

UPPER GANGES SUGAR & INDUSTRIES LIMITED

Building

for the long term

12/13 ANNUAL REPORT



Forward Looking Statement

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs Nandini Nopany - Chairperson-cum-Managing Director
Mr Chandra Shekhar Nopany
Mr Gaurav Swarup
Mr Sunil Kanoria
Mr Ishwari Prosad Singh Roy
Mr Padam Kumar Khaitan
Mr Pradeep Kumar Singhi
Mr Bal Kishore Malpani
Mr Dilip Kumar Mandal,
Nominee of IDBI Bank Limited

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

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

Audit Committee

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

Investors' Grievance Committee

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

Remuneration Committee

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

Risk Committee

Mr Gaurav Swarup - Chairman
Mr Sunil Kanoria

EXECUTIVES

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

REGISTRAR AND SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

CORPORATE & HEAD OFFICE

Birla Building, 5th Floor
9/1, R.N. Mukherjee Road,
Kolkata - 700 001
Telephone : 91-033-2243 0497/8
Fax : 91-033-2248 6369
E-mail : birlasugar@birla-sugar.com
Website : www.birla-sugar.com

SUGAR MILLS

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

BANKERS

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

AUDITORS

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

ADVOCATES & SOLICITORS

Khaitan & Co. LLP

DISTILLERY

Seohara, Dist. Bijnor (U.P.)

CO-GENERATION

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

TEA GARDEN

Cinnatollah Tea Garden
North Lakhimpur (Assam)



UPPER GANGES SUGAR & INDUSTRIES LIMITED

Registered Office:

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

NOTICE

Notice is hereby given that the Eighty First Annual General Meeting of **UPPER GANGES SUGAR & INDUSTRIES LIMITED** will be held on Thursday, the 8th August, 2013 at 11.00 a.m. at the Registered Office of the Company at Sugar Mills Complex, P.O. Seohara, District Bijnor (U.P.), Pin - 246 746 to transact the following businesses:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the nine months period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Chandra Shekhar Nopany who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr Gaurav Swarup who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following Resolution which will be proposed as an Ordinary Resolution:-

"RESOLVED THAT Messrs S R Batliboi & Co. LLP, Chartered Accountants, 22, Camac Street, Kolkata having Firm Registration No. 301003E be and are hereby re-appointed as Statutory Auditors of the

Company to hold such office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to conduct the audit of the Company on such remuneration and other terms of engagement as would be fixed by the Board of Directors."

SPECIAL BUSINESS

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

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

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

By Order of the Board

Place: Kolkata,
Dated: 15th May, 2013

Santosh Kumar Poddar
Company Secretary

NOTES:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the meeting.**
2. The Register of the Members of the Company will remain closed from 1st August, 2013 (Thursday) to 8th August, 2013 (Thursday), both days inclusive, for the purpose of holding the Annual General Meeting (AGM) of the Company on 8th August, 2013 in terms of this Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 82 of the Articles of Association of the Company, Mr Chandra Shekhar Nopany and Mr Gaurav Swarup, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief resume of Mr Chandra Shekhar Nopany and Mr Gaurav Swarup, nature of their expertise in specific functional areas, names of other Companies in which they hold Directorship and Membership/Chairmanship of Board Committees and Shareholding, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends their re-appointments.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are requested to notify the change in their addresses, if any, to the Company/Registrar & Share Transfer Agent. Members holding shares in dematerialised form should send the above information to their Depository Participants.
8. Members are also requested to notify their email addresses, if any, to the Company/Registrar & Share Transfer Agent so that all correspondence can be sent to them electronically in view of Circular No 17/95/2011 CL-V dated 21st April, 2011 issued by Ministry of Corporate Affairs. Members willing to receive such correspondence physically free of cost should inform the Company.
9. In all correspondence with the Company/Registrar & Share Transfer Agent the Members are requested to quote their accounts/folio numbers and in case their shares are held in the dematerialised form their Client ID Number and DP ID Number.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend remaining unclaimed/unpaid for a period of seven years is required to be transferred to the Investor Education and Protection Fund of the Central Government (Fund). Accordingly, all unclaimed/unpaid dividends till the financial year up to and including 30th June, 2005 have since been transferred to the said fund. Members who have not encashed their dividend warrants so far for the financial years 2005-06 and 2008-09 may make their claim to the Company/Registrar and Share Transfer Agent. Once the unclaimed/unpaid dividend is transferred to the Fund no claim in this regard, shall lie as against the Fund or the Company. As per Ministry of Corporate Affairs' (MCA) Notification no G.S.R 352 (E) dated 10th May, 2012 the Company shall also file with MCA in the prescribed form the information pertaining to the names and addresses of all such shareholders who have not encashed up to the date of the forthcoming Annual General Meeting their dividend entitlements for the said two financial years within 90 days of the said meeting. Excel template containing the same said information shall also be uploaded on the Company's website www.birla-sugar.com as well as on MCA's website www.mca.gov.in within 14 days of the filing of the said form.
11. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders in respect of shares held by them in physical form. The Nomination Form 2B prescribed by the Government can be obtained for the purpose from the Company/Registrar & Share

Transfer Agent. The said Form 2B can also be downloaded from the Company's website.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their respective Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent
13. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited and the listing fees for the year upto and including the year 2013- 14 have been paid to the respective Stock Exchanges.
14. The Equity Shares of the Company are compulsorily tradable in the dematerialised form on National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited. Therefore, shareholders holding their shares in physical form are advised to have their holding of shares in

physical form converted into dematerialised form to have a better liquidity of their shareholding.

15. The Statement of Profit and Loss for the financial year ended 31st March, 2013, the Balance Sheet as at that date, the Auditors' Report, the Directors' Report and all other documents annexed or attached to the Balance Sheet and circulated to the Members of the Company along with this Notice are also available in physical/electronic form for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days up to this AGM.
16. Members who wish to obtain information on the Company or view the Accounts for the financial year ended 31st March, 2013 may visit the Company's website www.birla-sugar.com or send their queries at least 10 days in advance before the AGM to the Secretary of the Company.

By Order of the Board

Place: Kolkata,
Dated: 15th May, 2013

Santosh Kumar Poddar
Company Secretary

EXPLANATORY STATEMENT

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

Item No. 5

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

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

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

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

SUB: GREEN INITIATIVE IN CORPORATE COMMUNICATION- ELECTRONIC MODE OF SERVICE OF DOCUMENTS

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

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

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

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

FINANCIAL PERFORMANCE

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

* Figures have been regrouped

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

Not annualised

COMPANY AT A GLANCE

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

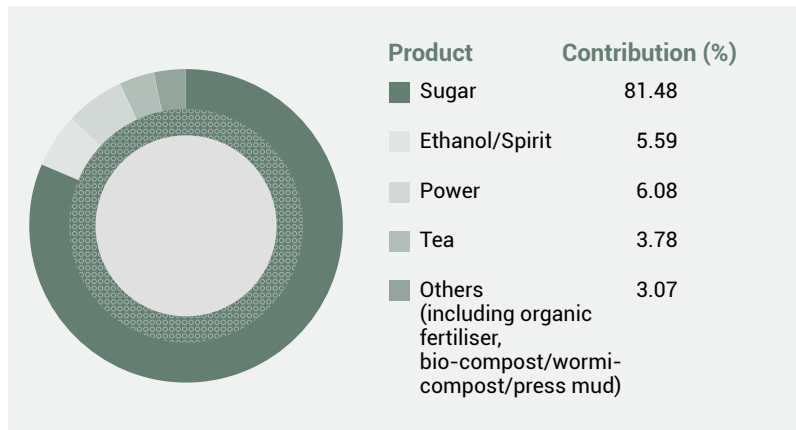
CORPORATE VALUES

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

SUSTAINABLE CORPORATE PHILOSOPHY

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

REVENUE BREAK-UP FOR 2012-13



PRODUCT BASKET

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

MANUFACTURING CAPACITIES

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

CHAIRPERSON'S STATEMENT



Dear Shareholders,

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

more realistic, fair and transparent system for both the cane growers as well as the sugar millers.

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

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