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# Future ahead



Dr. K. K. Birla, *Chairman Emeritus*



Smt. Nandini Nopany, *Chairperson cum Mg. Director*

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# Corporate Information

## Chairman Emeritus

Dr. K.K. Birla

## Board of Directors

Smt. Nandini Nopany - *Chairperson cum Mg. Director*

Shri C.S. Nopany

Shri R.K. Choudhury

Shri G.K. Bhagat

Lt. Gen. K. Chiman Singh (Retd.)

Shri Gaurav Swarup

Shri Supriya Gupta

Shri Sunil Kanoria

Shri I.P. Singh Roy

Shri P.K. Lakhotia

## Committees of Directors

### Finance & Corporate Affairs Committee

Smt. Nandini Nopany

Shri C.S. Nopany

Shri G.K. Bhagat

Lt. Gen. K. Chiman Singh (Retd.)

### Audit Committee

Lt. Gen. K. Chiman Singh (Retd.)

Shri R.K. Choudhury

Shri G.K. Bhagat

Shri Supriya Gupta

### Investors' Grievance Committee

Shri G.K. Bhagat

Shri C.S. Nopany

Shri I. P. Singh Roy

### Remuneration Committee

Shri I.P. Singh Roy

Shri G.K. Bhagat

Shri Gaurav Swarup

## Executives

Shri C.B. Patodia - Advisor

Shri S.K. Poddar - Secretary

Shri B.K. Malpani, Executive President (Seohara)

Shri B.K. Sureka, Executive President (Sidhwalia)

Shri R.K. Gupta, Executive Vice-President (Hasanpur)

Shri 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

Industrial Development Bank of India Ltd.

ICICI Bank Ltd.

AXIS Bank Ltd.

## Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.

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

Telephone : 91-033-2289 0540

Fax : 91-033-2289 0539

e-mail : [kolkata@intimespectrum.com](mailto:kolkata@intimespectrum.com)

## Registered Office

P.O. Seohara, Dist. Bijnor (U.P.)

Pin Code : 246 746

## Corporate & Head Office

9/1, R.N. Mukherjee Road, Kolkata - 700 001

Telephone : 91-033-2243 0497/8

Fax : 91-033-2248 6369

e-mail : [birlasugar@birla-sugar.com](mailto:birlasugar@birla-sugar.com)

Website : [www.birla-sugar.com/upperganges](http://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.)

## Tea Garden

Cinnatollah Tea Garden

Lakhimpur North (Assam)

# About the Company

## Parentage

We are a part of the renowned K.K. Birla Group of Companies with diversified interests in industries such as fertilisers, chemicals, heavy engineering, textiles, shipping and the media.

## Presence

- ▲ Headquartered in Kolkata
- ▲ Three sugar mills – in Seohara in Bijnor district of Uttar Pradesh, Sidhwalia in Gopalganj district of Bihar, and Hasanpur district Samastipur of Bihar

▲ A bio-compost plant in Shyamabad near Seohara, Uttar Pradesh

▲ A tea garden in North Lakhimpur, Assam

▲ Shares listed on the Bombay Stock Exchange, National Stock Exchange and the Calcutta Stock Exchange.

## Products

We manufacture sugar, industrial alcohol and ethanol – an eco-friendly fuel, and organic fertilisers – marketed under the brand name of Uttam Jaivik Khad, and tea.

## Philosophy

▲ To satisfy the expectations of customers, employees, financiers and of the society at large.

▲ To maximise shareholders' wealth through value addition by integration and expansion.

▲ To uphold and nurture the principles of good Corporate Governance through transparency, empowerment, accountability, independent monitoring and environment consciousness.

## Values

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



# Performance at a Glance

(Rs. in lakh)

	2002-03	2003-04	2004-05	2005-06	2006-07
Gross Turnover	31148.74	28852.26	37938.50	44330.68	35225.82
Operating Profit / (Loss)	1693.04	5882.50	7980.12	7049.81	(1921.80)
Interest & Finance Charges (net)	1990.50	2272.50	1978.29	1381.52	1228.18
Depreciation	775.01	834.88	858.42	936.40	1098.32
Profit/(Loss) before Tax	(1072.47)	2775.12	1915.00	4731.89	(4248.30)
Profit/(Loss) after Tax	(717.19)	1681.40	1369.44	2862.29	(2826.13)
Net Worth	5508.21	6977.68	7950.85	10088.18	13923.62
Net Worth per equity share (Rs.)	78.92	99.98	113.92	144.03	120.47
Dividend per equity share (Rs.)	–	3.00	4.00	5.00	–
Earning per equity share (Rs.)	–	24.09	19.57	40.86	(25.15)
Cane Crushed (Season) (In lakh Qtls.)	194.43	166.31	169.16	186.60	241.40



# Directors' Report

To

*Dear members*

Your Directors take pleasure in presenting their report and the audited accounts of the Company for the year ended 30th June, 2007.

## Financial results

(Rs. in lakh)

	2006 - 07		2005 - 06	
Gross sales		35225.82		44330.68
Gross profit/loss before depreciation		(3149.98)		5668.29
To which is added/deducted :				
Balance brought forward from the previous year	1019.23		815.85	
Income tax provision no longer required written-back	82.50		--	
Deferred tax assets/liability	1395.29		(1381.45)	
Transfer from general reserve	1900.00	4397.02	--	(565.60)
Leaving a balance of		1247.04		5102.69
Out of this provisions have been made for :				
Depreciation	1098.32		936.40	
Taxation (net)	36.46		473.65	
Fringe benefit tax	19.16	1153.94	14.50	1424.55
Balance available for appropriation		93.10		3678.14
Appropriations :				
Proposed dividend	--		577.86	
Dividend tax	--		81.05	
Transfer to general reserve	--		2000.00	2658.91
Balance carried to balance sheet		93.10		1019.23



## Financial performance

The financial performance of the Company for the year under review has been severely affected primarily due to two factors. Firstly, a record bumper production that far outstripped the demand for sugar, saw a steep fall in prices. Secondly, the state governments fixed high and uneconomic prices of sugarcane. Both these factors have resulted in huge losses for the sugar industry. A detailed analysis of the Company's operations, future expectations and business environment has been given in the Management Discussion & Analysis Report, which is attached as a separate annexure and forms a part of this report.

## Dividend

In view of losses, the Directors do not recommend any dividend for the year.

## Capital projects

During the year under review, your Company has successfully completed installation of a 24-MW Co-generation plant at Seohara. Capacity of distillery at Seohara has been enhanced from 55 kilo litres per day (klpd) to 100 klpd.

The expansion of crushing capacity of

Hasanpur Sugar Mills, Samastipur (Bihar), a unit of your Company, from 1750 tonnes crushing daily (TCD) to 5000 TCD at a capital outlay of about Rs. 130 crores, is progressing satisfactorily.

The project for expansion of crushing capacity of Bharat Sugar Mills, Sidhwalia (Bihar) a unit of your Company, from 2500 TCD to 5000 TCD with a sulphur-free sugar refinery and a Co-generation plant of 18 MW at a capital outlay of about Rs.125 crores is in progress and it is expected to be completed during the current fiscal.

## Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, the report on Corporate Governance, Auditors' Certificate on compliance of conditions of Corporate Governance, declaration of Managing Director and the Management Discussion & Analysis Report, are attached and form part of this report.

## Directors

Shri Bhaskar Mitter, Non-Executive Director of your Company, stepped down from the Board with effect from 23rd February, 2007. Shri Mitter,

appointed as a Director of your Company in the year 1973, contributed immensely towards the growth and development of the Company. Your Directors place on record their appreciation of the valuable advice and guidance given by him during his tenure as a Director of the Company.

Shri C.S. Nopany, Lt. Gen. K. Chiman Singh (Retd.) and Shri Supriya Gupta retire from the Board by rotation and are eligible for re-appointment.

## Directors' responsibility statement

Your Directors confirm that -

i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) such accounting policies have been selected and applied consistently and judgments and estimates made 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 losses of the Company for that year;

- iii) proper and sufficient care has been 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;
- iv) the annual accounts have been prepared on a 'going concern' basis.

### Auditors

The notes on accounts appearing on Schedule and referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments and explanations.

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

In accordance with the directives of the Central Government under Section 233B of the Companies Act, 1956, Shri S.N. Mukherjee, Cost Accountant, has been appointed as Cost Auditor to audit the cost accounting records relating to sugar and industrial alcohol units situated at Seohara and the sugar unit at Sidhwalia and M/s. D. Radhakrishnan & Co., Cost Accountants, have been appointed as Cost Auditor for sugar unit at Hasanpur for the current year.

### Subsidiary company

The audited accounts of Uttar Pradesh Trading Company Ltd., a subsidiary of the Company, for the year ended 31st March, 2007, are attached as required under Section 212 of the Companies Act, 1956.

### Consolidated financial statements

As required under the Listing Agreements with the stock exchanges, consolidated financial statements conforming to the Accounting Standard 21 issued by the Institute of Chartered Accountants of India are attached.

### Particulars of employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is attached as a separate annexure and forms a part of this report.

### Energy conservation, technology absorption and foreign exchange earnings and outgo

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 a separate annexure and forms a part of this report.

### Acknowledgements

Your Directors take this opportunity of recording their appreciation of the financial institutions and bankers 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 place on record their appreciation of the valuable contribution made by the employees at all levels.

For and on behalf of the Board

**Nandini Nopany**

*Chairperson-cum-Mg. Director*

London,  
26th September, 2007





Annexure to

# Directors' Report

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, 2007.

## I. Conservation of energy:

- |  |   |  |
|--|---|--|
| <p>a) Installation of various machineries and equipments to increase generation of steam as well as to reduce consumption of steam.</p> <p>b) The Company has installed new fuel-efficient higher capacity boilers to save fuel consumption. One new turbine of 24 MW has also been installed to increase efficiency in power generation with lower steam consumption.</p> <p>c) Vapour-line juice heaters have been installed for waste heat recovery.</p> <p>d) Continuous pans have been installed for reducing steam consumption.</p> <p>e) Thyrester drive AC motors have been installed on centrifugal machines for energy saving.</p> | <p>f) Installation of high-efficiency injection and spray pumps for reducing energy consumption.</p> <p>g) Installation of steam traps at various steam-line drains for saving steam energy.</p> <p>h) Installation of water recycling pumps for conservation of water resources as well as energy saving. Due to this total number of tubewells in operation has reduced.</p> <p>i) Installation of two numbers fast-boiling low-head calandria pan which has reduced boiling time as well as saving in fuel energy.</p> <p>j) Installation of one number vapour cell to enhance boiling process with steam economy as well indirectly helping crushing speed.</p> | <p>k) Installation of pan-feed auto control for steam economy.</p> <p>l) Automation in injection water control for pans installed for energy saving.</p> <p>m) Complete combustion-control automation being introduced in three boilers for fuel saving.</p> <p>n) The Company has introduced latest PLC-based injection water control system, sensing vacuum of pans or evaporators. This device saves more power than conventional system.</p> <p>o) Installation of high-efficiency hot water lifting pumps for cooling tower for power saving.</p> <p>p) The Company has installed new bio-gas digester and 25-TPH boiler at its distillery for saving in fuel energy.</p> |
|--|---|--|

The required data with regard to conservation of energy is furnished below:

**(A) Power and fuel consumption :**

	Current year		Previous year	
	Sugar	Tea	Sugar	Tea
<b>1. Electricity:</b>				
a) Purchased :				
Units (in lakh)	—	5.13	—	5.39
Total amount (Rs. in lakh)	—	33.74	—	34.49
Rate/unit (Rs.)	—	6.57	—	6.41
b) Own generation:				
i) Through diesel generator :				
Units (in lakh)	23.78	4.33	24.71	3.96
Units per litre of diesel oil	2.90	2.88	2.91	2.71
Cost/unit (Rs.)	11.42	11.45	10.35	10.30
ii) Through steam turbine/generator :				
Units (in lakh)	503.47	—	419.47	—
Units per litre of fuel oil/gas	Not ascertainable as the bagasse which			
Cost/unit (Rs.)	is a by-product is being used as fuel			
<b>2. Coal:</b>				
Quantity (Tonnes)	111.96	797.00	121.81	925.00
Total cost (Rs. in lakh)	6.51	29.38	7.02	30.38
Average rate (Rs.)	5814.33	3686.68	5760.83	3284.57
<b>3. Furnace oil: (T.D. oil for dryers)</b>				
Quantity (Litres in lakh)	—	0.77	—	0.27
Total amount (Rs. in lakh)	—	20.02	—	5.59
Average rate (Rs.)	—	26.19	—	20.78
<b>4. Others/internal generation</b>	—	—	—	—
<b>B) Consumption per unit of production :</b>	No standard has been fixed			
Products (Sugar in lakh qtls. and tea in lakh kgs.)	23.19	11.90	17.72	10.91
Electricity	22.73	0.79	25.07	0.86
Furnace Oil	—	0.06	—	0.02
Coal (in kg.)	—	0.67	—	0.85
Others (specify)	—	—	—	—