
SUSTAINING
TODAY.
GROWING
TOMORROW.



FORWARD LOOKING STATEMENT

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

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Corporate Information

BOARD OF DIRECTORS

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

COMMITTEES OF DIRECTORS

Finance & Corporate Affairs Committee

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

Audit Committee

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

Stakeholders' Relationship Committee

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

Nomination and Remuneration Committee

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

Risk Management Committee

Mr Gaurav Swarup – Chairman
 Mr Sunil Kanoria

EXECUTIVES

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

AUDITORS

S.R. Batliboi & Co. LLP
 Chartered Accountants

ADVOCATES & SOLICITORS

Khaitan & Co., LLP

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

CORPORATE & HEAD OFFICE

Birla Building, 5th Floor
 9/1, R.N. Mukherjee Road,
 Kolkata - 700 001
 Tel. No.: 91-033-2243 0497/8 , Fax No.: 91-033-2248 6369
 e-mail : birlasugar@birla-sugar.com
 Website : www.birla-sugar.com

SUGAR MILLS

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

DISTILLERY

Seohara, Dist. Bijnor (U.P.)

CO-GENERATION

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

TEA GARDEN

Cinnatollah Tea Garden
 North Lakhimpur (Assam)

Chairperson's Statement



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

Dear Shareholders,

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

SUGAR INDUSTRY SCENARIO

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

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

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

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

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

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

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

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

OUR PERFORMANCE

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

Some of the primary reasons for the operational loss were:

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

OUTLOOK

It is expected that there might be a marginal decline in sugar production and inventory levels, which might result in sugar prices to rise. In 2013, the ethanol market situation

improved, and the global volume of the ethanol production crossed the 72.5 mt mark.

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

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

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

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

Warm Regards,

Nandini Nopany
Chairperson

Directors' Report

To
The Members,

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

2. FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in lacs)

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

OPERATING PERFORMANCE

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

FINANCIAL PERFORMANCE 2013-14

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

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

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

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

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

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

9. The performance of the Industrial Alcohol division and the renewable Power divisions of the Company improved during the year due to better availability of molasses and bagasse. Supply of Ethanol to Oil Marketing Companies has helped to improve the profitability of Distillery.
10. The performance of Tea segment continued to be strong during the year under review due to better realisation.

RESEARCH & DEVELOPMENT

11. During the year under review the Company has undertaken Research & Development initiatives with an intention to improve the sugar recovery ratio and to educate the cane growers to cultivate improved variety of sugarcane and to otherwise improve the sucrose contents of their produce.

DIVIDEND

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

CORPORATE GOVERNANCE

13. Pursuant to Clause 49 of the Listing Agreement, Management Discussion & Analysis, Statement in respect of Conservation of Energy, the Report on Corporate Governance, Declaration of Whole-time Director on Code of Conduct and Auditors' Certificate on compliance of conditions of Corporate Governance form an integral part of this Report and are attached to this Report as Annexure "A", "B", "D", "E" and "F" respectively.

DIRECTORS

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

15. During the year under review the term of Mrs Nandini Nopany, as Managing Director expired of 30th September, 2013 and she continued to be a Non-Executive Director with effect from 1st October, 2013. The Board of Directors at their meeting held on 1st November, 2013 appointed Mrs Nopany as the Chairperson of the Company with effect from that date. Mrs Nandini Nopany retires from the Board by rotation and is eligible for re-appointment. Mr Bal Kishore Malpani, was appointed as the Whole-time Director of the Company for a period of three years with effect from 1st November, 2013, subject to the approval of the shareholders at the ensuing Annual General Meeting.
16. Pursuant to the provisions of Section 149 of the Companies Act, 2013 the Board of Directors at its meeting held on 15th May, 2014, designated Mr Ishwari Prosad Singh Roy, Mr Gaurav Swarup, Mr Sunil Kanoria, Mr Padam Kumar Khaitan and Mr Pradeep Kumar Singhi as Independent Directors and recommended to the shareholders for their appointment for a period of five consecutive years with effect from the date of the ensuing Annual General Meeting.
17. Other information on the Directors including the required particulars of Directors retiring by rotation and being reappointed are given in the Annexure to the Notice, under the head Information Pursuant to Clause 49 of the Listing Agreement.

COMMITTEES OF DIRECTORS

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

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

INTERNAL COMPLAINTS COMMITTEE (ICC)

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

20. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows:

- i. That in the preparation of the annual accounts for the for the financial year ended 31st March, 2014 all the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. That proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, in weighing the assurance provided by any such system of internal controls and in recognising its inherent limitations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit Committee meets at regular intervals to review the internal audit functions;

- iv. That the Directors had prepared the annual accounts on a 'going concern' basis.

AUDITORS' AUDIT QUALIFICATIONS AND BOARD'S EXPLANATIONS

21. The Auditors' Report is self-explanatory. However, the Auditors have made an observation regarding recognition of Deferred Tax Assets of ₹ 4,036.85 lacs (including ₹ 1,260.08 lacs for the year) up to 31st March, 2014. In view of partial decontrol of sugar industry as well as strengthening of market prices of Company's by products, the Company is certain that there would be sufficient profit to claim the above deferred tax credit.
22. The Auditors, Messrs S.R. Batliboi & Co. LLP, Chartered Accountants, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. According to the certificate submitted to the Company by the said firm of Auditors the said appointment, if made by the Shareholders, will be well within the limits prescribed under the Companies Act, 2013.
23. The Board, on the recommendation of the Audit Committee, proposed that Messrs S.R. Batliboi & Co. LLP, Chartered Accountants, be appointed as the Statutory Auditors of the Company for the period beginning the conclusion of the ensuing Annual General Meeting of the Company and ending on the conclusion of the Annual General Meeting to be held next thereafter.

COST AUDITORS

24. In accordance with the provisions of Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee, appointed Mr Som Nath Mukherjee, Cost Accountant, as the Cost Auditors of the Company for the financial year 2014-15. In terms of Section 148 of the Companies Act, 2013, read with the Rules thereof, the remuneration payable to the Cost Auditor for the year ending 31st March, 2015 is being placed for ratification by the shareholders at the ensuing Annual General Meeting.
25. Cost Audit Reports for all the applicable products for the nine months period ended 31st March, 2013 were filed on 27th September, 2013 with cost audit cell of Ministry of Corporate Affairs department within specified due dates.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

26. The Company has a wholly owned Indian Subsidiary viz., Uttar Pradesh Trading Company Limited. In compliance with General Circular No. 2/2011 of Government of India, Ministry of Corporate Affairs and the Board Resolution passed by the Board of Directors, the Company has opted to avail the exemption provided under Section 212(8) of the Companies Act, 1956 and accordingly the Audited statement of Accounts along with the report of the Board of Directors and Auditor relating to the Company's subsidiary is not annexed as required u/s 212(8) of the Companies Act, 1956. However, the Consolidated Financial Statements conforming to the Accounting Standard 21, 23 and 27 and including inter alia the financial performance of the said subsidiary forms an integral part of the annexed Audited statement of Accounts. A statement pursuant to Section 212 of the Companies Act, 1956 is attached.
27. The Annual Accounts of the subsidiary company will be available for inspection by any shareholder at the Registered Office of the Company and will also be available on the website www.birla-sugar.com. Furthermore, a hard copy of the detailed account of the subsidiary will be furnished to any shareholder on demand at any point of time.

PARTICULARS OF EMPLOYEES

28. Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 is attached as a separate Annexure "C" and forms an integral part of this Report.

TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

29. During the year under review, the Company has credited ₹ 2,75,600 lying in the unpaid / unclaimed dividend account, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 for the financial year 2005-06.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

30. Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1) (e) of the Companies Act, 1956 are attached as per Annexure "B" and form part of this Report.

FIXED DEPOSITS

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

CEO/CFO CERTIFICATION

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Nandini Nopany
Chairperson

Place : Kolkata
Dated : 15th May, 2014

Management Discussion and Analysis

ANNEXURE A

GLOBAL ECONOMY

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

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

Global growth (%)

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

(Source: International Monetary Fund, January, 2014)

INDIAN ECONOMY

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

GDP growth (%)

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

(Source: CRISIL, January and February, 2014)

3%

GROWTH
OF GLOBAL
ECONOMY
IN 2013