position**
Other Directorships	–	–

UPPER GANGES SUGAR & INDUSTRIES LIMITED

CIN No. L15421UP1932PLC025141

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

Email: birlasugar@birla-sugar.com Website: www.birla-sugar.com

Phone (01344) 252401 Fax (01344) 252321

ATTENDANCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

DP Id & Client Id / Regd. Folio No.*		No. of Shares	

Name(s) and address of the member in full _____

_____

_____

I / we hereby record my / our presence at the Eighty Second Annual General Meeting of the Company being held on Thursday, 18th September, 2014 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.

Please (✓) in the box

☐ MEMBER ☐ PROXY

_____

Signature of Member / Proxy

*Applicable for member holding shares in physical form.

UPPER GANGES SUGAR & INDUSTRIES LIMITED

CIN No. L15421UP1932PLC025141

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Phone (01344) 252401 Fax (01344) 252321

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules), 2014]

Name of the member(s):.....

Registered address:.....

E-mail Id:.....

DP ID and Client Id / Folio No:.....

I / We, being the member (s) of ..... shares of the above named Company, hereby appoint

1. Name:.....Address:.....

   E-mail Id:.....Signature:.....or failing him

2. Name:.....Address:.....

   E-mail Id:.....Signature:.....or failing him

3. Name:.....Address:.....

   E-mailId:.....Signature:.....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Eighty Second Annual General Meeting of the Company being held on Thursday, 18th September, 2014 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 or / and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Ordinary Business	Optional*	
		For	Against
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2014		
2.	Appointment of a Director in place of Mrs Nandini Nopany, who retires by rotation and being eligible, seeks re-appointment		
3.	Appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Kolkata, as the Auditors of the Company		
	Special Business		
4.	Appointment of Mr Padam Kumar Khaitan as an Independent Director		
5.	Appointment of Mr Ishwari Prosad Singh Roy as an Independent Director		
6.	Appointment of Mr Pradeep Kumar Singhi as an Independent Director		
7.	Appointment of Mr Gaurav Swarup as an Independent Director		
8.	Appointment of Mr Sunil Kanoria as an Independent Director		
9.	Ratification of remuneration to be paid to Mr Somnath Mukehrjee Cost Accountant, Cost Auditor of the Company		
10.	To authorise the Board to contribute to bona fide and charitable funds upto an amount not exceeding ₹ 50 lacs under Section 181 of the Companies Act, 2013		
11.	To authorise increase in the Authorised Share Capital and amendment of Memorandum of Association of the Company		
12.	Special Resolution for Amendment of Articles of Association		
13.	Special Resolution for Appointment of Mr Bal Kishore Malpani as the Whole-time Director of the Company		
14.	Special Resolution for borrowing limits under Section 180(1)(c) of the Companies Act, 2013		
15.	Special Resolution for creating charge etc. on Company's properties under Section 180(1)(a) of the Companies Act, 2013		
16.	Special Resolution to enter into related party transactions under Section 188 of the Companies Act, 2013		
17.	Special Resolution to authorise Private placement of Preference Shares		

Signed this _____ day of _____

Signature of Member _____

Signature of Proxy holder(s) _____

Affix the revenue stamp of ₹ 1/-

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Eighty Second Annual General Meeting.

*3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.