



Letter of Offer
dated June 14, 2006
For Equity Shareholders of the Company Only

UPPER GANGES SUGAR & INDUSTRIES LIMITED

(Incorporated on August 10, 1932 under the name and style of Upper Ganges Sugar Mills Limited under the Indian Companies Act VII of 1913. The name of the Company was subsequently changed to Upper Ganges Sugar & Industries Limited vide fresh certificate of Incorporation dated September 03, 1984 under the Indian Companies Act, 1956)

Registered Office: P.O. Seohara, Dist. Bijnor (U.P.) 246 746, India (shifted from 9/1, R.N. Mukherjee Road, Kolkata - 700 001, India since February 16, 2000.) Tel: (+91 1344) 252303 Fax: (+91 1344) 252321

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For private circulation to the Equity Shareholders of
Upper Ganges Sugar & Industries Limited (hereinafter referred to as "Company") only

LETTER OF OFFER

ISSUE OF 45,52,852 EQUITY SHARES OF Rs. 10/- EACH AT A PREMIUM OF RS. 140 PER SHARE AGGREGATING RS. 68,29,27,800 TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 13 EQUITY SHARES FOR EVERY 20 EQUITY SHARES HELD ON THE RECORD DATE i.e. JUNE 16, 2006. THE ISSUE PRICE IS 15 TIMES OF THE FACE VALUE OF THE EQUITY SHARES

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to "Risk Factors" on page vi before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE), The National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Association Limited (CSE). The Designated Stock Exchange for this Issue being BSE. The Company has received "in-principle" approvals from BSE, NSE and CSE for listing of the Equity Shares arising from this Issue vide letters dated May 22, 2006, May 25, 2006 and May 30, 2006 respectively.

LEAD MANAGER TO THE ISSUE

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REGISTRAR TO THE ISSUE



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ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSURES ON
JUNE 28, 2006 (WEDNESDAY)	JULY 12, 2006 (WEDNESDAY)	JULY 27, 2006 (THURSDAY)

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CHAPTER I: DEFINITIONS & ABBREVIATIONS
CONVENTIONAL/GENERAL TERMS AND ABBREVIATIONS

Act	The Companies Act 1956 and amendments thereto
Articles	Articles of Association of the Company
Auditors	S.R. Batliboi & Company Chartered Accountants 22 Camac Street Block 'C' 3rd Floor Kolkata 700 016
AGM	Annual General Meeting
Board or Board of Directors	Board of Directors of Upper Ganges Sugar & Industries Limited or a Committee thereof
BSE	Bombay Stock Exchange Limited
Capital or Share Capital	Share Capital of the Company
CDSL	Central Depository Services (India) Limited
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participant
ECS	Electronic Clearance System
Equity Share(s) or Share(s)	means the Equity Share of the Company having a face value of Rs. 10/-
Equity Shareholder	means an Equity Shareholder of Upper Ganges Sugar & Industries Limited
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act 1999
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws and rules
FY / Fiscal	Financial Year ending March 31 or June 30 as the case may be
Gol	Government of India
INR or Rs.	Indian Rupee
IT Act	The Income-Tax Act 1961 and amendments thereto
MD	Managing Director
Memorandum	Memorandum of Association of the Company
MoU	Memorandum of Understanding
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSE	The National Stock Exchange of India Limited
NSDL	National Securities Depository Limited



Upper or Issuer or the Company or we or our / us	Upper Ganges Sugar & Industries Limited
RBI	Reserve Bank of India
ROC	Registrar of Companies
SEBI	Securities and Exchange Board of India
SEBI Act1992	Securities and Exchange Board of India Act,1992 and amendments thereto
SEBI DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines2000 issued on January 192000 read with amendments issued subsequent to that date
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations1997 and amendments thereto
WTO	World Trade Organisation



ISSUE RELATED TERMS AND ABBREVIATIONS

CAF	Composite Application Form
Consolidated Certificate	In case of physical certificates the Company would issue one certificate for the Equity Shares allotted to one folio
Designated Stock Exchange	Bombay Stock Exchange Limited (BSE)
Draft Letter of Offer	Draft Letter of Offer filed with SEBI on March 13, 2006 for its Comments
Enam or Lead Manager	Enam Financial Consultants Private Limited
Issue/ Rights Issue	Issue of 4,552,852 Equity Shares of Rs. 10 each for cash at a premium of Rs. 140 per share on rights basis to existing Equity Shareholders of the Company in the ratio of 13 Equity Shares for every 20 Equity Shares held on the Record Date being June 16, 2006 aggregating Rs. 6829.28 lacs
Issue Closing Date	July 27, 2006
Issue Opening Date	June 28, 2006
Issue Price	Rs. 150 per Equity Share
Investor(s)	Shall mean the holder(s) of Equity Shares of the Company as on the Record Date. i.e. June 16, 2006
Letter of Offer	Letter of Offer dated June 14, 2006 as filed with the Stock Exchanges after incorporating SEBI comments on the Draft Letter of Offer
Offer	The Issue of Equity Shares pursuant to the Letter of Offer
Record Date	June 16, 2006
Registrar to the Issue or Registrar	Intime Spectrum Registry Limited
Rights Entitlement	The number of Shares that a shareholder is entitled to apply in proportion to his/her shareholding in the Company as on the Record Date
Stock Exchange(s)	Shall refer to the BSE and CSE where the Shares of the Company are presently listed

COMPANY/INDUSTRY RELATED TERMS AND ABBREVIATIONS

ISMA	Indian Sugar Mills Association
TCD	Tonnes crushing per day
SAP	State Advised Price
SMP	Statutory Minimum Price



CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Letter of Offer the terms “we” “us” “our” or “the Company” unless the context otherwise implies, refer to Upper Ganges Sugar & Industries Limited.

For additional definitions used in this Letter of Offer see the section “Definitions & Abbreviations” on page i of this Letter of Offer.

Market data used throughout this Letter of Offer were obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Letter of Offer are reliable it has not been independently verified. Similarly internal Company reports while believed by us to be reliable have not been verified by any independent sources.



FORWARD-LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim” “anticipate” “believe” “expect” “estimate” “intend” “objective” “plan” “project” “shall” “will” “will continue” “will pursue” or other words or phrases of similar import. Similarly statements that describe our objectives plans or goals are also forward-looking statements.

All forward looking statements are subject to risks uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include among others:

1. Our ability to successfully implement our strategyour growth and expansion plans and technological changes;
2. Increasing competition in and the conditions of the Global and Indian sugar industry;
3. Increasing employee costs;
4. Manufacturer’s defects or mechanical problems in our plant and machineries;
5. Cyclical or seasonal fluctuations in our operating results;
6. General economic and business conditions in India;
7. Changes in the value of the Rupee and other currencies; and
8. Changes in lawsrules and regulations that apply to the Indian and Global sugar industry.

For further discussion of factors that could cause our actual results to differsee “Risk Factors” beginning on page vi of this Letter of Offer. By their naturecertain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a resultactual future gains or losses could materially differ from those that have been estimated. Neither our Companythe Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying eventseven if the underlying assumptions do not come to fruition. In accordance with SEBI requirementsour Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



RISK FACTORS

Investors should consider the following risk factors together with all other information included in this Letter of Offer carefully, in evaluating us and our business before making any investment decision. This Letter of Offer contains forward-looking statements that involve risks and uncertainties. *Such statements can be identified by the use of forward-looking terminology such as "may", "believes", "aim", "expect", "anticipate", "intend", "estimate", "will", "shall", "will continue", "will pursue", "plan", "project", "likely" or other similar words. Our actual results could differ from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the following risk factors and elsewhere in this Letter of Offer.*

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or a part of your investment. The financial and other implications of material impact of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors.

This Letter of Offer also includes statistical and other data regarding the Indian Sugar Industry. This data was obtained from industry publications, reports and other sources that we and the Lead Manager believe to be reliable. Neither we nor the Lead Manager have independently verified such data.

INTERNAL RISK FACTORS

1. ***Our directors, Shri C.S. Nopany, Lt.Gen K Chiman Singh PVSM (Retd) and Shri P K Lakhotia are involved in criminal litigations.***

Our directors, Shri C.S. Nopany, Lt. Gen K Chiman Singh PVSM (Retd) and Shri P K Lakhotia are involved in criminal cases. For further details, please refer to the section titled "Litigations against Directors" on page no. 189 of this Letter of Offer.

2. ***We have incurred losses in the financial years 2001-2002 and 2002-2003.***

We have incurred losses in financial years 2001-2002 on account of depressed sugar prices and in 2002-03 particularly on account of landmark judgment of Honourable Supreme Court that upheld the right of Uttar Pradesh Government to fix the State Advised Price (SAP) of sugarcane at higher levels than the SMP prescribed by Central Government under the Sugar Cane (Control) Order, 1966 thereby setting aside the order of the Allahabad High Court which had held SAP to be untenable. As regards other States, like Bihar, Punjab, Haryana, the orders of the respective High Courts have been set aside and the writ petitions have been remitted back to the respective High Courts for fresh consideration in accordance with the applicable laws of those states. The sugar industry in Uttar Pradesh, subsequently filed the review petition, but the same was also dismissed. On account of the above, we made a payment of Rs. 3326.40 lacs towards differential cane price liability for the sugar seasons 1996-97, 2002-03 and 2003-04, as a result we incurred loss in financial year 2002-2003. Further we also had negative cash flows for the financial years 2000-01 and 2004-05 amounting to Rs. 17.95 lacs and Rs. 126.64 lacs respectively. Details of our restated profit/(loss) during last five financial years and six months



ended December 31, 2005 are as follows:

(Rs. in lacs)

Financial Year ended June	2001	2002	2003	2004	2005	Six months ended December 31, 2005
Profit / (Loss) after exceptional items	188.63	(511.67)	(1188.48)	580.87	3031.12	1789.67

Such events in future, if occur, may affect our profitability and liquidity position adversely.

3. ***Our success is substantially dependent on our management team***

The success of our business is substantially dependent on our management team and key personnel and their loss could adversely affect our business. Further, our ability to maintain our position in the sugar industry substantially depends on our ability to attract, motivate and retain such personnel.

4. ***We are involved in certain legal proceedings, incidental to our business and operations, which if determined against us, could have an adverse impact on our results of operations and financial condition.***

We have filed legal proceedings to contest demands and claims raised by concerned authorities in various matters aggregating to Rs. 616.38 lacs. This amount includes Rs. 64.48 lacs towards Sales Tax matters, Rs. 356.98 lacs towards Civil Cases, Rs. 174.99 lacs towards Excise Duty matters, Rs. 19.93 lacs towards recovery proceedings.

We are also defendants in various pending litigations aggregating to Rs. 405.75 lacs which include Rs. 13.47 lacs towards labour cases, Rs. 40.26 lacs towards Civil Cases, Rs. 49.75 lacs towards Motor Car Accident Claims and also includes Show Cause Notices amounting to Rs. 302.27 lacs.

For more information on 'Litigations initiated by us', 'Litigation initiated against us' and 'Litigation initiated against our Group Companies', please refer to section titled "Outstanding Litigations" on page no.165 of this Letter of Offer.

5. ***There was shortfall in performances vis-à-vis projections made in relation to our earlier rights issue.***

We made a rights issue in 1994 and made certain projections in that issue. We could not achieve the same. For further details, please refer to section titled "Promise vs. Performance" on page 247 of this Letter of Offer.

6. ***There are certain qualifications in the Auditors' Report dated March 6, 2006 regarding non-provision/ non-adjustments of some liabilities. In case these liabilities crystallises, it may adversely impact our financial condition.***

Our Statutory Auditors, in their report on restated financial statements dated March 6, 2006 have made the following qualifications:

"Attention is drawn to Note Nos. 1(a) and 1 (b) on Annexures-6 and 21, regarding non-adjustment of certain realisations in earlier years aggregating to Rs. 157.69 lacs and non-provision of interest payable thereon, if any, in case of refund of such realisations. As the matters are under adjudication /not yet settled, the impact of above non-adjustment on the Company's profit is not presently ascertainable:

- 1(a) Pending disposal of writs / appeals by the Hon'ble Courts with regard to levy sugar prices for some years, Rs. 103.05 lacs (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 80.62 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, will be made in the accounts as and when the matter will be finally settled.



1(b) Pending decisions of the 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.54.64 lacs in earlier years, which continue to be shown under the head 'Current Liabilities'. Against the above, fixed deposits receipts / bank guarantees for Rs.44.47 lacs have been furnished by the Company".

For further details, please refer to the section titled "Financial Information of the Issuer Company" on page no. 84 of this Letter of Offer.

7. ***As of December 31, 2005, we had some contingent liabilities, determination of which against us may adversely impact our financial position***

As of December 31, 2005 the contingent liabilities appearing in our restated unconsolidated financial statements are as follows:

Rs. In lacs	
Nature of Liability	As at 31st December, 2005
Claims against the Company not acknowledged as debts	80.33
Various Government demands under dispute and /or under litigation	221.58
Guarantees given to a bank against loans to cane growers	900.00
Against the above, the loan facilities actually availed as on the balance sheet date aggregated to	844.63
Custom duty in respect of pending export obligation against duty free imports	245.81
Additional liability, if any, under clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases during sugar season 2004-05 in respect of Company's Hasanpur Sugar Unit	(amount unascertainable)

8. ***Conflict of Interest***

Some of the ventures promoted by our promoters viz. Gobind Sugar Mills Limited and The Oudh Sugar Mills Limited are also engaged in sugar business. Presence of these companies in the same line of business may lead to the conflict of interest between our Company and our promoters as our promoters may pursue such policies which may be favourable for Gobind Sugar Mills Limited and The Oudh Sugar Mills Limited but may be unfavourable for us.

9. ***We are subject to restrictive covenants in certain short-term and long term debt facilities provided to us by our lenders***

We have taken long term and short term loans from FIs/Banks. As per the signed loan agreements with them, there are certain standard restrictions imposed on us regarding entering into any scheme of merger, amalgamation, compromise or reconstruction, changing the ownership, control or management of the Company, amendment to the Memorandum or Articles of Association of the Company, effecting change in capital structure, incurring any capital expenditure in excess of the depreciation provided in previous financial year, declaration or payment of dividend out of reserves, undertaking any new project or expansion or make any investment or take assets on lease, not to create any additional encumbrances on the assets of the Company, not escrow future cash flows of the Company or create any charge or lien or interest of whatsoever nature thereon, making investments in or lending /advancing funds to or placing deposits with any other company, entering into secured or unsecured borrowing arrangements with banks, FIs, companies or other persons, undertaking guarantee obligations on behalf of any other companies or persons, sell, assign, mortgage, or otherwise dispose off any of the fixed assets, undertaking unrelated trading activities, and other such matters. We are required to obtain their prior approval before initiating such changes.



10. *We are operating in a highly regulated market. Policy decisions by the Government may not be favourable and that may have an impact over our revenues and profitability.*

Sugar, being an essential commodity, is subject to various restrictions and regulations imposed by the State/ Central Government like Government controls over fixation of cane price, distribution and sale of sugar, both levy and free, because of the release mechanism. As such the performance of our company at par with the industry depends upon Government policies and regulations.

11. *Removal of delicensing of sugar industry may affect our growth plans.*

The sugar industry was delicensed by Central Government through notification dated September 11, 1998. The validity of the said notification was challenged in the Allahabad High Court. The Hon'ble Court quashed the said notification, and accordingly sugar industry continues to be under licence regime. An appeal was preferred against the order of Allahabad High Court before the Hon'ble Supreme Court. The Supreme Court was pleased to admit the appeal and granted an interim stay against the operation of the order of the Allahabad High Court. The matter is pending before Supreme Court of India for hearing. In the event Supreme Court upholds the judgment and order of Allahabad High Court, it may affect our growth plans in respect of our sugar business.

12. *Our business is seasonal. It is dependent on agricultural production. Diversion of our primary raw material (sugarcane) to alternative usage may affect our operations adversely.*

Sugar industry and tea industry both are agro based industries and their main raw materials are sugarcane and tea leaves. In India, agriculture is primarily dependant on climatic conditions because of inadequate irrigation facility and other weather conditions. Therefore, in any year, if there is a shortfall of sugarcane production and tea leaves on account of adverse climatic conditions, our performance may be affected adversely. In the past, our operations have been affected due to lower availability of sugarcane crop and its diversion to alternate sweeteners.

13. *Sugarcane is the principal raw material used for the production of sugar. Our business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect our results of operations. A variety of factors beyond our control may contribute to a shortage of sugarcane in any given harvest period. Some of the main factors that could contribute to a shortage of sugarcane are set forth below. Farmers may not cultivate sugarcane and may cultivate other crops.*

We do not own any land for the cultivation of sugarcane and we purchase all of our sugarcane directly from independent farmers. Under Indian law, any farmer who grows sugarcane within 15 kilometres of our mill, known as our reserved area, is required to sell the sugarcane to us and we are bound by law to purchase the sugarcane grown within our reserved area. However, the farmers within our reserved area have no legal or contractual obligation to cultivate sugarcane and may instead grow other more profitable crops. If the farmers within our reserved area cultivate other crops, or otherwise limit their cultivation of sugarcane, we may have a shortage of raw material. Any reduction in the supply of sugarcane may adversely affect our results of operations and financial condition.

14. *In the event the existing barriers to the import of sugar are lifted, we may face significant competition in our business from international sugar manufacturers which may adversely affect our profitability.*

Historically, we have not had substantial competition from imported sugar in India. Imports of sugar into India have been low in the past primarily due to tariff and non-tariff barriers such as transportation costs, lack of suitable storage facilities at ports and quota limits. India is a member of the WTO, which, under the framework of GATT, is likely to reduce tariff and non-tariff barriers. If the Government creates incentives for sugar imports or reduces import tariffs, we may face stiff competition in the domestic market from foreign producers. This



could lead to increased competition from imported sugar and could cause a reduction in domestic sugar prices which may lead to lower profits for us in the future. Government policies have changed frequently in the past and may be subject to frequent changes in the future also. The Government has reduced the tariff on imports of raw sugar imported for the purposes of refinement from 60% to 0% with a re-export obligation within a period of 24 months. As a result, several domestic sugar manufacturers along the coast have commenced refining operations using imported raw sugar. Refined sugar is typically more expensive than the raw sugar which we produce. However, the tariff reduction on sugar imported for refinement purposes may result in increased refined sugar supplies in the domestic market at lower prices. As a result, we may face competition from refined sugar which may adversely affect on our results of operations and profitability.

15. *Some of the government approvals/licensing arrangements required by us are pending for renewal.*

Our Company is required to obtain several government approvals/ licenses/ permits/ consents/ registrations under various statutes. Our Company has applied for the renewal of the said approvals which are still pending. Non-renewal of any of these licenses/approvals may impact our business adversely. The said approval/license pending for renewal are as follows:

Name of the Act under which licence is granted	Name of the Licence	Licence issuing Authority	Licence No/Date	Validity Status
Seohara Sugar Unit				
Prevention of Food and Adulteration Act, 1976	Under Food Adulteration Act - for Sugar & Molasses	Chief Medical Officer, Bijnor	S-01/2005-06	Upto 31.03.2006
The Arms Rules, 1962	Sulphur Storage Licence	District Magistrate, Bijnor	Licence No. II	Upto 31.12.2005
Rules 5 of Hazardous Waste Rules, 1989 (as amended)	Hazardous waste consent for sugar unit	Uttar Pradesh Pollution Control Board, Lucknow.	F 2 9 7 3 2 / C - 7 / Harzardous/auth./ 20/MBD/04 dt 31.3.04	Up to December 2005
Seohara Distillery				
Uttar Pradesh Govt. Provincial Excise Act, 1910	Mfg. Licence of Distillery-PD-2	Excise Commissioner (U.P.)	PD-2	Up to March, 2006
Uttar Pradesh Govt. Provincial Excise Act, 1910	For denaturant Storage & Mixing of Spirit	District Excise Officer, Bijnor.	No. 1/EC/4041990-91 DS 1	Up to 31.03.2006
Uttar Pradesh Sales of Motor Spirit, Diesel Oil & Alcohol, Taxation Act, 1939	Registration for Sale of Spirit	Distt. Excise Officer, Bijnor	1/164EC 08.04.1992	Up to 31.03.2006



Name of the Act under which licence is granted	Name of the Licence	Licence issuing Authority	Licence No/Date	Validity Status
Sidhwalia Sugar Unit				
Factories Act, 1948 and rules thereunder	Factory Licence	The Chief Inspector of Factories, Patna and Inspector of Factories, Chhapara	781/GNJ	Upto December 2005
Bihar Molasses(Control) Act, 1947	Molasses Storage Licence-Sugar unit	The Superintendent of Excise, Gopalganj	15/87	Upto December 2005.
Standard Weight & Measure Packed Commodities) Rules, 1977	Registration under Packed Commodities-Sugar	Directorate of Weights & Measures, New Delhi	Applied for vide letter No.S/1396/2004 Dated 02.12.2004	Applied for to "The Controller, Legal Metrology, Bihar, Patna
The Petroleum Act, 1934	HSG Oil Storage Licence	District Magistrate Gopalganj	2/80 dated 20.9.1980	Up to December - 2005
Cinnatolliah Tea Garden				
Factory Act 1948	Factory Licence	Chief Inspector of Factory, Assam	LAK-6 28.01.2005	Up to December - 2005
The Prevention of Food & Adulteration Act 1954	Tea Production Licence	District Licensing Authority, North Lakhimpur.	VDHL/PFA/01/2/210 23.06.05	31.03.2006.
Water (Prevention and Control of Pollution Act 1974 and Rules made thereafter)	Water Pollution Consent for Factory	Member Secretary Pollution Control Board Assam	WB/TEZ/T-437/01-02/32 28.03.05	Up to March 2005
Air (Prevention and Control of Pollution Act 1981 and Rules made thereafter)	Air Pollution Consent for Factory	Member Secretary Pollution Control Board Assam	WB/TEZ/Z-II/T-161/90-91/246-A 28.03.05	Up to March 2005
New India Sugar Mills				
Molasses (Control) Act, 1947	Molasses Storage Licence	E x c i s e Commissioner-cum- Controller of Molasses Bihar, Patna	2/1982	Up to December - 2005
Motor Transport Workers Act 1961	T r a n s p o r t Workers Licence	Labour Suptd Samastipur	ST-56 (B.R)	Up to December - 2005
Indian Arms Act 1948	Sulphur Licence	District Magistrate, Samastipur	4/1934	Up to December - 2005
Petroleum Act 1934	Kerosene Oil License	District Magistrate, Samastipur	21/65	Up to December - 2005
Petroleum Act 1934	High Speed Diesel/ Motor Spirit Licence	District Magistrate, Samastipur	2/73	Up to December - 2005



Name of the Act under which licence is granted	Name of the Licence	Licence issuing Authority	Licence No./Date	Validity Status
Bihar Money Lenders Act 1938	Money Lending Licence	Upper Registrar, Treasury, Rosera	112	Up to December - 2005
Insecticide Act 1968	Fertilizers & Insecticides Licence	District Agriculture Officer, Samastipur	30(N) 95	Up to December - 2005

For further details please refer to the section titled "Government Approvals" beginning on page 234 of this letter of offer.

16. Our proposed expansion plans require certain approvals from various Government authorities.

Our Company has not yet applied for or obtained approvals/permits / consents/ registrations under various statues for proposed expansion of Sidhwalia unit. We have applied for no-objection from Ministry of Environment and Forest in respect of our proposed expansion of distillery at Seohara and the same is awaited. In the event, such approvals not being granted in the manner proposed by us or delay in obtaining these approvals may affect our business plans.

17. Some of the companies, through which our promoters Dr. K.K. Birla and Shri C.S. Nopany control our company through their direct and indirect shareholding, have incurred losses in previous years. Further, some of our promoter group companies have also incurred losses in previous years.

Some of the companies, through which our promoters Dr. K.K. Birla and Shri C.S. Nopany control our company through their direct and indirect shareholding, have incurred losses in previous years. Further, some of our promoter group companies have also incurred losses in previous years. Details of the profit/(loss) incurred by those companies in last three years are detailed below:

Name of the entity	Rs. in Lacs			
	2002-03	2003-04	2004-05	2005-06
New India Sugar Mills Limited	(366.18)	(256.24)	(124.44)	209.58
RTM Investment & Trading Company Limited	6.79	(32.14)	118.10	626.78
SCM Investment & Trading Company Limited	5.60	(33.18)	134.59	749.24
Wasmen Technologies Private Limited	(0.10)	(0.04)	10.81	5.65
Moneyline Finvest Private Limited	0.17	(0.05)	10.09	4.93
The Oudh Sugar Mills Limited	(1176.53)	1412.47	1116.04	-

EXTERNAL RISK FACTORS

1. A slowdown in economic growth in India could cause our business to suffer

The Indian economy has shown sustained growth over the last few years with Gross Domestic Products (GDP) growing at 6.9% in fiscal 2005 and 8.5% in fiscal 2004. In its mid-term annual policy published on October 25, 2005 the RBI stated that its GDP growth forecast for fiscal 2006 is between 7% to 7.5% as a result of a pick-up in agricultural output and increased momentum in other sectors, and its inflation forecast for fiscal 2006 is around 5% to 5.5%.



Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could adversely affect our business, including our future financial performance, our shareholders' funds and our ability to implement our strategy and the price of our Equity Shares.

2. *A significant change in the Government's economic liberalisation and deregulation policies could disrupt our business and adversely affect our financial performance*

The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on public and private sector entities, including us, and on market conditions and prices of Indian securities, including in the future of our Equity Shares. The present Government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the Government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and the price of our Equity Shares.

3. *Terrorist attacks and other acts of violence or war involving India, the United States and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition.*

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002 and Mumbai on August 25, 2003, and other acts of violence or war may negatively affect the Indian stock markets and also adversely affect the global financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries. The governments of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

Military activities or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares and on the market for our services.

4. *Our performance is linked to the stability of policies and the political situation in India*

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Certain members of the current coalition government have been protesting against the privatisation measures being undertaken by the Government of India. We cannot assure you that these liberalisation policies will continue in the future. Protests against privatisation could slowdown the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. The withdrawal of one or more of these parties from a coalition government can result in political instability. Any



political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares and on the market for our services.

5. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our business and financial performance***

At present, India's foreign exchange reserve is the sixth largest in the world. Further during April- June 2004 a net accretion of foreign exchange reserves excluding valuation effect of USD 750 crores took place. A decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy. Reduced liquidity or an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect our business and financial performance and the price of our Equity Shares.

6. ***Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing from overseas markets, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance and adversely affect our ability to obtain financing from overseas markets.

7. ***Sensitivity to the economy and extraneous factors***

The Company's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Company.

NOTES TO RISK FACTORS:

- 1) Net worth of our company as on December 31, 2005 was Rs.9691.20 lacs. The size of the Rights Issue is Rs 6829.28 lacs. The book value per share as on December 31, 2005 was Rs. 138.36 per share.
- 2) Issue of 45, 52, 852 Equity Shares of Rs. 10/- each for cash at a premium of Rs.140 per Equity Share on Rights basis to the existing Equity Shareholder of the Company in the ratio of 13 Equity Shares for every 20 Equity Shares held on the Record Date i.e. June 16, 2006 aggregating Rs.6829.28 lacs.
- 3) For details on Related Party Transactions, please refer to Annexure 10 of the Auditors' Report in the section titled "Financial Information of the Issuer Company" on page 102 of this Letter of Offer.
- 4) Before making an investment decision in respect of this Offer, you are advised to refer to the section titled 'Basis for Issue Price' on page 18 of this Letter of Offer.
- 5) Please refer to the sub section titled 'Basis of Allotment' on page 267 of this Letter of Offer for details on basis of allotment.
- 6) Average cost of acquisition of shares of our Company currently held by our Promoters is as follows:

Name	Number of Shares	Average cost of acquisition (in Rs.)
Dr. K.K. Birla	107, 715	nil
Smt. Nandini Nopany	310, 800	nil
Smt. Nandini Nopany (C/o Chandra Sekhar Charity Trust)	43, 425	8.41
Shri Chandra Sekhar Nopany	24, 000	35.88
Shri Chandra Sekhar Nopany (C/o Urvi Nopany Benefit Trust)	3, 400	nil



Name	Number of Shares	Average cost of acquisition (in Rs.)
New India Sugar Mills Ltd..	270,000	nil
Darbhanga Marketing Company Ltd.	517,765	nil
The Oudh Sugar Mills Limited	11,250	20.09
Hargaon Investment & Trading Company Ltd.	373,920	nil
Champanan Marketing Company Ltd.	158,086	15.96
OSM Investment & Trading Company Ltd.	137,510	nil
SCM Investment & Trading Company Ltd.	212,104	11.84
RTM Investment & Trading Company Ltd.	249,958	168.39
Yashovardhan Investment & Trading Company Ltd.	158,161	nil
Shital Commercial Ltd.	118,547	nil
Uttam Commercial Ltd.	1,350	177.69
Narkatiaganj Farms Ltd.	43,000	196.44
Rajpur Farms Ltd.	26,531	226.94
La Monde Trading & Investments Company Private Ltd.	9,200	nil
Wasmen Technologies Private Ltd.	4,800	nil
Moneyline Finvest Private Ltd..	4,800	nil
Total	2,786,322	

For transaction undertaken by Our Promoters/Promoter Group, please refer to the section titled “Notes to the Capital Structure” on page 9 of this Letter of Offer.

- 7) You may contact the Lead Manager for any complaints pertaining to the Issue including any clarification or information relating to the Issue. The Lead Manager is obliged to provide the same to you.
- 8) We and the Lead Manager are obliged to keep this Letter of Offer updated and inform the shareholders of any material change / development.
- 9) For details on loans and advances to related parties, please refer to Annexure 15C under section titled “Financial Information of the Issuer Company” on page no. 121 of Letter of Offer.
- 10) There is no interest of promoters/directors/key management personnel other than their shareholding and reimbursement of expenses incurred or normal remuneration or benefits except as disclosed under section titled “Related Party Transactions” on page no. 102 of this Letter of Offer.



CHAPTER III: INTRODUCTION

INDUSTRY SUMMARY

Sugar industry is the second largest agro-based industry located in the rural India. About 45 million sugarcane farmers, their dependents and a large mass of agricultural labourers are involved in sugarcane cultivation, harvesting and ancillary activities, and constituting 7.5% of the rural population. Besides, about 0.5 million skilled and semi-skilled workers, mostly from the rural areas are engaged in the sugar industry. Some of the sugar factories have also diversified into byproduct based industries and have invested and put up distilleries, organic chemical plants, paper and board factories and cogeneration plants. The industry generates its own replenishable biomass and uses it as fuel without depending on fossil fuel. Sugar industry contributes about Rs. 1,650 crores to the Central Exchequer as excise duty and other taxes annually. In addition, about Rs. 600 crores is realised by the State Governments annually through various taxes. At the prevailing sugarcane price, the total sugar cane produced in the country value at about Rs. 32,000 crores per year.

There are 553 installed sugar mills in the country located in 18 states of the country. About 60% of these mills are in the cooperative sector, 35% in the private sector and rest in the public sector.

BUSINESS SUMMARY

The Company was promoted in the year 1932 under the name and style of Upper Ganges Sugar Mills Ltd. by Birla Brothers Ltd. who acted as its Managing Agents. The name of the Company was subsequently changed to Upper Ganges Sugar & Industries Ltd. in the year 1984. Initially a Sugar Mill was set up at Seohara (U.P.) with a crushing capacity of approximately 500 tcd. We further established a distillery at Seohara (U.P.) which was transferred to Alco Chem Ltd., a subsidiary of the Company. The said subsidiary was merged with the Company effective from 1st April, 1976. Subsequently we purchased Bharat Sugar Mills, a unit of New India Sugar Mills Limited having a sugar mill with crushing capacity of 1750 tcd at Sidhwalia (Bihar) and it was transferred to the Company pursuant to the Scheme of Arrangement sanctioned by the Calcutta High Court effective from 1st April, 1993. A confectionery factory was taken on lease from C & E Morton (India) Limited which also merged with the Company effective from 1st July, 1976. The said confectionery factory was closed in the year 2000. The Company also purchased a Tea Garden called "Cinnatollah Tea Garden" situated at North Lakhimpur (Assam) in the year 1982. We have also taken over the sugar division of New India Sugar Mills Limited having a sugar mill with crushing capacity of 1750 tcd at Hasanpur (Dist: Samastipur, Bihar) pursuant to the Scheme of Arrangement between us and NISML sanctioned by the Hon'ble High Courts at Calcutta and Allahabad effective from 1st October, 2004.

We manufacture the following three main categories of products:

- o Sugar
- o Industrial Alcohol / Ethanol
- o Tea

Presently, we have three sugar factories at Seohara, Dist. Bijnor (Uttar Pradesh); second at Sidhwalia, Dist. Gopalganj (Bihar) and third at Hasanpur Dist: Samastipur, (Bihar) with a combined crushing capacity of 14,250 tcd. Our Company is also having a distillery at Seohara, Dist. Bijnor (Uttar Pradesh) with a capacity 16.5 million litres per annum. Our tea garden has a cultivable area coverage of 590 hectares for production of various types of teas.



RIGHTS ISSUE DETAILS

Pursuant to the resolution passed by the Board of Directors of the Company at its meetings held on August 16, 2005 and March 6, 2006 it has been decided to make the following offer to the Equity Shareholders of the Company:

ISSUE OF 45,52,852 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 140 PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 13 EQUITY SHARES FOR EVERY 20 EQUITY SHARES HELD ON THE RECORD DATE i.e. JUNE 16, 2006 AGGREGATING RS. 6829.28 LACS.



SUMMARY OF FINANCIAL DATA

Please read the following data in conjunction with the detailed Auditors' report on page 84 under the heading "FINANCIAL INFORMATION OF THE ISSUER COMPANY".

STATEMENT OF ADJUSTED PROFITS AND LOSSES

(Rs. in lacs)

Particulars	For the year ended 30 th June					Period ended 31st December,
	2001	2002	2003	2004	2005	2005
Income						
Sales:						
Of Products manufactured by the Company (Net of excise duty)	19367.91	19834.29	28507.89	25937.73	35110.47	20464.53
Of Products traded in by the Company	361.16	290.77	362.62	332.56	408.52	227.18
Total:	19729.07	20125.06	28870.51	26270.29	35518.99	20691.71
Increase/(Decrease) in Inventories	2632.69	4509.18	(4035.90)	(621.90)	(1600.51)	(3729.44)
Other Income	206.03	215.63	338.69	540.35	284.26	33.43
Total	22567.79	24849.87	25173.30	26188.74	34202.74	16995.70
Expenditure						
Raw Materials consumed	14848.10	17741.78	18784.68	16533.87	19498.42	9822.13
Purchase of Trading/Semi finished goods	358.96	284.63	360.03	324.36	1529.28	220.68
Staff Cost	1793.49	1913.14	2050.99	2065.66	2421.92	1260.70
Other Manufacturing Expenses	1795.39	1919.60	2078.77	2193.18	2415.43	1469.94
Administrative and Other Expenses	677.46	747.65	602.11	603.95	795.19	324.77
Selling and Distribution Expenses	243.06	260.45	346.46	316.18	306.77	172.74
Interest (Net)	1856.14	2122.98	1991.75	2271.72	1935.79	570.75
Depreciation	655.67	740.09	775.51	836.95	857.36	453.58
Total	22228.27	25730.32	26990.30	25145.87	29760.16	14295.29
Net Profit/(Loss) Before Tax and Exceptional Items	339.52	(880.45)	(1817.00)	1042.87	4442.58	2700.41
Taxation:						
Current Tax (Net of Refunds)	67.96	24.11	42.32	152.86	164.86*	239.90
Fringe Benefit Tax	-	-	-	-	3.82	8.81
Deferred Tax Liability/(Asset)	82.93	(392.89)	(670.84)	309.14	1333.09	662.03
Net Profit/(Loss) after tax and before Exceptional Items	188.63	(511.67)	(1188.48)	580.87	2940.81	1789.67
Add: Exceptional Income (Net of Tax)	-	-	-	-	90.31*	-
Net Profit/(Loss) after Exceptional Items	188.63	(511.67)	(1188.48)	580.87	3031.12	1789.67

* Net of Current tax on exceptional item Rs. 7.68 lacs.



STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in lacs)

Particulars	As at 30 th June					As at 31st December 2005
	2001	2002	2003	2004	2005	
Application of Funds						
A. Fixed Assets						
Gross Block	13877.95	16863.57	17130.70	17589.48	20270.58	21824.04
Less : Depreciation	5395.79	6061.24	6814.71	7575.76	9231.49	9679.30
Net Block	8482.16	10802.33	10315.99	10013.72	11039.09	12144.74
Capital Work In Progress	16.24	77.04	202.17	211.71	1050.65	393.55
Capital Expenditure on Expansion/New Projects	1538.56	-	-	-	1977.82	2343.21
Total	10036.96	10879.37	10518.16	10225.43	14067.56	14881.50
B. Investments	2278.20	2278.20	2278.10	2267.35	2242.35	2242.38
C. Current assets, loans and Advances						
Inventories	14987.07	20324.02	15950.77	15285.47	14973.06	11185.96
Sundry Debtors	630.18	732.39	869.78	1277.88	250.86	298.95
Cash & Bank Balances	179.97	235.62	320.22	393.07	266.43	2308.67
Loans and Advances	991.61	1089.75	1201.48	1346.52	1615.23	1430.55
Other Current Assets	8.76	9.94	7.50	8.19	23.59	38.80
Total	16797.59	22391.72	18349.75	18311.13	17129.17	15262.93
D Deferred Tax Liability/(Assets) (net)	843.25	450.36	(220.48)	88.66	764.27*	1426.30
E Liabilities & Provisions						
Secured Loans	17408.40	20365.50	15640.18	16646.00	19227.40	8519.19
Unsecured Loans	863.03	2560.85	2986.82	2395.57	2555.48	6486.13
Current Liabilities & Provisions	3069.72	6101.54	7828.05	6376.33	2959.73	6263.99
Total	21341.15	29027.89	26455.05	25417.90	24742.61	21269.31
F Net Worth (A+B+C-D-E)	6928.35	6071.04	4911.44	5297.35	7932.20	9691.20
G Represented by :						
Shareholder's Funds						
a. Equity Share Capital	697.94	697.94	697.94	697.94	697.94	697.94
b. Share Capital Suspense	-	-	-	-	2.50	2.50
c. Preference Share Capital	300.00	-	-	-	-	-
d. Reserves and Surplus	5981.08	5407.04	4230.47	4599.41	7231.76	8990.76
Total	6979.02	6104.98	4928.41	5297.35	7932.20	9691.20
Less: Miscellaneous expenditure (to the extent not written off or adjusted) :						
Deferred Revenue Expenditure	50.67	33.94	16.97	-	-	-
Total	6928.35	6071.04	4911.44	5297.35	7932.20	9691.20

* After adjusting deferred tax asset of Rs. 657.48 lacs relating to the sugar division of New India Sugar Mills Limited (merged with the company) transferred as on October 1, 2004 under the Scheme of Arrangement.



GENERAL INFORMATION

ISSUER DETAILS

Name	:	Upper Ganges Sugar & Industries Limited
Address of the Registered Office	:	P.O. Seohara, District Bijnor (Uttar Pradesh) Pin – 246 746, India. Tel : (+91 1344) 252303 Fax: (+91 1344) 252321
Registration number of the Issuer	:	20 – 25141
Address of the Registrar of Companies	:	Registrar of Companies, Uttar Pradesh, West-Cott Building, The Mall, M. G. Road Kanpur – 208 001.

BOARD OF DIRECTORS OF THE ISSUER

Sr. No.	Name of the Director	Designation
1.	Smt. Nandini Nopany	Chairperson cum Managing Director
2.	Shri C.S. Nopany	Non-Executive Director
3.	Shri R.K. Choudhury	Non-Executive Director
4.	Shri G.K. Bhagat	Non-Executive Independent Director
5.	Shri Bhaskar Mitter	Non-Executive Independent Director
6.	Lt. Gen. K. Chiman Singh (Retd.)	Non-Executive Independent Director
7.	Shri Gaurav Swarup	Non-Executive Independent Director
8.	Shri Supriya Gupta	Non-Executive Independent Director
9.	Shri Sunil Kanoria	Non-Executive Independent Director
10.	Shri I.P. Singh Roy	Non-Executive Independent Director
11.	Shri P.K. Lakhotia	Non-Executive Director

BRIEF DETAILS OF THE CHAIRPERSON CUM MANAGING DIRECTOR

Smt. Nandini Nopany, is the Chairperson cum Managing Director of our Company. She looks after the overall management of the Company. She has over 31 years of experience in managing industries. She was appointed as Managing Director on 1st October, 1995. On 12th September, 2001 she was designated as Deputy Chairperson-cum-Managing Director. Further on 10th September, 2002 she was designated as Chairperson-cum-Managing Director. She is also the Chairperson of Finance & Corporate Affairs Committee of the Company.

There is no other Executive Director on our Board other than Smt. Nandini Nopany.

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri S.K. Poddar
9/1, R.N. Mukherjee Road
Kolkata - 700 001, India.
Tel: (+91 33) 2243 0497, 2248 7068
Fax: (+91 33) 2248 6369
Email: skpoddar@birla-sugar.com



Investors can contact the Registrar to the Issue/Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of Letter of Offer/Composite Application Form/ Letter of Allotment/Share Certificate/credit of allotted shares in respective beneficiary account/refund order etc.

LEGAL ADVISOR TO THE ISSUE

ANS Law Associates

Advocates & Solicitors

41-A Film Center,

Tardeo, Mumbai, India.

Tel: (+91 22) 5660 4761

Fax: (+91 22) 5660 4763

Contact Person: Mr. Sharad Abhyankar

e-mail: anslaw@vsnl.net

BANKERS TO THE COMPANY

State Bank of India

Commercial Branch, 24 Park Street,

Kolkata - 700 016, India.

Tel: (+91 33) 2217 6022

Fax: (+91 33) 2229 3555

e-mail: sbi7502@vsnl.net

Punjab National Bank

18 A, Brabourne Road,

Kolkata – 700 001, India.

Tel : (+91 33) 2234 1131

Fax : (+91 33) 2221 5727

e-mail : pnb0100@vsnl.net

LEAD MANAGER TO THE ISSUE

Enam Financial Consultants Private Limited

801/802, Dalamal Towers,

Nariman Point, Mumbai 400 021, India.

Tel: (+91 22) 6638 1800

Fax: (+91 22) 2284 6824

Contact Person: Amit Jain

e-mail: upperrights@enam.com

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited

C - 13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (West), Mumbai 400 078, India.

Tel: (+91 22) 2596 0320-28

Fax: (+91 22) 2596 0329

Contact Person: Shri Vishwas Attavar

e-mail: upperganges@intimespectrum.com



BANKER TO THE ISSUE

HDFC Bank Limited

2nd Floor, Trade World,
New Building, Kamala Mills,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400 013, India.
Tel: (+91 22) 2498 8484
Fax: (+91 22) 2496 3871

AUDITORS OF THE COMPANY

S.R. Batliboi & Company

Chartered Accountants
22, Camac Street, Block 'C', 3rd Floor,
Kolkata 700 016, India.
Tel: (+91 33) 2281 1224
Fax: (+91 33) 2281 7750

INTER-SE ALLOCATION OF RESPONSIBILITIES

Not applicable.

CREDIT RATING

Not applicable, since the current issue is a Rights Issue of Equity Shares.

DEBENTURE TRUSTEE

Not applicable.

MONITORING AGENCY

Not applicable.

APPRAISING ENTITY

Not applicable.

BOOK BUILDING PROCESS DETAILS

Not applicable.

UNDERWRITING DETAILS

The present issue is not underwritten.



CAPITAL STRUCTURE

Share Capital as on date of filing this Letter of Offer	(Rs. in lacs)	Nominal Amount (Rs. in lacs)	Aggregate Value (Rs. in lacs)
Authorised Share Capital :			
1,60,00,000 Equity Shares of Rs. 10 each	1600.00		
16,00,000 Preference Shares of Rs. 100 each	1600.00	3200.00	
Issued, Subscribed and Paid-up Share Capital :			
70,04,387 Equity Shares of Rs. 10 each	700.44		
Add : Forfeited Shares (amount originally paid-up) (*)	—	700.44	
Present Issue being offered to the Equity Shareholders through this Letter of Offer :			
45,52,852 Equity Shares of Rs. 10 each at a premium of Rs. 140 each	455.29	455.29	
Paid-up Capital after the Issue :			
1,15,57,239 Equity Shares of Rs. 10 each	1155.73	1155.73	
Add : Forfeited Shares (amount originally paid-up) (*)	—	—	1155.73
Securities Premium Account :			
Existing Securities Premium Account		387.69	
Securities Premium Account after the Issue assuming allotment of all Equity Shares offered		6373.99	6761.68

(*) – The actual amount being Rs. 50/- has not been shown above.

- 1) The Authorised Share Capital of our Company was increased from Rs.10,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each and 1,00,000 Preference Shares of Rs.100/- each to Rs. 32,00,00,000/- divided into 1,60,00,000 Equity Shares of Rs.10/- each and 16,00,000 Preference Shares of Rs. 100/- each by an ordinary resolution passed at the Annual General Meeting of the Shareholders of our Company held on March 27, 1997.
- 2) Out of the above Issued and Subscribed Capital, 1,20,496 Equity Shares have been issued for consideration other than cash and 37,01,945 Equity Shares have been allotted as Bonus Shares by capitalisation of Securities Premium and General Reserve.
- 3) The Scheme of Arrangement (Scheme) for merger of the sugar division of New India Sugar Mills Ltd. (NISML) with us has been sanctioned by the Hon'ble High Courts at Calcutta and Allahabad by their orders dated December 7, 2005 and January 19, 2006 respectively. The Scheme is effective from October 1, 2004.



NOTES TO THE CAPITAL STRUCTURE

1. Share Capital History

Date of Allotment	No. of Equity Shares	Nominal Value (Rs.)	Issue Price (Rs.)	Consideration (Rs. in lacs)	Reasons for Allotment	Cumulative Number of Shares
10.08.1932	2,005	10	10	0.20	Subscribers to the Memorandum & Articles of Association	2,005
26.08.1932 – 29.11.1933	57,995	10	10	5.80	Issue of Shares	60,000
25.09.1934	20,000	10	10	2	Issue of Shares	80,000
22.08.1966 and 23.12.1966	640,000	10	N.A.	-	Bonus Issue (Ratio 1:8)	720,000
28.02.1977	15,487	10	10	-	Issued on account of amalgamation of C&E Morton (I) Ltd. with the Company w.e.f. 1st July, 1976	735,487
08.08.1978	245,162	10	N.A.	-	Bonus Issue (Ratio 3:1)	980,649
18.05.1982	490,324	10	N.A.	-	Bonus Issue (Ratio 2:1)	1,470,973
13.10.1993	80,000	10	10	-	Issued on account of amalgamation of Bharat Sugar Mills, a Unit of New India Sugar Mills Ltd. with the Company w.e.f. 1st April, 1983.	1,550,973
03.01.1995 and 04.01.1995	3,101,946	10	30	930.58	Rights Issue (Ratio 1:2)	4,652,919
06.02.1998	2,326,459	10	N.A.	-	Bonus Issue (Ratio 2:1)	6,979,378
06.03.2006	25,009	10	10	-	Issued pursuant to Scheme of Arrangement for merger of sugar division of New India Sugar Mills Ltd. with the Company w.e.f. October 1, 2004.	7,004,387

- Neither the Promoters of our Company and their relatives and associates nor the directors of our Company have entered into any buyback/standby arrangement for purchase of Equity Shares of the Company from any person.
- The Promoters of our Company have confirmed that they either themselves or through companies controlled by them (together hereinafter referred to as Promoters in this clause) intend to subscribe to the full extent of their entitlement in the present Rights Issue. The Promoters either by themselves or combination of entities and trusts controlled by the Promoters reserve the right to subscribe to their entitlement in the Issue including by subscribing for renunciation if any made within the Promoter Group to another forming part of Promoter Group. In the event of undersubscription, our Promoters intend to apply for additional Equity Shares. Allotment of shares to the Promoters for additional Equity Shares in excess of their respective rights entitlement may result in increase in the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by Promoters, if any, will not result in change in control of management of the Company and will be exempt in terms of proviso to regulation 3(1)(b)(ii) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereof.



The Promoters undertake to comply with Clause 17 of SEBI (Delisting of Securities) Guidelines 2003 in case of non-promoter holding in the Company falls below the level required for continuous listing requirement.

4. Details regarding top 10 Shareholders

(a) On June 5, 2006 :

Sl.No.	Name of the Shareholder	No. of Shares held	% of Shareholding
1.	Darbhangha Marketing Company Ltd.	5,17,765	7.39
2.	Navjeevan Medical Institute	4,35,344	6.22
3.	Hargaon Investment & Trading Company Ltd.	3,73,920	5.34
4.	Smt. Nandini Nopany	3,10,800	4.44
5.	Infra Leasing Financial Services Ltd.	2,79,458	3.99
6.	New India Sugar Mills Ltd.	2,70,000	3.85
7.	RTM Investment & Trading Company Ltd.	2,49,958	3.57
8.	SCM Investment & Trading Company Ltd.	2,12,104	3.03
9.	Sharad Shah	1,68,172	2.40
10.	Prudential ICICI AMC Ltd. (Account- PMS)	1,63,773	2.34

(b) As on May 26, 2006 :

Sl.No.	Name of the Shareholder	No. of Shares held	% of Shareholding*
1.	Darbhangha Marketing Company Ltd.	5,17,765	7.39
2.	Navjeevan Medical Institute	4,35,344	6.22
3.	Hargaon Investment & Trading Company Ltd.	3,73,920	5.34
4.	Smt. Nandini Nopany	3,10,800	4.44
5.	Infra Leasing Financial Services Ltd.	2,79,458	3.99
6.	New India Sugar Mills Ltd.	2,70,000	3.85
7.	RTM Investment & Trading Company Ltd.	2,49,958	3.57
8.	SCM Investment & Trading Company Ltd.	2,12,104	3.03
9.	Sharad Shah	2,09,270	2.99
10.	Prudential ICICI AMC Ltd. (Account- PMS)	1,67,287	2.39



(c) 2 years prior

Sl.No.	Name of the Shareholder	No. of Shares held	% of Shareholding*
1.	Darbhangha Marketing Company Ltd.	8,30,167	11.89
2.	Navjeewan Medical Institute	5,79,300	8.30
3.	Hargaon Investment & Trading Company Ltd.	4,91,232	7.04
4.	Smt. Nandini Nopany	4,15,800	5.96
5.	New India Sugar Mills Ltd.	3,60,000	5.16
6.	SCM Investment & Trading Company Ltd.	2,49,705	3.58
7.	Yashovardhan Investment & Trading Co. Ltd.	2,07,900	2.98
8.	RTM Investment & Trading Co. Ltd.	1,82,835	2.62
9.	OSM Investment & Trading Co. Ltd.	1,81,744	2.60
10.	Champaran Marketing Co. Ltd.	1,71,205	2.45

* shareholding is calculated prior to allotment of 25009 shares, allotted on March 6, 2006 pursuant to the scheme of arrangement. For details, please refer to Notes to the Capital Structure, on page no. 9 of this Letter of Offer.

5. Aggregate Shareholding of Promoters and Directors of the Corporate Promoters (assuming full subscription to the entitlement):

Name	Pre-Issue		Post-Issue	
	No. of Shares	% of shareholding	No. of Shares	% of shareholding
Promoters				
Dr. K.K. Birla	107,715	1.54	1,77,729	1.54
Smt. Nandini Nopany	310,800	4.44	5,12,820	4.44
Smt. Nandini Nopany C/o. Chandra Shekhar Charity Trust	43,425	0.62	71,651	0.62
Shri Chandra Shekhar Nopany	24,000	0.34	39,600	0.34
Shri Chandra Shekhar Nopany C/o. Urvi Nopany Benefit Trust	3,400	0.05	5,610	0.05
New India Sugar Mills Ltd.	2,70,000	3.85	4,45,500	3.85
Darbhangha Marketing Co. Ltd.	5,17,765	7.39	8,54,312	7.39
The Oudh Sugar Mills Ltd.	11,250	0.16	18,563	0.16
Hargaon Inv. & Trdg. Co. Ltd.	3,73,920	5.34	6,16,968	5.34
Champaran Marketing Co. Ltd.	1,58,086	2.26	2,60,842	2.26
OSM Investment & Trading Co. Ltd.	1,37,510	1.96	2,26,892	1.96
SCM Investment & Trading Co. Ltd.	2,12,104	3.03	3,49,971	3.03
RTM Investment & Trading Co. Ltd.	2,49,958	3.57	4,12,430	3.57



Name	Pre-Issue		Post-Issue	
	No. of Shares	% of shareholding	No. of Shares	% of shareholding
Yashovardhan Investment & Trading Co. Ltd.	158,161	2.26	2,60,966	2.26
Shital Commercial Ltd.	118,547	1.69	1,95,603	1.69
Uttam Commercial Ltd.	1,350	0.02	2,228	0.02
Narkatiaganj Farms Ltd.	43,000	0.61	70,950	0.61
Rajpur Farms Ltd.	26,531	0.38	43,776	0.38
La Monde Trading & Investments Co. Ltd.	9,200	0.13	15,180	0.13
Wasmen Technologies Pvt. Ltd.	4,800	0.07	7,920	0.07
Moneyline Finvest Pvt. Ltd.	4,800	0.07	7,920	0.07
TOTAL	27,86,322	39.78	45,97,431	39.78

6. Shareholding pattern before and after the issue is as under (assuming full subscription to the entitlement) :

Name	Pre-Issue		Post-Issue	
	No. of Shares	% of shareholding	No. of Shares	% of shareholding
A. Promoters' Holding				
1. Promoters				
- Indian Promoters	27,86,322	39.78	45,97,431	39.78
- Foreign Promoters	—	—	—	—
2. Persons acting in Concert	—	—	—	—
Sub-Total	27,86,322	39.78	45,97,431	39.78
B. Non-Promoter Holding				
3. Institutional Investors				
a. Mutual Funds and UTI	850	0.01	1,403	0.01
b. Banks, Financial Institutions Insurance Companies (Central/State Government Institutions/ Non-government Institutions)	21,070	0.30	34,765	0.30
c. FII's	1,07,008	1.53	1,76,563	1.53
Sub-Total	1,28,928	1.84	2,12,731	1.84



Name	Pre-Issue		Post-Issue	
	No. of Shares	% of shareholding	No. of Shares	% of shareholding
4. Others				
a. Private Corporate Bodies	15,94,375	22.76	26,30,719	22.76
b. Indian Public	23,99,938	34.27	39,59,897	34.27
c. NRIs/OCBs	94,012	1.34	1,55,120	1.34
d. Any other (Foreign Nationals)	810	0.01	1,337	0.01
Sub-Total	40,89,137	58.38	67,47,073	58.38
Grand Total	70,04,387	100.00	1,15,57,239	100.00

7. Promoters of the Company, their relatives and associates, Promoter's Group and the directors of the Corporate Promoters have not purchased or sold, directly or indirectly, any Equity Shares during a period of six months preceding the date of filing this Letter of Offer save and except as follows:

Name	Date of transaction	Details of the transaction	Quantity (Number of Equity Shares)	Consideration (in Rs. Lacs)
Rajpur Farms Limited	27.03.2006	Purchased through Stock Exchange	5,300 (Max. Price – Rs.401.60 per share and Min. Price – Rs.401.10 per share)	21.36
Darbhangha Marketing Co. Ltd.	27.03.2006	Sold through Stock Exchange	1,02,500 (Max. Price – Rs.401/- per share and Min. Price – Rs.401/- per share)	410.00
RTM Investment & Trading Co. Ltd.	27.03.2006	Purchased through Stock Exchange	1,34,445 (Max. Price – Rs.401/- per share and Min. Price – Rs.401/- per share)	540.47
SCM Investment & Trading Co. Ltd.	27.03.2006	Purchased through Stock Exchange	39,742 (Max. Price – Rs.401/- per share and Min. Price – Rs.401/- per share)	159.76
Wasmen Technologies Pvt. Ltd.	27.03.2006	Sold through Stock Exchange	1,200 (Max. Price – Rs.401.60 per share and Min. Price – Rs.401.10 per share)	4.80
Moneyline Finvest Pvt. Ltd.	27.03.2006	Sold through Stock Exchange	1,200 (Max. Price – Rs.401.60 per share and Min. Price – Rs.401.50 per share)	4.80
La Monde Trading & Investments Pvt. Ltd.	27.03.2006	Sold through Stock Exchange	2,300 (Max. Price – Rs.401.60 per share and Min. Price – Rs.401.10 per share)	9.20
Rajpur Farms Limited	29.05.2006	Purchased through Stock Exchange	1,900 (Max. Price – Rs.295/- per share and Min. Price – Rs.289.80 per share)	5.55



Name	Date of transaction	Details of the transaction	Quantity (Number of Equity Shares)	Consideration (in Rs. Lacs)
Uttar Pradesh Trading Co. Ltd.	29.05.2006	Sold through Stock Exchange	680 (Max. Price – Rs.295/- per share and Min. Price – Rs.289.85/- per share)	1.97
Rajpur Farms Limited	30.05.2006	Purchased through Stock Exchange	1,981 (Max. Price – Rs.294/- per share and Min. Price – Rs.293/- per share)	5.84
Uttar Pradesh Trading Co. Ltd.	30.05.2006	Sold through Stock Exchange	1,981 (Max. Price – Rs.294/- per share and Min. Price – Rs.293/- per share)	5.78

8. We have 7262 Equity Shareholders as on June 5, 2006.
9. We have not issued any Equity Shares out of revaluation reserves in the past.
10. No further issue of equity capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner will be made by our Company during the period commencing from submission of the Letter of Offer with SEBI until the securities referred to in this Letter of Offer have been listed or application money is refunded in case of failure of the Issue.
11. We presently do not have any intention or proposal to alter our capital structure for a period of 6 (six) months from the Issue Opening Date, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible / exchangeable, directly or indirectly for Equity Shares) whether on preferential basis or otherwise. However, if we go in for acquisitions and joint ventures, our Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
12. We have not raised any bridge loan against the proceeds of this Issue.
13. Non-Resident Investors and FII's will not need permission of the FIPB/RBI for investment in the Issue to the extent of their Rights Entitlement. However, in case of applications from such entities in excess of their entitlement, allotment will be subject to restrictions under applicable laws.
14. The Issue will remain open for 30 days. However, the Board will have the right to extend the issue period as it may determine from time to time but not exceeding 60 days from the issue opening date.
15. In terms of loan agreements signed with State Bank of India, Punjab National Bank and UTI Bank Ltd.; we are required to obtain prior consent from them for issuing fresh Equity Shares. We have obtained prior sanctions from the aforesaid lenders as stated below:

Name of the Lender	Letter Reference No.	Letter Date
State Bank of India	CB/RM-111/594	October 6, 2005
Punjab National Bank	-	October 13, 2005
UTI Bank Ltd.	UTI/RMD/RK/2005-06/427	March 2, 2006

16. Neither we nor our Promoters, Directors or Lead Manager have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company.
17. At any given time, there shall be only one denomination of the Equity Shares of the Company. The Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in the Company.



OBJECTS OF THE ISSUE

The objects of the present issue of equity shares are:

1. To reduce overall indebtedness of the Company by repaying borrowings.
2. To meet the expenses of the issue

Fund Requirement	Amount (Rs. in lacs)
Repayment of borrowing	6629.28
Meeting issue expenses	200.00
Total	6829.28

Repayment of Borrowings

The Company has entered into various financing arrangements with banks and financial institutions. Arrangements entered into by the Company, other than with related parties, includes borrowings in the form of term loans, working capital facilities and unsecured loans including corporate loans from banks, fixed deposits from others. As on December 31, 2005 and March 31, 2006 the amount outstanding from the Company under these facilities were Rs.12302.44 lacs and Rs. 21866.56 lacs respectively. Details of the amounts outstanding have been provided in the table below:

(Rupees in lacs)

Sr. No.	Bank/ Lender	Amount Outstanding as on December 31, 2005 (Audited)	Amount Outstanding as on March 31, 2006 (Unaudited)
A	Term Loan Account		
1	Industrial Development Bank of India (IDBI)	3675.00	1475.00
2	UTI Bank Ltd	2910.00	2780.00
3	Industrial Investment Bank of India	371.25	330.00
4	Government of India (Sugar Development Fund)	1257.28*	1266.97**
		8213.53	5851.97
B	Working Capital Borrowings (from Banks)	305.66	10974.97
C	Unsecured Borrowings (other than related parties)		
	Corporate Loans from Scheduled Banks	2000.00	3000.00
	Crop Loan from Bank	546.98	627.64
	Fixed Deposits from Others	981.25	1009.04
	Intercorporate Deposits	135.00	135.00
	Co-operative Farming Societies	87.01	238.81
	Trade & other Deposits	33.01	29.13
		3783.25	5039.62
	Total (A+B+C)	12302.44	21866.56

* Including Rs.288.19 lacs towards interest which, as per stipulated terms, is payable on a long term basis.

** Including Rs.297.88 lacs towards interest which, as per stipulated terms, is payable on a long term basis.



Our working capital borrowings has increased from Rs. 305.66 lacs as on December 31, 2005 to Rs. 10974.97 lacs as on March 31, 2006 due to funds required for the crushing operations for the 2005-06 sugar season. We intend to use net issue proceeds towards repayment of our working capital borrowings. Our working capital borrowings will be reduced by Rs. 6629.28 lacs after such repayment.

BREAK-UP OF ISSUE EXPENSES

The expenses for this Rights Issue are estimated at Rs. 200 lacs (approximately 2.93% of the total issue size), the break-up whereof is as follows:

Particulars	Rs. In Lacs	% of total issue expense	%of total issue size
Fees to Lead Manager	155.00	77.50%	2.27%
Fees to Registrar	0.75	0.37%	0.01%
Fees to Auditors	13.50	6.75%	0.20%
Fees to Banker to the Issue	0.25	0.13%	0.01%
Fees to Legal Advisor to the Issue	6.50	3.25%	0.09%
Printing & Stationery and Postage expenses	11.50	5.75%	0.17%
Advertisement, Travel and other Miscellaneous Expenses	12.50	6.25%	0.18%
Total	200.00	100.00%	2.93%

No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associates or group companies.

DEPLOYMENT OF FUNDS PENDING UTILISATION

The issue proceeds, pending utilisation, we intend to temporarily invest the Issue proceeds in fixed deposits in scheduled commercial banks for the necessary duration.



BASIC TERMS OF THE ISSUE

Face Value

Each Equity Share shall have the face value of Rs. 10/-.

Issue Price

Each Equity Share is being offered at a price of Rs. 150/- (including a premium of Rs.140/-).

Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 13 Equity Shares for every 20 Equity Shares held as on the Record Date.

Market Lot

The market lot for the Equity Shares in dematerialised mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate").

Terms of Payment

The issue price per Equity Share shall be payable as follows:

100% of the issue price i.e. Rs. 150 per Equity Share shall be payable on Application.



BASIS FOR ISSUE PRICE

Our issue price is based on the following 'Qualitative Factors' and 'Quantitative Factors' :

Qualitative Factors :

1. More than 70 years experience in sugar industry.
2. Sugar plants are located in rich sugarcane producing areas of Northern India.
3. Tea estate is located in fertile tea producing areas of Assam.
4. Loyal and experienced workforce.

Quantitative Factors :

Information presented in this section is derived from our Restated Financial Statements prepared in accordance with Indian GAAP and SEBI (DIP) Guidelines.

1. Adjusted Earning Per Share (EPS)

	Weight	EPS (Rs.)
Year ended June 30, 2003	1	(17.03)
Year ended June 30, 2004	2	8.32
Year ended June 30, 2005	3	43.31
Weighted Average		21.59

For six months period ended December 31, 2005 , our EPS was Rs. 25.55.

- (1) The earning per share has been computed on the basis of Restated Profits & Losses after Tax and exceptional items for the respective years.
- (2) The denominator considered for the purpose of calculating Earning Per Share is the weighted average number of Equity Shares outstanding during the year.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 150 per Equity Share

- a. Based on earnings of financial year ended June 30, 2005; EPS was Rs.43.31
- b. P/E based on earnings for the year ended June 30, 2005 is 3.46
- c. Industry P/E ⁽¹⁾
 - i) Highest : 49.3
 - ii) Lowest : 2.7
 - iii) Industry Composite : 18.2

(1) Compiled from "Capital Market" , Vol.XX/26, Feb 27- Mar 12, 2006

3. Average Return on Net Worth

	Weight	EPS (Rs.)
Year ended June 30, 2003	1	(24.20)
Year ended June 30, 2004	2	10.97
Year ended June 30, 2005	3	38.21
Weighted Average		18.73

For six months period ended December 31, 2005, our return on network was 18.47%.

- (1) The average return on net worth has been computed on the basis of Restated Profits & Losses after Tax for the respective year.



4. Minimum Return on Total Networth after Issue needed to maintain EPS at Rs. 43.31 is 30.30%.

5. Net Asset Value

Net Asset Value per Equity Share represents Shareholders' Equity less Miscellaneous Expenses as divided by weighted average number of Equity Shares.

Net Asset Value per Equity Share as at December 31, 2005 is Rs. 138.36

The Net Asset Value per Equity Share after the Issue is Rs. 142.95

Issue Price per Equity Share: Rs. 150

6. Comparison of Accounting Ratios ⁽¹⁾

	EPS (Rs.)	P/E*	RONW(%)	Book Value/Share (Rs.)
Upper Ganges Sugar & Industries Ltd. (Based on June 30, 2005)	43.31	3.46 (based on Issue price)	38.21	113.35
Industry Data				
Category: Private Sector Companies				
Peer Group				
Bajaj Hindustan (for year ended September 30, 2005)	10	33.5	37.30	50.3
Balrampur Chini (for year ended March 31, 2005)	5.20	22.60	32.6	21.2
Dhampur Sugar (for year ended September 30, 2005)	16.40	11.8	58.50	29.70
Mawana Sugars (for year ended September 30, 2005)	14.20	9.10	38.30	55.40
Ponni Sugars (E) (for year ended March 31, 2005)	6.40	8.30	26.0	28.40
Dwarikesh Sugar (for year ended September 30, 2005)	16.40	14.0	42.0	58.6
Industry Composite	-	18.2	-	-

* P/E based on trailing twelve month data

(1) Compiled from "Capital Market" , Vol.XX/26, Feb 27- Mar 12, 2006

7. Issue Price

In view of the reasons mentioned above, the Company and the Lead Manager to the Issue, in consultation with whom the share premium has been decided, are of the opinion that the share premium is reasonable and justified.

The face value of the Equity Share is Rs. 10 and the Issue Price of Rs. 150 per Equity Share is 15 times of the face value.



TAX BENEFIT STATEMENT

We, the auditors of Upper Ganges Sugar and Industries Limited hereby confirm that the attached Annexure states the possible tax benefits available to the Company and its shareholders under the Income Tax Act, 1961, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill. The benefits discussed in the Annexure are not exhaustive.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing of these benefits have been / would be met with.

The contents of this Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and interpretations of the current tax laws.

22 Camac Street
Block 'C', 3rd Floor
Kolkata 700 016

S. R. BATLIBOI & CO.
Chartered Accountants

Dated : 6th March, 2006

Per R K AGRAWAL
a Partner
Membership No. 16667



ANNEXURE TO THE STATEMENT OF TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The Company is mainly engaged in production of Sugar, Spirits and Tea products and there are no specific tax incentives, except for its tea business, available to the Company based on its business activities.

The following tax benefit shall be available to the company:

(a) Under The Income Tax Act, 1961

Under section 33AB of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, the company shall be allowed a deduction of a sum equal to forty percent of the profits of its tea business or a sum equal to the amount or aggregate of the amount deposited with the National Bank /Deposit Account in certain specified schemes as approved by the Tea Board, whichever is less.

The following tax benefits shall be available to the prospective shareholders under Direct Tax Laws.

(b) Under The Income Tax Act, 1961

Resident Members

- o Under section 10(34) of the Act, income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income-tax in the hands of the shareholders.
- o Under section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented Mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India after October 1, 2004 is exempt.

However it has been proposed in the Union Budget 2006-2007 that income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act. The amendment will take effect from April 1, 2007 and will accordingly; apply in relation to the Assessment Year ('AY') 2007-2008 and subsequent years.

- o In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.
- o Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- o In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorised by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
- o Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under the section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds issued by –
 - o National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - o National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
 - o Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;



- o National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987;
- o Small Industries Development Bank of India established under Section 3 of Small Industries Development Bank of India Act, 1989;

However it has been proposed in the Union Budget 2006-2007 that benefit of the exemption will be available only if the gains are invested in bonds of National Highways Authority of India and Rural Electrification Corporation Limited that are issued on or after April 1, 2006. This amendment will take effect retrospectively from AY 2006-07 i.e. from April 1, 2005.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- o Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- o However it has been proposed in the Union Budget 2006-2007 that the benefit of exemption from tax provided under this section shall be withdrawn. This amendment will take effect from April 1, 2007 and will, accordingly, apply in relation to AY 2007-08 and subsequent years.
- o Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- o Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognised stock exchange in India [after the date of coming into force of Chapter VII of the Finance (No. 2) Act, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and educational cess on income-tax).
- o Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.
- o In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1 June, 2005 as per the Finance Act, 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1 June, 2005 as per the Finance Act, 2005).

However it has been proposed in the Union Budget 2006-2007 to enhance these rates by 25%. Accordingly the proposed new rates shall be as under:

Securities Transaction Tax on delivery based purchase and sale of equity shares in a company through the recognised stock exchange will increase from 0.1% to 0.125%.

Securities Transaction Tax on non-delivery based transactions in equity shares or units of an equity oriented fund entered into on a recognised stock exchange will increase from 0.02% to 0.025%.

This amendment will take effect from 1 June, 2006.



Non Resident Indians/ Members other than FIs and Foreign Venture Capital Investors

- o By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, is exempt from tax in the hands of the recipients.
- o Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

However it has been proposed in the Union Budget 2006-2007 that income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act. The amendment will take effect from April 1, 2007 and will accordingly; apply in relation to the AY 2007-2008 and subsequent years.

- o Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

Tax on income from investment and Long Term Capital Gains:

- A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to certain Incomes of Non-Residents".
- Under section 115E of the Act, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessionaly taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- o Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
 - Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- o Return of Income not to be filed in certain cases
 - Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
- o Other Provisions
 - Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.
 - Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
 - Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months from the date of transfer, in the bonds



issued by –

- o National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
- o National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;
- o Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
- o National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987;
- o Small Industries Development Bank of India established under section 3, of Small Industries Development Bank of India Act, 1989.

However it has been proposed in the Union Budget 2006-2007 that benefit of the exemption will be available only if the gains are invested in bonds of National Highways Authority of India and Rural Electrification Corporation Limited that are issued on or after April 1, 2006. This amendment will take effect retrospectively from AY 2006-07 i.e. from April 1, 2005.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.

However it has been proposed in the Union Budget 2006-2007 that the benefit of exemption from tax provided under this section shall be withdrawn. This amendment will take effect from April 1, 2007 and will, accordingly, apply in relation to AY 2007-08 and subsequent years.

- Under section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.
- Under Section 111A of the Act, capital gains arising to a shareholder from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognised stock exchange in India [after the date of coming into force of Chapter VII of the Finance (No. 2) Act, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and the education cess on income-tax).
- In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1 June, 2005 as per the Finance Act, 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1 June, 2005 as per the Finance Act, 2005).



However it has been proposed in the Union Budget 2006-2007 to enhance these rates by 25%. Accordingly the proposed new rates shall be as under:

Securities Transaction Tax on delivery based purchase and sale of equity shares in a company through the recognised stock exchange will increase from 0.1% to 0.125%.

Securities Transaction Tax on non-delivery based transactions in equity shares or units of an equity oriented fund entered into on a recognised stock exchange will increase from 0.02% to 0.025%.

This amendment will take effect from 1 June, 2006.

Foreign Institutional Investors (FIIs)

- o By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
- o Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

However it has been proposed in the Union Budget 2006-2007 that income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act. The amendment will take effect from April 1, 2007 and will accordingly; apply in relation to the AY 2007-2008 and subsequent years.

- o Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long-term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- o The income realised by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and education cess on income-tax) as per section 115AD of the Act.
- o The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realised by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
 - Short term capital gains – 30% (plus applicable surcharge and education cess on income tax)
 - Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess on income-tax) (Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
- o Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by –
 - o National Bank for Agriculture and Rural Development established Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - o National Highways Authority of India constituted under Section National Bank for Agriculture and Rural Development established under 3 of National Highways Authority of India Act, 1988;
 - o Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
 - o National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987;
 - o Small Industries Development Bank of India established under Section 3 of Small Industries Development Bank of India Act, 1989;

However it has been proposed in the Union Budget 2006-2007 that benefit of the exemption will be available only if the



gains are invested in bonds of National Highways Authority of India and Rural Electrification Corporation Limited that are issued on or after April 1, 2006. This amendment will take effect retrospectively from AY 2006-07 i.e. from April 1, 2005.

- o Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.

However it has been proposed in the Union Budget 2006-2007 that the benefit of exemption from tax provided under this section shall be withdrawn. This amendment will take effect from April 1, 2007 and will, accordingly, apply in relation to AY 2007-08 and subsequent years.

- o In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller (0.1% with effect from 1 June, 2005 as per the Finance Act, 2005). The non-delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller (0.02% with effect from 1 June, 2005 as per the Finance Act, 2005).

However it has been proposed in the Union Budget 2006-2007 to enhance these rates by 25%. Accordingly the proposed new rates shall be as under:

Securities Transaction Tax on delivery based purchase and sale of equity shares in a company through the recognised stock exchange will increase from 0.1% to 0.125%.

Securities Transaction Tax on non-delivery based transactions in equity shares or units of an equity oriented fund entered into on a recognised stock exchange will increase from 0.02% to 0.025%.

This amendment will take effect from 1 June, 2006.

Venture Capital Companies / Funds

As per the provisions of section 10(23FB) of the Act, income of :

- a) Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- b) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking; is exempt from income tax.

Infrastructure Capital Companies / Funds or Co-operative Bank

As per the provisions of section 10(23G) of the Act, income by way of dividends, interest or long term capital gains of

- Infrastructure Capital Company;
- Infrastructure Capital Fund; and
- Co-operative Bank

from investment made in share or long term finance in undertakings specified therein shall be exempt from tax. However, such income earned by an Infrastructure Capital Company shall not be exempt for the purpose of computing tax on book profits u/s 115JB of the Act.

However it has been proposed in the Union Budget 2006-2007 to omit clause (23G) of Section 10 so as to make income from existing as well as future investments in eligible businesses taxable. This amendment will take effect from the 1st day of April, 2007 and will, accordingly, apply in relation to AY 2007-08 and subsequent years.



(c) Under The Wealth Tax Act, 1957

- o Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, 1957, hence Wealth-tax Act will not be applicable.

Notes

- All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.



CHAPTER IV: DETAILS OF ISSUER COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries and has not been prepared or independently verified by the Issuer or the Lead Manager.

INTERNATIONAL SCENARIO

Sugar

Brazil and India are the largest sugarcane and sugar producing countries followed by the European Union (EU), China, USA, Thailand, Australia, Mexico and South Africa. According to the World Sugar Yearbook 2005, global sugar production has increased from approximately 116.08 million metric tonnes (mmt) in 1994-95 to 144.66 mmt in 2004-05 representing the CAGR of 2.22%, whereas consumption during the same period has increased from 114.96 mmt to 144.97 mmt representing a CAGR of 2.35%. India is the largest consuming nation and the second largest producer of sugar at 13.70 mmt in 2004-05 after Brazil at 30.18 mmt.

World production, consumption and distribution of sugar

(in mmt, raw value - October to September)

Year	2001-02	2002-03	2003-04	2004-05	2005-06*
Opening Stock	59.01	58.39	67.86	64.97	61.38
Add : Production	138.46	150.50	143.42	144.66	148.86
Add : Imports	45.19	48.22	48.98	50.83	49.25
Exports	48.75	49.89	52.48	54.11	52.12
Consumption	135.52	139.36	142.81	144.97	147.26
Closing Stock	58.39	67.86	64.97	61.38	60.11

*estimate

Though there was marginal increase in sugar production in 2004-05 but the same was set off by comparative higher increase in consumption and consequently the carried forward inventory decreased to the level of 61.38 mmt as compared to 64.97 mmt in 2003-04. This decrease in inventory is also because of fall in sugar production in India during past two years.

The exports trade in the world sugar market is dominated by Brazil, European Union, Thailand and Australia. Although international sugar price should be a reliable indication of prices and trends in the sugar markets, the global trade is subject to a certain level of distortion due to trade policies adopted by certain nations. The Dispute Settlement Board of the WTO has upheld Australia, Brazil and Thailand's complaints against the European Union (EU) sugar export subsidies by directing that the EU must reduce its export of subsidised sugar. This award has been accepted by EU who has already started the process of reducing its subsidies in a phased manner. As a result of this, it is expected that around 7 mmt of white sugar will be eliminated from the international markets.

The cost of production, is highest in EU, followed by South Africa, USA and Cuba. The cost of production in India is one of the lowest in the world, after Australia, Brazil and Thailand. The world's largest consumers of sugar are India, EU, China, Brazil, USA, Russia, Mexico and Indonesia. The consumption of sugar in Asian countries has increased at a faster rate, as a direct result of increasing population, lower sugar prices and increased availability.

The increasing prices of crude oil in 2005 has compelled various countries to seriously consider alternate energy resources especially for automotive purposes and ethanol has emerged as a commercially viable alternative to crude oil.



Ethanol is used as an automotive fuel by itself and can be mixed with gasoline to form what has been called “gasohol”. The most common blends contain 10% ethanol and 85% ethanol mixed with gasoline. Over 1 billion gallons of ethanol are blended with gasoline every year in the United States. Since the ethanol molecule contains oxygen, it allows the engine to more completely combust the fuel, resulting in fewer emissions. Since ethanol is produced from plants that harness the power of the sun, ethanol is also considered a renewable fuel. Therefore, ethanol has many advantages as an automotive fuel.

Brazil, the largest producer of sugar and largest consumer of ethanol, produces ethanol directly from sugarcane juice unlike several other countries which produces ethanol from molasses, a by-product of the extraction of sugar from sugarcane. Due to increased price of crude oil and rising cost of the sugar production, Brazil’s realisation from ethanol is higher than from procuring and exporting sugar. As a result Brazil is increasingly diverting sugarcane towards the production of ethanol while reducing its sugar output.

Another major sugar producer, EU is also expected to reduce its sugar production because of the acceptance of the direction of the WTO to reduce export of subsidied sugar.

Consequent to the imminent withdrawal of large quantities of subsidied sugar and decline in world inventories, global sugar prices staged an appreciable recovery.

Tea

The Tea Industry in India is an agro based labour intensive industry. It provides direct employment to over 1 million persons. Through its forward and backward linkages another 10 million persons derive their livelihood from tea. In Northeast India alone, the tea industry employs around 900,000 persons on permanent rolls. The Tea Industry is one of the largest employers of women amongst organised industries in India. Women constitute nearly 51% of the total workforce.(website of Indian tea association)

Scenario of tea production in the world during last five years was as follows:

Year	Production (in million kgs)
2000	2908.5
2001	3041.0
2002	3053.1
2003	3144.4
2004	3150.6

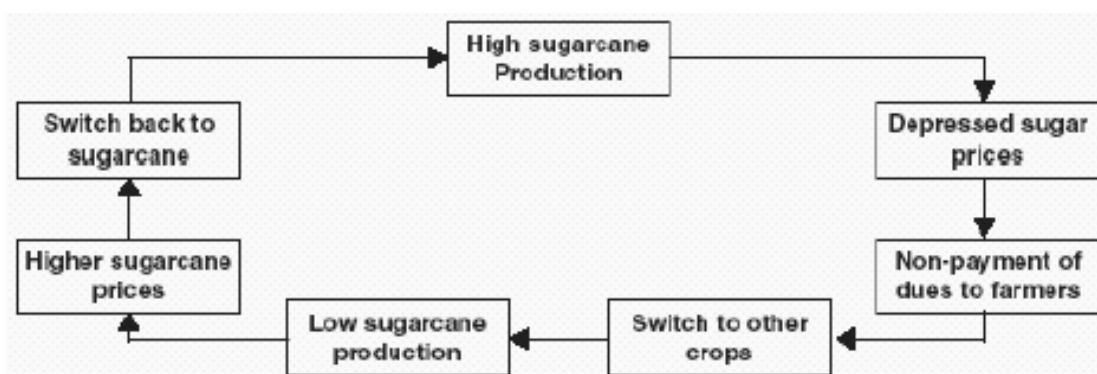
(Source:UPASI Year Book)

INDIAN SCENARIO

Overview & Key Trends

- Sugar industry is the largest agro-based industry located in the rural India. About 45 million sugarcane farmers, their dependents and a large mass of agricultural labourer are involved in sugarcane cultivation, harvesting and ancillary activities, constituting 7.5% of the rural population. Besides, about 0.5 million skilled and semi-skilled workers, mostly from the rural areas are engaged in the sugar industry. Some of the sugar factories have also diversified into by-product based industries and have invested and put up distilleries, organic chemical plants, paper and board factories and cogeneration plants. The industry generates its own replenishable biomass and uses it as fuel without depending on fossil fuel. Sugar industry contributes about Rs. 2200 crores to the Central Exchequer as excise duty and other taxes annually. In addition, about Rs.625 crores is realised by the State Governments annually through purchase tax and cess on cane. At the prevailing sugar cane price, the total sugar cane produced in the country value at about Rs.32000 crores per year.
- There were approximately 567 sugar mills located in around 20 states of the country in 2004-05. About 55% of these mills are in the cooperative sector, 34% in the private sector and rest in the public sector.

- The minimum price of raw material, namely sugarcane, is statutorily fixed by the Central Government on the basis of the recommendation made by Commission for Agricultural Costs & Prices (CACP). Sale of sugar produced by the mills is regulated by the Central Government through monthly fixation of quota. Currently, 90% of the sugar produced is allowed to be sold by mills as free sale quota (free in regard to price and movement) and 10% is allowed to be sold as levy to State Governments or their nominees at predetermined prices. The sale of sugar produced in 4-5 months of the sugar season is staggered over a period of a year or more.
- Sugar cycle: The domestic sugar industry typically follows a 4 to 5 year cycle. Higher sugarcane and sugar production results in a fall in sugar prices and non-payment of dues to farmers. This compels the farmers to switch to other crops thereby causing a shortage of sugarcane, consequently an increase in sugarcane prices and extraordinary profits. Taking into account the prevalent higher prices for cane, farmers then switch back to sugarcane. For example, the bumper crop in sugar season (Oct - Sep) 2001-02, 2002-03 resulted in higher production, but lower prices for sugar. It also resulted in large cane arrears leading to harsh times for cane growers. Taking into account the bad experience of such depressed realisable price, many farmers shifted to other crops leading to drop in sugarcane and sugar production in the country. The limited availability of sugarcane in 2003-04, 2004-05 seasons forced the sugar manufacturers to make higher and prompt payment to farmers. Consequently, this resulted in increased crop in 2005-06. An illustration of the said sugar cycle is given below:



Current Status in Indian Sugar Industry

India is the largest consumer and second largest producer of sugar in the world. Indian sugar production has grown from 9.83 mmt (of plantation white sugar) in 1993-94 season to 20.14 mmt in the 2002-03 season at a CAGR of approximately 6.62% whereas consumption has grown from 11.87 mmt to 18.38 mmt at a CAGR of approximately 4.47% during the same period, according to Indian Sugar Yearbook 2003-04. The average per capita consumption of sugar is estimated at 18.3 kg/year in the year 2002-03. Based on the existing trend, this is estimated to increase to 23-24 kg/year by year 2010. However, after the prolonged period of increased sugar production, sugar production was significantly lower at 14.00 mmt in the 2003-04 season. Sugar production further decreased to 12.70 mmt in 2004-05 season.

Due to continuous excessive production from 1999-2000 to 2002-03, the sugar ex-factory price which was ruling around Rs.1630 per quintal in 2000-01 had fallen down below the cost of production to Rs. 1130 per quintal in 2003.

Subsequent to such low realisation lead to continuous decline in sugar production in two seasons struck the much needed balance between demand and supply as a result the free sale prices of sugar started improving and improved to more reasonable level in season 2004-05. The decrease in the sugar production of last two seasons, combined with growing sugar demand compelled India to import 2.14 mmt of raw sugar in 2004-05. The sugar production as per the estimate of ISMA is likely to be 18 mmt in 2005-06 which will be lower than the estimated consumption for the sugar season 2005-06.



Indian Sugar production, consumption and distribution of sugar

(in lac tonnes - October to September)

Year	2001-02	2002-03	2003-04	2004-05	2005-06 (estimated)
Opening Stock	106.63	113.17	116.14	85.00	48.33
Add : Production	185.29	201.40	139.95	126.99	181.00
Add : Imports	-	0.41	4.00	21.38	-
Exports	10.94	15.00	2.24	0.04	-
Consumption	167.81	183.84	172.85	185.00	-
Closing Stock	113.17	116.14	85.00	48.33	

(Source: ISMA)

- The Government de-licensed sugar sector through notification dated September 11, 1998. The entrepreneurs have been allowed to set up sugar factories or expand the existing sugar factories as per the techno-economic feasibility of the project. However, they are required to maintain a radial distance of 15 kms from the existing sugar factory. After de-licensing, a number of new sugar plants of varying capacities have been set up and the existing plants have substantially increased their capacity.

The validity of the said notification was challenged in the Allahabad High Court. The Hon'ble Court quashed the said notification, and accordingly sugar industry continues to be under licence regime. An appeal was preferred against the order of Allahabad High Court before the Hon'ble Supreme Court. The Supreme Court was pleased to admit the appeal and granted an interim stay against the operation of the order of the Allahabad High Court. The matter is pending before Supreme Court of India for hearing.

Sugarcane Pricing

Sugarcane is the main raw material for sugar industry and accounts for about 70% of the cost of production of sugar. It is also the major source of income for millions of farmers. The determination of price for sugarcane is, therefore, a matter of critical importance both for the sugar industry and the cane growers. The Central Government fixes a Statutory Minimum Price factory wise, in terms of Clause 3 of the Sugarcane (Control) Order, 1966 in respect of each sugar season having regard to the following:

- Cost of production of sugarcane
- Return to the growers from alternative crops and the general trend of prices of agricultural commodities
- Availability of sugar to consumers at a fair price
- Price at which sugar produced from sugarcane is sold by sugar producers
- Recovery of sugar from sugarcane

Further, under the Clause 5A of the Sugarcane (Control) Order, 1966, the farmer is entitled to an additional payment out of the price realisation by the factories.

The Central Government before the onset of crushing season declares the SMP.

The U.P. sugar factories have paid Rs. 95/- per quintal for sugar season 2003-04, Rs. 107/- per quintal for the sugar season 2004-05 and currently paying Rs. 115/- per quintal for the sugar season 2005-06, based on the prices announced by the U.P. Government, which is also referred to as State Advised Price (SAP). Further the Bihar sugar factories paid SMP for the sugar season 2003-04. However most of the Bihar sugar factories have paid a contractual price of Rs. 95/- per quintal, higher than the SMP, for the sugar season 2004-05 and currently paying Rs. 108/- per quintal for the sugar season 2005-06 which is also higher than the SMP.

For the sugar seasons 2003-04 and 2004-05, the U.P. State government has granted a total relief of Rs. 2.50 per quintal of



sugarcane in form of Cane Purchase Tax and Society Commission, which is directly passed to the cane growers by including the same as part of the total SAP paid as mentioned above. However no such relief has been granted for the current season. The Bihar Government in order to provide incentive to sugar factories has allowed remission of purchase tax for the seasons 2005-06 to 2007-08.

In a Landmark judgment, the Honourable Supreme Court in its 3:2 majority judgment, dated 5th May, 2004 has upheld the right of U.P. State Government to fix the State Advised Price (SAP) of sugarcane at levels higher than the SMP prescribed by the Central Government under the Sugar Cane (Control) Order, 1966, thereby setting aside the order of the Allahabad High Court which had held SAP to be untenable. As regards other States, like Bihar, Punjab, Haryana, the orders of the respective High Courts have been set aside and the writ petitions have been remanded back to the respective High Courts for fresh consideration in accordance with the applicable laws of those states. The U.P. Industry, subsequently filed the review petition, but the same was also dismissed.

After the judgement of the Supreme Court, the U.P. State Government has announced SAP for the sugar seasons 2002-03 and 2003-04, with retrospective effect. The same was challenged by the U.P. Sugar Mills Association, before Allahabad High Court and the Court has upheld the prices announced by the U.P. Government. As a result, we, like the rest of the U.P. Sugar Mills have made a payment towards the arrears on account of differential prices of cane for the seasons 1996-97, 2002-03 and 2003-04.

Release Mechanism of Sugar

Under the partial control of sugar industry followed by the Central Government, 90% of the sugar produced by sugar mills may be disposed off by them, without any restriction on price and movement. The balance 10% is to be supplied by them at prices fixed by the Central Government. However, both free sale sugar and levy sugar are subject to monthly quotas decided by the Central Government. The sugar produced in 4 to 5 months in a sugar seasons is controlled and regulated to be sold throughout the year. This release mechanism has been in place since 1942, when the Sugar and Sugar Products Control Order was first promulgated and has since been followed except for a break during 1978-79, when monthly release was given up. The reason for monthly release of sugar has been to ensure that sugar is available throughout the year at reasonable prices to consumers, while at the same time maintaining the price at a steady level helps the industry. 10% of the sugar produced by the factory is procured by the Government as levy sugar at a pre-determined price for supply to consumers through the Public Distribution System. This proportion of levy sugar was 60% in 1967-68 and has been gradually brought down to 10% from 2001-02.

By-products and Ethanol

Bagasse and molasses are the two most important by-products of the sugar industry. Whereas bagasse is primarily used to meet the captive requirement of fuel, a substantial quantity of it can be saved to produce products like paper, particle boards etc. In addition, the bagasse can also be used for cogeneration of power by the sugar industry. It is estimated that the sugar industry has a potential to co-generate upto 5000 MW of power. Similarly, molasses, an important by-product of the sugar industry, is used extensively for the manufacture of ethyl alcohol and alcohol based down stream chemicals in addition to manufacture of potable alcohol. Dehydrated alcohol (ethanol) is a good oxygenate and when used as a blend with motor spirit, substantially reduce the vehicular emissions. Its blending therefore can help reduce pollution in large cities. Ethanol has a high anti knock quality and its addition up to 10% raises the octane rating of regular petrol by 3 units and blending up to 25% raises the octane number by 8 units thus, eliminating the need for using environmentally harmful lead additives for raising the octane number of petrol.

The Government announced Ethanol blended petrol scheme in 2002 to encourage alternative fuel, ethanol in the larger interest of cane farmers and also its beneficial impact on environmental protection. As per the scheme, it was to cover the rest of the country by end 2004. The percentage of mixing is to be increased to 10% and to 20% in subsequent phases.

The Government had made blending of fuel petrol with 5% mandatory w.e.f. October 1, 2003 in nine States and four Union Territories. However, the said scheme could not last for long due to the decline in sugarcane and sugar production steeply in 2003-04 on account of severe drought in certain parts of the country. Consequently, the production of molasses has also declined leading to increase in cost of production of Ethanol by about Rs.6/- per litre. During the year 2004-05, the blending which was earlier mandatory has now been made optional for the oil companies. In view of increased crude oil prices in 2005, the Government has again initiated procurement of ethanol from various distilleries.



Tea

In India, production of tea has been stable in last five years. Production of tea was as follows:

Year	Production (in million kgs)
2000	846.9
2001	853.9
2002	826.2
2003	857.1
2004	820.2

(Source:UPASI Year Book)

Further, tea also contributes towards exchequer of the country by means of exports. Details of exports and imports in last three years are as follows:

Year	(in million kgs)	
	Exports	Imports
2002	201.0	22.01
2003	173.7	9.86
2004	183.6	30.52

(Source:UPASI Year Book)



OUR BUSINESS

OVERVIEW

Our Company belongs to the well known K.K. Birla Group of Companies, which is a major player in industries like fertilisers, chemicals, heavy engineering, textiles, shipping and others apart from sugar. From a modest beginning in 1932, the Company has grown to achieve a position among the pioneers in the Sugar Industry.

The Company was promoted in the year 1932 under the name and style of Upper Ganges Sugar Mills Ltd by Birla Brothers Ltd. who acted as its Managing Agents. The name of the Company was subsequently changed to Upper Ganges Sugar & Industries Ltd. in the year 1984. Initially a Sugar Mill was set up at Seohara (U.P.) with a crushing capacity of 500 tcd. We further established a distillery at Seohara (U.P.) which was transferred to Alco Chem Ltd., a subsidiary of the Company. The said subsidiary was merged with the Company effective from 1st April, 1976. Subsequently we purchased Bharat Sugar Mills, a unit of New India Sugar Mills Limited having a sugar mill with crushing capacity of 1750 tcd at Sidhwalia (Bihar) and it was transferred to the Company pursuant to the Scheme of Arrangement sanctioned by the Calcutta High Court effective from 1st April, 1993. A confectionery factory was taken on lease from C & E Morton (India) Limited which also merged with the Company effective from 1st July, 1976. The said confectionery factory was closed in the year 2000. The Company also purchased a Tea Garden called "Cinnatolliah Tea Garden" situated at North Lakhimpur (Assam) in the year 1982. We have also acquired the sugar division of New India Sugar Mills Limited having a sugar mill with crushing capacity of 1750 tcd at Hasanpur (Dist: Samastipur, Bihar) pursuant to the Scheme of Arrangement between us and NISML sanctioned by the Hon'ble High Courts of Calcutta and Allahabad effective from October 1, 2004. Our present crushing capacity is 14,250 tcd.

Over the period we have expanded and consolidated our capacities of sugar production, industrial alcohol/ethanol and tea products. Presently we have three sugar factories at Seohara, Dist. Bijnor (Uttar Pradesh); second at Sidhwalia, Dist. Gopalganj (Bihar) and third at Hasanpur, Dist: Samastipur (Bihar) with a combined crushing capacity of 14,250 tcd. Our Company is also having a distillery at Seohara, Dist. Bijnor (Uttar Pradesh) with a capacity 16.5 million litres per annum. Our tea garden has a cultivable area coverage of 590 hectares for production of various types of teas.

In FY 2004, 2005 and six months period ended December 31, 2005 we have earned revenues of Rs.26188.74 lacs, Rs. 34202.74 lacs and Rs.16995.70 lacs and Profit after Tax of Rs.580.87 lacs, Rs. 3031.12 lacs Rs. 1789.67 lacs respectively.

DETAILS OF OUR PRODUCTS

As stated above, we manufacture the following three main categories of products:

- Sugar
- Industrial Alcohol/Ethanol
- Tea

Share of different segments in our total sales for the last three years is as follows:

	2002-03		2003-04		2004-05		Six months ended December 31, 2005	
	Amount	% to total sales	Amount	% to total sales	Amount	% to total sales	Amount	% to total sales
Sugar	26468.89	89.46	23030.01	85.43	33228.85	91.30	19318.02	91.64
Industrial Alcohol/ Ethanol	1864.83	6.30	2818.65	10.45	1975.33	5.43	987.80	4.69
Tea	889.88	3.01	776.97	2.88	780.65	2.15	547.49	2.60
Others	364.01	1.23	334.41	1.24	408.91	1.12	227.30	1.07
Total	29587.61	100.00	26960.04	100.00	36393.74	100.00	21080.61	100.00



PRODUCTION PROCESS

Production process for sugar and industrial alcohol/ethanol is as follows :

Harvested cane is received at the mill gate. Cane is then weighed on the platform type weighbridges having the weight recording arrangement with linkage to the computers for recording the gross and net weights as also the price payable to the farmers. Unloading of Cane is done as follows:

- Cane received in carts is unloaded directly into the cane carrier; and
- Cane received in tractor trolleys and trucks is unloaded with the help of overhead travelling cranes.

The sugarcane is uniformly fed to the shredder to prepare the same for efficient milling. The prepared cane is then passed through the milling tandems for the initial grinding. The juice extracted is strained and kush-kush separated from the juice is returned to the mill tandem. Bagasse from the last mill is conveyed, by means of a carrier system, as fuel to the boilers.

Crushed juice from the milling plant is mechanically screened. Double sulphitation process is followed for the manufacture of sugar in the factory. The juice is then processed by heating upto 70 degree centigrade in rapid flow vertical juice heater. The heated juice is limed and sulphited in a continuous juice sulphiter. The treated juice is heated to approximately 105 degree centigrade and made to enter a flash tank for the removal of gas and air before letting it into a continuous clarifier, where the settling of the mud flock takes place. Accumulated mud is separately withdrawn by gravity flow. Clear juice is withdrawn from the upper regions through the overflow box for further treatment.

Clarified juice from the clarifier is further heated to around 115 degree centigrade in a tubular heater, before being pumped for thickening. Vapours from the 1st & 2nd effect are used to heat the pans. A quadruple effect evaporator is used to effect final thickening of the juice into syrup. The syrup of approximately 60/62 brix is further bleached by passing it through a continuous syrup sulphitation vessel and pumped to pan supply tanks at the pan floor.

A three and half boiling system with the use of true seeding method is used in the pans for complete exhaustion. The process of crystallization is initiated in the pans, and is completed in the crystallizers. Air-cooled crystallizers are used to handle proper crystallization. After the mother liquor in the massecuite is exhausted to the optimum limit i.e. the maximum sugar from the mother liquor has been transferred to sugar crystals, the two constituents are separated in the centrifugals. The sugar is washed thoroughly with super heated wash in stages within the centrifugal baskets.

The sugar discharged from centrifugals is conveyed, dried and cooled by fluidized bed hoppers. Sugar is screened in a grader so as to separate fine and lumps. Sugar is thereafter filled in sacks, weighted, stitched and transferred to the sugar warehouse.

Molasses and Bagasse are by products of the sugar plant. Besides, the unit also produces steam, which is used to generate power for captive consumption. The recovery of sugar from sugarcane ranges between 9% to 11% during the last four years and the total reducing sugar in molasses has been around 40%.

Molasses is diluted and fermented with yeast. The Fermented diluted molasses called wash is distilled in the distillation column to produce Rectified Spirit (Industrial Alcohol). Rectified spirit is fed to the absolute alcohol plant whereby water present in rectified spirit is removed to get 99.5% -99.8% pure alcohol called absolute alcohol (Ethanol).

Production process for Tea

Green leaves are plucked from our tea estate at a regular interval (approximately 6-7 days) from planted trees. After plucking, green leaves are kept in withering troughs for evaporation of moisture by hot and cold air flow. After withering process is over, the withered leaves are properly rolled and cut in the rollers and CTC machines. After rolling and cutting processing, cut tea is kept in fermenting room for fermentation by maintaining ambient temperature. Fermented teas thereafter are sent to dryers for drying. After completion of all these processes, the black / manufactured teas are sorted and packed in tea chests/jute bags/ paper sacks.

PROCUREMENT OF RAW MATERIALS

Sugar

Sugarcane is the sole raw material required for production of sugar.



In the present regulatory system, each sugar mill has a command area which is assigned by the cane commissioner of the state. Each sugar mill is required to procure sugarcane from its command area.

Our Seohara Sugar Unit is located in Village Seohara on Bijnor District of Uttar Pradesh .The command area of Seohara factory is 65,636 Hectares falling in Districts of Bijnor, Moradabad and Jyotiba Phule Nagar.

Bharat Sugar Unit is located in Sidhwalia in the District of Gopalganj, Bihar. The command area of this unit consists of 1,02,063 hectares of cultivable land falling in Districts of Gopalganj, Siwan, Saran and East Champaran.

Sugar unit located in Hasanpur in the District of Samastipur, Bihar consist of command area with 82,650 hectares of cultivable land in the Districts of Begusarai, Samastipur and Darbhanga.

Our sugar mills have to pay the price fixed by the Central Government/State Government for the sugarcane supplied by cane growers.

Industrial Alcohol/Ethanol

In the process of production of sugar from cane juice, molasses is generated as a by-product which in turn is used as the raw material for production of Industrial Alcohol/Ethanol at our distilleries and balance, if any, is sold in the open market in accordance with Molasses Policy of the state governments.

OUR PRODUCTION FACILITIES

We have three sugar factories at Seohara in Uttar Pradesh; Sidhwalia and unit at Hasanpur (Dist: Samastipur) in Bihar. Our distillery is situated at Seohara in Uttar Pradesh. Our tea estate is at Lakhimpur North in Assam. Installed capacities, capacity utilisations and actual production of the sugar units, distillery and tea unit for the years 2002-03, 2003-04 and 2004-05 are as follows:

Seohara Sugar Unit

Description	2002-03	2003-04	2004-05	Six months ended December 31, 2005
Installed Capacity (TCD)	10,000	10,000	10,000	10,000
Sugarcane crushed (lac quintals)	164.13	143.88	140.35	61.61
Capacity utilisation (%)	87.78	95.92	88.83	91.96
No. of working days	187	150	158	67
Sugar production (lac quintals)	15.93	14.36	14.13	5.43
Average Recovery (%)	9.70	9.98	10.10	8.81

Bharat Sugar Unit

Description	2002-03	2003-04	2004-05	Six months ended December 31, 2005
Installed Capacity (TCD)	2,500	2,500	2,500	2,500
Sugarcane crushed (lac quintals)	30.30	22.43	21.05	10.62
Capacity utilisation (%)	89.78	93.46	92.53	103.61
No. of working days	135	96	91	41
Sugar production (lac quintals)	2.76	1.99	1.93	0.94
Recovery (%)	9.12	8.86	9.20	8.87



Hasanpur Sugar Unit

Description	2004-05	Six months ended December 31, 2005
Installed Capacity (TCD)	1750	1750
Sugarcane crushed (lac quintals)	7.76	6.07
Capacity utilisation (%)	86.95	102.02
No. of working days	51	34
Sugar production (lac quintals)	0.80	0.56
Recovery (%)	9.70	9.19

Seohara Distillery Unit

Description	2002-03	2003-04	2004-05	Six months ended December 31, 2005
Installed Capacity (lac litres per annum)	165	165	165	165
Industrial Alcohol/Ethanol produced (lac litres)	157.0	165.51	114.46	52.39
Capacity utilisation (%)	95.15	100.30	69.37	63.50

Tea Estate

Description	2002-03	2003-04	2004-05
Area under cultivation (in hectares)	590	590	590
Production (lac kgs.)	11.82	12.10	10.88

In addition, we also have arrangement for manufacturing of Bio-compost at Seohara by using press-mud from sugar factory and spent wash from distillery. Bio-Compositing culture purchased from Vasant Dada Sugar Institute, Pune are added and by Aerobic Bio-composting process in 45-60 days Bio-Compost is ready. This is a fertiliser having Nitrogen, Phosphorus and Potash etc. being widely used in cane, wheat, vegetables & flowers cultivation. Bio-compost produced by us is marketed under the brand name "Uttam Jaivik Khad".

Other than above main business segments, we also trade in HSD and lubricants.

OUR MARKETING

Sugar

At present, 10% of the sugar produced is released by the Central Government for its nominees as levy sugar and the remaining 90% is sold in the open market. However, the Central Government through the release mechanism system controls the actual quantity that can be sold in the open market. The price of sugar sold in the open market depends on market forces.

The free sugar is sold through a network of agents, who in turn sell to wholesalers. As per the Company's practice, the delivery of free sale sugar is generally made against advance payment through demand draft on ex-factory basis.

Industrial Alcohol/Ethanol

The Industrial Alcohol, generally being used by the Chemical Industry is being sold by our Company through our own network. Absolute Alcohol finds application in a variety of industries including pharmaceuticals, paints, etc. Due to hike in international prices of crude oil which have impacted the prices of petrol and diesel, the Government of India has encouraged the use of bio fuels like Ethanol to be blended with petroleum based fuels.



Ethanol, being an oxygenate it contains high percentage of oxygen which helps combust fuel more completely and reduces vehicular injurious emission. The Government had made blending of fuel petrol with 5% ethanol mandatory with effect from October 1, 2003 in nine States and four Union Territories.

Logistical advantage would accrue to both oil companies and Distilleries in sale of Ethanol to the nearest oil company's depots.

Due to sharp decline of production of Molasses, which is the raw material to manufacture of Industrial Alcohol, the Government has given relaxation to the oil companies making blending of ethanol with petrol optional in 2004. In view of increased crude oil prices in 2005, the Government has again initiated procurement of ethanol from various distilleries.

Tea

Tea marketing has historically been done through a system of auctions. The government promulgated Tea (Marketing) Control Order, 2003 to supersede Tea (Marketing) Control Order, 1984 to regulate marketing of teas which contained provisions to mandate a minimum quantity of tea to be sold through the auction system which is yet to be notified. The earlier order required not less than 75% of the tea produced through tea auctions. We sell our tea through both the auction route and privately through commission agents in various states.

Business Strategy

Our company is exploring various avenues for expanding and consolidating manufacturing capacities at Seohara both in sugar as well as in distillery. We have initiated our efforts in this direction by acquiring a sugar unit of capacity 1,750 tcd, located in Bihar, from New India Sugar Mills Limited (a Promoter group company) through a scheme of arrangement. Further we have a plan to set up a co-generation power plant of 24 MW at an approximate cost of Rs.10000 lacs for which necessary steps have been taken and orders for part of plant and machinery have been placed.

In order to meet the increasing demand of ethanol, we also plan to expand the capacity of our distillery at Seohara from 55 KLPD to 100 KLPD, which involves an estimated capital outlay of Rs. 3608 lacs. We have initiated efforts to obtain the necessary approvals and sanctions in this regard.

Our Board has also decided to undertake expansion of the Bharat Sugar Mills unit with an objective to increase the crushing capacity to 5000 tcd from the existing capacity of 2,500 tcd with a sulphur free sugar refinery. It is also envisaged to set up a co-generation power plant of 18MW for captive and export use. The estimated total capital outlay on this project is Rs.12500 lacs.

Further, we are also exploring options to expand our tea business through various options including acquisition of tea gardens.

Export Obligation

Currently, there is no export obligations to be fulfilled by us.

Employees

Our total employees as on May 31, 2006 was 3291. There are no employees stock option scheme/ employees stock purchase scheme of our Company as on the date of this Letter of Offer. Further no amount or benefit has been paid or given in last two years or intended to be paid or given to any officer and consideration for payment of giving of the benefit.



OUR PROPERTIES

Unit	Area	Location
Seohara Sugar Unit	65 Bhiga 11 Biswa of Land	At village – Safiabad, P.S. Seohara Dist Bijnor, Uttar Pradesh
	8 Bhiga 17 Biswa of land	At village- Sheorampur P. S. Seohara Dist Bijnor, Uttar Pradesh
	14 Bhiga 16 Biswa of land	At village- Shyamabad P. S. Seohara Dist Bijnor, Uttar Pradesh
	23 Bhiga 6 Biswa and 15 Biswansi of land	At village- Girdharpur P. S. Seohara Dist Bijnor, Uttar Pradesh
	4 Biswa of land	At village- Ferozpur P. S. Seohara Dist Bijnor, Uttar Pradesh
	1 Bhiga 2 Biswa of land	At village- Saidapur P.S. Seohara Dist Bijnor, Uttar Pradesh
	18 Biswa of land	At village- Gajmalpur P.S. Seohara Dist Bijnor, Uttar Pradesh
	1 Bhiga 10 Biswa of land	At village- Mohammadpur P.S. Seohara Dist Bijnor, Uttar Pradesh
	2 Bhiga 3 Biswa of land	At village- Khalilpur P.S. Seohara Dist Bijnor, Uttar Pradesh
	18 Bhiga of land	At village- Kessimpur P.S. Seohara Dist Bijnor, Uttar Pradesh
	3 Bhiga 15 Biswa of land	At village- Sadanandpur P. S. Seohara Dist Bijnor, Uttar Pradesh
Seohara Distillery Unit	30 Bhiga 1 Biswa of land	At Seohara Dist Bijnor, Uttar Pradesh
Bharat Sugar Mills	54 Bhiga 4 Katta and 8 Dhur of land	At village- Bucheya P.O. & P.S. Sidhwalia Dist Gopalganj, Bihar
New India Sugar Mills	43.31 Acre (about 49 Bhigas 11 Kathas 16 Dhur)	Hasanpur Road, Villages Sashan, of Land Rampur Rajwa and Nayanagar, P.S Rosera Pargana-Parri and Hasanpur, Dist Samstipur, Bihar
Cinnatollah Tea Garden	5246 Bhiga 12 Katta and 97 Lessa of land	At village- Mouza- Kadam P.S. Lilabari Dist North Lakhimpur Assam
Moton Confectionery & Milk Products Factory	8 Bhiga 9 Katta and 8 Dhur of land	At village- Marohowarh & Awtarnagar at Dist Saran, Bihar
Kumakhiya	8.496 Acres of land	At village Pathawari Pargana Budpur Tehsil Chandpur Dist Bijnor
	22.546 Acres of land	At village Kumakhiya Tehsil Amrohaa Dist Amroha UP
Hatta	66.6695 Acres of land	Village Dhadha Bujurg Tehsil, Hatta Dist Kushi Nagar
Sahapur Fagota	19.613 Acres of Land	At Village Sahapur Fagota Pargana Dashna Tehsil Hapur, Dist Ghaziabad UP



INSURANCE

All our plants are insured with National Insurance Company Limited. We have taken composite industrial all-risk policy for our plants (which covers fire risk, machinery breakdown for all plant and machinery, loss caused due to earthquake and loss of profit due to fire). Machinery loss of profit is an add-up in our insurance policies. All insurance policies are tariff policies and the rates, terms, conditions and scope of coverage are determined by the Tariff Advisory Committee, a Government body.

Sr. No.	Insurance Policy & Date	Particulars	Asset Cover	Sum Insured (Rs.)	Validity
1.	100200/11/06/3400000120 dated 21.04.2006	Standard Fire and Special Perils Policy (material damage)	Building, Plant & machinery including electrical machinery, stock stores/ stock in progress, furniture and fittings at Seohara, Bijnor	134,00,15,000	31.03.07
2.	100200/11/06/3400000121 dated 21.04.2006	Standard Fire and Special Perils Policy (material damage) and Sugar Stock Policy on Declaration basis	Stock of sugar at Seohara, Bijnor	168,35,00,000	31.03.07
3.	100200/11/06/3400000127 dated 24.04.2006	Standard Fire and Special Perils Policy (material damage)	Stock of sugar in drier house, loose, packed or in bins and empty packing bags.	30,00,000	31.03.07
4.	100200/11/06/3400000118 dated 24.04.06	Standard Fire and Special Perils Policy (material damage)	Stock of molasses in steel tanks	6,00,00,000	31.03.07
5.	100200/11/06/3400000126 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Building at Seohara	6,71,25,000	31.03.07
6.	100200/11/06/3400000123 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Stocks of finished goods (stock of spirit)	2,50,00,000	31.03.07
7.	100200/11/06/3100000125 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Building Plant & machinery, stock and stock in progress of bio composed plant at Seohara	56,46,000	31.03.07
8.	100200/11/06/3400000119 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Stock of bagasse at Seohara and Shyamabad	1,54,00,000	31.03.07
9.	100200/11/06/3400000124 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Molasses in steel tanks in distillery factory at Seohara	3,50,00,000	31.03.07
10.	100200/11/06/3400000122 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Building, plant & machinery, furniture, fixture and fittings, stock and stock in process.	33,02,20,000	31.03.07



Sr. No.	Insurance Policy & Date	Particulars	Asset Cover	SumInsured (Rs.)	Validity
11.	100200/11/06/3300000113 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Building, plant & machinery, stock at Sugar mills Sidhwalia	40,85,03,000	31.03.07
12.	100200/11/06/3100000115 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Stock of molasses in steel tanks & pits at Sidhwalia	1,17,70,000	31.03.07
13.	100200/11/06/3300000117 dated 21.04.06	Standard Fire and Special Perils Policy (material damage)	Sugar at Sidhwalia	39,22,00,000	31.03.07
14.	100200/11/06/3100000114 dated 21.04.2006	Standard Fire and Special Perils Policy (material damage)	Buildings at Sidhwalia	1,14,77,000	31.03.07
15.	100200/11/06/3100000116 dated 21.04.2006	Standard Fire and Special Perils Policy (material damage)	Stock of Bagasseless at Sidhwalia	30,00,000	31.03.07
16.	101500/11/05/3100000439 dated 27.12.05	Standard Fire and Special Perils Policy (material damage)	Buildings furniture and fittings at Cinnatollah Tea Garden	3,43,21,500	31.12.06
17.	100500/11/05/3300000440 dated 27.12.2005	Standard Fire and Special Perils Policy (material damage)	Buildings, Plant & Machinery, accessories, electrical installations, furniture, fixtures and fittings at Cinnatollah Tea Garden	5,70,89,000	31.12.06
18.	101500/21/06/4900000012 dated 12.04.2006	All risk and SRCC	Cinnatollah Tea Garden	8,47,00,000	31.03.07
19.	10500/46/05/7600000182 dated 23.12.2005	Money Insurance (Cash in safe)	Cinnatollah Tea Garden	20,00,000	31.12.06
20.	10500/46/05/7600002953 dated 23.12.2005	Money Insurance	Cinnatollah Tea Garden	3,00,00,000	31.12.06
21.	100200/11/06/3300000147 dated 26.04.2006	Standard Fire and Special Perils Policy (material damage)	Building, Plant & machinery including electrical machinery, stock stores/stock in progress, furniture and fittings at Hasanpur, Dist. Samastipur, Bihar	20,90,75,000	31.03.07
22.	100200/11/06/3300000150 dated 26.04.2006	Standard Fire and Special Perils Policy (material damage) and Sugar Stock Policy on Declaration basis	Stock of sugar at Hasanpur Dist. Samastipur, Bihar	9,12,00,000	31.03.07



Sr. No.	Insurance Policy & Date	Particulars	Asset Cover	SumInsured (Rs.)	Validity
23.	100200/11/06/3100000148 dated 26.04.2006	Standard Fire and Special Perils Policy (material damage)	Building at Hasanpur Dist. Samastipur Bihar	1,06,85,000	31.03.07
24.	100200/11/06/3100000149 dated 26.04.2006	Standard Fire and Special Perils Policy (material damage)	Stock of molasses in steel tanks at Hasanpur Dist. Samistipur, Bihar	50,00,000	31.03.07

COMPETITION

Sugar Industry in India is very fragmented and competitive because of presence of a number of players. Some of the major players in Northern and Eastern India are Bajaj Hindusthan, Balrampur Chini Mills, Dhampur Sugar etc.



KEY INDUSTRY REGULATIONS

The sugar industry is one of the industries enumerated in entry 33 of List III of the Seventh Schedule to the Constitution of India and sugarcane is an article relatable to the sugar industry. Accordingly, both the Centre and the State are empowered to legislate on this subject, and such legislations would be applicable to the business of the Company.

Set out below is a summary of the significant legislations passed by the Central Government relating to the production, sale and purchase of sugar and sugarcane—

1. The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 ("EC Act") provides for the control of the production, supply, sales, storage, distribution etc. in certain commodities. The terms 'food stuff' and 'food crop' have been identified as essential commodities under the Act. 'Sugarcane' being a 'food crop' and 'sugar' being 'food stuff' are covered under the class of essential commodities under the Act ;

Section 2(e) of the EC Act defines 'sugar' as under :-

- i) any form of sugar containing more than ninety per cent of sucrose, including, sugar candy;
- ii) khandsari sugar or bura sugar or crushed sugar or any sugar in crystalline or powdered form; or
- iii) sugar in process in vacuum-pan sugar factory or raw sugar produced therein;

Section 3 of the EC Act empowers the Central Government for issuing directions to control production, supply, distribution etc. of the 'essential commodity' produced by the manufacturer or stock holders, and also makes specific provision with regard to the amount payable for the levy sugar sold by the producer.

The levy sugar price is to be fixed by the Central Government as per the provisions of Section 3 (3C) of the EC Act, having regard to :

- (a) the minimum price, if any, fixed for sugarcane by the Central Government;
- (b) the manufacturing cost of sugar;
- (c) the duty or tax payable thereon;
- (d) securing a reasonable return of the capital employed in the business of manufacturing sugar.

Further, Section 3 (3-c) of the EC Act provides for fixing different prices from time to time for different areas or factories or for different kinds of sugar.

The Central Government has also been empowered to direct that no producer, importer or exporter shall sell or otherwise dispose of or deliver any kind of sugar or remove from the bonded godown of the factory in which it is produced, except under and in accordance with the directions issued by the Government.

Further, all kinds of sugar including plantation white sugar, raw sugar and refined sugar, whether indigenously produced or imported, fall within the scope of powers of the Central Government for directions in regard to, *inter alia*, stock, disposal or delivery.

2. The Levy Sugar Supply (Control) Order, 1979

The objective of this legislation is to empower the Central Government to issue directions to any producer or importer or recognised dealer to supply levy sugar in such quantities and from such place of manufacture or storage to such persons or organisations, in such areas or markets or to the State Government/Union Territory / Administration as specified by the Government.

The term 'Levy Sugar' has been defined to mean the sugar requisitioned by the Central Government under the EC Act.

Further, the Order prescribes that the producer shall supply levy sugar at a price not exceeding the price as determined by Central Government under the EC Act.

3. Sugar (Control) Order, 1966

The Sugar (Control) Order authorises the Central Government to regulate sales etc. of sugar produced or imported.



According to Clause 4 of the Sugar (Control) Order, no producer shall sell or agree to sell or otherwise dispose of or deliver or agree to deliver any kind of sugar or remove any kind of sugar from the bonded godowns of the factory in which it is produced except in accordance with the directions issued in writing by the Central Government.

Clause 5 of the Sugar (Control) Order empowers the Central Government to issue directions to producers or importers or recognised dealers regarding production, maintenance of stocks, storage, sale, grading, packing, marking, weighment, disposal, delivery and distribution of any kind of sugar.

Further, the Sugar (Control) Order provides for powers for attachment, seizure and sale of attached sugar, regulation of quality of sugar and other administrative powers.

4. **Sugar (Packing and Marking) Order, 1970**

The objective of Sugar (Packing and Marking) Order is to regulate the packing of sugar manufactured by a producer and marking on bags. The Sugar (Packing and Marking) Order prescribes that each producer shall, at the time of such packing, mark the quality of sugar in terms of the Indian Sugar Standards.

5. **Sugarcane (Control) Order, 1966**

Under the Sugarcane (Control) Order, the Central Government is empowered to fix the minimum price of sugarcane to be paid by producers of the sugar for sugarcane purchased by them having regard to certain factors as mentioned in Clause 3 of the said Sugarcane (Control) Order.

Further, a different price may be fixed for different areas or different qualities or varieties of sugarcane. Further, the Central Government or the State Government with the approval of the Central Government, may, subject to such conditions as specified in the Sugarcane (Control) Order, allow a suitable rebate in the price so fixed.

The Sugarcane (Control) Order also contains various provisions for regulating the supply and distribution of sugarcane.

The Central Government is empowered to direct the producers of the sugarcane to pay additional price for sugarcane in addition to the minimum sugar prices fixed in accordance with the provisions of the second schedule to the Sugarcane (Control) Order.

The Central Government is empowered to delegate certain powers conferred upon it by Sugarcane (Control) Order subject to such restrictions, exceptions and conditions, if any, as the Central Government may think fit.

The following State legislations are also applicable to the business of the Company.

1. **The Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953** ('UP Sugarcane Act')

The aforesaid Act is applicable to the State of Uttar Pradesh and it seeks to regulate the supply and purchase of sugarcane for use in sugar factories located in the State.

Section 2 of the UP Sugarcane Act defines the following terms as under-

- (i) 'Cane Commissioner' means the Officer appointed to be Cane Commissioner under section 9 and includes an Additional Cane Commissioner under section 10 of UP Sugarcane Act.
- (ii) 'Crushing season' means the period beginning on the 1st October in any year and ending on the 15th of July in the next following year.

The UP Sugarcane Act prescribes that the Cane Commissioner shall, on application by the occupier of the factory, reserve or assign any area for the purposes of supply of sugarcane to the factory in accordance with the provisions of Section 16 of the UP Sugarcane Act.

Further, in case of a 'reserved area', the occupier of the factory may be directed to purchase all the cane grown in that area. In the case of an assigned area, the Cane Commissioner may determine the quantity of cane to be offered for sale to the occupier of the factory.

Section 16 of the UP Sugarcane Act contains provisions to regulate the purchases and supply of cane in the reserved and assigned areas.

The Hon'ble Supreme Court, vide a land mark judgment passed on 5th May, 2004 in its 3:2 bench upheld the rights of Uttar Pradesh State Government to fix the State Advise Price ('SAP') of Sugarcane, under section 16 of the Act at levels higher



than Statutory Minimum Price (SMP) prescribed by the Central Government under the Sugarcane (Control) Order 1966.

2. **The Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Rules, 1954** ('UP Sugarcane Rules')

The UP Sugarcane Rules have been framed in exercise of the powers conferred by Section 23 of Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953 which prescribes the rules with particular regard to the reservation and assignment of sugarcane area, payment of the sugarcane price by sugar factory to the cane growers, commission on the purchase of cane payable by the factory to the Cane Growers Co-operative Society and Council to regulate the supply and purchase of sugarcane.

3. **The Uttar Pradesh Sugarcane Supply & Purchase Order, 1954** ('UP Sugarcane Order')

The UP Sugarcane Order has been passed in exercise of powers conferred by Section 16 of the Uttar Pradesh Sugarcane (Regulation of Supply & Purchase) Act, 1953. The UP Sugarcane Order deals with the purchase of sugarcane by sugar factories as per the reservation order issued by the Cane Commissioner. Sugar factories will have to enter into an agreement with the Cane Growers' Co-operative Society in Form 'C' by way of which the Co-operative Society agrees to sell the specified quantity of sugarcane to the sugar factory through its members under the reservation order.

4. **The Uttar Pradesh Sheera Niyam Adhiniyam, 1964** ('UPSNA')

The UPSNA is applicable to the State of Uttar Pradesh which empowers the State Government to control the storage, gradation and price of molasses produced by the sugar factories and the regulations of supply and distribution thereof.

The term "molasses" has been defined under Section 2(d) of UPSNA as under-

"the heavy dark coloured viscose liquid produced in the final stage of manufacturing of sugar by vacuum pan from sugarcane or gur, when the liquid as such or in any form or admixture contains sugar".

The UPSNA prescribes various provisions to regulate the supply and distribution of molasses from the sugar factory to the distillery. The Act also contains provisions relating to storage of molasses.

5. **Bihar Sugarcane (Regulation of Supply and Purchase) Act, 1981** ('Bihar Sugarcane Act')

The Bihar Sugarcane Act regulates the production, supply and distribution of sugarcane intended for use in sugar factories and khandsari sugar manufacturing units and taxation of sugarcane and matters incidental thereto within the State of Bihar. The following key terms have been as under -

- a. 'Cane' means sugarcane intended for use in a factory or unit.
- b. 'Cane Commissioner' - means the officer appointed to be the Cane Commissioner under section 12 of Bihar Sugarcane Act.
- c. 'Crushing year' means the year commencing on the 1st day of July in any year and ending on the 30th June in the year next following.
- d. 'Factory' - means any premises including the precincts thereof in any part of which sugar is manufactured by means of vacuum pan process.
- e. 'Unit' - means a manufacturing unit engaged or ordinarily engaged in the manufacture or production of khandsari sugar, gur, shakkar, gul, jagari or rab from cane juice by power crusher.

As per the provisions of the Bihar Sugarcane Act, the Cane Commissioner may, on application by the occupier of the factory, reserve or assign any area for the purposes of supply of sugarcane to the factory, having regard to the crushing capacity of the factory and availability of sugarcane in such area.

Section 42 of Bihar Sugarcane Act also empowers the State Government to determine by notification in the Official Gazette the minimum price of sugarcane payable by the owners of the units to the cane growers or Co-operative Societies for cane supplied to them.

Section 48 and Section 49 of Bihar Sugarcane Act empowers the Government to fix the Commission and Tax payable by the occupier of the factory on the purchase of cane.



6. **Sugar Development Fund Act, 1982 and Rules, 1983** ('Sugar Development Fund Act' and 'Sugar Development Fund Rules')

The Sugar Development Fund Act and Rules were enacted by the Central Government to set up a fund for financing the activities and development of the sugar industry. The Central Government provides loans to the sugar industry out of the funds available in the Sugar Development Fund, for the purpose of rehabilitation and modernisation of the sugar plant and machinery based on the scheme approved by the financial institutions as also for sugarcane development.

Under Rule 19 of Sugar Development Fund Rules, the Central Government has been empowered to decide about maintenance of Buffer Stock and payment of subsidy thereon. The Central Government under Sugar Development Fund Act and Rules made thereunder may also provide financial assistance as it may consider fit and proper.

A list of other legislations relating to sugar, sugar cane, alcohol and tea are set out below:

- (i) Prevention of Food & Adulteration Act
- (ii) Tea Act 1953
- (iii) Petroleum Act 1934
- (iv) The Arms Rules 1962
- (v) Water (Prevention and Control of Pollution) Act 1974 and Rules
- (vi) Air (Prevention and Control of Pollution) Act & Rules 1981
- (vii) Hazardous Waste Rules
- (viii) India Explosives Act & Rules 1884
- (ix) Fertiliser Control Order 1985
- (x) Insecticides Act & Rules 1968
- (xi) Standard Weight & Measure (Packaged Commodities) Rules 1977
- (xii) Industrial (Development & Regulation) Act 1951
- (xiii) Import/Export Trade Control Policy of Govt. of India
- (xiv) Bihar Molasses (Control) Act, 1947
- (xv) Insecticides Act, 1968 and Rules



HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

Our Company belongs to the renowned K.K. Birla Group of Companies, which is a major player in key industries like fertilisers, chemicals, heavy engineering, textiles, shipping, newspaper etc. apart from sugar. From a modest beginning in 1932, the Company has grown to become the pioneers in Sugar Industry. It is one of the largest and rapidly growing companies in the Sugar Industry.

The Company was promoted in the year 1932 by Birla Brothers Ltd. who were its Managing Agents under the name and style of Upper Ganges Sugar Mills Ltd. The name of the Company was subsequently changed to Upper Ganges Sugar & Industries Ltd. in the year 1984. Initially a Sugar Mill was set up at Seohara (U.P). The Company has also set up a Distillery at Seohara (U.P) which was transferred to Alco Chem Ltd., a subsidiary of the Company. The said subsidiary was merged with the Company effective from 1st April, 1976. The Confectionery factory was taken on lease from C & E Morton (India) Limited which also merged with the Company effective from 1st July, 1976. Bharat Sugar Mills, a unit of New India Sugar Mills Limited having a sugar mill at Sidhwalia (Bihar) was transferred to the Company pursuant to the Scheme of Arrangement sanctioned by the Calcutta High Court effective from 1st April, 1993. The Company also purchased a Tea Garden called "Cinnatolliah Tea Garden" situated at North Lakhimpur (Assam) in the year 1982. We had an oil mill at Chandausi (Uttar Pradesh), which suspended its operation since FY1987 and in FY 2004-05, we have sold its all immoveable and moveable assets. Pursuant to a scheme of arrangement, we have also acquired sugar division of New India Sugar Mills Limited with effect from October 1, 2004.

Through organic and inorganic modes of growth, our Company has grown from a single unit sugar manufacturing company to a company having three sugar manufacturing units with an aggregate crushing capacity of about 14,250 tonnes of sugarcane per day, one distillery producing 16.50 million litres per annum of industrial alcohol/ethanol, biocompost plant producing organic fertiliser and a tea garden with a cultivative area of 590 hectares.

The equity shares of our Company initially got listed on The Calcutta Stock Exchange Association Ltd., Kolkata. Thereafter, the equity shares were listed on the Uttar Pradesh Stock Exchange Association Limited, Kanpur, Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Recently we voluntarily delisted our equity shares from the Uttar Pradesh Stock Exchange Association Limited, Kanpur w.e.f. November 28, 2003.

Major Events

Particulars	Date
Incorporation of Company	August 10, 1932
Set up Sugar Mill at Seohara- capacity 500 TCD	1933-34
Established Distillery at Seohara- capacity 1.10 lac gallons per month (now present capacity-16.5 million litres per annum)	1958-59
Purchase of Cinnatolliah Tea Garden in Assam	January 1, 1982
Amalgamation of Bharat Sugar Mill at Sidhwalia with us (1000 tcd)	April 1, 1993
Increase in capacity of Sugar Mill at Seohara to 10,000 tcd	Crushing Season 1996-97
Increase in capacity of Bharat Sugar Mill at Sidhwalia to 2500 tcd	Crushing Season 2001-02
Acquisition of sugar unit of a crushing capacity of 1750 tcd of New India Sugar Mills Limited by way of scheme of arrangement	October 1, 2004

OUR CORPORATE STRUCTURE

Management of the Company vests with the Board of Directors comprising eminent industrialists, professionals and persons having wide industrial experience and business acumen. Majority of the directors on the Board are independent. The Chairperson -cum- Managing Director of the Company is overall in-charge of the Company. She is assisted by a team of Advisor, Executive Presidents and Vice-Presidents to manage the day to day affairs of the Company.



MAIN OBJECTS OF THE COMPANY

The main objects as set out in the Memorandum of Association of Upper Ganges Sugar & Industries Limited are as under:

To carry on the business of sugar manufacture and refinery and the manufacture of any other material that may be decided upon by or on behalf of the Company and the business of buyers, sellers of any goods or merchandise whatsoever and to transact all manufacturing or treating and preparing processes and mercantile business that may be necessary or expedient and to purchase and vend the raw material and manufactured articles.

The Objects Clause of the Memorandum of Association of our Company enables us to undertake our existing activities.

CHANGES IN MEMORANDUM OF ASSOCIATION

Since incorporation, the following changes have been made to our Memorandum of Association:

Date of Shareholder's approval	Changes
December 27, 1941	Increase in Authorised Share Capital of the Company from Rs. 10,00,000 to Rs. 30,00,000
November 9, 1945	Increase in Authorised Share Capital of the Company from Rs. 30,00,000 to Rs. 1,00,00,000
July 4, 1947	Registered office was shifted from Bengal to United Provinces of Agra and Awdh
July 15, 1955	Registered Office was shifted from Uttar Pradesh to West Bengal
July 30, 1965	Amendment to the Object Clause of the Company by way of addition of sub Clause 25 to Clause 3
July 29, 1966	Increase in Authorised Share Capital of the Company from Rs. 1,00,00,000 to Rs. 2,00,00,000
February 18, 1982	Increase in Authorised Share Capital of the Company from Rs. 2,00,00,000 to Rs. 3,00,00,000
July 19, 1984	Name of the Company was changed from Upper Ganges Sugar Mills Limited to Upper Ganges Sugar & Industries Ltd.
June 15, 1994	Increase in Authorised Share Capital of the Company from Rs. 3,00,00,000 to Rs. 10,00,00,000
December 27, 1994	Amendment to the objects clause of the Company by way of addition of sub-clauses 1(a) to (h) to the Clause III
March 27, 1997	Increase in Authorised Share Capital of the Company from Rs. 10,00,00,000 to Rs. 32,00,00,000
July 26, 1999	Registered Office of the Company was shifted from State of West Bengal to State of Uttar Pradesh

The details of the capital raised by our Company are given in the section titled "Capital Structure" on page no. 8 of this Letter of Offer.



OUR SUBSIDIARIES

Our Company currently has one subsidiary:

Uttar Pradesh Trading Company Limited. ("UPTCL")

UPTCL was incorporated on February 23, 1951 under the Indian Companies Act, 1913. The registered office of UPTCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on business of buyers, sellers, agents, dealers, exporters and importers of any goods or merchandise whatsoever and to transit all manufacturing or treating and preparing process and mercantile business and to purchase and vend raw material and manufactured articles. Further the objects provides for undertaking investment activities and dealing in shares and securities.

Currently, it is engaged in the business of dealing and investment in shares and securities. UPTCL is registered with RBI as a NBFC vide certificate of registration number 05.00220 dated February 20, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

UPTCL is a wholly owned subsidiary of our Company.

Board of Directors

The Board of Directors of UPTCL as on May 31, 2006 comprised as follows:

- Smt. Nandini Nopany, Chairperson
- Shri C.S. Nopany, Managing Director
- Shri I.P. Singh Roy
- Shri R.N. Jhunjhunwala
- Shri A.L. Tulsian

Financial Performance

Brief financials of UPTCL for the financial years 2003-04, 2004-05 and 2005-06 are given below :

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	100.57	447.41	156.65
Profit/(Loss) After Tax	98.06	441.27	152.82
Equity Share Capital (of Re.1/- each)	1636.25	1636.25	1636.25
Reserves & Surplus	569.17	1007.03	1156.42
Earning per Share	0.06	0.27	0.09
Net Asset Value per Share	1.35	1.62	1.71

The Equity Shares of UPTCL are not listed on any Stock Exchanges.

Note : Pursuant to the scheme of amalgamation sanctioned by Calcutta High Court vide its order dated July 6, 2005, Saran Trading Company Limited ceased to be our subsidiary with effect from 1st April, 2004.



OUR MANAGEMENT

BOARD OF DIRECTORS

The following table sets forth details regarding our Board of Directors as on the date on this Letter of Offer:

Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (Years)	Other Directorships in Indian Companies
<p>Smt. Nandini Nopany - Chairperson-cum-Mg. Director D/o. Dr. K.K. Birla 14, Rowland Road Kolkata - 700 020 - Business Executive - September 30, 2010</p>	Indian	59	Nilgiri Plantations Ltd. Shital Commercial Ltd. Ronson Traders Ltd. Birla Corporation Ltd. Shree Vihar Properties Ltd. Uttar Pradesh Trading Co. Ltd. Uttam Commercial Ltd. Murray & Company Pvt. Ltd. Nopany Investments Pvt. Ltd.
<p>Shri C.S. Nopany - Director - S/o. Shri Bimal Kumar Nopany - 17E, Alipore Road Kolkata - 700 027 - Industrialist - AGM 2007</p>	Indian	40	The Oudh Sugar Mills Ltd. Sutej Industries Ltd. Gobind Sugar Mills Ltd. New India Sugar Mills Ltd. RTM Inv. & Trdg. Co. Ltd. OSM Inv. & Trdg. Co. Ltd. Hargaon Inv. & Trdg. Co. Ltd. Darbhanga Marketing Co. Ltd. SCM Inv. & Trdg. Co. Ltd. Chambal Fertilisers & Chemicals Ltd. (Alternate) Uttar Pradesh Trading Co. Ltd. Yashovardhan Inv. & Trdg. Co. Ltd. La Monde Exports Pvt. Ltd.
<p>Shri R.K. Choudhury - Director - S/o. Late Madanlal Choudhury - 403 & 404 Suryakiran 4 Ashoka Road Kolkata - 700 027 - Advocate - AGM 2006</p>	Indian	70	Balrampur Chini Mills Ltd. Reliance Bengal Industries Ltd. Lynx Machinery & Commercials Ltd. Birla VXL Ltd. Puja Corporation Ltd. RKDK International Ltd. Khaitan Consultants Ltd. The Pratappur Sugar & Ind. Ltd. Suryakiran Apartment Services Pvt. Ltd. Elpro International Ltd.
<p>Shri G.K. Bhagat* - Director - S/o. Late Madan Gopal Bhagat - 11, Sarojini Naidu Sarani Kolkata - 700 017 - Industrialist - AGM 2006</p>	Indian	79	Hindustan Selling Agencies Pvt. Ltd.



Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (Years)	Other Directorships in Indian Companies
Shri Bhaskar Mitter - Director - S/o. Late Brajendra Lal Mitter - Flat No. 3B 7/1, Queens Park Kolkata - 700 019 - Company Director - AGM 2006	Indian	86	Exide Industries Ltd. Eveready Industries India Ltd. Gloster Jute Mills Ltd. Graphite India Ltd. Oriental Carbon & Chemicals Ltd.
Lt. Gen. K. Chiman Singh (Retd.) - Director - S/o. Thakur Kushal Singh - 109, Sadul Ganj, Bikaner Rajasthan - 330 033 - Retired Army General - AGM 2007	Indian	78	—
Shri Gaurav Swarup - Director - S/o. Shri Mahendra Swarup - 2B, Judges Court Road Kolkata - 700 027 - Business - AGM 2008	Indian	49	Paharpur Cooling Towers Ltd. Paharpur Industries Ltd. PBC Ventures Ltd. Paharpur Fertilisers & Chemicals Ltd. Industrial & Prudential Inv. Co. Ltd. KSB Pumps Ltd. Swadeshi Polytex Ltd. Hastera Credit Private Ltd.
Shri Supriya Gupta - Director - S/o. Late Suprakash Gupta - 18/1, Dover Place Kolkata - 700 019 - Retired Bank Executive - AGM 2008	Indian	69	Kanoria Chemicals & Industries Ltd. Bengal Tea & Fabrics Ltd. GIS Limited Hindustan National Glass & Ind. Ltd. Kirti Vardhan Finvest & Services Ltd. Vivekanand Sky Road Ltd. Bhansali Engineering Polymers Ltd. Suryachakra Power Corporation Ltd. Indessa Gases Private Ltd. Adhunik Metalliks Ltd. Nabil Bank Ltd.
Shri Sunil Kanoria - Director - S/o. Shri Hari Prasad Kanoria - 32Q, New Road, Alipore Kolkata - 700 027 - Company Executive - AGM 2007	Indian	41	Srei Infrastructure Finance Ltd. Indian Infrastructure Equipment Ltd. NAC Infrastructure Equipment Ltd. Aermid Srei Health Care Finance Ltd. Henry Butcher International Valuers & Auctioneers Pvt. Ltd. Quipo Telecom Infrastructure Private Ltd. Quipo Oil and Gas Infrastructure Private Ltd.



Name, Designation, Father's Name, Address, Occupation and Term	Nationality	Age (Years)	Other Directorships in Indian Companies
Shri I.P. Singh Roy - Director - S/o. Late Sunil Kumar Singh Roy - 5/1A, Hunger Ford Street Kolkata - 700 017 - Advocate - AGM 2008	Indian	59	Castle Properties Pvt. Ltd. Uttar Pradesh Trading Company Ltd.
Shri P.K. Lakhotia Director - S/o. Shri Nand Lal Lakhotia - The Oudh Sugar Mills Ltd. P.O. Hargaon - 261 121 Dist. Sitapur (U.P.) - Service - AGM 2008	Indian	56	Moon Corporation Ltd. The Oudh Trading Company Pvt. Ltd.

* None of our directors are on RBI wilful defaulters list. For details, please refer to the section titled "Legal and Other Information" on Page 165 of this letter of offer.

Brief Biography of Our Directors

Smt. Nandini Nopany, aged 59, is a Senior Cambridge. She is the Chairperson cum Managing Director of our Company. She is responsible for overall management of the Company. She has over 31 years of experience in managing industries. She was appointed as Managing Director of the Company on 1st October, 1995. On 12th September, 2001 she was designated as Deputy Chairperson-cum-Managing Director. Further on 10th September, 2002 she was designated as Chairperson-cum-Managing Director. She is the Chairperson of Finance & Corporate Affairs Committee of the Company.

Shri C.S. Nopany, aged 40 years, is a Chartered Accountant and Master in Science of 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 president of Indian Sugar Mills Association and past president of Indian Chamber of Commerce.

Shri R.K. Choudhury, aged 70 years, is a Bachelor of Law. He is a Senior Partner in Khaitan & Co., Advocates and Notaries, and is a leading Advocate having wide experience in the matter of taxation, corporate planning and international arbitration. He is a member of International Bar Association, Supreme Court Bar Association, Bar Council of India and Indian Council of Arbitration. He is also a social worker and is associated with several social and philanthropic organisations. He is on the Board of several leading companies of India.

Shri G.K. Bhagat, aged 79 years, is holder of Master's Degree in Ceramic Technology from the Ohio State University, Columbus, Ohio, USA. He is a Fellow of Indian Institute of Ceramics. He was the Managing Director of Bengal Potteries Ltd. Shri Bhagat is the past President/Chairman of Indian Chamber of Commerce, Kolkata, Indian Ceramic Society, All India Pottery Manufacturers Association and Chemical & Allied Products Export Promotion Council.

Shri Bhaskar Mitter, aged 86 years, studied law and economics in Cambridge University in United Kingdom and qualified as Barrister at Law from London. He is the former Chairman of CESC Ltd., Indian Oxygen Ltd., (now BOC Ltd.) and Andrew Yule Group of Companies. He is also the past President of Associated Chambers of Commerce & Industry of India and Bengal Chambers of Commerce & Industry. He has vast industrial experience and is on the Board of several leading companies.

Lt. Gen. K. Chiman Singh, aged 78 years, is a retired Army General and an awardee of Param Vishist Seva Medal.

Shri Gaurav Swarup, aged 49 years, is a holder of Master's Degree in Business Administration (MBA) from Harvard University, U.S.A. and has done his Mechanical Engineering from Jadavpur University. He is the Managing Director of Paharpur Cooling



Towers Ltd. He is the past President of Indian Chamber of Commerce, Kolkata.

Shri Supriya Gupta, aged 69 years, is an Arts Graduate from Presidency College, Kolkata. He is a well known banker with more than 37 years of experience in banking industry. He is the past President of The Calcutta Stock Exchange Association Ltd. He was the Managing Director and Chairman of UTI Bank Ltd., Managing Director of State Bank of Bikaner and Jaipur and Deputy Managing Director, Commercial Banking, State Bank of India.

Shri Sunil Kanoria, aged 41 years, is a Member of the Institute of Chartered Accountants of India. Shri Kanoria brings to the Board substantial experience as Director of several public limited companies. He is the President of the Federation of Indian Hire Purchase Association and Member of several important organisations viz. Finance Industry Development Council, Construction Industry Development Council, etc. He is also the past President of Merchants Chamber of Commerce.

Shri I.P. Singh Roy, aged 59 years, holds Masters degree in Arts and has done his Bachelor of Law from King's College, London. He is an advocate having 29 years of experience in commercial and industrial law matters.

Shri P.K. Lakhotia, aged 56 years, holds Master's Degree in Economics. Shri Lakhotia has about 25 years of industrial experience in sugar industry. He is the Executive President of Sugar Mills and Distillery at Hargaon, units of The Oudh Sugar Mills Ltd.

Borrowing Powers of the Directors

Pursuant to the provisions of Section 293(1)(d) of the Act, the shareholders at the annual general meeting held on March 30, 2006 have authorised the Board of the Company to borrow a sum not exceeding Rs.500 crores over and above the aggregate of the paid-up capital and free reserves of the Company.

Compensation of Our Directors

Details of remuneration paid to the directors for the year 2004-05 are as follows:

Executive Director

Smt. Nandini Nopany has been re-appointed as our Managing Director for a period of five years with effect from October 1, 2005.

Details of her remuneration for the year ended June 30, 2005 are as follows:

Salary (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)
15,00,000	1,43,000	1,80,000

The salary of Smt. Nandini Nopany has been revised to Rs. 1,80,000 per month with effect from October 1, 2005.

Non-Executive Directors

The Company pays remuneration to its non-executive Directors by way of commission upto 1% of the net profits for all directors put together with the maximum ceiling of Rs. 40,000 per director. The Company paid a fee @ Rs. 500 to each director for attending meetings of the Board of Directors and Committees thereof upto 9th December, 2004. Thereafter, the fees have been revised to Rs.5,000 and Rs. 2,500 per meeting for attending meetings of the Board and Committees thereof respectively.



The details of sitting fee paid during the year 2004-05 are as follows :

Sl. No.	Name of the Director/ Institution	Amount (Rs.)
1.	Smt. Nandini Nopany	22,000
2.	Shri C.S. Nopany	32,500
3.	Shri R.K. Choudhury	1,000
4.	Shri G.K. Bhagat	20,000
5.	Shri Bhaskar Mitter	18,500
6.	Lt. Gen. K. Chiman Singh (Retd.)	5,000
7.	Shri A.V. Lodha @	—
8.	Shri Gaurav Swarup	10,500
9.	Shri Supriya Gupta	5,500
10.	Shri Sunil Kanoria	5,000
11.	Industrial Development Bank of India Ltd. *	6,000
12.	Shri G. Dhurka #	9,500

* For the meetings attended by Nominee Director of IDBI

@ Ceased to be Director w.e.f. 09.12.2004

Resigned w.e.f. 16.08.2005

Shareholding of our Directors in our Company

Name	June 5, 2006
Smt. Nandini Nopany	3,10,800
Shri C.S. Nopany	24,000

Interest of our Directors

Except as stated in "Related Party Transactions" on page 102 of this Letter of Offer, and to the extent of shareholding, remuneration, commission, sitting fees for attending board or committee meetings, in our Company, the Directors do not have any other interest in our business.

Changes in Our Board of Directors during the last three years

Name of the Director	Particulars of change	Reason
Shri R.N. Mody	Resigned as Director vide his letter dated 16.08.2003 noted by the Board at its meeting held on 28.10.2003	Personal
Shri A.V. Lodha	Retired at the Annual General Meeting held on 09.12.2004	Retired by rotation
Shri S. Sahoo	Ceased as Nominee Director of IDBI on 04.05.2005	-
Shri L.P. Aggarwal	Appointed as Nominee Director by IDBI from 04.05.2005	-
Shri G. Dhurka	Resigned as Director vide his letter dated 11.08.2005 noted by the Board at its meeting held on 16.08.2005	Personal
Shri P.K. Lakhotia	Appointed as an additional Director on 16.08.2005	-
Shri I.P. Singh Roy	Appointed as an additional Director on 23.09.2005	-
Shri L.P. Aggarwal	Ceased as Nominee Director of IDBI on 02.05.2006	-



Corporate Governance

Composition of our Board of Directors is in compliance with the Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement. We have also formed Audit Committee and Investors' Grievance Committee in line with the Corporate Governance norms. Details regarding our Board of Directors and other Committees are given in the following paragraphs:

The Board of Directors has constituted Committees of the Directors with adequate delegation of powers to discharge urgent business of the Company. These Committees are Audit Committee, Investors' Grievance Committee and Remuneration Committee. The Committees meet as often as required. The details of Audit Committee, Investors' Grievance Committee and Remuneration Committee are as follows -

I) Audit Committee

a) Composition

The Audit Committee comprises of four non-executive Directors viz. Lt. Gen K Chiman Singh (Retd.) (Chairman), Shri R.K. Choudhury, Shri G.K. Bhagat and Shri Supriya Gupta of which three are independent. Our Company Secretary is the Secretary of the Committee.

b) Terms of Reference

The terms of reference of Audit Committee includes the matters provided in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee reviews reports of the internal auditors, adequacy of internal audit, meets the statutory auditors periodically and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors, compliance of accounting standards applicable to the Company and other related matters and reviews major accounting policies followed by the Company. The Committee also reviews the Cost Audit Reports as submitted by the Cost Auditors relating to Sugar and industrial alcohol. The quarterly and annual financial statements before submission to the Board are reviewed by the Committee. The Committee recommends the appointment and removal of Statutory Auditors, Cost Auditors and Internal Auditors and fixation of their fees. The Committee met four times during the current fiscal year.

II) Investors' Grievance Committee

a) Composition

The Committee, presently, comprises of three non-executive Directors viz. Shri G.K. Bhagat (Chairman), Shri C.S. Nopany and Shri B. Mitter. Shri S.K. Poddar, Secretary of the Company is the Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the Stock Exchanges.

b) Terms of Reference

The Committee oversees the performance of Messrs Intime Spectrum Registry Limited, the Registrar & Share Transfer Agent of the Company and recommends measures to improve the level of investor related services. The Committee deals with the applications for transfer/ transmission of shares, subdivision and consolidation of share certificates and issue of duplicate share certificates. The Committee met three times during the current fiscal year.

III) Remuneration Committee

a) Composition

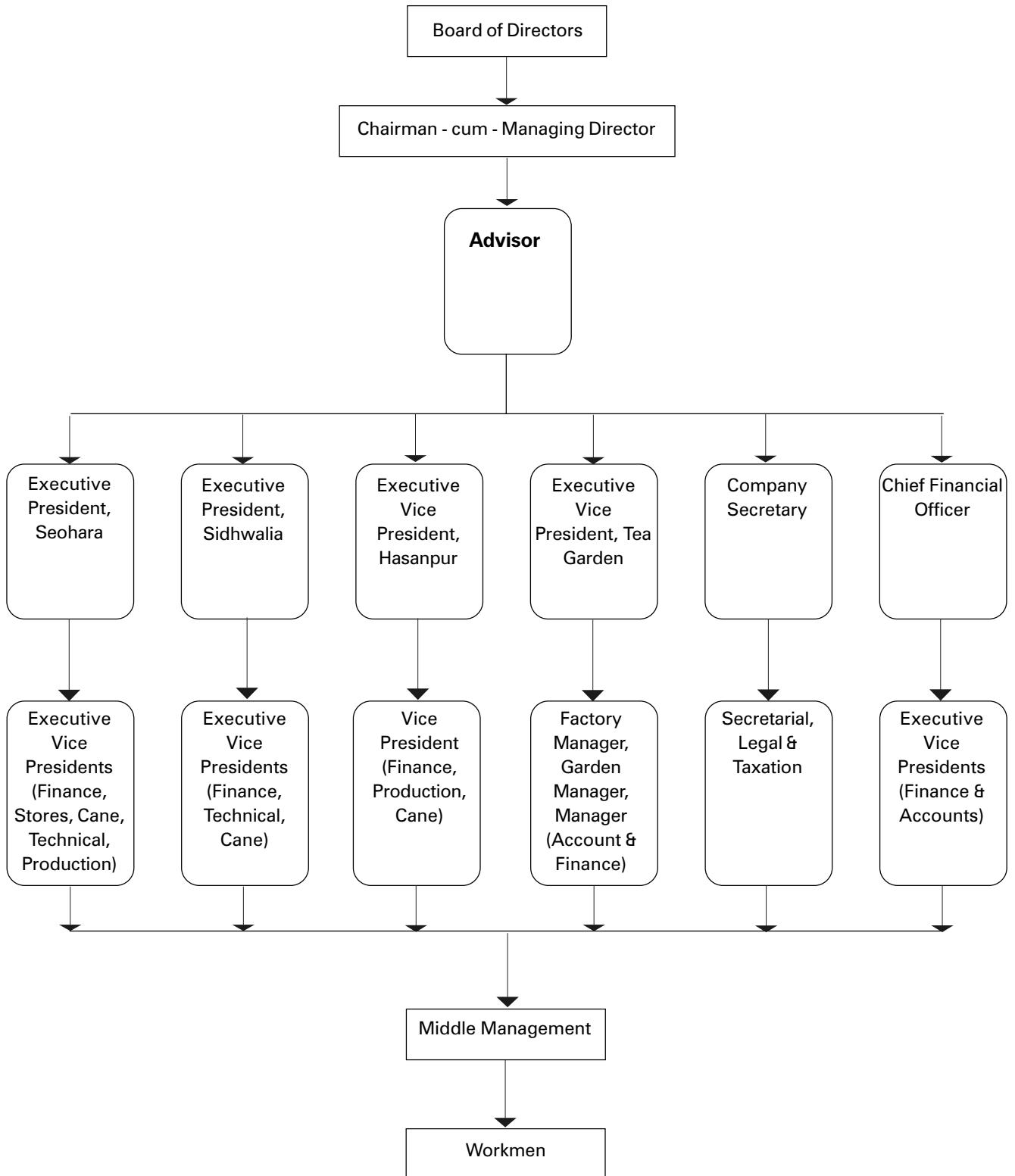
The Company has constituted the Remuneration Committee comprising of Shri I.P. Singh Roy, Shri G.K. Bhagat and Shri Bhaskar Mitter, all of whom are independent.

b) Terms of Reference

The Committee recommends the remuneration of Managing Director of the Company at the time of appointment and also reviews increments to him as well as to the Executive Presidents of the Company. The Committee met once during the current fiscal year.



OUR ORGANISATION STRUCTURE





Key Managerial Personnel

The details of our Key managerial personnel are as follows:

Name	Age (Years)	Designation	Qualifications	Previous Employment	Total Experience (Years)	Month & Year of Joining	Gross Salary Paid during 2004-05 (Rs. in lacs)
Smt. Nandini Nopany	59	Chairperson-cum- Managing Director	Senior - Cambridge	-	31	March, 1993	18.23
Shri C.B. Patodia	56	Advisor	Intermediate	The New Swadeshi Sugar Mills Ltd.	37	February, 1990	33.41
Shri B.K. Malpani	57	Executive President (Seohara)	B.Com.; M.B.A.	-	36	August, 1969	9.20
Shri B.K. Sureka	52	Executive President (Sidhwalia)	B.Sc.; LLB	The Oudh Sugar Mills Limited	27	July, 1999	5.72
Shri R.K. Gupta (from 1.3.2005)	38	Executive Vice President (Hasanpur)	B.E. (Civil)	-	12	March, 1994	1.04
Shri S.S. Binani	53	Executive Vice President (Cinnatollah)	M.Com; LLB	Thirani Tea & Industries Ltd.	32	July, 1999	8.32
Shri S.K. Poddar	54	Company Secretary	B. Com., F.C.S.	Shree Services & Trading Company Limited	35	November, 1980	7.18
Shri S.K. Maheshwari	49	Chief Financial Officer	B.Sc.;F.C.A.	The Hindustan Times Limited	25	October, 1986	7.42

All the abovementioned key managerial personnel are permanent employees of our Company. The remuneration of each of our key managerial personnel is as per the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975.

Shareholding of our Key Managerial Personnel

Shareholding of our Key Managerial Personnel in our Company as on June 5, 2006

Name of Key Managerial Personnel	No. of Equity Shares held
Smt. Nandini Nopany	3,10,800
Shri B.K. Malpani	750
Shri S.S. Binani	900
Shri S.K. Poddar	150
Shri S.K. Maheshwari	10

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business; to the extent of the Equity Shares held by them in the Company as stated above and related party transactions entered into between them, their relatives and the Company. For further details,



please refer to "Related Party Transactions" on page no. 102 of this Letter of Offer.

Details of loans taken by Key Managerial Personnel in our Company

No loan was outstanding from the Key Managerial Personnel from our Company as on December 31, 2005.

We have not granted any stock options to our Directors and Key Managerial Personnel. Except as stated otherwise in this Letter of Offer, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Letter of Offer in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in our Key Managerial Personnel during the last three years

There has been no change in our Key Managerial Personnel during the last three years.



OUR PROMOTERS

The Company was promoted in the year 1932 under the name and style of Upper Ganges Sugar Mills Ltd. by Birla Brothers Ltd. who acted as its Managing Agents, with Late B.M. Birla as the Chairman. During 1942, consequent to a change in the Managing Agents, The Cotton Agents Ltd. (name subsequently changed to Birla Bombay Private Limited), came in and continued to be the Managing Agents till 1969, whereafter the Managing Agency System was abolished by the Government. The Company currently is a part of the well known K. K. Birla group. Our present promoters are Dr. K. K. Birla, Smt. Nandini Nopany & Shri C. S. Nopany, who controls the Company through their direct and indirect holdings and through shares, held through the following companies:

- New India Sugar Mills Limited
- Hargaon Investment & Trading Company Limited
- RTM Investment & Trading Company Limited
- SCM Investment & Trading Company Limited
- Darbhanga Marketing Company Limited
- OSM Investment & Trading Company Limited
- Champaran Marketing Company Limited
- Shital Commercial Limited
- Uttam Commercial Limited
- Yashovardhan Investment & Trading Company Limited
- Narkatiaganj Farms Limited
- Rajpur Farms Limited
- La Monde Trading & Investments Private Limited
- Wasmen Technologies Private Limited
- Moneyline Finvest Private Limited
- The Oudh Sugar Mills Limited

At present, our Company is being managed by the Board of Directors. Smt. Nandini Nopany is the Chairperson-cum- Managing Director of the Company.

Dr. K.K. Birla is the Chairman Emeritus of the Company.

Brief Profiles of our promoters and the above mentioned companies are given below:

Dr. K.K. Birla



Voter ID No. DKD-1457803, Permanent Account No. ADMPB 6470C.

Dr. Krishna Kumar Birla, son of Late Ghanshyam Das Birla, was born in Pilani, Rajasthan, on 12th October, 1918. He joined the Sugar Industry in the year 1940 and is amongst the founder member of Indian Sugar Industry. Over the years, Dr. Birla has established one of India's well known business conglomerate through brilliance of entrepreneurial genius and sheer hard work. His industrial empire spans across a wide spectrum of key industries like sugar, fertilisers, chemicals, heavy engineering, textiles, shipping, newspaper etc. One of his greatest achievements has been to earn the trust of his millions of shareholders, employees and customers which has played a crucial role in his phenomenal growth. He has the distinction of being a respected parliamentarian, socialite, philanthropist and scholar apart from being a renowned industrialist.

For 18 consecutive years, Dr. Birla was a Member of Rajya Sabha. In the year 1961, he was elected Sheriff of Calcutta and in the year 1997, he was conferred Doctor of Letters (Honoris Causa) by Pondicherry



University. He has headed a number of Chambers of Commerce such as Indian Sugar Mills Association, Federation of Indian Chamber of Commerce and Industry, Indian Chamber of Commerce and many such prominent organisations. His numerous responsibilities include the Trusteeship of the Birla Education Trust, which runs a number of schools and institutions in the country offering subsidised education, and Chairmanship of the prestigious Birla Institute of Technology and Science (BITS) at Pilani and Dubai. Dr. Birla has established K.K. Birla Foundation which has instituted annual awards for excellence in Indian literature, scientific research, Indian philosophy etc. and K.K. Birla Academy to undertake research on scientific, cultural and historical subjects. The beautiful Radhakrishna Temple dedicated to Lord Krishna in Kolkata and the G.D. Birla Sabhagar in Kolkata are amongst his many social contributions.

Details of the Permanent Account Number, Bank Account Number and Passport Number have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Smt. Nandini Nopany



Voter ID No. DWK 5001011, Permanent Account No. ABMPN7831R.

Smt. Nandini Nopany, aged 59 years, is a Senior Cambridge. She is the Chairperson cum Managing Director of our Company. She looks after the overall management and is the driving force of the Company. She has over 31 years of experience in managing various industries at senior management levels.

Details of the Permanent Account Number, Bank Account Number and Passport Number have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Shri C.S. Nopany



Voter ID No. DWK 4990941, Driving License No. WB-01-035925, Permanent Account No. ABJPN5385K

Shri C. S. Nopany, aged 40 years, is a Director of our Company. He 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 President of Indian Sugar Mills Association and past President of Indian Chamber of Commerce.

Details of the Permanent Account Number, Bank Account Number and Passport Number have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

New India Sugar Mills Limited. ("NISML")

NISML was incorporated on May 4, 1933 under the Indian Companies Act, 1913. The registered office of NISML is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on the business of sugar manufacture and refinery and the manufacture of any other material that may be decided upon by or on behalf of the Company and the business of buyers, sellers and dealers of any goods or merchandise whatsoever and to transact all manufacturing or treating and preparing processes and mercantile business that may be necessary or expedient and to purchase and vend the raw material and manufactured articles.

Currently, the company is engaged in the business of trading in various goods and products including dress materials, moorty, photos and curio goods etc besides investments in shares and securities.

Further, pursuant to a scheme of arrangement for amalgamation between NISML and Saran Trading Company Limited (Saran Trading)(erstwhile 100% subsidiary of Upper Ganges) all the assets and liabilities of Saran Trading were transferred to NISML with effect from April 1, 2004. The scheme has been approved by the Hon'ble High Court at Calcutta High Court vide its order dated July 6, 2005.



Also, a scheme of arrangement for transfer of sugar division of NISML to Upper Ganges has been sanctioned by the Hon'ble High Courts at Calcutta and Allahabad vide their orders dated December 7, 2005 and January 19, 2005 respectively. For further details, please refer to section titled "Capital Structure" of the Draft Letter of Offer.

Shareholding Pattern

Shareholding Pattern of NISML as on March 31, 2006 was as follows:

Category	No. of shares held	% of Shareholding
Promoters	9,97,695	68.66
Mutual Funds, Banks, FIs and Insurance Companies	1,30,606	8.99
Private Corporate Bodies and other Public	3,24,694	22.35
Total	14,52,995	100.00

Board of Directors

The Board of Directors of NISML as on May 31, 2006 comprised as follows:

Shri C.S. Nopany (Chairman),

Shri Ramesh Tapuriah

Shri P.K. Singhi

Dr. T. Datta Chaudhuri (IIBI - Nominee)

Smt. Shalini Nopany

Shri Suresh Somani

Shri M.S. Sharma

Financial Performance

Brief audited financials of NISML for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06**
Total Income	2123.29	412.60	243.23
Profit/(Loss) After Tax	(256.24)	(124.44)	209.58
Equity Share Capital (of Rs.10/- each)	135.88	125.22*	145.47
Reserves & Surplus	703.03	794.46	975.35
Earning per Share	-	-	14.42
Net Asset Value per Share	54.13	75.19	77.14

** These audited accounts are subject to approval of shareholders in AGM.

* Does not include amount of Rs. 20.25 lacs on account of share capital suspense account comprising of shares issued to Upper Ganges on account of amalgamation of Saran Trading with NISML after the balance sheet.



The equity shares of NISML are listed on The Calcutta Stock Exchange Association Limited. There has been no trading in the equity shares of NISML during the last six months preceding the date of filing the Draft Letter of Offer with SEBI.

There has been no change in management of NISML in last ten years.

There was no public/rights issue in last three years. There has been no change in capital structure during the last six months except for the issuance of equity shares pursuant to the terms of the scheme of amalgamation of Saran Trading Company Limited with NISML approved by the Hon'ble High Court at Calcutta vide its order dated July 6, 2005. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where NISML is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Common Pursuits

Currently, there are no common pursuits between NISML and us.

Promise vs Performance

No Public Issue or Rights Issue has been made in last ten years.

Details of Public and Rights Issue made in last three years

There has been no public or rights issue in last 3 years.

Hargaon Investment & Trading Company Limited ("HITCL")

HITCL was incorporated on December 26, 1986 under the Companies Act, 1956. The registered office of HITCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on business of investment company and to invest in and acquire hold and deal in shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any body corporate carrying on business in India or elsewhere and debentures, debenture stocks, bonds, obligations and securities, issued or guaranteed by any Government State dominion, sovereign, ruler, commissioners, public body or authority, supreme, municipal local or otherwise whether in India or elsewhere.

Currently, the company is engaged in the business of investment in shares and securities. The company is registered with RBI as a NBFC vide certificate of registration number 05.00201 dated February 20, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

HITCL is a wholly owned subsidiary of The Oudh Sugar Mills Limited.

Board of Directors

The Board of Directors of HITCL as on May 31, 2006 were as follows:

Shri C.S. Nopany (Chairman)

Shri R.N. Bagaria

Shri K.C. Gupta

Shri S.K. Jhunjhunwala.



Financial Performance

Brief audited financials of HITCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	43.06	57.61	311.02
Profit/(Loss) After Tax	42.37	56.97	305.05
Equity Share Capital (of Rs.10/- each)	304.57	304.57	304.57
Reserves & Surplus	546.53	603.49	908.54
Earning per Share	1.39	1.87	10.02
Net Asset Value per Share	27.94	29.81	39.83

The equity shares of HITCL are not listed on any stock exchange.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

There has been no change in management of HITCL in last ten years.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where HITCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

RTM Investment & Trading Company Limited ("RITCL")

RITCL was incorporated on February 6, 1987 under the Companies Act, 1956. The registered office of RITCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on business of Investment Company and to invest in and acquire hold, deal in shares, stocks, debentures, debentures stocks and other securities.

Currently, the company is engaged in the business of investment in shares and securities. The company is registered with RBI as a NBFC vide certificate of registration number 05.00345 dated February 26, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

RITCL is a wholly owned subsidiary of Sulej Industries Limited.

Board of Directors

The Board of Directors of RITCL as on May 31, 2006 comprised as follows:

Shri C.S. Nopany (Chairman),

Shri R.N. Laddha (Managing Director),

Shri N.M. Gupta,

Shri S.K. Poddar

Shri Sunil Lohia.



Financial Performance

Brief audited financials of RITCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	272.33	185.06	646.11
Profit/(Loss) After Tax	(32.14)	118.10	626.78
Equity Share Capital (of Rs.10/- each)	1,285.06	1,445.69	1445.69
Reserves & Surplus	352.88	470.98	1097.77
Earning per Share	—	0.82	4.34
Net Asset Value per Share	12.75	13.26	17.60

The equity shares of RITCL are not listed on any stock exchange.

There has been no change in management of RITCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where RITCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

SCM Investment & Trading Company Limited ("SITCL")

SITCL was incorporated on December 26, 1986 under the Companies Act, 1956. The registered office of SITCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on business of Investment Company and to invest in and acquire, hold, deal in shares, stocks, debentures, debentures stocks and other securities.

Currently, the company is engaged in the business of investment in shares and securities. The company is registered with RBI as a NBFC vide certificate of registration number 05.02417 dated May 16, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

SITCL is a wholly owned subsidiary of Sulej Industries Limited.

Board of Directors

The Board of Directors of SITCL as on May 31, 2006 comprised as follows:

Shri C.S. Nopany (Chairman)

Shri U.S. Beria (Managing Director)

Shri R.N. Laddha

Shri R.N. Jhunjhunwala

Shri R.N. Bagaria



Financial Performance

Brief audited financials of SITCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	258.28	253.21	769.81
Profit/(Loss) After Tax	(33.18)	134.59	749.24
Equity Share Capital (of Rs.10/- each)	1,409.93	1,550.92	1550.92
Reserves & Surplus	446.55	581.14	1330.38
Earning per Share	—	0.86	4.83
Net Asset Value per Share	13.17	13.75	18.58

The equity shares of SITCL are not listed on any stock exchange.

There has been no change in management of SITCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where SITCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Darbhanga Marketing Company Limited (“DMCL”)

DMCL was incorporated on February 23, 1951 under the Indian Companies Act, 1913. The registered office of DMCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on business of buyers, sellers, agents, dealers, exporters and importers of any goods or merchandise whatsoever and to transit all manufacturing or treating and preparing process and mercantile business and to purchase and vend raw material and manufactured articles. Further the objects provides for undertaking investment activities and dealing in shares and securities.

Currently, the company is engaged in the business of investment in shares and securities. The company is registered with RBI as a NBFC vide certificate of registration number 05.00275 dated February 19, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

DMCL is a wholly owned subsidiary of New India Sugar Mills Limited.

Board of Directors

The Board of Directors of DMCL as on May 31, 2006 comprised as follows:

Shri C.S. Nopany (Chairman),

Shri U.S. Beria (Managing Director),

Shri R.N. Bagaria,

Shri C.K. Vyas.



Financial Performance

Brief audited financials of DMCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	56.88	244.19	961.55
Profit/(Loss) After Tax	49.52	241.39	949.89
Equity Share Capital (of Re.1/- each)	694.40	694.40	694.40
Reserves & Surplus	698.41	936.95	1883.98
Earning per Share	0.07	0.34	1.36
Net Asset Value per Share	2.01	2.35	3.71

The equity shares of DMCL are not listed on any stock exchange.

There has been no change in management of DMCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where DMCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

OSM Investment & Trading Company Limited ("OITCL")

OITCL was incorporated on 26th December, 1986 under the Companies Act, 1956. The registered office of OITCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, its main object is to carry on business of Investment Company and to invest in and acquire hold and deal in shares, stocks, debentures and other securities.

Currently the company is engaged in the business of investment in Shares and Securities. OITCL is registered with RBI as a NBFC vide certificate of registration number 05.00288 dated February 21, 1998 under Section 45IA of RBI Act, 1934.

Shareholding

OITCL is a wholly owned subsidiary of The Oudh Sugar Mills Ltd.

Board of Directors

The Board of Directors of OITCL as on May 31, 2006 comprised as follows:

Shri C. S. Nopany (Chairman)

Shri T. R. Chachan

Shri C. K. Vyas

Shri A. L. Tulsian



Financial Performance

Brief audited financials of OITCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	21.07	21.23	98.39
Profit/(Loss) After Tax	8.93	20.50	95.70
Equity Share Capital (of Rs.10/- each)	174.04	174.04	174.04
Reserves & Surplus	161.65	179.31	272.16
Earning per Share	0.35	1.01	5.33
Net Asset Value per Share	19.29	20.30	25.63

The equity shares of OITCL are not listed on any stock exchange.

There has been no change in management of OITCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where OITCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Champan Marketing Company Limited ("CMCL")

CMCL was incorporated on 23rd February, 1951 under the Indian Companies Act, 1913. The registered office of CMCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, its main object is to carry on business of buyers, sellers, importers, exporters, manufacturers, producers, dealers, commission agents and otherwise in sugar, gur, molasses etc., and other merchandise, commodities and articles of consumption of all kinds in India or elsewhere. Further the objects also provides for carrying of an investment company and to invest in and acquire hold and deal in shares, stocks, debentures and other securities.

Currently it is engaged in investment in shares and securities. CMCL is registered with RBI as a NBFC vide certificate of registration number 05.00192 dated February 20, 1998 under Section 45IA of RBI Act, 1934.

Shareholding

CMCL is a wholly owned subsidiary of The Oudh Sugar Mills Ltd.

Board of Directors

The Board of Directors of CMCL as on May 31, 2006 comprised as follows:

Shri R. N. Jhunjunwala

Shri R. N. Bagaria

Shri T. R. Chachan

Shri Sunil Lohia



Financial Performance

Brief audited financials of CMCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	9.91	12.94	37.50
Profit/(Loss) After Tax	9.22	12.29	36.08
Equity Share Capital (of Rs.2.50/- each)	108.72	108.72	108.72
Reserves & Surplus	294.28	304.30	338.10
Earning per Share	0.16	0.23	0.78
Net Asset Value per Share	9.27	9.50	10.28

The equity shares of CMCL are not listed on any stock exchange.

There has been no change in management of CMCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where CMCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Shital Commercial Limited ("SCL")

SCL was incorporated on November 30, 1981 under the Companies Act, 1956. The Registered Office of SCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on the business of manufacturers, spinners, weavers, commission agents, brokers, factors, indenting agent, selling agent of and dealers in cotton, cotton textiles of all kinds, silk, silk textiles, woollen textiles, and other cloth and fabrics, raw jute, jute goods of all kinds and to purchase, prepare for market, spin, buy and sell, import, export, pledge, speculate, enter into forward transactions, cotton, cotton textiles, silk and wool, jute and fibrous substances and to process, develop and manufacture textile goods of all kinds and for the said purposes to acquire, whether by purchase or on hire or otherwise and to run any mill, power loom, hand loom, press and any such other manufacturing unit as required in any manner.

Currently, the company is engaged in the business of investment in shares and securities. The company is registered with RBI as a NBFC vide certificate of registration number 05.02859 dated August 27, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

Shareholding pattern of SCL as on March 31, 2006 was as follows:

Category	No. of shares held	% of Shareholding
Promoters	5,20,950	97.64
Mutual Funds, Banks, FIs and Insurance Companies	—	—
Private Corporate Bodies and other Public	12,600	2.36
Total	5,33,550	100.00



Board of Directors

The Board of Directors of SCL as on May 31, 2006 comprised as follows:

Smt. Nandini Nopany,

Shri R.N. Jhunjhunwala,

Shri Santosh Kumar Poddar,

Shri R.N. Bagaria.

Financial Performance

Brief audited financials of SCL for the financial years 2002-03, 2003-04 and 2004-05 are given below:

(all figures are in Rs. Lacs except per share data)

	2002-03	2003-04	2004-05
Total Income	5.44	60.03	6.83
Profit/(Loss) After Tax	0.19	31.69	5.56
Equity Share Capital (of Rs.10/- each)	53.36	53.36	53.36
Reserves & Surplus	19.09	50.78	56.34
Earning per Share	0.04	5.94	1.04
Net Asset Value per Share	13.58	19.52	20.56

The Equity Shares of SCL are listed on The Calcutta Stock Exchange Association Ltd. There has been no trading in the Equity Shares of SCL during last six months preceding the date of filing the Letter of Offer with SEBI.

There has been no change in management of SCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where SCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Promise vs Performance

No Public Issue or Rights Issue has been made in last ten years.

Details of Public and Rights Issue made in last three years

There has been no public or rights issue in last 3 years.

Uttam Commercial Limited ("UCL")

UCL was incorporated on December 7, 1984 under the Companies Act, 1956. The Registered Office of UCL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to carry on the business of buyers, sellers, producers, brokers, buying agents, selling agents, commission agents, factors, distributors, stockists, agents, traders, exporters, importers and suppliers of and dealers in all kinds of tea, coffee, paper, paper board, iron & steel, chemicals, jute, cloth, cement, food grains, fertilisers, electrical goods, sugar, automobile parts, rubber parts, including all work whatsoever, as are incidental or conducive to the carrying on of all such business in India or abroad.



Currently, the company is engaged in the business of investment in shares and securities. The company is registered with RBI as a NBFC vide certificate of registration number 05.00522 dated March 2, 1998 under section 45IA of RBI Act, 1934.

Shareholding Pattern

Shareholding pattern of UCL as on March 31, 2006 was as follows:

Category	No. of shares held	% of Shareholding
Promoters	6,60,030	97.06
Mutual Funds, Banks, FIs and Insurance Companies	—	—
Private Corporate Bodies and other Public	20,000	2.94
Total	6,80,030	100.00

Board of Directors

The Board of Directors of UCL as on May 31, 2006 comprised as follows:

Dr. K.K. Birla

Smt. Nandini Nopany

Shri Santosh Kumar Poddar

Shri U.S. Beria

Shri R.N. Bagaria

Shri T.R. Chachan

Financial Performance

Brief audited financials of UCL for the financial years 2002-03, 2003-04 and 2004-05 are given below:

(all figures are in Rs. Lacs except per share data)

	2002-03	2003-04	2004-05
Total Income	88.60	101.06	98.87
Profit/(Loss) After Tax	77.59	91.18	84.79
Equity Share Capital (of Rs.10/- each)	68.00	68.00	68.00
Reserves & Surplus	747.94	839.12	923.91
Earning per Share	11.41	13.41	12.47
Net Asset Value per Share	119.99	133.40	145.86

The Equity Shares of UCL are listed on The Uttar Pradesh Stock Exchange Association Ltd. There has been no trading in the Equity Shares of UCL during last six months preceding the date of filing the Letter of Offer with SEBI.

There has been no change in management of UCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where UCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.



Promise vs Performance

No Public Issue or Rights Issue has been made in last ten years.

Details of Public and Rights Issue made in last three years

There has been no public or rights issue in last 3 years.

Yashovardhan Investment & Trading Company Limited (“YITCL”)

YITCL was incorporated on October 30, 1987 as a private limited company under the name “Yashovardhan Investment & Trading Company Private Limited” under the Companies Act, 1956. Subsequently, it was converted to a public limited company and the word ‘private’ was deleted from its name with effect from April 28, 1993. The registered office of YITCL is at 9/1, R.N. Mukherjee Road, Kolkata 700 001.

As per its Memorandum of Association, its main object is to invest in and acquire, hold and deal in shares, stocks, debentures, debenture stocks, bonds, obligations and securities, issued or guaranteed by any Government, State dominion sovereign, ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, whether in India or elsewhere.

Currently, it is engaged in the business of dealing and investment in shares, securities and debentures. The company is registered with RBI as NBFC vide certificate of registration number 05.00216 dated February 20, 1998 under section 45IA of the RBI Act, 1934.

Shareholding Pattern

Shareholding pattern of YITCL as on May 31, 2006 was as follows:

Name of the shareholder	No. of shares held	% of Shareholding
Smt. Nandini Nopany	10	—
Smt. Jyotsna Poddar	10	—
Usha Flowell Limited	52,000	1.50
Duke Commerce Limited	52,000	1.50
Deepshikha Trading Company Private Limited	1,02,500	2.96
Ricon Commerce Limited	1,500	0.04
Pavapuri Trading & Investment Company Limited	52,000	1.50
Nilgiri Plantations Limited	10,00,000	28.90
Sidh Enterprises Limited	50,000	1.45
Udit (India) Limited	50,000	1.45
Shital Commercial Limited	50,000	1.45
Ronson Traders Limited	10,50,000	30.35
Sonali Commercial Limited	8,50,000	24.56
Britex (India) Limited	50,000	1.45
Swasthya Sewa Sansthan	1,00,000	2.89
Total	34,60,020	100.00



Board of Directors

The Board of Directors of YITCL as on May 31, 2006 comprised as follows:

Dr. K.K. Birla (Chairman)

Smt. Jyotsna Poddar

Smt. Shobhana Bhartia

Shri C.S. Nopany

Shri R.N. Bagaria

Shri U.S. Beria

Shri T.R. Chachan

Financial Performance

Brief audited financials of YITCL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	501.55	142.63	292.07
Profit/(Loss) After Tax	457.53	135.15	282.83
Equity Share Capital (of Rs.10/- each)	346.00	346.00	346.00
Reserves & Surplus	1,024.35	1,159.50	1,442.34
Earning per Share	13.22	3.91	8.17
Net Asset Value per Share	39.61	43.51	51.68

The equity shares of YITCL are not listed on any stock exchange.

There has been no change in management of YITCL in last ten years.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where YITCL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Narkatiaganj Farms Limited ("NFL")

NFL was incorporated on March 31, 1951 under the Indian Companies Act, 1913. The Registered Office of NFL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the company is to plant, cultivate and raise, purchase or sell sugarcane, maize, sugar-beets and other crops and to transact such other work or business as may be proper or necessary in connection with the above object or any of them.

Currently, it is engaged in the business of production of sugarcane and investment in shares and securities.



Shareholding Pattern

Shareholding pattern of NFL as on May 31, 2006 was as follows:

Name of the shareholder	No. of shares held	% of Shareholding
The Oudh Sugar Mills Ltd.	50,000	19.23
Uttar Pradesh Trading Company Ltd.	40,000	15.39
SCM Investment & Trading Company Ltd.	20,000	7.69
RTM Investment & Trading Company Ltd.	20,000	7.69
Modern Household & Accessories Trading Pvt. Ltd.	25,000	9.62
La Monde Exports Pvt. Ltd.	45,000	17.30
La Monde Trading & Investments Pvt. Ltd.	20,000	7.69
Wasmen Technologies Pvt. Ltd.	20,000	7.69
Moneyline Finvest Pvt. Ltd.	10,000	3.85
Rajpur Farms Ltd.	10,000	3.85
Total	2,60,000	100.00

Board of Directors

The Board of Directors of NFL as on May 31, 2006 comprised as follows:

Shri R. N. Jhunjhunwala

Shri M.S. Sharma

Shri S.K. Jhunjhunwala

Shri Sushil Kumar Poddar

Shri C.K. Vyas.

Financial Performance

Brief audited financials of NFL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	10.36	80.64	121.16
Profit/(Loss) After Tax	0.37	62.84	99.53
Equity Share Capital (of Rs.10/- each)	5.00	26.00	26.00
Reserves & Surplus	23.42	86.26	185.78
Earning per Share	0.75	24.17	38.28
Net Asset Value per Share	56.83	43.18	81.46

The equity shares of NFL are not listed on any stock exchange.



There has been no change in management of NFL in last ten years. Till, October 18, 2004, it was a subsidiary of The Oudh Sugar Mills Limited.

There has been no change in capital structure during the last six months. NFL made a rights issue in October 2004, thereby allotting 2,10,000 equity shares. There was no public issue made by NFL in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where NFL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Rajpur Farms Limited ("RFL")

RFL was incorporated on December 19, 1949 under the Indian Companies Act, 1913. The Registered Office of RFL is at 9/1, R.N. Mukherjee Road, Kolkata - 700 001.

As per its Memorandum of Association, the main object of the Company is to plant, cultivate and raise, purchase or sell sugarcane, maize, sugar-beets and other crops and to transact such other work or business as may be proper or necessary in connection with the above object or any of them.

Currently it is engaged in the business of production of sugarcane and investment in shares and securities.

Shareholding Pattern

Shareholding pattern of RFL as on May 31, 2006 was as follows:

Name of the shareholder	No. of shares held	% of Shareholding
The Oudh Sugar Mills Ltd.	50,000	19.23
Uttar Pradesh Trading Company Ltd.	40,000	15.39
SCM Investment & Trading Company Ltd.	20,000	7.69
RTM Investment & Trading Company Ltd.	20,000	7.69
Modern Household & Accessories Trading Pvt. Ltd.	25,000	9.62
La Monde Exports Pvt. Ltd.	45,000	17.30
La Monde Trading & Investments Pvt. Ltd.	20,000	7.69
Wasmen Technologies Pvt. Ltd.	10,000	3.85
Moneyline Finvest Pvt. Ltd.	20,000	7.69
Narkatiaganj Farms Ltd.	10,000	3.85
Total	2,60,000	100.00

Board of Directors

The Board of Directors of RFL as on May 31, 2006 comprised as follows:

Shri T.R. Chachan

Shri K.C. Gupta

Shri B.L. Himmatsinghka

Shri A.K. Dasmal

Shri Sunil Lohia



Financial Performance

Brief audited financials of RFL for the financial years 2003-04, 2004-05 and 2005-06 are given below:

(all figures are in Rs. Lacs except per share data)

	2003-04	2004-05	2005-06
Total Income	15.64	79.01	122.16
Profit/(Loss) After Tax	1.05	57.78	92.75
Equity Share Capital (of Rs.10/- each)	5.00	26.00	26.00
Reserves & Surplus	21.36	79.14	171.89
Earning per Share	2.10	22.22	35.67
Net Asset Value per Share	52.72	40.44	76.11

The equity shares of RFL are not listed on any stock exchange.

There has been no change in management of RFL in last ten years. Till, October 18, 2004, it was a subsidiary of The Oudh Sugar Mills Limited.

There has been no change in capital structure during the last six months. RFL made a rights issue in October 2004, thereby allotting 2,10,000 equity shares. There was no public issue made by RFL in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where RFL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

La Monde Trading & Investments Private Limited ("LMTIPL")

LMTIPL was incorporated on December 24, 1998 under the Companies Act, 1956. The Registered Office of LMTIPL is at 44, Park Street, Kolkata - 700 016.

As per its Memorandum of Association, the main object of the Company is to carry on the business of traders, sellers, imports & exports, merchants, brokers, agents, commission agents, assemblers, refiners, cultivator, miners, mediators, packers, stockist, distributors, advisors, hire purchasers and dealers of and in all kinds of electric and electronics components and goods, iron and steel, aluminium mineral, ferrous and non-ferrous metal, gold, silver, bauxite, granite, marbles, fire china clay, stainless steel, jute and jute products, textiles, cotton and synthetic fibre, silk, yarn, wool and woollen goods, handicrafts & silk, artificial synthetics, ready-made garments, design materials, process, printers in all textiles, timber, leather & finished leather goods, leather garments, leather products, all related items in leather, cosmetics, stationery, tools & hardware, plastics & plastic goods, tea, coffee, paper, packaging material, chemical, cement, sugar, food grains, cereals, factory materials, house equipments & appliances, rubber & rubber products, fertilisers, agricultural products, industrial products, computer data materials, paints, industrial and other gases, alcohol, edible and non-edible oils and fats, drugs, plants and machinery goods, engineering goods and equipments, office equipments, hospital equipments, railway accessories, medicines, automobile parts, building materials, coal & coke, all types of consumer products in India or abroad and in any other related items in connection therewith.

Currently, LMTIPL is engaged in dealing in shares and securities.



Shareholding Pattern

Shareholding pattern of LMTIPL as on May 31, 2006 was as follows:

Name of the shareholder	No. of shares held	% of Shareholding
Shri C.S. Nopany	300	4.48
Smt. Shalini Nopany	5,100	76.12
Shri C.S. Nopany (HUF)	1,000	14.93
Miss Urvi Nopany	200	2.98
Shri K.S. Bhutoria	100	1.49
Total	6,700	100.00

Board of Directors

The Board of Directors of LMTIPL as on May 31, 2006 comprised as follows:

Smt. Shalini Nopany

Shri Santosh Kumar Poddar

Shri S.K. Jhunjhunwala

Financial Performance

Brief audited financials of LMTIPL for the financial years 2002-03, 2003-04 and 2004-05 are given below:

(all figures are in Rs. Lacs except per share data)

	2002-03	2003-04	2004-05
Total Income	2.07	2.17	11.33
Profit/(Loss) After Tax	1.64	1.58	9.65
Equity Share Capital (of Rs.10/- each)	0.67	0.67	0.67
Reserves & Surplus	3.02	4.59	14.24
Earning per Share	24.49	23.55	144.03
Net Asset Value per Share (net of miscellaneous expenditure not written off)	54.33	78.58	222.61

The equity shares of LMTIPL are not listed on any stock exchange.

There has been no change in management of LMTIPL since incorporation.

There has been no change in capital structure during the last six months and there was no public/rights issue in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where LMTIPL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Wasmen Technologies Private Limited ("WTPL")

WTPL was incorporated on September 18, 1997 under the Companies Act, 1956. The Registered Office of WTPL is at 44, Park Street, Kolkata - 700 016.



As per its Memorandum of Association, the main object of the company is to carry on the business as consultant on technologies and technologies product and processors, stockists, dealers, consultants, traders, retailers, agents, buyer or seller of technologies product.

Currently, WTPL is engaged in business of dealing in shares and securities.

Shareholding Pattern

Shareholding pattern of WTPL as on May 31, 2006 was as follows:

Name of the shareholder	No. of shares held	% of Shareholding
Shri Chandra Shekhar Nopany	60,000	31.55
Shri Chandra Shekhar Nopany (HUF)	1,10,000	57.83
Smt. Shalini Nopany	100	0.05
Shri U.S. Beria	100	0.05
La Monde Exports Pvt. Ltd.	20,000	10.52
Total	1,90,200	100.00

Board of Directors

The Board of Directors of WTPL as on May 31, 2006 comprised as follows:

Smt. Shalini Nopany

Shri U.S. Beria

Shri C. K. Vyas

Financial Performance

Brief audited financials of WTPL for the financial years 2002-03, 2003-04 and 2004-05 are given below:

(all figures are in Rs. Lacs except per share data)

	2002-03	2003-04	2004-05
Total Income	0.50	0.67	12.27
Profit/(Loss) After Tax	(0.10)	(0.04)	10.81
Equity Share Capital (of Rs.10/- each)	16.02	19.02	19.02
Reserves & Surplus (Debit Balance of P&L)	-	(0.05)	10.76
Earning per Share	-	-	5.68
Net Asset Value per Share (net of miscellaneous expenditure not written off)	9.83	9.85	15.56

The equity shares of WTPL are not listed on any stock exchange.

There has been no change in management of WTPL since incorporation.

There has been no change in capital structure during the last six months. WTPL issued further 30,000 equity shares in October 2003. There was no public issue made by WTPL in last three years. The company is not a sick company under SICA and is not under winding up



The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where WTPL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

Moneyline Finvest Private Limited (“MFPL”)

MFPL was incorporated on January 14, 1997 under the Companies Act, 1956. The Registered Office of MFPL is at 44, Park Street, Kolkata - 700 016.

As per its Memorandum of Association, the main object of the company is to carry on the business as investors, financiers and borrowers of moneys and the agents thereof and to acquire, hold, transfer, hypothecate, speculate, issue and otherwise dispose of shares, stocks, debentures, debenture-stocks, bonds, obligations and securities issued by original subscription tender, purchase exchange or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.

Currently MFPL is engaged in business of dealing in shares and securities.

Shareholding Pattern

Shareholding pattern of MFPL as on May 31, 2006 was as follows:

Name of the shareholder	No. of shares held	% of Shareholding
Shri Chandra Shekhar Nopany	60,000	31.48
Shri Chandra Shekhar Nopany (HUF)	1,00,000	52.47
Smt. Shalini Nopany	200	0.10
Shri T.R. Chachan	200	0.10
Shri Kamal Singh Bhutoria	200	0.10
La Monde Exports Pvt. Ltd.	25,500	13.38
La Monde Trading & Investments Pvt. Ltd.	4,500	2.37
Total	1,90,600	100.00

Board of Directors

The Board of Directors of MFPL as on May 31, 2006 comprised as follows:

Smt. Shalini Nopany

Shri T.R. Chachan

Shri Sunil Lohia



Financial Performance

Brief audited financials of MFPL for the financial years 2002-03, 2003-04 and 2004-05 are given below:

(all figures are in Rs. Lacs except per share data)

	2002-03	2003-04	2004-05
Total Income	0.50	0.62	11.78
Profit/(Loss) After Tax	0.17	(0.05)	10.09
Equity Share Capital (of Rs.10/- each)	16.06	19.06	19.06
Reserves & Surplus	0.11	0.06	10.15
Earning per Share	0.11	-	5.30
Net Asset Value per Share (net of miscellaneous expenditure not written off)	9.97	9.96	15.27

The equity shares of MFPL are not listed on any stock exchange.

There has been no change in management of MFPL since incorporation.

There has been no change in capital structure during the last six months. MFPL issued further 30,000 equity shares in October 2003. There was no public issue made by MFPL in last three years. The company is not a sick company under SICA and is not under winding up.

The Company Registration Number, Permanent Account Number, Bank Account Number and the address of Registrar where MFPL is registered have been submitted to the Stock Exchanges where the Equity Shares are proposed to be listed at the time of filing the Draft Letter of Offer.

The Oudh Sugar Mills Limited (Oudh)

The Oudh Sugar Mills Limited was incorporated on July 26, 1932 under the Indian Companies Act VII of 1913.

The main object of Oudh is to carry on business of production and sales of sugar and sugar related products. Presently, Oudh has three sugar factories at Hargaon, Rosa in Uttar Pradesh and at Narkatiaganj in Bihar with a combined crushing capacity of 18,000 tcd. The company is also having two distilleries at Hargaon and at Narkatiaganj with a total capacity 22.50 million litres per annum and fruits and vegetable canning factory is situated at Bamrauli near Allahabad in Uttar Pradesh.

For further details , please refer to the section titled "Financial Information of the Group Companies" on page ___ of this Letter of Offer.

Share Quotation

The equity shares of Oudh are listed on Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.



The highest and lowest market prices of shares of Oudh as listed on the exchanges during the preceding six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2005	121.50	90.65	121.45	90.50
January 2006	237.00	113.00	236.70	113.25
February 2006	235.50	188.00	235.85	185.30
March 2006	230.00	191.35	229.85	192.10
April 2006	294.50	216.00	296.20	216.30
May 2006	279.00	160.40	283.00	159.65

Details of Public and Rights Issue made in last three years

Oudh has made a Rights Issue of 77,88,780 Equity Shares of Rs.10/- each at a premium of Rs.40/- per share (i.e. at a price of Rs.50/- per share) in the ratio of three Equity Shares for every four Equity Shares held during the financial year ended June 30, 2005.

Issue opened on	May 18, 2005
Issue closed on	June 16, 2005
Date of completion of dispatch of delivery of security certificates and demat credit	July 2, 2005
Object of the issue	The issue of the Equity Shares was to reduce overall indebtedness of the company by repaying a part of outstanding working capital borrowings and to meet the expenses of the issue.
Rate of dividend paid prior to the issue	25%

Particulars of changes in the capital structure are given below:

Particulars	Equity Share Capital (Rs. Lacs)	Share Premium (Rs. Lacs)
Prior to the issue	1038.62	3224.78
After the Rights issue	1817.49	6340.29
After retention of over-subscription	N. A.	N. A.

Common Pursuits

Oudh is also in sugar production and trading business. Presence of Oudh in the same line of business may lead to the conflict of interest between us and our promoters and our promoter may pursue such policies which are favourable for Oudh but not for us.

Mechanism for redressal of Investors' Grievances

Oudh has formed a committee to deal with the investor's grievances. There were no investors' complaint pending as on March 31, 2006.



INTEREST OF PROMOTERS

Except as stated in "Related Party Transactions" on page 102 of this Letter of Offer, and to the extent of dividend paid on account of their respective shareholding, reimbursement of expenses, remuneration, commission, sitting fees for attending Board or Committee meetings, our Promoters have not received any payment or benefit.



CURRENCY OF PRESENTATION

All references to India contained in this Letter of Offer are to the Republic of India. All references to "Rupees" or "Rs." or "Re" are to Indian Rupees, the official currency of India.



DIVIDEND POLICY

The declaration and payment of dividend is recommended by our Board of Directors depending upon number of factors, including but not limited to our profits, capital requirements and overall financial conditions and shall be subject to the provisions of our Articles, Companies Act, 1956 and approvals of our lenders.



CHAPTER V: FINANCIAL STATEMENTS
FINANCIAL INFORMATION OF THE ISSUER COMPANY
AUDITOR'S REPORT

To
The Board of Directors
Upper Ganges Sugar & Industries Limited
9/1 R N Mukherjee Road
Kolkata 700 001

Dear Sirs,

As required by Part II of Schedule II of the Companies Act, 1956 and The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (as amended), issued by the Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, we have examined the financial information contained in the statements annexed to this report which is proposed to be included in the Letter of Offer of The Upper Ganges Sugar & Industries Limited ("the Company") in connection with the proposed Rights Issue and we report that :

1.00 We have examined the 'Statements of Adjusted Profits and Losses' of the Company for each of the years ended on 30th June, 2001, 2002, 2003, 2004, 2005 and six months period ended on 31st December, 2005 and the 'Statements of Adjusted Assets and Liabilities' as on those dates enclosed as **Annexures 1 and 2** to this report and confirm that:

- i) These statements reflect the profits and losses and assets and liabilities for each of the relevant periods as extracted from the Profit and Loss Account for the accounting years ended on 30th June, 2001, 2002, 2003, 2004, 2005 and six months period ended on 31st December, 2005 and the Balance Sheets as on 30th June, 2001, 2002, 2003, 2004, 2005 and 31st December, 2005 audited by us, after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines, 2000;
- ii) We have examined the 'Statement of Adjusted Cash Flows' of the Company in respect of each of the years ended on 30th June, 2001, 2002, 2003, 2004, 2005 and six months period ended on 31st December, 2005 enclosed as **Annexure 3** to this report and confirm that, in our opinion, this statement has been prepared by the Company in accordance with the requirement of Accounting Standard 3 (Cash Flow Statements) issued by the Institute of Chartered Accountants of India.
- iii) The Statement of Adjustments made to the audited financial accounts is enclosed as **Annexures 4A & 4B**.
- iv) The Statement of Significant Accounting Policies adopted by the Company and the Statement of notes to the 'Adjusted Profits and Losses' and 'Adjusted Assets and Liabilities' are enclosed as **Annexures 5 and 6** respectively to this report.
- v) The Statement of Significant changes in Accounting Policies during the reporting period is enclosed as **Annexure 7** to this report.
- vi) The Statement of qualifications in auditors' report during the reporting period is enclosed as **Annexure 8** to this report.

2.00 We have examined the 'Statement of Adjusted Accounting Ratios', 'Statement of Aggregate Related Party Transactions', 'Statement of Adjusted Segment wise Results', 'Statement of Dividend Paid', 'Statement of Tax Shelter', 'Adjusted Capitalization Statement' and 'Other Financial Information of the Company as at and for each of the years ended on 30th June, 2001, 2002, 2003, 2004, 2005 and six months period ended on 31st December, 2005 enclosed as **Annexures 9, 10, 11, 12, 13, 14 and 15 (A to G)** respectively to this report and confirm that these have been correctly compiled from the figures as stated in the 'Statement of Adjusted Profits and Losses' and 'Statement of Adjusted Assets and Liabilities' of the Company referred to in paragraph 1.00 above, read with the notes appended in **Annexure 6**.

3.00 We have examined The "Statement of Adjusted Consolidated Profits and Losses", "Statement of Adjusted Consolidated Assets and Liabilities", and "Statement of Adjusted Consolidated Cash Flows" of the Company and its Subsidiaries and



Associate viz. "Uttar Pradesh Trading Company Limited, Saran Trading Company Limited"(ceased to be a subsidiary of the Company with effect from 1st April, 2004) and New India Sugar Mills Limited (associate with effect from 1st April, 2004) as at and for the years ended on 30th June, 2001, 2002, 2003, 2004, 2005 and six months period ended on 31st December, 2005, as well as Statement of Adjustments made to the Consolidated Financial Statements, significant accounting policies and notes attached thereto, enclosed as **Annexures 16, 17, 18, 19 (A & B), 20 and 21** respectively. We report that the consolidated financial statements have been prepared by the Company in consideration of, and in accordance with, the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements), issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and associate. The financial statements of all the subsidiaries, whose financial statements reflect total assets of Rs.2834.69 lacs as at 31st December,2005 and total revenue of Rs.156.65 lacs for the period then ended, were audited by other auditors, whose reports have been relied upon and duly considered by us for the purpose of consolidation. Further, the Adjusted Consolidated Profits and Losses and Adjusted Consolidated Assets and Liabilities as at and for the period ended 31st December, 2005 include the proportionate share in Associate Company based on unaudited accounts, as certified by the management and relied upon by us.

4.00 *Attention is drawn to Note Nos. 1(a) and 1(b) on Annexures-6 and 21, regarding non-adjustment of certain realisations in earlier years aggregating to Rs.157.69 lacs and non-provision of interest payable thereon, if any, in case of refund of such realisations. As the matters are under adjudication /not yet settled, the impact of above non-adjustment on the Company's profit is not presently ascertainable;*

We report that *subject to our above observation*, the information mentioned in clauses 1.00 to 3.00 above have been correctly computed / compiled with reference to the various statements enclosed vide Annexures 1 to 21 of this report.

This report is intended solely for your information and for inclusion in the Letter of Offer in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Kolkata
March 6, 2006

S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS

Per R K AGRAWAL
a Partner
Membership No. 16667



STATEMENT OF ADJUSTED PROFITS AND LOSSES

Annexure-1

(Rs. in Lacs)

Particulars	For the year ended 30 th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
<u>Income</u>						
Sales:						
Of Products manufactured by the Company (Net of excise duty)	19367.91	19834.29	28507.89	25937.73	35110.47	20464.53
Of Products traded in by the Company	361.16	290.77	362.62	332.56	408.52	227.18
Total	19729.07	20125.06	28870.51	26270.29	35518.99	20691.71
Increase/(Decrease) in Inventories	2632.69	4509.18	(4035.90)	(621.90)	(1600.51)	(3729.44)
Other Income	206.03	215.63	338.69	540.35	284.26	33.43
Total	22567.79	24849.87	25173.30	26188.74	34202.74	16995.70
<u>Expenditure</u>						
Raw Materials consumed	14848.10	17741.78	18784.68	16533.87	19498.42	9822.13
Purchase of Trading/Semi finished goods	358.96	284.63	360.03	324.36	1529.28	220.68
Staff Cost	1793.49	1913.14	2050.99	2065.66	2421.92	1260.70
Other Manufacturing Expenses	1795.39	1919.60	2078.77	2193.18	2415.43	1469.94
Administrative and Other Expenses	677.46	747.65	602.11	603.95	795.19	324.77
Selling and Distribution Expenses	243.06	260.45	346.46	316.18	306.77	172.74
Interest (Net)	1856.14	2122.98	1991.75	2271.72	1935.79	570.75
Depreciation	655.67	740.09	775.51	836.95	857.36	453.58
Total	22228.27	25730.32	26990.30	25145.87	29760.16	14295.29
Net Profit/(Loss) Before Tax and Exceptional Items	339.52	(880.45)	(1817.00)	1042.87	4442.58	2700.41
Taxation:						
Current Tax (Net of Refunds)	67.96	24.11	42.32	152.86	164.86*	239.90
Fringe Benefit Tax	-	-	-	-	3.82	8.81
Deferred Tax Liability/(Asset)	82.93	(392.89)	(670.84)	309.14	1333.09	662.03
Net Profit/(Loss) after tax and before Exceptional Items	188.63	(511.67)	(1188.48)	580.87	2940.81	1789.67
Add: Exceptional Income (Net of Tax)	-	-	-	-	90.31*	-
Net Profit/(Loss) after Exceptional Items	188.63	(511.67)	(1188.48)	580.87	3031.12	1789.67

Notes:

- (1) The above figures should be read alongwith the Statement of Significant Accounting Policies and Statement of Notes on Adjusted Profits & Losses and Assets & Liabilities, as appearing in Annexures 5 and 6 respectively.
- (2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchanges Board of India (Disclosure and Investor Protection) Guidelines, 2000.

* **Net of Current Tax on exceptional item Rs.7.68 Lacs.**



STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

Annexure-2

(Rs. in Lacs)

Particulars	As at 30 th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
Application of Funds						
A. Fixed Assets						
Gross Block	13877.95	16863.57	17130.70	17589.48	20270.58	21824.04
Less : Depreciation	5395.79	6061.24	6814.71	7575.76	9231.49	9679.30
Net Block	8482.16	10802.33	10315.99	10013.72	11039.09	12144.74
Capital Work in Progress	16.24	77.04	202.17	211.71	1050.65	393.55
Capital Expenditure on Expansion\ New Projects	1538.56	-	-	-	1977.82	2343.21
Total	10036.96	10879.37	10518.16	10225.43	14067.56	14881.50
B. Investments	2278.20	2278.20	2278.10	2267.35	2242.35	2242.38
C. Current Assets, Loans and Advances						
Inventories	14987.07	20324.02	15950.77	15285.47	14973.06	11185.96
Sundry Debtors	630.18	732.39	869.78	1277.88	250.86	298.95
Cash & Bank Balances	179.97	235.62	320.22	393.07	266.43	2308.67
Loans and Advances	991.61	1089.75	1201.48	1346.52	1615.23	1430.55
Other Current Assets	8.76	9.94	7.50	8.19	23.59	38.80
Total	16797.59	22391.72	18349.75	18311.13	17129.17	15262.93
D. Deferred Tax Liability/(Assets) (net)	843.25	450.36	(220.48)	88.66	764.27*	1426.30
E. Liabilities & Provisions						
Secured Loans	17408.40	20365.50	15640.18	16646.00	19227.40	8519.19
Unsecured Loans	863.03	2560.85	2986.82	2395.57	2555.48	6486.13
Current Liabilities & Provisions	3069.72	6101.54	7828.05	6376.33	2959.73	6263.99
Total	21341.15	29027.89	26455.05	25417.90	24742.61	21269.31
F. Net Worth (A+B+C-D-E)	6928.35	6071.04	4911.44	5297.35	7932.20	9691.20
G. Represented by :						
Shareholder's Funds						
a. Equity Share Capital	697.94	697.94	697.94	697.94	697.94	697.94
b. Share Capital Suspense	-	-	-	-	2.50	2.50
c. Preference Share Capital	300.00	-	-	-	-	-
d. Reserves and Surplus	5981.08	5407.04	4230.47	4599.41	7231.76	8990.76
Total	6979.02	6104.98	4928.41	5297.35	7932.20	9691.20



(Rs. in Lacs)

Particulars	As at 30 th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
Less: Miscellaneous expenditure (to the extent not written off or adjusted): Deferred Revenue Expenditure	50.67	33.94	16.97	-	-	-
Total	6928.35	6071.04	4911.44	5297.35	7932.20	9691.20

* After adjusting Deferred Tax Assets of Rs.657.48 lacs relating to the Sugar Division of New India Sugar Mills Ltd. (merged with the Company) transferred as on 1st October, 2004 under the Scheme of Arrangement.

Notes:

- (1) The above figures should be read alongwith the Statement of Significant Accounting Policies and Statement of Notes on Adjusted Profits and Losses and Assets & Liabilities, as appearing in Annexures 5 and 6 respectively.
- (2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.



STATEMENT OF ADJUSTED CASH FLOWS

Annexure-3

(Rs. in Lacs)

	For the year ended 30 th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
A. CASH FLOW FROM OPERATING ACTIVITIES:						
Adjusted Profit/(Loss) before Tax and Exceptional Items	339.52	(880.45)	(1817.00)	1042.87	4442.58	2700.41
Adjustments for:						
Depreciation	655.67	740.09	775.51	836.95	857.36	453.58
Interest Expenses (net of capitalisation)	1930.75	2219.02	2061.66	2340.27	2022.35	613.79
Provisions for diminution in the value of investments	5.00	-	0.10	-	25.00	-
Provision for Doubtful Debts/Advances	7.93	26.99	19.18	12.42	16.26	2.95
Bad Doubts & Irrecoverable balances written off (net)	7.36	1.04	6.23	52.34	19.24	-
Molasses Storage and Maintenance Reserve	10.55	11.91	11.91	11.55	7.61	5.33
(Profit)/Loss on Fixed Assets sold/discarded (net)	9.84	(27.07)	(0.64)	(6.94)	(34.68)	(16.82)
Deferred Revenue Expenses written off	17.96	17.13	16.97	16.97	-	-
Interest & Dividend Income	(116.77)	(145.65)	(203.77)	(106.11)	(114.91)	(57.36)
Profit on Sale of Investments	-	-	-	(95.72)	-	-
Operating Profit before Working Capital Changes	2867.81	1963.01	870.15	4104.60	7240.81	3701.88
Adjustments for:						
Increase/(Decrease) in Trade Payables	448.31	3065.87	1754.89	(1667.02)	(4178.92)	3589.16
(Increase)/Decrease in Trade & Other Receivables	137.07	(218.12)	(258.57)	(568.51)	1253.69	142.68
(Increase)/Decrease in Inventories	(2883.48)	(5336.95)	4373.25	665.30	1635.37	3787.10
Deferred Revenue Expenses	(5.35)	(0.40)	-	-	-	-
	(2303.45)	(2489.60)	5869.57	(1570.23)	(1289.86)	7518.94
Cash Generated from Operations	564.36	(526.59)	6739.72	2534.37	5950.95	11220.82
Direct Taxes Paid	(54.83)	(54.33)	(43.55)	(150.87)	(312.22)	(256.79)
Net Cash from Operating Activities	509.53	(580.92)	6696.17	2383.50	5638.73	10964.03



(Rs. in Lacs)

	For the year ended 30 th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
B. CASH FLOW FROM INVESTING ACTIVITIES:						
Sale of Fixed Assets	76.18	64.01	10.76	24.29	72.31	18.40
Cash Balance of Sugar Division of New India Sugar Mills Ltd. (transferred under Scheme of Arrangement)	-	-	-	-	24.65	-
Loans Given (net)	(12.31)	28.35	(0.33)	(43.12)	(305.33)	99.26
Interest & Dividend Received	119.04	144.47	206.21	105.42	99.56	42.15
Purchase of Fixed Assets	(1926.86)	(1485.73)	(423.54)	(628.39)	(3246.15)	(1286.67)
Capital Investment Subsidy	-	-	-	13.27	-	-
Deposit under Tea Development Account Scheme	(13.82)	(21.79)	(8.98)	55.85	(25.00)	(14.00)
Sale/Redemption of Investments	(24.50)	-	-	106.47	-	-
Purchase of Investments	-	-	-	-	-	(0.03)
Cash flow from investing activities before exceptional items	(1782.27)	(1270.69)	(215.88)	(366.21)	(3379.96)	(1140.89)
Exceptional Income (Sale of Oil Mill Unit)	-	-	-	-	100.00	-
Net Cash from Investing Activities	(1782.27)	(1270.69)	(215.88)	(366.21)	(3279.96)	(1140.89)
C. CASH FLOW FROM FINANCING ACTIVITIES:						
Proceeds from Borrowings	8085.57	7274.89	1028.56	1557.11	4272.79	4083.43
Repayment of Loans	(4830.21)	(2619.97)	(5415.04)	(1227.14)	(4440.51)	(10867.16)
Interest Paid	(2000.44)	(2319.93)	(1934.06)	(2273.33)	(2084.39)	(686.73)
Redemption of Preference Shares	-	(300.00)	(0.02)	(0.09)	-	-
Dividend Paid	(0.13)	(127.73)	(75.13)	(0.99)	(233.30)	(310.44)
Net Cash from Financing Activities	1254.79	1907.26	(6395.69)	(1944.44)	(2485.41)	(7780.90)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(17.95)	55.65	84.60	72.85	(126.64)	2042.24
Cash & Cash equivalents – Opening Balance	197.92	179.97	235.62	320.22	393.07	266.43
Cash & Cash equivalents – Closing Balance	179.97	235.62	320.22	393.07	266.43	2308.67



STATEMENT OF ADJUSTMENTS MADE TO THE AUDITED FINANCIAL STATEMENTS

Annexure-4A

(Rs. in Lacs)

Statement of adjustments in Profit and Loss Account carried out in accordance with Part II of Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.						
Particulars	For the year ended 30th June					31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
Net Profit/(Loss) as per Audited Profit and Loss Account	250.88	(499.47)	(717.19)	1681.40	1369.44	1734.17
Add: Exceptional Items considered separately	-	-	-	-	3228.41	-
Profit/(Loss) before adjustments & exceptional items	250.88	(499.47)	(717.19)	1681.40	4597.85	1734.17
Adjustments towards Profit/(Loss) with respect to Cinnatolliah Tea Garden (a unit of the Company) on updation of its accounts upto 30th June as against 31st March followed for the purpose of Audited Accounts under the Companies Act, 1956.	28.32	(28.33)	(28.31)	(5.69)	(23.78)	85.41
Adjustments towards Differential Cane Price *	-	-	(2135.23)	(984.60)	-	-
Increase/(Decrease) in Inventories **	-	-	1419.01	(741.96)	(677.05)	-
Adjustments for Taxation						
(a) (Increase)/Decrease in Provision for Taxation	-	-	-	-	-	-
Current Tax	(7.64)	7.65	7.65	(27.94)	33.44	(14.75)
Deferred Tax Asset/(Liability)	(82.93)	8.48	265.59	659.66	(997.33)	(15.16)
(b) Tax on Exceptional Income	-	-	-	-	7.68	-
Total adjustment for Taxation	(90.57)	16.13	273.24	631.72	(956.21)	(29.91)
Net adjustments	(62.25)	(12.20)	(471.29)	(1100.53)	(1657.04)	55.50
Profit/(Loss) after adjustments but before exceptional items	188.63	(511.67)	(1188.48)	580.87	2940.81	1789.67
Exceptional Income (net of Tax)	-	-	-	-	90.31	-
Net adjusted Profit/(Loss)	188.63	(511.67)	(1188.48)	580.87	3031.12	1789.67

* Differential Cane Price of Rs.206.57 lacs for the season 1996-97 has been adjusted against the opening General Reserve in the year 2001. (refer Annexure 4B)

** Arisen due to consideration of differential cane price as a part of cost.



STATEMENT OF ADJUSTMENTS MADE TO THE AUDITED FINANCIAL STATEMENTS

Annexure-4B

(Rs. in Lacs)

Statement of adjustments on Assets and Liabilities carried out in accordance with Part II of Schedule II of the Companies Act 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.						
Particulars	As at 30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
Impact of Cinnatolliah Tea Garden Profit/(Loss)(net) as per Annexure 4-A	28.32	(28.33)	(28.31)	(5.69)	(23.78)	85.41
Adjustments for Differential Cane Price	-	-	(2135.23)	(984.60)	3326.40	-
Increase/(Decrease) in Inventories	-	-	1419.01	(741.96)	(677.05)	-
(Increase)/Decrease in provision of taxation as per Annexure-4A						
Current Tax	(7.64)	7.65	7.65	(27.94)	33.44	(14.75)
Deferred Tax Asset/(Liability)	(82.93)	8.48	265.59	659.66	(997.33)	(15.16)
Net Adjustments towards adjusted Profit & Loss Account	(62.25)	(12.20)	(471.29)	(1100.53)	1661.68	55.50
Less: Deferred Tax Liability (DTL)	(760.32)*	910.51**	-	-	-	-
Add: Adjustment towards Profit of Cinnatolliah Tea Garden (net of Tax) from 01.04.2000 to 30.06.2000	22.32	-	-	-	-	-
Less: Differential Cane Price for 1996-97 paid in 2004-05 and now adjusted with opening Reserves	(206.57)	-	-	-	-	-
Increase/(Decrease) in Reserves	(1006.82)	898.31	(471.29)	(1100.53)	1661.68	55.50
Cumulative Increase/(Decrease) in Reserves	(1006.82)	(108.51)	(579.80)	(1680.33)	(18.65)	36.85
Differential Cane Price Liability	206.57	206.57	2341.80	3326.40	-	-
Increase in Closing Stock	-	-	1419.01	677.05	-	-
Net Increase/(Decrease) of Assets (net of Liabilities) on updation of the accounts of Cinnatolliah Tea Garden (a unit of the Company) upto 30th June as against 31st March followed for the purpose of audited accounts	43.00	22.32	1.66	(31.97)	(22.31)	48.35
Increase/(Decrease) in Deferred Tax Liability (including for Cinnatolliah Tea Garden)	843.25	(75.74)	(341.33)	(1000.99)	(3.66)	11.50
Net Increase in Liabilities	1006.82	108.51	579.80	1680.33	18.65	(36.85)

* Adjustments for DTL as on 1st July 2000.

** Represents reversal of adjustments towards DTL provided in the Audited Accounts for the period upto 30th June, 2001.



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON ADJUSTED PROFIT AND LOSS ACCOUNT AND ADJUSTED ASSETS AND LIABILITIES

Annexure-5

1. ACCOUNTING POLICIES :

(i) **Basis of Accounting :**

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis as per normally accepted accounting principles except for the following which due to uncertainty in realisation are maintained on cash/ acceptance basis: –

- (a) Insurance and other claims.
- (b) Interest on doubtful loans and advances to cane growers.
- (c) Replanting subsidy.
- (d) Compensation receivable in respect of land surrendered to / acquired by the Government.
- (e) Gain/Loss on swap transactions.

(ii) **Fixed Assets :**

Fixed assets are stated at cost of acquisition inclusive of duties (net of cenvat credit) taxes incidental expenses and erection/commissioning expenses etc. upto the date the asset is put to 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.

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 recognised 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.

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

(iii) **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 is provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- (c) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal.
- (d) In case of impairment if any depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(iv) **Borrowing Costs :**

Borrowing costs relating to acquisition / construction of qualifying assets are capitalised 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.

(v) **Investments :**

Current Quoted Investments are stated at lower of cost and market rate on individual investment basis. Unquoted / long term investments are considered "at cost" on individual investment basis unless there is a permanent decline in value thereof in which case adequate provision is made against such diminution in the value of investments.



(vi) Inventories :

- (a) Inventories are valued at lower of cost (computed on annual weighted average basis) and net realisable value. However by products and saleable scraps whose cost is not identifiable are valued at estimated realisable value.
- (b) In case of inter-transferred materials the transfer price is considered as cost for the purpose of valuation of closing stock.

(vii) 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 recognised as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India in which case such exchange differences are capitalised.

The premium or discount arising at the inception of forward exchange contracts is amortised as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognised 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 contract is recognised as income or as expense for the year.

(viii) Retirement Benefits :

- (a) The Company has created an approved gratuity fund which has taken a group gratuity insurance policy with Life Insurance Corporation of India (LIC) for future payment of gratuity to the employees. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year which together with annual contribution in subsequent years would be sufficient to cover the gratuity liability as and when it accrues for payment.
- (b) Leave liability is provided for on the basis of actuarial valuation carried on at the year end.
- (c) Retirement benefits in the form of provident fund / pension schemes and superannuation funds are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(ix) Taxation :

Provision for Income Tax comprises of current tax fringe benefit tax and deferred tax charge or release. Current income tax and fringe benefit tax are measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act 1961. Deferred tax is recognised subject to the consideration of prudence on timing differences being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognised unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realised.

(x) Segment Reporting :

(a) Identification of Segments :

The Company has identified that its operating segments are the primary segments. The Company's operating businesses are organised 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.

(xi) Earning per Share :

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 period attributable to equity share holders and the weighted average no. of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

(xii) Research & Development :

Research and Development expenditure of revenue nature are charged to the Profit & Loss Account while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(xiii) Premium on Redemption of Debentures :

Premium on redemption of debentures is accounted for in the year of payment.

(xiv) Provisions :

A provision is recognised 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.

(xv) 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.



STATEMENT OF NOTES ON THE ADJUSTED PROFITS AND LOSSES AND ADJUSTED ASSETS AND LIABILITIES

Annexure-6

1. As required by paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Statement of Adjusted Profits and Losses for the year ended 30th June, 2001, 2002, 2003, 2004 and 2005 and six months period ended 31st December, 2005 as well as Statement of Adjusted Assets and Liabilities as at 30th June, 2001, 2002, 2003, 2004 and 2005 and 31st December, 2005 have been restated for the audit qualifications. However, certain audit qualifications the impact whereof could not be ascertained presently, for the reasons mentioned in the respective notes, have not been adjusted and the same are indicated herein below:
 - (a) Pending disposal of writs / appeals by the Hon'ble Courts with regard to levy sugar prices for some years, Rs. 103.05 lacs (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 80.62 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, will be made in the accounts as and when the matter will be finally settled.
 - (b) Pending decisions of the 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.54.64 lacs in earlier years, which continue to be shown under the head 'Current Liabilities'. Against the above, fixed deposits receipts / bank guarantees for Rs.44.47 lacs have been furnished by the Company.
2. (a) A Scheme of Arrangement ('the Scheme') between the Company (UGSIL) and New India Sugar Mills Ltd. (NISML), which envisaged the demerger of the Sugar Division of NISML into UGSIL with all the Assets and Liabilities, has been approved by the Hon'ble Calcutta and Allahabad High Courts, vide their Orders dated 7th December, 2005 and 19th January, 2006 respectively and, accordingly, the Sugar Division has been demerged from NISML and transferred to UGSIL with effect from the appointed date i.e. 1st October, 2004, as a going concern. Though, the Scheme was effective after the balance sheet date, (30th June, 2005) it is operative from the appointed date i.e. 1st October, 2004 and accordingly, effect thereof has been given in the accounts for the year ended 30th June 2005 as per Scheme.
 - (b) Pursuant to the Scheme, the Company has to issue 25,009 fully paid Equity Shares of Rs.10 each aggregating to Rs.2.50 lacs to the shareholders of NISML (excluding on the Equity Shares in NISML held by the Company), in the ratio of 2 fully paid Equity Shares of Rs.10 each of the Company for every 100 fully paid Equity Shares of Rs. 10 each held in NISML and the above amount, pending allotment of shares, has been shown as Share Capital Suspense in the Balance Sheet as at 30th June, 2005 and 31st December, 2005. However, the above shares have since been allotted on 6th March, 2006.
3. During the year 2004-05, the Company has paid Rs. 3326.40 lacs towards differential cane price for the sugar seasons 1996-97, 2002-03 and 2003-04 as per order of the Hon'ble High Courts. The above payments had been considered as "Exceptional Items" in the audited accounts for the year 2004-05, but have been treated as expenses in the respective financial years and their impact have been duly disclosed in Annexure 4A and 4B.
4. During the year 2004-05, the Company has sold all immoveable and moveable assets of its oil mill unit at Chandausi (U.P.) and gain of Rs. 97.99 lacs (Gross) (Tax Rs.7.68 lacs) arisen on such sale has been shown as 'Exceptional incomes' in the Adjusted Profit & Loss Account.
5. The remuneration of Rs.6.05 lacs to the Managing Director from 1st October,2005 to 31st December, 2005 is subject to the approval of the Shareholders.
6. The provision for Current Tax for the six months period ended 31st December, 2005 represents Income Tax liability for the period in terms of Section 115JB of the Income Tax Act,1961.
7. Diminution of Rs.216.76 lacs in the value of certain quoted investments based on the last quoted price in an earlier year, has not been provided, as the break-up value of the said investments supplemented by the market value as on 31st December, 2005, of the quoted investments held by the concerned Company is much higher than the book value.



8. 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.
9. Sundry creditors includes Rs.64.35 lacs due to Small Scale Industrial undertakings (SSI) to the extent such parties have been identified from the available documents / information. The names of SSI units to whom amounts are due for more than 30 days as on 31st December, 2005 are furnished below. The Company has normally made payments to the SSI units in due time and also there being no claims from the parties, interest, if any, on overdue payments, is not expected to be material and thus not provided for –
 1. M/s Asian Chemicals
 2. M/s Chandra Pumps (P) Ltd.
 3. M/s Jassal Engineers (Regd.)
 4. M/s Krishi Udyog Shala
 5. M/s Kay Kay Industries
 6. M/s Press Tool Industries Pvt. Ltd.
 7. M/s Rai & Sons Pvt. Ltd.
 8. M/s Sudarshan Tekniks
 9. M/s Subash Rubber Works (P) Ltd.
 10. M/s Anand Brothers
 11. M/s Atul Chemicals & Pharmaceuticals Industries
 12. M/s R.C. Engineering Works Pvt. Ltd.
 13. M/s North Steel Cooling Towers Pvt. Ltd.
 14. M/s S.J. Industries
 15. M/s Deepak Chemical & Lime Works
 16. M/s Ex-Serviceman Enterprises
 17. M/s Prem Ganga Computers Pvt. Ltd.
 18. M/s K. Engineering
 19. M/s Amritsar Textile Industry Products
 20. M/s Krishna Carbon Paper Co.
 21. M/s K.S. Projects & Process Engineers Pvt. Ltd.
 22. M/s Green Force Engineers Pvt. Ltd.
 23. M/s Gita Flopumps India Pvt. Ltd.
 24. M/s Jai Bharat Udyog
 25. M/s Jai Bharat Metal Works
 26. M/s K.S.B. Engineering Works
 27. M/s Kemtech Polymers
 28. M/s N.K. (Organics Inorganic) India Pvt. Ltd.
 29. M/s Reddy Engineering Co.
 30. M/s S.M.B. Engineers
 31. M/s Shree Laxmi Chemicals
 32. M/s Shilpi Electro Complex
 33. M/s Taslim Khan & Sons



10. The position of contingent liabilities is as under

Nature of Liability	As at the year ended 30 th June					Rs. in Lacs
	2001	2002	2003	2004	2005	As at 31 st December, 2005 (6 months)
Dividend on cumulative redeemable Preference shares	37.50	-	-	-	-	-
Claims against the Company not acknowledged as debt	66.62	62.71	56.51	54.12	80.33	80.33
Various Government demands under dispute and /or under litigation	151.79	140.58	186.82	179.14	133.54	221.58
Guarantees given to a bank against loans to cane growers	150.00	250.00	250.00	500.00	900.00	900.00
Against the above, the loan facilities actually availed as on the balance sheet date aggregated to	156.83	262.72	269.63	166.49	302.44	844.63
Custom duty in respect of pending export obligations against duty free imports	-	-	-	-	622.68	245.81
Additional liability, if any, under clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases during sugar season 2004-05 in respect of Company's Hasanpur Sugar Unit	-	-	-	-	(amount unascertainable)	

11. The quantum of estimated amount of contracts remaining to be executed on capital items (net of advances) and not provided for is as under:

2001	As at the year ended on 30 th June				Rs. in Lacs
	2002	2003	2004	2005	As at 31 st December, 2005
531.90	20.09	16.97	354.23	6014.40	7069.80



**STATEMENT OF SIGNIFICANT CHANGES IN ACCOUNTING
POLICY DURING THE REPORTING PERIOD**

Annexure-7

The effect of following changes in accounting policy has been incorporated with retrospective effect in the statement of Adjusted Profit & Losses and Adjusted Assets & Liabilities covered under this report to provide the financial information on a uniform basis.

Upon the applicability of Accounting Standard-22 w.e.f. 01.04.2001 Deferred Tax has been recognised subject to the consideration of prudence on timing differences being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s).



**STATEMENT OF QUALIFICATIONS IN AUDITORS REPORT
DURING THE REPORTING PERIOD**

Annexure-8

(Rs. in Lacs)

Sl. No.	Particulars of Audit Qualifications	For the year ended 30th June					As at 31st December, 2005 (6 Months)
		2001	2002	2003	2004	2005	
1.	Non provision of doubtful debts, loans and advances the impact whereof on the Company's profit/(loss) is not presently ascertainable	142.87	121.80	104.78	44.02	-	-
2.	Non adjustment of certain realisations in earlier years and non provision of interest payable thereon, if any, in case of refund of any such realisation. As the matters are under adjudication/ not yet settled, the impact of the above adjustment on the Company's profit/ (loss) is not presently ascertainable	271.66	249.96	236.52	232.52	157.69	157.69
3.	Non provision towards diminution in the value of certain investments, as the same in the opinion of management, is not permanent nature	164.70	1147.90	522.80	121.92	-	-
4.	Non provision of tax liabilities, if any, for the period from 1st April to 30th June in each year as the same would be determined and provided for based on the taxable profits for the year ending 31st March of the next year	Amount not ascertained.					
5.	Non consideration of the revenue results of CinnatoLliah Tea Garden, a unit of the Company, for the period from 1st April to 30th June/1st October to 31st December, as well as Assets and Liabilities as on 30th June/31st December in the Statement of Account	Impact not ascertained.					



STATEMENT OF ADJUSTED ACCOUNTING RATIOS

Annexure-9

<u>Accounting Ratios</u>	For the year ended 30 th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
Earning per Share (Nominal Value Rs.10/- per Share)						
Before Exceptional Items (Rs.)	2.17	(7.86)	(17.03)	8.32	42.02	25.55
After Exceptional Items (Rs.)	2.17	(7.86)	(17.03)	8.32	43.31	25.55
Return on Net Worth (%)	2.74	(8.43)	(24.20)	10.97	38.21	18.47
Net Asset Value per Share (Rs.)	94.43	86.99	70.37	75.90	113.35	138.36

Notes:

Definition of ratios:

- (a) Earning per Share (EPS) : Adjusted Profit/(Loss) after tax as per Statement of Adjusted Profits/(Losses), divided by the weighted average number of outstanding equity shares during the year.
- (b) Return on net worth : Profit/(Loss) after tax as per Statement of Adjusted Profits and Losses, divided by net worth, as reduced by arrear dividend on Preference Shares.
- (c) Net Asset Value : Net worth as per Statement of Adjusted Assets and Liabilities, as reduced by Preference Share Capital and arrear dividend thereon, divided by the weighted average number of outstanding equity shares during the year.

Note : The weighted average number of outstanding Equity Shares considered in the calculation of the above ratios, includes 25009 Equity Shares to be allotted to the Shareholders of New India Sugar Mills Limited pursuant to the Scheme of Arrangement with effect from 1st October, 2004. (Refer note no. 2 (b) on Annexure 6).



RELATED PARTY DISCLOSURES

Annexure-10

Name of the Related Parties

Subsidiary Companies	:	Uttar Pradesh Trading Company Limited Saran Trading Company Ltd.*
Associate Company	:	New India Sugar Mills Ltd. **
Key Management Personnel	:	Smt. Nandini Nopany – Chair Person-cum-Mg. Director Sh. C.B. Patodia – Advisor Sh. B.K. Malpani – Executive President, Seohara Unit Sh. B.K. Sureka – Sr. Executive Vice President, Sidhwalia Unit Sh. G. Dhurka – Executive President, Hasanpur Unit (upto 28th Feb. 2005) Sh. R.K. Gupta – Executive Vice President, Hasanpur Unit (from 1st March, 2005) Sh. S.S. Binani – Executive Vice President, Tea Garden
Relatives of Key Management Personnel	:	Sh. C.S. Nopany – Son of Smt. Nandini Nopany Smt. Jyotsna Poddar – Sister of Smt. Nandini Nopany Smt. Shobhana Bhartia – Sister of Smt. Nandini Nopany Smt. Usha Patodia – Wife of Sh. C.B. Patodia Sh. Ashish Patodia – Son of Sh. C.B. Patodia Sh. Manish Patodia – Son of Sh. C.B. Patodia Smt. Premlata Malpani – Wife of Sh. B.K. Malpani Sh. Amit Malpani – Son of Sh. B.K. Malpani Smt. Anchal Malpani – Wife of Sh. Amit Malpani Smt. Anita Sureka – Wife of Sh. B.K. Sureka Sh. Prateek Sureka – Son of Sh. B.K. Sureka Sh. Pragati Sureka – Son of Sh. B.K. Sureka Sh. Prakher Sureka – Son of Sh. B.K. Sureka Smt. Gayatri Devi Dhurka – Wife of Sh. G. Dhurka
Enterprises owned or significantly Influenced by Key Management Personnel and their relatives	:	The Oudh Sugar Mills Ltd The Hindustan Times Limited Ronson Traders Limited Gobind Sugar Mills Limited

* Cessed to be Subsidiary w.e.f. 1st April, 2004.

** Associate w.e.f. 1st April, 2004.



RELATED PARTY DISCLOSURES:

STATEMENT OF AGGREGATE RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD -18 FOR THE REPORTING PERIOD

(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
Sale of Goods & Services													
Gobind Sugar Mills Ltd.	July05 - Dec05 2004 - 2005 2003- 2004 2002- 2003 2001- 2002	-	-							1.55	-	1.55	-
										-		-	
										3.52		3.52	
										2.96		2.96	
The Oudh Sugar Mills Ltd.	July05 - Dec05 2004- 2005 2003- 2004 2002- 2003 2001- 2002									0.51		0.51	
										75.18		75.18	
										8.55		8.55	
										13.75		13.75	
										71.42		71.42	
Sale of Fixed Assets													
The Oudh Sugar Mills Ltd	July05 - Dec05 2004- 2005 2003- 2004 2002- 2003 2001- 2002									13.16		13.16	
										1.87		1.87	
Purchase of Goods & Services													
New India Sugar Mills Ltd.	July05 - Dec05 2004- 2005 2003- 2004				0.15								0.15



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
The Oudh Sugar Mills Ltd.	July05 - Dec05									0.06		0.06	
	2004-2005	-	-							271.18		271.18	-
	2003-2004									39.39		39.39	
	2002-2003									48.63		48.63	
	2001-2002									28.95		28.95	
Others	July05 - Dec05												
	2004-2005	-	-										
	2003-2004												
	2002-2003									0.37		0.37	-
Interest Expense													
Ronson Traders Ltd.	July05 - Dec05												
	2004-2005	-	-										
	2003-2004									11.75		11.75	
	2002-2003									11.29		11.29	
	2001-2002												
Amit Malpani	July05 - Dec05							0.74	1.60			0.74	1.60
	2004-2005	-	-					1.39	0.86			1.39	0.86
	2003-2004	-	-					2.30	3.72			2.30	3.72
	2002-2003							2.25	3.68			2.25	3.68
	2001-2002							2.82	2.82			2.82	2.82
Smt. Premalata Malpani	July05 - Dec05							0.86	1.84			0.86	1.84
	2004-2005	-	-					1.08	0.98			1.08	0.98
	2003-2004							2.26	4.03			2.26	4.03
	2002-2003							2.13	3.37			2.13	3.37
	2001-2002							2.79	2.79			2.79	2.79



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
Anchal Malpani	July05 - Dec05							0.68	1.59			0.68	1.59
	2004-2005					-		1.03	0.91			1.03	0.91
	2003-2004												
G. Dhurka	2002-2003												
	2001-2002												
	July05 - Dec05					-	-					-	-
Others	2004-2005					2.14	0.52					2.14	0.52
	2003-2004							1.09	1.77			1.09	1.77
	2002-2003												
Others	2001-2002												
	2004-2005	-	-			0.09		2.08	0.68	-	-	2.17	0.68
	2003-2004							0.82	0.42			0.82	0.42
	2002-2003							0.94	1.85			0.94	1.85
	2001-2002							1.65	1.81			1.65	1.81
Interest Income													
Gobind Sugar Mills Ltd.	July05 - Dec05												
	2004-2005	-	-							10.38	-	10.38	-
	2003-2004									7.84		7.84	
	2002-2003									5.49		5.49	
	2001-2002									27.35		27.35	
New India Sugar Mills Ltd.	July05 - Dec05			10.80	24.13							10.80	24.13
	2004-2005			33.66	13.33							33.66	13.33
	2003-2004			5.02	-							5.02	-
	2002-2003												
	2001-2002												
The Oudh Sugar Mills Ltd.	July05 - Dec05												
	2004-2005	-	-										
	2003-2004	-	-										
	2002-2003									3.92	-	3.92	-
	2001-2002												



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
Intercompany Loans and Fixed Deposits Taken													
Uttar Pardesh Trading Company Ltd.	July05 - Dec05												
	2004-2005	227.50	327.50									227.50	327.50
	2003-2004	561.00	101.00									561.00	101.00
	2002-2003	352.00	120.00									352.00	120.00
	2001-2002	168.00	45.00									168.00	45.00
	2001-2002	70.00	58.00									70.00	58.00
Saran Trading Company Ltd.	July05 - Dec05												
	2004-2005												
	2003-2004												
	2002-2003	7.56										7.56	
	2001-2002	1.25	14.50									1.25	14.50
Ronson Traders Ltd.	July05 - Dec05												
	2004-2005												
	2003-2004												
	2002-2003									100.00	100.00	100.00	100.00
	2001-2002												
Others	July05 - Dec05												
	2004-2005								48.88				48.88
	2003-2004					21.00	20.00	34.03	57.03			55.03	77.03
	2002-2003							20.39	38.17			20.39	38.17
	2001-2002							2.09	30.02			2.09	30.02
	2001-2002							1.62	9.03			1.62	9.03
Prem Lata Malpani	2001-2002							7.90	12.79			7.90	12.79
Amit Malpani	2001-2002							7.00	13.52			7.00	13.52



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total		
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	
Intercorporate Loans and Fixed Deposits Refunded	Uttar Pradesh Trading Co Ltd	July05	-											
		Dec05	1.00									1.00		
	Saran Trading Company Ltd	2004-2005	580.00										580.00	
		2003-2004	277.00										277.00	
		2002-2003	181.00										181.00	
		2001-2002	5.50										5.50	
	Ronson Traders Ltd	July05 - Dec05	-	-									-	-
		2004-2005	-	-									-	-
		2003-2004	22.06										22.06	-
		2002-2003	0.50								100.00		0.50	-
	Others	July05 - Dec05	-	-									-	-
		2004-2005	-	-			1.00		23.32				24.32	-
		2003-2004							12.36				12.36	
		2002-2003							7.41				7.41	
	Loans & Advances Given	Saran Trading Company Ltd	July05	-										
			Dec05	-	-								-	-
			2004-2005	-	-								-	-
			2003-2004	49.07	49.00								49.07	49.00
			2002-2003	3.00	3.00							3.00	3.00	
			2001-2002											



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
Gobind Sugar Mills Ltd.	July05 - Dec05 2004-2005 2003-2004 2002-2003 2001-2002	-	-							700.00	-	700.00	-
New India Sugar Mills Ltd.	July05 Dec05 2004-2005 2003-2004 2002-2003 2001-2002			225.00	274.00							225.00	274.00
				311.99	349.00							311.99	349.00
				250.00	49.00*							250.00	49.00*
The Oudh Sugar Mills Ltd.	July05 Dec05 2004-2005 2003-2004 2002-2003 2001-2002	-	-							250.00	-	250.00	-
Loans & Advances Refunded													
Saran Trading Co Ltd.	July05 - Dec05 2004-2005 2003-2004 2002-2003 2001-2002	3.07										3.07	-
New India Sugar Mills Ltd.	July05 Dec05 2004-2005 2003-2004 2002-2003 2001-2002			300.00								300.00	
				11.99								11.99	
				250.00								250.00	



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
Gobind Sugar Mills Ltd.	July05 - Dec05	-	-							700.00	-	700.00	-
	2004-2005									500.00		500.00	
	2003-2004									300.00		300.00	
	2002-2003									700.00		700.00	
	2001-2002												
The Oudh Sugar Mills Ltd.	July05 - Dec05	-	-										
	2004-2005									250.00		250.00	
	2003-2004												
	2002-2003												
	2001-2002												
Balance Outstanding On Current Account (Net) Debit													
Gobind Sugar Mills Ltd.	July05 - Dec05										0.44		0.44
	2004-2005										1.11	-	1.11
	2003-2004										0.84		0.84
	2002-2003												-
	2001-2002										6.20		6.20
													-
The Oudh Sugar Mills Ltd.	July05 - Dec05										6.50		6.50
	2004-2005										13.99	-	13.99
	2003-2004										12.58		12.58
	2002-2003												-
	2001-2002										30.83	-	30.83
New India Sugar Mills Ltd.	July05 - Dec05				(-) 64.34								(-) 64.34
	2004-2005				85.89								85.89
	2003-2004				0.42								0.42
	2002-2003												
	2001-2002										0.53		0.53



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
The Hindustan Times Ltd	July05 - Dec05 2004-2005 2003-2004 2002-2003 2001-2002										7.35 9.45 11.00 - 7.21		7.35 9.45 11.00 - 7.21
Director's Commission & Sitting Fees													
Shri C.S. Nopany	July05 - Dec05 2004-2005 2003-2004 2002-2003 2001-2002							0.25 0.73 0.12 0.07	0.40	-			0.25 0.73 0.12 0.07 - -
Shri G. Dhurka	July05 - Dec05 2004-2005					0.50	0.40						0.50 0.40
Dividend Paid During The Year													
Smt Nandini Nopany	July05 - Dec05 2004-2005 2001-2002					12.43 12.47 4.16							12.43 12.47 4.16
New India Sugar Mills Ltd	July05 - Dec05 2004-2005			10.80 10.80									10.80 10.80
Others	July05 - Dec05 2004-2005 2001-2002					0.04 0.03 0.01		0.98 0.57 0.97		2.04 1.53			3.06 2.13 0.98



(Rs. in Lacs)

		Subsidiaries		Associate		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned/ significantly Influenced by Key Management Personnel or their relatives		Total	
		Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on	Transaction Value	Balance Outstanding as on
Remuneration		-											
Smt Nandini Nopany	July05 - Dec05					10.25						10.25	
	2004-2005					18.23						18.23	
	2003-2004					12.82						12.82	
	2002-2003					10.75						10.75	
	2001-2002					10.75						10.75	
Sri C.B. Patodia	July05 - Dec05					28.69	0.40					28.69	0.40
	2004-2005	-	-			37.87	2.25	-	-	-	-	37.87	2.25
	2003-2004					26.11	1.50					26.11	1.50
	2002-2003					18.95						18.95	-
	2001-2002					18.36						18.36	-
Sri B.K. Malpani	July05 - Dec05					5.99	0.26					5.99	0.26
	2004-2005	-	-			9.20	0.52	-	-	-	-	9.20	0.52
	2003-2004					8.59	0.46					8.59	0.46
	2002-2003					7.97						7.97	-
	2001-2002					7.43						7.43	-
Sri B.K. Sureka	July05 - Dec05					4.36						4.36	
	2004-2005	-	-			5.72		-	-	-	-	5.72	-
	2003-2004					5.26						5.26	-
	2002-2003					5.53						5.53	-
	2001-2002					5.58						5.58	-
Sri S.S. Binanai	July05 - Dec05					4.35						4.35	
	2004-2005	-	-			8.20	0.35	-	-	-	-	8.20	0.35
	2003-2004					7.66	0.30					7.66	0.30
	2002-2003					6.77						6.77	-
	2001-2002					5.55						5.55	-
Shri G. Dhurka	2004-2005					3.87						3.87	
Shri R.K. Gupta	July05 - Dec05					1.65						1.65	
	2004-2005					1.04	0.16					1.04	0.16

Note : Since the Accounting Standard 18 has become mandatory with respect to the accounting year commencing from 1st April 2001, the details herein above have been furnished from the Accounting Year 2001-2002 onwards, beginning from 1st July 2001.

* amount transferred from Saran Trading Company Limited, an erstwhile subsidiary company, to New India Sugar Mills Ltd.



**STATEMENT OF ADJUSTED SEGMENT INFORMATION AS PER ACCOUNTING
STANDARD-17 FOR THE REPORTING PERIOD**

Annexure-11

(Rs. in Lacs)

(a)	Revenue (net on excise duty and cess)		Sugar	Spirits	Tea	Others	Total
External Sales	July 05-Dec.05		18929.12	987.80	547.49	227.30	20691.71
	2004-2005		32354.38	1975.05	780.65	408.91	35518.99
	2003-2004		22342.56	2816.35	776.97	334.41	26270.29
	2002-2003		25752.80	1863.82	889.88	364.01	28870.51
	2001-2002		17446.61	1576.53	810.23	291.69	20125.06
Inter-segment Sales	July 05-Dec.05		388.90	-	-	-	388.90
	2004-2005		874.47	0.28	-	-	874.75
	2003-2004		687.45	2.30	-	-	689.75
	2002-2003		716.09	1.01	-	-	717.10
	2001-2002		604.98	7.09	-	-	612.07
Total Revenue	July 05-Dec.05		19318.02	987.80	547.49	227.30	21080.61
	2004-2005		33228.85	1975.33	780.65	408.91	36393.74
	2003-2004		23030.01	2818.65	776.97	334.41	26960.04
	2002-2003		26468.89	1864.83	889.88	364.01	29587.61
	2001-2002		18051.59	1583.62	810.23	291.69	20737.13

(Rs. in Lacs)

(b)	Results		Sugar	Spirits	Tea	Others	Total
Segment Results	July 05-Dec.05		3010.04	226.51	183.86	17.77	3438.18
	2004-2005		6215.24	491.81	43.41	53.73	6804.19
	2003-2004		1998.89	1353.76	86.12	(5.40)	3433.37
	2002-2003		(335.82)	519.59	179.87	(14.30)	349.34
	2001-2002		996.86	464.10	136.78	3.85	1601.59
Unallocated expenses net of unallocated income	July 05-Dec.05						167.02
	2004-2005						425.82
	2003-2004						118.78
	2002-2003						174.59
	2001-2002						359.06
Operating Profit	July 05-Dec.05						3271.16
	2004-2005						6378.37
	2003-2004						3314.59
	2002-2003						174.75
	2001-2002						1242.53
Interest Expenses (net)	July 05-Dec.05						570.75
	2004-2005						1935.79
	2003-2004						2271.72
	2002-2003						1991.75
	2001-2002						2122.98



(Rs. in Lacs)

(b)	Results		Sugar	Spirits	Tea	Others	Total
	Exceptional Income (net of Tax)	July 05-Dec.05					-
		2004-2005					90.31
		2003-2004					-
		2002-2003					-
		2001-2002					-
	Income, Fringe Benefit & Wealth Tax (net)	July 05-Dec.05					248.71
		2004-2005					168.68
		2003-2004					152.86
		2002-2003					42.32
		2001-2002					24.11
	Deferred Tax Liability/(Asset) (net)	July 05-Dec.05					662.03
		2004-2005					1333.09
		2003-2004					309.14
		2002-2003					(670.84)
		2001-2002					(392.89)
	Net Profit/(Loss)	July 05-Dec.05					1789.67
		2004-2005					3031.12
		2003-2004					580.87
		2002-2003					(1188.48)
		2001-2002					(511.67)

(Rs. in Lacs)

(c)	Total Assets		Sugar	Spirits	Tea	Others	Total
	Segment Assets	July 05-Dec.05	25011.25	2656.02	1121.18	47.37	28835.82
		2004-2005	26833.93	2351.02	1012.51	42.91	30240.37
		2003-2004	24453.47	2175.90	1041.82	70.74	27741.93
		2002-2003	25308.53	1993.98	1013.73	96.78	28413.02
		2001-2002	29981.21	1808.53	1005.30	105.79	32900.83
	Unallocated Assets	July 05-Dec.05					3550.99
		2004-2005					3198.71
		2003-2004					3061.98
		2002-2003					2953.47
		2001-2002					2648.46
	Total	July 05-Dec.05					32386.81
		2004-2005					33439.08
		2003-2004					30803.91
		2002-2003					31366.49
		2001-2002					35549.29
(d)	Total Liabilities						
	Segment Liabilities	July 05-Dec.05	5888.13	107.53	88.69	22.04	6106.39
		2004-2005	2276.41	78.75	110.52	26.49	2492.17
		2003-2004	5780.52	87.03	116.56	20.55	6004.66
		2002-2003	7417.53	113.35	103.75	25.75	7660.38
		2001-2002	5637.56	75.32	126.83	30.67	5870.38



(Rs. in Lacs)

(d)	Total Liabilities		Sugar	Spirits	Tea	Others	Total
	Unallocated Liabilities	July 05-Dec.05					16589.22
		2004-2005					23014.71
		2003-2004					19501.90
		2002-2003					18794.67
		2001-2002					23607.87
	Total	July 05-Dec.05					22695.61
		2004-2005					25506.88
		2003-2004					25506.56
		2002-2003					26455.05
		2001-2002					29478.25
(e)	Other information						
(i)	Non cash expenses included in Segment Expenses for arriving at Segment Results	July 05-Dec.05	5.33	-	-	-	5.33
		2004-2005	7.61	-	-	-	7.61
		2003-2004	11.55	-	-	16.97	28.52
		2002-2003	11.91	-	-	16.97	28.88
		2001-2002	11.91	-	-	16.73	28.64
(ii)	Capital Expenditure	July 05-Dec.05	944.15	326.31	1.42	-	1271.88
		2004-2005	2443.66	883.54	8.59	-	3335.79
		2003-2004	309.90	110.91	140.77	-	561.58
		2002-2003	197.37	199.06	27.98	-	424.41
		2001-2002	3040.23	13.03	117.52	0.19	3170.97
(iii)	Depreciation	July 05-Dec.05	396.19	40.36	16.92	0.11	453.58
		2004-2005	763.19	59.23	34.67	0.27	857.36
		2003-2004	736.52	65.33	34.33	0.77	836.95
		2002-2003	688.32	56.50	29.70	0.99	775.51
		2001-2002	645.85	55.96	26.81	11.47	740.09

(f)	Revenue Geographical Segments		Amount (Rs. in Lacs)
	Domestic	July 05-Dec.05	19850.97
		2004-2005	35518.99
		2003-2004	25808.85
		2002-2003	28870.51
		2001-2002	19860.56
	Overseas (including through canalising agents)	July 05-Dec.05	840.74
		2004-2005	-
		2003-2004	461.44
		2002-2003	-
		2001-2002	264.50
	Total	July 05-Dec.05	20691.71
		2004-2005	35518.99
		2003-2004	26270.29
		2002-2003	28870.51
		2001-2002	20125.06



Notes:

- (i) Business Segment: The business segments have been identified on the basis of the products of the Company. Accordingly, the Company has identified, Sugar, Spirit' and 'Tea' as the operating segments:
Sugar – Consists of manufacture & sale of Sugar, Molasses and Bagasse.
Spirit – Consists of manufacture & sales of industrial spirits (including Denaturants), Bio compost & Fuel Oil.
Others – Consist of Miscellaneous business comprising of less than 10% revenues.
- (ii) Geographical Segment: The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas Operations.
- (iii) The Company has common fixed assets for producing goods for domestic and overseas market. Hence separate figures for fixed assets/additions to fixed assets thereof cannot be furnished.
- (iv) Since the Accounting Standard 17 has become mandatory with respect to the accounting year commencing from 1st April 2001, the details herein above have been furnished from the Accounting Year 2001-02 onwards, beginning from 1st July 2001.



STATEMENT OF DIVIDEND PAID

Annexure-12

	<u>For the Year ended 30th June</u>						Period ended 31st December, 2005
	2001		2002	2003	2004	2005	
No. of Equity Shares of Rs.10 each	6979378		6979378	6979378	6979378	6979378	6979378
Rate of Dividend	10%		-	-	30%	40%	-
Dividend Paid (Rs. in Lacs)							
Amount of Dividend	69.79		-	-	209.38	279.18	-
Corporate Tax on Dividend	6.91		-	-	27.37	39.15	-
Total	76.70	*	-	-	236.75	318.33	-

* Dividend for the year 1999-2000.

	<u>For the Year ended 30th June</u>						Period ended 31st December, 2005
	2001		2002		2003	2004	
No. of Preference Shares of Rs.100 each	300000		300000		-	-	-
Rate of Dividend	12.50%		12.50%		-	-	-
Dividend Paid (Rs. in Lacs)							
Amount of Dividend	46.88		74.28		-	-	-
Corporate Tax on Dividend	4.99		-		-	-	-
Total	51.87	*	74.28	**	-	-	-

* Dividend for 1999-2000 for 15 months.

** Includes Rs.37.50 Lacs for 2000-2001 and prorata upto 23.06.2002 being the date of redemption.



STATEMENT OF TAX SHELTER BASED ON ADJUSTED PROFIT/(LOSSES)

Annexure-13

(Rs. in Lacs)

	July 2000 to June 2001	July 2001 to June 2002	July 2002 to June 2003	July 2003 to June 2004	July 2004 to June 2005	July 2005 to Dec. 2005
Tax Rate including Surcharge	(Refer Note 1 below)					
Net Profit/(Loss) as per adjusted Profit and Loss Account after Depreciation & Exceptional Items but before Taxation	339.52	(880.45)	(1817.00)	1042.87	4540.57	2700.41
Notional Income Tax at Specified Rates (After considering Exceptional Items)	124.78	-	-	369.99	1571.27	908.96
Difference between Income Tax & Book Depreciation.	(470.69)	(544.63)	(306.65)	(158.64)	(387.25)	(174.72)
Tax as per Accounts						
(a) Current Tax (net of refunds)	67.96	24.11	42.32	152.86	172.54	239.90
(b) Fringe Benefit Tax	-	-	-	-	3.82	8.81
(b) Deferred Tax Liability/(Asset)	82.93	(392.89)	(670.84)	309.14	1333.09	662.03
Tax Shelter in form of						
(a) Carried Forward Business Loss and Unabsorbed Depreciation	1506.62	2417.02	5514.12	4522.44	3628.81	1593.41
(b) MAT Credit allowable in future years/periods	-	-	-	-	-	84.08
(c) Expenses Allowable on payment basis under 43B & other provisions of Income Tax Act, 1961	673.50	1938.32	968.26	1076.45	930.15	923.62

Notes:

- (1) As the accounting year of the Company falls in two financial years as per Income Tax Act, 1961, the applicable tax rate including surcharge has not been specified.
- (2) In view of accumulated business loss and unabsorbed depreciation under the Income Tax Act, 1961, no Income Tax was payable for the year ended 30th June 2001, 2002, 2003, 2004 & 2005 and 6 months period ended 31st December, 2005 except for Minimum Alternate Tax under Section-115JB of the Income Tax Act, 1961 and Agricultural Income Tax.



ADJUSTED CAPITALISATION STATEMENT

Annexure-14

(Rs. in Lacs)

	As at 31st December 2005	
	Pre-issue	As adjusted for Right Issue
Borrowings		
Short Term	10435.68*	3806.40@
Long Term	4569.64	4569.64
Total	15005.32	8376.04
Shareholders' Funds		
Equity	697.94	1155.73
Share Capital Suspense	2.50	-
Reserves & Surplus **	8990.76	15164.75
Total	9691.20	16320.48
Long Term Debt/Equity Ratio	0.47 : 1	0.28 : 1

* Represents loan payable within one year and / or on demand.

** Adjusted Reserves.

@ After adjusting Rs.6629.28 lacs being the net proceeds of the proposed Rights Issue, since the funds are proposed to be used for repayment of short term borrowings.



STATEMENT OF ADJUSTED EARNING PER SHARE

Annexure-15A

	For the year ended 30th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
Adjusted Profit/(Loss) after Tax but before Exceptional Items	188.63	(511.67)	(1188.48)	580.87	2940.81	1789.67
Exceptional Income (Net of Tax)	-	-	-	-	90.31	-
Net Profit/(Loss) after Exceptional Items	188.63	(511.67)	(1188.48)	580.87	3031.12	1789.67
Less: Preference dividend for the year	37.50	36.78	-	-	-	-
	151.13	(548.45)	(1188.48)	580.87	3031.12	17889.67
Basic/Weighted average number of outstanding Equity Shares during the year	6979378	6979378	6979378	6979378	6998135	7004387
Nominal Value of Equity Shares (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Basic/diluted earning per share:						
Before Exceptional Items (Rs)	2.17	(7.86)	(17.03)	8.32	42.02	25.55
After Exceptional Items (Rs.)	2.17	(7.86)	(17.03)	8.32	43.31	25.55

Note : The weighted average number of outstanding Equity Shares considered in the above calculation, includes 25009 Equity Shares to be allotted pursuant to the Scheme of Arrangement with effect from 1st October, 2004. (Refer note no. 2 (b) on Annexure 6).



STATEMENT OF ADJUSTED BALANCE OF DEBTORS

Annexure-15B

(Rs. in Lacs)

	As at 30th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
More than 6 Months						
Secured, Considered Good	0.85	0.10	-	-	-	-
Unsecured, Considered Good	369.99	313.73	204.55	5.75	45.15	34.33
Considered Doubtful	78.07	82.94	76.84	68.38	28.43	31.39
	448.91	396.77	281.39	74.13	73.58	65.72
Less than 6 Months	187.21	346.58	608.88	1243.67	205.71	264.62
Total Debtors	636.12	743.35	890.27	1317.80	279.29	330.34
Less: Provision	5.94	10.96	20.49	39.92	28.43	31.39
Net Balance	630.18	732.39	869.78	1277.88	250.86	298.95



STATEMENT OF ADJUSTED BALANCE OF LOANS AND ADVANCES

Annexure-15C

(Rs. in Lacs)

	As at 30th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
LOANS (Considered Good)						
To Subsidiary Companies	6.50	-	3.00	49.00	-	-
To Associate Company	-	-	-	-	349.00	274.00
To Others	78.69	57.22	54.61	51.73	57.75	33.54
ADVANCES (Considered Good)						
Advance recoverable in cash or in kind or for value to be received or pending adjustments (including advance against purchase of capital goods)	187.19	185.16	181.79	391.31	401.28	341.14
Sales Tax, Excise Duty etc. paid under appeal and/or under dispute	19.83	23.75	46.81	21.47	19.80	21.02
Balance with Registrar, Allahabad High Court	18.44	18.44	18.44	-	-	-
Balance with Excise & Other Govt. Authorities.	359.98	414.81	394.49	353.25	316.27	283.63
Claims and Refunds receivable	18.12	32.60	148.24	228.27	87.17	71.17
Advance payment of tax, refunds receivable and tax deducted at source (net of provisions)	-	16.82	23.47	16.06	155.75	165.24
Deposit with Government Authorities & others	27.11	64.98	46.96	39.89	23.23	21.83
Deposit under Tea Development Account Scheme, 1990	205.06	226.85	235.83	179.98	204.98	218.98
ADVANCES (Considered Doubtful)	89.09	89.41	97.29	57.41	53.70	53.65
Total Loans and Advances	1010.01	1130.04	1250.93	1388.37	1668.93	1484.20
Less: Provisions	18.40	40.29	49.45	41.85	53.70	53.65
Net Loans and Advances	991.61	1089.75	1201.48	1346.52	1615.23	1430.55
Details of Loans to Subsidiary						
Saran Trading Company Ltd. (Upto 31st March, 2004)	-	-	3.00	49.00	-	-
Uttar Pradesh Trading Co. Ltd.	6.50	-	-	-	-	-
Details of Loans to Associate Company (w.e.f. 01.04.2004)						
New India Sugar Mills Limited	-	-	-	-	349.00	274.00
	6.50	-	3.00	49.00	349.00	274.00



STATEMENT OF ADJUSTED OTHER INCOME

Annexure-15D

(Rs. in Lacs)

	For the year ended 30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
Dividend	-	9.45	90.16	9.58	9.19	14.12
Interest on Government Securities	0.58	0.48	0.41	0.41	0.41	0.20
Interest on Debentures	0.01	0.01	0.01	0.01	-	-
Insurance & Other Claims	87.60	11.89	13.82	10.50	39.12	7.42
Interest Tax refund for earlier year	-	2.94	-	-	-	-
Interest and holding charges on Buffer Stock	-	-	126.49	260.14	137.08	-
Rent & Hire Charges	7.08	13.18	4.25	4.28	3.25	2.81
Miscellaneous Income	12.42	6.37	47.20	70.37	17.90	5.50
Unspent liabilities excess provisions and unclaimed balances Written back (net)	56.72	81.72	11.56	32.75	54.76	3.38
Hire charges on Agricultural Fixed Assets	0.04	0.04	0.03	0.03	0.03	-
Land Dividend	41.58	39.68	43.29	27.57	18.75	-
Replanting Subsidy	-	-	1.47	-	3.77	-
Exchange Rate Fluctuations	-	-	-	28.99	-	-
Profit on Share transactions	-	49.87	-	-	-	-
Profit on sale of Investments	-	-	-	95.72	-	-
Total	206.03	215.63	338.69	540.35	284.26	33.43

Note:

All the items of Other Income as given above except for Profit on Share transactions, are generally recurring in nature and are related to business activities carried out by the Company.



STATEMENT OF ADJUSTED SECURED LOANS

Annexure-15E

(Rs. in Lacs)

Particulars	As at 30th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
Debentures						
500000 17.5% Non-convertible Debentures of Rs.100/- each (Residual value Rs.34/- each)	170.00	-	-	-	-	-
300000 16% Non-convertible Debentures of Rs.100/- each	300.00	200.00	100.00	-	-	-
700000 16% Non-convertible Debentures of Rs.100/- each	700.00	467.00	467.00	467.00	-	-
Term Loans						
From Financial Institutions:						
Under Corporate Loan Scheme	2140.62	3778.13	3450.00	3450.00	6592.50	6077.50
Under Project Finance Scheme	2700.00	1450.00	1232.50	942.50	1106.25	878.75
From Government of India (Sugar Development Fund)	-	1009.83	1097.05	1184.27	1237.90	1257.28
Other Loans						
From Scheduled Banks on Cash Credit Account (including Working Capital Demand Loan and Foreign Currency Demand Loan)						
State Bank of India	11397.78	11046.01	7228.75	8814.53	9187.76	250.68
Punjab National Bank	-	2414.53	2064.88	1787.70	1102.99	54.98
Total	17408.40	20365.50	15640.18	16646.00	19227.40	8519.19



BREAK-UP OF SECURED LOANS AS ON 31st DECEMBER, 2005

Annexure-15E

(Rs. in Lacs)

S.No	NAME OF BANK/ INSTITUTION/ OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st December 2005	NATURE OF SECURITY	REPAYMENT SCHEDULE
1.	TERM LOANS (a) Industrial Development Bank of India (IDBI)	1500.00	11% Payable quarterly	300.00	Secured by first mortgage/ charge on all the immovable/movable assets, present and future of the Company's Sugar unit at Seohara subject to prior charges created on the movable assets for Working Capital borrowings from the Company's Bankers.	Quarterly instalment of Rs.75.00 Lacs each
		2500.00	11% Payable Quarterly	1375.00		Quarterly instalment of Rs.125.00 Lacs each
		2000.00	8% Payable Quarterly	2000.00		One instalment (bullet payment) payable in March 2006.
		6000.00		3675.00		
	(b) UTI Bank Ltd.	1450.00	11% Payable Monthly	507.50	Secured by first mortgage and charge on all the immovable and movable assets, present and future, the Company's sugar unit at Sidhwalia subject to prior charges created on the movable assets for Working Capital borrowings from the Company's bankers.	Quarterly instalments of Rs.72.50 Lacs each.
		575.00	11% Payable Monthly	402.50		Quarterly instalments of Rs.57.50 Lacs each.
		2000.00	8% Payable Monthly	2000.00		Half Yearly instalments of Rs.333.33 Lacs each commencing May 2006.
		4025.00		2910.00		
	(c) Industrial Investment Bank of India	825.00	14.50% Payable Quarterly	371.25	Secured by first mortgage and charge on all the immovable and movable assets, present and future, of the Company's Sugar unit at Hasanpur subject to prior charges created on the moveable Asstes for Working Capital borrowings from the Company's Bankers.	Quarterly instalments of Rs.41.25 Lacs each



(Rs. in Lacs)

S.N	NAME OF BANK/ INSTITUTION/ OTHERS	SANCTIONED AMOUNT	RATE OF INTEREST (%) p.a.	31st December 2005	NATURE OF SECURITY	REPAYMENT SCHEDULE
	(d) Government of India (Sugar Development Fund)	969.09	4% Payable Yearly	1257.28*	Secured by a second charge on all the immovable/movable assets present and future of the Company's Sugar Unit at Sidhwalia.	Five equal yearly instalments commencing from Sept. 2008
		969.09		1257.28		

2. CASH CREDIT ACCOUNT/WCDL/FCNR(B) LOAN

	(a) State Bank of India (SBI)	14275.00	10.25% Payable Monthly	76.09	Secured by hypothecation of entire current assets of the Company and further secured by a charge on the immovable assets of the company as follows: (a)Tea Garden – First Charge (b) Seohara Sugar Unit – Second charge (ranking pari passu with PNB) (c) Sidhwalia Sugar Unit- Third charge. (d)Hasanpur Sugar Unit – Second charge	On Demand
			12.75% Payable Monthly	174.59		On Demand
	(b) Punjab National Bank (PNB)	2500.00	10.25% Payable Monthly	54.98	Secured by hypothecation of current assets and second charge on the immovable assets of the Company's Sugar Unit at Seohara (ranking pari passu with SBI)	On Demand
		16775.00		305.66		
	Total			8519.19		

* including Rs.288.19 lacs towards interest which, as per stipulated terms, is payable on a long term basis.



DETAILS OF UNSECURED LOANS

Annexure-15F

(Rs. in Lacs)

Particulars	As at 30th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
Intercorporate Deposits from Promoters' Companies	-	-	300.00	-	140.00	1526.50
Associate/Promoters' Group Companies	-	1147.00	1100.00	1000.00	800.00	800.00
Others	128.97	510.00	610.00	310.00	245.00	135.00
From Subsidiary Companies	13.75	72.50	45.00	120.00	101.00	327.50
From Co-operative Farming Societies	119.31	121.63	125.16	124.81	226.56	87.01
Corporate Loan from Scheduled Bank	-	-	-	-	-	2000.00
From State Bank of India – Against Crop Loan to Growers	22.23	72.32	130.88	-	-	546.98
Trade & Other Deposits	35.16	30.68	32.32	26.41	20.33	33.01
Fixed Deposits from :						
Key Management Personnel and their relatives	26.23	35.34	30.02	38.17	77.03	48.88
Others	517.38	571.38	613.44	776.18	945.56	981.25
Total	863.03	2560.85	2986.82	2395.57	2555.48	6486.13

BREAK-UP OF INTERCORPORATE DEPOSITS AS ON 31st December, 2005

(Rs. in Lacs)

S.No	Particulars	Interest Payment Schedule	Rate of Interest	Amount
1.	From Promoters' Companies	Quarterly	7.5% to 8.5%	1526.50
2.	From Associate/Promoters' Group Companies	Quarterly	8% to 10%	800.00
3.	From Others	Quarterly	7.5% to 8.5%	135.00
	Total			2461.50

BREAK-UP OF LOANS FROM SUBSIDIARY COMPANY (NOT BEARING INTEREST)

Uttar Pradesh Trading Co. Ltd.	327.50
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Note: There is no re-payment Schedule for the above Loans/ICD's and the same are re-payable on demand.



DETAILS OF INVESTMENTS

Annexure-15G

(Rs. in Lacs)

Particulars	As at 30th June					As at 31st December, 2005
	2001	2002	2003	2004	2005	
Quoted Investments						
In Promoters' Companies	-	-	-	-	-	-
In Promoters' Group Companies	233.80	233.80	233.80	223.10	223.10	223.10
In Associate Company	-	-	-	-	277.50*	277.50
Others	3.50	3.50	3.50	3.50	3.50	3.50
Total	237.30	237.30	237.30	226.60	504.10	504.10
Unquoted Investments						
In Subsidiaries	2014.05	2014.05	2014.05	2014.05	1736.55*	1736.55
Others	36.85	36.85	36.85	36.80	36.70	36.73
Total	2050.90	2050.90	2050.90	2050.85	1773.25	1773.28
Grand Total	2288.20	2288.20	2288.20	2277.45	2277.35	2277.38
Less: Provision for diminution in value of investments	10.00	10.00	10.10	10.10	35.00	35.00
Net Investments	2278.20	2278.20	2278.10	2267.35	2242.35	2242.38
Market Value of Quoted Investments	127.86	169.62	201.92	208.16	352.60	405.17

* Saran Trading Company Ltd., a subsidiary of this Company, has been merged with New India Sugar Mills Limited w.e.f. 1st April 2004. Accordingly it has ceased to be subsidiary from the above date. As per the Scheme, 202500 shares of New India Sugar Mills Limited has been allotted in lieu of holding of shares in Saran Trading Company Ltd.



STATEMENT OF ADJUSTED CONSOLIDATED PROFITS AND LOSSES OF UPPER GANGES SUGAR & INDUSTRIES LTD. & ITS SUBSIDIARIES

Annexure-16

(Rs. in Lacs)

Particulars	For the Year ended 30th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
Income						
Sales:						
Of Products manufactured by the Company (Net of excise duty)	19367.91	19834.29	28507.89	25937.73	35110.47	20464.53
Of Products traded in by the Company	377.63	303.04	373.09	346.85	408.52	227.18
Total	19745.54	20137.33	28880.98	26284.58	35518.99	20691.71
Increase/(Decrease) in Inventories	2629.53	4508.64	(4036.12)	(598.67)	(1600.51)	(3729.44)
Other Income	274.51	317.85	332.40	641.83	752.83	180.96
Total	22649.58	24963.82	25177.26	26327.74	34671.31	17143.23
Expenditure						
Raw Materials Consumed	14848.10	17741.79	18784.68	16533.87	19498.42	9822.13
Purchase of Trading/Semi finished goods	367.15	292.88	366.56	357.07	1529.28	220.68
Staff Cost	1796.60	1914.81	2052.71	2068.83	2421.92	1260.70
Other Manufacturing Expenses	1795.71	1920.32	2078.93	2193.37	2415.43	1469.94
Administrative and Other Expenses	681.38	779.24	607.72	610.33	831.88	325.26
Selling and Distribution Expenses	243.06	260.45	346.46	316.18	306.77	172.74
Interest (Net)	1856.10	2122.97	1991.59	2267.01	1915.01	570.75
Depreciation	655.91	740.30	775.93	838.09	857.36	453.58
Total	22244.01	25772.76	27004.58	25184.75	29776.07	14295.78
Net Profit/(Loss) before Tax and Exceptional Items	405.57	(808.94)	(1827.32)	1142.99	4895.24	2847.45
Taxation:						
Current Tax (Net of Refunds)	68.13	24.41	47.97	154.57	170.16*	243.00
Fringe Benefit Tax	-	-	-	-	3.82	8.81
Deferred Tax Liability/(Asset)	82.29	(393.78)	(670.77)	307.37	1333.09	662.03
Net Profit/(Loss) after tax and before Exceptional Items	255.15	(439.57)	(1204.52)	681.05	3388.17	1933.61
Add: Exceptional Income	-	-	-	-	90.31*	-
Add: Share in income of Associate Company	-	-	-	-	27.40	180.02
Net Profit/(Loss)	255.15	(439.57)	(1204.52)	681.05	3505.88	2113.63

Notes:

- (1) The above figures should be read alongwith the Statement of Significant Accounting Policies and Statement of Notes on Adjusted Profits & Losses and Assets & Liabilities, as appearing in Annexures 20 and 21 respectively.
- (2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

* Net of Current Tax on exceptional item Rs.7.68 Lacs.



STATEMENT OF ADJUSTED CONSOLIDATED ASSETS & LIABILITIES OF UPPER GANGES SUGAR & INDUSTRIES LTD. & ITS SUBSIDIARIES

Annexure-17

(Rs. in Lacs)

Particulars Application of Funds	As at 30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
A Fixed Assets						
Gross Block	13914.61	16900.24	17167.71	17663.39	20286.56	21840.04
Less: Depreciation	5398.23	6063.90	6814.95	7577.14	9231.49	9679.30
Net Block	8516.38	10836.34	10352.76	10086.25	11055.07	12160.74
Capital Work in Progress	16.24	77.04	202.17	211.71	1050.65	393.55
Capital Expenditure on Expansion/New Projects	1538.56	-	-	-	1977.82	2343.21
Total	10071.18	10913.38	10554.93	10297.96	14083.54	14897.50
B Investments	2505.75	2607.13	2604.02	2617.01	3092.33	3272.38
C Current Assets, Loans and Advances						
Inventories	14999.28	20335.64	15962.20	15320.11	14973.06	11185.96
Sundry Debtors	630.23	732.44	869.81	1277.90	250.87	298.95
Cash & Bank Balances	289.73	247.56	335.60	398.94	267.06	2308.95
Loans and Advances	985.40	1090.36	1203.66	1299.20	1697.18	1430.28
Other Current Assets	9.23	10.37	8.12	8.25	23.59	38.80
Total	16913.87	22416.37	18379.39	18304.40	17211.76	15262.94
D Deferred Tax Liability (net)	839.13	445.35	(225.42)	81.95	764.27*	1426.30
E Liabilities & Provisions						
Secured Loans	17408.40	20365.50	15640.18	16646.00	19227.40	8519.19
Unsecured Loans	849.28	2488.35	2941.82	2275.57	2454.48	6158.63
Current Liabilities & Provisions	3073.97	6105.88	7828.60	6380.55	2959.73	6263.99
Total	21331.65	28959.73	26410.60	25302.12	24641.61	20941.81
F Amount due to Preference Shareholders (issued by Subsidiary Company)	30.00	30.00	30.00	30.00	30.00	30.00
G Net Worth (A+B+C-D-E-F)	7290.02	6501.80	5323.16	5805.30	8951.75	11034.71



(Rs. in Lacs)

Particulars	As at 30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
H Represented by:						
Shareholders' Funds						
a. Equity Share Capital	697.94	697.94	697.94	697.94	697.94	697.94
b. Share Capital Suspense Account	-	-	-	-	2.50	2.50
c. Preference Share Capital	300.00	-	-	-	-	-
d. Reserves and Surplus	6342.75	5837.80	4642.19	5107.93	8251.31	10334.27
Total	7340.69	6535.74	5340.13	5805.87	8951.75	11034.71
Less: Miscellaneous expenditure (to the extent not written off or adjusted): Deferred Revenue Expenditure	50.67	33.94	16.97	0.57	-	-
Total	7290.02	6501.80	5323.16	5805.30	8951.75	11034.71

* After adjusting Deferred Tax Assets of Rs.657.48 lacs relating to the Sugar Division of New India Sugar Mills Limited (merged with the Company) transferred as on 1st October, 2004 under Scheme of Arrangement and Deferred Tax Assets of Rs. 6.72 lacs pertaining to erstwhile subsidiary company.

Notes:

- (1) The above figures should be read alongwith the Statement of Significant Accounting Policies and Statement of Notes on Adjusted Profits & Losses and Assets & Liabilities, as appearing in Annexures 20 & 21 respectively.
- (2) Necessary adjustments have been made to the audited financial statements in accordance with the requirements of paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.



**STATEMENT OF ADJUSTED CONSOLIDATED CASH FLOWS OF
UPPER GANGES SUGAR & INDUSTRIES LTD. & ITS SUBSIDIARIES**

Annexure-18

(Rs. in Lacs)

	For the Year ended 30th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
A. CASH FLOW FROM OPERATING ACTIVITIES:						
Adjusted Profit/(Loss) before Tax and Exceptional Items	405.57	(808.94)	(1827.32)	1142.99	4895.24	2847.45
Adjustments for: Depreciation	655.91	740.30	775.93	838.09	857.36	453.58
Interest expenses (net of capitalisation)	1930.70	2219.01	2061.65	2340.27	2022.39	613.79
Provision for diminution in the value of investments	5.00	-	0.10	-	25.10	-
Provision for Doubtful Debts/ Advances	7.93	26.99	19.18	12.43	16.26	2.95
Bad Debts & Irrecoverable balances written off (net)	7.36	1.04	6.23	52.40	19.24	-
Molasses Storage and Maintenance Reserve	10.55	11.91	11.91	11.55	7.61	5.33
(Profit)/Loss on Fixed Assets sold/ discarded (net)	9.84	(27.07)	(0.19)	(6.94)	(34.68)	(16.82)
Deferred Revenue Expenses written off	17.96	17.13	16.97	16.97	-	-
Interest & Dividend Income	(184.78)	(220.35)	(196.39)	(195.33)	(245.08)	(204.89)
Profit on Sale of Investments	-	(49.87)	(0.33)	(112.63)	(323.42)	-
Operating Profit before Working Capital Changes	2866.04	1910.15	867.74	4099.80	7240.02	3701.39
Adjustments for:						
Increase/(Decrease) in Trade Payables	446.12	3066.23	1754.11	(1663.33)	(4179.01)	3589.15
(Increase)/Decrease in Trade & Other Receivables	137.43	(218.30)	(260.87)	(566.74)	1173.53	222.83
(Increase)/Decrease in Inventories	(2880.18)	(5336.36)	4373.44	642.09	1635.38	3787.10
Deferred Revenue Expenses	(5.35)	(0.40)	-	(0.57)	-	-
	(2301.98)	(2488.83)	5866.68	(1588.55)	(1370.10)	7599.08
Cash Generated from Operations	564.06	(578.68)	6734.42	2511.25	5869.92	11300.47
Direct Taxes Paid	(54.40)	(54.74)	(51.44)	(150.91)	(318.62)	(257.82)
Net Cash from Operating Activities	509.66	(633.42)	6682.98	2360.34	5551.30	11042.65



(Rs. in Lacs)

	For the Year ended 30th June					Period ended 31st December, 2005
	2001	2002	2003	2004	2005	
B. CASH FLOW FROM INVESTING ACTIVITIES:						
Sale of Fixed Assets	76.18	64.01	11.30	24.29	72.31	18.40
Cash Balance of Sugar Division of New India Sugar Mills Ltd. (transferred under Scheme of Arrangement)	-	-	-	-	24.65	-
Loans Given (net)	(5.81)	21.85	2.67	2.88	(304.33)	99.26
Interest & Dividend Received	187.03	219.21	198.64	195.20	229.83	189.68
Purchase of Fixed Assets	(1927.95)	(1485.74)	(427.73)	(665.32)	(3246.16)	(1286.67)
Purchase of Investments	(36.96)	-	-	(88.53)	(540.73)	(0.03)
Capital Investment Subsidy	-	-	-	13.27	-	-
Deposit under Tea Development Account Scheme	(13.82)	(21.79)	(8.98)	55.85	(25.00)	(14.00)
Sale/Redemption of Investments	-	(51.51)	3.34	188.19	481.32	-
Cash Flow from Investing Activities before Exceptional Items	(1721.33)	(1253.97)	(220.76)	(274.17)	(3308.11)	(993.36)
Exceptional Income (Sale of Oil Mill Unit)	-	-	-	-	100.00	-
Net Cash from Investing Activities	(1721.33)	(1253.97)	(220.76)	(274.17)	(3208.11)	(993.36)
C. CASH FLOW FROM FINANCING ACTIVITIES:						
Proceeds from Borrowings	8085.57	7216.14	1028.56	1482.11	4272.79	3856.93
Repayment of Loans	(4785.07)	(2619.97)	(5387.54)	(1227.14)	(4421.51)	(10867.16)
Interest Paid	(2000.39)	(2319.91)	(1934.05)	(2273.34)	(2084.43)	(686.73)
Redemption of Preference Shares	-	(300.00)	(0.02)	(0.09)	-	-
Dividend Paid	(1.64)	(131.04)	(81.13)	(4.37)	(236.71)	(310.44)
Net Cash from Financing Activities	1298.47	1845.22	(6374.18)	(2022.83)	(2469.86)	(8007.40)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	86.80	(42.17)	88.04	63.34	(126.67)	2041.89
Cash & Cash equivalents – Opening Balance	202.93	289.73	247.56	335.60	393.73*	267.06
Cash & Cash equivalents – Closing Balance	289.73	247.56	335.60	398.94	267.06	2308.95

* After adjusting Rs.5.21 Lacs relating to ceased Subsidiary Company.



**STATEMENT OF ADJUSTMENTS MADE TO THE AUDITED FINANCIAL STATEMENTS
OF UPPER GANGES SUGAR & INDUSTRIES LTD. & ITS SUBSIDIARIES**

Annexure-19A

(Rs. in Lacs)

Adjustment in Consolidated Profit and Loss Account carried out in accordance with Part II of Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.						
Particulars	30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
Net Profit/(Loss) as per Audited Profit and Loss Account	316.76	(428.26)	(733.23)	1781.58	1844.30	2058.03
Add: Exceptional Items Considered Separately	-	-	-	-	3228.41	-
Profit/(Loss) before adjustments & exceptional items	316.76	(428.26)	(733.23)	1781.58	5072.71	2058.03
Adjustments towards Profit/(Loss) with respect to Cinnatolliah Tea Garden (a unit of the Company) on updation of its accounts upto 30th June as against 31st March followed for the purpose of Audited Accounts under the Companies Act, 1956	28.32	(28.33)	(28.31)	(5.69)	(23.78)	85.41
Expenses of Subsidiary for the period from 01.04.05 to 30.06.05	-	-	-	-	(0.10)	0.10
Expenses towards Differential Cane Price *	-	-	(2135.23)	(984.60)	-	-
Increase/(Decrease) in Inventories **	-	-	1419.01	(741.96)	(677.05)	-
Adjustments for Taxation						
(a) (Increase)/Decrease in provision for taxation:						
Current Tax	(7.64)	7.65	7.65	(27.94)	33.44	(14.75)
Deferred Tax Asset/(Liability)	(82.29)	9.37	265.59	659.66	(997.33)	(15.16)
(b) Tax on Exceptional Income	-	-	-	-	7.68	-
Total Adjustments for Taxation	(89.93)	17.02	273.24	631.72	(956.21)	(29.91)
Net Adjustments	(61.61)	(11.31)	(471.29)	(1100.53)	(1657.14)	55.60
Profit/(Loss) after adjustments but before exceptional income	255.15	(439.57)	(1204.52)	681.05	3415.57	2113.63
Exceptional Income (net of Tax)	-	-	-	-	90.31	-
Net Adjusted Profit/(Loss)	255.15	(439.57)	(1204.52)	681.05	3505.88	2113.63

* Differential Cane Price of Rs.206.57 lacs for the season 1996-97 has been adjusted against the opening General Reserve in the year 2001. (refer Annexure 19 B)

** Arisen due to consideration of differential cane price as a part of cost.



STATEMENT OF ADJUSTMENTS MADE TO THE AUDITED FINANCIAL STATEMENTS OF UPPER GANGES SUGAR & INDUSTRIES LTD. & ITS SUBSIDIARIES

Annexure-19B

(Rs. in Lacs)

Statement of adjustment on Consolidated Assets and Liabilities carried out in accordance with Part II Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.						
Particulars	As at 30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
Impact of Cinnatolliah Tea Garden Profit/(Loss) (net) as per Annexure 19A	28.32	(28.33)	(28.31)	(5.69)	(23.78)	85.41
Impact of Subsidiary Profit/(Loss) as per Annexure 19A	-	-	-	-	(0.10)	0.10
Adjustments for Differential Cane Price	-	-	(2135.23)	(984.60)	3326.40	-
Increase/(Decrease) in Inventories	-	-	1419.01	(741.96)	(677.05)	-
(Increase)/Decrease in provision of taxation as per Annexure 19A						
Current Tax	(7.64)	7.65	7.65	(27.94)	33.44	(14.75)
Deferred Tax Asset/(Liability)	(82.29)	9.37	265.59	659.66	(997.33)	(15.16)
Net Adjustments towards adjusted Profit & Loss Account	(61.61)	(11.31)	(471.29)	(1100.53)	1661.58	55.60
Less: Deferred Tax Liability (DTL)	(756.84)*	910.51**	(5.01)***	-	-	-
Add: Adjustment towards Profit of Cinnatolliah Tea Garden (net of Tax) from 01.04.2000 to 30.06.2000	22.32	-	-	-	-	-
Less: Differential Cane Price for 1996-97 paid in 2004-05 and now adjusted with opening Reserves	(206.57)	-	-	-	-	-
Increase/(Decrease) in Reserve	(1002.70)	899.20	(476.30)	(1100.53)	1661.58	55.60
Cumulative Increase/(Decrease) in Reserve	(1002.70)	(103.50)	(579.80)	(1680.33)	(18.75)	36.85
Differential Cane Price Liability	206.57	206.57	2341.80	3326.40	-	-
Increase in Closing Stock	-	-	1419.01	677.05	-	-
Net Increase/(Decrease) of Assets (net of Liabilities) on updation of the accounts of Cinnatolliah Tea Garden (a unit of the Company) upto 30th June as against 31st March followed for the purpose of audited accounts	43.00	22.32	1.66	(31.97)	(22.31)	48.35



(Rs. in Lacs)

Statement of adjustment on Consolidated Assets and Liabilities carried out in accordance with Part II Schedule II of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Particulars	As at 30th June					As at 31st December, 2005 (6 months)
	2001	2002	2003	2004	2005	
Net Increase/(Decrease) of Assets (net of liabilities) on updation of the Accounts of Uttar Pradesh Trading Co. Ltd. (a subsidiary of the Company) upto 30th June, 2005 as against 31st March, 2005	-	-	-	-	(0.10)	-
Increase/(Decrease) in Deferred Tax Liability (including for Cinnatolliah Tea Garden)	839.13	(80.75)	(341.33)	(1000.99)	(3.66)	11.50
Net Increase in Liabilities	1002.70	103.50	579.80	1680.33	18.75	(36.85)

* Adjustment for DTL as on 1st July, 2000.

** Represents reversal of adjustments towards DTL provided in the Audited Accounts for the period upto 30th June, 2001.

*** Represents reversal of adjustments towards DTA provided in the Audited Accounts of a Subsidiary Company for the period upto 31st March, 2002.



Annexure-20

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON ADJUSTED CONSOLIDATED PROFITS & LOSSES AND ASSETS & LIABILITIES OF UPPER GANGES SUGAR & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANY.

1. Principles of Consolidated Financial Statements :

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

- (a) 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 unrealised profit / loss included therein.
- (b) 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.
- (c) As the financial year of the holding company and its subsidiary Company closes on 30th June and 31st March respectively, the financial statements of the subsidiary are considered after making certain adjustments in order to eliminate the intra group transactions during the intervening period from 1st April to 30th June each year, except for the period ended 31st December, 2005, where the accounts of subsidiary company were considered for the nine months period ended 31st December, 2005.
- (d) 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.
- (e) The Subsidiary Company considered in the financial statements is as follows:

Name	Country of Incorporation	% of voting power as on 31.12.2005
Uttar Pradesh Trading Company Ltd.	India	100

- (f) M/s Saran Trading Company Ltd. ceased to be subsidiary of the company with effect from 1.04.2004. Accordingly, the financial results of the company are incorporated upto that date.

2. Investments in Associates :

- (a) In terms of Accounting Standard 23 - Accounting for Investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the Company has prepared the accompanying Consolidated Financial Statements by accounting for investment in associates under the equity method.
- (b) The associate company considered in the financial statements is as follows :

Name	Country of Incorporation	% of ownership interest as on 31.12.05
New India Sugar Mills Limited	India	23.17

- (c) Rs. 110.51 lacs being the excess of the cost of company's investments in its associate company over the proportionate share in the equity of the associate company as on 1st July, 2004 based on the consolidated financial statements of the associate company has been identified as Goodwill and included in the carrying value of the relevant Investment, since such differences on the various dates of acquisition are presently not available. The Company's share of profit/ losses in associate thereafter has been adjusted against profit & loss account and carrying value of investments in terms of AS-23.



3. ACCOUNTING POLICIES :

(i) Basis of Accounting :

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis, as per normally accepted accounting principles, except for the following which due to uncertainty in realisation, are maintained on cash/ acceptance basis: –

- (a) Insurance and other claims.
- (b) Interest on doubtful loans and advances to cane growers.
- (c) Replanting subsidy.
- (d) Compensation receivable in respect of land surrendered to / acquired by the Government.
- (e) Gain/Loss on swap transactions.

(ii) Fixed Assets :

Fixed assets are stated at cost of acquisition inclusive of duties (net of cenvat credit), taxes, incidental expenses and erection/commissioning expenses etc. upto the date the asset is put to 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.

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 recognised 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.

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

(iii) 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 is provided under straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- (c) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis, with reference to the date of addition / disposal.
- (d) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(iv) Borrowing Costs :

Borrowing costs relating to acquisition / construction of qualifying assets are capitalised 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.

(v) Investments :

Current Quoted Investments are stated at lower of cost and market rate on individual investment basis. Unquoted / long term investments are considered "at cost" on individual investment basis, unless there is a permanent decline in value thereof, in which case adequate provision is made against such diminution in the value of investments.

(vi) Inventories :

- (a) Inventories are valued at lower of cost (computed on annual weighted average basis) and net realisable value. However, by products and saleable scraps, whose cost is not identifiable, are valued at estimated realisable value.



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

(vii) 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 recognised as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalised.

The premium or discount arising at the inception of forward exchange contracts is amortised as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognised 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 contract is recognised as income or as expense for the year.

(viii) Retirement Benefits :

- (a) The Company has created an approved gratuity fund which has taken a group gratuity insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability equivalent to the premium amount payable to LIC every year, which together with annual contribution in subsequent years, would be sufficient to cover the gratuity liability as and when it accrues for payment.
- (b) Leave liability is provided for on the basis of actuarial valuation carried on at the year end.
- (c) Retirement benefits in the form of provident fund / pension schemes and superannuation funds are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(ix) Taxation :

Provision for Income Tax comprises of current tax, fringe benefit tax and deferred tax charge or release. Current income tax and fringe benefit tax are measured at the amount expected to be paid to tax authorities in accordance with Income Tax Act, 1961. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognised unless there is "virtual certainty" that sufficient future taxable income will be available against which such deferred tax assets will be realised.

(x) Segment Reporting :

(a) **Identification of Segments :**

The Company has identified that its operating 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.

(xi) Earning per Share :

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 period attributable to equity share holders and the weighted average no. of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

(xii) Research & Development :

Research and Development expenditure of revenue nature are charged to the Profit & Loss Account, while capital expenditure are added to the cost of fixed assets in the year in which these are incurred.

(xiii) Premium on Redemption of Debentures :

Premium on redemption of debentures is accounted for in the year of payment.

(xiv) Provisions :

A provision is recognised 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.

(xv) 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.



Annexure-21

STATEMENT OF NOTES ON THE "ADJUSTED CONSOLIDATED PROFITS AND LOSSES" AND "ADJUSTED CONSOLIDATED ASSETS AND LIABILITIES" OF UPPER GANGES SUGAR AND INDUSTRIES LIMITED AND ITS SUBSIDIARY

1. As required by paragraph 6.10.2 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Statement of Adjusted consolidated Profits and Losses for the year ended 30th June, 2001, 2002, 2003, 2004 and 2005 and six months period ended 31st December, 2005 as well as Statement of Adjusted consolidated Assets and Liabilities as at 30th June, 2001, 2002, 2003, 2004 and 2005 and 31st December, 2005 have been restated for the audit qualifications. However, certain audit qualifications the impact whereof could not be ascertained presently, for the reasons mentioned in the respective notes, have not been adjusted and the same are indicated herein below:
 - (a) Pending disposal of writs / appeals by the Hon'ble Courts with regard to levy sugar prices for some years, Rs. 103.05 lacs (net) received as excess levy sugar price, against which bank guarantees furnished by the Company for Rs. 80.62 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, will be made in the accounts as and when the matter will be finally settled.
 - (b) Pending decisions of the 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.54.64 lacs in earlier years, which continue to be shown under the head 'Current Liabilities'. Against the above, fixed deposits receipts / bank guarantees for Rs.44.47 lacs have been furnished by the Company.
2.
 - (a) A Scheme of Arrangement ('the Scheme') between the Company (UGSIL) and New India Sugar Mills Ltd. (NISML), which envisaged the demerger of the Sugar Division of NISML into UGSIL with all the Assets and Liabilities, has been approved by the Hon'ble Calcutta and Allahabad High Courts, vide their Orders dated 7th December, 2005 and 19th January, 2006 respectively and, accordingly, the Sugar Division has been demerged from NISML and transferred to UGSIL with effect from the appointed date i.e. 1st October, 2004, as a going concern. Though, the Scheme was effective after the balance sheet date, it is operative from the appointed date i.e. 1st October, 2004 and accordingly, been given effect to in the accounts for the year ended 30th June, 2005.
 - (b) Pursuant to the Scheme, the Company has to issue 25,009 fully paid Equity Shares of Rs.10 each aggregating to Rs.2.50 lacs to the shareholders of NISML (excluding on the Equity Shares in NISML held by the Company), in the ratio of 2 fully paid Equity Shares of Rs.10 each of the Company for every 100 fully paid Equity Shares of Rs. 10 each held in NISML and the above amount, pending allotment of shares, has been shown as Share Capital Suspense in the Balance Sheet as at 30th June, 2005 and 31st December, 2005. However, the above shares have since been allotted on 6th March, 2006.
3. During the year 2004-05, the Company has paid Rs. 3326.40 lacs towards differential cane price for the sugar seasons 1996-97, 2002-03 and 2003-04 as per order of the Hon'ble High Courts. The above payments had been considered as "Exceptional Items" in the audited accounts for the year 2004-05, but have been treated as expenses in the respective financial years and their impact have been duly disclosed in Annexure 19A and 19B.
4. During the year 2004-05, the Company has sold all immovable and moveable assets of its oil mill unit at Chandausi (U.P.) and gain of Rs. 97.99 lacs (Gross) (Tax Rs.7.68 lacs) arisen on such sale has been shown as 'Exceptional incomes' in the Adjusted Profit & Loss Account.
5. The remuneration of Rs.6.05 lacs to the Managing Director from 1st October, 2005 to 31st December, 2005 is subject to the approval of the Shareholders.
6. Diminution of Rs.399.31 lacs in the value of certain quoted investments based on the last quoted price in an earlier year, has not been provided, as the break-up value of the said investments supplemented by the market value as on 31st December, 2005, of the quoted investments held by the concerned Companies is much higher than the book value.
7. The provision for Current Tax for the six month period ended 31st December, 2005 represents Income Tax liability for the period in terms of Section 115JB of the Income Tax Act,1961. Tax provision includes Rs.3.10 lacs being income tax provided for a subsidiary company for the period ended 31st December, 2005.



8. 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.
9. Sundry creditors include Rs.64.35 lacs due to Small Scale Industrial undertakings (SSI) to the extent such parties have been identified from the available documents / information. The Company has normally made payments to the SSI units in due time and also there being no claims from the parties, interest, if any, on overdue payments is unascertainable and thus not provided for.
10. The position of contingent liabilities is as under :

Rs . in lacs

Nature of Liability	As at the year ended on 30 th June					As at 31 st December, 2005
	2001	2002	2003	2004	2005	
Dividend on cumulative redeemable Preference shares	37.50	-	-	-	-	-
Uncalled liability on partly paid shares	0.12	0.12	0.12	0.12	-	-
Claims against the Company not acknowledged as debt	66.62	62.71	56.51	54.12	80.33	80.33
Various Government demands under dispute and /or under litigation	151.79	140.58	186.82	179.14	133.54	221.58
Guarantees given to a bank against loans to cane growers	150.00	250.00	250.00	500.00	900.00	900.00
Against the above, the loan facilities actually availed as on the balance sheet date aggregated to	156.83	262.72	269.63	166.49	302.44	844.63
Custom duty in respect of pending export obligations against duty free imports	-	-	-	-	622.68	245.81
Proportionate share in contingent liability of Associate Company	-	-	-	-	4.18	4.18
Additional liability, if any, under clause 5A of the Sugarcane (Control) Order, 1966 for sugarcane purchases during the season 2004-05 in respect of Company's Hasanpur Sugar Unit (amount unascertainable)	-	-	-	-	Amount not ascertainable	



11. The quantum of estimated amount of contracts remaining to be executed on capital items (net of advances) and not provided for is as under:

Rs. in Lacs

As at the year ended on 30th June					As at 31st December, 2005
2001	2002	2003	2004	2005	
531.90	20.09	16.97	354.23	6014.40	7069.80

12. The subsidiary company has given undertakings to a bank / certain financial institutions 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) The Oudh Sugar Mills Limited
- (b) Sulej Industries Limited
- (c) Manavta Holding Limited



FINANCIAL INFORMATION OF THE GROUP COMPANIES

Since there are more than five listed companies promoted by promoters, financial information of top five listed group companies are disclosed hereunder in terms of Clause 6.10.3.2 of SEBI (DIP) Guidelines read with Clause 6.10.3.1.

Texmaco Limited (“Texmaco”)

Texmaco was incorporated on August 4, 1939 under the Indian Companies Act, 1913 as “Textile Machinery Corporation Limited”. The name of the company was subsequently changed to Texmaco Limited on September 18, 1973.

As per the Memorandum of Association of Texmaco, the main object of the company is to carry on the business of manufacturing machinery, engines, turbines, tanks, ships, bodies, tools, implements, accessories, equipments and other materials and products in India or elsewhere.

Currently, Texmaco is engaged in manufacturing heavy and precision engineering products, including railway wagons, hydro-mechanical equipment for dams and barrages, structurals, industrial boilers and pressure vessels, sugar mill machinery, textile spinning machinery, switches & crossings for railway tracks, steel castings, forgings, agro mechanical equipments and other related equipments. Texmaco has 4 engineering plants in the state of West Bengal engaged in manufacture of heavy engineering goods and steel foundry.

Shareholding Pattern

Shareholding Pattern of Texmaco as on March 31, 2006 was as follows:

Sl. No.	Category	No. of Shares	% of Shareholding
1.	Promoters	54,24,890	52.53
2.	Banks, FI, FIs, Insurance Companies, Mutual Fund	17,85,198	17.29
3.	Private Bodies Corporate	13,77,418	13.34
4.	Resident Individuals	15,78,345	15.30
5.	NRIs/OCBs	79,643	0.77
6.	Others	80,266	0.77
	Total	1,03,25,760	100.00

Board of Directors

Board of Directors of Texmaco as on May 31, 2006 comprised of following

1. Dr. K. K. Birla (Chairman)
2. Shri S. K. Poddar (Vice Chairman)
3. Shri B. P. Bajoria
4. Shri H. C. Gandhi
5. Shri A. C. Chakrabortti
6. Dr. H. Sadhak
7. Shri B. Rai
8. Shri Manish Gupta
9. Shri A. K. Nanda - Wholetime Director



Financial Performance

Brief audited financials of Texmaco for the years ended March 31, 2004, 2005 and 2006 are as follows:

(All figures in Rs. lacs, except per share data)

	2004	2005	2006*
Total Income	18260.62	24238.32	39475.82
Profit/(Loss) After Tax	1883.39	1566.43	1901.39
Equity Share Capital (of Rs.10/- each)	516.35	1032.58	1032.58
Reserves & Surplus (excluding revaluation reserves, if any)	7534.00	9897.43	11445.60
Earning per Share	36.39	17.01	18.41
Net Asset Value per Share (excluding deferred tax liabilities and net of miscellaneous expenditure not written off)	152.88	103.88	118.78

*Subject to approval of shareholders in AGM

Share Quotation

The equity shares of Texmaco are currently listed on Bombay Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Kolkata, and The National Stock Exchange of India Limited.

The highest and lowest market price of shares of Texmaco as listed on the exchanges during the preceding six months is as follows:

Month	BSE		NSE		CSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2005	505.00	395.00	550.10	395.10	-	-
January 2006	598.80	483.00	599.00	487.00	-	-
February 2006	650.00	520.00	654.90	505.10	-	-
March 2006	905.30	598.50	907.90	601.05	765.30	688.90
April 2006	957.50	811.10	951.30	805.50	-	-
May 2006	1009.00	740.05	1018.00	730.15	-	-

Previous Issues made in last three years

Texmaco had made a Rights Issue of 51,63,378 Equity Shares of Rs.10/- each at a premium of Rs.20/- per share (i.e. at a price of Rs.30/- per share) in the ratio of one Equity Share for every one Equity Share held during the financial year 2004-05.

Issue opened on May 7, 2004

Issue closed on June 7, 2004

Date of completion of dispatch of delivery of security certificates June 18, 2004

Object of the issue The issue of the Equity Shares was made to partly meet the working capital requirements and to partly repay short term loans taken to meet working capital requirements of the company and to meet the expenses of the issue.

Rate of dividend paid prior to the issue 10%



Particulars of changes in the capital structure are given below:

Particulars	Equity Share Capital (Rs. Lacs)	Share Premium (Rs. Lacs)
Prior to the issue	516.35	1290.54
After the Rights issue	1032.58	2323.02
After retention of over-subscription	N.A.	N.A.

Mechanism for redressal of Investors' Grievances

Texmaco has formed a committee to deal with the investor's grievances. There was no investors complaint pending as on March 31, 2006.

Sutlej Industries Limited ("Sutlej")

Sutlej was incorporated on November 22, 1934 in the name and style of Sutlej Cotton Mills Limited under the Indian Companies Act, 1913. Subsequently the name of the company was changed to "Sutlej Industries Limited" on September 13, 1995.

As per the Memorandum of Association of Sutlej, the main object of the company is to carry on the business of spinners, weavers, manufacturers, ginner, balers and pressers of cotton kapas, yarn, cotton waste, yarn waste, hemp, jute and any other fibrous material and the cultivation thereof and the business of buyers, sellers and dealers of cotton kapas, cotton waste, yarn waste, hemp, jute and any other fibrous material, oil seeds, and any other seeds and produce and of any goods or merchandise whatsoever business that may be necessary or expedient and to purchase and vend the raw material and manufactured articles and to carry on or be interested in the business of ginning and pressing factory proprietors.

The company is currently engaged in business of manufacture of Cotton Yarn, Staple Yarn, Synthetic Yarn, Fabrics. The plants of Sutlej are located in the states of Rajasthan, Jammu and Kashmir and Gujarat engaged in manufacture of cotton yarn, manmade fibre yarns and fabrics respectively.

The company has demerged and transferred its textile division into Sutlej Textile Limited with effect from July 1, 2005 after obtaining necessary order of the High Court of Rajasthan at Jaipur.

Shareholding Pattern

Shareholding Pattern of Sutlej as on March 31, 2006 was as follows:

Sl. No.	Category	No. of Shares	% of Shareholding
1.	Promoters	66,48,160	62.74
2.	Banks, FI, FIs, Insurance Companies, Mutual Fund	1,85,418	1.75
3.	Private Bodies Corporate	20,54,196	19.39
4.	Resident Individuals	16,88,260	15.93
5.	NRIs/OCBs	19,826	0.19
6.	Others	—	—
	Total	1,05,95,860	100.00



Board of Directors

Board of Directors of Sutlej as on May 31, 2006 comprised of following:

1. Dr. K. K. Birla (Chairman)
2. Shri C. S. Nopany (Vice Chairman)
3. Shri K. R. Podar
4. Shri U. K. Khaitan
5. Shri Arvind C. Dalal
6. Shri N. D. Dalal
7. Shri J. S. Varshneya
8. Shri S. M. Agarwal
9. Shri Bodhishwar Rai
10. Shri. Rajaram Muchhal
11. Shri R. N. Laddha - Wholetime Director

Financial Performance

Brief audited financials of Sutlej for the years ended March 31, 2003, 2004 and 2005 are as follows:

(All figures in Rs. lacs, except per share data)

	2003	2004	2005
Total Income	46817.04	51745.22	55689.40
Profit/(Loss) After Tax	1153.04	1164.35	1599.46
Equity Share Capital (of Rs.10/- each)	1060.65	1060.65	1060.65
Reserves & Surplus (excluding revaluation reserves, if any)	15885.72	16394.47	17539.84
Earning per Share	10.92	10.99	15.10
Net Asset Value per Share (excluding deferred tax liabilities and net of miscellaneous expenditure not written off)	159.93	164.74	175.54

Share Quotation.

The equity shares of Sutlej are listed on Bombay Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Kolkata and The National Stock Exchange of India Limited. However, the company, pursuant to the approval of the shareholders at AGM held on September 27, 2003 has applied for delisting of its equity shares from The Calcutta Stock Exchange Association Limited.

The highest and lowest market prices of shares of Sutlej as listed on the exchanges during the preceding six months are as follows:

Month	BSE		NSE		CSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2005	262.00	226.00	259.75	225.00	—	—
January 2006	323.00	240.05	306.00	231.00	293.25	266.35
February 2006	280.85	262.50	302.90	255.00	—	—
March 2006	313.00	262.85	300.00	254.35	—	—
April 2006	398.00	290.00	399.80	288.00	—	—
May 2006	414.90	280.10	414.90	281.00	—	—



Previous Issues made in last three years

No public or rights issue has been made by Sutlej in the preceding three years.

Mechanism for redressal of Investors' Grievances

Sutlej has formed an Investors Grievance Committee to specifically look into the redressing of shareholders and investors complaints relating to transfer of shares, non-receipt of dividend and other related matters. As on March 31, 2006 there were no pending investors' complaints.

Zuari Industries Limited ("Zuari")

The company was incorporated on May 12, 1967 under the Companies Act, 1956 in the name and style of "Zuari Agro Chemicals Limited". Subsequently the name of the company was changed to "Zuari Industries Limited" on February 12, 1998.

As per the Memorandum of Association of Zuari, the main object of the company is to manufacture agriculture chemicals, fertilizers formulations used in fertilizers, manures, mixtures and their formulations and all classes and kinds of chemicals, source materials, ingredient, mixtures, derivatives and compounds thereof.

The company is currently engaged in business of manufacture and sale of urea and complex fertilisers. The plants of the company are located in state of Goa and it produces ammonia, urea and fertilizers of various grades.

Shareholding Pattern

Shareholding Pattern of Zuari as on March 31, 2006 was as follows:

Sl. No.	Category	No. of Shares	% of Shareholding
1.	Promoters	1,01,38,183	34.44
2.	Banks, FI, FIs, Insurance Companies, Mutual Fund	50,76,449	17.25
3.	Private Bodies Corporate	19,24,492	6.54
4.	Resident Individuals	41,78,085	14.19
5.	NRIs/OCBs	79,91,007	27.14
6.	Others	1,32,388	0.45
	Total	2,94,40,604	100.00

Board of Directors

Board of Directors of Zuari as on May 31, 2006 comprised of following:

1. Dr. K. K. Birla (Chairman)
2. Shri Saroj Kumar Poddar (Co-Chairman)
3. Shri H. S. Bawa (Managing Director)
4. Shri Shyam Bhartia
5. Shri Arun Duggal
6. Shri D. B. Engineer
7. Shri M. D. Locke (Alternate - Shri K. H. Captain)
8. Shri S. V. Muzumdar
9. Shri Vishwvir Ahuja (Alternate - Shri Manjit Singh Lakhmana)
10. Shri Marco Wadia



Financial Performance

Brief audited financials of Zuari for the years ended March 31, 2003, 2004 and 2005 are as follows:

(All figures in Rs. lacs, except per share data)

	2003	2004	2005
Total Income	119517.03	123419.03	179012.78
Profit/(Loss) After Tax	2083.78	1957.36	2681.90
Equity Share Capital (of Rs.10/- each)	2944.11	2944.11	2944.11
Reserves & Surplus	31216.83	32676.00	34753.65
Earning per Share	7.08	6.65	9.11
Net Asset Value per Share (excluding deferred tax liabilities and net of miscellaneous expenditure not written off)	116.03	120.99	128.05

Share Quotation

The equity shares of Zuari are listed on Bombay Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Kolkata and The National Stock Exchange of India Limited. However, the company, pursuant to the approval of the shareholders at AGM held on November 28, 2003 has applied for delisting of its equity shares from The Calcutta Stock Exchange Association Limited.

The highest and lowest market price of shares of Zuari as listed on the exchanges during the preceding six months is as follows:

Month	BSE		NSE		CSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2005	133.70	111.50	133.50	111.50	132.80	120.60
January 2006	151.80	131.00	151.40	129.85	144.00	129.90
February 2006	214.25	133.00	214.00	132.00	208.00	149.25
March 2006	232.20	178.60	232.50	178.60	211.90	191.60
April 2006	333.80	224.45	334.00	225.45	—	—
May 2006	357.00	215.00	364.00	215.00	298.00	266.00

Previous Issues made in last three years

No public or rights issue has been made by Zuari in the preceding three years.

Mechanism for redressal of Investors' Grievances

Zuari has formed an Investors' Grievance Committee to oversee the performance of share transfer work and to recommend measures to improve the level of investor services. As on March 31, 2006 there were no pending investors' complaints.

Chambal Fertilisers & Chemicals Limited ("Chambal")

Chambal was incorporated on May 7, 1985 in the name and style of "Aravali Fertilizers Limited" under the Companies Act, 1956. Subsequently the name of the company was changed to "Chambal Fertilizers and Chemicals Limited" on January 12, 1989.

As per the Memorandum of Association of Chambal, the main object of the company is to manufacture, produce, refine, process, formulate all classes and kinds of agricultural chemicals, fertilizers, manures, their bye-products, intermediaries, derivatives and compounds and remedies of all kinds for agricultural, humans and animals by any process whether chemical, mechanical, electrical or otherwise and shipping.



The company is currently engaged in business of manufacture of agricultural inputs and shipping. Chambal's fertilizers plants are located in Rajasthan, textile mills in Himachal Pradesh and food processing unit in Haryana.

Pursuant to the scheme of Arrangement and Demerger between Chambal and Zuari Investments Ltd, the shipping investment undertaking of Zuari Investments Ltd has merged with Chambal pursuant to this scheme. The scheme has been sanctioned by the High Courts of Bombay at Goa and Rajasthan and the scheme has been made effective from September 1, 2004.

Pursuant to the scheme of Arrangement and Amalgamation among Chambal and India Steamship Company Ltd (ISCL), ISCL has been amalgamated with Chambal. The scheme has been duly sanctioned by the High Courts of Calcutta and Rajasthan and the scheme has been made effective from September 1, 2004.

Shareholding Pattern

Shareholding Pattern of Chambal as on March 31, 2006 was as follows:

Sl. No.	Category	No. of Shares	% of Shareholding
1.	Promoters	20,78,90,579	49.96
2.	Banks, FI, FIs, Insurance Companies, Mutual Fund	7,02,88,422	16.88
3.	Private Bodies Corporate	2,04,11,613	4.90
4.	Resident Individuals	10,42,60,429	25.05
5.	NRIs/OCBs	1,22,51,809	2.94
6.	Others	11,05,000	0.27
	Total	41,62,07,852	100.00

Board of Directors

Board of Directors of Chambal as on May 31, 2006 comprised of following:

1. Dr. K. K. Birla (Chairman)
2. Shri S. K. Poddar (Co-Chairman)
3. Shri H. S. Bawa (Vice Chairman)
4. Shri Sunil Sethy (Managing Director)
5. Shri R. N. Bansal
6. Shri Dipankar Basu
7. Shri Shyam S. Bhartia
8. Shri M. D. Locke (Alternate - Shri. C. S. Nopany)
9. Shri A. J. A. Tauro
10. Shri Marco Wadia



Financial Performance

Brief audited financials of Chambal for the years ended March 31, 2003, 2004 and 2005 are as follows:

(All figures in Rs. lacs, except per share data)

	2004	2005	2006
Total Income	224471.49	270949.60	274062.03
Profit/(Loss) After Tax	12498.77	22062.52	20312.05
Equity Share Capital (of Rs.10/- each)	40600.00	41620.79	41620.79
Reserves & Surplus (excluding revaluation reserves)	33769.33	42729.82	54495.55
Earning per Share	3.08	5.35	4.88
Net Asset Value per Share (excluding deferred tax liabilities and net of miscellaneous expenditure)	18.07	20.33	22.99

Share Quotation

The equity shares of Chambal are listed on Bombay Stock Exchange Limited, The Calcutta Stock Exchange Association Limited, Kolkata and The National Stock Exchange of India Limited. The application has been made by the company for delisting its shares from The Calcutta Stock Exchange Association Limited vide their application dated September 12, 2003.

The highest and lowest market price of shares of Chambal as listed on the exchanges during the preceding six months is as follows:

Month	BSE		NSE		CSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2005	42.50	36.35	43.90	36.30	43.80	38.25
January 2006	42.65	36.50	42.80	36.40	41.00	38.50
February 2006	46.15	36.90	46.25	36.30	45.10	38.50
March 2006	42.00	37.60	42.00	37.65	—	—
April 2006	42.40	38.50	42.35	38.10	—	—
May 2006	46.70	32.70	46.80	32.20	—	—

Previous Issues made in last three years

No public or rights issue has been made by Chambal in the preceding three years.

Mechanism for redressal of Investors' Grievances

Chambal has formed an Investors' Grievance Committee to approve the matters relating to allotment of securities, issue of duplicate certificates, review and redressal of investor grievances and other related matters. As on March 31, 2006 there were two investors' complaints pending.

The Oudh Sugar Mills Limited ("OSML")

OSML was incorporated on July 26, 1932 under the Indian Companies Act, 1913 as "The Oudh Sugar Mills Limited".

As per the Memorandum of Association of OSML, the main object of the company is to purchase, manufacture, produce, refine, prepare, import, export, sell and generally to deal in sugar, sugar-beets, sugarcane, molasses, syrups and melada and alcohol and all products or by-products thereof and food products generally and in connection therewith to acquire, construct and



operate sugar or other refineries, buildings, mills, factories, distilleries and other works. To plant, cultivate, produce and raise or purchase sugarcane, maize, sugar beets and other crops and to transact such other work or business as may be proper or necessary in connection with the above objects or any of them.

Currently, the company is engaged in manufacture of sugar and its by-products, industrial alcohol / ethanol, Bio-compost and food products. Sugar which constitutes approximately 85% of the total turnover is produced in three sugar factories situated at Hargaon and Rosa in U.P. and Narkatiaganj in Bihar with capacities of 7500 tcd , 4200 tcd and 6500 tcd respectively. Industrial alcohol / ethanol and bio-compost (organic fertilizer) are produced at distilleries at Hargaon and Narkatiaganj. The canning factory is situated at Allahabad.

Shareholding Pattern

Shareholding Pattern of OSML as on March 31, 2006 was as follows:

Sl. No.	Category	No. of Shares	% of Shareholding
1.	Promoters	86,87,228	47.80
2.	Banks, FI, FIs, Insurance Companies, Mutual Fund	25,50,014	14.03
3.	Private Bodies Corporate	26,61,043	14.64
4.	Resident Individuals	42,15,198	23.19
5.	NRIs/OCBs	59,347	0.33
6.	Others	990	0.01
	Total	1,81,73,820	100.00

Board of Directors

Board of Directors of OSML as on May 31, 2006 comprised of following:

1. Shri C.S. Nopany (Chairman cum Managing Director)
2. Shri S. V. Muzumdar
3. Shri Rajaram Muchhal
4. Shri Ashvin C. Dalal
5. Shri Rohit Kumar Dhoot
6. Smt. Madhu Vadera Jayakumar
7. Shri C. B. Patodia
8. Shri Viney Kumar (IDBI – Nominee)
9. Shri Haigreve Khaitan



Financial Performance

Brief audited financials of OSML for the years ended June 30, 2003, 2004 and 2005 are as follows:

(All figures in Rs. lacs, except per share data)

	2003	2004	2005
Total Income	30344.60	35806.74	37276.41
Profit/(Loss) After Tax	(1176.53)	1412.47	1116.04
Equity Share Capital (of Rs.10/- each)	1038.62	1038.62	1817.49
Reserves & Surplus	3566.33	4294.15	7939.30
Earning per Share	(11.33)	13.60	7.05
Net Asset Value per Share (excluding deferred tax liabilities and net of miscellaneous expenditure)	40.48	51.35	53.69

Share Quotation

The equity shares of OSML are listed on Bombay Stock Exchange Limited, and The National Stock Exchange of India Limited.

The highest and lowest market prices of shares of OSML as listed on the exchanges during the preceding six months are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2005	121.50	90.65	121.45	90.50
January 2006	237.00	113.00	236.70	113.25
February 2006	235.50	188.00	233.90	185.30
March 2006	230.00	191.35	229.85	192.10
April 2006	294.50	216.00	296.20	222.75
May 2006	279.00	160.40	283.00	159.65

Previous Issues made in last three years

OSML had made a Rights Issue of 77,88,780 Equity Shares of Rs.10/- each at a premium of Rs.40/- per share (i.e. at a price of Rs.50/- per share) in the ratio of three Equity Shares for every four Equity Shares held during the financial year 2004-05.

Issue opened on	May 18, 2005
Issue closed on	June 16, 2005
Date of completion of dispatch of delivery of security certificates	July 1, 2005
Object of the issue	The issue of the Equity Shares was made to partly reduce overall indebtedness of the company by repaying a part of the outstanding working capital borrowings and to meet the expenses of the issue.
Rate of dividend paid prior to the issue	25%



Particulars of changes in the capital structure are given below:

Particulars	Equity Share Capital (Rs. Lacs)	Securities Premium (Rs. Lacs)
Prior to the issue	1038.62	3224.78
After the Rights issue	1817.49	6340.29
After retention of over-subscription	N.A.	N.A.

Mechanism for redressal of Investors' Grievances

OSML has an Investors' Grievance Committee which oversees the performance of the Registrar & Share Transfer Agent of the Company and recommends measures to improve the level of investor related services. The Committee deals with applications for transfer/ transmission of shares, sub division and consolidation of share certificates and other related matters. There was no investors' complaint pending as on March 31, 2006.



CHANGE IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

For details please refer to Annexure 7 of the Financial Statements under the section titled "Financial Information of the Issuer Company Section" on page no. 99 of this Letter of Offer.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION AS REFLECTED IN THE FINANCIAL STATEMENT

You should read the following discussion on financial conditions and results of operations together with audited unconsolidated financial statements (as restated) for the years ended June 30, 2003, 2004, 2005 and six months period ended December 31, 2005 under Indian GAAP including schedules, annexures and notes thereto and reports thereon, which appear in the Financial Statement of the Issuer Company section of this Letter of Offer.

OVERVIEW OF OUR BUSINESS

We were promoted in the year 1932 under the name and style of Upper Ganges Sugar Mills Ltd by Birla Brothers Ltd. who acted as our Managing Agents. The name of the Company was subsequently changed to Upper Ganges Sugar & Industries Ltd. in the year 1984. Initially a Sugar Mill was set up at Seohara (U.P) with a crushing capacity of approximately 500 tcd. We further established a distillery at Seohara (U.P) which was transferred to Alco Chem Ltd., a subsidiary of the Company. The said subsidiary was merged with the Company effective from 1st April, 1976. Subsequently we purchased Bharat Sugar Mills, a unit of New India Sugar Mills Limited having a sugar mill with crushing capacity of 1750 tcd at Sidhwalia (Bihar) and it was transferred to the Company pursuant to the Scheme of Arrangement sanctioned by the Calcutta High Court effective from 1st April, 1993. A confectionery factory was taken on lease from C & E Morton (India) Limited which also merged with the Company effective from 1st July, 1976. The said confectionery factory was closed in the year 2000. The Company also purchased a Tea Garden called "Cinnatollah Tea Garden" situated at North Lakhimpur (Assam) in the year 1982. We have also taken over the sugar division of New India Sugar Mills Limited having a sugar mill with crushing capacity of 1750 tcd at Hasanpur (Dist: Samastipur, Bihar) pursuant to the Scheme of Arrangement between us and NISML sanctioned by The Hon'ble High Courts at Calcutta and Allahabad effective from October 1, 2004.

We manufacture the following three main categories of products:

- o Sugar
- o Industrial Alcohol / Ethanol
- o Tea

Presently we have three sugar factories at Seohara, Dist. Bijnor (Uttar Pradesh); second at Sidhwalia, Dist. Gopalganj in Bihar and third unit at Hasanpur (Dist: Samastipur, Bihar) with a combined crushing capacity of 14,250 tcd. Our Company is also having a distillery at Seohara, Dist. Bijnor (Uttar Pradesh) with a capacity 16.5 million litres per annum. Our tea garden has a cultivable area coverage of 590 hectares for production of various types of teas.

RESULTS OF OPERATIONS

Analysis of Income and Sales trend for the last four financial years ended June 30, 2005 and six months period ended December 31, 2005 as per restated accounts are as follows:

	For the year ended 30 th June				Period ended
	2002	2003	2004	2005	31st December, 2005
Total Income	24849.87	25173.30	26188.74	34202.74	16995.70
Profit before Interest, Depreciation, Tax & Exceptional items	1982.62	950.26	4151.54	7235.73	3724.74
Net Profit/(Loss) Before Tax and Exceptional Items	(880.45)	(1817.00)	1042.87	4442.58	2700.41
Net Profit/(Loss) after tax and before Exceptional Items	(511.67)	(1188.48)	580.87	2940.81	1789.67
Add: Exceptional Income (Net of Tax)	-	-	-	90.31	-
Net Profit/(Loss) after Exceptional Items	(511.67)	(1188.48)	580.87	3031.12	1789.67

(Rs. in lacs)



The company has achieved a total income of Rs. 34202.74 lacs during the financial year 2004-05 as compared to Rs.26188.74 lacs during the preceding year 2003-04 registering an increase of 30.60%. This was mainly on account of increase in average realization of sugar, spirit and tea and also due to increase in turnover of sugar. This increase was also on account of merger of sugar unit having a capacity of 1750 tcd of New India Sugar Mills Ltd. with us with effect from October 1, 2004. The total income in FY 2003-04 was 4.03% higher in comparison to FY 2002-03 despite lower sugar and tea sales mainly on account of decrease in inventory levels of sugar and increase in spirits turnover and realization.

Sugar Sales*	2001-02	2002-03	2003-04	2004-05	Six months period ended December 31, 2005
Sugar (Qty in Quintals)	1279614	2137932	1737136	2023719	1078332
Sales Value (in Rs. Lacs)	17861.65	26737.33	23205.06	33207.46	19140.33
Average Realisation (Rs. Per quintal)	1395.86	1250.62	1335.82	1640.91	1774.99

Spirit Sales*	2001-02	2002-03	2003-04	2004-05	Six months period ended December 31, 2005
Spirit (in Litres)	13792260	15559740	17454510	10790170	5426950
Sales Value (in Rs. Lacs)	1779.58	2127.22	3290.16	2240.47	1142.67
Average Realisation(Rs./ Ltr)	12.90	13.67	18.85	20.76	21.06

(*The quantity sold includes inter-segment sale and sales value is gross of excise and cess as per audited accounts)

Tea*	2001-02	2002-03	2003-04	2004-05	Six months period ended December 31, 2005
Tea (in kgs.)	1070779	1153773	1193766	1052777	397519
Sales Value	790.87	898.33	828.61	784.37	353.52
Average Realisation (Rs./ kg)	73.86	77.86	69.41	74.50	88.93

(*The quantity sold includes inter segment sales and sales value is gross of excise duty and cess as per audited accounts)

COMPARISON OF RESULTS OF OPERATION

Six months period ended December 31, 2005 compared to Fiscal Year ended June 30, 2005.

Sale of products

Our sales of products during six months period ended December 31, 2005 was Rs. 20691.71 lacs as compared to sales for the full financial year of Rs. 35518.99 lacs in 2004-05.

Raw materials consumed

We have consumed raw material of the value of Rs. 9822.13 lacs in six months period ended December 31, 2005 as compared to our consumption of raw materials of Rs. 19498.42 lacs in fiscal 2004-05.

Other Expenses

The other expenses includes purchase of trading/semi finished goods, staff cost and other manufacturing, administrative and



selling expenses. In six months period ended December 31, 2005, other expenses were Rs.3448.83 lacs in comparison to Rs.7468.59 lacs in F.Y. 2004-05.

Profit before Interest, Depreciation and Tax excluding Exceptional Item (PBIDT)

PBIDT in six months period ended December 31, 2005 was Rs.3724.74 lacs as compared to Rs.7235.73 lacs in F.Y. 2004-05.

Interest

The net interest cost for the six months period ended December 31, 2005 was Rs. 570.75 lacs as compared to interest burden of Rs. 1935.79 lacs in F.Y. 2004-05.

Tax

We continue to pay tax as per the provisions of MAT in six months period ended December 31, 2005 as was being paid in F.Y. 2004-05 on account of tax shelters available to us.

Net Profit/(Loss) after tax excluding exceptional item

The net profit after tax (before exceptional item) in six months period ended December 31, 2005 was Rs. 1789.67 lacs as compared to Rs. 2940.81 lacs in F.Y. 2004-05.

Fixed Assets

Net fixed assets including capital work in progress and capital expenditure on expansion/new projects increased from Rs.14067.56 lacs in FY 2004-05 to Rs. 14881.50 lacs as on December 31, 2005.

Current Assets, Loans & Advances

The current assets, loans and advances as on December 31, 2005 was Rs. 15262.93 lacs as compared to Rs. 17129.17 lacs as on June 30, 2005. This decrease was mainly on account of decrease in inventory levels of sugar.

Liabilities & Provisions

The total liabilities has decreased from Rs.24742.61 lacs as on 30th June, 2005 to Rs.21269.31 lacs as on December 31, 2005.

Fiscal Year ended June 30, 2005 compared to Fiscal Year ended June 30, 2004

Major Development:

During Fiscal 2004-05, pursuant to scheme of arrangement between us and New India Sugar Mills Limited, Hasanpur sugar unit (1750 tcd) belonging to NISML has been merged with us with effect from October 1, 2004. Therefore, our results of operations for fiscal 2005 may not be directly comparable to results of operations for fiscal 2004.

Sale of products

Our sales of products during financial year 2004-05 was Rs. 35518.99 lacs compared to Rs. 26270.29 lacs in 2003-04, this increase was mainly because of better realization as well as increase in turnover of sugar. Further our sales have increased due to merger of sugar unit having a capacity of 1750 tcd of New India Sugar Mills Limited with us with effect from October 01, 2004, leading to increase in our total sugar sales volume.

Raw materials consumed

The raw material consumption during F.Y. 2004-05 was Rs.19498.42 lacs as compared to Rs.16533.87 lacs in 2003-04. Though the said increase was mainly because of the enhancement of cane price by the U.P. State Govt., but as a percentage of our raw material consumption to total income, it has reduced from 63.74% to 55.53% in F.Y. 2004-05.

Other Expenses

The other expenses includes purchase of trading/semi finished goods, staff cost and other manufacturing, administrative and selling expenses. In F.Y. 2004-05 it was Rs.7468.59 lacs in comparison to Rs.5503.33 lacs in F.Y. 2003-04. The said increase is



mainly because of the cost of raw sugar purchased on high-seas basis for reprocessing.

Profit before Interest, Depreciation and Tax excluding Exceptional Item (PBIDT)

PBIDT in F.Y. 2004-05 was Rs.7235.73 lacs compared to Rs.4151.54 lacs in F.Y. 2003-04. The said improvement is because of increase in profit margin which was 21.16% to total income in F.Y. 2004-05 as compared to 15.85% in F.Y. 2003-04. The increase in profit margin in F.Y. 2004-05 is mainly on account additional contribution from better realization on sale of sugar.

Interest

The net interest cost in F.Y. 2004-05 was 1935.79 lacs compared to 2271.72 lacs in F.Y. 2003-04. Our total interest burden as a percentage to total income was 5.66% in F.Y. 2004-05 as compared to 8.67% in F.Y. 2003-04. The said decrease is on account of reduction in overall cost of borrowing which was 8.89% approximately in F.Y. 2004-05 as compared to 11.93% in F.Y. 2003-04.

Tax

We continue to pay tax as per the MAT in both F.Y. 2003-04 and 2004-05 on account of tax shelters available to us.

Net Profit/(Loss) after tax excluding exceptional item

The net profit after tax (before exceptional item) in F.Y. 2004-05 was Rs.2940.81 lacs as compared to Rs.580.87 lacs in F.Y. 2003-04 which is 8.60% of total income in F.Y. 2004-05 as compared to 2.22% in F.Y. 2003-04. This increase is mainly on account of the additional contribution from better realization on sale of sugar, lower cost of borrowings.

Fixed Assets

Net fixed assets including capital work in progress and capital Expenditure on expansion/new projects increased from Rs.10225.43 lacs as on 30th June, 2004 to Rs.14067.56 lacs as on 30th June, 2005, registering a growth of 37.57% which was due to addition of fixed assets pertaining to Hasanpur sugar unit merged with us with effect from October 1, 2004 and also due to increase in our capital expenditure in relation to modernization of the Seohara Distillery and the expenditure incurred on the expansion project. For further details please refer to section titled "Business Strategy" on page no. 38 of this Letter of Offer.

Current Assets, Loans & Advances

The current assets, loans and advances experienced a marginal fall of 6.45% from Rs.18311.13 lacs as on 30th June,2004 to Rs.17129.17 lacs as on 30th June, 2005. The said decrease is mainly because of reduction in the inventory from Rs.15285.47 lacs as on 30th June, 2004 to Rs.14973.06 lacs as on 30th June, 2005 despite the increase in the cost of production of sugar. The sugar inventory which was 1127513 qtls on 30th June, 2004 was only 922579 qtls. on 30th June, 2005. The sundry debtors has also come down to Rs.250.86 lacs as on 30th June, 2005 from the level of Rs.1277.88 lacs as on 30th June, 2004, which is mainly on account of recovery from previous year debtors. The loans and advances has increased from Rs.1346.52 lacs as on 30th June, 2004 to Rs.1615.23 lacs as on 30th June, 2005 which is mainly because of loan to associate company.

Liabilities & Provisions

The total liabilities has decreased from Rs.25417.90 lacs as on 30th June, 2004 to Rs.24742.61 lacs as on 30th June, 2005. The current liabilities and provisions reduced substantially from Rs.6376.33 lacs as on 30th June, 2004 to Rs.2959.73 lacs as on 30th June, 2005 because of the payment of differential cane price liability of Rs.3326.40 lacs related to sugar season 1996-97, 2002-03 and 2003-04.

Fiscal Year ended June 30, 2004 compared to Fiscal Year ended June 30, 2003

Sale of products

Our sales of products during financial year 2003-04 was Rs. 26270.29 lacs registered a fall of 9.00% in comparison to sales of Rs. 28870.51 lacs in 2002-03 mainly because of fall in sugar sales quantity, though there was improvement in sugar realization. However, the sale of spirit quantity as well as its realization has increased during this period.



Raw materials consumed

The raw material consumption during F.Y. 2003-04 decreased to Rs.16533.87 lacs from Rs.18784.68 lacs in 2002-03 which is mainly because of fall in sugar cane crushing from 194.42 lacs qtls. in 2002-03 to 166.31 lacs qtls. in 2003-04.

Other Expenses

There was no major variance in other expenses in both the years and the same was Rs.5503.33 lacs in F.Y. 2003-04 as compared to Rs.5438.36 lacs in F.Y. 2002-03.

Profit before Interest, Depreciation and Tax excluding Exceptional Item (PBIDT)

PBIDT in F.Y. 2003-04 was Rs.4151.54 lacs compared to Rs.950.26 lacs in F.Y. 2002-03. The said improvement is because of increase in profit margin (as a percentage of total income) from 15.85% in F.Y. 2003-04 to 3.77% in F.Y. 2002-03. The said substantial increase in profit margin in F.Y. 2003-04 is mainly because of increase in sugar price realization, drastic improvement in sale of spirit quantity as well as in its realization. This margin has also increased due to increase in sugar recovery which resulted in lower cost of production in F.Y. 2003-04 as compared to F.Y. 2002-03.

Interest

The net interest cost in F.Y. 2003-04 was 2271.72 lacs compared to 1991.75 lacs in F.Y. 2002-03. The said increase in interest was mainly because of average higher cost of borrowings of 11.93% as compared to 10.70% in F.Y. 2002-03.

Tax

The current tax liability of Rs.152.86 lacs in F.Y. 2003-04 was paid as per MAT as against liability of Rs.42.32 lacs in F.Y. 2002-03 because of the tax shelter.

Net Profit/(Loss) after tax excluding exceptional item

The net profit after tax (before exceptional item) in F.Y. 2003-04 was Rs.580.87 lacs as compared to loss of Rs.1188.48 lacs in F.Y. 2002-03. This increase was mainly because of the additional contribution from better realization on sale of sugar, spirit, and better sugar recovery.

Fixed Assets

Net fixed assets including capital work in progress and capital expenditure on expansion/new projects was Rs.10225.43 lacs as on 30th June, 2004 as compared to Rs.10518.16 lacs as on 30th June, 2003.

Current Assets, Loans & Advances

The current assets, loans and advances was Rs.18311.13 lacs as on 30th June, 2004 as compared to Rs.18349.75 lacs as on 30th June, 2003.

Liabilities & Provisions

The total liabilities has decreased from Rs.26455.05 lacs as on 30th June, 2003 to Rs.25417.90 lacs as on 30th June, 2004. The said decrease was mainly in current liabilities and provisions which had reduced from Rs.7828.05 lacs as on 30th June, 2003 to Rs.6376.33 lacs as on 30th June, 2004 because of the lower cane price liability due to fall in cane crushing in F.Y. 2003-04.

Fiscal Year ended June 30, 2003 compared to Fiscal Year ended June 30, 2002

Sale of products

Our sales of products during F.Y. 2002-03 improved substantially to Rs.28870.51 lacs as compared to sales of Rs. 20125.06 lacs in F.Y. 2001-02, the increase is mainly because of drastic increase in sugar sales quantity by approx. 67%.

Raw materials consumed

The raw material consumption during F.Y. 2002-03 was Rs.18784.68 lacs as compared to raw material consumption of Rs.17741.78



lacs in 2001-02. The increase was mainly because of higher crushing of sugar cane 194.42 lac qtls. in F.Y. 2002-03 as against 184.62 lac qtls. in F.Y. 2001-02.

Other Expenses (purchase of trading/semi finished goods, staff cost and other manufacturing, administrative and selling expenses)

The other expenses in F.Y. 2002-03 was Rs. 5438.36 lacs as compared to Rs.5125.47 lacs in F.Y. 2001-02. The said increase is mainly because of the higher sugar cane crushing in F.Y. 2002-03 as compared to F.Y. 2001-02.

Profit before Interest, Depreciation and Tax excluding Exceptional Item (PBIDT)

PBIDT in F.Y. 2002-03 had reduced to Rs.950.26 lacs as from Rs.1982.62 lacs in F.Y. 2001-02, which is mainly because of decline in profit margin from 7.98% of total income in F.Y. 2001-02 to 3.77% in F.Y. 2002-03 due to fall in average sugar price realization, despite improvement in sugar recovery ratio.

Interest

The net interest cost in F.Y. 2002-03 has reduced to Rs.1991.75 lacs from Rs.2122.98 lacs in F.Y. 2001-02. The said decrease was mainly on account of reduction in overall borrowing.

Tax

Our tax burden in both the F.Y. was mainly on account of profit from tea garden.

Net Profit/(Loss) after tax excluding exceptional item

The net loss after tax (before exceptional item) in F.Y. 2002-03 increased to Rs.1188.48 lacs from Rs.511.67 lacs in F.Y. 2001-02. The said increase is mainly because of decline in margin from sugar sales despite increase in sugar sales volume.

Fixed Assets

Net fixed assets including capital work in progress and capital expenditure on expansion/new projects was Rs.10518.16 lacs as on 30th June, 2003 as compared to Rs.10879.37 lacs as on 30th June, 2002.

Current Assets, Loans & Advances

The current assets, loans and advances experienced a fall of 18.05% from Rs.22391.72 lacs as on 30th June,2002 to Rs.18349.75 lacs as on 30th June, 2003, which is because of decline in sugar inventory from 15.02 lacs qtls. to 12.31 lac qtls and reduction in overall cost of sugar production in F.Y. 2002-03 as compared to F.Y. 2001-02 on account of higher crushing and better sugar cane recovery.

Liabilities & Provisions

The total liabilities has decreased from Rs.29027.89 lacs as on 30th June, 2002 to Rs.26455.05 lacs as on 30th June, 2003. The said reduction is because of repayment of the loans though there was increase in current liabilities and provisions on account of differential cane price liability for sugar season 2002-03.

ECONOMIC ENVIRONMENT AND COMPANY PERFORMANCE

Progressive de-regulation of sugar industry has resulted in the ratio of levy to free sugar to 10:90, as against 40:60 a few years ago.

Sugarcane is the main raw material for sugar industry and accounts for 70% of the cost of production of sugar. It is also the major source of income for millions of farmers. The determination of price for sugarcane is, therefore, a matter of critical importance both for the sugar industry and the cane growers. The Central Government fixes a Statutory Minimum Price factory wise, in terms of Clause 3 of the Sugarcane (Control) Order, 1966 in respect of each sugar season.

Further, under the Clause 5A of the Sugarcane (Control) Order, 1966, the farmer is entitled to an additional payment out of the price realization by the factories.



The Central Government before the onset of crushing season declares the SMP.

The U.P. sugar factories have paid Rs. 95/- per quintal for sugar season 2003-04, Rs. 107/- per quintal for the sugar season 2004-05 and currently paying Rs. 115 per quintal for the sugar season 2005-06, based on the prices announced by the U.P Government, which is also referred to as State Advised Price (SAP). Further the Bihar sugar factories paid SMP for the sugar season 2003-04. However most of the Bihar sugar factories have paid a contractual price of Rs. 95/- per quintal, higher than the SMP, for the sugar season 2004-05 and currently paying Rs.108 per quintal for the sugar season 2005-06 which is also higher than the SMP.

For the sugar seasons 2003-04 and 2004-05, the U.P State government has granted a total relief of Rs. 2.50 per quintal of sugarcane in form of Cane Purchase Tax and Society Commission, which is directly passed to the cane growers by including the same as part of the total SAP paid as mentioned above. However no such relief has been granted for the current season. The Bihar Government in order to provide incentive to sugar factories has allowed remission of purchase tax for the seasons 2005-06 to 2007-08.

There was a consecutive increase in the production of sugar from 182 lac tonnes in 1999-2000 to 201.40 lac tonnes in 2002-03, which was the highest ever production of sugar in a season in the country. Surplus production coupled with carry forward stocks led to depressed sugar prices. Depressed sugar prices, impacted the sugar mills performance which in turn led to accumulation of arrears of cane payment by the mills to the farmers. A combination of these factors and adverse climatic conditions in some of the major sugar producing states, particularly Maharashtra, Tamilnadu and Karnataka, led to a significant reduction in sugarcane output and consequently sugar production in the sugar season 2003-04 declined substantially to 139.95 lac tonnes. This trend continued for the sugar season 2004-05 and sugar production was 126.99 lac tonnes. The shortfall in production and reduction in carry forward stocks has led to firming up of sugar prices and positively impacted most sugar mills performances. The estimated production for current sugar season 2005-06 is likely to be 181 lac tonnes, which is also less than the estimated consumption.

The government earlier made it mandatory for the domestic oil refineries w.e.f. 1st October, 2003, the blending of fuel petrol with 5% of ethanol in nine States and 4 Union Territories. However due to non-availability of alcohol, on account of lower production of molasses (sugar), the Government has made the blending program, currently optional. However due to increase in crude oil prices, Government has initiated procurement of ethanol in 2005 from various distilleries including our distillery.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

In a Landmark judgment, the Honourable Supreme Court in its 3:2 majority judgment, dated 5th May, 2004 has upheld the right of U.P State Government to fix the State Advised Price (SAP) of sugarcane at levels higher than the SMP prescribed by the Central Government under the Sugar Cane (Control) Order, 1966, thereby setting aside the order of the Allahabad High Court which had held SAP to be untenable. As regards other States, like Bihar, Punjab, Haryana, the orders of the respective High Courts have been set aside and the writ petitions have been remitted back to the respective High Courts for fresh consideration in accordance with the applicable laws of those states. The U.P. Industry, subsequently filed the review petition, but the same was also dismissed.

After the judgement of the Supreme Court, the UP State Government has announced SAP for the sugar season 2002-03 and 2003-04, with retrospective effect.

As a result, Upper Ganges, like the rest of the UP sugar mills have made a payment of Rs. 3326.40 lacs towards the arrears on account of differential prices of cane for the seasons 1996-97, 2002-03 and 2003-04 and the same has been paid and accounted for in our audited financial results for the year ended June 30, 2005.

The Government of India has recognized the fact that the Industry shackled with multiple controls needs to be revitalised. With this objective a high powered committee under the Chairmanship of then Food Secretary, Shri S K Tuteja have been formed to suggest the measures for the revitalization of the sugar industry. The Tuteja committee has submitted its report and some of the major recommendations are as under:

1. The Central Government may dispense with the monthly release mechanism for free sale sugar w.e.f. 1st October, 2005.
2. The minimum radial distance, (as the crow flies) between an existing sugar factory and a new factory should be 25 Kms, in place of the present 15 Kms.



3. Rate of Interest on existing loans from SDF may be pegged at 2% points below the prevailing bank rate.
4. Expansion of the sugar factory upto 10,000 TCD may be deemed as modernization for the purpose of loans from SDF.
5. Oxgenation of gasoline may be made compulsory. The Central Government may strictly implement its long term policy for blending of Petrol with ethanol.

The government has accepted the Tuteja Committee recommendations and part of the recommendations relating to SDF have been announced and implemented. The government is further expected to announce a formal policy based on the same, going forward.

SIGNIFICANT ECONOMIC CHANGES

The management does not foresee any significant economic changes concerning the Sugar Industry in the immediate future, which might have an impact on the profitability or operations of the Company, other than the changes in government policies, changes in demand / supply of sugarcane and such other changes which are in usual course of business.

KNOWN TRENDS OR UNCERTAINTIES

Sugar and Tea are cyclical industries and sugar is dependent to a large extent on the availability of sugarcane. Also, the output of sugar and tea, both being agro-based products are influenced by climatic conditions. The Company has diversified into alcohol, ethanol, tea and bio-compost to achieve value addition and reduce dependence on its core product "sugar".

FUTURE RELATIONSHIP BETWEEN COSTS AND REVENUES

In sugar industry, costs depend upon sugarcane prices, which account for about 70% of the costs. The revenue depends on Government policies relating to sugarcane pricing as well as free sale quotas, international markets, and availability of sugar. The Company's future sale prices will be determined by the demand-supply situation, government policies and sugarcane availability and prices.

TURNOVER FROM THE COMPANY'S MAJOR INDUSTRY SEGMENTS

The Company operates in the three industry segments namely Sugar, Industrial Alcohol/Ethanol and Tea. The contribution of these divisions to the total turnover of the Company is as under :

Division	Sales for the year 2004-05 (Rs. in lacs) *
Sugar	32354.38
Industrial Alcohol/Ethanol	1975.05
Tea	780.65
Others	408.91
Total	35518.99

*(net of Inter-segment sales, excise duty and cess – as per restated accounts)

STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCTS OR BUSINESS SEGMENTS

We plan to set-up co-generation power plant for captive use as well as for exports. For further details on our expansion plans, please refer to the section titled "Business Strategy" on page no. 38 of this Letter of Offer.

SEASONALITY OF THE BUSINESS

Sugar production is dependent on the availability and quality of cane. To some extent, sugarcane is a weather resistant crop and is unaffected by moderately high or low rainfall. However, any drastic changes in climatic conditions may impact sugarcane crop and hence sugar production.



COMPETITIVE CONDITIONS

While our Company, The Upper Ganges Sugar and Industries Limited is one of the operationally profitable producers of sugar in India, we are consciously working towards reducing overall borrowing costs, in order to increase its profitability. The Company also uses its by-products-molasses for alcohol and ethanol production to obtain sustainable profits. The Company is not dependent on a single or few suppliers or customers.

SIGNIFICANT DEVELOPMENTS SINCE THE DATE OF LAST FINANCIAL STATEMENT

There are no other material developments after the date of the latest balance sheet save and except as stated below, that are likely to materially affect the performance and the prospects of the Company.

Unaudited Financial results for the period are January 1, 2006 to March 31, 2006 as mentioned below:

PARTICULARS	(Rs. in lacs)
	01.01.2006 to 31.03.2006
1. Gross Sales /Income from operation	11826.56
Less : Excise Duty	775.48
Net Sales/Income from operations	11051.08
2. Increase/(Decrease) in stock in trade	7508.40
3. Other Income	30.56
	18590.04
4. Total Expenditure	
a) Consumption of raw materials	13640.21
b) Purchase of semi finished/trading goods	179.88
c) Staff cost	976.86
d) Stores, Spares & Packing materials consumed	740.11
e) Other expenditure	560.33
	16097.39
5. Interest (net)	383.68
6. Profit before depreciation, exceptional items & tax	2108.97
7. Depreciation	239.23
8. Exceptional Items	
a) Expenses	—
b) Income	—
9. Profit before tax	1869.74
10. Provision for Taxation	
a) Current Tax	(214.21)
b) Fringe Benefit Tax	4.04
c) Deferred Tax Liability	1080.84
11. Net Profit	999.07
12. Paid-up Equity Share Capital (Face value per share Rs. 10)	700.44
Share Capital Suspense	—
13. Reserves excluding Revaluation Reserves	
14. Basic/Diluted earning Per Share (Rs.) (Not annualized)	
After Exceptional Items	14.26
Before Exceptional Items	14.26



(in Rs. Lacs)

For the quarter ended March 31, 2006

1. Segment Revenue	
a) Sugar	9894.42
b) Alcohol	959.99
c) Tea	276.82
d) Others	180.20
Total	11311.43
Less : Inter Segment Revenue	26.35
Net Sales / Income from operations	11051.08
2. Segment Results	
Profit before interest and tax	
a) Sugar	2031.89
b) Alcohol	307.78
c) Tea	56.74
d) Others	0.30
Total	2396.71
Less :	
i) Interest	383.68
ii) Other un-allocable expenditure net of un-allocable income	143.29
Total Profit before Exceptional Items & Tax	1869.74
Less : Exceptional Items	
a) Expenses	—
b) Income	—
Total Profit before Tax	1869.74
3. Capital Employed (Segment Asset-Segment Liabilities)	
a) Sugar	29036.00
b) Alcohol	3081.83
c) Tea	980.91
d) Others	17.49
Total	33116.23



CHAPTER VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults, non payment of statutory dues, over dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders to any debentures, bonds or fixed deposits issued by the Company (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956).

I. LITIGATION AGAINST THE COMPANY

A. Labour Law Cases:

1. There are 4 cases of reinstatement of employees filed against the Company imposing a liability of around Rs.9.75 lakhs. Further, there are 29 cases of reinstatement of employees/claiming regular (permanent) employment(amount is not ascertainable in these cases).
2. Other than the above there is a case filed by Mr. Sukh Lal Singh & others, contract labourers, who have claimed outstanding dues under the provisions of Payment of Wages Act, 1936. The Assistant Labour Commissioner, Bijnor has passed an award for payment on wages to the tune of Rs. 1.27 lakhs. The Company has filed an appeal (Appeal No.74/2002) in the District Court, Bijnor. The amount awarded by the Commissioner has been deposited before in the District Court, Bijnor.

B. Criminal Cases

Seohara Sugar unit

Sr. No.	Name of the Complainant	Court where Pending & Suit/Petition No.	Amount involved (Rs in Lakhs)	Nature of the Cases, particulars and Current Status
1.	Sunil Kumar Kaushik	Chief Judicial Magistrate Bijnor. The said matter is pending filing of Charge sheet.	NIL	One Mr. Sunil Kumar Kaushik, was a seasonal clerk. He was made permanent w.e.f. 01.11.95. However, he filed a criminal complaint against the Executive President of the Company Mr. B K Malpani before CJ Magistrate, Bijnor that he has deliberately tampered with the attendance register with regard to the attendance of the Complainant. The Magistrate has issued an ad-interim order dated 27.11.1997 and ordered the Dept. of Police to carry out investigation under section 156(3) of Criminal Procedure Code against the Accused. The operation of said order was stayed by the Allahabad High Court in Writ Petition No. 176/1998 filed by the Company vide order dated 16.1.1998.
2.	State of Uttar Pradesh through Assistant Cane Commissioner, Bijnor	Chief Judicial Magistrate Bijnor 317/1997	NIL	The Assistant Cane Commissioner, Bijnor filed a Criminal Complaint against the Company alleging that the Company has tagged the Cash credit limits at lower percentage in Sugar season 1996-1997. The Chief Judicial Magistrate issued process against which the Company has filed a petition in the Allahabad High Court. The said order is stayed by the Hon'ble Allahabad High Court Order dated 17.11.1998 in Writ Petition 1350/1998.



Seohara Distillery unit

Sr. No.	Name of the Complainant	Court where Pending & Suit/Petition No.	Amount involved (Rs. in Lakhs)	Nature of the Cases, particulars and Current Status
1.	State of Uttar Pradesh & Others	Ist Additional Chief Judicial Magistrate, Bijnor 1616 of 1990	NIL	The District Excise Officer, Bijnor has filed a case under sections 64/68 of the UP Excise Act in connection with non delivery of Rectified Spirit against allotment order dated 26.6.1989 of the Excise Commissioner Allahabad. The said Complaint is stayed by the order of Hon'ble Allahabad High Court by its order dated 7.2.1991 in C. M. A No. 1895/1991.

Bharat Sugar Mills

Sr. No.	Name of the Complainant	Court where Pending & Suit/Petition No.	Amount involved (Rs. in Lakhs)	Nature of the Cases, particulars and Current Status
1.	State of Bihar	SDJM Gopalganj Case No. 124/05 & 126/05	NIL	The Bihar State Pollution Control Board through its Member Secretary filed Criminal Complaints (24(M)/1987 and 33(M)/1998) under Water (Prevention and Control of Pollution) Act, 1974 against Bharat Sugar Mills (a unit of the Company) before SDJM, Patna. The said cases were transferred to SDJM Gopalganj for trial The Company has filed Petitions (CWJC 21109/05 and 21998/05) before the Patna High Court. The High Court has by its order dated 31.3.2006 stayed the proceeding pending before SDJM Gopalganj.
2.	State of Bihar	Chief Judicial Magistrate Gopalganj C.C. No. 2065/05	NIL	This is a Complaint pending against one Mr. P R Gupta the Security person of Bharat Sugar Mills for firing a gun in the air to disperse the agitated cane growers. The case is pending for hearing
3.	State of Bihar	Chief Judicial Magistrate Gopalganj CC No. 23/05	NIL	The Cane Officer Gopalganj filed a criminal complaint against Mr. B K Sureka of Bharat Sugar Mills for purchasing excess quantity of cane as against quantity allotted by the Cane Commissioner in sugar season 1999-2000 under the provisions of Bihar Sugar Cane (Regulation of Supply and Purchase) Act, 1981. The Court had taken cognizance of the said complaint. Against this order the Company filed petition before the Patna High Court (W.P. No. 22561/2000). The Patna High Court stayed the said proceeding before CJM, Gopalganj by its order dated 14.3.2002.



Sr. No.	Name of the Complainant	Court where Pending & Suit/Petition No	Amount involved (Rs. in Lakhs)	Nature of the Cases, particulars and Current Status
4.	State of Bihar	CJM Gopalganj CC No. 27/05	NIL	The Cane Officer Gopalganj has filed a Complaint against Mr. Dhurka of Bharat Sugar Mills for issuing receipts to the cane growers without indicating the cane price during the sugar season 1999-2000. The matter has been compounded and the Cane Officer has applied for the withdrawal of the Complaint.
5.	State of Bihar	CJM Gopalganj 65/05	NIL	The Factory Inspector has filed a complaint against Mr.G.Dhurka of Bharat Sugar Mills for non- keeping of ambulance as per Factories Act 1948 in the year 2003. The Court had taken cognizance of the said complaint by order dated 26.04.2003. The Company filed a Petition (CWJC 12889/03) before the Patna High Court against that order and the matter is still pending.

***New India Sugar Mills**

Sr. No.	Name of the Complainant	Court where Pending & Suit/Petition No.	Amount involved (Rs. in Lakhs)	Nature of the Cases, particulars and Current Status
1.	Ganesh Thakur vs Shambhu Singh	ACJM Rosera CR No. 87/1999	NA	The Complainant has filed a complaint against the field officer of the Company for manhandling in the factory premises and causing loss of Rs 8500 to the Complainant.
2.	Ram Pirey Prasad Singh vs Ram Nandan Pathak	JMFC, Rosera TR No. 147/1997	NA	The Complainant has filed a complaint against then field officer of the Company for manhandling in the factory premises.
3.	Bihar State Pollution Control Board Vs Upper Ganges Sugar & Industries Ltd (New India Sugar Mills)	SDJM, Samastipur Case No. 32 (M) of 1998/ T R no. 984/2004	NA	The Bihar State Pollution Control Board through its member secretary filed criminal complaint u/s 41, 43 & 44 under the Water (Prevention Control of Pollution) Act, 1974 against New India Sugar Mills (a unit of the Company) before SDJM Patna. The said case was transferred to SDJM Samastipur.

C. Civil Cases

Seohara Sugar Unit

Sr. No.	Parties	Court where Pending Suit/Petition No.	Amount involved (Rs. In lakhs)	Nature of the Case and particulars
1.	State Trading Corporation of India Limited (STC) vs. Upper Ganges Sugar and Industries Limited and others	High Court, Delhi FAO(OS) 53 of 1986	Rs. 18.33 Lakhs	Pursuant to a dispute arising out of a contract entered into by the Company (for its units namely Seohara Sugar Mills & New India Sugar Mills) with STC, in connection with loss incurred by the Company for non lifting of



Sr. No	Parties		Amount involved (Rs. In lakhs)	Nature of the Case and particulars
				sugar, an arbitration award was passed in favour of the Company. Thereafter STC filed an appeal before Delhi High Court. The Delhi High Court by its order dated 09.02.87 directed STC to deposit the decretal amount in Court within a period of 4 months. Further, the High Court permitted the Company to withdraw the amount subject to our Company furnishing Bank Guarantee for the amount so availed. The Bank Guarantee has been furnished by our Company.
2.	Labour Enforcement Officer, Moradabad vs Upper Ganges Sugar and Industries Limited	Prescribed Authority under the Payment of Wages Act and Asst Labour Commissioner, Moradabad	Rs 33.02 Lakhs	The Labour Enforcement Officer, Moradabad conducted an inspection of the Kanth, Cane Purchase Center of the Company. He allegedly noticed certain irregularities in under the provisions of the Payment of Wages Act to the tune of Rs 3 Lakhs. He has also claimed compensation 10 times the claim amount. The matter is pending for hearing.

Seohara Distillery Unit

Sr. No.	Parties	Court where Pending Suit/Petition No.	Amount involved (Rs. In lakhs)	Nature of the Case and particulars
1.	State of Uttar Pradesh & Others Vs. Upper Ganges Sugar and Industries Ltd.	Supreme Court of India Special Leave Petition (SLP) No. 16780/2005	Rs 3.11 lakhs	The Uttar Pradesh State Excise Authorities has filed a Special Leave Petition before the Supreme Court of India against an order dated 11.4.2005 passed by the Allahabad High Court in Writ Petition no. 906 of 1995 (M/B). The said Writ petition was filed by the Company challenging the notifications issued by the State Government under the U P Excise Act 1910. The Hon'ble High Court by its order quashed the demand by the State Excise Authority on loss of rectified spirit in transit due to accident. During the pendency of the said writ petition the demand amount was deposited by the Company. The Supreme Court by its interim order dated 22.8.2005 has issued notice to the Respondents and stayed the operation of the judgment and order passed by the Allahabad High Court.
2.	The Ganganagar Sugar Mills Ltd Vs. Upper Ganges Sugar Industries Limited	Calcutta High Court Civil Suit No. 82 of 1980	Rs 9.33 lakhs	The Plaintiff has filed a recovery suit against the Company for recovery of Export duty along with the interest @18%. The Plaintiff had earlier paid Rs 9.33 Lakhs to



Sr. No	Parties	Court where Pending Suit/Petition No	Amount involved (Rs. In lakhs)	Nature of the Case and particulars
				<p>the Company as duty on rectified spirit during the year 1974-75 & 1975-76. The Company had deposited the said duty with the State Excise Commissioner. The Company thereafter challenged the said applicability of duty on the rectified spirit before the Allahabad High Court and succeeded. The Company then sought & received refund of the said duty deposited.</p> <p>The Company has settled the issues with the Plaintiffs and have paid the due amount to the Plaintiff. The Plaintiff has informed its advocates to withdraw the said suit. The matter is now pending for withdrawal.</p>

Bharat Sugar Mills

Sr. No.	Parties	Court where Pending Suit/Petition No.	Amount involved (Rs. In lakhs)	Nature of the Case and particulars
1.	State of Bihar Vs Upper Ganges Sugar and Industries Ltd. (Bharat Sugar Mills)	Certificate Officer Gopalganj Case No. 2/02-03, 7/02-03, 11/02-03, 15/02-03	Rs 7.39 lakhs	The Cane Officer, Gopalganj has filed recovery proceeding against Bharat Sugar Mills for interest amount due on late filing and depositing of cane tax under section 49(1) of the Bihar Sugarcane (Supply & Purchase) Act, 1981 for the season 1984-85 to 1989-90, 1990-91, 2000-2001 and 2001-02 before the Certificate Officer under the provisions of Bihar & Orissa Public Demand Recovery Act, 1914. The Certificate officer has issued demand notice. The Company has filed its objections as the demand is time barred and Cane Officer is not empowered in Section 49 of the Cane Act, 1981 to raise this demand as public demand.

****New India Sugar Mills (A Unit of Upper Ganges Sugar and Industries Ltd)***

Sr. No.	Parties	Court where Pending Suit/Petition No.	Amount involved (Rs. In lakhs)	Nature of the Case and particulars
1.	Upendra Mahto vs Upper Ganges Sugar & Industries Ltd (New India Sugar Mills)	Civil Court Rosera Civil Case Money Suit No. 1/2002	Rs 0.21 lakhs	The Plaintiff has filed a money suit for recovery of damages on account of sugar cane not purchased by the Company during the season 2000-01 & 2001-02. The Company has filed the reply and the matter is pending hearing.



Sr. No	Parties	Court where Pending Suit/Petition No	Amount involved (Rs. In lakhs)	Nature of the Case and particulars
2.	Nageshwar Maharaj vs Upper Ganges Sugar & Industries Ltd (New India Sugar Mills)	District Court Samastipur Misc Appeal No. 5/2000	Not ascertainable	The Appellant had filed an appeal challenging the order passed by the Civil Judge Rosera, wherein the suit filed by the Appellant for restraining the Company from vacating the quarters occupied by the Appellant. The appeal is pending.
3.	The State of Bihar vs Upper Ganges Sugar & Industries Ltd (New India Sugar Mills)	Certificate Officer, Samastipur Case No. 1,4,5/2002-03.	Rs 1.89 lakhs	Cane Officer, Samastipur filed recovery of interest amount on late depositing of cane tax under section 49(1) of the Bihar Sugarcane (Supply & Purchase) Act, 1981 for the Sugar seasons 1980-81 to 1986-87 1991-92 and 1994-95 to 1998-99 and before Certificate Officer, as public demand. Certificate Officer, Samastipur issued demand notice for payment. The Company has filed objection as the demand is time barred and Cane Officer is not empowered under Section 49 of the Cane Act, 1981 to raise this demand as public demand.

D. Motor Accident Claims

There are 4 cases pending before the Motor Accident Claim Tribunals at Meerut/ Bijnor in which the Company is one of the Respondents. The aggregate amount claimed under these cases is Rs 49.75 lakhs.

E. Cane Reservation Centre's

There are 2 appeals and 2 writ petitions pending before the Appellate Authority & Allahabad high Court respectively against the Company with respect to the reservation/assignment of cane centers in favour of the Company under the provisions of the UP Sugarcane (Regulation of supply and purchase) Act 1953.

II. LITIGATION BY THE COMPANY

A. Criminal Cases

Seohara Sugar unit

Sr. No.	Name of Respondent	Court where Pending Suit/Petition No.	Amount involved (Rs)	Nature of the Cases & particular
1.	State of Uttar Pradesh	Allahabad High Court Writ Petition No. 176/1998	Not ascertainable	This is the Petition filed under section 482 of Cr P C challenging the order passed by the Chief Judicial Magistrate issuing directions to conduct investigation under section 156 (3) of Cr P C against Mr. B K Malpani Executive President of the Company. The Hon'ble High Court has stayed the proceeding of the lower court by its order dated 16.1.1998.
2.	State of Uttar Pradesh	Allahabad High Court Writ Petition No. 1350/1998	Not ascertainable	This is the Petition filed by the Company against the order dated 27.4.1998 passed by the Chief Judicial Magistrate Bijnor, issuing process against the Company in the



Sr. No	Name of Respondent.	Court where Pending Suit/Petition No	Amount involved (Rs)	Nature of the Cases & particular
				Complaint filed by the Assistant Cane Commissioner, Bijnor before the CJM, Bijnor. It was alleged by the Asst Commissioner that the Company has tagged the Cash Credit limit at lower percentage in sugar season 1996-1997. The Hon'ble High Court stayed the said proceeding by its order dated 17.11.1998.

Bharat Sugar Mills

Sr. No.	Name of Respondent	Court where Pending Suit/Petition No.	Amount involved (Rs.)	Nature of the Cases & particular
1.	State of Bihar	Patna High Court Writ Petition No. 12889/03	Not ascertainable	This is the Petition filed under section 482 of the Criminal Procedure Code filed by the Company (Bharat Sugar Mills) against the State of Bihar for quashing of the Criminal complaint filed against Bharat Sugar Mills by the Factory Inspector for non compliance of the rules under the Factories Act before the CJM at Gopalganj.
2.	Guddu Singh & Others	246/01 CJM Gopalganj	Not ascertainable	The matter relates to assault (man handling) of the Company's Sr. Officer by the Respondent. First Information Report was filed on 21.12.2001. The Dept of Police carried out the investigation and submitted the charge sheet in Court. The Court has taken cognizance against the Respondent
3.	The State of Bihar	Patna High Court Writ Petition No. 21109/2005 & 21998/05	Not ascertainable	This is the Petition filed under section 482 of the Criminal Procedure Code filed by Bharat Sugar Mills against the Bihar State Pollution Control Board for quashing of the Criminal complaints filed against Bharat Sugar Mills, a unit of the Company before the SDJM at Gopalganj. (Case No. 124 /05 & 126 /05)
4	The State of Bihar	Patna High Court Writ Petition No. 22561/2000	Not ascertainable	This is the Petition filed under section 482 of the Criminal Procedure Code filed by Bharat Sugar Mills, a unit of the Company against the Cane Commissioner for quashing of the Criminal complaint filed against B K Sureka of Bharat Sugar Mills before the CJM Gopalganj (CC No. 23/05). The Hon'ble High Court had stayed the proceeding before the lower court by its order dated 14.3.2002.



B. Sales Tax Cases

Seohara Sugar Unit (A unit of Upper Ganges & Industries Ltd.)

Sr. No.	Authority/Court	Amount Involved (Rs.) (in lakhs)	Nature of the Case and particulars
1.	Allahabad High Court	Nil	The Company has challenged the validity of the imposition of the CST on bagasse. During the A.Y. 2000-01 the Trade Tax Authorities raised the demand on sale of bagasse to the parties situated in the newly formed state of Uttaranchal w.e.f. 10.11.2000. The demand ultimately was confirmed by Trade Tax Tribunal Moradabad and the same was deposited by the company under protest and charged to expenses.
2.	Trade Tax Tribunal Muradabad Appeal No. 295/05	Not ascertainable	The Company has filed an appeal before the Trade Tax Tribunal, Muradabad against the order of Jt. Commissioner (Appeals) upholding the CST demand raised by the assessing officer for A.Y.2001-02 on bagasse along with interest. The Jt Commissioner (Appeals) however, upheld the demand but remanded the matter with regards to computation of interest. The original demand has been paid under protest and charged to expenses.
3.	Trade Tax Tribunal Muradabad	Not ascertainable	The Company has challenged the order passed by the Joint Commissioner (Appeals) Bijnor wherein the Jt Commissioner has upheld the demand raised by the assessing officer for A.Y.2002-03 demanding CST on sale of bagasse along with interest. However, the original demand has been paid by the Company under protest and charged to expenses.
4.	Trade Tax Tribunal Muradabad	Nil	The Company has challenged the order passed by the Joint Commissioner (Appeals) Bijnor upholding the demand raised by the Trade Tax Authority for the AY 2002-2003 on sale of old Trucks along with interest. However, the original demand has been paid by the Company under protest.
5.	Allahabad High Court	Rs. 21.60 lakhs	During the period November 1987 to April 1988 the Company purchased machinery worth Rs 265 Lakhs from Buckau Wolf India Ltd. and a Contract was given to them for erection of the same for Rs.5.00 Lakhs. The Trade Tax Department treated the total sum of Rs.270.00Lakhs as 'Works Contract' and demanded Works Contract Tax of Rs 21.60 Lakhs. The Company filed an appeal before the Allahabad High Court. The Hon'ble High Court by its interim order dated 1.6.90 has stayed the demand by directing the Company to pay 25% of the demand. The Company has complied with the interim order and the proceedings are pending final disposal.
6.	Jt Commissioner (Appeals) Trade Tax Bijnor	Rs 0.50 Lakhs	The Company has filed challenging the ex-parte order dated 25-2-2006 received by the Company on 25-3-2006 passed by the Dy. Commissioner Assessment Trade Tax Dhampur imposing the Sales tax for the year 1976-77 as against the refund application filed by the Company of Rs 1.75 lacs.



Sr. No	Authority/Court	Amount Involved (Rs.) (in lakhs)	Nature of the Case and particulars
7.	Jt Commissioner (Appeals) Trade Tax Bijnor	Not ascertainable	The Company has challenged the order passed by the Dy Commissioner Assessment Trade Tax Dhampur wherein the Dy Commissioner has raised demand for A.Y.2003-04 demanding CST on sale of bagasse along with interest. However, the original demand has been paid by the Company under protest and charged to expenses.
8.	Jt Commissioner (Appeals) Trade Tax Bijnor	Not ascertainable	The Company has challenged the order passed by the Dy Commissioner Assessment Trade Tax Dhampur wherein the Dy Commissioner has raised demand for A.Y.2003-04 demanding Sales Tax on purchase of sand from unregistered dealers and sale of old vehicles etc with interest. However, the original demand has been paid by the Company under protest and charged to expenses.
9.	Jt Commissioner (Appeals) Trade Tax Bijnor	5.68 Lakhs	The Company has challenged the order passed by the Dy Commissioner Assessment Trade Tax Dhampur wherein the Dy Commissioner has raised demand for A.Y.2003-04 demanding Entry Tax on sale of sugar. The Jt Commissioner Appeal has stayed the demand to the extent of Rs 4.00 Lakhs and the balance amount of Rs 1.68 lakhs has been deposited by the Company under protest.

Cinnatolliah Tea Garden

Sr. No.	Authority/Court	Amount Involved (Rs.) (in lakhs)	Nature of the Case and particulars
1	Joint Commissioner of Taxes, Assam	Rs. 8.46 lakhs	The Company has challenged the imposition of Central Sales Tax for AY 1999-2000 on rejection of Form F by the Superintendent of Taxes North Lakhimpur. The Company has deposited a sum of Rs 0.37 Lakhs with the authorities.

C. Civil Cases

Seohara Distillery Unit

Sr. No.	Name of the Respondent/Defendant	Court where Pending Suit/Petition No.	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
1.	Upper Ganges Sugar & Industries Ltd vs. Andhra Pradesh Government Power Alcohol Factory	Andhra Pradesh High Court. Civil Misc Petition No. 3202 of 1991	Rs 2.55 lakhs	The Company has filed the said writ petition against Andhra Pradesh Government Power Alcohol Factory. The Respondent had filed a recovery Suit No. 50/83 before Additional Chief Judge, City Civil Court, Secunderabad, against the Company for recovery of Export Duty of Rs. 1.68 lakhs along with interest. The Respondent earlier paid the said amount to the Company in 1973-74 while taking the delivery of Rectified Spirit and the Company deposited the same with the State Excise Authorities. On challenging the applicability



Sr. No	Name of the Respondent / Defendant	Court where Pending Suit/Petition No	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
				of the provisions related to export duty, the Hon'ble Allahabad High Court in its order dated 31.01.1977 declared the said duty as illegal and allowed the refund to the Company, thereafter, the party demanded the refund of the said duty. The Additional Chief Judge, Civil Court Secunderabad in its decree and judgment dated 18.11.1989 has directed the Company to refund the said amount along with the interest @ 18% p.a. The Company subsequently filed an Appeal before High Court of Andhra Pradesh Hyderabad challenging the said Judgment and decree. The Hon'ble Court in its interim order dated 16.3.1991 has stayed half the decreed amount.
2.	Upper Ganges Sugar Industries Limited vs. Additional Excise Commissioner U P Allahabad	Allahabad High Court Writ Petition (Tax) No. 14/2006	Rs 2.94 lakhs	The Company has filed an appeal before the Hon'ble High Court challenging the order 28.9.2005 passed by the Principal Excise Secretary Government of UP wherein the demand raised by U P State Excise Authorities on loss of rectified spirit on its way to Siliguri due to accident has been confirmed. The Hon'ble High Court in its order dated 5.1.2006 granted an interim stay to the Company subject to furnishing of the Bank guarantee for the equivalent amount of the demand raised by the authorities. However the department has recovered the said amount from the company.
3.	U.P Distillers Association & Others vs. State of Uttar Pradesh & Others	Allahabad High Court Writ Petition No. 1084/(M/B) of 1996	Nil	The Company through Uttar Pradesh Distillers Association has challenged the applicability of the provisions with regards to export permit fees imposed on the supply of Industrial alcohol out of U.P. which the State Government has brought in by way of amendment in the Uttar Pradesh Transport & Possession of Denatured Spirit (Nineteenth Amendment) Rules 1996. The amount of export permit fees are deposited by the Company with the State excise authorities.
4.	Upper Ganges Sugar & Industries Limited vs. U P State Sugar Corporation Ltd Doiwala, Dehradun	Civil Judge Senior Division Dehradun Suit No. 407/1997	Rs 3.97 lakhs	The Company has filed a recovery suit for recovery of Rs 3.97 Lakhs along with interest. The said amount was paid by the Company as advance to the Respondent against purchase of Molasses in the year 1995 but a



Sr. No	Name of the Respondent / Defendant	Court where Pending Suit/Petition No	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
				part of the delivery could not be effected due to heavy rains. The Respondent had forfeited the said amount. Respondent has filed its written statement.
5.	Upper Ganges Sugar and Industries Limited vs. UP Pollution Control Board Lucknow.	Allahabad High Court Bench at Lucknow. Writ Petition No. 9278 of 1989	Rs 1.41 lakhs	The Company has challenged the order dated 7.8.1989 passed by the Appellate authority of the U P Pollution Control Board. The Respondent had raised a demand of Rs 4.37 Lakhs (including interest of Rs 1.56 Lakhs) towards water cess for the period from April 1978 to December 1988. The Company challenged the said demand. The Appellate Authority set aside the interest demand and confirmed the cess demand. The Company subsequently challenged the said order before Allahabad High Court. The Hon'ble High Court stayed half of the demand subject to Company furnishing bank guarantee as a security and directed the Company to pay the balance amount which has been paid.

Seohara Sugar Unit

Sr. No.	Name of the Parties	Court where Pending Suit/Petition No.	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
1.	Bihar Sugar Mills Association & Others Vs. Union of India & Others	Delhi High Court Letters Patent Appeal No. 609 of 2003	Rs 8.30 lakhs	Bihar Sugar Mills Association & Others (including the Company) filed before the Delhi High Court challenging the levy sugar price notification dated 13.04.1999 for the sugar season 1974-75, since the price notified for 1974-75 was fixed without taking into account the loss caused to sugar producers due to sugar sold at low interim price fixed on 28.11.1974. The said Writ Petition was dismissed. The Bihar Sugar Association & Ors have challenged the said order of the single judge dismissing the writ petition.
2.	Upper Ganges Sugar & Industries Ltd. Vs. Union of India & Others	Kolkata High Court C.R. No. 8384(W)/1983 & 9265 (W)/1983 Supreme Court of India Transfer Petition Nos. 143/1985 and 146/1985	Rs. 26.14 lakhs	The Central Government has allowed excise duty rebate during the sugar season 1981-82 & 1982-83 by way of various notifications which were subsequently amended by the Government and the same were challenged. The Kolkata High Court by its interim order has allowed excise duty rebate of Rs. 26.14 lakhs subject to furnishing of Bank Guarantee for equivalent amount. The Company has



Sr. No	Name of the Parties	Court where Pending Suit/Petition No	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
				filed Transfer Petitions no.143 and 146 /1985 before the Supreme Court of India and the said petitions were allowed by order dated 04.04.85. The matter is pending for hearing.
3.	Upper Ganges Sugar & Industries Ltd. Vs. State of UP	High Court of Allahabad Writ Petition No. 2308(M/B)/ 1986	Claim in Petition – Rs.182.83 lakhs	Our Company has filed a writ petition against the State of U.P., Secretary Excise & Others restraining the State from incorrectly levying and claiming to recover administrative charges on molasses produced by the sugar unit of the Company and transferred to its own Distillery for its own consumption. Our Company was granted stay against said recovery subject to furnishing of bank guarantee of Rs. 1 lakh. The Company has furnished the bank guarantee. Our Company has paid Administrative charges from 1.11.97 to 26.03.2005 under protest. Thereafter by an interim order dated 10.03.2005 the High Court extended the stay and permitted the Company to transfer the molasses from sugar unit to the Distillery without any imposition of administrative charges. Our Company has filed an appeal for refund of these charges which is pending

Bharat Sugar Mills

Sr. No.	Name of the Respondent / Defendant	Court where Pending Suit/Petition No.	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
1.	Upper Ganges Sugar & Industries Ltd (Bharat Sugar Mills) vs. Agriculture Produce Market Committee	Patna High Court First Appeal No. 414/ 1985	Rs 2.06 lakhs	The Market Committee Gopalganj issued demand notice for the period from 15-11-76 to 31-05-77 on sugarcane purchased by the Company. The Company filed Suit No.52 of 1978 in the Court of Sub-judge, Gopalganj and the Court ultimately dismissed Suit. The Company by this Appeal has challenged the judgment and decree dated 31.5.1985 passed by the Sub-judge Gopalganj dismissing the suit filed by the Company
2.	Bihar Sugar Mills Association & Others vs. State of Bihar & Others	Patna High Court Writ Petition (CWJC) No. 4613 of 2003	Not ascertainable	By Notification No. 137 dated 21.10.2002 Bihar Government notified that the electrical energy consumed or sold will be subject to electricity duty @ 6% value of the energy produced. The Petitioners (including the Company for its units namely Bharat Sugar Mills & New India Sugar Mills) filed a writ petition before the Hon'ble Patna High Court



Sr. No	Name of the Respondent / Defendant	Court where Pending Suit/Petition No	Amount involved (Rupees in Lakhs)	Nature of the Cases & particular
				challenging the said notification. During the pendency of the said petition, Government of Bihar issued another notification No. 14 dated 04.03.05 by which 6% duty will be charged on the value of energy which shall be equivalent to the energy tariff fixed by Bihar State Electricity Board. However, no demand/ notice has been received from the Authority till date. Petition has been admitted and is pending hearing.
3.	Upper Ganges Sugar & Industries Ltd (Bharat Sugar Mills & New India Sugar Mills) vs. Union of India	High Court of Calcutta Writ Petition No. 5045 (W) & 5046 (W) /1974	Rs. 45.81 Lakhs	The Company has for its Unit namely Bharat Sugar Mills & New India Sugar Mills has challenged the levy sugar price fixed for sugar season 1973-74 and the High Court, Calcutta by way of interim order has allowed additional levy price provided the Company furnished a bank guarantee. Accordingly the Company has furnishes a bank guarantee of Rs. 20.95 lakhs towards additional levy price.
4.	Upper Ganges Sugar & Industries Ltd (Bharat Sugar Mills) vs. Union of India	High Court, Patna CWJC/4452/1999	Rs. 46.51 lakhs	The Company had realized additional levy sugar price in terms of order dated 8.08.83 of the Delhi High Court for the sugar season 1982-83. Though the Company had refunded the said additional levy sugar price in terms of order dated 19.08.1998 of the Hon'ble Supreme Court, the Government of India through Ministry of Food and Consumer Affairs (Department of Sugar & Edible Oil) New Delhi through its letter dated 15.02.1999 raised the demand towards interest on the aforesaid additional amount. The said demand has been challenged by the Company in these proceedings. The said demand has been stayed by the High Court, Patna by its order dated 13.5.1999

***New India Sugar Mills**

S r No.	Name of the Party	Claim amount (Rs. in Lakhs)	Court/Forum/ Case number	Brief Particulars & Current Status
1	Upper Ganges Sugar & Industries Ltd (New India Sugar Mills) vs Asst Commissioner Leharía Sarai	1.44 lakhs	Patna High Court	The Company has challenged before the Patna High Court, the order passed by the ACGM Court Rosera, wherein the lower Court has confirmed the demand raised by the Asst Commissioner Leharía sarai against the destruction of molasses in August 1987 due to floods. The writ petition is pending for admission.



D: EXCISE LAW CASES

Seohara Sugar Unit

Sr. No.	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
1.	Assistant Commissioner, Moradabad	Disallowed modvat credit of Rs. 1.53 lakhs	Our company received a Show Cause Notice No. (17) (15) 32/ OFF /Adj/95/416 dated 22.01.95 stating that Credit taken by our Company on certain goods is inadmissible as such goods do not fall within the definition of 'admissible capital goods'. The Asst. Commissioner in its Order disallowed modvat credit of Rs. 1.53 lakhs and imposed penalty of Rs. 10,000. On an appeal by the Company, the Commissioner (Appeals) has remanded the case to the Asst. Commissioner for re-examination and de novo adjudication
2.	Commissioner (Appeals), Meerut (O.I.A. No. 10-CE/MRT-II/2004)	Duty demand – Rs. 0.26 lakhs Penalty – Rs. 0.45 lakhs Disallowed Modvat Credit – Rs. 1.45 lakhs	Our company received a show cause notice No. 20/UGS/97/580 dated 24.06.97 stating that Credit taken by the Company on certain goods is inadmissible as such goods do not fall within the definition of 'admissible capital goods' and also demanded duty on storage loss of sugar. The Asst. Commissioner in its Order-in-original No.69/ MBD/Dem/01-02 dated 16.4.02 confirmed duty of Rs.26350 and imposed penalty of Rs. 45,000 and disallowed modvat credit of Rs. 1.45 lakhs. This Appeal is filed by our Company against the order of Asst. Comm. dated 16.04.02. In the said appeal the Commissioner (Appeals) has admitted the appeal subject to pre deposit of Rs. 1,00,000. Penalty and demand of duty of Rs. 26,350 are stayed.
3.	Commissioner (Appeals), Meerut	Disallowed Modvat credit - Rs 2.40 lakhs	Our Company received a show cause notice No. 20/U.G.S/97/374 dated 4.06.98 stating that Credit taken by our Company on certain goods is inadmissible as such goods do not fall within the definition of admissible 'inputs'. The Asst. Commissioner in its order (O.I.O No. 75/MBD/99 dated 24.12.99) disallowed credit of Rs. 2.40 lakhs which was upheld by the Commissioner (Appeals). In the appeal (Appeal No. E/1016/03-NB (SM)) before the CESTAT, the matter has been remanded to the Commissioner (Appeals) for re-adjudication by the CESTAT's order No. A/1417/03 dated 17.11.2003
4.	High Court of Allahabad	Rs. 0.31 lakhs	This Appeal is filed by our Company against the order of CESTAT dated 11.10.2004. Our company received a show cause notice No. 20/Seohara/SCN/ 99/490 dated 21.12.99 stating that Credit taken by our Company on certain goods is inadmissible as such goods do not fall within the definition of admissible 'capital goods'. The Dy. Commissioner in its order (O.I.O No. 37/MBD/2000 dated 5.10.2000) confirmed the show cause notice demand of Rs. 31,215 which was upheld by the Commissioner (Appeals) by its order dated 13.10.2003. The CESTAT has confirmed the demand by its order no. A/1399-1401/04/NB(SM) dated 11.10.04. Our Company has filed an appeal in the Allahabad High Court against the CESTAT order.



Sr. No	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
5.	High Court of Allahabad	Rs. 1.83 lakhs	<p>This Appeal is filed by our Company against the order of CESTAT dated 11.10.2004.</p> <p>Our Company received 3 show cause notice notices bearing Nos. 20/Seo/SCN/99/212 dated 14.03.02, No. 20/Seo/SCN/DPR/99/632 dated 6/07/02 and No. V(30) 21/DEM/2001/1513 dated 25/05/01 stating that Credit taken by the Company on certain goods is inadmissible as such goods do not fall within the definition of admissible 'capital goods'. A single order no. 39-42/MBD/DEM/01-02 dated 30.10.2001 was passed by the Asst. Comm. allowing the entire credit of Rs. 2,17,160. On an appeal by the Department, the Commissioner (Appeals) allowed Modvat credit to Rs. 14,000 and confirmed rest of duty demanded in the show cause notice. The CESTAT, on an appeal (Appeal No. E/3680/04, E/82/04 & E/83/04-NB(SM)) by the company, by its order dated 11.10.2004 has allowed credit of Rs. 20,000 and confirmed the balance demand of Rs. 1,82,624. Our Company has filed an appeal in the Allahabad High Court against the CESTAT order.</p>
6.	CESTAT, Delhi Appeal No. E/2548/05	Disallowed credit of Rs. 1.44 lakhs	<p>This Appeal is filed by our Company against the order of Commissioner (Appeals) dated 3.05.2005.</p> <p>Our Company received a show cause notice No. V(30)231/DEM/2001/5066 dated 3.07.02 stating that Credit taken by the Company on certain goods is inadmissible as such goods do not fall within the definition of admissible 'capital goods'. The Deputy Commissioner by its order disallowed credit of Rs. 1,51,198 and imposed penalty of 1,47,822 and interest. The Commissioner (Appeals) by order No. 62-CE/MRT-II/05 dated 3/5/2005 disallowed credit in respect of welding electrodes for Rs. 1.44 lakhs and set aside the penalty. Our Company has filed an Appeal No. E/2548/05 in CESTAT, Delhi. In the Interim order CESTAT has directed the Company to deposit the duty under dispute which has been paid. The Appeal is pending for final disposal.</p>
7.	CESTAT, New Delhi E/399/06-SN	Disallowed credit – Rs. 1.19 lakhs Penalty - Rs. 1.19 lakhs	<p>The Company has filed an appeal along with the application for stay before the CESTAT challenging the order passed by the Commissioner (Appeals) wherein the Commissioner (Appeals) has vide its order dated 19.10.2005 dismissed the Appeal filed by the Company. The Commissioner (Appeals) has upheld the order dated 17.02.2005 passed by the adjudicating officer Dy. Commissioner.</p> <p>Our Company received a Show Cause Notice No V(30)269/Dem/02/7779 dated January 3, 2003 stating that Credit taken by our Company on certain goods is inadmissible as such goods do not fall within the definition of admissible 'capital goods'. The Deputy Commissioner by its order-in-original no 212(3/03) Dem/03/05 dated 17.02.2005 disallowed credit of Rs. 1.19 lakhs and imposed penalty for an equal amount along with interest thereon.</p> <p>The CESTAT has by its stay order dated 18.4.2006 directed the Company to pre-deposit the duty of Rs 35000/- within four weeks and has waived the pre-deposit of the payment of penalty amount till the disposal of the appeal.</p>



Sr. No	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
8.	CESTAT, New Delhi E/S/153-154/06	Disallowed credit – Rs. 1.66 lakhs Penalty – Rs. 2.94 lakhs	<p>The Company has filed the said Appeal along with the application for stay before the CESTAT challenging the order dated 23.11.2005 passed by the Commissioner (Appeals) Meerut wherein, the Commissioner (Appeals) has partly allowed the appeal filed by the Company allowing the credit of Rs 1.28 lakhs which was disallowed by the order dated 17.02.2005 passed by the adjudicating officer, Deputy Commissioner .</p> <p>Our Company received a Show Cause Notice No. V (30)376/Dem/02/99/ MBD-I/34/M-II/02 dated March 8, 2003 stating that Credit taken by our Company on goods such as Iron material, V. Belt Welding electrode etc. is inadmissible as such goods do not fall within the definition of ‘capital goods’ on which credit is admissible. The Deputy Commissioner by its order-in-original no 210(376)Dem/02/05 dated 17.02.2005 confirmed the show cause notice duty demand of Rs. 2.94 lakhs and imposed penalty for an equal amount along with interest thereon.</p> <p>The CESTAT has by its stay order dated 17.4.2006 directed the Company to pre-deposit the duty of Rs 100,000/- within four weeks and has waived the pre-deposit of the payment of penalty amount till the disposal of the appeal.</p>
9.	CESTAT New Delhi Appeal No. E/172/06/ NBS	Disallowed credit – Rs. 2.23 lakhs Penalty – Rs. 3.25 lakhs	<p>The Company has filed the said Appeal along with the application for stay before the CESTAT challenging the order dated 19.11.2005 passed by the Commissioner (Appeals) Meerut wherein, the Commissioner (Appeals) has partly allowed the appeal filed by the Company allowing the credit of Rs 1.02 lakhs which was disallowed by the order dated 17.02.2005 passed by the adjudicating officer, Deputy Commissioner.</p> <p>Our Company received a Show Cause Notice No. V(30)64/Dem/03 dated 29.8.03 stating that Credit taken by our Company on certain goods is inadmissible as such goods do not fall within the definition of admissible ‘capital goods/inputs’. The Dy. Commissioner by order-in-original no. 211(64/Dem/03/05) dated 17.02.05 confirmed demand of Rs.3.25 lakhs and imposed penalty of equal amount and interest.</p>
10.	CESTAT, Delhi (E/158/2005)	Disallowed credit – Rs. 7.87 lakhs Penalty – Rs. 8.66 lakhs	<p>This Appeal filed by our Company against the order of Commissioner (Appeals) dated 23.11.2004.</p> <p>Our Company received a Show Cause Notice V(30)374/Dem/02/306 dated 7.02.03 stating that Credit taken by the Company on certain goods is inadmissible as such goods do not fall within the definition of admissible ‘inputs’/ ‘capital goods’. By its order dated 31.12.2003, the Additional Commissioner confirmed duty demand of Rs. 8,65,902 and imposed penalty of equal amount along with interest thereon. In appeal the Commissioner (Appeals) by its order dated 23.11.04 confirmed duty demand of Rs. 7,86,731 and penalty of Rs. 8,65,902. Against this order the Company has filed an appeal no.E/158/2005 along with stay application before the CESTAT New Delhi. The CESTAT vide its order no.114/05-13 dated 15.02.2005 stayed the demand and penalty subject to pre-depositing Rs.1 lakh which has been duly complied with.</p>



Sr. No	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
11.	High Court of Allahabad (Appeal no.13/2004)	Rs.2.69 lakhs	<p>This Appeal filed by our Company against the order of CESTAT, New Delhi dated 28.01.2004.</p> <p>Our Company received a Show Cause Notice No. V(15)(17)143/Off/96/2555 dated 3.04.96 stating that Credit taken by the Company on certain goods is inadmissible as such goods do not fall within the definition of admissible 'capital goods'. By its order dated 17.07.02, the Asst. Commissioner confirmed duty demand of Rs. 2.74 lakhs and imposed penalty of Rs. 1,25,000. In on appeal preferred by the Company, the Commissioner (Appeals) confirmed duty of Rs. 2.74 lakhs and imposed a reduced penalty of Rs. 25,000. Our Company filed an appeal before CESTAT New Delhi challenging the order of the Commissioner (Appeals). The CESTAT vide its order no.A/187/04-NB(SM) dated 28.01.04 has allowed credit of Rs.5000 and confirmed the balance. The penalty was also set aside. The entire demand of Rs.2.69 lakhs was reversed by our Company under protest. Our Company has filed an appeal no.13/2004 with High Court Allahabad.</p>
12.	Commissioner (Appeals), Meerut (Appeal No. 47/CE/ Appeal/MRT/02) CESTAT New Delhi	Duty demand – Rs. 2.49 lakhs Penalty – Rs. 0.50 lakhs 0.33 lakhs	<p>This Appeal is filed by our Company against the order of Jt. Commissioner confirming duty demand of Rs. 2.49 lakhs and imposing penalty of Rs. 50,000.</p> <p>Our Company received Show Cause Notice No. V(15)off/Adj/Noida/67/02/5979 dated 22.03.02 as regards storage wastage of 4983.90 Qtls of molasses and demanding duty of Rs. 2.49 lakhs along with penalty and interest thereon. The Jt Commissioner confirmed the show cause notice duty demand and imposed penalty of Rs. 50,000. Our Company has filed an Appeal dated 2.9.02 to Commissioner (Appeals), Meerut. The order is awaited.</p> <p>Our Company has also filed applications for remission of duty on molasses wastage. The Commissioner, Meerut vide order no.01/Comm/MRT-II/2003 dated 10.11.2003 has rejected the remission application and confirmed the duty of Rs.0.33 lakhs on part of the quantity covered under above application.</p> <p>An appeal no.E/810/NB dated 15.10. 2004 was filed before CESTAT New Delhi challenging the order of the Commissioner Excise, Meerut.</p> <p>The CESTAT New Delhi vide its order no.A/1404/04/NB dated 9.9.2004 has remanded the matter to Commissioner for fresh decision.</p> <p>The Commissioner by its order dated 24.10.2005 has rejected the remission application and confirmed the duty of Rs 0.33 lakhs. The Company has filed an appeal before the CESTAT on 23.1.2006. The same is pending for the hearing.</p>



Sr. No	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
13.	Commissioner (Appeals), Meerut (Appeal No.11/04) CESTAT, New Delhi	Duty Demand – Rs. 1.54 lakhs Rs. 0.35 lakhs	<p>This Appeal is filed by our Company against the order of Deputy Commissioner confirming duty demand of Rs. 1.54 lakhs along with interest.</p> <p>Our Company received a Show Cause Notice No. 20/Seo/SCN/99/488 dated 17.12.99 as regards wastage of 3074.07 Qtls of molasses and demanding duty of Rs. 1.54 lakhs. The Deputy Commissioner confirmed the show cause notice duty demand and imposed interest thereon. Against the order of the Deputy Commissioner the Company has filed an Appeal (no.11/04) to Commissioner (Appeals), Meerut dated 23.01.04. The order is awaited.</p> <p>Our Company has also filed applications for remission of duty on molasses wastage. The Commissioner, Meerut vide its order no.01/Comm/MRT-II/2003 dated 10.11.2003 has rejected the remission application and confirmed the duty of Rs.0.35 lakhs on part of the quantity covered under above application.</p> <p>An appeal no.E/810/NB dated 15.10. 2004 was filed before CESTAT New Delhi, challenging the order dated 10.11.2003</p> <p>The CESTAT New Delhi vide its order no.A/1404/04/NB dated 9.9.2004 has remanded the matter to Commissioner for fresh decision. The Commissioner by its order dated 24.10.2005 has rejected the remission application and confirmed the duty of Rs 0.35 lakhs. The company has filed an appeal before the CESTAT on 23.1.2006. The same is pending for the hearing.</p>
14.	Additional Commissioner (Meerut)	Duty Demand – Rs. 17.06 lakhs	<p>The Company had filed an Appeal before the Commissioner (Appeals) Meerut against the order of Additional Commissioner confirming duty demand of Rs. 17.06 lakhs along with interest.</p> <p>Our Company received Show Cause Notice No. 20/UGS/95/410 dated 6.06.95 as regards duty on 20,076 Qtls of sugar lost due to fire and demanding duty of Rs. 17.06 lakhs. The Additional Commissioner by its order in original dated 30.6.2005 received by the Company on 12.1.2006 confirmed the duty demand in the show cause notice. The Company has filed an appeal against the said order before the Commissioner (Appeals). Our Company has filed a remission application before the Commissioner Meerut which is still pending for final disposal.</p> <p>The Commissioner Appeals by its order dated 28.4.2006 remanded the matter to additional Commissioner.</p>
15.	CESTAT, New Delhi	Demand for redemption – Rs. 30.00 lakhs Duty demand – Rs. 4.74 lakhs Penalty – Rs. 5.00 lakhs	<p>The Company in process of filing an appeal before the CESTAT challenging the order dated 30.11.2005 passed by the Commissioner (Appeals) upholding the order passed by the Asst. Commissioner. Our Company received a Show Cause Notice No. V (30) Seiz/off/28/2002/4990 dated 28.06.02 alleging discrepancy in season wise sugar stocks. The Asst Commissioner by order No. 135/MBD/AUG dated 11.8.2005 has confiscated 5577 Qtls of sugar</p>



Sr. No	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
			<p>providing for redemption opportunity to our Company by paying Rs 30 lakhs and demanding duty of Rs. 4.74 lakhs. The Asst Commissioner has further imposed penalty of Rs. 5 lakhs and interest thereon.</p> <p>The CESTAT has by its stay order directed the Company to pre-deposit the duty of Rs 4 lakhs and has waived the pre-deposit of the payment of penalty amount till the disposal of the appeal.</p>
16.	CESTAT, New Delhi E/1280-84, 1370/2006	Disallowed credit of Rs 16.10 lakhs Penalty Rs 16.10 lakhs	<p>The Company has filed the appeal against the order dated 30.1.2006 passed by the Commissioner (Appeals) Meerut. The Company has received 7 show cause notice stating that the credit of Rs 17.83 lakhs availed by the company on certain items are not admissible as such goods do not fit within the definition of capital goods or inputs.</p> <p>Asst. Commissioner Muradabad has allowed part of Appeal by Rs 1.73 lakhs and confirmed the balance show cause notice demand duty of Rs 16.10 lakhs and also imposed penalty of equal amount along with interest thereon, against which the Appeal before the Commissioner (Appeals) Meerut was filed.</p> <p>The CESTAT in its order dated 17.5.2006 in appeal nos E/1280-84 have granted unconditional stay on the pre-deposit of duty demand of Rs 10.38 lakhs and penalty of Rs 10.38 lakhs.</p>
17.	Commissioner (Appeals), Meerut	Disallowed Credit of Rs 0.87 lakhs Penalty Rs 0.50 lakhs	<p>The Company has filed an appeal before the Commissioner (Appeals), Meerut challenging the order dated 21.12.2005 passed by the Dy. Commissioner, Muradabad. The Company has received show cause notice stating that the credit taken by the company of Rs 3.38 lakhs on certain items are inadmissible as such goods do not fall with the definition of capital goods or inputs on which the Credit is admissible. Dy Commissioner Muradabad in its order dated 21.12.2005 has allowed part of the disputed credit availed by the Company of Rs 2.51 lakhs and confirmed the balance demand of Rs 0.87 Lakhs and also imposed penalty of Rs 0.50 lakhs.</p> <p>The Commissioner (Appeals) has by its stay order dated 8.3.2006 directed the Company to pre-deposit 50% of the duty confirmed within two weeks and has waived the pre-deposit of the payment of penalty amount till the disposal of the appeal.</p>
18.	Commissioner (Appeals), Meerut	Disallowed credit of Rs 2.65 lakhs and Penalty of Rs 0.50 lakhs.	<p>The Company has filed an appeal before the Commissioner (Appeals), Meerut challenging the order dated 23.12.2005 passed by the Asst. Commissioner, Muradabad. The Company has received show cause notice stating that the credit taken by the Company of Rs 3.36 lakhs on certain items are inadmissible as such goods do not fall with the definition of capital goods or inputs on which the Credit is admissible. Asst. Commissioner Muradabad in its order dated 23.12.2005 has allowed part of the disputed credit availed by the Company of Rs 0.71 lakhs and confirmed the</p>



Sr. No	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
			balance demand of Rs 2.65 Lakhs and also imposed penalty of Rs 0.50 lakhs. The Commissioner (Appeals) has by its stay order dated 8.3.2006 directed the Company to pre-deposit 50% of the duty confirmed within two weeks and has waived the pre-deposit of the payment of penalty amount till the disposal of the appeal.
19.	Commissioner (Appeals), Meerut	Rs 3.58 Lakhs Penalty Rs 1.00 Lakh	The Company has filed an appeal against the Order dated 14.3.2006 passed by the Dy. Commissioner, Moradabad disallowing the modvat credit availed by the Company on certain capital goods.
20.	Commissioner (Appeals), Meerut	Rs 4.25 Lakhs Penalty Rs 1.00 Lakh	The Company has filed an appeal against the Order dated 14.3.2006 passed by the Dy. Commissioner, Moradabad disallowing the modvat credit availed by the Company on certain capital goods.
21.	CESTAT Delhi	Rs 0.31 Lakhs	The Company is in process of filing an appeal before the the CESTAT Delhi against the order dated 14.3.2006 passed by Commissioner Central Excise Meerut rejecting the remission application on 366 quintals of sugar burnt in fire in the Company's godown.

Seohara Distillery Unit

Sr. No.	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
1.	Commissioner (Appeals) Ghaziabad (Appeal no.423-CE/MRT/97)	Duty Demand – Rs. 2.50 lakhs (includes penalty of Rs.0. 20 lakhs)	This Appeal is filed by our Company against the order of Commissioner. (Appeals), Gaziabad dated 25.03.1997. Our Company received a Show Cause notice No. v (30)125/MOD/95/2107 dated 7.04.95 regarding credit taken on original invoices. The Asst Comm., Moradabad in its order-in- original no.3901 dated June 18, 1996 had up-held the demand and also imposed the penalty of Rs.20,000/-. The same was confirmed in an appeal filed by the Company (No.423-CE/MRT/97) dated 25.03.1997 before the Commissioner (Appeals) Gaziabad. CEGAT now CESTAT in its order dated August 31, 2001 in Appeal no.E/1235/97-NB(SM) filed by the Company has remanded the matter to Commissioner (Appeal) for consideration.
2.	CESTAT New Delhi E/724/2006	Duty Demanded – Rs. 3.13 lakhs Penalty - Rs. 3.13 lakhs	The Company has filed an appeal challenging the order passed by the Commissioner (Appeals), Meerut. The Commissioner (Appeals) has upheld the order passed by the Asst Commissioner. Our Company received Show cause Notice No. V(30)/DEM/MBD /718/2004/5431 dated 2.12.2004 stating that Credit taken by our Company on certain items is inadmissible as such goods do not fall within the definition of 'capital goods' on which credit is admissible. The show cause notice demanded a duty of Rs. 3,13,186 along with penalty and interest. The Asst. Commissioner



Sr. No.	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
			<p>by its order no. 131/DEM/MBD/05 dated 27.07.05 has confirmed the show cause notice duty demand imposed penalty of equal amount along with interest thereon.</p> <p>The CESTAT by its order dated 13.4.2006 has passed an unconditional stay order waiving the predeposit of the duty demand and the penalty.</p>
3.	Commissioner (Appeals), Meerut	Disallowed credit Rs 4.27 lakhs Penalty Rs 1 Lakh	<p>The Company has filed an appeal before the Commissioner (Appeal) Meerut challenging the order dated 31.1.2006 passed by Dy. Commissioner Muradabad. The Company has received show cause notice bearing no 68/MBD/2005 stating that the credit availed by the company on iron are not admissible. The Dy. Commissioner Muradabad has upheld the demand.</p> <p>The Commissioner (Appeals) has by its stay order dated 25.4.2006 directed the Company to pre-deposit the entire duty amount but have stayed the penalty amount till the disposal of appeal.</p>
4.	Commissioner (Appeals), Meerut	Disallowed credit Rs 4.27 lakhs Penalty Rs 1 Lakh	<p>The Company has filed an appeal before the Commissioner (Appeal) Meerut challenging the order dated 31.1.2006 passed by Dy. Commissioner Muradabad. The Company has received show cause notice bearing no 70/MBD/2005 stating that the credit availed by the Company on iron are not admissible. The Dy. Commissioner Muradabad has upheld the demand.</p> <p>The Commissioner (Appeals) has by its stay order dated 25.4.2006 directed the Company to pre-deposit the entire duty amount but have stayed the penalty amount till the disposal of appeal.</p>
5.	Commissioner (Appeals), Meerut	Disallowed credit Rs 0.58 lakhs Penalty Rs 0.10 Lakh	<p>The Company is in process to file an appeal before the Commissioner (Appeal) Meerut challenging the order dated 18.4.2006 passed by Dy. Commissioner Muradabad. The Company has received show cause notice bearing no 09/MBD/2006 dated 20.1.2006 stating that the credit availed by the Company on iron material and other capital goods are not admissible. The Dy. Commissioner Muradabad has partly upheld the demand.</p>
6.	Commissioner (Appeals), Meerut	Disallowed credit Rs 0.85 lakhs Penalty Rs 0.10 Lakh	<p>The Company is in process to file an appeal before the Commissioner (Appeal) Meerut challenging the order dated 18.4.2006 passed by Dy. Commissioner Muradabad. The Company has received show cause notice bearing no 06/MBD/2006 dated 20.1.2006 stating that the credit availed by the Company on copper/aluminium PVC cables and other capital goods are not admissible. The Dy. Commissioner Muradabad has partly upheld the demand.</p>

**Bharat Sugar Mills**

Sr. No.	Authority/Court	Amount involved (Rs.) (in Lakhs)	Nature of the Case and particulars
1.	CESTAT, Kolkata	Service Tax demand – Rs. 1.93 lakhs	<p>This Appeal is filed against the order of Commissioner (Appeals) dated 24.02.2005.</p> <p>Our Company received a Show Cause Notice No V-4 (30)14-ST/C&F/99/2364 dated 10.6.2002 from Asst. Commissioner demanding service tax amounting to Rs. 1.93 lakhs along with interest and penalty thereon alleging that our Company has failed to collect and deposit service tax on discounts to sugar selling agents. The Dy. Commissioner has confirmed the show cause notice demand and imposed equal amount of penalty and interest. In an appeal preferred by the Company, the Commissioner (Appeals) by order No. 82/PAT/CEX/appeal/2005 dated 24.02.2005 has confirmed the demand of Rs. 1.93 lakhs but set aside penalty and interest. Our Company has filed an appeal (filed on 27.05.05) to the CESTAT against the Order in Appeal confirming the service tax demand.</p>
2.	High Court of Calcutta CR No.3043 (W) of 1981	Duty demanded – Rs. 1.19 lakhs	<p>This Appeal is filed against the order of the Collector of Central Excise dated 17.07.1980.</p> <p>Our Company received a Notice of demand dated 4.3.1977 from Inspector, CE, Sidhwalia (Gopalganj) Asst. Commissioner demanding inadmissible rebate on sugar production amounting to Rs. 1,19,365.50. The show cause notice was confirmed by the Asst. Collector. In an appeal preferred by the Company, the Collector of Central Excise (Appeals) by its order dated 17.7.1980 dismissed our Company's appeal and upheld the demand. Our Company went in appeal before the Calcutta High Court, which by its interim order dated 30/4/81 granted a stay on the order of CCE (Appeals) and by its order dated 20.5.81 directed our Company to furnish a bank guarantee of Rs. 75,000 which our Company has furnished.</p>

E. Land/Property related Disputes/ Cases

- The Company by agreement dated 7.11.1992 purchased land admeasuring 4.05 bhiga situated at Gata No. 2233 Survey No. 2671/2, 2671/3 Gram Khalilpur (Pargana Seohara), Tahsil Dhampur Dist Bijmor from Ramchandra Singh, Ghanshyam Singh, Bhudev Singh, Devendra Kumar, Yashpal Singh. The said agreement is pending registration.
The Khallipur Gram Sabha has claimed ownership on the said property. The property is since then pending for registration.
- The Company was served notice under U P Imposition of Ceiling of Land Holding Act by the State Government after the introduction of the U P Zamindari Abolition and Land Reforms Act 1956. The Company had challenged the said notice before the Allahabad High Court vide Writ Petition no. 8239/1980. The Court in its order dated 9.12.1996 has remanded the case before the concerned Land Ceiling Authority, Bijmor.
- The Company has been served with the notices under the provisions of the U P Zamindari Abolition and Land Reforms Act 1956 by the Addl Collector (City) Gaziabad for acquiring of additional land admeasuring 7.113 acres of land at village Sahapur Fagota, Pragana Dashna, Tahsil Hapur Dist Gaziabad. The Company has filed its reply to the said notices.
- Bharat Sugar Mills, was served a notice to declare 241.85 Acres of Land related to Company's farm as surplus land under the provisions of Bihar Land Reforms (Fixation of Ceiling Area & Acquisition of Surplus Land) Act 1951. Against this



declaration the Company filed a writ petition before Patna High Court, and the Hon'ble High Court in its order dated 08.01.1998 remanded the matter to S.D.O. Gopalganj for fresh hearing and the matter is pending.

5. *New India Sugar Mills has filed 7 number of cases before the Civil Court Rosera, Dist Samastipur, Bihar against encroachment/illegal possession of the land belonging to the Company. Interim injunction has been granted by the Court for maintaining status quo by the Parties. The details are:

Sr. No.	Suit No.	Parties	Current status
1.	T S No. 54/1981	New India Sugar Mills v/s Ram Dev Ray & Ors	Status quo to be maintained.
2.	Civil Case Misc Appln No. 15/1991	New India Sugar Mills v/s Md. Azam & Ors	Pending
3.	T S No. 54/2002	New India Sugar Mills v/s State of Bihar & Ors	Pending
4.	Civil Misc No. 2/2003	New India Sugar Mills v/s State of Bihar & Ors	Status quo to be maintained
5.	Civil Misc No. 1/2004	New India Sugar Mills v/s State of Bihar & Ors	Status quo to be maintained
6.	Civil T S No. 9/2003	New India Sugar Mills v/s State of Bihar & Ors	Status quo to be maintained
7.	Civil T S No. 3/2003	New India Sugar Mills v/s Gyani Devi	Status quo to be maintained

F. Recovery Cases

The Company has filed 24 recovery cases against various parties relating to recovery of Dadni and Transportation aggregating to a claim of Rs 8.42 lakhs.

G. Litigation pertaining to transfer/transmission of shares of the Company

There are 3 civil suits filed by certain shareholders claiming right and title to certain shares of the Company. The Company is made a formal party to these suits and no financial claim has been made against the Company.

H. Cane reservation centres

There are 1 appeal and 2 writ petitions filed by the Company pending before the Appellate Authority & Allahabad High Court respectively with respect to the reservation/assignment of cane centers allotted in favour of other sugar factories under the provisions of the UP Sugarcane (Regulation of supply and purchase) Act 1953.

III. CLAIM/SHOW CAUSE NOTICE PENDING AGAINST THE COMPANY

A. Labour Laws:

One Mr. Syed Suleman Ahmad an ex-employee of the Company had retired from the services of the Company and has claimed arrears of Rs 2.45 Lakhs as differential salary as per U P Government Notification dated 30.6.2002. The Company had duly responded about the non applicability of the said notification in the case.

B. Excise Law

The Company has been served with 5 Show Cause Notices by the Central Excise Authorities disputing the Cenvat credit availed by the Company and also raising demands otherwise. The aggregate demand amounts to Rs. 307.27 lakhs. The Company has duly responded to the said Notices. The Show Cause Notices are pending adjudication by the Department.



IV. CASES FILED BY MORTON CONFECTIONERY & MILK PRODUCTS

A. Criminal Case under section 138 of the Negotiable Instruments Act

The Company has filed 3 Criminal complaints under sec 138 of Negotiable Instruments Act in respect of dishonour of cheques issued by third parties in favour of the Company.

B. Civil Cases

The Company (in relation to its Morton Confectionery & Milk Products) Division has filed 5 recovery cases aggregating to a claim of Rs. 11.51 lakhs.

C. Excise Cases

Sr. No.	Authority/Court	Amount/Claim involved (Rs.)	Nature of the Case and particulars
1.	CESTAT, Kolkata (Appeal No.ST/SM/37 of 2005)	Duty demand – Rs. 0.72 lakhs	<p>The Company has filed an Appeal against order of the Commissioner (Appeals) confirming duty demand of Rs. 72,000 along with penalty and interest.</p> <p>Our Company received a Show Cause Notice dated 26.06.05 from Asst. Commissioner demanding service tax amounting to Rs. 72,000 along with interest and penalty thereon alleging that our Company has failed to collect and deposit service tax on commission. The Asst. Commissioner confirmed the show cause notice demand along with penalty and interest. In appeal preferred by the Company, the Commissioner (Appeals) has upheld the Asst. Commissioner order. Our Company has filed an appeal in the CESTAT.</p>

D: Sales Tax Cases

Sr. No.	Authority/Court	Amount/Claim involved (Rs.)	Nature of the Case and particulars
1.	Joint Commissioner (Appeals) ST/19/88-89	Rs. 0.37 lakhs	The Company has challenged the order of the Asst. Commissioner Commercial Tax Saran, Chapra for not considering the transfer of goods against form F during the assessment year 1983-84
2.	Joint Commissioner (Appeals) ST/20/88-89	Rs. 0.34 lakhs	The Company has challenged the order of the Asst. Commissioner Commercial Tax Saran, Chapra for not considering the transfer of goods against form F during the assessment year 1984-85
3.	Joint Commissioner (Appeals) ST/11/2004	Rs. 1.90 lakhs	The Company has challenged the order of the Asst. Commissioner Commercial Tax Saran, Chapra for not considering the transfer of goods against form F during the assessment year 1996-97
4.	The Commissioner of Commercial Tax, Bihar Revision Case No. CC (S) 413/98-99	Rs. 8.47 lakhs	<p>The Company has challenged the order passed by the Asst. Commissioner of Commercial Tax Chapra wherein the Asst. Commissioner had levied Sales Tax for the AY 1993-94 on the stock transfer to Delhi Branch.</p> <p>The Commissioner has remanded the matter back for Re-assessment and reconsideration of Form F submitted by the Company.</p>



Sr. No.	Authority/Court	Amount/Claim involved (Rs.)	Nature of the Case and particulars
5.	Joint Commissioner (Appeals) Muzaffarnagar ST/12-13/2001	Rs. 17.16 lakhs (amount includes penalty of Rs.0.56 lakhs)	The Company has challenged the order passed by the Asst. Commissioner, Commercial Tax Saran, Chapra for not considering the transfer of goods against Form F and arbitrarily increasing the gross turnover and not giving credit for the taxes deposited in treasury during the AY 1997-98

* Pursuant to the Scheme of Arrangement between our Company and NISML sanctioned by the Hon'ble High Courts at Calcutta and Allahabad effective October 1, 2004, the litigations by and against the sugar division of NISML are now part of our litigations.

V. LITIGATION AGAINST THE DIRECTORS OF THE COMPANY

Shri C. S. Nopany

Pursuant to an Amnesty Scheme introduced by the Government under the Income Tax (I.T.) and Wealth Tax (W.T.) Acts for the assessment year 1986-87, a self assessment was made by our promoter Shri C.S.Nopany whereby two cheques were deposited and a token receipt against such deposit was attached to the applications which were duly submitted to the Income Tax / Wealth Tax Officer. However, the cheques were dishonoured by the bank. The Income Tax Officer & Wealth Tax Officer thus filed criminal cases (under Section 420 of the Indian Penal Code, 1860 read with Section 35D of the Wealth Act and Section 277 of the Income Tax Act, 1961) at the Court of Metropolitan Magistrate at Kolkata in 1989 in this regard. Subsequently, both the amounts claimed (Rs. 53,500/- under the I.T. and Rs. 1,11,400/- under the W.T.), have been paid to the concerned Authorities. Moreover, interest / penalties for both the claims have also been waived by the concerned Authorities. The cases are now pending for final orders.

Shri Lt. Gen K Chiman Singh PVSM (Retd)

Our Director was also a Director of Sudarshan Cement & Multiproject Limited (resigned on 10.3.1997). During his tenure as a Director a cheque issued by the said Company for Rs. 26,70,000.00 to one Intec Polymers Ltd. got dishonoured. The Intime Polymers Ltd. filed a criminal complaint under section 138 of Negotiable Instruments Act before the Court of Addl. Chief Metropolitan Magistrate, Bombay in 1996 in which our director is also impleaded as a party. The aforesaid case is pending for hearing. There will be no impact on the affairs and financials of Upper Ganges Sugar & Industries Limited due to the aforesaid case.

Shri P K Lakhotia

A criminal case No. M C S No. 957/2004 was registered against our director & others. In this matter effluent discharged from the Sugar Mills at Hargoan, (a unit of the Oudh Sugar Mills Ltd.) entered on to the land of one Mr. Wilayat Ahmed, who then filed an FIR against our director and others. The department of Police has carried out investigation in this regard and thereafter submitted a final report to the Court. The matter is pending before the Chief Judicial Magistrate, Sitapur

Shri G.K.Bhagat

Shri G.K. Bhagat, was a director of Hindusthan Development Corporation Ltd.(HDCL) whose name was changed to Malanpur Steel Ltd. (MSL) in the year 2001. Shri G.K. Bhagat resigned from the Directorship of HDCL with effect from 9th March, 2000. There were some dues payable by HDCL to IDBI which have been settled and paid off in the year 2005 and, at present, there are no dues to the banks/financial institutions by MSL.

Shri. G.K.Bhagat was a director on Bengal Potteries Ltd., which went into liquidation in the year 1976 and the board of the company was dissolved. A Committee consisting of representatives of banks, financial institutions, and management personnel was constituted to run the company. However, the company could not run successfully and was finally liquidated in September, 1993



VI. LITIGATION BY/AGAINST THE INDIVIDUAL PROMOTERS

There is no litigation pending against the Promoters Dr. K. K. Birla and Smt. Nandini Nopany.

For details relating to litigation pending against Mr. C.S.Nopany, please refer to "Litigation against the Directors of the Company".

VII. LITIGATION BY/AGAINST THE PROMOTER COMPANIES

A. Unlisted Promoter Companies :There are no pending cases initiated by or against or proposed to be initiated by or against the fourteen unlisted Promoter Companies, namely:

1. Hargaon Investment & Trading Company Limited
2. RTM Investment & Trading Company Limited
3. SCM Investment & Trading Company Limited
4. Darbhanga Marketing Company Limited
5. OSM Investment & Trading Company Limited
6. Champaran Marketing Company Limited
7. Shital Commercial Limited
8. Uttam Commercial Limited
9. Yashovardhan Investment & Trading Company Limited
10. Narkatiaganj Farms Limited
11. Rajpur Farms Limited
12. La Monde Trading & Investment Private Limited
13. Wasmen Technologies Private Limited
14. Moneyline Finvest Private Limited

B. Litigation for the Top 5 Promoter Companies

I. THE OUDH SUGAR MILLS LIMITED

Litigations by the Oudh Sugar Mills Limited (OSML)

Civil Litigation -

Brief Particulars and contentions	Claim amount (Rs. in Lakhs)	Court/Forum/ Case number	Current Status
The Oudh Sugar Mills Limited v/s. Shipping Corporation of India Ltd. The matter is regarding outstanding dues claimed by erstwhile unit of OSML, Macfarlane Paints, which is now a part of Texmaco Ltd.	51.28	Bombay High Court O.O.C.J. Suit No. 1208 of 1997	The matter has been transferred to the list of long cause suit and is pending for recording evidence.



(a) Hargaon Sugar & Distillery Units

Statutory Litigation -

Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
<p>The Oudh Sugar Mills Ltd. Vs. State of U.P. & Ors.</p> <p>OSML filed a Writ Petition against the State of U.P., Secretary Excise & Others restraining the State from incorrectly levying and claiming to recover administrative charges on molasses produced by the Sugar Unit of OSML and transferred to in its own Distillery Unit solely for the purpose of captive consumption.</p>	144.60	Writ Petition No.237(M/B)/1986 at High Court, Allahabad, Lucknow Bench.	OSML was granted stay against the recovery of said administrative charges, subject to furnishing a bank guarantee for Rs. 1.00 lakhs. Accordingly OSML furnished a bank guarantee which is still in force. OSML has been paying administrative charges from the year 2001 under protest. Thereafter by an interim order dated 10.03.2005, the High Court permitted transfer of molasses to its Distillery without any imposition of administrative charges. OSML has filed an Appeal for refund of the said charges which is pending at the stage of final arguments.
<p>The Oudh Sugar Mills Ltd. Vs. Union of India & Ors.</p> <p>The Central Government has allowed excise duty rebate during the sugar season 1981-82 & 1982-83 by way of various notification which was subsequently amended by the Government and was challenged. Rs.26.91 Lakhs was allowed in term of the interim order of the Kolkata High Court subject to furnishing of Bank Guarantee for equivalent amount.</p>	26.91	C.R.No.8298 (W)/1983 & 9263(w)/1983 at Kolkata High Court.	OSML has filed Transfer Petition No.144 & 145/1985 before the Honourable Supreme Court of India and the said petition was allowed by order dated 04.04.1985. The matter is pending for hearing.
<p>The Oudh Sugar Mills Ltd. & Anr. Vs. Union of India & Ors.</p> <p>OSML's Hargaon Sugar Unit was earlier placed in the Central U.P. Zone of State of U.P. and was accordingly allowed the levy sugar prices. OSML filed a writ petition praying that its Sugar Factory be placed in the East U.P. Zone from the year 1984-85 and be allowed to charge price of levy sugar as admissible in East U.P. Zone since 1984-85. The Court, vide its interim order passed in October, 1986 has permitted OSML to charge levy sugar prices applicable to the East U.P. Zone on furnishing a bank guarantee for the differential amount between the levy sugar prices for Central and East U.P. Zone. The Company has already been placed in East U. P Zone since August 1992.</p>	17.56	Writ Petition No. 6732 (M/B)/1986. At High Court Allahabad, Lucknow Bench.	The petition is pending for final disposal.



Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
<p>Bihar Sugar Mills Association & Ors. Vs. Union of India & Ors.</p> <p>OSML filed writ petitions before Kolkata High Court challenging the fixation of the levy sugar price for the sugar season 1974-75. Interim prices was allowed by the Court by directing OSML to furnish bank guarantee. The matter ultimately went to Supreme Court and the Supreme Court had directed the Central Government to re-fix the prices. Accordingly, prices for the sugar season 1974-75 were re-fixed by way of a notification dated 13.04.1999. However the said prices were applicable only in respect of deliveries made from 12.07.1975. Subsequently, a writ petition was filed before Delhi High Court challenging the Government levy sugar price notification dated 13.04.1999 for the sugar season 1974-75 as the price notified for 1974-75 (effective from 12.07.1975) was fixed without taking into account the loss caused to producers (including OSML) for sugar sold at the low interim price fixed on 28.11.1974.</p>	29.57	L.P.A.No.609/2003 at High Court Delhi in which OSML is a Petitioner.	The matter is listed in the regular list for hearing.
<p>The Oudh Sugar Mills Ltd. Vs. U.P. State Electricity Board</p> <p>The U.P. State Electricity Board demanded electricity duty on OSML's own generation which was challenged by OSML. The Court has granted stay against the recovery of the amount of duty and has directed OSML to furnish a bank guarantee.</p>	4.32	Writ Petition No.3006(M/B)/1984 at High Court Allahabad, Lucknow Bench.	The matter is pending for hearing.
<p>The Oudh Sugar Mills Ltd. Vs. Assistant Commissioner, Central Excise, Sitapur</p> <p>OSML, vide its letter dated 12.06.1998 claimed a refund on the following ground:</p> <p>OSML had deposited excise duty of Rs. 22,12,421.58 on transfer of molasses for captive consumption in distillery and the same was not claimed as MODVAT. Subsequently, the company also paid Rs. 14,10,236.55 by way of reversal of 8% as duty on clearance of alcohol manufactured by use of duty paid molasses. The claim for refund of excise duty was rejected by the Assistant Commissioner, Sitapur and subsequently upheld by Commissioner (Appeals) Lucknow vide its order dated 24.6.2005.</p>	22.12	CESTAT New Delhi Appeal	Appeal filed before CESTAT



Civil Litigation

Brief Particulars (Name of Parties)	Claim Amount (Rs.)	Court/Forum With Case No.	Current Status
<p>The Oudh Sugar Mills Limited v/s. Union of India</p> <p>OSML was served with a Demand Notice dated 26.07.2004 by North Eastern Railway, Lucknow in connection with arrears of siding charges allegedly payable to the Railway Authorities for the years 1984 to 2004. OSML has responded to the said notice and has also filed the present suit disputing the said demand.</p>	30.00	C.S. No. 642/2004 Civil Judge, Sr.Div.	Pleadings have been completed. Pending for recording evidence.
<p>The Oudh Sugar Mills Ltd. Vs. Uttar Pradesh Power Corporation</p> <p>The defendant raised an electricity bill on OSML. OSML filed this suit contesting the disputed amount as stated in the bill. The matter relates to a mistake in the calculation of the amount.</p>	0.91	C.S.No.124/1998 before Jr. Civil Judge, Sitapur.	Pleadings have been completed. Pending for framing issues.
<p>The Oudh Sugar Mills Limited Vs. Mohammed Adil</p> <p>The defendant has filed a case for compensation due to an accident involving the Company's vehicle (tractor). The Lower Court of Lakhimpur directed the Company to pay a compensation. Against the said order the Company has filed an appeal before the Allahabad High Court, Lucknow Bench.</p>	0.40	High Court, Lucknow Bench	The Company has deposited Rs. 0.20 Lakhs as per the interim order. Pending for disposal.

Other Litigation (Land Related) -

<p>The Oudh Sugar Mills Ltd., Vs. State of U.P.</p> <p>The matter relates to land owned by OSML on which a Hospital has been constructed by the Government. OSML has claimed equivalent land in exchange of the subject land.</p>	Not ascertainable	Exe.12/2000 before Civil Judge, Sitapur.	Pending for arguments.
<p>The Oudh Sugar Mills Ltd. Vs. Umar Ahemed</p> <p>The matter relates to declaration of title asserted by OSML on the grounds of adverse possession.</p>	Not ascertainable	C. S. No. 740/89 before Addl. Civil Judge, Sitapur	Pending for recording evidence.



Brief Particulars (Name of Parties)	Claim Amount (Rs.)	Court/Forum With Case No.	Current Status
The Oudh Sugar Mills Ltd.Vs. Hasina Begum The matter relates to declaration of title asserted by OSML on the grounds of adverse possession.	Not ascertainable	C.S.No.465/2000 before Addl. Civil Judge, Sitapur	Pending for recording evidence.
The Oudh Sugar Mills Ltd. Vs. Sharda Devi Kedia The matter relates to an encroachment of land owned by OSML by the defendant. The defendant has filed a counter case claiming ownership on the ground of adverse possession.	Not ascertainable	Case No. C . S . N O . 2 9 / 9 5 before Addl. Civil Judge, Lakhimpur.	Pending for recording evidence.
The Oudh Sugar Mills Ltd. Vs. Gram Sabha Saidapurkhurd, Lakhimpur U.P. The matter relates to the declaration of land possessed by the Company for Industrial purposes.	Not ascertainable	SDM, Lakhimpur Kheri	Pending for final disposal.

- OSML has filed 6 recovery suits against various parties, all of which are pending before the Civil Court, Sitapur. The cumulative amount claimed under these suits aggregate to Rs.12.18 lakhs.
- OSML has filed 6 cases before Additional District Judge, Lakhimpur and Civil Judge, Sitapur for vacation of Company's land/quarters owned by OSML encroached by various parties.

(b) Narkatiaganj Sugar & Distillery Units

Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
New Swadeshi Sugar Mills Vs. State of Bihar The Government of Bihar vide notification dated 10.01.2000 imposed administrative charges on the sale and supply of molasses to the distilleries within the State of Bihar as well as on transfer of molasses from a sugar unit to the distillery for captive consumption. OSML filed writ petition challenging the aforesaid notification. In the meantime, Government of Bihar through Superintendent of Excise, Narkatiaganj Distillery raised a demand for administrative charges on the molasses transferred by OSML's sugar factory to the distillery with retrospective effect from the year 1995 till the date of notification. The said demand was	155.05	Writ Petition No.CWJC No.3829/2000 & 1048/2003 High Court, Patna	The matter is pending hearing.



Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
challenged by OSML by filing another writ petition. The Hon'ble Court directed OSML to deposit 25% of the total amount of the demand and the balance demand has been stayed. Accordingly, OSML had deposited Rs.38.76 Lakhs. OSML is regularly depositing the administrative charges from the date of notification.			
New Swadeshi Sugar Mills Vs. Union of India OSML has challenged the levy sugar price fixed for sugar season 1973-74 and the High Court, by way of interim order has allowed additional levy prices provided OSML furnishes a bank guarantee. Accordingly OSML has furnished a bank guarantee of Rs. 26.90 lakhs towards additional levy price and the same is in force.	32.28	Civil Writ Petition No. 5047(W)/1974 and CAN No. 2254/2002 at High Court, Kolkata.	The matter is pending hearing.
Bihar Sugar Mills Association and Others Vs. State of Bihar and Other The petitioner filed a writ petition challenging the demand of electricity duty chargeable @6% on the value of electricity, generated for own consumption. OSML is also one of the petitioners. There is no further demand made by the Authorities till date.	Amount unascertainable	CWJC No. 4613 of 2003	Petition has been admitted. Pending hearing.
The Department of Excise has directed OSML to deposit a security amount against distillery licence. OSML has challenged the said demand by filing a writ petition. The petition has been admitted and stay has been granted.	10.00	CWJC No. 12024 of 1996, High Court, Patna	Pending for hearing.

(c) Rosa Sugar Works

Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
OSML (Rosa Sugar Works) Vs. Mukesh Dixit & Ram Prakash Dixit In the year 2001, OSML filed the present case to restrain nuisance caused by the unauthorized entry of the defendants in area- Bungalow No. 5. The stay application has been allowed.	N.A.	Case No. 26/2001 Civil Judge Senior Division Shahjahanpur	The case is fixed for framing issues.



Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
<p>Ram Prakash Dixit Vs. OSML (Rosa Sugar Works)</p> <p>The plaintiff has prayed for a stay in the construction carried out by OSML on plot No. 504 (area 0.174 hectare) and plot no. 506 (area 0.231 hectare). The application for stay has been dismissed by the Court by its order dated 6.4.05.</p>	N.A.	<p>Case No. 492/2004</p> <p>Civil Judge, Senior Division Shahjahanpur</p>	The case is fixed for framing issues.

OSML (Rosa Sugar Works) has filed 3 recovery suits against cane transporters, all of which are pending before the Additional Civil Judge, Senior Division, Shahjahanpur. The cumulative amount claimed under these suits aggregate to Rs.1.10 lakhs.

(d) Allahabad Canning Company

Commercial Litigation -

Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
<p>OSML (Allahabad Canning Company) Vs. Reil Products Ltd., New Delhi</p> <p>Pursuant to a dispute relating to non payment of outstanding dues arising out of a supply agreement entered into by OSML with Reil Products Ltd. OSML served the defendant a legal notice for winding up under Section 433/434 of the Companies Act, 1956.</p>	35.40	<p>CA1459/98 in CP No. 156/98</p> <p>Hon'ble High Court, New Delhi</p>	Pending for hearing.
<p>OSML (Allahabad Canning Company) Vs. Regional Provident Fund Commissioner</p> <p>The matter is regarding show cause notice issued by the Regional Provident Fund Commissioner for levy of damages U/s. 14B of The Provident Fund Act regarding contribution to Provident Fund payable for the period April, 1972 to June, 1984.</p>	0.60	<p>Writ Petition No. 45190/92 High Court, Allahabad,</p>	The Petitioner Company has filed a rejoinder in reponse to the affidavit in reply to the Petition. Pending for hearing.
<p>OSML (Allahabad Canning Company) Vs. Regional Director, Employee State Insurance Corporation (ESIC)</p> <p>The matter relates to a notice issued under Section 45(c) by Regional Director, Employee State Insurance Corporation for non-contribution on wages paid for building repairs during February, 1989 to March, 1989.</p>	0.09	<p>Civil Judge, Allahabad 4/93</p>	The Petitioner Company has filed a rejoinder in reponse to the affidavit in reply to the Petition. Pending for hearing.



Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
<p>OSML (Allahabad Canning Company) Vs. State of U. P. and Bamrauli Canning Co. Mazdoor Union.</p> <p>The matter relates to certain notifications issued by The U. P. Government in 1984, 1990 & 1996 in connection with payment of minimum wages to workers.</p>	Amount unascertainable.	Writ Petition No. 17701/1997. High Court, Allahabad	Latest notification for the year 1997 has been stayed by the Court on 22.05.1997.

LITIGATION AGAINST OUDH SUGAR MILLS LIMITED (OSML)

Other Litigation (Environment related) -

Brief Particulars and contentions	Claim amount (Rs. in Lakhs)	Court/Forum/ Case Number	Current Status
<p>Vineet Kumar Mathur Vs. Union of India</p> <p>The petitioner and others , a social worker filed a Public Interest Litigation with the High Court, Allahabad (Lucknow Bench), which was subsequently transferred to the Hon'ble Supreme Court of India. OSML is one of the several respondents in the petition. The petition has been filed in connection with the provisions of the Environment Protection Act, 1986 with regard to alleged pollution of river Gomti near Lucknow. The Court directed certain respondents to set up Effluent Treatment Plants (ETP) in their factory premises. OSML had already established an ETP in its Hargaon factory. OSML has filed a reply to the said Writ Petition. Till date, no adverse direction or order has been passed against OSML.</p>	N.A.	<p>Writ Petition No. 327/1990</p> <p>Supreme Court of India</p>	Pending for hearing.
<p>M. C. Mehta Vs. Union of India</p> <p>The petitioner has prayed for the prevention of degradation of the quality of water of river Ganga. OSML is one of the several respondents to the petition. OSML has filed its Reply. Till date, no adverse direction or order has been passed against OSML.</p>	N.A.	<p>Writ Petition No. 3727/1985</p> <p>Supreme Court of India</p>	Pending for hearing.



Statutory Litigation -

Brief Particulars and contentions	Claim amount (Rs. in Lakhs)	Court/ Forum/ Case Number	Current Status
<p>Income Tax related -</p> <p>CIT, WBIV, Kolkata Vs. The Oudh Sugar Mills Ltd.</p> <p>For assessment years 1993-94, 1994-95 and 1995-96.</p> <p>OSML was valuing closing stock of the sugar at cost or market whichever is lower. In working out the cost, OSML was not adding depreciation as an element of cost. The Income-tax Department took a view that depreciation should also be taken as part of the cost sheet. On appeal the Income-tax Appellate Tribunal, Kolkata Bench has held that depreciation should not be taken as part of the cost as the assessee has been following a consistent and regular method of valuation.</p>	<p>122.00</p> <p>135.00</p> <p>315.00</p>	<p>Kolkata High Court</p> <p>I.T.A. No. 266/2002</p>	<p>The Income-tax Department has filed several applications under Section 260A of Income-tax Act. In all the applications the High Court has yet to decide under Section 260A of Income-tax Act whether the same involves substantial question of law.</p>
<p>CIT, WB-I, Kolkata Vs. The Oudh Sugar Mills Ltd.</p> <p>For assessment years 1993-94, 1994-95 and 1995-96 –</p> <p>OSML was valuing the closing stock of sugar at cost or market whichever is lower. In the closing stock which was not cleared from the factory, the excise duty payable was neither debited to Profit & Loss Account nor included in the valuation of closing stock sugar. The Income-tax Department took a view that the closing stock of sugar should be valued taking the excise duty as part of the stock valuation.</p>	<p>429.00</p> <p>728.00</p> <p>994.00</p>	<p>Kolkata High Court</p> <p>I.T.A. No. 267/2002</p>	<p>At the Income-tax Appellate Tribunal, the bench has held that the method followed by the assessee is wholly justified. The Income-tax Department has filed applications under Section 260A of Income-tax Act and the same are pending for admission in the High Court. The High Court has yet to decide whether there is a substantial question of law involved in the applications filed by Income-tax Department.</p>

Other Litigation -

Brief Particulars and contentions	Claim amount (Rs. in Lakhs)	Court/Forum/ Case Number	Current Status
<p>Shri Pankaj Kumar Nevatia V/s. 28 Others</p> <p>OSML is only a formal party.</p> <p>The case relates to a family dispute regarding the ownership of shares of OSML. The number of shares involved are 3300 bearing distinctive nos. 06022441-06025740.</p>	<p>Nil</p>	<p>Madras High Court (Civil Appellate Jurisdiction) C.M.P. Nos. 12298 and 2851 of 2002 in O.S.A. No. 239 of 2001</p>	<p>As per the injunction order of the Court, OSML has noted a Stop Transfer against the subject shares.</p>



Brief Particulars and contentions	Claim amount (Rs. in Lakhs)	Court/Forum/ Case number	Current Status
<p>Shri Devendra Bangur V/s. The Oudh Sugar Mills Limited and Subhash Jain</p> <p>The matter is regarding non-receipt of 300 shares sent by the Plaintiff to OSML on 9th September, 1997 and the same were transferred in the name of Shri Subhash Jain on 2nd February, 1998. OSML further received transfer deeds duly executed by Shri Subhash Jain as transferor in favour of various transferees in respect of the subject shares and the same were transferred in favour of the said parties and are now in dematerialised form. The suit was initiated by the Plaintiff for declaration of permanent injunction and to stop transfer or deal with the subject shares bearing distinctive nos. 06105161-460 and benefits arising therefrom.</p>	Nil	Calcutta City Civil Court, Title Suit No. 1934 of 1999.	On the last hearing scheduled on 14 th February, 2005, nobody appeared on behalf of the Plaintiff. OSML will file its written statement on the next available date informing the facts of the case.

(e) Hargaon Sugar & Distillery Units

Civil and Other Litigation - [Factories Act, 1948 and Labour Related]

Brief Particulars (Name of Parties)	Claim Amount (Rs. in lakhs)	Court/Forum With Case No.	Current Status
<p>State Trading Corporation of India Vs. The Oudh Sugar Mills Ltd.</p> <p>Pursuant to a dispute arising out of contract entered into by OSML with State Trading Corporation (STC), in connection with loss incurred by OSML for non-lifting of sugar, an arbitration award was passed in favour of OSML. Thereafter, the STC filed an appeal with the Delhi High Court. As directed by the High Court Plaintiff deposited Rs. 25.14 lakhs, OSML has been permitted to withdraw the said amount by furnishing a bank guarantee of an equivalent amount. Accordingly, OSML has withdrawn the said amount by furnishing the required bank guarantee.</p>	25.14	FAO (OS) 53/86 at the High Court, Delhi	Pending for hearing.
<p>The Nagar Panchayat Hargaon imposed a house tax on residential colony of the Company under the Municipality Act. The Company has challenged the applicability of the said Tax.</p>	0.77	Civil Case No. 27/99 Civil Judge, Sitapur	Pending.



Criminal Litigation -

Brief Particulars (Name of Parties)	Claim Amount (Rs.)	Court/Forum With Case No.	Current Status
State Vs. P. K. Lakhotia & Others Effluent discharge from the factory of OSML entered the land of one Mr. Wilayat Ahmed who filed a First Information Report against the respondent, an employee of OSML. The Department of Police carried out investigation in this regard and thereafter submitted a final Report to the Court.	Not ascertainable	M. C. S. No. 957/2004 before Chief Judicial Magistrate, Sitapur.	Final Report is pending acceptance by Court.
State Vs. P. N. Singh & Others The case has been filed in connection with the death of Shri Mahinder, an employee of OSML at the Bio Compost Plant situated at Hargaon. The Department of Police carried out investigation in this regard and thereafter submitted a final Report to the Court. Also, Rita Urf Santoshi, wife of the deceased (Shri Mahinder) has claimed compensation for the death of her husband during service with OSML. This case is pending before Deputy Labour Commissioner, Lucknow.	Not ascertainable	M. C. S. No. 948/2004 before Chief Judicial Magistrate, Sitapur. Case No. WC203/2004 before Deputy Labour Commissioner, Lucknow	Final Report which has been filed with the Court is pending acceptance. Pending for hearing.
Shri S N Mishra & Rajendra Mishra Vs. Babu Dhobi & State The Complainant has filed a case against the Company's officers SC & ST Act and also under section 406 & 420 of Indian Penal Code 1860.	Not ascertainable	C. S. No. 369/2005 before Addl. District Judge, Sitapur	Revision has been filed for quashing the FIR.

Commercial Litigation -

Brief Particulars (Name of Parties)	Claim Amount (Rs.)	Court/Forum With Case No.	Current Status
Amit Kumar Vs. The Oudh Sugar Mills Ltd. The plaintiff has claimed outstanding dues in connection with transportation work carried out by him. OSML has filled a counter claim against the plaintiff for Rs. 0.33 lakhs.	0.07	C.S.No.265/9/ before Addl. Civil Judge, Sitapur and counter case No.273/99 Civil Judge, Sr. Div. Sitapur	Both the cases are pending for arguments.



Brief Particulars (Name of Parties)	Claim Amount (Rs.)	Court/Forum With Case No.	Current Status
Chandrika Vs. The Oudh Sugar Mills Ltd. The matter relates to a dispute pertaining to deduction from the amount payable to the Plaintiff in connection with the supply of sugarcane to OSML.	0.05	Case No. C.S.No. 320/2003 before Consumer Forum, Lakhimpur.	Written statement filled by OSML.
Vidhyawati Vs. United India Insurance and OSM The matter relates to a dispute pertaining to a cane grower covered under Crop Insurance in which the Company is also one of the Respondents	1.00	C. S. No. 301/2003 Consumer Forum Lakhimpur.	Written statement filed by the Company.

Other Litigation (Environment Related, Land Related and Labour Related) -

Brief Particulars (Name of Parties)	Claim Amount (Rs.)	Court/Forum With Case No.	Current Status
Gayatri Devi Vs. The Oudh Sugar Mills Ltd. The suit has been filed to restrain OSML from discharging waste water from the factory outlets into the land of the Plaintiff. OSML has contested the plaintiff's allegation and has filed written statement in this regard.	N.A.	C.S.No.699/04 Civil Judge Sr.Div.Sitapur	Pending for framing issues.
Wilayat Ahmed Vs. The Oudh Sugar Mills Ltd. The case relates to a dispute pertaining to the use of a Chuck-Road. The parties are in the process of reaching a mutual amicable settlement.	Not ascertainable	C.S.No.592/2000 before Civil Judge, Jr. Div., Sitapur M.C.S.No.28/2005 before Civil Judge, Jr.Div., Sitapur	Both the cases are pending for hearing
Bitti Devi W/o Late Barister Singh Vs. The Oudh Sugar Mills Ltd. The case relates to compensation claimed for the death of the petitioner's husband during service with the Defendant Company.	Not ascertainable	Case No. W.C. No.28/2002 before D.L.C. Lucknow	Written statement has been filed by OSML.
Ram Kumar & Others Vs. The Oudh Sugar Mills Ltd. The plaintiff prayed for an injunction order restraining the Defendant Company from evicting him from the factory's land occupied and used by him. The Defendant Company filed a counter case against the plaintiff on the ground that the land belongs to the Defendant Company.	Not ascertainable	Case No.C.S.No.35/95 before Civil Judge, Sitapur. Counter case filed by Company - C.A.No.34/2000 before ADJ (VIII) Sitapur.	Both the cases are pending for arguments.



Brief Particulars (Name of Parties)	Claim Amount (Rs.)		Current Status
Bhualal Vs. The Oudh Sugar Mills Ltd. The matter relates to compensation claimed pursuant to an accident caused by a tractor belonging to the Defendant Company.	2.00	Case No.M.A.C.No. 146/2001 before Addl.Distt.Judge, Sitapur.	Pending for recording evidence.

Other Litigation - [State Sales Tax]

Sales Tax demands - *

Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status
Under the U. P. Sales Tax laws, for Assessment Year 2000-2001, the Assessing Officer imposed tax on the purchases from unregistered parties. OSML filed an appeal before the Deputy Commissioner (Appeals), Sitapur, which was decided in favour of OSML. Thereafter, Sales Tax department filed an appeal contesting the aforesaid order before the Tribunal.	1.18	Appellate Tribunal, Lucknow	Application for refund is pending.
Interest & penalty imposed by the Assessing Officer on late deposit of Entry Tax on sale of sugar during the year 2000-2001.The Appellate Authority and Tribunal upheld the order. OSML has now filed an appeal before the High Court, Lucknow Bench	6.73	Allahabad High Court, Lucknow Bench	OSML has deposited an amount of Rs. 323062.00 Appeal is pending for hearing.
Entry Tax imposed by Assessing Officer on inter State sale of sugar during the year 2000-2001 by treating the same as sale within the State of U.P. OSML filed an appeal with the Dy. Com.(Appeal) Sitapur. The case has been remanded back to Assessing Officer for re-examination. The Assessing Officer maintained the earlier order passed by him. Thereafter, OSML filed another appeal before Jt. Commissioner (Appeal), Sitapur.	0.63	Joint Commissioner (Appeal), Sitapur	OSML has deposited an amount of Rs. 43,762.00. Appeal is pending for hearing.
Entry Tax imposed by Assessing Officer on inter State sale of sugar during the year 2001-2002 by treating the same as sale within the State of U.P. OSML filed an appeal with the Dy. Com.(Appeal)	1.03	Joint Commissioner (Appeal) Sitapur	OSML has deposited an amount of Rs. 72,336.00. Appeal is pending for hearing.



Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status																					
Sitapur. The case has been remanded back to Assessing Officer for re-examination. The Assessing Officer maintained the earlier order passed by him. Thereafter, OSML filed another appeal before the Joint Commissioner (Appeal), Sitapur.																								
<p>The Central Sales Tax authorities imposed tax on sale of alcohol out of the State of U.P. OSML has challenged the applicability of such imposition.</p> <table border="1"> <thead> <tr> <th>Assessment Year</th> <th>Amount Demanded (Rs.)</th> <th>Amount Deposited (Rs.)</th> </tr> </thead> <tbody> <tr> <td>1977-78</td> <td>31509.00</td> <td>50400.00</td> </tr> <tr> <td>1978-79</td> <td>39920.29</td> <td>27200.00</td> </tr> <tr> <td>1979-80</td> <td>125068.00</td> <td>35100.00</td> </tr> <tr> <td>1980-81</td> <td>231376.00</td> <td>13675.75</td> </tr> <tr> <td>1981-82</td> <td>29333.00</td> <td>500.00</td> </tr> <tr> <td>Total</td> <td>457206.29</td> <td>126875.75</td> </tr> </tbody> </table>	Assessment Year	Amount Demanded (Rs.)	Amount Deposited (Rs.)	1977-78	31509.00	50400.00	1978-79	39920.29	27200.00	1979-80	125068.00	35100.00	1980-81	231376.00	13675.75	1981-82	29333.00	500.00	Total	457206.29	126875.75	4.57	Allahabad High Court, Lucknow Bench	OSML has deposited an amount of Rs. 126875.75. Petition is still pending for hearing.
Assessment Year	Amount Demanded (Rs.)	Amount Deposited (Rs.)																						
1977-78	31509.00	50400.00																						
1978-79	39920.29	27200.00																						
1979-80	125068.00	35100.00																						
1980-81	231376.00	13675.75																						
1981-82	29333.00	500.00																						
Total	457206.29	126875.75																						
Under Central Sales Tax laws, for the Assessment year 1986-87, the Sales Tax Authorities raised a demand which was disputed by the Company. The Appellate Authority upheld the imposition of tax. OSML filed another appeal before the Appellate Tribunal.	1.04	Appellate Tribunal, Lucknow	OSML has deposited an amount of Rs. 103931.00. Second Appeal is pending.																					

* The above table reflects consolidated amounts pertaining to both, Hargaoon unit as well as Rosa unit.



Statutory Litigation (Central Excise Related) -

Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status
MODVAT CASES			
OSML received a Show Cause Notice No. 80/STP/98 dated 27.08.1998 vide letter No.: VI-30/114/98/1212 regarding Modvat Reversed & Re-credited on Inputs.	5.12 The aforesaid amount includes a penalty of Rs.2.56 lakhs	An Order in Original No. 54/2000 under Case No. VI-30/114/98/1212 dated 10.04.2000 was passed by A. C. Sitapur upholding the demand and the same was confirmed in Appeal No. 208/03 under Case No.116-CE/2000/3633 dated 30.12.2003 passed by Commissioner (Appeals), Lucknow.	Appeal (Appeal No. E/1684/04) filed before CESTAT by OSML. As directed by the Tribunal, Rs. 1.00 Lac has been deposited and balance stayed Appeal pending.
OSML received a Show Cause Notice No. 22/STP/00 dated 31.08.2000 vide letter No. VI(30)88/2000/2889 and Show Cause Notice No. 16/STP/01 dated 25.06.2001 vide letter No. VI(30)141/2000/1261 regarding Cenvat Credit on Electrodes.	0.75	An Order in Original No. 205/2001 under Case No. VI-30/88/2000/717 dated 28.02.2002 and No. 219/2001 under Case No. VI-30/141/2000/241 dated 28.02.2002 was passed by A.C., Sitapur upholding the demand and the same was confirmed in Appeal No. 170-174/Lko/2004 dated 30.07.04 passed by Comm. (Appeal), Lucknow.	Appeals (Appeal No. E/5341/04 & E/5342/04) filed before CESTAT and still pending.
OSML received a Show Cause Notice No. 13/STP/03 dated 30.04.2003 vide letter No. VI(30)96/2002/1619 regarding Cenvat on M.S.Plate, Joist, Angles, Steel Flat Bars.	2.53	An Order in Original No. 75/2003 under Case No. VI/30/96/2793 dated 15.12.2003 was passed by A. C. Sitapur upholding the	Appeal (Appeal No. E/5340/04) filed before CESTAT and still pending.



Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status
		demand and the same was confirmed in O-I-A No.250-CE/LKO/2004 dated 30.08.04 of Comm. (A), Lucknow.	
OSML received a Show Cause Notice No. 01/LMP/03 dated 04.08.2003 vide letter No. 1-HAR/LMP/2003/461 regarding Cenvat on M.S.Plate, Angles, Bars & Rods, Aluminium Sheet.	0.13	An Order in Original No. 78/2003 dated 16.12.2003 was passed by A.C., Sitapur upholding the demand and the same was confirmed in O-I-A No.251-CE/LKO/2004 dated 30.08.04 of Comm. (A), Lucknow.	Appeal (Appeal No. E/5339/04) filed before CESTAT and still pending.
OSML received a Show Cause Notice No. Nil dated 05.05.1989 vide letter No. 27/DEM/MOL/89/669 regarding the Central Excise Duty on 112054.00 quintals of molasses stored in pits, which was deteriorated during storage and unfit for distillation.	14.12	An Order in Original No. 77/92 dated 18.09.1992 was passed by A.C., Sitapur upholding the demand. Case remanded back to A.C., Sitapur in Appeal No. 2-CE/93 under Case No. 132/APPL/KNP/92/48 dated 20.01.1993 passed by Comm.(A).	Pending before Assistant Commissioner, Sitapur: order awaited.
OSML received a Show Cause Notice No. Nil dated 15.12.1992 vide letter No. VI(30)78/92/4150-52 regarding the Central Excise Duty on 100667.65 quintals of molasses in pits which was deteriorated during storage and unfit for distillation.	17.37	An Order in Original No. 32/92 dated 02.07.1993 was passed by A.C., Sitapur upholding the demand and the same was remanded back to A.C., Sitapur in No. 899/94NR passed by Comm (A), Lucknow.	Pending before Assistant Commissioner, Sitapur : order awaited.



Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status
OSML received a Show Cause Notice No. Nil dated 08.04.1980 vide letter No. 3b/gl/79/441 against rebate of Duty as per incentive policy announced by Central Govt. for the year 1977-78.	1.66	An Order in Original No. 67/92 dated 26.08.1992 was passed by A.C., Sitapur upholding the demand and the same was confirmed in Appeal Order No.E/953/93-D passed by Comm. (A), Lucknow. Further writ petition filed before High Court, Lucknow bench and stay was granted.	Matter pending before High Court, Lucknow bench. W.P. No. 1023/99
OSML received a Show Cause Notice No. Nil dated 25.10.1980 vide letter No. 6-GL/Misc/80/1412 regarding duty on reprocessing loss of sugar during 77-78.	0.05	An Order in Original No. Jun-80 dated 27.08.1982 was passed by A.C., Sitapur upholding the demand.	Appeal dated 25/11/82 filed before Commissioner (Appeal), still pending.
OSML received a Show Cause Notice No. 10/LMP/2000 dated 12.06.2000 vide letter No 1-HAR/2000/425 regarding excise duty on loss of undenatured ethyl alcohol during storage.	Rs. 0.23 lakhs The aforesaid amount includes a penalty of Rs. 0.02 lakhs	An Order in Original No. 163/01 under Case No. VI(30)68/2000/367 dated 23.01.2002 was passed by A.C., Sitapur. Appeal filed before Comm. (A), Lucknow and rejected the demand confirmed by A.C.	Excise deptt. Filed Appeal (Appeal No. E/5282/04) against the said order before CESTAT.
OSML received a Show Cause Notice No. EP/5136 dated 05.04.1991 against our application for remission of central excise duty on 76355.25 quintals of molasses, not fit for consumption	15.27	An Order in Original No. 09/Lko/02 dated 03.10.2002 was passed by A.C., Sitapur upholding the demand and the same was confirmed in Appeal No. 05/Lko/04 dated 31.08.04 passed. F.No. 982/2003-B dated 19.11.2003 passed by Comm. (A), Lucknow.	Appeal (Appeal No. E/5690/04) filed before CESTAT and still pending.



Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status
OSML received a Show Cause Notice No. 36/STP/04 dated 27.04.2004 vide letter No. V(30)/79/2004/1999 regarding MODVAT credit taken by the Company on M.S.Plate, Angles, bars & rods and electrodes etc.	3.04 The aforesaid amount includes a penalty of Rs. 0.75 lakhs	An Order dated 16.02.05 passed by Asst. Comm. Sitapur, confirmed the demand.	Appeal (Appeal No. 42/05) filed before Comm. Appeal still pending.
OSML received a Show Cause Notice No. 75/STP/04 dated 13.07.2004 vide letter No. V(30)/83/2004/3060 regarding MODVAT credit taken by OSML on Welding Electrodes	1.76 The aforesaid amount includes a penalty of Rs. 0.35 lakhs	An Order dated 16.02.05 passed by Asst. Comm., Sitapur, confirmed the demand.	Appeal filed before Comm. Appeal still pending.
OSML received Show Cause Notice No. 110/STP/04 dated 21.12.2004 vide letter No. V(30)/117/2004/4844 regarding CENVAT credit taken by the Company on HREC & GP Sheet and Plates	1.74 The aforesaid amount includes a penalty of Rs. 0.35 lakhs	An Order No. 21/2005 passed by Asst. Comm., Sitapur, confirmed the demand.	Appeal (Appeal No. 899/94) filed before Comm. Appeal still pending.
OSML received Show Cause Notice No. 111/STP/04 dated 21.12.2004 vide letter No. V(30)/117/2004/4842 regarding CENVAT credit taken by the Company on Welding Electrodes	.2.26 The aforesaid amount includes a penalty of Rs. 0.50 lakhs	An Order No. 20/2005 passed by Asst. Comm., Sitapur, confirmed the demand.	Appeal being filed before Commissioner (Appeals).
OSML received a Show Cause Notices No. Nil dated 16.04.1996, 14.02.1997 & 23.04.1997 for Rs. 6486.68, Rs. 11560.90, & Rs. 7763.76 respectively for excise duty on loss of Denatured Ethyl Alcohol during storage.	0.52 The aforesaid amount includes a penalty of Rs. 0.26 lakhs	An Order in Original No. 50-52-AC/STP/DEM/2004 dated 28.10.04 from A.C., Sitapur received on 8.02.05, confirm the demand.	Appeal (Appeal No. 30/2005) filed before Comm. Appeal still pending.
OSML received a Show Cause Notice No. 76/STP/2004 dated 23.7.2004 regarding the Cenvat Credit availed by the Company for certain capital input	5.36 inclusive of penalty of Rs 1 lac	A.C., Sitapur by its order No.22/05 dated 19.9.2005.	The Company has filed an appeal before the Commissioner (Appeals) and is pending for disposal.
OSML received a Show Cause Notice No. 86/STP/2004 dated 20.9.2004 regarding the Cenvat Credit availed by the Company for certain capital input	5.68 inclusive of penalty of Rs 1 lac	A.C., Sitapur by its order No.23/05 dated 19.9.2005.	The Company has filed an appeal before the Commissioner (Appeals) and is pending for disposal.



Particulars	Amount (Rs. in lakhs) Demanded	Court/Forum With Case No.	Current Status
OSML received a Show Cause Notice No. 9/STP/2005 dated 24.2.2005 regarding the Cenvat Credit availed by the Company for certain capital input	6.27 inclusive of penalty of Rs 1.50 lakhs	A.C., Sitapur by its order No.60/05 dated 13.12.2005.	The Company is in process to file an appeal against the said order before the Commissioner (Appeals).
OSML received a Show Cause Notice No. 16/STP/2005 dated 29.3.2005 regarding the Cenvat Credit availed by the Company for certain capital input	5.89 inclusive of penalty of Rs 1.50 lakhs	A.C., Sitapur by its order No.46/05 dated 13.12.2005.	The Company is in process to file an appeal against the said order before the Commissioner (Appeals).

Show Cause Notices With Respect To Central Excise –

OSML has been served with 13 Show Cause Notices by the Central Excise Authorities disputing the Cenvat Credit availed by the Company and also raising demands, both aggregating to Rs. 71.51 lakhs. OSML has duly responded to those notices.

There are 10 labour related cases pending against OSML with the following authorities - Labour Commissioner, Lucknow, Industrial Tribunal, Lucknow, District Magistrate, Sitapur, where the amount is not ascertainable.

(II) Narkatiaganj Sugar & Distillery units

Other Litigation (Labour Related) -

Brief Particulars and contentions	Claim amount (Rs. in Lakhs)	Court/Forum/ Case Number	Current Status
Deputy Labour Commissioner Vs. New Swadeshi Sugar Mills, Narkatiaganj (OSML) The Labour Union has raised certain demands relating to workman status in the factory.	Amount not ascertainable	Case No. 2/99 Labour Court, Motihari	Case pending for hearing.

Statutory Litigation & Other Litigation - [Sales Tax Act]

Government demands under dispute -

	Nature of Government demand and particulars in brief	Amount under dispute (Rs. in lakhs)	Current status
(i)	Excise Duty		
a.	Central Excise Duty on alleged short valuation of Molasses	Rs.1.98 lakhs S.L.P No. 1041/2002	OSML has deposited an amount of Rs. 197615.00 with the authorities. Special Leave Petition No. 1041 of 2002 is pending in Hon'ble Supreme Court of India.
b.	Utilisation of Modvat (Cenvat) credit on input (Molasses) used on clearance on rectified spirit during the year 2000-01.	Rs 101 Lakhs which includes penalty of Rs 50.50 lakhs	The Company is in process to file an appeal before the CESTAT, challenging the order 22.12.2005 passed by Commissioner of Central Excise, Patna.



	Nature of Government demand and particulars in brief	Amount under dispute (Rs. in lakhs)	Current status
(ii)	Sales Tax		
(a)	Bihar Sales Tax Sales Tax was imposed on the supply of spirit to country spiritware-houses. The Company has contested such imposition on the grounds of the applicability of the rate of Sales Tax.		
	For the year 1984-85	6.88	OSML has deposited an amount of Rs. 687813.59 with the authorities. Appeal No. MZ/123/99 is pending with Commercial Taxes Tribunal, Patna, Bihar.
	For the year 1985-86	4.42	OSML has deposited an amount of Rs. 140000.00 with the authorities. Appeal CWJC No. 3476 of 1996 is pending at Hon'ble High Court, Patna.
	For the year 1986-87	0.91	OSML has deposited an amount of Rs. 70000.00 with the authorities. Appeal CWJC No. 3479 of 1996 is pending at Hon'ble High Court, Patna.
	For the year 1987-88	5.48	OSML has deposited an amount of Rs. 145000 with the authorities. Appeal CWJC No. 3530 of 1996 is pending at Hon'ble High Court, Patna.
	For the year 1988-89	10.92	OSML has deposited an amount of Rs. 100000 with the authorities. Appeal CWJC No. 3529 of 1996 is pending at Hon'ble High Court, Patna.
	For the year 1989-90	6.38	OSML has deposited an amount of Rs. 443854.47 with the authorities. The Case has been remanded back to the Assistant Commissioner, Commercial Taxes, Bettiah and the same is pending.
	Non-submission of declaration form to be submitted by Indian Drugs and Pharmaceutical Ltd. (IDPL) for spirit supply at a concessional rate to IDPL, Muzaffarpur. Non submittance was due to the winding up of IDPL.		
	For the year 1995-96	28.93	OSML has deposited an amount of Rs. 2080673.00 with the authorities. Appeal has been dismissed by the Joint Commissioner, Commercial Taxes, Appeals, Muzaffarpur against which a writ is to be filed before the Patna High Court.



	Nature of Government demand and particulars in brief	Amount under dispute (Rs. in lakhs)	Current Status
	Sales Tax on sale of denatured spirit against declaration forms at concessional rate of 2% disallowed.		
	For the year 1997-98	11.75	OSML has deposited an amount of Rs. 1174784.00 with the authorities. Appeal CN MZ/38/2004 is pending with Commercial Taxes Tribunal, Patna, Bihar.
	For the year 1998-99	2.82	OSML has deposited an amount of Rs. 282238.00 with the authorities. Appeal CN MZ/39/2004 is pending with Commercial Taxes Tribunal, Patna, Bihar.

- OSML has filed 32 recovery suits against various cane growers/store supplier, all of which are pending before the District Civil Court at Bettiah. The cumulative amount claimed under all these suits, aggregate to Rs.47.17 lakhs.

(III) Rosa Sugar Works

Statutory Litigation -

Brief Particulars (Name of parties)	Claim Amount (Rs. in lakhs)	Court/Forum And Case No.	Current Status
OSML received a Show Cause Notice No. 81/stp/97 dated 09.07.1997 regarding Cenvat Credit taken on spare parts.	0.15	An Order in Original No.05/AC(S)/STP/ 98 dated 15.01.1998 passed by Asst. Comm. Division, Sitapur upholding the demand & the same was confirmed by Appellate Commissioner, vide Order in Appeal no. 83/CE/LKO/2004 dated 24.02.2004.	Appeal (Appeal No. E/2685/04) filed before CESTAT, Delhi. Rs.15438 deposited as per stay order of Tribunal. Appeal is pending.
OSML received a Show Cause Notice No. (30)42/2001 dated 19.01.2001 from Commissioner, Lucknow regarding duty on molasses lost during storage.	1.22 The aforesaid amount includes a penalty of Rs.0.10 lakhs	An Order in Original No. 131/DC/STP(S)/Dem/2001 dated 29.08.2001 passed by the Commissioner, Lucknow Appeal filed before Appellate	Appeal (Appeal No. E/5763/04) filed before CESTAT, Delhi is pending.



Brief Particulars (Name of parties)	Claim Amount (Rs. in lakhs)	Court/Forum And Case No.	Current Status
		Commissioner, Lucknow. Commissioner, Appeal rejected our appeal vide Order in Appeal No. 252/CE/App/LKO/2004 dated 30.08.2004. As per order of Appellant Commissioner Rs. 1,12040.00 deposited under protest.	
OSML received a Show Cause Notice No. V(30)Tech/Rem/154/2003/3852 dated 05.07.2004 from Commissioner, Lucknow regarding duty on molasses lost during storage.	2.04	An Order in Original no. 06/Rem/Comm/LKO/2004 dated 05.07.2004 passed by the Commissioner, Lucknow, upholding the demand.	Appeal (Appeal No. E/97/05) filed before CESTAT, Delhi, is pending.
OSML received a Show Cause Notice No. V(30)Tech/Rem/154/2003/3855 dated 05.07.2004 from Commissioner, Lucknow regarding duty on molasses lost during storage.	0.04	An Order in Original no. 07/Rem/Comm/LKO/2004 dated 09.11.2004 passed by the Commissioner Lucknow upheld demand.	Appeal (Appeal No. E/96/05) filed before CESTAT, Delhi, is pending.
OSML received a Show Cause Notice No. VI (30)18- Dom/95/563/ dated 23.02.1995 from Asst. Commissioner, Sitapur, regarding modvat credit on spare parts. The Commissioner, Sitapur. upheld the demand vide order dated 09.11.2004. Appeal filed before Commissioner (Appeals) and the case was remanded back to the A.C. Sitapur for re-examination.	0.65 towards penalty	Asst. Commissioner in order in original No. 15-AC/STP/DEM/DENOVA/2005 dated 13.4.2005 confirmed the penalty amount.	Appeal No.E/70/05 pending before the Commissioner (Appeal), Lucknow.



Brief Particulars (Name of parties)	Claim Amount (Rs. in lakhs)	Court/Forum And Case No.	Current Status
<p>The Central Excise Authorities raised certain demands relating to Modvat credit availed by OSML. Thereafter the Asst. Commissioner passed an order on 28.01.2000 which was followed by Asst. Commissioner, Sitapur passed on 17.05.2000 whereby the said Modvat credit was disallowed. OSML then filed an appeal against both the aforesaid orders. The Commissioner (Appeals) disallowed the Modvat credit and imposed a penalty on OSML. Thereafter OSML filed an appeal before CESTAT against the said order. Stay was granted and OSML has deposited an amount of Rs. 0.13 lakhs under protest.</p>	<p>1.96 lakhs (including penalty of Rs. 1.83 lakhs)</p>	<p>Order in Original No. 11-15AC(S)/STP/2000 and 86 AC (S)/STP/2000 Order in Appeal No. 211-212/CE/LKO/2003</p>	<p>Appeal (Appeal No. E/1799/04) pending for hearing before CESTAT, Delhi.</p>
<p>Commissioner has confirmed the demand in the show cause notice by its order dated 16.3.2005 . By the said show cause notice the department had raised the demand with regards to the storage loss of molasses.</p>	<p>0.08 Lakhs</p>	<p>CESTAT, New Delhi Appeal No. E/2018/2005</p>	<p>Pending.</p>
<p>Asst Commissioner Sitapur, had confirmed the demand raised in the show cause notice dated 30.11.2004 with regards to the cenvat credit on spare part not admissible and also imposed penalty of equivalent amount.</p>	<p>3.58 Lakhs (including penalty of rs 1.79 Lakhs)</p>	<p>Commissioner (Appeals) , Lucknow Appeal No. E/75/2005</p>	<p>Pending.</p>
<p>Asst. Commissioner, Sitapur had allowed part of the demand and confirmed the balance demand raised in the show cause notice dated 30.07.2004 with regards to the Cenvat credit on spare part not admissible and also imposed penalty of Rs 20,000/-.</p>	<p>Rs 0.81 Lakhs including penalty of Rs 0.20 lakhs</p>	<p>Commissioner (Appeals), Lucknow Appeal No. E/96/2005</p>	<p>Pending.</p>



Brief Particulars (Name of parties)	Claim Amount (Rs. in lakhs)	Court/Forum And Case No.	Current Status
Asst. Commissioner, Sitapur had allowed part of the demand and confirmed the balance demand raised in the show cause notice dated 2.2.2005 with regards to the cenvat credit on spare part not admissible and also imposed penalty of Rs 10,000	Rs. 0.19 Lakhs including penalty of Rs 0.10 lakhs	Commissioner (Appeals), Lucknow Appeal No. E/95/2005	Pending.
Asst. Commissioner, Sitapur has confirmed the demand raised in show cause notice dated 8.7.2005 with regard to seized molasses and imposed penalty of Rs 5000.	Rs. 0.79 Lakhs including penalty of Rs 0.05 lakhs	Commissioner (Appeals), Lucknow	Pending.

Commercial Litigation And Other Litigation -

Virender Pratap & Anil Kumar Vs. OSML (Rosa Sugar Works) The case relates to dues in connection with supply of sugarcane.	0.08	Civil Judge Jr. Division, Shahjahanpur Case No. 93/2002	The case is fixed for statement of Plaintiff.
Rajendra Singh, S/o Mal Khan Singh Vs. OSML (Rosa Sugar Works) The case relates to dues in connection with supply of cane.	0.05	Civil Judge Jr. Division, Shahjahanpur Case No. 149/03	The case is fixed for framing the issues. Written statement has been filed by Defendant Company.
Saf Yeast Co. Ltd. Vs. OSML (Rosa Sugar Works) The plaintiff has disputed the quality of molasses delivered to him by the Defendant Company. Thereafter, the Defendant Company filed a counter claim against the Plaintiff for claiming an additional amount of Rs.252956.26 for the loss incurred by the Company due to non lifting of 6218.70 qtls of Molasses which was sold at Rs. 95 per qtl. to another party as against the contract price Rs. 184 per qtl to M/s. Saf Yeast, i.e. loss of Rs. 553464.30 against which the Company had adjusted Rs. 300508.04.	3.01	Civil Judge, Sr. Division, Hardoi Civil Judge, (Jr. Division), Shahjahanpur Case No. 293/204	The case is fixed for Written Statement which will be filed by the Defendant Company at the next date of hearing.



Brief Particulars (Name of parties)	Claim Amount (Rs. in lakhs)	Court/Forum And Case No.	Current Status
Government of Uttar Pradesh Vs. OSML (Rosa Sugar Works) This case is connected with land situated in Chaudera village on which we have constructed a sugar godown.	7.76	Sub District Magistrate Court, Shahjahanpur	The land has been exchanged with the Gram Samaj under an agreement and a confirmation from the Court in this regard, is awaited.
Gram Samaj Vs. OSML (Rosa Sugar Works) This case is connected with land in Rausar village located near bungalow No. 5 and 6.	11.44	Sub District Magistrate Court, Shahjahanpur Notice 122 B	The case is fixed for hearing.
Shri Yunush Khan Vs. OSML (Rosa Sugar Works) This case related to disputes pertaining to supply of sugar cane.	0.55	District Forum, Lakhimpur	The case is listed for filing Written Statement
Smt. Som Lata, W/o Ashok Kumar Singh & others Vs. OSML (Rosa Sugar Works) The case has been filed for claiming compensation from OSML in relation to the death of her husband, a workman of OSML. The case was decided in favour of OSML. The opponent has preferred an appeal before the High Court.	1.92	High Court of Uttaranchal, Nainital	Appeal (Appeal No. 46/2004) is pending for hearing.
On receiving a complaint from The District President, Bhartiya Kisan Union, Shahjahanpur, the SD Magistrate, Shahjahanpur issued a notice to OSML in connection with the discharge of effluent (water) from the OSML's factory into the fields of nearby farmers and thereby damaging their crops.	Not ascertainable	Case No. 7/1999 Extra Magistrate, Shahjahanpur	The case is fixed for arguments.
Smt. Mahima Devi and others Vs. Rosa Sugar Works The petitioners, being villagers of the Daniyapur	N.A.	Case No. 8/97/1/98 Court of SDM Sadar Shahjahanpur	The SDM Shahjahanpur has recalled its order against which the Company has filed a Revision in Commissionery Bareilly.



Brief Particulars (Name of parties)	Claim Amount (Rs. in lakhs)	Court/Forum And Case No.	Current Status
village, Shahjahanpur challenged the land exchange order No. 8/97/1/97 dated 09.09.1997 of the SDM Sadar, Shahjahanpur regarding exchange of plot no. 51 of OSML with plot No. 39 of Gram Samaj, Chaudera, District Shahjahanpur			
Smt. Mahima Devi and others Vs. Rosa Sugar Wroks The petitioners, being villagers of village Daniyapur, Shahjahanpur filed a case praying for restraining OSML from growing plantations behind the factory wall of the Company.	N.A.	Case No. 293/2004 Civil Judge (Junior Division), Shahjahanpur	The stay application has been rejected and the case is pending for framing issues.

STATUTORY LITIGATION (SHOW CAUSE NOTICES RELATING TO CENTRAL EXCISE) -

OSML has been served with 25 Show Cause Notices by the Central Excise Authorities disputing the Cenvat credit availed by OSML and also raising demands, both aggregating Rs. 85.66 lakhs. OSML has duly responded to the said notices.

(IV) Allahabad Canning Company

Other Litigation - [Payment of Wages Act, 1936]

Brief Particulars (Name of Parties)	Claim Amount	Court / Forum With Case No.	Current Status
Chandrika Prasad Vs. Allahabad Canning Company The matter is with Labour Court regarding reinstatement of plaintiff with back wages. The case has been decided in favour of the Company.	N. A.	High Court, Allahabad Review Petition No. 7099/2001	Review Application filed by plaintiff which is pending for listing.

SEBI vide its letter dated 23.07.2004 made certain allegations against OSML under Regulations 6 & 8 of the SEBI Takeover Code. On receipt of the aforesaid letter, we, vide letter dated 9.08.04 duly responded to SEBI, clearly denying the said allegations and settling forth relevant facts and explanations in that regard. OSML further requested SEBI to withdraw the allegations made. Though we believe that there is no violation of SEBI (SAST) Regulations, there has been no formal communication received from SEBI in this regard. OSML has however as a matter of abundant caution sent a reminder letter to SEBI on 09.03.2005.



TEXMACO LIMITED (TCL)

Litigation Against Texmaco Limited

Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
<p>Daulat Shetkari Sahakari Vs. Texmaco Limited</p> <p>Sakhar Karkhana Ltd. has instituted a suit at Gadhinglaj Court for recovery of Rs. 785.27 lakhs for delay in delivery and non-performance of the Mill & Boilers</p>	785.27	16/1997 Court of the Civil Judge, Senior Divn. Gadhinglaj	The Bombay High Court in a writ petition has by its interim order dated 31.1.2006 granted stay of the proceedings.
<p>Shri Sant Damaji Sahakari Sakhar Karkhana Ltd., Mangalwedha</p> <p>Shri Sant Damaji S S K has filed their claim for recovery of Rs. 2992 lakhs. TCL has filed a counter claim of Rs. 3151 lakhs</p>	2992.00	<p>Before the Arbitrators Justice Mr. S.C. Pratap (Retd.)</p> <p>Justice Mr. A.N. Mody (Retd.)</p> <p>Justice Mr. S.B. Shete (Retd.)</p>	Arbitration proceedings are in progress.
<p>The Board of Trustees of the Port of Calcutta Vs. Texmaco Limited</p> <p>The Board of Trustees of the Port of Calcutta filed a suit for specific performance of the Contract, recovery of money and damages valued at Rs. 148.20 lakhs</p>	148.20	38 of 1992 Court of 6th Assistant District Judge, Alipore	The case is contested by the Company at District Court Level.
<p>Bank of Baroda</p> <p>TCL, along with APV Texmaco Ltd., had furnished counter Guarantee to the Bank of Baroda for issuing of 2 Bank Guarantees in favour of Modern Food Industries Ltd. APV Texmaco Ltd. had gone into liquidation on 27th March, 1990. Modern Food Industries Ltd. invoked the above 2 Guarantees. The basic amount claimed is Rs.15.75 lakhs + interest amount of Rs. 6.65 lakhs.</p> <p>The Bank filed proceedings in DRT. On 20.08.04 DRT 3 has disposed of the matter directing payment of Rs. 12 lakhs to be made to the Bank in 3 instalments.</p>		Appeal No. 8 of 2005 Debt Recovery Appellate Tribunal (Arising out of TA No. 16 of 2002, DRT 3, Kolkata	The Bank filed an appeal before the DRAT against the judgement and order passed by DRT-3.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
<p>M/s. Prakash Cotton Mills Pvt. Ltd. Vs. Texmaco Limited</p> <p>M/s. Prakash Cotton Mills Pvt. Ltd. filed a suit for recovery of losses and non-supply of materials valued at Rs. 96.26 lakhs and amount of interest. The suit was decreed ex parte on 24.10.2002.</p> <p>In terms of the order, the Bombay High Court on 21.12.2002 approved following decretal amounts, which are recoverable from TCL.</p> <p>a) Rs. 92.26 lakhs towards debts,</p> <p>b) Rs. 397.94 lakhs towards interest on debts @ 21% per annum</p> <p>c) Rs. 0.30 lac towards cost of suit,</p> <p>d) Further interest on the sum of Rs. 490.50 lakhs @ 21% p.a. from the date of decree.</p> <p>First notice for the suit for execution of decree was served on TCL on 12.05.2005</p>	92.26	<p>Execution Application No. 159 of 2005</p> <p>Notice No. 649 of 2005</p> <p>In Suit No. 1586 of 1982 Bombay High Court</p>	The Company has filed application in the Bombay High Court opposing the execution proceedings.
<p>Shri G. Veera Reddy Vs. Texmaco Limited</p> <p>Enforcement of award of arbitration awarding a sum of Rs. 19.08 lakhs as claim and Rs. 51.81 lakhs as interest. TCL has filed an appeal before the High Court of Andhra Pradesh. The appeal was allowed and the matter was remanded back to the Lower Court.</p>	19.08	O.P. No. 1090 of 2000 Court of Chief Judge, City Civil Court at Hyderabad	<p>Against the Order of High Court of Andhra Pradesh, the claimant filed the S.L.P. before the Supreme Court, which has been dismissed.</p> <p>Hearing to continue at Lower Court for recording evidence.</p>



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/ Forum/ Case number	Current Status
M/s. Green Force Engineers (P) Ltd. Vs. Texmaco Limited Green Force has filed the suit for recovery of Rs 1.25 lacs plus interest for alleged deficiency of Wet Scrubber System	1.25	Civil Judge Senior Division, Chandigarh	The Company has filed its reply challenging the maintainability of the said suit.

SUTLEJ INDUSTRIES LIMITED (Sutlej)

Litigation by Sutlej Industries Limited

CIVIL LITIGATION

Chenab Textile Mills

Brief Particulars	Claim amount (Rs. in Lakhs)	Court / Forum / Case number	Current Status
EXCISE RELATED - Refund claimed on export of 2004-05 (ARE1-11, 1-12)	7.29	Case No. V(CE) Rebate/CTM/72/ 2829 dated 13.09.2004.	Claim is rejected by Assistant Commissioner, Jammu as well as by Commissioner (Appeal), now the case is pending with CESTAT.
EXCISE RELATED- Refund Claim On Viscose Fibre used in Export in 2004-05 (ARE2-1-18)	20.19	C.No.V(CE)Refund/Cen Credit/CTM/1/04/2489 dated 14.07.2005	Claim is filed with Assistant Commissioner, Jammu.

Litigation against Sutlej

Excise related cases – Chenab Textile Mill (CTM)

Brief Particulars	Claim amount (Rs. in Lakhs)	Court / Forum / Case number	Current Status
Appeal filed against Order of Asstt. Commissioner. Show Cause Notice received by Sutlej seeking to demand duty on Yarn Clearance at spindle stage without payment of excise duty.	1.96	C. No. V-15(55)CE/ DC/72/ 95/270 dated 11.10.1994	Demand is confirmed by Assistant Commissioner, Jammu. The case is now pending with Commissioner (Appeal).
Appeal filed against Order of Asstt. Commissioner. Show Cause Notice received by Sutlej seeking to demand duty on Yarn Clearance at spindle stage without payment of Duty.	2.11	C. No. V-15(52)CE/ DC/108/ 95/6060 dated 25.01.1995	Demand is confirmed by Assistant Commissioner, Jammu. The case is now pending with Commissioner (Appeal).



Brief Particulars	Claim amount (Rs. in Lakhs)	Court / Forum / Case number	Current Status
Appeal filed against Order of Asstt. Commissioner. Show Cause Notice received by Sutlej seeking to demand duty on Yarn Clearance at spindle stage without payment of Duty.	4.95	C. No. V-(15)55/CE /DC/30/96/580 dated 11.10.1994	Demand is confirmed by Assistant Commissioner, Jammu. The case is now pending with Commissioner (Appeal).
Vide Stay Order No. 103/CE/ stay/Jal/2004 dated 26.03.04 Rs. 893000/- as duty and Rs. 100000/- as penalty required to be deposited Rs.893000/- debited on entry No. 50 dated 07.04.04 and for dispensing with the penalty, letter written to Com. (Appeals) Rs. 100000/- debited by Tr-6 Challan No. 02 dated 20.08.04.	1.00	C. No. (HQRS) PREV/C-5/5/97/2001/264 dated 22.02.02	Commissioner in Appeal vide order No. (O-l-A No. 629/CE/Jal/2004) has settled the case in our favour. We have applied for refund of penalty of Rs. 1 lac to Assistant Commissioner, Excise Division Jammu on 15.01.05. The Assistant Commissioner vide letter No. C. No. V(CE)Refd/Pre-Deposit/CTM/05/04/121dated 05.04.05 has sanctioned Penalty of Rs. 100000.00, and adjust the same against interest liability of Rs. 104216.00.
Vide Stay Order No.1/ 3/CE/ Stay/Jal/02 dated 01.11.02, Rs. 20000/- required to be predeposited & it is debited on entry No. 2103 dated 18.11.02 in A Part II	0.91	CE/D/11/95/703 dated 17.01.95	Out of Rs. 76250.00 CESTAT in its order No. A/449-451/05 dated 06.04.2005 has upheld demand of Rs. 16386.00 and demand of Rs. 59864.00 along with penalty of Rs. 15000.00 and remanded the matter to Commissioner (Appeal) for redetermination.
Non payment of Excise duty on Textile Committee Cess charged in Bills	8.82	Show Cause Notice No. V(Ch. 52-55) 11/CEX/J&K/Hqrs/CTM/2005/1665 dated 10.05.2005	We have filed the Appeal and the matter is pending with Assistant Commissioner, Jammu.

Details of outstanding Litigations under Income Tax Act, 1961

Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
Assessment Year 1985-86 CIT, New Delhi Vs. Sutlej Industries Ltd. Additions of Rs. 5517015 on account of Purchases allowed by ITAT	55.17	Delhi High Court ITC No. 18/2000	Deptt. Appeal admitted. Listing for final hearing.
Assessment Year 1986-87 CIT, New Delhi Vs. Sutlej Industries Ltd. Additions of Rs. 9935106 on account of Purchases allowed by ITAT	99.35	Delhi High Court ITC No. 17/2000	Deptt. Appeal admitted. Listing for final hearing.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/ Forum/ Case number	Current Status
<p>Assessment Year 1989-90 CIT, New Delhi Vs. Sulej Industries Ltd.</p> <p>i) Provision for Incentive to Staff and Workers Rs. 1500000 allowed by ITAT in Computing Book Profit U/s. 115J of the I.T. Act</p> <p>ii) Deduction U/s. 80I allowed without reducing deduction U/s. 80HH Rs. 101448</p> <p>iii) 1/7th Premium on redemption of debentures allowed by ITAT Rs. 71429</p>	15.71	Delhi High Court ITA No. 95/99	Deptt. Appeal admitted. Listing for final hearing.
<p>Assessment Year 1990-91 CIT, New Delhi Vs. Sulej Industries Ltd.</p> <p>i) 1/7th Premium on redemption of debentures allowed by ITAT Rs. 285715</p> <p>ii) Deduction U/s. 80HH allowed Rs. 1024081 without adjustment of B/F business losses of earlier years by ITAT</p> <p>iii) Deduction U/s. 80I allowed Rs. 362247 without reducing deduction U/s. 80HH by ITAT</p>	13.10	Delhi High Court ITA No. 95/99	Deptt. Appeal admitted. Listing for final hearing.
<p>Sulej Industries Ltd. unit Rajasthan Textile Mills Merchant Overtime (MOT) for stuffing of Export Container during working hours. Period of dispute September, 2001 to June 2003</p>	2.39	Custom Excise & Service Tax Appellate Tribunal, New Delhi	Pending at CESTAT, New Delhi.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/ Forum/ Case number	Current Status
Sutlej Industries Ltd. unit Rajasthan Textile Mills Classification of Cotton/ Lycra Yarn Period May, 1999 to July, 2001	7.13 7.1 - Penalty U/s - 11AC + Intt. U/s 11AB Rs. 4.25 (approx.)	Custom Excise & Service Tax Appellate Tribunal, New Delhi Appeal No. E/1813/04NBC	Pending at CESTAT, New Delhi.
Sutlej Industries Ltd. unit Rajasthan Textile Mills Service Tax on GTO period 16.11.1997 to 02.06.1998	5.34	Custom Excise & Service Tax Appellate Tribunal, New Delhi	Pending at CESTAT, New Delhi.
Sutlej Industries Ltd. unit Rajasthan Textile Mills Sub : Reversal of Cenvat credit on inputs - furnace oil and coolants used in generation of electricity which used in exempted final products period of dispute May, 1999 to February, 2002	Rs. 8.50 Rs. 8.50 penalty U/s. 11AC + Interest U/s. 11AB approx. 5.37	Custom Excise & Service Tax Appellate Tribunal, New Delhi Appeal No. E/1253/05	Deptt. Filed Appeal in CESTAT, New Delhi against Comm. (A)'s order which is in our favour pending at CESTAT, New Delhi.
Sutlej Industries Ltd unit Rajasthan Textile Mills Sub: Duty on excess freight and insurance under ex Mill sale	29.69	The Commissioner (Appeal)- I Central Excise Jaipur (Rajasthan)	Pending at Commissioner (Appeals) Jaipur -1.
Sutlej Industries Ltd Sub: Refund of input services UR-05	2.16 (15,927 + 2,00,035)	The Commissioner (Appeal)- I Central Excise, Jaipur (Rajasthan)	Pending at Commissioner (Appeals) Jaipur -1.
Assessment year 1991-92 CIT New Delhi Vs. Sutlej Industries Ltd. i) Deduction U/s. 801 allowed Rs. 141412 without reducing U/s. 80HH by ITAT ii) 1/7th Premium on redemption of debentures allowed Rs. 285715 by ITAT	4.27	Delhi High Court, ITA No. 138/2001	Deptt. Appeal admitted. Listing for final hearing.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court / Forum / Case number	Current Status
<p>Assessment Year 1992-1993 CIT New Delhi Vs. Sutlej Industries Ltd.</p> <p>Deduction U/s. 80HH & 80I allowed on interest, rent & misc. income, etc. received Rs. 1828189 being disputed by deptt. in Order U/s. 147 which was quashed by ITAT, New Delhi</p>	18.28	Delhi High Court ITA No. 522/2004	Deptt. Appeal admitted. Listing for final hearing.
<p>Assessment Year 1993-94 CIT New Delhi Vs. Sutlej Industries Ltd.</p> <p>Deduction U/s. 80HH & 80I allowed on interest, rent & misc. income, etc. received Rs. 1549516 being disputed by deptt. in Order U/s. 147 which was quashed by ITAT, New Delhi</p>	15.49	Delhi High Court ITA No. 523/2004	Deptt. Appeal admitted. Listed for final hearing.
<p>Assessment Year 1995-96 CIT New Delhi Vs. Sutlej Industries Ltd.</p> <p>Deduction U/s. 80IA Rs. 1901739 allowed without adjusting brought forward losses of earlier years from the total business profit of the current year by ITAT</p>	19.01	Delhi High Court ITA No. 437/2004	Deptt. Appeal admitted. Listed for final hearing.
<p>Assessment Year 1994-95 Sutlej Industries Ltd. Vs. CIT, New Delhi</p> <p>Interest U/s. 244A not allowed for the period from December, 1994 to June, 1997 on amount become refundable out of self assessment taxes paid, not allowed by ITAT</p>	-	Delhi High Court ITA No. 493/2003	Our Appeal admitted. Listed for final hearing.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
<p>Assessment Year 1995-96</p> <p>Sutlej Industries Ltd. Vs. CIT, New Delhi</p> <p>Interest U/s. 244A not allowed on Rs. 423873 from December, 1995 to June, 1997 as amount become refundable out of self assessment taxes paid, not allowed by ITAT</p>	4.23	Delhi High Court ITA No. 120/2004	Our Appeal admitted. Listed for final hearing.
<p>Assessment Year 1998-99</p> <p>CIT, New Delhi Vs. Sutlej Industries Ltd.</p> <p>Interest U/s. 244A allowed for the period from April, 1998 to April 2002 on refund of amount of Rs. 66,90,474.00 on self assessment taxes paid.</p>	66.90	Delhi High Court ITA No. 1204/2005	Pending.

Details of Litigation filed by the Company

Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
<p>CTM Vs. Joseph Pal</p> <p>CTM purchased a chemical pump & motor against 30% advance payment of Rs. 7000/- on 20.11.1989 as per the purchase contract. The Pump was supplied, late by one year i.e. on 30.11.90, besides the above said pump was of sub-standard quality.</p>	U/s 420 of IPC	Chief Judicial Magistrate, Kathua	N. A.	Accused not traceable.
<p>SILVs. Gupta Cotton Traders Batala</p> <p>Case against recovery of additional Sales Tax paid for non receipt of C form</p>	Breach of Contract	Chief Judicial Magistrate, Kathua	Rs. 0.32 Lakhs	Accused not traceable.
<p>CTM Vs. Pilaniwala Synt. ; Pilaniwala Textile Mills Pvt. Ltd.</p> <p>The mill has filed civil suit against the parties for recovery of amount U/s. XXXVII of CPC.</p>	Under Order XXXVII of CPC	District Judge, Kathua	Rs. 24.04 Lakhs	Pending for decision against the objection for admission of bond and surety given by defendant.



Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
The District Court of Kathua has given the direction to the Defendant to submit the surety of the entire amount. Defendant appealed against the said order before the High Court and then Supreme Court, but Supreme Court dismissed the appeal filed by the Defendant.				
SIL Vs. Sirohiya Synthetics P Ltd. We sold the yarn to party, did not make the payment	Under Order XXXVII of CPC	District Judge, Kathua	Rs. 26.31 Lakhs	Service of Summons.

Details of Criminal Cases

Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
CTM Vs. Shri Dinesh Bakliwal Bhilwara & Ors. Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 0.34 Lakhs	Summons issued but several accused not traceable.
CTM Vs. Shri Uttam Febrics, Delhi Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 1.27 Lakhs	Pending.
CTM Vs. Samurai Synthetics 5 cases in Bhilwara (3 transferred at Munsif Magistrate 1 st Class) Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 1.60 Lakhs	Pending.
CTM Vs. Vasundhara Chem Syntex, Bhilwara Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 0.53 Lakhs	Pending.



Parties & Breif Particulars	Charge	Court/Forum	Amount	Status
CTM Vs. Pace Inter Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 2.00 Lakhs	Pending.
CTM Vs. Chitra Synt Hilwara Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 0.53 Lakhs	Pending.
CTM Vs. Sirhoiya Synt Company sold yarn to the accused. Accused didn't make payment for the same. Accused has filed revision against the decision of the Lower Court.	U/s. 415, 418, 420 of IPC	High Court, Jammu	Rs. 26.32 Lakhs	Pending.
CTM Vs. N B Sadiwala Khambat (South Gujarat) Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Chief Judicial Magistrate, Kathua	Rs. 0.30 Lakhs	Pending.
CTM Vs. Vijay Gupta, Jammu Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 500 501 of the IPC	M u m n s i f Magistrate, Kathua	NA	Pending.
CTM Vs. Marwah Textile; Prop Gurinder Pal Singh, Amritsar Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Mumnsif Magistrate, Kathua	Rs. 0.25 Lakhs	Accused not traceable.
CTM Vs. Ravinder Aggrawal & Ors Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Mumnsif Magistrate, Kathua	Rs 3.54 lakhs	Pending. Received amount Rs 1.30 lakhs.



Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
CTM Vs. Samurai Synt. 2 cases Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	Mumnsif Magistrate, Kathua	Rs. 1.42 Lakhs	Pending. Received amount of Rs 0.45 lakhs.
CTM Vs. RGBJ Silk Mill The Company has filed an appeal against the order passed by the Sub-judge Noorpur. Accused issued cheque towards the consideration of the yarn sold by the Company.	U/s. 138 of the Negotiable Instruments Act	High Court of Shimla	Rs. 18.40 lakhs	Pending.
CTM Vs. Kathua Truck Union The Company hired the Trucks from Jammu, Truck Union objected, but Court granted permanent injunction. On this Truck Union agitated and stopped the trucks.	Comtempt of Court	Mumnsif Magistrate, Kathua	NA	Pending.

Labour law Cases

Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
Abhimanyu Vs. CTM	Workman was dismissed on 22.6.1997 after domestic enquiry. Workmen filed claim for reinstatement with full back wages and other benefits	Labour Court, Jammu		Pending.
Dharampal Vs. CTM	Workman abandoned services on 6.2.1997. Workmen filed claim for reinstatement with full back wages and other benefits	Labour Court, Jammu		Pending.



Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
Shushant Vs. CTM	Workman abandoned services on 11.3.1997 after domestic enquiry. Workmen filed claim for reinstatement with full back wages and other benefits	Labour Court, Jammu		Pending.
CTM Vs. Industrial Tribunal & Ors.	Mr. Abhimanyu was suspended pending enquiry, but was not paid subsistence allowance. Industrial Tribunal passed order against the Company. The Company moved to High Court where stay was granted.	High Court, Jammu	Rs. 0.17 lakhs	Pending.
Inderjeet Singh Vs. Industrial Tribunal & Ors.	Mr. Inderjeet Singh abandoned services. Industrial Tribunal awarded only compensation. Workmen filed Writ Petition in High Court. High Court dismissed Writ Petition for non appearance of the workmen. Workmen filed application for restoration.	High Court, Jammu		Pending.

Civil Cases filed against the Company

Parties & Brief Particulars	Charge	Court/Forum	Amount	Status
Jumac Manufacturing Pvt. Ltd. Vs. Sutlej Industries Ltd.	CTM purchased aluminium cans from the Plaintiffs. The Plaintiffs did not supply the cans as per the specifications placed by the Company. The Company therefore held the payment. The Plaintiff has filed the suit for recovery.	City Civil Court, Kolkotta	Rs. 3.24 lakhs	Pending.



Other Cases

Particulars	Claim amount (Rs. In Lakhs)	Court/ Forum	Current status
Refund of T & T	2451378/-	Commissioner (Appeal) Vapi	Appeal to be filed before Customs, Excise & Service Tax Appellate Tribunal, Mumbai against order of Commissioner (Appeals), Central Excise & Customs, Vapi order No. KU/439 to KU 442/VAPI/2005 dated 14.12.05.
Show Cause Notice dated 28.11.05 issued by Dy. Commissioner for disallowing of rebate claim of T & T refund under Rule 5	1553311/-	Deputy Commissioner Of Central Excise & Customs, Vapi	Reply of the show cause notice given vide reply dated 4.01.2006.
Labour Court Case filed against company Rajendra N Hazare Vs. Sutlej Industries Ltd.	150000/-	Illegal Termination of Worker	Next date of hearing is fixed on 4.03.2006. Case No.10/2202.
Case filed by the company Sutlej Industries Ltd. V/s P. K. Industries Bilimora	65000/-	Supply of Beam To Beam rewinding machine	Case is still pending .No hearing date fixed so far Case No. 1630/201.
Criminal Case filed by the company Sutlej Industries Ltd. V/s. Rajesh Nand Kishore Tripathi	6919431/-	Withdrawal of money through fraudulent cheques	Case is still pending before court.
Criminal Case Sutlej Industries Ltd. V/s. Dae Hung Precision Company Ltd., Seth Enterprises Ltd. & Sonal Industries	245325/-	Supply of Faulty machinery parts/stores material	Case is still pending before court. Case was filed on 30.08.2004. Case is not opened so far.



CHAMBAL FERTILISERS AND CHEMICALS LIMITED (CFCL)

OUTSTANDING LITIGATIONS

Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
Winding up petition filed by CFCL against Modiluft Ltd. (Now known as Spice Jet Ltd.). Spice Jet Ltd. has submitted a Scheme of Arrangement with its creditors. The said scheme of arrangement was approved by the Delhi High Court. As per the scheme, Spice Jet Ltd. will pay to CFCL 70% of the principal amount towards full and final settlement of the claim amount in two instalments. Rs 1.20 crores have already been received by the company.	Rs. 400 lakhs	High Court of Delhi	The matter is pending for hearing in the court.
Writ petition filed against State of Rajasthan and others pertaining to bills of Rs. 1.99 crores towards water charges raised by Executive Engineer, Irrigation Dept., Govt. of Rajasthan.	Not Ascertainable	High Court of Rajasthan	The High Court, Rajasthan has granted stay into the matter and the matter is pending before the court for final disposal.
Writ petition filed against Jaipur Vidyut Vitran Nigam Limited for refund of advance deposited by CFCL with Rajasthan State Electricity Board.	Rs. 306 lakhs	High Court of Rajasthan	The matter is pending before the High Court, Rajasthan.

Litigation against the Company:

- I. There are 36 cases relating to the Essential Commodities Act and 3 cases relating to the Indian Penal Code where the amounts are not ascertainable.
- II. There are 68 cases under labour laws, 66 Civil Cases, 1 case pending with the Consumer Forum and 13 under Miscellaneous Acts where the amounts are not ascertainable.
- III. Under the Jute Packaging Material (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched was required to be supplied in jute bags up to 31.08.2001. CFCL had received show cause notice from the Office of the Jute Commissioner, Kolkata, for levying a penalty of Rs. 7380.36 lakhs for non compliance of the provisions of the said Act. CFCL has obtained a stay order from Delhi High Court against the above show cause notice.
- IV. CFCL has received Show Cause Notices for Rs. 42270.50 lakhs towards Excise Duty on Naphtha used as fuel for generation of Power and Steam for manufacture of Urea. The matter is pending before Excise Authorities in Jaipur. In similar cases of other fertilizer companies, the Hon'ble Supreme Court & CEGAT have given favourable decisions to the Companies.



However, in the event of the Company having to pay the above, it is reimbursable by FICC/Government of India under subsidy scheme.

- V. CFCL has received a demand of Rs. 352.34 lakhs from Sales Tax Department, Kota towards use of natural gas for ammonia fuel, power and steam generation for the period April, 1996-May, 2001. The Company has obtained a stay from Rajasthan High Court, Jodhpur on July 11, 2001. However in the event of the Company having to pay the above, it is reimbursable by FICC/ Government of India under subsidy scheme.
- VI. There are 2 civil cases outstanding where the claim amount aggregates to Rs. 4.14 lakhs.
- VII. There are 14 consumer forum cases outstanding where the claim amount aggregates to Rs. 6.76 lakhs.
- VIII. Indian Steam Ship Company which has merged with our company has filed a winding up petition against Nihat Shipping Company Ltd due to non payment of the dues.

ZUARI INDUSTRIES LIMITED

Outstanding Litigations

Statutory Litigation

Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
Zuari Industries Limited & other Vs. Union of India and other The Company had filed an appeal under the provision of the Customs Act, 1962 in the Hon'ble Supreme Court against the order of the Hon'ble Tribunal, in respect of a claim of customs duty on the Diesel Generating Set imported for one of each Plant revamp projects	474.31	Civil Appeal No. 465 of 2002	The appeal is pending before the Hon'ble Supreme Court of India.
Zuari Industries Limited Vs. Dist Registrar, Cuddapah and Joint Sub-Registrar Cuddapah The joint Sub Registrar, Cuddapah (A.P.) raised a demand under the Indian Stamp Act, 1899 with respect to stamp duty payable on the acquisition (as a going concern) of the Cement Division of Texmaco Ltd. The demand was contested by the Company at various levels. The Company has filed a writ petition before the Honorable High Court of Andhra Pradesh against the order of the District Judge	1811.22	Writ Petition No. 13092 High Court, Andhra Pradesh at Hyderabad	Petition is pending



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
<p>Zuari Vs. Hindustan Dorr-Oliver (HDO)</p> <p>The suit is filed by the Company against HDO pertaining to a dispute regarding refund of amount paid by the Company to HDO under a supply and services contract.</p> <p>Subsequently, the defendant has filed a counter claim at the Bombay High Court claiming Rs. 688 lakhs which includes interest at 18.50%.</p> <p>Both the suits are pending in the Respective Courts.</p>	15490.00	<p>Court of Additional Civil Judge, Sr. Division at Vasco-da-Gama</p> <p>Bombay High Court</p>	Pending for hearing.
<p>Under the Income Tax Act, 1961 demands have been raised against the Company (excluding certain obvious omissions and correction) not acknowledged as debts, as disputed by the Company and certain decisions in favour of the company not accepted by the tax authorities not provided for. Such matters together with additional liability likely to arise in respect of years for which assessments are pending, in which the Company expects to eventually succeed.</p>	1026.42	Income Tax Authorities	Pending Assessment.
<p>During the previous year, the Company had received a demand of Rs. 6601.57 lakhs from Income Tax Authorities for the assessment year 2001-02, mainly relating to the capital gains arising from</p>	6165.30	ITAT	Appeal is pending.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
the having off of the cement division effective from 01.04.2000. The Company had filed an appeal against the demand with the Commissioner (Appeals), who has confirmed the demand of Rs. 6165.30 lakhs. The Company has paid Rs. 2765.12 lakhs under protest and has filed an appeal before ITAT. Based on the legal opinion obtained, no provision is made in the books of accounts towards this demand.			
Dispute tax liability relating to foreign concerns - Rs. 57.32 lakhs. In respect of tax liability relating to payments to foreign concerns for services, there are certain decisions of the Appellate Tribunal/Commissioner (Appeals) favourable to the Company, which are contested by the Department	57.32	Department of Income Tax	Pending.
Sales Tax Demands/Claims from Sales Tax Authorities amounting	103.01	Sales Tax Authorities	Arbitrator appointed by the High.
Demands/Claims from Public Works Department from the Government of Goa (PWD), which have been legally contested and the cases are before the Arbitrator appointed by High Court of Bombay at Panaji, Goa in Appeal No. 20 of 2001	997.76	Arbitrator appointed by High Court of Bombay at Panaji, Goa	Pending.
Certain demands have been raised by Mandal Revenue Officer, Yerraguntla under the Andhra Pradesh Non Agricultural Lands Assessment Act (NAKA), 1963 for the period from 1st	298.08	Revenue Divisional Officer, Cuddapah	Appeal is pending for final orders.



Brief Particulars	Claim amount (Rs. in Lakhs)	Court/Forum/Case number	Current Status
July, 1993 to 30th June, 2000. The demands were contested and challenged at various levels. The Company has last filed a Review Petition before Revenue Divisional Officer, Cuddapah			
Demands/Claims from Excise Authorities	10.70		Before Excise Authorities.
Sales Tax demands/claims in respect of which the Company is in appeal	1320.91		Before Sales Tax Authorities.
Demand from South Central Railway	168.27		
Before the relevant Authorities and others	60.92		

(G) LITIGATION BY/ AGAINST THE SUBSIDIARIES OF THE COMPANY

There is no pending litigation by or against the subsidiary of the Company: Uttar Pradesh Trading Company Limited

(H) DUES TO SMALL SCALE UNDERTAKINGS

For details , please refer to the note No. 9 on Annexure 6 of the Auditor's report in the section titled "Financial Performance of the Issuer Company" on page No. 96 of this Letter of Offer.



GOVERNMENT APPROVALS/ LICENCING ARRANGEMENTS

In view of the approvals listed below, we can undertake this Rights Issue and our current business activities and no further material approval are required from any Government authority or the RBI to continue such activities.

We have received the following Government approvals that are material to our business:

SEOHARA

Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
Seohara Sugar Unit				
Industries(Development & Regulation) Act,1951	Manufacturing of Sugar	Under Secretary Ministry of Industry New Delhi	316(94) Dated 23.06.1994	One Time
Prevention of Food and Adulteration Act, 1976	Under Food Adulteration Act - for Sugar & Molasses	Chief Medical Officer, Bijnor	S-01/2005-06	Upto 31.03.2006 Application for renewal made and requisite fees was paid. Formal approval is awaited.
Factories Act 1948	Factory Licence	Dy Director of Factories Meerut	B.J.R-9 22.02.1992	Up to December 2006
Petroleum Act 1934	Diesel Storage & Distribution Licence	District Supply Officer, Bijnor.	13/HSD/DPR	Up to 31.03.2007.
The Arms Rules 1962	Sulphur Storage Licence	District Magistrate Bijnor	Licence No. II	Upto 31.12.05 Application for renewal made and requisite fees was paid. Formal approval is awaited.
Rule 9, Central Excise Rules 2002	Central Excise Registration Certificate	Supdt Central Excise Dhampur	AAACU 3606 K- X M-001 dated 31.12.2001	One Time
The Uttar Pradesh Trade Tax Act 1956.	Trade Tax Registration under UPTT	Assistant Commissioner Trade Tax Dhampur	DM-0012690 dated 01.06.1985	One Time
Central Sales Tax Act 1948	Trade Tax Registration under CST	Assistant Commissioner Trade Tax Dhampur	D-M 5000068 Dated 02.01.1985	One Time
Water (Prevention and Control of Pollution) Act 1974 and Rules made thereunder.	Water Pollution Consent for Sugar Unit	Uttar Pradesh Pollution Control Board Lucknow.	F 28931/C-7 Jal/67 MBD/04 dt 16.3.04	Up to December 2006
Air (Prevention and Control of Pollution) Act 1981 and Rules made thereunder.	Air Pollution Consent for Sugar Unit	Uttar Pradesh Pollution Control Board Lucknow.	F 28932/C7/Air/84/ MBD/04 dt 16.3.04	Up to December 2006



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
Rules 5 of Hazardous Waste Rule, 1989 (as amended)	Hazardous waste consent for sugar unit	Uttar Pradesh Pollution Control Board Lucknow.	F 2 9 7 3 2 / C - 7 / Hazardous /auth./20/ MBD/04 dt 31.3.04	Up to December 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited.
Income Tax Act 1961 & Income Tax Rules 1962	Income Tax Permanent Account No. (PAN)	Office of the CCIT Kolkata	AAACU 3606 K	One Time
Income Tax Act 1961 & Income Tax Rules 1962	Income Tax Deduction Account No (TAN) Sugar-Unit	NSDL Mumbai	AGRU 10175 E 30.04.04	One Time
Import Export Trade Central Policy of Government of India	Import Licence- For Import of Raw Sugar.	Jt Director General of Foreign Trade Moradabad	2910007310 Dated 04.03.2005	One Time
Rule 9 Central Excise Rules 2002	Central Excise Registration Certificate Sugar Godown at Kuri	Supdt Central Excise Range Dhampur	AAACU 3606 K- XM-003 dt 31.12.01	One Time
Finance Act 1994 read with Service Tax Rules 1994	Certificate of Registration for collecting Service Tax on G.T.A.	Supdt Central Excise Range Dhampur	83/03/02/ST/GTA/ DPR/14/2005	One Time
Petroleum Act 1934	Diesel Storage Explosive Licence	Dy Chief Conroller of Explosive North Circle Agra	UP-3481 dated 22.12.1993	Up to 31.12.2007
Uttar Pradesh Sugar Cane (Regulation of Supply and Purchase Act 1982)	Cane Crushing Licence	Secretary of U.P. Govt (Sugar Industries Section.	No. 12 dated 28.10.98	One Time
SEOHARA DISTILLERY				
Industries (Development & Regulation) Act, 1951	For enhancing production capacity upto 16450 to 30000.	Secretarial for Industrial Assistance Ministry of Commerce & Industry, New Delhi	354/SIA/IMO/2003	One Time
Factories Act 1948	Factory Licence for Distillery	Dy Director of Factories Meerut	BJR-21 1.03.2000	Up to December - 2006
Uttar Pradesh Govt. Provincial Excise Act 1910	Mfg. Licence of Distillery-PD-2	Excise Commissioner (U.P.)	PD-2	Up to March, 2006 Application for renewal made and requisite fees was paid. Formal approval is awaited.



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
Rule 9, Central Excise Rules 2002	Central Excise Registration Certificate, Distillery	Supdt Central Excise Dhampur	AAACU 3606 K-XM 002 dated 31.12.2001	One Time
Uttar Pradesh Govt. Provincial Excise Act 1910	For denaturant Storage & Mixing of Spirit	District Excise Officer Bijnor.	No 1/EC/404 1990-91 DS 1	Up to 31.03.2006 Application for renewal made and requisite fees was paid. Formal approval is awaited.
Uttar Pradesh Sales of Motor Spirit, Diesel Oil & Alcohol, Taxation Act 1939	Registration for Sale of Spirit	Distt. Excise Officer, Bijnor	1/164EC 08.04.1992	Up to 31.03.2006 Application for renewal made and requisite fees was paid. Formal approval is awaited.
Water (Prevention and Control of Pollution) Act 1974 and Rules made there under.	Water Pollution Consent for Distillery.	Uttar Pradesh Pollution Control Board Lucknow.	F28934/C-7Ja/96 MBD/04 dt 16.3.04	Up to December 2006
Air (Prevention and Control of Pollution) Act 1981 and Rules made thereunder.	Air Pollution Consent for Distillery.	Uttar Pradesh Pollution Control Board Lucknow.	F28933/C7/Air/84/ MBD/04 dt 16.3.04	Up to December 2006
Income Tax Act 1961 & Income Tax Rules 1962	Income Tax Deduction Account No. (TAN) Distillery-Unit	NSDL Mumbai	A G R U 1 0 1 7 4 D 30.04.2004	One Time
Finance Act 1994 read with Service Tax Rules 1994	Certificate of Registration for collecting Service Tax on G.T.A. Distillery	Supdt Central Excise Range Dhampur	83/03/02/ST/ GOT/ DPR/30/2005 Dated 9.03.05	One Time
Indian Explosive Act 1884 (4 of 1884) & Rules made there under.	Explosive Licence for 3 Vertical Vessels for storage of CO ₂ Gas.	Jt Chief Controller of Explosive Agra.	PV/(NC)S-193/UP-113/ PVS dated 9.11.1995	Up to 31.03.2008
Indian Explosive Act 1884 (4 of 1884) & Rules made there under.	Storage Shed for CO ₂ Gas Cylinder Jt	Chief Controller of Explosive Agra.	GC/(NC)S-363/UP-993/ CGS dated 17.11.1995	Up to 31.03.2007
Indian Explosive Act 1884 (4 of 1884) & Rules made there under.	2 No. of Filling points with connected facilities of CO ₂	Jt Chief Controller of Explosive Agra.	GC/(NC)F-222/UP/132/ CGF dated 17.11.1995	Up to 31.03.2007



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
SIDHWALIA SUGAR UNIT				
Factories Act, 1948 and rules thereunder	Factory Licence	The Chief Inspector of Factories, Patna and Inspector of Factories, Chhapara	781/GNJ	Upto December 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Bihar Sugarcane(Regulation of Supply & Purchase) Act, 1982	Cane Crushing Licence	The Cane Commissioner, Bihar, Patna	Licence No. 6 dated 21.02.89	Renewed for the year 2005-06
Bihar Sugarcane(Regulation of Supply & Purchase) Act,1982	Licence undeer cane Act-Appointment of Cane Manager	District Magistrate, Gopalganj	Form IX	Renewed for the year 2005-06
Bihar Molasses (Control) Act, 1947	Molasses Storage Licence-Sugar unit	The Superintendent of Excise,Gopalganj	15/87	Upto December 2005. Application for renewal made and requisite fees was paid. Formal approval is awaited
Bihar Shop & Establishment Act,1953	Certificate of Registration	Assistant Labour Commissioner, Siwan	SR/209/137/Masrak G J / 3 2 7 / 1 / 9 8 / Premnagar	Upto December, 2006
Insecticides Act,1968 and Rules	Insecticide Licence-Sugar unit	Joint Director, Plant Protection, Govt. of Bihar, Patna	30-18/76	Upto July 2006
Fertilizer Control Order 1985	Fertilizer Licence-Sugar unit	District Agriculture Officer, Gopalganj	Reg. No.-165 Dated 29.12.86	Upto March 2007
Water(Prevention & Control of Pollution) Act,1974 and rules thereunder.	Discharge consent (Sugar Mills)	Bihar State Pollution Control Board, Patna	T-709 Dated 03.02.05	Upto September 2006
Air(Prevention & Control of Pollution) Act,1981 and rules thereunder.	Emission Consent Order(Sugar Mills)	Bihar State Pollution Control Board, Patna	T-708 Dated 03.02.05	Upto September, 2006
Import/Export Trade Control Policy of Govt. of India	Certificate of Importer/Exporter	Department of Foreign Trade, Govt. of India, Kolkata	IEC No. 0288010299 Dated 24.05.1988	One time
Central Excise Rules,2002	Central Excise Registration	Assistant Commissioner of Central Excise, Muzaffarpur	AAACU3606KXM004	One time
Standard Weight & Measure(Packed Commodities) Rules 1977	Registration under Packed Commodities-Sugar	Directorate of Weights & Measures, New Delhi	Applied for vide letter No. S/1396/2004 Dated 02.12.2004	Applied for to The Controller, Legal Metrology, Bihar, Patna



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
Industrial (Development & Regulation) Act 1951	Industrial Licence for enhancing capacity upto 2500 TCD-Sugar	Secretariat for Industrial Assistance- Ministry of Commerce & Industry, New Delhi	2310/STA/TMO/2000 Dated 21.09.2000	One time
Finance Act, 1994 read with Service Tax Rules, 1994	Certificate of Registration for Payment of Service Tax on Services of Goods Transport Agency	Office of Superintendent, Central Excise Range, Gopalganj	GTA/BSM/GPJ/88/2005	One time
Central Sales Tax Act, 1956	Registration for Central Sales Tax	Assistant Commissioner Commercial Tax, Gopalganj	CST No. GG-204©, CST TIN- 10280217141	One time
Bihar Finance Act, 1981 read with Bihar Sales Tax Rule, 1983 & VAT Ordinance, 2005	Registration for Bihar Sales Tax	Assistant Commissioner Commercial Tax, Gopalganj	BST No. GG-461® VAT NO.- 10280217044	One time
Bihar Finance Act 1981 r.w. Bihar tax on Entry of Goods into Local Area for consumption, use or sale therein Ordinance 1993	Certificate of Registration	Assistant Commissioner Commercial Tax, Gopalganj	GG/25/ET & E.T.TIN- 10280217238	One time
The Petroleum Act 1934	HSG Oil Storage Licence	District Magistrate Gopalganj	2/80 dated 20.9.1980	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
CINNATOLLIH TEA GARDEN				
Factory Act 1948	Factory Licence	Chief Inspector of Factory, Assam	LAK-6 28.01.2005	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Petroleum Act 1934	Petrol Licence	Dy. Chief Controller of Explosives, Guwahati	As-2286/A	Up to December - 2008
Petroleum Act 1934	Diesel/FO Licence	Jt Chief Controller Explosive of Kolkata	P.12(3)551/As-2155 dated 8.05.2003	One Time



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
Central Sales Tax Act 1956	Trade Tax	Superintendent of Taxes North Lakhimpur Assam	NLR 313	One Time
Central Sales Tax Act 1956	Trade Tax	Commissioner Commercial Taxes Kolkata	19470388245	One Time
Rule 9, Central Excise Rule 2002	Central Excise Registration	Ass Commissioner Central Excise Tezpur	TEMPA 2146OXM001	One Time
W.B. Value Added Tax Act 2003	Trade Tax	Commissioner Commercial Taxes, Kolkata	19470388051	One Time
Finance Act 1994 read with Service Tax Rules 1994	Certificate of Reg.for collecting Service Tax on goods transport by Road	Deputy Commissioner of Central Excise,Tezpur	AAACU3606 KST001	One Time
Water (Prevention and Control of Pollution Act 1974 and Rules made thereafter)	Water Pollution Consent for Factory	Member Secretary Pollution Control Board Assam	WB/TEZ/T-437/ 01-02/32 28.03.05	Up to March 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Air (Prevention and Control of Pollution Act 1981 and Rules made thereafter)	Air Pollution Consent for Factory	Member Secretary Pollution Control Board Assam	WB/TEZ/Z-II/T-161/90-91/246-A 28.03.05	Up to March 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Tea Act	Tea Board Registration	Licensing Authority	B-80	One Time
Tea Board				
The Prevention of Food & Adulteration Act 1954	Tea Production Licence	District Licensing Authority, Nort Lakhimpur.	VDHL/PFA/01/2/210 23.06.05	31.03.2006. Application for renewal made and requisite fees was paid. Formal approval is awaited.
Income Tax Act 1961 & Income Tax Rules,1961	Income Tax Deduction Account No. (TAN)	ACIT,Kolkata National Security Depository Ltd	CAL U00035A SHL U00240C	One Time



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
NEW INDIA SUGAR MILLS				
Bihar Sugar Cane (Regulation of Supply and Purchase Act 1981)	Cane Crushing Licence	The Secretary, Cane Department, Bihar, Patna	5	Renewed upto 2005-06 Season
Molasses (Control) Act	1947 Molasses Storage Licence	Excise Commissioner-cum-Controller of Molasses Bihar, Patna	2/1982	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Motor Transport Workers Act 1961	Transport Workers Licence	Labour Suptd Samastipur	ST-56 (B.R)	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Bihar Factories Act 1924	Factory Licence	Inspector of Factories, Samastipur	1032/SPR	December 2006
Indian Arms Act 1948	Sulphur Licence	District Magistrate, Samastipur	4/1934	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Petroleum Act 1934	Kerosene Oil License	District Magistrate, Samastipur	21/65	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Petroleum Act 1934	High Speed Diesel/ Motor Spirit Licence	District Magistrate, Samastipur	2/73	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited



Name of the Act under which license is granted	Name of the License	License issuing Authority	License No/Date	Validity Status
Indian Arms Act 1924	Guns/Arms License	District Magistrate, Samastipur	1140/84 1141/84 1142/84	Renewed upto 27-02-07
Bihar Money Lenders Act 1938	Money Lending Licence	Upper Registrar, Treasury, Rosera	112	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Central Excise Act 1944	Registration as manufacturer	Asst Controller Central Excise Laheriasarai	1/Sugar/58	One time
Insecticide Act 1968	Fertilizers & Insecticides Licence	District Agriculture Officer, Samastipur	30(N) 95	Up to December - 2005 Application for renewal made and requisite fees was paid. Formal approval is awaited
Industries (Development & Regulations) Act 1988	Expansion upto 1750 TCD	Government of India, Ministry of Industry & Supply, New Delhi	LI: 307(94)/98	One time
Water (Prevention & Control of Pollution) Act, 1974 and rules thereunder.	Discharge consent (Sugar Mills)	Bihar State Pollution Control Board, Patna	P/S-4-1058/86-T6917	Upto September 2006
Air(Prevention & Control of Pollution) Act,1981 and rules thereunder.	Emission Consent Order(Sugar Mills)	Bihar State Pollution Control Board, Patna	P/S 4-2043/87-T-6918	Upto September, 2006
Central Sales Tax Act, 1956	VAT-CST Registration Certificate	Assistant Commissioner Commercial Tax, Samstipur	TIN VAT 10420847159	One time
Bihar Finance Act, 1981 read with Bihar Sales Tax Rule,1983 & VAT Ordinance, 2005	VAT-BST Registration Certificate	Assistant Commissioner Commercial Tax, Samastipur	TIN VAT 10420847062	One time
Bihar Finance Act 1981 r.w. Bihar tax on Entry of Goods into Local Area for consumption, use or sale therein Ordinance 1993	VAT- Entry Tax Registration Certificate	Assistant Commissioner Commercial Tax, Samastipur	TIN VAT 10420847256	One time



OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

Pursuant to the resolutions passed by the Board of Directors of the Company at its meetings held on August 16, 2005 and March 6, 2006 it has been decided to make the following offer to the Equity Shareholders of the Company:

ISSUE OF 4,552,852 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PREMIUM OF RS. 140 PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 13 EQUITY SHARES FOR EVERY 20 EQUITY SHARES HELD ON THE RECORD DATE I.E. JUNE 16, 2006; AGGREGATING RS. 6829.28 LACS.

PROHIBITION BY SEBI

Our Company, our subsidiaries, our affiliates, our promoters, our promoter group entities, our directors and other companies promoted by our promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our directors or the promoters has been prohibited from accessing capital market under any order or direction passed by SEBI.

ELIGIBILITY

Upper Ganges Sugar & Industries Limited is an existing Company, whose Equity Shares are listed on BSE, NSE and CSE. It is eligible to offer this Rights Issue in terms of Clause 2.4.1(iv) of the SEBI DIP Guidelines. The Company, its Promoters, its Directors or any of the Company's associates or group companies are currently not prohibited from accessing the capital market under any order or direction passed by SEBI. Further the Promoters, their relatives (as per the Companies Act, 1956), the Company, group companies, associate companies are not declared as wilful defaulters by RBI / Government authorities.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MARCH 13, 2006 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

- a) THE DRAFT LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;



- b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
- c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE, AND;
- d) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID

The filing of the Draft Letter of Offer does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager any irregularities or lapses in the Draft Letter of Offer.

DISCLAIMER STATEMENT FROM THE ISSUER AND LEAD MANAGER

The Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and any one placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.

DISCLAIMER WITH RESPECT TO JURISDICTION

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in the District of Bijnor, Uttar Pradesh, India only.

The Draft Letter of Offer has been filed with SEBI, Mittal Court, 'A' Wing, Nariman Point, Mumbai 400021, for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Act.

DISCLAIMER CLAUSE OF THE BSE

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated May 22, 2006 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- ii. warrant that this company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this company, its Promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NSE

As required, a copy of this Draft Letter of Offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref no. NSE/LIST/22405-V dated May 25, 2006 permission to the Issuer to use the Exchange's name in this Draft Letter of Offer as one of the Stock Exchanges on which the Issuer's securities are proposed



to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE CSE

As required, a copy of this Draft Letter of Offer has been submitted to Calcutta Stock Exchange Association Limited (hereinafter referred to as CSE). CSE has given vide its letter dated May 30, 2006 permission to the Issuer to use the Exchange's name in this Draft Letter of Offer as one of the Stock Exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this Draft Offer Document for their limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The exchange does not in any manner:

- (1) warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document or
- (2) warrant that the Company's securities will be listed or will continue to be listed on the Exchange, or
- (3) take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the company and it should not, for any reason be deemed or construed that this Draft Letter of Offer has been cleared by the Exchange or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this issuer may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

IMPERSONATION

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

"Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

GOVERNMENT APPROVALS

Our company was incorporated on August 10, 1932 under the Indian Companies Act VII of 1913. We have obtained all necessary approvals to undertake our activities and we do not propose to enter into any new activities through this Issue, for which further approvals may be required to be obtained, except as may be required to be obtained in the normal course of business. For further details, please refer to Section "Government Approvals/Licensing Arrangements".

FILING

The Letter of Offer was filed with SEBI, Mittal Court, Nariman Point, Mumbai 400 021. All the legal requirements applicable till the date of filing the Letter of Offer with the Stock Exchanges have been complied with.



The Letter of Offer having attached thereto the material contracts and documents referred in this Letter of Offer, have been filed with Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and The Calcutta Stock Association Limited at the following address:

Bombay Stock Exchange Limited
1st Floor, Rotunda Bldg.,
B.S. Marg, Fort
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051

The Calcutta Stock Exchange Association Limited
7, Lyons Range
Kolkata – 700 001

LISTING

The existing Equity Shares are listed on the BSE, NSE and CSE. We have made applications to the BSE, NSE and CSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer. BSE is the Designated Stock Exchange for this Issue. We have received in-principle approvals from BSE, NSE and CSE by letters dated May 22, 2006, May 25, 2006 and May 30, 2006 respectively. We will apply to the BSE, NSE and CSE for listing of the Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, within six weeks from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within 8 days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Act.

CONSENTS

Consents in writing of the Directors, Auditors, Lead Manager, Legal Advisor, Bankers to the Company, Registrar to the Issue, Banker to the Issue to act in their respective capacities have been obtained and filed with Stock Exchanges at the time of filing this Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the stock exchanges.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in the Letter of Offer and also the tax benefits accruing to the Company and its members and such consents and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.



EXPENSES OF THE ISSUE

The expenses for this Rights Issue are estimated at Rs. 200 lacs, the break-up whereof is as follows:

Particulars	Rs. in Lacs
Fees to Lead Manager	155.00
Fees to Registrar	0.75
Fees to Auditors	13.50
Fees to Banker to the Issue	0.25
Fees to Legal Advisor to the Issue	6.50
Printing & Stationery and Postage expenses	11.50
Advertisement, Travel and other Miscellaneous Expenses	12.50
Total	200.00

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

No underwriting commission, brokerage and selling commission will be paid for this Issue.

DETAILS OF THE PREVIOUS PUBLIC OR RIGHTS ISSUE MADE IN THE LAST FIVE YEARS

There was no Public or Rights Issues made by the Company in the last five years.

DETAILS OF THE PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

There was no Issue made by the Company otherwise than for cash except the following:

Date of Allotment	No. of Shares	Face Value per Share (Rs.)	Particulars
August 22, 1966	6,40,000	10	Issued as Bonus Shares
February 28, 1977	15,487	10	Issued on Amalgamation of C&E Morton (India) Ltd. with the Company.
August 8, 1978	2,45,162	10	Issued as Bonus Shares
May 18, 1982	4,90,324	10	Issued as Bonus Shares
October 13, 1993	80,000	10	Issued on Amalgamation of Bharat Sugar Mills, a unit of New India Sugar Mills Ltd with the Company.
February 6, 1998	23,26,459	10	Issued as Bonus Shares
March 6, 2006	25,009	10	Issued pursuant to Scheme of Arrangement for merger of sugar division of New India Sugar Mills Ltd. with the Company w.e.f. October 1, 2004.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

No commission or brokerage was paid in respect of the previous issues.



DETAILS OF CAPITAL ISSUES MADE IN LAST THREE YEARS BY THE LISTED COMPANIES UNDER SAME MANAGEMENT

Texmaco had made a Rights Issue of 51,63,378 Equity Shares of Rs.10/- each at a premium of Rs.20/- per share (i.e. at a price of Rs.30/- per share) in the ratio of one Equity Share for every one Equity Share held during the financial year 2004-05.

Issue opened on	May 7, 2004
Issue closed on	June 7, 2004
Date of completion of dispatch of delivery of security certificates	June 18, 2004
Object of the issue	The issue of the Equity Shares was made to partly meet the Working Capital requirements and to partly repay short term loans taken to meet Working Capital requirements of the Company and to meet the expenses of the issue.
Rate of dividend paid prior to the issue	10%

Particulars of changes in the capital structure are given below:

Particulars	Equity Share Capital (Rs. Lacs)	Share Premium (Rs. Lacs)
Prior to the issue	516.35	1290.54
After the Rights issue	1032.58	2323.02
After retention of over-subscription	N.A.	N.A.

PROMISE VS PERFORMANCE

Upper Ganges Sugar & Industries Limited

We made a Rights Issue of Equity Shares to our equity shareholders in 1994. The issue of 31,01,946 Equity Shares of Rs.10/- each for cash at a premium of Rs.20/- each aggregating to Rs.930.58 lacs was made in the ratio of two Equity Shares for every one Equity Share held.

Issue opened on	November 3, 1994
Issue closed on	December 2, 1994
Date of completion of dispatch of delivery of security certificates	January 13, 1995
Object of the issue	The main object of the issue is to augment the long term working capital requirement and to strengthen the capital base of the Company.



The promises made in the above-mentioned rights issue and actual performance achieved is as follows:

(Figures in Rs. lacs except per share data)

	1994-95		1995-96		1996-97	
	Projected	Actual	Projected	Actual	Projected	Actual
Business Parameters						
Sales	14196.00	10895.90	16511.00	13909.27	18084.00	16563.92
PBIDT	2898.00	1703.22	3416.00	2164.38	4158.00	2924.26
Interest (net)	656.00	284.18	739.00	874.70	1071.00	1696.98
Depreciation	284.00	227.57	360.00	336.58	554.00	467.86
PBT	1958.00	1191.47	2317.00	953.10	2533.00	759.42
Taxation	735.00	740.00	835.00	180.00	745.00	129.69
PAT	1223.00	451.47	1482.00	773.10	1788.00	629.73
Dividend (%)	30	35	30	35	30	35
Equity Capital	465.29	465.29	465.29	465.29	465.29	465.29
Reserves & Surplus	6039.00	5372.43	7391.00	6004.73	9029.00	6496.83
Net Worth	6504.29	5837.72	7856.29	6470.02	9494.29	6962.12
EPS (Rs.)	26.28	9.70	31.85	16.62	38.43	13.53
NAV (Rs.)	139.79	125.46	168.63	139.05	204.05	1494.63

The reasons for variation between actual figures and projections for the aforesaid 3 year period are given below:

1994-95 : The financial results of 1994-95 were for a period of 9 months, as the Company changed the accounting year from June ending to March ending. The turnover was lower mainly on account of lower quantity of sugar sold due to lower releases of sugar at depressed prices. Profitability was adversely affected due to shorter accounting year of 9 months, large build-up of stock of finished goods due to increase in production, lower sales and depressed sugar prices due to record production and resultant sugar surplus.

1995-96 : The turnover was lower mainly on account of lower releases of levy and free sugar. Due to bumper production of Sugar in 1995-96 prices remained depressed. Profitability of the Industry was also affected due to increase in State Advised Price by the State Government. The quality of sugarcane supplied to the factory was very poor due to delayed monsoon which severely affected the recovery of sugar.

1996-97 : The turnover was lower mainly on account of lower releases of levy and free sugar. The profitability was adversely affected due to lower production, lower recovery of sugar from sugarcane and lower sales realisations.

Listed Companies promoted by the Promoters

Texmaco Limited

Texmaco Limited made a rights issue of 51,63,378 equity shares in 2004 at price of Rs.30/- each to its equity shareholders to meet the working capital requirements and to partly repay short term loans. No promise was made in relation to the said rights issue.



Sutlej Industries Limited

Sutlej had made a rights issue of 35,43,750, 18% unsecured fully convertible debentures of Rs. 100/- each for cash at par aggregating Rs. 3543.75 lacs to its equity shareholders.

Issue opened on	April 12, 1997
Issue closed on	May 12, 1997
Date of completion of dispatch of delivery of security certificates	June 19, 1997
Object of the issue	The issue of the Equity Shares was made to meet capital expenditure of the company for two years, repayment of short term loans and margin money for long term working capital requirements.

The envisaged capital expenditure of Rs. 6.00 crores in the financial year 1997 and Rs. 3.00 crores in the financial year 1998 was part financed by proceeds of the rights issue to the tune of Rs. 3.50 crores as promised in the Letter of Offer.

Zuari Industries Limited

Zuari made a rights issue of 1,31,26,400 equity shares in 1997 at price of Rs.10/-each for cash at par aggregating Rs. 1,312.64 lacs to its equity shareholders to meet the working capital requirement of the company. No specific promise was made in relation to the said issue.

Chambal Fertilizers and Chemicals Limited

Chambal had made a Public Issue of 2,12,00,000; 15% secured partly convertible debentures of Rs. 200 each for cash at par aggregating to Rs. 424.00 crores to its equity shareholders.

Issue opened on	April 15, 1993
Issue closed on	April 26, 1993
Date of completion of dispatch of delivery of security certificates	-
Object of the issue	To raise part finance for meeting Project Cost estimated at Rs.1267.00 crores and to meet expenses of Issue.

Particulars	1993-94		1994-95		1995-96	
	Projections	Actual	Projections	Actual	Projections	Actual
Capacity Utilisation	85	61	95	101	95	120
Sales Realisation (including Subsidy)	488.38	108.37	500.89	664.94	500.89	762.52
Cost of Raw Materials	94.65	23.44	105.85	120.14	105.85	140.57
Other Expenses	61.53	26.64	66.44	199.16	66.93	267.28
Gross Profit	332.20	58.29	328.60	345.64	328.11	354.67
Interest	173.60	37.72	166.59	150.74	158.91	153.01
Depreciation	126.66	14.84	126.66	62.04	126.92	62.60
Profit before Tax	31.94	6.73	35.35	132.86	42.28	139.06
Tax	—	—	—	—	—	—
Profit after Tax	31.94	6.73	35.35	132.86	42.28	139.06
Reserves	16.94	5.77	25.69	88.17	31.77	190.78
Dividend	15.00	0.00	26.60	50.46	36.20	36.71
Equity Capital	367.00	366.24	367.00	366.90	367.00	367.00
EPS (Rs.)	0.87	0.16	0.96	3.62	1.15	3.79
Book Value (Rs.)	10.46	10.16	10.70	12.40	10.86	15.20



The Oudh Sugar Mills Limited

OSML had made a Rights Issue of 77,88,780 Equity Shares of Rs.10/- each at a premium of Rs.40/- per share (i.e. at a price of Rs.50/- per share) in the ratio of three Equity Shares for every four Equity Shares held during the financial year 2004-05.

Issue opened on	May 18, 2005
Issue closed on	June 16, 2005
Date of completion of dispatch of delivery of security certificates	July 1, 2005
Object of the issue	The issue of the Equity Shares was made to partly reduce overall indebtedness of the Company by repaying a part of the outstanding working capital borrowings and to meet the expenses of the issue.

No specific promise was made in relation to the said issue.



DETAILS OF OUTSTANDING DEBENTURES/BONDS/REDEEMABLE PREFERENCE SHARES/OTHER INSTRUMENTS

There are no outstanding debentures, bonds, redeemable preference Shares.

STOCK MARKET DATA FOR EQUITY SHARES OF THE ISSUER COMPANY

The Company's shares are listed on the BSE, NSE and CSE. As the shares are actively traded on the BSE and NSE and infrequently traded in CSE, the Company's stock market data have been given separately for each of these Stock Exchanges.

The high and low closing prices recorded on the BSE, NSE and CSE for the preceding three years and the number of shares traded on the days high and low prices were recorded are stated below:

BSE

Year Ending June, 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	*Average price for the year (Rs.)
2003	28.00	05.07.2002	8976	9.10	15.04.2003	200	21.90
2004	116.05	05.05.2004	100317	13.65	05.11.2003	6236	107.93
2005	259.40	09.02.2005	30619	59.90	09.07.2004	3160	228.37
December 1, 2005 to May 31, 2006	482.45	04.04.2006	15601	226.00	06.12.2005	21446	-

*From April 1 to March 31

Week Ended	High (Rs.)	Low (Rs.)	Closing (Rs.)
May 19, 2006	397.00	325.30	325.30
May 26, 2006	340.00	283.65	305.65
June 2, 2006	310.00	243.90	244.90
June 9, 2006	257.10	178.00	187.20

NSE

Year Ending June, 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	*Average price for the year (Rs.)
2003	28.25	05.07.02	31,941	10.00	13.03.03	123	13.47
2004	114.20	05.05.04	1,37,820	15.60	22.10.03	2,250	34.47
2005	259.90	09.02.05	71,652	60.00	09.07.04	4,800	125.72
December 1, 2005 to May 31, 2006	482.00	04.04.06	20,620	229.00	06.12.05	10,423	-

*From April 1 to March 31

Week Ended	High (Rs.)	Low (Rs.)	Closing (Rs.)
May 19, 2006	390.00	329.25	329.25
May 26, 2006	327.00	280.25	305.05
June 2, 2006	310.00	245.55	245.95
June 9, 2006	258.25	180.25	190.35



CSE

Year Ending June, 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2003	17.20	20.12.02	45,360	11.05	27.11.02	59600	-
2004	88.70	27.04.04	100	46.10	23.02.04	10000	-
2005	198.80	20.06.05	2200	62.70	09.07.04	200	-
December 1, 2005 to May 31, 2006	371.25	19.01.06	6560	292.85	12.01.06	8770	-

The high and low prices and volume of shares traded on the respective dates during the last six months is as follows:

BSE

Year Ending June, 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)
Dec-05	285.00	20.12.05	55924	226.00	06.12.05	21446
Jan-06	445.80	24.01.06	164042	259.00	02.01.06	31560
Feb-06	459.35	14.02.06	185225	365.05	27.02.06	16116
March-06	441.15	31.03.06	18576	366.00	01.03.06	24929
April-06	482.45	04.04.06	15601	413.25	17.04.06	13897
May-06	457.25	02.05.06	10585	266.85	31.05.06	5037

NSE

Year Ending June,30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)
Dec-05	284.90	20.12.05	61558	229.00	06.12.05	10423
Jan-06	446.50	24.01.06	242479	259.05	02.01.06	38888
Feb-06	457.65	14.02.06	304087	357.00	27.02.06	15611
March-06	444.60	31.03.06	24548	365.00	06.03.06	28748
April-06	482.00	04.04.06	20620	412.00	17.04.06	8370
May-06	436.00	02.05.06	8288	270.95	31.05.06	2055



CSE

Year Ending June, 30	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)
Dec-05	-	-	-	-	-	-
Jan-06	371.25	19.01.06	6560	292.85	12.01.06	8770
Feb-06	-	-	-	-	-	-
March-06	-	-	-	-	-	-
April-06	-	-	-	-	-	-
May-06	-	-	-	-	-	-

The working results of the Company for the period April 1, 2006 to April 30, 2006 are as follows:

Particulars	(Rs.in lacs)
Net sales	4106.92
Increase/(Decrease) in stock in trade	(2267.76)
Other Income	1.14
Total Income	1840.30
PBDIT	462.08
Interest	164.52
Gross Profit after interest but before Depreciation and Taxes	297.56
Provision for Depreciation	76.89
Profit Before tax	220.67

The market price was Rs. 390.10 on BSE on March 6, 2006, the trading day immediately following the day on which meeting was held to finalize the offer price for the right Issue. Ex-rights price on BSE was Rs. 187.20

The market price was Rs. 391.60 on NSE on March 6, 2006, the trading day immediately following the day on which meeting was held to finalize the offer price for the right Issue. Ex-rights price on NSE was Rs. 190.35

REDRESSAL OF INVESTORS GRIEVANCES

Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system has been developed for letters of routine nature. Share transfer and dematerialization is being handled by Intime Spectrum Registry Limited, Registrars and Share Transfer Agents. Letters are filed categorywise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is 10 days. However, the Company endeavours to redress all the complaints within 7 days of the receipt of complaint.

Status of Complaints

The Company and its Registrars received 40 Investor complaints during the nine months period ended March 31, 2006 and all were redressed. Subsequently till May 31, 2006 the Company and its Registrar received 7 Investor complaints. No complaint is pending as on May 31, 2006.



Investor Grievances arising out of this Issue

Our Company's Investor grievances arising out of the Issue will be handled by Intime Spectrum Registry Limited, Registrar to the Issue. The Registrar will have a separate team of personnel handling only our post Issue correspondence. Investor grievances will be settled expeditiously and satisfactorily by us. The agreement between us and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Letter of Allotment/ share certificate / warrant/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as Folio No., Client ID / DP ID No., Name and Address of the First Applicant, number and type of shares applied for, Composite Application Form serial number, amount paid on application and the Bank Branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 30 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer in case of any pre-issue/ post-issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. The Company has appointed Shri S.K. Poddar as the Compliance Officer.

Compliance Officer

The Investors may note that Compliance Officer has been appointed by the Company who may be contacted for any pre-issue / post-issue related matter. The details relating to the Compliance Officer are as under:

Shri S.K. Poddar

9/1, R.N. Mukherjee Road

Kolkata - 700 001, India.

Tel: +91-33-2243-0497, 2248-7068

Fax: +91-33-2248-6369

Email: skpoddar@birla-sugar.com

CHANGE IN AUDITORS IN LAST THREE YEARS

There is no change in auditor in last three years.

CAPITALISATION OF RESERVE OR PROFIT DURING LAST FIVE YEARS

There was no capitalisation of reserve or profit during last five years.

REVALUATION OF ASSETS DURING LAST FIVE YEARS

There was no revaluation of Assets during last five years.



CHAPTER VII: OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of the Company, approvals from the RBI, the provisions of the Companies Act, 1956, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

The Issue is being made pursuant to the resolutions passed by the Board of Directors of the Company at its meetings held on August 16, 2005 and March 6, 2006.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the Register of Members of the Company in respect of shares held in the physical form at the close of business hours on the Record Date, fixed in consultation with the Stock Exchanges.

The Equity Shares are being offered for subscription in the ratio of thirteen Equity Shares for every twenty Equity Shares held by the Equity Shareholders.

RANKING OF EQUITY SHARES

The Equity Shares allotted pursuant to this Issue shall rank pari-passu in all respects with the existing Equity Shares of the Company, including dividend payment.

FACE VALUE OF ISSUE PRICE

Face Value: Rs. 10/-

Issue Price: Rs. 150/-

RIGHTS OF THE HOLDERS OF EQUITY SHARES

The rights available to the equity shareholders of the Company are subject to the provisions of the Companies Act, 1956 and our Memorandum and Articles of Association. The rights include the following:

- Right to receive dividend, if declared
- Right to attend general meetings and exercise voting powers, unless prohibited by law
- Right to vote personally or by proxy, unless prohibited by law
- Right to receive offer for rights shares and be allotted bonus shares, if issued
- Any other rights available under the Companies Act, 1956

Note: Only the registered equity shareholders or in case of joint holders, those shareholders, whose name appear first in the Register of members/list of beneficial owners shall be entitled to the above-mentioned rights.

MARKET LOT

The market lot for the Equity Shares held in the demat mode is one share. In case of physical certificate, our Company would issue one certificate for the equity shares allotted to one person ("Consolidated Certificate"). In respect of consolidated certificate, the Company will, only upon request from the equity shareholder, split and return such consolidated certificate into smaller denomination within 7 days time in conformity with the clause 3 of the Listing Agreement. No fee would be charged by the



Company for splitting the consolidated certificate.

FRACTIONAL ENTITLEMENT

For Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Equity Shareholder is less than 20 or is not in the multiples of 20, then the fractional entitlement of such holder shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of ONE additional share each if they apply for additional share(s).

Those Equity Shareholders holding one Equity Share and therefore entitled for zero Equity Shares under the Rights issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares, however they cannot renunciate the same to third parties. CAF with zero entitlement shall be non negotiable/non-renunciable.

NOMINATION FACILITY TO INVESTORS

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the Sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective DP.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the Issue, the entire subscription shall be refunded to the applicants within forty-two days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to repay the subscription amount, i.e. forty-two days after closure of the Issue, the Company will pay interest for the delayed period, at the rates prescribed in sub-sections (2) and (2 A) of Section 73 of the Companies Act, 1956.

The Issue will become undersubscribed after considering the number of shares applied as per entitlement plus additional shares. The undersubscribed portion shall be applied for only after the Issue Closing Date. In the event of undersubscription, the Promoters intend to apply for additional Equity Shares. Allotment of shares against the Promoters for additional Equity Shares in excess of their respective rights entitlement will not result in change of control of the management of the Company and will be governed by the provisions of regulation 3(1)(b) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereof. The promoters undertake to comply with Clause 17 of SEBI (Delisting of Securities) Guidelines, 2003 in case of non-promoter holding in the Company falls below the level required for continuous listing requirement.



The above is subject to the terms mentioned under the section entitled 'Basis of Allotment' on page 267 of this Letter of Offer.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

Since under the demat mode, trading lot is of one share, we are not making any arrangement for disposal of odd lot.

TERMS OF PAYMENT

Full amount of Rs. 150 shall be payable on Application.

RANKING OF THE EQUITY SHARES

The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing Equity Shares of the Company.



ISSUE PROCEDURE

OPTION TO SUBSCRIBE

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. Our Company signed a tripartite agreement with National Securities Depository Limited (NSDL) and Intime Spectrum Registry Limited on 6th May, 2003 and with Central Depository Services (India) Limited (CDSL) and Intime Spectrum Registry Limited 12th April, 2003 which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

HOW TO APPLY

Procedure for Application

Application should be made only on the enclosed CAF provided by our Company. The CAF should be completed in all respects as explained under the head "Instructions" indicated on the reverse of the CAF before submission to the Banker to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the closure of the subscription list. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in this Letter of Offer.

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

Non-resident shareholders can obtain a copy of the CAF from the Registrar to the Issue, Intime Spectrum Registry Limited from their office located at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078, India by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address.

Applicants must provide information in the CAF as to their savings/current/NRE/NRO/FCNR bank account and the name of the bank with whom such account is held to enable the Registrar to print the said details in the refund orders after the name of the payees.

Acceptance of Offer

You may accept the Offer and apply for the Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centres not covered by the branches of collecting banks can send their CAF together with the demand draft, net of demand draft and postal charges, payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Options available to the equity shareholders

The CAF clearly indicates the number of Equity Shares that Equity Shareholder is entitled to.

The CAF consists of four parts:

Part A : Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B : Form for renunciation

Part C : Form for application for renounees

Part D : Form for request for split application forms

The Equity Shareholders will be having the following five options:

- Apply for his entitlement in part



- Apply for his entitlement in part and renounce the other part
- Renounce his entire entitlement
- Apply for his entitlement in full
- Apply for his entitlement in full and apply for additional Equity Shares

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be in the manner prescribed under the section entitled 'Basis of Allotment' on page 267 of this Letter of Offer. The renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of application for additional Equity Shares by non-resident Equity Shareholders, the allotment of additional securities will be subject to the permission of the RBI.

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

As an Equity Shareholder, you have the right to renounce your entitlement for the Equity Shares in full or in part in favour of one or more person(s). Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares in favour of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors (unless the same is applied through a legal guardian)
- Hindu Undivided Family
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company)

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Shareholder(s) to other Non-Resident Indian(s) or from Non-Resident Indian(s) Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/ renounees obtaining the approval of the FIPB and/or necessary permission of the RBI under Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approval are liable to be rejected.

The right of renunciation is subject to the express condition that the Board/ Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renounee(s) without assigning any reason thereof.

Part A of the CAF must not be used by any person(s) other than those in whose favour the offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified at the reverse of the CAF with the form of renunciation (Part B of the CAF) duly filled in shall be conclusive evidence for the Company of the person(s) applying for Equity Shares in Part C to receive allotment of such Equity Shares. The renounees applying for all the additional Equity Shares renounced in their favour may also apply for additional Equity Shares. Part A must not be used by the renounee(s) as this will render the application invalid. Renounee(s) will also have no further right to renounce any shares in favour of any other person.

Procedure for Renunciation

To renounce the whole offer in favour of one renounee

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint



holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Composite Application Form to the Banker to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renounee(s) without assigning any reason thereof.

Splitting of Composite Application Form

Only the person to whom this Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounce and to apply for split application forms. Request for split forms should be sent to the Registrar to the Issue, namely Intime Spectrum Registry Limited before the closure of the business hours on or before July 12, 2006 by filling in Part D of the CAF along with the entire CAF. Split forms cannot be re-split. The renounee(s) shall not be entitled to split form(s). Split forms shall be sent to the applicant by post at the applicant's risk.

Please note that:

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Offer has been made. If used, this will render the application invalid.
- Request for split form should be made for a minimum of 100 Equity Shares or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.
- Request by the applicant for the Split Application Form should reach the Company on or before July 12, 2006.
- Only the person to whom this Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.



Options available with respect to the Equity Shares offered

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block-IV relating to additional Equity Shares (All joint holders must sign)
3.	Renounce your entitlement in full to one person (Joint renounees are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the renounee. The renounees must fill in and sign Part C (All joint renounees must sign)
4.	Accept a part of your entitlement and renounce the balance to one or more renounee(s) OR Renounce your entitlement to all the Equity Shares offered to you to more than one renounee	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms indicated in the CAF. On receipt of the Split. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renounees. Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them.
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in and sign Part C.

For applicants residing at places other than designated Bank Collecting branches.

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, Intime Spectrum Registry Limited alongwith demand drafts, net of demand draft and postal charges, payable at Mumbai in favour of "Upper Ganges - Rights Issue" crossed "A/c Payee only" so that the same are received on or before closure of the Issue i.e. July 27, 2006.

The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below.

All application forms duly completed together with cash/cheque/demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF alongwith application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue except as mentioned above.

The applications are required to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected by the Company, the Lead Manager and the Registrar not having any liabilities to such applicants.

AVAILABILITY OF DUPLICATE CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and



address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 15 days from the Issue Opening Date. On request of the applicant, such duplicate CAF will be sent by the Registrar by post. If the shareholders will not receive the same in the stipulated time, then the risk of non-receipt of the same lies with the Shareholder. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

APPLICATION ON PLAIN PAPER

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with a Demand Draft payable at Mumbai which should be drawn in favour of the Company and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date (i.e. July 27, 2006) and should contain the following particulars:

- Name of Issuer, being Upper Ganges Sugar & Industries Limited
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of shares held as on Record Date i.e. June 16, 2006
- Certificate numbers and distinctive numbers, if held in physical form
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for out of entitlement
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid at the rate of Rs. 150/- per Equity Share
- Particulars of cheque/draft
- Savings/Current Account Number and name and address of the Bank where the Equity Shareholder will be depositing the refund order
- Applications for a total value of Rs. 50,000 or more, i.e. where the total number of securities applied for multiplied by the Issue price, is Rs. 50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/her PAN number allotted under the Income Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Applicants who do not have PAN are required to provide a declaration in Form 60/ Form 61 prescribed under the I.T. Act along with the application. Applications without this photocopy/ PAN Communication/declaration will be considered incomplete and are liable to be rejected.
- In case of Non-Resident shareholders, NRE/FCNR/NRO Account No., name and address of the bank and branch
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company

Payment in such cases, should be through a demand draft, net of demand draft and postal charges, payable at Mumbai be drawn in favour of "Upper Ganges- Rights Issue" crossed "A/c Payee only".

Please note that those who are making the application on plain paper shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications. The Company shall refund such application amount to the applicant without any interest thereon.



Mode of Payment

For Resident Indian Shareholders and Non-Resident Shareholders on Non-Repatriation basis

Payment should be made in cash (not more than Rs.20,000/-) or by cheque/bank draft/ drawn on any bank (including a cooperative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques/money orders/postal orders will not be accepted and CAFs accompanied by such cheques/money orders/postal orders are liable to be rejected. For NRIs holding shares on non-repatriation basis, payment may also be made by way of cheque drawn on Non-Resident Ordinary (NRO) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of shares will be on non-repatriation basis. If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

All cheques/bank drafts accompanying the CAFs should be crossed "A/c Payee Only" and made payable to "Upper Ganges – Rights Issue". The CAF duly completed together with the amount payable on application must be deposited with the collecting bank/ collection centres indicated on the reverse of the CAF, on or before the close of banking hours on or before the Issue closing date. A separate cheque or bank draft must accompany each CAF. Reference number of CAF should be mentioned on the reverse of the Cheque/Draft.

General permission has been granted to any person resident outside India to purchase shares offered on rights basis by an Indian company in terms of regulation 6 of Notification No. FEMA 20/200-RB dated May 03, 2000.

New Demat account shall be opened for holders who have had a change of status from Resident Indian to NRI.

For Non-Resident Shareholders on repatriation basis

Payment by NRIs/FIIs/Foreign Investors must be made by demand draft/cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- a) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad; or
- b) By cheque/draft on a Non-Resident External (NRE) Account or FCNR Account maintained in Mumbai; or
- c) Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or
- d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit accounts.

All cheque/drafts submitted by NRIs/ FIIs/Foreign Shareholders should be drawn in favour of "Upper Ganges - Rights Issue - NR". The CAF for non-residents applying on repatriation basis duly completed together with the amount payable on application must be delivered to the Registrar to the Issue on or before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected. In case where repatriation benefit is available, dividend and sales proceeds derived from the investment in shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act, 1961 and subject to the permission of the RBI, if required.

In the case of NR who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant's Bankers.

Applications received from NRs, NRIs, persons of Indian origin resident abroad, for Allotment of Equity Shares shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999



(FEMA) in the matter of refund of application monies, Allotment of Equity Shares, Issue of Letter of Allotment / Share Certificates, Warrant Certificate, Dividends, etc. Save as stated elsewhere in this Letter of Offer, general permission has been granted to non resident of an Indian company to purchase shares offered on rights basis and additional shares offered thereto, subject to the condition that the shares offered do not exceed the sectoral caps. The Board of Directors may at their absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the NR Shareholders.

Grounds for Technical Rejection

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. PAN or Form 60/Form 61 not given if Application is for Rs. 50,000 or more;
5. In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
6. If the signature of the existing shareholder does not match with the one given on the Composite Application Form and for renouncees if the signature does not match with the records available with their depositories;
7. Composite Application Forms are not submitted by the Applicants within the time prescribed as per the Composite Application Form and the Letter of Offer;
8. Applications not duly signed by the sole/joint Applicants;
9. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
10. Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws).

General Instructions for Applicants

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest (if refunded within stipulated period) and after deduction of Bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's / husband's name must be filled in block letters.
- c) The CAF together with cheque / demand draft, net of demand draft and postal charges payable, should be sent to the Banker to the Issue or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai and send their application forms to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- d) Applications for a total value of Rs, 50,000 or more, i.e. where the total number of securities applied for multiplied by the Issue price, is Rs. 50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Applicants who do not have PAN are required to provide a declaration in Form 60/ Form 61 prescribed under the I.T. Act along with the application. Application Forms without this photocopy/PAN Communication/declaration will be considered incomplete and are liable to be rejected.



- e) Applicants are advised to provide information as to their savings/current account number and the name of the Bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- f) The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000/- or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest (if refunded within stipulated period) will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.
- g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.
- h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected.
- i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renounees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agent of the Company (Intime Spectrum Registry Limited) in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialized form.
- l) Split forms cannot be re-split.
- m) Only the person or persons to whom Equity Shares have been offered and not renounee(s) shall be entitled to obtain split forms.
- n) Applicants must write their CAF number at the back of the cheque / demand draft.
- o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- p) A separate cheque / draft must accompany each CAF. Outstation cheques / post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.



Option to Receive the Rights Equity Shares in Dematerialised Form

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company signed a tripartite agreement with National Securities Depository Limited (NSDL) and Intime Spectrum Registry Limited on 6th May, 2003 and with Central Depository Services (India) Limited (CDSL) and Intime Spectrum Registry Limited on 12th April, 2003 which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Rights Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

The Equity Shares of the Company will be listed on the BSE, NSE and CSE.

Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.
- For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Offer by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-a-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the applicant will get Equity Shares in physical form.

The Equity Shares pursuant to this Offer allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renounees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the applicant will receive the shares in physical form.

Investors may please note that the Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form.

Last Date of Application

The last date for submission of the duly filled in CAF is July 27, 2006. The Board or any Committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 60 (sixty) days from the Issue Opening Date.



If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled 'Basis of Allotment'.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Share in the following order of priority:

1. Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares in full or in part for the Equity Share renounced in their favour.
2. For Equity Shares being offered on rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 20 or is not in the multiples of 20, then the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of ONE additional share each if they apply for additional shares(s). Allotment under this head shall be considered if there are any un-subscribed equity shares after allotment under (1). If number of equity shares available for allotment under for this head are less than number of shares available after allotment under (a), the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. SHAREHOLDERS HOLDING ONE SHARE AND THEREFORE ENTITLED FOR ZERO EQUITY SHARES UNDER THE RIGHTS ISSUE WILL NOT HAVE A RIGHT TO RENOUNCE. SUCH EQUITY SHAREHOLDERS ARE ENTITLED TO APPLY FOR ADDITIONAL EQUITY SHARES. HOWEVER THEY CAN NOT RENOUNCE THE SAME TO THIRD PARTIES CAF WITH ZERO ENTITLEMENT SHALL BE NON-NEGOTIABLE/NON-REFUNDABLE.
3. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (1) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
4. Allotment to the renounees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (1) and (2) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/ Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

After taking into account allotment to be made under (1) and (2) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (3) and (4) above. After considering the above allotment, if the Issue does not have subscription to the extent of 90% of the Issue size, the Promoter and the promoter group shall subscribe to such portion to ensure that the Issue is successful. After such allotments as above and to the Promoters and the promoter group, including the application for rights/renunciation and additional equity shares, any additional Equity Shares shall be disposed off by the board or committee of the Board of Directors authorised in this behalf by the Board of Directors of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of directors of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

Allotment to Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

The Company expects to complete the allotment of Equity Shares within a period of 42 days from the date of closure of the Issue in accordance with the listing agreement with Bombay Stock Exchange Limited, National Stock Exchange and Calcutta Stock Exchange.



Disposal of Application and Application Moneys

No acknowledgement will be issued for the application moneys received by the Company. However, the Banker to the Issue/Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgement slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Issue.

For further instruction, please read the Composite Application Form (CAF) carefully.

Allotment/Refund

Equity Share certificates / Letters of Allotment or Letter(s) of Regret together with refund orders exceeding Rs. 1,500/-, if any, will be dispatched by registered post/speed post at the sole/first named applicant's address within 42 days from the date of the closing of the subscription list sole/first named applicant's risk. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI), will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 42 days from the date of closing of the subscription list.

Refund orders upto Rs. 1,500/- will be dispatched under the Certificate of Posting. Adequate funds will be made available to the Registrars for the purpose. The Company shall ensure that at par facility is provided for encashment of refund orders/pay orders at the places where applications are accepted.

In case of those shareholders who have opted to receive their Rights Entitlement Shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Act.

Refunds will be made by cheques or pay orders drawn on the bank(s) appointed by the Company as refund bankers. Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be borne by the applicants. Allotment of Equity Shares to non-residents and the issue of letters of allotment/share certificates to non-residents shall be subject to the approval received from RBI.

Payment of Refund

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Applicants at their sole risk and neither the Lead Manager nor the Bank shall have any responsibility and undertake any liability for the same. The payment of refund, if any, would be done through various modes in the following order of preference.

- I. Direct Credit – For applicants having their Bank Account with the Banker to the Issue, i.e. HDFC Bank Limited, the refund amount would be credited directly to their Bank Account with the Banker to the Issue.
- II. RTGS – Applicants desirous of taking direct credit of refund through RTGS, will have to provide the IFSC code in the Composite Application form.
- III. ECS - Payment of refund would be done through ECS for applicants residing at one the 15 centres, namely Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram, where clearing houses for ECS are managed by Reserve Bank of India.



This would be subject to availability of complete Bank Account Details including MICR code from the depository.

For all the other applicants except for whom payment of refund is possible through I, II and III, the refund orders would be despatched "Under Certificate of Posting" for refund orders less than Rs.1500 and through Speed Post/Registered Post for refund orders exceeding Rs. 1500.

For Non-Resident Applicants, refunds, if any, will be made as under:

1. Where applications are accompanied by Indian Rupee Drafts purchased abroad and payable at Mumbai, India, refunds will be made in convertible foreign exchange equivalent to Indian Rupees to be refunded. Indian Rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and the Company shall not bear any part of the risk.
2. Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques are drawn and details of which are provided in the CAF.

Interest in case of delay in despatch of Allotment Letters/Refund Orders in case of Rights Issue

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of Rights Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment is not made and allotment letters / refund orders have not been despatched to the applicants within 42 days from the date of the closure of the issue.

Letters of Allotment / Equity Share certificates

Letters of Allotment/ Equity Share certificates or Letters of Regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within six weeks, from the date of closure of the subscription list. In case the Company issues Letters of Allotment, the relative Equity Share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such Letters of Allotment (if any) to be exchanged later for Equity Share certificates. Export of Letters of Allotment (if any)/ Equity Share certificates to non-resident allottees will be subject to the approval of RBI.

Undertaking by the Issuer Company

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within 7 working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue.
4. The certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within the specified time.
5. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
6. The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
7. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (i) The funds received against this Issue will be transferred to a separate Bank Account other than the Bank Account referred



to sub-section (3) of Section 73 of the Act.

- (ii) Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such moneys has been utilised.
- (iii) Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate Bank Account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.



CHAPTER VIII: OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The regulations contained in Table 'A' of Schedule I to the Companies Act shall apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of our Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of our Company with reference to repeal or alteration of or addition to, its regulations by Special Resolution, as prescribed by the Companies Act, be such as are contained in these Articles.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, an abstract of the main provisions of the Articles of Association of our Company is set out below:

Title of Article	Article Number and contents
Table 'A' not to apply but company to be governed by these Articles	No regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations Articles, for the management of our Company and for the observance of the members thereof and their representatives, shall subject to any exercise or the statutory powers of our Company with reference to the repeal or alteration of, or additional to, its regulation by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

SHARES

Title of Article	Article Number and contents
Redeemable Preference Shares	3. Subject to the provisions of these Articles and of Section 80 of the Act, the Company shall have power to issue preference shares, which are, or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company may determine.
Allotment of Shares Further issue of capital be Directors	4. Subject to the provisions of these Articles, the shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such times as the Directors think fit and with power to issue any shares as fully paid up in consideration of services rendered to the Company in its formation or otherwise. Provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81 of the Act be complied with. The Directors with the sanction of the Company in General meeting shall have the power to give to any person the right to call for the allotment of any shares at par or at premium and for such period and for such consideration as the Directors think fit.
Power to issue shares at a discount	5. Subject to the provisions of the Act it shall be lawful for the Company to issue at a discount shares of a class already issued.
Power to pay commissions for placing shares	6. The Company may subject to the compliance with the provisions of Section 76 of the Act exercise the powers of paying commission on the issue of shares and debentures. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.
Brokerage	7. The Company may pay a reasonable sum for brokerage



Title of Article	Article Number and contents
Company not bound to recognize any interest in share other than that of registered holder or beneficial owner	8. Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent future or partial interest in any share or any right in respect of a share other than an absolute right in accordance with these Articles on the part of any person whether or not it shall have express or implied notice thereof.
CERTIFICATES	
Certificates	9. Except where shares of the Company are held in Depository the certificates of title to shares shall be issued under the Seal of the Company.
Members' right to Certificate	10. Except where shares of the Company are held in Depository every member shall be entitled free of charge to one or more certificates for all the shares of each class registered in his name in marketable lots or if the Board so approves to several certificates each for one or more such shares but in respect of each additional certificate the Company, if the Board so determines shall be entitled to charge a fee on not exceeding Re.1.
As to issue of new certificate in place of one defaced, lost or destroyed etc.	11. If any certificate be worn out or defaced then upon production thereof to the Company the Board may order the same to be cancelled and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof maybe given. However production of old certificate will not be required in case of rematerialisation. For every such new certificate and for every new certificate issued on the consolidation or sub-division of certificates there shall be paid to the Company, if the Board so determines a sum not exceeding Re. 1. In case of destruction or loss the member to whom such new certificate is given shall also bear and pay to the Company all legal costs and other expenses of the Company incidental to the investigation by the Company of the evidence of such destruction or loss and to the preparation of such indemnity,
JOINT-HOLDERS OF SHARES	
Joint-holders Maximum number Liability several as well as joint Survivors of joint-holders only recognized	12. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to the provisions following and to the other provisions of these Articles relating to joint-holders:- (a) The Company shall not be bound to register more than four persons as the joint-holders of any share. (b) The joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share. (c) On the death of any one of such joint-holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to or interest



Title of Article	Article Number and contents
Delivery of certificate	<p>in such share but the Board may require such evidence of death as it may deem fit.</p> <p>(d) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.</p>
CALLS	
Calls	<p>13.</p> <p>The Directors may from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every calls so made on him to the persons and at the times of places appointed by the Directors. A call may be made payable by instalments.</p>
When call deemed to have been made	<p>14.</p> <p>A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.</p>
Notice of call	<p>15.</p> <p>Not less than 14 day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.</p>
Amount payable at fixed times or by instalments payable as calls	<p>16.</p> <p>If by the terms of issue if any share or otherwise the whole or part of the amount or issue price thereof is made payable at any fixed time or by instalments at fixed times, every such amount or issue price or instalment thereof shall be payable as if it were a call duly made by the Directors and of which due notice had been given, and all the provisions, herein contained in respect of calls shall apply to such amount, or issue price or instalment accordingly.</p>
When interest on call or instalment payable	<p>17.</p> <p>If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest for the same at the rate of 12 per cent per annum, from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.</p>
Evidence in actions by company against share-holders	<p>18.</p> <p>On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder or one of the holders number of shares in respect of which such claim is made that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>



Title of Article	Article Number and contents
Payment if calls in advance	The directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may at the option of the Directors pay interest at such rate as may be agreed. Money paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company and the member shall not be entitled to any voting rights in respect of money so paid by him until the same would but for such payment become presently payable.
FORFEITURE AND LIEN	
If call or instalment not paid, notice may be given	20. If any member fails to pay any call or instalment on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Form of notice	21. The notice shall name a day (not being less than 21 days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
If notice not complied with shares may be forfeited	22. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.
Notice after forfeiture	23. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
Forfeited share to become property of the Company	24. Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.



Title of Article	Article Number and contents
Power to annul forfeiture	<p>25.</p> <p>The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.</p>
Arrears to be paid notwithstanding forfeiture	<p>26.</p> <p>Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of forfeiture, together with interest thereupon, from the time of the forfeiture until payment at 12 per cent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.</p>
Effect of forfeiture	<p>27.</p> <p>The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.</p>
Evidence of forfeiture	<p>28.</p> <p>A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares.</p>
Company's lien on shares	<p>29.</p> <p>The Company shall have a first and paramount lien upon all the shares (not fully paid up) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any share shall be created except upon the footing and condition that Article 8 hereof is to have full effect and the said lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.</p>
As to enforcing lien by sale	<p>30.</p> <p>For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which lien exists as is presently payable by such member, and the residue (if any) paid to such member, his executors or administrators, or other representatives or persons so recognized as aforesaid.</p>



Title of Article	Article Number and contents
Validity of sales	<p>31.</p> <p>Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.</p>
Power to issue new certificate	<p>32.</p> <p>Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holder of the said shares the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.</p>
TRANSFER AND TRANSMISSION	
Execution of transfer	<p>33. Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence, along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by the transferor and the transferee and shall contain the name, and other particulars both of the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.</p>
Application for transfer	<p>34.</p> <p>Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and subject to the provisions of Articles 8 and 37 hereof, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.</p>
Notice of transfer to registered holder	<p>Before registering any transfer tendered for registration the Company may if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the Office of the Company within seven days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company in respect of such non-receipt.</p>



Title of Article	Article Number and contents
Indemnity against wrongful transfer	<p>36.</p> <p>Neither the Company nor its Directors shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognized as the holder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.</p>
In what case to decline to transfer of shares	<p>37</p> <p>Subject to the provisions of Section 111 of the Act, the Board, without assigning any reason for such refusal, may, within one month from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has lien and, in the case of a share not fully paid up, may refuse to register a transfer to a transferee of whom the Board does not approve provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.</p>
Transfer of less than 25 Equity Shares	<p>37 A</p> <p>The Directors shall not accept the application for transfer of less than 25 (twenty five) Equity Shares of the Company, provided, however, this condition shall not apply to:</p> <ul style="list-style-type: none"> (i) a transfer of Equity Shares made in pursuance of any statutory provision or an order of a court of law (ii) the transfer of the entire Equity shares by an existing equity shareholder holding less than 25 equity shares by a single transfer to a single or joint names. (iii) the transfer of the entire Equity Shares of an existing equity shareholder holding less than 25 Equity Shares to one or more transferees whose holding in the Company will not be less than 25 equity Shares each after the said transfer. (iv) the transfer of not less than 25 equity Shares in the aggregate in favour of the same transferee in two or more transfer deeds, submitted together with in which one or more relates to the transfer of less than 25 equity shares.
No transfer to minor or person of unsound mind	<p>38.</p> <p>No transfer shall be made to a minor or person of unsound mind or firm without the consent of the Board.</p>
When instrument of transfer to be retained	<p>39.</p> <p>All instruments of transfer which shall be retained by the Company.</p>
Notice of refusal to register transfer	<p>40.</p> <p>If the Directors refuse to register the transfer of any shares the Company shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal.</p>



Title of Article	Article Number and contents
Power to close transfer books and register	41. On giving 7 days notice by advertisement in a newspaper circulating in the District in which the office of the Company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding 45 days in each year but not exceeding 30 days at a time.
Transmission of registered shares	42. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member and, in the case of the death of any one or more of the joint-holders of any registered shares the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares but nothing contained herein shall be taken to release the estate of a deceased joint holder from any liability of shares held by him jointly with any person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation as the case may be from a competent court.
Rights of unregistered executors and trustees	44. Subject to any other provisions of these Articles and if the Directors in their sole discretion are satisfied in regard thereto, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.
Dematerialisation and Rematerialisation of Securities	
Company's right to dematerialize or rematerialise its securities	44A (a). Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its shares, debentures and other securities pursuant to the Depositories Act and to offer its securities for subscription in dematerialized form and to rematerialize its securities.
Company to recognize interest in dematerialized securities under Depositories Act	44A (b). Either the Company or the investor may exercise an option to issue, deal in, hold the securities with a Depository in electronic form and the certificates in respect thereof shall be dematerialized and in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act as amended from time to time.
Option for investors	44A (c). Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its records the name of the allottees as the beneficial owner of the security.
Securities in the Depositories to be in fungible form	44A (d) All securities of the Company held by a Depository shall be dematerialized and shall be in fungible form.



Title of Article	Article Number and contents
Rights of Depositories and Beneficial Owners	<p>44A (e)</p> <p>Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.</p> <p>Save as otherwise provided in 9i0 above, the Depository the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>Every person holding shares of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by the Depository</p>
Service of Documents	<p>44A (f)</p> <p>Notwithstanding anything contained to the contrary in the Act or these Articles where securities are held in Depository the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.</p>
Transfer of Securities	<p>44A (g)</p> <p>Nothing contained in Section 108 of the Act shall apply to transfer of securities effected by the transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.</p>
Depository to furnish information	<p>44A (h)</p> <p>Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the bye laws and the Company in this behalf.</p>
Cancellation of certificates upon surrender by a person	<p>44A (i)</p> <p>Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.</p>
Option to opt out in respect of any security	<p>44A (j)</p> <p>If a beneficial owner seeks to opt out of a Depository in respect of any security the beneficial owner shall inform then Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.</p>
Allotment of securities dealt with in a Depository	<p>44A (k)</p> <p>Notwithstanding anything contained in the Act of these Articles where securities are dealt with by a Depository the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.</p>
Distinctive number of securities held in Depository	<p>44A (l)</p> <p>Nothing contained in the Act or Article where securities are dealt with by a Depository the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.</p>



Title of Article	Article Number and contents
Register and index of beneficial owners	44A (m) The Register and Index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and index of members and Register and index of debenture holders as the case may be for the purpose of this Act.
Register of Transfers	44A (n) The Company shall keep a Register of transfers and shall have recorded therein particulars of every transfers or transmission of any securities.
Overriding effect to this Article	44A (o) Provisions of this Article will have full effect and force notwithstanding anything contrary to any provision in any other Article.
Nomination for Shares and Debentures	44B Notwithstanding anything to the contrary contained in any other Article every holder of shares in nor holder of debentures of the Company, holding either singly or jointly may at any time nominate a person in the prescribed manner.
SHARE WARRANTS	
Power to issue Share Warrants	45. Subject to the provisions of Section 114 and 115 of the Act subject to any directions which may be given by the Company I general meeting, the Board may issued share warrants in such manner and on such terms and conditions as the board may deem fit.
STOCKS	
Conversion of shares in to stocks and recon version	46. The Company may exercise the power of conversion of its shares into stock.
ALTERATION OF CAPITAL	
Power to subdivide and consolidate	47. The Company may by ordinary resolution from time to time alter the conditions of the memorandum of Association as follows increase the share capital, consolidate and divide all or any of its share capital, subdivide its existing shares or any of them into shares of smaller shares than is fixed by the Memorandum, cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken.
On what conditions new shares may be issued	48. The resolution whereby any share is subdivided or consolidated may determine that as between the members registered in respect of the shares resulting form such subdivision or consolidation one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other subject nevertheless to the provisions of Section 85, 87, 88, 93 and 106 of the Act.
Surrender	49. Subject to the provisions of Section 100-104 inclusive of the Act, the board may accept from any member the surrender of all or any of his shares on such terms and conditions as may be agreed.



Title of Article	Article Number and contents
MODIFICATIONS OF RIGHTS	
Power to modify rights	<p>50.</p> <p>Whenever the capital is divided into different classes of shares all or any of the rights attached to each class may be varied in the manner provided in Section 106 of the Act and all the provisions herein contained as to the general meeting shall mutatis mutandis apply as regard class meetings. Provided that the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class be deemed to be varied under this Act by the creation or issue of further shares.</p>
LOANS AND DEBENTURES	
Power to borrow	<p>51.</p> <p>The Board may from time to time at its discretion subject to the provisions of the Act, raise or borrow from the Directors or from elsewhere and secure payment of any sum or sums of money for the purposes of the Company.</p>
Conditions of borrowing	<p>52.</p> <p>The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, notes, convertible redeemable or otherwise, perpetual or redeemable debentures or debenture-stock or any mortgage or other security on the undertaking of the whole or any of the property of the Company (both present and future) including its uncalled capital for the time being</p>
Issue of debenture	<p>53.</p> <p>Any debentures, debenture-stock, bonds and other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares or conversion appointment of Directors and otherwise, Debentures, debenture-stock bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued provided that debentures, debenture-stock, bonds or other securities with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.</p>
RESERVES	
Reserves	<p>54.</p> <p>The Board may, before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or preserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may properly applied and pending such application ma at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit. The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.</p>



Title of Article	Article Number and contents
GENERAL MEETINGS	
CONVENING OF MEETINGS	
	<p>55.</p> <p>The Board may, whenever it thinks fit, call an extra-ordinary general meeting provided however if at any time there are not in India Directors capable of acting who re sufficient in number to form quorum any Director may call an extra-ordinary general meeting in the same manner as nearly as possible as that in which such a meeting may called by the Board</p>
PROCEEDINGS AT GENERAL MEETINGS	
Quorum	<p>56.</p> <p>The quorum for a General Meetings shall be five members present in person.</p>
Chairman	<p>57.</p> <p>At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, through present, be unwilling to act as Chairman, the members present shall choose one of the Directors present to be Chairman, or if no Director shall be present and willing to take the Chair, then the members present shall choose one of their member, being a member entitled to vote, to be Chairman.</p>
Sufficiency of ordinary resolution when no specific provision	<p>58.</p> <p>Any act or resolution which, under the provisions of this article or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution</p>
When if quorum not present meeting to be dissolved and when to be adjourned	<p>59.</p> <p>If within half an hour from the time appointed for the meeting a quorum be not present, the meeting , if convened upon a requisition of shareholders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, unless the same shall be a public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting upon a quorum be not present with half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called</p>
How questions or resolutions to be decided at meetings	<p>60.</p> <p>In case of an equality of votes the Chairman shall, both on a show of hands and at a poll, have casting vote in addition to the vote o votes to which he may be entitled as a member</p>
Power to adjourn General Meetings	<p>61.</p> <p>The Chairman of General meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting</p>



Title of Article	Article Number and contents
Business may Proceed notwithstanding demand of poll	62. If a poll be demanded, the demand if a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded
Votes Of Members	
Votes of Members	63. On a show of hands every holder of ordinary shares entitled to vote and present in person or by proxy shall have one vote and upon a poll every holder of ordinary shares entitled to vote and present in person or by proxy shall have one vote for every share held by him
Votes in respect of deceased. Insolvent and insane members	64. Subject to the provisions of the articles, any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of the such shares, provided that seventy two hours at least before the time of holding the meeting or adjourned meeting as the may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such meeting in respect thereof. If any member be lunatic, idiot or non compos mentis, he may vote whether on show of hands or at poll be his committee, curator bonis or other person recognised by the Company as entitled to represent such member and such last mentioned persons may give their votes by proxy
Joint holders	65. Where there are jointholders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such as if he were as solely entitled thereto and if more than one of such jointholders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed jointholders thereof.
Instrument appointing a proxy to be in writing	66. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing of if such appointer is a corporation under its common seal or the hand of its Attorney
Instrument appointing proxy to be deposited at the Office	67. the instrument appointing a proxy and the Power of Attorney or other authority under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
When vote by proxy through authority revoked	68. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the Office or by that the Chairman of the Meeting before the vote s



Title of Article	Article Number and contents
	given. Provided nevertheless that the Chairman of the meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
Form of instrument appointing proxy.	69. Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.
Restrictions on voting	70. No member shall be entitled to vote on any question either personally or by proxy or as proxy for another member at any general meeting or upon a poll or reckoned in a quorum whilst any call or other sum shall be due and payable presently to the Company in respect of any of the shares of such member.
Validity of votes	71. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.
DIRECTORS	
General Provisions	
Number of Directors	72. Until otherwise determined by the Company in General Meeting, the number of Directors shall not be less than three more than fifteen
Present Directors	73. At the date of the adoption of these Articles, the Directors of the Company are:- Shri K K Birla Shri B P Khaitan Shri R K Kanoria Shri B T Thakur
Qualification of Directors	74. The qualification of a Director shall be the holding shares in the Company of the face value of Rs 5,000 (Rupees five thousand) in his own name or jointly with others. A Managing Director or an alternate Director or a legal or technical adviser or a Director nominated by the Central or State Government or Debenture holders and/or any credit institution shall not be required to hold any qualification shares
Continuing Directors may act	76. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.



Title of Article	Article Number and contents
Directors may contract with Company.	77. Subject to the provisions of the Act, the Directors (including a Managing Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any director shall be a member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.
Appointment of Directors	
Appointment of Directors	78. The Company in General Meeting, may subject to the provisions of these Articles and the Act, at any time elect any person to be a Director and may from time to time increase or reduce the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.
Appointment Of Additional Directors	79. (a) The Directors shall have power at any time and from time to time to appoint any person other than a person who has been removed from the office of a Director of the Company to be a Director of the Company as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company when he shall be eligible for re-appointment. (b) The Directors shall also have power to fill a vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred.
ROTATION OF DIRECTORS	
Rotation of Directors	82. At the Annual General Meeting of the Company in every year, one third of the Directors for the time being liable to retire by rotation and if their number is not there or a multiple of three then the number nearest thereto shall retire from office. The Directors to retire at such annual General Meeting shall be the Directors (other than Managing Director of Directors who by virtue of provisions of any agreement with any Central or State Government or credit institution are not liable to retire) who shall have been longest in office since their last election. As between Directors who became Directors on the same day those to retire shall (in default of agreement between them) be determined by lot. For the purpose of this Article a Director appointed to fill a vacancy under the provisions of Article 79(b) shall be deemed to have been in office since the date on which the Director, in whose place he was appointed was last elected as a Director.
Retiring Director eligible for re-election	83. A retiring Directing shall be eligible for re-election and shall as a Director throughout the meeting at which he retires



Title of Article	Article Number and contents
PROCEEDINGS OF DIRECTORS	
Meetings of Directors	85. The Directors may meet together for the dispatch of business adjourn and otherwise regulate their meetings and proceeding as they think fit.
Summoning a meeting of Directors	86. The secretary may at any time and upon request of nay two Directors shall summon a meeting of the Directors
Voting at meetings	87. Subject to the provisions of the Act, questions arising at any meeting shall be decided by a majority of votes, each Directors having one vote, and in case of an equality of votes the Chairman shall have a second or casting vote.
Chairman of Meeting	88. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. Provided that if the Chairman of the Board of Directors is not present the Directors present shall choose one of their numbers to be Chairman of such meeting.
Acts of Meeting	89. A meeting of Directors in which a quorum s present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the Act for the time being vested in or exercisable by the Directors
Delegation to committees	90. The Directors may subject to compliance of the provisions of the Act from time to time delegate any of their powers to committees consisting of such member or members of their body as they think fit and may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The meeting and proceedings of any such committee, if consisting of two or more members, shall be governed by the provisions for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Article.
Resolution by Circulation	92. A resolution may be passed by the Board by circulation in accordance with the provisions of section 289 of the Act.
Minutes to be made	93. The Directors shall cause minutes to be duly entered in the book provided for the purpose- (a) of all appointments of officers and Committees made by the Directors (b) of the names of the Directors present at each meeting of the Directors and of any Committee of Directors (c) of all orders made by the Directors and Committees of Directors; (d) of all resolutions and proceedings of General Meetings and of meetings of Directors and Committees;



Title of Article	Article Number and contents
	And any such minutes of any meeting of Directors of any Committee or of the Company. If purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be received as prima facie evidence of the matters stated in such minutes.
POWERS OF DIRECTORS	
General Powers of Company vested in Directors	94. The business of the Company shall be managed by the Directors who in addition to the powers and authorised by these presents or otherwise expressly conferred upon them may exercised all such powers and do all such act and things as may be exercised or done by the Company and are not hereby or by law expressly directed or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents and to any regulations not being inconsistent with these presents from time to time made by the Company in General Meeting: Provided that no regulation so made shall invalidate any prior act of the Directs which would have been valid if such regulation had not been made
Delegation of Powers by Directors	94.(a) Without prejudice to the general powers conferred by the preceding article the Directors may from time to time subject to the restrictions contained in the Act, delegate to any of the Directors, employees or other persons including any firm or body corporate any of the powers, authorities and discretions for the time being vested in the Directors 94(b) All deeds, agreements and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, or endorsed or otherwise executed as the case may be by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall from time to time determine.
Management abroad	95. The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local boards, attorneys and agents and fix their remuneration, and delegate to them such powers as may be deemed requisite or expedient. The Company may have for use abroad such official seal as is provided for by Section 50 of the Act. Such seal shall be affixed by the authority and in the presence of, and the instruments sealed therewith shall be signed by such persons as the Directors shall from time to time by writing under the Seal appoint. The Company may also exercise the powers of keeping Foreign Registers as provided by the Act.
MANAGEMENT	
Management	96 The Company may appoint Managing or wholetime Director/Directors or Manager to manage its affairs for such period and on such remuneration and upon such terms and conditions as may be sanctioned by the shareholders in a General Meeting in the manner required by the Act and approved by the Central Government.



Title of Article	Article Number and contents
THE SEAL	
Custody of Seal etc.	97 The Directors shall provide a Seal for the purpose of the company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and shall provide for the safe Custody of the Seal and the Seal shall except as otherwise empowered under the Act or rules thereunder, never be used except by the authority of the Directors or of a Committee of the Directors and one Director shall sign every instrument to which the Seal is affixed; Provided, nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.
BOOKS OF ACCOUNT AND DIVIDENDS	
BOOKS OF ACCOUNT	
Books of account to be kept	98 The books of account shall be kept at the Office of the Company or at such other place as the Directors think fit.
Inspection by members	99 The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being directors, and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorized by the Directors or by the company in General Meeting.
When accounts to be deemed finally settled	100 Every Balance Sheet and Profit and Loss Account when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and henceforth shall be conclusive.
DIVIDENDS	
Division of Profits	101 The net profits of the Company (after making provision if any, for sinking, depreciation and reserve funds and for carrying forward balances for the next year) shall subject to the rights of holders of preference shares and to any resolution of the Company attaching any special privileges to other shares and to the provisions of these Articles, be divisible among the ordinary shareholders subject as provided in Article 19 in proportion to the amounts paid up on the ordinary shares held by them respectively.
Capital paid in advance of calls	102 When capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.
Declaration and payment of Dividends	103 The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment subject to the provision of Section 207 of the Act.



Title of Article	Article Number and contents
Restrictions on amount of Dividends	104 No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend
Dividend out of profits only and not to carry interest	105 No dividend shall be payable except out of the profits, of the Company of the year or any other undistributed profits, and no dividend shall carry interest as against the Company.
What to be deemed net profits.	106 The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive.
Interim dividends	107 The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	108 The Directors may retain the dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the Lien exists.
Company may retain dividends	109 The Directors may retain the dividends payable upon shares in respect of which any person is under "The Transmission Article" entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same
Dividend and call together	110 Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call.
Unclaimed/unpaid Dividend not to be forfeited	110 A No unclaimed or unpaid dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205A of the Act or corresponding Section of any re – enactment or modification thereof.
Capitalisation of Reserves	111 Any General Meeting may upon the recommendation of the Directors resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve fund or special account or in the hands of the Company and available for dividend and including any profits arising from the sale of the assets of the Company or any part thereof or by reason of any accretion to capital assets or representing premium received on the issue of shares and standing to the credit of the share premium account, be capitalised and distributed (in the manner and to the extent permissible under the provisions of the Act) amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any



Title of Article	Article Number and contents
	part of such capitalized fund be applied on behalf of shareholders in paying up in full either at par or at such premium as the resolution may provide any unissued shares, debentures or debenture – stock (in the manner and to the extent aforesaid) of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, or debentures or debentures – stock, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.
Fractional certificates	112 For the purpose of giving effect to any resolution under the preceding Article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates or ignore fractions or may vest the same in trust for the persons entitled as may seem expedient to the Directors. Where requisite a proper contract shall be filed in accordance with the provisions of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.
Any one of joint-holders can give receipts	113 Any one of several persons who are registered as jointholders of any share may give effectual receipt for all dividends and payments on account of dividends in respect of such shares.
Payment by post	114 Unless otherwise directed, any dividend may be paid by cheque, warrant or postal money order sent through the post to the registered address of the member or person entitled thereto or in the case of jointholders to the registered address of that one whose name stands first on the Register in respect of the join – holding or to such person and such address as member or person entitled or such jointholders, as the case may be, may direct.
When payment a good discharge	115 The payment of every cheque or warrant sent under the provisions of the last preceding Articles shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof. Provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.
MISCELLANEOUS	
RECONSTRUCTION	
Reconstruction	116 On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may, if authorized by a Special Resolution, accept fully paid or partly paid – up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company. The Liquidators (in a winding up), may distribute such shares, or securities, or any other property of the Company amongst the contributories without realization or vest the same in trustees for them and may if authorized by Special Resolution provide for the distribution or appropriation of the cash, shares or other securities, benefits



Title of Article	Article Number and contents
	<p>or property otherwise than in accordance with the strict legal rights of the Contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve, and the contributories shall be bound to accept and shall be bound by any valuation or distribution so authorized and waive all rights in relation thereto, save such statutory rights (if any) under the Act as are incapable of being varied or excluded by these presents.</p>
WINDING – UP	
Distribution of Assets	<p>117</p> <p>Upon the winding up of the Company, the holders of Preference shares, if any, shall be entitled to be paid all arrears of Preferential dividend to the Commencement of winding up and also to be repaid the amount of capital paid up or credited as paid up on such preference shares held by them respectively, in priority to the Ordinary Shares, but shall not be entitled to any other further rights of any other holders of shares entitled to receive preferential payment over the Ordinary Shares, in the event of the winding up of the Company, the holders of the Ordinary Shares shall be entitled to be repaid the amount of the capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the Ordinary Shares in proportion to the amount paid up or credited as paid up on such Ordinary Shares respectively, at the commencement of the winding up. If the assets shall be insufficient to repay the whole of the paid up Ordinary capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members holding Ordinary Shares in proportion to the capital paid up or which ought to have been paid up on the winding up, other than the amounts paid by them in advance of calls.</p>
Distribution of assets in specie	<p>118</p> <p>If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide among the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction, shall think fit.</p>
INDEMNITY	
Indemnity	<p>119</p> <p>Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified against, and it shall be the duty of the Directors to pay out of the funds of the Company all costs, losses and expenses (including traveling expenses) which any such Directors, Manager or Secretary or such officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or duties and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him or them as such Director, Manager, Secretary, Officer or employee in defending any proceedings whether civil or criminal, in which judgment is given in his or their favour or he or they is or are acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.</p>



Title of Article	Article Number and contents
Individual responsibility of Directors	120 Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss occasioned by any error of judgment, omission, default or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonestly
SECRECY	
No member to enter the premises of the Company without permission	121 Subject to the provisions of these Articles and the Act no member or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mister of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the company to communicate.



LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

MATERIAL CONTRACTS

1. Letter of Appointment dated September 12, 2005 to Enam Financial Consultants Private Limited appointing them as the Lead Manager to the Issue.
2. Letter of Appointment dated September 12, 2005 to Intime Spectrum Share Registry Limited appointing them as the Registrar to the Issue.
3. Memorandum of Understanding between our Company and the Lead Manager.
4. Memorandum of Understanding between our Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Board Resolutions dated August 16, 2005 and March 6, 2006 for the Rights Issue.
2. Annual Reports of the Company for the years ended June 30, 2001; 2002; 2003; 2004; 2005 and audited accounts for six months ended December 31, 2005.
3. Report dated March 6, 2006 of the Statutory Auditors, M/s. S. R. Batliboi & Co., prepared as per Indian GAAP, SEBI (DIP) Guidelines, 2000 and SEBI Act, 1992.
4. Tax Benefits Certificate dated March 6, 2006 from the Statutory Auditors, M/s. S. R. Batliboi & Co.
5. Consent of the Directors, Compliance Officer, Lead Manager, Registrar to the Issue, Banker to the Issue, Legal Advisor to the Issue and Statutory Auditors to include their names in the Letter of Offer.
6. Undertaking given by the promoters to subscribe more than their entitlement, in case required to ensure minimum subscription in the Rights Issue.
7. Listing applications dated March 13, 2006 made to BSE, NSE and CSE respectively.
8. In-principle listing approvals dated May 22, 2006; May 25, 2006 and May 30, 2006 from BSE, NSE and CSE respectively.
9. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated May 6, 2003.
10. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated April 12, 2003.
11. Due diligence certificate dated March 13, 2006 to SEBI from the Lead Manager, Enam Financial Consultants Private Limited.
12. SEBI observation letter no.CFD/DIL/ISSUES/V/68038/2006 dated May 29, 2006 and our reply dated June 15, 2006.

AVAILABILITY OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The above-mentioned 'Material Contracts' and 'Material Documents' may be inspected at the Registered Office of our Company from 11.00 a.m. to 2.00 p.m. on all the working days, from the date of this Letter of Offer until the closure of the subscription list. Copies of these documents, for inspection as mentioned above, will be delivered to the Designated Stock Exchange.



DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We further certify that all statements in this Letter of Offer are true and fair.

Yours faithfully

On behalf of the Board of Directors of Upper Ganges Sugar & Industries Limited

Smt. Nandini Nopany (Chairperson cum Managing Director)

Shri C.S. Nopany (Director)

Shri Bhaskar Mitter (Director)

Shri G.K. Bhagat (Director)

Shri R.K. Choudhury (Director)

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

Shri Gaurav Swaroop (Director)

Shri Supriya Gupta (Director)

Shri Sunil Kanoria (Director)

Shri I.P. Singh Roy (Director)

Shri P.K. Lakhota (Director)

Shri S.K. Poddar (Company Secretary)

Shri S.K. Maheshwari (Chief Finance Officer)

Place: Kolkata

Date: June 14, 2006



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