

8 8 t h ANNUAL REPORT 2 0 1 0 - 2 0 1 1

THE
UNITED PROVINCES SUGAR
COMPANY LIMITED

BOARD OF DIRECTORS

Shri Sushil K. Jalan
Chairman

Shri Vivek M. Pittie

Dr. Anurag K. Kanoria

Shri G. L. Sultania

Shri N. R. Khariawala
(Upto 29th July, 2011)

Shri Y. A. Mankad
Nominee IDBI

Shri A. N. Singh Chauhan
Executive Director

Shri Arvind K. Kanoria
Managing Director

STATUTORY AUDITORS

M/s. Batliboi & Purohit

BANKERS

Punjab National Bank

REGISTERED OFFICE

Chartered Bank Building, 1st Floor
4, Netaji Subhas Road
Kolkata - 700 001

FACTORY

Seorahi
Kushinagar
Uttar Pradesh

NOTICE

NOTICE is hereby given that the 88th Annual General Meeting of the members of **THE UNITED PROVINCES SUGAR COMPANY LIMITED** will be held at Somani Conference Hall of Merchants' Chambers of Commerce, 15B Hemanta Basu Sarani, Kolkata 700 001 on Friday, the 9th September, 2011 at 2.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Shri Sushil K. Jalan who, retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Vivek M. Pittie who, retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:-
"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, the Company hereby approves reappointment of Shri Arvind K. Kanoria, as the Managing Director of the Company for a period of 3 years with effect from 20th April, 2012 upto 19th April, 2015 on the terms of remuneration as follows and the other terms and conditions as set out in the draft agreement submitted to this Meeting and signed by the Chairman of the Meeting for the purpose of identification, which agreement is hereby sanctioned.

I. Salary :

- (a) Salary of Rs.1,50,000/- (Rupees one lakh fifty thousand only) per month.

II. Commission :

He will be entitled to a commission of such percentage and of such amount as the Board of Directors may determine and fix having regard to the net profits of the Company in the relevant year computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

III. Perquisites :

- (i) The Managing Director shall be entitled to perquisites including free furnished accommodation or house rent in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, education benefits for self and family, club fees, medical and personal accident insurance, etc. in accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance but will be restricted to an amount equal to the annual salary. For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the income-tax rules, wherever applicable, and at actual cost to the Company in any other case.

In the event of accommodation not being provided by the Company, the Managing Director shall be eligible for a house rent allowance of Rs.90,000/- (Rupees ninety thousand only) per month and towards maintenance of accommodation including furniture, fixtures and furnishings as may be provided by the Company.

- (ii) The Managing Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund upto the tax exempted limit, benefits of Gratuity and Pension Scheme for Senior Management Staff, earned leave and encashment of earned leave at the end of the tenure and long service award, as per the rules of the Company. These shall not be included in the computation of perquisites.
- (iii) Car/s for official use, telephone(s) and other communication facilities at residence will not be considered as perquisites.

IV. Other terms applicable to the entire tenure :

- (i) The remuneration for a part of the year shall be computed on a pro-rata basis.
- (ii) The appointment may be terminated by either party by giving six months notice in writing to the other party.
- (iii) The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof from the date of re-appointment..

V. Minimum Remuneration :

In the event of absence or inadequacy of net profit in any financial year, the Managing Director will be paid the above remuneration by way of salary and perquisites as minimum remuneration”.

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites, allowances etc. of Shri Arvind K. Kanoria within the limits prescribed under the aforesaid Schedule XIII or any modification thereof and the aforesaid agreement between the Company and Shri Arvind K. Kanoria be suitably amended to give effect to such variation or increase”.

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution”.

Mumbai,
The 29th July, 2011

By Order of the Board
Arvind K. Kanoria
Managing Director

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the scheduled time of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 26th August, 2011 to Friday, the 9th September, 2011 (both days inclusive)
4. Members are requested to notify change of address etc. to the Company's Registrar and Share Transfer Agent, TSR Darashaw Ltd., 6-10 Haji Moosa Patrawala Industrial Estate, 20, Off. Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 so as to reach them latest by Friday, the 26th August, 2011 in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by depositories as at the close of the aforesaid date will be considered.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the unpaid dividend that are due for transfer to the Investor Education and Protection Fund are as follows:-

<u>Date of Declaration</u>	<u>For the Year ended</u>	<u>Due for transfer on</u>
29.09.2004	31.03.2004	03.11.2011

Members who have not encashed their dividend warrants pertaining to the aforesaid year are requested to write to the Company either for obtaining duplicate dividend warrants or for revalidating the old dividend warrants lying with them.

6. A member desirous of getting any information on the accounts or operations of the Company, is requested to forward his/her queries to the Company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members are requested to bring the admission slip alongwith their copies of the Annual Report and Accounts to the meeting.

Mumbai,
The 29th July, 2011

By Order of the Board
Arvind K. Kanoria
Managing Director

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

Item No. 5

At the Annual General Meeting of the Company held on 27th September, 2006 the shareholders had approved the terms of reappointment and remuneration of Shri Arvind K. Kanoria as the Managing Director, for a period of 5 years from 20th April, 2007 to 19th April, 2012.

The Board of Directors of the Company, on the recommendation of Remuneration Committee at its Meeting held on 29th July, 2011, has reappointed Shri Arvind K. Kanoria as the Managing Director of the Company for a further period of 3 years effective from 20th April, 2012 to 19th April, 2015 on the remuneration and the terms and conditions as set out in the Resolution at Item No. 5 subject to the approval by the shareholders in ensuing Annual General Meeting of the Company.

In view of the valuable contribution of Shri Arvind K. Kanoria to the Company, the Directors commend this Resolution to the members for their approval.

A draft of the agreement to be entered into between Shri Arvind K. Kanoria and the Company is available at the Registered Office of the Company for inspection by any member during business hours on any working day upto date of Annual General Meeting.

Information pursuant to Schedule XIII of the Companies Act, 1956

I. General information :

1. Nature of industry : Manufacturing and selling of sugar, its by-products, generation of power for captive consumption and other business as per Memorandum of Association of the Company.
2. Date or expected date of commencement of commercial production : Not applicable (Existing Industry).
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable
4. Financial performance based on given indicators:

Financial Parameters	2008-09 Rupees	2009-10 Rupees	2010-11 Rupees
Sales/Income from Operations	92,44,59,477	128,50,07,823	133,25,47,497
Total Income	87,28,17,011	146,58,35,193	144,84,04,561
Total Expenditure including Prior Period and Exceptional Items	87,89,70,789	146,02,23,030	143,63,46,255
Profit/(Loss) before Tax	(61,53,778)	56,12,163	1,20,58,306
Profit/(Loss) after Tax	(10,68,827)	43,35,797	35,12,236
Add: Balance of Profit and Loss Account of erstwhile Warden Synplast Private Ltd. on amalgamation with the Company.	—	16,70,278	—
(LOSS)/PROFIT	(10,68,827)	60,06,075	35,12,236

5. Export performance and net foreign exchange collaborations : Nil
6. Foreign investments or collaborators, if any : Nil

II. Information about the appointee :

- 1 Background details : Shri Arvind K. Kanoria, aged on or about 50 years, is a Bachelor of Commerce from Bombay University and an able administrator with an experience of over 28 years in the corporate world. He has been a Director of the Company since 12th November, 1990 and was appointed as Managing Director with effect from 20th April, 1992 in charge of the day to day affairs of the Company under the supervision and control of the Board of Directors of the Company.
2. Past remuneration : Rs.80,000/- per month plus perquisites and retirement benefits. The remuneration was earlier increased from Rs.40,000/- p.m. to Rs. 80,000/- p.m. w.e.f. 1st April, 2004. Since then there has been no increase in his remuneration.

His total remuneration over last three years is as under:

<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>
Rupees	Rupees	Rupees
17,80,725.00	17,65,634.00	19,70,858.00

3. Recognition or awards : NIL
4. Job Profile and suitability

Job Profile:

(a) Shri Kanoria's responsibilities include:

- looking after the day to-day affairs of the Company under the overall supervision and control of the Board of Directors of the Company.
- rendering operations of the Company profitable through effective and optimum utilization of its resources.
- development of new businesses
- overall planning and implementation of the growth of the Company
- ensuring employee and customer satisfaction
- ensuring enhancement of shareholder value

(b) Suitability:

- Shri Kanoria has been serving the Company for over 21 years.
- Shri Kanoria is credited with turning around the Company from a sick and loss making unit to a profitable one through viable operations.
- Shri Kanoria is credited with expanding the sugarcane crushing capacity of sugar factory of the Company from 1500 tonne crushing per day (TCD) to 5500 TCD in the process of which the turnover of the Company has increased from Rs.19.98 crores in the year ended 31st March, 1992 to Rs. 133.25 crores for the year ended 31st March, 2011.

In view of the above, and also in view of the high esteem in which he is held in the corporate world for his technical and commercial knowledge and business acumen, the Board considers Shri Kanoria fit and suitable to continue to shoulder the responsibility of being in charge of the affairs of the Company.

5. Remuneration proposed : Salary: Rs. 1,50,000/- plus perquisites and commission on profit as set out in the Resolution w.e.f. 20th April, 2012.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : The remuneration structure proposed is much lower than what is prevailing for a position of a Managing Director in the peer sugar industry of the size and capacity of the Company.

7. Pecuniary relationship directly or indirectly with the company. or relationship with the managerial personnel, if any.

Shri Kanoria is the brother of Dr. Anurag K. Kanoria, a Director of the Company.

Save what is set out in the Resolution, Shri Kanoria will not be entitled to remuneration from the Company under any other head.

He has no direct or indirect interest in any other manner.

III. Other information :

1. Inadequate Profits

The Company has earned profits in 15 years out of the last 20 years. Sugar is a cyclical industry and its fortunes fluctuate depending on government policies, demand and supply of sugar, international sugar scenario, availability and price of raw material i.e. sugarcane and agroclimatic conditions etc.

The Company seeks the permission of its shareholders for making payment to the appointee a remuneration for a further period of three years notwithstanding the fact that the Company may not generate a profit or has inadequate profit in any such financial year.

2. Steps taken or proposed to be taken for improvement

- (i) The management of the Company has taken various steps primarily in the following areas for a sustained business operation.

- Increase in production capacity.
- Reduction in the cost of production.
- Improvement in sugar recovery.
- Optimisation in energy consumption.
- Improvement in the quality of the finished product i.e. sugar.

- (ii) Steps proposed to be taken:

The Company is exploring the possibility of a further increase in the installed capacity of its factory and also towards co-generation of power for export.

3. Expected improvement in Productivity and Profits in measurable terms

The Company expects an improvement in the sugar scenario as it is an essential commodity and its demand continues to increase considering the rising disposable income across the country.

IV. Disclosures :

1. The details of remuneration to Shri Arvind K. Kanoria are given in the proposed resolution and the explanatory statements annexed herewith. This may be treated as an Abstract for the purpose of Section 302 (2) of the Companies Act, 1956.
2. The remuneration package and other terms applicable to the Directors shall be disclosed in the Annual Report of the Company. However, the code of corporate governance is not applicable to the Company as its paid-up share capital is below the stipulated figure laid down by SEBI as well as by the Companies Act, 1956 for the purpose.
3. Shri Arvind K. Kanoria, himself, and Dr. Anurag K. Kanoria, being a relative of Shri Arvind K. Kanoria, are interested in the Resolution.
4. None of the other Directors of the Company are in any way concerned or interested in the Resolution.

Mumbai
The 29th July, 2011

By Order of the Board
Arvind K. Kanoria
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present their 88th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

Financial Results	Rupees	Rupees
Profit before Interest, Depreciation and Tax		14,30,86,145
Less : Interest		<u>7,71,75,320</u>
Profit before Depreciation and Tax		6,59,10,825
Less : Depreciation		<u>5,38,52,519</u>
Profit before Tax		1,20,58,306
Less : Provision for Current Tax	26,35,000	
Less : Provision for Deferred Tax Credit	60,02,042	
Add: Fringe Benefit Tax in respect of earlier years written back	<u>90,972</u>	<u>85,46,070</u>
Profit		35,12,236
Balance of Profit brought forward		<u>1,62,39,906</u>
Profit available for Appropriation		1,97,52,142
Appropriation :		—
General Reserve		—
Dividend - Equity Capital		—
Corporate Tax on Dividend		—
Balance carried forward to next year		<u>1,97,52,142</u>
		<u>1,97,52,142</u>

Dividend

With a view to conserve the financial resources of the Company, your Directors do not recommend any dividend for the year ended 31st March, 2011.

Operations and Financial Results

During the financial year under review and crushing season 2010-2011, your mill crushed a total of 51.98 lakh Quintals (Q) of sugarcane and produced a total of 4.74 lakh Q of white crystal sugar at a recovery of 9.12% against a crush of 46.45 lakh Q of sugarcane and a production of 4.31 lakh Q of white crystal sugar at a recovery of 9.30% in the previous financial year and crushing season 2009-2010.

The quantum of sugarcane crushed as well as sugar produced during season 2010-2011 has been higher as compared to the previous season on account of increase in acreage of sugarcane plantation alongwith a lower diversion of sugarcane towards gur etc. There has, however, been a fall in sugar recovery due to adverse agro climatic conditions.

Sugar and molasses prices remained low throughout the year affecting margins of the industry, including your Company. Meanwhile, cost of funds and other overheads rose sharply further affecting the profitability of the Company.

Sugarcane & Sugar Policies

The essential features of the sugarcane and sugar policy for 2010-2011 season were as under:-

- a) The Central Government announced a Fair and Remunerative Price (FRP) of Rs.139.12/Q for sugarcane linked to a basic recovery of 9.50% (subject to a premium of Rs.1.46/Q for every 0.10% increase in recovery above that level) for season 2010-2011 as compared to Rs. 129.84/Q for the previous season.
- b) The Uttar Pradesh Government increased the State Advised Price (SAP) to Rs.205/Q for sugarcane for season 2010-2011 from Rs.165/Q for the previous season.
- c) The levy sugar component was reverted to 10% for season 2010-2011 from the earlier 20% for season 2009-2010. The levy sugar price was revised to Rs. 1917.18/Q for the season from Rs. 1826.13/Q for the previous season.
- d) The Government of India allowed duty-free import of raw and white sugar from April, 2009 to improve the availability of sugar in the domestic market.
- e) The Government of India permitted export of 10 lakh tonnes of sugar under Open General License to stabilise domestic sugar prices.
- f) A policy of partial control on molasses allocation and distribution continued for the year.

Prospects and Outlook for Season 2011-2012

The growth of the domestic sugar industry continues to be suppressed due to the absence of a clear and forward thinking policy for overall development. Non relation of raw material i.e. sugarcane pricing to that of the finished product i.e. sugar remains the root cause of the problem and needs to be addressed on an urgent footing so as to ensure that the interest of all stakeholders, be it the farmer or the consumer or the industry itself is looked after on an equitable footing and on a sustained basis. Till such time adequate steps are taken in the above direction, it is difficult to predict the future prospects of the industry, as well as the Company itself, with any reasonable certainty.

Directors

Shri Sushil K. Jalan and Shri Vivek M. Pittie, Directors of the Company, retire from the Board by rotation and, being eligible, offer themselves for re-election at the ensuing Annual General Meeting.

Shri N.R. Khariawala, Director of the Company, has resigned from the Board due to his advanced age. The Board of Directors has accepted the request of Shri N.R. Khariawala and wishes to place on record its sincere and deep appreciation for the valuable services rendered by him during his tenure as a Director of the Company. The guidance of Shri N.R. Khariawala during this long period towards the expansion cum modernisation of the factory has stood the test of time and has greatly contributed to the progress of the Company.

Shri Arvind K. Kanoria has been reappointed by the Board of Directors as Managing Director for a further period of three years from 20th April, 2012.

Particulars of Employees

There is no employee covered by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

Conservation of Energy

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings/outgo as required under Section 217(1)(e) of the Companies Act, 1956 are given in a separate Annexure attached hereto and form a part of this Report.

Auditors

Messrs Batliboi & Purohit, Chartered Accountants, Auditors of the Company, retire, and being eligible, offer themselves for reappointment.

Auditors' Report

The observations made in the Annexure to the Auditors' Report are self-explanatory and do not require further explanation/comments.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that

- A. The applicable accounting standards have been followed in the preparation of the annual accounts and there has been no material departure from the same;
- B. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the period;
- C. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- D. The Directors have prepared the annual accounts on a going concern basis.

Corporate Governance

The shares of the Company are listed with the Calcutta Stock Exchange. The code of corporate governance as introduced by the Securities and Exchange Board of India (SEBI) by way of amendment to the listing agreement with the Stock Exchange is not applicable to the Company as its paid up share capital is below the stipulated figure laid down by SEBI as well as by the Companies Act, 1956, for such purpose.

Acknowledgement

The Board expresses its gratitude to the shareholders, bankers, financial institutions, suppliers and customers of the Company for the confidence they have reposed in the Company.

The Board also records its special appreciation for the dedication and contribution made by all the employees of the Company.

Mumbai
The 29th July, 2011

By Order of the Board
Arvind K. Kanoria
Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2011.

A. Conservation of Energy :

- (a) Energy conservation measures taken :
- (i) Installed Capacitor Banks to improve the power factor and thereby reduce power loss and improve life of equipments;
 - (ii) Variable Frequency Drives (VFD) installed to optimize energy consumption at various stages of process.
- (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy;
In addition to the equipments installed as mentioned under (a) above, further steps under consideration.
- (c) Impact of the measures taken:
Reduction in energy consumption is observed.

The above measures are expected to reduce the consumption of fuel and power and reduced the cost of production.

(b) FORM - A	<u>For the year ended 31st March, 2011</u>	<u>For the year ended 31st March, 2010</u>
(A) Power & Fuel Consumption :		
1. Electricity		
a) Purchase (Unit)	2,61,303	3,00,515
Total Amount (Rs.)	16,92,248	18,84,099
Rate/Unit (Rs.)	6.48	6.27
b) Own Generation		
i) Diesel Generators	5,57,970	4,72,627
Cost of Diesel Oil (Rs.)	68,79,792	57,42,279
Cost/Unit (Rs.)	12.33	12.15
ii) Steam Turbines	94,37,526	81,18,282
Cost/Unit (Rs.)	Steam produced by use of own bagasse	
2. Coal (Specify quality and where used)		
Quantity (MT)	Not directly	Not directly
Total Amount (Rs.)	consumed in	consumed in
Average Rate (Rs.)	production	production
3. Furnace Oil		
Quantity (MT)	Not directly	Not directly
Total Amount (Rs.)	consumed in	consumed in
Average Rate (Rs.)	production	production
(B) Consumption per MT of production :		
Sugar Production (MT)	47,370	43,106
Electricity (Units/MT of Sugar)	216.52	206.27
Coal (Kgs./MT of Sugar)	Nil	Nil
Furnace Oil (Ltrs./MT of Sugar)	Nil	Nil

ANNEXURE TO DIRECTORS' REPORT (Contd...)

FORM - B	<u>For the year ended 31st March, 2011</u>	<u>For the year ended 31st March, 2010</u>
(A) Research & Development :		
1. Specified Areas in which R & D carried out by Company	Nil	Nil
2. Benefits derived as a result of above R & D	Nil	Nil
3. Further Plan of Action	Nil	Nil
4. Expenditure on R & D		
A) Capital	Nil	Nil
B) Recurring	Nil	Nil
C) Total	Nil	Nil
D) Total R & D Expenditure as a percentage of total turnover	Nil	Nil
(B) Technology Absorption, Adaptation & Innovation :		
1. Efforts in brief made towards technology adaptation & Innovation	Nil	Nil
2. Benefits derived as a result of above efforts e.g. output improvement, cost reduction, product development import substitution	Nil	Nil
3. Details of Imported technology	Nil	Nil
(C) Foreign Exchange Earnings & Outgo :		
1. Activities relating to exports		
2. Initiative taken to increase exports		
3. Development of new export markets for products and services and export plan		
	The Company has been exploring possibility of export of sugar in line with various export proposals received and examined.	
Total Foreign Exchange Used (Rs.)	Nil	6,20,025
Total Foreign Exchange Earned (Rs.)	Nil	Nil

Mumbai,
The 29th July, 2011

For and on behalf of the Board
Arvind K. Kanoria
Managing Director

AUDITORS' REPORT

TO THE MEMBERS OF THE UNITED PROVINCES SUGAR COMPANY LIMITED

1. We have audited the attached Balance Sheet of **The United Provinces Sugar Company Limited** as at 31st March, 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act'), and on the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanation given to us, the Balance Sheet, Profit & Loss Account and Cash Flow Statement read together with the Significant Accounting Policies and Notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of Profit & Loss Account, of the profit for the year ended on that date and;
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

BATLIBOI & PUROHIT
Chartered Accountants
FRN NO. 101048W

PARAG HANGEKAR
Partner
Membership No. 110096

Mumbai,
The 29th July, 2011

ANNEXURE TO THE AUDITORS' REPORT

Referred to paragraph 3 of the Auditors' Report of even date to the members of The United Provinces Sugar Company Limited on the financial statements for the year ended 31st March, 2011, we report that:

- i). (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical verification have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) The Company has not disposed off substantial part of its fixed assets during the year, accordingly, the assumption of going concern being affected, does not arise.
- ii). (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been confirmed by their certificates in most of the cases. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii). (a) During the year the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses (b), (c) and (d) of paragraph 4 of the said Order are not applicable.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses (f) and (g) of paragraph 4 of the said Order are not applicable.
- iv). In our opinion there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v). (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered into the register as per Section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
- vi). In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- vii). In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

- viii). We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determining whether they are accurate or complete.
- ix). (a) According to the information and explanations given to us and according to books and records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. As explained to us the provisions of employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, and according to the books and records of the Company examined by us, there are no outstanding dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess as at 31st March, 2011 which have not been deposited on account of dispute.
- x). The Company has no accumulated losses as at 31st March, 2011 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi). On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to any financial institutions, banks and debenture holders.
- xii). According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii). This is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of any special statute apply; accordingly, the provisions of the clause 4(xiii) of the Order are not applicable to the Company.
- xiv). In our opinion, and according to the information and explanation given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments except current investments.
- xv). The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi). In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii). On the basis of our examination and according to the information and explanation given to us, the funds raised on a short term basis have not been used for long term investment and vice versa.
- xviii). The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix). The Company has not issued any secured debenture.
- xx). The Company has not raised any money by public issue during the year.
- xxi). In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

Mumbai,
The 29th July, 2011

BATLIBOI & PUROHIT
Chartered Accountants
FRN NO. 101048W

PARAG HANGEKAR
Partner
Membership No. 110096

THE UNITED PROVINCES SUGAR COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March, 2011		As at 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS :					
1. SHARE HOLDERS' FUNDS					
a) Share Capital	A	2,55,00,000		2,55,00,000	
b) Reserves & Surplus	B	33,32,31,043	35,87,31,043	33,61,32,648	36,16,32,648
2. LOAN FUNDS					
a) Secured Loans	C	1,27,82,66,785		1,22,51,41,306	
b) Unsecured Loans	D	11,35,000	1,27,94,01,785	11,35,000	1,22,62,76,306
TOTAL			1,63,81,32,828		1,58,79,08,954
II. APPLICATION OF FUNDS :					
1. FIXED ASSETS					
a) Gross Block		1,47,33,01,562		1,46,69,37,597	
b) Less : Depreciation		68,36,80,591		62,36,20,538	
c) Net Block		78,96,20,971		84,33,17,059	
d) Capital Work-in-Progress - at cost		—		—	
TOTAL FIXED ASSETS	E		78,96,20,971		84,33,17,059
2. INVESTMENTS	F		6,01,78,452		7,56,91,580
3. DEFERRED TAX ASSETS					
(Refer Note No. 11 (b) & (a) on Schedule N)					
a) Deferred Tax Assets		16,57,59,736		18,10,47,836	
b) Deferred Tax Liabilities		11,15,44,464	5,42,15,272	12,08,30,522	6,02,17,314
4. CURRENT ASSETS, LOANS AND ADVANCES	G				
a) Interest Accrued on Investments		1,15,91,377		94,39,757	
b) Property Development Cost		2,56,10,075		2,56,10,075	
c) Inventories		97,62,45,496		85,60,35,790	
d) Sundry Debtors		50,05,437		15,00,710	
e) Cash and Bank Balances		5,36,34,741		1,99,76,617	
f) Loans & Advances		1,07,24,513		2,22,67,128	
		1,08,28,11,639		93,48,30,077	
LESS : CURRENT LIABILITIES AND PROVISIONS	H				
a) Current Liabilities		30,96,82,140		29,21,03,783	
b) Provisions		3,90,11,366		3,40,43,293	
		34,86,93,506		32,61,47,076	
NET CURRENT ASSETS			73,41,18,133		60,86,83,001
TOTAL			1,63,81,32,828		1,58,79,08,954
Significant Accounting Policies	M				
Notes on Accounts	N				

Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For BATLIBOI & PUROHIT
Chartered Accountants
FR. NO. 101048W

Parag Hangekar
Membership No. 110096
Partner

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Dr. Anurag K. Kanoria
G. L. Sultania
Directors

Mumbai, the 29th July, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
I. INCOME					
Sugar & Molasses Gross Sales		1,35,79,22,416		1,30,61,97,975	
Less : Excise Duty and Other Taxes		6,50,23,040	1,29,28,99,376	6,18,24,594	1,24,43,73,381
Other Income	I		3,96,48,121		4,06,34,442
Increase in Stocks	J		11,58,57,064		18,08,27,370
			1,44,84,04,561		1,46,58,35,193
II. EXPENDITURE					
Cost of Raw Materials Consumed			1,12,27,41,322		1,18,17,83,226
Manufacturing & Administrative Expenses	K		17,96,47,809		17,17,21,017
Selling Expenses			29,29,285		20,33,180
Interest	L		7,71,75,320		5,11,99,390
Depreciation on Fixed Assets		6,03,85,808		6,00,19,506	
Less : Transferred from Revaluation Reserve		65,33,289	5,38,52,519	65,33,289	5,34,86,217
			1,43,63,46,255		1,46,02,23,030
III. PROFIT BEFORE TAXATION			1,20,58,306		56,12,163
Provision for Taxation					
Less : Current Tax		26,35,000		6,75,000	
Less : Deferred Tax Credit		60,02,042		6,03,371	
Add : Fringe Benefit Tax in respect of earlier years Written Back		(90,972)	85,46,070	(2,005)	12,76,366
IV. PROFIT AFTER TAXATION			35,12,236		43,35,797
Add : Balance in Profit & Loss Account of the erstwhile WSPL					
a) (Loss) After Tax for the year ended 31st March, 2008		—	—	(19,52,549)	
b) Profit After Tax for the year ended 31st March, 2009		—	—	36,22,827	16,70,278
V. PROFIT			35,12,236		60,06,075
Balance of Profit brought forward		1,62,39,906		1,09,88,336	
Add : Balance in Profit & Loss Account of the erstwhile WSPL as on Appointed Date i.e. 1st April, 2007 on Amalgamation		—	1,62,39,906	(7,54,505)	1,02,33,831
VI. PROFIT AVAILABLE FOR APPROPRIATION			1,97,52,142		1,62,39,906
Balance carried to Balance Sheet			1,97,52,142		1,62,39,906
			1,97,52,142		1,62,39,906
VII. Basic & Diluted Earnings Per Equity Share					
(Face Value of Rs. 10/- each) (Refer Note No. 10 on Schedule N)			1.38		2.36

Significant Accounting Policies M
Notes on Accounts N

Schedules referred to above form an integral part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

For BATLIBOI & PUROHIT
Chartered Accountants
FR. NO. 101048W

Parag Hangekar
Membership No. 110096
Partner

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Dr. Anurag K. Kanoria
G. L. Sultania
Directors

Mumbai, the 29th July, 2011

THE UNITED PROVINCES SUGAR COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) before Tax and Extraordinary Items		1,20,58,306		56,12,163
Adjustments for :				
Profit on Amalgamation (Net)		—	9,15,773	
Depreciation	5,38,52,519		5,34,86,217	
Gratuity (Provision)	23,42,308		45,62,285	
Leave Encashment Reversal / (Provision)	5,90,765		(4,55,899)	
Doubtful Debts and Advances (Provision)	55,210		50,709	
Unspent Liabilities / Balances Written Off	(21,17,320)		(37,26,944)	
Sundry Debts Balances / Advances Written Off	341		5,212	
Dividend Received	(4,632)		(11,580)	
Interest Income	(52,68,057)		(52,31,831)	
Interest Charged	7,71,75,320		5,11,99,390	
Loss/(Profit) on Sale of Fixed Assets (Net)	1,96,791		1,67,186	
(Profit)/Loss on Sale of Investments	(39,872)		(39,938)	
Molasses Storage Fund Written Back	—		—	
Transfer to General Reserve on Amalgamation	—		9,99,379	
Transferred to Molasses Storage Reserve	1,19,448	12,69,02,821	1,21,864	10,20,41,823
Operating Profit before Working Capital Changes		13,89,61,127		10,76,53,986
Adjustment for Changes in :				
Trade and Other Receivables	78,48,697		55,76,831	
Inventories	(12,02,09,706)		(17,21,72,851)	
Trade Payables	2,13,31,576		6,97,38,339	
Advance Received Against Grant of Development Rights	—		10,50,00,000	
Property Development Cost	—	(9,10,29,433)	(2,56,10,075)	(1,74,67,756)
Cash generated from Operations		4,79,31,694		9,01,86,230
Direct Taxes Refund / Paid (Including TDS)- Net		(8,23,360)		2,83,023
Cash Flow before Extra Ordinary Items		4,71,08,334		9,04,69,253
Extra Ordinary Items		—		—
Net Cash Flow from Operating Activities		4,71,08,334		9,04,69,253
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(69,36,511)		(2,48,82,485)	
Sale of Fixed Assets	50,000		1,06,500	
Purchase of Investments	—		(7,55,00,000)	
Sale of Investments	1,55,13,128		15,062	
Loans Given to Others	—		(4,13,000)	
Loans Received Back from Others	—		1,00,000	
Dividend Received	4,632		11,580	
Interest Income	31,16,437	1,17,47,686	52,31,831	(9,53,30,512)
Net Cash Flow from Investing Activities		1,17,47,686		(9,53,30,512)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Equity Shares	—		15,00,000	
Proceeds from Borrowings	16,05,63,312		32,00,78,286	
Repayment of Borrowings	(10,74,37,833)		(25,41,87,538)	
Dividend Paid (Including Tax on Dividend Rs. Nil Previous Year Rs. Nil)	—		—	
Interest Paid (Net)	(7,83,23,375)	(2,51,97,896)	(4,81,81,891)	1,92,08,857
Net Cash Flow from Financing Activities		(2,51,97,896)		1,92,08,857
Net Increase/(Decrease) in Cash & Cash Equivalent (A + B + C)		3,36,58,124		1,43,47,598
Cash and Cash equivalent at the beginning of the year		1,99,76,617		56,29,019
Cash and Cash equivalent at the end of the year		5,36,34,741		1,99,76,617

Notes:-

- The above Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) - 3 on "Cash Flow Statements" notified under the Companies Accounting Standard Rules, 2006.
- Cash and Cash Equivalents consists of Cash in Hand, Balances with Scheduled Banks and Post Office Savings Bank as per Schedule G on the audited accounts.
- Previous year's figures have been regrouped/ re-arranged wherever necessary.

This is the Cash Flow referred to in our report of even date.

For BATLIBOI & PUROHIT, Chartered Accountants
FRN NO. 101048W

Parag Hangekar, M. No. 110096, Partner
Mumbai, the 29th July, 2011

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Dr. Anurag K. Kanoria
G. L. Sultania
Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - A

	<u>As at 31st March, 2011</u>		<u>As at 31st March, 2010</u>	
	Rupees	Rupees	Rupees	Rupees
SHARE CAPITAL				
AUTHORISED				
50,00,000 (Previous Year 50,00,000)				
Equity Shares of Rs. 10/- each		<u>5,00,00,000</u>		<u>5,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP				
25,50,000 (Previous Year 25,50,000)				
Equity Shares of Rs. 10/- each fully paid-up		<u>2,55,00,000</u>		<u>2,55,00,000</u>
		<u>2,55,00,000</u>		<u>2,55,00,000</u>

Notes :

Out of the above subscribed capital:

- a) 14,40,000 equity shares of Rs. 10/- each have been allotted as fully paid up bonus shares by capitalisation of reserves.
- b) 1,50,000 equity shares of Rs. 10/- each have been allotted as fully paid up to shareholders of the erstwhile Warden Synplast Private Limited (WSPL) pursuant to the Scheme of Amalgamation.

SCHEDULE - B

RESERVES & SURPLUS

	<u>As at 31st March, 2010</u>	<u>Additions during the Year</u>	<u>Deductions during the Year</u>	<u>As at 31st March, 2011</u>
	Rupees	Rupees	Rupees	Rupees
Capital Reserve	2,52,42,946	—	—	2,52,42,946
Revaluation Reserve	23,64,77,006	—	65,33,289	22,99,43,717
Molasses Storage Fund	3,04,532	1,19,448	—	4,23,980
General Reserve	5,78,68,258	—	—	5,78,68,258
	31,98,92,742	<u>1,19,448</u>	<u>65,33,289</u>	31,34,78,901
As per Profit & Loss Account	1,62,39,906			1,97,52,142
	<u>33,61,32,648</u>			<u>33,32,31,043</u>

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - C

	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SECURED LOANS				
A) TERM LOANS				
i) IDBI Bank Limited (IDBI)		8,89,24,450		12,12,60,850
ii) Punjab National Bank (PNB)		10,00,00,000		—
iii) Punjab National Bank (PNB) - Interest Free		3,82,80,000		8,42,40,000
iv) The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh Limited (PICUP) - Interest Free		72,55,154		94,50,160
v) Government of India - Sugar Development Fund (SDF)				
Term Loans	15,82,09,320		17,88,63,680	
Interest Funded	8,91,27,725	24,73,37,045	9,42,54,366	27,31,18,046
vi) HDFC Bank Limited		18,25,958		29,91,384
		48,36,22,607		49,10,60,440
B) CASH CREDIT ACCOUNT				
Punjab National Bank (PNB)				
i) Secured by pledge of stock of sugar		76,19,95,466		71,20,57,954
ii) Secured by hypothecation of stock of mill stores & spare parts		2,19,43,315		2,20,22,912
		78,39,38,781		73,40,80,866
iii) Clean Demand Loan		1,07,05,397		—
		1,27,82,66,785		73,40,80,866
				1,22,51,41,306

Notes :

- Term loans from IDBI, PNB and PICUP are secured, ranking paripassu, by hypothecation of movable plant & machinery (other than those purchased under deferred payment guarantee scheme from PNB to the extent of Rs.47.18 lakhs) and by way of mortgage through deposit of the title deeds of the Company's land and buildings in Seorahi, Uttar Pradesh. These are also secured by the movable assets of the Company, except book debt, both present and future, subject to prior charge on specific movable properties in favour of PNB for working capital facilities. The term loans from IDBI and PNB are guaranteed by the Managing Director of the Company and certain shares held by the Promoters are pledged to the IDBI. The term loan from PICUP is an interest free loan in lieu of the Trade Tax Deferment Scheme of the Uttar Pradesh Government. (due within a year Rs.7,45,18,932/-, previous year Rs.3,45,31,406/-).
- Term loans from SDF are secured by prior second charge on the fixed assets as stated in Note No. 1 above and by hypothecation of movable properties, except book debts, both present and future, subject to prior charge on specific movable properties in favour of PNB for working capital facilities. The accrued interest on the above loans are funded for a period of 8 years as per the provisions of the SDF rules and such funding is free of interest. (due within a year Rs.14,58,75,263/-, previous year Rs.3,09,49,285/-).
- Besides pledge/ hypothecation of stocks as stated above, cash credit facilities from PNB are additionally secured by a residual third charge through hypothecation of plant & machinery, both present and future, and by way of mortgage through deposit of title deeds of the Company's land and buildings in Seorahi, Uttar Pradesh and also guaranteed by the Managing Director of the Company.
- The Interest Free Term Loan from PNB is secured by a residual charge on the fixed assets after as stated in Note Nos. 1, 2 and 3 above and by hypothecation of movable properties except book debts, both present and future, subject to prior charge on specific movable properties in favour of PNB for working capital facilities. The Government of India provides full interest subvention to PNB for the aforesaid loan under the Scheme for Extending Financial Assistance to Sugar Undertakings, 2007. (due within a year Rs.3,82,80,000/-, previous year Rs.4,59,60,000/-).
- Term loans from HDFC Bank Limited are secured by hypothecation of the concerned vehicles financed by them. (due within a year Rs.12,29,997/-, previous year Rs.11,65,426/-).
- Aggregate amount of Term Loans payable within a year Rs.25,99,04,192/-, previous year Rs.11,26,06,117/-.
- Aggregate amount of loans outstanding which are guaranteed by the Managing Director of the Company - Rupees Term Loans Rs.18,89,24,450/-, previous year Rs.12,12,60,850/-, Fund Based Working Capital Limits Rs.79,46,44,178/-, previous year Rs.73,40,80,866/- and Non-Fund Based Working Capital Limits Rs.6,18,287/-, previous year Rs.6,18,287/- . No guarantee commission is payable to the above Guarantor.

SCHEDULE - D

	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
UNSECURED LOANS				
SHORT TERM LOAN				
From Others - a Body Corporate		11,35,000		11,35,000
		11,35,000		11,35,000

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - E

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as at 31.03.2010 including revaluation	Additions during the year	Deductions/ Adjustments during the year	Total as at 31.03.2011	Up to 31.03.2010	During the year	Adjustments/ Deductions during the year	Total up to 31.03.2011	As at 31.03.2011 including revaluation	As at 31.03.2010 including revaluation
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	19,92,70,084	—	—	19,92,70,084	—	—	—	—	19,92,70,084	19,92,70,084
Buildings	12,56,83,269	—	—	12,56,83,269	2,92,73,528	28,05,600	—	3,20,79,128	9,36,04,141	9,64,09,741
Plant & Machinery	1,12,84,26,294	68,15,893	—	1,13,52,42,187	58,84,05,533	5,66,30,038	—	64,50,35,571	49,02,06,616	54,00,20,761
Furniture & Electrical Fittings	47,49,892	1,20,618	—	48,70,510	32,36,184	2,16,050	—	34,52,234	14,18,276	15,13,708
Motor Vehicles & Cycles	87,83,347	—	5,72,546	82,10,801	26,80,829	7,34,120	3,25,755	30,89,194	51,21,607	61,02,518
Machinery Zaminidary (Tubewell)	24,711	—	—	24,711	24,464	—	—	24,464	247	247
Total	1,46,69,37,597	69,36,511	5,72,546	1,47,33,01,562	62,36,20,538	6,03,85,808	3,25,755	68,36,80,591	78,96,20,971	84,33,17,059
Previous Year	1,44,23,53,826	2,52,75,450	6,91,679	1,46,69,37,597	56,40,19,025	6,00,19,506	4,17,993	62,36,20,538	84,33,17,059	

Capital Work-in-Progress

In course of Installation	
Building	—
Plant & Machinery	—
Total	—
Previous Year	3,92,965

Notes :

- 1) Certain land measuring 17 Hectares have been vested during the year 1976-77 in the Uttar Pradesh State Government in respect of which compensation has not been determined and consequently no adjustment has been made in these accounts.
- 2) a) Land, Buildings and Plant & Machinery were revalued as at 31st March, 1995 on net replacement value as per the report of PriceWaterhouse, an approved valuer, and the resultant increases of Rs. 1,78,70,000/-, Rs. 2,50,94,560/- and Rs. 11,15,99,378/- respectively were added to the book value of the said Fixed Assets.
b) Land was further revalued as at 31st March, 2008 on net replacement value as per the report of S. Sen & Associates, an approved valuer, and the resultant increase of Rs. 17,90,66,136/- was added to the book value of the said Fixed Asset.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - F

	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
INVESTMENTS				
LONG TERM INVESTMENTS (At Cost) (Other than Trade)				
In Government Securities - Unquoted				
11.50% C.M.D.A. Bond - 2010	6,701		6,701	
11.50% West Bengal Loan - 2010	—		7,668	
2.50% Bihar Zamindari Abolition Compensation Bonds	20,211		20,211	
7.50% Government of India Loan - 2010	—	26,912	5,460	40,040
National Savings Certificates (Deposited with Government Authorities)		1,000		1,000
Deep Discount Bonds - Unquoted				
600 Deep Discount Bonds (Transferable) of New India Exports Pvt. Ltd. at issue price of Rs. 1,00,000/- each (Redeemable at the end of 10 years at face value of Rs. 1,80,000/- per bond)				
	6,00,00,000		6,00,00,000	
155 Deep Discount Bonds (Transferable) of Kaabil Traders Pvt. Ltd. at issue price of Rs. 1,00,000/- each (Redeemable at the end of 10 years at face value of Rs. 1,80,000/- per bond)				
	—	6,00,00,000	1,55,00,000	7,55,00,000
In Shares of Joint Stock Companies - Quoted				
Punjab National Bank (386 Equity Shares of Rs. 10/- each fully paid)				
		1,50,540		1,50,540
		6,01,78,452		7,56,91,580
Aggregate book value of unquoted investments		6,00,27,912		7,55,41,040
Aggregate book value of quoted investments		1,50,540		1,50,540
Aggregate market value of quoted investments		4,68,102		3,91,192

SCHEDULE - G

CURRENT ASSETS, LOANS & ADVANCES

A) INTEREST ACCRUED ON INVESTMENTS		1,15,91,377		94,39,757
B) PROPERTY DEVELOPMENT COST (Refer Note No. 4 on Schedule N)		2,56,10,075		2,56,10,075
C) INVENTORIES				
Stock of Stores & Spare Parts	3,11,35,365		3,23,32,455	
Loose Tools	4,26,369		3,01,972	
Stock-in-Trade :				
Sugar	88,20,95,864		78,49,40,570	
Sugar-in-Process	52,75,750		50,55,620	
Molasses	5,73,12,148		3,34,05,173	
Molasses-in-Process	—	97,62,45,496	—	85,60,35,790
D) SUNDRY DEBTORS (Unsecured)				
i) Debts outstanding for a period exceeding six months :				
Considered Good	98,341		7,35,452	
Considered Doubtful	1,06,394		1,06,394	
	2,04,735		8,41,846	
Less : Provision for Doubtful Debts	1,06,394		1,06,394	
	98,341		7,35,452	
ii) Other Debts :				
Considered Good	49,07,096	50,05,437	7,65,258	15,00,710
Carried Over		1,01,84,52,385		89,25,86,332

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - G (Contd...)

	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
CURRENT ASSETS, LOANS & ADVANCES				
Brought Forward		1,01,84,52,385		89,25,86,332
E) CASH & BANK BALANCES				
Cash, Cheques and Demand Drafts in Hand	3,60,469		4,87,856	
Balances with Scheduled Banks :				
On Current Accounts	5,12,91,539		1,76,33,473	
On Unpaid Dividend Accounts	18,552		18,652	
On Fixed Deposit Accounts (Under lien Rs. 6,37,264/-, Previous Year Rs. 6,37,264/-)	7,86,606		7,86,606	
Balances with Non-Scheduled Banks :				
On Current Accounts (Refer Note No. 5 on Schedule N)	7,33,091		6,37,361	
On Post Office Savings Bank Account (Represents Molasses Fund Account, Maximum amount outstanding at any time during the year Rs.4,44,484/-, Previous Year Rs. 4,12,669/-)	4,44,484	5,36,34,741	4,12,669	1,99,76,617
F) LOANS & ADVANCES (Unsecured)				
LOANS				
Considered Good :				
To Bodies Corporates	3,13,000		3,13,000	
ADVANCES				
Advance Receivable in cash or in kind or for value to be received :				
Considered Good	44,79,607		1,48,32,477	
Considered Doubtful	1,80,589		1,25,379	
	46,60,196		1,49,57,856	
Less : Provision for doubtful advances	1,80,589		1,25,379	
	44,79,607		1,48,32,477	
Advance Income Tax - Considered Good	33,62,690		35,51,881	
DEPOSITS	78,42,297		1,83,84,358	
Considered Good :				
Sundry Deposits	8,96,813		8,91,939	
Balance with Excise Authorities	16,72,403		26,77,831	
	25,69,216	1,07,24,513	35,69,770	2,22,67,128
		1,08,28,11,639		93,48,30,077

SCHEDULE - H

CURRENT LIABILITIES & PROVISIONS

A) CURRENT LIABILITIES

Sundry Creditors :				
Total Outstanding Dues of Micro and Small Enterprises	8,01,896		8,39,783	
Others	14,75,63,049		13,52,19,841	
	14,83,64,945		13,60,59,624	
Interest Accrued but Not Due on Loans	18,69,644		30,17,699	
Other Liabilities	5,44,34,390		4,80,13,299	
Unclaimed Dividend*	13,161	20,46,82,140	13,161	18,71,03,783
Advance Received Against Grant of Development Rights (Refer Note No. 4 on Schedule N)		10,50,00,000		10,50,00,000
Carried Over		30,96,82,140		29,21,03,783

* There is no amount due and outstanding to be credited to Investors' Education and Protection Fund.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - H (Contd...)

	As at 31st March, 2011		As at 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
CURRENT LIABILITIES & PROVISIONS				
Brought Forward		30,96,82,140		29,21,03,783
B) PROVISIONS				
Provision for Contingency on Stores (Refer Note No. 12 on Schedule N)	3,50,000		3,50,000	
Provision for Gratuity	3,07,54,022		2,84,11,714	
Provision for Leave Encashment	30,97,984		25,07,219	
Provision for Taxation	48,09,360	3,90,11,366	27,74,360	3,40,43,293
		34,86,93,506		32,61,47,076

SCHEDULE - I

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
OTHER INCOME				
Interest (Gross) :				
On Fixed Deposit with bank (Tax Deducted at Source Rs. 15,434/-, Previous Year Rs. 37,486/-)	87,325		3,73,776	
On Deep Discount Bonds (Long Term Investments) (Tax Deducted at Source Rs.2,98,898/-, Previous Year Rs. Nil/-)	51,40,951		48,47,484	
Others	39,781	52,68,057	10,571	52,31,831
Dividend Received on Long Term Investments		4,632		11,580
Burnt Cane Subsidy		2,41,149		1,289
Liabilities No Longer Required Written Back		21,17,320		37,26,944
Profit on Sale of Long Term Investments		39,872		39,938
Miscellaneous Operational Income		3,19,77,091		3,16,22,860
		3,96,48,121		4,06,34,442

SCHEDULE - J

INCREASE IN STOCKS

OPENING STOCK :				
Sugar	78,49,40,570		58,12,60,514	
Molasses	3,34,05,173		6,00,77,040	
Sugar-in-Process	50,55,620		25,60,000	
Molasses-in-Process	—	82,34,01,363	—	64,38,97,554
CLOSING STOCK :				
Sugar	88,20,95,864		78,49,40,570	
Molasses	5,73,12,148		3,34,05,173	
Sugar-in-Process	52,75,750		50,55,620	
Molasses-in-Process	—	94,46,83,762	—	82,34,01,363
		12,12,82,399		17,95,03,809
Add : Excise Duty and Other Taxes*		(54,25,335)		13,23,561
		11,58,57,064		18,08,27,370

* Represents differential excise duty and education cess on opening and closing stock of finished goods/by-products.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - K	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
MANUFACTURING & ADMINISTRATIVE EXPENSES				
Stores & Spare Parts Consumed		3,10,35,140		3,07,02,965
Power & Fuel		85,72,040		76,26,378
Rent		3,37,410		2,76,000
Rates & Taxes		5,75,769		8,07,639
REPAIRS & MAINTENANCE :				
Plant & Machinery	2,67,54,586		2,12,07,700	
Building	17,27,196		22,09,632	
Others	73,170	2,85,54,952	<u>1,40,723</u>	2,35,58,055
SALARIES, WAGES & OTHER EMPLOYEES BENEFITS :				
Salaries, Wages, Bonus & Gratuity	7,86,78,391		7,42,94,170	
Contribution to Provident & Other Funds	67,87,994		63,49,796	
Workmen & Staff Welfare Expenses	12,00,100	8,66,66,485	<u>13,80,592</u>	8,20,24,558
Insurance		5,20,060		8,55,845
Godown Expenses		39,76,661		27,86,303
Travelling Expenses		12,46,783		22,60,637
Motor Car Expenses		18,90,007		23,44,017
Miscellaneous Expenses		52,38,645		42,55,051
Sundry Office Expenses [including Salaries, Bonus & Gratuity Rs. 42,04,575/- (Previous Year Rs. 41,08,716/-) Contribution to Provident & Other Funds Rs. 3,65,436/- (Previous Year Rs. 3,36,052/-) and Staff Welfare Expenses Rs. 3,65,589/- (Previous Year Rs. 3,03,069/-)]		1,05,06,993		1,37,21,147
AMOUNT PAID/PAYABLE TO AUDITORS :				
Audit Fees	85,000		85,000	
Tax Audit Fees	15,000		15,000	
Miscellaneous Certificates & Other Services	3,000		3,000	
Reimbursement of Expenses (including Service Tax)	18,074	1,21,074	<u>20,951</u>	1,23,951
Cost Audit Fee		30,000		30,000
Directors' Fee		4,000		3,500
Bad Debts and Advances Written Off		341		5,212
Provision for Doubtful Debts & Advances		55,210		50,709
Loss on Sale of Fixed Assets		1,96,791		1,67,186
Transfer to Molasses Storage Reserve		1,19,448		1,21,864
		<u>17,96,47,809</u>		<u>17,17,21,017</u>

SCHEDULE - L

INTEREST

On Borrowings from Bank		4,87,08,512		2,09,48,403
On Fixed Loans				
Term Loan	2,78,99,038		3,00,99,334	
Others	5,67,770	2,84,66,808	<u>1,51,653</u>	3,02,50,987
		<u>7,71,75,320</u>		<u>5,11,99,390</u>

SCHEDULE - M

SIGNIFICANT ACCOUNTING POLICIES

FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis except certain fixed assets which are carried at revalued amount. GAAP comprises mandatory Companies (Accounting Standard) Rules, 2006 notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

2. USE OF ESTIMATES :

The preparation of the Financial Statements in conformity with GAAP required management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates generally include future obligations under employee retirement benefit plans and income taxes.

3. FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK-IN-PROGRESS :

a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building and Plant & Machinery, as at 31st March, 1995 and Land as at 31st March, 2008. Cost net of Cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre-operational expenses including finance charges, wherever applicable.

b) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment, if any.

c) Expenditure during construction period :

Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are being treated as pre-operative expenses pending allocation to the assets and are shown under "Capital Work In Progress". Capital Work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

4. DEPRECIATION AND AMORTISATION :

a) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956 (as amended).

b) Depreciation / amortisation on assets added, sold or discarded during the year has been provided on pro-rata basis.

c) Lease hold land in the nature of perpetual lease are not amortised. Other lease hold land are amortised over the period of the lease.

d) Computer Software (Acquired) are amortised over a period of five years. Amortisation is done on straight line basis.

5. INVESTMENTS :

Trade Investments are the investments made for or to enhance the Company's business interest. Investments are either classified as current or long term based on Management's intension at the time of purchase. Long Term Investments are carried at cost less provision for diminution recorded to recognise any decline, other than temporary, the carrying value of each investment. Current Investments are carried at the lower of cost and fair value, category wise. Cost of investments includes acquisition cost such as brokerage, fee and duties.

6. INVENTORIES :

a) Inventories (other than By-product) are valued at lower of cost and net realisable value after providing for obsolescence, if any. The cost of inventory comprises of purchase price, cost of conversion and other cost that have been incurred in bringing the inventories to their respective present location and condition. Interest cost are not included in value of inventories. The cost of inventories is computed on weighted average basis.

b) Assets identified and technically evaluated as obsolete and held for disposal are valued at their estimated net realisable value.

c) By-product (Molasses) are valued at net realisable value.

7. SHARE ISSUE EXPENSES :

a) These are equally amortised over a period of five years..

8. REVENUE RECOGNITION :

a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.

b) Gross turnover includes excise duty but exclude sales tax/value added tax.

c) Dividend income is accounted for in the year it is declared.

d) All other income are accounted for on accrual basis.

9. INCOME FROM INVESTMENT :

Income from Investments is included together with the related tax credit in the Profit & Loss Account.

10. EXPENSES :

All the expenses are accounted for on accrual basis.

11. GOVERNMENT GRANTS AND SUBSIDIES :

a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not relating to a specific fixed asset, it is credited to Capital Reserve.

b) Government grants related to revenue items are adjusted with the related expenditure. If not relating to a specific expenditure, it is taken as income.

SCHEDULE - M (Contd...)

SIGNIFICANT ACCOUNTING POLICIES

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

- a) Provision is recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- b) Contingent Liabilities are shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.
- c) Re-imburement expected in respect of expenditure to settle a provision is recognized only when it is virtually certain that the re-imburement will be received.
- d) A Contingent Asset is not recognized in the Accounts.

13. IMPAIRMENT OF ASSETS :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in previous accounting period is reversed if there has been a change in the estimate of recoverable amount.

14. FOREIGN CURRENCY TRANSACTION:

- a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.
- c) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference. The premium or discount on forward exchange contracts is recognized over the period of the respective contract.
- d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognized in the Profit & Loss Account.
- e) Transactions covered by cross currency swap contracts are marked to market at the Balance Sheet date and the gain or loss is taken to Profit & Loss Account.

15. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit & Loss Account in the period in which they are incurred.

16. INSURANCE CLAIM :

Accounted for on settlement of claims.

17. EMPLOYEE BENEFITS :

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit & Loss Account for the year in which the related service is rendered.
- b) Long-term employee benefits are recognised as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable as per actuarial valuations. However, funding of gratuity and leave encashment benefit on actuarial valuation has not been made. Actuarial gains and losses in respect of such benefits are recognised in the Profit and Loss Account.

18. TAXES ON INCOME:

Tax on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the income accounted in financial statements and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit entitlement. The Company views the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

THE UNITED PROVINCES SUGAR COMPANY LIMITED

SCHEDULE - N

NOTES ON ACCOUNTS

FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	As at 31st March, 2011	As at 31st March, 2010
	Rupees	Rupees
1. The estimated amount of contracts remaining to be executed on capital account net of advances, not provided for in the accounts.	—	—
2. Contingent liabilities disputed by the Company and not provided for in the accounts ;		
a) Counter guarantees given to a bank on account of guarantees furnished by it.	6,18,287	6,18,287
b) Counter guarantee given to PNB on account of a guarantee furnished by it for machines purchased under its Deferred Payment Guarantee Scheme. Though the guarantee, the validity of which has expired, is yet to be released by PNB, there remains no liability on the Company on this account by virtue of the Order dated 24th April, 1986 of the Hon'ble Calcutta High Court.	47,18,000	47,18,000
c) Claim of State Trading Corporation of India Ltd. (STC) including interest which is being contested by the Company.	3,82,481	3,82,481
d) In respect of Society Commission on additional statutory minimum price for seasons 2002-2003 to 2008-2009 pending disposal of appeal filed by the association of the private sugar mills in the Hon'ble Supreme Court against Order dated 14th May, 2003 of Hon'ble High Court, Allahabad.	—	73,39,239
e) Differential cane price for the sugar season 2007-2008 pending disposal of the Writ filed by the UP Sugar Mills Association of which the Company is a member, in Hon'ble Supreme Court of India.	6,28,53,085	6,28,53,085

3. An arbitration award in favour of the Company for Rs. 4,98,245/- including interest Rs. 1,61,002/-, being the damage suffered on account of non-lifting of sugar by STC will be recognised as revenue as and when appeal filed by STC in the Delhi High Court is disposed off. Pending decision of the appeal, the Delhi High Court has ordered STC to deposit 95% of the amount of the award with an option to the Company to withdraw the same against bank guarantee. The Company has realised Rs. 4,73,333/- during the year ended 31st March, 1991 on furnishing the necessary bank guarantee.

4. The Company (consequent to amalgamation of the erstwhile Warden Synplast Private Limited (WSPL) with itself) had alongwith Bombay Wire Ropes Limited (BWRL), entered into an agreement with a Developer for the grant of development rights on a property owned by BWRL, on a portion of which the Company too enjoyed development rights. The said agreement was thereafter terminated by the Company and BWRL on certain grounds and the dispute arising thereof was referred to an arbitration by the Developer.

The Arbitral Tribunal vide its Award dated 15th June, 2011 has set aside the said termination and directed the Company, as well as BWRL, to execute a conveyance of the property in favour of the Developer against receipt of balance consideration against the agreement alongwith interest thereon. Based on expert legal advice, the Company and BWRL have decided to challenge the said Award in the Hon'ble High Court of Bombay.

In the meantime, the possession of the property continues to remain with the Company and BWRL and, as no development whatsoever has commenced thereon, the part amount received from the developer continues to be shown under "Current Liabilities and Provisions" as 'Advance Received Against Grant of Development Rights' and the Property Development Cost also continues to be included under "Current Assets" as 'Property Development Cost' having regard to para 11 of Accounting Standard (AS)-9 under which revenue cannot be recognised until significant risks and rewards of ownership have been transferred.

5. Balance with Non-Scheduled Banks on Current Accounts :

Name of the Bank	Closing Balance as at 31st March		Maximum amount outstanding at any time during the year ended 31st March	
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
i) Deoria Kasia Zila Sahakari Bank Ltd., Dudahi	1,277	1,04,911	1,04,911	1,04,911
ii) Deoria Kasia Zila Sahakari Bank Ltd., Fazilnagar	1,254	1,04,254	1,04,254	1,04,254
iii) Deoria Kasia Zila Sahakari Bank Ltd., Kasia	6,58,508	1,10,508	6,58,508	1,10,508
iv) Deoria Kasia Zila Sahakari Bank Ltd., Seorahi	4,268	34,268	34,268	50,214
v) Deoria Kasia Zila Sahakari Bank Ltd., Taraya Sujjan	1,158	2,16,794	2,16,794	2,16,794
vi) Deoria Kasia Zila Sahakari Bank Ltd., Turkpatti	66,626	66,626	66,626	66,626
	7,33,091	6,37,361		

SCHEDULE - N (Contd...)

NOTES ON ACCOUNTS

6.. Employee Benefits :-

a) Defined Contribution Plan

The Company makes contribution at a specified percentage of its payroll cost towards the Employees Provident Fund (EPF) for qualifying employees.

The Company recognised Rs. 71,53,430/- (Previous year Rs. 66,85,848/-) towards provident fund contribution in the Profit and Loss Account.

b) Defined Benefit Plans

The Company provides annual contributions as a non-funded defined benefit plan for qualifying employees.

The gratuity scheme provides for payment to vested employees as under :

i) On normal retirement / early retirement / withdrawal / resignation :

As per the provisions of Payment of the Gratuity Act, 1972 with a vesting period of 5 years of service.

ii) On death while in service :

As per the provisions of the Payment of the Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity was carried out at 31st March, 2011 by an Actuary using the Projected Unit Credit Method.

The following table sets out the amounts recognised in the Company's financial statements and the status of the gratuity plan as at 31st March, 2011 ::

Sr. No.	Particulars	Gratuity (Non-Funded)		Leave Encashment (Non-Funded)		Provident Fund (Funded)	
		As at 31st March		As at 31st March		As at 31st March	
		2011	2010	2011	2010	2011	2010
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
(i)	Reconciliation of Defined Benefit Obligation (DBO) :						
	DBO at the beginning of the year	2,84,11,714	2,38,49,429	25,07,219	29,63,118		
	Current Service Cost	27,83,591	11,59,325				
	Interest Cost	23,90,021	17,95,283				
	Actuarial (gain)/losses	2,92,491	52,95,292				
	Benefits paid	(31,23,795)	(36,87,615)			71,53,430	66,85,848
	DBO at the end of the year (Net liability recognised in the Balance Sheet)	3,07,54,022	2,84,11,714	30,97,984	25,07,219		
(ii)	Net cost for the year ended 31st March, 2011 :						
	Current Service Cost	27,83,591	11,59,325				
	Interest Cost	23,90,021	17,95,283				
	Actuarial (gain)/losses	2,92,491	52,95,292				
	Net Cost	54,66,103	82,49,900				
(iii)	Assumptions used in accounting for the gratuity plan :						
	Discount Rate (%)	8.25%	8.25%				
	Salary Escalation Rate (%)	1%	1%				

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

c) Other Long Term Benefit

The Leave Encashment charge for the year ended 31st March, 2011, based on actuarial valuation carried out using the Projected Accrued Benefit Method, charge amounting to Rs. 5,90,765/- (Previous year reversal of Rs. 4,55,899/-) has been recognised in the Profit and Loss Account.

7. As the Company's main business is restricted to manufacturing of sugar there are no separate reportable segments as per Accounting Standard 17 regarding segment reporting issued by The Institute of Chartered Accountants of India.

SCHEDULE - N (Contd...)

NOTES ON ACCOUNTS

8. Related party disclosures as per Accounting Standard - 18 are given below :

a) Name of the related parties and description of relationship :

i) Key Managerial Personnel (KMP) : Shri Arvind K. Kanoria, Managing Director
Shri Mr. A. B. Singh, Executive Director (upto 7th January, 2010)
Shri A. N. Singh Chauhan, Executive Director (from 16th January, 2010)

ii) Relatives of Key Managerial Personnel :

Shri Arvind K. Kanoria : Shri K. K. Kanoria (Father)
Smt. Aruna Kanoria (Mother)
Smt. Vineeta Kanoria (Wife)
Ms. Shikha Kanoria (Daughter)
Master Paritosh Kanoria (Son)
Dr. Anurag K. Kanoria (Brother)

Shri A. B. Singh

Smt. Kamala Singh (Wife)

Shri A. N. Singh Chauhan

Smt. Leela Chauhan (Wife)

b) Details of transactions with related parties :

	Key Managerial Personnel And Their Relatives		Enterprise On Which Relatives of Key Managerial Personnel Has Control	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Investments in Deep Discount Bonds :				
i) New India Exports Private Limited			6,00,00,000	6,00,00,000
ii) Kaabil Traders Private Limited			1,55,00,000	1,55,00,000
Interest Accrued on Investments :				
i) New India Exports Private Limited			74,84,705	38,52,305
ii) Kaabil Traders Private Limited			19,33,549	9,95,179
Loans given :				
i) New India Exports Private Limited			2,64,000	3,64,000
ii) Kaabil Traders Private Limited			49,000	49,000
Remuneration to Key Managerial Personnel :				
i) Shri. Arvind K. Kanoria	17,80,725	17,65,634		
ii) Shri A. B. Singh	—	13,91,409		
iii) Shri A. N. Singh Chauhan	11,32,266	1,94,168		
Salary, Gratuity, Leave Encashment etc. :				
i) Smt. Kamala Singh	—	6,66,652		
ii) Smt. Leela Chauhan	3,98,280	74,277		
Outstanding Balance As At March 31, 2011				
Investments in Deep Discount Bonds :				
i) New India Exports Private Limited			6,00,00,000	6,00,00,000
ii) Kaabil Traders Private Limited			—	1,55,00,000
Outstanding Balance As At March 31, 2011				
on Interest Accrued on Investments :				
i) New India Exports Private Limited			1,15,70,229	74,84,705
ii) Kaabil Traders Private Limited			—	19,33,549
Outstanding Balance As At March 31, 2011				
Loans given :				
i) New India Exports Private Limited			2,64,000	2,64,000
ii) Kaabil Traders Private Limited			49,000	49,000

c) Transactions with related parties have been entered at amounts which are not materially different from that on normal commercial terms.

d) No amount has been written back / written off during the year in respect of due to / from related parties.

e) All amounts due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

SCHEDULE - N (Contd...)

NOTES ON ACCOUNTS

9. Disclosure under Clause 32 of the Listing Agreement :

There are no transactions (other than loan transactions with related parties as given in para 8 (b) above) which are required to be disclosed under Clause 32 of the Listing Agreement with the Stock Exchange where the Equity Shares of the Company are listed.

10. Earning Per Share (EPS) computed in accordance with Accounting Standard - 20 regarding Earning Per Share Basic and Diluted :	For the year ended 31st March, 2011	For the year ended 31st March, 2010
	Rupees	Rupees
(a) Profit / (Loss) after tax as per Accounts	35,12,236	60,06,075
(b) Number of Shares Issued	25,50,000	25,50,000
(c) Basic and diluted EPS	1.38	2.36
(d) Nominal Value of Equity Shares	10.00	10.00

11. Major Components Of Deferred Tax Liabilities And Deferred Tax Assets :

Particulars	Deferred Tax Liabilities /Assets As at 31st March, 2010	(Charge)/Credit to Profit & Loss Account for the year	Deferred Tax Liabilities /Assets As at 31st March, 2011
	Rupees	Rupees	Rupees
a) Deferred Tax Liabilities			
Difference between the Book & Tax Depreciation	12,08,30,522	(92,86,058)	11,15,44,464
	<u>12,08,30,522</u>	<u>(92,86,058)</u>	<u>11,15,44,464</u>
b) Deferred Tax Assets			
Carry forward Business Loss	1,10,53,950	(1,10,53,950)	—
Unabsorbed Depreciation	14,30,53,801	(66,46,071)	13,64,07,730
Provision for Gratuity, Leave etc.	1,02,93,215	7,58,695	1,10,51,910
Expenses Allowable for Tax Purposes when paid	1,66,46,870	16,53,226	1,83,00,096
	<u>18,10,47,836</u>	<u>(1,52,88,100)</u>	<u>16,57,59,736</u>
c) Net Deferred Tax Liabilities/Assets	6,02,17,314	(60,02,042)	5,42,15,272
Previous Year	6,08,20,685	(6,03,371)	6,02,17,314

Note:- Carry forward business loss and unabsorbed depreciation have been recognised as deferred tax asset as per the latest Income-tax assessment order/return of income filed by the Company as there is virtual certainty that such Deferred Tax Asset can be realised against future taxable profits in the forth coming financial years.

12. Disclosure in terms of Accounting Standard - 29 on Provisions, Contingent Liabilities and Contingent Asset :

a) Movement for Provisions for Liabilities :

Description	As at 31st March, 2010	Additions during the year	Utilisation during the year	As at 31st March, 2011
	Rupees	Rupees	Rupees	Rupees
Provision for Contingency on Stores	3,50,000	—	—	3,50,000
Previous Year	3,50,000	—	—	3,50,000

Timing of outflow /uncertainties

Outflow on crystallisation

b). The Contingent Liabilities mentioned at Sr. No. 1 and 2 of Schedule N - Notes on Accounts and Provision for Contingency on Stores mentioned in Schedule H - Current Liabilities and Provisions respectively are dependant on Court decision/out of Court settlement/disposal of appeals/crystallisation etc.

c) No reimbursement is expected in the case of Contingent Liabilities and Liabilities shown respectively under Sr. No. 12 (a) above and in view of this no asset has been recognised for the expected reimbursement.

SCHEDULE - N (Contd...)

NOTES ON ACCOUNTS

13. The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company.

The disclosures relating to Micro and Small Enterprises are as under :

	As at 31st March, 2011	As at 31st March, 2010
	Rupees	Rupees
a) The principal amount remaining overdue for payment to suppliers as at the end of accounting year *	8,01,896	8,39,783
b) The interest due thereon remaining unpaid to suppliers as at the end of accounting year	—	—
c) The amount of interest paid in terms of Section 16, alongwith the amount of payment made to the suppliers beyond the appointed day during the year	—	—
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	—	—
e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year *	—	—
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	—	—

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Schedule - H

14. Computation of Net Profit under Section 349 of the Companies Act, 1956 for the purpose of calculating Director's Remuneration ;

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
Profit/(Loss) before Tax as per Profit & Loss Account		1,20,58,306		56,12,163
Add :				
a) Directors Fee		4,000		3,500
b) Directors Remuneration		29,12,991		33,51,211
c) Transfer to Storage Fund for Molasses		1,19,448		1,21,864
d) Loss on Sale of Fixed Assets		1,96,791		1,67,186
e) Provision for Doubtful Debts & Advances		55,210		50,709
		32,88,440		36,94,470
		1,53,46,746		93,06,633
Less :				
a) Profit on Sale of Long Term Investments		39,872		39,938
Net Profit as per Section 198 of the Companies Act, 1956 for the purpose of Director's Remuneration		1,53,06,874		92,66,695
Maximum permissible remuneration to Wholetime Directors under Section 198 of the Companies Act, 1956 @ 10% of the profit computed above		15,30,687		9,26,670
Commission payable to Managing Director @ 1% of Net Profit Restricted to		1,53,069		92,667
		—		—

In view of inadequacy of profit, the Wholetime Directors were, however, paid their minimum remuneration for the year ended 31st March, 2011 and 31st March, 2010.

15. Remuneration paid/payable to the Wholetime Directors of the Company :

Salary	18,40,000	16,62,581
Commission	—	—
Contribution to Provident Fund	2,20,800	1,33,316
Perquisites etc.	8,52,191	15,55,314
	29,12,991	33,51,211

Note : The above figures do not include amount towards gratuity and leave encashment payable since the same is provided on an actuarial basis for the Company as a whole.

SCHEDULE - N (Contd...)

NOTES ON ACCOUNTS

16. Selling Expenses represent commission paid / payable to sugar selling agents.

17. Additional information pursuant to provisions of paragraph 3, 4C and 4D of the part II of Schedule VI of the Companies Act, 1956.

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	<u>Quantity</u> <u>Quintals</u>	<u>Value</u> <u>Rupees</u>	<u>Quantity</u> <u>Quintals</u>	<u>Value</u> <u>Rupees</u>
A. i) Raw Materials consumed : Sugarcane including 683 quintals (previous year 686 quintals) for normal driage etc.	51,98,578	1,12,27,41,322	46,45,836	<u>1,18,17,83,226</u>
ii) Stores and Spare Parts consumed and included under various heads of revenue expenditure		5,19,55,376		4,48,12,794
iii) Break-up of Consumption of Raw Materials, Stores & Spare parts :	% of Total Consumption	Value Rupees	% of Total Consumption	Value Rupees
a) Raw Materials :				
Imported	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Indigenous	<u>100</u>	<u>1,12,27,41,322</u>	<u>100</u>	<u>1,18,17,83,226</u>
	<u>100</u>	<u>1,12,27,41,322</u>	<u>100</u>	<u>1,18,17,83,226</u>
b) Stores and Spare parts :				
Imported	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Indigenous	<u>100</u>	<u>5,19,55,376</u>	<u>100</u>	<u>4,48,12,794</u>
	<u>100</u>	<u>5,19,55,376</u>	<u>100</u>	<u>4,48,12,794</u>
B. i) Quantitative Information :				
a) Licensed Capacity		Not applicable		Not applicable
b) Installed Capacity (As certified by the Management)		5,000 Tonnes Sugarcane Crushing per Day		5,000 Tonnes Sugarcane Crushing per Day
ii) Particulars of Goods Produced :				

	<u>Opening Stock</u>		<u>Production</u>	<u>Sales</u>		<u>Closing Stock</u>	
	<u>Quantity</u> <u>Quintals</u>	<u>Value</u> <u>Rupees</u>	<u>Quantity</u> <u>Quintals</u>	<u>Quantity</u> <u>Quintals</u>	<u>Value</u> <u>Rupees</u>	<u>Quantity</u> <u>Quintals</u>	<u>Value</u> <u>Rupees</u>
2010-2011							
Sugar	3,21,840	78,49,40,570	4,73,701	4,51,764	1,29,45,87,081	3,43,777	88,20,95,864
Molasses	1,40,552	3,34,05,173	2,81,500	2,38,913	6,33,35,335	1,83,139	5,73,12,148
		<u>81,83,45,743</u>			<u>1,35,79,22,416</u>		<u>93,94,08,012</u>
2009-2010							
Sugar	3,05,629	58,12,60,514	4,31,063	4,14,852	1,20,58,12,068	3,21,840	78,49,40,570
Molasses	1,43,840	6,00,77,040	2,40,439	2,43,727	10,03,85,907	1,40,552	3,34,05,173
		<u>64,13,37,554</u>			<u>1,30,61,97,975</u>		<u>81,83,45,743</u>

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
	Rupees	Rupees
C. Expenditure in Foreign Currency		
On Travelling	—	6,20,025

18. Previous year's figures have been regrouped/re-arranged wherever necessary.

For BATLIBOI & PUROHIT
Chartered Accountants
FR. NO. 101048W

Parag Hangekar
Membership No. 110096
Partner

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Dr. Anurag K. Kanoria
G. L. Sultania
Directors

Mumbai, the 29th July, 2011

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

A. REGISTRATION DETAILS

Registration No.	L15421WB1924PLC004929
State Code	21
Balance Sheet Date	31st March, 2011

B. CAPITAL RAISED DURING THE YEAR (RUPEES)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement (Preferential Allotment)	NIL

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES)

Total Liabilities	1,63,81,32,828
Total Assets	1,63,81,32,828

SOURCES OF FUNDS

Paid-up Capital	2,55,00,000
Reserves & Surplus	33,32,31,043
Secured Loans	1,27,82,66,785
Unsecured Loans	11,35,000

APPLICATION OF FUNDS

Net Fixed Assets	78,96,20,971
Investments	6,01,78,452
Deferred Tax Assets	5,42,15,272
Net Current Assets	73,41,18,133
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

D. PERFORMANCE OF THE COMPANY (RUPEES)

Turnover (including other income)	1,44,84,04,561
Total expenditure	1,43,63,46,255
Profit before Taxation	1,20,58,306
Profit after Tax	35,12,236
Earning per Share (Rs.)	1.38
Dividend Rate (%)	NIL

E. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY

<u>Product Description</u>	<u>Item Code No. (ITC Code)</u>
Sugar	170,110.09
Molasses	170,310.00

Mumbai
The 29th July, 2011

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Dr. Anurag K. Kanoria
G. L. Sultania
Directors

THE UNITED PROVINCES SUGAR COMPANY LIMITED

**Regd. Office :
Chartered Bank Building, 1st Floor, 4, Netaji Subhas Road, Kolkata - 700 001**

ATTENDANCE SLIP

I hereby record my presence at the 88th ANNUAL GENERAL MEETING of the Company at the Somani Conference Hall of Merchants' Chambers of Commerce, 15B Hemanta Basu Sarani, Kolkata 700 001 on Friday, the 9th September, 2011 at 2.00 p.m.

Name of the Shareholder/Proxy

Folio No. No. of Shares held

Signature of the
Attending Member/Proxy

- Notes : (1) Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
- (2) Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

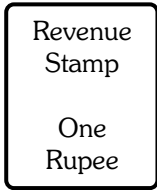
THE UNITED PROVINCES SUGAR COMPANY LIMITED

**Regd. Office :
Chartered Bank Building, 1st Floor, 4, Netaji Subhas Road, Kolkata - 700 001**

PROXY

I/We
of
in the District of
being a Member/Members of **The United Provinces Sugar Company Limited** hereby
appoint of
or failing him
of..... as
my/our Proxy to vote for me/us on my/our behalf at the 88th Annual General Meeting of the
Company to be held on Friday, the 9th September, 2011 at 2.00 p.m. and at any adjournment
thereof.

Signed this day of 2011.
Signed by the said
In the presence of



Note : The Proxy should be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the time fixed for holding the Meeting.