

# **76<sup>th</sup> Annual Report**

**2012-13**



**SIMBHAOLI  
SUGARS**



**SIMBHAOLI  
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
- G.S.C. Rao, Chief Executive Officer
- Sanjay Tapriya, Chief Financial Officer

### Non-executive Directors

- S.K. Ganguli
- S.C. Kumar
- B.K. Goswami
- C.K. Mahajan
- Ram Sharma
- Yashwant Varma

### Registered Office

- Simbhaoli  
District Hapur, Uttar Pradesh - 245 207

### Corporate Office

- C-11, Connaught Place  
New Delhi 110 001

### 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
- 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

#### 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

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# NOTICE

Notice is hereby given that the 76th Annual General Meeting of the members of Simbhaoli Sugars Limited will be held on Wednesday, July 31, 2013 at 10.00 A.M. 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 audited Balance Sheet as at March 31, 2013, Profit and Loss Account for the financial year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. S C Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants as statutory auditors of the Company for the financial year 2013-14 and 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, in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Chander Krishan Mahajan, who was appointed by the Board as an additional director on the Board and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at the ensuing annual general meeting and in respect of whom the Company has received a notice proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

"Resolved further that, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto to give effect to this resolution."

5. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:**

"Resolved that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modifications or enactments thereof for the time being in force, if any, and subject to the approval of the Central Government, if required, Mr. Gurmit Singh Mann be and is hereby appointed as the Executive Chairman of the Company, and the consent be and is hereby accorded for payment of remuneration to him, by way of salary, dearness allowance, perquisites and any other allowances, as may be decided by the Board of Directors of the Company for a period of two and half years effective from April 1, 2013 till September 30, 2015 on the terms and conditions as detailed below:

- a) **Designation:** Chairman
- b) **Basic Salary:** Rs. 400,000 per month (consolidated)
- c) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
  - i. Rent free accommodation/house rent allowance, as determined by the Board, not exceeding 60% of salary with over and above ten percent of salary payable by Chairman;

- ii. Medical facilities for self not exceeding one month basic salary in a year; and
- iii. Other permissible perquisites including leave travel allowance for self, entertainment allowance/club fee reimbursements, gas, electricity, water, security services and other similar permissible perquisites under the Company's policy as may be determined by the Board of Directors from time to time.

- d) **Commission:** Mr. Gurmit Singh Mann shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.60% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the provisions of the Act."

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. Company's chauffeur driven car(s) for the business of the Company;
- ii. Telephone/internet facilities 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; and
- iv. Personal accident insurance premium subject to the Company's rules."

"Resolved further that, in case of inadequacy of profits/no profits in the Company in any financial year during the tenure, the Chairman shall be entitled to the aforesaid salary, perquisites, allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of Section II of Part II of Schedule XIII to the Act as amended/modified/re-constituted from time to time and the remuneration paid to him for the period October 1, 2012 till March 31, 2013, within the aforesaid limits, be and is hereby confirmed, approved and ratified."

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

- i. The Chairman 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 three months' notice or paying three months' salary in lieu thereof;
- iii. If at any time the Chairman ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Chairman of the Company; and
- iv. The office of the Chairman will not be subject to retirement by rotation."

"Resolved further that, the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

**6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:**

"Resolved that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modifications or enactments thereof for the time being in force, if any, and subject to the approval of the Central Government, if required, Mr. Gural Singh be and is hereby appointed as the Managing Director of the Company, and the consent be and is hereby accorded for payment of remuneration to him, by way of salary, dearness allowance, perquisites and any other allowances, as may be decided by the Board of Directors of the Company for a period of two and half years effective from April 1, 2013 till September 30, 2015, on the terms and conditions as detailed below:

- a) Designation:** Managing Director
- b) Basic Salary:** Rs 3,30,000 per month with an increase of 10% annually
- c) Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
  - i. Rent free accommodation/ house rent allowance, as determined by the Board, not exceeding 60% of salary with over and above ten percent of salary payable by the Managing Director;
  - ii. Medical facilities for self, spouse and dependent children not exceeding one month basic salary in a year;
  - iii. Other permissible perquisites including leave travel allowance for self, spouse and dependent children, entertainment allowance/club fee reimbursements, gas, electricity, water, security services and other similar permissible perquisites under the Company's policy as may be determined by the Board of Directors from time to time; and
  - iv. Following benefits which shall not be included in computation of the remuneration:
    - a) Company's contribution to provident fund and/ or any other annuity fund subject to the Company's rules; and
    - b) 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.
- d) Commission:** Mr. Gural Singh shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.45% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the provisions of the Act."

"Resolved further that, the aforesaid remuneration may be paid either from the Company or from its subsidiary/ associated companies under Section III Part II of the schedule XIII to the Act as may be determined by the Board of Directors of both the Companies and agreed by the Managing Director on mutual consent basis."

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. Company's chauffeur driven car(s) for the business of the Company;
- ii. Telephone/internet facilities 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; and
- iv. Personal accident insurance premium subject to the Company's rules."

"Resolved further that, in case of inadequacy of profits/no profits in the Company in any financial year during the tenure, the Managing Director shall be entitled to the aforesaid salary, perquisites, allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of Section II of Part II of Schedule XIII to the Act as amended/modified/re-constituted from time to time and the remuneration paid to him for the period October 1, 2012 till March 31, 2013, within the aforesaid limits, be and is hereby confirmed, approved and ratified."

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

- i. Managing Director 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 three months' notice or paying three months' salary in lieu thereof;
- iii. If at any time the Managing Director ceases to be Director of the Company for any reason whatsoever, he shall cease to be Managing Director of the Company; and
- iv. The period of office of the Managing Director will not be subject to retirement by rotation."

"Resolved further that, the Board of Directors of the Company be and is hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

**7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:**

"Resolved that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (the Act) including any statutory modifications or enactments thereof for the time being in force, if any, and subject to the approval of the Central Government, if required, Ms. Gursimran Kaur Mann be and is hereby appointed as the Managing Director of the Company, and the consent be and is hereby accorded for payment of remuneration to her, by way of salary, dearness allowance, perquisites and any other allowances, as may be decided by the Board of Directors of the Company for a period of two and half years effective from April 1, 2013 till September 30, 2015 on the terms and conditions as detailed below:

- a) Designation:** Managing Director
- b) Basic Salary:** Rs.1,21,000 per month with an increase of 10% annually
- c) Perquisites:** In addition to the basic salary, she shall be entitled to the following perquisites:
  - i. Rent free accommodation/ house rent allowance, as determined by the Board, not exceeding 60% of

- salary with over and above ten percent of salary payable by Managing Director;
- ii. Medical facilities for self, spouse and dependent children not exceeding one month basic salary in a year;
  - iii. Other permissible perquisites including leave travel allowance for self, spouse and dependent children, entertainment allowance/club fee reimbursements, gas, electricity, water, security services, and other similar permissible perquisites under the Company's policy as may be determined by the Board of Directors from time to time; and
  - iv. Following benefits which shall not be included in computation of the remuneration:
    - a. Company's contribution to provident fund and/or any other annuity fund subject to the Company's rules; and
    - b. 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.

**d) Commission:** Ms. Gursimran Kaur Mann shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.25% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the aforesaid provisions of the Act."

"Resolved further that, the aforesaid remuneration may be paid either from the Company or from its subsidiary companies under Section III of Part II of the scheduled XIII to the Act as may be determined by the Board of Directors of both the Companies and agreed by the Managing Director on mutual consent basis."

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

- i) Company's chauffeur driven car(s) for the business of the Company;
- ii) Telephone/internet facilities 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; and
- iv) Personal accident insurance premium subject to the Company's rules in this regard."

"Resolved further that, in case of inadequacy of profits/no profits in the Company in any financial year during the tenure, the Managing Director shall be entitled to the aforesaid salary, perquisites, allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of Section II of Part II of Schedule XIII to the Act as amended/modified/re-constituted from time to time and the remuneration paid to her for the period October 1, 2012 till March 31, 2013, within the aforesaid limits, be and is hereby confirmed, approved and ratified."

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

- i) Managing Director 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 three months notice or paying three months salary in lieu thereof;
- iii) If at any time the Managing Director ceases to be Director of the Company for any reason whatsoever, she shall cease to be Managing Director of the Company; and
- iv) The office of the Managing Director will not be subject to retirement by rotation."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

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

Place : New Delhi  
Date : June 27, 2013

**Kamal Samtani  
Company Secretary**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of meeting.
2. The register of members, and share transfer books of the Company will remain closed from Thursday, July 25, 2013 to Wednesday July 31, 2013 (both days inclusive).
3. Members are requested to notify promptly any change in their registered addresses or any other query directly to M/s MAS Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020, phone no:+91-11-26387281/82/83, Fax no: +91-11-26387384, E-mail: info@masserv.com, the registrar and share transfer agent.
4. Members are requested to notify their particulars including e-mail Id for updating the records in the Performa enclosed with proxy/attendance slip.
5. Members are requested to bring their copy of notice to the meeting.
6. Members are requested to fill in the attendance slip for attending the meeting and those who hold the shares in dematerialized form to bring their client ID and depository participant ID number for identification for attendance at the meeting.
7. Any query relating to any matter in pursuance to this Notice must be sent to the Company at least seven clear days before the date of the Annual General Meeting.
8. Pursuant to Section 109A of the Companies Act 1956, a shareholder may nominate in the prescribed manner a person to whom his shares of the Company shall vest in the event of his/her death.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173  
(2) OF THE COMPANIES ACT, 1956**

**Item No. 4**

Mr. Chander Krishan Mahajan was appointed as an additional director on the Board of the Company in pursuance to Article 87 of the Articles of Association of the Company w.e.f. May 28, 2013. As per Section 260 of the Companies Act, 1956, he holds the office of directorship upto the date of this Annual General Meeting. The Company has received a notice under section

257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose him as a candidate for directorship.

Accordingly, the resolution set out under item No. 4 is submitted for approval of the shareholders as an ordinary resolution.

None of the Directors, except Mr. C. K. Mahajan, is concerned or interested in the resolution.

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

The Company in the general meeting had appointed Mr. Gurmit Singh Mann as Chairman and Managing Director of the Company under Section 269 and all applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act). Over the years, the Company has diversified its operations and business activities and implemented a business restructuring program, wherein the alcohol and power businesses have been hived-off into separate companies and expansion of business is being carried out therein. Kandla refinery is being set-up under the JV arrangement with E D & F Man, London. The technical vertical subsidiary of the Company is carrying out the project implementation work.

The Company has well structured operating units, good quality products and a reliable work force. However, on account of vagaries of the sugar industry, its high fixed cost structure, low back up from the by-products and efficiency levels, it is passing through a phase characterized by lack of liquidity, negative EBIDTA, cash losses etc. Considering the aforesaid facts, and also to organize businesses of the Company in the manner that the organization not only come out from its current problems but also chalk out its long term plans, it is suggested to make/recommend certain major and far reaching changes in the management structure.

As per the proposed reframing of the management structure, Mr. Gurmit Singh Mann is proposed to be vested with certain key responsibilities and shall work as an Executive Chairman with delegation of most of the managerial responsibilities to Mr. Gurpal Singh and Ms. Gursimran Kaur Mann as Managing Directors of the Company.

The role and responsibility of the Chairman shall be to perform the responsibilities assigned by the Board from time to time, including but not limited to making recommendations to the Board with respect to the investments/disinvestments decisions, senior level appointments, retrenchments and increments, collaborations/joint ventures, dilution of equity, further capital issues, borrowings, appointment of internal auditors/statutory auditors/security agencies, to take all extraordinary decisions and undertake activities, which are independent to the day to day operations of the Company, to carry out other supervisory and regulatory function, which has not been specifically assigned by the Board to any other Managing Director of the Company including delegation/assignment of any function in the manner deemed fit by him.

Information under Clause 1 (B) of Section II of Part II of the Schedule XIII to the Act is forming part of this Notice.

Accordingly, resolution set out under item number 5 is recommended for approval of the shareholders as a special resolution.

None of the Directors, except Mr. Gurmit Singh Mann and Ms. Gursimran Kaur Mann, is concerned or interested in the resolution.

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

The Company in the general meeting had appointed Mr. Gurpal Singh as the Deputy Managing Director of the Company under Section 269 and all applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act). With the change in the job responsibilities, the Board has proposed to change his designation to Managing Director of the Company.

Mr. Gurpal Singh, Managing Director shall report to the Chairman of the Company and his role and responsibilities shall include the management of the operating plans of the manufacturing units of the Company, supervision and regulation of their operations, setting out the production efficiencies as per the business plans, review production and operating reports, resolve the operational, manufacturing and other related issues to achieve planned cost, quality, and delivery commitments, coordinate with the other Managing Director to achieve financial plans with regards to revenue, cost control, profit and debtor management, and to carry out any other functions as may be assigned by the Board of directors or Chairman of the Company from time to time.

Information under Clause 1 (B) of Section II of Part II of the Schedule XIII to the Act is forming part of this Notice.

Accordingly, resolution set out under item number 6 is recommended for approval of the shareholders as a special resolution.

None of the Directors, except Mr. Gurpal Singh is concerned or interested in the resolution.

#### **Item No. 7**

The Company in the general meeting had appointed Ms. Gursimran Kaur Mann as Executive Director (Commercial) of the Company under Section 269 and all applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act). With the change in the job responsibilities, the Board has proposed to change her designation to Managing Director of the Company.

Ms. Gursimran Kaur Mann, Managing Director, shall report to the Chairman of the Company and her role shall include supervision and regulation of the commercial, financial and legal functions of the Company, including implementation and review of the commercial reports, plan and execute long-term and short term earnings deriving strategies, setting and implementing commercial planning of the production based on inputs from operations, budget and gap forecasting analysis, to coordinate with the other Managing Director to formulate and achieve the business plan within the Company and its divisions, and to carry out any other function as may be assigned by the Board of directors or Chairman of the Company from time to time.

Information under Clause 1 (B) of Section II of Part II of the Schedule XIII to the Act is forming part of this Notice.

Accordingly, resolution set out under item number 7 is recommended for approval of the shareholders as a special resolution.

None of the Directors, except Mr. Gurmit Singh Mann and Ms. Gursimran Kaur Mann, is concerned or interested in the resolutions.

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

Place : New Delhi  
Date : June 27, 2013

**Kamal Samtani  
Company Secretary**

#### **Information under clause 1 (B) of Section II of Part II of the Schedule XIII to the Act**

In case of loss or inadequacy of profits, it is required to obtain the approval from the shareholders for making payment of remuneration to the whole time directors, within the limits under the provisions of Section II of Part II of the Schedule XIII to the Act. The information as required under the said provisions is given hereunder:

#### **I. GENERAL INFORMATION:**

Nature of Industry is sugar, alcohol, bio fuel, bio power and allied products.

Simbhaoli Sugars Limited is over 77 years old company and commenced its business under a partnership firm in 1933. Later on, it was converted into private limited company on June 29, 1936. It is engaged in the sugar business with an integration of distillery and cogeneration of power. During the year, the Company has completed export of 8,137 MT refined sugar and has imported 31,000 MT of raw sugar.

The Company has diversified its operations and business activities and implemented the restructuring exercise carried out by SBI Capital Pvt Ltd. The alcohol and power businesses have been hived-off into separate companies and expansion of business is being carried out therein. Kandla refinery is being set up under the JV arrangement with E D & F Man, London. The technical vertical subsidiary of the Company is carrying out the project implementation work.

The Company has entered into joint venture with ED & F Man Holdings BV, The Netherland for setting up of a green field sugar refinery at Kandla and with Sindicatum Captive Energy Singapore Pte Limited, Singapore for expansion of its existing cogeneration capacities through subsidiary/associate companies. It has made investment of AED 3 lacs (USD 81,744) in Simbhaoli Global Commodities DMCC, Dubai, UAE, a wholly owned subsidiary, for trading in sugar and other agro based commodities internationally.

In order to restructure the business activities, the Company has taken steps for change in the roles, responsibilities and terms of appointment and allocation of the managerial remuneration, being paid to Mr. Gurmit Singh Mann, Mr. Gural Singh, Ms. Gursimran Kaur Mann, Dr. G S C Rao and Mr. Sanjay Tapriya, the whole time directors of the Company, between the Simbhaoli group companies in accordance to their operations and professional guidance.

Accordingly, the remuneration may be paid to the whole time directors either from the Company or from its subsidiary/ associate companies under the provisions of Section III of Part II of the schedule XIII to the Act as determined by the Board of Directors of both the Companies. The total cost to the Company for each of person will not be higher than the remuneration paid as before allocation.

## II. INFORMATION ABOUT THE APPOINTEES:

Mr. Gurmit Singh Mann, Mr. Gural Singh and Ms. Gursimran Kaur Mann are the members of the promoter group and during their association, a number of developments have been undertaken and their successful implementation has been the key to growth of the Company.

In consideration of the size of the Company, their profiles, the responsibilities shouldered by them, it is proposed to pay the remuneration within the limits under the provisions of Clause 1 (B) of Section II of Part II of the Schedule XIII to the Companies Act for a period of three years, i.e. upto September 30, 2015. The past remuneration paid and other interest held by them in the Company is given below:

Name & Experience (years)	Past Remuneration		Equity shares held (Nos.)	Loans to the Company (Rs. in lacs)
	Year	Rs. in lacs		
Mr. Gurmit Singh Mann, Promoter director, (48 years)	2010-12*	79.02	2284747	1816.57
	2009-10	51.47		
	2008-09	42.39		
Mr. Gural Singh, promoter director, (26 years)	2010-12*	77.94	2053649	19.39
	2009-10	47.77		
Ms. Gursimran Kaur Mann Promoter director, (8 years)	2010-12*	20.75	971514	Nil
	2009-10	Nil		
	2008-09	5.52		

\*period consists of 18 months

## III. OTHER INFORMATION

Reasons of loss or inadequate profits: During the year, the business of the Company has been affected adversely on account of lower capacity utilization, low sugar recoveries in the state of Uttar Pradesh, lower sugar price realisations, and higher finance cost.

Steps taken or proposed to be taken for improvement: The power and potable alcohol businesses of the Company have been hived-off into separate companies for improving abilities of the Company to attract the fresh capital and chart out their growth plans.

Expected increase in productivity and profits in measurable terms: The Company's business restructuring exercise, would un-lock the value of the profitable business segments and improves the overall business valuations. The consolidated gross turnover of the Company is Rs. 1013 crore as per audited accounts as on March 31, 2013. The volume in business will result in the improved profitability over a period of time. With the above measures, the Company is confident to turn around and achieve positive margins in future.

### Information as required under clause 49 of the listing agreement

At the ensuing Annual General Meeting, Mr. S C Kumar, Director of the Company is retiring by rotation and being eligible offers himself for reappointment. The Company has also appointed Justice C. K. Mahajan as an additional director, in order to broad base the composition of the Board. Mr. Yashwant Varma, is retiring by rotation, and has expressed his inability to continue as director on the Board of the Company. The brief profiles of appointing directors are given here under:

Mr. Kumar is Fellow member of the Institute of costs and work Accountants of India and he holds diploma in Mechanical Engineering, He has over 41 years of experience in commercial and development banking/project financing. He was inducted on the Board of the Company w.e.f. May 8, 2002.

Justice Mahajan (Retired) has practiced as Advocate in many High Courts and/or other Tribunals and then became permanent Judge of the Delhi High Court in July 1999. He demitted office on May 31, 2005. Post retirement, he was appointed as Chairperson/ President of various Committees, and has also been appointed as Arbitrator in several matters. He was inducted on the Board of the Company w.e.f. May 28, 2013.

Mr. Kumar and Mr. Mahajan are member and chairman on the Board of following companies:

Name of Director	Name of Companies	Committee Membership	Committee Chairman	Equity shares held
Mr. S C Kumar	Simbhaoli Sugars Ltd.	1. Audit 2. Investors' Grievance 3. Remuneration & Compensation	Nil	Nil
	Simbhaoli Spirits Limited	Audit	Nil	Audit
	DCM Shriram Industries Limited	Audit	-	Nil
Mr. C K Mahajan	Simbhaoli Sugars Ltd.	-	-	200
	B L Kashyap & Sons Limited	1. Audit 2. Investors' Grievance	-	Nil
	BLK Lifestyle Limited	Audit	-	Nil



## CHAIRMAN'S MESSAGE



Dear Stakeholder,

The 2012-13 sugar year proved to be a mixed bag for the industry. It not only witnessed certain long awaited industry friendly policies; but also saw perils of half way de-regulations of sector leading to many industry wishes remaining unfulfilled. The sugar business has continued to reel under severe stress due to an imbalance between the cost of production and market prices of the sugar.

For the sugar year 2012-13, the state of Uttar Pradesh announced an increase in SAP by Rs 40 per quintal, which catapulted average cane price to the range of Rs 285 per quintal, and impacted cost of production by Rs 5 per kg. Sugar prices, however, remained subdued on account of balanced supply and demand, continuing imports and free sale mechanism. The promised hike in export duty remained elusive; and with higher availability, sugar prices dropped by Rs 3 per kg since the beginning of the sugar year. In this sugar year, Simbhaoli's emphasis was growth in core businesses, enhancing quality and boosting specialty sugar production.

Long overdue step by Government of India to unshackle the sugar industry from the burden of levy sugar obligation and regulated release mechanism has been a welcome move, which will benefit both millers and farmers, by way of planned cash flows and reduction of industry subsidisation for levy sugar. However, the de-regulation of cane price mechanism has been left to the respective state governments. Biggest challenge for the industry will be to meet ever increasing cane prices, out of the nearly constant or falling sugar values.

Internationally, owing to increased production in a number of countries mainly in Brazil, the sugar prices have been at their 3 years low.

While the future of the industry rests on the ability of organizations to manage costs; improvement in cane yield, sugar recovery and quality are key for its survival and growth.

### **Re-organisation of the Simbhaoli Sugars group businesses**

To re-jig the businesses of the Company, with a view to achieve growth in by-product related business, a restructuring plan has been implemented and a number of measures initiated during earlier years comprising of the transfer of potable alcohol and power undertakings of the Company to separate SPVs, disinvestments of the shares in such SPVs, and fresh capital infusion therein; have been nearly completed. Continuing with these measures and achievement of further milestones will improve the Company's fragile net worth and liquidity. Certain other measure will be needed which will be unfolded during the current year. The Company has planned to reframe the management structure wherein I have delegated certain responsibilities to Mr. Gurpal Singh and Ms. Gursimran Kaur Mann, elevated to the position of Managing Directors of the Company.

In past, lower sugar realization, under recovery of cost of production and higher finance cost lead to losses and erosion of the Company's net worth.

During the year, the existing power co-generation businesses at Simbhaoli and Chilwaria were transferred to its subsidiary, Simbhaoli Power Private Limited, an SPV set up for enhancement of the surplus power generation capacity from 54 MW to 92 MW. To meet these objectives, the Company has also entered into a joint venture with, Sindicatum Sustainable Resources Group, Singapore, who has acquired 49% of the share capital in the SPV. The other joint venture of the Company with ED&F Man, UK, for setting-up a 1000 TPD sugar refinery near Kandla is also progressing well, for commissioning in current calendar year.

Simbhaoli Spirits Limited, the potable alcohol subsidiary, has chalked out its growth plans which include adding new products, plan to increase the capacities by adding the grain spirit plant and new bottling lines.

I am confident that the coming period, though very challenging and critical, will see the impact of measures implemented by the Company and government policies to bring back relief and succour for the sugar industry. In the end, I hope that the monsoon in India recovers and that we have a bountiful season, bringing about good cheer and prosperity for all in our country.

With Best Wishes

Gurmit Singh Mann  
Chairman

June 27, 2013  
New Delhi

# 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, 2013.

### Management Discussion and Analysis

#### International Sugar Industry

In the year 2012-13 sugar production growth has managed to outpace the growth in demand, for a third successive year. The world sugar production for the year 2012-13 is estimated at 174.5 mmt (rv), against the consumption at 163.8 mmt (rv) indicating a surplus of 10.9 mmt (rv) (Source: *USDA Trade Report May 2013*) The year witnessed significant government's measures to guarantee the domestic supplies and social security, like minimum support price to farmers, import or export tariffs, changing Brazilian ethanol blend policy, revision of ethanol taxes, Chinese strategic reserves, abolishment of India's release mechanism and levy burden etc.

Brazil's 2012-13 sugar production remained at 38.6 mmt, higher by 8 per cent than in the previous year. Brazil exported 26.8 mmt of sugar in 2012-13, the second highest in its history. Brazil has raised its ethanol blend in gasoline to 25 per cent from 20 per cent effective from May 1, 2013. The Brazilian government has also announced a series of measures towards assisting the sugar and ethanol sectors including tax rebates on ethanol.

In Thailand, the 2012-13 sugar production at 10 mmt remained almost similar to the 10.2 mmt produced last year with the area under cane rose to 1.6 mn hectares. Production estimate in EU-27, for 2012-13 at 15.6 mmt, is 13 percent lower than the previous year. EU Imports for the 2012-13 season are expected at 3.8 mmt while exports are expected to be close to the WTO quota of 1.37 mmt.

In terms of the physical trade, China's import demand remained the main price supportive factor in the world sugar markets. Import in 2012-13, has been 2.8 mmt. Due to a significant premium, imports continue even when sugar is not needed for consumption and replenishment of stocks.

#### Sugar Market Trends and Outlook

For the 2012-13 season, the raw sugar price average was 18.81 cents as against 25.63 cents per pound in the period ended April 2012.

With a record cane production in Brazil in 2012-13 and expectations for yet higher production for 2013-14, the raw sugar prices are moving down for the forward months. On account of sustained demand of white sugar, the premium remained high at an average of USD 111 pmt for the period of 12 months upto April 2013.

The white sugar prices in the international markets are also showing a declining trend in line with raws, with an average of USD 519 pmt in the 2012-13 season against USD 616 pmt in the sugar season 2011-12. The current price of USD 471 pmt (May 23, 2013) gives a refining arbitrage of USD 111 pmt.

#### Sugar Year 2013-14

A moderate global sugar surplus is expected in the sugar year 2013-14, fourth year of surplus in a row. The production is forecast at 174.8 mmt(rv) with a surplus of 6.5 mmt(rv).

The consumption at 167.3 mmt reflects a growth of 2.3 percent. (Source: *USDA Trade Report May 2013*)

The production forecast of a surplus is based on assumptions of normal weather and continuing incentive given to cane and beet farmers in many countries. However, in a number of countries, low sugar prices should lead to farmers planting less sugar cane and beet, which can originate a new sugar cycle.

In Brazil, a combination of good weather and fresh investments in the fields has pushed expectations for cane availability to a level between 570 mmt to 600 mmt, and sugar output is likely to be 40 mmt, up by 4.0 percent from the previous season. Weakening world market prices have made export parity negative for Brazil and sale of sugar to the world market is less viable.

#### Ethanol and biofuels

##### World Fuel Ethanol Production in bn liters (major producers)

Continent/ Country/ Region	North & Central America	South America	Brazil	Europe	Asia	China	Canada	Australia	Africa	Total
2012	52.12	21.96	21.11	4.31	3.60	2.10	1.70	0.27	0.16	107.33
2011	54.51	21.84	21.08	4.39	3.36	2.09	1.75	0.33	0.14	109.49

Source: RFA

The production during the year 2013 is estimated at 127 bn ltr and is expected to grow at a rapid pace to 233 bn ltrs in the year 2023. The obligatory and voluntary ethanol and biodiesel blending mandates are set in more than forty countries. UNICA (Brazil) has estimated the ethanol production for the center-south region of Brazil to rise by about 19 percent to 25.4 bn ltrs in 2013-14, with a government plan to raise the ethanol content in gasoline from 20 to 25 percent from May 2013 onwards. The utilization of sugarcane for ethanol is also likely to be higher by 2 percent.

#### Indian Sugar Industry

Decontrol of the Industry: Government of India in its recent decision has dispensed with the regulated release mechanism of sugar for domestic consumption with immediate effect. Further, obligation to supply sugar as levy on production at a control rate for public distribution system (PDS) has also been done away with for sugar produced after September, 2012. The PDS requirements will be procured by the states through open market and the gap will be supported by the Central Government. These measures shall allow mills to plan their cash flows and reduce working capital needs. However, the de-regulation process remained incomplete as they have not addressed the issues of the state control on cane prices with lack of parity between sugar and cane prices.

#### Sugar Year 2012-13

In India, the 2012-13 crushing campaign has nearly ended by the end of April 2013. As of 30th April, the sugar mills had crushed about 243 mmt of cane to produce 24.5 mmt of white sugar, down 3 percent from about 25.3 mmt produced by this time last year. Indian sugar production is expected to be at 24.8 mmt for 2012-13 season, lower by 1.2 mmt over 2011-12 season. This is due to lesser sugar recoveries across the country by about 0.17 percent and lower cane availability in the state of Maharashtra. Amongst the key sugar producing states, Maharashtra produced about 8 mmt

of sugar, by crushing 70 mmt of sugarcane with 11.40 percent sugar recovery and Uttar Pradesh has produced 7.4 mmt of sugar with 80 mmt of sugarcane crushing at 9.19 percent of sugar recovery.

With lower sugar prices consistently through the year, the consumption is appearing to improve after being stagnant in the last two years. The demand and supply levels at the end of sugar year 2011-12, estimates for the current year and projected for the coming year are as follows:

(in mmt)

Particulars/Sugar Year	2011-12	2012-13 E	2013-14 P	Change %
Opening Stock as on 1st Oct	5.50	5.75	7.79	35.5
Production during the Season	26.00	24.80	23.00	(7.3)
Imports	0.05	0.75	0.50	-
Total Availability	31.55	31.30	31.29	(1.6)
Consumption	22.50	23.50	24.00	2.2
Exports	3.30	0.01	-	-
Closing Stock as on 30th Sept	5.75	7.79	7.29	(6.4)
Stock as % of Usage	25.56	33.15	30.38	-

Source: ISMA and SSL Estimates

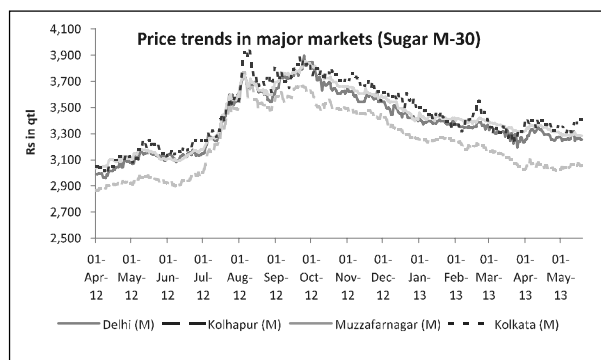
Indian Production figures are in terms of White Sugar

### Trade trend

Domestic sugar prices have continued moving downwards during the year, except for a brief upsurge seen after decontrol in April 2013. Weakening world market prices have made export parity negative as sales of sugar to the world market are not commercially attractive to Indian producers. Indian refiners imported about 1.6 mmt raws out of which 0.5 mmt is re-exported, and 0.4 mmt is sold in eastern deficit region in the country. Domestic sugar stock at the end of March 2013 was around 18.6 mmt, higher by 5 percent than last year.

### Price Trend

The prices at the major markets during the year have been volatile. The prices moved upto Rs 3900 per qtl (Delhi M-30) in August 2012 and came down to Rs 3150 per qtl in May 2013.



### Sugar Year 2013-14

With an expectation of a normal monsoon, and consistent improvement in planting of the sugarcane in the northern India, the crop is expected to be normal/bigger than the previous year. However, the sugarcane planting is set to be lower in Maharashtra and Karnataka for consistent drought situation. The cane acreage in Maharashtra came down to 0.5 mn hectare from 0.9 mn hectare in the year 2012-13. Indian sugar production is anticipated about 23 mmt for the year 2013-14, which, taking into account the high carry-over stocks will be sufficient for domestic consumption.

### Government Policies

The abolition of levy sugar and monthly release mechanism will reduce the cyclicity in the Indian sugar industry that will benefit all stakeholders alike. Apart from the Government's decision on partial decontrol of the sugar industry, various other policy measures taken by the GOI during the year under review include:

April 2012: Allowed 0.5 mmt exports of sugar under OGL.

May 2012: Dispensed with the system of allocating sugar mill-wise export quota and permit export of sugar without any restrictions. Directorate General of Foreign Trade (DGFT) has been required to monitor the quantity to be exported.

July 2012: Fixation of the Fair and Remunerative Price (FRP) of sugarcane for 2012-13 sugar season at Rs.170 per quintal linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.79 per quintal for every 0.1 percentage point increase in recovery above that level.

July 2012: The Government decided to convert levy sugar stock for the sugar seasons 2008-09 and 2009-10 to the extent of 0.3 mmt into non-levy sugar.

July 2012: Import duty on sugar is fixed at 10% with effect from July 13, 2012.

November 2012: The Committee headed by Dr. C. Rangarajan, Chairman, Prime Minister's Economic Advisory Council, has submitted its report recommending systematic deregulation of sugar industry.

December 2012: The Central Government in its endeavor to streamline and computerise the data management system in sugar sector, developed a web-based module for collection of information from the sugar mills regarding sugar production, dispatches and stock positions.

April 2013: In line with the recommendation of Rangarajan Committee, the Central Government has decided to do away with the levy obligation on sugar mills for sugar produced after September 2012. However, to make sugar available in the Targeted Public Distribution System at the existing retail issue price of Rs.13.50 per kg, it would be procured by the States/UTs from the open market and the Central Government agrees to reimburse the subsidy at the rate of Rs.18.50 per kg.

### Power Sector

Based upon the latest report of Central Electricity Authority (CEA) for the year 2012-13, the renewable power constitutes about 25,800 mw, or 12% of the Indian power generation capacity. Biomass based surplus generation is about 12.5% of the total power generated from renewable sources. Total Bagasse based surplus generation for the year 2012-13 has been about 912 billion units (BU). The exportable bagasse based generation installed capacity has been 3200 mw in the year 2011, against which sugar mills have generated a surplus exportable power of about 2000 mw for the year 2012-13. There is a potential to increase this capacity to 10,000 mw.

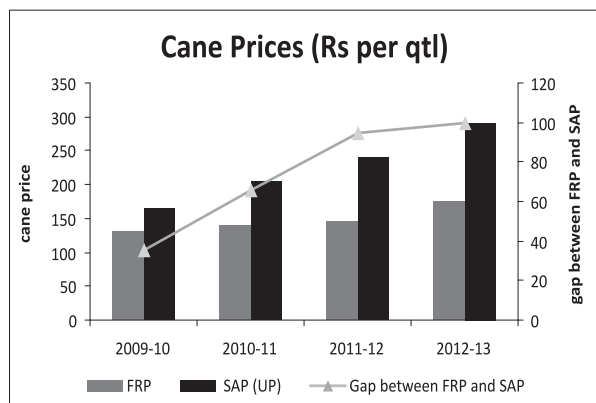
### Alcohol/Ethanol Sector

The US Department of Agriculture (USDA) has pegged India's alcohol production at 2.17 bn liters in 2012, against 1.68 bn ltrs during 2011. Aggregate supply of alcohol in the country is expected to be 2.9 bn ltrs, including import of 80 mn ltrs in 2012-13.

In November 2012, the Cabinet had made 5 percent ethanol blending mandatory across the country procured at market rates. In order to give a boost to ethanol blending program, the state oil firms (OMC) have decided to procure 1 bn ltrs

of ethanol for the year 2013-14 at the market price of Rs 34 to 36 a ltr, significantly higher than the earlier regulated price of Rs 27 a ltr. OMCs had invited bids for 1.05 bn ltrs of ethanol from domestic and global suppliers for blending with petrol in the sugar year 2013.

### Sugarcane



The state of Uttar Pradesh has announced an unprecedented increase in SAP by Rs 40 per quintal for 2012-13, which increased the cane prices in the State to the range of Rs 275-290 per quintal, and impacted cost of production by Rs 5 per kg. This has made an aggregate increase of Rs. 150 per quintal in the SAP of cane in the state in the last four sugar years. The gap between SAP and FRP stands at nearly Rs 100 per qtl.

Sugar recovery in the state of Uttar Pradesh particularly in western UP, continued to remain a major concern. Average recoveries of the sugar units for the sugar season 2012-13 remained at about 9.27%, below the long term average of 10%, in line with the industry trends. The principal reasons for fall in sugar recoveries have been successive deterioration of cane quality on account of varietal degeneration, inconsistent rainfall, lack of crushing in the high recovery period, quality seed material, and lack of cane development activities by the State and the farmers. High cane price based upon tonnage instead of quality affected the incentives to the farmers to improve the quality and yields over the years.

### Simbhaoli Sugars Limited

#### Business description: Operating capacities

Simbhaoli group has three business complexes located at Simbhaoli (Western Uttar Pradesh), Chilwaria (Eastern Uttar Pradesh) and Brijnathpur (Western Uttar Pradesh), having a combined crushing capacity of 19,500 TCD. It has developed expertise in refining raw sugar in the off-season period and has a capacity to refine 3,00,000 mt raw sugar annually in addition to cane crushing, whenever commercially viable. During the year, there has not been any capacity expansion in the businesses of the Simbhaoli group:

(in mmt)

Facilities	Cane Sugar (TCD)	Raw Sugar Processing (TPD)	Alcohol/ethanol (KLD)	Surplus Power (MWH)	Manure (MMT/day)
Simbhaoli (Western UP)	9500	850	90#	18	17
Brijnathpur (Western UP)	4000	600	60	-	9
Chilwaria (Eastern UP)	6000	600	60	16	9
Total	19500	2050	210	34@	35

#since transferred to Simbhaoli Spirits Limited, subsidiary company

@since hived-off to Simbhaoli Power Private Limited w. e. f. from January 25, 2013

The sugar business of SSL has a complete integration with distillery and cogeneration of power; leading to optimal utilization of by-products. It had three distilleries adjacent to the sugar plants with an aggregate capacity of 210 kilo litres per day (KLD), including 180 KLD ethanol capacity. The Company has hived-off its potable alcohol distillery at Simbhaoli vide Hon'ble High Court order dated September 17, 2012, to its subsidiary company, Simbhaoli Spirits Limited. The hiving-off is effective from October 1, 2010. The Simbhaoli distillery is capable to produce upto 5.0 mn cases of IMFL and Indian Made Indian liquor (IMIL) annually.

The power generation units of Simbhaoli Power Private Limited (SPL), located within the Simbhaoli and Chilwaria complexes of the Company are capable to generate biomass based power aggregating to 64 mwh. The Simbhaoli and Chilwaria units of SPL are supplying the surplus power to the UP State grid under the Power Purchase Agreements.

#### Business Restructuring

Basis the business restructuring study carried out by SBI Capital Markets Limited (SBI Capital), the Company has recognised that by expanding its by-product businesses including potable spirits and cogeneration of power, the consolidated profitability of the Company is expected to improve significantly. Accordingly, the power and potable alcohol businesses of the Company have been hived-off into separate companies for improving abilities of the new entities to attract the fresh capital and chart out their growth plans. This would also un-lock the value of the profitable business segments and improves the overall business valuations.

#### Power Business Hive-off

The Company has entered into a Joint venture arrangement (JVA) with Sindicatum Sustainable Resources Group (Sindicatum), a global developer and operator of clean energy projects on December 13, 2012 in respect of its power business. Sindicatum, through its subsidiary company Sindicatum Captive Energy Singapore Pte Limited, Singapore (SCES) has acquired 49 percent of the share capital in SPL. SPL will be implementing its expansion project, to enhance its aggregate power generation capacity from the existing 54 MW to 92 MW, and for that purpose is working towards achieving the financial closing. The expansion will enhance the earnings of SSL from the power business and improve its net-worth position.

Pursuant to the Business Transfer Agreements (BTA) dated January 25, 2013 the existing power businesses of the Company located at Simbhaoli and Chilwaria, including all their assets, liabilities, rights and obligations, have been transferred to and vested in SPL at an aggregate consideration of Rs 15978 lakh. The transfer value has been calculated on the basis of valuation carried out by an independent valuer, which is agreed to be discharged in the following manner:

- Allotment of 5,12,041 shares of Rs 100 (including premium of Rs. 90) per share in the share capital of the SPL.
- Allotment of securities having an aggregate value of Rs. 7,593 lakh in tranches and in the manner agreed to between the Company and SPL.
- Payment of balance interest bearing liability of Rs. 7,874 lakh in cash within forty eight months of BTA, or earlier on achieving certain milestones in terms of the JVA with SCES.

The excess of consideration over the book values of power business transferred, amounting to Rs. 5,469 lakh has been

shown as Profit on transfer of Cogeneration Undertaking. Further, the Company has also entered into a finance lease arrangement with SPL for an equipment, and resultant profit of Rs. 238 lakh has also been included in the Profit on transfer of Cogeneration Undertaking.

The Company has made requests to UPPCL for assigning of Power Purchase Agreement(s) pertaining to both the power businesses to SPL.

#### *Transfer of Surplus Land*

During the year, the Company, on request of Simbhaoli Spirits Limited (SISPL) has transferred 56.67 acres industrial land under a Memorandum of Transfer, to comply with the covenants relating to this land, considering the business needs of SISPL and its future growth plans, at a consideration of Rs. 11,800 lakh, determined and mutually agreed based upon the report of an independent valuer. The consideration has been discharged by issue and allotment of 1,47,50,000 fully paid-up equity shares of Rs 10 each, at a premium of Rs 70 per share in the share capital of SISPL. The Company has recognized a profit of Rs 11,677 lakh on the transfer of land in the statement of profit and loss account.

#### *Branding*

With an objective to expand Trust brand presence in natural sweetener segment on pan India basis, the Company developed the sales and marketing infrastructure for tapping into the upcoming modern formats and wholesale trade channels. Trust branded sugar products and Sipp fruit drink mix, is positioned for a strong foothold in different markets in India. Sunehra, its popular mineral sugar brand was re-positioned as a niche' product riding on the good health platform with a premium pricing strategy. Trust branded sugar sachets enjoy the volume leadership in the industry, particularly in travel and hospitality establishments across the country.

Brand communication investment was also carried out in appropriate activities to spread brand awareness, and consumer trials. During the year, Trust pharmaceutical grade sugar was adopted for use by newer food and pharmaceutical majors of the country. These initiatives resulted in a 30 percent volume growth in the Trust branded retail and pharmaceutical segments, with 15 percent growth in the HoReCa products (ready to be used by the Hotels, Restaurants and Caterers). Financial year 2013-14 is expected to see the results of these measures.

#### *International marketing and trading*

Your Company is one of the few sugar companies in India, which has capability to produce and export EC grade refined sugar for direct consumption to developed countries, both under bulk and branded segments. During the year, a range of specialty sugars including white refined sugar in consumer packs, Sunhera (Mineral Sugar), Coffee Brown Sugar, Icing Sugar, Sachets and Cube Sugar under TRUST Brand; has been exported to countries like Canada, Mauritius, Bahrain, Kuwait and Oman.

During the year, the Company has also completed the export of refined sugar against its pending obligations under the advance authorisation scheme (AAS) and open general license (OGL). To optimally utilize the production capacities the Company has imported 30,214 MT of Brazilian origin raw sugar for processing during sugar season 2012-13.

#### *Bulk alcohol and ethanol business segment*

During the year 2012-13, distillery units of the Company continued to sell all forms of alcohol i.e. ethanol, rectified spirit and ENA. In aggregate, 265.2 lakh bulk liters of alcohol

has been sold by the Chilwaria and Brijnathpur distilleries of the Company including an export of 75 lakh liters outside India. Simbhaoli Spirits Limited sold 147.8 lakh liters of alcohol, and approx. 10 lakh cases of potable spirits during the year.

#### *Power business*

The Company owned the Simbhaoli and Chilwaria power businesses having a surplus power generation capacity of 34 mwh. These businesses have been hived-off to a subsidiary company, Simbhaoli Power Private Limited (SPL) on January 25, 2013. Pre hiving-off, the Company has exported at an average price of Rs 4.26 per kwh. The power capacities in Simbhaoli and Chilwaria power units are being expanded by SPL.

#### **Human resources**

The Company's strength is derived from employees' involvement and team orientation. SSL believes that a committed and motivated work force constitutes the most important factor in achieving business goal.

The Company is committed to uphold the fundamental principles of human and workplace rights in all its businesses and believes that the true measure of a well-managed business is not just whether it is financially successful, but how it achieves that success. It pursues management practices designed to enrich the quality of life of its employees, develop their potential and maximize their productivity. The existing manpower is being trained and allocated different works at various locations and departments of the Company's business.

During the year, the manpower cost has increased by 11 percent on account of general inflation. This is after adjusting reallocation of manpower resulted from hiving-off of certain business. The Company has imparted 1980 man days (previous year 1750) of training to its employees. The relation between the management and employees continued to remain cordial at all the locations.

#### **SWOT**

Simbhaoli group consists of manufacturing and trading facilities of sugar, alcohol and power. It also comprises a technical consultancy services company as subsidiary. During the last few years the areas of operations of the Company have become diversified, over the new geographical locations with multi products and services. Each of the business segments has its own strengths and weaknesses and exposure to a variety of opportunities and threats. The group has the following SWOT attributes broadly:

#### *Strengths*

##### *Sugarcane*

1. Sugar units are located in the sugarcane-rich Indian state of Uttar Pradesh
2. Less climatic impact on the crop

##### *Sugar manufacturing and refining*

1. Integrated facilities to produce sugar using sugarcane as well as raw sugar
2. High quality of sugar; capable to attract premium in domestic and global markets
3. Product range comprises all varieties of sugars including pharmaceutical-grade and Specialty sugars
4. Presence in branded and packaged segment which has large growth

##### *By products*

1. Present in all segments of alcohol; rectified spirits, ENA, and ethanol etc

2. Established marketing and distribution channels for the branded products
3. Increasing the capacity in cogeneration of power (Under an SPV since January 25, 2013)

#### *Weaknesses*

1. Cyclical nature of the industry. Cane production is subject to natural and economic cycles.
2. Highly regulated operational environment
3. Highly leveraged Company with high interest and fixed costs

#### *Opportunities*

1. Improving cane productivity and quality by varietal change, cane development program and encouragement of multi cropping to farmers
2. Growth in business of technical consultancy vertical through a subsidiary company, Integrated Casetech Consultants Pvt Ltd in India and overseas
3. Flexibility to use raw sugar in case sugarcane is in short supply
4. Possibilities to expand power generation business with increase in operating days. Power business is hived off to a SPV in which Company holds 51 percent shareholding
5. Consistent exporter in its product lines on account of quality, brands and product mix
6. Growth in associate companies by including global leaders as business partners

#### *Threats*

1. Adversities in agro-climatic conditions may impact negatively
2. Volatile commodities markets have a bearing on international and domestic operations
3. Highly regulated environment may be unfavourable
4. Un-hedged positions in sugar and currencies may lead to higher risk
5. High leverage and fixed costs

#### **Quality management system**

To improve the organisational efficiencies and effectiveness, emphasis of the Company has always been on quality, environment and food safety initiatives. The sugar refineries of the Company at Simbhaoli and Brijnathpur are fully compliant to internationally recognised quality, environment and food safety standards. These refineries are ISO 9001:2008, ISO 14001:2004 and FSSC 22000:2011 certified. During the year, all three standards, Quality Management System, Environment Management System, and Food Safety Management System (QMS, EMS and FSMS) have been implemented in the Chilwaria unit also.

These management systems are applied to develop a systematic work culture that emphasises process ownership across all levels of the organisation. Other concepts like quality circles, task forces, and committee assignments etc are in operation for many years in the Company.

#### **Internal control system**

The Company has adequate systems of internal control to safeguard its assets against loss from any unwarranted use. All transactions are authorized, recorded and reported correctly.

Internal audit and checks are carried out regularly at various units/projects/activities centre to ensure the adequacy of

control system and its monitoring. The internal audit and control functions are carried on directly under the supervision of Chief Executive Officer and being placed before the meetings of audit committee for its review. The Company is operating in SAP based IT system which enables the internal control procedures and information flow in a transparent, predetermined and regulated environment.

#### **Risk assessment and mitigation policy**

SSL has adopted a system based approach for risk management, with the clear objectives of identification, evaluation, monitoring and minimization of the identifiable risks. Policies have been formulated and adopted by the management for controlling them. The management periodically reviews the risk management framework to identify major business risks as applicable to the Company and works out their mitigation strategy. Business and currency volatility have also affected the risk profile of the Company.

#### *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 taken a number of initiatives to meet its social responsibility obligations. It is touching the life of thousands of sugarcane farmers and their families by encouraging education, health, cleaner surroundings, unclogged drains and by making them learn the value of good hygiene and sanitation.

The Company has been carrying out a number of social welfare initiatives through Simbhaoli India Foundation (SIF), a non-profitable institution established to implement programmes in the fields of education, healthcare, clean water, social welfare, village infrastructure development in reserved areas of its sugar mills. The Company's employees are important stakeholders in the Foundation, and have contributed to set up the corpus fund. The activities carried on by the Foundation with active support from the Company during the year include participation in the activities for raising funds, health based activities for employees and farmers, blood donation camp etc. During the year, a service ambulance has been placed for local use at Chilwaria sugar plant area.

The Company is disseminating information on its CSR policies, activities and progress in a structured manner to all their stakeholders and the public at large through its website, annual reports, and other communication media following the Corporate Social Responsibility Voluntary Guidelines, 2009, issued by Ministry of Corporate Affairs, Government of India.

#### *Secretarial Audit*

The Company has followed and adhered to all the requirements under the Companies Act, 1956, Listing Agreement with stock exchange(s), SEBI regulations, Reserve Bank of India and other statutory/regulatory authorities as applicable from time to time. The Company has also been following the requirements under the Corporate Governance norms. 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 all the stakeholders. The secretarial audit under the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of

Corporate Affairs, will be conducted in phased manner over a period of time.

#### Information technology

The information technology system of the Company is operating on SAP based enterprise resource planning (ERP) environment, optimizing the performance of the business as well as the business network. During the year, work has started to bring operations of newly formed subsidiary/joint venture companies into SAP environment. All the business units of the Company are now integrated through SAP modules. The program has been further strengthened during the year under report.

#### Insurance claim on loss of raw sugar

A vessel carrying 22,500 MT of raw sugar purchased by the Company during its voyage between Brazil and India sank in July 2009 for which an insurance claim for Rs. 4,780 lakh was filed with the Cargo insurer. Following the repudiation of insurance claim by Cargo insurers, the Company has initiated legal proceedings against the insurer in India and vessel owner in London. During the year, in a negotiated settlement in London legal proceedings, the Company has accepted and received part compensation towards the cost of raw sugar and associated costs. The Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for balance claim Rs. 769 lakhs and interest thereon.

#### Operations of Subsidiary/Associate companies

- i. Simbhaoli Spirits Limited has been set up as a subsidiary with 99.9% shares held by SSL and the Simbhaoli Potable Distillery Division (SDD) of SSL has been transferred under a Scheme of Arrangement sanctioned by the Hon'ble Allahabad High Court vide order dated September 17, 2012. The hiving-off has been effective from October 1, 2010. The objective of the hiving off has been to achieve growth in the potable alcohol segment by developing new marketing areas, capacity enhancements and raise necessary resources. The gross revenues earned by the Company during the year have been Rs 9,460 Lakh with a pre-tax loss of Rs 1,510 Lakh.
- ii. Simbhaoli Power Private Limited (SPL) is a 51% subsidiary of SSL, set up for the purpose of operating and expanding the cogeneration businesses at Simbhaoli and Chilwaria units. The Company is set up in a joint venture with Sindicatum Captive Energy Singapore, 49 percent holding of capital and expanding its power generation capacity by 36 MWH with an investment of Rs. 200 crore. The gross revenues earned by the Company during the year have been Rs 1,681 Lakh with a pre-tax profit of Rs 33 Lakh.
- iii. Integrated Casetech Consultants Private Limited is a subsidiary with 85 percent shares held by the Company. It offers services in areas related to process engineering, operational manpower management, maintenance of sugar mills and refinery plants, steam reduction, electrical energy conservation, agriculture and sugarcane management services etc in India and overseas. The gross revenues earned by the Company during the year have been Rs 1,899 Lakh with a pre-tax profit of Rs 331 Lakh.
- iv. Uniworld Sugars Private Limited (USL) is a Joint Venture company (50 percent shareholding) engaged in setting up a 1000 tpd refinery project near Kandla Port, Gujarat. The project cost of Rs 235 crores bn is being financed by a debt-equity mix. The capital has been subscribed equally by Simbhaoli Sugars Limited (SSL) and ED & F Man Holdings BV (EDFM) along with their affiliates. The project related work at the site commenced in April 2012 and the trial run is expected to take place in September 2013. The gross revenues earned by the Company during

the year have been nil with a pre-tax profit of Rs 2 Lakh from interest earned on surplus funds.

- v. Simbhaoli Global Commodities DMCC is the wholly owned subsidiary of SSL, set up in Dubai for the purpose of carrying out the international trading activities in sugar and alcohol segments. The gross revenues earned by the Company during the year have been Rs 95 Lakh with a pre-tax loss of Rs 4 Lakh.

#### Cumulative Redeemable Preference Shares

During the year, to consolidate its shareholding in USL, the Company has issued 32 lakh, 8 percent cumulative redeemable preference shares of Rs 100 each amounting to Rs. 3200 lakh to the specified promoters and selective investors in consideration of purchase of 80 lakh fully paid-up equity shares of Rs 10 each in USL. The investment of the Company along with its affiliates has increased to 28,743,950 shares of Rs 10 each i.e. 50% in the share capital of USL.

#### OPERATIONS

A summary of the physical operations of various business units of the Company for the year 2012-13 is stated as under:

Manufacturing Facilities	Unit	Simbhaoli		Chilwaria		Brijnathpur	
		12 months ending March 2013	12 months ending March 2012	12 months ending March 2013	12 months ending March 2012	12 months ending March 2013	12 months ending March 2012
<b>Year/ Sugar Facilities</b>		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Sugarcane crushed	Lakh MT	10.96	11.07	6.55	6.03	4.69	4.73
Sugar recovery*	%	9.32	8.75	9.06	8.83	8.68	8.48
Raw/ below grade sugar refined	Lakh MT	0.13	0.11	-	-	0.05	0.03
White Sugar produced*	000' MT	112.5	108.7	58.0	52.3	44.9	48.8
Surplus Power exported	kwh	190.7	416.3	293.9	515.7	Nil	Nil
Gross season	Days	136	155	149	128	141	155
Date of start of the Sugar plant		16.11.12	29.10.11	23.11.12	25.11.11	16.11.12	03.11.11
Date of closure of Sugar plants		26.04.13	31.03.12	27.04.13	20.04.12	29.04.13	05.04.12
<b>Ethanol Facilities</b>							
Alcohol/ Ethanol produced	B.L (Lakh)			107	105	130	141
Days of operations	Days			190	205	251	237

\* recoveries have been adversely affected on account of climatic conditions.

# including conversion of raw and below grade white sugar, into refined sugar

Days of operations (gross) of sugar cane crushing in Chilwaria remained higher than the previous year on account of increase in quantities of sugarcane supplied by the farmers after an increase in cane area. In Simbhaoli and Brijnathpur, the days of operations are lower on account of delayed start of crushing season. The sugar recoveries have remained higher by 0.34 points than previous year and have been in line with other sugar mills in the same geographical region. During the year, 22.86 lakh qtl (previous period 34.21 lakh qtl) of free and levy sugar from both sugarcane and refining of raw sugar at an average realization of Rs 3,340 per qtl (previous period Rs 3,051 per qtl) was sold.

#### FINANCIAL RESULTS AND ANALYSIS

A summary of the stand alone financial results of the Company for the year ended March 31, 2013 is stated as under. The results do not include the results of Simbhaoli Spirits Limited for full year and Simbhaoli and Chilwaria power businesses from the period starting January 26, 2013 onwards.

(Rs in lakh)

Particulars	Year ended Mar 31, 2013	18 months period ended Mar 31, 2012
Net Sales/Income from operations	88,424	1,19,953
Other Income	1,774	5,131
Profit/(Loss) before Interest, depreciation and exceptional items	(1,695)	9,318
Interest expense	11,198	15,415
Depreciation	3,591	5,745
Profit/(Loss) before tax & exceptional items (Loss)	(16,484)	(11,840)
Exceptional Gains (net)	17,486	9,306
Tax expense	201	378
Deferred tax benefit/(charge)	(4,748)	4,455
Net Profit/(Loss) after Tax	(3,946)	1,542

During the year, the business of the Company has been affected adversely on account of lower capacity utilisation, low sugar recoveries in the state of Uttar Pradesh, lower sugar prices, and higher finance cost. In view of absence of distributable profits, substantial carried forward business losses, and need to conserve cash, the directors express their inability to recommend any dividend for the year.

The current financial year is for twelve months from April 1, 2012 to March 31, 2013 whereas the corresponding previous period figures are for a period of eighteen months from October 1, 2010 to March 31, 2012 and the same are not directly comparable. The analysis of the audited Balance Sheet of the Company as at March 31, 2013 and Profit and Loss account for the 12 months period ended on that date is reported as under:

#### Share Capital

The following movement in the share capital has taken place during the year:

- Authorised Share Capital: The authorised share capital of the Company is increased and rescheduled from Rs. 40 crore divided into 3.8 crore equity shares of Rs. 10 each and 2 lakh preference shares of Rs. 100 each to Rs. 75 crore divided into 3.5 crore equity shares of Rs. 10 each and 40 lakh preference shares of Rs. 100 each.
- ESOPs: Nil (previous period 32,190) equity shares were issued and allotted to the employees under ESOP.
- Issue of Equity shares: Nil (previous period 30,00,000) equity shares were issued on preferential basis.
- Issue of warrants: Nil (previous period 25,00,000) equity warrants were issued and allotted to specified promoters.
- Issue of Cumulative Redeemable Preference Shares (CRPS): 32,00,000 (previous period Nil) 8 percent CRPS of Rs. 100 each at par of value of Rs. 32 crore were issued and allotted to the specified promoters and selective investors of the Company.
- Conversion of Warrants: 6,57,500 (previous period 13,42,500) equity shares issued and allotted on conversion of 6,57,500 warrants. The warrant holders have not exercised the conversion option and remaining 5,00,000 warrants have lapsed due to non-subscription.

#### Reserves and Surplus

The following movement has taken place during the year under the reserves and surplus head:

- Revaluation reserve: Deduction of Rs. 57 lakh due to depreciation charged on re-valued amount of fixed assets.
- Securities Premium account: Increased by Rs. 2.4 crore on account of issue and allotment of equity shares on conversion of warrants.

Total shareholders' funds of the Company are Rs 8 crore (previous period Rs. 14.55 crore). The book value of each equity share is Rs. 2.8 (previous period Rs. 5.3).

#### Secured loans

The loan accounts of the Company remained regular with the lending banks. The revision in the last restructuring

carried out under corporate debt restructuring scheme of RBI has been recognised during the year under report.

#### Unsecured loans

Short term loans standing at Rs 25 lakh at the beginning of the year increased to Rs. 54.4 crore.

#### Deferred tax liabilities/assets (net)

The Company follows Accounting Standard-22, Accounting for taxes on income, and in consideration of prudence and current status of the industry in which it is operating, has recognised deferred tax asset, only to the extent of deferred tax liability of Rs. 82.7 crore on unabsorbed depreciation, and brought forward business losses, out of total deferred tax assets of Rs 131.7 crore.

#### Fixed assets

Capital expenditure: Addition to the fixed assets aggregating Rs 15.52 crore was made during the year which includes the following:

- Rs 2.04 crore on account of the exchange differences on long term monetary items related to the acquisition of fixed assets,
- Rs 6.41 crore for setting up a new digester plant at Chilwaria ethanol division,
- Rs 2.5 crore, for installing an AC drive at one of the mill in Chilwaria Sugar Division, and
- Rs 4.57 crore on account of miscellaneous assets.

Retirement of assets: The Company has deducted Rs. 183.6 crore (previous year Rs 90.18 crore) from fixed assets during the year which includes the following:

- Rs 182.07 crore to Simbhaoli Power, comprising Rs 157.88 crore on business transfer and Rs 24.19 crore on lease rental,
- Rs 1.23 crore to Simbhaoli Spirits Limited as land transfer, and
- Balance Rs 0.3 crore on miscellaneous assets.

#### Investments

The Company has following investments as on March 31, 2013:

Amount in Rs/laks

Particulars	Opening balance	Additions during the year	Balance as on March 31, 2013
(a) 2,00,800 equity shares of Rs 10 each in Integrated Casetech Consultants Private Limited	18	20	38
(b) 2,69,93,950 Equity shares of Rs. 10 each in Uniworld Sugars Pvt. Ltd	3445	3549	6994
(c) 300 Equity Shares of AED 1000 each in Simbhaoli Global Commodities DMCC	40	0	40
(d) 3,17,99,990 Equity shares of Rs. 10 each in Simbhaoli Spirits Ltd	5	25400	25405
(e) 5,62,031 Equity shares of Rs. 10 each in Simbhaoli Power Pvt Ltd	5	512	517
(f) Others	neg	2	2
Investments at the end of the year	3513	29483	32996

#### Inventories

Inventory amounting to Rs 544.16 crores (previous period Rs 528.96 crores) includes finished goods, raw material, process stocks, and store items. The sugar at the year end is valued at Rs 3233 per qtl (previous period Rs 3079 per qtl).

#### Sundry debtors

Sundry debtors (net) amounting to Rs. 74.03 crore, (previous period Rs. 74.79 crore), are considered good and realisable. Provisions are generally made for all debtors outstanding for over 360 days subject to their scope of realisation, industry trend and depending on the management's perception in this regard. Debtors are at 8%, representing an outstanding of 30 days (previous period 22 days) of gross revenues.



#### Cash and Bank Balance

Cash and bank balance of Rs 83.33 crore (previous period Rs 67.45 crore) includes fixed deposits of Rs 23.34 crore out of which Rs 31.83 crore are pledged with banks for securing certain loans, letters of credit, guarantees and facilities etc.

#### Loans and Advances

Loans and advances stand at Rs 49.98 crore (previous period Rs 77.99 crore). During the year, claim against the vessel owner/consignor for raw sugar loss took place in 2009 has been partially realised.

#### Current liabilities and provisions

Current Liabilities are on higher side because of increase in sugarcane price dues for the current year, operations, arrangement of payment of cane arrears through the farmers' tie up loans and operational losses incurred during the last two financial years.

Current Liabilities of Rs 927 crore (previous period Rs 805 crore) comprises Rs 9.3 lakh (previous period Rs 30.64 lakh) amount due to small scale industries, the suppliers of raw materials, stores and services and other expenses. Other provisions include provisions for compensated absences.

#### Sales and other income

Sales and other income (net of excise) is accounted at Rs. 901.98 crore (previous period Rs. 1250.84 crore). The other income comprises interest, rent, profit on sale of fixed assets, and miscellaneous earnings.

The negative EBIDTA under sugar segment is attributed to high cost of production during the year on account of higher raw material and consistent decline in sugar prices after October 2012.

The segment wise allocation of revenues for the year 2012-13 and for proceeding two accounting years is as under:

(Rs. in lakh)

Years/	Sugar		Alcohol		Power	
	Turnover	%age	Turnover	%age	Turnover	%age
2009-10	110,592	74.12	36,146	24.23	2,467	1.65
2010-12*	107,206	86.75	10,389	8.41	5,987	4.84
2012-13	80,841	88.65	8,258	9.06	2,087	2.29

\*consisting of a period of 18 months

#### Exceptional Income

The exceptional incomes of the Company during the year have been:

- Profit on transfer of land to Simbhaoli Spirits, Rs 117.79 crore
- Profit on transfer of power undertakings, Rs 54.69 crore
- Profit on transfer of assets on finance lease, Rs 2.38 crore

#### Accounting policies

The Company's financial statements are prepared as per revised Schedule VI under the Companies Act, 1956 and Generally Accepted Accounting Principles, as applicable w.e.f. April 1, 2012. Therefore, previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure. 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 lenders of the Company have approved certain modification in the previous restructuring carried out under CDR arrangement on August 27, 2012. This includes the re-phasing of repayment obligations of certain loans for a period of 12 months within the overall repayment period envisaged under CDR scheme. 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 76th Annual General Meeting (AGM) of the Company, Mr. S C Kumar and Mr. Yashwant Varma, Directors on the Board of the Company, are retiring by rotation. Mr. S C Kumar, being eligible, has offered himself for re-appointment. Mr. Yashwant Varma, has expressed his inability to continue as director on the Board of the Company.

During the year, Justice Chander Kishan Mahajan has been appointed as an additional director on the Board of the Company to broad base the composition of the Board. Mr. Mahajan is an independent director within the meaning of clause 49 of the listing agreement with stock exchanges. The brief profile of Mr. Mahajan is 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, 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 in July 1999.

#### 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. The Ministry of Corporate Affairs, Government of India has vide its general circular no. 2/2011 and 3/2011 dated February 8, 2011 and February 21, 2011 respectively has granted general exemption from attaching the balance sheet of subsidiary company (s) with the balance sheet of the holding company after fulfilment of specified conditions thereon. The Company therefore, hereby 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. A statement pursuant to Section 212 (8) of the Companies Act, 1956, is attached to the Accounts in this annual report.

#### EMPLOYEE STOCK OPTION SCHEME

The Company is carrying Employee Stock Option Scheme, 2007 in compliance with the provisions of SEBI (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999 and the resolutions passed by the shareholders of the Company.

Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has issued stock options convertible into equity shares of the Company in following manner:

- I. 81,300 stock options on May 18, 2009, at an exercise price of Rs. 39/- per share. 15,500 stock options have lapsed up to March 31, 2013. The remaining options have expired on May 17, 2013.
- II. 5,16,500 stock options on August 10, 2009, at an exercise price of Rs. 49/- per share. 74,730 stock options have lapsed up to March 31, 2013.

The details of stock options as on March 31, 2013 are given in Annexure A to the report.

#### **CORPORATE GOVERNANCE**

As per clause 49 of the listing agreement with the stock exchange, the report on corporate governance along with certificate from the practicing company secretary and certificate from Chairman and Managing Director, Deputy Managing Director, Chief Executive Officer 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 27.07 crore (previous year Rs. 176.49 crore) was earned by the Company against the export of sugar and alcohol. A sum of Rs. 90.50 crore (previous year Rs. 30.69 crore) inclusive of import of raw material was spent in foreign currency. Foreign currency loans aggregating to Rs 35.32 crore (USD 6.9 mn) have been repaid by the Company during the year.

#### **RESEARCH AND DEVELOPMENT**

The details relating to Research and Development activities carried out by the Company are stated in Form B of this Report as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### **CONSERVATION OF ENERGY**

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

#### **PARTICULARS OF EMPLOYEES**

The details of the employees, who are being paid the remuneration, as required to be disclosed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time is given in the Annexure-B forming part of this report.

#### **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, offer themselves for re-appointment. You are requested to re-appoint the Auditors for the financial year 2013-14 and fix their remuneration.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 as amended, with respect to the Directors' responsibility statement, it is hereby confirmed:

- (a) that in preparation of accounts for the financial year ended on March 31, 2013, the applicable accounting standards have been followed along-with proper explanation relating to the material departures.
- (b) that the directors of the Company have 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 at March 31, 2013 and of the profits of the Company for the financial year ended on that date.

- (c) that the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- (d) that the directors of the Company have prepared the accounts of the Company for the year ended on March 31, 2013, ongoing concern basis.

#### **CAUTIONARY STATEMENT**

Certain statements in the Report of the Directors and Management Discussion and Analysis with words or phrases such as "will", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Such statements represent intention of the management and the efforts put in to realise certain goals. Actual results may differ materially from those suggested by the forward-looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The Company and its subsidiary/associated companies may, from time to time, make additional written and oral forward looking statements, including statements contained in the Company's filings with the stock exchanges and our reports to the shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on its behalf. Investors/stakeholders, therefore, are advised to make their own judgments before taking any investment, business decisions.

#### **ACKNOWLEDGEMENT**

The Board of Directors places on record their gratitude to all the lender banks and institutions for their continued assistance and guidance. The Directors acknowledge with gratitude 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 Government of India, State Government of Uttar Pradesh and 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 28, 2013

**Gurmit Singh Mann  
Chairman and Managing Director**

#### **PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988. CONSERVATION OF ENERGY**

- (a) Energy conservation measures taken
  - i. Chilwaria sugar division (CSD) has discontinued a feed pump and a FD fan on 80 TPH boiler by doing modification in its feed and FD fan outlet lines. This has reduced the power consumption by 350 kwh and increased the surplus power.
  - ii. CSD has provided AC Variable frequency drive (VFD)

of 750 kwh on mill no 2, which has resulted in a saving of 185 kwh of power.

- iii. Simbhaoli sugar division (SSD) has shifted dedicated juice heating on low temperature evaporator vapour, reducing the steam consumption by about 0.5 percent.
  - iv. 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.
  - v. SSD has set up VFD at first cane carrier of its small milling tandem, to reduce power consumption.
  - vi. Brijnathpur sugar division (BSD) has started using condensate for heating the raw juice and using non condensate gases (NCG) for molasses conditioning, which has resulted in reduction in process steam consumption by about 1 percent.
  - vii. BSD has replaced the ID fans with new designed fans, having lesser width and smoother operation. This has reduced the power consumption.
  - viii. BSD has installed biogas engine capable to generate 1.2 mw of power, which has reduced cost of the power and fuel.
- (b) Additional investments and proposals for reduction of consumption of energy
- i. Activities are being pursued on continuous basis for reducing the steam and power consumption in all three sugar and alcohol complexes.
  - ii. Further steam saving is planned at SSD by replacement of high pressure steam from boiling house with low pressure steam.
  - iii. Condensate heating of Juice at CSD is planned, which will further reduce the steam consumption.

(c) Impact of above measures

The above measures have reduced the power consumption at all the sugar units and export of power has increased. The 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 at Brijnathpur Distillery Divisions.

**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, 2013: Mentioned in the Directors Report.

**FORM A**

Disclosure of particulars with respect to conservation of energy for the year ended March 31, 2013.

**A. Power and fuel consumption**

S. No.	Particulars	Unit	Year ended March 31, 2013	Year ended March 31, 2012
1	<b>Electricity Purchased</b>			
	Units	Kwh ('000)	2080	2743
	Total Amount	Rs Lakh	120.42	139.02
	Rate/Unit	Rs/Kwh	5.79	5.07
	<b>Own Generation</b>			
	(i) Through diesel generator			
	Units	Kwh ('000)	825	2619
	Unit per ltr. of diesel oil	Kwh	2.92	3.08
	Total Amount	Rs Lakh	117.87	319.79
	Cost/Unit	Rs/Kwh	14.29	12.21

	(ii) Through steam turbine	Kwh ('000)	71995	138811
	Units	Kwh	N.A.	N.A.
	Units per ltr. of fuel/gas	Rs in lakh	1697.97	3029.93
	Total Amount	Rs/Kwh	2.36	2.18
2	<b>Coal/Coke</b>			
	Quantity	Tonnes	Nil	3986
	Total Cost	Rs Lakh	Nil	197.47
	Average Rate	Rs/MT	N.A.	4954
3	<b>Furnace oil/L.D.O</b>			
	Quantity	Kilo Ltrs.	Nil	25
	Total Cost	Rs Lakh	Nil	8.98
	Average Rate	Rs/K Ltrs	N.A.	36101
4	<b>Others</b>			
	Fire Wood			
	Quantity	Tonnes	Nil	304
	Total Cost	Rs in Lakh	Nil	7.87
	Average Rate	Rs/MT	N.A.	2589
	Bagasse (Purchased)			
	Quantity	Tonnes	Nil	34656
Total Cost	Rs. Lakh	Nil	1283.98	
	Average Rate	Rs/MT	N.A.	3705

**B. Consumption per unit of production of sugar**

S. No.	Particulars	Unit	Year ended March 31, 2013	Year ended March 31, 2012
1	Electricity	Kwh	320	365
2	Coal/Coke	Tonnes	0.000	0.011
3	Fire Wood	Tonnes	0.000	0.001
4	Bagasse (Purchased)	Tonnes	0.000	0.000

**C. Consumption per K.Litr. of Alcohol production**

S. No.	Particulars	Unit	Year ended March 31, 2013	Year ended March 31, 2012
1	Electricity	Kwh	248	264
2	F.O./L.D.O	K.Ltrs.	0.000	0.000
3	Bagasse (Purchased)	Tonnes	0.000	0.456

**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 periods.
- 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, 2013.

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

- (i) Measures have been taken to reduce steam and water consumption to achieve economy of scales.
- (ii) New high pressure energy efficient boilers with high degree of automation are installed to increase power generation and saving thereof.

**II Benefit derived**

- (i) Power consumption reduced significantly while sale of power increased.

- (ii) 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)

	2012-13 Rs in lakh	2011-12 Rs in lakh
Capital	-	-
Recurring	10.22	14.18
Total	10.22	14.18
Total R&D expenditure as a % of total number	Neg.	Neg.

### 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

### ANNEXURE-A

Statement pursuant to clause 12 Disclosure in the Directors' Report of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as at March 31, 2013 for stock options issued under Simbhaoli Sugars Limited-Employee Stock Options Scheme 2007 (ESOS 2007) are given here in below:

Sr. No.	Particulars	ESOS 2007
1.	Date of EGM approving the Scheme	March 15, 2007
2.	Date of institution of the Scheme.	June 20, 2007
3.	Total number of securities reserved under the scheme.	6% of the paid-up capital of the Company i.e. 11,85,924 equity shares as on March 15, 2007.
(a)	<b>Description:</b>	
	Date of issue of options	June 20, 2007    May 18, 2009    August 10, 2009
	No. of options granted	5,94,425                      81,300                      5,16,500
	Exercise price per share (Each option is equivalent to one equity share of the face value of Rs. 10/- each of the Company)	Rs. 39.00                      Rs. 39.00                      Rs. 49.00
(b)	Pricing formula	The exercise price of the options is determined by the Remuneration and Compensation Committee. It is based upon the closing market price of the equity shares of the Company prior to the date of grant of options at the stock exchange where there is highest trading volume on the said date.
(c)	Options vested	5,39,170
(d)	Options exercised	NIL
(e)	Total number of shares arising as a result of exercise of option	NIL
(f)	Options lapsed	31,600
(g)	Variation of terms of options	NIL
(h)	Money realized by exercise of options	NIL

(i)	Total number of options in force	507,570	
(j)	Employee wise details of options granted to:		
	(i) Senior managerial personnel		
	Name	Designation	
		No. of options granted	
		Year 2007    Year 2009	
	Dr. G S C Rao	Chief Executive Officer	25,000    16,235
	Mr. Sanjay Tapriya	Chief Financial Officer	24,000    15,235
	Mr. I S Bhatia	Vice President	21,000    13,300
	Mr. A K Srivastava	Vice President	21,000    11,000
	Mr. Sunil Gupta	General Manager	12,700    9,700
	Mr. N K Tyagi	Chief General Manager	11,200    9,700
	Mr. Kamal Samtani	Company Secretary	3,900    5,100
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year:	NIL	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:		
(k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 Earning Per Share	Rs. (14.1)	
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	The Company has used intrinsic value method with respect to the stock options. The employee compensation cost is negative. As shown below: Exercise Price (weighted) is Rs. 47.64 per option Fair Value (weighted) is Rs. 28.07 per option Difference is (Rs. 19.57) per option	
(m)	Weighted- average exercise prices of options granted	Rs. 47.64	
	Weighted- average fair values of options granted	Rs. 28.07	
(n)	A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted average information is given below :-		
	[1] method	Black Scholes model	
	[2] risk-free interest rate	6.07%	
	[3] expected life	4 years (including vesting period of one year)	
	[4] expected volatility	58.42%	
	[5] dividend yield	0%	
	[6] the price of the underlying share in market at the time of option grant	Rs. 54.70	

### ANNEXURE B

Information as per Section 217(2A) of the Companies Act 1956 read with the companies (Particulars of the Employees) Rules, 1975, as amended, for the year 2012-13.

S. No.	Name	Age (yrs)	Gross Remuneration (In Rs. Lakh)	Designation/ Nature of Duties	Qualifications & Experience	Date of commencement of employment	Last Employment Held
1.	Dr. G S C Rao	58	71.47	Chief Executive Officer	M. Sc., Ph.D. 32 years	1.11.1999	Maha lakshmi Sugar works
2.	Mr. Sanjay Tapriya	51	64.72	Chief Financial Officer	FCA, FCS 26 years	01.10.1986	NA

#### Notes:

- The remuneration in excess of Rs 60 lakh is covered.
- No employee was employed for part of the financial period and in receipt of remuneration for any part thereof at a rate which in the aggregate was not less than Rs. 5 lakh per month.

# 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, 2013 (hereinafter referred as 'the year'). The Company has been taking structured initiatives towards enhancement of Corporate Governance practices, which evolve around multi-layered checks and balances. Apart from the mandatory measures required to be implemented as a part of corporate governance, it has adopted other norms also to ensure transparency in business dealings. The representation of the interests of the shareholders as a group and other corporate constituencies is taken care of. Adherence to corporate governance and disclosure standards makes the Company more comprehensible in all its functions at different levels.

The management is implementing business and financial restructuring and is re-designing its strategies for sustainable business, and complying with the applicable framework of disclosure norms. In all the spheres of present as well as future areas of operations, corporate governance practices are being pursued to protect the interests of all the stakeholders and society in general.

## BOARD OF DIRECTORS

### Composition and category

As on March 31, 2013, 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 Chairman and Managing Director, Deputy Managing Director, Chief Executive Officer, Chief Financial Officer and Executive Director (Commercial). 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
<b>Executive Directors</b>			
Mr. Gurmit Singh Mann Chairman/Promoter	1	None	None
Mr. Gurpal Singh Promoter	1	1	None
Ms. Gursimran Kaur Mann Promoter	1	1	None
Dr. G S C Rao	2	None	None
Mr. Sanjay Tapriya	2	None	None
<b>Non-Executive/ Independent Directors</b>			
Mr. S K Ganguli	2	1	1
Mr. SC Kumar	2	1	1
Mr. Yashwant Varma	None	None	None
Mr. B K Goswami	10	4	None
Mr. Ram Sharma	None	None	None

\*Excluding private limited companies and foreign companies

\*\* Committee as defined under clause 49

### Broad responsibilities of executive directors

The Company is having whole time Chairman and Managing Director (CMD), Deputy Managing Director (DMD), Chief

Executive Officer (CEO), Chief Financial Officer (CFO) and Executive Director (Commercial) (EDC). Their responsibilities and authorities are as follows:

- CMD is responsible for overall management and control, laying down broad strategic management policies, charting growth plans and apprising the Board on various business matters and development plans.
- DMD is responsible for external environment management, business control measures, policies implementation, internal control functions and assisting CMD in his activities.
- CEO is responsible for operations of the business units and implementation of the new projects of the Company.
- CFO is responsible for the finance, accounts, taxation functions and joint venture affairs of the Company.
- EDC is responsible for the marketing, commercial and related functions including identifying, evaluating and pursuing the business development activities of the Company.

### Pecuniary relationship and transactions with non-executive directors

1. Mr. S K Ganguli, an independent director, is a chartered accountant. He retired as a joint managing partner of M/s Ray & Ray, Chartered Accountants. During the year, he was paid Rs. 4.27 lakh (Previous period Rs. 6.20 lakh) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company/its subsidiary companies.
2. Mr. Yashwant Varma, an independent director, is a reputed senior advocate practicing at Hon'able Allahabad High Court and also appears before various courts and tribunals. During the year, he was paid Rs 0.86 lakh (Previous Period Rs. 3.71 lakh) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company/its subsidiary companies.
3. Mr. Ram Sharma, an independent director, is an advocate, and has been acting as legal advisor to the Company. During the year, he was paid Rs. 5.04 lakh (Previous period 4.45 lakh) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company/its subsidiary companies.

## 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 15, 2012	10	9
August 14, 2012	10	8
September 18, 2012	10	8
September 25, 2012	10	7
November 12, 2012	10	7
December 8, 2012	10	8
January 14, 2013	10	8
February 12, 2013	10	6

The attendance of each director at these meetings and at the

last annual/extraordinary general meetings was as follows:

Name of the Directors	No. of Board Meetings Attended	Attendance at the last AGM held on October 25, 2012	Attendance at the EGM held on March 12, 2013
Mr. Gurmit Singh Mann	8	Yes	Yes
Mr. Gurpal Singh	8	Yes	Yes
Dr. G S C Rao	6	Yes	No
Mr. Sanjay Tapriya	8	Yes	Yes
Ms. Gursimran Kaur Mann	7	Yes	Yes
Mr. S C Kumar	8	No	No
Mr. S K Ganguli	8	Yes	Yes
Mr. B K Goswami	7	No	No
Mr. Yashwant Varma	Nil	No	No
Mr. Ram Sharma	1	No	No

#### Information to Board

The major decisions affecting the operations of the Company are placed before the Board, which 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 five committees viz Audit Committee, Finance Committee, Remuneration & Compensation Committee, Allotment Committee and Investors' Grievance Committee. The Company Secretary acts as the Secretary to all the committees.

##### I. Audit Committee

The Audit Committee comprises of three non-executive independent directors. Mr. S K Ganguli acts as the Chairman of the Committee. The whole time directors and the statutory, internal and cost auditors of the Company are the regular invitees.

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

Member	Meetings held	Meetings attended
Mr. S K Ganguli	6	6
Mr. S C Kumar	6	6
Mr. B K Goswami	6	5

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 292A of the Companies Act, 1956 (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, reviews the annual internal audit plans, legal compliance, internal control system, audit methodology, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy 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 needed and on new areas to be taken up for audit, based on the discussions and review of the

observations of the internal audit reports, cost control measures and statutory compliances in various functional areas.

##### II. Finance Committee

The Finance Committee comprises of five executive directors for taking decisions in respect of opening and closing bank accounts, change of signatories in existing accounts, delegating authority for making representation before statutory/regulatory authorities, acceptance of terms of loans/facilities within the borrowing limits laid down by the Shareholders/Board and to do such other things, which are essential for executing 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, eight meetings of this committee were held. The details are as follows:

Member	Meetings Held	Meetings Attended
Mr. Gurmit Singh Mann	8	8
Mr. Gurpal Singh	8	8
Dr. G.S.C. Rao	8	7
Mr. Sanjay Tapriya	8	8
Ms. Gursimran Kaur Mann	8	6

##### III. Remuneration & Compensation Committee

The Remuneration & Compensation Committee 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 term of appointment including remuneration and other compensation to be paid to the whole time directors. Further, the Committee is authorized to formulate, administer and implement the employee stock options scheme of the Company. During the year, one meeting of this Committee was convened. The details are as follows:

Member	Meetings Held	Meetings Attended
Mr. B K Goswami	1	1
Mr. S K Ganguli	1	1
Mr. S C Kumar	1	1
Mr. Gurmit Singh Mann	1	1

##### IV. Allotment Committee

The Allotment Committee comprises of two executive directors and one non-executive independent director. Dr. G S C Rao acts as the Chairman of the Committee. The Committee is constituted for issue and allotment of equity shares on receipt of the application/request for conversion of bonds, warrants and options into equity shares of the Company. The Committee works under the guidance of the Board and its decisions are ratified in the subsequent Board meeting. During the year, two meetings of this Committee were held. The details are as follows:

Member	Meetings Held	Meetings Attended
Dr. G S C Rao	2	2
Mr. S K Ganguli	2	2
Mr. Sanjay Tapriya	2	1

##### V. Investors' Grievance Committee

The Investors' Grievance Committee comprises of two executive directors 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 in relation 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
Dr. G S C Rao	4	3
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, 2013.

#### Remuneration policy as applicable to executive/non-executive directors

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

- a. The executive directors are paid remuneration as per their respective terms of employment as approved by the shareholders in general meeting and in accordance with the applicable provisions of Schedule XIII to the Act. No sitting fee is payable to executive directors. Provision for incremental gratuity and earned leave for the year has not been considered, since the provision has been made for the Company as a whole. Details of remuneration paid to them for the year is as follows:

(Rs. in lakh)

Name of the Director	Salary	Benefits*	Total
Mr. Gurmit Singh Mann	45.60	7.80	53.40
Mr. Gural Singh	45.60	7.15	52.75
Dr. G S C Rao	41.25	30.22	71.47
Mr. Sanjay Tapriya	37.50	27.22	64.72
Ms. Gursimran Kaur Mann	21.62	2.40	24.02

#including provident fund and other retirement benefit

The Company has issued and allotted 6,57,500 equity shares to Mr. Gural Singh on conversion of 6,57,500 warrants. During the year, no convertible securities were issued and no commission paid/accrued to the whole-time directors.

- b. Sitting fee of Rs. 11,500 (Previously Rs. 10,000) effective from September 18, 2012 per meeting is being paid to non-executive directors for attending meetings of the Board and certain Board committees. The sitting fee being paid does not exceed the limits laid down under the Act and Articles of Association of the Company. 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 Lakh)	Equity Shares^ held (Nos.)
Mr. S K Ganguli	1.67	500
Mr. S C Kumar	1.67	-
Mr. B K Goswami	1.43	-
Mr. Ram Sharma	0.10	1000
Mr. Yashwant Varma	Nil	-

^ Convertible instrument - Nil

During the year, no equity shares and/or convertible securities were issued to the 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 Act

Mr. Gurmit Singh Mann, Chairman & Managing Director; Mr. Gural Singh, Deputy Managing Director; Dr. G S C Rao, Chief Executive Officer, Mr. Sanjay Tapriya, Chief Financial Officer and Ms. Gursimran Kaur Mann, Executive Director (Commercial) have been appointed as whole-time directors for a period of 5 years vide resolutions passed by the shareholders in annual general meetings.

Mr. Gurmit Singh Mann, Mr. Gural Singh and Ms. Gursimran Kaur Mann are the promoter directors and holding beneficial interest in the share capital of the Company. During the year, the remuneration paid to these directors is within the limits of Schedule XIII to the Act. However, in case of loss/inadequacy of profits, the fresh approval for payment of remuneration to them in accordance with Schedule XIII to the Act is being sought in the ensuing annual general meeting.

Dr. G S C Rao and Mr. Sanjay Tapriya, both are the professional directors and are not holding any beneficial interest in the share capital of the Company. They are, while complying with the conditions prescribed by the Ministry of Corporate Affairs vide General Circular No. 46/2011 dated July 14, 2011 read with clarification dated August 16, 2012, being paid remuneration in accordance with the resolutions passed by the shareholders.

The appointment of the aforesaid directors is liable to be terminated on a notice of 3 month or payment of 3 month 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 CMD, DMD, CEO and CFO form part of this report.

#### GENERAL MEETINGS

##### 76th Annual General Meeting

Day and Date : Wednesday, July 31, 2013

Time : 10.00 AM

Venue : Registered office of the Company at Simbhaoli-245 207, District Hapur, Uttar Pradesh.

#### Book Closure

Thursday, July 25, 2013 to Wednesday July 31, 2013 (both days inclusive)

The last 3 annual general meetings of the Company were held as follows:

AGM	Day, Date & Time	Venue
73rd	Thursday, 17-12-2009 at 10.00 A.M.	Simbhaoli-245 207, Distt. Hapur, Uttar Pradesh
74th	Monday, 10-01-2011 at 10.00 A.M.	
75th	Thursday, 25-10-2012 at 10.00 A.M.	

### Special resolutions passed at the last three annual general meetings

AGM	Date	Subject matter of special resolution
73rd	17.12.2009	<ol style="list-style-type: none"> <li>1. Re-classification of authorized share capital of the Company of Rs. 40,00,00,000 divided into 3,80,00,000 equity shares of Rs. 10/- each and 2,00,000 preference share of Rs. 100/- each.</li> <li>2. Alteration in the Articles of Association of the Company.</li> <li>3. Appointment of Chairman and Managing Director of the Company.</li> <li>4. Approval for Issue and allotment of 20,00,000 warrants and other securities on Preferential basis.</li> </ol>
74th	10.01.2011	<ol style="list-style-type: none"> <li>1. Payment of remuneration not exceeding Rs.48 lakh per annum each to whole time directors with effect from October 1, 2009 in case of loss/inadequacy of profits.</li> <li>2. Approval for issue and allotment of 25,00,000 warrants and 30,00,000 equity shares on preferential basis.</li> </ol>
75th	25.10.2012	<ol style="list-style-type: none"> <li>1. Payment of remuneration to CEO and CFO under the provisions 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</li> </ol>

### Extra-Ordinary General Meeting/Postal Ballot

An extra ordinary general meeting of the members of the Company was held on March 12, 2013 at the registered office of the Company. Following resolutions were passed therein:

1. To increase and reschedule in the authorized share capital of the Company to Rs. 75.00 crores divided into 3,50,00,000 equity shares of Rs.10/- each and 40,00,000 preference shares of Rs. 100/- each, and
2. to create, issue, offer and allot upto 40,00,000 8% Cumulative Redeemable Preference Shares at a price of Rs. 100/- each to the specified promoters and investors of the Company

During the year, no resolution was passed through postal ballot.

### 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. 13 to the Significant accounting policies and notes to the financial statements for the year ended on March 31, 2013. 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 and have been prepared in accordance with the mandatory accounting standards prescribed by The Institute of Chartered Accountants of India and 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](http://www.simbhaolisugars.com).

### ISSUE PROCEEDS

During the year, the issue proceeds of Rs. 226.84 lakh were utilized for capital expenditure/working capital requirements of the Company as per the resolutions passed by the shareholders of the Company.

### 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: <a href="http://www.bseindia.com">www.bseindia.com</a> Scrip Code: 507446	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Mumbai Tel : 91-22-26598100 Fax : 91-22-265988120 Website: <a href="http://www.nseindia.com">www.nseindia.com</a> Scrip code :SIMBHSUGAR
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Listing fee for the financial year 2013-14 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 <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a> Website : <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai-400 023 Tel: 91-22-2272333 Fax: 91-22-22723199 Email: <a href="mailto:investors@cdslindia.com">investors@cdslindia.com</a> Website: <a href="http://www.cdslindia.com">www.cdslindia.com</a>
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International Securities Identification Number is ISIN-INE 270C01017



### Stock Market Data

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

Month	BSE				NSE			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-12	32.45	28.15	17,664	17,010	30.70	28.70	5359	5189
May-12	31.40	21.05	17,432	15,810	31.00	22.10	5239	4836
Jun-12	27.60	21.40	17,448	15,749	26.20	22.70	5279	4842
Jul-12	37.25	26.40	17,631	16,598	35.85	26.65	5345	5043
Aug-12	32.50	27.60	17,973	17,027	31.55	28.00	5421	5216
Sep-12	30.80	22.9	18,870	17,251	30.35	24.10	5703	5226
Oct-12	30.00	25.75	19,137	18,393	29.55	26.55	5788	5598
Nov-12	30.00	25.90	19,373	18,256	29.30	26.20	5880	5571
Dec-12	31.90	27.00	19,612	19,149	31.40	27.70	5931	5848
Jan-13	29.20	22.85	20,204	19,509	28.55	22.70	6082	5951
Feb-13	27.70	22.15	19,967	18,794	27.25	22.45	5999	5693
Mar-13	29.45	20.00	19,755	18,568	26.40	20.95	5946	5634

### Distribution of share holding as at March 31, 2013:

Category	No. of Shareholders	% of no. of shareholders	No. of shares	% of capital
Upto 10,000	15237	93.58	3132114	11.10
10001 to 30,000	654	4.02	1173480	4.16
30001 to 50000	162	0.99	665913	2.36
50001 to 100000	124	0.76	897904	3.18
100001 and above	106	0.65	22359399	79.21
<b>Total</b>	<b>16283</b>	<b>100.00</b>	<b>28228810</b>	<b>100.00</b>

As on March 31, 2013, 2,76,60,659 equity shares constituting 97.99% of total equity share capital were under demat category with NSDL and CDSL.

### SHAREHOLDING PATTERN AS ON MARCH 31, 2013

#### Equity Shares:

Category	No. of Shares held	% age
<b>A: Indian Promoters</b>	12908869	45.73
<b>Sub-Total (A)</b>	<b>12908869</b>	<b>45.73</b>
<b>B: Non - Promoters Holding:</b>		
Mutual Funds	1700	0.01
Foreign Institutional Investors (FII)	2239643	7.93
Financial Institutions and Banks	1000	0.00
Private Corporate Bodies	6118015	21.67
Indian Public (individuals )	6722088	23.81
NRIs / OCBs	124582	0.44
Any other (Clearing Members)	112913	0.40
<b>Sub-Total (B)</b>	<b>15319941</b>	<b>54.27</b>
<b>Grand Total (A+B)</b>	<b>28228810</b>	<b>100.00</b>

### 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
<b>Total</b>	<b>32,00,000</b>	<b>100.00</b>

### Share warrants

The Company has issued and allotted 6,57,500 equity shares on conversion of 6,57,500 share warrants and remaining 5,00,000 warrants were lapsed for non subscription.

### Employee Stock Option Scheme

The Company has issued stock option under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007 and the details thereof are given elsewhere in the Directors' Report:

### LOCATION OF THE PLANTS AND OPERATING DIVISIONS:

<b>Simbhaoli Complex</b>	Simbhaoli, District Hapur Uttar Pradesh - 245 207	Tel.No. +91 5731-23117/8/9 Fax No. +91 5731-223039/42
<b>Chilwaria Complex</b>	Chilwaria, Distt. Bahraich, Uttar Pradesh - 271 801	Tel.No. +91 5252-244251/2 Fax No. +91 5252-244253
<b>Brijnathpur Complex</b>	Brijnathpur, District Hapur Uttar Pradesh - 245 101	Tel. No. +91 9927049979 Fax No. +91 122-223039
<b>*Gandhidham Complex</b>	Village Versamedi, Tehsil Anjar, Gandhidham, District Bhuj -Kachchh, Gujarat -370201	Tel. No. + 91 09624019862

\*1000 TPD Raw Sugar refining plant of Uniworld Sugars Private Limited is under Construction.

### 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, Fax no.: +91-11-26387384, E-mail : info@masserv.com
- Registered Office: Simbhaoli - 245 207, District Hapur, Uttar Pradesh  
Phone No.: +91-5731-226411/223118, Fax: +91 5731-223042/39, 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

The amount of dividend/debenture installment or interest thereon remaining un-claimed for a period of 7 years is transferred to the credit of investors' education and protection fund in accordance with the provisions of Section 205C of the Act.

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

New Delhi  
May 28, 2013

**Gurmit Singh Mann  
Chairman and Managing Director**

## 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, 2013 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: 28.05.2013**

## 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, 2013**

We, Gurmit Singh Mann, Chairman and Managing Director, Guralp Singh, Deputy Managing Director, G.S.C. Rao, Chief Executive Officer 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, 2013, profit and loss account, the cash flow statement and the directors' report for the year ended on March 31, 2013 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.

- (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.

Gurmit Singh Mann  
Chairman & Managing  
Director

Guralp Singh  
Deputy Managing  
Director

G.S.C. Rao  
Chief Executive Officer

Sanjay Tapriya  
Chief Financial Officer

New Delhi  
May 27, 2013

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **SIMBHAOLI SUGARS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, 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 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principle generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) 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:

1. Note 4 which explains in detail the exceptional item relating to sale of co-generation divisions of the Company for an aggregate consideration of Rs. 15,978.62 lacs which would be discharged in the manner laid down under the Business Transfer Agreements (BTAs). Further, as indicated in Note 4(b)(iii), a part of the consideration amounting to Rs. 7,873.72 lacs which is interest bearing will be discharged in cash on or before the date falling 48 months from the date of the BTAs or on achieving the closing in terms of the Joint Venture Agreement with Sindicatum Capitive Energy Pte Limited, whichever is earlier.
2. Note 25 regarding the Company's net worth being substantially eroded and preparation of the financial statements of the Company on a going concern basis for the reasons stated therein.
3. Note 24 which sets out the position regarding repudiation by the insurance company of the balance amount of Rs. 769 lacs of the Company's insurance claim relating to the sinking of a 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government 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.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) 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.
  - (c) 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.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

GURGAON  
May 28, 2013

**Manjula Banerji**  
Partner  
(Membership No.086423)

## 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. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (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 unsecured loan of Rs. 1225.70 lacs to two companies during the year. The maximum amount involved during the year was Rs. 1433.14 lacs (two companies) and the year end balance was Rs. 1039.61 lacs (two 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) During the year the Company has received unsecured loan aggregating Rs. 1813 lacs from one Director. The maximum amount involved during the year was Rs. 1838.12 lacs (two Directors) and the year end balance was Rs. 1835.61 lacs (two Directors).
  - (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 payments of principal amounts and interest 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 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 in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (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 books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining 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, 2013 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, 2013 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)	1979-1980	11.01	11.01
		Customs, Excise & Service tax Appellate Tribunal	2002-2003	0.60	0.60
		Customs, Excise & Service tax Appellate Tribunal	2004-2005	0.28	0.28
		Customs, Excise & Service tax Appellate Tribunal	2006-2007	390.99	45.03
Service Tax Act	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 in the current year and in the immediately preceding financial year.
- (xi) During the year, after considering the effect of reschedulement of repayment terms of borrowings from

certain banks, approved by the Corporate Debt Restructuring Empowered Group, the details of defaults in repayments of dues are as under:

Lenders	Amount (including interest) (Rs. lacs)	Period of delays
Banks	650.65	01-30 days

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) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that short term funds of Rs. 47,348.64 lacs have been used to finance fixed assets / long term losses.
- (xvi) During the previous period, the Company had issued 25,00,000 warrants, carrying an entitlement to subscribe to 1 equity share of Rs. 10 each at a premium of Rs. 36 per share, on preferential basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended) to the parties covered in the Register maintained under Section 301 of the Act. During the year, the Company has issued 6,57,500 equity shares (pursuant to the terms of these warrants) and 32,00,000 preference shares on a preferential basis to the parties covered in the register maintained under Section 301 of the Companies Act, 1956. The price at which, these equity shares have been issued is pursuant to the terms of the warrants and these preference shares have been issued at par value, which in our opinion, is not *prima facie* prejudicial to the interests of the Company.
- (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 material fraud on the Company has been noticed or reported during the year.

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

**Manjula Banerji**  
Partner  
(Membership No. 086423)

GURGAON  
May 28, 2013

**SIMBHAOLI SUGARS LIMITED**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2013**

	Notes	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1A	6,035.88	2,770.13
Money received against share warrants	3.1B	-	133.11
Reserves and surplus	3.2	<u>(5,235.86)</u>	<u>(1,448.34)</u>
		<b>800.02</b>	<b>1,454.90</b>
<b>Non-current liabilities</b>			
Long-term borrowings	3.3	14,291.24	20,326.47
Other long-term liabilities	3.4	89.06	138.74
Long-term provisions	3.5	<u>175.69</u>	<u>131.10</u>
		<b>14,555.99</b>	<b>20,596.31</b>
<b>Current liabilities</b>			
Short-term borrowings	3.6	50,637.36	45,389.10
Trade payables	3.7	86,815.53	75,558.89
Other current liabilities	3.8	11,199.65	10,400.36
Short-term provisions	3.9	<u>24.79</u>	<u>15.74</u>
		<b>148,677.33</b>	<b>131,364.09</b>
<b>Total</b>		<b>164,033.34</b>	<b>153,415.30</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	3.10		
Tangible assets		34,926.94	49,397.89
Intangible assets		130.86	173.67
Capital work-in-progress		<u>920.42</u>	<u>997.56</u>
		<b>35,978.22</b>	<b>50,569.12</b>
Non-current investments	3.11	32,995.28	3,512.79
Deferred tax assets (net)	3.12	-	4,747.83
Long-term loans and advances	3.13	568.99	284.42
Other non-current assets	3.14	<u>3,640.96</u>	<u>13,600.00</u>
		<b>73,183.45</b>	<b>72,714.16</b>
<b>Current assets</b>			
Inventories	3.15	54,416.08	52,896.04
Trade receivables	3.16	7,403.43	7,479.04
Cash and bank balances	3.17	8,333.74	6,744.85
Short-term loans and advances	3.18	4,428.98	7,515.41
Other current assets	3.19	<u>16,267.66</u>	<u>6,065.79</u>
		<b>90,849.89</b>	<b>80,701.13</b>
<b>Total</b>		<b>164,033.34</b>	<b>153,415.30</b>

Significant accounting policies and Notes to the accounts 1 to 30

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Manjula Banerji  
Partner

Place : Gurgaon  
Date : May 28, 2013

For and on behalf of the Board of Directors

Gurpal Singh  
Dy. Managing Director  
DIN -00064807

Sanjay Tapriya  
Chief Financial Officer  
DIN -00064703

Kamal Samtani  
Company Secretary  
FCS - 5140

Place : New Delhi  
Date : May 28, 2013

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

G S C Rao  
Chief Executive Officer  
DIN - 00064904

Sunil K. Gupta  
GM-Finance  
FCA - 73502

**SIMBHAOLI SUGARS LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	Notes	Year ended March 31, 2013 Rs. lacs	18 month ended March 31, 2012 Rs. lacs
<b>Revenue from operations</b>			
Sale of products		91,186.61	123,583.33
Less: Excise duty		2,762.39	3,630.11
		<u>88,424.22</u>	<u>119,953.22</u>
Other operating revenues	3.20	69.69	1,338.82
<b>Revenue from operations</b>		<u>88,493.91</u>	<u>121,292.04</u>
Other income	3.21	1,704.41	3,792.57
<b>Total Revenue</b>		<u>90,198.32</u>	<u>125,084.61</u>
<b>Expenses</b>			
Cost of materials consumed		73,685.97	108,534.06
Purchases of stock-in-trade		58.73	4,744.93
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	2,848.64	(21,802.07)
Employee benefits expense	3.23	4,352.26	5,900.10
Finance costs	3.24	11,197.82	15,414.54
Depreciation and amortization expense	3.25	3,591.40	5,744.45
Other expenses	3.26	10,947.88	18,388.88
<b>Total Expenses</b>		<u>106,682.70</u>	<u>136,924.89</u>
<b>Profit/(loss) before exceptional items and tax</b>		(16,484.38)	(11,840.28)
Exceptional items (Net)	3.27	17,486.49	9,305.97
<b>Profit/(loss) before tax</b>		<u>1,002.11</u>	<u>(2,534.31)</u>
Tax expense:-			
Current tax (MAT charged off)		200.50	378.25
Deferred tax charge/ (benefit)		4,747.83	(4,454.85)
<b>Profit/(loss) after tax from continuing operations</b>		<u>(3,946.22)</u>	<u>1,542.29</u>
<b>Earnings per equity share-basic/diluted (Rs.)</b>	15		
Basic/ Diluted before exceptional items		(75.81)	(18.36)
Basic/ Diluted after exceptional items		(14.10)	5.97

**Significant accounting policies and Notes to the accounts 1 to 30**

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

Manjula Banerji  
Partner

Place : Gurgaon  
Date : May 28, 2013

**For and on behalf of the Board of Directors**

Gurpal Singh  
Dy. Managing Director  
DIN -00064807

Sanjay Tapriya  
Chief Financial Officer  
DIN -00064703

Kamal Samtani  
Company Secretary  
FCS - 5140

Place : New Delhi  
Date : May 28, 2013

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

G S C Rao  
Chief Executive Officer  
DIN - 00064904

Sunil K. Gupta  
GM-Finance  
FCA - 73502

**SIMBHAOLI SUGARS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	Year ended March 31, 2013 Rs. lacs	18 Months ended March 31, 2012 Rs. lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit/(loss) before tax and exceptional items	(16,484.38)	(11,840.28)
Adjustments for:		
Depreciation (net of revaluation reserve)	3,591.40	5,744.45
Dividend income from subsidiary company	(7.12)	(5.34)
Interest	11,197.82	15,414.54
Non-compete fee	-	(2,000.00)
Profit on sale of fixed assets	(0.69)	(100.53)
Profit on sale of current non trade investments	-	(0.36)
Interest income	(1,094.89)	(734.36)
Transfer from Capital-grant-in-aids	(1.34)	(2.00)
<b>Operating profit/(loss) before working capital changes</b>	<b>(2,799.20)</b>	<b>6,476.12</b>
Adjustments for change in :		
Trade receivables	75.61	(205.31)
Short term and long term loans and advances	2,942.41	(580.34)
Other current and non current assets	3,480.68	(2,928.21)
Inventories	(1,620.05)	(14,117.94)
Trade payables	11,256.65	15,306.85
Other current liabilities	389.19	241.47
Short term and long term provision	43.53	(50.32)
<b>Cash (used in)/generated from operations</b>	<b>13,768.82</b>	<b>4,142.31</b>
Direct taxes (paid)/refund	(341.05)	1,374.58
<b>Net cash flow from operating activities before exceptional items</b>	<b>13,427.77</b>	<b>5,516.89</b>
Differential cane price 2007-08 -	-	2,511.40
<b>Net cash (used in) / from operating activities</b>	<b>13,427.77</b>	<b>3,005.49</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(1,292.52)	(2,216.94)
Sale of fixed assets	5.44	106.79
Investment made in subsidiaries	(20.10)	(27.80)
Investment made in joint venture	(350.35)	(770.96)
Purchase of mutual funds	-	(300.00)
Sale of mutual funds	-	300.36
Changes in margin money	(388.85)	10,180.87
Consideration pursuant to scheme of arrangement / Business Transfer Agreement	15,985.62	13,600.00
Less: Share received	(512.04)	-
Less: Balance consideration receivable	(15,473.58)	(13,600.00)
Dividend income from subsidiary Company	7.12	5.34
Interest received	1,263.78	816.15
Capital grant-in-aid received	25.00	-
<b>Net cash (used in)/from investing activities</b>	<b>(750.48)</b>	<b>8,093.81</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of equity shares/equity warrants	226.84	2,263.49
Proceeds from long term borrowings	-	6,000.00
Repayment of long term borrowings	(6,233.93)	(15,959.26)
Changes in short term borrowings	5,248.26	15,436.36
Interest paid	(10,719.36)	(15,374.34)
Dividend paid	-	(0.06)
Payment of FCCB premium	-	(318.71)
Contribution toward charity reserve received	0.94	(5.29)
<b>Net cash (used in)/from financing activities</b>	<b>(11,477.25)</b>	<b>(7,957.81)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	<b>1,200.04</b>	<b>3,141.49</b>
<b>E. Cash and cash equivalents (opening balance)</b>		
Cash and bank balances	4,817.63	1,816.28
Cash and bank balances transferred pursuant to scheme of arrangement	-	(140.14)
<b>F. Cash and cash equivalents (closing balance)</b>	<b>6,017.67</b>	<b>4,817.63</b>

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 28, 2013

**For and on behalf of the Board of Directors**

Gurpal Singh  
Dy. Managing Director  
DIN - 00064807

Sanjay Tapriya  
Chief Financial Officer  
DIN - 00064703

Kamal Samtani  
Company Secretary  
FCS - 5140  
Place : New Delhi  
Date : May 28, 2013

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

G S C Rao  
Chief Executive Officer  
DIN - 00064904

Sunil K. Gupta  
GM-Finance  
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 an eight-decade track record of producing top quality sugars. Established in 1933 by Sardar Raghbir Singh Sandhanwalia, Simbhaoli Sugars was amongst the first sugar plants to be set up in north India. 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.

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

S. No.	Name of subsidiary	Business	% voting power held as at March 31, 2013	% voting power held as at March 31, 2012
1.	Simbhaoli Sprits Limited Business	Potable Alcohol	100.00	100.00
2.	Simbhaoli Power Private Limited	Generation of green power	85.16	82.41
3.	Integrated Casetech Consultants Limited	Consultancy business	51.00	100.00
4.	Simbhaoli Global Commodities DMCC	Trading of sugar & alcohol	99.999	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 the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The 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 (iii) below. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous period.

#### 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 period. 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/ period 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/ period.

#### xii) Employee benefits

Company's contribution paid/payable during the year/ period 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/ period are charged to revenue each period/ year.

#### xiii) Research and development expenditure

The revenue expenditure on research and development is charged as expenditure in the year/ period 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 assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary items.

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/ period 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 26)

**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.

**3.1A SHARE CAPITAL**

	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 Rs. lacs	As at March 31, 2012 (No. of Shares)	As at March 31, 2012 Rs. lacs
<b>Authorized</b>				
Equity shares of Rs. 10 each with voting rights	35,000,000	3,500.00	38,000,000	3,800.00
Preference share of Rs. 100 each	4,000,000	4,000.00	200,000	200.00
	<b>39,000,000</b>	<b>7,500.00</b>	<b>38,200,000</b>	<b>4,000.00</b>
<b>Issued</b>				
Equity shares of Rs. 10 each with voting rights	28,433,435	2,843.34	27,775,935	2,777.59
8% cumulative redeemable preference shares of Rs. 100 each	3,200,000	3,200.00	-	-
	<b>31,633,435</b>	<b>6,043.34</b>	<b>27,775,935</b>	<b>2,777.59</b>
<b>Subscribed and paid up</b>				
Equity shares of Rs. 10 each with voting rights fully paid up	28,228,810	2,822.88	27,571,310	2,757.13
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	-	-
	<b>31,633,435</b>	<b>6,035.88</b>	<b>27,775,935</b>	<b>2,770.13</b>

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

	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 Rs. lacs	As at March 31, 2012 (No. of Shares)	As at March 31, 2012 Rs. lacs
<b>Equity shares with voting rights</b>				
As at beginning of the year / period	27,571,310	2,757.13	23,195,900	2,319.59
Add: Issue of shares on a preferential basis	-	-	3,000,000	300.00
Add: Issue of shares on exercise of Equity Warrants (refer note 2 below)	657,500	65.75	1,342,500	134.25
Add: Issue of shares under Employee Stock Option Scheme (refer note 3 below)	-	-	32,910	3.29
<b>As at end of the year</b>	<b>28,228,810</b>	<b>2,822.88</b>	<b>27,571,310</b>	<b>2,757.13</b>
<b>8% cumulative redeemable preference shares</b>				
As at beginning of the year / period	-	-	-	-
Add: Issue of shares on a preferential basis (refer note 1 below)	3,200,000	3,200.00	-	-
<b>As at end of the year</b>	<b>3,200,000</b>	<b>3,200.00</b>	-	-

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

	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 "% of Share holding"	As at March 31, 2012 (No. of Shares)	As at March 31, 2012 "% of "Share holding"
<b>Equity shares with voting rights</b>				
1 Dholadhar Investments Private Limited	5,306,585	18.80	5,306,585	19.25
2 Mr. Gurmit Singh Mann	2,284,747	8.09	2,115,247	7.67
3 Mr. Gурpal Singh	2,053,649	7.28	1,006,079	3.65
4 Pearl Innovative Marketing Private Limited	795,404	2.82	1,500,000	5.44
5 Shri Vatsala Traders Private Limited	790,969	2.80	1,500,000	5.44
6 India Max Investment Fund Limited	2,239,643	7.93	999,500	3.62
<b>8% cumulative redeemable preference shares</b>				
1 Dholadhar Investments Private Limited	800,000	25.00	-	-
2 Pritam Singh Sandhu Associates Pvt. Ltd.	400,000	12.50	-	-
3 Shri Vatsala Traders Private Limited	1,000,000	31.25	-	-
4 Pearl Innovative Marketing Private Limited	1,000,000	31.25	-	-

**Note:**

- 32,00,000 (previous period Nil) 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.
- 6,57,500 (previous period 13,42,500) 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 6,57,500 (previous period 13,42,500) equity warrants issued and allotted to specific promoters covered under section 301 of the Companies Act, 1956 on preferential basis (refer foot note 1 of note 3.1B).
- Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
  - 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option. Consequently Nil (previous period 32,910) equity shares were issued and allotted during the year as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29 each) per equity share and no options are outstanding at the year end as well as previous period.
  - 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 65,800 (previous period 69,800) 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 4,41,770 (previous period 4,69,370) options are outstanding at the year end.

**Note:-** Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs 10 each.

**3.1B MONEY RECEIVED AGAINST SHARE WARRANTS**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Share warrants</b>		
Nil (Previous period 11,57,500) Share warrants, paid up amount of Rs.11.50 per warrant (see note 1 below) (Also refer foot note 2 of note 3.1A)	-	133.11
	<u>-</u>	<u>133.11</u>

Note:

- 1 On January 31, 2011, 25,00,000 Equity warrants (paid up amount of Rs. 11.50 per warrant) were allotted to specific promoters and directors of the Company, to be converted within 18 months of allotment into equity shares at a price of Rs. 46 (including premium of Rs. 36) per share. Out of these warrants, 20,00,000 equity warrants have since been converted into 20,00,000 equity shares of Rs 10 each upto year end in accordance with the terms of allotment thereof and balance 5,00,000 warrants have been lapsed on July 30, 2012, hence forfeited and transferred to capital reserve.

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>3.2 RESERVES AND SURPLUS</b>		
<b>Revaluation reserve</b>		
Opening balance	280.51	441.48
Less: Adjustments pursuant to Scheme of Arrangement (10)	-	43.64
Less: Deductions during the year (1)	85.01	117.33
	<b>195.50</b>	<b>280.51</b>
<b>Reconstruction reserve</b>		
Opening balance	505.25	589.73
Less: Adjustments pursuant to Scheme of Arrangement (10)	-	84.48
Less: Deductions during the year (2)	75.09	-
	<b>430.16</b>	<b>505.25</b>
<b>Capital grant-in-aid</b>		
Opening balance	8.41	10.41
Add: Additions during the year (3)	25.00	-
Less: Utilized during the year (4)	1.34	2.00
	<b>32.07</b>	<b>8.41</b>
<b>Capital reserve</b>		
Opening balance	231.26	231.26
Add: Additions during the year (5)	57.50	-
	<b>288.76</b>	<b>231.26</b>
<b>Securities premium account</b>		
Opening balance	1,667.66	6,759.99
Add: Premium on shares issued during the year (6)	236.70	1,692.84
Less: Deferred Tax written off pursuant to the Scheme of Arrangement (10)	-	6,759.99
Less: Utilized during the year (7)	-	25.18
	<b>1,904.36</b>	<b>1,667.66</b>
<b>Charity Reserve</b>		
Opening balance	3.08	8.37
Add: Additions during the year (8)	0.94	1.25
Less: Deductions during the year (9)	-	6.54
	<b>4.02</b>	<b>3.08</b>
<b>Share options outstanding account</b>		
Opening balance (11)	39.43	43.39
Add: Additions during the year	-	-
Less: written back to Statement of Profit and Loss during the year/period (4)	2.32	3.96
	<b>37.11</b>	<b>39.43</b>
<b>Balance in Statement of Profit and Loss</b>		
Opening balance	(4,183.94)	(5,730.19)
Add: Profit/(loss) during the year	(3,946.22)	1,542.29
Amount transferred from:		
Share Options outstanding account	2.32	3.96
	<b>(8,127.84)</b>	<b>(4,183.94)</b>
	<b>(5,235.86)</b>	<b>(1,448.34)</b>

- (1) - Rs. 57.05 lacs (previous period Rs. 105.80 lacs) transferred to Statement of Profit and Loss.  
- Rs. 27.96 lacs (previous period Rs. 11.53 lacs) transferred on sale of fixed assets.  
(2) Rs. 75.09 lacs (previous period Rs. Nil) 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. 236.70 lacs (previous period Rs. 1,692.84 lacs) received on allotment of equity shares.  
(7) Rs. Nil (previous period Rs. 25.18 lacs) premium on redemption of foreign currency convertible bonds.  
(8) Rs. 0.94 lacs (previous period Rs. 1.25 lacs) received during the year.  
(9) Rs. Nil (previous period Rs. 6.54 lacs) disbursed during the year.  
(10) Refer note 27 (b) and 27 (e).  
(11) Refer note 2(xxi) & foot notes of note 3.1A

## NON-CURRENT LIABILITIES

### 3.3 LONG-TERM BORROWINGS

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

**As at**  
**March 31, 2012**  
**Rs. lacs**

#### Secured

##### Term loans

From banks [refer note 10(b)]	10,984.63	15,424.88
From others [refer note 10(c)]	3,306.61	4,901.59
	<u>14,291.24</u>	<u>20,326.47</u>

### 3.4 OTHER LONG TERM LIABILITIES

Security deposit	0.75	0.75
Interest accrued but not due on loans	88.31	137.99
	<u>89.06</u>	<u>138.74</u>

### 3.5 LONG-TERM PROVISIONS

Provision for employee benefits		
Compensated absences	175.69	131.10
	<u>175.69</u>	<u>131.10</u>

## CURRENT LIABILITIES

### 3.6 SHORT-TERM BORROWINGS

#### Secured

##### Loans repayable on demand

From banks [refer note 10(a)]	45,197.95	45,364.10
	<u>45,197.95</u>	<u>45,364.10</u>

#### Unsecured

##### Loans repayable on demand

From banks (Book overdraft)	993.69	-
From directors	1,835.61	25.00
From others	2,610.11	
	<u>5,439.41</u>	<u>25.00</u>
	<u>50,637.36</u>	<u>45,389.10</u>

### 3.7 TRADE PAYABLES

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

**As at**  
**March 31, 2012**  
**Rs. lacs**

Total outstanding dues of micro and small enterprise *	9.31	30.64
Total outstanding dues of creditors other than micro and small enterprise	86,806.22	75,528.25
	<u>86,815.53</u>	<u>75,558.89</u>

\* Refer note 9.

### 3.8 OTHER CURRENT LIABILITIES

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
Current maturities of long-term debt (Secured)		
From banks [refer note 10(b)]	3,724.71	4,063.39
From others [refer note 10(c)]	1,615.01	1,425.35
Interest accrued but not due on borrowings	228.10	220.56
Interest accrued and due on borrowings	965.79	174.77
Advances received from customers	778.49	371.75
Unclaimed dividends#	8.95	8.95
Interest accrued on trade payables	1,230.32	1,550.42
Security deposits	65.77	76.87
Creditors for capital goods	377.27	195.31
Statutory dues payable	2,044.12	2,109.93
Others miscellaneous payable	161.12	203.05
	<b>11,199.65</b>	<b>10,400.36</b>

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

### 3.9 SHORT-TERM PROVISIONS

Provision for employee benefits :

Compensated absences	24.79	15.74
	<b>24.79</b>	<b>15.74</b>

### 3.10 FIXED ASSETS

(Rs. In lacs)

Particulars	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	As at March 31, 2012	Additions	Transferred to Simbhaoli Power Pvt Ltd pursuant to business transfer agreement ##	Disposals	As at March 31, 2013	As at March 31, 2012	For the year	Transferred to Simbhaoli Power Pvt Ltd pursuant to business transfer agreement ##	On Disposals	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangibles</b>												
Land - freehold	2,113.69	-	-	123.14	1,990.55 *	-	-	-	-	-	1,990.55	2,113.69
Buildings	8,838.08	85.34	873.96	-	8,049.46	2,748.20	367.90	344.36	-	2,771.74	5,277.72	6,089.88
Railway siding	0.39	-	-	-	0.39	0.38	-	-	-	0.38	0.01	0.01
Plant and and machinery	63,228.01	1,426.57	17,326.08	0.25	47,328.25	22,831.72	3,152.37	5,572.90	0.24	20,410.95	26,917.30	40,396.29
Furniture and fixtures	203.52	2.55	-	0.50	205.57	162.83	7.64	-	0.49	169.98	35.59	40.69
Vehicles	498.96	18.93	-	26.20	491.69	317.30	49.79	-	21.47	345.62	146.07	181.66
Office Equipment	921.47	18.23	7.67	-	932.03	345.80	27.94	1.41	-	372.33	559.70	575.67
Subtotal Tangibles	75,804.12	1,551.62	18,207.71	150.09	58,997.94	26,406.23	3,605.64	5,918.67	22.20	24,071.00	34,926.94	
Previous period	81,824.13	2,998.60	6,230.88	2,787.73	75,804.12	24,887.02	5,799.79	2,276.26	2,004.32	26,406.23		49,397.89
<b>Intangibles</b>												
Software	224.13	-	-	-	224.13	50.46	42.81	-	-	93.27	130.86	173.67
Subtotal Intangibles	224.13	-	-	-	224.13	50.46	42.81	-	-	93.27	130.86	
Previous period	-	224.13	-	-	224.13	-	50.46	-	-	50.46		173.67
<b>Total this year</b>	<b>76,028.25</b>	<b>1,551.62 #</b>	<b>18,207.71</b>	<b>150.09</b>	<b>59,222.07</b>	<b>26,456.69</b>	<b>3,648.45</b>	<b>5,918.67</b>	<b>22.20</b>	<b>24,164.27</b>	<b>35,057.80</b>	
Total previous period	81,824.13	3,222.73 #	6,230.88 @	2,787.73	76,028.25	24,887.02	5,850.25	2,276.26 @	2,004.32	26,456.69		49,571.56
<b>Capital work in progress</b>											<b>920.42</b>	<b>997.56</b>
											<b>35,978.22</b>	<b>50,569.12</b>

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

# Includes adjustment of Rs. 203.79 lacs (previous period Rs. 755.10 lacs) on account of foreign exchange fluctuation.

## Refer note 4

@ Refer note 27

### 3.11 NON-CURRENT INVESTMENTS

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Long Term Investments</b>		
(Valued at cost unless there is permanent diminution in value there of)		
<b>Trade Investment</b>		
Unquoted		
One share of Rs. 20 fully paid up in Simbhaoli Co-operative Cane Development Union Limited (*Rs. 20)	*	*
<b>Government securities</b>		
6-Years Post Office National Savings Certificate	1.61	0.05
<b>Investment in subsidiaries</b>		
Unquoted		
2,00,800 (Previous period 1,78,000) equity shares of Rs.10 each fully paid up of Integrated Casetech Consultants Private Limited	37.90	17.80
300 (Previous period 300) equity shares of AED 1000 each fully paid up of Simbhaoli Global Commodities DMCC	39.94	39.94
3,17,99,990 (Previous period 50,000) equity shares of Rs.10 each fully paid up of Simbhaoli Spirits Limited	25,405.00	5.00
5,62,031 (Previous period 50,000) equity shares of Rs.10 each fully paid up of Simbhaoli Power Private Limited (previously known as Simbhaoli Power Limited)	517.04	5.00
<b>Investment in joint venture</b>		
Unquoted		
2,69,93,950 (Previous period 1,72,50,000) Equity Shares of Rs. 10 each fully paid up of Uniworld Sugars Private Limited [Refer note 27]	6,993.79	3,445.00
	<b>32,995.28</b>	<b>3,512.79</b>
Aggregate book value		
- Unquoted	32,995.28	3,512.79
<b>3.12 DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax assets</b>		
Unabsorbed depreciation/Brought forward business loss	7,797.38	12,610.95
Accrued expenses deductible on payment	431.43	392.64
Others	41.11	61.28
	<b>8,269.92</b>	<b>13,064.87</b>
<b>Deferred tax liabilities</b>		
Depreciation	8,269.92	8,317.04
	8,269.92	8,317.04
<b>Deferred tax assets(net) (Refer note 26)</b>	<b>-</b>	<b>4,747.83</b>
<b>3.13 LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good unless otherwise stated)		
Security deposit	21.61	20.60
Loans and advances to related parties #	260.00	-
Others loans and advances	287.38	263.82
	<b>568.99</b>	<b>284.42</b>
# Loans and advances includes:		
	Amount outstanding as at	Maximum amount outstanding during
<b>Name of the Joint venture</b>	March 31, 2013	March 31, 2012
	Current year	Previous period
Uniworld Sugars Private Limited	260.00	-



**3.14 OTHER NON-CURRENT ASSETS**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
Consideration receivable against slump sale of SDD Alcohol Undertaking (Refer note 27 (c))	-	13,600.00
Consideration receivable against slump sale of Power Undertaking [Refer to note 4(a)]	<b>2,227.68</b>	-
Finance lease receivable from Simbhaoli Power Private Limited [Refer to note 4(d)]	1,413.28	-
	<b><u>3,640.96</u></b>	<b><u>13,600.00</u></b>

**CURRENT ASSETS**
**3.15 INVENTORIES**

Raw materials *	4,856.53	926.26
Work-in-progress	2,169.56	1,955.85
Finished goods	45,795.21	48,857.57
Stores and spares	1,583.05	1,145.37
Loose tools	11.73	10.99
	<b><u>54,416.08</u></b>	<b><u>52,896.04</u></b>

\* Includes raw sugar in transit of Rs. 1025.27 lacs (Previous period Rs Nil)

**3.16 TRADE RECEIVABLES**

Outstanding for a period exceeding six months from due date for payment		
Unsecured - considered good **	1,295.95	589.22
- Considered doubtful	87.89	52.89
	<u>1,383.84</u>	<u>642.11</u>
Less: Provision for doubtful receivables	87.89	52.89
	<u>1,295.95</u>	<u>589.22</u>
Other debts		
Unsecured - considered good **	6,107.48	6,889.82
	<b><u>7,403.43</u></b>	<b><u>7,479.04</u></b>

\*\* Trade Receivable includes:

Name of Subsidiaries	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2013	March 31, 2012	Current year	Previous period
Simbhaoli Global Commodities DMCC	57.98	309.38	309.38	942.75
Simbhaoli Spirits Limited	2,029.57	1,754.74	2,029.57	1,754.74
Simbhaoli Power Private Limited	432.91	-	432.91	-

**3.17 CASH AND BANK BALANCES**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>(A) Cash and cash equivalent</b>		
Balances with banks on		
-current account	5,879.72	3,404.81
-margin money / cash collateral with banks	121.39	1,375.36
-deposit account with upto 3 months maturity #	1.40	9.36
Cash on hand	15.16	28.10
	<b>6,017.67</b>	<b>4,817.63</b>
<b>(B) Other bank balances (with more than 3 months but less than 12 months maturity)</b>		
Margin money / cash collateral with banks	318.14	1,787.66
Other Deposits #	69.51	103.69
	<b>387.65</b>	<b>1,891.35</b>
<b>(C) Other bank balances (with more than 12 months maturity)</b>		
Margin money / cash collateral with banks	1,892.59	11.00
Other Deposits #	35.83	24.87
	1,928.42	35.87
<b>Total (A+B+C)</b>	<b>8,333.74</b>	<b>6,744.85</b>

# Pledged with excise authorities and civil court Rs.105.16 lacs (previous period Rs. 123.66 lacs)

**3.18 SHORT-TERM LOANS AND ADVANCES**

(Unsecured and considered good unless otherwise stated)

	1,391.17	4,105.43
Advances recoverable in cash or in kind or for value to be received		
Considered good	1,391.17	4,105.43
Considered doubtful	95.33	4.72
	<b>1,486.50</b>	<b>4,110.15</b>
Less: Provision for doubtful advances	95.33	4.72
	<b>1,391.17</b>	<b>4,105.43</b>
Loans and advances to related parties #	1,077.55	1,378.17
Loans and advances to employees	19.49	23.68
Security deposits	162.34	158.91
Balances with customs, excise etc.	1,478.73	1,690.07
Tax payments (Net)	299.70	159.15
	<b>4,428.98</b>	<b>7,515.41</b>

# Loans and advances includes:

	Amount outstanding as at		Maximum amount outstanding during	
	March 31, 2013	March 31, 2012	Current year	Previous period
<b>Name of the Subsidiaries</b>				
Simbhaoli Global Commodities DMCC	-	6.23	6.23	-
Integrated Casetech Consultants Private Limited	37.94	117.04	117.04	138.89
Simbhaoli Spirits Limited	1,017.51	1,225.90	1,225.90	1,225.90
Simbhaoli Power Private Limited		28.89		28.89
<b>Name of the Joint venture</b>				
Uniworld Sugars Private Limited	22.10	0.11	1,029.84	632.55

**3.19 OTHER CURRENT ASSETS**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
(Unsecured and considered good unless otherwise stated)		
Considered good	1,489.72	5,964.43
Considered doubtful	-	131.27
	<u>1,489.72</u>	<u>6,095.70</u>
Less: Provision for doubtful claims	-	131.27
	<u>1,489.72</u>	<u>5,964.43</u>
Interest accrued on investments, deposits etc.	187.35	101.36
Consideration receivable against slump sale of Power Undertaking * [Refer to note 4(a)]	13,911.75	-
Finance lease receivable from Simbhaoli Power Private Limited [Refer to note 4(d)]	610.97	-
Advance gratuity fund	<u>67.87</u>	<u>-</u>
	<u>16,267.66</u>	<u>6,065.79</u>

\* includes interest receivable of Rs. 672.85 lacs (Previous period Rs. Nil) on balance consideration receivable.

	Year ended March 31, 2013 Rs. lacs	18 months ended March 31, 2012 Rs. lacs
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**3.20 OTHER OPERATING REVENUES**

Transfer from 'Capital grant-in-aid'	1.34	2.00
Export incentives	8.01	46.14
Miscellaneous @	60.34	1,290.68
	<u>69.69</u>	<u>1,338.82</u>

@ Includes income on settlement of contractual obligation Rs. Nil (previous period Rs. 718.70 lacs)

**3.21 OTHER INCOME**

Interest		
Bank deposits	328.83	565.75
Income Tax refund	-	91.11
Others	766.06	77.50
Rent	8.59	7.05
Profit on sale of fixed assets	0.69	100.53
Profit on sale of non trade current investments	-	0.36
Dividend from subsidiary company on long term trade investment	7.12	5.34
Foreign exchange fluctuation	117.07	-
Miscellaneous #	<u>476.05</u>	<u>2,944.93</u>
	<u>1,704.41</u>	<u>3,792.57</u>

# Includes Non-Compete fee of Rs. Nil (previous period Rs 2,000.00 lacs)

**3.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**
**Opening stock**

Finished goods	48,857.56	28,679.46
Work-in-progress	1,955.85	757.03
	<u>50,813.41</u>	<u>29,436.49</u>

Less: stock transferred to Simbhaoli Spirits Limited

pursuant to Scheme of Arrangement [Refer note 27]

Finished goods	-	398.78
Work-in-progress	-	26.37
	<u>-</u>	<u>425.15</u>

**Closing 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>
	<u>2,848.64</u>	<u>(21,802.07)</u>

	Year ended March 31, 2013 Rs. lacs	18 months ended March 31, 2012 Rs. lacs
<b>3.23 EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, wages, bonus, gratuity, commission, etc.	3,770.87	5,072.38
Provident and other funds	432.20	651.39
Welfare	149.19	176.33
	<u>4,352.26</u>	<u>5,900.10</u>
<b>3.24 FINANCE COSTS</b>		
Interest expense	10,719.17	15,092.47
Other borrowing costs	422.21	283.46
Net (gain)/loss on foreign currency transactions and translation	56.44	38.61
	<u>11,197.82</u>	<u>15,414.54</u>
<b>3.25 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and amortisation expense	3,648.45	5,850.25
Transfer from revaluation reserve	(57.05)	(105.80)
	<u>3,591.40</u>	<u>5,744.45</u>
<b>3.26 OTHER EXPENSES</b>		
Sugar cane development	343.63	1,381.37
Consumption of stores and spare parts #	2,600.54	4,753.30
Power and fuel	923.41	2,547.80
Repairs		
- Machinery	2,044.80	1,917.83
- Buildings	139.23	92.83
- Others	98.14	100.56
Insurance	125.11	212.38
Rent	271.48	395.74
Rates and taxes	81.58	151.76
Donations	1.83	2.20
Travelling and conveyance	252.76	393.27
Marketing Expense	340.45	836.83
Sugar Export expenses	102.80	1,125.33
Commission to selling agents	353.96	387.46
Bad debts and advances written off	1,262.92	35.57
Provision for doubtful debts and advances	118.00	123.65
Increase/ (decrease) in excise duty on finished goods	(37.89)	888.12
Foreign exchange fluctuation (net)	-	1,028.07
Loss on derivative transactions	31.85	6.52
Miscellaneous expenses	1,893.28	2,008.26
	<u>10,947.88</u>	<u>18,388.88</u>
# Stores, oils and chemicals allocated to other revenue heads Rs 1,841.10 lacs (previous period Rs. 2,502.89 lacs)		
<b>3.27 EXCEPTIONAL ITEMS (NET)</b>		
Differential cane price 2007-08	-	(2,511.40)
Profit on transfer of SDD undertaking [ Refer note 27]	-	11,817.37
Profit on transfer of Power undertakings [Refer note 4(a)]	5,469.00	-
Profit on transfer of assets on finance lease [Refer note 4(d)]	237.58	-
Profit on sale of Land to Simbhaoli Spirits Limited [Refer note 27]	11,779.91	-
	<u>17,486.49</u>	<u>9,305.97</u>

4. During the year, the Company has taken further steps to implement the business restructuring exercise suggested by the SBI Capital Markets Limited, and approved by Company's lenders and shareholders. Accordingly, the Company has transferred its existing power co-generation businesses situated at its sugar plants at Simbhaoli and Chilwaria, as an inseparable lot, as going concern on a slump sale basis for a consideration of Rs. 15,978.62 lacs to Simbhaoli Power Private Limited (SPL) {formerly known as Simbhaoli Power Limited}. Further, the Company and Sindicatum Captive Energy Singapore Pte Limited (SCES), a global developer and operator of clean energy projects have entered into a joint venture agreement and SCES has acquired 49% of the share capital of SPL. In addition, SPL will be implementing an expansion plan to enhance the aggregate power generation capacity at these locations from 54 MW to 92 MW with increase in days of operations beyond crushing season.

Pursuant to the Business Transfer Agreements (BTAs) dated January 25, 2013 executed between the Company and SPL, effective from January 26, 2013, the business Undertakings of Simbhaoli Cogen Division (SCD) and Chilwaria Cogen Division (CCD) including all their assets, liabilities, rights and obligations have been transferred to and vested in SPL for an aggregate consideration of Rs. 15,978.62.

- a) The assets and liabilities transferred to and vested in SPL, given effect to in these accounts, are as under:-

(Rs. in lacs)	
<b>Assets</b>	
Fixed assets	
Gross block	15,788.71
Less: Depreciation	5,272.09
Net block	10,516.62
Current assets, loans and advances	
Inventories	100.01
Other current assets	4.40
<b>Total Assets</b>	<b>10,621.03</b>
<b>Liabilities</b>	
Current liabilities and provisions	
Current liabilities	101.30
Provisions	10.11
<b>Total liabilities</b>	<b>111.41</b>
<b>Net assets</b>	<b>10,509.62</b>

- b) The aggregate consideration of Rs. 15,978.62 lacs is to be discharged in the manner laid down under the respective BTAs:
- Allotment of 5,12,041 shares of Rs 10 each in SPL at a premium of Rs. 90 per share, aggregating Rs. 512.04 lacs.
  - Allotment of securities having an aggregate value of Rs. 7,592.86 lacs in tranches and in the manner agreed to by the SPL and the Company.
  - Payment of balance interest bearing liability of Rs. 7,873.72 lacs in cash on or before the date falling 48 (forty eight) months from the date of BTAs, or on achieving the closings in terms of the Joint Venture Agreement with SCES, whichever is earlier.

The outstanding consideration receivable has been disclosed under Non Current Assets Rs. 2,227.68 lacs and other Current Assets Rs. 13,911.75 lacs including interest receivable of Rs. 672.85 lacs on balance consideration respectively.

- c) The resultant excess consideration of 5,469.00 lacs over the book values of Co-generation business transferred has been shown as "Profit on transfer of Power Undertakings" under the head exceptional item in the statement of profit and loss.

- d) The Company has made requests to UPPCL for assigning of Power Purchase Agreement(s) (PPA) pertaining to both power divisions to SPL pursuant to the BTAs. Whilst the novation of the PPAs in favour of SPL is pending, in view of the execution of the BTAs, revenue from sale of power for the period commencing from January 26, 2013 to March 31, 2013 has been considered in the financial statements of SPL.
- e) The Company has entered into finance lease arrangement with SPL for one of the equipment at its Simbhaoli Sugar Division. Gross investment in the lease at the inception of lease amounting to Rs. 2010.00 lacs has been considered as finance lease receivable against the written down value (WDV) of the equipment of Rs. 1772.41 lacs and consequently Rs. 237.58 lacs has been accounted as "Profit on transfer of assets" under the head exceptional item in the statement of profit and loss.

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

(Rs. in lacs)	
Future minimum lease payments	
Not later than one year	203.00
Later than one year and not later than five years	1,609.77
	<b>1,812.77</b>
Less: Unearned finance income	305.28
Present value of minimum lease payments receivable	
Not later than one year	94.22
Later than one year and not later than five years	1,413.27

#### 5.i) Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts Rs. 1,035.66 lacs (previous period Rs. 1,304.53 lacs).

Description	(Rs. lacs)	
	As at March 31, 2013	As at March 31, 2012
Sales Tax/Trade Tax Act	3.61	10.43
State Excise Act	17.34	17.34
Central Excise Act	520.16	515.53
Income tax	-	316.73
Others	494.55	444.50
<b>Total</b>	<b>1,035.66</b>	<b>1,304.53</b>

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.

- Arrear of dividend on 8% cumulative preference shares Rs. 4.21 lacs (previous period Rs. Nil) from March 26, 2013 to March 31, 2013.
6. The Company has facilitated agri loans from certain commercial banks to its sugarcane farmers under the management and collection agreements and provided Corporate Guarantee amounting to Rs. 300 crore to the banks. These loans were distributed to the farmers against the payment to be made to them against supply of sugarcane to the Company and facilitating the repayment of these loans along with interest to the banks.
7. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. Nil (previous period Rs. 28.83 lacs). Further, the Company/ Affiliates have to invest of Rs. 1,740 lacs (Previous period Rs. 2,300 lacs) in Uniworld Sugars Private Limited (Joint venture).

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

Particulars	Current Year		Previous Period	
	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)
Secured loan	-	-	69.04	3,532.03
Trade Receivables	5.29	287.74	23.92	1,438.43

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. 9.31 lacs (previous period Rs. 30.64 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 working capital borrowings 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. 9707.05 lacs (previous period Rs. 10947.10 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. 3481.46 lacs repayable in FY 2013-14 - Rs. 4033.46 lacs repayable in FY 2014-15 - Rs. 2192.13 lacs repayable in FY 2015-16
2. Term loans (ECB) of Rs. Nil (previous period Rs. 3,532.03 lacs) from a bank 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. This loan was further secured by way of collateral security on the personal assets of the promoters of the Company and pledge of fixed deposit of Rs. Nil (previous period Rs.2,604.58 lacs) of the Company.	
3. Working Capital Term loans (WCTL) of Rs. 5,000 lacs from banks (previous period Rs. 5000 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. 240.95 lacs repayable in FY 2013-14 - Rs. 1223.05 lacs repayable in FY 2014-15 - Rs. 2240.75 lacs repayable in FY 2015-16 - Rs. 1295.25 lacs repayable in FY 2016-17
4. Term Loan of Rs. 2.29 lacs (previous period Rs. 9.13 lacs) are secured by way of hypothecation of specific vehicles acquired under the scheme.	- Rs. 2.29 lacs repayable in FY 2013-14
c. Long term loans from others:	
1. Term loans of Rs. 4,821.62 lacs (previous period Rs. 6,226.94 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. 1615.01 lacs repayable in FY 2013-14 - Rs. 1193.21 lacs repayable in FY 2014-15 - Rs. 1019.60 lacs repayable in FY 2015-16 - Rs. 583.01 lacs repayable in FY 2016-17 - Rs. 410.78 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).	

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, Car Loans and loan from STM are additionally secured by following securities:

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

All credit facilities other than SDF Loan, Sugar Technology Mission Loan and Vehicle Loans are guaranteed by Chairman & Managing Director and Deputy Managing Director of the Company.

11. Revenue expenditure on research and development Rs. Nil (previous period Rs. 14.18 lacs).

12. 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)

Sl. No.	Name of the party	Amount outstanding as at		Maximum amount outstanding during	
		March 31, 2013	March 31, 2012	Current year	Previous period
1).	Simbhaoli Power Limited	-	28.89	-	28.89
2).	Simbhaoli Spirits Limited	1,017.51	4.08	1225.90	5.00
	<b>Total</b>	<b>1,017.51</b>	<b>33.89</b>	<b>1225.90</b>	<b>33.89</b>

**13. 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) with effect from November 29, 2010
- Simbhaoli Power Private Limited (SPL) with effect from June 21, 2011 (formerly Simbhaoli Power Limited)
- Simbhaoli Spirits Limited (SISPL) with effect from April 04, 2011
- Uniworld Sugars Private Limited (USPL) with effect from February 25, 2011 and upto March 20, 2012.

**Joint Venture:** Uniworld Sugars Private Limited (USPL) with effect from March 21, 2012

**Co-venturer:** ED & F Man Holdings BV (ED & F Man) with effect from March 21, 2012

**Key Management Personnel:** Mr.G.M.S.Mann, Mr.Gurpal Singh, Dr.G.S.C.Rao, Mr. Sanjay Tapriya and Ms. Gursimran Kaur Mann with effect from March 24, 2011.

**Relatives of Key management personnel:**

Mrs. G.R.Lakshmi (wife of Dr.G.S.C.Rao), 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).
- Uniworld Sugars Private Limited (enterprise over which Mr. Sanjay Tapriya and Dr.G S C Rao exercise significant influence upto February 24, 2011).

**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 Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
<b>Rent</b>	-	-	-	-	-	-	74.36	94.82	-	-
Mrs.G.R.Lakshmi	-	-	-	-	-	-	24.72	29.40	-	-
Mrs.MamtaTapriya	-	-	-	-	-	-	23.58	27.42	-	-
Mr.Govind Singh Sandhu	-	-	-	-	-	-	26.06	38.00	-	-
<b>Salary/stipend</b>	-	-	-	-	-	-	8.01	0.42	-	-
Mr. Angad Singh	-	-	-	-	-	-	8.01	0.42	-	-
<b>Allotment of Equity Shares</b>	-	-	-	-	6.58	620.36	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	-	617.55	-	-	-	-
Mr.Sanjay Tapriya	-	-	-	-	-	2.81	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	6.58	-	-	-	-	-
<b>Allotment of Preference shares</b>	-	-	-	-	-	-	-	-	1,200.00	-
Dholadhar Investment Private Limited	-	-	-	-	-	-	-	-	800.00	-
Pritam Singh Sandhu Associates	-	-	-	-	-	-	-	-	400.00	-
<b>Allotment of Share Warrants</b>	-	-	-	-	-	133.11	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	-	75.61	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	-	28.75	-	-	-	-
Mr.Sanjay Tapriya	-	-	-	-	-	28.75	-	-	-	-
<b>Professional Charges</b>	-	-	-	-	-	-	0.32	0.31	-	-
Mr. B.D. Tapriya	-	-	-	-	-	-	0.32	0.31	-	-
<b>Managerial Remuneration</b>	-	-	-	-	266.36	341.36	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	53.40	79.02	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	52.75	77.94	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	71.47	82.29	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	64.72	81.36	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	-	-	24.02	20.75	-	-	-	-
<b>Loan taken</b>	-	-	-	-	1,816.15	-	-	-	-	-
Mr.G.M.S.Mann	-	-	-	-	1,813.76	-	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	2.39	-	-	-	-	-
<b>Loans repaid</b>	-	-	-	-	5.54	231.00	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	3.27	125.00	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	2.27	76.00	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	-	13.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	-	17.00	-	-	-	-
<b>Interest paid</b>	-	-	-	-	3.50	33.30	-	-	-	-
Mr.G.M.S. Mann	-	-	-	-	0.84	17.36	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	2.66	12.53	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	-	1.62	-	-	-	-
Mr.Sanjay Tapriya	-	-	-	-	-	1.79	-	-	-	-
<b>Sale of finished goods</b>	2,581.27	4,152.13	-	-	-	-	-	-	-	-
DMCC	11.83	1,685.63	-	-	-	-	-	-	-	-
SISPL	2,298.23	2,466.50	-	-	-	-	-	-	-	-
SPL	271.21	-	-	-	-	-	-	-	-	-
<b>Expenses recovered</b>	32.06	742.50	65.77	-	-	-	-	-	-	10.44
ICCP	31.84	24.60	-	-	-	-	-	-	-	-
DMCC	0.22	0.15	-	-	-	-	-	-	-	-
SPL	-	29.83	-	-	-	-	-	-	-	-
SISPL	-	4.08	-	-	-	-	-	-	-	-
USPL	-	683.84	65.77	-	-	-	-	-	-	10.44
<b>Interest Income</b>	766.06	68.34	-	-	-	-	-	-	-	9.16
USPL	-	68.34	-	-	-	-	-	-	-	9.16
SPL	766.06	-	-	-	-	-	-	-	-	-
<b>Advances given</b>	1,214.34	5,986.73	2,312.33	-	-	-	-	-	-	1.22
ICCP	34.10	351.13	-	-	-	-	-	-	-	-
USPL	-	60.14	2,246.64	-	-	-	-	-	-	1.22
SISPL	1,017.51	5,575.46	-	-	-	-	-	-	-	-
ED & F Man	-	-	65.69	-	-	-	-	-	-	-
SPL	162.73	-	-	-	-	-	-	-	-	-
<b>Purchase of goods/finished goods</b>	-	5,568.08	2,627.93	-	-	-	-	-	-	-
ED & F Man	-	5,568.08	2,627.93	-	-	-	-	-	-	-
<b>Payment/advance received</b>	25.84	8,785.76	1,884.00	-	-	-	-	-	-	-
ICCP	25.84	298.68	-	-	-	-	-	-	-	-





**D. Information About Business Segments**

Particulars	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
<b>Segment revenue</b>														
External sales:	80,841.48	107,206.52	8,258.02	10,389.42	2,087.11	5,987.39	-	-	-	-	-	-	91,186.61	123,583.33
Inter segment sales	7,663.21	19,693.21	11.85	27.15	7,543.71	19,223.44	-	-	(15,218.77)	(38,943.80)	-	-	-	-
Other operating Revenue	63.30	1,268.14	6.39	70.68	-	-	-	-	-	-	-	-	69.69	1,338.82
<b>Total revenue</b>	<b>88,567.99</b>	<b>128,167.87</b>	<b>8,276.26</b>	<b>10,487.25</b>	<b>9,630.82</b>	<b>25,210.83</b>	-	-	<b>(15,218.77)</b>	<b>(38,943.80)</b>	-	-	<b>91,256.30</b>	<b>124,922.15</b>
Segment results	(8,034.31)	(3,780.14)	1,080.97	1,632.84	1,748.55	4,220.30	-	-	-	-	-	-	(5,204.79)	2,073.00
Unallocated expenses (net of income)											81.77	(1,501.26)	81.77	(1,501.26)
<b>Operating profit/(loss)</b>													<b>(5,286.56)</b>	<b>3,574.26</b>
Finance cost											11,197.82	15,414.54	11,197.82	15,414.54
Exceptional items (net)											17,486.49	9,305.97	17,486.49	9,305.97
Provision for taxes														
- Current tax (MAT charged off)											200.50	378.25	200.50	378.25
- Deferred tax charge / (benefit)											4,747.83	(4,454.85)	4,747.83	(4,454.85)
<b>Net Profit/(loss)</b>													<b>(3,946.22)</b>	<b>1,542.29</b>
<b>Other information</b>														
Segment assets	114,222.26	97,913.10	10,162.24	10,852.48	5,311.75	20,610.87	-	-	-	-	-	-	129,696.25	129,376.45
Unallocated assets											1,341.81	20,526.06	1,341.81	20,526.06
Investment											32,995.28	3,512.79	32,995.28	3,512.79
<b>Total assets</b>	<b>114,222.26</b>	<b>97,913.10</b>	<b>10,162.24</b>	<b>10,852.48</b>	<b>5,311.75</b>	<b>20,610.87</b>	-	-	-	-	<b>34,337.09</b>	<b>24,038.85</b>	<b>164,033.34</b>	<b>153,415.30</b>
Segment liabilities	89,183.53	78,593.89	848.90	680.89	96.34	367.47	-	-	-	-	-	-	90,128.77	79,642.25
Shares capital and reserves											800.02	1,454.90	800.02	1,454.90
Secured and unsecured loans											70,357.38	71,204.31	70,357.38	71,204.31
Unallocated liabilities											2,747.17	1,113.84	2,747.17	1,113.84
<b>Total liabilities</b>	<b>89,183.53</b>	<b>78,593.89</b>	<b>848.90</b>	<b>680.89</b>	<b>96.34</b>	<b>367.47</b>	-	-	-	-	<b>73,904.57</b>	<b>73,773.05</b>	<b>164,033.34</b>	<b>153,415.30</b>
Capital expenditure	707.76	1,731.18	677.99	693.60	79.39	276.84	-	-	-	-	9.35	214.29	1,474.48	2,915.91
Depreciation (net of revaluation reserve)	2,329.76	3,690.72	450.52	616.82	723.64	1,287.23	-	-	-	-	87.54	149.67	3,591.45	5,744.44
Non cash expenses other than depreciation	1,170.23	158.78	0.69	0.44	-	-	-	-	-	-	210.00	1.00	1,380.92	160.22

**15. Earnings per share**

	(Rs. in lacs)	
	Current Year	Previous Period
I. Profit/(loss) after tax and exceptional items as per Statement of Profit and Loss (Rs. lacs)	(3,946.22)	1,542.29
Preference Share dividend (inclusive of tax thereon)	4.89	-
Less: Exceptional Items net of taxes of Rs. 200.49 lacs (previous period Rs. 3019.32 lacs) (Rs. lacs)	17,285.99	6,286.65
Profit/(loss) after tax and before exceptional items (Rs. lacs)	<u>(21,237.10)</u>	<u>(4,744.36)</u>
II. Weighted average number of equity shares outstanding		
(A) For basic earnings per share (Nos.)	2,80,12,646	2,58,43,592
(B) For diluted earnings per share (Nos.)		
Shares for basic earnings per share as per II (A) (Nos.)	2,80,12,646	2,58,43,592
Shares for diluted earnings per share (Nos.)	2,80,12,646	2,58,43,592
III. Earnings per share (Rs.)		
- Basic / diluted EPS before exceptional item	(75.81)	(18.36)
- Basic / diluted EPS after exceptional item	(14.10)	5.97

**16. Auditors' remuneration (excluding service tax):**

- Statutory audit	25.00	35.00
- Audit of accounts for fiscal year	16.00	16.00
- Limited review of unaudited financial results	37.50	59.00

- Certification for corporate governance and others	9.50	10.35
- Reimbursement of out of pocket expense for statutory audit and others	2.47	0.53
<b>17. Value of export on FOB basis</b>	<b>2707.47</b>	<b>17,648.86</b>
<b>18. Value of imports on C I F basis</b>		
- Raw Materials	9050.47	3,065.16
- Stores		4.33
<b>19. Expenditure in foreign currency</b>		
- Travelling	13.18	19.52
- Others	29.76	0.83

**20. Statement of additional Information  
(a) Particulars of stocks and sales**

Description	Stocks (Rs. in lacs)				Sales (Rs. in lacs)	
	Opening		Closing		Current year	Previous period
	Current year	Previous period	Current year	Previous period		
Sugar	45,161.52	27,889.57	42,641.65	45,161.52	77,974.02	1,04,395.20
Rectified spirit	1,036.12	417.06	650.00	1,036.12	5,521.07	6,488.37
and country spirit						
Denatured spirit	575.28	7.73	155.41	575.28	2,626.59	3,796.69
Whisky, brandy and civil, rum	-	138.47	-	-	-	-
Power	13.11	7.26	24.04	13.11	1,990.64	6,192.13
Others	2,071.54	219.37	2324.11	2,071.54	3074.29	2,710.94
	<b>48,857.57</b>	<b>28,679.46</b>	<b>45,795.21</b>	<b>48,857.57</b>	<b>91,186.61</b>	<b>123,583.33</b>

**(b) Raw materials consumed:**

Description	Current year (Rs. in lacs)	Previous period (Rs. in lacs)
(i) <b>Indigenous</b>		
Sugar cane	65,321.71	92,579.92
Raw sugar	-	3,099.04
Molasses	1,974.94	3,101.55
Others	100.24	48.06
	<b>67,396.89</b>	<b>98,828.57</b>

(ii) Imported		
Raw sugar	6,289.08	9705.49
	<u>6289.08</u>	<u>9705.49</u>
<b>Total</b>	<b><u>73,685.97</u></b>	<b><u>1,08,534.06</u></b>

## 21. Employee Benefits

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

### a) Defined contribution plans:

- Superannuation fund
- Provident fund

During the period, the Company has recognized the following amounts in the statement of profit and loss:

	(Rs. lacs)	
	Current year	Previous period
- Employers' Contribution to Provident Fund	314.10	483.56
- Employers' Contribution to Superannuation Fund	16.76	45.57

### 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	
	2012-13	2011-12	2012-13	2011-12
Discount rate (per annum)	8%	8%	8%	8%
Future salary increase	5%	5%	5%	5%
Expected rate of return on plan assets	8%	8%	8%	NA
In service mortality	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
<b>I. Expense recognized in profit and loss account</b>				
Current service cost	80.99	87.06	48.61	36.74
Interest cost	66.95	66.64	7.86	7.51
Expected return on plan assets	(65.12)	(55.17)	-	-
Net actuarial (gain)/loss recognized in the year	(112.55)	(24.27)	120.29	50.01
<b>Total expense</b>	<b>(29.74)</b>	<b>74.25</b>	<b>176.76</b>	<b>94.27</b>

II Net asset/(liability) recognized in the balance sheet as at the end of the year				
Present value of Defined benefits obligation	796.91	872.69	200.48	146.84
Fair value of plan assets	(864.78)	(763.34)	-	-
Funded status [surplus/(deficit)]	67.87	(109.35)	(200.48)	(146.84)
<b>Net asset/(liability) as at the end of the year</b>	<b>67.87</b>	<b>(109.35)</b>	<b>(200.48)</b>	<b>(146.84)</b>
Current	67.87	(109.35)	(24.79)	(15.74)
Non current	-	-	(175.69)	(131.10)
<b>III Change in the present value of obligation during the year</b>				
Present value of the obligation as at the beginning of the year	872.69	949.49	146.84	167.57
Interest cost	66.95	66.64	7.86	7.51
Current service cost	80.99	87.06	48.61	36.74
Benefits paid	(71.70)	(46.83)	(97.27)	(82.70)
Transfer to subsidiary companies pursuant to Scheme of Arrangement /Business Transfer Agreements	(57.98)	(93.06)	(25.85)	(32.29)
Actuarial (gains)/ losses on obligation	(94.03)	(90.60)	120.29	50.01
<b>Present value of obligation as at the end of the year</b>	<b>796.91</b>	<b>872.69</b>	<b>200.48</b>	<b>146.84</b>
<b>V Change in present value of fair value of plan Assets</b>				
Fair value of plan assets as at the beginning of the year	763.34	768.23	-	-
Expected return on plan assets	65.12	55.17	-	-
Contributions	147.47	118.18	-	-
Benefits paid	(71.70)	(46.83)	-	-
Transfer to subsidiary companies pursuant to Scheme of Arrangement /Business Transfer Agreements	(57.98)	(65.08)	-	-
Actuarial gains/(losses)	18.51	(66.33)	-	-
<b>Fair value of plan assets as at the end of the year</b>	<b>864.78</b>	<b>763.34</b>	<b>-</b>	<b>-</b>
<b>V Detail of plan Assets</b>	<b>Funded with ICICI*</b>		<b>NA</b>	

\* 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. 796.91 lacs for gratuity and Rs200.48 lacs for Compensated absences.

(Rs. Lacs)

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

	Gratuity (Funded)					Compensated absences				
	2012-13	2010-12	2009-10	2008-09	2007-08	2012-13	2010-12	2009-10	2008-09	2007-08
Present value of obligation as at the end of the year	796.91	872.69	949.49	897.82	734.94	200.48	146.84	167.57	177.90	83.54
Fair value of plan assets as at the end of the year	864.78	763.34	768.23	775.31	573.15	-	-	-	-	-
Net asset/(liability) recognized in the balance sheet	67.87	(109.35)	(181.26)	(122.51)	(161.79)	(200.48)	(146.84)	(167.57)	(177.90)	(83.54)
Net actuarial (gain)/loss recognized	(112.55)	(24.27)	(38.15)	(7.61)	21.86	120.29	50.01	59.94	67.22	(45.48)

22. (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, 2013.

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 Central Excise Act	Trade tax Excise Duty	Trade Tax Appellate Tribunal	1984-1985	0.43	0.43
		Commissioner (Appeals)	1995-1996	3.18	-
		Customs, Excise & Service tax Appellate Tribunal	1979-1980	11.01	11.01
		Customs, Excise & Service tax Appellate Tribunal	2002-2003	0.60	0.60
		Customs, Excise & Service tax Appellate Tribunal	2004-2005	0.28	0.28
		Customs, Excise & Service tax Appellate Tribunal	2006-2007	390.99	45.03
		Additional Commissioner The Commissioner (Appeals)	2008-2009	34.22	4.76
State Excise Act	Excise Duty	High Court, Allahabad	2001-2002	9.26	-
		High Court, Allahabad	2009-2010	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.

23. As at March 31, 2013 outstanding export obligation against advance license scheme (ALS) is 22,517 metric tonnes (previous period 2,891 metric tonnes). The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.
24. 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 current 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.
25. The Company's net worth has been substantially eroded, and the Company has made cash losses during the previous period ended March 31, 2012 and the current year ended March 31, 2013. During the last three years the Indian sugar industry faced difficulties on account of lower realization of sugar, and higher sugar cane prices particularly sugar mills located in Uttar Pradesh. During the current sugar season also, the country had the large surplus of sugar in a decontrolled sugar sale scenario with unrestricted imports resulting in lower sugar realization, under recovery of cost of production and higher finance cost leading to operating/ cash

loss and consequent further erosion of the Company's net worth. The State and Central Governments have initiated unremunerative price and further steps are under consideration like linking the sugar cane price with sugar sale values, improving long term hedging mechanism of sugar and encouragement of further investment in sector by the State Government.

The Company has implemented a number of measures during the previous years and current year which included business and financial restructuring of its business divisions comprising of transfer of potable alcohol and power undertakings of the Company to separate SPVs, disinvestments of the shares in such SPVs, fresh capital infusion and Company's foray into sugar refining business in joint venture with a global major etc. to de-risk its businesses and improving its financial position. The transfer of potable alcohol undertaking, formation of joint venture for sugar refining business and transfer of cogeneration business to SPL and induction of a JV partner therein, has been completed during 2012-13.

On the basis of successful completion of its aforesaid business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry, the Management of the Company is confident on the Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial statements have been prepared by the Company on a going concern basis.

26. 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, 2013 only to the extent of deferred tax liability of Rs. 8,269.92 lacs on unabsorbed depreciation and brought forward business losses out of total deferred tax assets of Rs. 13,170.78 lacs.
27. The Scheme of Arrangement (SOA) between the Company and Simbhaoli Spirits Limited (SISPL) under Section 391 to 394 of the Companies Act, 1956 was sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its Order dated September 17, 2012. The SOA became effective on September 20, 2012, on filing of the certified copy of the Order of the High Court with the Registrar of Companies, Uttar Pradesh. Consequent thereto, the effect of SOA was given in the financial statements for the period ended March 31, 2012. Accordingly:
- The undertaking of Simbhaoli Distillery Division (SDD) including all assets, land admeasuring 28.16 acres being the land required for alcohol business on which the undertaking was located, liabilities, rights, obligations and brands of the Company, without any further act or deed have been transferred to and vested in SISPL as a going concern with effect from October 1, 2010, the Appointed date.
  - The assets and liabilities transferred to and vested in SISPL, given effect to the financial statements for the period ended March 31, 2012 are as under:-

(Rs. In lacs)	
<b>Assets</b>	
<b>Fixed assets</b>	
Gross block (net of reconstruction and revaluation reserve Rs. 128.12 lacs)	6,230.88
Less: Depreciation	2,276.26
Net block	3,954.62
Capital work in progress	206.78
<b>Current assets, loans and advances</b>	
Inventories	1,271.94
Sundry debtors	2,842.27
Cash and bank balances	140.14
Loans and advances	901.80
<b>Total assets</b>	<b>9,317.55</b>
<b>Liabilities</b>	
Loan funds	
Secured loans	5,676.60
Current liabilities and provisions	
Current liabilities	1,808.58
Provisions	49.74
<b>Total liabilities</b>	<b>7,534.92</b>
<b>Net assets</b>	<b>1,782.63</b>

- c) SISPL has allotted 17,000,000 equity shares of the face value of Rs.10 at a premium of Rs. 70 each credited as fully paid-up to the Company. The resultant excess of consideration over the book values of SDD undertaking transferred, amounting to Rs. 11,817.37 lacs has been shown as "Profit on transfer of SDD Undertaking" in the statement of profit and loss for the period ended March 31, 2012.
- d) Subsequent to the scheme being sanctioned on September 17, 2012, the Company was in the process of taking approvals from the concerned authorities for transfer of various licenses in the name of SISPL. These licenses have been renewed in the name of SISPL w.e.f. April 1, 2013. In view of the same, the books of account of the Company for the year ended March 31, 2013 includes transactions of SISPL for the same period. Following exclusions in respect of the operations of the SISPL for the above mentioned period have been made for the purposes of these accounts, since the said business, during this period, was being run and managed in trust by the Company on behalf of SISPL.

Description	(Rs. in lacs)	
	Year ended March 31, 2013	18 months ended March 31, 2012
Gross Sales	9,459.88	43,713.39
Less: Excise Duty	996.78	27,926.88
Net Sales	8,463.10	15,786.51
Other income	165.22	137.24
Manufacturing and other expenses	9168.45	14,806.96
Depreciation	424.38	457.82
Finance cost	545.56	975.03
<b>Profit/(loss) before tax</b>	<b>(1,510.07)</b>	<b>(316.06)</b>

- e) The Company has set-off deferred tax assets recognized in respect of brought forward business losses / unabsorbed depreciation aggregating Rs. 6,759.99 lacs against the Securities Premium Account amounting to Rs. 6,759.99 lacs appearing in the books of account as on October 1, 2010, the appointed date.
- f) Post having off, SISPL has chalked out its growth plans which include adding new products, increasing the capacities by adding the grain spirit plant and new bottling lines. At the same time, the Company has initiated discussions with strategic investors for disinvestment in SISPL as a part of its business restructuring exercise. On these accounts and on the specific request of SISPL, the Company has transferred the additional land admeasuring 56.67 acres contiguous to alcohol undertaking of SISPL under a Deed of Transfer dated March 26, 2013 at a sales consideration of Rs. 11,800 lacs. The sales consideration for the aforesaid land has been determined on the basis of report of an independent valuer after taking into account government notified rates/prevaling market rates, proximity of location National Capital Region (NCR) availability of infrastructure, potential and permitted use of land for alcohol business. SISPL has allotted 1,47,50,000 fully paid equity shares of Rs 10 each, at a premium of Rs 70 per share aggregating Rs 11,800 lacs towards discharge of the said consideration. The resultant excess of consideration over the cost of land transferred amounting to Rs. 11,676.86 lacs has been recognised in the statement of profit and loss for the year ended March 31, 2013 and has been disclosed as "Profit on sale of Land to Simbhaoli Sprits Limited" under the head exceptional item in the Statement of Profit and Loss.

28. During the year, to control and consolidate the shareholding in Uniworld Sugars Private Limited (USPL), the Company has issued 32,00,000 8 % cumulative redeemable preference shares of Rs 100 each amounting to Rs. 3200 lacs to the specified promoters and select investors in consideration of purchase of 80,00,000 fully paid up equity shares of Rs 10 each in USPL as a consideration of Rs 3,200 lacs (Rs. 40 per share). Subsequent to purchase of these shares, the investment of the Company and its associates in USPL has increased to 2,87,43,950 shares of Rs 10 each constituting 50% in the share capital of USPL

#### 29. Disclosure related to Joint venture:

Name	Country of incorporation	Nature of interest	Percentage of ownership as at	
			March 31, 2013	March 31, 2012
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 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, 2013 and Income and Expenditure for the year ended March 31, 2013 (Without elimination of the effect of transactions between the Company and the joint venture) are given below:

Description	(Rs. in lacs)	
	As at March 31, 2013 (Based on ownership interest of 50%)	As at March 31, 2012 (Based on ownership interest of 50%)
<b>ASSETS</b>		
Non Current Assets		
Fixed assets	6638.06	1972.36
Long term loan and advances	451.40	0.17
<b>Current Assets</b>		
Current Investment	-	1400.00
Cash and bank balances	1801.52	80.41
Short term loan and advances	392.23	37.58
Other current asset	14.56	-
<b>LIABILITIES</b>		
<b>Non Current Liabilities</b>		
Long term borrowing	2500.00	-
Long term provision	1.81	-
<b>Current Liabilities</b>		
Short term borrowing	74.91	-
Trade payable	9.27	-
Other current liabilities	857.53	66.07
Short term provision	0.14	-
	<b>Year ended March 31, 2013</b>	<b>Period ended March 31, 2012</b>
<b>INCOME</b>	75.61	-
<b>EXPENSES</b>		
Administrative and other expenses	74.46	17.13
Prior period expenses	-	5.98
Note : Capital Commitments	2,407.68	2,053.04

30. The current financial year is for twelve months from April 1, 2012 to March 31, 2013 whereas the corresponding previous period figures are for a period of eighteen months from October 1, 2010 to March 31, 2012. Accordingly, revised schedule VI became applicable from the financial year commencing from April 1, 2012. Therefore, previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure and the corresponding figures of previous period are not directly comparable with those of current year.

Signatures to Notes 1 to 30.

Gurpal Singh Dy. Managing Director DIN -00064807	Gurmit Singh Mann Chairman & Managing Director DIN - 00066653	Sanjay Tapriya Chief Financial Officer DIN -00064703
G S C Rao Chief Executive Officer DIN - 00064904 Place : New Delhi Date : May 28, 2013	Kamal Samtani Company Secretary FCS - 5140	Sunil K. Gupta GM-Finance FCA - 73502

# INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**TO THE BOARD OF DIRECTORS OF  
SIMBHAOLI SUGARS LIMITED**

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **SIMBHAOLI SUGARS LIMITED** (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, 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, 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, 2013;
- (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 19 of the consolidated financial statements regarding the Company's net worth being substantially eroded and preparation of the financial statements of the Company on a going concern basis for the reasons stated therein.
2. Note 18 of the consolidated financial statements which sets out the position regarding repudiation by the insurance company of the balance amount of Rs. 769 lacs of the Company's insurance claim relating to the sinking of a 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 two subsidiaries viz. Simbhaoli Global Commodities DMCC and Integrated Casetech Consultants Private Limited, whose financial statements reflect total assets (net) of Rs. 1276 lacs as at March 31, 2013, total revenues of Rs. 1668 lacs and net cash flows amounting to Rs. 150 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports 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 these subsidiaries, is based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

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

GURGAON  
May 28, 2013

**Manjula Banerji**  
Partner  
(Membership No. 086423)

**SIMBHAOLI SUGARS LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT MARCH 31, 2013**

	Notes	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1A	6,035.88	2,770.13
Money received against share warrants	3.1B	-	133.11
Reserves and surplus	3.2	(36,555.03)	(14,343.69)
		<u>(30,519.15)</u>	<u>(11,440.45)</u>
<b>Minority interest</b>		843.48	53.68
<b>Non-current liabilities</b>			
Long-term borrowings	3.3	18,256.59	22,202.53
Deferred tax liabilities (net)	3.4	4.78	-
Other Long-term liabilities	3.5	89.06	138.74
Long-term provisions	3.6	225.80	157.91
		<u>18,576.23</u>	<u>22,499.18</u>
<b>Current liabilities</b>			
Short-term borrowings	3.7	54,870.48	47,941.72
Trade payables	3.8	88,273.04	77,067.34
Other current liabilities	3.9	13,753.90	11,709.85
Short-term provisions	3.10	637.72	376.82
		<u>157,535.14</u>	<u>137,095.73</u>
<b>Total</b>		<u>146,435.70</u>	<u>148,208.14</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	3.11		
Tangible assets		51,736.96	53,434.50
Intangible assets		93.33	179.42
Capital work in progress		5,432.77	1,856.20
		<u>57,263.06</u>	<u>55,470.12</u>
Pre-operative expenditure pending allocation	3.11 A	968.90	503.66
Goodwill on consolidation		1,600.00	-
Non-current investments	3.12	1.76	1,400.20
Deferred tax assets (net)	3.13	5.03	4,865.65
Long-term loans and advances	3.14	848.23	286.68
		<u>60,686.98</u>	<u>62,526.31</u>
<b>Current assets</b>			
Inventories	3.15	56,411.15	54,992.39
Trade receivables	3.16	8,945.45	9,530.01
Cash and bank balances	3.17	13,105.62	7,457.43
Short-term loans and advances	3.18	5,506.00	7,626.79
Other current assets	3.19	1,780.50	6,075.21
		<u>85,748.72</u>	<u>85,681.83</u>
<b>Total</b>		<u>146,435.70</u>	<u>148,208.14</u>

Significant accounting policies and Notes to the accounts 1 to 24

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

Manjula Banerji  
Partner

Place : Gurgaon  
Date : May 28, 2013

For and on behalf of the Board of Directors

Gurpal Singh  
Dy. Managing Director  
DIN - 00064807

Sanjay Tapriya  
Chief Financial Officer  
DIN - 00064703

Kamal Samtani  
Company Secretary  
FCS-5140

Place : New Delhi  
Date : May 28, 2013

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

Dr. G S C Rao  
Chief Executive Officer  
DIN - 00064904

Sunil K. Gupta  
GM-Finance  
FCA-73502

**SIMBHAOLI SUGARS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE**  
**YEAR ENDED MARCH 31, 2013**

	Notes	Year ended March 31, 2013 Rs. lacs	18 Months ended March 31, 2012 Rs. lacs
<b>Revenue from operations</b>			
Sale of products/services		99,630.09	164,661.44
Less: Excise duty		3,759.17	31,556.99
		<b>95,870.92</b>	<b>132,104.45</b>
Sale of services		1,739.35	1,446.28
Other operating revenues	3.20	156.06	1,390.88
<b>Revenue from operations</b>		<b>97,766.33</b>	<b>135,941.61</b>
Other income	3.21	874.91	2,352.90
<b>Total Revenue</b>		<b>98,641.24</b>	<b>138,294.51</b>
<b>Expenses</b>			
Cost of materials consumed		76,020.85	112,792.79
Purchases of Stock-in-Trade		291.63	4,887.37
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.22	3,200.78	(22,388.15)
Employee benefits expense	3.23	5,676.12	7,378.34
Finance costs	3.24	11,778.45	16,426.60
Depreciation and amortization expense	3.25	4,093.76	6,207.23
Other expenses	3.26	14,711.93	25,979.34
<b>Total Expenses</b>		<b>115,773.52</b>	<b>151,283.52</b>
<b>Profit/(loss) before exceptional item and tax</b>		(17,132.28)	(12,989.01)
Exceptional items			
Differential cane price 2007-08		-	2,511.40
<b>Profit/(loss) before tax</b>		<b>(17,132.28)</b>	<b>(15,500.41)</b>
Current tax (MAT charged off)		316.14	476.38
Deferred tax charge/(benefit)		4,865.40	(4,572.01)
<b>Profit/(loss) after tax before Minority interest from continuing operation</b>		<b>(22,313.82)</b>	<b>(11,404.78)</b>
Minority interest		46.09	33.26
<b>Profit/ (loss) after tax and minority interest</b>		<b>(22,359.91)</b>	<b>(11,438.04)</b>
Earnings per equity share-basic/diluted (Rs.)	14		
Basic/ Diluted before exceptional item		(79.84)	(37.69)
Basic/ Diluted after exceptional item		(79.84)	(44.26)

**Significant accounting policies and Notes to the accounts** 1 to 24

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

**For and on behalf of the Board of Directors**

Gurpal Singh  
Dy. Managing Director  
DIN - 00064807

Sanjay Tapriya  
Chief Financial Officer  
DIN - 00064703

Kamal Samtani  
Company Secretary  
FCS-5140

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

Dr. G S C Rao  
Chief Executive Officer  
DIN - 00064904

Sunil K. Gupta  
GM-Finance  
FCA-73502

Place : Gurgaon  
Date : May 28, 2013

Place : New Delhi  
Date : May 28, 2013

**SIMBHAOLI SUGARS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT OF SIMBHAOLI SUGARS LIMITED**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	Year ended March 31, 2013 Rs. lacs	18 Months ended March 31, 2012 Rs. lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit/(loss) before tax and exceptional items	(17,132.28)	(12,989.01)
Adjustments for:		
Depreciation (net of revaluation reserve)	4,093.76	6,207.23
Unrealised foreign exchange fluctuation	19.72	46.00
Finance Cost	11,778.45	16,426.60
Profit on sale of non trade current investment	(75.60)	-
Deferred employee compensation expense	-	(3.96)
Miscellaneous expenditure written off	-	3.29
Non-compete fee	-	(1,000.00)
Profit on sale of fixed assets	-	(69.08)
Loss on sale of fixed assets	(0.69)	-
Interest income	(415.83)	(729.70)
Liability/provisions no longer required written back	(6.21)	13.41
Transfer from Capital-grant-in-aids'	(1.34)	(2.00)
<b>Operating profit/(loss) before working capital changes</b>	<b>(1,740.02)</b>	<b>7,902.78</b>
Adjustments for change in		
Trade receivables	(560.59)	1,336.80
Short term and long term loan & advances	3,527.18	(288.85)
Other Current Assets	3,479.98	(2,955.24)
Inventories	(1,418.75)	(14,952.56)
Trade payables	12,536.09	13,245.32
Other current liabilities	494.95	2,726.75
Short term and long term provision	53.14	28.14
<b>Cash (used in)/generated from operations</b>	<b>16,371.98</b>	<b>7,043.14</b>
Direct taxes (paid)/ refund	(486.08)	1,274.52
<b>Net Cash flow from operating activities before exceptional items</b>	<b>15,885.90</b>	<b>8,317.66</b>
Differential cane price 2007-08	-	2,511.40
<b>Net cash (used in) / from operating activities</b>	<b>15,885.90</b>	<b>5,806.26</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(6,079.02)	(2,554.14)
Sale of fixed assets	5.44	109.07
Investment made in subsidiaries	-	-
Investment made in joint ventures	-	-
Purchase of mutual funds	(1,500.00)	(1,700.00)
Sale of mutual funds	2,975.61	300.36
Change in margin money	(1,294.44)	9,636.44
Interest received	561.74	799.60
Capital grant in aid received	25.00	-
<b>Net cash (used in)/from investing activities</b>	<b>(5,305.67)</b>	<b>6,591.33</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of equity shares/equity warrants	2,545.18	2,275.79
Proceeds from long term borrowings	2,750.00	6,411.75
Repayment of long term borrowings	(6,522.03)	(17,140.33)
Changes in short term borrowing	5,636.02	16,049.42
Interest paid	(10,635.05)	(16,661.58)
Dividend paid	(1.52)	(1.20)
Payment of FCCB premium	-	(318.71)
Contribution toward charity reserve received	0.94	(5.29)
<b>Net cash (used in)/from financing activities</b>	<b>(6,226.46)</b>	<b>(9,390.15)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	<b>4,353.77</b>	<b>3,007.44</b>
<b>E. Cash and cash equivalents (opening balance)</b>		
Cash and bank balances	4,985.77	1,839.10
Add: Cash and bank balance taken over on acquisition of stake in subsidiaries/joint venture	-	139.23
<b>F. Cash and cash equivalents (closing balance)</b>	<b>9,339.54</b>	<b>4,985.77</b>

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

**For and on behalf of the Board of Directors**

Gurpal Singh  
Dy. Managing Director  
DIN - 00064807

Sanjay Tapriya  
Chief Financial Officer  
DIN - 00064703

Kamal Samtani  
Company Secretary  
FCS-5140

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

Dr. G S C Rao  
Chief Executive Officer  
DIN - 00064904

Sunil K. Gupta  
GM-Finance  
FCA-73502

Place : Gurgaon  
Date : May 28, 2013

Place : New Delhi  
Date : May 28, 2013



**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**
**3.1A SHARE CAPITAL**

	As at March 31, 2013 (No. of Shares)	As at March 31, 2013 Rs. lacs	As at March 31, 2012 (No. of Shares)	As at March 31, 2012 Rs. lacs
<b>Authorized</b>				
Equity shares of Rs. 10 each with voting rights	35,000,000	3,500.00	38,000,000	3,800.00
Preference share of Rs. 100 each	4,000,000	4,000.00	200,000	200.00
	<b>39,000,000</b>	<b>7,500.00</b>	<b>38,200,000</b>	<b>4,000.00</b>
<b>Issued</b>				
Equity shares of Rs. 10 each with voting rights	28,433,435	2,843.34	27,775,935	2,777.59
8% cumulative redeemable preference shares of Rs. 100 each	3,200,000	3,200.00		
	<b>31,633,435</b>	<b>6,043.34</b>	<b>27,775,935</b>	<b>2,777.59</b>
<b>Subscribed and paid up</b>				
Equity shares of Rs. 10 each with voting rights fully paid up	28,228,810	2,822.88	27,571,310	2,757.13
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	-	-
	<b>31,633,435</b>	<b>6,035.88</b>	<b>27,775,935</b>	<b>2,770.13</b>
<b>A) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year / period</b>				
<b>Equity shares with voting rights</b>				
As at beginning of the year/period	27,571,310	2,757.13	23,195,900	2,319.59
Add: Issue of shares on a preferential basis	-	-	3,000,000	300.00
Add: Issue of shares on exercise Equity Warrants (refer note 2 below)	657,500	65.75	1,342,500	134.25
Add: Issue of shares under Employee Stock Option Scheme (refer note 3 below)	-	-	32,910	3.29
As at end of the year	<b>28,228,810</b>	<b>2,822.88</b>	<b>27,571,310</b>	<b>2,757.13</b>
<b>8% cumulative redeemable preference</b>				
As at beginning of the year / period	-	-	-	-
Add: Issue of shares on a preferential basis (refer note 1 below)	3,200,000	3,200	-	-
As at end of the year	<b>3,200,000</b>	<b>3,200</b>	-	-
<b>B) Shareholders holding more than 5% of the shares in the Company</b>				
<b>Equity shares holders</b>				
1 Dholadhar Investments Private Limited	5,306,585	18.80	5,306,585	19.25
2 Mr. Gurmit Singh Mann	2,284,747	8.09	2,115,247	7.67
3 Mr. Guralp Singh	2,053,649	7.28	1,006,079	3.65
4 Pearl Innovative Marketing Private Limited	795,404	2.82	1,500,000	5.44
5 Shri Vatsala Traders Private Limited	790,969	2.80	1,500,000	5.44
6 India Max Investment Fund Limited	2,239,643	7.93	999,500	3.62
<b>8% cumulative redeemable preference</b>				
1 Dholadhar Investment Private Limited	800,000	25.00	-	-
2 Pritam Singh Sandhu Associates	400,000	12.50	-	-
3 Shri Vatsala Traders Private Limited	1,000,000	31.25	-	-
4 Pearl Innovative Marketing Pvt Limited	1,000,000	31.25	-	-

**Note :-**

- 32,00,000 (previous period Nil) 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.
- 6,57,500 (previous period 13,42,500) 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 6,57,500 (previous period 13,42,500) equity warrants issued and allotted to specific promoters covered under section 301 of the Companies Act, 1956 on preferential basis (refer foot note 1 of note 3.1B).

- 3 Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
- 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 ( including premium of Rs. 29) per option. Consequently Nil (previous period 32,910) equity shares were issued and allotted during the period as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29 each) per equity share and no options are outstanding at the year end as well as previous year.
  - 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 65,800 (previous period 69,800) 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 4,41,770 (previous period 4,69,370) options are outstanding at the year end.
- Note:- Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs 10 each.

### 3.1B MONEY RECEIVED AGAINST SHARE WARRANTS

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Share warrants</b>		
Nil (Previous period 11,57,500) Share warrants, paid up amount of Rs.11.50 per warrant (see note 1 below) (Also refer foot note 2 of note 3.1A)	-	133.11
	-	133.11

Note :-

- On January 31, 2011, 25,00,000 Equity warrants (paid up amount of Rs. 11.50 per warrant) were allotted to specific promoters and directors of the Company, to be converted within 18 months of allotment into equity shares at a price of Rs. 46 (including premium of Rs. 36) per share. Out of these warrants, 20,00,000 equity warrants have since been converted into 20,00,000 equity shares of Rs 10 each upto year end in accordance with the terms of allotment thereof and balance 5,00,000 warrants have been lapsed on July 30, 2012, hence forfeited and transferred to capital reserve.

### 3.2 RESERVES AND SURPLUS

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Revaluation reserve</b>		
Opening Balance	280.51	441.48
Less: Adjustments pursuant to the Scheme of Arrangement	(10)	43.64
Less: Deduction during the year	(1)	85.01
	<b>195.50</b>	<b>280.51</b>
<b>Reconstruction reserve</b>		
Opening Balance	505.25	589.73
Less: Adjustments pursuant to the Scheme of Arrangement	(10)	84.48
Less: Deduction during the year	(2)	75.09
	<b>430.16</b>	<b>505.25</b>
<b>Capital grant-in-aid</b>		
Opening Balance	8.41	10.41
Add: Addition during the year	(3)	25.00
Less: Utilized during the year	(4)	1.34
	<b>32.07</b>	<b>8.41</b>
<b>Capital reserve</b>		
Opening Balance	231.26	231.26
Add: Addition during the year	(5)	57.50
	<b>288.76</b>	<b>231.26</b>
<b>Securities premium account</b>		
Opening Balance	1,667.66	6,759.99
Add: Premium on shares issued during the year	(6)	236.70
Less: Adjustments pursuant to the Scheme of Arrangement	(10)	6,759.99
Less: Utilized during the year	(7)	25.18
	<b>1,904.36</b>	<b>1,667.66</b>
<b>Charity Reserve</b>		
Opening Balance	3.08	8.37
Add: Addition during the year	(8)	0.94
Less: Utilised during the year	(9)	6.54
	<b>4.02</b>	<b>3.08</b>

**General Reserve**

Opening Balance	45.32	-
Add: Addition during the year	25.55	45.32
	<b>70.87</b>	<b>45.32</b>

**Capital reserve on consolidation**

Opening Balance	84.92	-
Add: Addition during the year	-	84.92
	<b>84.92</b>	<b>84.92</b>

**Foreign currency translation reserve**

Opening Balance	(1.52)	(4.51)
Add: Addition during the year	0.68	2.99

(11) **(0.84)** **(1.52)**

**Share Options outstanding account**

Opening Balance	39.43	43.39
Add: Addition during the year	-	-
Less: written back to Statement of Profit and Loss during the year/period	(4) 2.32	3.96
	<b>37.11</b>	<b>39.43</b>

**Balance in Statement of Profit and loss**

Opening Balance	(17,208.01)	(5,726.59)
Add: Profit/(loss) during the year	(22,359.91)	(11,438.04)
Amount transferred from Share Options outstanding account	2.32	3.96
	<b>(39,565.60)</b>	<b>(17,160.67)</b>

Less: Corporate dividend tax on dividend proposed/paid by subsidiary transferred to General reserve	1.91	2.02
	34.45	45.32
	-	-

**(39,601.96)** **(17,208.01)**  
**(36,555.03)** **(14,343.69)**

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- (1) - Rs. 57.05 lacs (previous period Rs. 105.80 lacs) transferred to Statement of Profit and Loss.  
 - Rs. 27.96 lacs (previous period Rs. 11.53 lacs) transferred on sale of fixed assets.  
 (2) Rs. 75.09 lacs (previous period Rs. Nil) transferred on sale of fixed assets.  
 (3) Received during the year.  
 (4) Transferred to consolidated Statement of Profit and Loss.  
 (5) Transferred on account of lapse of share warrants  
 (6) Rs. 236.70 lacs (previous period Rs. 1,692.84 lacs) received on allotment of equity shares.  
 (7) Rs. Nil (previous period Rs. 25.18 lacs) premium on redemption of foreign currency convertible bonds.  
 (8) Rs. 0.94 lacs (previous period Rs. 1.25 lacs) received during the year.  
 (9) Rs. Nil (previous period Rs. 6.54 lacs) disbursed during the year.  
 (10) Refer note 21 (b) and 21 (e).  
 (11) Refer note 2 (xxii) & foot note 3 of note 3.1A

**NON-CURRENT LIABILITIES**
**3.3 LONG-TERM BORROWINGS**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Secured</b>		
Term loans		
From banks [refer note 13(B)]	12,449.98	17,300.94
From others [refer note 13(C)]	3,306.61	4,901.59
<b>Total</b>	<b>15,756.59</b>	<b>22,202.53</b>
Share of joint venture (Refer note 2(ii) (D))	2,500.00	-
	<b>18,256.59</b>	<b>22,202.53</b>

**3.4 DEFERRED TAX LIABILITIES ( NET )**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Deferred tax liabilities</b>		
Depreciation	1,478.48	-
	<b>1,478.48</b>	-
<b>Deferred tax assets</b>		
Unabsorbed business loss	1,467.48	-
Provision for gratuity and leave encashment	6.22	-
	<b>1,473.70</b>	-
	<b>4.78</b>	-

**3.5 OTHER LONG TERM LIABILITIES**

Security deposit	0.75	0.75
Interest accrued but not due on loans	88.31	137.99
	<b>89.06</b>	<b>138.74</b>

**3.6 LONG-TERM PROVISIONS**

Provision for employee benefits		
Compensated absences	223.99	157.91
<b>Total</b>	<b>223.99</b>	<b>157.91</b>
Share of joint venture (Refer note 2(ii) (D))	1.81	-
	<b>225.80</b>	<b>157.91</b>

**CURRENT LIABILITES**

**3.7 SHORT-TERM BORROWINGS**

**Secured**

Loans repayable on demand		
From banks [refer note 13(A)]	47,733.37	47,840.26
From others [refer note 13(D)]	1,630.35	-
	<b>49,363.72</b>	<b>47,840.26</b>

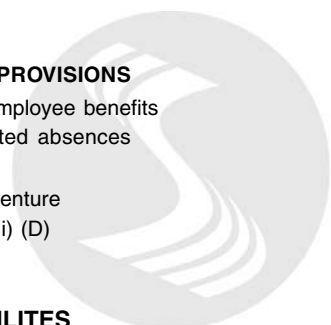
**Unsecured**

Loans repayable on demand		
From banks (Book overdraft)	997.18	76.46
From Directors	1,835.61	25.00
From others	2,610.11	-
	<b>5,442.90</b>	<b>101.46</b>

Share of joint venture (Refer note 2(ii) (D))	63.86	-
	5,506.76	101.46
	<b>54,870.48</b>	<b>47,941.72</b>

**3.8 TRADE PAYABLES**

Trade payables	88,263.77	77,067.34
Share of joint venture [(Refer note 2(ii) (D))]	9.27	-
	<b>88,273.04</b>	<b>77,067.34</b>



### 3.9 OTHER CURRENT LIABILITIES

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>Current maturities of long-term debt (Secured)</b>		
From banks [refer note 13(B)]	4,440.43	4,734.39
From others [refer note 13(C)]	1,615.01	1,425.35
Current maturities of finance lease obligations [refer note 16]	2.22	2.23
Interest accrued but not due on borrowings	232.69	220.56
Interest accrued and due on borrowings	973.97	174.77
Advances received from customers	1,240.32	723.59
Unclaimed dividends @	8.95	8.95
Interest accrued on trade payables	1,230.32	1,550.42
Security Deposits	142.52	102.51
Creditors for Capital Goods	465.43	227.58
Statutory dues payable	2,273.26	2,195.14
Others miscellaneous payable	271.25	278.29
<b>Total</b>	<b>12,896.37</b>	<b>11,643.78</b>
Share of joint venture [(Refer note 2(ii) (D))]	857.53	66.07
	<b>13,753.90</b>	<b>11,709.85</b>

@ 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	36.31	26.50
Provision for tax	599.36	348.92
Corporate dividend tax	1.91	1.40
<b>Total</b>	<b>637.58</b>	<b>376.82</b>
Share of joint venture [(Refer note 2(ii) (D))]	0.14	-
	<b>637.72</b>	<b>376.82</b>

### 3.11 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK				
	Description	As at March 31, 2012	Addition	Disposals	As at March 31, 2013	As at March 31, 2012	For the Year	On Disposals	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangibles</b>											
Land - freehold	2,304.38	-	-	2,304.38 *	-	-	-	-	-	2,304.38	2,304.38
Buildings	9,248.90	85.34	-	9,334.24	2,971.55	387.04	-	3,358.59	5,975.65	6,277.35	6,277.35
Railway siding	1.60	-	-	1.60	1.59	-	-	1.59	0.01	0.01	0.01
Plant and machinery	69,564.02	2,134.26	0.25	71,698.03	25,360.68	3,583.10	0.24	28,943.54	42,754.49	44,203.34	44,203.34
Furniture and fixtures	239.86	2.66	0.50	242.02	195.22	8.36	0.49	203.09	38.93	44.64	44.64
Vehicles	551.31	18.93	26.20	544.04	357.89	52.84	21.47	389.26	154.78	193.42	193.42
Office Equipment	549.98	19.39	-	569.37	256.78	28.23	-	285.01	284.36	293.20	293.20
Subtotal tangibles	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	53,316.34	53,316.34
Previous period	81,824.13	3,425.44	2,789.52	82,460.05	24,887.02	6,261.46	2,004.77	29,143.71	51,512.60	53,316.34	53,316.34
<b>Share of Joint Venture</b>											
Current year	118.16	108.93	-	227.09	-	2.73	-	2.73	224.36	224.36	224.36
Previous period	-	118.16	-	118.16	-	-	-	-	-	118.16	118.16
<b>Total tangibles current year</b>	<b>82,578.21</b>	<b>2,369.51</b>	<b>26.95</b>	<b>84,920.77</b>	<b>29,143.71</b>	<b>4,062.30</b>	<b>22.20</b>	<b>33,183.81</b>	<b>51,736.96</b>	<b>53,316.34</b>	<b>53,316.34</b>
Total tangibles previous period	81,824.13	3,543.60	2,789.52	82,578.21	24,887.02	6,261.46	2,004.77	29,143.71	51,512.60	53,316.34	53,316.34
<b>Intangibles</b>											
Software	232.30	2.42	-	234.72	52.88	88.51	-	141.39	93.33	179.42	179.42
Subtotal Intangibles	232.30	2.42	-	234.72	52.88	88.51	-	141.39	93.33	179.42	179.42
Previous period	-	232.30	-	232.30	-	52.88	-	52.88	-	-	179.42
<b>Share of Joint Venture</b>											
Current year	-	-	-	-	-	-	-	-	-	-	-
Previous period	-	-	-	-	-	-	-	-	-	-	-
<b>Total intangibles current year</b>	<b>232.30</b>	<b>2.42</b>	<b>-</b>	<b>234.72</b>	<b>52.88</b>	<b>88.51</b>	<b>-</b>	<b>141.39</b>	<b>93.33</b>	<b>179.42</b>	<b>179.42</b>
Total intangibles previous period	-	232.30	-	232.30	-	52.88	-	52.88	-	-	179.42
<b>Total this year</b>	<b>82,810.51</b>	<b>2,371.93 #</b>	<b>26.95</b>	<b>84,928.40</b>	<b>29,196.59</b>	<b>4,150.81</b>	<b>22.20</b>	<b>33,322.47</b>	<b>51,830.29</b>	<b>53,316.34</b>	<b>53,316.34</b>
Total previous period	81,824.13	3,775.90 #	2,789.52	82,810.51	24,887.02	6,314.34	2,004.77	29,196.59	51,512.60	53,316.34	53,316.34
Capital work in progress									987.97	1,538.20	1,538.20
Share of Joint Venture (previous year includes machinery in transit of Rs. 350.54 lacs) (Refer note 2(ii)(D))									4,444.80	318.00	318.00
Total capital work in progress									5,432.77	1,856.20	1,856.20
									<b>57,263.06</b>	<b>55,470.12</b>	<b>55,470.12</b>

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

# Includes adjustment of Rs. 759.50 lacs (previous period Rs. 759.50 lacs) on account of foreign exchange fluctuation.

## CONSOLIDATED

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>3.11A PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION</b>		
Employee benefits expense	57.27	199.57
Finance costs	91.34	38.81
Insurance	18.38	
Travelling and conveyance	38.60	54.25
Miscellaneous expenses	293.39	156.80
	498.98	449.43
Add: Brought forward from previous period	503.66	56.92
	1,002.64	506.35
Less : Allocated to fixed assets	7.37	
Charged to Statement of Profit and loss	26.37	2.69
	<b>968.90</b>	<b>503.66</b>
 <b>3.12 NON-CURRENT INVESTMENTS</b>		
<b>Trade Investment</b>		
Unquoted		
One share of Rs. 20 fully paid up in Simbhaoli Co-operative Cane Development Union Limited (*Rs. 20)	*	*
<b>Government securities</b>		
6-Years Post Office National Savings Certificate	1.61	0.05
<b>Others</b>		
Casetech employee share plan trust	0.15	0.15
	1.76	0.20
Share of joint venture [refer to note 2(ii) (D)]		
Unquoted	-	1,400.00
	1.76	1,400.20
Aggregate book value		
- Unquoted	1.76	1,400.20
 <b>3.13 DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred tax assets</b>		
Unabsorbed depreciation/Brought forward business loss	7,797.38	13,212.01
Accrued expenses deductible on payment	434.84	394.66
Others	44.58	63.32
	8,276.80	13,669.99
<b>Deferred tax liabilities</b>		
Depreciation	8,271.77	8,804.34
	8,271.77	8,804.34
Deferred tax assets(net) (Refer note 20)	5.03	4,865.65
 <b>3.14 LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Security deposit	137.38	22.83
Others loans and advances	287.38	263.68
	424.76	286.51
Share of joint venture	423.47	0.17
<b>[(Refer note 2(ii) (D))]</b>	<b>848.23</b>	<b>286.68</b>

**CURRENT ASSETS**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
<b>3.15 INVENTORIES</b>		
Raw materials #	5,403.52	1,172.57
Work-in-progress	2,209.55	2,024.88
Finished goods	46,405.18	49,799.76
Stock-in-trade	9.13	-
Stores and spares	2,371.69	1,983.79
Loose tools	12.08	11.39
<b>Total</b>	<b>56,411.15</b>	<b>54,992.39</b>
# Includes raw sugar in transit of Rs. 1025.27 lacs (Previous period Rs Nil)		
<b>3.16 TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from due date for payment		
Unsecured - considered good	1,337.92	1,140.70
- Considered doubtful	104.01	52.89
	<b>1,441.93</b>	<b>1,193.59</b>
Less: Provision for doubtful receivables	104.01	52.89
	1,337.92	1,140.70
Other debts		
Unsecured - considered good	7,607.53	8,389.31
<b>Total</b>	<b>8,945.45</b>	<b>9,530.01</b>
<b>3.17 CASH AND BANK BALANCES</b>		
<b>(A) Cash and cash equivalent</b>		
Balances with banks		
-current account	6,031.89	3,489.32
-margin money / cash collateral with banks	121.39	1,375.36
Cheques on hand		
-deposit account with upto 3 months maturity #	2,156.40	9.36
Cash on hand	23.00	31.32
	<b>8,332.68</b>	<b>4,905.36</b>
Share of Joint Venture [Refer note (ii) (D)]	1,006.86	80.41
	<b>9,339.54</b>	<b>4,985.77</b>
<b>(B) Other bank balances (with more than 3 months but less than 12 months maturity)</b>		
Margin money / cash collateral with banks	392.16	1,843.29
Other Deposits #	546.06	536.37
	<b>938.22</b>	<b>2,379.66</b>
<b>(C) Other bank balances (with more than 12 months maturity)</b>		
Margin money / cash collateral with banks	1,997.36	67.13
Other Deposits #	35.83	24.87
	2,033.19	92.00
<b>Total (A+B+C)</b>	<b>12,310.95</b>	<b>7,457.43</b>
Share of joint venture in other bank balance [(Refer note 2(ii) (D))]	794.67	-
	<b>13,105.62</b>	<b>7,457.43</b>
# Pledged with excise authorities and civil court Rs.243.95 lacs (previous period Rs. 170.36 lacs)		

**3.18 SHORT-TERM LOANS AND ADVANCES**

	As at March 31, 2013 Rs. lacs	As at March 31, 2012 Rs. lacs
(Unsecured and Considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	1,992.73	4,930.10
Considered doubtful	188.36	24.72
	2,181.09	4,954.82
Less: Provision for doubtful advances	188.36	24.72
	<b>1,992.73</b>	<b>4,930.10</b>
Loans and advances to employees	49.37	29.76
Security Deposits		
Considered good	263.09	158.91
Considered doubtful	7.36	-
	270.45	158.91
Less : Provision for doubtful security	7.36	-
	263.09	158.91
Balances with customs, excise etc.	1,738.02	1,949.82
Tax payments	929.50	520.62
	<b>4,972.71</b>	<b>7,589.21</b>
Share of joint venture [(Refer note 2(ii) (D))]	533.29	37.58
	<b>5,506.00</b>	<b>7,626.79</b>

**3.19 OTHER CURRENT ASSETS**

(Unsecured and Considered good unless otherwise stated)		
Considered good	1,506.56	5,966.50
Considered doubtful	53.93	131.27
	<b>1,560.49</b>	<b>6,097.77</b>
Less: Provision for doubtful claims	53.93	131.27
	1,506.56	5,966.50
Interest accrued on investments, deposits etc.	244.73	108.71
Advance gratuity fund	14.65	-
	<b>1,765.94</b>	<b>6,075.21</b>
Share of joint venture [(Refer note 2(ii) (D))]	14.56	-
	<b>1,780.50</b>	<b>6,075.21</b>

	Year ended March 31, 2013 Rs. Lacs	18 months ended March 31, 2012 Rs. Lacs
<b>3.20 OTHER OPERATING REVENUES</b>		
Transfer from 'Capital grant-in-aid'	1.34	2.00
Export incentives	84.22	98.20
Miscellaneous*	70.50	1,290.68
	<b>156.06</b>	<b>1,390.88</b>

\* Includes income on settlement of contractual obligation Rs. Nil (previous period Rs. 718.70 lacs)



**3.21 OTHER INCOME**

	Year ended March 31, 2013 Rs. Lacs	18 months ended March 31, 2012 Rs. Lacs
Interest		
Bank deposits	415.83	561.09
Income Tax refund	-	91.11
Others	-	77.50
Rent	8.59	7.05
Profit on sale of fixed assets	103.74	69.08
Profit on sale of non trade current investments	-	0.36
Liability/Provisions no longer required written back	-	152.37
Foreign exchange fluctuation	108.96	-
Miscellaneous #	162.18	1,394.34
	<u>799.360</u>	<u>2,352.90</u>
Share of joint venture [(Refer note 2(ii) (D))]	75.61	-
	<u><b>874.91</b></u>	<u><b>2,352.90</b></u>

# Includes Non-Compete fee of Rs. Nil (previous period Rs 1,000.00 lacs)

**3.22 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE**

Opening stock		
Finished goods	49,799.76	28,679.46
Work-in-progress	2,024.88	757.03
	<u><b>51,824.64</b></u>	<u><b>29,436.49</b></u>
Closing stock		
Finished goods	46,414.31	49,799.76
Work-in-progress	2,209.55	2,024.88
	<u><b>48,623.86</b></u>	<u><b>51,824.64</b></u>
	<u><b>3,200.78</b></u>	<u><b>(22,388.15)</b></u>

**3.23 EMPLOYEE BENEFIT EXPENSE**

Salaries, wages, bonus, gratuity, commission, etc.	4,981.81	6,373.53
Provident and other funds	497.70	756.04
Welfare	194.54	248.77
	<u><b>5,674.05</b></u>	<u><b>7,378.34</b></u>
Share of joint venture [(Refer note 2(ii) (D))]	2.07	-
	2.07	-
	<u><b>5,676.12</b></u>	<u><b>7,378.34</b></u>

**3.24 FINANCE COSTS**

Interest expense	11,256.06	16,074.20
Other borrowing costs	450.13	313.79
Net (gain)/loss on foreign currency transactions and translation	56.44	38.61
	<u><b>11,762.63</b></u>	<u><b>16,426.60</b></u>
Share of joint venture [(Refer note 2(ii) (D))]	15.82	-
	<u><b>11,778.45</b></u>	<u><b>16,426.60</b></u>

**3.25 DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation and amortisation expense	4,150.81	6,313.03
Transfer from revaluation reserve	(57.05)	(105.80)
	<u><b>4,093.76</b></u>	<u><b>6,207.23</b></u>

## CONSOLIDATED

	Year ended March 31, 2013 Rs. Lacs	18 months ended March 31, 2012 Rs. Lacs
<b>3.26 OTHER EXPENSES</b>		
Sugar cane development	305.58	1,292.12
Consumption of stores and spare parts #	4,159.02	9,203.43
Power and fuel	1,164.57	3,125.56
Repairs		
- Machinery	2,178.45	1,873.31
- Buildings	149.45	102.49
- Others	115.48	119.92
Insurance	158.00	253.01
Rent	320.38	421.67
Rates and taxes	466.08	880.04
Donations	1.93	3.36
Travelling and conveyance	572.89	681.69
Marketing Expense	869.84	1,879.72
Sugar Export expenses	206.53	1,190.56
Commission to selling agents	478.22	712.20
Loss on sale of fixed assets	-	-
Bad debts and advance	1,010.80	35.57
Provision for doubtful debts and advances	489.34	123.65
Increase/ (decrease) in excise duty on finished goods	101.27	1,039.98
Foreign exchange fluctuation	-	920.21
Loss on derivative transactions	31.85	6.52
Miscellaneous expenses	2,026.61	2,477.12
	<b>14,806.29</b>	<b>26,342.13</b>
Less:- Expenses capitalized	150.92	385.89
	<b>14,655.37</b>	<b>25,956.24</b>
Share of joint venture (Refer note 2(ii) (D))	56.56	23.10
	<b>14,711.93</b>	<b>25,979.34</b>

# Stores, oils and chemicals allocated to other revenue heads Rs. 1,857.05 lacs (previous period Rs. 2,534.13 lacs)

## NOTES TO THE CONSOLIDATED ACCOUNTS

### 1. Background

Simbhaoli Sugars Limited ('the Company') is a public limited company registered with Registrar of Companies, Kanpur dated 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, 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.

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

S.No.	Name of subsidiary	Business
1.	Simbhaoli Spirits Limited	Potable Alcohol business
2.	Simbhaoli Power Private Limited	Generation of green power
3.	Integrated Casetech Consultants Private Limited	Consultancy business
4.	Simbhaoli Global Commodities DMCC	Trading of sugar & alcohol
5.	Uniworld Sugars Private Limited	Raw sugar refinery

### 2. Basis of consolidation and significant accounting policies

#### i) Accounting Convention

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 the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The 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 period.

#### 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 'Reserve 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, 2013.

C) The subsidiaries considered in the consolidated financial statements are:

Name of Company	Country of incorporation	% voting power held as at March 31, 2013	% voting power held as at March 31, 2012
Simbhaoli Global Commodities DMCC	Dubai-UAE	100.00	100.00
Integrated Casetech Consultants Pvt. Ltd. (w.e.f. November 29, 2010)	India	85.16	82.41
Simbhaoli Power Private Limited (w.e.f. June 21, 2011) (formerly known as Simbhaoli Power Limited)	India	51.00	100.00
Simbhaoli Spirits Limited (w.e.f. April 04, 2011)	India	99.99	100.00

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

Name of Company	Country of incorporation	% voting power held as at March 31, 2013	% voting power held as at March 31, 2012
Uniworld Sugars Private Limited (w.e.f. March 21, 2012)	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 period. 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 Division and Simbhaoli Spirits Limited)	- Straight line method
- 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) 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. Leases rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis.

**ix) 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.

**x) 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

**xi) 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.

**xii) 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/period 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/period.

**xiii) Employee benefits**

Group contribution paid/payable during the year/period 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/period are charged to revenue each year/period.

**xiv) Research and development expenditure**

The revenue expenditure on research and development is charged as expenditure in the year/period 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.

**xv) Revenue recognition**

Sales are recognized on transfer of the 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.

**xvi) 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 and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary items.

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/period 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/period end whereas revenues and expenses reflected in the profit and loss account 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.

**xvii) 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.

**xviii) Government grants**

Government grants related to revenue are recognized in the Consolidated statement of profit and loss account over the years necessary to match them with the related costs.

Government grants related to depreciable fixed assets are recognized in the profit and loss account over the useful life of the asset to which they relate.

**xix) 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 no.20)

**xx) 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.

**xxi) 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.

**xxii) 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. During the year the Company has taken further steps to implement the business restructuring exercise suggested by the SBI Capital Markets Limited, and approved by Company's lenders and shareholders. Accordingly, the Company has transferred its existing power co-generation businesses situated at its sugar plants at Simbhaoli and Chilwaria, as an inseparable lot, as going concern on a slump sale basis for a consideration of Rs. 15,978.62 lacs to Simbhaoli Power Private Limited (SPL) (formerly known as Simbhaoli Power Limited). Accordingly, the Company and Sindicatum Captive Energy Singapore Pte Limited (SCES), a global developer and operator of clean energy projects have entered into a joint venture agreement and SCES has acquired 49% of the share capital. In addition, SPL will be implementing an expansion

plan to enhance the aggregate power generation capacity at these locations from 54 MW to 92 MW with increase in days of operations beyond crushing season.

Pursuant to the Business Transfer Agreements (BTA) dated January 25, 2013 executed between the Company and SPL, effective from January 26, 2013, the business Undertakings of Simbhaoli Cogen Division (SCD) and Chilwaria Cogen Division (CCD) including their all assets, liabilities, rights and obligations have been transferred to and vested in SPL for an aggregate consideration of Rs. 15,978.62

- a) The assets and liabilities transferred to and vested in SPL, are as under:-

(Rs. in lacs)	
<b>Assets</b>	
Fixed assets	
Gross block	15,788.71
Less: Depreciation	5,272.09
Net block	10,516.62
Current assets, loans and advances	
Inventories	100.01
Other current assets	4.40
<b>Total Assets</b>	<b>10,621.03</b>
<b>Liabilities</b>	
Current liabilities and provisions	
Current liabilities	101.30
Provisions	10.11
<b>Total liabilities</b>	<b>111.41</b>
<b>Net assets</b>	<b>10,509.62</b>

- b) The aggregate consideration of Rs. 15,978.62 lacs is to be discharged in the manner laid down under the respective BTA:
- Allotment of 5,12,041 shares of Rs 10 each in SPL at a premium of Rs. 90 per share, aggregating Rs. 512.04 lacs.
  - Allotment of securities having an aggregate value of Rs. 7,592.86 lacs in tranches and in the manner agreed to by the SPL and the Company.
  - Payment of balance interest bearing liability of Rs. 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 closings in terms of the Joint Venture Agreement with SCES, whichever is earlier.
- c) The resultant excess of consideration over the book values of Co-generation business transferred, amounting to Rs. 5,469.00 lacs has been shown as "Profit on transfer of Cogeneration Undertaking" under the head exceptional item in the statement of profit and loss in the standalone financial statements of the Simbhaoli Sugars Limited (the Holding Company).
- d) The Company has made requests to UPPCL for assigning of Power Purchase Agreement(s) (PPA) pertaining to both power divisions to SPL pursuant to the BTAs. Whilst the novation of the PPAs in favour of SPL is pending, in the view of the execution of the BTAs, revenue from sale of power for the period commencing from January 26, 2013 to March 31, 2013 has been considered in the financial statements of SPL.
- e) The Company has entered into finance lease arrangement with SPL for one of the equipment at its Simbhaoli Sugar Division. Gross investment in the lease at the inception of lease amounting to Rs. 2010.00 lacs has been considered as finance lease receivable against the written down value (WDV) of the equipment of Rs. 1772.41 lacs and consequently Rs. 237.59 lacs has been accounted and clubbed with "Profit

on transfer of Cogeneration Undertaking" under the head exceptional item in the statement of profit and loss in the standalone financial statements of the Simbhaoli Sugars Limited (the Holding Company).

However, in view of the consolidation procedures as enunciated in AS-21 "Consolidated Financial Statements", there is no impact of above entries in the consolidated financial statements of the Group.

#### 5. i) Contingent liabilities not provided for:

Claims against the Group not acknowledged as debts Rs. 1,098.74 lacs (previous period Rs. 1,308.20 lacs)

(Rs. in lacs)		
Description	As at March 31, 2013	As at March 31, 2012
Sales Tax/Trade Tax Act	65.19	12.60
State Excise Act	17.34	17.34
Central Excise Act	520.17	515.53
Income tax	-	316.73
Others	496.05	446.00
<b>Total</b>	<b>1,098.75</b>	<b>1,308.20</b>

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) Arrear of dividend on 8% cumulative preference shares Rs. 4.21 lacs (previous period Rs. Nil) from March 26, 2013 to March 31, 2013.

6. The Company has facilitated agri loans from certain commercial banks to its sugarcane farmers under the management and collection agreements and provided Corporate Guarantee amounting to Rs. 300 crore to the banks. These loans were distributed to the farmers against the payment to be made to them against supply of sugarcane to the Company and facilitating the repayment of these loans along with interest to the banks.
7. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 3597.68 lacs (previous period Rs. 2,233.08 lacs).
8. Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current year		Previous period	
	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	USD 69.04	3,532.03
Unsecured loan	GBP .78	63.86	-	-
Trade receivables	USD 15.92	861.52	USD 34.18	1,747.74
Cash and bank	USD .51	27.97	USD 0.71	36.40
Balance in Non-converted FC account	#	0.05	#	0.28
Trade Payables	EURO .34	23.83	-	-
	USD 1.16	63.04	USD 0.38	19.24
Other Payable	USD 6.61	359.15	USD 6.50	318.96

#USD 100 (Previous period USD 557.59)

9. Revenue expenditure on research and development Rs. Nil (previous period Rs. 14.18 lacs).

#### 10. Employee Benefits

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

**a) Defined contribution plans:**

- i) Superannuation fund
- ii) Provident fund

During the period, the Group has recognized the following amounts in the consolidated statement of profit and loss account:

	(Rs. lacs)	
	Current year	Previous period
- Employers' Contribution to Provident Fund #	375.19	561.11
- Employers' Contribution to Superannuation Fund #	19.26	53.06

**b) Defined benefits plans**

- a) Gratuity
- b) Compensated absences – Earned Leave/ Sick Leave/ Casual Leave

	Gratuity (Funded)		Compensated absences	
	2012-13	2011-12	2012-13	2011-12
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	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
<b>I. Expense recognized in profit and loss account</b>				
Current service cost	100.30	154.90	59.81	50.23
Interest cost	76.38	110.13	9.88	16.68
Expected return on plan assets	(78.64)	(96.45)	-	-
Net actuarial(gain)/loss recognized in the period/ year	(72.85)	(69.10)	131.50	64.65
<b>Total expense #</b>	<b>25.19</b>	<b>99.46</b>	<b>201.19</b>	<b>131.57</b>

<b>II Net asset/(liability) recognized in the balance sheet as at the end of the year / period</b>				
Present value of Defined benefits obligation	1,025.36	1,001.58	262.24	184.39
Fair value of plan assets	(1,038.76)	(872.60)	-	-
Funded status [surplus/(deficit)]	13.40	(128.98)	(262.24)	(184.39)
<b>Net asset/(liability) as at the end of the year / period</b>	<b>13.40</b>	<b>(128.98)</b>	<b>(262.24)</b>	<b>(184.39)</b>
<b>III Change in the present value of obligation during the year / period</b>				
Present value of the obligation as at the beginning of the year / period	1,001.58	935.90	184.39	197.16
Liability on acquisition	-	2.27	-	1.03
Interest cost	76.38	110.13	9.88	16.68
Current service cost	100.30	154.90	59.81	50.23
Benefits paid	(93.72)	(96.76)	(123.34)	(145.36)
Actuarial (gains)/ losses on obligation	(59.18)	(104.85)	131.50	64.65
<b>Present value of obligation as at the end of the year / period</b>	<b>1,025.36</b>	<b>1,001.58</b>	<b>262.24</b>	<b>184.39</b>
<b>IV Change in present value of fair value of plan Assets</b>				
Fair value of plan assets as at the beginning of the year / period	872.60	772.71	-	-
Expected return on plan assets	78.64	96.45	-	-
Contributions	167.57	135.95	-	-
Benefits paid	(93.72)	(96.76)	-	-
Actuarial gains/(losses)	13.67	(35.75)	-	-
<b>Fair value of plan assets as at the end of the year / period</b>	<b>1,038.76</b>	<b>872.60</b>	<b>-</b>	<b>-</b>
<b>V Detail of plan Assets</b>		<b>Funded with ICICI*</b>		<b>NA</b>

\* 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.128.99 lacs for gratuity and Rs.184.39 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					Compensated absences				
	2012-13	2010-12	2009-10	2008-09	2007-08	2012-13	2010-12	2009-10	2008-09	2007-08
Present value of obligation as at the end of the year / period	1,025.36	1,001.58	935.90	761.74	682.56	262.24	184.39	197.16	186.85	127.57
Fair value of plan assets as at the end of the year / period	1,038.76	872.60	772.71	756.67	550.16	-	-	-	-	-
Net asset/(liability) recognized in the balance sheet	13.40	(128.98)	(163.19)	(5.07)	(132.40)	(262.24)	(184.39)	(197.16)	(186.85)	(127.57)
Net actuarial (gain)/loss recognized	(72.85)	(69.10)	61.47	(44.05)	42.22	131.50	64.65	70.12	(21.14)	2.80

**11. 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, Mr. Sanjay Tapriya and Ms. Gursimran Kaur Mann (with effect from March 24, 2011).

**Relatives of Key management personnel:**

Mrs. G.R.Lakshmi (wife of Dr.G.S.C.Rao), 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.Gursimran Kaur Mann exercises significant influence).

- Pritam Singh Sandhu Associates Private Limited (enterprise over which Mr. Gurpal Singh exercises significant influence).

- Uniworld Sugars Private Limited (USPL) (enterprise over which Mr. Sanjay Tapriya and Dr.G S C Rao exercise significant influence upto February 24, 2011).

**Joint Venture:** Uniworld Sugars Private Limited (USPL) (with effect from March 21, 2012)

**Co-venturer:** ED & F Man Holdings BV (ED & F Man) with effect from March 21, 2012 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 period	Current year	Previous period	Current year	Previous period	Current year	Previous period
<b>Rent</b>	-	-	-	-	<b>74.36</b>	<b>94.82</b>	-	-
Mrs. G.R. Lakshmi	-	-	-	-	24.72	29.40	-	-
Mrs. Mamta Tapriya	-	-	-	-	23.58	27.42	-	-
Mr. Govind Singh Sandhu	-	-	-	-	26.06	38.00	-	-
<b>Salary/stipend</b>	-	-	-	-	<b>8.01</b>	<b>5.49</b>	-	-
Mr. Angad Singh	-	-	-	-	8.01	5.49	-	-
<b>Allotment of Equity Shares</b>	-	-	<b>6.58</b>	<b>620.36</b>	-	-	-	-
Mr. G.M.S. Mann	-	-	-	617.55	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	2.81	-	-	-	-
Mr. Gurpal Singh	-	-	6.58	-	-	-	-	-
<b>Allotment of Preference shares</b>	-	-	-	-	-	-	<b>1,200.00</b>	-
Dholadhar Investment Private Limited	-	-	-	-	-	-	800.00	-
Pritam Singh Sandhu Associates	-	-	-	-	-	-	400.00	-
<b>Allotment of Share Warrants</b>	-	-	-	<b>133.11</b>	-	-	-	-
Mr. Gurpal Singh	-	-	-	75.61	-	-	-	-
Dr. G.S.C.Rao	-	-	-	28.75	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	28.75	-	-	-	-
<b>Professional Charges</b>	-	-	-	-	<b>0.32</b>	<b>0.31</b>	-	-
Mr. B.D. Tapriya	-	-	-	-	0.32	0.31	-	-
<b>Managerial Remuneration</b>	-	-	<b>266.36</b>	<b>341.36</b>	-	-	-	-
Mr. G.M.S. Mann	-	-	53.40	79.02	-	-	-	-
Mr. Gurpal Singh	-	-	52.75	77.94	-	-	-	-
Dr. G.S.C.Rao	-	-	71.47	82.29	-	-	-	-
Mr. Sanjay Tapriya	-	-	64.72	81.36	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	24.02	20.75	-	-	-	-
<b>Loan taken</b>	-	-	<b>1,816.15</b>	-	-	-	-	-
Mr. G.M.S. Mann	-	-	1,813.76	-	-	-	-	-
Mr. Gurpal Singh	-	-	2.39	-	-	-	-	-
SCES	1,642.50	-	-	-	-	-	-	-
<b>Loans repaid</b>	-	-	<b>5.54</b>	<b>231.00</b>	-	-	-	-
Mr. G.M.S. Mann	-	-	3.27	125.00	-	-	-	-
Mr. Gurpal Singh	-	-	2.27	76.00	-	-	-	-
Dr. G.S.C.Rao	-	-	-	13.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	17.00	-	-	-	-
<b>Interest paid</b>	-	-	<b>3.50</b>	<b>33.30</b>	-	-	-	-
Mr. G.M.S. Mann	-	-	0.84	17.36	-	-	-	-
Mr. Gurpal Singh	-	-	2.66	12.53	-	-	-	-
Dr. G.S.C.Rao	-	-	-	1.62	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	1.79	-	-	-	-
SCES	4.59	-	-	-	-	-	-	-
<b>Expenses recovered</b>	<b>160.61</b>	<b>341.92</b>	-	-	-	-	-	<b>5.22</b>
USPL	32.88	341.92	-	-	-	-	-	5.22
ED & F Man	127.73	-	-	-	-	-	-	-
<b>Interest Income</b>	-	<b>34.17</b>	-	-	-	-	-	<b>4.58</b>
USPL	-	34.17	-	-	-	-	-	4.58
<b>Dividend Paid</b>	-	-	<b>0.62</b>	<b>0.48</b>	-	-	-	-
Dr. G.S.C.Rao	-	-	0.32	0.24	-	-	-	-
Mr. Sanjay Tapriya	-	-	0.30	0.24	-	-	-	-
<b>Incentive Paid</b>	-	-	-	<b>2.00</b>	-	-	-	-
Dr. G.S.C.Rao	-	-	-	1.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	1.00	-	-	-	-
<b>Advances given</b>	<b>1,189.01</b>	-	-	-	-	-	-	<b>0.61</b>
USPL	1,123.32	-	-	-	-	-	-	0.61
ED & F Man	65.69	-	-	-	-	-	-	-
<b>Purchase of goods/ finished goods</b>	<b>6,568.08</b>	<b>2,627.93</b>	-	-	-	-	-	-
ED & F Man	6,568.08	2,627.93	-	-	-	-	-	-
<b>Payment/advance received</b>	<b>1,031.14</b>	-	-	-	-	-	-	-
USPL	852.86	-	-	-	-	-	-	-
ED & F Man	178.28	-	-	-	-	-	-	-
<b>Other Income</b>	<b>15.00</b>	<b>1,344.95</b>	-	-	-	-	-	-
USPL	15.00	1,344.95	-	-	-	-	-	-
<b>Balance outstanding</b>	-	-	-	-	-	-	-	-
<b>Trade payables</b>	<b>1,660.92</b>	<b>287.56</b>	<b>30.55</b>	<b>18.28</b>	<b>2.94</b>	<b>0.37</b>	-	-
Mr. G.M.S. Mann	-	-	5.82	2.40	-	-	-	-
Mr. Gurpal Singh	-	-	8.33	13.20	-	-	-	-
Dr. G.S.C.Rao	-	-	10.09	1.20	-	-	-	-
Mr. Sanjay Tapriya	-	-	2.59	0.09	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	3.72	1.39	-	-	-	-
Mr. Angad Singh	-	-	-	-	2.88	0.26	-	-
Mr. B.D. Tapriya	-	-	-	-	0.05	0.11	-	-
ED & F Man	1,660.92	287.56	-	-	-	-	-	-
<b>Unsecured loan</b>	<b>127.73</b>	-	<b>1,835.61</b>	<b>25.00</b>	-	-	-	-
Mr. G.M.S. Mann	-	-	1,816.49	6.00	-	-	-	-
Mr. Gurpal Singh	-	-	19.12	19.00	-	-	-	-
ED & F Man	127.73	-	-	-	-	-	-	-
<b>Loans and advance</b>	<b>141.05</b>	<b>0.05</b>	-	-	-	-	-	<b>311.40</b>
USPL	141.05	0.05	-	-	-	-	-	311.40
<b>Guarantee given on behalf of Company by Mr. G M S Mann &amp; Mr. Gurpal Singh</b>	-	-	<b>65,516.95</b>	<b>76,374.27</b>	-	-	-	-



## 12. 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	
<b>Segment revenue</b>															
External sales:	78,473.04	105,044.64	17,562.04	53,857.95	3,768.54	5,787.64	1,565.82	1,417.49	-	-	-	-	101,369.44	166,107.72	
Inter segment sales	10,115.02	21,785.97	49.90	116.40	7,543.71	19,423.19	333.81	268.25	(18,042.44)	(41,593.81)	-	-	-	-	
Other operating Revenue	63.31	1,268.14	91.64	120.74	-	-	1.11	2.00	-	-	-	-	156.06	1,390.88	
<b>Total revenue</b>	<b>88,651.37</b>	<b>128,098.75</b>	<b>17,703.58</b>	<b>54,095.09</b>	<b>11,312.25</b>	<b>25,210.83</b>	<b>1,900.74</b>	<b>1,687.74</b>	<b>(18,042.44)</b>	<b>(41,593.81)</b>	-	-	<b>101,525.50</b>	<b>167,498.60</b>	
<b>Segment results</b>	(7,702.25)	(3,834.56)	36.48	2,310.15	2,525.26	4,190.94	339.77	272.43	-	-	-	-	(4,800.74)	2,938.96	
Unallocated expenses (net of income)												553.09	(498.63)	553.09	(498.63)
<b>Operating profit/(loss)</b>														(5,353.83)	3,437.59
Finance cost												11,778.45	16,426.60	11,778.45	16,426.60
Exceptional items (net)												-	2,511.40	-	2,511.40
Provision for taxes															
- Current tax (MAT charged off)												316.14	476.38	316.14	476.38
- Deferred tax benefit												4,865.40	(4,572.01)	4,865.40	(4,572.01)
<b>Net Profit/(loss)</b>														<b>(22,313.82)</b>	<b>(11,404.78)</b>
<b>Other information</b>															
Segment assets	100,511.41	99,007.51	19,716.94	20,712.96	21,449.06	20,615.55	1,035.75	887.52	-	(1,820.96)	-	-	142,713.16	139,402.58	
Unallocated assets												3,720.78	7,405.33	3,720.78	7,405.36
Investment												1.76	1,400.20	1.76	1,400.20
<b>Total assets</b>	<b>100,511.41</b>	<b>99,007.51</b>	<b>19,716.94</b>	<b>20,712.96</b>	<b>21,449.06</b>	<b>20,615.55</b>	<b>1,035.75</b>	<b>887.52</b>			<b>3,722.54</b>	<b>8,805.53</b>	<b>146,435.70</b>	<b>148,208.14</b>	
Segment liabilities	89,798.40	78,688.42	2,502.65	4,048.09	357.72	396.51	604.41	506.05	-	(1,820.96)	-	-	93,263.18	81,818.11	
Shares capital and reserves												(30,519.15)	(11,440.45)	(30,519.15)	(11,440.45)
Minority interest												843.48	53.68	843.48	53.68
Secured and unsecured loans												79,521.57	76,478.76	79,521.57	76,478.76
Unallocated liabilities												3,326.62	1,298.01	3,326.62	1,298.04
<b>Total liabilities</b>	<b>89,798.40</b>	<b>78,688.42</b>	<b>2,502.65</b>	<b>4,048.09</b>	<b>357.72</b>	<b>396.51</b>	<b>604.41</b>	<b>506.05</b>			<b>53,172.52</b>	<b>66,390.00</b>	<b>146,435.70</b>	<b>148,208.14</b>	
Capital expenditure	5,376.03	2,429.69	942.64	1,259.11	79.39	276.84	6.35	11.72	-	-	57,272.41	91.15	63,676.82	4,068.51	
Depreciation (net of revaluation reserve)	2,332.36	3,690.72	772.51	1,074.65	895.86	1,287.23	5.49	4.96	-	-	87.54	149.67	4,093.76	6,207.23	
Non cash expenses other than depreciation	1,170.23	158.78	117.19	0.44	-	-	2.73	-	-	-	210.00	1.00	1,500.15	160.22	

## 13. 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 in 2 below) are secured by way of first pari passu charge on the 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.
1.b	Cash Credit facilities for 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 collaterally 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. Guralp Singh Promoter Directors of the company.
2.	Cash credit facilities from co-operative banks of each business division of SSL are secured by pledge of sugar stocks of the respective business division of the Company.

**B. Long term loans from banks:**

1.a	Term loans from banks of Lac 9707.05 lac of SSL (previous period lacs 10,947.10 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. 3481.46 lacs repayable in FY 2013-14 - Rs. 4033.46 lacs repayable in FY 2014-15 - Rs. 2192.13 lacs repayable in FY 2015-16
1.b	Term loans from banks of Rs. 2,181.07 Lacs (previous period Rs. 2,547.06 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 the SISPL.	- Rs. 715.72 lacs repayable in FY 2013-14 - Rs. 725.98 lacs repayable in FY 2014-15 - Rs. 739.37 lacs repayable in FY 2015-16
1.c	Term Loan of Rs. 2,750 lacs (previous period Rs. Nil) 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 un conditional guarantee (s) from Shri Gurmit Singh Mann and Shri Gural Singh, Indian promoters of USPL. - Pledge of 100% shareholding of held by Simbhaoli Sugars Limited in USPL on pari passu basis - Fixed deposit of Rs. 100,000,000 with IDBI Bank with IDBI Bank's lien noted thereon on pari passu basis	- Rs. 250 lacs repayable in FY 2013-14 - Rs. 1000 lacs repayable in FY 2014-15 - Rs. 1000 lacs repayable in FY 2015-16  - Rs. 500 lacs repayable in FY 2016-17
2.	Term loans (ECB) of Rs. Nil (previous period Rs. 3,532.03 Lacs) from a bank 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. This loan was further secured by way of collateral security on the personal assets of the promoters of the Company and pledge of fixed deposit of Rs. NIL Lacs (previous period Rs. 2,604.58 Lacs) of the Company.	
3.	Working Capital Term loans (WCTL) of Rs. 5,000 Lacs (previous period Rs. 5,000 lacs) from banks 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. 240.95 lacs repayable in FY 2013-14 - Rs. 1223.05 lacs repayable in FY 2014-15 - Rs. 2240.75 lacs repayable in FY 2015-16 - Rs. 1295.25 lacs repayable in FY 2016-17
4.	Term Loan of Rs. 2.29 lacs (previous period Rs. 9.13 lacs) are secured by way of hypothecation of specific vehicles acquire under the scheme.	- Rs. 2.29 lacs repayable in FY 2013-14
<b>C. Long term loans from others</b>		
1.	Term loans of Rs. 4,821.62 Lacs (previous period Rs. 6,226 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. 1615.01 lacs repayable in FY 2013-14 - Rs. 1193.21 lacs repayable in FY 2014-15 - Rs. 1019.60 lacs repayable in FY 2015-16 - Rs. 583.01 lacs repayable in FY 2016-17 - Rs. 410.78 lacs repayable in FY 2017-18
2.	Term loans of Rs. 100.00 Lacs (previous period 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).	
<b>D. Short term loans from others</b>		
1.	External Commercial borrowings of Rs. 1,630.35 lacs (previous period nil) from Sindicatum Captive Energy Singapore Pte Ltd. is secured by way of first pari passu charge on bank account No. 00071131004403 opened with Oriental Bank of Commerce.	- Repayable in one installment on or before 6 <sup>th</sup> March 2016 or can be converted into shares or compulsory convertible debentures of Simbhaoli Power Limited.

In addition to the above, the credit facilities with banks of the SSL (i.e. Working Capital and Term Loans including WCTL) excluding SDF loans, Cash Credit from UPCL, Car Loans 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 of the SSL other than SDF Loan, Sugar Technology Mission Loan and Vehicle Loans are guaranteed by Chairman & Managing Director and Dy. Managing Director of the company.

**14. Earnings per share**

	Current year	Previous period
I. Profit/(loss) after tax and exceptional items as per Profit and Loss accounts (Rs. lacs)	(22,359.91)	(11,438.04)
Less: Preference Share dividend (inclusive of tax thereon)	4.89	
Less: Exceptional Items net of taxes of Rs. Nil (Previous period Rs. 814.82 lacs) (Rs. lacs)	-	1,696.58
Profit/(loss) after tax and before exceptional items (Rs. lacs)	(22,364.80)	(9,741.46)

II. Weighted average number of equity shares outstanding		
(A) For basic earnings per share(Nos.)	2,80,12,646	2,58,43,592
(B) For diluted earnings per share (Nos.)		
Shares for basic earnings per share as per II (A) (Nos.)	2,80,12,646	2,58,43,592
Shares for diluted earnings per share (Nos.)	2,80,12,646	2,58,43,592
III. Earnings per share (Rs.)		
- Basic / diluted EPS before exceptional item	(79.84)	(37.69)
- Basic / diluted EPS after	(79.84)	(44.26)

**15. Auditors' remuneration (excluding service tax):**

- Statutory audit	45.00	39.00
- Audit of accounts for fiscal year	16.00	16.00
- Limited review of unaudited financial results	41.58	59.00
- Certification for corporate governance and others	9.50	10.35
- Reimbursement of out of pocket expense for statutory audit and others	2.47	0.53

**16. Obligation towards Finance Lease**

	As at March 31, 2013	(Rs. in lacs) March 31, As at 2012
Future minimum lease payments		
Not later than one year	2.22	3.50
Later than one year and not later than five years	-	2.33
	<b>2.22</b>	<b>5.83</b>
Less: Unearned finance income	-	-
Present value of minimum lease payments receivable		
Not later than one year	2.33	3.03
Later than one year and not later than five years	-	2.23
	<b>2.33</b>	<b>5.26</b>
Add: Amount representing interest expenses	.11	.56
	<b>2.22</b>	<b>4.70</b>

17. As at March 31, 2013 outstanding export obligation against advance license scheme (ALS) is 22,517 metric tonnes (previous period 2,891 metric tonnes). The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.

18. 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 Cargo insurers, in an arbitrary manner, the Company has initiated legal proceedings against the insurer in India and vessel owner in London. During the 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 balance claim amount of Rs. 769 lacs. Based on expert advice, management is confident that the proceedings against insurer would be settled in favour of the Company and no loss would arise in this regard.

19. The Company's net worth has been substantially eroded, and the Company has made cash losses during the previous period accounting periods ended March 31, 2012 and March 31, 2013. During the last three years the Indian sugar industry had faced difficulties on account of lower realization of sugar, and higher sugar cane prices particularly sugar mills located in Uttar Pradesh. During the current sugar season also, the country had the large surplus of sugar in a decontrolled sugar sale scenario with unrestricted imports resulting in lower sugar realization, under recovery of cost of production and higher finance cost leading to operating/ cash loss and consequent further erosion of the Company's net worth. The State and Central Governments have initiated various steps to strengthen the sugar industry like decontrol of the free sale

sugar release mechanism, doing away with the sale of 10% sugar production under the levy obligation at the unremunerative price and further steps are under consideration like linking the sugar cane price with sugar sale values, improving long term hedging mechanism of sugar and encouragement of further investment in sector by the State Govt.

The Company has initiated a number of measures during the previous years which included business and financial restructuring of its business divisions comprising of transfer of potable alcohol and power undertakings of the Company to the separate SPVs, disinvestments of the shares in such SPVs, fresh capital infusion and Company's foray into sugar refining business in joint venture with a global major etc. to de-risk its businesses and improving its financial position. The transfer of potable alcohol undertaking, formation of joint venture for sugar refining business and transfer of cogeneration business to SPL and induction of a JV partner therein, has been completed during 2012-13. On the basis of successful completion of its aforesaid business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry, the Management of the Company is confident on the Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial statements have been prepared by the Company on a going concern basis.

20. 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, 2013 only to the extent of deferred tax liability of Rs. 8,317.04 lacs on unabsorbed depreciation and brought forward business losses out of total deferred tax assets of Rs. 13,170.78 lacs.

21. The Scheme of Arrangement (SOA) between the Company and Simbhaoli Spirits Limited (SISPL) under Section 391 to 394 of the Companies Act, 1956 was sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its Order dated September 17, 2012. The SOA became effective on September 20, 2012, on filing of the certified copy of the Order of the High Court with the Registrar of Companies, Uttar Pradesh. Consequent thereto, the effect of SOA was given in the financial statements for the period ended March 31, 2012, accordingly:

- The undertaking of Simbhaoli Distillery Division (SDD) including all assets, land admeasuring 28.16 acres being the land required for alcohol business on which undertaking was located, liabilities, rights, obligations and brands of the Company, without any further act or deed has transferred to and vested in the SISPL as a going concern basis with effect from October 1, 2010, the appointed date.
- The assets and liabilities transferred to and vested in SISPL, given effect to in the financial statements for the period ended March 31, 2012 are as under:-

(Rs. In lacs)	
<b>Assets</b>	
Fixed assets	
Gross block (net of reconstruction and revaluation reserve Rs. 128.12 lacs)	6,230.89
Less: Depreciation	2,276.28
Net block	3,954.62
Capital work in progress	206.78
Current assets, loans and advances	
Inventories	1,271.94
Sundry debtors	2,842.27
Cash and bank balances	140.14
Loans and advances	901.80
<b>Total assets</b>	<b>9,317.55</b>

**Liabilities**

Loan funds		
Secured loans	:	5,676.60
Current liabilities and provisions		
Current liabilities	:	1,808.58
Provisions	:	49.74
<b>Total liabilities</b>	:	<b>7,534.92</b>
<b>Net assets</b>	:	<b>1,782.63</b>

- c) SISPL has allotted 17,000,000 equity shares of the face value of Rs.10 at a premium of Rs. 70 each credited as fully paid-up to the Company. The resultant excess of consideration over the book values of SDD undertaking transferred, amounting to Rs. 11,817.37 lacs has been shown as "Profit on transfer of SDD Undertaking" in the statement of profit and loss for the period ended March 31, 2012 in the standalone financial statement of Simbhaoli Sugars Limited (the Holding Company).
- d) Subsequent to the scheme being sanctioned on September 17, 2012 and after that the Company was in the process of taking approvals from the concerned authorities for transfer of various licenses in the name of SISPL. These licenses have been renewed in the name of SIISPL w.e.f. April 1, 2013. In view of the same period. Following excursions in respect of the operations of the SISPL for the above mentioned period have been made for the purposes of these accounts, since the said business, during this period, was being run and managed in trust by the company on behalf of SISPL.

(Rs. in lacs)

Description	Year ended March 31, 2013	18 months ended March 31, 2012
Gross Sales	9,459.88	43,713.39
Less: Excise Duty	996.78	27,926.88
Net Sales	8,463.10	15,786.51
Other income	165.22	137.24
Manufacturing and other expenses	9168.45	14,806.96
Depreciation	424.38	457.82
Finance cost	545.56	975.03
<b>Profit/(loss) before tax</b>	<b>(1,510.07)</b>	<b>(316.06)</b>

- e) The Company has set-off deferred tax assets recognized in respect of brought forward business losses / unabsorbed depreciation aggregating Rs. 6,759.99 lacs against the Securities Premium Account amounting to Rs. 6,759.99 lacs appearing in the books of account as on October 1, 2010, the appointed date.
- f) Post hiving off, SISPL has chalked out its growth plans which include adding new products, increasing the capacities by adding the grain spirit plant and new bottling lines. At the same time, the Company has initiated discussions with strategic investors for disinvestment in SISPL as a part of its business restructuring exercise. Further, the use of said land was restricted for setting up an alcohol plant and workers quarters only. Hence, on recognizing these factors and on the specific request of SISPL, during the current year the Company has transferred the additional land admeasuring 56.67 acres contiguous to the alcohol undertaking of SISPL under a Deed of Transfer dated March 26, 2013 at a sales consideration of Rs. 11,800 lacs. The sales consideration for the aforesaid land has been determined on the basis of the report of an independent valuer after taking into account government notified rates/prevaling market rates, proximity of location to National Capital Region (NCR) availability of infrastructure, potential and permitted use of land for alcohol business and the value of the earlier piece of land of 28.16 acres (refer (a) above) transferred under the Scheme. SISPL has allotted

1,47,50,000 fully paid equity shares of Rs 10 each, at a premium of Rs 70 per share, aggregating Rs 11,800 lacs towards discharge of the said consideration. Resultant excess of consideration over the cost of land transferred amounting to Rs. 11,676.86 lacs is recognized as exceptional item in the statement of profit and loss for the year ended March 31, 2013 in the standalone financial statements of the Simbhaoli Sugars Limited (the Holding Company).

However, in view of the consolidation procedures as enunciated in AS-21 "Consolidated Financial Statement", there is no impact of above entries except note 21(e) in the consolidated financial statements of the Group.

22. During the year, to control and consolidate the shareholding in Uniworld Sugars Private Limited (USPL), the Company has issued 32,00,000 8 % cumulative redeemable preference shares of Rs 100 each amounting to Rs. 3200 lacs to the specified promoters and select investors in consideration of purchase of 80,00,000 fully paid up equity shares of Rs 10 each in USPL as a consideration of Rs 3,200 lacs (Rs. 40 per share). Subsequent to purchase of these shares, the investment of the Company and its associates in USPL has increased to 2,87,43,950 shares of Rs 10 each constituting 50% in the share capital of USPL.

**23. Disclosure related to Joint venture:**

Name	Country of	Nature of interest incorporation	Percentage of ownership as at	
			March 31, 2013	March 31, 2012
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 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, 2013 and Income and Expenditure for the year ended March 31, 2013 (Without elimination of the effect of transactions between the Company and the joint venture) are given below:

(Rs. In lacs)

<b>Assets</b>		
<b>Non Current Assets</b>		
Fixed assets	6638.06	1972.36
Long term loan and advances	451.40	0.17
<b>Current Assets</b>		
Current Investment	-	1400.00
Cash and bank balances	1801.52	80.41
Short term loan and advances	392.23	37.58
Other current asset	14.56	-
<b>LIABILITIES</b>		
<b>Non Current Liabilities</b>		
Long term borrowing	2500.00	-
Long term provision	1.81	-
<b>Current Liabilities</b>		
Short term borrowing	74.91	0.05
Trade payable	9.27	-
Other current liabilities	857.53	66.07
Short term provision	0.14	-

	year ended March 31, 2013	Period ended March 31, 2012
<b>INCOME</b>	<b>75.61</b>	-
<b>EXPENSES</b>		
Administrative and other expenses	74.46	17.13
Prior period expenses	-	5.98
Tax expense	0.21	-
Note : Capital Commitments	2407.68	2053.04

24. The current financial year is for twelve months from April 1, 2012 to March 31, 2013 whereas the corresponding previous

period figures are for a period of eighteen months from October 1, 2010 to March 31, 2012. Accordingly, revised schedule VI became applicable from the financial year commencing from April 1, 2012. Therefore, previous period figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure and the corresponding figures of previous period are not directly comparable with those of current year.

Signatures to notes 1 to 24.

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

**For and on behalf of the Board of Directors**

Gurpal Singh  
Dy. Managing Director  
DIN - 00064807

Gurmit Singh Mann  
Chairman & Managing Director  
DIN - 00066653

Sanjay Tapriya  
Chief Financial Officer  
DIN - 00064703

Dr. G S C Rao  
Chief Executive Officer  
DIN - 00064904

Kamal Samtani  
Company Secretary  
FCS-5140

Sunil K. Gupta  
GM-Finance  
FCA-73502

Place : New Delhi  
Date : May 28, 2013

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

Particulars	Integrated Casetech Consultants Pvt Ltd	Simbhaoli Global Commodities, DMCC^	Simbhaoli Power Limited*	Simbhaoli Spirits Limited**	Uniwold Sugars Private Limited***
	year ended 31.03.2013	year ended 31.03.2013	year ended 31.03.2013	year ended 31.03.2013	year ended 31.03.2013
Share Capital	23.58	39.94	110.20	3,180.00	2,874.39
Reserve & Surplus	507.14	(32.71)	939.50	20,229.26	2,849.72
Total Assets	1,366.91	72.61	21,554.01	32,803.15	9,297.80
Total Liabilities	1,366.91	72.61	21,554.01	32,803.15	9,297.80
Investments	150.15	-	-	-	-
Turnover net of excise	1,899.62	95.19	1,681.43	8,463.10	-
Profit Before Taxation	331.11	(4.14)	33.17	(1,510.07)	1.15
Provision for Taxation	105.07	-	11.15	116.76	0.22
Profit After Taxation	226.04	(4.14)	22.02	(1,626.83)	0.93
Proposed Dividend	11.79	-	-	-	-

^Exchange Rate is taken as INR 54.53 for Profit & loss items, INR 54.34 for balance sheet items and share capital at INR 48.86 Per US\$

\* Incorporated on June 21, 2011

\*\* Incorporated as on April 4, 2011

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

\$ 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.....members of Simbhaoli Sugars Limited to be held on Wednesday, July 31, 2013 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 this .....day of .....2013.

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.

## SIMBHAOLI SUGARS LIMITED

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

## ATTENDANCE SLIP

DP Id*	
Client ID*	

No. of Shares	
Master Folio No.	

I hereby record my presence at 76th annual general meeting of the members of Simbhaoli Sugars Limited on Wednesday, July 31, 2013 at 10.00 A.M. at Simbhaoli 245 207, District Hapur (U.P.).

Full Name(s) of Member(s) .....

Full Name(s) of attending member/proxy.....

\*Applicable for Investors holding shares in electronic form.

Signature of the Members/Proxy  
(To be done at the Entry Point)

NOTE: Please fill in block letters, except signatures. Please bring your copy of notice in the meeting.

### Members' Particulars

Name:

Fathers' Name

Address:

e-mail id:

Telephone no:

Please send the above particulars to Company Secretary at the registered office of the Company or through e-mail at [kamal@simbhaolisugars.com](mailto:kamal@simbhaolisugars.com) for updating of our records.

Signature of the Member

UPC / 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