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Upper Ganges Sugar & Industries Limited

Annual Report, 2011-12

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Corporate Information

BOARD OF DIRECTORS

Mrs. Nandini Nopany - Chairperson cum
Managing Director

Mr. Chandra Shekhar Nopany

Mr. Ram Kishore Choudhury

Mr. Gopal Krishna Bhagat

Mr. Gaurav Swarup

Mr. Sunil Kanoria

Mr. Ishwari Prosad Singh Roy

Mr. Padam Kumar Khaitan

Mr. Pradeep Kumar Singhi

Mr. Bal Kishore Malpani

Mr. Dilip Kumar Mandal,

Nominee of IDBI Bank Limited

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

Mrs. Nandini Nopany - Chairperson

Mr. Chandra Shekhar Nopany

Mr. Gopal Krishna Bhagat

Audit Committee

Mr. Ishwari Prosad Singh Roy- Chairman

Mr. Ram Kishore Choudhury

Mr. Pradeep Kumar Singhi

Mr. Bal Kishore Malpani

Investors' Grievance Committee

Mr. Gopal Krishna Bhagat - Chairman

Mr. Ishwari Prosad Singh Roy

Mr. Chandra Shekhar Nopany

Remuneration Committee

Mr. Ishwari Prosad Singh Roy- Chairman

Mr. Gopal Krishna Bhagat

Mr. Gaurav Swarup

Risk Committee

Mr. Gaurav Swarup- Chairman

Mr. Sunil Kanoria

EXECUTIVES

Mr. Chand Bihari Patodia - Advisor

Mr. Santosh Kumar Poddar – Company Secretary

Mr. S K Maheshwari - Chief Financial Officer

Mr. Sukhvir Singh - Executive President (Seohara)

Mr. B.K. Sureka - Executive President (Sidhwalia)

Mr. Birinder Singh - Executive President (Hasanpur)

Mr. S.S. Binani - Executive Vice-President (Tea Garden)

AUDITORS

S.R. Batliboi & Co.

Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co.

BANKERS

State Bank of India

Punjab National Bank

IDBI Bank Ltd.

ICICI Bank Ltd.

Axis Bank Ltd.

Yes Bank Ltd.

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.

59C, Chowringhee Road, 3rd Floor

Kolkata -700 020

Telephone : 91-033-2289 0540

Fax : 91-033-2289 0539

e-mail : kolkata@linkintime.co.in

REGISTERED OFFICE

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

Pin Code : 246 746

CORPORATE & HEAD OFFICE

9/1, R.N. Mukherjee Road,

Kolkata - 700 001

Telephone. 91-033-2243 0497/8

Fax : 91-033-2248 6369

e-mail : birlasugar@birla-sugar.com

Website : www.birla-sugar.com

SUGAR MILLS

1. Seohara, Dist. Bijnor (U.P.) - 246746

2. Sidhwalia, Dist. Gopalganj (Bihar) - 841428

3. Hasanpur, Dist. Samastipur (Bihar) - 848205

DISTILLERY

Seohara, Dist. Bijnor (U.P.)

CO-GENERATION

Co-generation Plant, Seohara

Co-generation Plant, Sidhwalia

TEA GARDEN

Cinnatollah Tea Garden

North Lakhimpur (Assam)

Financial highlights - 2011-12

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

* Figures have been regrouped.

Sub: Green initiative in Corporate Communication- Electronic Mode of service of documents

The Ministry of Corporate Affairs, Government of India, has by Circular No. 17/2011 dated 21st April, 2011 and another dated 18/2011 dated 29th April, 2011 clarified that a Company will have complied with the provisions of the Companies Act, 1956 if it has made service of notices(s)/documents to its shareholders through electronic mode i.e. by email. As a strong supporter of green initiatives and as a responsible corporate citizen, your Company vehemently supports the said clarification. We are sure, that as a responsible shareholder, you too will support this initiative and get yourselves registered for getting all corporate communications in electronic form from the Company. By registering yourself with the Company for e-communication, you will be able to receive such notice(s)/document(s), etc., promptly and without there being a chance of loss of the same in postal transit.

It is therefore proposed that henceforth documents including Notices of Meetings, Annual Reports, Directors' Report, Auditors' Report and other shareholder communications will be sent electronically to the e-mail id provided by you and made

available with the Company by the Depositories through NSDL/CDSL. As and when there are changes in your email ids, you are requested to keep your Depository Participants (DPs) informed of the same.

For shares held in physical form, shareholders can either register their e mail ids with the Company at birlasugar@birla-sugar.com mentioning their name(s) and folio no. or return the attached E-communication Registration Form as enclosed with this Annual Report duly filled in to the Company's Registrar & Share Transfer Agent M/s Link Intime India Private Limited at their address at:

M/s Link Intime India Private Limited
59C, Chowringhee Road, 3rd Floor
Kolkata – 700 020.

May it also be noted that should you still wish to get a hard copy of the above documents, the Company will send the same, free of cost, upon receipt of a request from you.



UPPER GANGES SUGAR & INDUSTRIES LIMITED

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

NOTICE

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

ORDINARY BUSINESS:

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

"RESOLVED THAT Mr. Gopal Krishna Bhagat, a Director liable to retire by rotation, who does not offer himself for reappointment, be not reappointed as a Director of the Company and the vacancy, so caused on the Board of the Company, be not filled up."

5. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:-

"RESOLVED THAT Messrs S. R. Batliboi & Co., Chartered Accountants, 22, Camac Street, Kolkata having Firm Registration No. 301003E be and are hereby reappointed as Statutory Auditors of the Company to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the Company on such remuneration and other terms of engagement as would be fixed by the Board of Directors."

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Padam Kumar Khaitan who was appointed as an Additional Director with effect from 30th January, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Pradeep Kumar Singhi who was appointed as an Additional Director with effect from 30th April, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

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

By Order of the Board

Place: Kolkata

Dated: 13th August, 2012

S.K. Poddar

Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.
2. The Register of the Members of the Company will remain closed from 24th November, 2012 (Saturday) to 29th November, 2012 (Thursday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 29th November, 2012 in terms of this Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 82 of the Articles of Association of the Company, Mr. Gopal Krishna Bhagat, Mr. Ram Kishore Choudhury and Mr. Sunil Kanoria, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. However, Mr. Gopal Krishna Bhagat would not like to be re-elected at the Meeting. A brief resume of Mr. Ram Kishore Choudhury and Mr. Sunil Kanoria, nature of their expertise in specific functional areas, names of other companies in which they hold Directorship and Membership/ Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the stock exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends their reappointments.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are requested to notify the change in their addresses, if any, to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
8. Members are also requested to notify their email addresses, if any, to the Company/Registrar and Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No. 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
9. In all correspondence with the Company/Registrar & Share Transfer Agent the members are requested to quote their accounts/folio numbers and in case their shares are held in the dematerialised form their Client ID Number and DP ID Number.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed/unpaid dividends till the financial year up to and including 30th June, 2004 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial years 2005-06 and 2006-07 and all subsequent years may make their claim to the Company/Registrar and Share Transfer Agent. Once the

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

11. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the government can be obtained for the purpose from the Company/Registrar & Share Transfer Agent. The said Form 2B can also be downloaded from the Company's website.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.
13. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and The Calcutta Stock Exchange Limited and the

listing fees for the year upto and including the year 2012-13 have been paid to the respective stock exchanges.

14. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on National Stock Exchange of India Limited, Bombay Stock Exchange Limited and The Calcutta Stock Exchange Limited. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in physical form converted into dematerialised form to have a better liquidity of their shareholding.
15. The Statement of Profit and Loss for the financial year ended 30th June, 2012, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet and circulated to the Members of the Company along with this Notice are also available in physical form for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on all working days up to this AGM.
16. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 30th June, 2012 may visit the Company's website www.birla-sugar.com or send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

Place: Kolkata

Dated: 13th August, 2012

S.K. Poddar

Company Secretary

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

Item No.6

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

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

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

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

Item No. 7

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

Pursuant to Section 260 of the Companies Act, 1956, Mr. Singhi holds office up to the date of the ensuing Annual General Meeting. In this regard, the Company has received a request in

writing from a member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

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

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

Item No. 8

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

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

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

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

By Order of the Board

Place: Kolkata

S.K. Poddar

Dated: 13th August, 2012

Company Secretary

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

Values

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

Philosophy

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

Parentage

- Established in 1932, Upper Ganges Sugar & Industries Limited (UGSIL) is a part of the renowned KK Birla Group of Companies. The Group has diverse

business interests in chemicals, heavy engineering, textiles, shipping and media, among others.

- From a modest beginning in 1932, UGSIL has grown to become one of the pioneers in the sugar industry. It is one of the largest and rapidly growing companies in the sugar industry.

Promoters

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

Presence

- Headquartered in Kolkata, India
- Sugar mills in Seohara (Bijnor district, Uttar Pradesh), Sidhwalia (Gopalganj district, Bihar) and Hasanpur (Samastipur district, Bihar)

- Distillery (ethanol production capacity 100 KLPD) and a cogeneration plant (24 MW) at Seohara and another 18 MW cogeneration plant at Sidhwalia
- Bio-compost plant at Shyamabad near Seohara (Uttar Pradesh)
- Tea garden in Cinnatoliah (North Lakhimpur, Assam)

Products

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

Quality

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

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

CHAIRPERSON'S REVIEW

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



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

The financial year of 2011-12 was yet another challenging one for India's sugar industry. It is an irony that the performance of North India's sugar industry remained under pressure on account of a higher sugarcane price of ₹ 240 per quintal that sugar mills in U.P. were required to pay to the farmers as advised by the State Government, compared with ₹ 205 per quintal in the

previous year. If this was not enough, sugar realisations stayed range-bound between ₹ 28 and ₹ 30 per kg through the better part of 2011-12. Keeping this reality in mind – a higher raw material cost and subdued realisations – one was reasonably satisfied with the performance of Upper Ganges Sugar during the year under review. The Company reported a turnover of

₹ 73,716.30 lacs for the year ended 30th June 2012 as against ₹ 66,298.64 lacs in the previous year; profit/(loss) after tax was ₹ 2,324.96 lacs in 2011-12 as against ₹ 1,220.28 lacs in the previous period. The management successfully arrested the decline in performance through a better handling of factors within its control, resulting in a better output, superior coverage of costs