

8 9 t h A N N U A L R E P O R T 2 0 1 1 - 2 0 1 2

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 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 89th 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 Thursday, the 27th September, 2012 at 2.00 p.m. to transact the following business.

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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 Dr. Anurag K. Kanoria who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri G.L. Sultania who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the 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, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such approvals as may be necessary, the Company hereby approves of the reappointment of Shri Amar Nath Singh Chauhan as a Whole Time Director designated as Executive Director of the Company for a period of 3 years with effect from 16th January, 2013 upto 15th January, 2016 on the following terms and conditions including remuneration.

The remuneration, subject to the ceiling limits laid down in Section 198, 269 and 309 read with Schedule XIII, of the Companies Act, 1956 as modified by the circulars issued by the Company Law Board / Department of Corporate Affairs from time to time by way of salary and perquisites shall be as follows:

I. Salary :

Salary of Rs. 80,000/- (Rupees eighty thousand only) per month.

II. Perquisites :

Perquisites shall be restricted to an amount equal to the six months salary. Perquisites are classified into three categories 'A', 'B' and 'C' and the ceiling shall apply to Category 'A' only.

CATEGORY 'A'

(i) Housing :

Furnished accommodation or House Rent Allowance in lieu thereof.

(ii) Medical Reimbursement :

For self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession :

For self and family once a year in accordance with the rules specified by the Company.

For the purpose of Category 'A' 'family' means spouse, dependent children and dependent parents.

CATEGORY 'B'

(i) Provident Fund and Employees' Pension Scheme :

The contribution of the Company towards Provident Fund and Employees Pension Scheme shall be as per the rules of the Company but not exceeding 12% of salary.

(ii) Gratuity :

As per the rules of the Company, but shall not exceed the rate of half a month's salary for each completed year of service subject to a maximum of 20 months salary.

(iii) Encashment of Leave :

The appointee shall be entitled to encashment of leave at the end of tenure. This will not be included in the calculation of ceiling on perquisites.

CATEGORY 'C'

(i) Car :

Provision of car with driver for use of the business of the Company.

Any use of any car for private purposes shall be billed separately by the Company.

(ii) Telephone :

Telephone at residence with personal long distance calls being billed separately by the Company.

NOTICE (Contd...)

III. Other terms applicable to the entire tenure :

- (i) 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 three months notice.
- (iii) The Executive Director shall perform his duties and exercise his powers as Executive Director subject to directions, limitations or restrictions imposed by the Board of Directors. However, for day to day functioning, the Executive Director shall report to the Managing Director of the Company.
- (iv) The Executive Director shall devote his whole time and attention to the business of the Company.
- (v) The Executive Director, so long 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 his appointment.
- (vi) The Executive Director shall not during the continuance of his employment hereunder or at any time thereafter divulge or disclose to any person whatsoever or make any use whatsoever for own purpose or for any purpose other than that of the Company of any information or knowledge obtained by him during his employment as to the business or affairs of the Company or its methods or as to any trade secrets, processes of the Company and the Executive Director shall during the continuance of his employment hereunder also use his endeavors to prevent any other person from doing so.
- (vii) The Executive Director shall not so long as he functions as such become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without prior approval of the Government.
- (viii) The employment of the Executive Director shall forthwith determine if he shall become insolvent or make any compromise or arrangement with his creditors or shall cease to be a Director of the Company.
- (ix) In case the Executive Director dies in the course of his employment, the Company shall pay to his legal personal representative the salary and current emoluments for the then current month.
- (x) The Executive Director shall upon ceasing to be in the service of the Company for any reason whatsoever, vacate the accommodation provided to him by the Company.
- (xi) Notice to be given by the Executive Director to the Company shall be sent by Registered Post Acknowledgment Due (AD) to the Company at its Registered Office for the time being. Notice to be given by the Company to the Executive Director under the Agreement shall either be delivered to him personally or sent by Registered Post AD to his last known residential address. All notices given by the Executive Director to the Company or to the Executive Director by the Company shall be deemed to have been duly served upon the expiration of twenty-four hours from the date of posting.
- (xii) This Agreement represents the entire agreement between the parties hereto in relation to the terms and conditions of the Executive Director's employment with the Company and cancels and supersedes all prior agreements, arrangements or undertaking, if any, whether oral or in writing between the parties hereto on the subject matter hereof.

IV. Minimum Remuneration :

In the event of loss or inadequacy of net profit in any financial year, the Executive 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, perquisites, allowances etc. of Shri Amar Nath Singh Chauhan within the limits prescribed under the aforesaid Schedule XIII or any modification thereof and the aforesaid agreement between the Company and Shri Amar Nath Singh Chauhan 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 9th July, 2012

By Order of the Board
Arvind K. Kanoria
Managing Director

NOTICE (Contd...)

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 Thursday, the 13th September, 2012 to Thursday, the 27th September, 2012 (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 Thursday, the 13th September, 2012 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. 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.
6. Members are requested to bring the admission slip alongwith their copies of the Annual Report and Accounts to the meeting.

Mumbai,
The 9th July, 2012

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 28th September, 2010 the shareholders had approved the appointment of Shri Amar Nath Singh Chauhan as a Whole Time Director designated as Executive Director of the Company for a period of 3 years with effect from 16th January, 2010 upto 15th January, 2013.

The Board of Directors of the Company on the recommendation of the Remuneration Committee at its meeting held on 9th July, 2012 has re-appointed Shri Amar Nath Singh Chauhan as Executive Director of the Company for a period of 3 years from 16th January, 2013 upto 15th January, 2016 on the existing remuneration as currently applicable and on the terms and conditions as set out in the resolution at item No.5 subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.

Shri Amar Nath Singh Chauhan, aged on or about 64 years, has proved to be an able administrator with a vast experience of over 38 years in the sugar industry. He has been employed in the Company as General Manager since 8th October, 2005 and has been involved in the operations of the sugar factory since then. In view of his valuable contribution to the Company the Directors recommend this resolution to the members for their approval which is necessary in view of the provisions of the Schedule XIII of the Companies Act, 1956.

This may be treated as an abstract as required under Section 302 (2) of the Companies Act, 1956.

None of the Directors, except Shri Amar Nath Singh Chauhan, are concerned or interested in this Resolution.

Mumbai,
The 9th July, 2012

By Order of the Board
Arvind K. Kanoria
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present their 89th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2012.

	Rupees	Rupees
Financial Results		
Gross Sales and Other Income		138,15,42,692
Profit before Interest, Depreciation and Tax		15,58,96,686
Less : Interest		10,16,23,595
Profit before Depreciation and Tax		5,42,73,091
Less : Depreciation		5,33,05,424
Profit before Tax		9,67,667
Less : Provision for Current Tax	1,85,000	
Less : Provision for Deferred Tax Credit	25,64,792	
Add: Income Tax in respect of earlier years written back	(23,25,494)	4,24,298
Profit for the Year		5,43,369
Balance of Profit brought forward		1,97,52,142
Profit available for Appropriation		2,02,95,511
Appropriation :		—
General Reserve		—
Dividend - Equity Capital		—
Corporate Tax on Dividend		—
Balance carried forward to next year		2,02,95,511
		<u>2,02,95,511</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, 2012.

Operations and Financial Results

During the financial year under review and crushing season 2011-2012, your mill crushed a total of 57.05 lakh Quintals (Q) of sugarcane and produced a total of 5.57 lakh Q of white crystal sugar at a recovery of 9.76% against a crush of 51.98 lakh Q of sugarcane and a production of 4.74 lakh Q of white crystal sugar at a recovery of 9.12% during the previous financial year and crushing season 2010-2011.

The quantum of sugarcane crushed, sugar recovery as well as sugar produced during season 2011-2012 has been higher as compared to the previous season.

Sugar and molasses prices remained low throughout the year affecting margins of the industry including your Company. The price of sugarcane and the cost of funds and other overheads, however, rose sharply during this period which further affected the profitability of the Company.

Sugarcane & Sugar Policy

The essential features of the sugarcane and sugar policy for 2011-2012 season were as under:

- The Central Government announced a Fair and Remunerative Price (FRP) of Rs.145.00/Q for sugarcane linked to a basic recovery of 9.50% (subject to a premium of Rs.1.53/Q for every 0.10% increase in recovery above that level) for season 2011-2012 as compared to Rs. 139.12/Q for the previous season.
- The Uttar Pradesh Government sharply increased the State Advised Price (SAP) to Rs.240.00/Q for normal variety of sugarcane for season 2011-2012 from Rs.205.00/Q for the previous season.
- The levy : free sale sugar ratio remained unchanged at 10 : 90.
The levy sugar price was revised to Rs. 1974.90/Q for the season from Rs.1917.18/Q for the previous season.
- The Government of India followed a liberal policy regarding export of sugar.
- A policy of partial control on molasses allocation and distribution continued for the year.

Differential sugarcane price for seasons 2006-2007 and 2007-2008

The Hon'ble Supreme Court vide its Order dated 17th January, 2012 directed payment of differential sugarcane price for seasons 2006-2007 and 2007-2008. The differential sugarcane price in respect of season 2006-2007 had already been provided for in the books. A balance sum of Rs.628.33 lakhs in respect of season 2007-2008 has now been provided for in the books of the Company.

DIRECTORS' REPORT (Contd...)

Prospects and outlook for season 2012-2013

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 pricing i.e. sugarcane 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 those of the Company itself, with any reasonable certainty.

Directors

Dr. Anurag K. Kanoria and Shri G.L. Sultania, 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 Amar Nath Singh Chauhan has been reappointed by the Board of Directors as a Whole Time Director designated as Executive Director of the Company for 3 years from 16th January, 2013.

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 9th July, 2012

For and on behalf 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, 2012.

A. Conservation of Energy :

(a) Energy conservation measures taken :

- (i) Installation of capacitor banks to improve power factor and reduce power loss as well as to extend the life of equipment;
- (ii) Installation of variable frequency drives to optimize energy consumption at various stages of process.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy; Further steps under study and consideration.

(c) Impact of the measures taken:

A reduction in energy consumption has been observed.

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

(b) FORM - A

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(A) Power & Fuel Consumption :		
1. Electricity		
a) Purchase (Unit)	2,56,651	2,61,303
Total Amount (Rs.)	19,77,820	16,92,248
Rate/Unit (Rs.)	7.71	6.48
b) Own Generation		
i) Diesel Generators	5,13,264	5,57,970
Cost of Diesel Oil (Rs.)	74,28,003	68,79,792
Cost/Unit (Rs.)	14.47	12.33
ii) Steam Turbines	1,03,98,002	94,37,526
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)	55,505	47,370
Electricity (Units/MT of Sugar)	201.20	216.52
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, 2012</u>	<u>For the year ended 31st March, 2011</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.)	5,16,804	Nil
Total Foreign Exchange Earned (Rs.)	Nil	Nil

Mumbai,
The 9th July, 2012

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, 2012, and also the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit & Loss 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, 2012 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 said accounts read together with the 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, 2012;
 - (ii) in the case of the Statement of the Profit & Loss, of the profit for the year ended on that date and;
 - (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

BATLIBOI & PUROHIT
Chartered Accountants
FRN NO. 101048W

PARAG HANGEKAR
Partner
Membership No. 110096

Mumbai,
The 9th July, 2012

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, 2012, 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.

ANNEXURE TO THE AUDITORS' REPORT (Contd...)

- 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, 2012 which have not been deposited on account of dispute.
- x). The Company has no accumulated losses as at 31st March, 2012 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 guarantee 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.

BATLIBOI & PUROHIT
Chartered Accountants
FRN NO. 101048W

PARAG HANGEKAR
Partner
Membership No. 110096

Mumbai,
The 9th July, 2012

THE UNITED PROVINCES SUGAR COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31st March, 2012		As at 31st March, 2011	
		Rupees	Rupees	Rupees	Rupees
I. EQUITY AND LIABILITIES :					
1. SHAREHOLDERS' FUNDS					
a) Share Capital	2	2,55,00,000		2,55,00,000	
b) Reserves & Surplus	3	132,02,41,550	134,57,41,550	<u>33,32,31,043</u>	35,87,31,043
2. NON-CURRENT LIABILITIES					
a) Long-Term Borrowings	4	10,31,40,690		36,21,02,398	
b) Other Long-Term Liabilities	5	10,50,00,000		10,50,00,000	
c) Long-Term Provisions	6	3,81,20,752	24,62,61,442	<u>3,38,52,006</u>	50,09,54,404
3. CURRENT LIABILITIES					
a) Short-Term Borrowings	7	93,88,94,026		79,46,44,178	
b) Trade Payables	8	52,40,18,776		13,12,88,513	
c) Other Current Liabilities	9	36,90,78,772		19,60,48,836	
d) Short-Term Provisions	10	38,45,000	183,58,36,574	<u>51,59,360</u>	<u>112,71,40,887</u>
TOTAL			<u>342,78,39,566</u>		<u>198,68,26,334</u>
II. ASSETS					
1. NON-CURRENT ASSETS					
a) Fixed Assets	11				
Tangible Assets		172,81,71,576		78,96,20,971	
b) Non-Current Investments	12	3,51,78,452		6,01,78,452	
c) Deferred Tax Assets (Net)	13	5,16,50,480		5,42,15,272	
d) Long-Term Loans & Advances	14	8,73,814		8,96,814	
e) Other Non-Current Assets	15	3,63,25,015	185,21,99,337	<u>3,84,68,492</u>	94,33,80,001
2. CURRENT ASSETS					
a) Inventories	16	155,99,28,060		97,62,45,496	
b) Trade Receivables	17	5,65,174		50,05,437	
c) Cash and Bank Balances	18	28,37,093		5,23,67,701	
d) Short-Term Loans & Advances	19	72,25,073		95,23,990	
e) Other Current Assets	20	50,84,829	157,56,40,229	<u>3,03,709</u>	<u>104,34,46,333</u>
TOTAL			<u>342,78,39,566</u>		<u>198,68,26,334</u>

Notes (Including Significant Accounting Policies) 1-28
Forming Part of the Financial Statements

As per our report of even date attached.

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

Parag Hangekar
Membership No. 110096
Partner

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Mumbai, the 9th July, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
		Rupees	Rupees	Rupees	Rupees
I. REVENUE FROM OPERATIONS (GROSS)					
Sale of Goods (Gross)	21	137,54,79,020		138,91,79,221	
Less: Excise Duty and Other Taxes		6,55,69,514		6,50,23,040	
Net Sale of Goods		130,99,09,506		132,41,56,181	
Revenue From Operations (Net)		130,99,09,506		132,41,56,181	
II. Other Income	22		60,63,672		83,91,316
III. Total Revenue			131,59,73,178		133,25,47,497
IV. EXPENSES					
Cost of Raw Materials Consumed	23		150,31,76,349		112,27,41,322
Changes In Inventories of Finished Goods, By-Products & Work-In-Progress	24		(56,53,75,411)		(11,58,57,064)
Employee Benefits Expenses	25		10,17,03,931		9,16,02,085
Finance Costs	26		10,16,23,595		7,71,75,320
Depreciation and Amortisation Expenses		10,60,11,515		6,03,85,808	
Less: Transferred from Revaluation Reserve		5,27,06,091	5,33,05,424	65,33,289	5,38,52,519
Other Expenses	27		12,05,71,623		9,09,75,009
Total Expenses			131,50,05,511		132,04,89,191
V. PROFIT BEFORE EXCEPTIONAL & EXTRAORDINARY ITEMS AND TAX			9,67,667		1,20,58,306
VI. Exceptional Items			—		—
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX			9,67,667		1,20,58,306
VIII. Extraordinary items			—		—
IX. PROFIT BEFORE TAX			9,67,667		1,20,58,306
X. Tax Expenses					
Current Tax (MAT)		1,85,000		26,35,000	
Deferred Tax Charge/(Write Back)		25,64,792		60,02,042	
Tax Provision for Earlier Years Written Back		(23,25,494)	4,24,298	(90,972)	85,46,070
XI. PROFIT FOR THE YEAR			5,43,369		35,12,236
XII. Earnings Per Share	28.7				
(Nominal Value Per Share Rs. 10/-)					
Basic			0.21		1.38
Diluted			0.21		1.38
Number of shares used in computing Earnings Per Share					
Basic			25,50,000		25,50,000
Diluted			25,50,000		25,50,000

Notes (Including Significant Accounting Policies) 1 - 28
Forming Part of the Financial Statements

As per our report of even date attached.

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

Parag Hangekar
Membership No. 110096
Partner

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Mumbai, the 9th July, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Exceptional Items and Extra Ordinary Items and Tax		9,67,667		1,20,58,306
Adjustments to reconcile Profit Before Exceptional Items and Extra Ordinary Items and Tax to Net Cash Flow provided by Operating Activities :				
Finance Costs	10,16,23,595		7,71,75,320	
Depreciation and Amortisation Expense	5,33,05,424		5,38,52,519	
Gratuity (Provision)	34,28,739		23,42,308	
Leave Encashment (Provision)	8,40,007		5,90,765	
Doubtful Debts and Advances (Provision)	—		55,210	
Unspent Liabilities / Balances Written Back	(6,53,461)		(21,17,320)	
Bad-debts / Advances Written Back	(1,500)		—	
Sundry Debts Balances / Advances Written Off	99,282		341	
Dividend Income	(8,492)		(4,632)	
Interest Income	(42,71,767)		(52,68,057)	
Loss / (Profit) on Sale of Fixed Assets (Net)	1,41,656		1,96,791	
(Profit) / Loss on Sale of Investments	—		(39,872)	
Transferred to Molasses Storage Reserve	1,43,110	15,46,46,593	1,19,448	12,69,02,821
Operating Profit before Working Capital Changes		15,56,14,260		13,89,61,127
Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :				
Increase / (Decrease) in Trade Payables	39,27,30,263		(51,32,986)	
Increase in Other Long-Term and Current Liabilities	2,79,53,257		2,86,65,807	
(Decrease) / Increase in Short Term Provisions	(13,14,360)		20,35,000	
Increase in Inventories	(58,36,82,564)		(12,02,09,706)	
Decrease / (Increase) in Trade and Other Receivables	44,40,263		(35,04,727)	
Decrease in Long-Term and Short-Term Loans & Advances	20,08,917		1,18,46,324	
Increase / (Decrease) in Other Non-Current and Current Assets	(49,31,070)	(16,27,95,294)	3,71,474	(8,59,28,814)
Cash Generated from / (Used in) Operations		(71,81,034)		5,30,32,313
Direct Tax Refund/(Expense) (Net)		27,01,564		(8,23,360)
Cash Flow before Exceptional and Extra Ordinary Items		(44,79,470)		5,22,08,953
Exceptional / Extra Ordinary Items		—		—
Net Cash Generated / (Used in) Operating Activities		(44,79,470)		5,22,08,953
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Additions to Fixed Assets (Including Intangibles)	(57,43,657)		(69,36,511)	
Sale of Fixed Assets	70,000		50,000	
Purchase of Investments	—		—	
Redemption / Sale of Investments	2,50,00,000		1,55,13,128	
Loans Given to Others	—		—	
Loans Received Back from Others	3,13,000		—	
Dividend Income	8,492		4,632	
Interest Income	65,65,194	2,62,13,029	31,16,437	1,17,47,686
Net Cash Generated / (Used in) Investing Activities		2,62,13,029		1,17,47,686

CASH FLOW STATEMENT (Contd...)

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Equity Shares	—		—	
Proceeds from Long-Term Borrowings	—		10,00,00,000	
Repayment of Long-Term Borrowings	(11,32,51,671)		(11,26,06,117)	
Proceeds /(Repayment) of Short-Term Borrowings	14,42,49,848		6,05,63,312	
Dividend Paid (Including Tax on Dividend Rs. Nil/- Previous Year Rs. Nil/-)	—		—	
Interest Expense (Net)	(10,22,43,792)	(7,12,45,615)	(7,83,23,375)	(3,03,66,180)
Net Cash Generated /(Used in) Financing Activities		(7,12,45,615)		(3,03,66,180)
Net Increase/(Decrease) in Cash & Cash Equivalent (A + B + C)		(4,95,12,056)		3,35,90,459
Cash and Cash equivalent at the beginning of the year		5,23,49,149		1,87,58,690
Cash and Cash equivalent at the end of the year		28,37,093		5,23,49,149

Notes:-

1. 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.
2. Proceeds/ (Repayment) from Short-Term Borrowings have been shown on net basis.
3. Cash and Cash Equivalents do not include any amount which is not available to the Company for its use.
4. Cash and Cash Equivalents as at the Balance Sheet date consists of :

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
a) Cash on Hand	5,33,229	3,60,469
b) Balance with Banks on Current Accounts	23,03,864	5,19,88,680
	28,37,093	5,23,49,149

5. Figure in brackets represent Cash Outflow from respective activities.
6. As breakup of Cash and Cash Equivalents is also available in Note No. 18, reconciliation of items of Cash and Cash Equivalents as per Cash Flow Statement with the equivalents items reported in the Balance Sheet is not required and hence not provided.
7. Due to adoption of Revised Schedule VI in preparation of Current Year's Financial Statements, Previous Year's figures ended 31st March, 2011 in Cash Flow Statement have been reclassified to confirm to Current Year's classification.

As per our report of even date attached.

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

Parag Hangekar
Membership No. 110096
Partner

Mumbai, the 9th July, 2012

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 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 tangible fixed assets which are carried at revalued amount.

GAAP comprises mandatory Companies (Accounting Standards) 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.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of operations and time between the procurement of raw material and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1.2 USE OF ESTIMATES :

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the period. Actual results might differ from the estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

1.3 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, Land as at 31st March, 2008 and Land, Building and Plant & Machinery as at 1st April, 2011. 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 expected to provide future enduring economic benefits are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition 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 treated as Pre-operative Expenses pending allocation to the assets and are shown under "Capital Work-In-Progress". Capital Work-In-Progress is stated at the amount expended upto the date of Balance Sheet for the cost of fixed assets that are not yet ready for their intended use.

1.4 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 is not amortised. Other lease hold land are amortised over the period of the lease.
- d) Computer Software (Acquired) are amortised on straight line basis over a period of five years.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 1 (Contd...)

SIGNIFICANT ACCOUNTING POLICIES

1.5 INVESTMENTS :

Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long-term investments are carried at cost less provisions for diminution recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value, category wise. Cost for overseas investments comprises of the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Cost includes acquisition charges such as brokerage, fee and duties.

1.6 INVENTORIES :

- a) Inventories (other than by-products) are valued at lower of cost and net realisable value after providing for obsolescence, if any. 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 costs 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-products are valued at net realisable value.

1.7 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 excludes sales tax / value added tax.
- c) Dividend income is recognised when the Company's right to receive dividend is established.
- d) Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.
- e) All other income are accounted for on accrual basis.

1.8 EXPENSES :

All the expenses are accounted for on an accrual basis.

1.9 GOVERNMENT GRANTS AND SUBSIDIES :

- a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not related 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 related to a specific expenditure, it is taken as income.

1.10 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

- a) Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- b) A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the balance sheet date.
- c) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.
- d) Reimbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the re-imburement will be received.
- e) A contingent asset is not recognised in the accounts.

1.11 IMPAIRMENT OF ASSETS :

Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 1 (Contd...)

SIGNIFICANT ACCOUNTING POLICIES

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

After impairment, depreciation or amortisation on assets is provided on the revised carrying amount of the respective asset over its remaining useful life.

1.12 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.

Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

- 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 recognised as exchange difference. The premium or discount on forward exchange contracts is recognised 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 recognised in the Statement of Profit and Loss.

1.13 BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of such asset 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 its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.14 INSURANCE CLAIM :

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.15 EMPLOYEE BENEFITS :

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- b) Long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employees have 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 Statement of Profit and Loss.

1.16 TAXES ON INCOME :

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 1 (Contd...)

SIGNIFICANT ACCOUNTING POLICIES

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 MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews 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.

1.17 EARNINGS PER SHARE :

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

1.18 CASH FLOW STATEMENT :

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 2	As at 31st March, 2012		As at 31st March, 2011	
	Number of Shares	Rupees	Number of Shares	Rupees
SHARE CAPITAL				
Authorised				
Equity Shares of Rs. 10/- each	50,00,000	5,00,00,000	50,00,000	5,00,00,000
Issued, Subscribed and Fully Paid Up				
Equity Shares of Rs. 10/- each fully paid up	25,50,000	2,55,00,000	25,50,000	2,55,00,000
		2,55,00,000		2,55,00,000

Additional Information :

- 2.1 Reconciliation of the number and amount of equity shares outstanding at the beginning and at the end of the reporting year
- | | | | | |
|---|------------------|--------------------|-----------|-------------|
| i) Outstanding at the beginning of the year | 25,50,000 | 2,55,00,000 | 25,50,000 | 2,55,00,000 |
| ii) Changes during the year | — | — | — | — |
| iii) Outstanding at the end of the year | 25,50,000 | 2,55,00,000 | 25,50,000 | 2,55,00,000 |
- 2.2 Further, of the above subscribed capital :
- 14,40,000 equity shares of Rs. 10/- each have been allotted as fully paid up bonus shares by capitalisation of reserves.
 - 1,50,000 equity shares of Rs. 10/- each have been allotted as fully paid up to the shareholders of the erstwhile Warden Synplast Private Limited pursuant to a Scheme of Amalgamation.
- 2.3 Terms / Rights attached to equity shares :
- The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The holders of equity shares are entitled to receive dividend as declared from time to time.
 - In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 2.4 The details of shareholders holding more than 5% of the equity shares in the Company:

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	Number of Shares Hold	% of Holding	Number of Shares Hold	% of Holding
Shri Arvind K. Kanoria	21,28,508	83.47	12,33,804	48.38
Dr. Anurag K. Kanoria	—	—	4,48,854	17.60
Smt. Aruna Kanoria	—	—	4,45,850	17.48
Kaabil Traders Private Limited	1,50,000	5.88	1,50,000	5.88

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 3	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
RESERVES & SURPLUS				
Capital Reserve				
Balance as per Last Account		2,52,42,946		2,52,42,946
Revaluation Reserve				
Balance as per Last Account	22,99,43,717		23,64,77,006	
Add.: Revaluation during the year	103,90,30,119		—	
	126,89,73,836		23,64,77,006	
Less: Transfer to Statement of Profit & Loss	5,27,06,091	121,62,67,745	65,33,289	22,99,43,717
General Reserve				
Balance as per Last Account		5,78,68,258		5,78,68,258
Storage Fund for Molasses				
Balance as per Last Account	4,23,980		3,04,532	
Add.: Created during the year	1,43,110	5,67,090	1,19,448	4,23,980
Surplus in the Statement of Profit & Loss				
Balance as per Last Account	1,97,52,142		1,62,39,906	
Add:- Profit for the year	5,43,369		35,12,236	
Balance as at the Balance Sheet date		2,02,95,511		1,97,52,142
		132,02,41,550		33,32,31,043

Additional Information :

- 3.1 General reserve is primarily created to comply with the requirements of Section 205 (2A) of the Companies Act, 1956. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc.
- 3.2 A storage fund for molasses has been created to meet the cost of construction of molasses storage tanks as required under Uttar Pradesh Sheera Niyamtran (Sansodhan) Adesh, 1974 and the said storage fund is represented by investment in the form of deposits with a bank and the post office amounting to Rs. 6,30,384/- (Previous Year Rs. 4,80,434/-).

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 4

	As at 31st March, 2012		As at 31st March, 2011	
	Non-Current	Current Maturities	Non-Current	Current Maturities
	Rupees	Rupees	Rupees	Rupees
LONG-TERM BORROWINGS				
Term Loans				
From Banks				
Secured				
i) IDBI Bank Limited (IDBI)	2,42,51,650	3,23,36,400	5,65,88,050	3,23,36,400
ii) Punjab National Bank (PNB)	4,16,69,000	5,83,31,000	10,00,00,000	—
iii) Punjab National Bank (PNB)-Interest Free	—	—	—	3,82,80,000
iv) HDFC Bank Limited	—	5,95,961	5,95,961	12,29,997
	6,59,20,650	9,12,63,361	15,71,84,011	7,18,46,397
From Entities other than Banks				
Secured				
i) Government of India - Sugar Development Fund (SDF)				
Term Loans	2,06,54,360	11,69,00,600	13,75,54,960	2,06,54,360
Interest Funded	99,40,123	4,95,49,016	5,94,89,139	2,02,35,048
	3,05,94,483	16,64,49,616	19,70,44,099	4,08,89,408
ii) The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh Limited (PICUP) - Interest Free	54,90,557	12,48,731	67,39,288	5,15,866
	3,60,85,040	16,76,98,347	20,37,83,387	4,14,05,274
Unsecured				
i) From a Body Corporate	11,35,000	—	11,35,000	—
	10,31,40,690	25,89,61,708	36,21,02,398	11,32,51,671
Amount disclosed under the head “Other Current Liabilities” (Note No. 9)	—	25,89,61,708	—	11,32,51,671
	10,31,40,690	—	36,21,02,398	—

Additional Information :

4.1 Nature of Securities :

- i) 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.
- ii) Term loans from SDF are secured by prior second charge on the fixed assets as stated in Note No. 4.1 (i) 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.
- iii) The Interest Free Term Loan from PNB was secured by a residual charge on the fixed assets after as stated in Note Nos. 4.1 (i) and (ii) above and Short Term Borrowings from PNB as per Note No. 7 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. The loan has been repaid in full in the current year and formalities regarding satisfaction of charge are in progress.
- iv) Term loans from HDFC Bank Limited are secured by hypothecation of the concerned vehicles financed by them.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 4 (Contd...)

LONG-TERM BORROWINGS

4.2 Terms of Repayment and Rate of Interest as at 31st March, 2012:

- i) Term loan from IDBI repayable in 28 quarterly installments, last installment falling due on January, 2014 at an interest rate of 11.00% p.a.
- ii) Term loan from PNB repayable in 12 equal quarterly installments, last installment falling due on May, 2014 at an interest rate of 4.25% p.a. above PNB Base Rate.
- iii) a) Term loan of Rs. 2,66,844/- from HDFC repayable in 36 equal monthly installments together with interest, last installment falling due on November, 2012 at an interest rate of 8.35% p.a.
b) Term loan of Rs. 3,29,117/- from HDFC repayable in 36 equal monthly installments together with interest, last installment falling due on February, 2013 at an interest rate of 8.00% p.a.
- iv) Term loan from SDF repayable in 5 annual installments together with funded interest, last installment falling due on July, 2013 at an interest rate of 4.00% p.a.
- v) Term loan from PICUP repayable in 4 annual installments, last installment falling due on May, 2015. The loan is interest free.
- vi) Unsecured loan from a body corporate, at an interest rate of 8.50% p.a.
- vii) Terms of repayment for loans which have been fully repaid during the year are not included above.

NOTE NO. 5

	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
OTHER LONG-TERM LIABILITIES				
Advance Received Against Grant of Development Rights (Refer Note No. 28.2)		10,50,00,000		10,50,00,000
		10,50,00,000		10,50,00,000

NOTE NO. 6

LONG-TERM PROVISIONS

Provision For Employees Benefits (Refer Note No. 28.3)

Provision for Gratuity	3,41,82,761	3,07,54,022
Provision for Leave Encashment	39,37,991	30,97,984
	3,81,20,752	3,38,52,006

NOTE NO. 7

SHORT-TERM BORROWINGS

Loans Repayable on Demand

From Banks

Secured

Cash Credit Facilities

Punjab National Bank (PNB)

Secured by pledge of stock of sugar	91,32,40,155	76,19,95,466
Secured by hypothecation of stock of stores & spare parts	2,56,53,871	2,19,43,315
	93,88,94,026	78,39,38,781
Clean Demand Loan	—	1,07,05,397
	93,88,94,026	79,46,44,178

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 7 (Contd...)

SHORT-TERM BORROWINGS

Additional Information :

Nature of Securities :

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. Interest rate on Cash Credit facilities from PNB - as at 31st March, 2012 - 3.75% above PNB base rate.

NOTE NO. 8	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
TRADE PAYABLES				
Total Outstanding Dues of Micro and Small Enterprises (Refer Note No. 28.9)		10,62,947		8,01,896
Total Outstanding Dues of other than Micro and Small Enterprises		52,29,55,829		13,04,86,617
		52,40,18,776		13,12,88,513

NOTE NO. 9

OTHER CURRENT LIABILITIES

Current Maturities of Long-Term Borrowings		25,89,61,708		11,32,51,671
Interest Accrued But Not Due on Borrowings		12,49,447		18,69,644
Unclaimed Dividend		—		13,161
Other Payables				
Advance from Customers & Others	71,24,960		41,17,306	
Deposits	1,89,200		1,67,589	
Statutory Liabilities	7,32,97,858		5,44,34,390	
Book Overdraft Balances	7,40,638		—	
Unpaid Salaries & Other Payroll Dues	1,69,55,526		1,06,21,944	
Accrued Expenses	1,05,59,435		1,15,73,131	
Others	—	10,88,67,617	—	8,09,14,360
		36,90,78,772		19,60,48,836

Additional Information :

- 9.1 For Nature of Securities and Terms of Repayment respectively of Current Maturities of Long-Term Borrowings refer Note No. 4.1 & 4.2.
- 9.2 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956
- 9.3 Statutory Liabilities includes Excise Duty and Cess of Rs. 6,03,85,385/- (previous year Rs.4,51,19,212/-) on Closing Stock.

NOTE NO. 10

SHORT TERM PROVISIONS

Provision for Contingencies on Stores (Refer Note No. 28.8)		3,50,000		3,50,000
Provision for Taxation		34,95,000		48,09,360
		38,45,000		51,59,360

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 11

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	Cost as at 31.03.2011 including revaluation	Additions during the year	Additions on Revaluation as on 01.04.2011	Deductions/ Revaluation Adjustments during the year	Total as at 31.03.2012	Up to 31.03.2011	During the year	Adjustments/ Deductions during the year	Total up to 31.03.2012	As at 31.03.2011 including revaluation	As at 31.03.2012 including revaluation
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
TANGIBLE ASSETS											
Land	19,92,70,084	—	10,58,45,878	—	30,51,15,962	—	—	—	—	30,51,15,962	19,92,70,084
Buildings	12,56,83,269	2,23,567	9,22,95,201	10,28,747	21,71,73,290	3,20,79,128	43,51,031	—	3,64,30,159	18,07,43,131	9,36,04,141
Plant & Machinery	113,52,42,187	38,78,641	84,19,17,787	—	198,10,38,615	64,50,35,571	10,07,29,844	—	74,57,65,415	123,52,73,200	49,02,06,616
Furniture & Electrical Fittings	48,70,510	2,39,568	—	—	51,10,078	34,52,234	2,94,408	—	37,46,642	13,63,436	14,18,276
Motor Vehicles & Cycles	82,10,801	14,01,881	—	7,78,358	88,34,324	30,89,194	6,36,232	5,66,702	31,58,724	56,75,600	51,21,607
Machinery Zammindary (Tubewell)	24,711	—	—	—	24,711	24,464	—	—	24,464	247	247
Total	147,33,01,562	57,43,657	104,00,58,866	18,07,105	251,72,96,980	68,36,80,591	10,60,11,515	5,66,702	78,91,25,404	172,81,71,576	78,96,20,971
Previous Year	146,69,37,597	69,36,511	—	5,72,546	147,33,01,562	62,36,20,538	6,03,85,808	3,25,755	68,36,80,591	78,96,20,971	78,96,20,971

Additional Information :

- 11.1 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.
- 11.2 i) Land, Building and Plant & Machinery were revalued as at 31st March, 1995 on net replacement value by 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.
- ii) Land was further revalued as at 31st March, 2008 on net replacement value by an approved valuer, and the resultant increase of Rs. 17,90,66,136/- was added to the book value of the said Fixed Asset.
- iii) Land, Building and Plant & Machinery were further revalued as at 1st April, 2011 on net replacement value by an approved valuer, and the resultant increases of Rs. 10,58,45,878/-, Rs. 9,12,66,454/- and Rs. 84,19,17,787/- respectively were added to the book value of the said Fixed Assets.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 12	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
NON-CURRENT INVESTMENTS				
Other Than Trade				
Unquoted (Valued At Cost)				
Investment In Government Securities				
11.50% C. M. D. A. Bond - 2010	6,701		6,701	
2.50% Bihar Zamindari Abolition Compensation Bonds	20,211		20,211	
National Savings Certificates (Deposited with Government Authorities)	1,000		1,000	
		27,912		27,912
Investment In Bonds				
Deep Discount Bonds				
350 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)		3,50,00,000		6,00,00,000
Quoted (Valued at cost)				
Investment In Equity Instrument				
In Equity Shares of Punjab National Bank (386 Equity Shares of Rs. 10/- each fully paid up)		1,50,540		1,50,540
		3,51,78,452		6,01,78,452
Additional Information :				
Aggregate amount of unquoted investments		3,50,27,912		6,00,27,912
Aggregate amount of quoted investments		1,50,540		1,50,540
Market value of quoted investments		3,57,455		4,68,102
Aggregate provision for diminution in value of investments		—		—
NOTE NO. 13				
DEFERRED TAX ASSET (NET)				
Deferred Tax Liabilities				
Fixed Assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting		10,14,89,443		11,15,44,464
Gross Deferred Tax Liabilities		10,14,89,443		11,15,44,464
Deferred Tax Asset				
Carry forward business loss		—		—
Unabsorbed depreciation	11,75,13,096		13,64,07,730	
Provision for doubtful debts and advances	38,827		95,328	
Provision for gratuity	1,10,90,597		1,02,15,717	
Provision for leave encashment	8,82,619		6,24,604	
Provision for contingency on stores	1,13,558		1,16,261	
Accrued expenses deductible on payment basis	2,35,01,226		1,83,00,096	
Gross Deferred Tax Assets		15,31,39,923		16,57,59,736
Net Deferred Tax Asset		5,16,50,480		5,42,15,272

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 13 (Contd...)

DEFERRED TAX ASSET (NET)	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
Movement :				
At the beginning of the year		5,42,15,272		6,02,17,314
Arising during the year		(25,64,792)		(60,02,042)
At the end of the year		5,16,50,480		5,42,15,272

Additional Information :

Carried forward losses and Unabsorbed depreciation have been recognised as deferred tax assets as per 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 forthcoming financial years.

Deferred tax assets and deferred tax liabilities have been offset where ever they relate to the same governing taxation laws.

NOTE NO. 14

LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good unless stated otherwise)

Security Deposits		8,73,814		8,96,814
		8,73,814		8,96,814

NOTE NO. 15

OTHER NON-CURRENT ASSETS

(Unsecured, Considered Good unless stated otherwise)

Property Development Cost		2,56,10,075		2,56,10,075
Trade Receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered Doubtful	—		1,06,394	
Less: Provision for Doubtful Debts	—	—	1,06,394	—
Cash and Bank Balances				
Other Bank Balances				
Earmarked Balances				
On Current Account	1,85,900		35,950	
(For Molasses Storage Fund)				
On Fixed Deposit Accounts	7,86,606		7,86,606	
(Under lien Rs. 6,37,264/-, Previous Year Rs. 6,37,264/-)				
Balances with Post Office	4,44,484		4,44,484	
(For Molasses Storage Fund)		14,16,990		12,67,040
Other Loans & Advances				
Advances to Suppliers & Others				
Considered Doubtful	1,19,670		1,80,589	
Less:- Provision for Doubtful Advances	1,19,670	—	1,80,589	—
Income Accrued on Investment & Deposits		92,97,950		1,15,91,377
		3,63,25,015		3,84,68,492

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 16	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
INVENTORIES				
(Valued at Lower of Cost and Net Realisable Value, unless stated otherwise)				
Raw Materials		—		—
Work-in-process				
Sugar	73,77,500		52,75,750	
Molasses	92,001	74,69,501	—	52,75,750
Finished Goods				
Sugar	145,13,48,684		88,20,95,864	
Molasses	6,51,10,359		5,73,12,148	
Bagasse	13,96,802	151,78,55,845	—	93,94,08,012
Stock of Stores & Spare Parts		3,42,36,767		3,11,35,365
Stock of Loose Tools		2,94,435		4,26,369
Goods-in-Transit		71,512		—
		155,99,28,060		97,62,45,496

Additional Information :

Finished Goods of Molasses and Bagasse are valued at Net Realisable Value.

NOTE NO. 17

TRADE RECEIVABLES

(Unsecured, Considered Good unless stated otherwise)

Trade Receivables outstanding for a period exceeding six months		1,91,694		98,341
Other Trade Receivables		3,73,480		49,07,096
		5,65,174		50,05,437

NOTE NO. 18

CASH & BANK BALANCES

Cash and Cash Equivalents				
Cash on Hand		5,33,229		3,60,469
Balances with Banks				
On Current Accounts	23,03,864		5,19,88,680	
Other Bank Balances				
Earmarked Balances				
On Unpaid Dividend Accounts	—	23,03,864	18,552	5,20,07,232
		28,37,093		5,23,67,701

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 19

	As at 31st March, 2012		As at 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
SHORT TERM LOANS AND ADVANCES (Unsecured, Considered Good unless stated otherwise)				
Loans To Related Parties				
To Bodies Corporates		—		3,13,000
Other Loans & Advances				
Advances to Suppliers & Others	10,06,697		7,88,328	
Income-Tax Advances	8,38,587		30,58,981	
Cenvat, Vat and Other Taxes & Duties	32,71,918		21,14,074	
Prepaid Expenses	1,82,172		1,53,561	
Others	19,25,699	72,25,073	30,96,046	92,10,990
		72,25,073		95,23,990

NOTE NO. 20

OTHER CURRENT ASSETS

(Unsecured, Considered Good unless stated otherwise)

Claims Receivable	7,38,665	—
Income-Tax Refundable	43,46,164	3,03,709
	50,84,829	3,03,709

NOTE NO. 21

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
REVENUE FROM OPERATIONS				
Sale of Goods (Gross)				
Sugar Sales	125,27,32,177		129,45,87,081	
Molasses Sales	9,48,81,211		6,33,35,335	
Bagasse Sales	2,68,12,841		3,02,95,194	
Press Mud Sales	10,52,791	137,54,79,020	9,61,611	138,91,79,221
Other Operating Revenue		—		—
Revenue From Operations (Gross)		137,54,79,020		138,91,79,221
Less: Excise Duty & Other Taxes on Sale of Goods		6,55,69,514		6,50,23,040
Revenue From Operations (Net)		130,99,09,506		132,41,56,181

NOTE NO. 22

OTHER INCOME

Interest Income (Gross) :

Non-Current Investments				
On Fixed Deposit with bank	67,227		87,325	
On Deep Discount Bonds (Long Term Investments)	30,81,476		51,43,457	
On Others	—		31,815	
	31,48,703		52,62,597	
On Income-tax Refund	11,23,064	42,71,767	5,460	52,68,057
Dividend Received on Long Term Investments		8,492		4,632
Other Non-Operating Income				
Burnt Cane Subsidy	2,23,827		2,41,149	
Liabilities no longer required Written Back	6,53,461		21,17,320	
Profit on Sale of Long Term Investments	—		39,872	
Miscellaneous Income	9,06,125	17,83,413	7,20,286	31,18,627
		60,63,672		83,91,316

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 23

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
COST OF MATERIALS CONSUMED				
Sugarcane		150,31,76,349		112,27,41,322
		150,31,76,349		112,27,41,322

Additional Information :

Cost of Raw Materials Consumed includes a sum of Rs. 6,28,33,240/- accrued during the year in view of the judgement dated 17th January, 2012 pronounced by the Hon'ble Supreme Court vacating its earlier Orders for payment of differential sugarcane price for the crushing season 2007-2008.

NOTE NO. 24

**CHANGES IN INVENTORIES OF FINISHED GOODS,
BY-PRODUCTS AND WORK-IN-PROGRESS**

Finished Goods :

Opening Stock				
Sugar	88,20,95,864		78,49,40,570	
Molasses	5,73,12,148		3,34,05,173	
	93,94,08,012		81,83,45,743	
Closing Stock				
Sugar	145,13,48,684		88,20,95,864	
Molasses	6,51,10,359		5,73,12,148	
Bagasse	13,96,802		—	
	151,78,55,845	(57,84,47,833)	93,94,08,012	(12,10,62,269)
Work-In-Progress :				
Opening Stock				
Sugar	52,75,750		50,55,620	
Molasses	—		—	
	52,75,750		50,55,620	
Closing Stock				
Sugar	73,77,500		52,75,750	
Molasses	92,001		—	
	74,69,501	(21,93,751)	52,75,750	(2,20,130)
		(58,06,41,584)		(12,12,82,399)
Add : Excise Duty and Other Taxes *		1,52,66,173		54,25,335
		(56,53,75,411)		(11,58,57,064)

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

NOTE NO. 25

EMPLOYEES BENEFITS EXPENSES

Salaries and Wages	9,19,31,623	8,28,82,966
Contribution To Provident and Other Funds	78,90,720	71,53,430
Staff Welfare Expenses	18,81,588	15,65,689
	10,17,03,931	9,16,02,085

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 26	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Rupees	Rupees	Rupees	Rupees
FINANCE COST				
Interest Expenses				
On Long-Term Borrowings		3,34,51,995		2,79,95,513
On Short-Term Borrowings		6,69,87,584		4,87,08,512
Others		11,84,016		4,71,295
		10,16,23,595		7,71,75,320
 NOTE NO. 27				
OTHER EXPENSES				
Consumption of Stores & Spare Parts		2,28,80,955		1,83,30,408
Consumption of Packing Materials		2,62,29,479		1,27,04,732
Power & Fuel		94,05,823		85,72,040
Rent		3,70,827		3,37,410
Repairs & Maintenance :				
Plant & Machinery	3,54,05,514		2,67,54,586	
Building	21,76,827		17,27,196	
Others	1,99,651	3,77,81,992	73,170	2,85,54,952
Insurance		7,39,020		5,20,060
Rates & Taxes (Excluding Taxes on Income)		5,79,762		5,75,769
Godown Expenses		46,71,126		39,76,661
Travelling Expenses		18,06,310		12,46,783
Motor Car Expenses		18,59,005		18,90,007
Miscellaneous Expenses		1,09,03,489		1,08,10,038
Selling Expenses		27,97,333		29,29,285
Payment 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)	25,954	1,28,954	18,074	1,21,074
Cost Audit Fee		30,000		30,000
Directors' Fee		3,500		4,000
Bad Debts and Advances Written Off		99,282		341
Provision for Doubtful Debts & Advances		—		55,210
Loss on Sale of Fixed Assets		1,41,656		1,96,791
Transfer to Molasses Storage Reserve		1,43,110		1,19,448
		12,05,71,623		9,09,75,009

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 28

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
NOTES ON ACCOUNTS		
28.1 Contingent Liabilities and Commitments (to the extent not provided for)		
a) Contingent Liabilities		
i) Counter guarantees given to a bank on account of guarantees furnished by it.	6,18,287	6,18,287
ii) 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
b) Commitments		
i) The estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for in the accounts.	—	—
28.2 The Company alongwith Bombay Wire Ropes Limited (BWRL), had entered into an agreement with a developer for the grant of development rights on a property owned by BWRL, of 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 arbitration by the Developer. The Arbitral Tribunal vide its Award dated 15th June, 2011 had 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 challenged the said Award in the Hon'ble High Court of Bombay. The appeal of the Company and BWRL has been admitted and the matter remains pending for further consideration by the Court. 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 "Other Long-Term Liabilities" as 'Advance Received Against Grant of Development Rights' and the Property Development Cost also continues to be included under "Other Non-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.		
28.3 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. 78,90,720/- (Previous year Rs. 71,53,430/-) towards provident fund contribution in the Statement of Profit and Loss.		
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, 2012 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, 2012 :		

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 28 (Contd...)

NOTES ON ACCOUNTS

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	
		2012	2011	2012	2011	2012	2011
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
(i)	Reconciliation of Defined Benefit Obligation (DBO) :						
	DBO at the beginning of the year	3,07,54,022	2,84,11,714	30,97,984	25,07,219		
	Current Service Cost	23,58,166	27,83,591				
	Interest Cost	25,77,892	23,90,021				
	Actuarial (gain)/losses	22,22,703	2,92,491				
	Benefits paid	(37,30,022)	(31,23,795)			78,90,720	71,53,430
	DBO at the end of the year (Net liability recognised in the Balance Sheet)	3,41,82,761	3,07,54,022	39,37,991	30,97,984		
(ii)	Net cost for the year ended 31st March, 2012 :						
	Current Service Cost	23,58,166	27,83,591				
	Interest Cost	25,77,892	23,90,021				
	Actuarial (gain)/losses	22,22,703	2,92,491				
	Net Cost	71,58,761	54,66,103				
(iii)	Assumptions used in accounting for the gratuity plan :						
	Discount Rate (%)	8.50%	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 Benefits

Leave encashment charge for the year ended 31st March, 2012, based on actuarial valuation carried out using the projected accrued benefit method, charge amounting to Rs. 8,40,007/- (previous year charge of Rs. 5,90,765/-) has been recognised in the Statement of Profit and Loss.

28.4 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.

28.5 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 A. N. Singh Chauhan, Executive Director

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. N. Singh Chauhan : Smt. Leela Chauhan (Wife)

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 28 (Contd...)

NOTES ON ACCOUNTS

	Key Managerial Personnel And Their Relatives		Enterprise On Which Relatives of Key Managerial Personnel Has Control	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011
b) Details of transactions with related parties :				
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
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
Loans given :				
i) New India Exports Private Limited			2,64,000	2,64,000
ii) Kaabil Traders Private Limited			49,000	49,000
Remuneration to Key Managerial Personnel :				
i) Shri Arvind K. Kanoria	18,33,639	17,80,725		
ii) Shri A. N. Singh Chauhan	12,35,200	11,32,266		
Salary, Gratuity, Leave Encashment etc. :				
i) Smt. Leela Chauhan	4,99,314	3,98,280		
Outstanding Balance As at March 31, 2012				
Investments in Deep Discount Bonds :				
i) New India Exports Private Limited			3,50,00,000	6,00,00,000
Outstanding Balance As at March 31, 2012				
on Interest Accrued on Investments :				
i) New India Exports Private Limited			92,76,803	1,15,70,229
Outstanding Balance As at March 31, 2012				
Loans given :				
i) New India Exports Private Limited			—	2,64,000
ii) Kaabil Traders Private Limited			—	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.

28.6 Disclosure under Clause 32 of the Listing Agreement :

There are no transactions (other than loan transactions with related parties as given in Note 28.5 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 28 (Contd...)

NOTES ON ACCOUNTS

28.7 Earning Per Share (EPS) computed in accordance with Accounting Standard 20 : regarding Earning Per Share Basic and Diluted :	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	Rupees	Rupees
a) Profit / (Loss) after tax as per Accounts	5,43,369	35,12,236
b) Number of Shares Issued	25,50,000	25,50,000
c) Basic and diluted EPS	0.21	1.38
d) Nominal Value of Equity Shares	10.00	10.00

28.8 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, 2011	Additions during the year	Utilisation during the year	As at 31st March, 2012
	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. 28.1 of Note No. 28 - Notes Forming Part of Financial Statements and Provision for Contingency on Stores mentioned in Note No. 10 Short-Term 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. 28.8(a) above and in view of this no asset has been recognised for the expected reimbursement.

28.9 Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows :

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
a) The principal amount remaining unpaid to suppliers as at the end of accounting year *	10,62,947	8,01,896
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 Note No. 8

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 28 (Contd...)

NOTES ON ACCOUNTS

28.10 Consumption of Raw Materials, Stores, Spare Parts and Packing Materials (including under various heads of revenue expenditure) :

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	% of Total Consumption	Value Rupees	% of Total Consumption	Value Rupees
a) Raw Materials :				
Imported	Nil	Nil	Nil	Nil
Indigenous	100	150,31,76,349	100	112,27,41,322
	<u>100</u>	<u>150,31,76,349</u>	<u>100</u>	<u>112,27,41,322</u>
b) Stores, Spare Parts and Packing Materials :				
Imported	Nil	Nil	Nil	Nil
Indigenous	100	7,63,88,537	100	5,19,55,376
	<u>100</u>	<u>7,63,88,537</u>	<u>100</u>	<u>5,19,55,376</u>

28.11 Expenditure in Foreign Currency

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
	Rupees	Rupees
On Travelling	4,79,980	—
On Others	36,824	—

28.12 The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements (previous year). Figures have been regrouped/reclassified wherever necessary to correspond with the current years classification/disclosures.

As per our report of even date attached.

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

Parag Hangekar
Membership No. 110096
Partner

Sushil K. Jalan
Chairman

Arvind K. Kanoria
Managing Director

Mumbai, the 9th July, 2012

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 89th ANNUAL GENERAL MEETING of the Company at the Somani Conference Hall of Merchants' Chambers of Commerce, 15B Hemanta Basu Sarani, Kolkata 700 001 on Thursday, the 27th September, 2012 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.

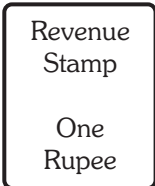
THE UNITED PROVINCES SUGAR COMPANY LIMITED

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 89th Annual General Meeting of the Company to be held on Thursday, the 27th September, 2012 at 2.00 p.m and at any adjournment thereof.

Signed this day of 2012.
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.