

# THE UNITED PROVINCES SUGAR CO. LTD.

C/o. 401/405, Jolly Bhavan 1,  
10, New Marine Lines,  
Mumbai - 400 020.  
Tel. : (022) 2200 3231 / 4325 / 5056  
Fax : (022) 2206 0745  
Email : upsclmumbai@mtnl.net.in  
: newindia@bom5.vsnl.net.in

Ref.No.UPSCL/MUM/249

31 August, 2013

The Secretary  
The Calcutta Stock Exchange Association Ltd.  
7, Lyons Range  
KOLKATA 700 001.


Dear Sir,

We enclose herewith 6 copies of the 90<sup>th</sup> Annual Report of our Company for the year ended 31<sup>st</sup> March, 2013.

Kindly acknowledge receipt.

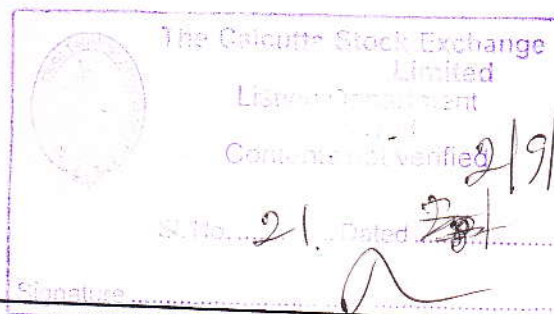
Thanking you,

Yours sincerely,  
For The United Provinces Sugar Co. Ltd.

  
R.G. Panchbhai  
Financial Controller

Encl: As above

File: Ann. Report letters



Mills : Tamkuhi Road Stn. N. E. Rly., P. O. Seorahi 274 406. Dist. Kushinagar (U.P.). Tel. : 262029 / 262008 Fax : (05564)-262359. E-mail: upsugar@rediffmail.com  
Regd. Office : Chartered Bank Building, 1st Floor, 4, Netaji Subhash Road, Kolkata-700 001. Tel.: 22420591, Fax : (033) 22420592. Email : upsclkolkata@vsnl.net

THE  
**UNITED PROVINCES SUGAR**  
COMPANY LIMITED



90th ANNUAL REPORT 2012 - 2013

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  
(Upto 30th October, 2012)

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

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## NOTICE

NOTICE is hereby given that the 90th 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 Monday, the 30th September, 2013 at 2.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Auditors and the Directors thereon.
2. To appoint a Director in place of Shri Sushil K. Jalan who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Vivek M. Pittie who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint 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 pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and such other approvals as may be required in that behalf, the Company hereby authorizes the Board of Directors of the Company (hereinafter referred to as "the Board" which includes any Committee constituted or authorised by the Board in this regard)

- to make loans from time to time on such terms and conditions as it may deem expedient to any body corporate
- to give on behalf of any body corporate, any guarantee or provide security in connection with a loan made by any other person to, or to any other person by anybody corporate and
- acquire by way of subscription, purchase or otherwise the securities of any other body corporate in excess of the limits prescribed under Section 372A of the Companies Act, 1956 up to an aggregate sum of Rs. 50,00,00,000/- (Rupees fifty crores) only notwithstanding that the aggregate of loans and investments so far made and the amounts for which guarantees or securities so far provided to, alongwith the investments, loans, guarantees or securities proposed to be made or given by the Board may exceed sixty percent of its paid up capital and free reserves or hundred percent of its free reserves whichever is more."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate the terms and conditions of the investments, loans or guarantees mentioned herein as they deem fit and in the best interest of the Company and take all such steps as may be necessary to complete the same."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to severally determine the actual sums to be so invested whether in short term securities, long term securities, debt, equity, or mutual funds or for any other marketable securities and/or to give loans, guarantees, provide securities and or all matters arising out of or incidental thereto and do all such acts, matters and things as may be necessary and expedient to implement this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to determine the actual sums of money to be utilized to give loans, to guarantees, to provide security or acquire securities and to determine from time to time the manner of giving such loans, guarantees or securities and the manner of acquiring such securities and to settle all or any of the matters pertaining to or arising therefrom as the Board may deem fit and to do and perform all such acts, deeds, matters and things and to take all such steps as may be necessary to expedite and desirable to give effect to this resolution and that the funds for the said purpose may be utilized out of the internal accruals of the Company or any other sources as may be deemed fit and proper by the Board."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof and such other approvals as may be required in that behalf, the Board of Directors of the Company be and is hereby authorised to contribute and subscribe to, charitable and other funds, not directly related to the business of the Company or the welfare of its employees, from time to time in any financial year an amount not exceeding Rs. 25,00,000/- (Rupees twenty five lakhs) or 5% of its average net



**NOTICE (Contd...)**

profit as determined in accordance with provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher. ”

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:-  
 “RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof and such other approvals as may be required in that behalf, the existing Article 105 of the Articles be and is hereby substituted with the following clause:  
 Unless otherwise determined by the Company in a General Meeting, each Director (other than a Managing or Wholetime Director of the Company) shall be entitled to receive out of the funds of the Company such sum as fees as shall be determind from time to time by the Board of Directors of the Company, but not exceeding Rs. 20,000/- (Rupees twenty thousand) only for every meeting of the Board or a Committee of the Board attended by him. The Directors shall be additionally entitled to be paid their reasonable travelling, lodging and other expenses incurred in consequence of them attending meetings of the Board or a Committee of the Board or otherwise incurred in the execution of their duties as Directors.”
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :  
 “RESOLVED THAT in partial modification of the resolution passed in the matter at the Annual General Meeting of the Company held on 27th September, 2012 and in accordance with the provision of Sections 198, 269, 309, 310 and other applicable sections of the Companies Act, 1956 read with and in accordance with the conditions specified in Schedule XIII to the said Act and subject to such other approvals as may be necessary, the Company hereby accords its approval to an increase in the salary payable to Shri Amar Nath Singh Chauhan, a Wholetime Director of the Company designated as Executive Director from Rs.80,000/- (Rupees eighty thousand) only per month to Rs.1,00,000/-(Rupees one lakh) only per month with effect from 1st July, 2013 for the remaining tenure of his office, i.e. upto 15th January, 2016.”  
 “RESOLVED FURTHER THAT except the salary related perquisites, which will stand enhanced consequent to the aforesaid increase in salary, all other perquisites, retirements benefits and conditions of the appointment will remain the same as at present and as approved by the shareholders in the Annual General Meeting held on 27th September, 2012.”  
 “RESOLVED FURTHER THAT in the event of inadequacy or absence of profits of the Company in any financial year, the said Shri Amar Nath Singh Chauhan will be paid the aforesaid increased remuneration as minimum remuneration subject, however, to the limits prescribed under the said Schedule XIII to the Act.”
9. To consider and if thought fit, to pass with or without modification, the folloing resolution as a Special Resolution :  
 “RESOLVED THAT in partial modification of the resolution passed in the matter at the Annual General Meeting of the Company held on 9th September, 2011 and in accordance with the applicable provision of Sections 198, 269, 309, 310 and other applicable Sections of the Companies Act, 1956 read with and in accordance with the conditions specified in Schedule XIII to the said Act, and subject to such other approvals as may be necessary, the Company hereby accords its approval to an increase in salary payable to Shri Arvind K. Kanoria, the Managing Director of the Company from Rs. 1,50,000/- (Rupees one lakh fifty thousand) only per month to Rs. 2,50,000/- (Rupees two lakhs fifty thousand) only per month with effect from 1st July, 2013 for the remaining tenure of his office, that is, upto 19th April, 2015.”  
 “RESOLVED FURTHER THAT except the salary related perquisites, which will stand enhanced consequent to the aforesaid increase in salary, all other perquisites, retirement benefits, commission on profit and conditions of the appointment will remain the same as at present and as approved by the shareholders in the Annual General Meeting held on 9th September, 2011.”  
 “RESOLVED FURTHER THAT in the event of inadequacy or absence of profits of the Company in any financial year, the said Shri Arvind K. Kanoria will be paid the aforesaid increased remuneration as minimum remuneration subject, however, to the limits prescribed under the said Schedule XIII to the Act.”

Mumbai,  
The 27th August, 2013

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 Monday, the 23rd September, 2013 to Monday, the 30th September, 2013 (both days inclusive).
4. Members are requested to notify change of address etc. to the Company's Registrar and Share Transfer Agent, TSR Darashaw Private 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 Monday, the 23rd September, 2013 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 27th August, 2013

By Order of the Board  
**Arvind K. Kanoria**  
Managing Director

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### **Explanatory Statement setting out all the material facts and the reasons necessitating the Resolutions as required by Section 173(2) of the Companies Act, 1956.**

#### **Item No. 5**

As per the provisions of Section 372A of the Companies Act, 1956, a Company cannot make investment, give a loan or a guarantee or provide any security in connection with a loan or invest in securities of any other body corporate in excess of the percentages (i.e. 60% of its paid up share capital and free reserves or 100% of its free reserves, whichever is higher) prescribed therein unless previously authorized by a special resolution of the members in a general meeting.

Hence, consent of the shareholders is being sought vide a special resolution to authorize the Board of Directors (including any Committees of the Board of Directors as the Board may authorize from time to time) to utilize upto Rs.50.00 crores (Rupees fifty crores) only for investing in the securities of the Bodies Corporate and/or to give loans to Bodies Corporate and/or to give any guarantees and/or provide securities to any Bodies Corporate in connection with the financial assistance availed by them.

This is an enabling resolution conferring authority on the Board for making the said inter corporate loans, guarantees/ securities and/or investments as set out in the resolution.

Your Directors recommend the special resolution as set out in the Notice for your approval.

None of the Directors is in any way concerned or interested in the proposed special resolution.

#### **Item No. 6**

The Company is authorised by its articles to contribute and subscribe to charitable and other funds not directly relating to the business of the Company or the welfare of its employees. By virtue of Section 293 (1) (e) of the Companies Act, 1956, however, the maximum amount which can be so contributed in any financial year is Rs. 50,000/- or 5% of the Company's average net profits as determined in accordance with Sections 349 and 350 of the Companies Act, 1956, during the three immediately preceding financial years, whichever is higher. Section 293 (1) (e) permits such contributions in excess of these limits if approved by shareholders.

The shareholders of the Company at Annual General Meeting held on 31st March, 1983 had authorised the Board to contribute an amount not exceeding Rs. 2.00 lakhs (Rupees two lakhs) only for various charitable purposes. Since the above limit has been fixed several year ago, the Board proposes to enhance the same upto an amount of Rs.25.00 lakhs (Rupees twenty five lakhs) only in any financial year if it exceeds the limits set out in Section 293(1)(e), to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees.



**NOTICE (Contd...)**

This is an enabling resolution conferring authority on the Board for making the said contribution and subscription to charitable and other funds as set out in the resolution.

Your Directors recommend the ordinary resolution as set out in the Notice for your approval.

None of the Directors is, in any way concerned or interested in the proposed ordinary resolution.

**Item No. 7**

The non-executive Directors of the Company are paid sitting fees for attending meetings of the Board and Committees thereof. At present such fees are fixed at Rs. 250/- per meeting under the Articles which is not commensurate with the professional services rendered by the said non-executive Directors. Therefore, subject to the applications of the Act, it is proposed that Article 105 be amended as set out in the resolution.

Your Directors recommend the special resolution as set out in the Notice for your approval.

Excepting the non-executive Directors, no other Director is concerned or interested in this resolution.

**Item No. 8 and 9 :**

Shri Amar Nath Singh Chauhan, Executive Director and Shri Arvind K. Kanoria, Managing Director were reappointed by the shareholders at the Annual General Meetings held on 27th September, 2012 and 9th September, 2011 respectively. Considering the increasing activities of the Company and the consequent rise in the responsibilities that the Executive Director and the Managing Director are required to shoulder and also having regard to the present pattern of remuneration prevailing in the industry, the Board of Directors, on the recommendation of the Remuneration Committee, at its meeting held on 27th August, 2013 have decided that, subject to the approval of the Company in a General Meeting, the remuneration payable to Shri Amar Nath Singh Chauhan and Shri Arvind K. Kanoria be revised upwards and increased as set out in the proposed resolutions at item nos. 8 and 9 respectively.

In view of the valuable contribution of Shri Amar Nath Singh Chauhan and Shri Arvind K. Kanoria to the Company, the Directors commend these resolutions to the members for their approval.

**INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956****I. General information :**

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

Financial Parameters	2010-11 Rupees	2011-12 Rupees	2012-13 Rupees
Sales/Income from Operations	132,41,56,181	130,99,09,506	221,77,26,128
Total Income	133,25,47,497	131,59,73,178	262,88,65,259
Total Expenditure including Prior Period and Exceptional Items	132,04,89,191	131,50,05,511	244,11,40,164
Profit/(Loss) before Tax	1,20,58,306	9,67,667	18,77,25,095
Profit/(Loss) after Tax	35,12,236	5,43,369	13,86,04,879

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



**NOTICE (Contd...)**

**II. Information about the appointee :**

**A) Shri A. N. Singh Chauhan**

1. Background Details : Shri A. N. Singh Chauhan, aged on or about 65 years, is a Master of Science in Agriculture from Agra University and an able administrator with an experience of over 30 years in the sugar industry in various capacities. He has obtained training from the Indian Institute of Sugarcane Research, Lucknow and has been awarded a Diploma in Organic Farming from the International Institute of Agroinformatics & Agromanagement. He has been employed in the Company as a General Manager from 8th October, 2005 onwards and as an Executive Director since 16th January, 2010 in charge of the day to day affairs of the sugar factory of the Company under the supervision and control of the Managing Director of the Company.
2. Past Remuneration : Rs.80,000/- per month plus perquisites and retirement benefits. Increased from Rs. 60,000/- per month to Rs. 80,000/- per month with effect from 1st August, 2010.  
Total remuneration over last three years is as under:

2010-2011 Rupees	2011-2012 Rupees	2012-2013 Rupees
11,32,266	12,35,200	12,35,200
3. Recognition or Awards : Diploma in Organic Farming from the International Institute of Agroinformatics & Agromanagement.
4. Job Profile and suitability  
Job Profile:
  - looking after the day to-day affairs of the sugar factory under the overall supervision and control of the Managing Director.
  - rendering operations of the sugar factory profitable through effective and optimum utilization of its resources.
Suitability:
  - serving the Company for over 8 years to the satisfaction of the Board of Directors.
5. Remuneration Proposed : Salary: Rs.1,00,000/- per month plus perquisites and retirement benefits as set out in the resolution with effect from 1st July, 2013.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : The remuneration structure proposed is competitive to what is prevailing for a similar position of responsibility in the domestic sugar industry relative to the size and capacity of the Company.
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any. : None  
Not entitled to remuneration from the Company under any other head save what is set out in the Resolution.  
No other direct or indirect interest with the Company and/or its managerial personnel.



**NOTICE (Contd...)****II Information about the appointee :****B) Shri Arvind K. Kanoria**

- 1 Background Details : Shri Arvind K. Kanoria, aged on or about 52 years, is a Bachelor of Commerce from Bombay University and an able administrator with an experience of over 30 years in the corporate world. He has been a Director of the Company since 12th November, 1990 and was appointed as its Managing Director with effect from 20th April, 1992 in charge of the day to day affairs of the Company under the supervision and control of the Board of Directors of the Company.

2. Past Remuneration : Rs.1,50,000/- per month plus perquisites, retirement benefits and commission on profit. Increased from Rs.80,000/- per month to Rs.1,50,000/- per month with effect from 20th April, 2012.

Total remuneration over last three years is as under:.

2010-2011 Rupees	2011-2012 Rupees	2012-2013 Rupees
17,80,725	18,33,639	31,12,484

3. Recognition or Awards : NIL

4. Job Profile and Suitability

Job Profile:

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

Suitability:

- serving the Company for over 23 years.
- credited with turning around the Company from a sick and loss making unit to a profitable one through viable operations.
- credited with expanding the capacity of the sugar factory of the Company from 1500 TCD to 6000 TCD in the process of which the total income of the Company has increased from Rs. 16.28 crores for the year ended 31st March, 1991 to Rs.262.89 crores for the year ended 31st March, 2013.

In view of the above, and also in view of the high esteem in which he is held in the corporate world for his technical and commercial knowledge and business acumen, the Board considers it fit and suitable to raise the remuneration as proposed herein.

5. Remuneration Proposed : Salary: Rs.2,50,000/- per month plus perquisites, retirement benefits and commission on profit as set out in the Resolution with effect from 1st July, 2013.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : The remuneration structure proposed is competitive to what is prevailing for a similar position of responsibility in the domestic sugar industry relative to the size and capacity of the Company.



**NOTICE (Contd...)**

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any. : Brother of Dr. Anurag K. Kanoria, a Director of the Company. Not entitled to remuneration from the Company under any other head save what is set out in the Resolution. No other direct or indirect interest in the Company and/or its managerial personnel.

**III. Other information :**

**1. Reasons of loss or Inadequate Profits**

The Company has earned profits in 17 years out of the last 23 years. Sugar is a cyclical industry and its fortunes fluctuate depending on government policies, demand and supply of sugar, international sugar scenario, availability and price of raw material i.e. sugarcane and agroclimatic conditions etc.

The Company seeks the permission of its shareholders for making a revision in payment of remuneration to Shri Amar Nath Singh Chauhan, Whole Time Director and to Shri Arvind K. Kanoria, Managing Director for the remaining tenure of their office i.e. 15th January, 2016 and 19th April, 2015 respectively notwithstanding the fact that the Company may not generate a profit or inadequate profit in any such financial year.

**2. Steps taken or proposed to be taken for improvement**

- (i) The management of the Company has taken various steps primarily in the following areas for a sustained business operation.
- Increase in production capacity.
  - Reduction in the cost of production.
  - Improvement in sugar recovery.
  - Optimisation in energy consumption.
  - Improvement in the quality of the finished product i.e. sugar.
- (ii) Steps proposed to be taken:  
The Company is exploring the possibility of a further increase in the installed capacity of its factory and also towards co-generation of power for export.

**3. Expected improvement in Productivity and Profits in measurable terms**

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

**IV. Disclosures :**

1. The details of remuneration to Shri Amar Nath Singh Chauhan and Shri Arvind K. Kanoria are given in the proposed resolutions and the explanatory statements annexed herewith. This may be treated as an Abstract for the purpose of Section 302 (2) of the Companies Act, 1956.
2. The remuneration package and other terms applicable to the Directors shall be disclosed in the Annual Report of the Company. The code of corporate governance is not applicable to the Company as its paid-up share capital is below the stipulated figure laid down by SEBI as well as by the Companies Act, 1956 for the purpose.
3. Shri Arvind K. Kanoria and Dr. Anurag K. Kanoria, being a relative of Shri Arvind K. Kanoria, are interested in the Resolution at item No. 9.
4. None of the other Directors of the Company are in any way concerned or interested in the Resolution.

Copies of the existing agreements and the drafts of the supplementaries to be entered into separately between the Company, Shri Amar Nath Singh Chauhan and Shri Arvind K. Kanoria in this connection will be open for inspection by any member at the Registered Office of the Company during business hours on any working day upto the date of Annual General Meeting.

The particulars set out above may be treated as an abstract of the change in the terms of appointment of the Executive Director and the Managing Director which is required to be given in terms of Section 302(2) of the Companies Act, 1956.

Shri Amar Nath Singh Chauhan, Executive Director and Shri Arvind K. Kanoria, Managing Director are concerned or interested in the above as the matter relates to the revision in the terms of their remuneration. Dr. Anurag K. Kanoria, being a relative of Shri Arvind K. Kanoria, is also concerned or interested in the Resolution at item No. 9.

None of the other Directors of the Company is concerned or interested in these Special Resolutions.

Mumbai,  
The 27th August, 2013

By Order of the Board  
**Arvind K. Kanoria**  
Managing Director



**DIRECTORS' REPORT**

Your Directors are pleased to present their 90th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2013.

**Financial Results**

	Rupees	Rupees
<b>Gross Sales and Other Income</b>		271,98,79,495
<b>Profit before Interest, Depreciation and Tax</b>		31,25,68,305
Less : Interest		7,21,44,822
Profit before Depreciation and Tax		24,04,23,483
Less : Depreciation		5,26,98,388
<b>Profit before Tax</b>		18,77,25,095
Less : Provision for Current Tax		—
Less : Provision for Deferred Tax Charge	5,24,30,216	
Add: Income Tax in respect of earlier years written back	(33,10,000)	4,91,20,216
<b>Profit for the Year</b>		13,86,04,879
Balance of Profit brought forward		2,02,95,511
Balance carried forward to next year		15,89,00,390

**Dividend**

To conserve the resources of the Company, your Directors do not recommend any dividend for the year ended 31st March, 2013.

**Operations and Financial Results**

During the financial year under review, your mill crushed a total of 59.87 lakh Quintals (Q) of sugarcane and produced a total of 5.50 lakh Q of white crystal sugar at a recovery of 9.26% against a crush of 57.05 lakh Q of sugarcane and a production of 5.57 lakh Q of white crystal sugar at a recovery of 9.76% during the previous financial year 2011-2012.

The crushing season of 2012-2013 at your mill commenced on 3rd December, 2012 and ended on 11th April, 2013. During the above season of 130 days, your mill crushed a total of 64.15 lakh Q of sugarcane which produced 5.93 lakh Q of white crystal sugar at a sugar recovery of 9.25% against a crush of 57.05 lakh Q sugarcane and a production of 5.57 lakh Q of white crystal sugar at a recovery of 9.76% over 117 crop days in the previous season 2011-2012.

The quantum of sugarcane crushed, as well as sugar produced during the financial year as well as season 2012-2013 has been higher as compared to the previous season on account of an increase in the acreage of sugarcane plantation and a better yield of sugarcane as also its lower diversion towards gur.

The sugar recovery for the season, however, has been lower than the previous season on account of adverse agroclimatic conditions. Such lower sugar recoveries have been recorded by virtually all sugar factories in eastern Uttar Pradesh where the sugar factory of the Company is situated as well as neighboring Bihar.

The State Government of Uttar Pradesh, where your mill is located, has announced an unprecedented hike in sugarcane prices over the last two seasons. Meanwhile, sugar prices have, unfortunately, fallen steeply and remained depressed over the last 6 to 8 months. This has resulted in huge losses for the entire sugar industry in Uttar Pradesh and consequently affected the margins of our Company too inasmuch as its sugar operations are concerned. It is the strong view of the management that unless some correlation is established between pricing of sugarcane and sugar, the fortune of the sugar industry remains uncertain at best.

Meanwhile, during the year, the Company has earned an extraordinary gain of Rs.40,13,04,142/- from settlement with a developer in terms of a decree dated 13th July, 2012 of the Hon'ble Bombay High Court in respect of certain property in which the Company (as a successor to erstwhile Warden Synplast Private Limited in amalgamation) claimed certain rights. The amount received by the Company during the year under review have been utilised for payment of term loans and other working capital needs of the Company.

**Sugarcane & Sugar Policy**

The essential features of the sugarcane and sugar policy for 2012-2013 season are as under:-

- The Central Government announced a Fair and Remunerative Price (FRP) of Rs.170.00/Q for sugarcane linked to a basic recovery of 9.50% (subject to a premium of Rs.1.78/Q for every 0.10% increase in recovery above that level) for season 2012-2013 as compared to Rs. 139.12/Q for the previous season.
- The Uttar Pradesh Government sharply increased the State Advised Price (SAP) to Rs.280/Q for normal variety of sugarcane for season 2012-2013 from Rs.240/Q for the previous season.
- The levy : free sale sugar ratio remained unchanged at 10 : 90.  
The levy sugar price remained at Rs.1974.90/Q for the 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.



### **Prospects and outlook for season 2013-2014**

The viability of the domestic sugar industry continues to be under a cloud due to the non linkage of raw material pricing i.e. sugarcane to that of the finished product i.e. sugar. This fundamental problem 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**

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

IDBI Bank Limited has withdrawn Shri Y.A. Mankad as its nominee on the Board of Directors of the Company with effect from 30th October, 2012. The Board wishes to place on record its appreciation for the valuable services rendered by Shri Y.A. Mankad during his tenure as a Director of the Company.

### **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.

### **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 which forms 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/comment.

### **Cost Auditors**

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, Messers V. K. Jain & Co., Cost Accountants, were appointed to conduct cost audits relating to sugar for the year ended 31st March, 2012.

The Cost Audit Report for the financial year ended 31st March, 2012 was filed by the Cost Auditors with respect to the sugar unit of the Company on 27th December, 2012 which is well within the due date of filing i.e. 28th February, 2013.

### **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 25th April, 2013

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, 2013.

**A. Conservation of Energy :**

- (a) Energy conservation measures taken :
- (i) Installation of capacitor banks to improve power factor and thereby reduce power loss and improve life of equipments;
  - (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****(A) Power & Fuel Consumption :**

	<b>For the year ended 31st March, 2013</b>	<b>For the year ended 31st March, 2012</b>
1. Electricity		
a) Purchase (Unit)	<b>2,79,346</b>	2,56,651
Total Amount (Rs.)	<b>21,26,434</b>	19,77,820
Rate/Unit (Rs.)	<b>7.61</b>	7.71
b) Own Generation		
i) Diesel Generators	<b>5,08,502</b>	5,13,264
Cost of Diesel Oil (Rs.)	<b>81,44,232</b>	74,28,003
Cost/Unit (Rs.)	<b>16.02</b>	14.47
ii) Steam Turbines	<b>1,09,33,144</b>	1,03,98,002
Cost/Unit (Rs.)	<b>Steam produced by use of own bagasse</b>	
2. Coal (Specify quality and where used)		
Quantity (MT)	<b>Not directly</b>	Not directly
Total Amount (Rs.)	<b>consumed in</b>	consumed in
Average Rate (Rs.)	<b>production</b>	production
3. Furnace Oil		
Quantity (MT)	<b>Not directly</b>	Not directly
Total Amount (Rs.)	<b>consumed in</b>	consumed in
Average Rate (Rs.)	<b>production</b>	production

**(B) Consumption per MT of production :**

Sugar Production (MT)	<b>54,965</b>	55,505
Electricity (Units/MT of Sugar)	<b>213.24</b>	201.20
Coal (Kgs./MT of Sugar)	<b>Nil</b>	Nil
Furnace Oil (Ltrs./MT of Sugar)	<b>Nil</b>	Nil



**ANNEXURE TO DIRECTORS' REPORT (Contd...)**

FORM - B

**For the year ended  
31st March, 2013****For the year ended  
31st March, 2012****(A) Research & Development :**

1. Specified Areas in which R & D carried out by Company	<b>Nil</b>	Nil
2. Benefits derived as a result of above R&D	<b>Nil</b>	Nil
3. Further Plan of Action	<b>Nil</b>	Nil
4. Expenditure on R & D		
A) Capital	<b>Nil</b>	Nil
B) Recurring	<b>Nil</b>	Nil
C) Total	<b>Nil</b>	Nil
D) Total R & D Expenditure as a percentage of total turnover	<b>Nil</b>	Nil

**(B) Technology Absorption, Adaptation & Innovation :**

1. Efforts in brief made towards technology adaptation & Innovation	<b>Nil</b>	Nil
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	<b>Nil</b>	Nil
3. Details of Imported technology	<b>Nil</b>	Nil

**(C) Foreign Exchange Earnings & Outgo :**

1. Activities relating to exports	<b>The Company has been exploring possibility of export of sugar in line with various export proposals received and examined.</b>	
2. Initiative taken to increase exports		
3. Development of new export markets for products and services and export plan		

Total Foreign Exchange Used (Rs.)

**7,35,804**

5,16,804

Total Foreign Exchange Earned (Rs.)

**Nil**

Nil

Mumbai  
The 25th April, 2013

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



## INDEPENDENT AUDITORS' REPORT

TO  
THE MEMBERS OF  
THE UNITED PROVINCES SUGAR COMPANY LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **The United Provinces Sugar Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanation 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 and 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 and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

BATLIBOI & PUROHIT  
Chartered Accountants  
FRN NO. 101048W

PARAG HANGEKAR  
Partner  
Membership No. 110096

Place : Mumbai,  
The 25th April, 2013



## ANNEXURE TO THE AUDITORS' REPORT

**Statement referred to in our Report of even date to the members of The United Provinces Sugar Company Limited on the financial statements for the year ended 31st March, 2013.**

- 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 Order are not applicable.
- (b) i) The Company has taken unsecured loans during the year from two companies covered in the register maintained under section 301 of the Act. The maximum amount outstanding at any time during the year was Rs. 7,25,00,000/- and the amount outstanding as at the year end is nil.
- ii) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not prejudicial to the interest of the Company.
- iii) In respect of the said loans, no repayment schedule has been specified and accordingly the question of regularity in repayment of principal amount, wherever applicable, does not arise.
- 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 explanation 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 explanation 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 the said section.
- (b) In our opinion, and according to the information and explanation 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 has not reasonable having regard to the prevailing market prices at the relevant time.
- vi). The Company has not accepted any deposit within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- vii). In our opinion, the internal audit system of the Company is commensurate with the size of the Company and nature of its business.
- viii). We have broadly reviewed the books of account maintained by the Company in respect of products where pursuant to the rules made by the Central Government, the maintenance of cost records has been 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, however, as not required, have not made a detailed examination of such records with a view to determining whether they are accurate or complete.
- ix). (a) According to the information and explanation 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. There were no outstanding statutory dues as on 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable. As explained to us the provisions of employees' state insurance are not applicable to the Company.



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

- (b) According to the information and explanation 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, 2013 which has not been deposited on account of dispute.
- x). The Company has no accumulated losses and has not incurred any cash loss during the year covered by our audit or in the immediately preceding financial year.
- xi). The Company has not defaulted in payment of the dues to any financial institutions or banks. The Company has not issued any debentures.
- xii). The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii). The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- xiv). In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in securities. The Company has maintained proper records of transactions and contracts in respect of investment in shares and securities and timely entries have been made therein. All shares, securities and other investments are held by the Company in its own name.
- xv). The company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi). On the basis of our examination and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans 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 issue of shares.
- xix). The Company has not issued any debentures. Therefore, the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
- xx). The Company has not raised any money by public issue during the year covered by our audit report.
- 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 materially mis-stated.

BATLIBOI & PUROHIT  
Chartered Accountants  
FRN NO. 101048W

PARAG HANGEKAR  
Partner  
Membership No. 110096

Place : Mumbai,  
The 25th April, 2013



THE UNITED PROVINCES SUGAR COMPANY LIMITED

**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.	As at 31st March, 2013		As at 31st March, 2012	
		Rupees	Rupees	Rupees	Rupees
<b>I. EQUITY AND LIABILITIES :</b>					
1. SHAREHOLDERS' FUNDS					
a) Share Capital	2	2,55,00,000		2,55,00,000	
b) Reserves & Surplus	3	<u>100,70,24,387</u>	<u>103,25,24,387</u>	<u>132,02,41,550</u>	<u>134,57,41,550</u>
2. NON-CURRENT LIABILITIES					
a) Long-Term Borrowings	4	33,83,763		13,40,09,968	
b) Deferred Tax Liabilities (Net)	5	7,79,736		(5,16,50,480)	
c) Other Long-Term Liabilities	6	—		10,50,00,000	
d) Long-Term Provisions	7	<u>4,61,13,811</u>	<u>5,02,77,310</u>	<u>3,81,20,752</u>	<u>22,54,80,240</u>
3. CURRENT LIABILITIES					
a) Short-Term Borrowings	8	74,98,03,236		93,88,94,026	
b) Trade Payables	9	53,55,14,985		52,40,18,776	
c) Other Current Liabilities	10	14,58,04,708		33,82,09,494	
d) Short-Term Provisions	11	<u>5,35,000</u>	<u>143,16,57,929</u>	<u>38,45,000</u>	<u>180,49,67,296</u>
TOTAL			<u>251,44,59,626</u>		<u>337,61,89,086</u>
<b>II. ASSETS</b>					
1. NON-CURRENT ASSETS					
a) Fixed Assets	12				
i) Tangible Assets		122,87,65,965		172,81,71,576	
ii) Capital Work In Progress		—		—	
		<u>122,87,65,965</u>		<u>172,81,71,576</u>	
b) Non-Current Investments	13	3,51,78,452		3,51,78,452	
c) Long-Term Loans & Advances	14	8,72,487		8,73,814	
d) Other Non-Current Assets	15	<u>1,29,38,494</u>	<u>127,77,55,398</u>	<u>3,63,25,015</u>	<u>180,05,48,857</u>
2. CURRENT ASSETS					
a) Inventories	16	122,32,13,944		155,99,28,060	
b) Trade Receivables	17	47,64,481		5,65,174	
c) Cash and Bank Balances	18	37,16,463		28,37,093	
d) Short-Term Loans & Advances	19	34,85,517		72,25,073	
e) Other Current Assets	20	<u>15,23,823</u>	<u>123,67,04,228</u>	<u>50,84,829</u>	<u>157,56,40,229</u>
TOTAL			<u>251,44,59,626</u>		<u>337,61,89,086</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

Dr. Anurag K. Kanoria  
Director

Mumbai, the 25th day of April, 2013



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
		Rupees	Rupees	Rupees	Rupees
<b>I. REVENUE FROM OPERATIONS (GROSS)</b>					
Sale of Goods (Gross)	21	<b>230,87,40,364</b>		137,54,79,020	
Less: Excise Duty and Other Taxes		<b>9,10,14,236</b>		<b>6,55,69,514</b>	
Net Sale of Goods			<b>221,77,26,128</b>		130,99,09,506
Other Operating Revenue			—		—
<b>Revenue From Operations (Net)</b>			<b>221,77,26,128</b>		130,99,09,506
II. Other Income	22		<b>41,11,39,131</b>		60,63,672
<b>III. Total Revenue</b>			<b>262,88,65,259</b>		131,59,73,178
<b>IV. EXPENSES</b>					
Cost of Raw Materials Consumed	23		<b>175,52,77,845</b>		150,31,76,349
Changes In Inventories of Finished Goods, By-Products & Work-In-Progress	24		<b>32,40,17,618</b>		(56,53,75,411)
Employee Benefits Expenses	25		<b>11,54,09,970</b>		10,17,03,931
Finance Costs	26		<b>7,21,44,822</b>		10,16,23,595
Depreciation and Amortisation Expenses		<b>8,39,84,768</b>		10,60,11,515	
Less: Transferred from Revaluation Reserve		<b>3,12,86,380</b>	<b>5,26,98,388</b>	<b>5,27,06,091</b>	5,33,05,424
Other Expenses	27		<b>12,15,91,521</b>		12,05,71,623
<b>Total Expenses</b>			<b>244,11,40,164</b>		131,50,05,511
<b>V. PROFIT BEFORE EXCEPTIONAL &amp; EXTRAORDINARY ITEMS AND TAX</b>			<b>18,77,25,095</b>		9,67,667
VI. Exceptional Items			—		—
<b>VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX</b>			<b>18,77,25,095</b>		9,67,667
VIII. Extraordinary items			—		—
<b>IX. PROFIT BEFORE TAX</b>			<b>18,77,25,095</b>		9,67,667
<b>X. Tax Expenses</b>					
Current Tax (MAT)			—	1,85,000	
Deferred Tax Charge		<b>5,24,30,216</b>		25,64,792	
Tax Provision for Earlier Years Written Back		<b>(33,10,000)</b>	<b>4,91,20,216</b>	<b>(23,25,494)</b>	4,24,298
<b>XI. PROFIT FOR THE YEAR</b>			<b>13,86,04,879</b>		5,43,369
<b>XII. Earnings Per Share</b>	28.6				
(Nominal Value Per Share Rs. 10/-)					
Basic			<b>54.35</b>		0.21
Diluted			<b>54.35</b>		0.21
Number of shares used in computing Earnings Per Share					
Basic			<b>25,50,000</b>		25,50,000
Diluted			<b>25,50,000</b>		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

Dr. Anurag K. Kanoria  
Director

Mumbai, the 25th day of April, 2013



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Exceptional Items and Extra Ordinary Items and Tax Adjustments to reconcile Profit Before Exceptional Items and Extra Ordinary Items and Tax to Net Cash Flow provided by Operating Activities :		<b>18,77,25,095</b>		9,67,667
Finance Costs	<b>7,21,44,822</b>		10,16,23,595	
Depreciation and Amortisation Expense	<b>5,26,98,388</b>		5,33,05,424	
Gratuity (Provision)	<b>56,30,784</b>		34,28,739	
Leave Encashment (Provision)	<b>23,62,275</b>		8,40,007	
Unspent Liabilities / Balances Written Back	<b>(25,38,891)</b>		(6,53,461)	
Bad-debts / Advances Written Back	—		(1,500)	
Sundry Debts Balances / Advances Written Off	—		99,282	
Dividend Income	<b>(9,62,892)</b>		(8,492)	
Interest Income	<b>(27,19,397)</b>		(42,71,767)	
Income from Mutual Funds	<b>(49,094)</b>		—	
Loss on Sale of Fixed Assets	<b>1,90,883</b>		1,41,656	
Profit on Sale of Fixed Assets	<b>(1,32,582)</b>		—	
Gain on Sale of Property Development Rights	<b>(40,13,04,142)</b>		—	
Transferred to Molasses Storage Reserve	<b>1,55,587</b>	<b>(27,45,24,259)</b>	1,43,110	15,46,46,593
<b>Operating Profit before Working Capital Changes</b>		<b>(8,67,99,164)</b>		15,56,14,260
Adjustments to reconcile Operating Profit to Cash Flow provided by changes in Working Capital :				
Increase / (Decrease) in Trade Payables	<b>1,14,96,209</b>		39,27,30,263	
Increase / (Decrease) in Other Long-Term and Current Liabilities	<b>(2,41,28,484)</b>		2,79,53,257	
(Decrease) / Increase in Short Term Provisions	<b>(33,10,000)</b>		(13,14,360)	
Decrease / (Increase) in Inventories	<b>33,67,14,116</b>		(58,36,82,564)	
Decrease / (Increase) in Trade and Other Receivables	<b>(41,99,307)</b>		44,40,263	
Decrease in Long-Term and Short-Term Loans & Advances	<b>37,40,883</b>		20,08,917	
Increase / (Decrease) in Other Non-Current and Current Assets	<b>40,17,970</b>	<b>32,43,31,387</b>	(49,31,070)	(16,27,95,294)
Cash Generated from / (Used in ) Operations		<b>23,75,32,223</b>		(71,81,034)
Direct Tax Refund/(Expense) (Net)		—		27,01,564
Cash Flow before Exceptional and Extra Ordinary Items		<b>23,75,32,223</b>		(44,79,470)
Exceptional / Extra Ordinary Items		—		—
<b>Net Cash Generated / (Used in) Operating Activities</b>		<b>23,75,32,223</b>		(44,79,470)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Additions to Fixed Assets (Including Intangibles)	<b>(55,65,325)</b>		(57,43,657)	
Sale of Property Development Rights	<b>32,46,37,932</b>		—	
Sale of Fixed Assets	<b>2,36,618</b>		70,000	
Redemption / Sale of Investments	—		2,50,00,000	
Loans Received Back from Others	—		3,13,000	
Dividend Income	<b>9,62,892</b>		8,492	
Interest Income	<b>38,879</b>		65,65,194	
Income from Mutual Funds	<b>49,094</b>	<b>32,03,60,090</b>	—	2,62,13,029
<b>Net Cash Generated / (Used in) Investing Activities</b>		<b>32,03,60,090</b>		2,62,13,029



**CASH FLOW STATEMENT (Contd...)**

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Repayment of Long-Term Borrowings	(29,51,48,080)		(11,32,51,671)	
Proceeds /(Repayment) of Short-Term Borrowings	(18,90,90,790)		14,42,49,848	
Interest Expense (Net)	(7,27,74,073)	(55,70,12,943)	(10,22,43,792)	(7,12,45,615)
<b>Net Cash Generated /(Used in) Financing Activities</b>		<b>(55,70,12,943)</b>		<b>(7,12,45,615)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>		<b>8,79,370</b>		<b>(4,95,12,056)</b>
<b>Cash and Cash equivalent at the beginning of the year</b>		<b>28,37,093</b>		<b>5,23,49,149</b>
<b>Cash and Cash equivalent at the end of the year</b>		<b>37,16,463</b>		<b>28,37,093</b>

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, 2013	For the year ended 31st March, 2012
a) Cash on Hand	5,87,619	5,33,229
b) Balance with Banks on Current Accounts	31,28,844	23,03,864
	<b>37,16,463</b>	<b>28,37,093</b>

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.

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

Dr. Anurag K. Kanoria  
Director

Mumbai, the 25th day of April, 2013



## 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, net of discounts.
- 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-imbursement 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 actual 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.



THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 2

	As at 31st March, 2013		As at 31st March, 2012	
	Number of Shares	Rupees	Number of Shares	Rupees
<b>SHARE CAPITAL</b>				
a) Authorised				
Equity Shares of par value Rs. 10/- each	50,00,000	5,00,00,000	50,00,000	5,00,00,000
b) Issued, Subscribed and Fully Paid Up				
Equity Shares of par value Rs. 10/- each fully paid up	25,50,000	2,55,00,000	25,50,000	2,55,00,000
		<u>2,55,00,000</u>		<u>2,55,00,000</u>

Additional Information :	As at 31st March, 2013		As at 31st March, 2012	
	Number of Shares	Rupees	Number of Shares	Rupees
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	<u>25,50,000</u>	<u>2,55,00,000</u>	<u>25,50,000</u>	<u>2,55,00,000</u>
2.2 Further, of the above subscribed capital :				
i) 14,40,000 equity shares of par value Rs. 10/- each have been allotted as fully paid up bonus shares by capitalisation of reserves.				
ii) 1,50,000 equity shares of par value Rs. 10/- each have been allotted as fully paid up to the shareholders of the erstwhile Warden Synplast Private Limited (WSPL) pursuant to a Scheme of Amalgamation.				
2.3 Terms / Rights attached to equity shares :				
i) The Company has only one class of equity share having a par value of Rs. 10/- per share. Each holder of a 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. However, no dividend is / was declared on the equity shares for the year ended 31st March, 2013 / 31st March, 2012.				
ii) 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. Such 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, 2013		As at 31st March, 2012	
	Number of Shares Held	% of Holding	Number of Shares Held	% of Holding
Shri Arvind K. Kanoria	21,28,508	83.47	21,28,508	83.47
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, 2013		As at 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>RESERVES &amp; SURPLUS</b>				
a) Capital Reserve				
Balance as per Last Account		2,52,42,946		2,52,42,946
b) Revaluation Reserve				
Balance as per Last Account	121,62,67,745		22,99,43,717	
Add.: Deductions/Additions to				
Revaluation amount during the				
Year (Refer Note No. 12 and 12.2)	(42,06,91,249)		103,90,30,119	
	79,55,76,496		126,89,73,836	
Less : Transfer to Statement of Profit & Loss	3,12,86,380	76,42,90,116	5,27,06,091	121,62,67,745
c) General Reserve				
Balance as per Last Account		5,78,68,258		5,78,68,258
d) Storage Fund for Molasses				
Balance as per Last Account	5,67,090		4,23,980	
Add.: Created during the year	1,55,587	7,22,677	1,43,110	5,67,090
e) Surplus in the Statement of Profit & Loss				
Balance as per Last Account	2,02,95,511		1,97,52,142	
Add:- Profit for the year	13,86,04,879		5,43,369	
Amount Available for Appropriation	15,89,00,390		2,02,95,511	
Less : Appropriations :				
Proposed Dividend	—		—	
Tax on Proposed Dividend	—		—	
Transfer to General Reserve	—		—	
Total Appropriations	—		—	
Balance as at the Balance Sheet Date		15,89,00,390		2,02,95,511
		100,70,24,387		132,02,41,550

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 such as issue of bonus shares, payment of dividend, buy back of shares etc.
- 3.2 The storage fund for molasses has been created to meet the cost of construction of molasses storage tanks as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974 and the said storage fund is represented by investments in the form of deposits amounting to Rs. 7,74,384/- (Previous Year Rs. 6,30,384/-), with a bank and the post office.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE NO. 4

## LONG-TERM BORROWINGS

	As at 31st March, 2013		As at 31st March, 2012	
	Non-Current	Current Maturities	Non-Current	Current Maturities
	Rupees	Rupees	Rupees	Rupees
Term Loans				
From Banks				
Secured				
i) IDBI Bank Limited (IDBI)	—	—	2,42,51,650	3,23,36,400
ii) Punjab National Bank (PNB)	—	—	4,16,69,000	5,83,31,000
iii) HDFC Bank Limited	—	—	—	5,95,961
	—	—	6,59,20,650	9,12,63,361
From Entities other than Banks				
Secured				
i) Government of India - Sugar Development Fund (SDF)				
Term Loans	—	4,13,08,720	4,13,08,720	9,62,46,240
Interest Funded	—	2,01,55,041	2,01,55,041	3,93,34,098
	—	6,14,63,761	6,14,63,761	13,55,80,338
ii) The Pradeshiya Industrial & Investment Corporation of Uttar Pradesh Limited (PICUP) - Interest Free	33,83,763	21,06,794	54,90,557	12,48,731
	33,83,763	6,35,70,555	6,69,54,318	13,68,29,069
Unsecured				
i) From a Body Corporate	—	—	11,35,000	—
	33,83,763	6,35,70,555	13,40,09,968	22,80,92,430
Amount disclosed under the head "Other Current Liabilities" (Refer Note No. 10)	—	6,35,70,555	—	22,80,92,430
	33,83,763	—	13,40,09,968	—

## Additional Information :

## 4.1 Nature of Securities :

- Term loans from PICUP (previous year 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. In previous year the term loans from IDBI and PNB were guaranteed by the Managing Director of the Company and certain shares held by the Promoters were 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.
- 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.
- In previous year term loans from HDFC Bank Limited are secured by hypothecation of the concerned vehicles financed by them.

## 4.2 Terms of Repayment and Rate of Interest as at 31st March, 2013 :

- Term loan from PICUP repayable in 5 annual installments, last installment falling due on May, 2015. The loan is interest free.
- 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.
- Terms of repayment for loans which have been fully repaid during the year are not included above.



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE NO. 5**

	<b>As at 31st March, 2013</b>		<b>As at 31st March, 2012</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>DEFERRED TAX LIABILITIES (NET)</b>				
Deferred Tax Liabilities				
Fixed Assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting		<b>9,31,48,446</b>		10,14,89,443
Gross Deferred Tax Liabilities		<b>9,31,48,446</b>		10,14,89,443
Deferred Tax Assets				
Carry forward business loss		—		—
Unabsorbed depreciation	<b>5,96,57,267</b>		11,75,13,096	
Provision for doubtful debts and advances	<b>38,827</b>		38,827	
Provision for gratuity	<b>1,29,17,505</b>		1,10,90,597	
Provision for leave encashment	<b>16,49,059</b>		8,82,619	
Provision for contingency on stores	<b>1,13,558</b>		1,13,558	
Accrued expenses deductible on payment basis	<b>1,79,92,494</b>		2,35,01,226	
Gross Deferred Tax Assets		<b>9,23,68,710</b>		15,31,39,923
Net Deferred Tax Liabilities / (Assets)		<b>7,79,736</b>		(5,16,50,480)
Movement				
At the beginning of the year		<b>(5,16,50,480)</b>		5,42,15,272
Arising during the year		<b>5,24,30,216</b>		(25,64,792)
At the end of the year		<b>7,79,736</b>		(5,16,50,480)

**Additional Information :**

- 5.1 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 as they relate to the same governing taxation laws.

**NOTE NO. 6**

**OTHER LONG-TERM LIABILITIES**

Advance Received Against Grant of Development Rights			10,50,00,000
			10,50,00,000

**NOTE NO. 7**

**LONG-TERM PROVISIONS**

Provision For Employees Benefits (Refer Note No. 28.2)			
Provision for Gratuity	<b>3,98,13,545</b>		3,41,82,761
Provision for Leave Encashment	<b>63,00,266</b>		39,37,991
	<b>4,61,13,811</b>		3,81,20,752



THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 8

	As at 31st March, 2013		As at 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>SHORT-TERM BORROWINGS</b>				
Loans Repayable on Demand				
From Banks				
Secured				
Cash Credit Facilities				
Punjab National Bank (PNB)				
Secured by pledge of stock of sugar		73,94,91,624		91,32,40,155
Secured by hypothecation of stock of stores & spare parts		1,03,11,612		2,56,53,871
		<u>74,98,03,236</u>		<u>93,88,94,026</u>

Additional Information :

Nature of Securities :

8.1 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. Interest rate on Cash Credit facilities from PNB - 1.25% p.a. above PNB base rate of 10.25% p.a. as at 31st March, 2013.

NOTE NO. 9

TRADE PAYABLES

Total Outstanding Dues of Micro and Small Enterprises (Refer Note No. 28.8)	7,18,978	10,62,947
Total Outstanding Dues of - other than Micro and Small Enterprises	53,47,96,007	52,29,55,829
	<u>53,55,14,985</u>	<u>52,40,18,776</u>

NOTE NO. 10

OTHER CURRENT LIABILITIES

Current Maturities of Long-Term Borrowings	6,35,70,555	22,80,92,430
Interest Accrued But Not Due on Borrowings	6,20,196	12,49,447
Unclaimed Dividend	—	—
Other Payables		
Advance from Customers & Others	63,68,486	71,24,960
Deposits	1,24,200	1,89,200
Book Overdraft Balances	2,25,567	7,40,638
Unpaid Salaries & Other Payroll Dues	1,66,14,503	1,69,55,526
Statutory Liabilities (Refer Note No. 10.3)	5,63,73,266	7,32,97,858
Accrued Expenses	19,07,935	1,05,59,435
Others	—	—
	<u>8,16,13,957</u>	<u>10,88,67,617</u>
	<u>14,58,04,708</u>	<u>33,82,09,494</u>

Additional Information :

- 10.1 For Nature of Securities and Terms of Repayment respectively of Current Maturities of Long-Term Borrowings refer Note No. 4.1 & 4.2.
- 10.2 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956.
- 10.3 Statutory Liabilities includes Excise Duty and Cess of Rs. 4,50,58,101/- (Previous Year Rs. 6,03,85,385/-) on Closing Stock.

NOTE NO. 11

SHORT TERM PROVISIONS

Provision for Contingencies on Stores (Refer Note No. 28.7)	3,50,000	3,50,000
Provision for Taxation	1,85,000	34,95,000
	<u>5,35,000</u>	<u>38,45,000</u>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE NO. 12

## FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Gross Carrying amount as at 01.04.2012 including revaluation	Additions during the year	Additions on revaluation during the year	Deductions/ Adjustments to revaluation amount during the year	Deductions/ Adjustments during the year	Depreciation/ Amortisation for the year	Deductions/ Adjustments to revaluation amount during the year	Closing accumulated depreciation /amortisation	Net Carrying amount as at 31.03.2013 including revaluation	Rupees
<b>TANGIBLE ASSETS</b>	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Land	30,51,15,962	—	—	19,43,106	—	—	—	—	30,31,72,856	
Buildings	21,71,73,290	1,87,000	—	6,48,43,451	—	29,20,251	14,29,249	3,79,21,161	11,45,95,678	
Plant & Machinery	198,10,38,615	49,83,200	—	37,53,24,403	2,25,359	8,01,76,116	1,99,90,462	80,57,26,141	80,47,45,912	
Furniture & Electrical Fittings	51,10,078	3,95,125	—	—	24,000	2,07,324	—	9,523	15,36,760	
Motor Vehicles & Cycles	88,34,324	—	—	—	10,80,912	6,81,077	—	30,38,900	47,14,512	
Machinery Zamindari (Tubewell)	24,711	—	—	—	—	—	—	24,464	247	
<b>Total</b>	<b>251,72,96,980</b>	<b>55,65,325</b>	<b>—</b>	<b>44,21,10,960</b>	<b>13,30,271</b>	<b>8,39,84,768</b>	<b>2,14,19,711</b>	<b>85,06,55,109</b>	<b>122,87,65,965</b>	

## FIXED ASSETS - PREVIOUS YEAR

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Gross Carrying amount as at 01.04.2011 including revaluation	Additions during the year	Additions on revaluation as on 01.04.2011	Deductions/ Adjustments to revaluation amount during the year	Deductions/ Adjustments during the year	Depreciation/ Amortisation for the year	Deductions/ Adjustments to revaluation amount during the year	Closing accumulated depreciation /amortisation	Net Carrying amount as at 31.03.2012 including revaluation	Rupees
<b>TANGIBLE ASSETS</b>	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Land	19,92,70,084	—	10,58,45,878	—	—	—	—	—	30,51,15,962	
Buildings	12,56,83,269	2,23,567	9,22,95,201	10,28,747	—	43,51,031	—	3,64,30,159	18,07,43,131	
Plant & Machinery	113,52,42,187	38,78,641	84,19,17,787	—	—	10,07,29,844	—	74,57,65,415	123,52,73,200	
Furniture & Electrical Fittings	48,70,510	2,39,568	—	—	—	2,94,408	—	37,46,642	13,63,436	
Motor Vehicles & Cycles	82,10,801	14,01,881	—	—	7,78,358	6,36,232	—	31,58,724	56,75,600	
Machinery Zamindari (Tubewell)	24,711	—	—	—	—	—	—	24,464	247	
<b>Total</b>	<b>147,33,01,562</b>	<b>57,43,657</b>	<b>104,00,58,866</b>	<b>10,28,747</b>	<b>7,78,358</b>	<b>56,66,702</b>	<b>—</b>	<b>78,91,25,404</b>	<b>172,81,71,576</b>	



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### NOTE NO. 12 (Contd...) FIXED ASSETS

#### Additional Information :

12.1 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.

12.2 The Company's assets viz. Land, Buildings and Plant and Machinery were revalued as on April 1, 2011 on the basis of a valuation report of an approved valuer, but the revaluation amount added to these assets was inadvertently taken in excess of that specified in the report. Having noticed the same, it has been rectified and accordingly given effect to as on April 1, 2012, while presenting the Financial Statements for the current year.

In view of this rectification, the excess amount added to Land, Buildings and Plant and Machinery under the Gross Block and the excess amount of depreciation provided thereon under Depreciation have been reversed and specified in the Note above under Columns titled 'Deductions/Adjustments to Revaluation Amount during the year', respectively. The other limb of the reversal is given effect to in Revaluation Reserve in Note No. 3 under Reserves and Surplus.

The above rectification has no impact on the Net Profit for the year and except what is stated as above, there is no other impact on the year end accumulated balances in the General Reserve and Surplus in the Statement of Profit and Loss as reflected in Note No. 3 under Reserves and Surplus.

- 12.3 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. 10,39,02,772/-, Rs. 2,64,23,003/- and Rs. 46,65,93,384/- respectively were added to the book value of the said Fixed Assets.



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE NO. 13**

	<b>As at 31st March, 2013</b>		<b>As at 31st March, 2012</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>NON-CURRENT INVESTMENTS</b>				
Other Than Trade				
Unquoted (Valued At Cost)				
Investment In Government Securities				
11.50% C. M. D. A. Bond - 2010	<b>6,701</b>		6,701	
2.50% Bihar Zamindary Abolition Compensation Bonds	<b>20,211</b>		20,211	
National Savings Certificates (Deposited with Government Authorities)	<b>1,000</b>		1,000	
		<b>27,912</b>		27,912
Investment In Bonds				
Deep Discount Bonds				
350 (Previous Year - 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)		<b>3,50,00,000</b>		3,50,00,000
Quoted (Valued at cost)				
Investment In Equity Instrument				
In Equity Shares of Punjab National Bank (386 (Previous Year - 386) Equity Shares of Rs. 10/- each fully paid up)		<b>1,50,540</b>		1,50,540
		<b>3,51,78,452</b>		3,51,78,452
Additional Information :				
13.1 Aggregate amount of unquoted investments		<b>3,50,27,912</b>		3,50,27,912
13.2 Aggregate amount of quoted investments		<b>1,50,540</b>		1,50,540
13.3 Market value of quoted investments		<b>2,77,109</b>		3,57,455
13.4 Aggregate provision for diminution in value of investments		<b>—</b>		—

**NOTE NO. 14**

**LONG-TERM LOANS AND ADVANCES**

(Unsecured, Considered Good unless stated otherwise)

Security Deposits	<b>8,72,487</b>	8,73,814
	<b>8,72,487</b>	8,73,814



THE UNITED PROVINCES SUGAR COMPANY LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 15	As at 31st March, 2013		As at 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>OTHER NON-CURRENT ASSETS</b>				
(Unsecured, Considered Good unless stated otherwise)				
Property Development Cost		—		2,56,10,075
Cash and Bank Balances				
Other Bank Balances				
Earmarked Balances				
On Current Account	3,29,900		1,85,900	
(For Molasses Storage Fund)				
On Fixed Deposit Accounts	1,85,642		7,86,606	
(Under lien Rs. 1,44,954/-,				
Previous Year Rs. 6,37,264/-)				
Balances with Post Office	4,44,484		4,44,484	
(For Molasses Storage Fund)		9,60,026		14,16,990
Other Loans & Advances				
Advances to Suppliers & Others				
Considered Doubtful	1,19,670		1,19,670	
Less:- Provision for Doubtful Advances	1,19,670	—	1,19,670	—
Income Accrued on Investment & Deposits		1,19,78,468		92,97,950
		<u>1,29,38,494</u>		<u>3,63,25,015</u>

NOTE NO. 16

INVENTORIES

(Valued at Lower of Cost and Net Realisable Value, unless stated otherwise)

Raw Materials				
Work in Process				
Sugar	2,15,87,500		73,77,500	
Molasses	7,29,500	2,23,17,000	92,001	74,69,501
Finished Goods				
Sugar	110,43,42,675		145,13,48,684	
Molasses	5,93,20,769		6,51,10,359	
Bagasse	—	116,36,63,444	13,96,802	151,78,55,845
Stock of Stores & Spare Parts	3,66,30,630		3,42,36,767	
Add: Stock of Loose Tools	3,73,662		2,94,435	
Add: Goods-in-Transit	2,29,208	3,72,33,500	71,512	3,46,02,714
		<u>122,32,13,944</u>		<u>155,99,28,060</u>

Additional Information :

16.1 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 from the date they are due for payment		1,91,694		1,91,694
Other Trade Receivables		45,72,787		3,73,480
		<u>47,64,481</u>		<u>5,65,174</u>



NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 18

	As at 31st March, 2013		As at 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>CASH &amp; BANK BALANCES</b>				
Cash and Cash Equivalents				
Cash on Hand		5,87,619		5,33,229
Balances with Banks				
On Current Accounts		31,28,844		23,03,864
		<u>37,16,463</u>		<u>28,37,093</u>

NOTE NO. 19

**SHORT TERM LOANS AND ADVANCES**

(Unsecured, Considered Good unless stated otherwise)

Other Loans & Advances				
Advances to Suppliers & Others		5,60,706		10,06,697
Income-Tax Advances		3,888		8,38,587
Cenvat, Vat and Other Taxes & Duties		26,90,098		32,71,918
Prepaid Expenses		2,30,825		1,82,172
Others		—		19,25,699
		<u>34,85,517</u>		<u>72,25,073</u>

NOTE NO. 20

**OTHER CURRENT ASSETS**

(Unsecured, Considered Good unless stated otherwise)

Interest Receivable / Accrued and Due		1,262		—
Claims Receivable		3,80,265		7,38,665
Income-Tax Refundable		11,42,296		43,46,164
		<u>15,23,823</u>		<u>50,84,829</u>

NOTE NO. 21

**REVENUE FROM OPERATIONS**

**Sale of Goods (Gross)**

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
Sugar Sales	215,53,51,071		125,27,32,177	
Molasses Sales	12,00,55,485		9,48,81,211	
Bagasse Sales	3,18,37,083		2,68,12,841	
Press Mud Sales	14,96,725	230,87,40,364	10,52,791	137,54,79,020
Other Operating Revenue		—		—
<b>Revenue From Operations (Gross)</b>		<u>230,87,40,364</u>		<u>137,54,79,020</u>
Less: Excise Duty & Other Taxes on Sale of Goods		9,10,14,236		6,55,69,514
<b>Revenue From Operations (Net)</b>		<u>221,77,26,128</u>		<u>130,99,09,506</u>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 22	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>OTHER INCOME</b>				
Interest Income (Gross) :				
Non-Current Investments				
On Fixed Deposit with Bank	38,879		67,227	
On Deep Discount Bonds (Long Term Investments)	26,80,518		30,81,476	
On Others	—		—	
	<u>27,19,397</u>		<u>31,48,703</u>	
On Income-tax Refund	—	27,19,397	11,23,064	42,71,767
Dividend Received on Long Term Investments		9,62,892		8,492
Gain on Sale of Property Development Rights (Refer Note No. 22.1)		40,13,04,142		—
Other Non-Operating Income				
Income From Mutual Funds	49,094		—	
Burnt Cane Subsidy	77,655		2,23,827	
Liabilities no longer required Written Back	25,38,891		6,53,461	
Profit on Sale of Fixed Assets	1,32,582		—	
Miscellaneous Income	33,54,478	61,52,700	9,06,125	17,83,413
		<u>41,11,39,131</u>		<u>60,63,672</u>

## Additional Information :

- 22.1 The erstwhile Warden Synplast Private Limited (WSPL) (since merged with the Company under a court approved Scheme of Amalgamation with Appointed Date as April 1, 2007) had alongwith Bombay Wire Ropes Limited (BWRL), entered into an agreement dated 29th December, 2005 with a developer for the grant of development rights in respect of a property owned by BWRL on a portion of which the WSPL too claimed development rights. The said agreement was thereafter terminated by WSPL and BWRL on certain grounds and the dispute arising therefrom was referred to Arbitration by the developer. The Arbitral Tribunal, vide its award dated 15th June, 2011, had set aside the said termination. Based on expert legal advice, the Company (as the successor in amalgamation of WSPL) and BWRL had challenged the said award in the Hon'ble Bombay High Court which led to a settlement of the matter between the parties in terms of a decree dated 13th July, 2012.

Gain on Sale of Property Development Rights amounting to Rs. 40,13,04,142/- credited to Statement of Profit and Loss represents the surplus of the amount received (pursuant to such settlement and decree) from the developer by the Company over the costs of such rights as devolved on the Company from WSPL as a result of the amalgamation.

## NOTE NO. 23

## COST OF MATERIALS CONSUMED

Sugarcane	175,52,77,845	150,31,76,349
	<u>175,52,77,845</u>	<u>150,31,76,349</u>

## Additional Information :

- 23.1 Cost of Raw Materials Consumed for the year ended 31st March, 2012 includes a sum of Rs. 6,28,33,240/- accrued during the previous 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.



NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE NO. 24	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, BY-PRODUCTS AND WORK-IN-PROGRESS</b>				
Finished Goods :				
Opening Stock				
Sugar	145,13,48,684		88,20,95,864	
Molasses	6,51,10,359		5,73,12,148	
Bagasse	13,96,802		—	
	<u>151,78,55,845</u>		<u>93,94,08,012</u>	
Less: Closing Stock				
Sugar	110,43,42,675		145,13,48,684	
Molasses	5,93,20,769		6,51,10,359	
Bagasse	—		13,96,802	
	<u>116,36,63,444</u>	<u>35,41,92,401</u>	<u>151,78,55,845</u>	(57,84,47,833)
Work-In-Progress :				
Opening Stock				
Sugar	73,77,500		52,75,750	
Molasses	92,001		—	
	<u>74,69,501</u>		<u>52,75,750</u>	
Less: Closing Stock				
Sugar	2,15,87,500		73,77,500	
Molasses	7,29,500		92,001	
	<u>2,23,17,000</u>	<u>(1,48,47,499)</u>	<u>74,69,501</u>	(21,93,751)
		<u>33,93,44,902</u>		(58,06,41,584)
Add : Excise Duty and Other Taxes *		<u>(1,53,27,284)</u>		1,52,66,173
		<u>32,40,17,618</u>		(56,53,75,411)

\* 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	10,49,77,406	9,19,31,623
Contribution To Provident and Other Funds	86,07,660	78,90,720
Staff Welfare Expenses	18,24,904	18,81,588
	<u>11,54,09,970</u>	<u>10,17,03,931</u>

NOTE NO. 26

**FINANCE COST**

Interest Expenses		
On Long-Term Borrowings	1,45,00,326	3,34,51,995
On Short-Term Borrowings	5,57,56,841	6,69,87,584
Others	18,87,655	11,84,016
	<u>7,21,44,822</u>	<u>10,16,23,595</u>



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE NO. 27**

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>OTHER EXPENSES</b>				
Consumption of Stores & Spare Parts		2,40,34,811		2,28,80,955
Consumption of Packing Materials		1,79,80,311		2,62,29,479
Power & Fuel		1,02,70,666		94,05,823
Rent		4,97,307		3,70,827
Repairs & Maintenance :				
Plant & Machinery	3,71,93,930		3,54,05,514	
Building	28,73,483		21,76,827	
Others	84,413	4,01,51,826	1,99,651	3,77,81,992
Insurance		11,92,222		7,39,020
Rates & Taxes (Excluding Taxes on Income)		6,48,080		5,79,762
Godown Expenses		64,72,278		46,71,126
Travelling Expenses		24,39,829		18,06,310
Motor Car Expenses		17,90,984		18,59,005
Miscellaneous Expenses		1,13,32,653		1,09,03,489
Selling Expenses		42,67,991		27,97,333
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)	30,343	1,33,343	25,954	1,28,954
Cost Audit Fee		30,000		30,000
Directors' Fee		2,750		3,500
Bad Debts and Advances Written Off		—		99,282
Loss on Sale of Fixed Assets		1,90,883		1,41,656
Transfer to Molasses Storage Reserve		1,55,587		1,43,110
		<b>12,15,91,521</b>		<b>12,05,71,623</b>



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE NO. 28

### NOTES ON ACCOUNTS

		As at 31st March, 2013	As at 31st March, 2012
		Rupees	Rupees
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.	1,44,954	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	Employee Benefits :-		
	As per Accounting Standard - 15 "Employees Benefits", the disclosure of Employees Benefits as defined in the Accounting Standards are given as below :		
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. 86,07,660/- (Previous Year Rs. 78,90,720/-) 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, 2013 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, 2013 :		

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	
		2013	2012	2013	2012	2013	2012
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
(i)	Reconciliation of Defined Benefit Obligation (DBO) :						
	DBO at the beginning of the year	3,41,82,761	3,07,54,022	39,37,991	30,97,984		
	Current Service Cost	25,65,586	23,58,166				
	Interest Cost	29,22,606	25,77,892				
	Actuarial (gain)/losses	48,72,086	22,22,703				
	Benefits paid	(47,29,494)	(37,30,022)				
	DBO at the end of the year (Net liability recognised in the Balance Sheet)	3,98,13,545	3,41,82,761	63,00,266	39,37,991	86,07,660	78,90,720
(ii)	Net cost for the year ended 31st March, 2013 :						
	Current Service Cost	25,65,586	23,58,166				
	Interest Cost	29,22,606	25,77,892				
	Actuarial (gain)/losses	48,72,086	22,22,703				
	Net Cost	1,03,60,278	71,58,761				
(iii)	Assumptions used in accounting for the gratuity plan :						
	Discount Rate (%)	8.00	8.50%				
	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.



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE NO. 28 (Contd...)**

**NOTES ON ACCOUNTS**

c)	Other Long Term Benefits			
	Leave encashment charge for the year ended 31st March, 2013, based on actuarial valuation carried out using the projected accrued benefit method, amounting to Rs. 23,62,275/- (Previous Year Rs. 8,40,007/-) has been recognised in the Statement of Profit and Loss.			
28.3	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.			
28.4	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 Late Shri K. K. Kanoria (Father), Smt. Aruna Kanoria (Mother) Smt. Vineeta Kanoria (Wife), Ms. Shikha Kanoria (Daughter) Master Paritosh Kanoria (Son) and Dr. Anurag K. Kanoria (Brother) Shri A. N. Singh Chauhan Smt. Leela Chauhan (Wife)	
b)	Details of transactions with related parties	:	Key Managerial Personnel And Their Relatives	Enterprise On Which Relatives of Key Managerial Personnel Has Control
			<u>For the year ended 31st March, 2013</u>	<u>For the year ended 31st March, 2012</u>
			<u>For the year ended 31st March, 2013</u>	<u>For the year ended 31st March, 2012</u>
	Investments in Deep Discount Bonds :			
	i) New India Exports Private Limited		3,50,00,000	6,00,00,000
	Interest Accrued on Investments :			
	i) New India Exports Private Limited		92,76,803	1,15,70,229
	Loans given :			
	i) New India Exports Private Limited		—	2,64,000
	ii) Kaabil Traders Private Limited		—	49,000
	Loans taken :			
	i) New India Exports Private Limited		6,25,00,000	—
	ii) Temple Garment Mfg. Co. Pvt. Ltd.		1,00,00,000	—
	Remuneration to Key Managerial Personnel :			
	i) Shri Arvind K. Kanoria	31,12,484	18,33,639	
	ii) Shri A. N. Singh Chauhan	12,35,200	12,35,200	
	Salary, Gratuity, Leave Encashment etc. :			
	i) Smt. Leela Chauhan	6,49,767	4,99,314	
	Interest paid :			
	i) New India Exports Private Limited		7,29,042	—
	ii) Temple Garment Mfg. Co. Pvt. Ltd.		93,339	—
	Loans repaid :			
	i) New India Exports Private Limited		6,25,00,000	—
	ii) Temple Garment Mfg. Co. Pvt. Ltd.		1,11,35,000	—
	Outstanding Balance As at March 31, 2013			
	Investments in Deep Discount Bonds :			
	i) New India Exports Private Limited		3,50,00,000	3,50,00,000
	Outstanding Balance As at March 31, 2013			
	on Interest Accrued on Investments :			
	i) New India Exports Private Limited		1,19,57,321	92,76,803
	Outstanding Balance As at March 31, 2013			
	Loans taken :			
	i) New India Exports Private Limited		—	—
	ii) Temple Garment Mfg. Co. Pvt. Ltd.		—	11,35,000



**NOTES FORMING PART OF FINANCIAL STATEMENTS****NOTE NO. 28 (Contd...)****NOTES ON ACCOUNTS**

- 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.

**28.5 Disclosure under Clause 32 of the Listing Agreement :**

There are no transactions (other than loan transactions with related parties as given in Note 28.4 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.

**28.6 Earning Per Share (EPS) computed in accordance with Accounting Standard 20 : regarding Earning Per Share Basic and Diluted :**

	<b>For the year ended 31st March, 2013</b>	<b>For the year ended 31st March, 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
a) Profit after Tax as per Accounts	<b>13,86,04,879</b>	5,43,369
b) Number of Shares Issued	<b>25,50,000</b>	25,50,000
c) Basic and diluted EPS	<b>54.35</b>	0.21
d) Nominal Value of Equity Shares	<b>10.00</b>	10.00

**28.7 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, 2012	Additions during the year	Utilisation during the year	As at 31st March, 2013
	Rupees	Rupees	Rupees	Rupees
Provision for Contingency on Stores	3,50,000	—	—	<b>3,50,000</b>
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. 11 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. No. 28.7 (a) above and in view of this no asset has been recognised for the expected reimbursement.

**28.8 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 :**

	<b>As at 31st March, 2013</b>	<b>As at 31st March, 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
a) The principal amount remaining unpaid to suppliers as at the end of accounting year *	<b>7,18,978</b>	10,62,947
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. 9



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE NO. 28 (Contd...)**

**NOTES ON ACCOUNTS**

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

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	% of Total Consumption	Value Rupees	% of Total Consumption	Value Rupees
a) Raw Materials :				
Imported	Nil	Nil	Nil	Nil
Indigenous	100	175,52,77,845	100	150,31,76,349
	<u>100</u>	<u>175,52,77,845</u>	<u>100</u>	<u>150,31,76,349</u>
b) Stores, Spare Parts and Packing Materials :				
Imported	Nil	Nil	Nil	Nil
Indigenous	100	6,88,70,507	100	7,63,88,537
	<u>100</u>	<u>6,88,70,507</u>	<u>100</u>	<u>7,63,88,537</u>

28.10 Expenditure in Foreign Currency

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rupees	Rupees
On Travelling	7,35,804	4,79,980
On Others	—	36,824

28.11 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to current year.

For BATLIBOI & PUROHIT  
Chartered Accountants  
F.R. NO. 101048W

Parag Hangekar  
Membership No. 110096  
Partner

Mumbai, the 25th day of April, 2013

Sushil K. Jalan  
Chairman

Arvind K. Kanoria  
Managing Director

Dr. Anurag K. Kanoria  
Director