

Upper Ganges Sugar & Industries Limited

Annual report, 2009-10



Contents

Corporate Information	01
About us	02
Financial Highlights	03
Chairperson cum Managing Director's Review	04
Directors' Report.....	08
Management Discussion and Analysis Report	12
Report on Corporate Governance	27
Auditors' Report	41
Balance Sheet	44
Profit and Loss Account	45
Cash Flow Statement	46
Schedules	48
Balance Sheet Abstract	75
Consolidated Accounts	76
Subsidiary Company's Accounts	104

Corporate Information

Board of Directors

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

Committees of Directors

Finance & Corporate Affairs Committee

Mrs. Nandini Nopany
Mr. Chandra Shekhar Nopany
Mr. G.K. Bhagat
Lt. Gen. K. Chiman Singh (Retd.)

Audit Committee

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

Investors' Grievance Committee

Mr. G.K. Bhagat
Mr. Chandra Shekhar Nopany
Mr. I. P. Singh Roy

Remuneration Committee

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

Executives

Mr. C.B. Patodia, Advisor
Mr. S.K. Poddar, Company Secretary
Mr. Sukhvir Singh, Executive President (Seohara)
Mr. B.K. Sureka, Executive President (Sidhwalia)
Mr. R.K. Gupta, Executive President (Hasanpur)
Mr. S.S. Binani, Executive Vice-President (Tea Garden)

Auditors

S.R. Batliboi & Co.
Chartered Accountants

Advocates & Solicitors

Khaitan & Co.

Bankers

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

Registrar and Share Transfer Agent

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

Registered office

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

Corporate and Head Office

9/1, R.N. Mukherjee Road, Kolkata - 700 001
Telephone : 91-033-2243 0497/8
Fax : 91-033-2248 6369
e-mail : birlasugar@birla-sugar.com
Website : www.birla-sugar.com/upperganges

Sugar mills

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

Distillery

Seohara, Dist. Bijnor (U.P.)

Co-generation

Co-generation plant, Seohara
Co-generation plant, Sidhwalia

Tea garden

Cinnatollah Tea Garden
Lakhimpur North (Assam)

Drawing on its rich experience in farmer relationships, cane management, capacity utilisation and quality production.

Presence

Headquartered in Kolkata, India

Sugar mills in Seohara (Bijnor district, Uttar Pradesh), Sidhwalia (Goplaganj district, Bihar) and Hasanpur (Samastipur district, Bihar) with a consolidated crushing capacity of 18000 TCD

Distillery (ethanol production capacity 100 KLPD) and a congregation plant (24 MW) at Seohara and another 18-MW congregation plant at Sidhwalia

Bio-compost plant at Shyamabad near Seohara (Uttar Pradesh)

Tea garden in Cinnatollah (North Lakhimpur, Assam)

Listed on the Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange

Part of the famed K.K. Birla Group of Companies with diverse business interests in chemicals, heavy engineering, textiles, shipping and media, among others

Products

Sugar Ethanol Power Organic fertiliser Tea

Corporate philosophy

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

Values

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

Financial highlights (performance), 2009-10

(Rs. in lakhs)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross turnover	44,330.68	35,225.82	32,841.21	46,106.33	41,873.69
Operating profit/(loss)	7,049.81	(1,959.00)	4,151.49	7,657.75	1,223.11
Interest and finance charges (net)	1,381.52	1,190.98	2,963.87	4,219.94	4,293.27
Depreciation	936.40	1,098.32	2,051.46	2,596.69	2,632.04
Profit/(loss) before tax	4,731.89	(4,248.30)	(863.84)	841.12	(5,702.20)
Profit/(loss) after tax	2,862.29	(2,826.13)	(629.24)	626.94	(3,906.64)
Net worth	10,088.18	13,923.62	13,251.19	13,717.59	9,760.63
Net worth per equity share (Rs.)	144.03	120.47	114.66	118.69	84.45
Dividend per equity share (Rs.)	5.00	–	–	1.20	–
Earning per equity share (Rs.)	40.86	(25.15)	(5.44)	5.42	(33.80)
Cane crushed (season) (in lakh quintals)	186.60	241.40	164.53	116.30	147.93

Mills	Sugar crushing capacity (TCD)	Ethanol production capacity (KLPD)	Congregation plant (MW)
Seohara (Bijnor district, Uttar Pradesh)	10,000	100	24
Sidhwalia (Goplaganj district, Bihar)	5,000	–	18
Hasanpur (Samastipur district, Bihar)	3,000	–	–
Total	18,000	100	42

Chairperson's review

Dear Shareholders,

My last communication to you was one of hope and optimism. My communication to you on this occasion is of caution in the midst of industry peculiarities. During the financial year gone by, the industry saw a major swing as a direct result of the fastest cyclical changes in the industry's recorded existence in this country.

Performance review, 2009-10

The first half of the last financial year was marked by the hardening of sugar prices as the country suffered a decline in cane output and corresponding sugar production coupled with supply-demand mismatch.

However, there were two factors that worked against the industry at that juncture: significantly higher cane prices and a consequently greater willingness to plant more cane transformed the country from a cane deficit to a probable cane surplus in 2010-11, marking a diametrical reversal of the then prevailing industry trend.

The sugar industry is strongly driven by the sentiment of what can be. As soon as it became evident that the cane crop was reviving and there would be a larger quantity of sugar available in the following season, accompanied by a significantly higher cost of cane required to be paid immediately, freesale sugar realisations started declining sharply and continuously from January, 2010. The fall continued unabated till August, 2010.

The result was a significant distortion of our averages: while our average freesale realisations increased from Rs. 1,920.90 per quintal in 2008-09 to Rs. 2,892 per quintal in 2009-10, the quantum of free sale sugar came down sharply from 19,51,000 quintals in 2008-09 to 9,80,000 quintals in 2009-10 and our average raw material cost increased 92.10% as a direct result of an increase of the principal raw material, namely cane from Rs. 152.67 per quintal in 2008-09 to Rs. 251.93 per quintal in 2009-10. These two factors taken together contributed significantly to a sharp decline in the profit of the Company.

In absolute terms, our net profits and net margins declined from Rs. 841.12 lakh in 2008-09 to a net loss of Rs. 5,702.20 lakh in 2009-10 and from 17.55% in 2008-09 to 3.04% in 2009-10, respectively.

The more cane we crushed, the higher our loss. Even the higher share of the by-products (ethanol) and congregation of power in the total income viz. from 4.43% 2008-09 to 10.43% in 2009-10 and 2.96% in 2008-09 to 3.94% in 2009-10, respectively, could not contribute significantly to the bottomline due to lower capacity utilisation.

The performance of the tea segment, however, was quite encouraging. A mere 33.10% increase in the revenue from tea resulted in a 93.31% increase in the profit derived from the said business due to higher yield and better realisation of the end product. Revenue from the tea business accounted for 4.57% in 2009-10 as against 3.14% in 2008-09.

Industry review

Global: Even as global sugar production grew 4.63% in 2009-10 to 158.83 million tonnes after a significant production decline in 2008-09, the sugar consumption in absolute terms outperformed production. The result was a year-based deficit of 4.95 million tonnes. Consequently, global sugar prices firmed in the first half of the sugar season 2009-10. But once increased production was evident in Brazil (17%) and that India

would import less (now beginning to experience a sugar surplus), global realisations softened from over USD 700 per tonne in January, 2010 to under USD 500 per tonne by April, 2010.

India: Following a massive production decline in 2008-09, India's sugar production is expected to increase from 14.54 million tonnes to around 18.75 million tonnes in 2009-10 compared with the domestic annual consumption requirement of around 21.5 million tonnes in the sugar season of 2009-10. Improved cane realisations resulted in acreage growth from 44.1 lakh hectares in 2008-09 to 44.4 lakh hectares in 2009-10 and a projected 52.8 lakh hectares in 2010-11.

For the sugar season 2010-11, India's sugar production is expected to be 25 million tonnes compared with annual domestic consumption requirement of around 22.5 million tonnes. Higher cane availability is expected to result in higher capacity utilisation and a higher production of by-products.

The year under review was marked by the following significant factors that affected our industry health:

* The government came down heavily on food inflation, including a number of measures to rein in sugar realisations.

* Even as the Government of India replaced the statutory minimum price (SMP) with a fair and remunerative price (FRP) structure resulting in an increase in

cane prices paid from Rs. 81.18 per quintal in 2008-09 to the FRP of Rs. 129.84 per quintal in 2009-10 (except in case of Seohara where the FRP fixed was Rs. 135.32 per quintal), millers ended up paying an average cane price of Rs. 220 per quintal, easily the highest cane price in the world. The sharp increase in raw material cost could not be covered by higher product realisations.

* In 2009-10, sugar prices touched an unprecedented Rs. 40,000/tonne and thereafter declined to Rs. 28,000/tonne following an upward revision in sugar production estimates, a drop in international realisations and lower imports to India.

Stock increase

As per the Indian Sugar Mills Association (ISMA), India's sugar stocks are estimated at 5.9 million tonnes by September, 2010 (3.2 million a year earlier). India's sugar availability, when combined with the domestic output, opening stock balance of 3.2 million tonnes and estimated imports of 5.3 million tonnes, could be an estimated 27.3 million tonnes in 2009-10, higher than the projected consumption of 22.5 million tonnes.



Mrs. Nandini Nopany,
Chairperson cum Managing Director

The Indian sugar industry outlook is dependent on government policy. If the government formulates a policy to deregulate the industry, the decision could benefit sugarcane farmers as well as the mills in the long-run as it will liberate the industry from adhoc politics-induced decision making.

* To control prices, the government permitted sugar imports with an unrestricted tenure of holding by bulk consumers – they account for around two-thirds of the entire domestic sugar consumption – whereas this facility was limited to ten days for those who purchased sugar from domestic manufacturers. This inequity prompted most Indian bulk sugar consumers to import their requirements, which further weakened sentiment and realisations. Besides, the quantity of freesale sugar that Indian mills could not sell within the stipulated period was transferred to the levy quota and liquidated. The result was that for the first time in memory, Indian sugar realisations declined below international realisations.

* High sugar prices prompted a postponement of consumption, resulting in the piling of stocks among domestic sugar mills and corresponding arrears in liquidating farmers' dues.

* The government also increased the proportion of levy sugar from 10% to 20%, which implied a reduction in the quantum of sugar on which the mills could earn normal profit.

* There was a crisis of sales volume as well; traded volumes declined from February to August, 2010, which when combined with a growing production, accelerated the stock pile up and decline in realisations.

Corporate response

The adverse domestic sugar industry scenario impacted all sugar companies in India and Upper Ganges was no exception. Despite an increase in average realisations from Rs. 1,920.9 per quintal

in 2008-09 to Rs. 2,892 per quintal in 2009-10, our deficit expanded owing to higher cane prices paid to farmers and lower offtake of free sugar.

■ Crushed 147.93 lakh quintal of sugarcane against 116.30 lakh quintal in 2008-09

■ Paid an average cane price of Rs. 237.36 per quintal against the FRP of Rs. 129.84 per quintal

■ Achieved an average capacity utilisation of 76.64%. Achieved an average recovery of 9.52% against 9.54% in 2008-09

The relative unavailability of molasses and bagasse impacted our ethanol and congregation businesses. During 2009-10, the Company produced 189.38 lakh litres of spirit and sold 412.77 lakh units of power, contributing 10.43% and 3.94% to the Company's revenue (4.43% and 2.96% during 2008-09).

Industry outlook

The Indian sugar industry outlook is dependent on government policy. If the government formulates a policy to deregulate the industry, the decision could benefit sugarcane farmers as well as the mills in the long-run as it will liberate the industry from ad hoc politics-induced decision making.

The deregulation will translate into the following implications:

* Removal of the levy sugar obligation that mills must provide to the country's public distribution system, which will have a long-term benefit.

* Removal of the release mechanism by which any producer is free to sell whenever and at whatever price it wants,

will drag down realisations to start with at a time when the country's production is rising, but which could thereafter stabilise the market

* Marketplace economics will prevail over short-term political considerations, which will provide millers with the confidence to reinvest in their businesses

* Removal of cane area reservation will encourage the mills to poach cane from command areas of other mills, affecting their raw material security and incentive to invest in cane development

The need of the hour is deregulation with adequate checks and balances, transparency and profit-sharing conceptions, whereby a certain pre-agreed percentage of realisation of the end product shall be the basis of rewarding the farmers. In our estimation, such a proposal, if implemented, will transform farmers from vendors to partners with a vested stake in a mill's success – and vice versa.

Road ahead

A projected 19% increase in cane acreage and a corresponding increase in projected sugar production to 25 million tonnes in 2010-11 are expected to be more than sufficient for India's consumption of 22.5 million tonnes. Consequently, India's sugar pipeline is expected to increase from about three months of consumption to five months, which could contain India's sugar realisation between Rs. 23.50 and Rs. 27 per kg while a 7.15% increase in cane FRP to Rs. 139.12 per quintal for the 2010-11 sugar season could continue to pressurise mill margins.

The government approved the proposal for 5% mandatory ethanol blending program

with an adhoc price of Rs. 27 per litre across the country, providing optimism for the by-product segment. Any apprehended reduction of ethanol price shall strain our margins.

Given these realities, our focus will be on increasing production, raising our capacity utilisation from 76.64% to 90%, achieving a better output of our by-product programmes, surpassing the break-even point, repaying our debts and enhancing the strength of our balance sheet.

We expect a better year for our by-products following the enhanced sugarcane availability. This shall strengthen our overall margins.

The management of the Company is seized of the challenges lying ahead and the urgency to achieve break-even and thereafter return the Company to profitability without raising our corporate risk.

Regards,

Nandini Nopany

Chairperson-cum-Managing Director

Four ways in which the Company expects to improve performance in 2010-11

1. Crush more cane: Following the projected increase in cane availability, we expect to crush 209 lakh quintals of sugarcane in 2010-11 against 147.93 lakh quintals during 2009-10. This will provide the Company with a larger output of sugar and by-products.
2. Production efficiency: The Company intends to reduce the use of steam (and resultant the cost) in production and enhance capacity utilisation.
3. Capital expenditure: The Company will minimise capital costs.
4. Debt repayment: The Company will utilise cash flows to reduce debt and correct its gearing.

The relative unavailability of molasses and bagasse impacted our ethanol and congregation businesses. During 2009-10, the Company produced 189.38 lakh litres of spirit and sold 412.77 lakh units of power, contributing 10.43% and 3.94% to the Company's revenue (4.43% and 2.96% during 2008-09).

Directors' Report

To
The Members,
Your Directors take pleasure in presenting their report and the audited accounts of the Company for the year ended 30th June, 2010.

2. Financial results and appropriations

(Rs. in lakhs)

	2009 – 10	2008 – 09
Net revenue	40,173.54	43,623.78
Gross profit/(loss) before depreciation and interest	1,223.11	7,657.75
Less: Interest	4,293.27	4,219.94
Depreciation	2,632.04	2,596.69
Profit/(loss) before tax	(5,702.20)	841.12
Less: Provision for tax:		
– Current	117.00	92.70
– Deferred tax charge/(credit)	(1,988.21)	179.36
– MAT credit (entitlement)/reversal	104.55	(66.40)
– Income Tax provisions no longer required written back	(28.90)	(3.34)
– Fringe benefit tax	–	11.86
Profit/(loss) after tax	(3,906.64)	626.94
Add: Surplus brought forward	559.19	110.19
: Transfer from General Reserve	3,500.00	–
Amount available for appropriation	152.55	737.13
Appropriations		
– Transfer to General Reserve	–	15.68
– Dividend	–	138.69
– Dividend tax (net)	–	23.57
Balance carried to Balance Sheet	152.55	559.19

Performance

3. The Company recorded a net revenue of Rs. 40,173.54 lakh (including other income of Rs. 425.41 lakhs) for the year ended 30th June, 2010. The Gross sales (inclusive of excise duty among others) of the Company for the year 2009-10 declined by 9.04% to Rs 41,873.69 lakh from Rs 46,034.56 lakh in the year 2008-09.

The earning before interest, depreciation, tax for the year under review stood at Rs. 1,223.11 lakh representing 3.04% of the net revenue and showed a decline of 84.02% over previous year's Rs. 7,657.75 lakhs. The decline in the profits in sugar was fuelled by lower than expected realization and decline in sales volume during the year under review.

Sugar sales decreased from Rs 40,520.34 lakh to Rs 35,435.39 lakh in 2009-10, showing a decline of 12.55%. However, sale of industrial alcohol increased by 115.28% as a direct result of increased generation of molasses. Likewise, revenue from bagasse based power recorded an increase of 40%.

The performance of sugar segment of the Company was marked with oscillating operations. While the first half of the current year under review witnessed higher demand of sugar and lower availability of the principal raw material namely the sugarcane and at unprecedented high rate resulting in compressed production, the second half was affected by considerably lower realization of sugar prices due to variety of measures undertaken by the Government of India. The profit performance of the Company was also impacted due to doubling of the quota of levy sugar and low recovery.

The performance of tea segment was, however, encouraging. The production of tea increased from 12.45 lakh kg in the immediately preceding year to 13.16 lakh kg in the year under review, the average realization also increased from Rs. 112.37

per kg in 2008-09 to Rs 144.60 per kg in 2009-10 indicating an increase of 28.68%.

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

R & D

5. During the year under review the Company incurred a sum of Rs. 270.81 lakh on account of Research & Development with an intention to improve the recovery ratio and in educating the cane growers to cultivate improved variety of sugar cane.

Dividend

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

Corporate Governance

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

Directors

8. The Company has eight Non-Executive Directors having experience in varied fields and a Chairperson-cum-Managing Director. Two Directors Mr. Chandra Shekhar Nopany and Lt. Gen. K Chiman Singh retire from the Board by rotation and are eligible for re-appointment.

The term of Mrs. Nandini Nopany, Chairperson cum Managing Director of the Company would expire on 30th September, 2010.

She has been reappointed as a Chairperson cum Managing Director for a further period of 3 years w.e.f 1st October, 2010 subject to approval of the shareholders.

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

Directors' Responsibility Statement

10. Your Directors confirm that -

- i) In the preparation of the annual accounts the applicable accounting standards were followed and there is no material departures;
- ii) Such accounting policies were selected and applied consistently and judgments and estimates made were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;
- iii) Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company established internal control systems, consistent with its size and nature of operations, in weighing the assurance provided by any such system of internal controls and in recognizing its inherent limitations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit functions;
- iv) The financial statements were prepared on a going concern basis.
- v) The annual accounts were prepared on a 'going concern' basis.

Auditors, Audit Qualifications and Board's Explanations

11. The Auditors' Report is self-explanatory. However, the Auditors made an observation regarding recognition of Deferred Tax Assets amounting to Rs 1363.27 lakh upto the year 2009-10. The Company's projections are that there would be sufficient taxable income in the future to claim credit of Deferred Tax Assets. With regard to the Auditors observation for adopting different accounting period in relation to Cinnatolliah Tea Garden, it is said that due to the seasonal nature of the tea industry a different accounting period continues to be followed for tea business.

12. The Auditors, Messrs S. R. Batliboi & Co, Chartered Accountants, retire and are eligible for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said re-appointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Board, on the recommendation of the Audit Committee, proposed that Messrs S. R. Batliboi & Co, Chartered Accountants, be re-appointed as the Statutory Auditors of the Company and to hold office till the conclusion of the next Annual General Meeting of the Company.

Cost Auditors

13. In accordance with the directives of the Central Government under Section 233 B of the Companies Act, 1956, Mr S. N. Mukherjee, cost accountant, was appointed as cost auditor to audit the cost accounting records relating to Sugar and industrial alcohol units situated at Seohara and Sugar unit at Sidhwalia and M/s. D. Radhakrishnan & Co., cost accountants were appointed as cost auditor for Sugar unit at Hasanpur for the current year.

Subsidiary Company

14. The audited accounts of Uttar Pradesh Trading Company Ltd., a subsidiary of the Company, for the year ended 31st March,

2010 are attached. In this regard, the statement pursuant to Section 212 of the Companies Act, 1956 is also attached and is marked as Annexure "D".

Consolidated Financial Statements

15. As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements, conforming to the Accounting Standard 21, 23 and 27 are attached.

Particulars of Employees

16. Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 is attached as a separate Annexure "C" and forms an integral part of this Report.

Energy conservation, technology absorption and foreign exchange earnings and outgo

17. Statement containing particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 is attached as per Annexure "B" and forms part of this Report.

Fixed Deposits

18. As on 30th June, 2010, your Company had 1339 depositors with fixed deposits of Rs. 1,326.54 lakhs. 3 depositors

have not claimed their fixed deposits amount of Rs. 13.81 lakh as on that date. The depositors are being advised at regular intervals to claim their deposits. Efforts are being made to contact all such depositors to facilitate the refund of the dues to them.

CEO/CFO Certification

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

Acknowledgements

20. Your Directors take this opportunity of recording their appreciation of the shareholders, financial institutions, bankers, suppliers and cane growers for extending their support to the Company. Your Directors are also grateful to the various ministries in the Central Government and State Governments of Uttar Pradesh, Bihar and Assam, the Sugar Directorate and the Sugar Development Fund for their continued support to the Company. The Directors also recognise the valuable contribution made by the employees at all levels to the Company's progress.

For and on behalf of the Board

Nandini Nopany

Chairperson-cum-

Managing Director

Kolkata,

Dated: 25th August, 2010

Management Discussion and Analysis Report

Annexure A

Business review

Our business of sugar

Global sugar overview

Given that India is one of the largest producers and consumers of sugar in the world, it impacts the global sugar industry in a big way and vice versa, thus making it necessary to discuss the global sugar industry.

Global sugar production in 2009-10 grew 4.23% to 158.2 million tonnes even as consumption is expected to grow at a rate

significantly lower than the 10-year average (1.7%) to 166.7 million tonnes. The reasons for this can be ascribed to strong world sugar prices and effects of the 2008-09 global meltdown on consumption growth. Despite this reality, the point of interest is that overall consumption was still higher than the global production of sugar, resulting in a deficit of 8.5 million tonnes for 2009-10 according to ISO (May 2010).

World Sugar Balance

Particulars	2009-10	2008-09	Change	
	(million tonnes, raw value)		in million tonnes	in %
Production	158.2	151.8	6.4	4.2
Consumption	166.7	164.0	2.7	1.7
Surplus/deficit	(8.5)	(12.2)		
Import demand	52.9	50.2	2.7	5.4
Export availability	52.3	49.2	3.1	6.2
End stocks	52.8	60.7	(7.9)	(13.0)
Stocks/consumption ratio in%	31.7	37.0		

Global realisations softened from over USD700 per tonne in January, 2010 to under USD 500 per tonne by April, 2010 primarily owing to increased production in Brazil (17%) and lower imports going into India (now beginning to experience a sugar surplus). Besides, EU sugar companies were among the largest beneficiaries of Europe's Common Agricultural Policy (CAP) payments. This aid allowed European exporters to remain competitive by compensating for the EU's higher prices compared with the world markets. Sugar prices in Australia will increase in 2010-11, leading to a 7% increase in cane acreage. It is expected that the Thailand's sugar exports will drop to 3.5-3.7 million tonnes in 2010-11 to satisfy rising domestic demand.

Indian sugar overview

India is the world's largest consumer and second-largest producer of sugar after Brazil. With over 600 mills across India in the public, private and co-operative sectors, it is the only industry providing subsidised sugar to below poverty line (BPL) families via a nationwide public distribution system.

India's sugar industry is the second-largest domestic agro-processing industry after cotton textiles, accounting for around 13% of the global sugar production. The industry contributed about Rs. 1,700 crore to the central and state exchequer, generated employment for around 2 million skilled/semi-skilled rural workers. Besides, about 50 million sugarcane farmers and their families and many agricultural labourers (about 7.5% of the rural population) are involved in sugarcane cultivation and auxiliary activities.

India's per capita sugar consumption at 20 kg, is lower than Brazil's (58 kg), but higher than China's (14 kg) with 3.75%

year-on-year growth. India's sugarcane and sugar production typically follows a 6-8 year cycle, wherein 3-4 years of glut are followed by 2-3 years of deficiency. After two consecutive years of declining sugar production (2007-08 and 2008-09), production surged in 2009-10.

India's sugar production is subject to high volatility with its share of world production ranging from 10-18% across the last decade. The value of the output of sugar at current prices increased from Rs. 10,670 crore in 1994 to Rs. 29,500 crore in 2009. The share of sugar in the value of output from agriculture declined from 5.1% in FY2004 to 4% in FY2009.

Production: India's sugar production in the recent season (October 2009-September 2010) was estimated at 18.8 million tonnes against 14.5 million tonnes in 2008-09, growing 29.65% owing to a better harvest. Acreage rose 13.3% to 4.74 million hectares in 2009-10. Consumption is projected at 21.5 million tonnes, reflecting a 2.7-million tonne deficit.

Sugar production in Uttar Pradesh, India's largest sugar producing state, is expected to increase from 51.6 lakh tonnes in 2009-10 to 60-67 lakh tonnes in 2010-11 following an increase in average yield to 8-10 tonnes per hectare. The industry is estimated to crush 115 lakh quintals of sugarcane in the 2010-11 season, incentivised by a higher cane remuneration of Rs. 220 in 2009-10 (Rs. 150-155 per quintal in 2008-09). Consequently, cane acreage is expected to increase from 1.79 million hectares in 2009-10 to 2.15 million hectares in 2010-11. The average crushing duration during 2009-10 was 150 days compared with 120 days last season with an average recovery of 10.3% (10% in the previous year).

Sugar – Surplus/Deficit (million tonnes raw value)



India's Sugar Balance

Sl. No	For the season 2008-09	For the season 2009-10	For the season 2010-11
	October, 2008 to September, 2009	October, 2009 to September, 2010 (Estimated)	October, 2010 to September, 2011 (Estimated)
1. Opening stock as on 1st October	100.72	44.00	58.50
2. Production during the season	145.38	187.50	250.00
3. Imports	25.00	42.00	5.00
4. Total availability	271.10	273.50	313.50
5. Domestic consumption	225.00	215.00	225.00
6. Exports	2.00	-	10.00
7. Closing stock	44.00	58.50	78.50

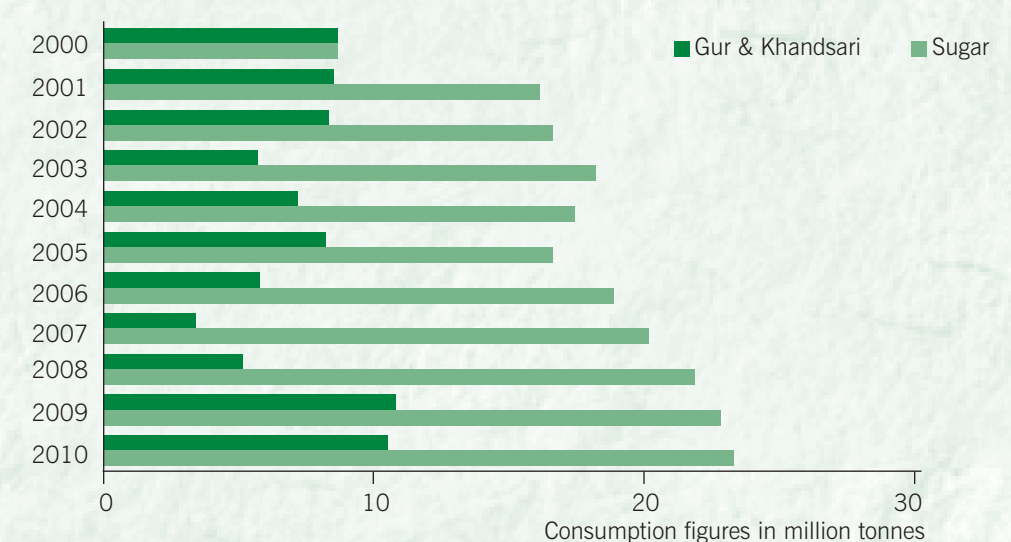
Region-wise average realisation (excluding excise duty and cess) from non-levy sugar sale during 2009-10 (up to April, 2010)

Region	Average realisation during the season (2008-09)	October, 2009	November, 2009	December, 2009	January, 2010	February, 2010	March, 2010	April, 2010	Average realisation during the season upto, April, 2010
Tropical region	2,015.76	2,743.74	3,106.34	3,139.30	3,586.16	3,402.08	2,968.43	3,081.58	3,081.58
Sub-tropical region	2,090.61	2,687.80	2,949.64	3,315.09	3,834.23	3,637.90	3,193.85	2,849.80	3,144.56
Total (All India)	2,034.87	2,730.81	3,083.74	3,160.23	3,618.57	3,433.46	2,999.87	2,695.59	3,090.82

Realisations: There was a strong correction in sugar prices after the peak prices early in 2010, although there was a tight stock position. Sugar prices reached a peak of around Rs. 40,000/tonne in early 2010, falling to Rs. 28,000/tonne by April, 2010 owing to an upward revision in production estimates, a significant drop in international prices and lower dependence on imports by India in the current sugar season (October 2009-September, 2010), followed by higher output. Besides, measures taken by the government to curb sugar prices also played a role, including a continued zero duty on imports allowing bulk consumers to import sugar freely, tight inventory restrictions imposed on buyers and changes in release norms (from monthly to weekly) for free sugar sale.

Consumption: India is the world's largest consumer, accounting around 15% of global consumption. Despite production fluctuations, India's sugar consumption increased at an annual 3.5% over the past decade. Driven by the continuing switch from the consumption of gur to sugar, rising incomes and growing population, India's sugar consumption is projected to increase at 2.5-3% annually well into the medium term. Moreover, the growth of sugar demand by food industries and other non-household users, estimated to account for about 60% of total consumption, could provide an additional impetus to longer-term market growth. Sugar consumption was estimated at 21.50 million tonnes in 2009-10. Per capita sugar consumption increased from 19.9 kg in 2008-09 to 20 kg in 2009-10, while that of gur and khandsari declined from 9.3 kg to 8.9 kg.

Sugar and gur & khandsari consumption



Industry highlights

- Sugarcane crop occupied merely 2.2-2.7% of India's cultivable land
- The sugar industry contributed 0.7% to India's GDP in 2009
- Around 2/3rd of the sugar produced in India is consumed by soft-drink manufacturers, *mithai* makers and other confectioners, among others
- Sugarcane has a long growth period; it stays in the field for 11 to 15 months
- Cane crushing starts around October and keeps crushers occupied for up to six months. The operating year in the context of sugar – the sugar season – is October to September
- Around 20% of sugar mill production is procured by the government at a predetermined price for subsidised sale through the public distribution system (PDS)
- Each tonne of cane yields 300 kg of bagasse and 1.2 barrels of petroleum equivalent

Cane costs: For season 2009-10, the Fair and Remunerative Price (FRP) set by the Centre was Rs. 129.84 per quintal at a 9.5% recovery rate, against Rs. 81.18 per quintal in 2008-09 based on a recovery rate of 9%. However, the industry paid around Rs. 220 per quintal to farmers.

Exports: India's sugar export balance was nil during 2009-10 from 0.2 million tonnes in the last year. The country expects to export in 2010-11 following a rise in sugar production in 2009-10 and a projected surplus in 2010-11 (October 2010–September 2011).

Imports: To contain sugar prices, the government permitted sugar imports at zero customs duty. For the sugar season October 2009–September 2010, imports were estimated at 4.2 million tonnes after taking into account the opening inventory of 1.2

million tonnes of raw sugar. Indian sugar millers cancelled a number of import contracts owing to a decline in domestic prices and are unlikely to sign new deals following expectations of a surge in local output.

Government initiatives: In April, 2010, the Central Government raised FRP to be paid by mills to farmers by 7% to Rs. 139.12 per 100 kgs of sugar for the sugar season 2010-2011.

Outlook: India's sugar production for 2010-11 has been estimated at 25 million tonnes following higher cane planting, better yield and attractive statutory minimum price. Sugar consumption is forecast at 22.5 million tonnes on account of an increase per capita incomes, growing population (at 1.38% per year) and sustained economic growth. Consequently, sugar realisations are expected to decline.

Operational review

The Company produced 14.10 lakh quintals of sugar in 2009-10, an increase of 17.11% from 12.04 lakh quintals in 2008-09. However, realisation per tonne (net of excise) of free

sugar increased from Rs. 19,209 per tonne in 2008-09 to Rs. 28,922 per tonne in 2009-10.

Fair and remunerative prices

(Rs. per quintal)

	2007-08	2008-09	2009-10
Seohara	89.28	92.88	135.32
Sidhwalia	81.18	81.18	129.84
Hasanpur	–	81.18	129.84

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

Highlights 2009-10

- The Company crushed 147.93 lakh quintals of sugarcane, an increase of 27.20%, from 116.30 lakh quintals in 2008-09.
- The Company produced 189.38 lakh litres of spirit in 2009-10, a 162.61% increase from a mere 72.11 lakh litres produced in 2008-09.
- The Company marketed 412.77 lakh units of power from two of its plants compared with 397.11 lakh units sold in 2008-09.

The comparative operational figures

	Year 2008-09				Year 2009-10			
	Seohara	Sidhwalia	Hasanpur	Total	Seohara	Sidhwalia	Hasanpur	Total
Sugarcane crushed (lakh quintals)	89.18	16.34	10.78	116.30	113.66	21.64	12.63	147.93
Recovery (%)	9.88	8.51	8.25	9.54	9.65	9.11	9.09	9.52
Sugar produced (lakh quintals)	9.85	1.36	0.83	12.04	10.98	2.02	1.10	14.10
Crushing days (gross)	121	67	68		134	69	58	

Growing acreage

Following higher incentives in 2009-10, sugarcane acreage is expected to increase from 44.5 lakh hectares in 2009-10 to 52.8 lakh hectares in 2010-11 resulting in a sugar production of 25 to 28 million tonnes (10.2% recovery), which should be comfortable to meet the country's demand of 22 to 23 million tonnes.

Business review

Ethanol business

Global scenario

Ethanol (generated as a by-product in sugar manufacture) is a clear, colourless liquid with an agreeable odour. It is used as an automotive fuel, can be mixed with gasoline to form 'gasohol' and is also considered as a renewable fuel.

Global renewable energy capacity grew 10% to 60% annually during the five-year period from 2004 to 2009 with biofuels like ethanol growing an average 20%. A number of countries are securing their energy needs by expanding the production of domestic renewable fuels like ethanol and biodiesel. Global ethanol production is expected to increase 16.2% from 73.9 billion litres in 2009 to 85.9 billion litres in 2010. USA leads the global ethanol market with a projected production of 45 billion litres in 2010; a further increase in production is anticipated following the mandate of the Energy Independence and Security Act of 2007 to blend 36 billion gallons of renewable fuel into gasoline by 2022. In 2009, global ethanol production reached nearly 73.9 billion litres in over 40 countries across six continents, representing a near 400% growth since 2000. The International Energy Agency (IEA) estimates that over one million barrels of oil demand are displaced by worldwide biofuel

production each day.

USA and Brazil accounted for 88% of the global ethanol production in 2009 along with production increases in Canada, Germany and France. In recent years, a significant global trade in fuel ethanol has emerged, Brazil being the leading exporter. However, Brazilian ethanol export declined almost 31% in 2009 owing to capacity delays and higher sugar prices. At the other end of the spectrum, developing countries, including Nigeria and Malawi, are turning to ethanol to boost their economies and secure energy needs. Biofuel markets are projected to be highly influenced by mandates and other incentives in countries, especially US, Brazil and the EU. Mandates calling for growing ethanol use along with higher crude oil prices means that global biofuel production is projected to reach 200 bn litres in 2019 (159 bn litre of ethanol, as per OECD). Based on sustained political support for biofuels, world biofuel prices are expected to increase: to an estimated USD 54.4 per hl in 2019 supported by demand conditions in the US market where the Conventional Renewable Fuels mandate is assumed to be binding over the entire projection period. Demand should also be strong in Brazil owing to the continuation of the government's blending regulation.

Regulatory mandates would help in spurring future ethanol demand

Country	Policy
USA	As per the Renewable Fuels Standard, retail distributors are required to increase the annual volume of blended biofuels to 136 billion liters by 2022.
Brazil	Brazil was the pioneer in mandating ethanol blending in gasoline under the ProAlcool Programme, which has remained in the range of 20-25%. The country also began mandating B2-B3 biodiesel blending in 2008, increased to B5 in early 2010.
China	The country's target is to reach an annual production level of 13 billion litres of ethanol and 2.3 billion litres of biodiesel by 2020.
Japan	The country's strategy for long-term ethanol production targets 6 billion litres a year by 2030, representing 5% of transport energy.
UK	The country targets to attain a fuel blending target of 5% by 2010.

Country	Policy
France	The country targets to achieve a 10% share of transport energy from renewable sources by 2015, following the broader 2009 EU Renewable Energy Directive, which mandates that member nations achieve the 10% target by 2020.
Belgium	The country targets to achieve a 5.75% share of transport energy from renewable sources by 2010.
India	The government failed to implement the mandatory blending of 5% ethanol in all gasoline, but now proposes a target of 20% blending (bio-diesel and bio-ethanol) by 2017.

Indian scenario

India produces conventional bio-ethanol from sugar molasses while the production of advanced bio-ethanol is still at the research and development stage. India has 330 distilleries, which produce 4 billion litres of rectified spirit (alcohol) per year. Of the total distilleries, about 115 distilleries have the capacity to distil

1.8 billion litres of conventional ethanol annually, sufficient to meet the 5% blending mandate. Demand for ethanol was driven by the mandatory blending of petrol with ethanol, wherein under the National Biofuel Policy, it will be mandatory to blend 20% by 2017. At a 10% blending level, ethanol demand is expected to grow to 1,859 million litres by 2011-12.

Conventional bio-ethanol production and distribution (million litres)

Calendar year	2006	2007	2008	2009	2010	2011
Opening stock	483	747	1,396	1,673	1,243	1,145
Production	1,898	2,398	2,150	1,073	1,435	1,859
Imports	29	15	70	280	300	300
Total supply	2,410	3,160	3,616	3,026	2,978	3,304
Exports	24	14	3	3	3	10
Consumption:						
Industrial use	619	650	700	700	720	750
Potable liquor	745	800	850	880	950	1,010
Blended petrol	200	200	280	100	50	200
Other use	75	100	110	100	110	110
Total consumption	1,639	1,750	1,940	1,780	1,830	1,970
Ending stocks	747	1,396	1,673	1,243	1,145	1,224
Total distribution	2,410	3,160	3,616	3,026	2,978	3,304
Feedstock A ('000 tons)	7,910	9,992	8,958	4,469	5,981	7,746

How ethanol blending can be beneficial in India

India has become a significant consumer of energy resources. Its oil consumption rose from 6,43,000 barrels of oil per day in 1980 to 3.3 million barrels per day in 2009, making it the world's fourth-largest oil consumer. By blending petrol with 10% biofuel, 80 million litres of petrol could be saved annually in India.

Production: Higher sugarcane and sugar production in financial year 2009-10 raised ethanol production from 1,073 million litres in 2008-09 to 1,435 million litres in 2009-10, but total supply remained at the 2008-09 level owing to short stocks carried forward from the previous year (2008-09). Short supply of sugar molasses in 2008-09 constrained ethanol production and the consequent higher prices made it unviable to supply ethanol to petroleum companies at negotiated prices.

Consumption: Strong growth in the consumption of ethanol across the chemical and potable liquor industry is expected to raise total ethanol consumption to nearly 2 billion litres in 2010-11, up 140 million litres over the previous year, resulting in constrained supplies to the Ethanol Blending Program (EBP). Consequently, the availability of ethanol in 2010-11 for blending with petrol is estimated at 200 million litres, against the target of 800 million litres set by ethanol manufacturers in India. However, ethanol usage for blending in 2009-10 was drawn down to 50

million litres from 100 million litres in the previous year, mainly owing to a reduced supply of molasses, higher demand for ethanol from competing industries and higher market prices for ethanol attracting suppliers to divert their supplies from EBP.

Trade: India does not import ethanol or other biofuels for fuel purposes and although there are no quantitative restrictions on imports, high duties make imports economically unviable. During years of low sugar production and consequent shortage of molasses and alcohol, India imported alcohol, mainly for industrial and potable liquor production. India exports small quantities of ethanol, mainly for non-fuel use, to Sri Lanka, the U.A.E and some African countries. The GOI does not provide any financial assistance for biofuel exports (bio-diesel and ethanol).

End stocks: End stocks of ethanol for 2010-11 are likely to recover to 1.2 billion litres, up 79 million litres over 2009-10. However, stocks are down 449 million litres, compared with 1.7 billion litres in 2008, owing to a steady growth in consumption.

Mandatory ethanol blending

The Government of India approved the proposal for the implementation of a 5% mandatory ethanol blending programme across the country, barring north-eastern states, J&K, Andaman, Nicobar and Lakshadweep, with the fixing of an adhoc uniform ex-factory price of Rs. 27 per litre for ethanol procured by oil marketing companies. This is expected to boost the ethanol blending programme and enhance sugar mill profitability.

Business review Cogeneration

Industry overview

In technical terms, cogeneration is the process of producing electricity and usable thermal energy (heat and/or cooling) at high efficiency and near the point of use. The combined generation of electricity and heat increases the total efficiency by nearly 50%, against the separate production of electricity and heat. Practically every phase in sugar manufacturing (juice extraction, bagasse/pulp drying, juice purification, evaporation and crystallisation) requires heat. The excess electricity can be exported to the national grid if the electricity market regulations allow. Electricity exports can make sugar mill/factory cogeneration an attractive and cost-efficient means of cutting production costs, reducing pollution and generating additional revenue, depending on the ratio between the price secured and production cost of electricity generated in the sugar industry. Moreover, in the case of sugarcane processing, electricity and heat are generated from burning bagasse, practically a cost-free fuel for sugarcane mills.

Typically, the processing of one tonne of cane yields about 250- 280 kg of bagasse (moisture 50%), which can generate 500-600 kg of steam, close to the 400-600 kg of steam consumed in the processing. On the other hand, the use of more efficient high-pressure boilers together with condensing extraction steam turbines can substantially increase the level of exportable electricity. Such gains are possible because there is a degree of flexibility in the way steam is produced and used to power steam turbines in sugar mills.

Advantages

- Cogeneration and hence, additional income revenues from electricity sales to the national grid may contribute substantially to the economic viability of the sugar sector.
- Cogeneration may also bring additional revenues from the monetisation of Certified Emission Reduction (CER) credits within the terms of the CDM.

Apart from direct benefits to the sugarcane processing sector,

there are also broader economic benefits of bagasse-based cogeneration including:

- More diverse and hence, secure and reliable supply of electricity to the national grid
- More widespread electricity supply, particularly in rural areas
- Possibility of increased electricity supply during the dry season when hydroelectric plants are particularly stretched
- Lower expenses on fossil fuel imports in the case of fuel net-importing countries and higher earnings from fuel exports in the case of the net-exporter

Cogeneration: environment and CDM

Bagasse-based energy is totally renewable and does not involve mining, extraction and long-distance transportation expenses of fossil fuel. It is regarded as environmentally clean fuel. As a biomass, bagasse supplies raw material for the production of natural, clean and renewable energy, reducing the need for and use of fossil fuels. The environmental advantages of bagasse cogeneration are lower emission of particles, CO₂ and other green house gases (GHGs) compared with carbon-intensive fossil fuels, and lower emission as against that during composting. Besides, if bagasse was to be composted, it would also release methane, a GHG, which is 27 times more potent than CO₂ [Source: *Bagasse Cogeneration – Global Review and Potential*. WADE, June 2004]. The reduction of emissions is estimated to be about 0.55 tonnes of CO₂ equivalent per tonne of used bagasse. There are presently about 70 CDM bagasse cogeneration projects registered with the UN Framework Convention on Climate Change (UN-FCCC). There are 28 registered projects in India, 26 in Brazil, three in Thailand, two in El Salvador, two in Honduras, one in Ecuador and one in the Philippines.

Barriers and constraints

- The output of electricity cogeneration by sugarcane mills is dependent on the existing legal framework and prevailing

Annexure to Directors' Report

Annexure B

electricity market rules. The monopolistic behaviour of electricity companies and the rigidity of regulatory frameworks virtually block Independent Power Producers (IPP) from being connected to the grid and selling their available surpluses.

■ Secondly, pricing in the electricity market is another issue which might disallow cogeneration. To make cogeneration commercially viable, millers' production costs, including capital costs, have to be covered.

■ Thirdly, over the years the out-of-season energy requirements of sugar mills increased owing to the development of downstream units such as packing, chemical, paper, effluent treatment and biogas generation plants.

India

The optimum cogeneration capacity installed in Indian sugar mills is one of the highest among all major sugar producing countries. The country achieved the capability to build and operate modern cogeneration plants in sugar mills. The bagasse cogeneration system based on 45 ata/440°C steam pressures has progressively advanced to 110 ata/540°C steam project configurations, which translates to a surplus electricity generation of about 100 kWh/tonne of cane crushed. These optimum bagasse cogeneration projects benefit not only the sugar mills but also the sugarcane farmers as the value addition to their cane is enhanced and thus they can realise more for it. During the year 2010-11 (up to 30th June, 2010), additional bagasse-based cogeneration was 67.50 MW and 1,411.53 MW in total.

Business review

Tea plantation

Domestic tea production stood at 991.3 million kg in 2009-10 against 972.7 million kg in 2008-09. India's tea consumption rose to 813 million kg in 2009 compared with 798 million kg in 2008-09. The country consumes nearly 80% of the tea production.

Imports: The imports in India increased from 22.4 million kg in 2008 to 25.67 million kg in 2009, owing to the drought prevailing over the region.

Exports: Though India's exports reduced from 203 million kg in 2008 to 191 million kg in 2009, it still earned better margins compared with last year, owing to increased average auction prices from Rs. 117.81/kg in 2008 to Rs.136.64/kg in 2009. The export value registered a growth of 9% from Rs. 2,393 crores

in 2008 to Rs. 2,616 crores in 2009.

The Company's tea production increased 5.62% from 12.45 lakh kg in 2008-09 to 13.16 lakh kg in 2009-10, owing to better cultural practices followed by the Company. The entire production of tea was of CTC tea. Average realisation increased from Rs. 112.37 per kg in 2008-09 to Rs. 144.60 in 2009-10, owing to higher demand and production of high-quality tea. The Company improved several agricultural operations like drainage, among others. The Company also took initiatives like uprooting and re-plantation programmes in uneconomical areas to ensure a gradual increase in yield. The Company shared cordial relationships with employees and the Company's operations were not disturbed for a single day owing to labour problems.

Statement showing particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2010

I. Conservation of Energy:

i. Following initiatives have been taken by the Company to conserve energy during the year 2009-10:

- The Company continues to introduce latest PLC based injection water control system sensing vacuum of pans or evaporator. This device saves more power than conventional system.
- Installation of various machinery and equipments dedicated to increase the internal generation of steam as well as to reduce consumption of steam and fuel.
- By putting up CFL light fitting in the entire lighting systems, the management has been able to curtail the diesel cost by almost 40% during off season.

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

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

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

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

None significant

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

A) Power & Fuel Consumption:

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
1. Electricity:				
a) Purchased :				
Units (in lakh)	11.69	8.52	6.61	8.40
Total amount (Rs. in lakh)	71.76	49.64	51.59	48.04
Rate/unit (Rs.)	6.14	5.83	7.80	5.71
b) Own Generation :				
i) Through diesel generator				
Units (in lakh)	15.48	1.63	19.14	1.30
Units per litre of diesel-oil	3.25	2.44	4.18	1.34
Cost/Unit (Rs.)	10.86	13.88	8.19	13.74

A) Power & Fuel Consumption (Contd.)

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
ii) Through Steam Turbine/Generator:				
Units (in lakh)	333.06	-	294.76	-
Units per litre of fuel oil/gas Cost/Unit (Rs.)	Not ascertainable as the bagasse which is a by-product is being used as fuel			
2. Coal:				
Quantity (tonnes)	-	1,416.00	111.98	1,152.00
Total cost (Rs. in lakh)	-	72.30	7.86	52.42
Average rate (Rs.)	-	5,109.00	7,020.30	4,551.00
3. Furnace Oil: (T.D.Oil for Dryers)				
Quantity (Litres in lakh)	-	0.13	-	0.02
Total amount (Rs. in lakh)	-	4.65	-	0.67
Average Rate (Rs.)	-	35.41	-	24.89
4. Others/Internal generation:	-	-	-	-

B) Consumption per unit of production:

No standard has been fixed

	Current Year		Previous Year	
	Sugar	Tea	Sugar	Tea
Products (Sugar in lakh quintals.& Tea in lakh kgs.)	14.58	13.15	12.06	12.45
Electricity	24.70	0.77	26.56	0.78
Furnace oil	-	0.01	-	-
Coal (in kgs.)	-	1.08	-	0.93
Others (specify)	-	-	-	-

II. Research & Development and Technology Absorption:

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

- Continuance of heat therapy to treat cane seed to make it good quality, healthy and disease free.
- Maintenance of three tier seed nurseries to develop healthy cane seeds of desired varieties for cane growers to boost sugarcane production.
- A biological laboratory was set up for producing parasites.
- Educating cane growers in seed multiplication by single bud culture of new varieties.
- Working in close tandem with the UP Sugarcane Research Station, Shahjahanpur in development of latest sugarcane varieties and their production technology.
- Testing on new and improved parameters the promising varieties of Cane for their better performance.
- Applying more organic manures and to reduce use of chemical fertilizers for improvement in the yield and quality of cane. Integrated nutrients management programme has been introduced for reclamation of deteriorating soil health in the area.

viii) Cane plantation with new method known as Horizontal and Paired Row Method. Owing to above efforts, higher yield of disease free cane is being made available to the Company's sugar mills resulting in higher return to cane growers. This has also contributed to higher recovery.

ix) Soil testing laboratory has been set up for proper dosing of fertiliser and nutrients.

Future plans are:

- Continuation of research of better yielding and disease free variety of cane by adopting measures stated above.
- To extend the area of cane cultivation for planting early maturing high sugared varieties of cane to get better recovery in early months of cane crushing.

Owing to above efforts, higher yield of disease free cane is being made available to the Company's sugar mills resulting in higher return to cane growers. This has also contributed to higher recovery.

The Company did not import any technology.

III. Foreign exchange earnings and outgo:

a) Activities relating to exports, initiatives taken to increase exports	Sugar is generally exported through Indian Sugar Exim Corporation Ltd. The Government allowed exports through merchant exporters also.
b) Development of new export markets for products and services and export plan	
c) Earnings in Foreign Exchange	- Nil
d) Expenditure in Foreign Currency	- Rs. 20.64 lakh

Annexure C

IV. Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 30th June, 2010

Name	Designation	Remuneration (Rs.)	Nature of duties	Qualification	Experience (years)	Age (years)	Date of commencement of employment	Last employment held
Employed throughout the year:								
Mrs. Nandini Nopany	Chairperson cum Managing Director	33,60,000	Overall management of the affairs of the Company	I.C.S.E.	37	63	October, 1995	None
Mr. C. B. Patodia	Advisor	1,67,04,123	Advisory	Intermediate	42	61	February, 1990	The New Swadeshi Sugar Mills Ltd., Narkatiaganj
Shri Sukhvir Singh	Executive President	33,07,533	General Supervision of Seohara Units	B.A	30	49	September, 2008	Bajaj Hindustan Ltd., Lucknow
Shri R.A. Singh	E.V.P (Production)	24,21,718	Sugar production	B.sc., ANSI (ST)	36	62	May, 2006.	Triveni Engineering & Industries Limited., Khatauli

Notes:

1. The remuneration includes salary, Company's contribution to provident fund and perquisites, among others.
2. The appointment in respect of Managing Director is contractual.
3. Other terms and conditions are as per rules of the Company.
4. Mr Chandra Shekhar Nopany, a Director of the Company is a relative of Mrs. Nandini Nopany.

For and on behalf of the Board

Nandini Nopany
Chairperson-cum-Managing Director

Kolkata

Dated: 25th August, 2010

Annexure D

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, 2010 was held by the Company.

The net aggregate amount of the profits of the subsidiary company for the financial year ended 31st March, 2010 as well as the previous financial years which concern the members of the Company but have not been dealt with in or for the purposes of the accounts of the Company amounts to Rs. 170.76 lakh and Rs. 876.65 lakh respectively:

Since the close of the accounts of the subsidiary company on 31st March, 2010 no material change has taken place in the holding company's interest in the subsidiary company nor has any material change taken place in the subsidiary company in regard to any of the matters specified in Section 212(5)(b) of the Companies Act, 1956.

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-Managing Director

Annexure E

1. Company's Philosophy

Upper Ganges, a part of K K Birla Group of Sugar Industries, is committed to the adherence of such globally accepted corporate practices as would continuously enhance the stakeholders' value. Adherence to business ethics and commitment to corporate social responsibility are the enablers for a company to maximize value for all its stakeholders. Upper Ganges in its said commitment is guided by the value based business philosophies of its past Chairman Emeritus late Dr K K Birla who had synergised during his life time the business values with humanity with the result that core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness had been the fulcrum of business operations of Upper Ganges and continues to be so. Upper Ganges through these pages renews its commitment to uphold and nurture the core values of integrity, passion, responsibility, quality and respect in dealing with its customers, cane growers and other stake holders of the Company.

2. Board of Directors

i) The Company has in all 9 Directors with considerable professional experience in divergent areas connected with corporate functioning. The Board is headed by the Executive Chairperson Mrs. Nandini Nopany who also acts as the Managing Director of the Company and is entrusted with the management of the Company subject to superintendence, control and directions of the Board.

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

iii) With a view to institutionalize all corporate affairs and set up values, systems, standards and procedures for advance planning for matters requiring discussions at/decisions by the Board, the Company has unwritten rules and procedures for the meetings of

the Board of Directors and Committees thereof. These rules and procedures seek to systematize the decision making process at the meetings of the Board/Committees in an informed and most efficient manner.

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

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

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

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

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

(ix) During the year under review there had been no resignation/appointment of Directors save and except reappointment of Directors who had retired by rotation at the last Annual General Meeting and being eligible were reappointed by the shareholders.

The term of Mrs Nandini Nopany, Chairperson cum Managing Director of the Company would expire on 30th September, 2010. She has been reappointed as a Chairperson cum Managing Director for a further period of 3 years w.e.f. 1st October, 2010 subject to approval of the shareholders

During the year under review four Board Meetings were held on 28th August, 2009, 23rd October, 2009, 29th January, 2010 and 28th April, 2010. The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also the number of directorships in other bodies corporate by all the directors are as follows :

Name of Director	Category of Director	No. of Board meetings attended	Attendance at last AGM	No. of Directorships in other bodies corporate	No. of Chairmanship/ Membership of Board Committees in other companies		No. of Equity Shares held
					Chairman	Member	
Mrs. Nandini Nopany	MD	2	No	6	-	1	6,15,488
Mr. Chandra Shekhar Nopany	NED	4	No	11	2	1	39,600
Mr. R.K. Choudhury	NED	2	No	9	3	2	NIL
Mr. G.K. Bhagat	I/NED	4	No	0	0	0	NIL
Lt. Gen. K. Chiman Singh (Retd.)	I/NED	4	Yes	0	0	0	NIL
Mr. Gaurav Swarup	I/NED	3	No	8	0	2	NIL
Mr. Sunil Kanoria	I/NED	3	No	8	0	8	NIL
Mr. I.P. Singh Roy	I/NED	4	No	0	0	0	NIL
Mr. P.K. Lakhotia	NED	0	No	1	0	0	NIL

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

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.

Mrs. Nandini Nopany has been reappointed as a Chairperson cum Managing Director of the Company with effect from 1st October, 2010 subject to the approval of the shareholders. Mr. Chandra Shekhar Nopany and Lt. Gen K Chiman Singh (Retd.) are liable to retire by rotation and are eligible for re-appointment. Particulars of these Directors form part of the Corporate Governance Report.

3. Audit Committee (Constituted on 11.09.2000)

Overall purpose/objective

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. The purpose of the Audit Committee is to assist the Board of Directors("the Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

Terms of Reference

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with 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 accounting standards;
- vii. compliance with stock exchange and legal requirements concerning 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.

Composition and Meetings

The Audit Committee comprises of four Non-executive Directors viz. Lt. Gen. K. Chiman Singh (Retd.) (Chairman), Mr. R.K. Choudhury, Mr. G.K. Bhagat and Mr. I.P. Singh Roy, all of whom, are independent Directors. Mr. S.K. Poddar, Company Secretary, is the Secretary of the Committee. The meetings are attended by the representatives of Statutory Auditors, the outside internal auditors, the Chief Finance officers and the Company Secretary. During the year the Committee met four times on 28th August, 2009, 23rd October, 2009, 29th January, 2010 and 28th April, 2010 and attendance of the members at the meetings was as follows :

Name of the Member	Status	No. of meetings Attended
Lt. Gen. K. Chiman Singh (Retd.)	Chairman	4
Mr. R.K. Choudhury	Member	2
Mr. G.K. Bhagat	Member	2
Mr. I.P. Singh Roy	Member	4

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

4. Remuneration Committee (Constituted on 30.07.2002)

Objectives:

i) Though the constitution of the Remuneration Committee is not mandatory, the Company has constituted the Remuneration Committee to review and determine the Company's policy on managerial remuneration and recommends to the Board on the specific remuneration of Executive Directors, 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 super-intendence of various fringe benefits for managerial remuneration.

Terms of Reference:

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

- To recommend to the Board salary, perquisites and incentive payable to the Company's executive Directors and increments in their salaries.
- To recommend to the Board any new appointments including re-appointments and tenure of office, whether of executive or non-executive Directors. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

Composition and Meetings:

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

Remuneration Policy:

The Company, while deciding the remuneration package of the senior management, takes into consideration the following items:

- Job profile and special skill requirements.
- Prevailing compensation structure in companies of similar size and in the industry
- Remuneration package of comparable managerial talent in other industries.

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

During the last 4 years the Company has not been able to pay any commission to the Non- Executive Directors in view of inadequacy of the net profit of the Company determined in the aforesaid manner.

v) Remuneration of Directors

Details of remuneration paid to the Directors for the year 2009-10:

a) Executive Director

Managing Director	Salary (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)
Mrs. Nandini Nopany	30,00,000	-	10,10,000*

* (Comprises of Contribution to Provident Fund Rs. 3.60 lacs and contribution to Gratuity fund Rs. 6.50 lacs)

Mrs. Nandini Nopany's remuneration package includes salary, free furnished accommodation with all expenses for upkeep and maintenance thereof, contribution to Provident Fund,

reimbursement of medical expenses, leave travel concession, car with driver and telephone etc.

b) Non-Executive Directors

The Company pays a sitting fee of Rs. 5,000 and Rs. 2,500 per meeting to each Director for attending meetings of the Board of

Directors and Committees thereof respectively. The details of sitting fees paid during the year 2009-10 are as follows:

Sl. No.	Name of the Director/Institution	Amount (Rs.)
1.	Mrs. Nandini Nopany	N.A
2.	Mr. Chandra Shekhar Nopany	27,500
3.	Mr. R.K. Choudhury	15,000
4.	Mr. G.K. Bhagat	32,500
5.	Lt. Gen. K. Chiman Singh (Retd.)	30,000
6.	Mr. Gaurav Swarup	15,000
7.	Mr. Sunil Kanoria	15,000
8.	Mr. I.P. Singh Roy	32,500
9.	Mr. P.K. Lakhota	-

5. Investors' Grievance Committee (Constituted on 11.09.2000)

Terms of Reference:

The Investors' Grievance Committee oversees the redressal of complaints of investors such as transfer of credit of shares to demat accounts, non-receipt of dividend/annual reports, approval of physical shares above 1000 shares, etc. It also approves allotment of shares and matters incidental thereto including listing thereof.

Composition & Meetings:

The Committee, presently, comprises of three Non-executive Directors viz. Mr. G.K. Bhagat (Chairman), Mr. Chandra Shekhar Nopany and Mr. I.P. Singh Roy. Mr. S.K. Poddar, Company Secretary, is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock

Exchanges. No meeting of the Committee was held during the year under review.

The Board of Directors has authorised the Secretary to approve transfers/ transmissions of shares in physical form upto 1000 shares. The transfers/ transmissions approved by the Secretary are periodically placed before the Committee. During the year under review the Company received no complaints/grievances from the shareholders. The average period in which grievances are redressed is 7 days from the date of receipt of letters/complaints. There was no unresolved complaint as on 30th June, 2010. There were no share transfer applications pending for registration as on 30th June, 2010.

6. General Body Meetings

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

Financial Year	Date	Time	Location
2008-2009	23.12.2009	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2007-2008	19.12.2008	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746
2006-2007	03.12.2007	11.00 a.m.	Registered Office: Sugar Mills Complex P.O. Seohara, Dist. Bijnor Uttar Pradesh - 246 746

No Special resolution was passed at the Annual General meeting held on 3rd December, 2007, 19th December, 2008 and 23rd December, 2009.

A special resolution was passed by the shareholders on 20th October, 2009 through postal ballot mechanism in accordance with provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 for alteration of Object clause of the Memorandum of Association of the Company and commencement of new business under Sections 17 and 149(2A) of the Companies Act, 1956, respectively.

As of now there is no proposal for passing of any Special Resolution through Postal Ballot. The last Annual General Meeting was held on 23rd December, 2009 which was chaired by Lt. Gen. K. Chiman Singh (Retd.), Chairman of the Audit Committee.

7. Disclosures

i) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large. Transaction with Related Parties are disclosed in Note No. 19 of Schedule 24 to the Accounts in the Annual Report.

ii) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the Company during the last three years.

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

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

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

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

8. Means of Communication

i) Since the financial results in respect of each quarter and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board/Committee and posted on the Company's Website and also published in 'Business Standard', in English in Kolkata and Mumbai editions and 'Aaj', in Hindi in Lucknow edition, the same were not separately sent to the shareholders.

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

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

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

9. General Shareholders' Information

i) 78th Annual General Meeting

Day : Wednesday

Date : December 22, 2010

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 2010-11.

Approval of Audited Annual Results (2009-10)	25th August, 2010
Publication of Audited Results	26th/27th August, 2010
Mailing of Annual Report	November, 2010
First Quarter Results	On or before middle of November, 2010
Second Quarter Results	On or before middle of February, 2011
Third Quarter Results	On or before middle of May, 2011
Audited Annual Results (2010-11)	August, 2011

iii) Book Closure

The Register of Members and Share Transfer Books of the Company shall remain closed from the December 17, 2010, to the December 22, 2010 (both days inclusive).

iv) Dividend Payment Date

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

v) Listing on Stock Exchanges and Stock Codes

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

Sl. No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd. (BSE)	530505
2.	National Stock Exchange of India Ltd. (NSE)	UPERGANGES
3.	The Calcutta Stock Exchange Ltd. (CSE)	10031097

Under the depository system International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE018B01012. Annual Listing Fee for the year 2010-11 has been paid to BSE, NSE and CSE.

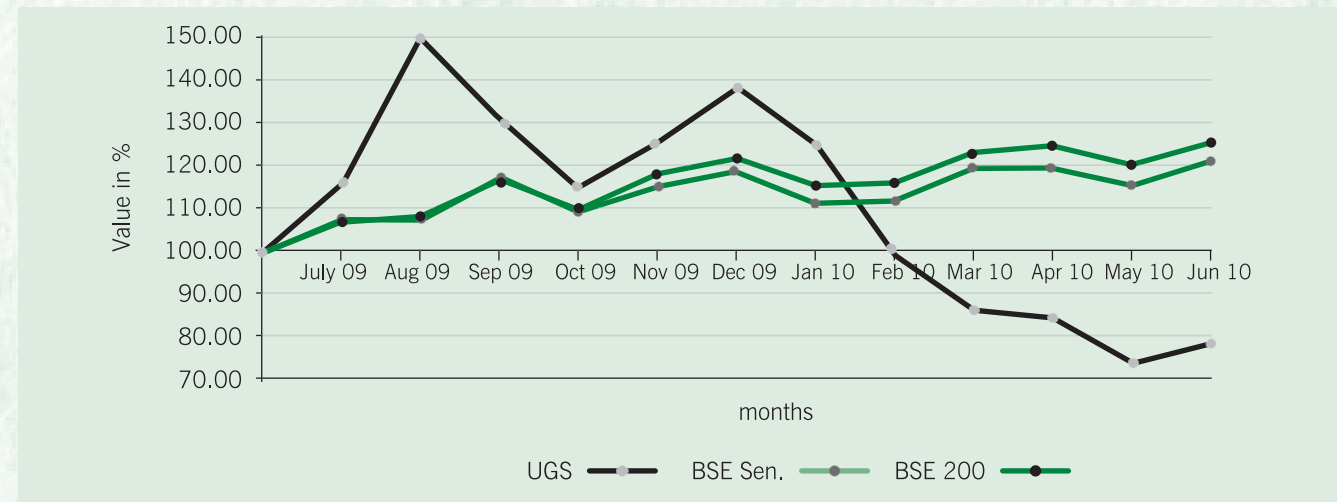
vi) Market Price data

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

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July, 2009	87.05	56.75	87.40	56.60
August, 2009	117.10	81.90	117.05	81.50
September, 2009	105.00	80.75	105.00	81.50
October, 2009	96.95	76.80	97.00	77.80
November, 2009	94.80	76.00	93.80	75.60
December, 2009	97.80	85.10	97.00	85.65
January, 2010	115.80	84.60	116.00	84.55
February, 2010	88.00	61.70	90.00	61.20
March, 2010	74.00	57.25	72.80	57.00
April, 2010	66.25	54.05	64.00	54.50
May, 2010	58.25	45.05	60.00	47.00
June, 2010	63.50	48.70	58.10	42.40

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

A graphical presentation is as follows :



viii) Registrar & Share Transfer Agent

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

Link Intime India Pvt. Ltd.

Unit : Upper Ganges Sugar & Industries Ltd.

59C, Chowringhee Road, 3rd Floor
Kolkata - 700 020

Tel : 91 033 2289 0540 / Fax : 91 033 2289 0539

e-mail : kolkata@linkintime.co.in

ix) Share Transfer System

After the requests for transfer/transmission of shares in physical form are approved by the Investors' Grievance Committee the same are sent to the Registrar & Share Transfer Agent for completing the necessary procedural formalities and despatch to the shareholders. The Board of Directors have authorised the Secretary to approve transfer/transmission of upto 1,000 shares.. 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 1067 shares were transferred/transmitted during the year 2009-10. The dematerialised shares are directly transferred to the beneficiaries by the Depositories.

x) Distribution of Shareholding

a) The Distribution of Shareholding as on 30th June, 2010 was as follows:

No. of Equity Shares	No. of share holders	% of total shareholders	No. of shares held	% of total shares
1-100	4446	54.91	232301	2.01
101 - 500	2458	30.36	658078	5.69
501 - 1000	543	6.71	425140	3.68
1001 - 2000	291	3.59	434233	3.76
2001 - 3000	118	1.46	297128	2.57
3001 - 4000	53	0.65	189667	1.64
4001 - 5000	39	0.48	182269	1.58
5001 - 10000	76	0.94	561342	4.86
10001 and above	73	0.90	8577081	74.21
Total	8097	100.00	11557239	100.00

b) Details of Shareholding pattern of the Company as on 30th June, 2010 was as follows:

Category	No. of Shares held	% of Shareholding
Promoters	5567525	48.17
Financial Institutions, Banks, Mutual Funds, Insurance Companies, etc.	441556	3.82
Private Bodies Corporate	1453028	12.57
Indian Public	4057931	35.11
NRIs / OCBs / FIIs / Foreign Nationals	37199	0.33
Total	11557239	100.00

xi) Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are in compulsorily dematerialised form at all the stock exchanges viz. Bombay Stock Exchange Ltd., The National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd. under depository systems at both the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited. Over 97% of the Equity Shares of the Company have already been dematerialised.

xii) Outstanding GDRs / ADRs/Warrants or Convertible Instrument

As on 30th June, 2010, the Company did not have any outstanding GDRs/ ADRs/Warrants or Convertible Instrument.

xiii) Location of Plants:

Sugar Mills:

- Seohara, Dist. Bijnor, Uttar Pradesh, Pin - 246746
- Sidhwalia, Dist. Gopalganj, Bihar, Pin - 841428
- Hasanpur, Dist. Samastipur, Bihar, Pin - 848205

Distillery

Seohara, Dist. Bijnor, Uttar Pradesh, Pin - 246746

Co-generation

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

Tea Garden

Cinnatollah Tea Garden
Lakhimpur North, Assam, Pin - 787001

xiv) Address for Correspondence:

The Secretary,
Upper Ganges Sugar & Industries Ltd.
9/1, R.N. Mukherjee Road
5th Floor, Birla Building
Kolkata - 700 001
India
Tel : 91 - 033 - 2243 0497/8
Fax : 91 - 033 - 2248 6369
e-mail : birlasugar@birla-sugar.com

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

10. Re-appointment of Directors

Mrs Nandini Nopany is being reappointed as the Chairperson cum Managing Director of the Company with effect from 1st October, 2010 for a period of three years subject to the approval of the shareholders at the forthcoming Annual General Meeting. Two Non-executive Directors namely Mr. Chandra Shekhar Nopany and Lt Gen. K Chiman Singh (Retd.) are due for retirement by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Brief particulars of the said Directors are given below :

i) Mrs Nandini Nopany aged 63 years is the Chairperson cum

Managing Director of the Company. She looks after the overall management of the Company and is the driving force behind the Company achieving its present stature. She has proved her mettle over the last 17 years by giving the Company a vision and direction.

Mrs Nopany holds 6,15,488 (5.33%) Equity Shares in the Company.

Names of other Indian public limited companies in which Mrs. Nandini Nopany is a Director or Chairman/Member of the Board Committees:

Sl. No.	Name of the Company	Name of Board Committee	Chairman/Member
1.	Uttar Pradesh Trading Co. Ltd.	Audit Committee	Member
2.	Modern Diagen Services Limited	-	-
3.	Nilgiri Plantations Limited	-	-
4.	Shital Commercial Limited	-	-
5.	Ronson Traders Limited	-	-
6.	Uttam Commercial Limited	-	-

ii) Mr. Chandra Shekhar Nopany, aged 45 years, is a Chartered Accountant and Master of Science in Industrial Administration from Carnegie Mellon University, Pittsburgh, USA. He is an eminent industrialist having vast industrial experience in diverse fields like sugar, tea, shipping, textiles, fertilisers and chemicals, etc. He is the past President of Indian Chamber of Commerce. He joined the Board of the Company in 1992.

Mr Chandra Shekhar Nopany holds 39,600 (0.34%) Equity Shares in the Company.

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

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

iii) Lt. Gen K Chiman Singh (Retd.), aged 82 years is a retired Army General and an awardee of Param Vishist Seva Medal. He joined the Board of the Company in 1987. He is not on the Board of any other Company.

11. Internal Control System

The Internal Control System prevalent in the Company is aimed at proper utilisation and safeguarding of the Company's resources and also at promoting operational efficiency. The system is reviewed periodically by the Audit Committee in consultation with the senior management of the Company, the Statutory Auditors and the external internal auditors. The Internal Audit of the Company is conducted by various firms of Chartered Accountants. The findings of the Internal Audit and consequent corrective actions initiated and implemented from time to time are placed before the Audit Committee. The Audit Committee reviews such audit findings and the adequacy of Internal Control System.

12. Human Resource Development/Industrial Relation

Continuous learning is the cornerstone of the Company's human resource policy. The Company's human resource policy is structured to meet the aspirations of the employees as well as of

the organisation. The Company has adopted a progressive policy of continuous development of its human resources by training and motivating its employees to attain greater efficiency and competence besides striving to retain the talent.

The current strength of management staff is 49 and non-management staff is 1851.

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

13. Risk Management

The Company has in place a Risk Management Policy, which lays down the process for identification and mitigation of risks. This Policy has been approved by the Board of Directors of the Company. The Board of Directors reviews the risk management and mitigation policy from time to time, the last such review having been made on 28th August, 2009.

14. 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.

15. Code of Conduct & Ethics

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

16. Legal Compliances

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

17. Compliances with Corporate Governance Norms

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has submitted the compliance report in the prescribed format to the stock exchanges for the quarters ended September 30, 2009, December 30, 2009, March, 2010 and June, 2010. The Statutory Auditors have certified that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreements with the stock exchanges. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Uttar Pradesh along with the Annual report.

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

1. Remuneration Committee

As detailed in the earlier paragraphs, the Company has

constituted a Remuneration Committee. The Chairman of the Remuneration Committee is Mr. I.P. Singh Roy.

2. Whistle Blower Mechanism

Though a codified Whistle Blower Policy of the Company is not in place every employee of the Company is encouraged to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in any way. The company is committed to adhere to 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 victimization, for whistle blowing in good faith.

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

18. Subsidiary Companies

The Company does not have any material non listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and in particular, the investments made by unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

19. 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.

20. Corporate Governance Voluntary Guidelines 2009

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

Declaration on Code of Conduct

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

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, I, Nandini Nopany, Chairperson-cum-Managing Director of Upper Ganges Sugar & Industries Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the year 2009-10.

Kolkata
Dated: 25th August, 2010

Annexure F

For and on behalf of the Board
Nandini Nopany
Chairperson-cum-Managing Director

Annexure G

Auditors' Certificate on Corporate Governance

To
The members,
Upper Ganges Sugar & Industries Ltd.

We have examined the compliance of conditions of corporate governance by UPPER GANGES SUGAR & INDUSTRIES LIMITED, for the year ended 30th June, 2010, 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.

Place: Kolkata
Date: August 25, 2010

For **S. R. Batliboi & Co.**
Firm Registration No. 301003E
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

FINANCIAL SECTION

To
The Members of
Upper Ganges Sugar & Industries Limited

We have audited the attached Balance Sheet of UPPER GANGES SUGAR & INDUSTRIES LIMITED as at 30th June, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Without qualifying our opinion, we draw attention to Note No. 8 on Schedule 24, regarding accounting of Sugarcane purchases at Seohara Sugar unit in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September, 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs. 1891.18 lacs, however, since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.

Further to our comments in the Annexure referred above, we report that:-

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, *subject to our comments in para (f) (i) below;*
- (e) On the basis of written representations received from the directors

as on 30th June, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2010 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

- (f) Attention is drawn to the following notes on Schedule – 24:
- (i) *Note No.9(a) regarding recognition of Deferred Tax Asset (DTA) (net) of Rs. 1363.27 lacs upto 30th June, 2010, based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the above impact been considered, there would be a loss of Rs. 5269.91 lacs as against the reported loss of Rs. 3906.64 lacs for the year and the Reserves & Surplus would be Rs. 7295.39 lacs as against the reported figures of Rs. 8658.66 lacs as on the Balance Sheet date.*
 - (ii) *Note No.12 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April,2010 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June,2010, in these statements of account, the impact whereof on the Company's loss, reserves, assets and liabilities has not been ascertained.*

In respect of the item (ii) above, the previous year's audit report was similarly modified.

In our opinion and to the best of our information and according to the explanations given to us, the said Statements of Account, *subject to the matters stated in para (f) above*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2010;
- (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

22, Camac Street

Block 'C', 3rd Floor

Kolkata - 700 016

Dated : 25th August, 2010

Per R. K. Agrawal

a Partner

Membership No. 16667

Annexure to the Auditors' Report

(Referred to in our report of even date to the members of Upper Ganges Sugar & Industries Limited as at and for the year ended 30th June, 2010)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) Fixed Assets have been physically verified by the management during the year based on a phased programme of verifying all the assets over a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature and value of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on such physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence the requirements of clauses (iii) (b) to (d) of the order are not applicable.
- (b) The Company has taken loans of Rs. 1185 lacs from Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum outstanding during the year as well as the year-end balance of such loans were Rs. 1185 lacs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) There are no stipulations for repayment of the above loans but the same are stated to be repayable on demand. As informed, the lenders have not demanded repayment of the above loan during the year and thus, there has been no default on the part of the company. Further, interest on the above loans, as informed, was regularly paid by the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas and we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the above section, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, to the extent applicable, have been complied with by the Company. We are informed by the management that no order has been passed by the Company law Board, National Company Law Tribunal or Reserve Bank of India or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company has generally been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and other material statutory dues with appropriate authorities *except for Cane Purchase Tax of Rs.60.10 lacs relating to the sugar units in Bihar which has remained unpaid as on the Balance sheet date.*
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and other material statutory dues were outstanding, at the year end for a period of more

than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise and Customs Act, 1944	Disallowance of Cenvat credit on inputs and capital goods	374.41	1996-97 to 2008-09	Commissioner (Appeals)/ CESTAT/ High Court
	Excise duty on burnt/ waste and loss on storage of molasses	5.57	1973-1974, 1982-1984, 1987-1988, 2003-2004	
	Excise Duty for Discrepancy in Seasonwise stocks of Sugar	6.06	2000-2001	
	Service Tax on discount to wholesalers	1.93	1997-98, 1999-2000	
Prevention of (Water) Pollution Act	Water Cess	1.41	1989-1990	High Court, Allahabad
Bihar Sales Tax	Rejection of Form F	28.24	1982-84, 1992-93, 1995-1997	Jt. Commissioner/ Commissioner Sales Tax
Bihar Sugarcane (Supply & Regulation) Act,1981	Interest on Cane cess	15.33	1980-81 to 1991-92, 1994-95 to 1996-99, 2001-2002 to 2004-05	Certificate Officer, Samastipur/High Court, Patna

- (x) The Company has no accumulated losses at the end of the financial year and *it has incurred cash losses in the current year* but it had not incurred cash loss in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank and/or financial institutions *except for Rs. 560.96 Lacs (including interest) which became due for repayment on 30th June,2010. However, the Company has applied to the bank for deferment of the above repayment, which is stated to be under their consideration.* There were no debentures outstanding during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments and therefore the provisions of clause 4(xiv) of the order are not applicable.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from a bank, the terms and conditions whereof are stated to be not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that Rs. 6307.00 lacs approx. raised on short-term basis have been used for long-term investment (without considering permanent working capital).*
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) 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 course of our audit.

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

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 25th August, 2010

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

Balance Sheet As at 30th June, 2010

	Schedule	(Rs. in lakhs)	
		30th June, 2010	30th June, 2009
SOURCES OF FUNDS			
(A) Shareholders' Funds			
(a) Share Capital	1	1155.73	1155.73
(b) Reserves & Surplus	2	8658.66	12561.86
		9814.39	13717.59
(B) Loan Funds			
(a) Secured	3	39325.74	33658.96
(b) Unsecured		11087.43	8290.05
		50413.17	41949.01
(C) Deferred Tax Liability (net)			
		-	624.94
		60227.56	56291.54
APPLICATION OF FUNDS			
(A) Fixed Assets			
(a) Gross Block	4	57094.06	56162.25
(b) Less : Accumulated Depreciation		17629.01	15069.35
(c) Net Block		39465.05	41092.90
(d) Capital Work-in-Progress		1084.75	237.44
(e) Capital Expenditure on Expansion Projects	5	-	2303.08
		40549.80	43633.42
(B) Investments			
(C) Deferred Tax Assets (net)	6	2117.62	2117.62
(D) Current Assets, Loans & Advances			
(a) Inventories	7	22136.75	12601.30
(b) Sundry Debtors	8	1043.19	1565.33
(c) Cash & Bank Balances	9	470.97	452.29
(d) Other Current Assets	10	21.42	12.83
(e) Loans & Advances	11	3377.79	3140.29
		27050.12	17772.04
Less: Current Liabilities & Provisions			
(a) Current Liabilities	12	10666.96	7108.79
(b) Provisions		236.57	238.69
		10903.53	7347.48
Net Current Assets		16146.59	10424.56
(E) Tea Department Balance			
		50.28	115.94
		60227.56	56291.54
Accounting Policies & Notes to Accounts	24		

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

S. R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

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

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 25th August, 2010

Profit and Loss Account For the year ended 30th June, 2010

	Schedule	(Rs. in lakhs)		
		2009-10	2008-09	
INCOME				
Gross Sales	13	41873.69		46034.56
Less: Excise Duty		1849.87	2054.22	
Cess		275.69	478.53	2532.75
Net Sales		39748.13		43501.81
Other Income	14	415.89		124.88
Agricultural Profit/(Loss)	15	9.52		(2.91)
		40173.54		43623.78
EXPENDITURE				
Decrease/(Increase) in Stocks	16	(9742.55)		9142.63
Excise Duty & Cess on Stocks (Refer Note no. 5 on Schedule 24)		117.15		(743.21)
Purchase of Trading Goods		2344.39		402.95
Raw Materials Consumed	17	37919.14		19738.64
Stores, Spares & Packing Materials Consumed	18	1538.72		1493.04
Fuel & Electricity		621.88		458.28
Payments to and Provisions for Employees	19	4126.77		3411.33
Manufacturing, Selling and Other Expenses	20	1983.16		2027.07
Directors' Remuneration	21	41.77		35.30
		38950.43		35966.03
Profit before Interest, Depreciation & Taxation		1223.11		7657.75
Less: Interest & Finance charges (net)	22	4293.27		4219.94
Depreciation		2632.04		2596.69
		6925.31		6816.63
		(5702.20)		841.12
Profit / (Loss) before Taxation				
Provision for Taxation :-				
Current Tax [including Wealth Tax Rs.6.00 lacs (Rs. 6.00 lacs)]		117.00		92.70
Minimum Alternate Tax (MAT) Credit (Entitlement) / Reversal		104.55		(66.40)
Deferred Tax Charge / (Credit)		(1988.21)		179.36
Provision for Income Tax no longer required written back		28.90		3.34
Provision for Fringe Benefit Tax		-		11.86
Profit / (Loss) after Taxation		(3906.64)		626.94
Surplus brought forward from previous year		559.19		110.19
Transfer from General Reserve		3500.00		-
Profit available for Appropriation		152.55		737.13
Appropriations				
Transfer to General Reserve		-		15.68
Proposed Dividend on Equity Shares	23	-		138.69
Tax on Dividend		-		23.57
Balance carried to Balance Sheet		152.55		559.19
		152.55		737.13
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.) (Refer Note no.15 on Schedule 24)		(33.80)		5.42
Accounting Policies & Notes to Accounts	24			

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

S. R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

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

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 25th August, 2010

Cash Flow Statement For the year ended 30th June, 2010

	<i>(Rs. in lakhs)</i>	
	2009-10	2008-09
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Tax	(5702.20)	841.12
Adjustments for:		
Depreciation	2632.04	2596.69
Interest & Finance Charges (net of capitalisation & subsidy)	4391.54	4409.64
Bad Debts & Irrecoverable balances written off	4.87	4.56
Molasses Storage and Maintenance Fund	3.44	1.72
(Profit)/Loss on Fixed Assets sold / discarded (net)	(291.49)	0.91
Provision for Bad & Doubtful Debts /Advances	23.16	1.38
Interest & Dividend Income	(163.04)	(228.41)
Operating Profit before Working Capital Changes:	898.32	7627.61
Adjustments for :		
Increase/(Decrease) in Trade Payables	4109.87	(158.66)
Decrease in Trade & Other Receivables	1124.21	95.98
Decrease/(Increase) in Inventories	(9535.45)	8943.82
Decrease/(Increase) in Tea Department Balance	65.66	(55.78)
	(4235.71)	8825.36
Cash Generated from / (Used in) Operations :	(3337.39)	16452.97
Direct Taxes Refund / (Paid)	(315.38)	6.93
Net Cash from/(Used in) Operating Activities	(3652.77)	16459.90
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	349.47	58.86
Loans received back	2.37	108.42
Interest & Dividend Received	154.45	228.86
Deposit under Tea Development Account Scheme	(42.41)	20.09
Purchase of Fixed Assets	(653.94)	(1737.37)
Fixed Deposits	188.42	(198.38)
Sale of long term Investments	-	0.50
Net Cash used in Investing Activities	(1.64)	(1519.02)

Cash Flow Statement *(Contd.)* For the year ended 30th June, 2010

	<i>(Rs. in lakhs)</i>	
	2009-10	2008-09
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Borrowings	14648.98	4561.01
Repayment of Loans	(6229.29)	(14727.57)
Interest & Finance charges paid	(4758.49)	(4760.66)
Subsidy towards interest on Excise Duty Loan	361.26	-
Dividend Paid (including Dividend Tax)	(162.26)	-
Net Cash from/(Used in) Financing Activities	3860.20	(14927.22)
Net Changes in Cash & Cash Equivalents (A+B+C)	205.79	13.66
Cash & Cash Equivalents - Opening Balance	123.63	109.97
* Cash & Cash Equivalents - Closing Balance	329.42	123.63

* Represents Cash and Bank balances as indicated in Schedule - 9, and excludes Rs.141.55 lacs (Rs. 328.66 lacs) being bank balances with restricted use or with maturity of more than three months.

S. R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

Per R. K. Agrawal
a Partner

Membership No. 16667

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 25th August, 2010

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Schedules to the Balance Sheet

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 1 SHARE CAPITAL		
Authorised		
1,60,00,000 Equity Shares of Rs. 10 each	1600.00	1600.00
16,00,000 Preference Shares of Rs. 100 each	1600.00	1600.00
	3200.00	3200.00
Issued, Subscribed and Paid-up		
1,15,57,239 Equity Shares of Rs. 10 each fully paid	1155.73	1155.73
Add: Forfeited Shares (amount originally paid-up)	– (b)	–
	1155.73	1155.73

Notes :

- (a) Out of the above, 37,01,945 Equity Shares have been issued / allotted as fully paid bonus shares by capitalisation of Securities Premium & General Reserve and 1,20,496 Equity Shares have been allotted as fully paid-up for consideration other than cash.
- (b) The actual amount being Rs. 50 only, has not been shown above.

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve		
As per last Account	19.97	19.97
Capital Redemption Reserve		
As per last Account	327.00	327.00
	327.00	327.00
General Reserve		
As per last Account	5022.04	5006.36
Add :Transfer from Profit & Loss Account	–	15.68
	5022.04	5022.04
Less:Transfer to Profit & Loss Account	3500.00	–
	1522.04	5022.04
Securities Premium		
As per last Account	6583.34	6583.34
Molasses & Alcohol Storage & Maintenance Reserve		
As per last Account	50.32	48.60
Add : Provided during the year	3.44	1.72
	53.76	50.32
Surplus as per Profit & Loss Account	152.55	559.19
	8658.66	12561.86

Schedules to the Balance Sheet (Contd.)

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 3 LOAN FUNDS		
A. SECURED LOANS		
Term Loans :		
Long Term		
From Scheduled Banks		
Under Project Finance/Corporate Loan Scheme	15717.22	17635.30
Under Financial Assistance Scheme - Excise Duty Loan	2721.50	3201.09
From Sugar Development Fund	7701.41	6168.72
Other Loans :		
From Scheduled Banks on Cash Credit Account	13185.61	6653.85
	39325.74	33658.96
B. UNSECURED LOANS		
Short Term Loan from Scheduled Banks	4200.00	1685.00
From State Bank of India against		
Crop loan to Canegrowers	742.15	958.17
From the Subsidiary Company (not bearing interest)	112.00	47.50
From Co-operative Farming Societies	103.55	96.05
Inter Corporate Loans	4570.00	4300.00
Fixed Deposits from Staff & Others	1326.54	1169.81
Trade & Other Deposits (partly not bearing interest)	33.19	33.52
	11087.43	8290.05
	50413.17	41949.01

Notes :

- Term loans from Scheduled Banks (except Excise Duty Loan) are secured by first mortgage/charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation Plant), Sidhwalia and Hasanpur and Distillery unit at Seohara, ranking pari passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.

Term Loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Seohara & Sidhwalia and includes Rs. 415.51 lacs(Rs.410.92 lacs) towards interest which is recoverable as subsidy from the Government and included in Claims & Refunds Receivable under the head Loans & Advances in Schedule-11.
- Term loans from Sugar Development Fund are secured by a second charge on all the immovable and movable assets (save and except book debts), present and future of the Company's Sugar units at Seohara (including Co-generation Plant) and Sidhwalia and include Rs. 393.77 lacs (Rs. 355.75 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.
- Cash credit borrowings are secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows -
 - Tea Garden - First Charge
 - Hasanpur Sugar Unit - Second Charge
 - Seohara Sugar Unit - Third Charge - (ranking pari-passu between the lenders)
 - Sidhwalia Sugar Unit - Third Charge
- Unsecured loans, as stated above, include Rs. 10233.28 lacs (Rs. 7619.31 lacs) falling due for payment within one year.

Schedules to the Balance Sheet (Contd.)

SCHEDULE 4 FIXED ASSETS (Rs. in lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK AS AT	
	As at 1st July, 2009	Additions/ Adjustments	Deductions/ Adjustments	As at 30th June, 2010	As at 1st July, 2009	For the year	Less : on Deductions/ Adjustments	Up to 30th June, 2010	30th June, 2010	30th June, 2009
Freehold Land	947.27	35.84	-	983.11 (a)	-	-	-	-	983.11	947.27
Leasehold Land	94.55	-	-	94.55	94.55	-	-	94.55	-	-
Tea Plantations	2.39	-	-	2.39	2.26	-	-	2.26	0.13	0.13
Buildings (including on leasehold land)	4248.38	16.09	38.10	4226.37	665.95	97.35	14.31	748.99	3477.38	3582.43
Plant & Machinery	50067.94	1678.70	751.28 (b)	50995.36	13885.36	2487.91	28.71	16344.56	34650.80	36182.58
Railway Sidings	19.70	-	-	19.70	3.66	0.86	-	4.52	15.18	16.04
Furniture & Fixtures	343.27	17.32	22.43	338.16	238.48	17.68	13.50	242.66	95.50	104.79
Tube-wells	114.26	-	0.52	113.74	29.22	1.80	0.08	30.94	82.80	85.04
Trucks & Conveyance	324.49	14.22	18.03	320.68	149.87	26.44	15.78	160.53	160.15	174.62
	56162.25	1762.17	830.36	57094.06	15069.35	2632.04	72.38	17629.01	39465.05	41092.90
Capital Work-in- Progress	237.44	1129.71	282.40	1084.75 (e)	-	-	-	-	1084.75	237.44
Total	56399.69	2891.88	1112.76	58178.81 (c) & (d)	15069.35	2632.04	72.38	17629.01	40549.80	41330.34
Previous Year's Total	49522.14	7555.92	678.37	56399.69	12533.16	2596.69	60.50	15069.35	41330.34	

Notes :

- a) Title deeds for Rs. 7.10 lacs (Rs. 7.10 lacs) are yet to be executed in favour of the Company.
b) Includes Capital Subsidy Rs. 700.00 lacs (Rs. 439.00 lacs).
c) Includes assets held in joint ownership with others Rs. 181.10 lacs (Rs. 208.01 lacs).
d) Includes fixed assets awaiting disposal Gross Value Rs.10.69 lacs (Rs. 55.95 lacs) and Net Value Rs. 3.11 lacs (Rs. 51.51 lacs).
e) Includes advances against purchase of fixed assets Rs. 306.19 lacs (Rs. 13.35 lacs).

(Rs. in lakhs)

	30th June, 2010	30th June, 2009
SCHEDULE 5 CAPITAL EXPENDITURE ON EXPANSION PROJECTS		
A. Freehold Land	-	39.68
B. Fixed Assets		
1) Plant & Machinery	-	27.99
2) Furniture & Fixtures	-	3.53
3) Trucks & Conveyance	-	7.94
	-	39.46
Less : Depreciation (charged to Pre-operative expenses as below)	-	4.17
C. Machinery & Building under erection [(net of Sales Rs. Nil (Rs. 9.92 lacs)]	1798.57	7378.08
D. Advances against purchase of fixed assets	239.22	275.92
	2037.79	7728.97
Less : Transfer to Fixed Assets/Capital Work in Progress during the year	2037.79	5702.98
	-	2025.99
E. Incidental Expenditure Pending Allocation to Fixed Assets :		
Amount brought forward from previous year	277.09	1114.06
Add : For the year :		
Salary & Wages	1.13	29.03
Contribution to Provident & Other funds	-	2.92
Fuel & Electricity	-	79.35
Project Consultancy charges	-	0.25
Miscellaneous Expenses	0.12	3.51
Interest & Finance charges (including Rs. Nil (Rs. 384.04 lacs) on fixed loans)	35.20	500.19
Depreciation	-	1.14
	313.54	1730.45
Less : Allocated to Fixed Assets/Capital Work in Progress during the year	313.54	1453.36
	-	277.09
	-	2303.08

Schedules to the Balance Sheet (Contd.)

(Rs. in lakhs)

	No. of Shares	Face Value per Share (Rs.)	30th June, 2010	30th June, 2009
SCHEDULE 6 INVESTMENTS (at cost)				
LONG TERM				
GOVERNMENT SECURITIES				
Quoted :				
11.5% U.P.State Development Loan, 2010			2.10	2.10
11.5% U.P.State Development Loan, 2011			0.70	0.70
12% U.P.State Development Loan, 2011			0.70	0.70
			3.50	3.50
Unquoted :				
12 Years National Savings Certificates			0.01	0.01
12 Years National Plan Savings Certificates			0.08	0.08
7 Years National Savings Certificates			0.07	0.07
6 Years National Savings Certificates			0.10	0.10
			0.26	0.26
EQUITY SHARES (FULLY PAID) :				
Quoted :				
New India Retailing & Investment Ltd.	202500	10	277.50	277.50
Chambal Fertilizers & Chemicals Ltd.	704160	10	98.85	98.85
			376.35	376.35
Unquoted :				
In Subsidiary Company :				
Uttar Pradesh Trading Company Ltd.	163624995	1	1736.55	1736.55
			1736.55	1736.55
In Other Companies :				
Birla Buildings Ltd.	8400	10	0.84	0.84
Bihar State Financial Corporation Ltd.	60	100	0.06	0.06
Indo International Distillers Association Pvt. Ltd.	54000 *	10	5.40 (e)	5.40
Chandausi Rice Mills Ltd.	1000	10	-	-
Jaihind Publishing Company Ltd.**	65	25	-	-
Akhil Bharat Printers Ltd.**	270	100	-	-
			6.30	6.30
In Co-operative Farming Societies				
Krishna Sahakari Kheti Samiti Ltd.	5	100	0.01	0.01
Kuri Sanyukta Sahakari Kheti Samiti Ltd.	1	100	-	-
Keshopur Sanyukta Sahakari Kheti Samiti Ltd.	1	100	-	-
Pandia Sanyukta Sahakari Kheti Samiti Ltd.	1	100	-	-
Seohara Co-op. Cane Development Union Ltd.	1	100	-	-
Najibabad Co-op. Cane Development Union Ltd.	1	100	-	-
Nagina Co-op. Cane Development Union Ltd.	1	10	-	-
Moradabad Co-op. Cane Union Ltd.	1	10	-	-
			0.01	0.01

Schedules to the Balance Sheet (Contd.)

(Rs. in lakhs)				
	No. of Shares	Face Value per Share (Rs.)	30th June, 2010	30th June, 2009
SCHEDULE 6 INVESTMENTS (Contd.)				
PREFERENCE SHARES (FULLY PAID)				
Unquoted				
Raj Kamal Parkashan Pvt. Ltd.	50	100	0.05	0.05
Share Application Money				
Indo International Distillers Association Pvt. Ltd.	46000*	10	4.60(e)	4.60
			2127.62	2127.62
Less : Provision for diminution in value of Investments			10.00	10.00
			2117.62	2117.62
Aggregate Value of Investments				
Quoted			379.85	379.85
Unquoted			1737.77	1737.77
Market Value of Quoted Investments			531.11	542.02

Notes :

- All the above Investments are Non-Trade, except those marked with an astric.
- Out of the above, Government Securities of the face value of Rs. 0.26 lac(Rs. 0.26 lac) have been deposited with the Government Authorities,of which Rs. 0.23 lac (Rs.0.23 lac) have matured but are pending encashment.
- Quotations for Government Securities of the face value of Rs. 3.50 lacs being not available, cost thereof has been taken as market value.
- In case of the above investments, where the figure appears as NIL, the cost is either written off in the the books or happens to be less than Rs. 500 individually.
- Indicates Securities where provision towards diminution in the value of Investments has been made.

** Represents companies under liquidation.

SCHEDULE 7 INVENTORIES		
At Lower of Cost and Net Realisable Value		
Raw Materials	66.51	160.31
Stores, Chemicals, Spare Parts etc. [(including in transit Rs. 15.28 lacs (Rs. 33.01 lacs)]	874.89	990.17
Finished Goods	19056.49	9872.55
Power-Banked	8.44	27.92
Trading Goods [(including in transit Rs. 1284.01 lacs (Rs.Nil)]	1289.12	3.34
Goods under Process	490.77	483.71
Standing Crops	8.66	6.68
	21794.88	11544.68
At Estimated net Realisable Value		
By Products	333.54	1044.38
Scrap	8.33	12.24
	341.87	1056.62
	22136.75	12601.30

Schedules to the Balance Sheet (Contd.)

(Rs. in lakhs)		
	30th June, 2010	30th June, 2009
SCHEDULE 8 SUNDRY DEBTORS (Unsecured)		
(A) Debts Outstanding for a period exceeding six months :		
Considered Good	73.14	16.34
Considered Doubtful	49.66	37.84
	122.80	54.18
Less : Provision	49.66	37.84
	73.14	16.34
(B) Other Debts		
Considered Good	970.05	1548.99
	970.05	1548.99
	1043.19	1565.33

SCHEDULE 9 CASH & BANK BALANCES

Cash in hand	40.11	26.79
Cheques/Drafts in hand	147.87	54.62
With Scheduled Banks on		
Current Account	138.59	39.48
Savings Account	0.02	0.02
Tea Development Account	0.10	0.14
Fixed Deposit Account [Receipt for Rs. 15.50 lacs (Rs. 208.12 Lacs) pledged with Government authorities/Banks as security]	126.10	314.52
Unpaid Dividend Account	15.45	14.14
	468.24	449.71
With Non-Scheduled Banks on Current Account		
Name of the Bank	Maximum amount outstanding during the year	
District Co-operative Bank Ltd.	358.03	(428.50)
Mini Co-operative Bank Ltd.	4.23	(5.68)
Bijnor Urban Co-operative Bank	0.10	(0.17)
The Samastipur Central Co-op. Bank Ltd.	0.14	(0.14)
	2.61	2.46
With Post Office on		
Savings Account (Pass Book for Rs. 0.09 lac (Rs. 0.09 lac) pledged with Government authorities)	0.12	0.12
	470.97 *	452.29*

*including Rs. 110.62 lacs (Rs. 105.71 lacs) towards earmarked accounts.

Schedules to the Balance Sheet (Contd.)

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 10 OTHER CURRENT ASSETS		
(A) Interest accrued on Investments	0.93	0.93
[including Rs. 0.84 lac (Rs. 0.84 lac) considered doubtful]		
Less : Provision	0.84	0.84
	0.09	0.09
(B) Accrued Interest on deposits, loans & advances etc.		
Considered Good	21.33	12.74
Considered Doubtful	3.83	3.83
	25.16 *	16.57
Less : Provision	3.83	3.83
	21.33	12.74
	21.42	12.83

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

SCHEDULE 11 LOANS AND ADVANCES		
UNSECURED		
Considered good		
Loans (Bearing interest)		
To Employees	20.89	18.09
To Others	-	4.26
	20.89	22.35
Advances :		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	517.35	438.92
Advance payment of Income-tax & tax deducted at source (after adjusting provisions)	242.91	15.40
Minimum Alternative Tax Credit Entitlement	-	104.55
Balance with Excise & other Government authorities	1065.34	1333.84
Claims & Refunds Receivable	1267.70	1006.08
Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	69.89	66.94
Deposit with Government authorities & others	12.93	13.84
Deposit under Tea Development Account Scheme, 1990	180.78	138.37
	3356.90	3117.94
Considered Doubtful :		
Loans	23.16	24.07
Advances	31.51	20.17
	54.67	44.24
Less : Provision	54.67	44.24
	-	-
	3377.79	3140.29
Note :		
Amount due from Officers of the Company	-	-
Maximum amount due at any time during the year	0.80	1.38

Schedules to the Balance Sheet (Contd.)

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities:		
Acceptances	1727.73	1648.12
Sundry Creditors for goods, services, expenses etc.		
Due to Micro and Small Enterprises (Refer note no.11 on Schedule 24)	89.18	116.64
Due to Others	8248.58	3664.49
For Other Finance	143.80	114.98
Excess price of levy sugar realised	72.87	72.87
Advance against sale of goods	87.88	1192.83
Fractional entitlement for Bonus and Right Shares	0.22	0.22
Interest accrued but not due on loans, deposits etc.	266.18	268.14
Preference Shares Redemption Account	1.26	1.26
Investor Education & Protection Fund : (Not yet due)		
Unclaimed Matured Fixed Deposits	13.81	15.10
Unpaid & Unclaimed Dividends	15.45	14.14
	10666.96	7108.79
B. Provisions :		
Leave	96.90	76.10
Gratuity	139.11	-
Proposed Dividend on Equity Shares	-	138.69
Tax on Proposed Dividend	-	23.57
Fringe Benefit Tax (net of advances)	0.56	0.33
	236.57	238.69
	10903.53	7347.48

Schedules to the Profit and Loss Account

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 13 GROSS SALES		
Finished Goods	38441.76	43623.77
Power	1564.72	1288.02
Trading Goods	626.48	417.28
By-Products	1099.42	614.05
Processing Charges	115.87	-
Others	25.44	91.44
	41873.69	46034.56

Schedules to the Profit and Loss Account (Contd.)

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 14 OTHER INCOME		
Income from Long Term Investments (Non-trade)		
Dividend	13.86	13.86
Interest on Government Securities	0.41	0.41
Insurance & Other Claims	3.51	5.01
Rent & Hire Charges	8.58	7.75
Unspent liabilities, excess provisions and unclaimed balances written back	37.32	59.23
Land Dividend	50.50	24.44
Buffer Stock Subsidy towards Insurance & Storage charges	-	3.93
Profit on sale of Fixed Assets (net)	291.49	-
Miscellaneous Receipts	10.22	10.25
	415.89	124.88

	2009-10		2008-09	
SCHEDULE 15 AGRICULTURAL PROFIT/(LOSS)				
INCOME				
Sales [including inter-transfers Rs. 14.88 lacs (Rs. 2.32 lacs)]		24.23		12.14
Other Income				
Unspent liabilities written back		0.06		0.04
Miscellaneous Receipts		2.08		0.13
Increase in Stocks				
Closing Stock	8.66		6.68	
Less : Opening Stock	6.68	1.98	5.01	1.67
		28.35		13.98
EXPENDITURE				
Seeds, Manures and Fodder Consumed		6.26		5.74
Tractor Expenses		2.84		3.97
Repairs to :				
Buildings		0.01		0.08
Others		0.01		0.05
Rates & Taxes		0.05		0.05
Payments to and Provisions for Employees :				
Salaries, Wages, Bonus, etc.	6.28		4.59	
Contribution to Provident and other Funds	0.08	6.36	0.05	4.64
Irrigation Expenses		2.12		1.95
Miscellaneous Expenses		1.18		0.41
		18.83		16.89
Profi/(Loss) transferred to Profit & Loss Account		9.52		(2.91)

Schedules to the Profit and Loss Account (Contd.)

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 16 DECREASE/(INCREASE) IN STOCKS		
Opening Stock		
Goods Under Process	483.71	230.82
Finished Goods	9872.55	19668.92
Power - Banked	27.92	49.93
Trading Goods	3.34	10.85
By-Products	1044.38	575.86
Scrap	12.24	50.39
	11444.14	20586.77
Less		
Closing Stock :		
Goods under Process	490.77	483.71
Finished Goods	19056.49	9872.55
Power - Banked	8.44	27.92
Trading Goods	1289.12	3.34
By-Products	333.54	1044.38
Scrap	8.33	12.24
	21186.69	11444.14
	(9742.55)	9142.63

	2009-10		2008-09	
SCHEDULE 17 RAW MATERIALS CONSUMED				
Opening Stock		160.31		53.45
Add : Purchases & Procurement Expenses [including transfer of sugarcane from own farm Rs. 14.88 lacs (Rs. 2.32 lacs)]		37519.17		19601.75
Purchase Tax & Cess (net)		306.17		243.75
		37985.65		19898.95
Less : Closing Stock		66.51		160.31
		37919.14		19738.64

	2009-10		2008-09	
SCHEDULE 18 STORES, SPARES & PACKING MATERIALS CONSUMED				
Stores, Spare Parts, Chemicals etc. consumed [after adjusting sales & claims Rs. 172.89 lacs (Rs. 182.91 lacs)]		847.69		938.22
Packing Materials consumed		691.03		554.82
		1538.72		1493.04

	2009-10		2008-09	
SCHEDULE 19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus etc. (Refer note no.18 on Schedule 24)		3543.66		3045.26
Contribution to Provident & other Funds		270.97		227.89
Gratuity		191.46		27.56
Workmen Compensation		1.53		4.32
Employees' Welfare Expenses		119.15		106.30
		4126.77		3411.33

Schedules to the Profit and Loss Account (Contd.)

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 20 MANUFACTURING, SELLING AND OTHER EXPENSES		
Repairs to and Maintenance of:		
Buildings	109.68	123.66
Machinery	805.14	736.85
Others	13.99	16.19
Rent	14.36	19.76
Rates & Taxes (net)	29.18	22.27
Insurance	74.54	77.56
Auditors' Remuneration		
As Auditors		
Audit Fees	11.50	11.50
Tax Audit Fees	6.90	6.90
Limited Review Fees	6.90	6.90
In other capacity for certificates & other services	5.39	5.52
For Expenses	2.50	2.40
Cost Auditors' Remuneration :		
For Audit Fees	0.60	0.60
For Expenses	0.09	0.18
Selling Commission & Expenses :		
Commission on sales	115.98	145.32
Brokerage	48.73	23.34
Other Selling Expenses	121.06	168.43
Charity & Donations	0.62	17.89
Provision for Bad & Doubtful Debts / Advances	23.16	1.38
Items pertaining to previous years (net)	1.74	3.17
Bad debts, irrecoverable advances etc. written off	5.78	8.72
Less : Adjusted against provisions	0.91	4.16
Sales Tax for earlier years	5.49	0.23
Loss on fixed assets sold / discarded	-	0.91
Molasses Storage & Maintenance Reserve	3.44	1.72
Sugar hedging Transactions (net)	-	5.06
Miscellaneous Expenses [including Directors' travelling Rs. 42.92 lacs (Rs. 47.66 lacs)]	577.30	624.77
	1983.16	2027.07

Schedules to the Profit and Loss Account (Contd.)

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 21 DIRECTORS' REMUNERATION		
Profit / (Loss) before Taxation as per Profit & Loss Account	(5702.20)	841.12
Add :		
Depreciation (as per Accounts)	2632.04	2596.69
Provision for bad and doubtful debts / advances	23.16	1.38
Net loss/(Profit) on fixed assets sold and/or discarded (as per Accounts)	(291.49)	0.91
Directors' Fees & Remuneration	41.77	35.30
	2405.48	2634.28
	(3296.72)	3475.40
Less:		
Depreciation (under Section 350 of the Companies Act,1956)	2632.04	2596.69
Bad debts/advances adjusted against provisions	0.91	4.16
Net loss/(Profit) on fixed assets sold and/or discarded (as per Section 349 of the Companies Act,1956)	(291.49)	(3.74)
Directors' Fees	1.67	1.70
	2343.13	(2598.81)
Profit / (Loss) for the year	(5639.85)	876.59
Less/(Add) : Loss brought forward from the previous year	(4187.63)	(5064.22)
Net Loss under section 349 read with section 198 of the Companies Act, 1956	9827.48	4187.63
(A) Managing Director's Remuneration :		
Salary	30.00	30.00
Contribution to Provident Fund	3.60	3.60
Gratuity	6.50	-
(B) Directors' Fees	1.67	1.70
	41.77	35.30

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

	2009-10	2008-09
SCHEDULE 22 INTEREST & FINANCE CHARGES (NET)		
Interest		
On Fixed Loans	3642.72	3792.93
On Other Loans	975.84	1442.52
To Income Tax Department	0.06	5.23
Finance Charges:		
To Banks	168.05	24.30
To Others	13.03	12.76
	4799.70	5277.74
Less : At Credit		
Amount Capitalised	42.31	501.82
Buffer Stock Subsidy towards Interest	-	31.46
Subsidy towards Interest on Excise Duty Loan	365.85	334.82
From Income Tax Department	0.16	12.46
On Unsecured Loans, debts & deposits etc. (Gross) [Tax deducted at source Rs. 10.46 lacs (Rs. 26.45 lacs)]	98.11	177.24
	506.43	1057.80
	4293.27	4219.94

SCHEDULE 23 PROPOSED DIVIDEND

Dividend		
On 11557239 Equity Shares @ Rs.Nil (Rs. 1.20) per share	-	138.69
	-	138.69

Schedule forming part of the Accounts

SCHEDULE 24 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of Preparation:

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

(ii) Use of Estimates:

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

(iii) Revenue Recognition:

- (a) Revenue from the sale of goods is recognized upon passage of title to the customers which generally coincides with delivery thereof.
- (b) Dividend Income is recognised when the shareholders' right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if the same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.
- (c) Due to uncertainty in realization, following incomes are accounted for on cash/acceptance basis:
 - (i) Insurance and other claims
 - (ii) Interest on doubtful loans and advances to cane growers.
 - (iii) Replanting subsidy.
 - (iv) Compensation receivable in respect of land surrendered to / acquired by the Government.

(iv) Fixed Assets:

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

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

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

(v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

(vi) Depreciation:

- (a) The classification of plant and machinery into continuous and non continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- (b) Depreciation on fixed assets is provided as per straight line method, at the rates prescribed in Schedule XIV of the Companies Act, 1956 or at the rates based on the useful lives of the assets estimated by the management, whichever is higher.
- (c) Depreciation on fixed assets added / disposed of during the year is provided on pro-rata basis, with reference to the date of addition / disposal.

Schedule forming part of the Accounts (Contd.)

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

- (d) Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.
- (e) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(vii) Government Grants and subsidies:

Government Grants and subsidies are recognised when there is reasonable assurance that the same will be received. Revenue grants / subsidies are recognised in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

(viii) Borrowing Costs:

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(ix) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and market rate on individual investment basis. Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

(x) Inventories:

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

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

Cost of inventory is computed on weighted average basis.

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

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

- (b) In case of inter-transferred materials, the transfer price is considered as cost for the purpose of valuation of closing stock.

(xi) Foreign Currency Transactions:

- (a) Initial Recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (b) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (c) Exchange Differences
Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

Schedule forming part of the Accounts (Contd.)

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

- (d) Forward Exchange Contracts not entered for trading or speculation purpose
The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year.

(xii) Retirement and other employee benefits :

- (a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contribution payable to the respective trusts / funds.
- (b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.
- (c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.
- (d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(xiii) Taxation:

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

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax asset is 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, all 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 asset is reviewed at each Balance Sheet date. The company writes-down the carrying amount of a Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

(xiv) Segment Reporting:

- (a) Identification of Segments :
The Company has identified that its business segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic

Schedule forming part of the Accounts (Contd.)

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

business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

- (b) Inter Segment Transfers :
The Company accounts for inter segment transfers at mutually agreed transfer prices.
- (c) Allocation of Common Costs:
Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated –Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(xv) Share issue expenses:

Share issue expenses are adjusted against Securities Premium Account

(xvi) Fixed Assets Acquired under Lease

- (a) Finance Lease
Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the lease items, are capitalised at the lower of the fair value and present value of minimum lease payment at the inception of the lease term and disclosed as lease assets. Lease payments are apportioned between the finance charge and the reduction 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.
- (b) Operating Lease
Leases where the lessor effectively retains substantially all the risk and benefit of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account.

(xvii) Earning per Share:

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

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

(xviii) Excise Duty:

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the Balance Sheet date.

(xix) Research Costs:

Research costs are expensed as incurred. Development expenditure incurred on individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sale from the related project, not exceeding ten years. The carrying value of development cost is reviewed for impairment annually when the asset is not yet in use and otherwise when events or changes in circumstances indicates that the carrying value may not be recoverable.

(xx) Cash and Cash equivalents

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

(xxi) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management

Schedule forming part of the Accounts (Contd.)

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

estimate required to settle the obligation, at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(xxii) Derivative Instruments:

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

(xxiii) Contingencies:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

(Rs. in lakhs)

	2009-10	2008-09
2. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	1178.16	1142.03
3. Contingent Liabilities not provided for in respect of :		
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:		
(i) Excise Duty	488.26	396.69
(ii) Sales & Entry Tax	28.24	28.24
(iii) Others	154.77	116.69
Total	671.27	541.62
(b) (i) Guarantees given to banks against loans to cane growers	1400.00	1000.00
(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	906.75	1000.00
(c) Additional liability, if any, under clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases for the sugar season 2004-2005 in respect of Company's Hasanpur Sugar Unit (amount unascertainable)		

- Diminution of Rs. 216.75 lacs in the value of certain quoted investments based on the last quoted price has not been provided, as the break up value of the said shares supplemented by the market value as on 30th June 2010, of the quoted investments held by the investee Company, is much higher than the corresponding Book Value.
- Excise Duty & Cess on sales has been reduced from sales in Profit & Loss Account and Excise Duty & Cess on increase/decrease in stock has been considered as Income/Expenses in Profit & Loss Account.
- Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs. 72.87 lacs (Rs. 72.87 lacs) (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 50.44 lacs (Rs. 50.44 lacs), are in force in terms of the Court Orders, is included under the head 'Current Liabilities'. Necessary adjustment for the above amount together with interest, if any, in this regard will be made in the accounts as and when the matter will be finally settled.
- Pending decisions of various courts on writ petitions filed by / against the Company, no credit has been taken in the Profit and Loss Account in respect of certain realisations aggregating to Rs. 45.31 lacs in earlier years, which continue to be shown under the head "Liabilities for other Finance" in Schedule - 12. Against the above, fixed deposit receipts / bank guarantees for Rs. 44.47 lacs have been furnished by the Company.
- In view of the interim order dated 8th September, 2008 of the Hon'ble Supreme Court, the Company for its Seohara Sugar Unit in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-08 @ Rs. 110 per quintal as against the State Advised Price (SAP) of Rs. 125 per quintal. Pending final decision by the Hon'ble Supreme Court in

Schedule forming part of the Accounts (Contd.)

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

this matter, the differential price of Rs. 1891.18 lacs between SAP and the amount already provided, as stated above, has not been accounted for.

- (a) The break-up of net Deferred Tax Asset as on 30th June, 2010 is as under : (Rs. in lakhs)

	2009-10	2008-09
(A) Deferred Tax Asset		
(i) Carry forward of unabsorbed depreciation	7990.69	6126.04
(ii) Expenses allowable against taxable income in future years	621.28	455.16
	8611.97	6581.20
(B) Deferred Tax Liability		
(i) Timing difference in depreciable assets	7248.70	7206.14
	7248.70	7206.14
Net Deferred Tax Assets/(Liability)	1363.27	(624.94)

Although, there is carried forward unabsorbed depreciation as on the balance sheet date, yet in view of the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above Tax credit.

- (b) Minimum Alternative Tax (MAT) credit entitlement of Rs. 104.55 lacs carried forward from earlier years in books of accounts, have been reversed in current year in terms of Accounting Policy no. 1 (xiii) stated above.
- (a) The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of The Payment of Gratuity Act, 1972. The Company has got an approved Gratuity Fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability.

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

(Rs. in lakhs)

	2009-10	2008-09
(i) Net Employee Expense /(benefit)		
Current service cost	54.66	44.17
Interest cost on benefit obligation	66.58	64.50
Expected return on plan assets	(70.69)	(66.85)
Past service cost	61.19	-
Net Actuarial loss/(gain) recognised in the year	86.22	(14.26)
Total employer expense	197.96	27.56
(ii) Actual return on plan assets	85.63	140.56
(iii) Benefit Asset/(Liability)		
Fair value of Plan Assets	976.92	968.96
Defined benefit obligation	(1116.03)	(919.54)
Benefit Asset / (Liability)	(139.11)	49.42
(iv) Movement in benefit liability		
Opening defined benefit obligation	919.54	841.12
Interest cost	66.58	64.50
Current Service cost	54.66	44.17
Past service cost	61.19	-
Benefits paid	(87.10)	(89.70)
Actuarial (gains)/losses on obligation	101.16	59.45
Closing benefit obligation	1116.03	919.54
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	968.96	822.13
Expected Return on plan assets	70.69	66.85
Contribution by employer	9.43	95.97
Benefits paid	(87.10)	(89.70)
Actuarial gains/(losses)	14.94	73.71
Closing fair value of plan assets	976.92	968.96

Schedule forming part of the Accounts (Contd.)

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

(Rs. in lakhs)

	2009-10	2008-09
(vi) The major categories of plan assets as a percentage of the fair value of total plan assets		
Funded with insurer	100%	100%
(vii) The Principal actuarial assumptions are as follows:		
Discount rate	8.00%	7.60%
Expected Return on plan assets	7.60%	8.10%
Salary Increase	5%	5%
Withdrawal rates	Varying between 1.80% to 6.20% per annum depending upon the duration and age of the employees	
The overall expected rate of return on assets is assumed to be 7.60% per annum as at 1st July 2009 i.e. the same as discount rate as at 30th June, 2009 because the assets are primarily invested in Government Bonds.		
(viii) Amount incurred as expense for defined contribution to Provident / Pension fund plans Rs. 274.65 lacs (Rs. 234.46 lacs) .		
(ix) 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.		
(x) The Company expects to contribute Rs. 200.00 lacs to Gratuity fund in 2010-2011.		

(Rs. in lakhs)

	2009-10	2008-09	2007-08
(xi) The details for the current and previous years are as follows :			
Defined Benefit Obligation	1116.03	919.54	841.12
Plan Assets	976.92	968.96	822.13
Surplus/(Deficit)	(139.11)	49.42	(18.99)
Experience adjustments on plan liabilities			Not Available *
Experience adjustments on plan assets			Not Available *

* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

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

(Rs. in lakhs)

	2009-10	2008-09
(i) Principal amount remaining unpaid to any supplier at the end of accounting year. (including retention money against performance).	81.85	111.48
(ii) Interest due on above.	3.84	4.95
Total of (i) & (ii)	85.69	116.43
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	9.75	2.46
(iv) Amounts paid to the suppliers beyond the respective due date	220.70	166.54
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	1.41	0.21

Schedule forming part of the Accounts (Contd.)

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

(Rs. in lakhs)

	2009-10	2008-09
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year	5.25	5.16
(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.	2.08	-

12. Assets, Liabilities and Income & Expenditure of Cinnatollah Tea Garden have been incorporated as at and for the year ended March 31, 2010 as the financial year of the Tea Garden closes on 31st March. The net balance of payments and realizations on account of the said Tea Garden during the period from April 1, 2010 to June 30, 2010 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.

13. The land ceiling matter under the U.P. Imposition of Land Ceiling Act, 1960 / Bihar Land Reforms (Fixation of Ceiling, Area and Acquisition of Surplus Land) Act, 1961 for acquisition of agricultural land by the Government is pending before the Hon'ble High Courts at Allahabad and Patna and the proceedings have been stayed by the Hon'ble Courts.

14. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.

(b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.

(c) The following items are included under other heads of expenses in the Profit & Loss Account: (Rs. in lakhs)

	2009-10	2008-09
Stores and Spares, etc.	701.70	671.82
Rent	0.45	1.16

15. Earning per Share (EPS):

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

	2009-10	2008-09
Profit/(Loss) as per Profit & Loss Account (Rs in lacs)	(3906.64)	626.94
Weighted average Number of Equity Shares outstanding during the year (Rs. 10 each)	11557239	11557239
Basic and Diluted earning per share (Rs.)	(33.80)	5.42

16. Operating lease:

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

(Rs. in lakhs)

Particulars	2009-10	2008-09
Lease payments made for the year	14.36	19.76

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

Currency / Interest rate swap for foreign currency loan of USD 6.66 millions (USD 9.33 millions) equivalent to Rs. 3072.84 lacs (Rs. 4301.97 lacs) @ 6 months Libor + 1.30% p.a vis a vis fixed rate of 8.75% p.a.

18. Salary & Wages include Rs. 74.41 lacs in respect of earlier years on account of increase in wages with retrospective effect from 1st October, 2008 in terms of Wage Board award/order received during the year.

Schedule forming part of the Accounts (Contd.)

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

19. Related Party Disclosures:

(a) Names of the related parties:

Subsidiary Company	Uttar Pradesh Trading Company Ltd.
Key Management Personnel	Mrs. Nandini Nopany - Chairperson cum Managing Director
	Mr C.B.Patodia - Advisor
	Mr Sukhvir Singh - Executive President, Seohara Unit
	Mr S.K.Poddar - Company Secretary
	Mr B.K. Sureka - Executive President, Sidhwalia Unit
	Mr R.K. Gupta - Executive President, Hasanpur Unit
	Mr S.S. Binani - Executive Vice President, Cinnatollah Tea Garden
Relatives of Key Management Personnel	Mr Chandra Shekhar Nopany - Son of Smt. Nandini Nopany
	Mrs. Jyotsna Poddar - Sister of Smt. Nandini Nopany
	Mrs. Shobhana Bhartia - Sister of Smt. Nandini Nopany
	Mr Prateek Sureka - Son of Shri B.K. Sureka
	Mr Pragati Sureka - Son of Shri B.K. Sureka
Enterprises owned or significantly influenced by Key Management Personnel and their relatives	The Oudh Sugar Mills Ltd.
	Gobind Sugar Mills Ltd.
	H.T. Media Ltd.
	Hargaon Investment & Trading Co. Ltd.
	OSM Investment & Trading Co. Ltd.
	Uttam Commercial Ltd.
	Champaran Marketing Co. Ltd.
Moon Corporation Ltd..	

Schedule forming part of the Accounts (Contd.)

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

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2010 (Contd.)

(Rs. in lakhs)

	Subsidiary		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010
Sale of Goods & Services										
Gobind Sugar Mills Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(0.18)	(-)	(0.18)	(-)
Moon Corporation Ltd.	-	-	-	-	-	-	1996.59	-	1996.59	-
	(-)	(-)	(-)	(-)	(-)	(-)	(1372.63)	(1204.50)	(1372.63)	(1204.50)
The Oudh Sugar Mills Ltd.	-	-	-	-	-	-	240.30	-	240.30	-
	(-)	(-)	(-)	(-)	(-)	(-)	(109.98)	(-)	(109.98)	(-)
Sale of Fixed Assets										
The Oudh Sugar Mills Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(11.61)	(-)	(11.61)	(-)
Purchase of Goods & Services										
The Oudh Sugar Mills Ltd.	-	-	-	-	-	-	45.33	-	45.33	-
	(-)	(-)	(-)	(-)	(-)	(-)	(35.38)	(-)	(35.38)	(-)
Gobind Sugar Mills Ltd.	-	-	-	-	-	-	10.42	-	10.42	-
	(-)	(-)	(-)	(-)	(-)	(-)	(2.90)	(-)	(2.90)	(-)
Purchase of Fixed Assets										
The Oudh Sugar Mills Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(21.76)	(-)	(21.76)	(-)
Gobind Sugar Mills Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(0.57)	(-)	(0.57)	(-)
Interest Expense										
H T Media Ltd.	-	-	-	-	-	-	11.89	-	11.89	-
	(-)	(-)	(-)	(-)	(-)	(-)	(70.00)	(-)	(70.00)	(-)
Uttam Commercial Ltd.	-	-	-	-	-	-	15.94	-	15.94	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	-	-	1.10	1.76	-	-	1.10	1.76
	(-)	(-)	(-)	(-)	(2.11)	(0.66)	(-)	(-)	(2.11)	(0.66)
Interest received during the year										
Moon Corporation Ltd.	-	-	-	-	-	-	38.82	-	38.82	-
	(-)	(-)	(-)	(-)	(-)	(-)	(40.60)	(-)	(40.60)	(-)
Rent received during the year										
Moon Corporation Ltd.	-	-	-	-	-	-	2.31	-	2.31	-
	(-)	(-)	(-)	(-)	(-)	(-)	(1.00)	(-)	(1.00)	(-)
Dividend Paid during the year										
Hargaon Investment & Trading Co. Ltd.	-	-	-	-	-	-	7.90	-	7.90	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
OSM Investment & Trading Co. Ltd	-	-	-	-	-	-	2.82	-	2.82	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Champaran Marketing Co. Ltd	-	-	-	-	-	-	3.13	-	3.13	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Smt. Nandini Nopany	-	-	7.39	-	-	-	-	-	7.39	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	-	-	0.56	0.23	-	-	0.79	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Intercompany Loans and Fixed Deposits Taken										
Uttar Pradesh Trading Co. Ltd.	567.00	112.00	-	-	-	-	-	-	567.00	112.00
	(88.00)	(47.50)	(-)	(-)	(-)	(-)	(-)	(-)	(88.00)	(47.50)
Uttam Commercial Ltd.	-	-	-	-	-	-	135.00	135.00	135.00	135.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
H T Media Ltd.	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(500.00)	(-)	(500.00)
Others	-	-	-	-	3.00	9.00	-	-	3.00	9.00
	-	-	(-)	(-)	(8.84)	(6.00)	(-)	(-)	(8.84)	(6.00)
Intercompany Loans and Fixed Deposits Refunded										
Uttar Pradesh Trading Co. Ltd.	502.50	-	-	-	-	-	-	-	502.50	-
	(414.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(414.00)	(-)
HT Media Ltd.	-	-	-	-	-	-	500.00	-	500.00	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(6.65)	(-)	(-)	(-)	(6.65)	(-)

Schedule forming part of the Accounts (Contd.)

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

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2010 (Contd.) (Rs. in lakhs)

	Subsidiary		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010
Balance Outstanding On Current Account (Net) Debit / (-)Credit										
Gobind Sugar Mills Ltd.	-	-	-	-	-	-	-	-0.04	-	-0.04
The Oudh Sugar Mills Ltd.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.06)	(-)	(0.06)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-52.59)	(-)	(-52.59)
Directors' Commission & sitting fees										
Shri Chandra Shekhar Nopany	-	-	-	-	0.28	-	-	-	0.28	-
	(-)	(-)	(-)	(-)	(0.28)	(-)	(-)	(-)	(0.28)	(-)
Remuneration										
Shri C.B.Patodia	-	-	167.04	3.92	-	-	-	-	167.04	3.92
	(-)	(-)	(133.37)	(2.01)	(-)	(-)	(-)	(-)	(133.37)	(2.01)
Shri S. K. Poddar	-	-	20.60	0.50	-	-	-	-	20.60	0.50
	(-)	(-)	(17.43)	(-)	(-)	(-)	(-)	(-)	(17.43)	(-)
Shri Sukhvir Singh	-	-	33.08	0.70	-	-	-	-	33.08	0.70
	(-)	(-)	(18.29)	(0.68)	(-)	(-)	(-)	(-)	(18.29)	(0.68)
Shri B.K.Sureka	-	-	14.43	0.48	-	-	-	-	14.43	0.48
	(-)	(-)	(13.46)	(0.34)	(-)	(-)	(-)	(-)	(13.46)	(0.34)
Sri S.S.Binani	-	-	13.59	-	-	-	-	-	13.59	-
	(-)	(-)	(12.24)	(-)	(-)	(-)	(-)	(-)	(12.24)	(-)
Shri R.K. Gupta	-	-	15.71	0.64	-	-	-	-	15.71	0.64
	(-)	(-)	(10.38)	(1.08)	(-)	(-)	(-)	(-)	(10.38)	(1.08)

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

20. The Company's segment information as at and for the year ended 30th June, 2010 are as below: (Rs. in lakhs)

	Sugar	Spirit	Co-generation	Tea	Others	Total
(a) Revenue (net of excise duty and cess)						
External Sales	31595.50	4145.74	1564.72	1815.69	626.48	39748.13
	(38506.07)	(1926.33)	(1288.02)	(1364.11)	(417.28)	(43501.81)
Inter-segment Sales	3839.89	8.90	1690.86	-	-	5539.65
	(2014.27)	(3.54)	(1037.36)	(-)	(-)	(3055.17)
Total Revenue	35435.39	4154.64	3255.58	1815.69	626.48	45287.78
	(40520.34)	(1929.87)	(2325.38)	(1364.11)	(417.28)	(46556.98)
(b) Results						
Segment Results	-3016.02	672.21	537.47	771.10	21.61	-1013.63
	(4713.73)	(7.36)	(397.14)	(398.89)	(1.65)	(5518.77)
Unallocated expenses net of unallocated income						395.30
						(457.71)
Operating Profit/(-) Loss						-1408.93
						(5061.06)
Interest & Finance Charges (net)						4293.27
						(4219.94)
Income & Wealth Tax						117.00
						(104.56)
Income Tax Provision no longer required written back						28.90
						(3.34)
MAT Credit (Entitlement) /Reversal						104.55
						(-66.40)
Deferred Tax Charge/(Credit)						-1988.21
						(179.36)
Net Profit/(-) Loss						-3906.64
						(626.94)

Schedule forming part of the Accounts (Contd.)

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

20. The Company's segment information as at and for the year ended 30th June, 2010 are as below: (Rs. in lakhs)

	Sugar	Spirit	Co-generation	Tea	Others	Total
(c) Total Assets						
Segment Assets	48259.33	5135.47	11867.75	949.86	15.50	66227.91
	(41785.12)	(4901.74)	(12466.34)	(865.88)	(14.86)	(60033.94)
Unallocated Corporate Assets						4903.18
						(3605.08)
						71131.09
						(63639.02)
(d) Total Liabilities						
Segment Liabilities	10242.34	110.34	91.64	149.44	12.10	10605.86
	(6419.92)	(102.37)	(227.32)	(112.59)	(23.83)	(6886.03)
Unallocated Corporate Liabilities						50710.84
						(43035.40)
						61316.70
						(49921.43)
(e) Other Information						
(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	3.44	-	-	-	-	3.44
	(1.72)	(-)	(-)	(-)	(-)	(1.72)
(ii) Capital Expenditure	145.84	6.70	92.10	61.76	-	306.40
	(783.75)	(8.99)	(831.08)	(22.50)	(-)	(1646.32)
(iii) Depreciation for the year	1641.42	285.36	663.69	41.48	0.09	2632.04
	(1712.34)	(284.35)	(559.04)	(40.88)	(0.08)	(2596.69)
(f) Geographical Segments						
Revenue						
India						39748.13
						(43501.81)
						39748.13
						(43501.81)

Notes :

- Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Sugar", "Spirit", "Co-generation" and "Tea" as the operating segments:
 Sugar - Consists of manufacture and sale of Sugar, Molasses & Bagasse
 Spirit - Consists of manufacture & sale of Industrial Spirits (including denaturants), Bio Compost & Fusel Oil
 Co Generation - Consists of generation and transmission of power
 Tea - Consist of cultivation, manufacture and sale of tea
 Others - Consist of miscellaneous business comprising of less than 10% revenues.
- Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations.
- The Company has common fixed assets for producing goods for domestic and overseas. Hence, separate figures for fixed assets / additions to the fixed assets thereof cannot be furnished.

Schedule forming part of the Accounts (Contd.)

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

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

Quantitative Information :

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

Class of Goods	Unit	Licenced Capacity*	Installed Capacity	Production	Purchases		Opening stock		Sales (b)		Closing stock (b)	
					Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
Sugar	Qtls.	Not applicable	18000	1409900 #	48600	1727.73	499285 (c)	9688.14	1148713	32153.87	807058	20041.80
			(18000) Tons Crushing per day	(1203922)	(-)	(-)	(1302494)	(19334.49)	(2005403)	(40139.62)	(499285)	(9688.14)
Molasses	Qtls.	-	-	712901	-	-	220168	912.76	850138 (d)	1094.83	92822	243.08
		(-)	(-)	(546294)	(-)	(-)	(151527)	(498.74)	(470453)	(612.02)	(220168)	(912.76)
Spirit (including denaturants)	Ltrs.	30.00	30.00	18937845	-	-	991915	168.50	18320250	4383.54	1568448	277.12
		(30.00)	(30.00)	(7211356)	(-)	(-)	(2317798)	(306.11)	(8528940)	(2100.57)	(991915)	(168.50)
Carbon-di-oxide	MT.	6600	6600	1976.54	-	-	-	-	1976.54	77.62	-	-
		(6600)	(6600)	(61.28)	(-)	(-)	(-)	(-)	(61.28)	(1.69)	(-)	(-)
Power	Unit	39 MW	39 MW	73838502	-	-	1375369	27.92	41277098	1564.72	309300 (f)	8.44
		(39 MW)	(39 MW)	(65437760)	(-)	(-)	(2447436)	(49.93)	(39711154)	(1288.02)	(1375369)	(27.92)
		Per hour	Per hour									
Tea	Kg.	Not applicable	Not applicable	1315913	-	-	23254	15.91	1258247	1819.66	31187	21.58
		(1245162)	(1245162)	(-)	(-)	(-)	(43118)	(28.32)	(1217302)	(1367.91)	(23254)	(15.91)
Tea Seed	Kg.	Not applicable	Not applicable	-	-	-	-	-	- (d)	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Bio Compost	Qtls.	Not applicable	200000	64803	-	-	-	-	64803 (d)	7.07	-	-
		(200000)	(200000)	(108326)	(-)	(-)	(-)	(-)	(108326)	(13.98)	(-)	(-)
Diesel	Ltrs.	-	-	-	1748570	613.25	6440	2.05	1743261	622.75	9789	3.62
		(-)	(-)	(-)	(1204107)	(399.69)	(28605)	(10.33)	(1226272)	(414.14)	(6440)	(2.05)
Grease, Gear Oil & Brake Oil	Ltrs.	-	-	-	200	0.25	90	0.12	181	0.22	109	0.15
		(-)	(-)	(-)	(100)	(0.13)	(135)	(0.13)	(145)	(0.18)	(90)	(0.12)
Mobil Oil	Ltrs.	-	-	-	2553	3.16	846	1.17	2373	3.51	1025	1.34
		(-)	(-)	(-)	(2605)	(3.13)	(355)	(0.39)	(2114)	(2.96)	(846)	(1.17)
Bagasse	Qtls.	-	-	1399446 (e)	-	-	93176	131.62	1419341 (d)	4.59	73281	90.46
		(-)	(-)	(1196085)	(-)	(-)	(124964)	(77.12)	(1199373)	(2.03)	(93176)	(131.62)
Sugar Processing charges										115.87		-
										(-)		(-)
Sundries								12.24		25.44		8.33
								(50.39)		(91.44)		(12.24)
								2344.39		10960.43		41873.69
								(402.95)		(20355.95)		(46034.56)
Farm Products	Qtls.								10938	24.23		20695.92
									(8066)	(12.14)		(10960.43)

* On per annum basis except stated otherwise.

Excluding 49306 qtls. Sugar obtained from processing of Raw Sugar on job work.

Notes :

- Licensed and installed capacities are as certified by the management and accepted as correct by the Auditors.
- Quantitative figures of Closing Stock are shown after adjusting shortage / excess, destruction, sample etc. Sales figures are inclusive of excise duty (including excise duty on quantity consumed departmentally).
- Includes 2014 (1728) quintals lost due to reprocessing during the year.
- Includes 687800 (343200) quintals of Molasses, 1417574 (1198406) quintals of Bagasse, 10299 (23626) quintals of Bio Compost and Nil (Nil) Kgs. of Tea Seed consumed departmentally.
- Includes bagasse used in Co-generation but excludes the quantum used for own consumption in Sugar Units.
- After adjusting inter-transfers 23749412 (20155967) units, transmission loss 182071 (345819) units and captive consumption 9695990 (6296887) units.

Schedule forming part of the Accounts (Contd.)

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

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

Class of Goods	Unit	Quantity	Rs. in lakhs
Sugarcane (crushed)	Quintals	14792626 (11629828)	37263.23 (17755.36)
Raw Sugar	"	250 (112250)	4.08 (1832.40)
Molasses	"	799459 (309105)	2590.14 (996.02)
Press Mud	"	235027 (378531)	14.60 (26.54)
Bagasse	"	1290199 (1147330)	1541.75 (940.82)
Power Steam	MT	49195 (41515)	148.54 (116.32)
Green Leaf	Kgs.	5716080 (5442637)	18.37 (17.42)
Total			41580.71 (21684.88)
Less : Inter unit transfer of own produced materials			3661.57 (1946.24)
Net consumption of raw materials			37919.14 (19738.64)

Notes:

- The above figures are after adjusting transit losses/shortages and include the quantity and value of materials produced during the process of manufacturing and consumed departmentally.
- Value of green leaf (raw materials) produced and plucked in the Tea Garden could not be ascertained as the production involves integrated process having various stages such as nursery, replantation etc. The figures of Rs. 18.37 lacs (Rs.17.42 lacs) stated above represent only the cess on green leaf.
- Particulars of Opening and Closing Stock and production of Green Leaf Tea

	(in Kgs.)
Opening Stock	-
	(-)
Production	5716080 (5442637)
Closing Stock	-
	(-)

Schedule forming part of the Accounts (Contd.)

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

(Rs. in lakhs)

	2009-10	2008-09
C. C.I.F. Value of Imports (including through canalising agencies on invoice value) :		
(a) Stores, Chemicals and Spares, etc.	1.30	163.44
(b) Raw Sugar	-	1648.12
(c) Capital Goods	10.97	-
(d) Trading Goods	1727.73	-
D. Expenditure in Foreign Currency (On Cash Basis):		
Travelling expenses	7.14	23.79
Others	1.23	1.07
E. Earning in Foreign Exchange (On Cash Basis):	Nil	Nil

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

	Raw Materials		Stores, Chemicals, Spare Parts etc.	
	Rs. In lakhs	%	Rs. In lakhs	%
Imported (as certified by the management)	4.08 (1832.40)	0.01 (9.28)	1.61 (180.21)	0.10 (11.19)
Indigenous	37915.06 (17906.24)	99.99 (90.72)	1547.78 (1429.83)	99.90 (88.81)
	37919.14 (19738.64)	100 (100)	1549.39 (1610.04)	100.00 (100.00)

G. Amount remitted in Foreign Currencies towards Dividend:

(Rs. in lakhs)

	2009-10	2008-09
1. No. of Non-Resident Shareholders	76	81
2. Ordinary Shares held	32043	38754
3. Amount remitted and/or paid in Indian Currency (Rs. in lacs)	0.38	-

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

Signatories to Schedules 1 to 24

S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per R. K. Agrawal

a Partner

Membership No. 16667

22, Camac Street

Block 'C', 3rd Floor

Kolkata - 700 016

Dated : 25th August, 2010

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. L15421UP1932PLCO25141

Balance Sheet Date 3 0 0 6 2 0 1 0

State Code

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

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement N I L

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

Total Liabilities 6 0 2 2 7 5 6

Total Assets 6 0 2 2 7 5 6

Sources of Funds

Paid-up Capital 1 1 5 5 7 3

Secured Loans 3 9 3 2 5 7 4

Reserves & Surplus 8 6 5 8 6 6

Unsecured Loans 1 1 0 8 7 4 3

Deferred Tax Assets (net) 1 3 6 3 2 7

Application of Funds

Net Fixed Assets 4 0 5 4 9 8 0

Investments 2 1 1 7 6 2

Net Current Assets 1 6 1 4 6 5 9

Tea Department Balance 5 0 2 8

Capital Expenditure on

Expansion Projects N I L

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

Turnover (inc. other income) 4 0 1 7 3 5 4

Total Expenditure 4 5 8 7 5 7 4

Profit/(Loss) before Tax (5 7 0 2 2 0)

Profit/(Loss) after Tax (3 9 0 6 6 4)

Earning Per Share (in Rs.) (3 3 . 8 0)

Dividend Rate (Rs.) N I L

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

Item Code No. (ITC Code) 17011000

Product Description Sugar

Item Code No. (ITC Code) 0220710

Product Description Industrial spirit

Item Code No. (ITC Code) 09024002

Product Description Tea

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Auditors' Report on Consolidated Financial Statements

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

- We have examined the attached Consolidated Balance Sheet of UPPER GANGES SUGAR & INDUSTRIES LIMITED and its subsidiary as at 30th June, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We have not audited the financial statements of the subsidiary company, whose financial statements reflect total assets of Rs. 3432.97 lacs as at 31st March, 2010 [Refer note no. 1 (c) on Schedule 24] and total revenues of Rs. 183.41 lacs and net cash flow of Rs. 0.05 lac for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of other auditor.
- We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" notified under the Companies Accounting Standards Rules, 2006.
- Without qualifying our opinion, we draw attention to Note No. 9 on Schedule 24, regarding accounting of Sugarcane purchases at Seohara Sugar unit in Uttar Pradesh @ Rs. 110 per quintal for sugar season 2007-2008 as against the State Advised Price (SAP) of Rs. 125 per quintal in view of the interim order dated 8th September, 2008 of the Hon'ble Supreme Court. The maximum liability on account of above comes to Rs. 1891.18 lacs, however since the matter is subjudice, the actual impact, if any, is presently undeterminable and hence, no provision thereof has been made in the accounts.

- Attention is drawn to the following notes on Schedule 24:
 - Note No.10 (a) regarding recognition of Deferred Tax Asset (DTA) (net) of Rs. 1363.27 lacs upto 30th June, 2010, based on the future profitability projections made by the management. However, we are unable to express any opinion on the above projections and their consequent impact, if any, on such recognition of Deferred Tax Asset. Had the impact of above been considered, there would be a loss of Rs. 5108.10 lacs as against the reported loss of Rs. 3744.83 lacs for the year and the Reserves & Surplus would be Rs. 9272.59 lacs as against the reported figures of Rs. 10635.86 lacs as on the Balance Sheet date.
 - Note No.13 regarding non-consideration of revenue results of Cinnatolliah Tea Garden, for the period from 1st April, 2010 to the date of the Balance Sheet, as well as the assets and liabilities as on 30th June, 2010, in these statements of account, the impact whereof on the Company's loss, reserves, assets and liabilities has not been ascertained. In respect of the item (ii) above, the previous year's audit report was similarly modified.
- Based on our audit and on consideration of the report of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, subject to the matters stated in para 6 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of Consolidated Balance Sheet, of the consolidated state of affairs of Upper Ganges Sugar & Industries Limited and its subsidiary as at 30th June, 2010;
 - in the case of Consolidated Profit & Loss Account, of the consolidated loss of Upper Ganges Sugar & Industries Limited and its subsidiary for the year then ended and
 - in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of Upper Ganges Sugar & Industries Limited and its subsidiary for the year then ended.

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

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 25th August, 2010

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

Consolidated Balance Sheet of Upper Ganges Sugar & Industries Limited and Its Subsidiary Company as on 30th June, 2010

	Schedule	30th June, 2010	30th June, 2009
(Rs. in lakhs)			
SOURCES OF FUNDS			
(A) Shareholders' Funds			
(a) Share Capital	1	1155.73	1155.73
(b) Reserves & Surplus	2	10635.86	14377.25
		11791.59	15532.98
B. Loan Funds			
(a) Secured	3	39325.74	33658.96
(b) Unsecured		10975.43	8242.55
		50301.17	41901.51
C. Deferred Tax Liability (net)			
		-	624.94
		62092.76	58059.43
APPLICATION OF FUNDS			
A. Fixed Assets			
(a) Gross Block	4	57109.06	56177.25
(b) Less : Accumulated Depreciation		17629.01	15069.35
(c) Net Block		39480.05	41107.90
(d) Capital Work-in-Progress		1084.75	237.44
(e) Capital Expenditure on Expansion Projects	5	-	2303.08
		40564.80	43648.42
B. Investments			
	6	3966.99	3504.49
C. Deferred Tax Assets (net)			
		1363.27	-
D. Current Assets, Loans & Advances			
(a) Inventories	7	22136.75	12601.30
(b) Sundry Debtors	8	1043.19	1565.33
(c) Cash & Bank Balances	9	471.55	452.82
(d) Other Current Assets	10	21.42	26.06
(e) Loans & Advances	11	3378.10	3492.55
		27051.01	18138.06
Less : Current Liabilities & Provisions			
(a) Current Liabilities		10667.02	7108.79
(b) Provisions		236.57	238.69
		10903.59	7347.48
Net Current Assets			
	12	16147.42	10790.58
E. Tea Department Balance			
		50.28	115.94
		62092.76	58059.43
Accounting Policies & Notes to accounts			
	24		

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

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

Per **R. K. Agrawal**
a Partner
Membership No. 16667
22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : 25th August, 2010

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Consolidated Profit and Loss Account of Upper Ganges Sugar & Industries Limited and
Its Subsidiary Company for the year ended 30th June, 2010

		(Rs. in lakhs)			
	Schedule	2009-10		2008-09	
INCOME					
Gross Sales	13		41873.69		46034.56
Less: Excise Duty		1849.87		2054.22	
Cess		275.69	2125.56	478.53	2532.75
Net Sales			39748.13		43501.81
Other Income	14		581.27		192.90
Agricultural Profit/(Loss)	15		9.52		(2.91)
			40338.92		43691.80
EXPENDITURE					
Decrease / (Increase) in Stocks	16		(9742.55)		9142.63
Excise Duty & Cess on Stocks (Refer Note no. 6 on Schedule 24)			117.15		(743.21)
Purchase of Trading Goods			2344.39		402.95
Raw Materials Consumed	17		37919.14		19738.64
Stores, Spares & Packing Materials Consumed	18		1538.72		1493.04
Fuel & Electricity			621.88		458.28
Payments to and Provisions for Employees	19		4126.77		3411.33
Manufacturing, Selling and Other Expenses	20		1984.05		2028.92
Directors' Remuneration	21		41.81		35.35
			38951.36		35967.93
Profit before Interest, Depreciation & Taxation			1387.56		7723.87
Less : Interest & Finance charges (net)	22		4284.20		4186.21
Depreciation			2632.04		2596.69
			6916.24		6782.90
Profit / (Loss) before Taxation			(5528.68)		940.97
Provision for Taxation :					
Current Tax [including Wealth Tax Rs. 6.00 lacs (Rs.6.00 lacs)]			128.71		102.98
Minimum Alternate Tax (MAT) Credit (Entitlement) / Reversal			104.55		(66.40)
Deferred Tax Charge/(Credit)			(1988.21)		179.36
Provision for Income Tax no longer required written back			28.90		3.34
Provision for Fringe Benefit Tax			-		11.86
Profit / (Loss) after Taxation			(3744.83)		716.51
Surplus brought forward from previous year			1660.98		1140.41
Transfer from General Reserve			3500.00		-
Profit available for Appropriation			1416.15		1856.92
Appropriations					
Transfer to General Reserve			-		15.68
Transfer to Reserve Fund			34.20		18.00
Proposed Dividend on Equity Shares	23		-		138.69
Tax on Dividend			-		23.57
Balance carried to Balance Sheet			1381.95		1660.98
			1416.15		1856.92
Earning per Share of Rs. 10 each - Basic and Diluted (Rs.) (Refer Note no.16 on Schedule 24)			(32.40)		6.20
Accounting Policies & Notes to Accounts	24				

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

S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per **R. K. Agrawal**
a Partner

Membership No. 16667

22, Camac Street

Block 'C', 3rd Floor

Kolkata - 700 016

Dated : 25th August, 2010

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Consolidated Cash Flow Statement For the year ended 30th June, 2010

		(Rs. in lakhs)	
		2009-10	2008-09
(A) CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (Loss) before Tax :		(5528.68)	940.97
Adjustments for :			
Depreciation		2632.04	2596.69
Interest & Finance Charges (net of capitalisation & subsidy)		4391.54	4409.64
Bad debts & irrecoverable balances written off		4.87	4.56
Molasses Storage and Maintenance Fund		3.44	1.72
(Profit)/Loss on Fixed Assets sold / discarded (net)		(291.49)	1.91
Profit on Sale of long term Investments		(57.61)	-
Provision for Bad & Doubtful Debts /Advances		23.16	1.38
Interest & Dividend Income		(279.88)	(330.16)
Operating Profit before Working Capital Changes		897.39	7626.71
Adjustments for :			
Increase/(Decrease) in Trade Payables		4109.93	(158.73)
Decrease in Trade & Other Receivables		1124.21	95.98
Decrease/(Increase) in Inventories		(9535.45)	8943.82
Decrease/(Increase) in Tea Department Balance		65.66	(55.78)
		(4235.65)	8825.29
Cash Generated from / (Used in) Operations :		(3338.26)	16452.00
Direct Taxes Refund / (Paid)		325.14	3.69
Net Cash from/(Used in) Operating Activities		(3663.40)	16448.31
(B) CASH FLOW FROM INVESTING ACTIVITIES :			
Sale of Fixed Assets		349.47	58.87
Loans received back		352.37	58.42
Interest & Dividend Received		284.52	323.75
Deposit under Tea Development Account Scheme		(42.41)	20.09
Purchase of Fixed Assets		(653.94)	(1737.37)
Fixed Deposits		188.42	(198.38)
Sale of long term Investments		159.61	-
Purchase of long term Investments		(564.50)	(358.63)
Net Cash used in Investing Activities		73.54	(1833.25)
(C) CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Borrowings		14584.48	4561.01
Repayment of Loans		(6229.29)	(14401.57)
Interest & Finance charges paid		(4758.49)	(4760.66)
Subsidy towards interest on Excise Duty Loan		361.26	-
Dividend paid (including Dividend Tax)		(162.26)	-
Net Cash from/(Used in) Financing Activities		3795.70	(14601.22)
Net changes in Cash & Cash Equivalents (A+B+C)		205.84	13.84
Cash & Cash equivalents - Opening Balance		124.16	110.32
* Cash & Cash equivalents - Closing Balance		330.00	124.16

* Represents Cash and Bank balances as indicated in Schedule - 9, and excludes Rs. 141.55 lacs (Rs. 328.66 lacs) being bank balances with restricted use or with maturity of more than three months.

S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per **R. K. Agrawal**
a Partner

Membership No. 16667

22, Camac Street

Block 'C', 3rd Floor

Kolkata - 700 016

Dated : 25th August, 2010

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lakhs)		
	30th June, 2010	30th June, 2009
SCHEDULE 1 SHARE CAPITAL		
Authorised		
1,60,00,000 Equity Shares of Rs. 10 each	1600.00	1600.00
16,00,000 Preference Shares of Rs. 100 each	1600.00	1600.00
3,00,000 Preference Shares of Rs. 10 each	30.00	30.00
	3230.00	3230.00
Issued, Subscribed and Paid-up :		
1,15,57,239 Equity Shares of Rs. 10 each fully paid	1155.73	1155.73
Add : Forfeited Shares (amount originally paid-up)	– (b)	–
	1155.73	1155.73

Notes :

- (a) Out of the above, 37,01,945 Equity Shares have been issued / allotted as fully paid bonus shares by capitalisation of Securities Premium & General Reserve and 1,20,496 Equity Shares have been allotted as fully paid-up for consideration other than cash.
- (b) The actual amount being Rs. 50 only, has not been shown above.

(Rs. in lakhs)		
	30th June, 2010	30th June, 2009
SCHEDULE 2 RESERVES & SURPLUS		
Capital Reserve :		
As per last account	27.17	27.17
Capital Redemption Reserve:		
As per last account	357.00	357.00
Reserve Fund :		
As per last Account	320.00	302.00
Add : Transfer from Profit & Loss Account	34.20	18.00
	354.20	320.00
General Reserve:		
As per last account	5378.44	5362.76
Add : Transfer from Profit & Loss Account	–	15.68
	5378.44	5378.44
Less: Transfer to Profit & Loss Account	3500.00	–
	1878.44	5378.44
Securities Premium :		
As per Last Account	6583.34	6583.34
Molasses & Alcohol Storage & Maintenance Reserve :		
As per last Account	50.32	48.60
Add : Provided during the year	3.44	1.72
	53.76	50.32
Surplus as per Profit & Loss Account	1381.95	1660.98
	10635.86	14377.25

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lakhs)		
	30th June, 2010	30th June, 2009
SCHEDULE 3 LOAN FUNDS		
A. SECURED LOANS		
Term Loans :		
Long Term		
From Scheduled Banks		
Under Project Finance/Corporate Loan Scheme	15717.22	17635.30
Under Financial Assistance Scheme - Excise Duty Loan	2721.50	3201.09
From Sugar Development Fund	7701.41	6168.72
Other Loans :		
From Scheduled Banks on Cash Credit Account	13185.61	6653.85
	39325.74	33658.96
(B) UNSECURED LOANS		
Short Term Loan from Scheduled Banks	4200.00	1685.00
From State Bank of India against		
Crop loan to Canegrowers	742.15	958.17
From Co-operative Farming Societies	103.55	96.05
Inter Corporate Loans	4570.00	4300.00
Fixed Deposits from Staff & Others	1326.54	1169.81
Trade & Other Deposits (partly not bearing interest)	33.19	33.52
	10975.43	8242.55
	50301.17	41901.51

Notes :

- Term loans from Scheduled Banks (except Excise Duty Loan) are secured by first mortgage/charge on all the immovable and movable assets (save and except book debts), present and future, of the Company's Sugar Units at Seohara (including Co-generation Plant), Sidhwalia and Hasanpur and Distillery unit at Seohara, ranking pari passu amongst the various lenders, subject to prior charges created on movables for working capital borrowings from the Company's bankers.
Term Loans under Financial Assistance Scheme (Excise Duty Loan) are secured by a residual charge on the entire Fixed Assets (movable and immovable) of the Company's Sugar Units at Seohara & Sidhwalia and includes Rs. 415.51 lacs (Rs. 410.92 lacs) towards interest which is recoverable as subsidy from the Government and included in Claims & Refunds Receivable under the head Loans & Advances in Schedule-11.
- Term loans from Sugar Development Fund are secured by a second charge on all the immovable and movable assets (save and except book debts), present and future of the Company's Sugar units at Seohara (including Co-generation Plant) and Sidhwalia and include Rs. 393.77 lacs (Rs. 355.75 lacs) towards interest which, as per stipulated terms, is payable on a long term basis.
- Cash credit borrowings are secured by hypothecation of entire current assets of the Company and also by a charge on the immovable assets as follows:
 - Tea Garden - First Charge
 - Hasanpur Sugar Unit - Second Charge
 - Seohara Sugar Unit - Third Charge - (ranking pari-passu between the lenders)
 - Sidhwalia Sugar Unit - Third Charge
- Unsecured loans, as stated above, include Rs. 10121.28 lacs (Rs. 7571.81 lacs) falling due for payment within one year.

Schedules forming part of the Consolidated Balance Sheet

SCHEDULE 4 FIXED ASSETS (Rs. in lakhs)										
Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK AS AT	
	As at 1st July, 2009	Additions/ Adjustments	Deductions/ Adjustments	As at 30th June, 2010	As at 1st July, 2009	For the year	Less : on Deductions/ Adjustments	Up to 30th June, 2010	30th June, 2010	30th June, 2009
Freehold Land	962.27	35.84	-	998.11(a)	-	-	-	-	998.11	962.27
Leasehold land	94.55	-	-	94.55	94.55	-	-	94.55	-	-
Tea Plantations	2.39	-	-	2.39	2.26	-	-	2.26	0.13	0.13
Buildings (including on leasehold land)	4248.38	16.09	38.10	4226.37	665.95	97.35	14.31	748.99	3477.38	3582.43
Plant & Machinery	50067.94	1678.70	751.28(b)	50995.36	13885.36	2487.91	28.71	16344.56	34650.80	36182.58
Railway Sidings	19.70	-	-	19.70	3.66	0.86	-	4.52	15.18	16.04
Furniture & Fixtures	343.27	17.32	22.43	338.16	238.48	17.68	13.50	242.66	95.50	104.79
Tube-wells	114.26	-	0.52	113.74	29.22	1.80	0.08	30.94	82.80	85.04
Trucks & Conveyance	324.49	14.22	18.03	320.68	149.87	26.44	15.78	160.53	160.15	174.62
	56177.25	1762.17	830.36	57109.06	15069.35	2632.04	72.38	17629.01	39480.05	41107.90
Add: Capital Work-in-Progress	237.44	1129.71	282.40	1084.75(e)	-	-	-	-	1084.75	237.44
Total	56414.69	2891.88	1112.76	58193.81(c) & (d)	15069.35	2632.04	72.38	17629.01	40564.80	41345.34
Previous Year's Total	49538.15	7555.92	679.38	56414.69	12533.16	2596.69	60.50	15069.35	41345.34	

Notes :

- Title deeds for Rs. 7.10 lacs (Rs. 7.10 lacs) are yet to be executed in favour of the Company.
- Includes Capital Subsidy Rs. 700.00 lacs (Rs. 439.00 lacs).
- Includes assets held in joint ownership with others Rs. 181.10 lacs (Rs. 208.01 lacs).
- Includes fixed assets awaiting disposal Gross Value Rs. 10.69 lacs (Rs. 55.95 lacs) and Net Value Rs. 3.11 lacs (Rs. 51.51 lacs).
- Includes advances against purchase of fixed assets Rs. 306.19 lacs (Rs. 13.35 lacs).

				(Rs. in lakhs)	
		30th June, 2010		30th June, 2009	
SCHEDULE 5 CAPITAL EXPENDITURE ON EXPANSION PROJECTS					
A. Freehold Land					39.68
B. Fixed Assets					
1) Plant & Machinery				27.99	
2) Furniture & Fixtures				3.53	
3) Trucks & Conveyance				7.94	
				39.46	
Less : Depreciation (charged to Pre-operative expenses as below)				4.17	35.29
C. Machinery & Building under erection [(net of Sales Rs. Nil (Rs. 9.92 lacs))]		1798.57			7378.08
D. Advances against purchase of fixed assets		239.22			275.92
		2037.79			7728.97
Less : Transfer to Fixed Assets/Capital Work in Progress during the year		2037.79			5702.98
					2025.99
E. Incidental Expenditure Pending Allocation to Fixed Assets :					
Amount brought forward from previous year		277.09			1114.06
Add : For the year :					
Salary & Wages		1.13			29.03
Contribution to Provident & Other funds					2.92
Fuel & Electricity					79.35
Project Consultancy charges					0.25
Miscellaneous Expenses		0.12			3.51
Interest & Finance charges (including Rs. Nil (Rs. 384.04 lacs) on fixed loans)		35.20			500.19
Depreciation					1.14
		313.54			1730.45
Less : Allocated to Fixed Assets/Capital Work in Progress during the year		313.54			1453.36
					277.09
					2303.08

Schedules forming part of the Consolidated Balance Sheet

					(Rs. in lakhs)				
		No. of Shares	Face Value per Share (Rs.)	30th June, 2010	30th June, 2009				
SCHEDULE 6 INVESTMENTS (at cost)									
LONG TERM									
GOVERNMENT SECURITIES									
Quoted :									
11.5% U.P.State Development Loan, 2010							2.10	2.10	
11.5% U.P.State Development Loan, 2011							0.70	0.70	
12% U.P.State Development Loan, 2011							0.70	0.70	
							3.50	3.50	
Unquoted :									
12 Years National Savings Certificates							0.01	0.01	
12 Years National Plan Savings Certificates							0.08	0.08	
7 Years National Savings Certificates							0.07	0.07	
6 Years National Savings Certificates							0.10	0.10	
							0.26	0.26	
EQUITY SHARES (FULLY PAID) :									
Quoted :									
The Oudh Sugar Mills Ltd.					3326901	10	1724.89	1160.39	
					(2395014)				
Haryana Oxygen Ltd.					5000	10	0.50	0.50	
S I L Investments Ltd.					2019339	10	478.36	478.36	
Sutlej Textile & Industries Ltd.					2027798	10	593.89	593.89	
Manbhawani Investment Ltd.					73500	10	2.25	2.25	
Manavta Holdings Ltd.					73500	10	2.25	2.25	
Gobind sugar Mills Ltd.					-	10	-	102.00	
					(320000)				
Chambal Fertilizers & Chemicals Ltd.					1966795	10	377.97	377.97	
New India Retailing & Investment Ltd.					285573	10	633.70	633.70	
							3813.81	3351.31	
Unquoted :									
Birla Buildings Ltd.					8400	10	0.84	0.84	
Bihar State Financial Corporation Ltd.					60	100	0.06	0.06	
Indo International Distillers Association Pvt.Ltd.					54000*	10	5.40 (e)	5.40	
Taparia Ltd.					3500	10	0.40	0.40	
Shree Vihar Properties Ltd.					224307	10	19.73	19.73	
Modern Diagen Services Ltd.					13196	10	1.32	1.32	
Chandausi Rice Mills Ltd.					2000	10	-	-	
Jaihind Publishing Company Ltd.**					65	25	-	-	
Akhil Bharat Printers Ltd.**					270	100	-	-	
Leas Communication Ltd.					21000	10	-	-	
Maruti Ltd.**					40000	10	-	-	
In Other Companies :									
APV Texmaco Ltd.**					20400	10	-	-	
Moon Corporation Ltd.					2874	5	0.39	0.39	
India Educational & Research Institution Pvt. Ltd.					4900	10	0.49	0.49	
							28.63	28.63	

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lakhs)				
	No. of Shares	Face Value per Share (Rs.)	30th June, 2010	30th June, 2009
SCHEDULE 6 INVESTMENTS (at cost) (Contd.)				
EQUITY SHARES (PARTLY PAID) :				
Modern Diagen Services Ltd. (Rs. 2 paid up per share)	1306404	10	26.13	26.13
In Co-operative Farming Societies :				
Krishna Sahakari Kheti Samiti Ltd.	5	100	0.01	0.01
Kuri Sanyukta Sahakari Kheti Samiti Ltd.	1	100	-	-
Keshopur Sanyukta Sahakari Kheti Samiti Ltd.	1	100	-	-
Pandia Sanyukta Sahakari Kheti Samiti Ltd.	1	100	-	-
Seohara Co-op. Cane Development Union Ltd.	1	100	-	-
Najibabad Co-op. Cane Development Union Ltd.	1	100	-	-
Nagina Co-op. Cane Development Union Ltd.	1	10	-	-
Moradabad Co-op. Cane Development Union Ltd.	1	10	-	-
			0.01	0.01
PREFERENCE SHARES (FULLY PAID)				
Unquoted				
Raj Kamal Parkashan Pvt. Ltd.	50	100	0.05	0.05
8% Cumulative Redeemable Preference Shares				
New India Retailing & Investment Ltd.	100000	100	100.00	100.00
			100.05	100.05
Share Application Money :				
Indo International Distillers Association Pvt. Ltd.				
	46000*	10	4.60 (e)	4.60
			3976.99	3514.49
Less : Provision for diminution in value of Investments			10.00	10.00
			3966.99	3504.49
Aggregate Value of Investments				
Quoted			3817.31	3354.81
Unquoted			149.68	149.68
Market Value of Quoted Investments			8086.88	5733.55

Notes :

- All the above Investments are Non-Trade, except those marked with an astric.
 - Out of the above, Government Securities of the face value of Rs. 0.26 lac (Rs. 0.26 lac) have been deposited with the Government Authorities, of which Rs.0.23 lac (Rs. 0.23 lac) have matured but are pending encashment.
 - Quotations for Government Securities of the face value of Rs. 3.50 lacs being not available, cost thereof has been taken as market value.
 - In case of the above investments, where the figure appears as Nil, the cost is either written of in the books or happens to be less than Rs. 500 individually.
 - Indicates securities where provision towards diminution in the value of Investments has been made.
- ** Represents companies under liquidation.

SCHEDULE 7 INVENTORIES

At Lower of Cost and Net Realisable Value		
Raw Materials	66.51	160.31
Stores, Chemicals, Spare Parts etc. [(including in transit Rs. 15.28 lacs (Rs. 33.01 lacs)]	874.89	990.17
Finished Goods	19056.49	9872.55
Power-Banked	8.44	27.92
Trading Goods [(including in transit Rs. 1284.01 lacs (Rs.Nil)]	1289.12	3.34
Goods under Process	490.77	483.71
Standing Crops	8.66	6.68
	21794.88	11544.68
At Estimated Realisable Value		
By-Products	333.54	1044.38
Scrap	8.33	12.24
	341.87	1056.62
	22136.75	12601.30

Schedules forming part of the Consolidated Balance Sheet

(Rs. in lakhs)		
	30th June, 2010	30th June, 2009
SCHEDULE 8 SUNDRY DEBTORS (Unsecured)		
(A) Debts Outstanding for a period exceeding six months :		
Considered Good	73.14	16.34
Considered Doubtful	49.66	37.84
	122.80	54.18
Less : Provision	49.66	37.84
	73.14	16.34
(B) Other Debts		
Considered Good	970.05	1548.99
	970.05	1548.99
	1043.19	1565.33

SCHEDULE 9 CASH & BANK BALANCES

Cash in hand	40.11	26.79
Cheques/Drafts in hand	147.87	54.62
With Scheduled Banks on :		
Current Account	139.17	40.01
Savings Account	0.02	0.02
Tea Development Account	0.10	0.14
Fixed Deposit Account [(Receipt for Rs. 15.50 lacs (Rs. 208.12 Lacs) pledged with Government authorities/Banks as security)]	126.10	314.52
Unpaid Dividend Account	15.45	14.14
	468.82	450.24
With Non-Scheduled Banks on Current Account		
Name of the Bank	Maximum amount outstanding at any time during the year	
District Co-operative Bank Ltd.	358.03 (428.50)	2.21 1.87
Mini Co-operative Bank Ltd.	4.23 (5.68)	0.16 0.38
Bijnor Urban Co-operative Bank	0.10 (0.17)	0.10 0.07
The Samastipur Central Co-op. Bank Ltd.	0.25 0.25	0.14 0.14
		2.61 2.46
With Post Office on :		
Savings Account (Pass Book for Rs. 0.09 lac (Rs. 0.09 lac) pledged with Government authorities)	0.12	0.12
	471.55*	452.82*

*including Rs. 110.62 lacs (Rs. 105.71 lacs) towards earmarked accounts.

Schedules forming part of the Consolidated Balance Sheet

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 10 OTHER CURRENT ASSETS		
(A) Interest accrued on Investments [including Rs. 0.84 lac (Rs. 0.84 lac) considered doubtful]	0.93	0.93
Less : Provision	0.84	0.84
	0.09	0.09
(B) Accrued Interest on Deposits, Loans & Advances etc.		
Considered Good	21.33	25.97
Considered Doubtful	3.83	3.83
	25.16*	29.80
Less : Provision	3.83	3.83
	21.33	25.97
	21.42	26.06

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

SCHEDULE 11 LOANS AND ADVANCES		
Unsecured		
Considered good		
Loans : (Bearing interest)		
To a Body Corporate	-	350.00
To Employees	20.89	18.09
To Others	-	4.26
	20.89	372.35
Advances :		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	517.35	438.92
Advance payment of Income-tax & tax deducted at source (after adjusting provisions)	243.22	17.66
Minimum Alternative Tax Credit Entitlement	-	104.55
Balance with Excise & other Government authorities	1065.34	1333.84
Claims & Refunds Receivable	1267.70	1006.08
Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	69.89	66.94
Deposit with Government authorities & others	12.93	13.84
Deposit under Tea Development Account Scheme, 1990	180.78	138.37
	3357.21	3120.20
Considered Doubtful :		
Loans	23.16	24.07
Advances	31.51	20.17
	54.67	44.24
Less : Provision	54.67	44.24
	-	-
	3378.10	3492.55
Note :		
Amount due from Officers of the Company	-	-
Maximum amount due at any time during the year	0.80	1.38

Schedules forming part of the Consolidated Balance Sheet

	(Rs. in lakhs)	
	30th June, 2010	30th June, 2009
SCHEDULE 12 CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities :		
Acceptances	1727.73	1648.12
Sundry Creditors for goods, services, expenses etc.		
Due to Micro and Small Enterprises (Refer note no.12 on Schedule 24)	89.18	116.64
Due to Others	8248.64	3664.49
For Other Finance	143.80	114.98
Excess Price of Levy Sugar realised	72.87	72.87
Advance against sale of goods	87.88	1192.83
Fractional entitlement for Bonus and Right Shares	0.22	0.22
Interest accrued but not due on Loans, Deposits etc.	266.18	268.14
Preference Shares Redemption Account	1.26	1.26
Investor Education & Protection Fund : (Not yet due)		
Unclaimed Matured Fixed Deposits	13.81	15.10
Unpaid & Unclaimed Dividends	15.45	14.14
	10667.02	7108.79
B. Provisions :		
Leave	96.90	76.10
Gratuity	139.11	-
Proposed Dividend on Equity Shares	-	138.69
Tax on Proposed Dividend	-	23.57
Fringe Benefit Tax (net of advances)	0.56	0.33
	236.57	238.69
	10903.59	7347.48

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 13 GROSS SALES		
Finished Goods	38441.76	43623.77
Power	1564.72	1288.02
Trading Goods	626.48	417.28
By-Products	1099.42	614.05
Processing Charges	115.87	-
Others	25.44	91.44
	41873.69	46034.56

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 14 OTHER INCOME		
Income from Long Term Investments (Non-trade)		
Dividend	121.63	81.88
Interest on Government Securities	0.41	0.41
Insurance & Other Claims	3.51	5.01
Rent & Hire Charges	8.58	7.75
Unspent liabilities, excess provisions and unclaimed balances written back	37.32	59.23
Land Dividend	50.50	24.44
Buffer Stock Subsidy towards Insurance & Storage charges	-	3.93
Profit on sale of Fixed Assets (net)	291.49	-
Profit on sale of Long Term Investments (Non-trade)	57.61	-
Miscellaneous Receipts	10.22	10.25
	581.27	192.90

	2009-10		2008-09	
SCHEDULE 15 AGRICULTURAL PROFIT/(LOSS)				
Income				
Sales [including inter-transfers Rs. 14.88 lacs (Rs.2.32 lacs)]		24.23		12.14
Other Income :				
Unspent liabilities written back		0.06		0.04
Miscellaneous Receipts		2.08		0.13
Increase in Stocks				
Closing Stock	8.66		6.68	
Less : Opening Stock	6.68	1.98	5.01	1.67
		28.35		13.98
Expenditure				
Seeds, Manures and Fodder Consumed		6.26		5.74
Tractor Expenses		2.84		3.97
Repairs to :				
Buildings		0.01		0.08
Others		0.01		0.05
Rates & Taxes		0.05		0.05
Payments to and Provisions for Employees :				
Salaries, Wages, Bonus, etc.	6.28		4.59	
Contribution to Provident and other Funds	0.08	6.36	0.05	4.64
Irrigation Expenses		2.12		1.95
Miscellaneous Expenses		1.18		0.41
		18.83		16.89
Profi/(Loss) transferred to Profit & Loss Account		9.52		(2.91)

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 16 DECREASE/(INCREASE) IN STOCKS		
Opening Stock		
Goods Under Process	483.71	230.82
Finished Goods	9872.55	19668.92
Power - Banked	27.92	49.93
Trading Goods	3.34	10.85
By-Products	1044.38	575.86
Scrap	12.24	50.39
	11444.14	20586.77
Less :		
Closing Stock :		
Goods under Process	490.77	483.71
Finished Goods	19056.49	9872.55
Power - Banked	8.44	27.92
Trading Goods	1289.12	3.34
By-Products	333.54	1044.38
Scrap	8.33	12.24
	21186.69	11444.14
	(9742.55)	9142.63

	2009-10		2008-09	
SCHEDULE 17 RAW MATERIALS CONSUMED				
Opening Stock		160.31		53.45
Add : Purchases & Procurement Expenses [including transfer of sugarcane from own farm Rs. 14.88 lacs (Rs. 2.32 lacs)]		37519.17		19601.75
Purchase Tax & Cess (net)		306.17		243.75
		37985.65		19898.95
Less : Closing Stock		66.51		160.31
		37919.14		19738.64

	2009-10		2008-09	
SCHEDULE 18 STORES, SPARES & PACKING MATERIALS CONSUMED				
Stores, Spare Parts, Chemicals etc. consumed [after adjusting sales & claims Rs. 172.89 lacs (Rs. 182.91 lacs)]		847.69		938.22
Packing Materials consumed		691.03		554.82
		1538.72		1493.04

	2009-10		2008-09	
SCHEDULE 19 PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus etc. (Refer note no. 20 on Schedule 24)		3543.66		3045.26
Contribution to Provident & other Funds		270.97		227.89
Gratuity		191.46		27.56
Workmen Compensation		1.53		4.32
Employees' Welfare Expenses		119.15		106.30
		4126.77		3411.33

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 20 MANUFACTURING, SELLING AND OTHER EXPENSES		
Repairs to and Maintenance of:		
Buildings	109.68	123.66
Machinery	805.14	736.85
Others	13.99	16.19
Rent	14.36	19.76
Rates & Taxes (net)	29.26	22.35
Insurance	74.54	77.56
Auditors' Remuneration :		
As Auditors		
Audit Fees	11.56	11.56
Tax Audit Fees	6.90	6.90
Limited Review Fees	6.90	6.90
In other capacity for certificates & other services	5.43	5.55
For Expenses	2.50	2.40
Cost Auditors' Remuneration :		
For Audit Fees	0.60	0.60
For Expenses	0.09	0.18
Selling Commission & Expenses :		
Commission on sales	115.98	145.32
Brokerage	48.73	23.34
Other Selling Expenses	121.06	168.43
Charity & Donations	0.62	17.89
Provision for Bad & Doubtful Debts / Advances	23.16	1.38
Items Pertaining to previous years (net)	1.74	3.17
Bad debts, irrecoverable advances etc. written off	5.78	8.72
Less : Adjusted against provisions	0.91	4.16
Sales Tax for earlier years	5.49	0.23
Loss on fixed assets sold / discarded	-	1.91
Molasses Storage & Maintenance Reserve	3.44	1.72
Sugar hedging Transactions (net)	-	5.06
Miscellaneous Expenses [including Directors' traveling Rs. 42.92 lacs (Rs. 47.66 lacs)]	578.01	625.45
	1984.05	2028.92

Schedules forming part of the Consolidated Profit and Loss Account

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 21 DIRECTORS' REMUNERATION		
Directors' Remunerations:		
(A) Managing Director's Remuneration :		
Salary	30.00	30.00
Contribution to Provident Fund	3.60	3.60
Gratuity	6.50	-
(B) Directors' Fees	1.71	1.75
	41.81	35.35

Note :

In view of the loss under section 349, no provision for Directors' Commission has been made.

	(Rs. in lakhs)	
	2009-10	2008-09
SCHEDULE 22 INTEREST & FINANCE CHARGES (NET)		
Interest:		
On Fixed Loans	3642.72	3792.93
On Other Loans	975.84	1442.52
To Income Tax Department	0.06	5.23
Finance Charges:		
To Banks	168.05	24.30
To Others	13.03	12.76
	4799.70	5277.74
Less : At Credit		
Amount Capitalised	42.31	501.82
Buffer Stock Subsidy towards Interest	-	31.46
Subsidy towards Interest on Excise Duty Loan	365.85	334.82
From Income Tax Department	0.16	12.46
On Unsecured Loans, Deposits etc. (Gross)	107.18	210.97
[Tax deducted at source Rs. 12.26 lacs (Rs. 34.10 lacs)]		
	515.50	1091.53
	4284.20	4186.21

SCHEDULE 23 DIVIDEND

Dividend		
On 11557239 Equity Shares @ Rs. Nil (Rs. 1.20) per share	-	138.69
	-	138.69

Schedules forming part of the Consolidated Accounts

SCHEDULE 24 ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

Notes annexed to and forming part of the company's Consolidated Balance sheet and Profit & Loss Account as at and for the year ended 30th June, 2010.

1. Principles of Consolidated Financial Statements:

The consolidated financial statements which relate to Upper Ganges Sugar & Industries Ltd. and its subsidiary company, have been prepared on the following basis:

- The financial statements of the company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealized profit / loss included therein.
- 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.
- As the financial year of subsidiary closes on 31st March, its audited accounts as at and for the year ended 31st March, 2010, have been incorporated in these accounts. However, in order to eliminate the intra-group balances, certain adjustments pertaining to the period from 1st April, 2010 to 30th June, 2010 have been made in the accounts.
- 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.
- The Subsidiary Company considered in the financial statements is as follows:

Name	Country of Incorporation	% of ownership/voting power as on 30.06.2010
Uttar Pradesh Trading Company Ltd.	India	100

2. Statement of Significant Accounting Policies:

(i) Basis of Preparation:

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

(ii) Use of Estimates

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

(iii) Revenue Recognition:

- Revenue from the sale of goods is recognized upon passage of title to the customers which generally coincides with delivery thereof.
- Dividend Income is recognised when the shareholders' right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if the same is declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.
- Due to uncertainty in realization, following incomes are accounted for on cash/acceptance basis:
 - Insurance and other claims
 - Interest on doubtful loans and advances to cane growers
 - Replanting subsidy.
 - Compensation receivable in respect of land surrendered to / acquired by the Government.

(iv) Fixed Assets:

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

Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment

Schedules forming part of the Consolidated Accounts

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

is expected to be irregular, are capitalised and depreciated over the residual life of the respective assets.

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

(v) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital.

(vi) Depreciation:

- 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 fixed assets is provided as per 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.
- Depreciation on fixed assets added / disposed of during the year is provided on pro-rata basis, with reference to the date of addition / disposal.
- Leasehold properties are depreciated over the primary period of lease or their respective useful lives, whichever is shorter.
- In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(vii) Government Grants and subsidies:

Government Grants and subsidies are recognised when there is reasonable assurance that the same will be received. Revenue grants / subsidies are recognised in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

(viii) Borrowing Costs :

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(ix) Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and market rate on individual investment basis. Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

(x) Inventories:

- Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Goods under process, finished goods (including Power Banked) and traded goods are valued at lower of cost and net realisable value. Finished goods and Goods under process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventory is computed on weighted average basis. By products, Country crop and Saleable scraps, whose cost is not identifiable, are valued at estimated net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.
- In case of inter-transferred materials, the transfer price is considered as cost for the purpose of valuation of closing stock.

(xi) 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.

Schedules forming part of the Consolidated Accounts

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

- (b) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- (c) Exchange Differences
Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.
- (d) Forward Exchange Contracts not entered for trading or speculation purpose
The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognized as income or expense for the year.

(xii) Retirement and other employee benefits :

- (a) Retirement benefits in the form of Provident and Pension Funds are defined contribution schemes and are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no obligations other than the contribution payable to the respective trusts / funds.
- (b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each year.
- (c) Long term compensated absences are provided for based on actuarial valuation on projected unit credit method made at the end of each year.
- (d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

(xiii) Taxation:

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

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet 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 asset is reviewed at each Balance Sheet date. The company writes down the carrying amount of a Deferred Tax Asset to the extent that is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Schedules forming part of the Consolidated Accounts

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

(xiv) Segment Reporting:

- (a) Identification of Segments :
The Company has identified that its business segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.
- (b) Inter Segment Transfers :
The Company accounts for inter segment transfers at mutually agreed transfer prices.
- (c) Allocation of Common Costs:
Common allocable costs are allocated to each segment on case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

(xv) Share issue expenses:

Share issue expenses are adjusted against Securities Premium Account

(xvi) Fixed Assets Acquired under Lease

- (a) Finance Lease
Assets acquired under lease agreement which effectively transfer to the Company substantially all the risk and benefit incidental to ownership of the lease items, are capitalised at the lower of the fair value and present value of minimum lease payment at the inception of the lease term and disclosed as lease assets. Lease payments are apportioned between the finance charge and the reduction 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
- (b) Operating Leas
Leases where the lessor effectively retains substantially all the risk and benefit of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss account.

(xvii) Earning per Share:

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

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

(xviii) Excise Duty:

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of stocks as on the Balance Sheet date.

(xix) Research Costs:

Research costs are expensed as incurred. Development expenditure incurred on individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sale from the related project, not exceeding ten years. The carrying value of development cost is reviewed for impairment annually when the asset is not yet in use and otherwise when events or changes in circumstances indicates that the carrying value may not be recoverable.

(xx) Cash and Cash equivalents

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

(xxi) Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate

Schedules forming part of the Consolidated Accounts

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

required to settle the obligation, at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

(xxii) Derivative Instruments:

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

(xxiii) Contingencies:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

	(Rs. in lakhs)	
	2009-10	2008-09
3. Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for	1178.16	1142.03
4. Contingent Liabilities not provided for in respect of :		
(a) Demands / Claims by various Government Authorities and others not acknowledged as debts:		
(i) Excise Duty	488.26	396.69
(ii) Sales & Entry Tax	28.24	28.24
(iii) Others	154.77	116.69
Total	671.27	541.62
(b) (i) Guarantees given to banks against loans to cane growers	1400.00	1000.00
(ii) Against the above, the loan facilities actually availed as on the Balance Sheet date	906.75	1000.00
(c) Additional liability, if any, under clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases for the sugar season 2004-2005 in respect of Company's Hasanpur Sugar Unit (amount unascertainable)		

- There is a diminution of Rs. 1012.03 lacs (Rs. 548.03 lacs) in the value of certain quoted investments based on the last quoted prices. The above investments being long term and strategic in nature and diminution in value of said investments being temporary in nature, no provision thereagainst is required in the accounts.
- Excise Duty & Cess on sales has been reduced from sales in Profit & Loss Account and Excise Duty & Cess on increase/decrease in stock has been considered as Income/Expenses in Profit & Loss Account.
- Pending disposal of writs/appeals by the court with regard to levy sugar prices for some years, Rs. 72.87 lacs (Rs. 72.87 lacs) (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 50.44 lacs (Rs.50.44 lacs), are in force in terms of the Court Orders, is included under the head 'Current Liabilities'. Necessary adjustment for the above amount together with interest, if any, in this regard will be made in the accounts as and when the matter will be finally settled.
- Pending decisions of various courts on writ petitions filed by / against the Company, no credit has been taken in the Profit and Loss Account in respect of certain realisations aggregating to Rs. 45.31 lacs in earlier years, which continue to be shown under the head "Liabilities for other Finance" in Schedule - 12. Against the above, fixed deposit receipts / bank guarantees for Rs. 44.47 lacs have been furnished by the Company.
- In view of the interim order dated 8th September 2008 of the Hon'ble Supreme Court, the Company for its Seohara Sugar Unit in Uttar Pradesh has continued the provision towards Sugarcane purchases made during the year 2007-08 @ Rs. 110 per quintal as against the State Advised Price (SAP) of Rs. 125 per quintal. Pending final decision by the Hon'ble Supreme Court in

Schedules forming part of the Consolidated Accounts

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

this matter, the differential price of Rs. 1891.18 lacs between SAP and the amount already provided, as stated above, has not been accounted for.

10. (a) The break-up of net Deferred Tax Asset as on 30th June, 2010 is as under : (Rs. in lakhs)

	2009-10	2008-09
(A) Deferred Tax Asset		
(i) Carry forward of unabsorbed depreciation	7990.69	6126.04
(ii) Expenses allowable against taxable income in future years	621.28	455.16
	8611.97	6581.20
(B) Deferred Tax Liability		
(i) Timing difference in depreciable assets	7248.70	7206.14
	7248.70	7206.14
Net Deferred Tax Assets/(Liability)	1363.27	(624.94)

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

- Minimum Alternative Tax (MAT) credit entitlement of Rs. 104.55 lacs carried forward from earlier years in books of accounts, have been reversed in current year in terms of Accounting Policy no. 2 (xiii) stated above.
- (a) The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms as per provisions of The Payment of Gratuity Act, 1972. The Company has got an approved Gratuity Fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability.

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

	(Rs. in lakhs)	
	2009-10	2008-09
(i) Net Employee Expense /(benefit)		
Current service cost	54.66	44.17
Interest cost on benefit obligation	66.58	64.50
Expected return on plan assets	(70.69)	(66.85)
Past service cost	61.19	-
Net Actuarial loss/(gain) recognised in the year	86.22	(14.26)
Total employer expense	197.96	27.56
(ii) Actual return on plan assets	85.63	140.56
(iii) Benefit Asset/(Liability)		
Fair value of Plan Assets	976.92	968.96
Defined benefit obligation	(1116.03)	(919.54)
Benefit Asset / (Liability)	(139.11)	49.42
(iv) Movement in benefit liability		
Opening defined benefit obligation	919.54	841.12
Interest cost	66.58	64.50
Current Service cost	54.66	44.17
Past service cost	61.19	-
Benefits paid	(87.10)	(89.70)
Actuarial (gains)/losses on obligation	101.16	59.45
Closing benefit obligation	1116.03	919.54
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	968.96	822.13
Expected Return on plan assets	70.69	66.85
Contribution by employer	9.43	95.97
Benefits paid	(87.10)	(89.70)
Actuarial gains/(losses)	14.94	73.71
Closing fair value of plan assets	976.92	968.96

Schedules forming part of the Consolidated Accounts

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

(Rs. in lakhs)

	2009-10	2008-09
(vi) The major categories of plan assets as a percentage of the fair value of total plan assets		
Funded with insurer	100%	100%
(vii) The Principal actuarial assumptions are as follows:		
Discount rate	8.00%	7.60%
Expected Return on plan assets	7.60%	8.10%
Salary Increase	5%	5%
Withdrawal rates	Varying between 1.80% to 6.20% per annum depending upon the duration and age of the employees	
The overall expected rate of return on assets is assumed to be 7.60% per annum as at 1st July 2009 i.e. the same as discount rate as at 30th June, 2009 because the assets are primarily invested in Government Bonds.		
(viii) Amount incurred as expense for defined contribution to Provident / Pension fund plans Rs. 274.65 lacs (Rs. 234.46 lacs) .		
(ix) 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.		
(x) The Company expects to contribute Rs. 200.00 lacs to Gratuity fund in 2010-2011.		

(Rs. in lakhs)

	2009-10	2008-09	2007-08
(xi) The details for the current and previous years are as follows :			
Defined Benefit Obligation	1116.03	919.54	841.12
Plan Assets	976.92	968.96	822.13
Surplus/(Deficit)	(139.11)	49.42	(18.99)
Experience adjustments on plan liabilities			Not Available *
Experience adjustments on plan assets			Not Available *

* The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities and assets are not readily available and hence not disclosed.

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

(Rs. in lakhs)

	2009-10	2008-09
(i) Principal amount remaining unpaid to any supplier at the end of accounting year. (including retention money against performance).	81.85	111.48
(ii) Interest due on above.	3.84	4.95
Total of (i) & (ii)	85.69	116.43
(iii) Amount of interest paid by the Company to the suppliers in terms of section 16 of the Act.	9.75	2.46
(iv) Amounts paid to the suppliers beyond the respective due date	220.70	166.54
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	1.41	0.21

Schedules forming part of the Consolidated Accounts

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

(Rs. in lakhs)

	2009-10	2008-09
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year	5.25	5.16
(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.	2.08	-

13. Assets, Liabilities and Income & Expenditure of Cinnatollah Tea Garden have been incorporated as at and for the year ended March 31, 2010 as the financial year of the Tea Garden closes on 31st March. The net balance of payments and realizations on account of the said Tea Garden during the period from April 1, 2010 to June 30, 2010 has been shown separately under the head "Tea Department Balance" in the Balance Sheet, pending adjustments in the next year's accounts.
14. The land ceiling matter under the U.P. Imposition of Land Ceiling Act, 1960 / Bihar Land Reforms (Fixation of Ceiling, Area and Acquisition of Surplus Land) Act, 1961 for acquisition of agricultural land by the Government is pending before the Hon'ble High Courts at Allahabad and Patna and the proceedings have been stayed by the Hon'ble Courts.
15. (a) Salaries and Wages relating to various repairs have not been charged separately to the repairs, as the amount thereof has not been demarcated.
(b) Consumption of raw materials, stores, spare parts and packing materials includes profit/loss on sale thereof.
(c) The following items are included under other heads of expenses in the Profit & Loss Account:

(Rs. in lakhs)

	2009-10	2008-09
Stores and Spares, etc.	701.70	671.82
Rent	0.45	1.16

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

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

	2009-10	2008-09
Profit / (Loss) as per Profit & Loss Account (Rs. in lacs)	(3744.83)	716.51
Weighted average number of Equity Shares outstanding during the year (Rs. 10 each)	11557239	11557239
Basic and Diluted earning per share (Rs.)	(32.40)	6.20

17. **Operating lease:**

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

(Rs. in lakhs)

Particulars	2009-10	2008-09
Lease payments made for the year	14.36	19.76

18. The subsidiary company has given undertakings to financial institutions/banks and a co-operative society not to transfer, assign, pledge, hypothecate or otherwise dispose of its shareholding in the following Companies without their prior approval in writing till the loans granted by them to these Companies remain outstanding.
- (a) Sutlej Textiles & Industries Ltd.
(b) Manavta Holdings Limited

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

Currency / Interest rate swap for foreign currency loan of USD 6.66 millions (USD 9.33 millions) equivalent to Rs. 3072.84 lacs (Rs. 4301.97 lacs) @ 6 months Libor + 1.30% p.a vis a vis fixed rate of 8.75% p.a.

Schedules forming part of the Consolidated Accounts

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

20. Salary & Wages includes Rs 74.41 lacs in respect of earlier years on account of increase in wages with retrospective effect from 1st October 2008 in terms of Wage Board award/order received during the year.

21. Related Party Disclosures:

(a) Names of the related parties:

Key Management Personnel	Mrs. Nandini Nopany - Chairperson cum Managing Director
	Mr C.B. Patodia - Advisor
	Mr Sukhvir Singh - Ececutive President. Seohara Unit
	Mr S.K.Poddar - Company Secretary
	Mr B.K. Sureka - Executive President, Sidhwalia Unit
	Mr R.K. Gupta - Executive President, Hasanpur Unit
	Mr S.S. Binani - Executive Vice President, Cinnatolliah Tea Garden
Relatives of Key Management Personnel	Mr Chandra Shekhar Nopany - Son of Smt. Nandini Nopany
	Mrs. Jyotsna Poddar - Sister of Smt. Nandini Nopany
	Mrs. Shobhana Bhartia - Sister of Smt. Nandini Nopany
	Mr Prateek Sureka - Son of Shri B.K. Sureka
	Mr Pragati Sureka - Son of Shri B.K. Sureka
Enterprises owned or significantly influenced by Key Management Personnel and their relatives	Mrs. Anita Sureka - Wife of Shri B.K. Sureka
	The Oudh Sugar Mills Ltd.
	Gobind Sugar Mills Ltd.
	H.T.Media Ltd.
	Hargaon Investment & Trading Co. Ltd.
	OSM Investment & Trading Co. Ltd.
	Uttam Commercial Ltd.
Champaran Marketing Co. Ltd.	
Moon Corporation Ltd..	

Schedules forming part of the Consolidated Accounts

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

Related party disclosure:

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2010

(Rs. in lakhs)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010
Sale of Goods & Services								
Gobind Sugar Mills Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.18)	(-)	(0.18)	(-)
Moon Corporation Ltd.	-	-	-	-	1996.59	-	1996.59	-
	(-)	(-)	(-)	(-)	(1372.63)	(1204.50)	(1372.63)	(1204.50)
The Oudh Sugar Mills Ltd.	-	-	-	-	240.30	-	240.30	-
	(-)	(-)	(-)	(-)	(109.98)	(-)	(109.98)	(-)
Sale of Fixed Assets								
The Oudh Sugar Mills Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(11.61)	(-)	(11.61)	(-)
Purchase of Goods & Services								
The Oudh Sugar Mills Ltd.	-	-	-	-	45.33	-	45.33	-
	(-)	(-)	(-)	(-)	(35.38)	(-)	(35.38)	(-)
Gobind Sugar Mills Ltd.	-	-	-	-	10.42	-	10.42	-
	(-)	(-)	(-)	(-)	(2.90)	(-)	(2.90)	(-)
Purchase of Fixed Assets								
The Oudh Sugar Mills Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(21.76)	(-)	(21.76)	(-)
Gobind Sugar Mills Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.57)	(-)	(0.57)	(-)
Interest Expense								
H T Media Ltd.	-	-	-	-	11.89	-	11.89	-
	(-)	(-)	(-)	(-)	(70.00)	(-)	(70.00)	(-)
Uttam Commercial Ltd.	-	-	-	-	15.94	-	15.94	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	1.10	1.76	-	-	1.10	1.76
	(-)	(-)	(2.11)	(0.66)	(-)	(-)	(2.11)	(0.66)
Dividend Received during the year								
The Oudh Sugar Mills Ltd.	-	-	-	-	43.43	-	43.43	-
	(-)	(-)	(-)	(-)	-	(-)	-	(-)
Interest received during the year								
Moon Corporation Ltd.	-	-	-	-	38.82	-	38.82	-
	(-)	(-)	(-)	(-)	(40.60)	(-)	(40.60)	(-)
Rent received during the year								
Moon Corporation Ltd.	-	-	-	-	2.31	-	2.31	-
	(-)	(-)	(-)	(-)	(1.00)	(-)	(1.00)	(-)
Dividend Paid during the year								
Hargaon Investment & Trading Co. Ltd.	-	-	-	-	7.90	-	7.90	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
OSM Investment & Trading Co. Ltd	-	-	-	-	2.82	-	2.82	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Champaran Marketing Co. Ltd	-	-	-	-	3.13	-	3.13	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Smt. Nandini Nopany	7.39	-	-	-	-	-	7.39	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	0.56	-	0.23	-	0.79	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Intercompany Loans and Fixed Deposits Taken								
H T Media Ltd.	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(500.00)	(-)	(500.00)
Uttam Commercial Ltd.	-	-	-	-	135.00	135.00	135.00	135.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others	-	-	3.00	9.00	-	-	3.00	9.00
	(-)	(-)	(8.84)	(6.00)	(-)	(-)	(8.84)	(6.00)

Schedules forming part of the Consolidated Accounts

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

(b) Aggregated Related Party Disclosures as at and for the year ended 30th June, 2010 (Contd.)

(Rs. in lakhs)

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned by Key Management Personnel or their relatives		Total	
	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010	Transaction Value	Balance Outstanding as on 30.06 2010
Intercorporate Loans and Fixed Deposits Refunded								
HT Media Ltd.	-	-	-	-	500.00	-	500.00	-
Others	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Balance Outstanding On Current Account (Net) Debit / (-)Credit								
Gobind Sugar Mills Ltd.	-	-	-	-	-	-0.04	-	-0.04
The Oudh Sugar Mills Ltd.	(-)	(-)	(-)	(-)	(-)	(0.06)	(-)	(0.06)
Directors' Commission & sitting fees								
Shri Chandra Shekhar Nopany	-	-	0.28	-	-	-	0.28	-
Remuneration								
Shri C.B. Patodia	167.04	3.92	-	-	-	-	167.04	3.92
Shri S.K. Poddar	(133.37)	(2.01)	(-)	(-)	(-)	(-)	(133.37)	(2.01)
Shri Sukhvair Singh	20.60	0.50	-	-	-	-	20.60	0.50
Shri B.K.Sureka	(17.43)	(-)	(-)	(-)	(-)	(-)	(17.43)	(-)
Sri S.S.Binani	33.08	0.70	-	-	-	-	33.08	0.70
Shri R.K. Gupta	(18.29)	(0.68)	(-)	(-)	(-)	(-)	(18.29)	(0.68)
Others	14.43	0.48	-	-	-	-	14.43	0.48
Unallocated Corporate Assets	(13.46)	(0.34)	(-)	(-)	(-)	(-)	(13.46)	(0.34)
Unallocated Corporate Liabilities	13.59	-	-	-	-	-	13.59	-
Others	(12.24)	(-)	(-)	(-)	(-)	(-)	(12.24)	(-)
Unallocated Corporate Liabilities	15.71	0.64	-	-	-	-	15.71	0.64
Others	(10.38)	(1.08)	(-)	(-)	(-)	(-)	(10.38)	(1.08)

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

22. The Company's segment information as at and for the year ended 30th June, 2010 are as below:

(Rs. in lakhs)

	Sugar	Spirit	Co-generation	Tea	Others	Total
(a) Revenue (net of excise duty and cess)						
External Sales	31595.50	4145.74	1564.72	1815.69	626.48	39748.13
Inter-segment Sales	(38506.07)	(1926.33)	(1288.02)	(1364.11)	(417.28)	(43501.81)
Total Revenue	35435.39	4154.64	3255.58	1815.69	626.48	45287.78
Unallocated Corporate Assets	(40520.34)	(1929.87)	(2325.38)	(1364.11)	(417.28)	(46556.98)
(b) Results						
Segment Results	-3016.02	672.21	537.47	771.10	20.83	-1014.41
Unallocated expenses net of unallocated income	(4713.73)	(7.36)	(397.14)	(398.89)	(-0.04)	(5517.08)
Operating Profit/(-) Loss						230.07
Interest & Finance charges (net)						(389.90)
Income Tax Provision no longer required written back						-1244.48
Income & Wealth Tax						(5127.18)
MAT Credit (Entitlement) /Reversal						4284.20
Deferred Tax Charge/(Credit)						(4186.21)
Net Profit /(-) Loss						-3744.83
						(716.51)

Schedules forming part of the Consolidated Accounts

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

20. The Company's segment information as at and for the year ended 30th June, 2010 are as below:

(Rs. in lakhs)

	Sugar	Spirit	Co-generation	Tea	Others	Total
(c) Total Assets						
Segment Assets	48259.33	5135.47	11867.75	949.86	31.39	66243.80
Unallocated Corporate Assets	(41785.12)	(4901.74)	(12466.34)	(865.88)	(30.40)	(60049.48)
Total Assets						6752.55
						(5357.43)
						72996.35
						(65406.91)
(d) Total Liabilities						
Segment Liabilities	10242.34	110.34	91.64	149.44	12.16	10605.92
Unallocated Corporate Liabilities	(6419.92)	(102.37)	(227.32)	(112.59)	(23.83)	(6886.03)
Total Liabilities						50598.84
						(42897.90)
						61204.76
						(49783.93)
(e) Other Information						
(i) Non Cash expenses included in Segment expenses for arriving at Segment Results	3.44	-	-	-	-	3.44
	(1.72)	(-)	(-)	(-)	(-)	(1.72)
(ii) Capital Expenditure	145.84	6.70	92.10	61.76	-	306.40
	(783.75)	(8.99)	(831.08)	(22.50)	(-)	(1646.32)
(iii) Depreciation for the year	1641.42	285.36	663.69	41.48	0.09	2632.04
	(1712.34)	(284.35)	(559.04)	(40.88)	(0.08)	(2596.69)
(f) Geographical Segments Revenue						
India						39748.13
						(43501.81)
						39748.13
						(43501.81)

Notes :

- Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified "Sugar", "Spirit", "Co-generation" and "Tea" as the operating segments:
 Sugar - Consists of manufacture and sale of Sugar, Molasses & Bagasse.
 Spirit - Consists of manufacture & sale of Industrial Spirits (including denaturants), Bio Compost & Fusel Oil.
 Co Generation - Consists of generation and transmission of power.
 Tea - Consist of cultivation, manufacture and sale of tea.
 Others - Consist of miscellaneous business comprising of less than 10% revenues.
- Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations.
- The Company has common fixed assets for producing goods for domestic and overseas. Hence, separate figures for fixed assets / additions to the fixed assets thereof cannot be furnished.

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

Signatories to Schedules 1 to 24

S. R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per R. K. Agrawal

a Partner

Membership No. 16667

22, Camac Street

Block 'C', 3rd Floor

Kolkata - 700 016

Dated : 25th August, 2010

S. K. Poddar
Company Secretary

Chandra Shekhar Nopany
Director

Nandini Nopany
Chairperson-cum-
Managing Director

Directors' Report

To
The shareholders,

Your Directors have pleasure in presenting their Report and the audited accounts of the Company for the year ended 31st March, 2010.

2. Financial Results

	Rs.	Rs.
The Profit & Loss Account shows a profit of		1,82,47,934
To which is added the balance brought forward from the previous year		8,76,64,655
Making a total of		10,59,12,589
Out of this provisions have been made for -		
Reserve fund	34,20,000	
Taxation (after written back excess provision in respect of an earlier year Rs. 3,551)	11,71,449	45,91,449
Balance to be carried forward		10,13,21,140

3. Dividend

Your Directors have not recommended any dividend.

4. Directors

Shri Chandra Shekhar Nopany and Shri R. N. Jhunjhunwala retire from the Board by rotation and are eligible for re-appointment.

5. Auditors

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

6. Conservation of energy, technology absorption, foreign exchange earnings and outgo :

As the Company has no manufacturing activity, it is not required to furnish any information with regard to conservation of energy. There is no information to furnish with regard to technology absorption. During the year, no foreign exchange was earned or used by the Company.

7. Particulars of Employees :

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

8. Directors' Responsibility Statement :

Your Directors confirm that -

- in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year ;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.

9. Audit Committee

As required under the provisions of the Companies Act, 1956, an Audit Committee has been constituted by the Board of Directors consisting of Shri R.N. Jhunjhunwala as Chairman and Smt. Nandini Nopany and Shri A.L. Tulsian as Members.

9/1, R.N. Mukherjee Road,
Kolkata - 700 001
Dated: 26th April, 2010

Chandra Shekhar Nopany
Managing Director

Nandini Nopany
Chairperson

Auditors' Report

To
The Members

- We have audited the attached Balance Sheet of Uttar Pradesh Trading Company Limited as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted In India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit Includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in temps of Sub-section (4A) of Section 227 of Me Companies Act, 1966, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments In the Annexure referred to above, we report that:
 - We have obtained all the Information and explanations, which to the best of ar knowledge and belief, were necessary for the purposes of our audit.
 - In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.
 - The Balance Sheet and Profit & Loss Account, dealt with by this report, are in agreement with the books of account as submitted to us.
 - In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - On the basis of written representations received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors Is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - in the case of the Balance Sheet, of the state of affairs of the Company. as at 31st March, 2010; and
 - In the case of Profit and Loss Account, of the Profit for the year ended on that date.

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

Centre Point
21, Old Court House Street
Kolkata - 700 001
Dated : 26th April, 2010

A. Datta
Partner
Membership No. 5634

Annexure to the Auditors' Report

Annexure referred to in Paragraph 3 of our report of even date

1. The Company has maintained proper records showing full particulars and location of land. The fixed assets of the Company have been physically verified by the management during the year and no fixed assets were disposed of during the year.
2. The Company has no manufacturing and/or trading activities and as such the question of having any stock and maintenance of record in respect thereof and physical verification of Inventory does not arise.
3. (a) The Company has granted unsecured Interest free loan to the holding company which considering the strategic relationship are stated to be on reasonable terms.
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. According to the Information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company for purchase of fixed assets. No major weakness has been noticed in the internal control system.
5. There was no transaction which required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. The Internal audit was conducted by a service company and In our opinion the internal audit system was commensurate with the size of the Company and the nature of Its business.
8. The Company Is not required to maintain the cost records as prescribed by the Central Government under clause (d) of sub-section 209 of the Companies Act, 1956.
9. The Company is regular In depositing undisputed statutory dues as applicable. As the Company has no employee and no manufacturing and/or trading activities are carried on by the Company the question of payment of provident fund, employees' state Insurance, sale-tax, custom duty, excise duty, cess etc. does not arise. According to the information and explanations given to us no undisputed amounts payable In respect of statutory dues relating to Income Tax, Wealth Tax, Service Tax and Cess were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable. There are no dues outstanding In respect of statutory dues on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. According to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities hence maintenance of records in respect thereof does not arise.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. In respect of dealing in shares, securities, debentures and other investments, in our opinion and according to the Information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other Investments have been held by the Company in Its own name.
15. The Company has not given any guarantee for loans taken by others, from bank and financial Institutions.
16. The Company has not taken any term loan from any financial institutions or bank. The Company does not have any borrowing by way of debentures.
17. We have been informed by the management that no funds raised on short term basis have been used for long term purposes.
18. The Company has not made any preferential allotment of shares to parties and companies covered In the register maintained under Section 301 of the Companies Act, 1956. The Company has not raised any money through a public issue during the year.
19. The Company has not issued any debentures during the year.
20. The Company, during the year has not raised any money by public issue.
21. Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Centre Point
21, Old Court House Street
Kolkata - 700001
Dated : 26th April, 2010

A. Datta
Partner
Membership No. 5634

Balance Sheet As at 31st March, 2010

	Schedule	(Amount in Rupees)	
		31st March, 2010	31st March, 2009
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	163,624,995	163,624,995
Reserves & Surplus	2	178,491,140	161,414,655
		342,116,135	325,039,650
APPLICATION OF FUNDS:			
Fixed Assets :			
Land (at cost)		1,500,072	1,500,072
Investments	3	329,333,085	283,083,111
Current Assets, Loans & Advances :			
Current Assets	4	57,975	48,144
Loans & Advances	5	12,406,014	41,439,383
		12,463,989	41,487,527
Less : Current Liabilities & Provisions :			
Current Liabilities	6	6,011	6,060
Provisions		1,175,000	1,025,000
		1,181,011	1,031,060
Net Current Assets		11,282,978	40,456,467
		342,116,135	325,039,650
Accounting Policies & Notes on Accounts	8		

As per our Report attached.

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

A. Datta
Partner
Membership No. 5634

Centre Point
21, Old Court House Street
Kolkata – 700 001
Dated : 26th April, 2010

Chandra Shekhar Nopany
Managing Director

Nandini Nopany
Chairperson

Profit and Loss Account For the year ended 31st March, 2010

(Amount in Rupees)

Schedule	2009-10	2008-09
INCOME :		
Dividend	10,777,438	6,802,416
Interest on Loans (Tax deducted at source Rs. 1,80,264; previous year Rs. 7,47,781)	1,802,639	3,300,001
Land Rent	14	14
Profit on Sale of Investments	5,760,891	-
	18,340,982	10,102,431
EXPENDITURE:		
Directors' Fees	4,600	5,000
Other Expenses	7 88,448	85,459
	93,048	90,459
Profit before Taxation & Extra-ordinary Items	18,247,934	10,011,972
Less : Extraordinary items	-	100,310
Profit before Taxation	18,247,934	9,911,662
Less : Provision for taxation (after adjusting excess provision in respect of an earlier year Rs. 3,551 (net) written back)	1,171,449	1,028,033
Profit after Taxation	17,076,485	8,883,629
Add: Balance brought forward from last year	87,664,655	80,581,026
Profit available for appropriation	104,741,140	89,464,655
APPROPRIATIONS :		
Transfer to Reserve Fund	3,420,000	1,800,000
Balance carried to Balance Sheet	101,321,140	87,664,655
	104,741,140	89,464,655
Accounting Policies and Notes on Accounts	8	

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

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

A. Datta
Partner
Membership No. 5634

Chandra Shekhar Nopany
Managing Director

Nandini Nopany
Chairperson

Centre Point
21, Old Court House Street
Kolkata – 700 001
Dated : 26th April, 2010

Schedules to the Balance Sheet

(Amount in Rupees)

	31st March, 2010	31st March, 2009
SCHEDULE 1 SHARE CAPITAL		
Authorised		
16,70,00,000 Ordinary Shares of Re.1 each	167,000,000	167,000,000
3,00,000 Preference Shares of Rs.10 each	3,000,000	3,000,000
	170,000,000	170,000,000
Issued:		
16,37,25,000 Ordinary Shares of Re.1 each	163,725,000	163,725,000
	163,725,000	163,725,000
Subscribed & Paid-up:		
16,36,24,995 Ordinary Shares of Re.1 each fully paid up	163,624,995	163,624,995
	163,624,995	163,624,995

Notes:

- 1) Out of 16,36,24,995 Ordinary Shares 7,20,000 Shares have been allotted as fully paid Bonus Shares by capitalisation of General Reserve.
- 2) The entire Subscribed Ordinary Share Capital is held by Upper Ganges Sugar & Industries Ltd., the holding company.

SCHEDULE 2 RESERVES & SURPLUS

Share Premium Account		
As per last Account	10,750,000	10,750,000
Reserve Fund		
As per last Account	32,000,000	30,200,000
Add : Transfer from Profit & Loss Account	3,420,000	1,800,000
	35,420,000	32,000,000
General Reserve		
As per last Account	28,000,000	28,000,000
Capital Redemption Reserve		
As per last Account	3,000,000	3,000,000
Surplus as per Profit & Loss Account	101,321,140	87,664,655
	178,491,140	161,414,655

Schedules to the Balance Sheet

(Amount in Rupees)				
	No. of Shares	Face Value (Rs.)	31st March, 2010	31st March, 2009
SCHEDULE 3 INVESTMENTS (AT COST)				
QUOTED				
Equity Shares (Fully Paid)				
Chambal Fertilisers & Chemicals Ltd.	12,62,635	10	27,911,525	27,911,525
The Oudh Sugar Mills Ltd.	3,326,901	10	172,489,373	116,039,399
	(2395014)			
Haryana Oxygen Ltd.	5,000	10	50,000	50,000
New India Retailing & Investment Ltd.	83,073	10	6,360,619	6,360,619
SIL Investments Ltd.	20,19,339	10	47,835,629	47,835,629
Sutlej Textiles & Industries Ltd.	20,27,798	10	59,389,117	59,389,117
Manbhawani Investment Ltd.	73,500	10	225,296	225,296
Manavta Holdings Ltd.	73,500	10	225,296	225,296
Gobind Sugar Mills Ltd.	-	10	-	10,200,000
	(320000)			
			314,486,855	268,236,881
UNQUOTED:				
Equity Shares (Fully Paid)				
Taparia Ltd.	3,500	10	40,105	40,105
Shree Vihar Properties Ltd.	2,24,307	10	1,973,070	1,973,070
Modern Diagen Services Ltd.	13,196	10	131,960	131,960
Moon Corporation Ltd.	2,874	5	39,287	39,287
India Educational & Research Institutions Pvt. Ltd.	4,900	10	49,000	49,000
Leas Communications Ltd. (value written off)	21,000	10	-	-
Chandausi Rice Mills Ltd. (value written off)	1,000	10	-	-
Maruti Ltd. (In liquidation - value written off)	40,000	10	-	-
APV Texmaco Ltd. (In liquidation - value written off)	20,400	10	-	-
			2,233,422	2,233,422
Equity Shares (Partly Paid)				
Modern Diagen Services Ltd. (Rs. 2 paid-up per share)	13,06,404	10	2,612,808	2,612,808
8% Cumulative Redeemable Preference Shares				
New India Retailing & Investment Ltd.	1,00,000	100	10,000,000	10,000,000
			329,333,085	283,083,111
Aggregate Book Value of Quoted Investments			314,486,855	268,236,881
Aggregate Book Value of Unquoted Investments			14,846,230	14,846,230
			329,333,085	283,083,111
Market Value of Quoted Investments			634,578,318	310,693,529

Schedules to the Balance Sheet

(Amount in Rupees)		
	31st March, 2010	31st March, 2009
SCHEDULE 4 CURRENT ASSETS		
Cash & Bank Balances		
With Scheduled Banks on Current Accounts	57,975	48,144
	57,975	48,144

(Amount in Rupees)		
	31st March, 2010	31st March, 2009
SCHEDULE 5 LOANS & ADVANCES		
(Unsecured, Considered good)		
Loans:		
Loan to Upper Ganges Sugar & Industries Ltd., the holding company (not bearing interest)	11,200,000	9,800,000
To a body corporate	-	30,000,000
Advance payment of Income-tax & tax deducted at source	1,206,014	1,010,068
Interest Receivable	-	629,315
	12,406,014	41,439,383

(Amount in Rupees)		
	31st March, 2010	31st March, 2009
SCHEDULE 6 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors for Expenses	6,011	6,060
	6,011	6,060
Provisions :		
For Taxation	1,175,000	1,025,000
	1,175,000	1,025,000

Schedules to the Profit and Loss Account

(Amount in Rupees)		
	2009-2010	2008-2009
SCHEDULE 7 OTHER EXPENSES		
Rates & Taxes	7,450	7,300
Service Charges	55,150	49,439
General Charges	15,921	19,168
Auditors Remuneration :		
As Audit Fees	6,000	6,000
For Certificates etc.	3,927	3,552
	88,448	85,459

Schedules forming part of the Accounts

SCHEDULE 8 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. **Accounting Policies :**
 - (a) **Fixed Assets :**
Fixed Assets are stated at cost
 - (b) **Recognition of Income and Expenditure :**
Income and Expenditure are recognised on accrual basis.
 - (c) **Investments :**
Long Term Investments are considered at cost on individual basis, unless there is permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of Investments.
2. No provision has been made in respect of diminution in the value of certain quoted investments aggregating Rs. 4,10,02,523 as the same, in the opinion of management, is not permanent in nature. However, there is no diminution in the overall market value of the quoted investments.
3. The Company has given undertakings to financial institutions/banks not to transfer, assign, pledge, charge or create any lien or otherwise dispose of its shareholdings in Sutej Textiles & Industries Ltd, without their prior approval in writing till the financial assistance provided by them to the said companies remain outstanding.
4. The Company has given an undertaking to Darbhanga Mansion Co-operative Housing Society Ltd. not to transfer, create any charge, pledge or encumbrance or otherwise dispose of its shareholding in Manavta Holdings Ltd. without their written consent.

Signatories to Schedules 1 to 8

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

A. Datta
Partner
Membership No. 5634

Centre Point
21, Old Court House Street
Kolkata – 700 001
Dated : 26th April, 2010

Chandra Shekhar Nopany
Managing Director

Nandini Nopany
Chairperson

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. U51109WB1951PLC019450
Balance Sheet Date 3 1 0 3 2 0 1 0 State Code 2 1

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

Public Issue NIL Rights Issue NIL
Bonus Issue NIL Private Placement NIL

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

Total Liabilities 3 4 2 1 1 6 Total Assets 3 4 2 1 1 6

Sources of Funds

Paid-up Capital 1 6 3 6 2 5 Secured Loans NIL
Reserves & Surplus 1 7 8 4 9 1 Unsecured Loans NIL

Application of Funds

Net Fixed Assets 1 5 0 0 Investments 3 2 9 3 3 3
Net Current Assets 1 1 2 8 3 Miscellaneous Expenditure NIL
Accumulated Losses NIL

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

Turnover 1 8 3 4 1 Total Expenditure 9 3
Profit before Tax 1 8 2 4 8 Profit after Tax 1 7 0 7 6
Earning Per Share (Rs.) 0 . 1 0 Dividend Rate NIL

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

Item Code No. (ITC Code) }
Product Description } Not Applicable since the Company is an Investment Company.

Chandra Shekhar Nopany
Managing Director

Nandini Nopany
Chairperson

Schedule to the Balance Sheet of a Non-Banking Financial Company

Notes

(As required in terms of paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

Particulars	(Rs. in lakhs)	
	Amount outstanding	Amount overdue
	As on 31.03.2010	As on 31.03.2010
Liabilities Side		
1. Loans and Advances availed by the NBFC'S inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	Nil	Nil
Unsecured	Nil	Nil
(Other than falling within the meaning of Public Deposits)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-Corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans (specify nature)	Nil	Nil
Assets Side: Amount outstanding		
2. Break-up of Loans and Advances including Bills receivables (other than those included in (4) below)		
(a) Secured		Nil
(b) Unsecured		112.00
3. Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities		
i) Lease Assets including lease rentals under sundry debtors :		
(a) Financial Lease		Nil
(b) Operating Lease		Nil
ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on Hire		Nil
(b) Repossessed Assets		Nil
iii) Other Loans counting towards AFC activities :		
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil
4) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil
2. Unquoted :		
(i) Shares :		
(a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of Mutual Funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil

	(Rs. in lakhs)
Particulars	Amount outstanding
Long Term Investments:	
1. Quoted :	
(i) Shares :	
(a) Equity	3144.87
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted	
(i) Shares :	
(a) Equity	48.46
(b) Preference	100.00
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

5. Borrower group-wise classification of Assets, financed as in (2) and (3) above :			
Category	(Rs. in lakhs)		
	Amount (net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	112.00	112.00
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil
Total	Nil	112.00	112.00

6. Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted) :			
Category	Market Value/ Break-up or Fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties			
(a) Subsidiaries	Nil		Nil
(b) Companies in the same group	Nil		Nil
(c) Other related parties	Nil		Nil
2. Other than related parties	6483.72		3293.33
Total :	6483.72		3293.33

7. Other Information	
Particulars	Amount
i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
iii) Assets acquired in satisfaction of debt	Nil

Chandra Shekhar Nopany
Managing Director

Nandini Nopany
Chairperson



www.birla-sugar.com