

77th Annual Report

2013-14



**SIMBHAOLI
SUGARS**



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SUGARS**

Simbhaoli Sugars Limited

Corporate Information

BOARD OF DIRECTORS

Chairman

- Gurmit Singh Mann

Whole time Directors

- Gurpal Singh, Managing Director
- Gursimran Kaur Mann, Managing Director
- Sanjay Tapriya, Chief Financial Officer
- S. N. Misra, Group Technical Advisor

Non-executive Directors

- S.K. Ganguli
- S.C. Kumar
- B.K. Goswami
- C.K. Mahajan

Registered Office

- Simbhaoli
District Hapur, Uttar Pradesh - 245 207

Corporate Office

- C-11, Connaught Place
New Delhi 110 001
- A-112, Sector 63
Noida-201307

Company Secretary

- Kamal Samtani

Auditors

- Deloitte Haskins & Sells

Solicitors

- J. Sagar Associates

Bankers

- State Bank of India
- Punjab National Bank
- ICICI Bank
- Bank of Baroda
- State Bank of Patiala
- State Bank of Bikaner & Jaipur
- Oriental Bank of Commerce
- EXIM Bank
- Union Bank of India
- UCO Bank
- Bank of India
- UP/District Co-Operative Bank

MANUFACTURING UNITS

Sugar Mills / Co-generation Plants

- Simbhaoli Sugar Division, Simbhaoli
District Hapur, Uttar Pradesh - 245 207
- Chilwaria Sugar Division, Chilwaria
District Bahraich, Uttar Pradesh - 271 801
- Brijnathpur Sugar Division, Brijnathpur
District Hapur, Uttar Pradesh - 245 101
- Village Versamedi, Tehsil-Anjar
Gandhidham, Gujarat-370 110

Distillery / Ethanol Plants

- Chilwaria Ethanol Division
Chilwaria, District Bahraich, Uttar Pradesh - 271 801
- Brijnathpur Ethanol Division, Brijnathpur
District Hapur, Uttar Pradesh - 245 101

Subsidiaries / Associate Companies

- Simbhaoli Spirits Limited
- Simbhaoli Power Private Limited
- Integrated Casetech Consultants Private Limited
- Uniworld Sugars Private Limited
- Simbhaoli Global Commodities DMCC, Dubai
- Simbhaoli Speciality Sugars Private Limited

NOTICE

Notice is hereby given that the 77th Annual General Meeting of the members of Simbhaoli Sugars Limited will be held at 10:00 AM on Tuesday, December 23, 2014 at the registered office of the Company at Simbhaoli -245 207, District Hapur, Uttar Pradesh, to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Financial Statements of the Company for the financial year 2013-14 comprising of the audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss account along-with the cash flow statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Sanjay Tapriya (DIN 00064703), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants (ICAI Registration No. 015125N) as statutory auditors of the Company from the conclusion of 77th to 80th Annual General Meeting i.e. for a period of 3 financial years viz 2014-15, 2015-16 and 2016-17 subject to ratification at each Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESSES

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that, pursuant to Section 160 of the Companies Act, 2013 and the Rules made thereunder read with the Articles of Association of the Company, Mr. Sachchida Nand Misra (DIN- 06714324), who was appointed as an Additional Director of the Company with effect from October 8, 2013 and who hold office until the date of the Annual General Meeting, and in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as a director of the Company, whose period of office is liable to retire by rotation."

"Resolved further that, pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof for the time being in force, the approval of the Company be and is hereby accorded to the appointment of Mr. S N Misra as a Whole Time Director on the Board of the Company for a period of five (5) years commencing from October 8, 2013 on the terms and conditions as set out hereunder and with liberty to the Board of Directors of the Company to alter the said terms and conditions in such manner as may be agreed to in the best interest of the Company but subject to the restrictions, if any, contained in the Companies Act, 2013 or otherwise as may be permissible in law:

- a) **Designation:** Group Technical Advisor (GTA)
- b) **Period:** Five Years w.e.f October 8, 2013
- c) **Role:** GTA shall be responsible for the, technical guidance and advice, implementation and achieving business plan directives, implementation of policy matters, boundary management, meeting statutory compliances, charting growth plans and to implement the decisions taken by the Chairman/Managing Directors of the Company from time to time.
- d) **Basic Salary:** Rs. 128,000 per month, with such increments as may be decided by the Board of Directors of the Company from time to time.

- e) **Special Allowance:** To the extent of one month Basic Salary per month in aggregate, with such increments as may be decided by the Board of Directors of the Company from time to time, provided that these allowances will not be taken into account for calculation of retirement benefits such as provident fund, superannuation, gratuity, leave encashment etc.
- f) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
 - i) House rent allowance/rent free accommodation not exceeding 50% of basic salary.
 - ii) Medical facilities- Not exceeding one month basic salary in a year.
 - iii) Leave travel allowance/reimbursements - As per Company's Policy.
 - iv) Entertainment/club fee - As per Company's Policy.
 - v) Bonus - As per Company's Policy.

Apart from the above, he shall also be entitled to the following benefits which shall not be included in computation of the aforesaid remuneration:

- i) Car facility for the business of the Company. The type and make of the car will be decided by the Board from time to time.
- ii) Telephone/internet connections to be used for the business of the Company.
- iii) Reimbursement of travelling, boarding, lodging, hotel and other expenses incurred for the business of the Company as per the travelling policy of the Company for the senior staff.
- iv) Company's contribution to the provident fund, as per rules, presently to the extent of 12% of the Basic Salary.
- v) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service in the Company subject to the Company's rules in this regard;

"Resolved further that, in case of inadequacy of profits /or no profits in the Company in any financial year, he shall be entitled to the aforesaid salary, perquisites & allowances and commission as minimum remuneration during his/her tenure within the overall limits as laid down under the provisions of schedule V to the Companies Act, 2013 as amended/modified/ re-constituted from time to time."

"Resolved further that, the aforesaid appointment shall be subject to the following terms and conditions:

- (i) Mr. Misra shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof.
- (ii) The appointment may be terminated by either party giving the other party two months notice or paying two months salary in lieu thereof.
- (iii) If at any time, he ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Group Technical Advisor of the Company unless otherwise decided by the Board of Directors of the Company.
- (iv) He shall not be entitled to supplement his/her earnings under the appointment with any buying or selling commission. He shall also not become interested or otherwise concerned directly in any selling agency of the Company, without prior approval of the Central Government.
- (v) The office of the directorship of Mr. Misra will be subject to retirement by rotation."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to alter and/or vary the terms and conditions of the said appointment and/or enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Mr. Misra in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof, for the time being in force."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that, pursuant to Sections 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Samir Kumar Ganguli (DIN- 00058198), Director of the Company, in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years up to March 31, 2019."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

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

"Resolved that, pursuant to Sections 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Samir Chandra Kumar (DIN-00064453), Director of the Company, in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years up to March 31, 2019."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that, pursuant to Sections 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Basant Kumar Goswami (DIN-00003782), Director of the Company, in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years up to March 31, 2019."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that, pursuant to Sections 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Chander Krishan Mahajan (DIN-00039060), Director of the Company, in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as an Independent Director on the Board of the Company to hold office for a period of 5 (five) consecutive years up to March 31, 2019."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that, pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Satnam Singh Saggi, Cost Accountant (Membership Number 10555) be and is hereby re-appointed as the Cost Auditors for audit of the cost accounting records of the Company for the financial year 2014-15 at a remuneration of Rs. 1,65,000 plus other out of pocket expenses."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all

such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"Resolved that, in supersession of the resolution passed by the members of the Company and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, subject to such other provisions as may be applicable from time to time, the consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers including the powers conferred by this resolution) to borrow money, from time to time at its discretion from any banks, financial institution or any other lending institution/person on such terms and conditions as may be considered appropriate by the Board for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital of the Company and its free reserves i.e., reserves not set apart for any specific purpose provided that the total amount up to which monies may be borrowed by the Company shall not exceed Rs. 1600 crore (Rupees One Thousand Six Hundred Crore only)."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt, that may arise and to do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient and for matters concerned therewith or incidental thereto for the purpose of giving effect to this resolution."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) OF THE COMPANY MAY APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A Proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. Every member entitled to vote at the AGM of the Company can inspect the proxies lodged at the Company at any time during the business hours within a period beginning twenty four hours before the time fixed for the commencement of the AGM and ending at the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be provided to the Company.
3. Members are requested to hand over the signed Attendance Slip for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

4. Proxies submitted on behalf of Corporate, societies, etc. must be supported by an appropriate resolution/authority, as applicable, to attend and vote at the AGM.
5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses to be transacted at the AGM as set out in the Notice is annexed hereto.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, December 19, 2014 to Tuesday, December 23, 2014 (both days inclusive).
7. Members holding shares in electronic form are, therefore requested to submit the Permanent Account Number to their Depository Participant with whom they are maintaining their demat accounts.
8. Electronic copy of the Annual Report along-with the process of e-voting and the Attendance slip and Proxy form is being sent to the members whose e-mail addresses are registered with the Company/Depository Participant(s) for communication purposes, unless any member has requested for hard copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent in the permitted mode.
9. Relevant documents referred to in the proposed resolutions including the letters for appointments of Mr. S K Ganguli, Mr. S C Kumar, Mr. B K Goswami and Mr. C K Mahajan as Independent Directors are available for inspection at the Registered Office of the Company during business hours on working days up to one day prior to the date of the AGM.
10. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.
11. The instructions for members for voting electronically are annexed separately with this Notice.
12. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to fill up the prescribed form and send the same to the Company.

**By Order of the Board of Directors
of Simbhaoli Sugars Limited**

**New Delhi
November 14, 2014**

**Kamal Samtani
Company Secretary**

**STATEMENT PURSUANT TO SECTION 102 OF THE
COMPANIES ACT, 2013**

Item No. 4

The Board of Directors of the Company in their meeting held on October 8, 2013 have appointed Mr. Sachchida Nand Misra (DIN-06714324) as an additional director on the Board of the Company in pursuance to Article 87 of the Articles of Association of the Company. Subsequently, on the recommendation of the Remuneration and Compensation Committee of the Board of Directors of the Company, the Board in its meeting held on November 14, 2013 has appointed him as the 'Group Technical Advisor' who shall be a whole time director on the Board of the Company for a period of 5 (Five) years w.e.f. October 8, 2013 as per the terms and conditions at such remuneration as enumerated in the resolution passed by the Board, subject to approval of the shareholders. The brief profile, roles & responsibilities of Mr. Misra are as follows:

Mr. Sachchida Nand Misra, aged 55 years, is B.Sc from Gorakhpur University, A.N.S.I. from National Sugar Institute,

Kanpur. He worked in Simbhaoli Sugars Limited (SSL) for about 22 years and has left the Company as GM (Unit Head), and joined as Vice President (Project) at Bajaj Hindustan Ltd. Then, he joined at position of Executive President as sugar technologist cum Unit head in Balrampur Chini Mill Group.

He has been responsible for the Management Control, implementation and achieving business plan directives, implementation of Policy matters, boundary management, meeting statutory compliances, charting growth plans and to implement the decisions taken and appraising the Chairman/Managing Directors on the Company's operational and technical working from time to time.

He is not holding any shares in the share capital of the Company. He also does not hold any other directorship. He does not have any pecuniary relationship with promoters and is a professional director within meaning of the Companies Act, 2013.

The Company is complying with the terms and conditions with reference to the payment of remuneration to the managerial personnel and the appointment so made shall be within the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013

As per Section 161 of the Companies Act, 2013, he hold office until the date of the ensuing Annual General Meeting, and in respect of whom a notice in writing has been received from a member signifying his intention to propose him as a candidate for the office of director, whose period of office will be liable to retire by rotation. The Board is of the opinion that the appointment of Mr. Sachchida Nand Misra as Whole Time Director will be in the best interest of the Company.

Accordingly, resolution set out under item number 4 is recommended for approval of the members of the Company as an Ordinary Resolution.

None of the Directors, Key Managerial personnel or their relatives, except Mr. Sachchida Nand Misra, is concerned or interested in the said Resolution.

Item No. 5, 6, 7 and 8

Mr. S K Ganguli, Mr. S C Kumar, Mr. B K Goswami and Mr. C K Mahajan are independent directors on the Board of the Company. The provisions of newly enacted Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement inter alia stipulates conditions to be complied with by the Company for the appointment of independent directors. Mr. Ganguli, Mr. Kumar, Mr. Goswami and Mr. Mahajan have given their respective consents to act as Directors and are not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The Company has also received declarations from the proposed appointee that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of them for the office of Directors of the Company.

In the opinion of the Board, Mr. Ganguli, Mr. Kumar, Mr. Goswami and Mr. Mahajan fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement and they are independent of the management of the Company and/or subsidiary/associate companies.

Accordingly, it is proposed to consider Mr. S K Ganguli, Mr. S C Kumar, Mr. B. K. Goswami and Mr. C K Mahajan as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement and they shall hold office for a period of 5 (five) consecutive years up to March 31, 2019.

Their Brief profiles, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se are given below:

Name of Director	Mr. S K Ganguli	Mr. S C Kumar	Mr. B K Goswami	Mr. C K Mahajan
Date of Birth	Dec 21, 1938	May 04, 1943	Jan 29, 1935	May 31, 1943
Date of Appointment	Sept 30, 2004	May 8, 2002	June 11, 2010	May 28, 2013
Qualification	FCA	FCMA, Diploma in Mechanical Engineering	IAS, M.A.(English)	M.A.LL.B
Expertise	Mr. Ganguli is a commerce graduate and qualified chartered accountant, who has been in the accounting and audit profession for last 42 years.	Mr. Kumar is a bank professional and has over 41 years of experience in commercial and development of banking/project financing	Mr. Goswami is a Senior Retired IAS Officer. He joined Indian Administrative Services in 1960. Mr. Goswami has held prestigious positions in various Government Departments	Justice Mahajan is a retired Judge of the Delhi High Court and has vast experience in law and justice. He has also been appointed as Chairperson/President of various Committees and act as Arbitrator in several matters.
Shareholding of Directors in the Company	500	Nil	Nil	Nil
Directorship held in other Public Companies (excluding foreign and private companies)	1. Dee Development Engineers Ltd	1. Simbhaoli Spirits Ltd 2. DCM Shriram industries Ltd	1. Jai Prakash Associates Ltd 2. J P Infratech Ltd 3. Nector Life Sciences Ltd 4. B & A Ltd 5. Jaypee Development Corporation Ltd 6. L.H. Sugar Factories Ltd 7. Jaypee Meghalaya Power Ltd	1. B L K Lifestyle Ltd 2. B L Kashyap and Sons Ltd
Chairmanships/Memberships of Committee other than Simbhaoli Sugars Limited	1. Dee Development Engineers Ltd Member- Audit Committee	1. Simbhaoli Spirits Ltd Chairman- Audit Committee 2. DCM Shriram Industries Limited Member- Audit Committee	1. Jai Prakash Associates Limited Member- Audit Committee Remuneration & Compensation Committee Chairman - Finance Committee 2. J P Infratech Limited Member- Audit Committee Chairman - Finance Committee 3. B & A Ltd Member- Audit Committee	1. B L K Lifestyle limited Member- Audit Committee 2. B L Kashyap and Sons Limited Member- Audit Committee Shareholders' Grievance Committee

They do not have any material pecuniary relationship with promoters, Key Managerial Personnel and their relatives. They are the independent directors and do not have any inter se relationship among themselves.

Accordingly, resolutions set out under item number 5, 6, 7 and 8 are recommended for approval of the members of the Company as Ordinary Resolutions.

None of the Directors or Key Managerial Personnel of the Company and their relatives, except Mr. S K Ganguli, Mr. S C Kumar, Mr. B K Goswami and Mr. C K Mahajan being interested in their respective resolutions, is in any way, concerned or interested in these resolutions.

Item No. 9

The Board of Directors has appointed Mr. Satnam Singh Saggi, Cost Auditor (Membership No.10555), as the Cost Auditor for audit of the cost accounting records of the Company pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under for the financial year 2014-15. It is proposed to pay Rs. 1,65,000 as the remuneration, plus out of out of pocket expenses incurred/to be incurred by the auditors during the course of audit.

Accordingly, resolution set out under item number 9 is recommended for approval of the members of the Company as Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives is concerned or interested in the said Resolution.

Item No. 10

The Company has expanded its capacities during last one

decade with the implementation of growth plan under the UP sugar incentive policy 2004-2008 (since withdrawn) in sugar, alcohol and power segments. In order to complete the means of finance, the Company has taken long and short term borrowings from the Banks/financial institutions.

In this regard, the Company has passed a resolution under section 293(1)(d) of the Companies Act, 1956 at the 73rd Annual General Meeting of the members of the Company held on Thursday, December 17, 2009, regarding the borrowing powers, to authorize the Board of Directors of the Company to borrow monies, from time to time, for the business of the Company notwithstanding that the money to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of paid up share capital of the Company and its Free Reserves provided that the total amount of monies borrowed at any time, shall not exceed Rs. 1600 crore.

Now, with the enactment of the new Companies Act, 2013, it is considered necessary to pass the same resolution afresh under the provisions of Section 180(1)(c) of the said Act.

Accordingly, resolution set out under item number 10 is recommended for approval of the members of the Company as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, except the Bank nominee directors to the extent of financial exposure of the Company in any way, concerned or interested in the said resolution.

CHAIRMAN'S MESSAGE



Dear Shareholders,

Simbhaoli Sugars Limited has witnessed one of the most challenging times in its history spanning over eight decades. We, predominantly being a sugar player, and operating in the state of Uttar Pradesh, have been passing through a difficult phase of business for last three years (2011-2014), which has affected the financials, liquidity and growth plans. On the other hand, this down term has given us an opportunity to find our strengths and re-create a corporation, which is internally strong and externally reorganized. Though the adverse phase is still continuing, I hope that with the internal measures taken, restructuring pursued by the Company and recognition of the issues related to the industry by the regulators, in short time we will be able to regain our financial health and business growth as we had in the past.

The year under reference has thrown new challenges including corporate management issues at operating levels, for which effective and firm steps, as permitted under the law, have been taken for tackling the financial irregularities.

The year saw closure of the distillery owned by our hundred percent subsidiary, Simbhaoli Spirits, by the National Green Tribunal (NGT). Against this, complete facts, along with compliance reports have been placed before NGT to seek its positive consent. As per directions of NGT for mandatory compliance before re-start of the distillery operations, the steps have been initiated and with respect to arbitrary nature of penalty imposed, the Company has filed an application for relief before the Hon'ble Supreme Court of India. Let me assure you, that we have always been environmentally compliant and will be able to re-start the subsidiary company's business shortly.

At this juncture, I wish to place on record the macro reasons which affected Simbhaoli Sugars as part of the Uttar Pradesh based sugar industry in recent years.

- a. We set up a new sugar plant, two ethanol distilleries and expanded the existing sugar and co-generation capacities, relying upon Industry specific incentive policy laid by the State in the year 2004, by spending over Rs 450 crore during Scheme period. The business model having such a large capital expenditure by a Company of our size was singularly based upon policy related incentives and further liberalization plans of the Government. However, this incentive policy was withdrawn, and except for small benefits to a few sugar industry players, most of the companies have been denied all their legitimate claims under the policy. We, till March 31, 2014 had to forgo Rs 140 crore worth of claims considering high interest rate regime that has a much larger cascading effect.

- b. The parity between the free sale sugar price and sugar cane pricing in the State has been completely out of synchronism. During last 4 years (2010-2014), the sugar prices have registered an increase of 8 percent, whereas the sugar cane prices have gone up by 65 percent, so much so that in last 2 years the cane price has been 90% of the average sugar price. This has negated all efforts made by us to improve our realisation by improving product quality, which is about 5 percent higher to the average received by regional industry.
- c. The average sugar recovery in west UP has been falling consistently because of poor sugarcane quality, lack of resources for changing the seed material and lack of integrated efforts by farmers, state and industry in this direction. So much so that the sugar recovery in three out of the last five sugar years each, has reflected a decline of 45 and 52 basis points which has the hardest bearing on the cost of production.
- | Block of 5 years | Average Sugar recovery in West UP |
|------------------|-----------------------------------|
| 2000-2004 | 9.87% |
| 2005-2009 | 9.42% |
| 2010-2014 | 8.90% |
- d. The ethanol blending plan which has been started with a number of environmental and sustainability promises, remained partially implemented. The quantity offered for procurement remained less than half of the five percent blending promised and prices remained non-remunerative. Therefore, the program, which has revolutionised Brazilian industry and is the most suitable to India, could not reach to a level of creating a commercial viable proposition for Indian industry, inspite of a sizable investments made in creating industrial infrastructure. Your company has created 180 kl/day ethanol capacities which remained only 25% utilized.
- e. Lastly, while most of the states have started pursuing the sugarcane price policies based upon Central Government "Fair and Remunerative Price" guidelines, UP continued with the State specific pricing of sugarcane, which has been higher by Rs.110 per qtls in 2012/13 and Rs 70 per quintal in 2013/14. During the year, most of the cane producing states, have agreed to switch over to price sharing formula of 70 or 75 percent of sugar price to be the cane price, UP has not done anything in this direction. There have been over 10,000 crore of sugarcane price arrears at the end of 2013/14 season in the country and over seventy percent thereof is in UP.

The aforesaid have led to Company specific issues like high borrowings, high finance costs and other fixed costs, lack of investments in the business etc, which all had a cascading effect on the financials of the Company.

We have always been optimistic and strongly feel that the coming business year will bring a new dawn in the Indian sugar industry, particularly for Central and State Governments, being the regulators of the industry have recognized the issues and started taking permanent steps to not only revive the industry, but also sustain a fair operating field. The ongoing steps by the government as stated herein below should be catalyst of reviving the business and establish a sustainable business model:

- a. After deregulating the sugar control mechanism, removing the levy sugar obligations and lifting the distribution controls on all types of sugar. (Rangarajan Committee recommendation) from 2014/15 onwards.
- b. The announcement of mandatory 10% blending of ethanol, improvement in prices at realistic levels and approval of direct making of ethanol from Juice will take care of production volatility in the industry.

We, at Simbhaoli have taken long term initiatives and our efforts made proactively, over the last three years and steps initiated/being pursued to overcome the situation include mainly:

- a. In 2013/14 Simbhaoli has increased its sugar recovery by 53 basis points (from 8.89 to 9.42 percent) by making farm related efforts and trend reversal has started. There has been average reduction of 16% in cane crushing across UP, which was limited to only 12.8% in case of Simbhaoli group.
- b. Simbhaoli strategies of bringing international expertise in its power and refining businesses have provided stability against the high volatility of the sugar business.
- i. The power plant at Chilwaria is expanded by 16 mwh, with an investment of over Rs 54 crore and power plant at Simbhaoli is under expansion by 28 mw with an investment of Rs 144 crore.
- ii. The stand alone, state of the art 1000 tpd sugar refinery at Kandla in JV with ED & F Man UK is commissioned in 2014/15 with investment of Rs 270 crore.
- c. The size of operations of ethanol businesses are being increased by improving days of operations, and reducing costs.

I thank you for bestowing your confidence in the management, and I re-assure you that with all efforts made by the Company, employees, its banks and other stake holders, we will re-create Simbhaoli as one of the strongest and sound business enterprises in near future.

Best Wishes



Gurmit Singh Mann
Chairman

New Delhi
Nov 14, 2014

DIRECTORS' REPORT

To the members of Simbhaoli Sugars Limited

Your directors have pleasure in placing the directors' report together with management discussion and analysis report for the financial year ended on March 31, 2014.

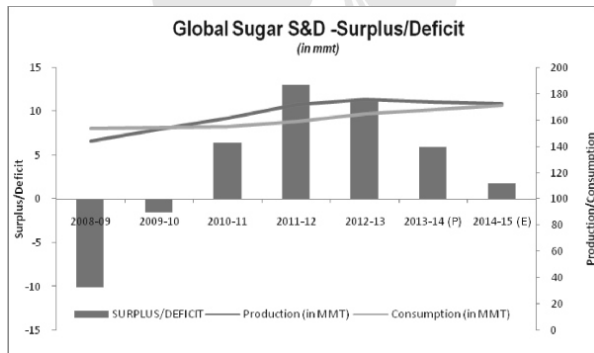
Management Discussion and Analysis

International Sugar Industry

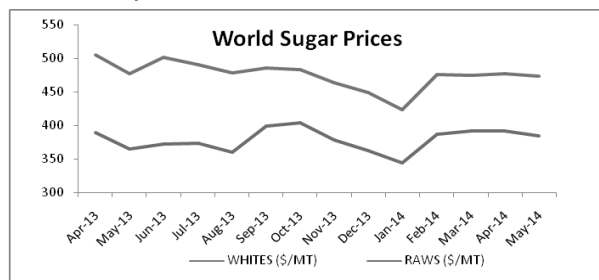
As per latest production estimates of International Sugar Organisation (ISO), the World sugar production for year 2013-14, is expected to be 181.1 mmt (rv), reflecting a fall of over 3 mmt (rv) on the previous sugar year. This exceeds the consumption by nearly 4.4 mmt. Sugar year 2014-15 is expected to end as a balanced year or with small deficit after a surplus of three years with production at 176.7 mmt. There is a likely fall in production from Brazil, the EU, Ukraine and Mexico, which is offset by an expected surplus production in Thailand, India, Pakistan, China and Russia.

The Brazilian Sugarcane Industry Association (UNICA) has projected a sugarcane crush of 580 mmt for the 2014-15 sugar year, reflecting a 2.84% reduction from sugarcane crushing of 597 mmt in 2013-14. The projection reflects a drop in agricultural yields resulting from the long period of drought and aged sugarcane. However, this is expected to be partially offset by higher sugar recovery.

Balanced supply and demand situation, limited investment and weather uncertainties, can lead to an improvement in the year-on-year prices in 2014-15. However, with large carry over inventories, the probability of a sharp increase in prices is very much limited.



The sugar prices in the year 2013-14 remained bearish, with a low of 14.70 c/lb in Jan 2014. However, the prices recovered back to 18 c/lb in Feb 2014 due to expected draught in Brazil. The current price structure reflects sluggish demand with limited volatility. The white sugar premium also remained low on account of ample supplies from existing as well as newly commissioned refineries.



Indian Sugar Industry

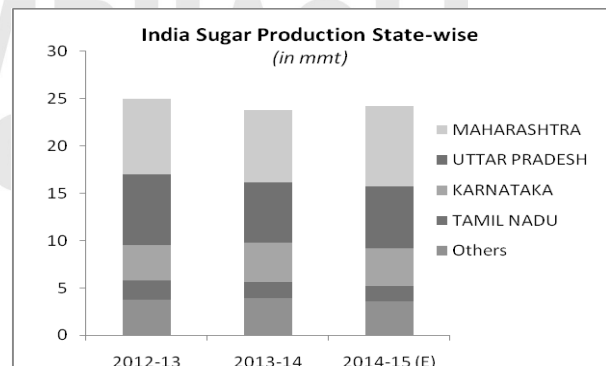
The economic conditions of the Indian sugar industry has deteriorated consistently over the past few years, due to continuous operational losses incurred by the sugar mills. The wide gap between the high cost of sugarcane and low realization from sugar, have severely impacted the financial condition of the sugar mills. The production has been consistently surpassing the domestic consumption and lower international prices are not providing enough opportunity for exports.

(in mmt)

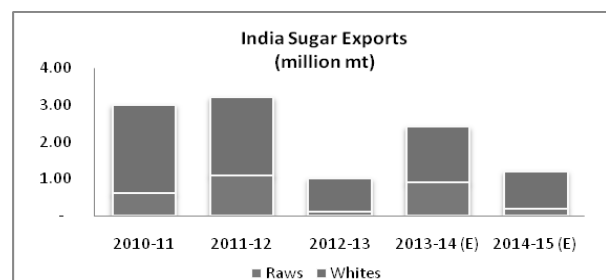
Particulars/Sugar Year	2012-13	2013-14 P	2014-15 E	Change %
Opening Stock as on 1st Oct	6.6	9.3	7.7	(17.2)
Production during the Season	25.1	23.8	24.0	0.8
Imports	0.7	0.10	-	-
Total Availability	32.4	33.2	31.7	(4.5)
Consumption	22.8	23.5	24.0	2.1
Exports	0.3	2.0	1.0	-
Closing Stock as on 30th Sept	9.3	7.7	6.7	(12.9)
Stock as % of Off-taker	40.8	32.8	27.9	-

Source: ISMA and SSL Estimates

India's sugar output for the year 2013-14 is estimated at 23.8 mmt (25.1 mmt in 2012-13), 5.18% lower, marking a second successive year of marginal decline. This has been mainly due to weather conditions in the key sugar producing regions i.e Maharashtra, Uttar Pradesh, Karnataka etc and higher diversion of sugarcane for alternate sweeteners.



The exports remained limited for the year 2013-14, at 2.00 mmt (previous year 0.35 mmt). The major part of exports for the year 2013-14 took place from March 2014 onwards, on account of export related incentives announced by the Government of India to handle surplus stocks.



Sugarcane

The sugarcane production for the year 2013-14, is estimated at 336 mmt (previous year 339 mmt), and major part of it is consumed by sugar mills. The agricultural yields remained

consistently lower year after year, on account of lack of investments in sugarcane development program by the farmers, industry and the Government. Likely drought conditions for 2014, may affect the sugarcane crop in rain fed irrigation areas for 2014-15, however, no significant change is expected in the sugarcane acreage.

The fixation of sugarcane price continued to remain as the most debatable subject. For the year 2013-14 also, the States followed arbitrary sugarcane pricing policies, disregarding the economic ability of the mills. Particularly in the state of Uttar Pradesh, the state advised sugarcane price has been significantly higher than the fair and remunerative price announced by the central government. As a result of fixing excessively high sugarcane price, with no linkage between the sugar prices and sugarcane price, at the end of 2013-14 crushing season, sugarcane price arrears in most of the sugarcane producing states have been accumulated to over Rs 1200 billion. The highest arrears are reported in Uttar Pradesh, and become a subject matter of serious issue at government, industry and farmers level. A number of steps have been initiated by the Government, which only helped to mitigate the situation to a little extent. Scheme has been introduced for payment of sugarcane price arrears and banks have advanced Rs. 1,200 crore to the industry by the end of March 31, 2014, under a package aggregating Rs. 6600 crore announced by the Central Government to partially meet 2012-13 arrears.

Following the recommendations of Rangarajan Committee on fixation of sugarcane price as a percentage of revenues of the sugar mills, the states of Maharashtra and Karnataka are in the process of introducing linkage of the sugarcane prices on the basis of the revenue-sharing. In these states, it is expected that the sugarcane prices will be equal to 70% of the ex-mill values of the sugar and its by-products. This much awaited step will give relief to the sugar industry in these states. However, the State of UP is yet to initiate any such corrective measure. Industry is confident that adaptation of revenue-sharing formula will bring long term sustainability in the sugar sector.

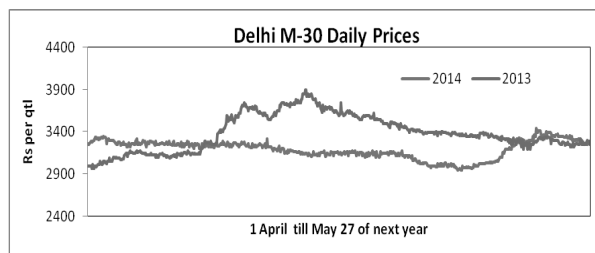
Sugar Year 2014-15

The probability of El Nino weather phenomenon developing in 2014 exceeds 70%, raising the prospects of bringing drought conditions across the globe. In India also, El Nino might have negative impact on south-west monsoon affecting the production of summer crops such as rice, sugarcane and oilseeds. Further, government support and import-export policy will be the key drivers in the sugar year 2014-15. With the sugarcane plantation already made, the domestic sugar output is expected to be higher at 24 mmt, reflecting a surplus inventory of over 6.67 mmt at the end of year.

Price Trend

Sugar prices in the domestic markets remained range bound during the year with little volatility on account of sufficient supplies and lack of exports. The prices, however reflected some improvement in the month of March 2014 due to likely weather related issues, increase in international prices, reduced selling pressure on mills during end of the crushing period, and export supported by Government incentive.

The increased prices could not sustain after March 2014, on account of selling pressure on the millers for creating additional liquidity for payment of sugarcane price arrears, and reduction in the physical exports. The graph shows the sugar price movement in Delhi region during the year.



(in mmt)

Facilities	Cane Sugar (TCD)	Raw Sugar Processing (TPD)	Alcohol/ ethanol (KLD)	Power (MWH) @	Manure (MMT/day)
Simbhaoli (Western UP)	9500	850	90#	34	17
Brijnathpur (Western UP)	4000	600	60	-	9
Chilwaria (Eastern UP)	6000	600	60	38	9
Total	19500	2050	210	72	35

#Simbhaoli Spirits Limited, subsidiary company

@Simbhaoli Power Private Limited, subsidiary company

The sugar businesses are integrated with alcohol and power. The co-generation units of Simbhaoli Power Private Limited (SPL), a subsidiary company, located within the Simbhaoli and Chilwaria complexes are capable to generate bio-mass based power aggregating to 72 mwh and supplying the power for the captive consumption to the sugar plants of the SSL. The surplus power of SPL is being supplied to the UP State grid under the power purchase agreements. Simbhaoli Spirits Limited, a wholly owned subsidiary company is capable to produce 90 Kl/day of potable alcohol and ethanol.

Branding

The sugar division of the Company continued to expand its sugar brand, 'Trust' in the natural sweetener segment. It has developed sales and marketing infrastructure for distribution through modern retail and wholesale trade channels. The market area of newly introduced 'Sipp' fruit drink mix has been further expanded during the year. Sunehra, the mineral sugar, was re-positioned riding on the good health platform with a premium pricing strategy. Trust branded sugar sachets enjoy the volume leadership in the industry. Appropriate brand communication investment was also carried out to spread brand awareness, and consumer trials.

International trading

The Company expanded its export operations by introducing large grain size sugar to Canada. Further, the Company has introduced white refined sugar in 2 kg retail packs for Hong Kong and Pacific island markets and this volume is expected to increase significantly. Trust branded sugar has also been introduced to other destinations viz. Mauritius, Seychelles, Bahrain and Kuwait.

During the year, the Company has exported 6,400 MT of refined sugar under the advance authorisation scheme (AAS) and open general license (OGL). There is a pending obligation of 17,897 mt under AAS. Possibilities of import of raw sugar from Brazil and purchase of domestic raw sugar from Maharashtra and Karnataka for refining are being explored for higher capacity utilization and improved price realization.

Human resources

The Company has a committed and motivated work force. It upholds the fundamental principles of human and workplace rights in all its businesses. A number of employees' participation and welfare programs have been initiated during the year. Keeping the philosophy of continuous training and job improvements, the Company has imparted 640 man days of training (previous year 1980 man days) to its employees during this year. The relation between the management and employees continued to remain cordial at all the locations. During the year, the manpower cost has increased on account of new recruitments, general inflation and increased allocation for retirement benefits.

SWOT

The areas of operations of the Company and its subsidiary companies are well diversified, with multi products and services spanning over a number of geographical locations. Each of the business segments has its own strengths and weaknesses and is subject to a variety of opportunities and

threats. The group has the following SWOT attributes broadly:

Strengths

1. Sugar units are located in the sugarcane-rich Indian state of Uttar Pradesh
2. Well irrigated sugarcane area, which is not much dependant on weather pattern
3. Integrated facilities to produce white sugar using sugarcane and refining of raw sugar
4. High quality of sugar; attracting premium in domestic and global markets
5. Producing all varieties of sugars including pharmaceutical-grade and Specialty sugars
6. Presence in branded and packaged segment which has large growth

Weaknesses

1. Cyclical nature of the industry. Sugarcane production is subject to natural and economic cycles
2. Highly leveraged with high interest and fixed costs
3. Brijnathpur sugar unit is not an integrated sugar complex

Opportunities

1. To command high sugarcane recovery and yield
2. To improve sugarcane productivity and quality by varietal change and development program
3. Flexibility to refine raw sugar for improving capacity utilisation
4. Growth in technology consultancy business through a subsidiary company, Integrated Casetech Consultants Pvt Ltd in India and overseas
5. Possibilities to expand power generation business and increase in operating days
6. Regular exports on account of quality, brands and product mix

Threats

1. Adversities in agro-climatic conditions may impact
2. Volatile commodities markets have a bearing on international and domestic operations
3. Highly regulated environment
4. Un-hedged positions in sugar and currencies
5. Lack of parity between cost of production and sale values of sugar resulting in unpaid sugarcane price position.

Quality management system

The sugar units of the Company are compliant to internationally recognized quality, environment and food safety standards ISO 9001:2008, ISO 14001:2004 and FSSC 22000:2011 certified. These management systems are applied to develop a systematic work culture that emphasizes process ownership across all levels of the organization. Other concepts like quality circles, task forces, and committee assignments etc are in operation for many years in the Company.

Internal control system

The evaluation of internal financial controls and risk management systems is a continuous process for any organization. The Company has adequate systems of internal control commensurate to its size and nature of business to safeguard the assets against loss and from any unwarranted use. All transactions are authorized, recorded and reported correctly. Internal audit and checks are carried out regularly

at various units, projects and activities centers to ensure the adequacy of control system and its monitoring. The internal control procedures and information flow is transparent, predetermined and regulated.

During the year, certain incidences of financial irregularities, and breach of fiduciary responsibilities have been reported in the sugar businesses of the Company, which have been appropriately dealt with in accordance with corporate governance policies of the Company. At the same time, the review functions of the business affairs have been further strengthened. Steps have been initiated to implement stringent control and reporting measures including structured information system into all areas of its business operations. It is ensured that such incidences should not re-occur. The details of such incidence and the financial impact are given elsewhere in this report.

The Company has, in consultation with its internal auditors, re-formulated the scope, functioning, periodicity and methodology for conducting the internal control procedures and internal audit function.

Risk assessment and mitigation policy

SSL has adopted a system based approach for risk management, with clear objectives of identification, evaluation, monitoring and minimization of the identifiable risks. Policies have been formulated for controlling the risks and taking mitigation measures on proactive basis. The management reviews the risk management framework periodically to identify the major business risks as applicable to the businesses of the Company and works out their mitigation strategies.

Environmental Compliance

The Company has been operating in compliance with the norms laid down by the state Pollution control authorities. Further, with reference to the alcohol operations of the Company, the mechanism to control the effluent treatment at zero discharge levels is in place in line with the prevailing policies being pursued by regulators and industry.

Technology initiatives and energy conservation methods

The Company has adopted various technology initiatives and energy conservation methods for efficient operations. The measures taken during the year are described in detail in the Annexure forming part of this report.

Corporate social responsibility (CSR)

The Company has a corporate social responsibility (CSR) policy indicating the guidelines for social welfare activities to be undertaken. Various CSR initiatives are undertaken directly by the Company and through Simbhaoli India Foundation (SIF), a non-profitable institution established by the Company. It is implementing programs in the fields of education, healthcare, clean water, social welfare, village infrastructure development in reserved areas of its sugar mills. The Company, on its own, is meeting its social responsibility obligations by encouraging cleaner surroundings, improving village level infrastructure, unclogged drains and to learn the value of good hygiene and sanitation. The employees are important stakeholders in the SIF, and have contributed to set-up its corpus fund.

During the year, SIF has participated in the fund raising activities for the foundation, carried out health based initiatives for employees and farmers, organized a blood donation camp, and provided a service ambulance for local use at one of the sugar unit area.

The Company is disseminating information on its CSR

policies, activities and progress to all their stakeholders and the public at large through its website, annual reports, and other communication media. It is proposed to constitute a committee of directors to review the activities under its CSR policy.

Secretarial Audit

The Company follows and adheres to the compliances under the provisions of the Companies Act, listing agreements with stock exchange(s), SEBI regulations, Reserve Bank of India notifications and other statutory/regulatory authorities as applicable from time to time. It has a team of professionals, who are handling the statutory requirements under the said provisions and also following the principles of transparency, accountability, corporate citizenship and environment consciousness in the best interest of its stakeholders. It is proposed to engage the Secretarial Auditors of the Company under the provisions of the Companies Act, 2013.

Information technology

The information technology system of the Company is operating on SAP based enterprise resource planning (ERP) environment, optimizing the performance of its businesses as well as the business network. During the year, initiatives have been taken to bring operations of newly formed subsidiary/joint venture companies also into SAP environment. All the business units of the Company are now integrated through SAP modules.

Insurance claim on loss of raw sugar

A vessel carrying 22,500 MT of raw sugar had sunk in July 2009 and the cargo insurance company repudiated the claim of Rs 47.80 crore. The Company has initiated legal proceedings against the insurer in India and vessel owner in London. In a negotiated settlement in London legal proceedings, the Company received part compensation towards the cost of raw sugar and associated expenses from the vessel owner. However, the Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for balance claim of Rs. 7.69 crore and interest thereon.

Business Restructuring

The Indian sugar industry, particularly operating in the state of Uttar Pradesh, has been facing financial difficulties on account of higher sugarcane prices, lower realization of sugar high fixed costs and finance charges. Having recognized the need and in order to save the beleaguered sugar industry, the Central and State Governments, have taken various measures, including same sugarcane price for 2013-14 sugar season as that of last year, benefits in the form of remission of society commission, purchase tax and entry tax in the UP state, and subvention on interest cost on specified loans. Creation of linkage between sugar price and sugar realizations is also under consideration as a long term measure to revive the industry. However, the timings quantum and process of implementation of these initiatives, have fallen short of expectations.

Your Company has incurred losses for last three consecutive years, resulting in financial stress, liquidity constrains, and consequent erosion of its net worth. Recognizing the problem, and for de-risking its businesses and improving its financial position, the Company has been taking a number of measures, including business restructuring of its operating divisions and transferring them into special purpose companies and planned growth in the operations of such SPVs with disinvestments.

In this direction, during the year, the Board of directors has approved a Scheme of Amalgamation with Simbhaoli Spirits

Limited (SISPL), providing for its amalgamation with SISPL pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 (the Scheme). The proposed amalgamation would result in integration of operations, cost savings, improvement in financial strength and flexibility for the merged entity, which would maximise overall shareholders' value, and will improve the competitive position.

The Scheme is subject to the requisite approvals, and will be implemented after the sanction of the Hon'ble High Court of judicature at Allahabad. Scheme envisages transfer and vesting of the entire business and undertakings of the Company in SISPL, without any further act and deed. SISPL, after the implementation of the Scheme will be listed with the same stock exchanges as that of the Company subject to the approval of the SEBI. Pending sanction of the Scheme, no financial impact of the Scheme has been considered in the financial statements for the Financial Year 2013-14.

Your directors are confident that expected outcome of business restructuring exercises being undertaken by the Company, favorable measures by the Government, and impact of the proposed Scheme, will bring financial viability in the business of the Company. Therefore, the financial statements for the year 2013-14 have been prepared on a going concern basis. In the event, the Company is not able to achieve the results of the above measures; requisite steps as applicable to the sick companies will be initiated under the prevailing laws.

Operations of Subsidiary/ Associate companies

I. Simbhaoli Spirits Limited (SISPL), a wholly owned subsidiary of SSL, is operating a potable distillery at Simbhaoli. It has 90 kld capacity to manufacture rectified spirit, and 60 kld capacity to manufacture extra neutral alcohol and ethanol. It has a bottling capacity at Simbhaoli and contract bottling capacities in 7 states. It is one of the regular suppliers to canteen and stores department of armed forces for its certain brands. The gross revenues earned by SISPL during the year have been Rs 94.64 crore with a pre-tax loss of Rs 14.99 crore. The plans are drawn to restructure the business, its markets and product range in the manner that the business can be revived in short term.

During the year, the State environment authorities withheld the annual consent for the year 2014 and distillation operations have been suspended with effect from Feb 20, 2014. This has been followed by a proceeding before the bench of National Green Tribunal, New Delhi (NGT). The Company has been complying with environmental control measures as applicable to it in the past. Based on the legal advices, the management is confident to obtain a favorable order from the NGT and thereafter resuming the distillation operations.

II. Simbhaoli Power Private Limited (SPL) is a 51% subsidiary, with a joint venture (JV) with Sindicatum Captive Energy Singapore Pte Limited (SCES). During the year, SPL has expanded the power generation capacity from 54 mw to 72 mw. It has a plan to further expand Simbhaoli cogeneration plant by 28 mw from existing 34 mw to 62 mw with a total project cost of Rs 144 crore. The proposed expansion will make the power generation to 100 mw. The gross revenues earned by the Company during the year have been Rs 40.82 crore with a pre-tax loss of Rs 28.56 crore.

In the previous year, the Company had transferred the Power business at an aggregate consideration of Rs. 15,978.62 lacs as per Business Transfer Agreement

(BTA). At the year end, the BTA consideration outstanding of Rs.11,204.33 lacs (previous year Rs. 15,466.58 lacs) will be discharged in the manner as prescribed in Note 4 of the financial statements. The outstanding consideration payable has been disclosed under other current assets and other non-current assets.

Subsequent to year end an amount of Rs. 833 lacs has been utilized towards subscription of equity shares/ Cumulative Convertible Debentures and amount of Rs. 4,000 lacs has been received in cash. The management is hopeful that the entire liability will be discharged by SPL in the manner as agreed in the JV.

III. Integrated Casetech Consultants Private Limited (ICCPL) is an 85% subsidiary, and the technology vertical of SSL, earned gross revenues of Rs 44.03 crore with a pre-tax profit of Rs 2.14 crore for the year 2013-14.

During the year, the services of certain directors/senior executives of ICCPL have been terminated on account of managerial misconducts by misappropriating the resources and breach of fiduciary duties by them. Appropriate legal proceedings have been initiated to recover direct and indirect losses incurred and necessary injunctions have been obtained. The internal control procedures have been further strengthened so that such incidences should not re-occur.

IV. Uniworld Sugars Private Limited (USL) is a joint venture company having a 1,000 tpd (300,000 mt per annum) sugar refinery near Kandla Port, Gujarat. The share capital has been subscribed equally by the Company and ED & F Man, UK along with their affiliates. The refinery project though substantially completed, is expected to be capitalized with a total cost of Rs 270 crore. The commercial operations will commence in early 2014-15.

V. Simbhaoli Global Commodities DMCC, Dubai, is the wholly owned subsidiary. During this year, no major business activities were carried out and the gross revenue earned is Rs 1.43 Lacs with a pre-tax loss of Rs 6.29 Lacs.

OPERATIONS

A summary of the physical operations of various business units of the Company for the year 2013-14 is stated as under:

Manufacturing Facilities	Unit	Simbhaoli		Chilwaria		Brijnathpur		Total	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Sugarcane crushed	Lacs MT	11.19	10.96	6.37	6.55	4.46	4.69	22.02	22.20
Sugar recovery*	%	9.91	9.32	8.99	9.06	8.60	8.68	9.12	9.02
Raw/ below grade sugar refined	Lacs MT	0.20	0.13	-	-	0.07	0.05	0.27	0.08
White Sugar produced#	000' MT	119.79	112.5	57.30	58.0	45.01	44.9	222.10	215.4
Surplus Power exported	Kwh	NA	190.7	NA	293.9	NIL	NIL	NA	484.6
Gross season for sugar plant	Days	141	136	136	149	142	141	NA	NA
Date of start of the Sugar plant	-	Dec 7, 2013	Nov 16, 2012	Dec 11, 2013	Nov 23, 2012	Dec 10, 2013	Nov 16, 2012	NA	NA
Date of closure of Sugar plants	-	Apr 26, 2014	Apr 26, 2013	Apr 25, 2014	Apr 27, 2013	Apr 30, 2014	Apr 29, 2013	NA	NA
Days of operations of distillery	days			171	205	255	237	NA	NA
Alcohol/ Ethanol produced	B.L (Lacs)			98	105	133	141	231	246

* recoveries have been adversely affected on account of climatic conditions.
including conversion of raw and below grade white sugar, into refined sugar

The commencement of 2013-14 crushing season in the sugar plants was delayed on account of disagreement with the state government on fixation of sugarcane price based upon economic viability. However, the number of days of operations for the year remained in line with previous year. The sugarcane crushing at Simbhaoli sugar plant has been higher by 2.1%. The average sugar recovery has been marginally higher over the previous year on account of improvement in sugarcane management. During the year, 22.2 lacs qtl (Previous year 21.5 lacs qtl) of white sugar was produced and 23.15 lacs qtl (previous year 22.86 lacs qtl) of sugar from both sugarcane and refining of raw sugar, was sold at an average price realization of Rs 3170 per qtl (previous year, Rs 3340 per qtl). The average realization of sugar was lower by Rs 170 per qtl on account of depressed market scenario.

FINANCIAL RESULTS, ANALYSIS AND REVIEW

A summary of the stand alone financial results of the Company for the year ended March 31, 2014 is stated as under.

(Rs in lacs)

Particulars	Year ended Mar 31, 2014	Year ended Mar 31, 2013
Net Sales/Income from operations	83,578	88,494
Other Income	2,812	1,704
Profit/(Loss) before Interest, depreciation and exceptional items	835	(1,695)
Interest expense	14,181	11,198
Depreciation	2,795	3,591
(Loss) before tax & exceptional items	(16,142)	(16,484)
Exceptional Gains/(Loss)	(1,058)	17,486
Tax expense	23	201
Deferred tax benefit/(charge)	-	(4,748)
Net (Loss) after Tax	(17,223)	(3,946)

During the year, the business of the Company has been affected adversely on account of delay in start of the sugar plants, high sugarcane prices, low sugar prices, and high finance and other fixed costs. In view of the absence of distributable profits, and substantial carried forward business losses, the directors express their inability to recommend any dividend for the year.

The Company is implementing a Scheme of Amalgamation with Simbhaoli Spirits Limited, having appointed date as March 31, 2014 (the Scheme). The financial figures of the amalgamated entity after implementation of the Scheme will significantly vary particularly with reference to the share capital structure, reserves and surplus, and net worth. The impact of these changes pending final approval of the Scheme has not been considered in these accounts and therefore, not commented.

The following is summary of financial review for the year:

Share Capital: There was no movement in share capital during the year.

Reserves and Surplus: The following movement has taken place during the year:

- (i) Revaluation reserve: Deduction of Rs. 37.42 lacs, (previous year Rs. 57.05 lacs) being amount transferred to Profit and Loss Account.
- (ii) Capital grant in aid: Increased by Rs. 112.89 lacs, Rs 120 lacs received during the year on account of Bio-gas Engine set up in Brijnathpur Ethanol Unit and adjustments for amount utilised during the year, Rs 7.11 lacs.
- (iii) Share option account: Rs 37.11 lacs transferred to P&L account.

Pending completion of restructuring under the Scheme, the Net worth of the Company shows a negative balance of Rs 163.46 crore (previous year Rs 8 crore positive). However, on implementation of the Scheme, the net worth will turn into positive.

Long term borrowings: Long term borrowings have reduced by Rs. 64.68 crore during the year. Against this, Rs 46.38 (net) has been repaid to the lenders, (previous year Rs. 62.34 lacs). The loan accounts of the Company remained regular with the lending banks.

Short term borrowings: Unsecured short term borrowings have increased by Rs 459.83 crore (net) principally on account of re-classification of agri loan liabilities due to certain banks from Current liabilities to Short term borrowings.

Fixed assets: Addition to the fixed assets aggregating Rs 16.10 crore (previous year Rs 15.52 crore) includes the following:

- i) Rs. 6.48 crore for setting up Biogas engine at Brijnathpur ethanol division
- ii) Rs. 7.02 crore for setting up Zero mill house at Chilwaria Sugar division
- iii) Rs. 2.60 crore on account of miscellaneous assets

The Company has deducted Rs. 2.83 crore (previous year Rs 183.6 crore) from fixed assets:

- i) Diesel generating sets of Rs. 73.21 lacs,
- ii) Components of the boiler of Rs 31.38 lacs, and
- iii) Rs. 1.75 crore on account of miscellaneous assets.

Investments: The Company has following investments as on March 31, 2014:

(Rs in lacs)

Particulars	Opening balance as on April 1, 2013	Additions during the year	Balance as on March 31, 2014
(i) 2,00,800 equity shares of Rs 10 each in Integrated Casetech Consultants Private Limited	38	---	38
(ii) 2,74,56,690 Equity shares of Rs. 10 each in Uniworl Sugars Pvt. Ltd.	6,994	232	7,226
(iii) 300 Equity Shares of AED 1000 each in Simbhaoli Global Commodities DMCC	40	---	40
(iv) 3,18,00,000 Equity shares of Rs. 10 each in Simbhaoli Spirits Ltd	25,405	---	25,405
(v) 19,29,705 Equity shares of Rs. 10 each in Simbhaoli Power Pvt Ltd	517	1,368	1,885
(vi) 28,94,573 debentures of Rs. 100 each of Simbhaoli Powers Pvt. Ltd.	0	2,894	2,894
(vii) Others	2	---	2
Investments at the end of the year	32,996	4,494	37,490

Inventories: Inventory amounting to Rs 456.60 crore (previous year Rs 544.16 crore) includes finished goods, raw material, process stocks, and store items. The sugar at the year end is valued at net realizable value of Rs 3,231 per qtl (previous year Rs 3,233 per qtl).

Sundry debtors: Sundry debtors (net) amounting to Rs. 65 crore (previous year, Rs. 74.03 crore), are considered good and realisable. Provisions are generally made for all debtors outstanding for over 360 days subject to their scope of realization, industry trend and management's perception. Debtors are at 7.53% (previous year 8.12%) of gross revenues, representing an outstanding of 27 days (previous year 30 days).

Cash and Bank Balance: Cash and bank balance of Rs 34.31 crore (previous year Rs 83.33 crore) includes fixed deposits of Rs 25.82 crore out of which Rs 22.30 crore are

pledged with banks for securing certain loans, letters of credit, guarantees and other facilities.

Other Current Assets: Other current assets of Rs 153.08 crore (previous year Rs 162.68 crore), comprise a receivable of Rs 134.74 crore (previous year Rs 145.23 crore) against slump sale of Power business of the Company to Simbhaoli Power Private Limited. A part of this has been realized subsequent to the end of financial year.

Trade payables, other current liabilities, and provisions: Trade payables at Rs 453.58 crore (previous year Rs 868.15 crore) are reduced by Rs 414.57 crore, on account of reclassification of agri loan liabilities to short term unsecured borrowings. The liability includes amount payable against sugarcane supply, other raw materials, stores and services. The other current liabilities of Rs 152.77 crore (previous year Rs 112.0 crore) reflects amount payable against finance charges and other miscellaneous liabilities. There is no significant movement under the head short term provisions during the year.

Sales and other income: Sales and other income (net of excise) is Rs. 863.90 crore (previous year Rs. 901.98 crore). The segment wise allocation of revenues for the year 2013-14 and for preceding two accounting years is as under:

(Rs. in lacs)

Years/ Segment	Sugar		Alcohol		Power	
	Turnover	%age	Turnover	%age	Turnover	%age
2010-12*	107,206	86.75	10,389	8.41	5,987	4.84
2012-13	80,841	88.65	8,258	9.06	2087	2.29
2013-14	78,331	90.68	8,050.40	9.32	-	-

*consisting of a period of 18 months

The other income of Rs 28.12 crore (previous year Rs 17.04 crore) comprises interest, rent, dividend from subsidiary companies, foreign exchange fluctuation and miscellaneous earnings.

Raw Material Consumption: Sugarcane, molasses and raw sugar are the principal raw materials purchased by the Company. There has been a reduction of Rs 50.10 crore in raw material consumption on account of lower raw sugar procured and consumed during the year and accounting of benefits announced by the State Government related to sugarcane price.

Employees cost: The employee cost at Rs 46.77 crore (previous year Rs 43.52 crore), has increased by Rs 3.25 crore on account of higher provisions for retirement benefits and general increments.

Finance cost: Finance costs of Rs 141.81 crore (previous year Rs 111.98 crore) has increased by Rs 29.83 crore on account of resetting of rate of interest on certain loans for current as well as previous years and high utilization of working capital limits.

Other Expenses: Other expenses at Rs 82.75 crore are showing a reduction of Rs 26.73 crore, on account of overall cost reduction measures implemented by the Company.

Extraordinary Expenditure and Event: During the year, based upon the findings of internal enquiries and investigations, a shortage of finished goods amounting to Rs. 10.58 crore has been detected in the Simbhaoli and Brijnathpur sugar units of the Company. Following its internal policies, the Company has initiated requisite legal actions including termination of employment of certain senior executives for misappropriation of the Company's assets, financial irregularities and breach of fiduciary duties committed by them. The resultant loss to the Company has been written off in the books of accounts; though, steps have been initiated for recovery of direct and indirect losses caused by such mis-appropriation.

Accounting policies

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention method as modified to include the revaluation / business valuation of certain fixed assets as indicated in Notes to account. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Board of Directors of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/ judgments used in preparation of these statements. The estimates and/or judgments have been made on a consistent, reasonable and prudent basis to reflect true and fair view of the state of the affairs of the Company.

Debt servicing and public deposits

The Company has been able to meet its obligations towards the lenders for principal and interest, in terms with the respective letter of sanctions/approvals. The Company does not have any public deposits.

AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self-explanatory and explained in the appropriate notes to accounts.

DIRECTORS

At the forthcoming 77th Annual General Meeting (AGM) of the Company, Mr. Sanjay Tapriya, Director on the Board of the Company, is retiring by rotation and is being eligible, has offered himself for re-appointment. During the year, Justice C K Mahajan and Mr S N Misra have been appointed as additional directors on the Board of the Company to broad base the composition of the Board. Mr. Mahajan is an independent director and Mr. Misra is designated as Group Technical Advisor. Their brief profiles are given below:

- Justice Mahajan(Retd.), M.A. LL.B. has practiced in Delhi High Court, Supreme Court, Subordinate Courts and other Tribunals in Delhi, apart from High Courts of Himachal Pradesh and Punjab and Haryana in Civil, Service and Company matters. He was appointed as an Additional Judge of the Delhi High Court and then became permanent Judge.*
- Mr. S N Misra, is B. Sc. from Gorakhpur University, A.N.S.I. from National Sugar Institute, Kanpur. He worked in Simbhaoli Sugars Limited (SSL) for about 22 years and then joined Bajaj Hindustan Ltd., and Balrampur Chini Mill Group. He rejoined the Company at the Board level last year.*

The directors welcome Mr. Misra and Justice Mahajan on the Board of the Company.

During the year, the services of Dr G S C Rao, the then Whole Time Director and Group Chief Executive Officer were terminated as whole time director and considering his resignation, he ceased to be a director on the Board of the Company with effect from Sept 11, 2013.

SUBSIDIARY COMPANIES

The Company has four subsidiary Companies, viz. Simbhaoli Spirits Limited, Simbhaoli Power Private Limited, Integrated Casetech Consultants Private Limited, and Simbhaoli Global Commodities DMCC, Dubai. The consolidated financial statements presented by the Company include financial information of its subsidiary companies prepared in compliance with applicable accounting standards.

As per the general exemption granted by Ministry of Corporate Affairs, from attaching the balance sheet of subsidiary company (s) with the balance sheet of the holding company, statement showing the financial parameters is forming part of this annual report. The Company also confirms that the annual accounts of the subsidiary companies and the related detailed information will be made available to any investor at the corporate/registered office of the Company and that of the subsidiary company.

EMPLOYEE STOCK OPTION SCHEME

Under Simbhaoli Sugars Limited-Employee Stock Option Scheme 2007, all the balance stock options have lapsed on expiry of vesting period. No fresh stock options have been introduced during the year.

CORPORATE GOVERNANCE

The report on corporate governance along-with certificate from the practicing company secretary and certificate from Chairman, Managing Directors, and Chief Financial Officer form part of this annual report.

LISTING OF SECURITIES

The equity shares of the Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, Foreign exchange aggregating to Rs 19.91 crore (previous year Rs. 27.07 crore) was earned by the Company against the export and no amount was spent in foreign currency.

RESEARCH AND DEVELOPMENT

The details relating to Research and Development activities carried out by the Company are stated in Annexure of this Report.

CONSERVATION OF ENERGY

Details of steps taken for conserving the energy are stated in Annexure to this report.

PARTICULARS OF EMPLOYEES

None of the employees are being paid the remuneration, as required to be disclosed under the relevant provisions of the Companies Act, 1956/2013 and rules made there under.

AUDITORS

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, New Delhi, retire at the ensuing annual general meeting of the Company and, being eligible, offers themselves for re-appointment. You are requested to re-appoint them for the next three financial years 2014-15, 2015-16 and 2016-17 and empower the Board to fix their remuneration based on the actual cost incurred on time scale basis. The aforesaid appointment shall be subject to the ratification each year by the shareholders of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, read with the Rules made there under, with respect to the Directors' responsibility statement, it is hereby confirmed:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2014 and of the profit and loss of the Company for the year ended on that date;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and the transitional provisions under Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and that such systems were adequate and operating effectively.

CAUTIONARY STATEMENT

Certain statements in this report may be forward looking and represent intention of the management. Actual results may differ materially due to a number of risks or uncertainties associated with the business. Investors/stakeholders, therefore, are advised to make their own judgments before taking any investment, business decisions.

ACKNOWLEDGEMENT

The Board of Directors acknowledge the continued assistance and guidance provided by the Government of India, State Government of Uttar Pradesh, lender banks and institutions and the co-operation and assistance received from all executives, staff and workmen of the Company.

The Directors also wish to emphatically state their gratitude to the Indian Sugar Mills Association, farmers, suppliers and all other concerned persons who have continued their valuable support to your Company.

**For and on behalf of the Board of Directors
Simbhaoli Sugars Limited**

New Delhi
May 27, 2014

**Gurmit Singh Mann
Chairman**

Annexure

CONSERVATION OF ENERGY

- (a) Energy conservation measures taken
 - i. Simbhaoli sugar division (SSD) has shifted dedicated juice heating on low temperature evaporator vapour, reducing the steam consumption by about 0.5 percent.
 - ii. SSD has set up automation of Juice Ph and Temperature at its raw sugar plant, reducing the steam consumption and improving the efficiency of plant in terms of sugar loss.
 - iii. Brijnathpur sugar division (BSD) has started using condensate for heating the raw juice and using non condensed gases (NCG) for molasses conditioning, which has resulted in reduction in process steam consumption by about 1 percent.

- iv. BSD has replaced the ID fans with new designed fans, having lesser width and smoother operation. This has reduced the power consumption.
- v. CSD has provided AC VFD on two of its mills resulting in a power saving.
- (b) Additional investments and proposals for reduction of consumption of energy
- Activities are regularly being pursued on continuous basis for reducing the steam and power consumption in all three sugar and alcohol plants.
 - Further Steam saving is planned at all the units with the replacement of high pressure steam from boiling house with low pressure steam.

(c) Impact of above measures

The above measures have reduced the power consumption at all the sugar units and bagasse saving in all the units has increased. SSD and CSD are able to utilize the saved bagasse for off-season power generation and raw sugar processing. Bagasse saved at BSD is utilized for off season consumption.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; exports and import plans are mentioned in the Directors Report.

Total foreign exchange used and earned for the year ended March 31, 2014: Mentioned in the Directors Report.

FORM A

Form of Disclosure of particulars with respect to conservation of energy for the year ended March 31, 2014

A. Power and fuel consumption

S. No.	Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2013
1	Electricity			
	Purchased			
	Units	Kwh ('000)	1454	2080
	Total Amount	Rs Lakh	77.08	120.42
	Rate/Unit	Rs/Kwh	5.30	5.79
	Own Generation			
	(i) Through diesel generator			
	Units	Kwh ('000)	362	825
	Unit per ltr. of diesel oil	Kwh	3.24	2.92
	Total Amount	Rs Lakh	73.55	117.87
	Cost/Unit	Rs/Kwh	20.34	14.29
	(ii) Through steam turbine			
	Units	Kwh ('000)	83549	71995
	Units per ltr. of fuel/gas	Kwh	N.A.	N.A.
	Total Amount	Rs in lakh	743.31	1697.97
Cost/Unit	Rs/Kwh	0.89	2.36	
2	Coal/Coke			
	Quantity	Tonnes	Nil	Nil
	Total Cost	Rs Lakh	Nil	Nil
	Average Rate	Rs/MT	N.A.	N.A.
3	Furnace oil/L.D.O			
	Quantity	Kilo Ltrs.	Nil	Nil
	Total Cost	Rs Lakh	Nil	Nil
	Average Rate	Rs/K Ltrs	N.A.	N.A.
4	Others			
	Fire Wood			
	Quantity	Tonnes	508	Nil
	Total Cost	Rs in Lakh	18.00	Nil
	Average Rate	Rs/MT	3345	N.A.
	Bagasse/Husk (Purchased)			
	Quantity	Tonnes	7905	Nil
	Total Cost	Rs. Lakh	146.91	Nil
	Average Rate	Rs/MT	1858	N.A.

B. Consumption per unit of production of sugar

S. No.	Particulars	Unit	Year ending March 31, 2014	Year ending March 31, 2013
1	Electricity	Kwh	362	320
2	Coal/Coke	Tonnes	0.000	0.000
3	Fire Wood	Tonnes	0.000	0.000
4	Bagasse/Husk (Purchased)	Tonnes	0.000	0.000

C. Consumption per K. Ltr. of Alcohol production

S. No.	Particulars	Unit	Year ended March 31, 2014	Year ended March 31, 2013
1	Electricity	Kwh	232	248
2	F.O./L.D.O	K.Ltrs.	0.000	0.000
3	Bagasse/Husk (Purchased)	Tonnes	1.488	0.000

NOTES:

- For electricity generated through diesel generator, cost of the diesel has been considered.
- Since various types of fuel used are alternative to each other, no standard can be fixed for their consumption.
- Due to change in mix of fuel used, no comparison can be made with the earlier years.
- Cost of electricity generated through steam turbine has been arrived at after giving credit for the exhaust steam subsequently used in the manufacturing process.
- Costs have been given based on the records maintained under the Cost Accounting Records Rules, applicable to Sugar and Alcohol industry.

FORM B

Disclosure of particulars with respect to technology absorption for the year ended March 31, 2014.

I Specific areas in which research and development carried out by the Company

- The heating of condensate for superheated wash water through exhaust condensate has been introduced to reduce the steam consumption.
- Steam saving is planned by automation at evaporator to achieve constant syrup brix.
- VFD has been provided on boiler feed pump motor to be minimise the running load.
- Capacitors are provided on raw water pump motor to increase the power factor.
- Condensate cooling is being adopted this year, which is expected to reduce bore well water and energy consumption.

II Benefit derived

- Power consumption reduced significantly while sale of power increased.
- Company saved bagasse that will be helpful in off season raw processing and power generation.

III. Future plan of action

Efforts will be made to enlarge these activities/capacities in future.

IV. Expenditure on Research & Development (R & D)

The expenditure incurred on Research and development has been included under other expenditure heads.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made

Efforts made and steps taken in the previous years towards technology absorption, adaptation and innovations were continued during the year.

2. Benefits

The benefits derived in the form of cost reduction and the improvement in the quality of the product continued to be available to the Company.

3. Particulars of technologies imported during the last five years

Not applicable

CORPORATE GOVERNANCE REPORT

[Pursuant to Clause 49 of the Listing Agreement]

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the financial year ended on March 31, 2014 (hereinafter referred as 'the year').

The Company has an in-built system of corporate governance practices which involve checks and balances at all levels within the organization. It is a continuous process, which involves creating and implementing a structure to ensure complete transparency in the business dealings internally as well as with outside parties. The interests of all the stakeholders are taken care of with adequate disclosure standards. Adherence to corporate governance norms and guidelines makes the Company more responsible in all the spheres of its activities.

With the changing times, the Company is preparing itself for the next level of corporate governance standards and in process of implementing business and financial restructuring. It is re-designing its strategies for sustainable business environment with internal and external expertise. As a business philosophy, corporate governance practices are being pursued in all the spheres of operations, to protect the interests of all the stakeholders of the Company and the society.

BOARD OF DIRECTORS

Composition and category

As on March 31, 2014, the Board of directors of the Company ('Board') consists of 10 directors; out of which 5 are executive and remaining 5 are non-executive directors. Executive directors consist of an executive Chairman and two Managing Directors, Chief Financial Officer and Group Technical Advisor. 3 out of 10 directors belong to the promoters' group and are executive directors. The ratio between executive and non-executive directors is 1:1. All the non-executive directors are independent. The composition of the Board and the number of other directorship(s) and committee membership/ chairmanship(s) held by the directors are as follows:

Name of Director & Category	No. of other Directorships*	No. of other committee** Memberships/Chairmanships	
		Member	Chairman
Executive Directors			
Mr. Gurmit Singh Mann Chairman/Promoter	1	None	None
Mr. Gurpal Singh Managing Director, Promoter	1	1	None
Ms. Gursimran Kaur Mann Promoter	2	1	None
Mr. Sanjay Tapriya	1	None	None
Mr. S N Misra Group Technical Advisor	None	None	None
Non-Executive/ Independent Directors			
Mr. S K Ganguli	1	1	None
Mr. S C Kumar	2	1	1
Mr. B K Goswami	7	3	None
Mr. C K Mahajan	2	3	None
Mr. Abhay Kumar Singh	None	None	None

*Excluding private limited companies and foreign companies

** Committee as defined under clause 49

Broad responsibilities of executive directors

The Company has 5 executive directors, and their responsibilities and authorities are as follows:

- Mr. Gurmit Singh Mann, Chairman is responsible for laying down broad strategic management policies, approving the growth plans, approving the business and financial restructuring, implementing corporate governance policies, allocation of the work amongst the managing directors and set out their reporting / review structures, and apprising the Board on various business matters and development plans thereof.
- Mr. Gurpal Singh, Managing Director is responsible for carrying out the management affairs in the Company, as directed by the Board of directors and the Chairman, in the areas related to the boundary management, management of the operating plants of the manufacturing units of the Company, policies implementation, looking after affairs of subsidiary companies, setting out, implementation and review of the governance standards and internal control functions.
- Ms. Gursimran Kaur Mann, Managing Director is responsible for carrying out the management affairs in the Company, as directed by the Board of directors and the Chairman, in the areas related to supervision, review and regulation of the commercial, financial and legal functions of the Company, restructuring and growth strategies, planning, joint venture management, implementation and review of policies along with budgetary controls and forecasting functions.
- Mr. Sanjay Tapriya, Chief Financial Officer is responsible for the work assigned by the Managing Directors including supervision of areas related to finance, accounts, taxation, and affairs related to joint ventures. He is also the Chief Executive officer and whole time director in a joint venture associate company.
- Mr. Sachchida Nand Misra, Group Technical Advisor is responsible for the work assigned by the Managing Directors including operations of the business units, technical supervision, sugarcane management, implementation and achieving business plan and operational policies, meeting statutory compliances at all the manufacturing units of the Company.

Pecuniary relationship and transactions with non-executive directors

All the non-executive directors are independent and do not have any material pecuniary relationship.

BOARD PROCEDURES

Board Meetings and Attendance

During the year, eight Board meetings were held. The details are as follows:

Dates of Board Meeting	Board Strength	Directors Present
May 28, 2013	10	9
June 27, 2013	11	8
August 12, 2013	10	9
September 11, 2013	10	7
October 8, 2013	10	9
November 14, 2013	10	10
February 13, 2014	10	9
March 20, 2014	10	10

The attendance of each director at these meetings and at the last annual general meeting was as follows:

Name of the Directors	No. of Board Meetings Attended	Attendance at the last AGM held on, July 31, 2013
Mr. Gurmit Singh Mann	8	Yes
Mr. Gurpal Singh	8	Yes
Ms. Gursimran Kaur Mann	8	Yes
Mr. Sanjay Tapriya	7	Yes
Mr. S C Kumar	8	No
Mr. S K Ganguli	8	Yes
Mr. B K Goswami	8	No
Mr. C K Mahajan	7	No
Mr. Abhay Kumar Singh *	4	No
Mr. S N Misra*	2	No

*Joined during the course of year

Information to Board

The Chairman and the Managing Directors are responsible to make full disclosure to the Board. The major decisions related to the operations of the Company, its business plans, financial affairs and results, indebtedness issues, legal and corporate governance issues, growth strategies, restructuring plans, senior appointments etc are placed before the Board. This also include quarterly/half yearly/periodical financial and operational results, business or financial restructuring, capital expenditure, sale and acquisition of assets, capital budget, business plans, mortgages, guarantees and loans, analysis of operations, major litigations, feedback reports, minutes of committee meetings, minutes/transactions of subsidiary companies, staff matters, senior level appointments, labour relationship, accidents/mishaps, information technology strategies, insider trading compliances, and general notices of interest etc.

BOARD COMMITTEES

Board has constituted six committees viz Audit Committee, Finance Committee, Remuneration & Compensation Committee, Allotment Committee, Investors' Grievance Committee and Restructuring Committee. The Company Secretary acts as the Secretary to all the committees.

I. Audit Committee

The Audit Committee comprises of four non-executive independent directors. Mr. B K Goswami acts as the Chairman of the Committee. The whole time directors and the statutory and internal auditors of the Company are the regular invitees.

During the year, five meetings of this Committee were held. The details are as follows:

Member	Meetings held	Meetings attended
Mr. S K Ganguli	5	5
Mr. S C Kumar	5	5
Mr. B K Goswami	5	5
Mr. Abhay Kumar Singh	3*	3

* 3 Meetings of Committee held since his appointment.

All members of the Committee have sound knowledge in the fields of finance and accounts. The role and terms of reference of audit committee covers all the areas mentioned under Clause 49 of the listing agreement and Section 177 of the Companies Act, 2013 (hereinafter referred as the 'Act'). Further, the Committee oversees and monitors the financial reporting system within the Company, considers its quarterly, half-yearly and

annual financial results, utilization of proceeds from the capital issues, status of indebtedness, financial restructuring plans, reviews the annual internal audit plans, the report of internal auditors, legal compliance, internal control system, audit methodology, accounting policies and practices, compliance with applicable accounting standards, risk management, risk disclosure and submit its observations to the Board. The audit committee also advises the management on areas where greater internal control and internal audit focus are required to be strengthening, and review areas for audit and control purposes cost control measures and statutory compliances in various functional areas.

II. Finance Committee

The Finance Committee comprises of four executive directors for taking decisions in respect of consideration of financial conditions of the Company, opening and closing bank accounts, change of signatories in existing accounts, acceptance of terms of loans/facilities within the policies set out and borrowing limits laid down by the Shareholders/Board and to do such other things, which are required for carrying out the day to day financial activities of the Company. The Committee works under the guidance of Board and its decisions are ratified in the subsequent Board meeting. Mr. Gurmit Singh Mann is the Chairman of this Committee. During the year, no meeting of this Committee was held.

III. Remuneration & Compensation Committee

The Remuneration & Compensation Committee of the Board comprises of four directors; out of which one is executive and three are non-executive independent directors. Mr. B K Goswami acts as the Chairman of the Committee. The Committee recommends the terms of appointment including remuneration and other compensation to be paid to the whole time directors. During the year, two meetings of this Committee were convened. The details are as follows:

Member	Meetings Held	Meetings Attended
Mr. B K Goswami	2	2
Mr. S K Ganguli	2	2
Mr. S C Kumar	2	2
Mr. Gurmit Singh Mann	2	2

IV. Allotment Committee

The Securities Allotment Committee comprises of one executive director and one non-executive independent director. Mr. S K Ganguli acts as the Chairman of the Committee. The Committee is constituted to issue and allot securities in the Company on receipt of the application in this respect. It also consider request for conversion of bonds, debentures, preference shares, warrants and options into equity shares/ other securities in the Company. The Committee works under the guidance of the Board and its decisions are ratified in the subsequent Board meeting. During the year, no meeting of this Committee was held.

V. Investors' Grievance Committee

The Investors' Grievance Committee comprises of one executive director and two non-executive independent directors. Mr. S K Ganguli acts as the Chairman of the Committee. The Committee deals with redressal of the shareholders grievances relating but not limiting to transfer of shares, non-receipt of annual reports, change of addresses, non-receipt of dividend etc. The meetings of this committee are held on quarterly basis. During the year, four meetings of this Committee were held. The details are as follows:

Member	Meetings held	Meetings attended
Mr. S K Ganguli	4	4
Mr. S C Kumar	4	4
Mr. Sanjay Tapriya	4	4

During the year, three investors' complaints were received and all complaints were redressed. There was no pending complaint as on March 31, 2014.

VI. Restructuring Committee

The Restructuring Committee of the Company was set up during the year. It comprises of one non-executive independent director and three executive directors. Mr. S K Ganguli acts as the Chairman of the Committee. The Committee is formed for the purpose of implementation of the Scheme of Amalgamation and deals with finalizing and giving effect to the acts and deeds as may be required including the filing of the Scheme with the Stock Exchanges and the High Court etc. During the year, no meeting of this Committee was held.

Remuneration policy as applicable to executive/non-executive directors

The remuneration policy as adopted by the Company and applicable to executive/non-executive directors provides for the following:

- a. The executive directors are paid remuneration as per their respective terms of employment in accordance with the applicable provisions of the Companies Act, 1956. No sitting fee is payable to executive directors. Details of remuneration paid to them for the year are as follows:

(Rs. in lacs)

Name of the Director	Salary		Benefits*		Total
	Parent Company	Subsidiary/ Associate Companies	Parent Company	Subsidiary/ Associate Companies	
Mr. Gurmit Singh Mann	47.40	-	1.95	-	49.35
Mr. Gurpal Singh	34.80	11.25	5.08	-	51.13
Mr. Sanjay Tapriya	25.05	12.60	11.35	7.20	56.20
Ms. Gursimran Kaur Mann	21.78	-	1.88	-	23.66
Mr. Sachchida Nand Misra	11.09*	-	1.67	-	12.76

#including provident fund and other retirement benefit

*with effect from September 16, 2013

During the year, the services of Dr G S C Rao, the then Whole Time Director and Group Chief Executive Officer were terminated as whole time director and considering his resignation, he ceased to be a director on the Board of the Company with effect from September 11, 2013. He was paid Rs. 22.65 lacs and balance amount has not been paid, since matter becomes subjudice.

- b. Sitting fee of Rs. 11,500 effective from September 18, 2012 per meeting is being paid to non-executive directors for attending meetings of Board and Committee thereof. The details of sitting fee paid for the year and equity shares and other convertible instruments held by them are as follows:

Name of Director	Sitting fees (Rs. In Lacs)	Equity Shares [^] held (Nos.)
Mr. S K Ganguli	1.72	500
Mr. S C Kumar	1.72	-
Mr. B K Goswami	1.72	-
Mr. Ram Sharma	0.23	1000
Mr. C K Mahajan	0.80	-
Mr. Abhay Kumar Singh	0.80	-

[^] Convertible instrument - Nil

During the year, no equity shares and/or convertible securities were issued to the executive/non-executive directors.

Disclosure of payment of remuneration to whole time directors under Para IV of clause 1(B) of section II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. Gurmit Singh Mann, Chairman; Mr. Gurpal Singh, Managing Director; Ms. Gursimran Kaur Mann, Managing Director, Mr. Sanjay Tapriya, Chief Financial Officer and Mr. Sachchida Nand Misra, Group Technical Advisor have been appointed as whole-time directors for a period of 5 years.

Mr. Gurmit Singh Mann, Mr. Gurpal Singh and Ms. Gursimran Kaur Mann are the promoter directors and holding beneficial interest in the share capital of the Company.

Mr. Sanjay Tapriya, and Mr. Sachchida Nand Misra are the professional directors and not holding any beneficial interest in the share capital of the Company. Mr Sanjay Tapriya, is also holding the position of chief executive officer and whole time director in Uniworld Sugars Private Limited, an associate company.

During the year, the aggregate remuneration paid to these directors is within the limits of Schedule XIII to the Companies Act, 1956.

The appointment of the aforesaid directors is liable to be terminated on a notice of three/two months or payment of salary in lieu thereof. All the remunerations comprise of fixed components and there is no performance linked incentives criterion. No severance fee is payable to them. During the year, no stock option has been granted by the Company to the aforesaid directors.

Compliance officer

Mr. Kamal Samtani, Company Secretary is the Compliance Officer.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis report, is made a part of report of directors, forming part of the corporate governance report.

CERTIFICATE ON CORPORATE GOVERNANCE

The Certificate issued by M/s Amit Gupta & Associates, Practicing Company Secretaries regarding compliance with the provisions relating to corporate governance laid down in Clause 49 of the listing agreement with the stock exchanges and the certificate on the financial statements issued by Chairman, Managing Directors and Chief Financial Officer form part of this report.

GENERAL MEETINGS

77th Annual General Meeting

The date of 77th annual general meeting will be fixed and book closure will be announced accordingly. The last three AGMs were held as follows:

AGM	Day, Date & Time	Venue
74th	Monday, 10-01-2011 at 10.00 A.M.	Simbhaoli-245 207, Distt. Hapur, Uttar Pradesh
75th	Thursday, 25-10-2012 at 10.00 A.M.	
76th	Wednesday, 31-07-2014 at 10:00 A.M.	

Special resolutions passed at the last three annual general meetings

AGM	Date	Subject matter of special resolution
74th	10.01.2011	1. Payment of remuneration not exceeding Rs.48 lac per annum to each of the whole time directors with effect from October 1, 2009 in case of loss/inadequacy of profits. 2. Approval for issue and allotment of 25,00,000 warrants and 30,00,000 equity shares on preferential basis.
75th	25.10.2012	1. Payment of remuneration to CEO and CFO, being whole time directors under the provisions of schedule XIII to the Companies Act, 1956 in terms of General Circular No. 46/2011 dated July 14, 2011 read with clarification dated August 16, 2012.
76th	31.07.2013	Payment of remuneration to the Chairman and Managing Director(s) under the provisions of Sections 198, 269, 309, 310, 311 read with schedule XIII to the Companies Act, 1956 including any statutory modifications or enactments thereof for the time being in force.

Extra-Ordinary General Meeting/Postal Ballot

During the year under report no Extra Ordinary General Meeting/Postal Ballot held.

Information on appointment of directors

The details on appointment of directors are given elsewhere in the directors' report.

DISCLOSURES

Related party transactions and their basis

In terms of Accounting Standards (AS) 18 "Related Party Disclosure" issued by 'The Institute of Chartered Accountants of India', the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed at para no. 12 to the notes forming part of accounts for the year ended on March 31, 2014. The minutes/transactions of the subsidiary companies have been taken on record in the Board Meetings of the Company. There were no transactions of material nature with the directors or the management or their relatives or subsidiary companies etc. during the year that had potential conflict with the interest of the Company at large.

Disclosure of accounting treatment

The financial statements are prepared under the historical cost convention in accordance with the mandatory accounting standards prescribed under the relevant presentational requirements of the Act.

Details of non-compliance

There were no instances of non-compliance of any matter related to the capital markets during the last three years. No penalties or strictures have been imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets. The Company has issued codes of conduct for its Board and senior management in compliance with SEBI regulations and listing agreement with the stock exchanges, advising and cautioning management staff and other business associates on the procedure to be followed while dealing in equity shares of the Company and have complied with the disclosure requirements. The policies framed in this regard are available on the Company's website.

Communication

The quarterly financial results of the Company are published in reputed national and regional newspapers mainly in Business Standard. The quarterly results are sent to the stock exchanges, immediately after their approval from the Board. The Company provides comprehensive details of the operations of the Company, the financial results and other information on its website www.simbhaolisugars.com.

Internal Control Compliances

With the changing environment and growth in the business, the Company is in process of review and strengthening its internal control procedures and compliance standards. During the year, certain irregularities have been observed in the business affairs of the Company and its subsidiary. Following its policies, it has taken requisite legal and administrative steps against identified senior executives. This has been detailed elsewhere in the Directors' Report.

ISSUE PROCEEDS

Not Applicable

SHAREHOLDERS' INFORMATION

Financial Year: April to March. The Company shall publish the quarterly/yearly results in accordance with the listing agreement.

Listing of Equity Shares

Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. Tel: 91-22-22721233/34, Fax: 91-22-22721919 Website: www.bseindia.com Scrip Code: 507446	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Mumbai Tel : 91-22-26598100 Fax : 91-22-265988120 Website: www.nseindia.com Scrip code :SIMBHSUGAR
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Listing fee for the financial year 2014-15 has been paid to both the stock exchanges.

Depositories

National Securities Depository Limited, Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: 91-22-24994200 Fax: 91-22-24972993/2497 Email: info@nsdl.co.in Website : www.nsdl.co.in	Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai-400 023 Tel: 91-22-2272333 Fax: 91-22-22723199 Email: investors@cdslindia.com Website: www.cdslindia.com
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Stock Market Data

The details of high and low price of quality shares of the Company in comparison to broad based indices are as follows:

Month	BSE				NSE			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		S&PCNX Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-13	27.70	18.35	19,622	18,144	24.60	22.70	5930	5495
May-13	20.00	15.10	20,443	19,451	24.60	22.70	6187	5944
Jun-13	18.90	13.55	19,860	18,467	24.60	22.70	5939	5588
Jul-13	19.00	15.00	20,351	19,126	24.60	22.70	6077	5742
Aug-13	19.90	13.50	19,569	17,448	24.60	22.70	5742	5285
Sep-13	17.50	14.05	20,739	18,166	24.60	22.70	6155	5341
Oct-13	15.45	12.55	21,205	19,264	24.60	22.70	6299	5780
Nov-13	15.68	12.15	21,321	20,137	24.60	22.70	6317	5989
Dec-13	14.68	11.82	21,483	20,568	24.60	22.70	6363	6139
Jan-14	14.70	11.80	21,409	20,343	14.30	12.25	6345	6073
Feb-14	15.60	11.12	21,140	19,963	13.60	11.35	6276	6000
Mar-14	17.75	11.70	22,467	20,920	16.30	13.00	6704	6221

Distribution of share holding as at March 31, 2014:

Category	No. of Shareholders	% of no. of shareholders	No. of shares	% of capital
Upto 10,000	14797	93.44	3054555	10.82
10001 to 30,000	646	4.08	1162147	4.12
30001 to 50000	162	1.02	666965	2.36
50001 to 100000	125	0.79	901309	3.19
100001 and above	106	0.67	22443834	79.51
Total	15836	100.00	28228810	100.00

As on March 31, 2014, 2,76,67,943 equity shares constituting 98.04% of total equity share capital were under demat category with NSDL and CDSL.

SHAREHOLDING PATTERN AS ON MARCH 31, 2014**Equity Shares:**

Category	No. of Shares held	% age
A: Indian Promoters	12908869	45.73
Sub-Total (A)	12908869	45.73
B: Non - Promoters Holding:		
Mutual Funds	1500	0.01
Foreign Institutional Investors (FII)	2239643	7.93
Financial Institutions and Banks	1000	0.00
Private Corporate Bodies	6130237	21.72
Indian Public (individuals)	6611206	23.42
NRIs / OCBs	194307	0.69
Any other (Clearing Members)	142048	0.50
Sub-Total (B)	15319941	54.27
Grand Total (A+B)	28228810	100.00

8% Cumulative Redeemable Preference Shares:

Particulars	No. of Shares held	% age
A. Indian Promoters	12,00,000	37.50
B. Non-Promoters	20,00,000	62.50
Total	32,00,000	100.00

Share warrants/ESOP/Convertible

During the year, the Company has not issued any share warrants/ESOP/Convertible securities.

LOCATION OF THE PLANTS AND OPERATING DIVISIONS:

Simbhaoli Complex	Simbhaoli, District Hapur, Uttar Pradesh - 245 207 Tel.No. +91 5731-23117/8/9
Chilwaria Complex	Chilwaria, Distt. Bahraich, Uttar Pradesh - 271 801 Tel.No. +91 5252-244251/2
Brijnathpur Complex	Brijnathpur, District Hapur, Uttar Pradesh - 245 101 Tel. No. +91 9927049979
*Gandhidham Complex	Village Versamedi, Tehsil Anjar, Gandhidham, District Bhuj -Kachchh, Gujarat -370 110 Tel. No. + 91 9624019862

*1000 TPD Raw Sugar refining plant of Uniworld Sugars Private Limited.
Any correspondence with units can be sent to info@simbhaolisugars.com

INVESTOR SERVICES**Share Transfer System**

Share transfer request under physical and demat categories are normally affected/confirmed within a period of 15 days from the date of receipt. Shares are transferred and depository services are provided through M/s Mas Service Limited, the Registrar and share transfer agent. Investor's correspondence can be made at any of the following address:

- Mas Services Limited: T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020
Phone No.: +91-11-26387281/82/83
E-mail : info@masserv.com
- Registered Office: Simbhaoli - 245 207, District Hapur, Uttar Pradesh
Phone No. +91-5731-226411/223118
E-mail: kamal@simbhaolisugars.com

Non-mandatory requirements

Non-mandatory requirements have been adopted by the Company to the extent they are in line with the nature of business activities of the Company. However, steps have been taken to implement the other requirements in a phased manner.

Nomination

The prescribed form for nomination can be obtained from the Company/Transfer agent. Nomination facility in respect of shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

Unclaimed dividend and interest

There is no unclaimed dividend and interest outstanding and the amount of dividend/debenture installment or interest thereon remaining un-claimed for a period of 7 years have been transferred to the credit of investors' education and protection fund.

**For and on behalf of Board of Directors
of Simbhaoli Sugars Limited**

New Delhi
May 27, 2014

**Gurmit Singh Mann
Chairman**

CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Simbhaoli Sugars Limited

We have reviewed the implementation of Corporate Governance procedures by Simbhaoli Sugars Limited for the financial year ended on March 31, 2014 as stipulated in the Clause 49 of the Listing agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliances of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the information and explanations given to us, and the representations made by directors and the management, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We further state that such compliances is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Amit Gupta & Associates
Company Secretaries**

**(Amit Gupta)
Proprietor
C.P. No. 4682**

**Place: Lucknow
Date: 27.05.2014**

CEO/CFO CERTIFICATION

The Board of Directors
Simbhaoli Sugars Limited
P. O. Simbhaoli District Hapur,
Uttar Pradesh - 245 207

**Re: Certification by CEO/CFO for the year ended on
March 31, 2014**

We, Gurmit Singh Mann, Chairman, Gural Singh, Managing Director, Gursimran Kaur Mann, Managing Director and Sanjay Tapriya, Chief Financial Officer, of Simbhaoli Sugars Limited to the best of our knowledge and belief, certify that:

- (a) We have reviewed the balance sheet as on March 31, 2014, profit and loss account, the cash flow statement and the directors' report for the year ended on March 31, 2014 and based upon our knowledge and information confirm that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

**Gurmit Singh Mann
Chairman**

**Gural Singh
Managing Director**

**Gursimran Kaur Mann
Managing Director**

**Sanjay Tapriya
Chief Financial Officer**

New Delhi
May 27, 2014

- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have
- (i) evaluated the effectiveness of the internal control systems of the Company,
- (ii) disclosed to the auditors and the audit committee of the Board, deficiencies in the design or operation of internal controls, if any, of which we are aware, and
- (iii) taken necessary steps or proposed to take to rectify these deficiencies.
- (d) We have indicated to auditors and the audit committee of the Board that there have been:
- (i) no significant changes in internal control over the financial reporting during the year and the quality of internal control is improved with the implementation of SAP ;
- (ii) no significant changes in accounting policies during the year;
- (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Compliance of the Companies Act, 2013 and Clause 49 of the Listing Agreement

The Company has prepared the Financial Statements comprising of the audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss account along-with the cash flow statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon, in compliance of the General Circular No. 8/2014 dated April 4, 2014 issued by Ministry of Corporate Affairs, under the provisions of the Companies Act, 1956 and other relevant provisions as applicable to the Company.

The Company has been complying with the provisions of the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement as and when it become applicable to the Company.

New Delhi
Nov 14, 2014

**Kamal Samtani
Company Secretary**

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED

We have audited the accompanying financial statements of SIMBHAOLI SUGARS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the 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 aforesaid 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to:

- Note 27 to the financial statements regarding the Company continuing to incur cash losses, which has resulted in its net worth being fully eroded and its current liabilities being significantly higher than its current assets. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.
- Note 23 to the financial statements which sets out the position regarding repudiation by the insurance company of the Company's insurance claim amounting to Rs. 769 lacs on account of sinking of ship carrying raw sugar purchased by the Company in July 2009. Based on the expert advice, management is confident that the proceedings against the insurer would be settled in favour of the Company and no loss would arise in this regard.
- Note 4 to the financial statements relating to sale of co-generation divisions of the Company and the balance interest bearing consideration of Rs. 11,204.33 lacs as on March 31, 2014, which would be discharged in the manner laid down under the Business Transfer Agreements (BTAs). Further, a part of the consideration amounting to Rs. 7,873.72 lacs will be discharged in cash on or before the date falling forty eight months from the date of the BTAs or on achieving the closing in terms of the Joint Venture Agreement with Sindicatum Captive Energy Pte Limited, whichever is earlier.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.015125N)

Manjula Banerji

Partner

(Membership No.086423)

Gurgaon
May 27, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business/activities/ results during the year, clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and fixed assets records were not material and have been properly dealt with in the books of account.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

- (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification, other than the shortage of finished goods in the sugar units of the Company amounting to Rs. 1,058.36 lacs arising from alleged irregularities by certain senior executives which have been detected by the Management of the Company, which has been properly dealt with in the books of account and included under the head 'Exceptional Items'.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- (a) The Company has granted interest free unsecured loan of Rs. 398.01 lacs to three companies during the year. The maximum amount involved during the year was Rs. 1,177.09 lacs (three companies) and the year end balance was Rs. 1,036.43 lacs (three companies).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The receipts of principal amounts and interest have been as per stipulations.

(d) As per the information and explanations given to us and records of the Company, there are no overdue amounts in respect of the above loan, including interest thereon.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- (a) The Company had taken interest free unsecured loans from two Directors. The maximum amount involved during the year was Rs. 1,835.61 lacs (two Directors) and the year end balance was Rs. 1,200.61 lacs (two Directors).
 - (b) The terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The payments of the principal amounts in respect of such loans are as per stipulations.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. There are no sales of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that need to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction (excluding loans reported under paragraph (iii) above) is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time other than certain purchases which are of special nature for which comparable quotations are not available and in respect of which we are unable to comment if the transactions have been carried out at prices having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the costs records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 and the Cost Accounting

Records (Sugar Industry) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax (Trade Tax), Excise Duty and Service tax which have not been deposited as on March 31, 2014 on account of disputes are given below:

Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. lacs)	Amount paid under protest (Rs. lacs)
U. P. Trade Act	Trade tax	Trade Tax Appellate Tribunal	1984-1985	0.43	0.43
		Trade Tax Appellate Tribunal	1995-1996	3.18	-
Central Excise Act	Excise duty	Additional Commissioner	2008-2009	34.22	4.76
		Commissioner (Appeals)	2006-2007	390.99	45.03
		Customs, Excise & Service tax Appellate Tribunal	2002-2003	0.60	0.60
		Customs, Excise & Service tax Appellate Tribunal	2004-2005	0.28	0.28
		High Court Allahabad	1979-1980	11.01	11.01
Finance Act, 1994	Service tax	Commissioner (Appeals)	2006-2007	83.06	10.81
State Excise Act	Excise duty	High Court, Allahabad	2001-2002	9.26	-
		High Court, Allahabad	2009-2010	8.08	-

We are informed that there are no disputed dues in respect of Income-tax, Wealth Tax, Customs Duty and Cess.

In the following instances the concerned statutory authority is in appeal against the favourable order received by the Company.

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. lacs)
Central Excise Act	Excise Duty	Customs, Excise & Service tax Appellate Tribunal	2008-09	71.69
U. P. Trade Tax Act	Trade tax	High Court, Allahabad	1996-97	59.96
Finance Act, 1994	Service tax	Customs, Excise & Service tax Appellate Tribunal	2006-07	0.42

(x) The accumulated losses of the Company at the end of the current year are not less than fifty percent of its net worth

and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) On the basis of our audit procedures and as per the information and explanations given by the management, the Company has delayed repayment of dues to banks and financial institutions in respect of term loans, working capital demand loans and interest liabilities.

The following are the details of the delays:

Lenders	Amount (including interest) (Rs. lacs)	Period of delays
Banks	3,288.98	01-30 days
	1,529.86	31-60 days
	557.99	61-90 days
	43.79	Not yet paid

The Company has not issued debentures during the year.

(xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interests of the Company.

(xiv) The Company has not taken any term loan during the year. Accordingly, paragraph 4(xvi) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that fund raised on short term basis aggregating approximately Rs. 74,645.94 lacs have been used for long-term investments/financing long-term losses.

(xvi) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvii) The Company has not issued any debentures during the year.

(xviii) The Company has not raised any money by way of public issue during the year.

(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year, other than the shortage of finished goods in the sugar units of the Company amounting to Rs. 1,058.36 lacs arising from alleged irregularities by certain senior executives which have been detected by the Management of the Company, which has been written off in the books of account and included under the head 'Exceptional Items'.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Gurgaon
May 27, 2014

Manjula Banerji
Partner
(Membership No. 086423)

**SIMBHAOLI SUGARS LIMITED
BALANCE SHEET
AS AT MARCH 31, 2014**

	Notes	As at March 31, 2014 Rs. Lacs	As at March 31, 2013 Rs. Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	6,035.88	6,035.88
Reserves and surplus	3.2	(22,382.28)	(5,235.86)
		(16,346.40)	800.02
Non-current liabilities			
Long-term borrowings	3.3	7,823.45	14,291.24
Other long-term liabilities	3.4	38.64	89.06
Long-term provisions	3.5	191.98	175.69
		8,054.07	14,555.99
Current liabilities			
Short-term borrowings	3.6	96,620.79	50,637.36
Trade payables	3.7	45,358.20	86,815.53
Other current liabilities	3.8	15,277.45	11,199.65
Short-term provisions	3.9	54.20	24.79
		157,310.64	148,677.33
Total		149,018.31	164,033.34
ASSETS			
Non-current assets			
Fixed assets	3.10		
Tangible assets		33,574.91	34,926.94
Intangible assets		92.37	130.86
Capital work-in-progress		300.20	920.42
		33,967.48	35,978.22
Non-current investments	3.11	37,489.81	32,995.28
Long-term loans and advances	3.12	1,035.10	868.69
Other non-current assets	3.13	1,081.41	3,640.96
		73,573.80	73,483.15
Current assets			
Inventories	3.14	45,659.34	54,416.08
Trade receivables	3.15	6,499.50	7,403.43
Cash and bank balances	3.16	3,431.44	8,333.74
Short-term loans and advances	3.17	4,546.10	4,129.28
Other current assets	3.18	15,308.13	16,267.66
		75,444.51	90,550.19
Total		149,018.31	164,033.34

Significant accounting policies and Notes to the accounts 1 to 28

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula Banerji
Partner

Place : Gurgaon
Date : May 27, 2014

For and on behalf of the Board of Directors

Gurpal Singh
Managing Director
DIN -00064807

Sanjay Tapriya
Chief Financial Officer
DIN -00064703

Kamal Samtani
Company Secretary
FCS - 5140

Place : New Delhi
Date : May 27, 2014

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Managing Director
DIN - 00642094

Sunil K. Gupta
VP-Finance & Commercial
FCA - 73502

SIMBHAOLI SUGARS LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2014

	Notes	Year ended March 31, 2014 Rs. Lacs	Year ended March 31, 2013 Rs. Lacs
Revenue from operations			
Sale of products		86,381.51	91,186.61
Less: Excise duty		3171.85	2762.39
		83,209.66	88,424.22
Other operating revenues	3.19	368.27	69.69
Revenue from operations		83,577.93	88,493.91
Other income	3.20	2,812.10	1,704.41
Total Revenue		86,390.03	90,198.32
Expenses			
Cost of materials consumed		68,676.27	73,685.97
Purchases of stock-in-trade		19.08	58.73
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.21	3,908.27	2,848.64
Employee benefits expense	3.22	4,677.23	4,352.26
Finance costs	3.23	14,180.82	11,197.82
Depreciation and amortization expense	3.24	2,795.40	3,591.40
Other expenses	3.25	8,274.51	10,947.88
Total Expenses		102,531.58	106,682.70
Profit/(loss) before exceptional items and tax		(16,141.55)	(16,484.38)
Exceptional items (Net)	3.26	(1,058.36)	17,486.49
Profit/(loss) before tax		(17,199.91)	1,002.11
Tax expense:-			
Tax relating to previous year		23.34	-
Current tax (MAT charged off)		-	200.50
Deferred tax charge/ (benefit)		-	4,747.83
Profit/(loss) after tax		(17,223.25)	(3,946.22)
Earnings per equity share-basic/diluted (Rs.)	14		
Basic/ Diluted before exceptional items		(58.32)	(75.81)
Basic/ Diluted after exceptional items		(62.07)	(14.10)

Significant accounting policies and Notes to the accounts 1 to 28

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula Banerji
Partner

Place : Gurgaon
Date : May 27, 2014

For and on behalf of the Board of Directors

Gurpal Singh
Managing Director
DIN -00064807

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FCS - 5140

Place : New Delhi
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Managing Director
DIN - 00642094

Sunil K. Gupta
VP-Finance & Commercial
FCA - 73502

SIMBHAOLI SUGARS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 Rs. lacs	Year ended March 31, 2013 Rs. lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax and exceptional items	(16,141.55)	(16,484.38)
Adjustments for:		
Depreciation (net of revaluation reserve)	2,795.40	3,591.40
Dividend income from subsidiary company	(10.04)	(7.12)
Interest	14,180.82	11,197.82
Loss/(profit) on sale of fixed assets (net)	20.61	(0.69)
Interest income	(2,034.20)	(1,094.89)
Transfer from Capital-grant-in-aids	(7.11)	(1.34)
Operating profit/(loss) before working capital changes	(1,196.07)	(2,799.20)
Adjustments for change in :		
Trade receivables	903.93	75.61
Short term and long term loans and advances	(336.83)	2,942.42
Other current and non current assets	488.76	3,480.68
Inventories	7,698.35	(1,620.05)
Trade payables	6,125.91	11,256.64
Current liabilities	(866.25)	389.18
Provision- short term and long term	45.70	43.53
Cash (used)/generated from operations	12,863.50	13,768.81
Direct taxes (paid)/refund	(223.07)	(341.05)
Net cash (used) / from operating activities	12,640.43	13,427.76
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,027.18)	(1,292.52)
Sale of fixed assets	146.70	5.44
Investment made in subsidiaries	-	(20.10)
Investment made in joint venture	(232.29)	(350.35)
Margin money	56.63	(511.63)
Consideration pursuant to scheme of arrangement / Business Transfer Agreement	-	15,985.62
Less: Share received	-	(512.04)
Less: Balance consideration receivable	-	(15,473.58)
Dividend income from subsidiary Company	10.04	7.12
Interest received	754.92	1,263.78
Capital grant-in-aid received	120.00	25.00
Net cash used in investing activities	(171.18)	873.26
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares/equity warrants	-	226.84
Repayment of long term borrowings	(4,637.74)	(6,233.93)
Changes in short term borrowings	(1,599.57)	5,248.26
Interest paid	(11,070.50)	(10,719.36)
Dividend paid	(8.95)	-
Contribution toward charity reserve received	1.84	0.94
Net cash from financing activities	(17,314.92)	(11,477.25)
D. Net increase/(decrease) in cash and cash equivalents	(4,845.67)	1,077.25
E. Cash and cash equivalents (opening balance)		
Cash and bank balances	5,894.88	4,817.63
F. Cash and cash equivalents (closing balance) (Refer note 3.16)		
Cash and bank balances (D+E)	1,049.21	5,894.88

The above Cash flow statement has been prepared under the "indirect method" set out in Accounting Standard-3 prescribed in the Companies (Accounting Standards) Rules, 2006.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula Banerji
Partner

Place : Gurgaon
Date : May 27, 2014

For and on behalf of the Board of Directors

Gurpal Singh
Managing Director
DIN -00064807

Sanjay Tapriya
Chief Financial Officer
DIN -00064703

Kamal Samtani
Company Secretary
FCS - 5140

Place : New Delhi
Date : May 27, 2014

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Managing Director
DIN - 00642094

Sunil K. Gupta
VP-Finance & Commercial
FCA - 73502

NOTES FORMING PART OF THE ACCOUNTS

1. Background

Simbhaoli Sugars Limited ('the Company') is a public limited company registered with Registrar of Companies, Kanpur Uttar Pradesh on 29th June 1936. The Company has three sugar complexes - Simbhaoli (western Uttar Pradesh), Chilwaria (eastern Uttar Pradesh) and Brijnathpur (western Uttar Pradesh) having an aggregate crushing capacity of 19,500 TCD. The Company is technology driven with a business mix that spans from refined (sulphurless) sugar, specialty sugars, extra neutral alcohol (ENA), ethanol and bio-manure. The Company is engaged in sugar refining (Defeco Remelt Phosphotation and Ion Exchange technology), high value, niche products (specialty sugars) and clean energy (ethanol). The Company sells international standard refined, pharmaceutical grade and specialty sugars to the retail and bulk institutional consumer segments.

The Company is operating its different businesses through separate subsidiaries/jointly controlled entity, the details are given below:

S. No.	Name of subsidiary Jointly Controlled Entity	Business	% voting power held as at March 31, 2014	% voting power held as at March 31, 2013
1.	Simbhaoli Spirits Limited	Potable Alcohol Business	100.00	99.99
2.	Simbhaoli Power Private Limited	Generation of green power	51.00	51.00
3.	Integrated Casetech Consultants Private Limited	Consultancy business	85.16	85.16
4.	Simbhaoli Global Commodities DMCC	Trading of sugar & alcohol	100.00	100.00
5.	Uniwold Sugars Private Limited	Raw sugar refinery	50.00	50.00

2. Significant accounting policies

i) Accounting convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention method as modified to include the revaluation / business valuation of certain fixed assets as indicated in (iii) below. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial

statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

iii) Fixed assets

Fixed assets [other than certain fixed assets of Simbhaoli Sugar Division where cost has been modified based on revaluation of assets / business valuation thereof as determined by the valuer] are valued at cost.

Cost is inclusive of freight, duties, taxes, other incidental expenses and, in case of capital projects, financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the date of their commissioning.

iv) Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

v) Impairment

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using an appropriate discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

vi) Depreciation/ Amortisation

- A. In respect of fixed assets of Simbhaoli Sugar Division, where costs have been modified based on revaluation/business valuation, depreciation is provided on the straight line method at the rates applicable to the balance useful life of the relevant assets as estimated by the valuer or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
- B. In respect of other assets, the depreciation is provided by applying the following method at the rates specified in Schedule XIV to the Companies Act, 1956 :

- Buildings (other than Chilwaria Sugar Division) - Written down value method
- Buildings (Chilwaria Sugar Division) - Straight line method

- Plant and machinery (other than electric installations, typewriters and office equipment) - Straight line method
- Railway siding/electric installations/ typewriters and office equipment/ furniture and fixtures/ motor lorries and vehicles - Written down value method
- C. Software is amortized over its economic useful life of 10 years on straight line method.
- D. Fixed assets costing up to Rs. 5,000 are fully depreciated in the year of acquisition.
- E. In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the Statement of Profit and Loss.

vii) Leases

Where the Company as a lessor leased assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

viii) Investments

Long term investments are stated at cost as reduced by permanent diminution in value, if any

ix) Inventories

Stores, spare parts and tools and appliances are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

Stores and spare parts	-	Monthly weighted average.
Raw materials	-	First in first out (FIFO)
Process stocks/finished goods	-	FIFO material cost plus appropriate share of labour and manufacturing overheads.
By products	-	At estimated realizable value

x) Cash and cash equivalent

Cash comprises of cash on hand and term / demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

xi) State excise duty

The state excise duty payable on finished goods is accounted for on the clearance of goods from the factory premises or bonded warehouses. The amount of state excise duty payable on alcohol not cleared from the factory premises and bonded warehouses as at the year end is not determinable as it varies according to

the places to which the goods will be dispatched. However, non provision of this liability does not affect the profit/loss of the year.

xii) Employee benefits

Company's contribution paid/payable during the year to provident fund and superannuation fund is recognised in the Statement of Profit and Loss. Provision for gratuity and compensated absences determined on an actuarial basis at the end of the year are charged to revenue each year.

xiii) Research and development expenditure

The revenue expenditure on research and development is charged as expenditure in the year in which it is incurred, under the respective revenue heads. Expenditure which results in the creation of capital assets is treated in the same manner as expenditure on fixed assets.

xiv) Revenue recognition

Sales are recognized on transfer of the significant risk and rewards of ownership of the goods to the buyer and stated net of sales tax but inclusive of excise duty. Interest income is recognized on a time proportion basis

xv) Foreign Currency Transactions and Forward contracts

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on the date of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/ expense for the year except that the exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for the acquisition of the fixed assets are adjusted to the cost of fixed assets.

xvi) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of

the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active / continuous development on the qualifying assets is interrupted.

xvii) Government grants

Government grants related to revenue are recognized in the Statement of Profit and Loss over the years necessary to match them with the related costs.

Government grants related to depreciable fixed assets are recognized in the Statement of Profit and Loss over the useful life of the asset to which they relate.

xviii) Taxation

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred

tax assets can be realized. (Refer note 25)

xix) Securities issue expenses

Securities issue expenses (net of tax) are adjusted from the securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xx) Premium payable on redemption of securities

Premium payable on redemption of securities issued for financing capital project up to the date of commissioning of such projects is included in cost thereof. Subsequent to the date of commissioning of such project, premium payable on redemption of securities (net of tax) is adjusted from securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xxi) Accounting for Employee Share Based Payments

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance note on Accounting for Employee Share - Based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized on straight line basis over the vesting period of stock option.

3.1 SHARE CAPITAL

Authorized

	As at March 31, 2014 (No. of Shares)	As at March 31, 2014 Rs. lacs	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 Rs. lacs
Equity shares of Rs. 10 each with voting rights	35,000,000	3,500.00	35,000,000	3,500.00
Preference share of Rs. 100 each	4,000,000	4,000.00	4,000,000	4,000.00
	39,000,000	7,500.00	39,000,000	7,500.00

Issued

Equity shares of Rs. 10 each with voting rights	28,433,435	2,843.34	28,433,435	2,843.34
8% cumulative redeemable preference shares of Rs. 100 each	3,200,000	3,200.00	3,200,000	3,200.00
	31,633,435	6,043.34	31,633,435	6,043.34

Subscribed and paid up

Equity shares of Rs. 10 each with voting rights fully paid up	28,228,810	2,822.88	28,228,810	2,822.88
Add: Forfeited shares amount originally paid up	204,625	13.00	204,625	13.00
8% cumulative redeemable preference shares of Rs. 100 each fully paid up	3,200,000	3,200.00	3,200,000	3,200.00
	31,633,435	6,035.88	31,633,435	6,035.88

A) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year

	As at March 31, 2014 (No. of Shares)	As at March 31, 2014 Rs. lacs	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 Rs. lacs
Equity shares with voting rights (one per share)				
As at beginning of the year	28,228,810	2,822.88	27,571,310	2,757.13
Add: Issue of shares on exercise of Equity Warrants (refer note 2 below)	-	-	657,500	65.75
As at end of the year	28,228,810	2,822.88	28,228,810	2,822.88
8% cumulative redeemable preference shares				
As at beginning of the year	3,200,000	3,200.00	-	-
Add: Issue of shares on a preferential basis (refer note 1 below)	-	-	3,200,000	3,200.00
As at end of the year	3,200,000	3,200.00	3,200,000	3,200.00

B) Shareholders holding more than 5% of the shares in the Company

	As at March 31, 2014 (No. of Shares)	As at March 31, 2014 "% of Shareholding"	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 "% of "Shareholding"
Equity shares with voting rights				
1 Dholadhar Investments Private Limited	5,306,585	18.80	5,306,585	18.80
2 Mr. Gurmit Singh Mann	2,284,747	8.09	2,284,747	8.09
3 Mr. Gурpal Singh	2,053,649	7.28	2,053,649	7.28
4 India Max Investment Fund Limited	2,239,643	7.93	2,239,643	7.93
8% cumulative redeemable preference shares				
1 Dholadhar Investments Private Limited	800,000	25.00	800,000	25.00
2 Pritam Singh Sandhu Associates Pvt. Ltd.	400,000	12.50	400,000	12.50
3 Shri Vatsala Traders Private Limited	1,000,000	31.25	1,000,000	31.25
4 Pearl Innovative Marketing Private Limited	1,000,000	31.25	1,000,000	31.25

Note:

- 1 Nil (previous year 32,00,000) 8% Cumulative Redeemable Preference shares (CRPS) of Rs 100 each issued and allotted to specified promoters and selective investors on March 26, 2013 as fully paid-up in exchange of the equity shares held in the share capital of Uniworld Sugars Private Limited. The CRPS shall carry a fixed cumulative dividend coupon rate of 8% and shall be redeemed on the expiry of 12 years from the date of allotment.
- 2 Nil (previous year 6,57,500) equity shares of Rs. 10 each were issued and allotted during the period as fully paid-up at an exercise price of Rs. 46 (including premium of Rs. 36) per equity share on conversion of Nil (previous year 6,57,500) equity warrants issued and allotted to specific promoters covered under section 301 of the Companies Act, 1956 on preferential basis.
- 3 Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
 - a) 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on May 18, 2010 at an exercise price of Rs. 39 (including premium of Rs. 29) per option and Nil (previous year 65,800) options are outstanding at the year end.
 - b) 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49 (including premium of Rs. 39) per option and Nil (previous year 4,41,770) options are outstanding at the year end.

Note: No options were exercised during the vesting period therefore balance options have lapsed and have been transferred to the Statement of Profit and Loss during the current year.

		As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.2 RESERVES AND SURPLUS			
Revaluation reserve			
Opening balance		195.50	280.51
Less: Deductions during the year	(1)	<u>37.42</u>	<u>85.01</u>
		158.08	195.50
Reconstruction reserve			
Opening balance		430.16	505.25
Less: Deductions during the year	(2)	<u>-</u>	<u>75.09</u>
		430.16	430.16
Capital grant-in-aid			
Opening balance		32.07	8.41
Add: Additions during the year	(3)	120.00	25.00
Less: Utilized during the year	(4)	<u>7.11</u>	<u>1.34</u>
		144.96	32.07
Capital reserve			
Opening balance		288.76	231.26
Add: Additions during the year	(5)	<u>-</u>	<u>57.50</u>
		288.76	288.76
Securities premium account			
Opening balance		1,904.36	1,667.66
Add: Premium on shares issued during the year	(6)	<u>-</u>	<u>236.70</u>
		1,904.36	1,904.36
Charity Reserve			
Opening balance		4.02	3.08
Add: Additions during the year	(7)	1.84	0.94
Less: Deductions during the year	(8)	<u>0.48</u>	<u>-</u>
		5.38	4.02
Share options outstanding account			
Opening balance	(9)	37.11	39.43
Less: Transferred to Statement of Profit and Loss during the year	(4)	<u>37.11</u>	<u>2.32</u>
		-	37.11
Balance in Statement of Profit and Loss			
Opening balance		(8,127.84)	(4,183.94)
Add: Profit/(loss) during the year		(17,223.25)	(3,946.22)
Amount transferred from:			
Share Options outstanding account		37.11	2.32
Amount available for appropriation		<u>(25,313.98)</u>	<u>(8,127.84)</u>
		(22,382.28)	(5,235.86)

(1) - Rs. 37.42 lacs (previous year Rs. 57.05 lacs) transferred to Statement of Profit and Loss.

- Rs. Nil (previous year Rs. 27.96 lacs) transferred on sale of fixed assets.

(2) Rs. Nil (previous year Rs. 75.09 lacs) transferred on sale of fixed assets.

(3) Received during the year.

(4) Transferred to Statement of Profit and Loss.

(5) Transferred on account of lapse of share warrants.

(6) Rs. Nil (previous year Rs. 236.70 lacs) received on allotment of equity shares.

(7) Rs. 1.84 lacs (previous year Rs. 0.94 lacs) received during the year.

(8) Rs. 0.48 lacs (previous year Rs. Nil) disbursed during the year.

(9) Refer note 2 (xxi) and foot note 3 of note 3.1.

NON-CURRENT LIABILITIES

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.3 LONG-TERM BORROWINGS		
Secured		
Term loans		
From banks [refer note 10(b)]	5,733.18	10,984.63
From others [refer note 10(c)]	2,090.27	3,306.61
	<u>7,823.45</u>	<u>14,291.24</u>
3.4 OTHER LONG TERM LIABILITIES		
Security deposit	-	0.75
Interest accrued but not due on loans	38.64	88.31
	<u>38.64</u>	<u>89.06</u>
3.5 LONG-TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	191.98	175.69
	<u>191.98</u>	<u>175.69</u>

CURRENT LIABILITES

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.6 SHORT-TERM BORROWINGS		
Secured		
Loans repayable on demand		
From banks [refer note 10(a)]	45,225.71	45,197.95
	<u>45,225.71</u>	<u>45,197.95</u>
Unsecured		
Loans repayable on demand		
From banks		
- Book overdraft	2,610.81	993.69
- Other than book overdraft	47,583.66	2,610.11
From directors	1,200.61	1,835.61
	<u>51,395.08</u>	<u>5,439.41</u>
	<u>96,620.79</u>	<u>50,637.36</u>
3.7 TRADE PAYABLES		
Total outstanding dues of micro and small enterprise *	14.30	9.31
Total outstanding dues of creditors other than micro and small enterprise	45,343.90	86,806.22
	<u>45,358.20</u>	<u>86,815.53</u>

* Refer note 9.

As at
March 31, 2014
Rs. lacs

As at
March 31, 2013
Rs. lacs

3.8 OTHER CURRENT LIABILITIES

Current maturities of long-term debt (Secured)		
From banks [refer note 10(b)]	5,652.66	3,724.71
From others [refer note 10(c)]	1,567.53	1,615.01
Interest accrued but not due on borrowings	162.00	228.10
Interest accrued and due on borrowings	5,372.53	965.79
Advances received from customers	355.40	778.49
Unclaimed dividends [#]	-	8.95
Interest accrued on trade payables	-	1,230.32
Security deposits	81.05	65.77
Creditors for capital goods	339.48	377.27
Statutory dues payable	1,695.65	2,044.12
Others miscellaneous payable	51.15	161.12
	15,277.45	11,199.65

There is no amount due and outstanding to be credited to investor education and protection fund

3.9 SHORT-TERM PROVISIONS

Provision for employee benefits		
Compensated absences	54.20	24.79
	54.20	24.79

3.10 FIXED ASSETS

(Rs. In lacs)

Particulars	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK		
	As at March 31, 2013	Additions	Disposals	As at March 31, 2014	As at March 31, 2013	For the year	On Disposals	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangibles (Owned)										
Land - freehold	1,990.55	-	-	1,990.55	-	-	-	-	1,990.55	1,990.55
Buildings	8,049.46	70.05	0.33	8,119.18	2,771.74	311.85	-	3,083.59	5,035.59	5,277.72
Railway siding	0.39	-	-	0.39	0.38	-	-	0.38	0.01	0.01
Plant and machinery	47,328.25	1,496.07	250.43	48,573.89	20,410.95	2,408.34	88.39	22,730.90	25,842.99	26,917.30
Furniture and fixtures	205.57	5.95	-	211.52	169.98	7.02	-	177.00	34.52	35.59
Vehicles	491.69	28.47	32.15	488.01	345.62	40.21	27.21	358.62	129.39	146.07
Office Equipment	932.03	9.07	-	941.10	372.33	26.91	-	399.24	541.86	559.70
Subtotal Tangibles	58,997.94	1,609.61	282.91	60,324.64	24,071.00	2,794.33	115.60	26,749.73	33,574.91	
Previous year	75,804.12	1,551.62	18,357.80*	58,997.94	26,406.23	3,605.64	5,940.87**	24,071.00		34,926.94
Intangibles (Owned)										
Software	224.13	-	-	224.13	93.27	38.49	-	131.76	92.37	130.86
Subtotal Intangibles	224.13	-	-	224.13	93.27	38.49	-	131.76	92.37	
Previous year	224.13	-	-	224.13	50.46	42.81	-	93.27		130.86
Total this year	59,222.07	1,609.61#	282.91	60,548.77	24,164.27	2,832.82	115.60	26,881.49	33,667.28	
Total previous year	76,028.25	1,551.62#	18,357.80*	59,222.07	26,456.69	3,648.45	5,940.87**	24,164.27		35,057.80
Capital work in progress									300.20	920.42
									33,967.48	35,978.22

! Includes Rs. 8.62 lacs (previous year Rs. 8.62 lacs) pertaining to land situated at Brijnathpur pending registration in favour of the Company.

Includes adjustment of Rs. Nil (previous year Rs. 203.79 lacs) on account of foreign exchange fluctuation.

* Includes Rs. 18,207.71 lacs amount transferred to SPPL pursuant to business transfer agreement in the previous year.

** Includes Rs. 5,918.67 lacs amount transferred to SPPL pursuant to business transfer agreement in the previous year.

As at
March 31, 2014
Rs. lacs

As at
March 31, 2013
Rs. lacs

3.11 NON-CURRENT INVESTMENTS

(Valued at cost unless there is permanent diminution in value there of)

Trade Investment

Unquoted

One share of Rs. 20 fully paid up in Simbhaoli Co-operative
Cane Development Union Limited (*Rs. 20)

*

*

Government securities

6-Years Post Office National Savings Certificate

1.61

1.61

Investment in subsidiaries

Unquoted

2,00,800 (Previous year 2,00,800) equity shares of Rs.10 each
fully paid up of Integrated Casetech Consultants Private Limited

37.90

37.90

300 (Previous year 300) equity shares of AED 1000 each fully paid up of
Simbhaoli Global Commodities DMCC

39.94

39.94

3,18,00,000 (Previous year 3,17,99,990) equity shares of Rs.10 each
fully paid up of Simbhaoli Spirits Limited **

25,405.00

25,405.00

19,29,705 (Previous year 5,62,031) equity shares of Rs.10 each
fully paid up of Simbhaoli Power Private Limited #

1,884.71

517.04

28,94,573 (Previous year Nil) debentures of Rs.100 each
fully paid up of Simbhaoli Power Private Limited

2,894.57

-

Investment in joint venture

Unquoted

2,74,56,690 (Previous year 2,69,93,950) Equity Shares of Rs. 10 each
fully paid up of Uniworld Sugars Private Limited @

7,226.08

6,993.79

37,489.81

32,995.28

Aggregate book value

- Unquoted

37,489.81

32,995.28

** First pari passu charge on pledge of 86,95,900 (previous year 86,95,900) equity shares of the Company in favour of bankers of Simbhaoli Spirits Limited.

First pari passu charge on pledge of 19,29,655 (previous year Nil) equity shares of the Company in favour of bankers of Simbhaoli Power Private Limited.

@ First pari passu charge on pledge of 2,74,56,690 (previous year 2,69,93,950) equity shares of the Company in favour of bankers of Uniworld Sugars Private Limited.

3.12 LONG-TERM LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

Capital advances

193.24

-

Security deposit

21.60

21.61

Loans and advances to related parties #

-

260.00

Others loans and advances

274.15

287.38

Tax payments (Net)

546.11

299.70

1,035.10

868.69

Loans and advances includes:

Name of the Joint venture	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2014	March 31, 2013	Current year	Previous year
Uniworld Sugars Private Limited	-	260.00	-	260.00

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.13 OTHER NON-CURRENT ASSETS		
Consideration receivable against slump sale of Power Undertaking [Refer to note 4]	45.00	2,227.68
Finance lease receivable from Simbhaoli Power Private Limited [Refer to note 5]	1,036.41	1,413.28
	<u>1,081.41</u>	<u>3,640.96</u>
CURRENT ASSETS		
3.14 INVENTORIES		
Raw materials *	1,035.64	4,856.53
Work-in-progress	1,272.22	2,169.56
Finished goods	41,725.92	45,795.21
Stores and spares	1,616.04	1,583.05
Loose tools	9.52	11.73
	<u>45,659.34</u>	<u>54,416.08</u>
* Includes raw sugar in transit of Rs. Nil (previous year Rs 1,025.27 lacs)		
3.15 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from due date for payment		
Unsecured - considered good **	2,632.51	1,295.95
- Considered doubtful	110.70	87.89
	<u>2,743.21</u>	<u>1,383.84</u>
Less: Provision for doubtful receivables	110.70	87.89
	<u>2,632.51</u>	<u>1,295.95</u>
Other debts		
Unsecured - considered good **	3,866.99	6,107.48
	<u>6,499.50</u>	<u>7,403.43</u>

** Trade Receivable includes:

Name of Subsidiaries	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2014	March 31, 2013	Current year	Previous year
Simbhaoli Global Commodities DMCC	-	57.98	-	309.38
Simbhaoli Spirits Limited	2,697.62	2,029.57	2,697.62	2,029.57
Simbhaoli Power Private Limited	619.55	432.91	619.55	432.91

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.16 CASH AND BANK BALANCES		
(A) Cash and cash equivalent		
Balances with banks on		
-current account	839.12	5,879.72
-deposit account with upto 3 months maturity	200.00	-
Cash on hand	10.09	15.16
	<u>1,049.21</u>	<u>5,894.88</u>
(B) Other bank balances - Margin money / cash collateral		
With original maturity of 3 months or less	168.74	121.39
With original maturity of more than 3 months but less than 12 months	193.96	318.14
With original maturity of more than 12 months	1,867.19	1,892.59
	<u>2,229.89</u>	<u>2,332.12</u>
(C) Other bank balances - Other deposits #		
With original maturity of 3 months or less	9.90	1.40
With original maturity of more than 3 months but less than 12 months	114.42	69.51
With original maturity of more than 12 months	28.02	35.83
	<u>152.34</u>	<u>106.74</u>
Total (A+B+C)	<u>3,431.44</u>	<u>8,333.74</u>

Includes pledged with excise authorities and civil courts Rs. 152.34 lacs (previous year Rs. 106.74 lacs)

3.17 SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received			
Considered good	1,580.73	1,391.17	
Considered doubtful	147.33	95.33	
	<u>1,728.06</u>	<u>1,486.50</u>	
Less: Provision for doubtful advances	147.33	95.33	
	<u>1,580.73</u>	<u>1,391.17</u>	
Loans and advances to related parties #	1,150.98	1,077.55	
Loans and advances to employees	40.67	19.49	
Security deposits	200.21	162.34	
Balances with customs, excise etc.	1,573.51	1,478.73	
	<u>4,546.10</u>	<u>4,129.28</u>	

Loans and advances includes:

Name of the Subsidiaries	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2014	March 31, 2013	Current year	Previous year
Simbhaoli Global Commodities DMCC	6.82	-	6.82	6.23
Simbhaoli Power Private Limited	-	-	-	15,800.87
Integrated Casetech Consultants Private Limited	154.92	37.94	156.32	117.04
Simbhaoli Spirits Limited	879.35	1,017.51	1,017.51	1,225.90
Name of the Joint venture				
Uniwold Sugars Private Limited	109.89	22.10	109.89	1,029.84

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.18 OTHER CURRENT ASSETS		
(Unsecured and considered good unless otherwise stated)		
Considered good	1,503.33	1,489.72
Considered doubtful	42.50	-
	<u>1,545.83</u>	<u>1,489.72</u>
Less: Provision for doubtful claims	42.50	-
	1,503.33	1,489.72
Interest accrued on investments, deposits etc.	331.02	187.35
Consideration receivable against slump sale of Power Undertaking * [Refer to note 4]	12,967.80	13,911.75
Finance lease receivable from Simbhaoli Power Private Limited [Refer to note 5]	505.98	610.97
Advance gratuity fund	-	67.87
	<u>15,308.13</u>	<u>16,267.66</u>

* Includes interest receivable of Rs. 1,808.47 lacs (previous year Rs. 672.85 lacs) on balance consideration receivable.

Includes amount due as on March 31, 2014 of Rs. 129.11 lacs (previous year Rs. 516.75 lacs)

	Year ended March 31, 2014 Rs. lacs	Year ended March 31, 2013 Rs. lacs
3.19 OTHER OPERATING REVENUES		
Transfer from 'Capital grant-in-aid'	7.11	1.34
Export incentives	-	8.01
Miscellaneous	361.16	60.34
	<u>368.27</u>	<u>69.69</u>
3.20 OTHER INCOME		
Interest		
Bank deposits	199.62	328.83
Others	1,834.58	766.06
Rent	5.32	8.59
Profit on sale of fixed assets	-	0.69
Dividend from subsidiary company on long term trade investment	10.04	7.12
Foreign exchange fluctuation	26.57	117.07
Miscellaneous	735.97	476.05
	<u>2,812.10</u>	<u>1,704.41</u>
3.21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	45,795.21	48,857.56
Work-in-progress	2,169.56	1,955.85
	<u>47,964.77</u>	<u>50,813.41</u>
Closing stock		
Finished goods	41,725.92	45,795.21
Work-in-progress	1,272.22	2,169.56
	<u>42,998.14</u>	<u>47,964.77</u>
Less: Adjustment relating to finished goods write off [Refer note 24]	1,058.36	-
	<u>3,908.27</u>	<u>2,848.64</u>

	Year ended March 31, 2014 Rs. lacs	Year ended March 31, 2013 Rs. lacs
3.22 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages, bonus, gratuity, commission, etc.	3,540.87	3,770.87
Provident and other funds #	980.64	432.20
Welfare	155.72	149.19
	<u>4,677.23</u>	<u>4,352.26</u>
# Includes gratuity expense refer to Note 20		
3.23 FINANCE COSTS		
Interest expense	13,996.74	10,719.17
Other borrowing costs	184.08	422.21
Net (gain)/loss on foreign currency transactions and translation	-	56.44
	<u>14,180.82</u>	<u>11,197.82</u>
3.24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation expense	2,832.82	3,648.45
Transfer from revaluation reserve	(37.42)	(57.05)
	<u>2,795.40</u>	<u>3,591.40</u>
3.25 OTHER EXPENSES		
Sugar cane development	231.64	343.63
Consumption of stores and spare parts #	2,531.20	2,600.54
Power and fuel	913.18	923.41
Repairs		
- Machinery	1,655.53	2,044.80
- Buildings	82.32	139.23
- Others	114.02	98.14
Insurance	132.03	125.11
Rent	237.08	271.48
Rates and taxes	73.90	81.58
Donations	0.94	1.83
Travelling and conveyance	147.49	252.76
Marketing Expense	567.88	340.45
Sugar Export expenses	161.29	102.80
Commission to selling agents	341.62	353.96
Loss on sale of fixed assets	20.61	-
Bad debts and advances written off	76.63	1,262.92
Provision for doubtful debts and advances	124.44	118.00
Increase/ (decrease) in excise duty on finished goods	(211.90)	(37.89)
Loss on derivative transactions	1.70	31.85
Miscellaneous expenses	1,072.91	1,893.28
	<u>8,274.51</u>	<u>10,947.88</u>

Stores, oils and chemicals allocated to other revenue heads Rs 1,305.14 lacs (previous year Rs. 1,841.10 lacs)

Year ended	Year ended
March 31, 2014	March 31, 2013
Rs. lacs	Rs. lacs

3.26 EXCEPTIONAL ITEMS (NET)

Profit on transfer of Power undertakings	-	5,469.00
Profit on transfer of assets on finance lease	-	237.58
Profit on sale of Land to Simbhaoli Spirits Limited	-	11,779.91
Adjustment relating to finished goods write off (Refer note 24)	(1,058.36)	-
	1,058.36	17,486.49

(Rs. lacs)

4. In the previous year, pursuant to the Business Transfer Agreements (BTA) dated January 25, 2013 and subsequent amendments thereto, executed between the Company and Simbhaoli Power Private Limited (SPPL), the Company had transferred the Power Cogeneration divisions at Simbhaoli and Chilwaria with all properties, assets, liabilities, rights and obligations which have vested in the Company for an aggregate consideration of Rs. 15,978.62 lacs. At the year end, the BTA consideration outstanding of Rs.11,204.33 lacs (previous year Rs. 15,466.58 lacs) is to be discharged in the following manner as laid down under the BTA :

- i) Allotment of securities having an aggregate value of Rs. 3,330.61 lacs (previous year 7,592.86 lacs) in tranches and in the manner agreed to by the SPPL and the Company.
- ii) Payment of balance interest bearing liability of Rs. 7,873.72 lacs (previous year 7,873.72 lacs) in cash on or before the date falling 48 (forty eight) months from the date of BTA, or on achieving the closing in terms of the Joint Venture Agreement, whichever is earlier.

The outstanding consideration payable has been disclosed under other current assets and other non-current assets.

5. The Company has entered into finance lease arrangement with Simbhaoli Power Private Limited for one of the equipments at its Simbhaoli Sugar Division.

Reconciliation of future minimum lease payments and gross investment in the lease and present value of minimum lease payments are as follows:

Description	(Rs. lacs)	
	Current Year	Previous year
Future minimum lease payments		
Not later than one year	466.86	203.00
Later than one year and not later than five years	1,142.91	1,609.77
	1,609.77	1,812.77
Less: Unearned finance income	196.49	305.28
Present value of minimum lease payments receivable		
Not later than one year	376.87	94.22
Later than one year and not later than five years	1,036.41	1,413.27

6. i) **Contingent liabilities not provided for:** Claims against the Company not acknowledged as debts Rs. 1,065.22 lacs (previous year Rs. 1,035.66 lacs).

Description	As at March 31, 2014	As at March 31, 2013
Sales Tax/Trade Tax Act	3.61	3.61
State Excise Act	17.34	17.34
Central Excise Act	520.16	520.16
Others	524.11	494.55
Total	1,065.22	1,035.66

All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not in the opinion of the management, have a material effect on results of operations or financial position of the Company.

- ii) Arrears of dividend on 8% cumulative preference shares Rs. 260.21 lacs (previous year Rs. 4.21 lacs).
- iii) The Company together with its affiliates have to invest Rs. 930 lacs (previous year Rs. 1,740 lacs) in Uniworld Sugars Private Limited (Joint venture).
- iv) Capital and other commitment

The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreements in normal course of business. The Company does not have any other long term commitments or material non-cancellable contractual commitments / contracts, which may have a material impact on the financial statements.

7. The Company has facilitated agri loans from certain commercial banks to its sugarcane farmers under the management and collection agreements and provided Corporate Guarantee and PDCs as security. These loans were distributed to the farmers against the payment to be made to them against supply of sugarcane to the company in previous years and the Company facilitating the repayment of these loans along with interest to the banks. Now these loans became due for payment to the banks by the Company as its liability and accordingly these liabilities are shown as "Short term borrowings from banks". The Company is in discussions with the banks for raising long term loan(s) to retire these liabilities.

8. Foreign Currency exposures that are not hedged by derivative instruments or otherwise are as follows:

Name of the party	Current Year		Previous Year	
	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)
Trade Receivables	3.15	174.13	5.29	287.74

9. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is Rs. 14.30 lacs (previous year Rs. 9.31 lacs). Further no interest during the year has been paid or is payable under the terms of MSMED Act, 2006.

10. Secured loan

a. Short term borrowing-Loan repayable on demand from banks:

1. Cash Credit facilities of each business division are

secured by way of first pari passu charge created by hypothecation of all current assets, both present and future, of the concerned business division of the company. These facilities are collaterally secured by way of third pari passu charge on the entire fixed assets of the Company.

2. Cash credit facilities from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.

b. Long term loans from banks:	
Nature of security	Terms of repayment
1. Term loans from banks of Rs. 11,385.84 lacs *(previous year Rs. 14,707.05 lacs) are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land of the Company.	- Rs. 5,652.66 lacs repayable in FY 2014-15 - Rs. 4,455.75 lacs repayable in FY 2015-16 - Rs. 1,277.43 lacs repayable in FY 2016-17
2. Term Loan of Rs. Nil (previous year Rs. 2.29 lacs) are secured by way of hypothecation of specific vehicles acquired under the scheme.	

* Includes overdue as on March 31, 2014 as follows:

(Rs. lacs)

Particulars	As at March 31, 2014			As at March 31, 2013		
	Interest	Principal repayment	Due for the month	Interest	Principal repayment	Due for the month
Due on term loans from banks	13.66	-	January-14	-	-	-
	24.91	90.81	February-14	-	-	-
	103.07	297.38	March-14	-	-	-
Total	141.64	388.19		-	-	-

C. Long term loans from others:	
1. Term loans of Rs. 3,557.80 lacs # (previous year Rs. 4,821.62 lacs) from Sugar Development Fund (SDF) is secured by way of second exclusive charge created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.	- Rs. 1,567.53 lacs repayable in FY 2014-15 - Rs. 1,019.60 lacs repayable in FY 2015-16 - Rs. 583.01 lacs repayable in FY 2016-17 - Rs. 387.66 lacs repayable in FY 2017-18
2. Term loans of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) from Sugar Technology Mission (STM) is secured by exclusive first charge to be created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information Forecasting and Assessment Council (TIFAC).	

Includes overdue as on March 31, 2014 as follows:

(Rs. lacs)

Particulars	As at March 31, 2014			As at March 31, 2013		
	Interest	Principal repayment	Due for the month	Interest	Principal repayment	Due for the month
Due on term loans from others	2.42	37.50	February-14	-	-	-
	72.48	336.82	March-14	-	-	-
Total	74.90	374.32		-	-	-

In addition to the above, the credit facilities with banks (i.e. Working Capital and Term Loans including WCTL) excluding SDF loans, Cash Credit from Co-operative banks and loan from STM are additionally secured by following securities:

- First pari passu charge on pledge of 22.50 lacs equity shares of the Company held by promoters.
- Pledge of 86,95,500 equity shares of Simbhaoli Spirits Limited held by the Company.

All credit facilities other than SDF Loans, Sugar Technology Mission Loan and Vehicle Loans are guaranteed by Mr. Gurmit Singh Mann, Chairman and Mr. Guralp Singh, Managing Director of the Company.

11. Detail of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule:

(Rs. lacs)

S. No.	Name of the party	Amount outstanding as at		Maximum amount outstanding during	
		March 31, 2014	March 31, 2013	Current year	Previous year
(1.)	Integrated Casetech Consultants Private Limited	47.95	-	50.00	-
(2.)	Simbhaoli Spirits Limited	879.35	1,017.51	1,017.51	1,225.90
	Total	927.30	1,017.51	1,067.51	1,225.90

12. Related Party disclosures under Accounting Standard 18

A. Name of related party and nature of related party relationship.

Subsidiaries:

- Simbhaoli Global Commodities DMCC (DMCC).
- Integrated Casetech Consultants Private Limited (ICCP).
- Simbhaoli Power Private Limited (SPPL).
- Simbhaoli Spirits Limited (SISPL).

Joint Venture: Uniworld Sugars Private Limited (USPL).

Co-venturer: ED & F Man Asia Holdings Pte Ltd. (ED & F Man)

Key Management Personnel: Mr.G.M.S.Mann, Mr.Guralp Singh, Dr.G.S.C.Rao (ceased to be key management personnel w.e.f. September 11, 2013), Mr. Sanjay Tapriya, Ms. Gursimran Kaur Mann and Mr. S.N. Misra (w.e.f. October 8, 2013).

Relatives of Key management personnel:

Mrs. G.R.Lakshmi (wife of Dr.G.S.C.Rao, ceased to be key management personnel w.e.f. September 11, 2013), Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya), Mr. B.D.Tapriya (father of Mr. Sanjay Tapriya), Mr. Govind Singh Sandhu (brother of Mr. Guralp Singh) and Mr. Angad Singh (son of Mr. Guralp Singh).

Enterprise over which key management personnel exercise significant influence:

- Dholadhar Investments Private Limited (enterprise over which Mr.G.M.S.Mann and Ms. Gursimran Kaur Mann exercise significant influence).
- Pritam Singh Sandhu Associates Private Limited (enterprise over which Mr. Guralp Singh exercises significant influence).

B) Transactions with the above parties:

Description	Subsidiaries		Joint venture / Co-venturer		Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rent	-	-	-	-	-	-	38.95	74.36	-	-
Mrs. G.R. Lakshmi	-	-	-	-	-	-	6.18	24.72	-	-
Mrs. Mamta Tapriya	-	-	-	-	-	-	6.71	23.58	-	-
Mr. Govind Singh Sandhu	-	-	-	-	-	-	26.06	26.06	-	-
Salary/stipend	-	-	-	-	-	-	6.96	8.01	-	-
Mr. Angad Singh	-	-	-	-	-	-	6.96	8.01	-	-
Allotment of Equity Shares	-	-	-	-	-	6.58	-	-	-	-
Mr. Guralp Singh	-	-	-	-	-	6.58	-	-	-	-
Allotment of Preference shares	-	-	-	-	-	-	-	-	1,200.00	-
Dholadhar Investment Private Limited	-	-	-	-	-	-	-	-	-	800.00
Pritam Singh Sandhu Associates	-	-	-	-	-	-	-	-	-	400.00
Professional Charges	-	-	-	-	-	-	-	0.32	-	-
Mr. B. D. Tapriya	-	-	-	-	-	-	-	0.32	-	-
Managerial Remuneration	-	-	-	-	184.69	266.36	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	49.35	53.40	-	-	-	-
Mr. Guralp Singh	-	-	-	-	39.88	52.75	-	-	-	-
Dr. G.S.C. Rao	-	-	-	-	22.65	71.47	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	36.40	64.72	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	-	-	23.66	24.02	-	-	-	-
Mr. S.N. Misra	-	-	-	-	12.75	-	-	-	-	-
Loan taken	-	-	-	-	-	1,816.15	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	-	1,813.76	-	-	-	-
Mr. Guralp Singh	-	-	-	-	-	2.39	-	-	-	-
Loans repaid	-	-	-	-	635.00	5.54	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	635.00	3.27	-	-	-	-
Mr. Guralp Singh	-	-	-	-	-	2.27	-	-	-	-
Expenses paid	257.41	-	-	-	-	-	-	-	-	-
SPPL	257.41	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	3.50	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	-	0.84	-	-	-	-
Mr. Guralp Singh	-	-	-	-	-	2.66	-	-	-	-
Sale of finished goods	1,999.92	2,581.27	-	-	-	-	-	-	-	-
DMCC	-	11.83	-	-	-	-	-	-	-	-
SISPL	1,518.33	2,298.23	-	-	-	-	-	-	-	-
SPPL	481.59	271.21	-	-	-	-	-	-	-	-

D. Information About Business Segments

(Rs. lacs)

Particulars	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue														
External sales:	78,331.11	80,841.48	8,050.40	8,258.02	-	2,087.11	-	-	-	-	-	-	86,381.51	91,186.61
Inter segment sales	3,549.70	7,663.21	15.45	11.85	-	7,543.71	-	-	(3,565.15)	(15,218.77)	-	-	-	-
Other operating Revenue	360.60	63.30	7.67	6.39	-	-	-	-	-	-	-	-	368.27	69.69
Total revenue	82,241.41	88,567.99	8,073.52	8,276.26	-	9,630.82	-	-	(3,565.15)	(15,218.77)	-	-	86,749.78	91,256.30
Segment results	(4,859.78)	(8,034.31)	1,331.12	1,080.97	-	1,748.55	-	-	-	-	-	-	(3,528.66)	(5,204.79)
Unallocated expenses (net of income)											(1,567.93)	81.77	(1,567.93)	81.77
Operating profit/(loss)													(1,960.73)	(5,286.56)
Finance cost											14,180.82	11,197.82	14,180.82	11,197.82
Exceptional items (net)											(1,058.36)	17,486.49	(1,058.36)	17,486.49
Provision for taxes														
- Tax relating to previous year											23.34	-	23.34	-
- Current tax (MAT charged off)											-	200.50	-	200.50
- Deferred tax charge / (benefit)											-	4,747.83	-	4,747.83
Net Profit/(loss)													(17,223.25)	(3,946.22)
Other information														
Segment assets	95,418.34	114,222.26	10,830.80	10,162.24	-	5,311.75	-	-	-	-	-	-	106,249.14	129,696.25
Unallocated assets											5,279.36	1,341.81	5,279.36	1,341.81
Investment											37,489.81	32,995.28	37,489.81	32,995.28
Total assets	95,418.34	114,222.26	10,830.80	10,162.24	-	5,311.75	-	-	-	-	42,769.17	34,337.09	149,018.31	164,033.34
Segment liabilities	46,600.47	89,183.53	858.08	848.90	-	96.34	-	-	-	-	-	-	47,458.55	90,128.77
Shares capital and reserves											(16,346.40)	800.02	(16,346.40)	800.02
Secured and unsecured loans											111,703.07	70,357.38	111,703.07	70,357.38
Unallocated liabilities											6,203.09	2,747.17	6,203.09	2,747.17
Total liabilities	46,600.47	89,183.53	858.08	848.90	-	96.34	-	-	-	-	101,559.76	73,904.57	149,018.31	164,033.34
Capital expenditure	876.38	707.76	97.14	677.99	-	79.39	-	-	-	-	15.87	9.35	989.39	1,474.49
Depreciation and amortization expense (net of revaluation reserve)	2,240.35	2,329.76	479.84	450.52	-	723.64	-	-	-	-	75.21	87.54	2,795.40	3,591.46
Non cash expenses other than depreciation	1,257.05	1,170.23	22.74	0.69	-	-	-	-	-	-	0.25	210.00	1,280.04	1,380.92

* Ceased to be pursuant to Power Undertakings transferred to Simbhaoli Power Private Limited w.e.f 26.01.2013 (Refer note 4)

14. Earnings per share

(Rs. in lacs)

	Current Year	Previous Year
I. Profit/(loss) after tax and exceptional items as per Statement of Profit and Loss	(17,223.25)	(3,946.22)
Preference Share dividend (inclusive of tax thereon)	297.53	4.89
Profit/(loss) after tax and before exceptional items (A)	(17,520.78)	(3,951.11)
Less: Exceptional Items net of taxes of Rs. Nil lacs (previous year Rs. 200.49 lacs)	(1,058.36)	17,285.99
Profit/(loss) after tax and before exceptional items (B)	(16,462.42)	(21,237.10)
II. Weighted average number of equity shares outstanding		
(i) For basic earnings per share (Nos.) (C)	2,82,28,810	2,80,12,646
(ii) For diluted earnings per share (Nos.)		
Shares for basic earnings per share as per II (i) (Nos.)	2,82,28,810	2,80,12,646
Shares for diluted earnings per share (Nos.) (D)	<u>2,82,28,810</u>	<u>2,80,12,646</u>
III. Earnings per share (Rs.)		
- Basic / diluted EPS before exceptional item (B/C)	(58.32)	(75.81)
- Basic / diluted EPS after exceptional item (A/D)	(62.07)	(14.10)

15. Auditors' remuneration (excluding service tax):

- Statutory audit	21.00	25.00
- Audit of accounts for fiscal year	-	16.00
- Limited review of unaudited financial results	37.50	37.50
- Transfer pricing fees	7.50	-
- Certification and others	5.00	9.50
- Reimbursement of out of pocket expense for statutory audit and others	1.43	2.47

16. Value of export on FOB basis 1,990.92 2,707.47

17. Value of imports on C I F basis

- Raw Materials - 9,050.47

18. Expenditure in foreign currency

- Travelling - 13.18

- Others - 29.76

19. Statement of additional information

(a) Particulars of stocks and sales

Description	Stocks (Rs. in lacs)				Sales (Rs. in lacs)	
	Opening		Closing		Current year	Previous year
	Current year	Previous year	Current year	Previous year		
Sugar	42,641.65	45,161.52	38,279.06	42,641.65	75,065.43	77,974.02
Rectified spirit and country spirit	650.00	1,036.12	827.08	650.00	4,403.90	5,521.07
Denatured spirit	155.41	575.28	259.33	155.41	3,568.64	2,626.59
Power	24.04	13.11	-	24.04	-	1,990.64
Others	2324.11	2,071.54	2,360.45	2324.11	3,343.54	3074.29
	45,795.21	48,857.57	41,725.92	45,795.21	86,381.51	91,186.61

(b) Raw materials consumed:

Description	Current year (Rs. in lacs)	Previous year (Rs. in lacs)
(i) Indigenous		
Sugar cane	63,708.16	65,321.71
Molasses	1,857.19	1,974.94
Others	14.62	100.24
	65,579.97	67,396.89
(ii) Imported		
Raw sugar	3,096.30	6,289.08
	3,096.30	6,289.08
Total	68,676.27	73,685.97

20. Employee Benefits

The Company has classified the various benefits provided to employees as under:-

a) Defined contribution plans:

- Superannuation fund
- Provident fund

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

	(Rs. lacs)	
	Current year	Previous year
- Employers' Contribution to Provident Fund	308.18	314.10
- Employers' Contribution to Superannuation Fund	19.77	16.76

b) Defined benefits plans

- Gratuity
- Compensated absences – Earned Leave/ Sick Leave/ Casual Leave

In accordance with the Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below:

(Rs. lacs)

	Gratuity (Funded)		Compensated absences (Non Funded)	
	2013-14	2012-13	2013-14	2012-13
Discount rate (per annum)	8%	8%	8%	8%
Future salary increase	5%	5%	5%	5%
Expected rate of return on plan assets	8%	8%	N/A	N/A
In service mortality	#	#	#	#
I. Expense recognized in profit and loss account				
Current service cost	127.71	80.99	46.48	48.61
Interest cost	60.31	66.95	12.09	7.86
Expected return on plan assets	(69.29)	(65.12)	-	-
Net actuarial (gain)/loss recognized in the year	420.65	(112.55)	85.77	120.29
Total expense	539.38	(29.73)	144.34	176.76

II. Net asset/(liability) recognized in the balance sheet as at the end of the year				
Present value of Defined benefits obligation	1,336.27	796.91	246.17	200.48
Fair value of plan assets	(867.52)	(864.78)	-	-
Funded status [surplus/(deficit)]	(468.75)	67.87	(246.17)	(200.48)
Net asset/(liability) as at the end of the year	(468.75)	67.87	(246.17)	(200.48)
Current	(468.75)	67.87	54.20	(24.79)
Non current	-	-	191.98	(175.69)
III. Change in the present value of obligation during the year				
Present value of the obligation as at the beginning of the year	796.91	872.69	200.48	146.84
Interest cost	60.31	66.95	12.09	7.86
Current service cost	127.71	80.99	46.48	48.61
Benefits paid	(86.19)	(71.70)	(98.65)	(97.27)
Transfer to subsidiary companies pursuant to Scheme of Arrangement / Business Transfer Agreements	-	(57.98)	-	(25.85)
Actuarial (gains)/ losses on obligation	437.53	(94.04)	85.77	120.29
Present value of obligation as at the end of the year	1,336.27	796.91	246.17	200.48
IV. Change in present value of fair value of plan Assets				
Fair value of plan assets as at the beginning of the year	864.78	763.34	-	-
Expected return on plan assets	69.29	65.12	-	-
Contributions	2.75	147.47	-	-
Benefits paid	(86.19)	(71.70)	-	-
Transfer to subsidiary companies pursuant to Scheme of Arrangement / Business Transfer Agreements	-	(57.98)	-	-
Actuarial gains/(losses)	16.89	18.51	-	-
Fair value of plan assets as at the end of the year	867.52	864.78	-	-
V Detail of plan Assets		Funded with ICICI*	NA	

Indian Assured Lives Mortality (2006-08) Ultimate

* The plan assets are maintained with ICICI Prudential Life Insurance Company Ltd. The details of investments maintained by the ICICI Prudential Life Insurance Company Ltd have not been made available to the Company and have therefore not been disclosed.

The Company's best estimate of contributions expected to be paid during the annual year beginning after balance sheet date is Rs. 1,336.27 lacs for gratuity and Rs. 246.17 lacs for Compensated absences.

Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial gain/ loss:-

Particulars	Gratuity (Funded)					Compensated absences (Non Funded)				
	2013-14	2012-13	2010-12	2009-10	2008-09	2013-14	2012-13	2010-12	2009-10	2008-09
Present value of obligation as at the end of the year	1,336.27	796.91	872.69	949.49	897.82	246.17	200.48	146.84	167.57	177.90
Fair value of plan assets as at the end of the year	867.52	864.78	763.34	768.23	775.31	-	-	-	-	-
Net asset/(liability) recognized in the balance sheet	(468.75)	67.87	(109.35)	(181.26)	(122.51)	(246.17)	(200.48)	(146.84)	(167.57)	(177.90)
Net actuarial (gain)/loss recognized	420.65	(112.55)	(24.27)	(38.15)	(7.61)	85.77	120.29	50.01	59.94	67.22

21. (a) The following are the particulars of disputed dues on account of sales tax (trade tax) and excise duty matters that have not been deposited by the Company as at March 31, 2014.

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)
U. P. Trade Tax Act	Trade tax	Trade Tax Appellate Tribunal	1984-1985 1995-1996	0.43 3.18	0.43 -
Central Excise Act	Excise Duty	Additional Commissioner Commissioner (Appeals) Customs, Excise & Service tax Appellate Tribunal Customs, Excise & Service tax Appellate Tribunal High Court, Allahabad	2008-2009 2006-2007 2002-2003 2004-2005 1979-1980	34.22 390.99 0.60 0.28 11.01	4.76 45.03 0.60 0.28 11.01
Finance Act, 1994	Service Tax	Commissioner (Appeals)	2006-2007	83.06	10.81
State Excise Act	Excise Duty	High Court, Allahabad High Court, Allahabad	2001-2002 2009-2010	9.26 8.08	- -

* Amount as per demand orders including interest and penalty wherever indicated in order.

- (b) In the following instances the concerned statutory authority is in appeal against favourable orders received by the Company.

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. lacs)
Central Excise Act	Excise Duty	Customs, Excise & Service tax Appellate Tribunal	2008-09	71.69
U.P. Trade Tax Act	Trade Tax	High Court, Allahabad	1996-97	59.96
Finance Act, 1994	Service tax	Customs, Excise & Service tax Appellate Tribunal	2006-07	0.42

There are no dues in respect of income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of any disputes.

22. As at March 31, 2014 outstanding export obligation against advance license scheme (ALS) is 17,897 metric tonnes (previous year 22,517 metric tonnes). The management is confident that the export obligation shall be fully met and possible loss expected in complying with such obligation has been accounted for in the financial statements.
23. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 4,780 lacs was filed with the insurance company. Following the repudiation of insurance claim by the Cargo insurers, in an arbitrary manner, the Company has initiated legal proceedings against the insurer in India and the vessel owner in London. During the previous year, the Company, in the London proceedings, has accepted and received a part compensation towards the cost of raw sugar. The Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for the balance claim of Rs. 769 lacs. Based on expert advice, management is confident that the proceedings against the insurer would be settled in favour of the Company and no loss would arise in this regard.

24. During the year, shortage of finished goods in the sugar units of the Company amounting to Rs. 1,058.36 lacs have been detected based upon internal enquiries by the Management of the Company relating to certain irregularities by senior executives and the resultant loss has been written off in the books of account and included under the head 'Exceptional Items'. Following its internal policies in this regard, requisite legal actions including termination of employment of these executives for misappropriation of the Company's assets, financial irregularities and breach of fiduciary duties committed by them have been taken.

25. The Company follows Accounting Standard (AS-22) "Accounting for taxes on income", and in consideration of prudence, has recognised deferred tax asset, as at March 31, 2014 only to the extent of deferred tax liability of Rs. 8,161.56 lacs (previous year Rs. 8,269.92 lacs) on unabsorbed depreciation and brought forward business losses out of total deferred tax assets of Rs.18,019.03 lacs (previous year Rs. 13,170.78 lacs).

26. Disclosure related to Joint venture:

Name	Country of incorporation	Nature of interest	Percentage of ownership as at	
			March 31, 2014	March 31, 2013
Uniworld Sugars Private Limited	India	Equity share holding	50%	50%

Uniworld Sugars Private Limited is a 50:50 Jointly controlled entity between E D & F Man Holdings BV, The Netherlands (EDFM) and the Company as per the terms set under the Share Subscription and Shareholders Agreement dated January 25, 2011 and subsequent amendments therein (collectively referred to as "Joint Venture Agreements" or "JVA"). The Joint Venture Company (JVA) has been incorporated to undertake the business of refining of sugar and molasses, the cogeneration of power and all other activities ancillary or identical thereto in India and trading of sugar and molasses both within the Indian and overseas markets.

The Company's share of Assets and Liabilities as at March 31, 2014 and Income and Expenditure for the year ended March 31, 2014 (Without elimination of the effect of transactions between the Company and the joint venture) are given below:

(Rs. lacs)

Description	As at March 31, 2014 (Based on ownership interest of 50%)	As at March 31, 2013 (Based on ownership interest of 50%)
ASSETS		
Non Current Assets		
Fixed assets	11,736.63	6638.06
Long term loan and advances	70.89	451.40
Current Assets		
Current Investment	1.72	-
Inventories	517.27	-
Cash and bank balances	613.34	1801.52
Short term loan and advances	838.48	392.23
Other current asset	3.03	14.56
LIABILITIES		
Non Current Liabilities		
Long term borrowing	4,000.00	2500.00
Long term provision	8.71	1.81
Current Liabilities		
Short term borrowing	239.19	74.91

Trade payable	145.42	9.27
Other current liabilities	2,231.68	857.53
Short term provision	1.32	0.14
	Year ended	Year ended
	March 31, 2014	March 31, 2013
INCOME	7.00	75.61
EXPENSES		
Purchase of stock in trade(traded goods)	28.58	-
Change in inventories of stock in trade	(28.58)	-
Employee benefit expenses	4.13	2.07
Finance cost	0.03	15.81
Others expense	22.43	56.57
Tax expenses	-	0.44
Note : Capital Commitments	195.45	2,407.68

27. (a) The Board of Directors of the Company in their meeting held on March 20, 2014 has approved the Scheme of Amalgamation between Simbhaoli Sugars Limited (Amalgamating Company) and Simbhaoli Spirits Limited, the wholly owned subsidiary company (Amalgamated Company) and their respective shareholders and creditors (the Scheme). The Scheme shall be beneficial to all the stake holders and shall provide greater integration amongst the affairs of the two companies, improve the financial strength, bring in efficiencies in operations and result in optimum utilization of resources, better administration, significant cost savings, rationalization of human resources, improved organizational capabilities and leadership and flexibility of fund raising for future growth and expansions.

As per clause 24 (f) of the Listing Agreement, the Company has filed the draft Scheme with the Stock Exchanges and Securities and Exchange Board of India (SEBI) to seek their consent to the proposed Scheme. With effect from the Appointed Date i.e the close of the business hours on March 31, 2014 or such other date as may be fixed or approved by the High Court and upon the Scheme becoming effective, the entire business and undertaking of Amalgamating Company, shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, as a going concern without any further act and deed. The Amalgamated Company will be listed with the same stock exchanges as that of Amalgamating Company subject to the approval of the SEBI.

The Amalgamating Company shall be wound up without liquidation as per the scheme. Pending sanction of the scheme, no financial effect has been considered in these financial statements.

- (b) The Indian sugar industry particularly in the state of Uttar Pradesh has been facing financial difficulties on account of higher sugar cane prices in prior years, lower realization of sugar and high finance cost. The Company continues to incur cash losses, which has resulted in its Net Worth being fully eroded and its current liabilities being significantly higher than its current assets. The State and Central Governments, having recognized the importance of the sugar industry had taken various steps to strengthen the industry, which includes no increase in cane price for 2013-14 sugar season, remission of society commission, purchase tax and entry tax in the state, subsidy on interest cost on specified loans and consideration of linking the sugarcane price with sugar realizations in ensuing sugar seasons. The Company had also initiated a number of measures which included business and financial restructuring of its business divisions into new SPVs and planned growth in operations and disinvestments of the shares in such SPVs etc. for de-risking its businesses and improving its financial position.

On the basis that the aforesaid Scheme of Amalgamation of the Company as stated in Note 27(a) above, will be successfully completed on approval of the Scheme from the Hon'ble Court of Judicature at Allahabad, these financial statements have been prepared by the Company on going concern basis.

28. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signatures to Notes 1 to 28.

Gurpal Singh
Managing Director
DIN -00064807

Gurmit Singh Mann
Chairman
DIN - 00066653

Sanjay Tapriya
Chief Financial Officer
DIN -00064703

Gursimran Kaur Mann
Managing Director
DIN - 00642094

Kamal Samtani
Company Secretary
FCS - 5140

Sunil K. Gupta
VP-Finance & Commercial
FCA - 73502

Place : New Delhi
Date : May 27, 2014

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS SIMBHAOLI SUGARS LIMITED

We have audited the accompanying consolidated financial statements of SIMBHAOLI SUGARS LIMITED (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated 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, and based on the consideration of the report of the other auditor on the financial statements of the subsidiary, referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to:

1. Note 18 to the financial statements regarding the Company continuing to incur cash losses, which has resulted in its net worth being fully eroded and its current liabilities being significantly higher than its current assets. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.
2. Note 16 to the financial statements which sets out the position regarding repudiation by the insurance company of the Company's insurance claim amounting to Rs. 769 lacs on account of sinking of ship carrying raw sugar purchased by the Company in July 2009. Based on the expert advice, management is confident that the proceedings against the insurer would be settled in favour of the Company and no loss would arise in this regard.

Our opinion is not qualified in respect of these matters.

Other Matter

We did not audit the financial statements of the subsidiary viz. Simbhaoli Global Commodities DMCC, whose financial statements reflect total assets (net) of Rs. 16.13 lacs as at March 31, 2014, total revenues of Rs. 1.43 lacs and net cash flows amounting to Rs. 11.84 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of the other auditor.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.015125N)

Gurgaon
May 27, 2014

Manjula Banerji
Partner
(Membership No.086423)

**SIMBHAOLI SUGARS LIMITED
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2014**

	Notes	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	6,035.88	6,035.88
Reserves and surplus	3.2	<u>(54,471.79)</u>	<u>(36,555.03)</u>
		<u>(48,435.91)</u>	<u>(30,519.15)</u>
Minority interest		2,444.24	843.48
Non-current liabilities			
Long-term borrowings	3.3	16,209.16	18,256.59
Deferred tax liabilities	3.4	-	4.78
Other long-term liabilities	3.5	38.64	89.06
Long-term provisions	3.6	296.61	225.80
		<u>16,544.41</u>	<u>18,576.23</u>
Current liabilities			
Short-term borrowings	3.7	99,419.52	54,870.48
Trade payables	3.8	48,382.59	88,273.04
Other current liabilities	3.9	19,551.38	13,753.90
Short-term provisions	3.10	662.18	637.72
		<u>168,015.67</u>	<u>157,535.14</u>
Total		<u>138,568.41</u>	<u>146,435.70</u>
ASSETS			
Non-current assets			
Fixed assets	3.11		
Tangible assets		49,195.21	51,736.96
Intangible assets		9.07	93.33
Capital work in progress		12,987.32	5,432.77
		<u>62,191.60</u>	<u>57,263.06</u>
Pre-operative expenditure pending allocation	3.11 A	3,201.93	968.90
Goodwill on consolidation		1,600.00	1,600.00
Non-current investments	3.12	1.76	1.76
Deferred tax assets	3.13	952.31	5.03
Long-term loans and advances	3.14	1,988.35	1,780.15
		<u>69,935.95</u>	<u>61,618.90</u>
Current assets			
Current investments	3.14A	1.72	-
Inventories	3.15	47,650.10	56,411.15
Trade receivables	3.16	7,346.60	8,945.45
Cash and bank balances	3.17	6,637.82	13,105.62
Short-term loans and advances	3.18	5,094.86	4,574.08
Other current assets	3.19	1,901.36	1,780.50
		<u>68,632.46</u>	<u>84,816.80</u>
Total		<u>138,568.41</u>	<u>146,435.70</u>
Significant accounting policies and Notes to the consolidated accounts	1 to 24		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula Banerji
Partner

Place : Gurgaon
Date : May 27, 2014

For and on behalf of the Board of Directors

Gurpal Singh
Managing Director
DIN - 00064807

Sanjay Tapriya
Chief Financial Officer
DIN - 00064703

Kamal Samtani
Company Secretary
FCS-5140

Place : New Delhi
Date : May 27, 2014

Gurmit Singh Mann
Chairman
DIN - 00066653

Gursimran Kaur Mann
Managing Director
DIN - 00642094

Sunil K. Gupta
VP-Finance & Commercial
FCA-73502

SIMBHAOLI SUGARS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE
YEAR ENDED MARCH 31, 2014

	<u>Notes</u>	<u>Year ended March 31, 2014 Rs. lacs</u>	<u>Year ended March 31, 2013 Rs. lacs</u>
Revenue from operations			
Sale of products		122,742.45	99,630.09
Less: Excise duty		<u>26,986.32</u>	<u>3,759.17</u>
		95,756.13	95,870.92
Sale of services		2,188.39	1,739.35
Other operating revenues	3.20	<u>240.41</u>	<u>156.06</u>
Revenue from operations		<u>98,184.93</u>	<u>97,766.33</u>
Other income	3.21	<u>484.85</u>	<u>874.91</u>
Total Revenue		<u>98,669.78</u>	<u>98,641.24</u>
Expenses			
Cost of materials consumed		70,987.92	76,020.85
Purchases of stock-in-trade	3.22	1,451.56	291.63
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.23	4,125.42	3,200.78
Employee benefits expense	3.24	6,410.53	5,676.12
Finance costs	3.25	14,804.15	11,778.45
Depreciation and amortization expense	3.26	4,144.38	4,093.76
Other expenses	3.27	<u>15,432.97</u>	<u>14,711.93</u>
Total Expenses		<u>117,356.93</u>	<u>115,773.52</u>
Loss before exceptional items and tax		(18,687.15)	(17,132.28)
Exceptional items	20	<u>1,058.36</u>	<u>-</u>
Loss before tax		<u>(19,745.51)</u>	<u>(17,132.28)</u>
Tax expense:-			
Tax relating to previous year		23.64	-
Current tax		105.13	316.14
Deferred tax charge/ (benefit)		<u>(952.06)</u>	<u>4,865.40</u>
		<u>(18,922.22)</u>	<u>(22,313.82)</u>
Minority interest		<u>(927.78)</u>	<u>46.09</u>
Loss after tax and minority interest		<u>(17,994.44)</u>	<u>(22,359.91)</u>
Earnings per equity share-basic/diluted (Rs.)	12		
Basic/ Diluted before exceptional items		(61.05)	(79.84)
Basic/ Diluted after exceptional items		(64.80)	(79.84)
Significant accounting policies and Notes to the consolidated accounts	1 to 24		

For and on behalf of the Board of Directors

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula Banerji
Partner

Gurpal Singh
Managing Director
DIN - 00064807
Sanjay Tapriya
Chief Financial Officer
DIN - 00064703
Kamal Samtani
Company Secretary
FCS-5140

Gurmit Singh Mann
Chairman
DIN - 00066653
Gursimran Kaur Mann
Managing Director
DIN - 00642094
Sunil K. Gupta
VP-Finance & Commercial
FCA-73502

Place : Gurgaon
Date : May 27, 2014

Place : New Delhi
Date : May 27, 2014

SIMBHAOLI SUGARS LIMITED
CONSOLIDATED CASH FLOW STATEMENT OF SIMBHAOLI SUGARS LIMITED
FOR THE YEAR ENDED MARCH 31, 2014

	Year ended March 31, 2014 Rs. lacs	Year ended March 31, 2013 Rs. lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax and exceptional items	(18,687.15)	(17,132.28)
Adjustments for:		
Depreciation (net of revaluation reserve)	4,144.38	4,093.76
Unrealised foreign exchange fluctuation	-	19.72
Finance Cost	14,804.15	11,778.45
Profit on sale of non trade unquoted current investment	(1.72)	(75.60)
Loss/(Profit) on sale of fixed assets (net)	20.61	(103.74)
Interest income	(312.18)	(415.83)
Liability/provisions no longer required written back	-	(6.21)
Transfer from Capital-grant-in-aids'	(7.11)	(1.34)
Operating profit/(loss) before working capital changes	(39.02)	(1,843.07)
Adjustments for change in :		
Trade receivables	4,257.28	(560.59)
Short term and long term loan & advances	541.74	3,527.18
Other Current Assets	14,872.36	3,479.98
Inventories	7,702.67	(1,418.75)
Trade payables	4,994.57	12,536.09
Other current liabilities	(14,783.06)	494.95
Short term and long term provision	179.26	53.14
Cash (used in)/generated from operations	17,725.80	16,268.93
Direct taxes (paid)/ refund	(365.01)	(486.08)
Net cash (used in) / from operating activities	17,360.79	15,782.85
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(5,597.12)	(6,079.02)
Sale of fixed assets	149.82	108.49
Capital work in progress	(5,316.56)	-
Purchase of mutual funds	(250.00)	(1,500.00)
Sale of mutual funds	250.00	2,975.61
Change in margin money	793.16	(1,417.23)
Interest received	(889.91)	561.74
Capital grant in aid received	120.00	25.00
Net cash (used in)/from investing activities	(10,740.61)	(5,325.41)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares/equity warrants	2,256.04	2,545.18
Proceeds from long term borrowings	3,764.74	2,750.00
Repayment of long term borrowings	(5,280.14)	(6,522.03)
Changes in short term borrowing	(2,296.63)	5,636.02
Share Application Money pending for allotment	146.21	-
Finance Cost	(10,862.22)	(10,635.05)
Dividend paid	(10.70)	(1.52)
Tax on dividend	(1.91)	-
Contribution toward charity reserve received	1.84	0.94
Net cash (used in)/from financing activities	(12,282.77)	(6,226.46)
D. Net increase/(decrease) in cash and cash equivalents	5,662.59	4,230.98
E. Cash and cash equivalents (opening balance)		
Cash and bank balances	9,216.75	4,985.77
F. Cash and cash equivalents (closing balance) (Refer note 3.17)		
Cash and bank balances (D+E)	3,554.16	9,216.75

The above Cash flow statement has been prepared under the "indirect method" set out in Accounting Standard-3 prescribed in the Companies (Accounting Standards) Rules, 2006.

For and on behalf of the Board of Directors

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Manjula Banerji
Partner

Gurpal Singh
Managing Director
DIN - 00064807

Sanjay Tapriya
Chief Financial Officer
DIN - 00064703

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Company Secretary
FCS-5140

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Chairman
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Managing Director
DIN - 00642094

Sunil K. Gupta
VP-Finance & Commercial
FCA-73502

Place : Gurgaon
Date : May 27, 2014

Place : New Delhi
Date : May 27, 2014

SHAREHOLDER'S FUNDS

	As at March 31, 2014 (No. of Shares)	As at March 31, 2014 Rs. lacs	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 Rs. lacs
3.1 SHARE CAPITAL				
Authorized				
Equity shares of Rs. 10 each with voting rights	35,000,000	3,500.00	35,000,000	3,500.00
Preference share of Rs. 100 each	4,000,000	4,000.00	4,000,000	4,000.00
	39,000,000	7,500.00	39,000,000	7,500.00
Issued				
Equity shares of Rs. 10 each with voting rights	28,433,435	2,843.34	28,433,435	2,843.34
8% cumulative redeemable preference shares of Rs. 100 each	3,200,000	3,200.00	3,200,000	3,200.00
	31,633,435	6,043.34	31,633,435	6,043.34
Subscribed and paid up				
Equity shares of Rs. 10 each with voting rights fully paid up	28,228,810	2,822.88	28,228,810	2,822.88
Add: Forfeited shares amount originally paid up	204,625	13.00	204,625	13.00
8% cumulative redeemable preference shares of Rs. 100 each	3,200,000	3,200.00	3,200,000	3,200.00
	31,633,435	6,035.88	31,633,435	6,035.88
A) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year				
Equity shares with voting rights (one per share)				
As at beginning of the year	28,228,810	2,822.88	27,571,310	2,757.13
Add: Issue of shares on exercise Equity Warrants (refer note 2 below)	-	-	657,500	65.75
As at end of the year	28,228,810	2,822.88	28,228,810	2,822.88
8% cumulative redeemable preference shares				
As at beginning of the year	3,200,000	3,200.00	-	-
Add: Issue of shares on a preferential basis (refer note 1 below)	-	-	3,200,000	3,200.00
As at end of the year	3,200,000	3,200.00	3,200,000	3,200.00
	As at March 31, 2014 (No. of Shares)	As at March 31, 2014 % of Shareholding	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 % of Shareholding
B) Shareholders holding more than 5% of the shares in the Company				
Equity shares holders				
1 Dholadhar Investments Private Limited	5,306,585	18.80	5,306,585	18.80
2 Mr. Gurmit Singh Mann	2,284,747	8.09	2,284,747	8.09
3 Mr. Gурpal Singh	2,053,649	7.28	2,053,649	7.28
4 India Max Investment Fund Limited	2,239,643	7.93	2,239,643	7.93
8% cumulative redeemable preference shares				
1 Dholadhar Investment Private Limited	800,000	25.00	800,000	25.00
2 Pritam Singh Sandhu Associates Private Limited	400,000	12.50	400,000	12.50
3 Shri Vatsala Traders Private Limited	1,000,000	31.25	1,000,000	31.25
4 Pearl Innovative Marketing Pvt Limited	1,000,000	31.25	1,000,000	31.25

Note:

- Nil (previous year 32,00,000) 8% Cumulative Redeemable Preference shares (CRPS) of Rs 100 each issued and allotted to specified promoters and selective investors on March 26, 2013 as fully paid-up in exchange of the equity shares held in the share capital of UniworlD Sugars Private Limited. The CRPS shall carry a fixed cumulative dividend coupon rate of 8% and shall be redeemed on the expiry of 12 years from the date of allotment.
- Nil (previous year 6,57,500) equity shares of Rs. 10 each were issued and allotted during the period as fully paid-up at an exercise price of Rs. 46 (including premium of Rs. 36) per equity share on conversion of Nil (previous year 6,57,500) equity warrants issued and allotted to specific promoters covered under section 301 of the Companies Act, 1956 on preferential basis.
- Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
 - 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on May 18, 2010 at an exercise price of Rs. 39 (including premium of Rs. 29) per option and balance Nil (previous year 65,800) options are outstanding at the year end.
 - 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49 (including premium of Rs. 39) per option and balance Nil (previous year 4,41,770) options are outstanding at the year end.

Note:- No options were exercised during the vesting period therefore balance options have lapsed and have been transferred to the Statement of Profit and Loss during the current year.

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.2 RESERVES AND SURPLUS		
Revaluation reserve		
Opening Balance	195.50	280.51
Less: Deduction during the year (1)	37.42	85.01
	158.08	195.50
Reconstruction reserve		
Opening Balance	430.16	505.25
Less: Deduction during the year (2)	-	75.09
	430.16	430.16
Capital grant-in-aid		
Opening Balance	32.07	8.41
Add: Addition during the year (3)	120.00	25.00
Less: Utilised during the year (4)	7.11	1.34
	144.96	32.07
Capital reserve		
Opening Balance	288.76	231.26
Add: Addition during the year (5)	-	57.50
	288.76	288.76
Securities premium account		
Opening Balance	1,904.36	1,667.66
Add: Premium on shares issued during the year (6)	-	236.70
	1,904.36	1,904.36
Charity Reserve		
Opening Balance	4.02	3.08
Add: Addition during the year (7)	1.84	0.94
Less: Utilised during the year (8)	0.48	-
	5.38	4.02
General Reserve		
Opening Balance	70.87	45.32
Add: Addition during the year	-	25.55
	70.87	70.87
Capital reserve on consolidation		
Opening Balance	84.92	84.92
Add: Addition during the year	-	-
	84.92	84.92
Foreign currency translation reserve		
Opening Balance	(0.84)	(1.52)
Add: Addition during the year	0.85	0.68
	0.01	(0.84)
Share options outstanding account		
Opening Balance (9)	37.11	39.43
Less: Transferred to Consolidated Statement of Profit and Loss during the year (4)	37.11	2.32
	-	37.11
Balance in Consolidated Statement of Profit and Loss		
Opening Balance	(39,601.96)	(17,208.01)
Add: Profit/(loss) during the year	(17,994.44)	(22,359.91)
Amount transferred from Share Options outstanding account (4)	37.11	2.32
	(57,559.29)	(39,565.60)
Less: Corporate dividend tax on dividend proposed/paid by subsidiary Transferred to general reserve	-	1.91
	-	34.45
	(57,559.29)	(39,601.96)
	(54,471.79)	(36,555.03)

- (1) - Rs. 37.42 lacs (previous year Rs. 57.05 lacs) transferred to Consolidated Statement of Profit and Loss.
- Rs. Nil (previous year Rs. 27.96 lacs) transferred on sale of fixed assets.
(2) Rs. Nil (previous year Rs. 75.09 lacs) transferred on sale of fixed assets.
(3) Received during the year.

CONSOLIDATED

- (4) Transferred to Consolidated Statement of Profit and Loss.
 (5) Transferred on account of lapse of share warrants
 (6) Rs. Nil (previous year Rs. 236.70 lacs) received on allotment of equity shares.
 (7) Rs.1.84 lacs (previous year Rs. 0.94 lacs) received during the year
 (8) Rs. 0.48 lacs (previous year Rs. Nil) disbursed during the year.
 (9) Refer note 2 (xxi) and foot note 3 of note 3.1

NON-CURRENT LIABILITIES

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.3 LONG-TERM BORROWINGS		
Secured		
Term loans		
From banks [Refer note 10(B)]	7,337.83	12,449.98
From others [Refer note 10(C)]	2,090.27	3,306.61
Unsecured		
Compulsorily Convertible Debentures [Refer note 11]	2,781.06	-
Total	12,209.16	15,756.59
Share of Joint Venture [Refer note 2(ii) (D)]	4,000.00	2,500.00
	16,209.16	18,256.59

3.4 DEFERRED TAX LIABILITIES

Deferred tax liabilities

Depreciation	-	1,478.48
	-	1,478.48
Deferred tax assets		
Unabsorbed business loss	-	1,467.48
Provision for gratuity and leave encashment	-	6.22
	-	1,473.70
	-	4.78

3.5 OTHER LONG TERM LIABILITIES

Security deposit	-	0.75
Interest accrued but not due on loans	38.64	88.31
	38.64	89.06

3.6 LONG-TERM PROVISIONS

Provision for employee benefits		
Compensated absences	287.90	223.99
Total	287.90	223.99
Share of Joint Venture (Refer note 2(ii) (D))	8.71	1.81
	296.61	225.80

CURRENT LIABILITES

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.7 SHORT-TERM BORROWINGS		
Secured		
Loans repayable on demand		
From banks [Refer note 10(A)]	47,758.41	47,733.37
From others [Refer note 10(D)]	-	1,630.35
	<u>47,758.41</u>	<u>49,363.72</u>
Unsecured		
Loans repayable on demand		
From banks		
- Book overdraft	2,610.81	997.18
- Other than book overdraft	47,673.66	2,610.11
From Directors	1,200.61	1,835.61
	<u>51,485.08</u>	<u>5,442.90</u>
Share of Joint Venture [Refer note 2(ii) (D)]	176.03	63.86
	<u>51,661.11</u>	<u>5,506.76</u>
	99,419.52	54,870.48
3.8 TRADE PAYABLES		
Trade payables	48,237.34	88,263.77
	<u>48,237.34</u>	<u>88,263.77</u>
Total	48,237.34	88,263.77
Share of Joint Venture [Refer note 2(ii) (D)]	145.25	9.27
	<u>48,382.59</u>	<u>88,273.04</u>
3.9 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Secured)		
From banks [refer note 10(B)]	6,456.65	4,440.43
From others [refer note 10(C)]	1,567.53	1,615.01
Current maturities of finance lease obligations [Refer note 14A]	-	2.22
Interest accrued but not due on borrowings	162.01	232.69
Interest accrued and due on borrowings	5,395.50	973.97
Advances received from customers*	915.68	1,240.32
Unclaimed dividends #	-	8.95
Interest accrued on trade payables	-	1,230.32
Security deposits	149.90	142.52
Creditors for capital goods	405.14	465.43
Statutory dues payable	2,231.49	2,273.26
Others miscellaneous payable	51.01	271.25
Total	<u>17,334.91</u>	<u>12,896.37</u>
Share of Joint Venture [Refer note 2(ii) (D)]	2,216.47	857.53
	<u>19,551.38</u>	<u>13,753.90</u>
* Includes advance billing to customers Rs. 16.13 lacs (previous year Rs.Nil)		
# There is no amount due and outstanding to be credited to investor education and protection fund.		
3.10 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Compensated absences	76.05	36.31
Provision for tax	515.44	599.36
Corporate dividend tax	-	1.91
Provision for warranty [Refer note 23]	69.37	-
Total	<u>660.86</u>	<u>637.58</u>
Share of Joint Venture [Refer note 2(ii) (D)]	1.32	0.14
	<u>662.18</u>	<u>637.72</u>

3.11 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at March 31, 2013	Addition	Disposals	As at March 31, 2014	As at March 31, 2013	For the Year	On Disposals	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangibles (Owned)										
Land - freehold	2,304.38	-	-	2,304.38 *	-	-	-	-	2,304.38	2,304.38
Buildings	9,334.24	70.05	0.33	9,403.96	3,358.59	373.90	-	3,732.49	5,671.47	5,975.65
Railway siding	1.60	-	-	1.60	1.59	-	-	1.59	0.01	0.01
Plant and machinery	71,698.03	1,508.02	250.43	72,955.62	28,943.54	3,631.92	88.39	32,487.07	40,468.55	42,754.49
Furniture and fixtures	242.02	8.44	-	250.46	203.09	9.01	-	212.10	38.36	38.93
Vehicles	544.04	57.01	32.15	568.90	389.26	48.16	27.21	410.21	158.69	154.78
Office Equipment	569.37	27.17	-	596.54	285.01	29.05	-	314.06	282.48	284.36
Leasehold Improvements	-	42.73	-	42.73	-	5.50	-	5.50	37.23	-
Subtotal tangibles	84,693.68	1,713.42	282.91	86,124.19	33,181.08	4,097.54	115.60	37,163.02	48,961.17	
Previous year	82,460.05	2,260.58	26.95	84,693.68	29,143.71	4,059.57	22.20	33,181.08		51,512.60
Share of Joint Venture										
Current year	227.09	17.28	4.15	240.22	2.73	4.48	1.03	6.18	234.04	
Previous year	118.16	108.93	-	227.09	-	2.73	-	2.73		224.36
Total tangibles current year	84,920.77	1,730.70	287.06	86,364.41	33,183.81	4,102.02	116.63	37,169.20	49,195.21	
Total tangibles previous year	82,578.21	2,369.51	26.95	84,920.77	29,143.71	4,062.30	22.20	33,183.81		51,736.96
Intangibles (Owned)										
Software	234.72	-	-	234.72	141.39	84.26	-	225.65	9.07	93.33
Subtotal Intangibles	234.72	-	-	234.72	141.39	84.26	-	225.65	9.07	
Previous year	232.30	2.42	-	234.72	52.88	88.51	-	141.39		93.33
Share of Joint Venture										
Current year	-	-	-	-	-	-	-	-	-	-
Previous year	-	-	-	-	-	-	-	-	-	-
Total intangibles current year	234.72	-	-	234.72	141.39	84.26	-	225.65	9.07	
Total intangibles previous year	232.30	2.42	-	234.72	52.88	88.51	-	141.39		93.33
Total this year	85,155.49	1,730.70 #	287.06	86,358.91	33,325.20	4,186.28	116.63	37,388.67	49,204.28	
Total previous year	82,810.51	2,371.93 #	26.95	85,155.49	29,196.59	4,150.81	22.20	33,325.20		51,830.29
Capital work in progress									4,717.91	987.97
Share of Joint Venture (Refer note 2(ii)(D))									8,269.41	4,444.80
Total capital work in progress									12,987.32	5,432.77
									62,191.60	57,263.06

* Includes Rs. 8.62 lacs (previous year Rs. 8.62 lacs) pertaining to land situated at Brijnathpur pending registration in favour of the Company.

Includes adjustment of Rs. Nil (previous year Rs. 203.79 lacs) on account of foreign exchange fluctuation.

As at
March 31, 2014
Rs. lacs

As at
March 31, 2013
Rs. lacs

3.11A PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION

Finance costs	237.15	-
Legal and professional	329.30	-
Technical knowhow and management services	399.90	-
Travelling and conveyance	9.68	-
Miscellaneous expenses	12.80	-
	988.83	-
Share of Joint Venture [Refer note 2(ii) (D)]	2,213.10	968.90
	3,201.93	968.90

As at
March 31, 2014 As at
March 31, 2013
Rs. lacs Rs. lacs

3.12 NON-CURRENT INVESTMENTS

(Valued at cost unless there is permanent diminution in value there of)

Trade Investment

Investment in shares

Unquoted

One share of Rs. 20 fully paid up in Simbhaoli Co-operative
Cane Development Union Limited (*Rs. 20)

*

*

Other Investments

Investment in Government securities

Unquoted

6-Years Post Office National Savings Certificate

1.61

1.61

Others

Unquoted

Casetech employee share plan trust

0.15

0.15

1.76

1.76

Aggregate book value

- Unquoted

1.76

1.76

3.13 DEFERRED TAX ASSETS

Deferred tax assets

Unabsorbed depreciation/Brought forward business loss

3,706.29

7,797.38

Accrued expenses deductible on payment

25.55

434.84

Others

30.08

44.58

3,761.92

8,276.80

Deferred tax liabilities

Depreciation

2,809.61

8,271.77

2,809.61

8,271.77

Deferred tax assets #

952.31

5.03

#Refer note 19

3.14 LONG-TERM LOANS AND ADVANCES

(Unsecured and considered good unless otherwise stated)

Capital advances

403.02

-

Security deposit

111.98

137.38

Tax payments

1,128.31

929.50

Others loans and advances

274.15

287.38

Total

1,917.46

1,354.26

Share of joint venture

70.89

425.89

[Refer note 2(ii) (D)]

1,988.35

1,780.15

CURRENT ASSETS

3.14A CURENT INVESTMENTS

Share of Joint Venture*

1.72

-

[Refer note 2(ii) (D)]

1.72

-

*Net Realisable value of unquoted non-trade current investments in Mutual funds amounting to Rs 1.84 lacs (previous year Rs Nil).

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	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.15 INVENTORIES		
Raw materials #	1,372.94	5,403.52
Work-in-progress	1,272.22	2,209.55
Finished goods	42,033.92	46,405.18
Stock-in-trade *	105.36	9.13
Stores and spares	2,338.87	2,371.69
Loose tools	9.52	12.08
	47,132.83	56,411.15
Share of Joint Venture	517.27	-
[Refer note 2(ii) (D)]		
	47,650.10	56,411.15
# Includes raw sugar in transit of Rs. Nil (previous year Rs.1,025.27 lacs)		
* Includes stock in transit of Rs.82.21 lacs (previous year Rs. Nil)		
3.16 TRADE RECEIVABLES		
Outstanding for a period exceeding six months from due date for payment #		
Unsecured - considered good	1,301.66	1,337.92
- considered doubtful	196.68	104.01
	1,498.34	1,441.93
Less: Provision for doubtful receivables	196.68	104.01
	1,301.66	1,337.92
Other debts *		
Unsecured - considered good	6,044.94	7,607.53
	7,346.60	8,945.45
# Including retention amounting to Rs. Nil (previous year Rs. 7.04 lacs)		
*Including retention amounting to Rs.179.76 lacs (previous year Rs. Nil)		
3.17 CASH AND BANK BALANCES		
(A) Cash and cash equivalent		
Balances with banks		
-current account	1,992.09	6,003.93
-EEFC account	18.06	27.96
- deposit account within upto 3 months maturity	1,400.00	2,155.00
Cash on hand	20.67	23.00
	3,430.82	8,209.89
Share of Joint Venture	113.34	1,006.86
[Refer note 2(ii) (D)]		
	3,544.16	9,216.75
(B) Other bank balances - Margin money / cash collateral		
With original maturity of 3 months or less	168.74	637.94
With original maturity of more than 3 months but less than 12 months	219.59	319.72
With original maturity of more than 12 months	1,887.19	1,892.59
	2,275.52	2,850.25
(C) Other bank balances - Other deposits #		
With original maturity of 3 months or less	9.90	1.40
With original maturity of more than 3 months but less than 12 months	218.45	101.95
With original maturity of more than 12 months	89.79	140.60
	318.14	243.95
Total (A+B+C)	6,137.82	12,310.95
Share of Joint Venture in other bank balance as margin money	500.00	794.67
[Refer note 2(ii) (D)]		
	6,637.82	13,105.62
# Pledged with excise authorities and civil court Rs. 318.14 lacs (previous year Rs. 243.95 lacs)		

	As at March 31, 2014 Rs. lacs	As at March 31, 2013 Rs. lacs
3.18 SHORT-TERM LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	2,123.14	1,992.73
Considered doubtful	248.45	188.36
	<u>2,371.59</u>	<u>2,181.09</u>
Less: Provision for doubtful advances	248.45	188.36
	<u>2,123.14</u>	<u>1,992.73</u>
Loans and advances to employees	80.82	49.37
Security Deposits		
Considered good	292.17	263.09
Considered doubtful	7.36	7.36
	<u>299.53</u>	<u>270.45</u>
Less: Provision for doubtful deposits	7.36	7.36
	<u>292.17</u>	<u>263.09</u>
Balances with customs, excise etc.	1,760.25	1,738.02
	<u>4,256.38</u>	<u>4,043.21</u>
Share of Joint Venture [Refer note 2(ii) (D)]	838.48	530.87
	<u>5,094.86</u>	<u>4,574.08</u>

3.19 OTHER CURRENT ASSETS		
(Unsecured and considered good unless otherwise stated)		
Considered good	1,317.54	1,506.56
Considered doubtful	42.50	53.93
	<u>1,360.04</u>	<u>1,560.49</u>
Less: Provision for doubtful claims	42.50	53.93
	<u>1,317.54</u>	<u>1,506.56</u>
Interest accrued on investments, deposits etc.	131.56	244.73
Advance Gratuity fund	-	14.65
Export incentive receivable	52.20	-
Unbilled revenue	397.03	-
	<u>1,898.33</u>	<u>1,765.94</u>
Share of Joint Venture [Refer note 2(ii) (D)]	3.03	14.56
	<u>1,901.36</u>	<u>1,780.50</u>

	Year ended March 31, 2014 Rs. Lacs	Year ended March 31, 2013 Rs. Lacs
3.20 OTHER OPERATING REVENUES		
Transfer from 'Capital grant-in-aid'	7.11	1.34
Export incentives	35.76	84.22
Miscellaneous	197.54	70.50
	<u>240.41</u>	<u>156.06</u>
3.21 OTHER INCOME		
Interest on Bank deposits	312.18	415.83
Rent	5.32	8.59
Profit on sale of fixed assets	-	103.74
Foreign exchange fluctuation	17.98	108.96
Miscellaneous	142.37	162.18
	<u>477.85</u>	<u>799.30</u>
Share of Joint Venture [Refer note 2(ii) (D)]	7.00	75.61
	<u>484.85</u>	<u>874.91</u>

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	Year ended March 31, 2014 Rs. Lacs	Year ended March 31, 2013 Rs. Lacs
3.22 PURCHASE OF STOCK-IN-TRADE		
Purchase of stock for resale	1,422.98	291.63
	<u>1,422.98</u>	<u>291.63</u>
Share of Joint Venture [Refer note 2(ii) (D)]	28.58	-
	<u>1,451.56</u>	<u>291.63</u>
3.23 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	46,405.18	49,799.76
Work-in-progress	2,209.55	2,024.88
Stock-in-trade	9.13	-
	<u>48,623.86</u>	<u>51,824.64</u>
Closing stock		
Finished goods	42,033.92	46,405.18
Work-in-progress	1,272.22	2,209.55
Stock-in-trade	105.36	9.13
	<u>43,411.50</u>	<u>48,623.86</u>
Less: Adjustment relating to finished goods write off [Refer note 20]	1,058.36	
	<u>4,154.00</u>	<u>3,200.78</u>
Share of Joint Venture [Refer note 2(ii) (D)]	(28.58)	-
	<u>4,125.42</u>	<u>3,200.78</u>
3.24 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages, bonus, commission, etc.	5,154.92	5,059.87
Provident and other funds*	1,006.38	419.64
Welfare	245.10	194.54
	<u>6,406.40</u>	<u>5,674.05</u>
Share of Joint Venture [Refer note 2(ii) (D)]	4.13	2.07
	<u>6,410.53</u>	<u>5,676.12</u>
* Includes gratuity expense refer to Note 7		
3.25 FINANCE COSTS		
Interest expense	14,593.78	11,256.06
Other borrowing costs	210.34	450.13
Net (gain)/loss on foreign currency transactions and translation	-	56.44
	<u>14,804.12</u>	<u>11,762.63</u>
Share of Joint Venture [Refer note 2(ii) (D)]	0.03	15.82
	<u>14,804.15</u>	<u>11,778.45</u>
3.26 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation expense	4,181.80	4,150.81
Transfer from revaluation reserve	(37.42)	(57.05)
	<u>4,144.38</u>	<u>4,093.76</u>

	Year ended March 31, 2014 Rs. Lacs	Year ended March 31, 2013 Rs. Lacs
3.27 OTHER EXPENSES		
Sugar cane development	150.66	305.58
Consumption of stores and spare parts #	5,693.44	4,159.02
Power and fuel	999.71	1,164.57
Repairs		
- Machinery	1,972.94	2,178.45
- Buildings	87.82	149.45
- Others	145.95	115.48
Insurance	170.19	158.00
Rent	305.94	320.38
Rates and taxes	326.23	466.08
Donations	0.94	1.93
Travelling and conveyance	669.92	572.89
Marketing expense	1,083.55	869.84
Export expenses	376.22	206.53
Commission to selling agents	394.18	478.22
Loss on sale of fixed assets	20.61	-
Bad debts and advance	92.30	1,010.80
Provision for doubtful debts and advances	202.40	489.34
Increase/ (decrease) in excise duty on finished goods	(155.40)	101.27
Loss on derivative transactions	1.70	31.85
Prior Period Expenses*	89.25	-
Miscellaneous expenses **	2,958.69	2,026.61
	<u>15,587.24</u>	<u>14,806.29</u>
Less:- Expenses capitalised	176.70	150.92
	<u>15,410.54</u>	<u>14,655.37</u>
Share of Joint Venture [Refer note 2(ii) (D)]	22.43	56.56
	<u>15,432.97</u>	<u>14,711.93</u>

Stores, oil and chemical allocated to other revenue head Rs. 1,316.55 lacs (previous year Rs.1,857.05 lacs)

* Includes Consumption of stores and spares Rs. 33.99 lacs (previous year Rs.Nil) and Marketing and selling expenses Rs. 55.26 lacs (previous year Rs.Nil)

**Includes provision for warranty Rs. 69.37 lacs (previous year Rs.Nil) (refer note 23)

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Background

Simbhaoli Sugars Limited ('the Company') is a public limited company registered with Registrar of Companies, Kanpur Uttar Pradesh on 29th June 1936. The Company has three sugar complexes - Simbhaoli (western Uttar Pradesh), Chilwaria (eastern Uttar Pradesh) and Brijnathpur (western Uttar Pradesh) having an aggregate crushing capacity of 19,500 TCD. The Company is technology driven with a business mix that spans refined (sulphurless) sugar, specialty sugars, extra neutral alcohol (ENA), ethanol, bio-manure and technology consultancy. The Company is engaged in sugar refining (Defeco Remelt Phosphotation and Ion Exchange technology), high value, niche products (specialty sugars) and clean energy (ethanol). The Company sells international standard refined, pharmaceutical grade and specialty sugars to the retail and bulk institutional consumer segments.

The Company is operating its different businesses through separate subsidiary/jointly controlled entity, the details are given below:

S.No.	Name of the Entity	Business
1.	Simbhaoli Spirits Limited (SISPL)	Potable Alcohol business
2.	Simbhaoli Power Private Limited (SPPL)	Generation of green power
3.	Integrated Casetech Consultants Private Limited (ICCP)	Consultancy business
4.	Simbhaoli Global Commodities DMCC	Trading of sugar & alcohol
5.	Uniwold Sugars Private Limited (USPL)	Raw sugar refinery

2. Basis of consolidation and significant accounting policies

i) Basis of accounting and preparation of Consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entity (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The Consolidated financial statements are prepared under the historical cost convention method as modified to include the revaluation/business valuation of certain fixed assets as indicated in (iv) below. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Principles of consolidation

A) The consolidated financial statements relate to Simbhaoli Sugars Limited ('the Company'), its subsidiaries and jointly controlled entity. The consolidated financial statements have been prepared on the following basis:

- the financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities,

income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

- the consolidated financial statements have been prepared using uniform accounting policies for -like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - the financial statements of the jointly controlled entity have been combined by using proportionate consolidation method and accordingly, venturer's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported as separate line item in the Consolidated Financial Statements.
 - the excess of cost to the Company of its investment in a subsidiary company/ joint venture over its share of equity of the subsidiary company/joint venture, at the dates on which the investment in the subsidiary company/joint venture is made, is recognized as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. Alternatively, where the share of equity in a subsidiary company/joint venture as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and surplus', in the consolidated financial statements.
 - Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the dates of investments as stated above.
- B) The financial statement of the subsidiary companies/joint venture is drawn up to the same reporting date as of the Company, i.e. year ended March 31, 2014.
- C) The subsidiaries considered in the consolidated financial statements are:

Name of Entity	Country of incorporation	% voting power held as at March 31, 2014	% voting power held as at March 31, 2013
Simbhaoli Spirits Limited	India	100.00	99.99
Simbhaoli Power Private Limited	India	51.00	51.00
Integrated Casetech Consultants Private Limited	India	85.16	85.16
Simbhaoli Global Commodities DMCC	Dubai-UAE	100.00	100.00

D) The joint venture considered in the consolidated financial statements is:

Name of Entity	Country of incorporation	% voting power held as at March 31, 2014	% voting power held as at March 31, 2013
Uniwold Sugars Private Limited	India	50.00	50.00

iii) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

iv) Fixed assets

Fixed assets [other than certain fixed assets of Simbhaoli Sugar Division where cost has been modified based on revaluation of assets / business valuation thereof as determined by the valuer] are valued at cost.

Cost is inclusive of freight, duties, taxes, other incidental expenses and in case of capital projects, financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the date of their commissioning.

v) Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

vi) Impairment

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using an appropriate discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

vii) Depreciation/Amortisation

A) In respect of fixed assets of Simbhaoli Sugar Division, where costs have been modified based on revaluation/business valuation, depreciation is provided on the straight line method at the rates applicable to the balance useful life of the relevant assets as estimated by the valuer or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

B) In respect of other assets, the depreciation is provided by applying the following method at the rates specified in Schedule XIV to the Companies Act, 1956 :

- Buildings (other than Chilwaria Sugar Division and Simbhaoli Spirits Limited)	- Written down value method
- Buildings (Chilwaria Sugar)	- Straight line method

Division and Simbhaoli Spirits Limited)	
- Plant and machinery (other than electric installations, typewriters and office equipments)	- Straight line method
- Railway siding/electric installations/typewriters and office equipment/ furniture and fixtures/ motor lorries and vehicles	- Written down value method

C) Software is amortised on over its economic useful life of 10 years on straight line method.

D) Fixed assets costing up to Rs. 5,000 are fully depreciated in the year of acquisition.

E) In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the Consolidated Statement of Profit and Loss.

viii) Investments

Long term investments are stated at cost as reduced by permanent diminution in value, if any. Current investments are stated at lower of cost or fair value.

ix) Inventories

Stores, spare parts and tools and appliances are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

Stores and spare parts	- Monthly weighted average.
Raw materials	- First in first out (FIFO)
Process stocks/finished goods	- FIFO material cost plus appropriate share of labour and manufacturing overheads.
By products	- At estimated realisable value
Stock in trade (traded goods for resale)	- First in first out (FIFO)

x) Cash and cash equivalent

Cash comprises cash on hand and term / demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

xi) State excise duty

The state excise duty payable on finished goods is accounted for on the clearance of goods from the factory premises or bonded warehouses. The amount of state excise duty payable on potable alcohol not cleared from the factory premises and bonded warehouses as at the year is not determinable as it varies according to the places to which the goods will be dispatched. However, non provision of this liability does not affect the profit/ loss of the year.

xii) Employee benefits

Group contribution paid/payable during the year to provident fund and superannuation fund is recognised in the Consolidated Statement of Profit and Loss. Provision for gratuity and compensated absences determined on an actuarial basis at the end of the year are charged to revenue each year.

xiii) Research and development expenditure

The revenue expenditure on research and development is charged as expenditure in the year in which it is incurred, under the respective revenue heads. Expenditure which results in the creation of capital assets is treated in the same manner as expenditure on fixed assets.

xiv) Revenue recognition

Sales are recognized on transfer of significant risk and rewards of ownership of the goods to the buyer and stated at net of sales tax but inclusive of excise duty. Interest income is recognized on time proportion basis.

xv) Foreign Currency Transactions and Forward contracts

A) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing on the date of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the year except that the exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for the acquisition of the fixed assets are adjusted to the cost of fixed assets.

B) In case of foreign subsidiary, the assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year end whereas revenues and expenses reflected in the Consolidated Statement of Profit and Loss have been translated into Indian Rupees at monthly average exchange rate for the reporting period. The resultant translation exchange differences are accumulated in "Foreign currency translation reserve" to be recognised as income or expense in the period in which net investment in concerned foreign subsidiary is disposed off.

xvi) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the

tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active / continuous development on the qualifying assets is interrupted.

xvii) Government grants

Government grants related to revenue are recognized in the Consolidated Statement of Profit and Loss over the years necessary to match them with the related costs.

Government grants related to depreciable fixed assets are recognized in the Consolidated Statement of Profit and Loss over the useful life of the asset to which they relate.

xviii) Taxation

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. (Refer note 19)

xix) Securities issue expenses

Securities issue expenses (net of tax) are adjusted from the securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xx) Premium payable on redemption of securities

Premium payable on redemption of securities issued for financing capital project up to the date of commissioning of such projects is included in cost thereof. Subsequent to the date of commissioning of such project, premium payable on redemption of securities (net of tax) is adjusted from securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xxi) Accounting for Employee Share Based Payments

Measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance note on Accounting for Employee Share - Based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized on straight line basis over the vesting period of stock option.

4. i) Contingent liabilities not provided for:

Claims against the Group not acknowledged as debts Rs. 1,077.51 lacs (previous year Rs. 1,098.75 lacs).

(Rs. lacs)

Description	As at March 31, 2014	As at March 31, 2013
Sales Tax/Trade Tax Act	14.40	65.19
State Excise Act	17.34	17.34
Central Excise Act	520.16	520.17
Others	525.61	496.05
Total	1,077.51	1,098.75

All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not in the opinion of the management, have a material effect on results of operations or financial position of the Group.

ii) Arrears of dividend on 8% cumulative preference shares Rs. 260.21 lacs (previous year Rs. 4.21 lacs)

iii) Capital and other commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 342.69 lacs (previous year Rs. 3,597.68 lacs). The Group has other commitments, for purchase / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits including union agreements in normal course of business. The Group does not have any other long term commitments or material non-cancellable contractual commitments / contracts, which may have a material impact on the financial statements.

5. The Company has facilitated agri loans from certain commercial banks to its sugarcane farmers under the management and collection agreements and provided Corporate Guarantee and PDCs as security. These loans were distributed to the farmers against the payment to be made to them against supply of sugarcane to the company in previous years and the Company facilitating the repayment of these loans along with interest to the banks. Now these loans became due for payment to the banks by the Company as its liability and accordingly these liabilities are shown as Short term borrowings from banks. The Company is in discussions with the banks for raising long term loan(s) to retire these liabilities.

6. Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current year		Previous year	
	Amount in foreign currency (Rs. lacs)	Amount (Rs. lacs)	Amount in foreign currency (Rs. lacs)	Amount (Rs. lacs)
Secured loan	-	-	USD 30.00	1630.35
Unsecured loan	-	-	GBP 0.78	63.86
Trade receivables	USD 23.40	1,391.43	USD 15.92	861.52
Cash and bank	USD 0.23	13.85	USD 0.46	25.25
	AED 0.14	2.28	AED 0.18	2.72
Balance in Non-converted FC account	USD 0.03	1.87	USD 0.001	0.05
Trade payables	EURO 0.16	13.11	EURO 0.34	23.83
	-	-	USD 1.16	63.04
Other Payables	-	-	USD 6.61	359.15
Advance from Customer	USD 18.73	1126.28	-	-

7. Employee Benefits

The Group has classified the various benefits provided to employees as under:-

a) Defined contribution plans:

- Superannuation fund
- Provident fund

During the year, the Group has recognised the following amounts in the Consolidated Statement of Profit and Loss:

(Rs. lacs)

	Current year	Previous period
- Employers' Contribution to Provident Fund @	390.94	375.19
- Employers' Contribution to Superannuation Fund @	25.29	19.26

@ Includes Rs. 4.21 lacs (previous year Rs. Nil) pertaining to share of joint venture which has been capitalised.

b) Defined benefits plans

- Gratuity
- Compensated absences – Earned Leave/Sick Leave/Casual Leave

In accordance with the Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below:

(Rs. lacs)

	Gratuity (Funded)		Compensated absences (Non Funded)	
	2013-14	2012-13	2013-14	2012-13
Discount rate (per annum)	8%	8%	8%	8%
Future salary increase	5%	5%	5%	5%
Expected rate of return on plan assets	8%	8%	N/A	N/A
In service mortality	#	#	#	#
I. Expense recognized in profit and loss account				
Current service cost	161.14	100.30	68.22	59.81
Interest cost	77.74	76.38	16.51	9.88
Expected return on plan assets	(87.75)	(78.64)	-	-
Net actuarial (gain)/loss recognized in the year	449.75	(72.85)	138.72	131.50
Total expense ##	600.88	25.19	223.45	201.19
II Net asset/(liability) recognized in the balance sheet as at the end of the year				
Present value of Defined benefits obligation	1,630.94	1,025.36	373.98	262.24
Fair value of plan assets	(1,046.21)	(1,038.76)	-	-
Funded status [surplus/(deficit)]	(584.73)	13.40	(373.98)	(262.24)
Net asset/(liability) as at the end of the year	(584.73)	13.40	(373.98)	(262.24)
Current	(584.73)	13.40	77.37	36.44
Non current	-	-	296.61	225.80
III Change in the present value of obligation during the year				
Present value of the obligation as at the beginning of the year	1,025.36	1,001.58	262.24	184.39
Liability on acquisition	-	-	-	-
Interest cost	77.74	76.38	16.51	9.88
Current service cost	161.14	100.30	68.22	59.81
Benefits paid	(99.49)	(93.72)	(111.71)	(123.34)
Actuarial (gains)/ losses on obligation	466.19	(59.18)	138.72	131.50
Present value of obligation as at the end of the year	1,630.94	1,025.36	373.98	262.24
IV Change in present value of fair value of plan Assets				
Fair value of plan assets as at the beginning of the year	1,038.76	872.60	-	-
Expected return on plan assets	87.75	78.64	-	-
Contributions	2.75	167.57	-	-
Benefits paid	(99.49)	(93.72)	-	-
Actuarial gains/(losses)	16.44	13.67	-	-
Fair value of plan assets as at the end of the year	1,046.21	1,038.76	-	-
V Detail of plan Assets	Funded with ICICI*		NA	

Indian Assured Lives Mortality (2006-08) ultimate.

Includes Rs. 6.52 lacs (previous year Rs. Nil) pertaining to share of joint venture which has been capitalised.

* The plan assets are maintained with ICICI Prudential Life Insurance Company Ltd. The details of investments maintained by the ICICI Prudential Life Insurance Company Ltd have not been made available to the Company and have therefore not been disclosed.

The Company's best estimate of contributions expected to be paid during the annual year beginning after balance sheet date is Rs. 584.73 lacs for gratuity and Rs. 373.98 lacs for Compensated absences. Disclosure relating to present value of defined benefit obligation and fair value of plan assets and net actuarial gain/ loss:-

(Rs. lacs)

Particulars	Gratuity (Funded)					Compensated absences (Non Funded)				
	2013-14	2012-13	2012-10	2009-10	2008-09	2013-14	2012-13	2012-10	2009-10	2008-09
Present value of obligation as at the end of the year / period	1,630.94	1,025.36	1,001.58	935.90	761.74	373.98	262.24	184.39	197.16	186.85
Fair value of plan assets as at the end of the year / period	1,046.21	1,038.76	872.60	772.71	756.67	-	-	-	-	-
Net asset/(liability) recognized in the balance sheet	(584.73)	13.40	(128.98)	(163.19)	(5.07)	(373.98)	(262.24)	(184.39)	(197.16)	(186.85)
Net actuarial (gain)/loss recognized	449.75	(72.85)	(69.10)	61.47	(44.05)	138.72	131.50	64.65	70.12	(21.14)

8. Related Party disclosure under Accounting Standard 18

A. Name of related party and nature of related party relationship.

Key Management Personnel:

Mr.G.M.S.Mann, Mr.Gurpal Singh, Dr.G.S.C.Rao (ceased to be key management personnel w.e.f. September 11, 2013), Mr. Sanjay Tapriya, Ms. Gursimran Kaur Mann and Mr. S.N. Misra (w.e.f. October 8, 2013).

Relatives of Key management personnel:

Mrs. G.R.Lakshmi (wife of Dr.G.S.C.Rao, ceased to be key management personnel w.e.f. September 11, 2013), Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya), Mr. B.D.Tapriya (father of Mr. Sanjay Tapriya), Mr. Govind Singh Sandhu (brother of Mr.

Gurpal Singh) and Mr. Angad Singh (son of Mr. Gurpal Singh).

Enterprise over which key management personnel exercise significant influence:

- Dholadhar Investments Private Limited (enterprise over which, Mr. G.M.S. Mann and Ms. Gursimran Kaur Mann exercises significant influence).
- Pritam Singh Sandhu Associates Private Limited (enterprise over which Mr. Gurpal Singh exercises significant influence).

Joint Venture: Uniworld Sugars Private Limited (USPL)

Co-venturer: ED & F Man Holdings BV (ED & F Man) and Sindicatum Captive Energy Singapore Pte Limited (SCES) with effect from January 26, 2013, Co-venturer in a subsidiary.

B) Transactions with the above parties:

(Rs. in lacs)

Description	Joint venture/Co-venturer		Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Rent	-	-	-	-	41.65	74.36	-	-
Mrs. G.R. Lakshmi	-	-	-	-	6.18	24.72	-	-
Mrs. Mamta Tapriya	-	-	-	-	9.41	23.58	-	-
Mr. Govind Singh Sandhu	-	-	-	-	26.06	26.06	-	-
Salary/stipend	-	-	-	-	6.96	8.01	-	-
Mr. Angad Singh	-	-	-	-	6.96	8.01	-	-
Allotment of Equity Shares	-	-	-	6.58	-	-	-	-
Mr. Gurpal Singh	-	-	-	6.58	-	-	-	-
Allotment of Preference shares	-	-	-	-	-	-	-	1,200.00
Dholadhar Investment Private Limited	-	-	-	-	-	-	-	800.00
Pritam Singh Sandhu Associates	-	-	-	-	-	-	-	400.00
Allotment of Debentures	2,781.06	-	-	-	-	-	-	-
SCES	2,781.06	-	-	-	-	-	-	-
Professional Charges	-	-	-	-	-	0.32	-	-
Mr. B.D. Tapriya	-	-	-	-	-	0.32	-	-
Managerial Remuneration	-	-	203.14	266.36	-	-	-	-
Mr. G.M.S. Mann	-	-	49.35	53.40	-	-	-	-
Mr. Gurpal Singh	-	-	51.13	52.75	-	-	-	-
Dr. G.S.C.Rao	-	-	22.65	71.47	-	-	-	-
Mr. Sanjay Tapriya	-	-	43.60	64.72	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	23.66	24.02	-	-	-	-
Mr. S.N.Misra	-	-	12.75	-	-	-	-	-
Loan taken	-	1,642.50	-	1,816.15	-	-	-	-
Mr. G.M.S. Mann	-	-	-	1,813.76	-	-	-	-
Mr. Gurpal Singh	-	-	-	2.39	-	-	-	-
SCES	-	1,642.50	-	-	-	-	-	-
Loans repaid	-	-	635.00	5.54	-	-	-	-
Mr. G.M.S. Mann	-	-	635.00	3.27	-	-	-	-
Mr. Gurpal Singh	-	-	-	2.27	-	-	-	-
Loans given	73.50	-	-	-	-	-	-	-
USPL	73.50	-	-	-	-	-	-	-
Interest paid	275.32	4.59	-	3.50	-	-	-	-
Mr. G.M.S. Mann	-	-	-	0.84	-	-	-	-
Mr. Gurpal Singh	-	-	-	2.66	-	-	-	-
SCES	275.32	4.59	-	-	-	-	-	-

Expenses recovered	19.41	160.61	-	-	-	-	-	-
USPL	19.41	32.88	-	-	-	-	-	-
ED & F Man	-	127.73	-	-	-	-	-	-
Dividend paid			0.80	0.62				
Dr. G.S.C.Rao			0.40	0.32				
Mr. Sanjay Tapriya			0.40	0.30				
Advances given	380.49	1,189.01	-	-	-	-	-	-
USPL	-	1,123.32	-	-	-	-	-	-
ED & F Man	380.49	65.69	-	-	-	-	-	-
Purchase of goods/ finished goods	658.61	6,568.08	-	-	-	-	-	-
ED & F Man	658.61	6,568.08	-	-	-	-	-	-
Payment/advance received	175.68	1,031.14	-	-	-	-	-	-
USPL	101.64	852.86	-	-	-	-	-	-
ED & F Man	74.04	178.28	-	-	-	-	-	-
Other Income	50.00	15.00	-	-	-	-	-	-
USPL	50.00	15.00	-	-	-	-	-	-
Purchase of stores/ assets	1.76	-	-	-	-	-	-	-
USPL	1.76	-	-	-	-	-	-	-
Income from sale of service	76.88	130.92	-	-	-	-	-	-
USPL	76.88	130.92	-	-	-	-	-	-
Sale of stores/ assets	0.15	-	-	-	-	-	-	-
USPL	0.15	-	-	-	-	-	-	-
Management fees paid	244.98	-	-	-	-	-	-	-
SCES	244.98	-	-	-	-	-	-	-
Balance outstanding								
Short-term borrowings	-	1,630.35	-	-	-	-	-	-
SCES	-	1,630.35	-	-	-	-	-	-
Trade payables	-	1,660.92	43.92	30.55	2.83	2.93	-	-
Mr. G.M.S. Mann	-	-	11.55	5.82	-	-	-	-
Mr. Gurpal Singh	-	-	10.49	8.33	-	-	-	-
Dr. G.S.C.Rao	-	-	9.94	10.09	-	-	-	-
Mr. Sanjay Tapriya	-	-	2.99	2.59	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	8.95	3.72	-	-	-	-
Mr. Angad Singh	-	-	-	-	1.33	2.88	-	-
Mr. B.D. Tapriya	-	-	-	-	-	0.05	-	-
ED & F Man	-	1,660.92	-	-	-	-	-	-
Mrs Mamta Tapriya	-	-	-	-	1.50	-	-	-
Other Current liabilities	-	4.59	-	-	-	-	-	-
SCES	-	4.59	-	-	-	-	-	-
Unsecured loan	-	127.73	1,200.61	1,835.61	-	-	-	-
Mr. G.M.S. Mann	-	-	1,181.49	1,816.49	-	-	-	-
Mr. Gurpal Singh	-	-	19.12	19.12	-	-	-	-
ED & F Man	-	127.73	-	-	-	-	-	-
Loans and advance	78.53	141.05	-	-	-	-	-	-
USPL	78.53	141.05	-	-	-	-	-	-
Trade Receivable	170.20	-	-	-	-	-	-	-
ED & F Man	170.20	-	-	-	-	-	-	-
Guarantee given on behalf of Group by Mr. G M S Mann & Mr. Gurpal Singh	-	-	100,664.25	65,516.95	-	-	-	-

9. Segment reporting

A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" notified by the Companies (Accounting Standard) Rules, 2006, the Group's business segments include: Sugar, Alcohol, Power and Others (technical services).

B. Geographical segments:

Since the Group's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 2 above, the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis.

All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments is allocated to the segments on a reasonable basis.

c) Inter segment sales:

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated on consolidation.

D) Information About Business Segments

(Rs. in lacs)

PARTICULARS	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue														
External sales:	76,346.98	78,473.04	41,064.30	17,562.04	3,463.78	3,768.54	4,055.78	1,565.82	-	-	-	-	124,930.84	101,369.44
Inter segment sales	5,533.83	10,115.02	96.43	49.90	257.41	7,543.71	308.38	333.81	(6,196.05)	(18,042.44)	-	-	-	-
Other operating Revenue	179.10	63.31	30.45	91.64	-	-	30.86	1.11	-	-	-	-	240.41	156.06
Total revenue	82,059.91	88,651.37	41,191.18	17,703.58	3,721.19	11,312.25	4,395.02	1,900.74	(6,196.05)	(18,042.44)	-	-	125,171.25	101,525.50
Segment results	(6,042.95)	(7,702.25)	423.96	36.48	512.76	2,525.26	258.35	339.77	-	-	-	-	(4,847.88)	(4,800.74)
Unallocated expenses (net of income)											(964.88)	553.09	(964.88)	553.09
Operating profit/(loss)													(3,883.00)	(5,353.83)
Finance cost											14,804.15	11,778.45	14,804.15	11,778.45
Exceptional items											1,058.36	-	1,058.36	-
Provision for taxes														
- Tax relating to previous year											23.64	-	23.64	-
- Current tax											105.13	316.14	105.13	316.14
- Deferred tax benefit											(952.06)	4,865.40	(952.06)	4,865.40
Net Profit/(loss)													(18,922.22)	(22,313.82)
Other information														
Segment assets	107,168.91	100,511.41	15,305.20	19,716.94	19,824.44	21,449.06	1,845.36	1,035.75	-	-	-	-	144,143.91	142,713.16
Unallocated assets											(5,578.98)	3,720.78	(5,578.98)	3,720.78
Investment											3.48	1.76	3.48	1.76
Total assets	107,168.91	100,511.41	15,305.20	19,716.94	19,824.44	21,449.06	1,845.36	1,035.75			(5,575.50)	3,722.54	138,568.41	146,435.70
Segment liabilities	47,877.92	89,798.40	2,446.38	2,502.65	1,461.91	357.72	1,239.16	604.41	-	-	-	-	53,025.37	93,263.18
Shares capital and reserves (30,519.15)											(48,435.91)	(30,519.15)	(48,435.91)	(30,519.15)
Minority interest											2,444.24	843.48	2,444.24	843.48
Secured and unsecured loans											124,691.52	79,521.57	124,691.52	79,521.57
Unallocated liabilities											6,843.19	3,326.62	6,843.19	3,326.62
Total liabilities	47,877.92	89,798.40	2,446.38	2,502.65	1,461.91	357.72	1,239.16	604.41			85,543.04	53,172.52	138,568.41	146,435.70
Capital expenditure	5,901.63	5,376.03	97.13	942.64	5,434.25	79.39	69.41	6.35	-	-	15.87	57,272.41	11,518.29	63,676.82
Depreciation and amortization expense (net of revaluation reserve)	2,240.35	2,332.36	800.73	772.51	1,013.37	895.86	14.71	5.49	-	-	75.22	87.54	4,144.38	4,093.76
Non cash expenses other than depreciation	1,257.05	1,170.23	105.02	117.19	-	-	11.35	2.73	-	-	0.25	210.00	1,373.67	1,500.14

10. Secured Loan

A. Short term working capital borrowings from banks:	
1.a	Cash Credit facilities of each business division of Simbhaoli Sugars Limited (SSL) (other than co-operative banks referred to herein-below) are secured by way of first pari passu charge on the current assets, both present and future, of the business division of the company. These facilities are collaterally secured by way of third pari passu charge on the entire fixed assets of the company.
1.b	Cash Credit facilities of Simbhaoli Spirits Limited (SISPL) are secured by way of exclusive first charge on the current assets, both present and future, of the SISPL. These facilities are additionally secured by way of second pari passu charge on the fixed assets of SISPL. They are also secured by Personal Guarantees of Mr. Gurmit Singh Mann and Mr. Gural Singh, Promoter Directors of SISPL.
1.c	Cash Credit facilities of Integrated Casetech Consultants (ICPL) are secured against fixed deposits with bank.
2.a	Cash credit facilities from Co-operative Bank of each business division of SSL are secured by pledge of sugar stocks of the respective division of the company.
2.b	Loan repayable on demand of Uniworld Sugars Private Limited (USPL) is secured against fixed deposit held for collateral under Term Loan shown under Long Term Borrowings.

B. Long term loans from banks:

	Nature of security	Terms of repayment
1.a	Term loans from banks of Rs. 11,385.84 lacs* of SSL (previous year Rs. 14,707.05 lacs) are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land of the Company.	- Rs. 5,652.66 lacs repayable in FY 2014-15 - Rs. 4,455.75 lacs repayable in FY 2015-16 - Rs. 1,277.43 lacs repayable in FY 2016-17
1.b	Term Loan of Rs. Nil (previous year Rs. 2.29 lacs) is secured by way of hypothecation of specific vehicles acquired under the scheme.	

1.c	Term loans from banks of Rs. 1,538.66 lacs* (previous year Rs. 2181.07 lacs) of SISPL are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of SISPL.	- Rs. 802.71 lacs repayable in FY 2014-15 - Rs. 735.95 lacs repayable in FY 2015-16
2.	Term loan of Rs. 5,000.00 lacs* (previous year Rs. 2,750.00 lacs) of Uniworld Sugars Private Limited (USPL) are secured by way of - First pari passu charge created on all movable and immovable properties, both present and future, of USPL. - An irrevocable and unconditional guarantee(s) from Mr. Gurmit Singh Mann and Mr. Gurpal Singh, the Indian Promoters of USPL. - Pledge of 100% shareholding held by Simbhaoli Sugars Limited in the Company on pari passu basis. - Pledge of 100% shareholding held by Integrated Casetech Consultants Private Limited in the Company on pari passu basis. - Fixed Deposit of Rs 1,000.00 lacs with IDBI Bank with IDBI's lien noted thereon on pari passu basis.	- Rs. 1,000.00 lacs repayable in FY 2014-15 - Rs. 1,000.00 lacs repayable in FY 2015-16 - Rs. 1,000.00 lacs repayable in FY 2016-17 - Rs. 1,000.00 lacs repayable in FY 2017-18 - Rs. 1,000.00 lacs repayable in FY 2018-19
3.	Term loan of Rs. 863.00 lacs (previous year Rs. Nil) of Simbhaoli Power Private Limited (SPPL) from a Cooperative Bank is secured by way of : - First charge on all the present and future fixed assets and current assets of SPPL. - Assignment of leasehold rights over land, taken on lease by the Company situated at Simbhaoli and Chilwaria, where its power plants are located, in favour of the bank. - Pledge of 100% shareholding held by SSL in the SPPL. - First Charge on receivables from UPPCL by way of escrow account Mechanism. - [Due within one year Rs. Nil (previous year Rs. Nil)]	- Rs. 123.28 lacs repayable in FY 2016-17 - Rs. 123.28 lacs repayable in FY 2017-18 - Rs. 123.28 lacs repayable in FY 2018-19 - Rs. 123.28 lacs repayable in FY 2019-20 - Rs. 123.28 lacs repayable in FY 2020-21 - Rs. 123.28 lacs repayable in FY 2021-22 - Rs. 123.32 lacs repayable in FY 2022-23
4.	Car loan of Rs. 6.98 lacs (previous year Rs. Nil) of SPPL from bank secured by way of hypothecation of the specific vehicle. [Due within one year Rs. 1.28 lacs (previous year Rs. Nil)]	5 years with 60 monthly installments

* Includes overdue as on March 31, 2014 as follows :

(Rs. lacs)

Particulars	As at March 31, 2014			As at March 31, 2013		
	Principal Repayment	Interest	Due for the month	Principal Repayment	Interest	Due for the month
Due on term loans from banks	12.05	13.66	January-14	-	-	-
	116.98	83.08	February-14	-	-	-
	332.47	335.63	March-14	-	-	-
Total	461.50	432.37		-	-	-

C. Long term loans from others

1.	Term loans of Rs. 3,557.80 lacs # (previous year Rs. 4,821.62 lacs) from Sugar Development Fund (SDF) is secured by way of second exclusive charge created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.	- Rs. 1,567.53 lacs repayable in FY 2014-15 - Rs. 1,019.60 lacs repayable in FY 2015-16 - Rs. 583.01 lacs repayable in FY 2016-17 - Rs. 387.66 lacs repayable in FY 2017-18
2.	Term loans of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) from Sugar Technology Mission (STM) is secured by exclusive first charge to be created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information Forecasting and Assessment Council (TIFAC).	

D. Short term loans from others

1.	External Commercial Borrowings of Rs. Nil (previous year Rs. 1,630.35 lacs) of SPPL from Sindicatum Captive Energy Singapore PTE Limited (SCES) was secured by way of a first pari-passu charge on bank account No.00071131004403 opened with Oriental Bank of Commerce.	
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Includes overdue as on March 31, 2014 as follows:

Particulars	As at March 31, 2014			As at March 31, 2013		
	Principal Repayment	Interest	Due for the month	Principal Repayment	Interest	Due for the month
Due on term loans from banks	37.50	2.42	February-14	-	-	-
	336.82	72.48	March-14	-	-	-
Total	374.32	74.90		-	-	-

In addition to the above, the credit facilities with banks of SSL (i.e. Working Capital and Term Loans including WCTL) excluding SDF loans, Cash Credit from Co-operative banks and loan from STM are additionally secured by following securities:

- First pari passu charge on pledge of 22.50 lacs equity shares of the Company held by promoters.
- Pledge of 86.96 lacs equity shares of Simbhaoli Spirits Limited held by the Company.

All credit facilities of SSL other than SDF Loans, Sugar Technology Mission Loan and Vehicle Loans are guaranteed by Mr. Gurmit Singh Mann, Chairman and Mr. Gurpal Singh, Managing Director of the Company.

- During the year the Simbhaoli Power Private Limited (SPPL) has issued unsecured Compulsorily Convertible Debentures (CCD) of Rs. 2781.06 lacs (previous year Rs. Nil) to Sindicatum Captive Energy Singapore Pte Ltd., Joint Venturer (SCES). The terms of debenture are as under:
 - Fixed Interest rate

Interest shall be payable on each series of CCDs (so far as not converted) at a rate of:

 - 14.5% per annum for the first 48 months from the date of issue; and
 - 16% per annum thereafter.

In the event however the above rates in respect of any CCDs are higher than any ceiling prescribed under applicable Law, the CCD Interest Rate will be equal to the maximum applicable rate.

- Interest on CCDs shall accrue from the date of issuance of the CCD and accumulate for the first 15 months from the date of issuance of such CCD. Subsequently, the interest shall be paid bi-annually on 1 July and 1 January of each calendar year.
- CCDs will be compulsorily convertible into ordinary equity shares of the SPPL on the earlier of (i) the exercise of SCES right to require conversion under terms of the Joint Venture Agreement, (ii) the giving of a Buy Out Notice or a Sale Notice, at the sole discretion and option of the SCES; or (iii) at the time stipulated in the following schedule:

Proportion of CCDs (issued but not yet converted) to be converted by SCES	Conversion Date (number of years from the First Closing Date)	Tranche/ Conversion Date	Series I (CCDs/ Shares)
10%	6 years	25.01.2019	4.90 lacs
10%	7 years	25.01.2020	4.90 lacs
10%	8 years	25.01.2021	4.90 lacs
10%	9 years	25.01.2022	4.90 lacs
60%	10 years	25.01.2023	29.40 lacs

12. Earnings per share

	Current year	Previous period
I. Profit/(loss) after tax and exceptional items as per Profit and Loss accounts (Rs. lacs)	(17,994.44)	(22,359.91)
Less: Preference Share dividend (inclusive of tax thereon)	297.53	4.89
Profit/loss after tax and exceptional items (A)	(18,291.97)	(22,364.80)
Less: Exceptional Items net of taxes of Rs. Nil (Previous year Rs. Nil) (Rs. lacs)	(1,058.36)	-
Profit/(loss) after tax and before exceptional items (Rs. lacs) (B)	(17,233.61)	(22,364.80)
II. Weighted average number of equity shares outstanding		
(i) For basic earnings per share (Nos.) (C)	2,82,28,810	2,80,12,646
(ii) For diluted earnings per share (Nos.)		
Shares for basic earnings per share as per II (A) (Nos.)	2,82,28,810	2,80,12,646
Shares for diluted earnings per share (Nos.) (D)	2,82,28,810	2,80,12,646
III. Earnings per share (Rs.)		
- Basic/diluted EPS before exceptional item (B/C)	(61.05)	(79.84)
- Basic/diluted EPS after exceptional item (A/D)	(64.80)	(79.84)

13. Auditors' remuneration (excluding service tax):

- Statutory audit	44.75	45.00
- Audit of accounts for fiscal year	-	16.00
- Limited review of unaudited financial results	50.00	41.58
- Transfer Pricing fees	15.00	-
- Certification and others	5.00	9.50
- Reimbursement of out of pocket expense for statutory audit and others	1.77	2.47

14. Obligation towards Finance Lease

The Integrated Casetech Consultants Private Limited (ICCPL) has taken car on finance lease. The reconciliation between the total of minimum lease payments at Balance Sheet date and their present value is as below:

	As at March 31, 2014	(Rs. in lacs) March 31, As at 2013
Future minimum lease payments		
Not later than one year	-	2.22
Later than one year and not later than five years	-	-
	-	2.22
Less: Unearned finance income	-	-
Present value of minimum lease payments receivable		
Not later than one year	-	2.33
Later than one year and not later than five years	-	-
	-	2.33
Add: Amount representing interest expenses	-	0.11
	-	2.22

The finance lease has been completed during the current year and the vehicle under the finance lease has been grouped under owned assets in 3.11

B) Operating Lease arrangement

The ICCPL has entered into operating lease arrangements for office premises. The leases are non - cancellable and are for a period of 3 years and may be renewed for a further period based on mutual agreement of the parties.

(Rs. lacs)

Future minimum lease payment under non-cancellable leases	Current year	Previous year
Not later than one year	3.60	-
Later than one year and not later than five years	3.60	-
Later than five years	-	-
Total	7.20	-

Lease payments recognised in the Consolidated Statement of Profit and Loss in Note 3.27.

15. As at March 31, 2014 outstanding export obligation against advance license scheme (ALS) is 17,897 metric tonnes (previous year 22,517 metric tonnes). The management is confident that the export obligation shall be fully met and possible loss expected in complying with such obligation has been accounted for in the financial statements.
16. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 4,780 lacs was filed with the insurance company. Following the repudiation of insurance claim by the Cargo insurers, in an arbitrary manner, the Company has initiated legal proceedings against the insurer in India and the vessel owner in London. During the previous year, the Company, in the London proceedings, has accepted and received a part compensation towards the cost of raw sugar. The Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for the balance claim of Rs. 769 lacs. Based on expert advice, management is confident that the proceedings against the insurer would be settled in favour of the Company and no loss would arise in this regard.
17. The SISPL has applied for renewal of its annual consent for the calendar year 2014 vide its application dated November 27, 2013 with the Uttar Pradesh Pollution Control Board (UPPCB). Earlier, in the matter of OA No. 299 of 2013 titled as Krishan Kant Singh & Anr. Vs. National Ganga River Basin Authority & Ors, pending before the Hon'ble National Green Tribunal, New Delhi (NGT) it was alleged that SISPL has not been complying with the pollution norms. In view of pendency of the aforesaid matter before the NGT, the UPPCB vide its letter dated February 17, 2014 withheld the annual consent application and directed for suspension of operation(s) of the distillery plant situated at Simbhaoli on stating the non-fulfillment of certain conditions on the pollution and effluent discharge.

In the last hearing, NGT vide its order dated April 22, 2014 has issued certain directions to ensure the pollution compliance and accordingly, the SISPL has submitted an action plan with the Central Pollution Control Board (CPCB) and UPPCB, stating that the SISPL has all the appropriate mechanism to control the effluent up to Zero Discharge level and has various effluent control equipment in place and further measures will be taken for improvements to comply with the conditions as stated in the order for running the plant at the optimum capacity. In view of the

above facts and based on legal advice received from experts, Management is confident of obtaining a favourable order from the NGT and the consent order for air and water pollution clearances from the UPPCB, thereby resuming the operations at Simbhaoli distillery plant.

18. (a) The Board of Directors of the Company in their meeting held on March 20, 2014 has approved the Scheme of Amalgamation between Simbhaoli Sugars Limited (Amalgamating Company) and Simbhaoli Spirits Limited, the wholly owned subsidiary company (Amalgamated Company) and their respective shareholders and creditors (the Scheme). The Scheme shall be beneficial to all the stake holders and shall provide greater integration amongst the affairs of the two companies, improve the financial strength, bring in efficiencies in operations and result in optimum utilization of resources, better administration, significant cost savings, rationalization of human resources, improved organizational capabilities and leadership and flexibility of fund raising for future growth and expansions.

As per clause 24 (f) of the Listing Agreement, the Company has filed the draft Scheme with the Stock Exchanges and Securities and Exchange Board of India (SEBI) to seek their consent to the proposed Scheme. With effect from the Appointed Date i.e. the close of the business hours on March 31, 2014 or such other date as may be fixed or approved by the High Court and upon the Scheme becoming effective, the entire business and undertaking of Amalgamating Company, shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Amalgamated Company, as a going concern without any further act and deed. The Amalgamated Company will be listed with the same stock exchanges as that of Amalgamating Company subject to the approval of the SEBI.

The Amalgamating Company shall be wound up without liquidation as per the scheme. Pending sanction of the scheme, no financial effect has been considered in these financial statements.

- (b) The Indian sugar industry particularly in the state of Uttar Pradesh has been facing financial difficulties on account of higher sugar cane prices in prior years, lower realization of sugar and high finance cost. The Company continues to incur cash losses, which has resulted in its Net Worth being fully eroded and its current liabilities being significantly higher than its current assets. The State and Central Governments, having recognized the importance of the sugar industry had taken various steps to strengthen the industry, which includes no increase in cane price for 2013-14 sugar season, remission of society commission, purchase tax and entry tax in the state, subsidy on interest cost on specified loans and consideration of linking the sugarcane price with sugar realizations in ensuing sugar seasons. The Company had also initiated a number of measures which included business and financial restructuring of its business divisions into new SPVs and planned growth in operations and disinvestments of the shares in such SPVs etc. for de-risking its businesses and improving its financial position.

On the basis that the aforesaid Scheme of Amalgamation of the Company as stated in Note 18(a) above, will be successfully completed on approval of the Scheme from the Hon'ble Court of Judicature at Allahabad, these financial results have been prepared by the company on a going concern basis.

19. The Company follows Accounting Standard (AS-22) "Accounting for taxes on income", and in consideration of prudence, has recognised deferred tax asset (DTA), as at March 31, 2014 only to the extent of deferred tax liability (DTL) of Rs. 8,161.56 lacs (previous year Rs. 8,269.92 lacs) on unabsorbed depreciation and brought forward business losses out of total deferred tax assets of Rs.18,019.03 (previous year Rs. 13,170.78 lacs). However, current year figures in note 3.13 does not includes the aforesaid DTA/DTL as net impact of the same is Rs. Nil.

20. During the year, shortage of finished goods in the sugar units of the Company amounting to Rs. 1,058.36 lacs have been detected based upon internal enquiries by the Management of the Company relating to certain irregularities by senior executives and the resultant loss has been written off in the books of account and included under the head 'Exceptional Items'. Following its internal policies in this regard, requisite legal actions including termination of employment of these executives for misappropriation of the Company's assets, financial irregularities and breach of fiduciary duties committed by them have been taken.

21. During the year, the Management of the Company became aware of certain malafide activities resulting from breach of fiduciary duties committed by its certain directors/senior executives by making false representations and setting-up parallel business entities in competitive areas. Following the internal inquiries and investigations considered necessary, the ICCPL has terminated the services of the aforesaid directors/ senior executives. The nominations of these directors had also been withdrawn from the Board of Directors of all the group companies by Simbhaoli Sugars Limited.

The ICCPL has initiated legal proceedings to make recoveries from such directors/ senior executives in the appropriate legal forums. However, the said directors/ senior executives have also initiated a legal case before the Hon'ble Company Law Board (CLB) against the ICCPL and sought certain reliefs i.e. instructing the ICCPL to maintain status quo of the Board of Directors, shareholding and the fixed assets of the ICCPL, which as an interim measure has been allowed by the CLB. Against this order the ICCPL approached the Hon'ble High Court of Delhi which has provided interim relief to the ICCPL for running its operations in the normal course and has directed the CLB to consider the matter on merit. The ICCPL has also filed a suit with the Hon'ble High Court of Delhi and obtained injunctions to refrain these directors/ senior executives from making any misrepresentations, that they are associated with the ICCPL in any manner, to the public at large. The aforesaid matters are sub-judice and the proceedings at various forums are in progress.

22. Disclosure related to Joint venture:

Name	Country of incorporation	Nature of interest	Percentage of ownership as at	
			March 31, 2014	March 31, 2013
Uniworld Sugars Private Limited	India	Equity share holding	50%	50%

Uniworld Sugars Private Limited is a 50:50 Jointly controlled entity between Volcafe Pte. Ltd. (formerly known ED & F Man Asia Holdings Pte Ltd.) and the Company as per the terms set under the Share Subscription and Shareholders Agreement dated January 25, 2011 and subsequent amendments therein (collectively referred to as "Joint Venture Agreements" or "JVA"). The Company has been incorporated to undertake the business of refining of sugar and molasses, the cogeneration of power and all other activities ancillary or identical thereto in India and trading of sugar and molasses both within the Indian and overseas markets.

The Company's share of Assets and Liabilities as at March 31, 2014 and Income and Expenditure for the year ended March 31, 2014 (Without elimination of the effect of transactions between the Company and the joint venture) are given below:

(Rs. lacs)

Description	As at March 31, 2014 (Based on ownership interest of 50%)	As at March 31, 2013 (Based on ownership interest of 50%)
ASSETS		
Non Current Assets		
Fixed assets	11,736.63	6,638.06
Long term loan and advances	70.89	451.40
Current Assets		
Current Investment	1.72	-
Inventories	517.27	-
Cash and bank balances	613.34	1,801.52
Short term loan and advances	838.48	392.23
Other current asset	3.03	14.56
LIABILITIES		
Non Current Liabilities		
Long term borrowing	4,000.00	2,500.00
Long term provision	8.71	1.81
Current Liabilities		
Short term borrowing	239.19	74.91
Trade payable	145.42	9.27
Other current liabilities	2,231.68	857.53
Short term provision	1.32	0.14
	Year ended March 31, 2014	Year ended March 31, 2013
INCOME	7.00	75.61
EXPENSES		
Purchase of stock in trade (traded goods)	28.58	-
Change in inventories of stock in trade	(28.58)	-
Employee benefit expenses	4.13	2.07
Finance cost	0.03	15.81
Others expense	22.43	56.57
Tax expenses	-	0.44
Note : Capital Commitments	195.45	2,407.68

23. (a) The details for provision for warranties are as under:

Certain equipments sales are covered by warranty for 12 months from date of commissioning

(Rs. in lacs)

Particulars	Current year	Previous year
Provision at the beginning of the year	-	-
Additional provisions made during the year	69.37	-
Amount reversed during the year	-	-
Provisions at the end of the year	69.37	-

(b) Classification into current and non-current liability

(Rs. in lacs)

Particulars	Current year	Previous year
Current liability	69.37	-
Non-current liability	-	-

24. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signatures to Notes 1 to 24

Gurpal Singh
Managing Director
DIN -00064807

Gurmit Singh Mann
Chairman
Director
DIN - 00066653

Sanjay Tapriya
Chief Financial Officer
DIN -00064703

Gursimran Kaur Mann
Managing Director
DIN - 00642094

Kamal Samtani
Company Secretary
FCS - 5140

Sunil K. Gupta
VP-Finance & Commercial
FCA - 73502

Place : New Delhi
Date : May 27, 2014

**STATEMENT PURSUANT TO EXEMPTION UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES***

Particulars	Integrated Casetech Consultants Pvt Ltd year ended 31.03.2014	Simbhaoli Global Commodities, DMCC [^] year ended 31.03.2014	Simbhaoli Power Limited* year ended 31.03.2014	Simbhaoli Spirits Limited** year ended 31.03.2014	Uniwold Sugars Private Limited*** year ended 31.03.2014
Share Capital	23.58	39.94	378.38	3,180.00	3,129.29
Reserve & Surplus	647.21	(38.16)	1,417.20	18,730.21	3,879.52
Total Assets	2,167.62	16.13	25,402.56	31,169.40	13,781.35
Total Liabilities	2,167.62	16.13	25,402.56	31,169.40	13,781.35
Investments	150.15	-	-	-	13,781.35
Turnover net of excise	4,364.15	Nil	3,721.20	9,303.49	-
Profit Before Taxation	213.71	(6.29)	(2,856.12)	(1,499.05)	(19.58)
Provision for Taxation	73.64	-	(920.27)	-	-
Profit After Taxation	140.07	(6.29)	(1,935.85)	(1,499.05)	(19.58)
Proposed Dividend	-	-	-	-	-

[^]Exchange Rate is taken as INR 60.94 for Profit & loss items, INR 60.10 for balance sheet items and share capital at INR 48.86 Per US\$

* Incorporated on June 21, 2011

*** Associated Company w.e.f. March 21, 2012

** Incorporated as on April 4, 2011

\$ figures are consolidated in the parent company's a/c

SIMBHAOLI SUGARS LIMITED
Registered Office: Simbhaoli-245 207, District Hapur (U.P.)

PROXY FORM

DP Id*	
Client ID*	

No. of Shares	
Master Folio No.	

I/We.....of.....being the member(s) of SIMBHAOLI SUGARS LIMITED hereby appoint.....of.....or failing him.....of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at 77th annual general meeting of the members of Simbhaoli Sugars Limited to be held on Tuesday, December 23, 2014 at 10:00 A.M. at the registered office of the Company at Simbhaoli-245 207, District Hapur (U.P.) and at any adjournment thereof.

Signed thisday of2014.

Signature of the Member(s)

Signature of Proxy (ies)

Affix
Revenue
Stamp

**Applicable for Investors holding shares in electronic form.

NOTE: The proxy form duly signed across the revenue stamp should reach the Company's registered office at least 48 hours before the time of the meeting.

Printed Matter



If undelivered please return to:
Registered Office
Simbhaoli Sugars Limited
Simbhaoli, District Hapur
Uttar Pradesh, 245207 India



India's largest integrated sugar refinery

• Simbhaoli Sugar Complex • Brijnathpur Sugar Complex • Chilwaria Sugar Complex