

(a)

SIMBHAOLI SPIRITS LIMITED
(Registered Office: Simbhaoli – 245 207, District Hapur, Uttar Pradesh)

NOTICE

Notice is hereby given that the 1st Annual General Meeting of the members of Simbhaoli Spirits Limited will be held on Wednesday, October 3, 2012 at 11:00 A.M. at its registered office at Kothi No. 1, Distillery Division, Simbhaoli –245 207, Distt. Hapur, Uttar Pradesh, to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and Profit & Loss Account for the period from April 4, 2011 to March 31, 2012 together with the Director's and Auditor's Report thereon.
2. To appoint a director in place of Mr. Sanjay Tapriya, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s SN Garg, Chartered Accountants as statutory auditors of the Company for the financial year 2012-13 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. Gurmit Singh Mann, who was appointed by the Board as an additional director on September 18, 2012 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 in writing 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 are 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 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. Gurpal Singh, who was appointed by the Board as an additional director on September 18, 2012 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 in writing 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 are 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."



6. 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, Ms. Gursimran Kaur Mann, who was appointed by the Board as an additional director on September 18, 2012 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 in writing proposing her 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 are 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."

7. 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. RK Singh, who was appointed by the Board as an additional director on September 18, 2012 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 in writing 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 are 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."

By Order of the Board of Directors
of Simbhaoli Spirits Limited

Place: New Delhi
Date: September 18, 2012

sd/-
Kamal Samtani
Director

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 Friday, September 28, 2012 to Wednesday, October 3, 2012 (both days inclusive).
3. Members are requested to bring their copy of notice to the meeting.
4. 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, 5, 6 & 7

The Company has acquired the Simbhaoli Distillery Division (SDD) Alcohol Undertaking of Simbhaoli Sugars Limited by way of a Scheme of Arrangement under the provisions of section 391-393 of the Companies Act, 1956. As per the Scheme, the business operations of the SDD alcohol undertaking have become the operations of the Company and has resulted in increase in its business activities. The aforesaid acquisition has added the complexities with regard to marketing and commercial functions etc.

Therefore, in view of the increase in size and growth prospects of the organization, the Board of Directors of the Company have appointed Mr. Gurmit Singh Mann, Mr. Gurpal Singh, Ms Gursimran Kaur Mann and Mr. RK Singh as additional directors on the Board of the Company

As per Section 260 of the Act, the aforesaid persons holds the office of directorship upto the date of this Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose them as a candidate for directorship.

Accordingly, the resolutions set out under item Nos. 4, 5, 6 & 7 are submitted for approval of the shareholders as ordinary resolutions.

None of the Directors, except Mr. Gurmit Singh Mann, Mr. Gurpal Singh, Ms Gursimran Kaur Mann and Mr. RK Singh, are concerned or interested in their respective resolutions.

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

sd/-
Kamal Samtani
Director

New Delhi
September 18, 2012

CERTIFIED TRUE COPY

For Simbhaoli Spirits Limited

[Signature]
Authorised Signatory



DIRECTORS' REPORT

To the members of Simbhaoli Spirits Limited

Your directors have pleasure in placing the 1st directors' report together with management discussion and analysis for the financial period ended on March 31, 2012.

Management Discussion and Analysis

The Company has been set up as a subsidiary of Simbhaoli Sugars Limited (SSL) to affect the transfer of its Simbhaoli Distillery Division (SDD) Alcohol undertaking as per Scheme of Arrangement between Company and SSL under the provisions of the Companies Act, 1956. The objective of the hiving-off is to achieve growth in the potable alcohol business by developing new marketing areas, creation of new brands, carrying out promotion activities, capacity enhancements, raise necessary resources. As per the Scheme the effective date for transfer of SDD Alcohol undertaking is October 1, 2010.

The Scheme has been approved by the Hon'ble Allahabad High Court vide order dated September 17, 2012. As per the Scheme, all the assets, liabilities, debts, and obligations pertaining to the SDD Alcohol undertaking of the SSL, without any further act or deed, has been transferred to the Company against purchase consideration of Rs. 136 crores (Rupees One Hundred and Thirty Six Crores).

SDD alcohol undertaking has an installed capacity of 90 Kilo Liters Per Day (KLD) alongside bottling of Indian Made Foreign Liquor (IMFL) business presently. It is capable to manufacture IMFL, Rectified Spirit, ENA, Ethanol and Indian Made Indian Liquor (IMIL/Country Liquor) with 14 own brands. At present, the business is being operated in 13 states and supplied to over 250 wholesalers. Export of ENA and IMFL products is being made to various Afro-Asian destinations.

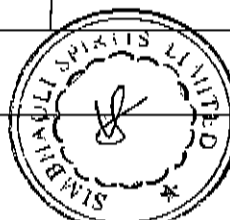
There has been a favourable socio-demographic environment within the country leading to very fast growth in the alcoholic beverage segments. The rising disposable income, growing middle class, shifting drinking habits, more young and women becoming the consumers are the major factors driving growth. Indian potable alcohol business has been growing at a rate of 10 to 12 percent year on year. Projected growth in the IMFL segment is pegged at 15% annually for the next 5 years. Even higher growth is being predicted for white colour alcohol segment (vodka) and wine for changing drinking habits.

There is a potential for business scalability and opportunities for further expansion. The plans are to increase the existing capacity of 90 KLD by adding 62 KLD, which relates to new grain and malt based distilleries at Simbhaoli in the State of Uttar Pradesh. An average annual growth of 22 percent is planned in IMFL volumes over the business years 2013-17. The expansion is also planned for increasing the volume of high-margin premium spirits exports and sharing capacities with third parties for blending and bottling.

FINANCIAL RESULTS AND ANALYSIS

The financial results of the Company have been prepared for the 18 months period starting from October 1, 2010 to March 31, 2012. A summary of the results is stated as under:

Particulars	(Amount Rs. Lacs)
Net Sales/Income from operations	10189.48
Other Income	72.38
Depreciation	422.34



Profit/(Loss) before tax	(439.29)
Tax expense : Deferred Tax	(1,35.12)
Net Profit/(Loss) after Tax	(304.17)

DIVIDEND

In view of losses in the current financial period, your directors express their inability to declare dividend for the period.

ISSUE OF CAPITAL

During the year, no capital is raised. However, the Company is required to discharge the purchase consideration by way of issue and allotment of 1,70,00,000 (One Crores Seventy Lacs) equity shares of the face value of Rs.10/- at a premium of Rs. 70/- each to SSL and shall be issued at later date.

HOLDING & SUBSIDIARY COMPANY

The Company is a Subsidiary Company of Simbhaoli Sugars Limited (SSL). It has acquired 99.99% equity shares of the total shareholding of the Company. SSL is a 75 year old Indian Company, operating three technologically advanced sugar manufacturing facilities in North India and are capable of manufacturing up to 300,000 metric tons per annum (MTPA) of sugar. SSL also has three alcohol distilleries alongside its sugar facilities with a combined capacity of 210 kilo liters of alcohol/ ethanol per day (KL/D) and is capable of producing and marketing over two mn cases of quality spirits in ten Indian States. Simbhaoli and Chilwaria sugar complexes also produces bagasse- based cogeneration facility of 64 mwh, out of which 34 mwh is surplus and sold to the state power grid.

AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self-explanatory.

DIRECTORS

At the forthcoming Annual General Meeting of the Company, Mr. Sanjay Tapriya, Director on the Board of the Company, is retiring by rotation and being eligible offers himself for re-appointment.

Mr. Gurmit Singh Mann, Chairman & Managing Director, Gurpal Singh, Deputy Managing Director of SSL, Ms. Gursimran Kaur Mann, Executive Director (Commercial) and Mr. R.K. Singh, General Manager of SSL have been appointed as additional directors on the Board of the Company on September 18, 2012. These persons have rich experience in their respective professional areas. Mr. Rakesh Kumar Singh is unit head of unit SDD alcohol undertaking. He is a Science Graduate from Meerut University and Post Graduate in Management from IIPM, New Delhi with specialization in Marketing & Personnel. He is a life member of STAI. He has 22 years of vast experience in Sugar Industry and about 4 years in Alcohol Industry.

INTERNAL CONTROL

The Company's financial statements are prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles. The management 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.

CONSERVATION OF ENERGY

Not Applicable.

RESEARCH AND DEVELOPMENT

Not Applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period, Foreign exchange aggregating to Rs. 357.87 Lacs was earned by the Company against the export of alcohol. A sum of Rs. 1.06 Lacs was spent in foreign currency.

PARTICULARS OF EMPLOYEES

None of the employee is 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) (Amendment) Rules, 2011.

AUDITORS

The Auditors, M/s S. N. Garg & Co, Chartered Accountants, Hapur, retire at the ensuing annual general meeting of the Company and, being eligible, offers themselves for re-appointment. You are requested to re-appoint the auditors for the financial year 2012-13 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 period ended on March 31, 2012, 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, 2012 and of the profits of the Company for the financial period 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 period ended on March 31, 2012, on going concern basis.



ACKNOWLEDGEMENT

The Directors wish to emphatically state their gratitude to the Government of India, State Government of Uttar Pradesh, lenders banks, suppliers and all other concerned persons who have continued their valuable support to your Company. The Directors acknowledge with gratitude the co operation and assistance received from all executives, staff and workmen of the Company.

For and on behalf of the Board of Directors of
Simbhaoli Spirits Limited

Sd/-
Director

New Delhi
September 18, 2012

CERTIFIED TRUE COPY

For Simbhaoli Spirits Limited

Authorised Signatory



**AUDITOR'S REPORT TO THE MEMBERS OF
SIMBHAOLI SPIRITS LIMITED**

1. We have audited the attached Balance Sheet of SIMBHAOLI SPIRITS LIMITED as at 31st March 2012 and also the Statement of Profit & Loss for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts & the disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) On the basis of written representation received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read with the Notes forming part of the accounts appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012; and
 - (ii) in the case of the Statement of Profit and Loss, of the Loss for the period ended on that date.

For S. N. Garg & Co.
Chartered Accountants
FRN:002207C

S. N. Garg

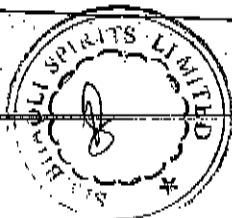
(CA S. N. GARG)
Partner
Membership No. 071343
Place: HAPUR
Dated: 18 SEP 2012



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re : Simbhaoli Spirits Ltd.

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. 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. 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) The management has conducted physical verification of inventory at reasonable intervals. The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business. The company is maintaining proper records of inventory except for work in progress, which has been determined on the physical verification at the year end. 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) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
(b) In view of our comments in paragraph iii (a) above, the provisions of clause iii (b), iii (c) and iii (d) of paragraph 4 of the aforesaid order are not applicable to the Company.
(c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
(d) In view of our comments in paragraph iii (c) above, the provisions of clause iii (f) and iii (g) of paragraph 4 of the aforesaid order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. There are no sale 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 except 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 and therefore the provisions of Clause 4 (vi) of the order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



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- (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 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:
- The company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they become payable.
 - Details of dues of Sales Tax (Trade Tax) which have not been deposited as on March 31, 2012 on account of disputes are given below :

Name of the statute	Nature of the dues	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)	Forum where dispute is pending	Period to which the amount relates
U.P. Trade Tax Act	Trade tax	2.17	1.08	High Court	2000-2001

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

- 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.
- In our opinion and according to the information and explanations given to us, during the year, there are minor delays in repayment of dues to banks and financial institutions. There are no debenture holders.
- 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.
- In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund /society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the company.
- According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
- According to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- The Company has not raised any term loans during the year.
- We have been informed by the management that the funds raised on short term basis have not been used for long term investment and vice versa.
- The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- The company has not issued any debentures during the year.
- The company has not raised any money through a public issue during the year.
- According to the information and explanations given to us, no fraud on or by the company has been detected or reported during the year.



S. N. Garg & Co.
CHARTERED ACCOUNTANTS

16-17 Municipal Market, 1st Floor
Delhi Garg Road, HAPUR - 245 101

been notified or reported during the year, that causes the financial statements to be materially misstated.

For S. N. Garg & Co.
Chartered Accountants
FRN 002207C



[Signature]
(CA S. N. GARG)
Partner

Membership No. 71343

Place: Hapur

Date: 18 SEP 2012



SIMPHADLI SPIRITS LIMITED
BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	(Rs. Incr) As at March 31, 2012
I. EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Share capital	2	5.00
(b) Reserves and surplus	3	(368.90)
		<u>(363.90)</u>
Share application money pending allotment		13600.00
Non-current liabilities		
(a) Long-term borrowings		
(b) Deferred tax liabilities (net)	4	1878.03
(c) Other long-term liabilities		0.00
(d) Long-term provisions		0.00
	5	<u>1878.03</u>
Current liabilities		
(a) Short-term borrowings		1910.04
(b) Trade payables	6	2484.70
(c) Other current liabilities	7	3211.57
(d) Short-term provisions	8	771.60
	9	<u>13.96</u>
Total		<u>6481.82</u>
		<u>21627.95</u>
ASSETS		
II. Non-current assets		
(a) Fixed assets		
(i) Tangible assets	10	25174.24
(ii) Intangible assets		380.08
(iii) Capital work-in-progress		<u>540.68</u>
		16094.92
(b) Non-current investments		0.00
(c) Deferred tax assets (net)		0.00
(d) Long-term loans and advances	11	116.76
(e) Other non-current assets	12	23.00
		<u>0.00</u>
		16234.68
Current assets		
(a) Inventories		
(b) Trade Receivables	13	2096.37
(c) Cash and bank balances	14	2277.79
(d) Short-term loans and advances	15	126.23
(e) Other current assets	16	630.20
	17	<u>252.69</u>
Total		<u>5393.27</u>
		<u>21627.95</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iii. As per our report attached
 For S.N. Garg & Co.,
 Chartered Accountants
 FRN 002207C

S.N. Garg
 Partner
 M.No. 071343



Handwritten signature

Hapur
18 SEP 2012



SIMBHAOLI SPIRITS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDING MARCH 31, 2012

	Note No.	(Rs. lacs) Period ended March 31, 2012
I. Revenue from operations	18	10,189.49
II. Other Income	19	72.98
Total Revenue		10,261.87
III. Expenses:		
(a) Raw material consumed		4,111.68
(b) Increase/(decrease) in stocks	20	(529.78)
(b) Employee benefit expenses	21	568.71
(b) Operations and other expenses	22	5,466.73
(c) Finance costs	23	661.47
(d) Depreciation and amortisation expense	10	422.35
Total expenses		10,701.16
IV. Profit before tax		(439.30)
V. Tax Expense:		
(a) Current tax		
(b) Deferred tax		(195.12)
VI. Profit/(loss) for the period		(135.12)
		(304.17)
VII. Earning per equity share- Basic (Rs.)		(21.64)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-37

iii. As per our report attached
 For S.N. Garg & Co.,
 Chartered Accountants
 FNN 002207C
 S.N. Garg
 Partner
 M.No. 071343



AGT



Hapur **18 SEP 2012**

S.N. Garg
 Chartered Accountant
 FNN 002207C



SIMBHAOLI SPIRITS LIMITED
Notes forming part of the Financial Statements

2) SHARE CAPITAL

The Authorized, issued, Subscribed and Fully paid-up share capital comprises of equity shares having a par value of Rs.10 each as follows:

	(Rs. Incr)
	As at
	March 31, 2012
(a) Authorized 50,000 Equity shares of Rs.10 each	5.00
(b) Issued, subscribed and paid Up 50,000 Equity shares of Rs.10 each fully paid up	5.00

3) RESERVE AND SURPLUS

(Reserves and surplus consist of the following reserves:

	(Rs. Incr)
	As at
	March 31, 2012
(a) Surplus/(Deficit) In Statement of Profit and Loss	
(i) Opening Balance	(64.73)
(ii) Add: Profit for this period	(804.17)
	(868.90)

4) LONG-TERM BORROWINGS

Long term borrowings consist of the following:

Particulars	(Rs. Incr)		
	As at		
	March 31, 2012		
	Non-current	Current	Total
Secured			
Term loans from banks	1,873.03	671.00	2,544.03
	1,873.03	671.00	2,544.03
Amount disclosed under the head "other current liabilities" (refer note 6)		(671.00)	(671.00)
	1,873.03		1,873.03

11) DEFERRED TAX ASSETS/(LIABILITIES) (Net)

Major Components of Deferred tax tax balances:

	(Rs. Incr)
	As at
	March 31, 2012
(a) Deferred tax liabilities (Net) Depreciation and amortisation	(484.30)
	(484.30)
(b) Deferred tax assets (Net)	601.05
	116.75



SIMBHOLI SPIRITS LIMITED
Notes forming part of the Financial Statements

5) LONG-TERM PROVISIONS
Long-term provisions consist of the following:

	(Rs. lacs)
	As at
	<u>March 31, 2012</u>
Provisions for employee benefits	
(i) Gratuity	10.22
(ii) Leave encashment	21.79
	<u>32.01</u>

Provision for employee benefits include provision for gratuity and other retirement benefits.

6) SHORT-TERM BORROWINGS
Short-term borrowings consist of the following:

	(Rs. lacs)
	As at
	<u>March 31, 2012</u>
Secured	
Loans repayable on demand	
Cash credit from banks	2,476.10
Unsecured	
Loans repayable on demand	
Banks	0.44
	<u>2,476.54</u>

7) TRADE PAYABLES

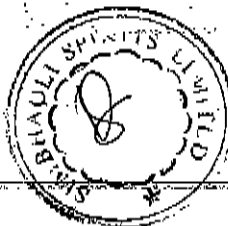
	(Rs. lacs)
	As at
	<u>March 31, 2012</u>
Total Outstanding dues of Micro Enterprises and Small Enterprises	
Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	9,211.87
	<u>9,211.87</u>

8) OTHER CURRENT LIABILITIES
Other current liabilities consist of the following:

	(Rs. lacs)
	As at
	<u>March 31, 2012</u>
(a) Current maturities of long-term debt	
(b) Current maturities of long-term debt (due within one year)	
(c) Interest accrued but not due on borrowings	871.00
(d) Income received in advance	
(e) Advances received from customers	
(f) Application money received for allotment of securities and due for refund and interest amount (if any)	
(g) Other payables	
(h) Statutory provisions (Contributions to PF and ECI, Withholding Taxes, Dues, Duty, VAT, Service Tax, etc.)	74.95
(i) Trade / security deposits received	25.64
	<u>771.59</u>

9) SHORT-TERM PROVISIONS
Short-term provisions consist of the following:

	(Rs. lacs)
	As at
	<u>March 31, 2012</u>
(a) Provisions for employee benefits	
(i) Gratuity	
(ii) Leave encashment	5.40
	<u>5.40</u>



SIMBHAOLI SPIRITS LIMITED
Notes forming part of the Financial Statements

12) LONG - TERM LOANS AND ADVANCES

Long - term loans and advances consist of the following:

	(Rs. Lacs)
	As at
	March 31, 2012
Unsecured, considered good	
(i) Security deposits	23.00
(ii) Advances (includes refunds receivable (net))	23.00
	<u>23.00</u>

13) INVENTORIES

Particulars

	(Rs. Lacs)
	As at
	March 31, 2012
(a) Raw materials	216.31
(b) Work-in-progress	60.00
(c) Finished goods (other than those acquired for trading)	942.20
(d) Stores and spares	835.42
(e) Loose tools	0.41
Total	<u>2,054.34</u>

14) TRADE RECEIVABLE (Unsecured)

Other non-current assets consist of the following:

	(Rs. Lacs)
	As at
	March 31, 2012
(a) Over six months from the date they were due for payment	
(i) Considered good	754.52
(ii) Considered doubtful	734.52
(b) Other	
(i) Considered good	1,523.27
(ii) Considered doubtful	2,277.79
Less: Provision for trade receivable	<u>2,277.79</u>
	<u>2,277.79</u>

15) CASH AND BANK BALANCES

Cash and bank balances includes the following:

	(Rs. Lacs)
	As at
	March 31, 2012
Cash and cash equivalents	
(i) Balances with banks	
in current accounts	85.75
(ii) Cheques on hand	1.70
(iii) Cash on hand	88.74
(iv) Fixed deposits	<u>126.23</u>

16) SHORT TERM LOANS AND ADVANCES

Short-term loans and advances consist of the following:

	(Rs. Lacs)
	As at
	March 31, 2012
Unsecured, considered good	
(i) Loans and advances to employees	630.20
(ii) Other loans and advances	<u>630.20</u>



SIMBHAOLI SPIRITS LIMITED
 Notes forming part of the Financial Statements

17) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(Rs. lacs)
	As at
	March 31, 2012
(a) Balances with government authorities	259.75
(b) Advance income tax	2.94
	<u>262.69</u>

18) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(Rs. lacs)
	Period ended
	March 31, 2012
(a) Sale of services	
(b) Sale of product	
Less: Excise duty	20,794.58
Net Sales	16,655.16
(b) Other Operating revenues:	10,139.47
(i) Sale of scrap	
(ii) Duty draw back on export	50.06
	<u>50.06</u>
	<u>20,189.49</u>

19) OTHER INCOME (Net)

Other Income (net) consist of the following:

	(Rs. lacs)
	Period ended
	March 31, 2012
(a) Interest Income	7.58
(b) Profit on sale of fixed assets	1.26
(c) Miscellaneous	51.80
(d) Foreign exchange fluctuations	11.73
	<u>72.38</u>

20) Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	(Rs. lacs)
	Period ended
	March 31, 2012
<u>Inventories at the end of the year:</u>	
Finished goods	942.20
Work-in-progress	69.03
	<u>1,011.23</u>
<u>Inventories at the beginning of the year:</u>	
Finished goods	430.36
Work-in-progress	51.10
	<u>481.46</u>
Net (increase) / decrease	<u>(529.78)</u>



SIMBHAOLI SPIRITS LIMITED
Notes forming part of the Financial Statements

21) EMPLOYEE BENEFIT EXPENSES

Employee benefits expenses consist of the following:

	(Rs. lacs)
	Period ended
	March 31, 2012
(a) Salaries and Incentive	499.33
(b) Contribution to-	
(i) Provident fund	35.00
(ii) Gratuity fund and compensated absences	18.10
(iii) Social security and benefit plans	
(c) Staff welfare expenses	16.29
	<u>568.71</u>

22) OPERATIONS AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(Rs. lacs)
	Period ended
	March 31, 2012
Consumption of stores and spare parts	2,737.26
Power and fuel	746.82
Repairs and maintenance - Machinery	99.21
Repairs and maintenance - Buildings	6.87
Repairs and maintenance - Others	7.28
Insurance	21.95
Rent including lease rentals	4.00
Rates and taxes	544.39
Travelling and conveyance	67.52
Marketing and selling expenses	774.71
Export expenses	54.56
Commission to selling agents	158.77
Miscellaneous expenses	109.30
Increase / (decrease) of excise duty on Inventory	134.60
	<u>5,466.73</u>

23) FINANCE EXPENSES

Finance expenses consist of the following:

	(Rs. lacs)
	Period ended
	March 31, 2012
(a) Interest expenses	644.82
(b) Other borrowing costs	16.65
	<u>661.47</u>



SIRBHAGLI SPIRITS LIMITED
Notes forming part of the Financial Statements

(A) FIXED ASSETS

Fixed assets consist of the following:

Description	Transferred from Sirbhagoli Sugars Ltd. pursuant to the scheme of Arrangements		Transferred from Sirbhagoli Sugars Ltd. pursuant to the scheme of Arrangements		Depreciation for the year	Dividend	Accumulated Depreciation/ Amortisation as at 31-Mar-12	Net book value as at 31-Mar-12	Transferred from Sirbhagoli Sugars Ltd. pursuant to the scheme of Arrangements
	Additions	Deductions	Gross Block as at 31-Mar-12	Depreciation					
(i) TANGIBLE FIXED ASSETS									
Land	8,563.73	-	8,563.73	-	-	-	-	8,563.73	8,563.73
Buildings	1,064.85	-	1,064.85	-	46.83	-	68.02	1,023.24	-
Plant and equipment	8,649.82	4.14	8,652.86	-	327.57	-	485.69	5,557.20	-
Furniture & fixtures	14.70	-	14.70	-	1.15	-	1.79	12.91	-
Vehicles	8.38	-	7.51	1.46	2.23	-	2.84	4.57	-
Office Equipment	-	-	-	-	-	0.45	-	-	14.10
Treef	15,731.47	4.44	15,734.15	1.65	377.84	0.45	590.61	15,174.24	8,563.73
Previous year									
(ii) INTANGIBLE ASSETS									
Goodwill	447.09	-	447.09	-	44.71	-	67.05	380.03	447.71
Total	547.09	-	447.09	-	44.71	-	67.05	380.03	447.71
Previous year									

Goodwill
Total
Previous year



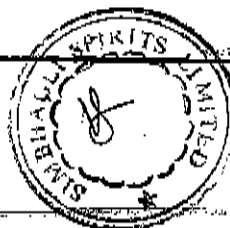
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

24(a) Pursuant to the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 of Simbhaoli Sugars Limited, the holding Company, approved by the High Court of Allahabad vide order dated September 17, 2012, the Simbhaoli Alcohol undertaking (SDD) of undivided Simbhaoli Sugars Ltd with all properties, assets both moveable and immoveable and liabilities includes contingent liabilities have been transferred to and vested in the company, with effect from October 1, 2010.

(b)(i) As a result of the above the following Net assets of the SDD ALCOHOL Undertaking as at the transfer date i.e. October 1, 2010 have been transferred:

	(Rs. lacs)
Assets	01.10.2010
Fixed Assets	
Gross block	15,951.06
Capital work in progress	206.78
Total Fixed Assets	16,157.84
Current assets, loans and advances	
Inventories	1,261.75
Sundry debtors	2,783.83
Cash and bank balances	140.14
Loans and advances	841.36
Total assets	21,184.92
Liabilities	
Loan funds	
Secured	5,676.60
Current liabilities and provisions	
Current liabilities	1,808.58
Provisions	49.74
Total liabilities	7,534.92
Net Assets	13,600.00

(b)(ii) The transactions including income and expenses for the period 01.10.2010 to 04.04.2011 resulting in a loss of Rs.46.37 lacs in respect of the aforesaid Undertakings, when the Undertakings were being run and managed in trust by undivided Simbhaoli Sugars Ltd. have also been incorporated in these accounts as detailed below:



Income		(Rs. lacs)
Sales		
Less: Excise duty		16,918.80
Net Sales		11,271.72
Other income		
Interest received on loans, deposits		5,647.08
Miscellaneous	3.14	
Total	23.39	26.53
Expenditure		
Manufacturing and other expenses		
Raw material consumed		
Stores, spares and components	2,077.83	
Power and fuel	1,725.23	
Repairs	189.49	
Buildings		
Plant and machinery	67.23	
Others	3.29	
Salaries, wages, bonus, etc.	2.00	
Provident and other funds	256.55	
Welfare	24.61	
Rent	8.22	
Insurance	1.00	
Rates and taxes	18.67	
Increase/(decrease) in excise duty on stocks	176.21	
Travelling expense	17.27	
Marketing and selling expenses	26.99	
Export expenses	268.18	
Commission to selling agents	9.28	
Miscellaneous	165.97	
	60.82	5,098.84
Movement of finished goods and process stocks		
Closing stocks		
Work-In-progress		
Finished goods	51.09	
	283.12	
	481.45	
Less: Stocks taken over under the Scheme as on 1/10/2010		
Work-in-progress		
Finished goods	26.37	
	398.78	
	425.15	90.94
Profit before interest, exchange fluctuation, derivative loss, Depreciation and tax		5,189.78
		483.89
Interest		930.21
Exchange fluctuation and derivatives loss		(9.08)
Depreciation		205.07
Profit/(loss) before tax		(46.37)
Provision for taxation		
Deferred tax		18.36
Profit/(loss) after tax		(64.73)

(b)(iii) Consequent to the effectuation of the said scheme, the Company shall allot 17000000 equity shares of the face value of Rs.10 (Rupees Ten) at a premium of Rs.70/- (Rupees seventy) each aggregating amounting to Rs.1,36,00,00,000 as fully paid up to Smbhaoli Sugars Limited at later date.



25. Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts Rs. 63.08 lacs.

Description	(Rs. lacs)
Sales Tax/Trade Tax Act	March 31, 2012
Others	61.58
Total	63.08

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.

26. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 105.30 lacs.

27. 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" is Rs Nil. Further no interest during the year has been paid or is payable under the terms of the "The Micro, Small and Medium Enterprises Development Act, 2006".

28. Secured Loans:

(a) Short term working capital borrowings from banks:	
Cash credit facilities from a banks is 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 further secured by way of second pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.	
(b) Long term loans from banks:	
Nature of security	Terms of repayment
Term loans of Rs. 2544.03 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. 2544.03 lacs payable in 48 equal monthly instalments.

29. Employee Benefits

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

- a) Defined contribution plans:
- i) Superannuation fund.
 - ii) Provident fund



During the year, the Company has recognized the following amounts in the profits and loss account:

	Current Period (Rs. lacs)
- Employers' Contribution to Provident Fund	35.00
- Employers' Contribution to Superannuation Fund	5.49

b) Defined benefits plans

- a) Gratuity
b) 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:

Particulars	(Rs. lacs)	
	Gratuity 2012	Compensated 2012
Discount rate (per annum)	8%	8%
Future salary increase	5%	5%
Expected rate of return on plan assets	8%	N/A
In service mortality	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
I. Expense recognized in profit and loss account		
Current service cost		
Interest cost	19.16	9.56
Expected return on plan assets	8.81	3.42
Net actuarial (gain)/loss recognized in the year	(10.46)	-
Total expense	7.16	1.43
II Net asset/(liability) recognized in the balance sheet as at the end of the year	19.67	14.41
Present value of Defined benefits obligation		
Fair value of plan assets		
Funded status [surplus/(deficit)]	124.91 (109.26)	35.30 -
Net asset/(liability) as at the end of the year	15.65	35.30
III Change in the present value of obligation during the year		
Present value of the obligation as at the beginning of the year		
Interest cost		
Current service cost		
Benefits paid	78.83	36.00
Actuarial (gains)/ losses on obligation	8.81 19.16 (10.69)	3.41 9.56 (15.10)
Present value of obligation as at the end of the year	28.80	1.43
IV Change in present value of fair value of plan Assets	124.91	35.30
Fair value of plan assets as at the beginning of the year		
Expected return on plan assets		
Contributions	65.08	
Benefits paid	10.46	
Actuarial gains/(losses)	17.77 (10.69)	15.10 (15.10)
Fair value of plan assets as at the end of the year	26.64	(1.43)
V Detail of plan Assets	109.26	
		ICICI prudential



30 Related Party disclosure under Accounting Standard 18

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

Holding Company : Simbhall Sugars Limited

Key Management Personnel: N/A.

B. Transactions with the above parties:

Description	(Rs. lacs)	
		Holding Company
Purchases:		Current Period
Purchase of raw material		1,211.85
Purchase of Bagasse and Power		85.26
Purchase of ENA		144.04
Purchase of Store Items:		
- Pressmud		19.40
- Drums		11.57
Sales:		
Sale of Dis-munure		70.87
Reimbursement of Head Office Expenses		49.00
Amount payable		1,758.61

31. Earnings per share		Current period
Basic	(Rs.)	(21.64)
32. Value of export on FOB basis	(Rs. lacs)	857.87
33. Expenditure in foreign currency		
Traveling	(Rs. lacs)	1.06
34. Particulars of capacity, production, sales, stocks and raw materials consumed		
(a) Licensed capacity		
Rectified spirit/Ethanol	(Bulk Litres) per annum	27,272,000
(b) Installed capacity, as certified by the management but not verified by the auditors being a technical matter		
Rectified spirit/Ethanol	(Bulk Litres) per annum	27,272,000
(c) Actual production		
Rectified Spirit and Country Spirit	(Bulk Litres)	23,762,150

35 (a) Particulars of stocks and sales

Description	(Rs. lacs)		
	Current period		Sales
	Opening	Closing	
Rectified Spirit and country spirit	134.26	717.98	22,444.06
Denatured spirit	7.61	6.83	95.36
Whisky, brandy and civil rum	140.81	216.12	8,087.30
Others	0.64	1.57	210.48
Total	283.32	942.20	25,837.20

(b) Raw materials consumed:

Indigenous	(Rs. lacs)
Molasses	4,159.18
Others	893.54
	<u>4,547.12</u>



36

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, 2012.

Name of the statute	Nature of the dues	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)	Forum where dispute is pending	(Rs. lacs)
					Period to which the amount relates
U.P. Trade Tax Act	Trade tax	2.17	1.08	High Court	2000-2001

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

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.

37

The current financial period is for 361 days from 4th April 2011 (the date of incorporation of the Company) to 31 March 2012 and includes the figures of Simbhaoli Distillery Undertaking of Simbhaoli Sugars Limited taken over by the Company under the Scheme with effect from 1st October 2010 whereas the previous period was for a period from 1 October 2010 to 3rd April 2011 and no profit and loss account had been drawn up.



- NOTES TO ACCOUNTS

1A. Profile of the Company

The Company has been set up as a subsidiary of Simbhaoli Sugars Limited (SSL) to effect the transfer of its Simbhaoli Distillery Division (SDD) Alcohol undertaking as per Scheme of Arrangement between Company and SSL under the provisions of the Companies Act, 1956. SDD alcohol undertaking has an installed capacity of 90 Kilo Liters Per Day (KLD) alongside bottling of Indian Made Foreign Liquor (IMFL) business presently. It is capable to manufacture IMFL, Rectified Spirit, ENA, Ethanol and Indian Made Indian Liquor (IML/Country Liquor) with 14 own brands. At present, the business is being operated in 13 states and supplied to over 250 wholesalers. Export of ENA and IMFL products is being made to various Afro-Asian destinations.

1B. Significant accounting policies

i) Accounting convention

The financial statements are prepared under the historical cost convention. These statements have been prepared in accordance with the applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

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 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) Impairment

At each Balance Sheet date, the Company reviews the carrying amount 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 a pre-determined rate that reflects the current market assessments of time value of money and the risks specific to the asset.

v) Depreciation

A. In respect of fixed assets, 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:

- Motor lorries and vehicles

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

D. Goodwill is charged over a period of 10 years.



vi) **Investments**

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

vii) **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.

viii) **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 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.

ix) **Employee benefits**

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

x) **Research and development expenditure**

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

xi) **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 a time proportion basis.

xii) **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.

xiii) **Taxation**

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/liabilities 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.

CERTIFIED TRUE COPY

For Simbhaoli Spirits Limited

[Signature]
Authorised Signatory



SIMBHAOLI SPIRITS LIMITED
(Registered Office: Simbhaoli - 245 207, District Hapur, Uttar Pradesh)
NOTICE

Notice is hereby given that the 2nd Annual General Meeting of the members of Simbhaoli Spirits Limited will be held on July 31, 2013 at 10:45 AM at its registered office at Simbhaoli-245 207, District Hapur, Uttar Pradesh, to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Balance Sheet as at March 31, 2013 and Profit & Loss Account for the financial year ended on that date together with the Director's and Auditor's Report thereon.
2. To appoint a director in place of Mr. Gurmit Singh Mann, 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. S C Kumar, who was appointed by the Board as an additional director on February 12, 2013 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 are 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 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. Gurpal Singh be and is hereby appointed as whole time 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 effective from June 1, 2013 till September 30, 2015, on the terms and conditions as detailed below:

- a) Designation: Director
- b) Basic Salary: Rs 125,000 per month."

"Resolved further that, the aforesaid remuneration may be paid within the limits of remuneration being paid by Simbhaoli Sugars Limited, the holding company, under Section III of Part II of the schedule XIII to the Act as may be determined by the Board of Directors of both the Companies and agreed on mutual consent basis.

Apart from the above, he shall also be entitled to the reimbursement of expenses incurred for the business of the Company, which shall not be included in computation of the aforesaid remuneration."

"Resolved further that, in case of inadequacy of profits/no profits in the Company in any financial year during the tenure, Mr. Gurpal Singh be entitled to the salary, perquisites, allowances and commission as minimum remuneration 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."

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

- i. Mr. Gurpal Singh shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof; and
- ii. The appointment may be terminated by either party giving the other party three months notice or paying three months salary in lieu thereof."

"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, in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. S K Sinha, who was appointed by the Board as an additional director on April 1, 2013 and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 (the Act) 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."

"Resolved further that, pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Act, including any statutory modifications or re-enactments thereof for the time being in force, if any, consent of the



Company be and is hereby accorded to the appointment of Mr. S K Sinha as the Chief Operating Officer of the Company for a period of 5 years w.e.f. April 1, 2013 on the terms and conditions as detailed below:

- a) Designation: Chief Operating Officer
- b) Period: Five Years w.e.f April 1, 2013
- c) Basic Salary: Rs. 80,000 per month,
- d) Family Allowance: Rs. 127,760 per month,
- e) House rent allowance: 60% of the basic salary Rs 48,000 per month, with such increments as may be decided by the Board of Directors of the Company from time to time.
- f) Perquisites: In addition to the basic salary, he shall be entitled to the following perquisites:
 - i) Conveyance- allowances/reimbursement as per Company Policy;
 - ii) Medical- Allowance/Reimbursement for self, spouse and dependent children as per Company Policy;
 - iii) Personal accident insurance premium as per Company policy;
 - iv) Leave travel expenses/allowance for self, spouse and dependent children subject to the Company's rules in this regard;
 - v) Entertainment expenses/Club fee as per Company's policy; and
 - vi) Any other permissible perquisite as may be notified by the Company from time to time within the overall limits laid down under the provisions of Schedule XIII to the Act.

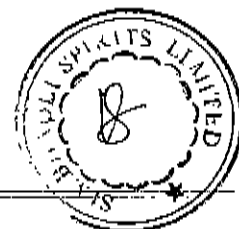
Apart from the above, he shall also be entitled to the following benefits as required by law which shall not be included in computation of the aforesaid remuneration:

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

Apart from the above, he shall also be entitled to avail any reimbursement of other expenses incurred for the business of the Company, which shall not be included in computation of the aforesaid remuneration."

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

- i) He 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) He shall not be entitled to supplement his earnings under the appointment with any buying or selling commission. He shall also not become interested or otherwise concerned directly in any selling agency of the Company, without prior approval of the Central Government.
- iv) His office will not be subject to retirement by rotation."

"Resolved further that, in case of inadequacy of profits/no profits in the Company in any financial year during the tenure, Mr. S K Sinha be entitled to the salary, perquisites, allowances and commission as minimum remuneration 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."

"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 Spirits Limited

Place: New Delhi
Date: June 27, 2013

Authorised Signatory

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 Monday, July 29, 2013 to Wednesday July 31, 2013 (both days inclusive).
3. Members are requested to bring their copy of notice to the meeting.
4. 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

The Company has acquired the Simbhaoli Distillery Division (SDD) Alcohol Undertaking of Simbhaoli Sugars Limited (SSL) by way of a Scheme of Arrangement (SOA) under the provisions of Section 391-393 of the Companies Act, 1956, sanctioned by Hon'ble High Court of judicature at Allahabad vide order dated September 17, 2012. As per the Scheme, the business operations of the SDD alcohol undertaking have become the operations of the Company and



have resulted in increase in its business activities. The aforesaid acquisition has added complexities with regard to marketing and commercial functions etc.

The Company is subsidiary of SSL, which is public listed company and therefore, the provisions of the Companies Act, 1956 as applicable to SSL also become applicable on the Company. Further, the turnover of the Company exceeds 20% of the consolidated turnover of SSL, and therefore, provisions of the Listing Agreement, also become applicable upon SISPL. Under the provisions of the Clause 49 of the Listing Agreement, the Board of SSL has appointed Mr. S C Kumar as an independent director on the Board of the Company. Brief profile of Mr. Kumar is as follows:

Mr. S C Kumar is an independent director on the Board of SSL w.e.f May 8, 2002. He is a Fellow member of the Institute of costs and works Accountants of India and has Diploma in Mechanical Engineering. He has over 41 years of experience in commercial and development banking/project financing. He is also member of audit committee and investor's grievance committee of the SSL.

In pursuance to the above, the Company has appointed Mr. S C Kumar as an additional director on the Board of the Company on February 12, 2013. As per Section 260 of the Act, the aforesaid director holds the office of directorship upto the date of this Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose him as 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. S C Kumar is concerned or interested in passing of the above resolution.

Item No. 5

Mr. Gurpal Singh is the Managing Director of Simbhaoli Sugars Limited (SSL), the holding Company, and also a director on the Board of the Company forming part of the promoters' group. The remuneration is being paid to him under the provisions of Section 269 and all applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act) from SSL.

Since the alcohol business of Simbhaoli distillery of SSL has been acquired by the Company as per the Scheme of Arrangement sanctioned by Hon'ble High Court of Judicature at Allahabad, the Board of Directors of SSL has proposed to pay remuneration to Mr. Gurpal Singh from both the Companies i.e. SSL and also from the Company, being the subsidiary company under Section III of Part II of the schedule XIII to the Act as may be determined by the Board of Directors of both the Companies and agreed on mutual consent basis.



Accordingly, the resolution set out under item No. 5 is submitted for approval of the shareholders as a special resolution.

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

Item No. 6

In consideration of the increase in size and growth prospects of the organisation, the Company has appointed Mr. S K Sinha, as an additional director on the Board of the Company on April 24, 2013. The Board has also appointed him as the Chief Operative Officer of the Company under Section 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 (the Act) for a period of 5 (Five) years w.e.f. April 1, 2013 on the terms and conditions as stated in the resolution. Brief profile of Mr. Sinha is as follows:

Mr. S. K. Sinha is appointed as Chief Operating Officer (COO) of the Company and handling Simbhaoli distillery division, manufacturing: Rectified Spirits, FNA/Ethanol, Exports and local sales, IMFL, Country Liquor. Mr. Sinha is a graduate in Economics from University of Delhi and LLB from Agra University. He has an experience over 25 years in marketing & sales of liquor, beer, wines and FMCG brands. He has the credit of introduction of some of the best Liquor Brands in India. He has assisted major liquor and beer MNC's to have a foothold in India through marketing, sales and production strategies.

The Company is complying with the terms and conditions with reference to the payment of remuneration to the managerial personnel and the appointment so made shall be within the prescribed limits under the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII to the Act.

As per Section 260 of the Act, the aforesaid director holds the office of directorship upto the date of this Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose him as candidate for directorship.

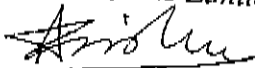
Accordingly, the resolution set out under item No. 6 is submitted for approval of the shareholders as a special resolution.

None of the Directors, except Mr. S K Sinha is concerned or interested in passing of the above resolution.

By Order of the Board of Directors
of Simbhaoli Spirits Limited

Place: New Delhi
Date: June 27, 2013

Authorised Signatory

CERTIFIED TRUE COPY
For Simbhaoli Spirits Limited

Authorised Signatory



DIRECTORS' REPORT

To the members of
Simbhaoli Spirits Limited

Your directors have pleasure in placing the 2nd directors' report together with management discussion and analysis for the financial year ended on March 31, 2013.

About the Company

The Company has been set up as a subsidiary of Simbhaoli Sugars Limited (SSL) to acquire the business of its Simbhaoli Distillery Division (SDD) Alcohol undertaking as per Scheme of Arrangement under the provisions of the Companies Act, 1956. The objective of the hiving-off is to achieve growth in the potable alcohol business by developing new marketing areas, creation of new brands, carrying out business promotional activities, capacity enhancements, raise necessary resources.

The Scheme of Arrangement (SOA) under Section 391 to 394 of the Companies Act, 1956, has been sanctioned by the Hon'ble High Court of 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. Pursuant to Scheme of Arrangement consequent thereto and the undertaking of Simbhaoli Distillery Division (SDD) including all assets, liabilities, rights, obligations and brands and a portion of land admeasuring 28.16 acres has been transferred to and vested in the Company from Simbhaoli Sugars Limited (SSL), a Holding company, as a going concern on a slump sale basis for a consideration of Rs. 136 Crores with effect from October 1, 2010, the appointed date.

Business Overview

SDD alcohol undertaking has an installed capacity of 90 Kilo Liters Per Day (KLD) alongside dedicated lines for Country Liquor, IMFL and Exports. Company is in the process of re-jigging its business and re-focusing on the production of country liquor, exports and supplies to armed forces, which require additional land for future utilization and for accommodating higher capacity for storage of molasses, rectified spirit, ENA and other finished goods. During the year 2012-13, the Company has exported 1.50 lac cases of liquor to various Afro-Asian countries. The Company has been supplying the liquor to armed force (CSD) and achieved turnaround of the CSD business. The IMFL market has been appraised in various geographical locations and focus shall be on developments of product base and its introduction in CSD portfolio and improved bottom line.

The Company has launched BIO - Pravda Vodka - a premium Polish Vodka - successful after winning its exclusive marketing rights in India. In addition, the Company has planned to re-launch its country liquor market in Uttar Pradesh to cater expected monthly demand of 1.50 lac cases during year 2013-14.



During the year, the Company has acquired balance land admeasuring 56.67 acres and it is proposed to acquire the same in favour of the Company as is where is and whatever there is basis for total sale consideration of Rs. 118 Crore (Rupees One Hundred Eighteen Crore only) and the SSL has also agreed to sell/transfer the same on as is where is and whatever there is basis all rights, titles and interests in respect of the said land as mutually agreed against the said sale consideration along with. The total purchase consideration of the said acquisition of land will be discharged by issue and allotment of 1,47,50,000 fully paid-up equity shares of Rs 10 each at a price of 80/- (including premium of Rs 70/-) per share in the share capital of Company to SSL.

FINANCIAL RESULTS AND ANALYSIS

The financial results of the Company for the financial year ended March 31, 2013 as compared with financial results for the period ended March 31, 2012 are stated as under:

Particulars	(Amount Rs. Lacs)	
	Year ended March 31, 2013	Period ended March 31, 2012
Net Sales/ Income from operations	8463.10	10139.42
Other Income	79.98	72.38
Depreciation	424.38	422.35
Profit / (Loss) before tax	(1510.07)	(439.30)
Tax expense : Deferred Tax	116.76	(135.12)
Net Profit/ (Loss) after Tax	(1626.83)	(304.18)

DIVIDEND

In view of losses in the current financial period, your directors express their inability to declare dividend for the period.

ISSUE OF CAPITAL

During the year, the Company has issued and allotted 1,70,00,000 equity shares of the face value of Rs.10/- at a premium of Rs. 70/- each to SSL under the Scheme of Arrangement for acquiring the distillery business of Simbhaoli Sugars Limited, the holding Company. Further, the Company has also issued and allotted 1,47,50,000 equity shares to SSL in consideration of acquiring the land worth Rs. 118 crores.

HOLDING & SUBSIDIARY RELATIONSHIP

The Company is a Subsidiary of Simbhaoli Sugars Limited (SSL). It has acquired 99.99% equity shares of the total shareholding of the Company.



AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self-explanatory.

DIRECTORS

At the forthcoming Annual General Meeting of the Company, Mr. Gurmit Singh Mann who retires by rotation and being eligible, offer himself for re-appointment.

During the year, Dr. G.S.C. Rao, Mr. Sanjay Tapriya, and Mr. Kamal Samtari Directors on the Board of the Company, resigned from the directorship of the Company. The Company has appointed Mr. S. C. Kumar as an additional director on the Board of the Company on February 12, 2013. Mr. Kumar shall be independent director in pursuance to the applicable provisions of the Listing Agreement of SSL.

The Company has also appointed Mr. S K Sinha as an additional director on the Board of the Company, w.e.f. April 24, 2013 who will handle Simbhaoli distillery division engaged in the manufacturing of Rectified Spirits, ENA/Ethanol, Exports and local sales, IMFL, Country Liqour etc.

Their brief profiles of the new directors are given below.

Mr. S. C. Kumar is an independent director on the Board of SSL w.e.f May 8, 2002. He is a Fellow member of the Institute of costs and work Accountants of India and Diploma in Mechanical Engineering. He has over 41 years of experience in commercial and development banking/project financing. He is also member of audit committee and investor's grievance committee of the SSL.

Mr. S. K. Sinha is appointed as Chief Operating Officer (COO) of the Company and handling Simbhaoli distillery division engaged in the manufacturing of Rectified Spirits, ENA/Ethanol, Exports and local sales, IMFL, Country Liqour. Mr. Sinha is a graduatz in Economics from University of Delhi and LLB from Agra University. He has an experience over 25 years in marketing & sales of liquor, beer, wines and FMCG brands. He has the credit of introduction of some of the best Liquor Brands in India. He has assisted major liquor and beer MNC's to have a foothold in India through marketing, sales and production strategies.

The Board of Directors recommends the induction of proposed directors and places on record its appreciation for the advices and guidance extended by the outgoing directors to the Company.

INTERNAL CONTROL

The Company's financial statements are prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles. The management 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.

CONSERVATION OF ENERGY

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

RESEARCH AND DEVELOPMENT

Since there were combined research and development activities along with holding company, no separate expenditure was incurred on such activities during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, Foreign exchange aggregating to Rs. 1383.05 Lacs (Previous Period Rs. 357.87 Lacs) was earned by the Company against the export of alcohol. A sum of Rs. 4.54 Lacs (Previous Period - 1.06 Lacs) was spent in foreign currency.

PARTICULARS OF EMPLOYEES

None of the employee is 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) (Amendment) Rules, 2011.

AUDITORS

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, Gurgaon, retire at the ensuing annual general meeting of the Company and, being eligible, offers 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 loss 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 period ended on March 31, 2013, on going concern basis.


ACKNOWLEDGEMENT

The Directors wish to emphatically state their gratitude to the Government of India, State Government of Uttar Pradesh, lenders banks, suppliers and all other concerned persons who have continued their valuable support to your Company.

The Directors acknowledge with gratitude the co operation and assistance received from all executives, staff and workmen of the Company.

For and on behalf of the Board of Directors of
Simbhaoli Spirits Limited

New Delhi
May 28, 2013


Chairman

CERTIFIED TRUE COPY

For Simbhaoli Spirits Limited


Authorised Signatory



Deloitte Haskins & Sells

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase-II
Gurgaon - 122 002, Haryana
India

Tel : + 91 (124) 679 2000
Fax : + 91 (124) 679 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMBHAOLI SPIRITS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SIMBHAOLI SPIRITS 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 Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

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Haskins & Sells**

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:

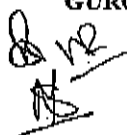
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for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

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)


Manjula Bhojraj
Partner
(Membership No. 086423)


GURGAON, 28th May 2013



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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/result, clauses (xiii) and (xiv) 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. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any fixed assets during the year. Accordingly paragraph 4(i)(c) of the Order is not applicable.
- (ii) In respect of its inventory:
- (a) During the period, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

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 interest free unsecured loan aggregating Rs. 613.14 lacs from one company. The maximum amount involved during the year was Rs. 1225.90 lacs (one company) and the year end balance was Rs. 1017.51 lacs (one company).
- (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.

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- (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 sale of goods. There are no sale services during the year. 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.
- (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, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the operations of the Company during the year did not give rise to any Investor Education and Protection Fund, Employees' State Insurance and Wealth Tax.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

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- (c) Details of dues of Sales Tax (Trade 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	2000-2001	2.17	1.08
		Appellate authority up to Commissioner Level	2004-2005 and 2005-2006	59.41	4.31

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

- (x) As the Company has been registered for a period of less than five years, paragraph 4 (x) of the Order is not applicable.
- (xi) On the basis of our audit procedures and as per the information and explanations given by the Management, the Company has delayed repayment of dues to banks in respect of term loans.

The following are the details of the delays:

Lenders	Amount (Rs. lacs) (including interest)	Period of delays
Banks	63.79	01-30 days
	3.73	31-60 days

The Company has not taken any loans from financial institutions and 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, accordingly paragraph 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks and financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.

1/2
[Signature]



**Deloitte
Haskins & Sells**

(xvi) In consideration of the acquisition of land from Simbhaoli Sugars Limited, the Company has issued equity shares at an issue price of Rs.80 each (including premium of Rs.70 per share) determined on the basis of the valuation carried out by a firm of Chartered Accountants on a discounted cash flow basis. According to the information and explanations given to us, the Company, in terms of aforementioned transaction, has made preferential allotment of shares to the companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which, in our opinion, is *prima facie* not prejudicial to the interest of the Company.

According to the information and explanations given to us, the Company, has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xvii) The Company had not issued 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)

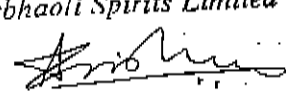

Manjula Banerji
Partner

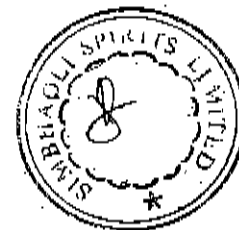
(Membership No. 086423)


GURGAON, 28th May 2013

CERTIFIED TRUE COPY

for *Simbhaoli Spirits Limited*


Authorised Signatory



SIMDHAOLI SPIRITS LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

		March 31, 2013	March 31, 2012
		Rs.	Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3.1	5,180.00	5.00
Reserves and surplus	3.2	(368.91)	(363.91)
Share application money			13,600.00
Non-current liabilities			
Long-term borrowings	3.3	1,873.03	
Long-term provisions	3.4	26.79	
Current liabilities			
Short-term borrowings	3.5	3,710.60	
Trade payables	3.6	1,954.68	
Other current liabilities	3.7	818.24	
Short-term provisions	3.8	8.51	
Total		21,627.94	21,627.94
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.9	15,174.24	
Intangible assets		380.03	
Capital work-in-progress		540.64	
Deferred tax assets (net)	3.10	116.76	
Long-term loans and advances	3.11	119.34	
Current assets			
Inventories	3.12	2,096.37	
Trade Receivables	3.13	2,277.79	
Cash and bank balances	3.14	149.23	
Short-term loans and advances	3.15	743.50	
Other current assets	3.16	30.04	
Total		21,627.94	21,627.94

Significant accounting policies and Notes to the accounts 1 to 21

In terms of our report attached

For and on behalf of Board of Directors

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Manjula Banerji
Partner

Place: Gurgaon
Date: May 28, 2013

Director

Gursimran Kamran

Place: New Delhi
Date: May 28, 2013

Director

Imperial Singh

VASU
Company Secretary

Sinha



SIMBILAOLI SPIRITS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Notes	Year ended	Period ended
		March 31, 2013	March 31, 2012
		Rs. Lacs	Rs. Lacs
Revenue from operations			
Sale of products		9,459.38	26,794.58
Less: Excise duty		996.78	16,655.16
		8,462.60	10,139.42
Other operating revenues	3.17	85.24	50.06
Revenue from operations		8,547.84	10,189.48
Other Income	3.18	79.98	72.38
Total Revenue		8,627.82	10,261.86
Expenses			
Cost of materials consumed		2,244.07	4,111.67
Purchase of stock in trade		2,210.57	-
Change in inventories of finished goods, Work-in-progress and stock in trade	3.19	571.08	(529.77)
Employee benefit expenses	3.20	652.32	568.71
Finance costs	3.21	545.56	661.47
Depreciation and amortisation expense	3.9	429.88	422.35
Other expenses	3.22	3,880.16	5,466.73
Total expenses		10,148.54	10,701.16
Profit/(Loss) before tax		(1,520.72)	(439.30)
Tax Expense/(Benefit)			
Deferred tax Charge/(Benefit)		1,367.61	(135.12)
Profit/(loss) for the year /period		(162.83)	(304.18)
Earning per equity share - Basic / Diluted (Rs.)			
Basic/Diluted		(1.826)	(608.35)

Significant accounting policies and Notes to the accounts 1 to 21

In terms of our report attached

For and on behalf of Board of Directors

For DELOITTE HASKINS & SELLS

Chartered Accountants

Manjula
Manjula Banerji
Partner

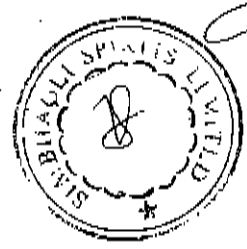
Gurpreet Singh
Director
Gursimran Kaur Man
Director
Company Secretary
Company Secretary

Place: Gurgaon

Date: May 28, 2013

Place: New Delhi

Date: May 28, 2013



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

Particulars	Period ended March 31, 2013	Period ended March 31, 2012
Rs. Lacs		
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	(439.30)	(439.30)
Adjustments for:		
Depreciation and amortisation	422.35	422.35
Finance cost	661.47	661.47
Profit on sale of fixed assets	(1.26)	(1.26)
Interest income	(7.59)	(7.59)
Operating profit/(loss) before working capital changes	635.67	635.67
Adjustments for change in :		
Trade receivables	24.11	24.11
Short Term and Long Term Loan & Advances	55.52	55.52
Other Current Assets	(14.50)	(14.50)
Inventories	(232.68)	(232.68)
Trade payables	232.32	232.32
Other Current Liabilities	(174.64)	(174.64)
Short Term and Long Term Provision	(1.15)	(1.15)
Cash (used)/generated from operations	524.65	524.65
Direct taxes (paid)/refund	(2.95)	(2.95)
Net cash (used) / from operating activities	521.70	521.70
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(408.98)	(408.98)
Sale of fixed assets	2.28	2.28
Margin money	25.74	25.74
Consideration pursuant to scheme of arrangement	13,600.00	13,600.00
Less: Balance consideration payable	(13,600.00)	(13,600.00)
Interest received	8.22	8.22
Net cash used in investing activities	(372.74)	(372.74)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares	5.00	5.00
Repayment of long term borrowings	(596.09)	(596.09)
Changes in short term borrowings	625.25	625.25
Finance cost	(661.47)	(661.47)
Net cash from financing activities	(627.31)	(627.31)
D. Net increase/(decrease) in cash and cash equivalents	(478.35)	(478.35)
E. Cash and cash equivalents (opening balance)		
Cash and bank balances	515.84	515.84
F. Cash and cash equivalents (closing balance)		
Cash and bank balances (D+E)	37.49	37.49

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 Board of Directors

Manjula Banerji
 Manjula Banerji
 Partner

Gurpreet Kaur Mann
 Director

Deepal Singh
 Director
[Signature]
 Company Secretary

Place: Gurgaon
 Date: May 28, 2013

Place: New Delhi
 Date: May 28, 2013

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[Signature]

NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS

1. Background

The Company has been set up as a subsidiary of Simbhaoli Sugars Ltd. (SSL) to affect the transfer of its Simbhaoli Distillery Division (SDD) alcohol undertaking as per Scheme of Arrangements between the Company and SSL under section 391 to 394 of the Companies act, 1956 as sanctioned by Hon'able High Court of Allahabad vide order dated September 17, 2012. SDD alcohol undertaking has an installed capacity of 90 Kilo Liters Per Day (KLD) alongside bottling of Indian Made Foreign Liquor (IMFL) business presently. It manufactures IMFL, Rectified Spirit, ENA, Ethanol and Indian Made Indian Liquor (IMIL/Country Liquor) with own brands. At present, the business is being operated in various states and supplied to wholesalers. ENA and IMFL products are export to various Afro-Asian destinations also.

2. Significant accounting policies

i) Accounting Convention

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

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 are stated at cost less accumulated depreciation.

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) 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 a

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prediscount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

v) Depreciation and amortization

- A. In respect of fixed assets other than vehicles, 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 vehicles, the depreciation is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956:
- C. Fixed assets costing up to Rs. 5,000 are fully depreciated in the period of acquisition.
- D. Goodwill is amortized over a period of 10 Years

vi) 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.

vii) 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 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.

viii) Employee benefits

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

ix) Revenue recognition

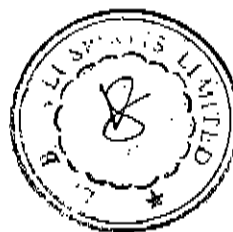
Sales are recognized on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated at net of sales tax but inclusive of excise duty. Interest income is recognized on a time proportion basis.

x) 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.

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The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statements are recognized as income/expenses in the period in which they arise.

xi) Taxation

Provision for current tax 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/liabilities 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.

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3.1- SHARE CAPITAL

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Rs. Lacs	No. of Shares	Rs. Lacs
Authorised				
Equity shares of Rs. 10 each with voting rights	50,000	5.00	50,000	5.00
Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights fully paidup	50,000	5.00	50,000	5.00
	50,000	5.00	50,000	5.00

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		As at March 31, 2012	
	No. of Shares	Rs. Lacs	No. of Shares	Rs. Lacs
Equity Shares with voting rights				
Opening Balance	-	-	-	-
Issued during the year/period	50,000	5.00	50,000	5.00
Closing Balance	50,000	5.00	50,000	5.00

B) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% to total	No. of shares	% to total
Equity shares with voting rights				
Simbhaoli Sugars Limited	50,000	100.00	50,000	100.00

C) Equity shares held by its Holding Company

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% to total	No. of shares	% to total
Equity shares with voting rights				
Simbhaoli Sugars Limited	50,000	100.00	50,000	100.00

Note:

1. 17,000,000 (previous period Nil) equity shares of Rs.10 each were issued and allotted to Simbhaoli Sugars Limited, the holding company on September 29, 2012 as fully paid-up at an issue price of Rs. 80 (including premium of Rs. 70) per equity share against purchase consideration for consideration other than cash. [Also refer note 4(a)]

2. 14,750,000 (previous period Nil) equity shares of Rs.10 each were issued and allotted to Simbhaoli Sugars Limited, the holding company on March 26, 2013 as fully paid-up at an issue price of Rs. 80 (including premium of Rs. 70) per equity share against land-transferred for consideration other than cash. [Also refer note 4(b)]

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3.2- RESERVE AND SURPLUS

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lacs	Rs. Lacs
Security premium account		
Opening balance	-	-
Add: premium on shares issued during the year	27,525.00	-
Closing balance	27,525.00	-
Surplus / (Deficit) In Statement of Profit and Loss		
Opening balance	(368.91)	(64.73)
Add: Loss for the year/period	(1,626.83)	(304.18)
Closing Balance	(2,025.74)	(368.91)
	(2,025.74)	(368.91)

3.3- LONG-TERM BORROWINGS

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lacs	Rs. Lacs
Term loans - Secured		
From Banks [refer note 8]	1,465.35	1,873.03
	1,465.35	1,873.03

3.4- LONG-TERM PROVISIONS

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lacs	Rs. Lacs
Provisions for employee benefits		
Leave encashment	26.79	26.79
	26.79	26.79

3.5- SHORT-TERM BORROWINGS

	As at	
	March 31, 2013	March 31, 2012
	Rs. Lacs	Rs. Lacs
Secured		
Loans repayable on demand		
Cash credit from banks [refer note 8]	2,476.16	2,476.16
Unsecured		
Loans repayable on demand		
From holding company	1,225.90	1,225.90
Bank overdraft	8.54	8.54
	3,710.60	3,710.60

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3.6-TRADE PAYABLES

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Total Outstanding dues of micro and small enterprises[refer note 7]		-
Total Outstanding dues of Creditors other than micro and small enterprises	1,954.68	1,954.68
	1,954.68	1,954.68

3.7-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 8]	671.00	671.00
Interest accrued and due on borrowings	-	-
Advance received from customers	14.41	14.41
Payable on purchase of fixed assets	32.23	32.23
Statutory dues payable	74.96	74.96
Security deposits	25.64	25.64
	818.24	818.24

3.8-SHORT-TERM PROVISIONS

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Provision for employee benefits		
Leave encashment	8.51	8.51
	8.51	8.51

3.10-DEFERRED TAX ASSETS (NET)

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Deferred tax assets		
Unabsorbed depreciation/ brought forward business loss	601.06	601.06
Deferred tax liabilities		
Depreciation	484.30	484.30
	116.76	116.76

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3.9- FIXED ASSETS

Description	GROSS BOOK VALUE		DEPRECIATION/MORTGAGING		NET BOOK VALUE
	At 31st March 2018	At 31st March 2019	At 31st March 2018	At 31st March 2019	
Tangibles					
Land-Freehold*	8,363.72	11,800.00	-	-	8,363.72
Buildings	1,694.86	-	69.21	45.62	1,625.65
Plant and equipment	6,661.85	705.08	485.45	331.43	5,876.40
Furniture and fixtures	14.70	-	1.79	1.19	12.91
Vehicles	7.91	-	2.94	1.29	4.97
Office Equipment	1.11	-	0.21	0.14	0.90
Total Tangibles	17,514.15	12,510.08	561.60	329.67	16,948.48
Intangibles					
Goodwill	447.09	-	182.72	377.64	264.37
Subsidiaries	2,477.09	-	67.66	44.71	2,409.43
Previous year	-	2,477.09	-	-	2,477.09
Total Provisions year	-	16,182.70	208.08	422.35	15,974.62
Total (Finalised)	16,182.70	16,182.70	208.08	422.35	15,974.62
Capital work in progress	-	-	6,165.77	1,781.55	4,384.22
					5,100.64
					15,064.91

*Particulars in Land submitted at Sango/Saoli pending registration in favour of the Company

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3.11-LONG-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		
Security deposits	119.34	119.34
	119.34	119.34

3.12-INVENTORIES

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Raw materials	246.31	246.31
Work-in-progress	69.03	69.03
Finished goods	942.20	942.20
Stock-in-trade	-	-
Stores and spares	838.42	838.42
Loose tools	0.41	0.41
	2,096.37	2,096.37

3.13-TRADE RECEIVABLE

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Unsecured		
Over six months from the date they were due for payment		
Considered good	754.52	754.52
Considered doubtful	-	-
	754.52	754.52
Less: Provision for doubtful receivables	-	-
	754.52	754.52
Other debts		
Considered good	1,523.27	1,523.27
	2,277.79	2,277.79

3.14-CASH AND BANK BALANCES

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Cash and cash equivalents		
Balances with banks in current account	35.79	35.79
Cash on hand	1.70	1.70
	37.49	37.49
Other bank balances #		
Deposits with less than 12 months maturity	55.61	55.61
Deposits with more than 12 months maturity	56.13	56.13
	111.74	111.74
	149.23	149.23

Pledged with excise, civil courts and other authorities

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3.15-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	402.06	344.32
Considered doubtful	93.02	-
	495.08	344.32
Less: Provision for doubtful advances	93.02	-
	402.06	344.32
Security deposits		
Considered good	100.75	77.02
Considered doubtful	73.55	-
	174.30	77.02
Less: Provision for doubtful deposits	77.02	-
	100.75	77.02
Loans and advances to employees	19.12	18.48
Prepaid expenses	16.03	64.12
Balances with government authorities	263.65	236.62
Tax payments	3.27	2.94
	808.58	743.50

3.16-OTHERS CURRENT ASSETS

	As at March 31, 2013 Rs. Lacs	As at March 31, 2012 Rs. Lacs
Interest accrued on deposits	20.69	15.54
Export incentive receivable	9.31	14.50
	30.00	30.04

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3.17-OTHER OPERATING REVENUES

	Year ended March 31, 2013	Period ended March 31, 2012
	Rs. Lacs	Rs. Lacs
Sale of scrap	40.15	-
Duty draw back on export	75.06	50.06
	85.21	50.06

3.18-OTHER INCOME

	Year ended March 31, 2013	Period ended March 31, 2012
	Rs. Lacs	Rs. Lacs
Interest on bank deposits	15.03	7.59
Profit on sale of fixed assets	-	1.26
Foreign exchange fluctuations	37.29	11.73
Miscellaneous income	32.78	51.80
	79.98	72.38

3.19-CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year ended March 31, 2013	Period ended March 31, 2012
	Rs. Lacs	Rs. Lacs
<u>Inventories at the beginning of the year:</u>		
Finished goods	392.90	430.36
Work-in-progress	65.03	51.10
	1,011.23	481.46
<u>Inventories at the end of the year:</u>		
Finished goods	606.71	942.20
Work-in-progress	69.93	69.03
	676.64	1,011.23
Net (increase) /decrease	337.03	(529.77)

3.20-EMPLOYEE BENEFITS EXPENSES

	Year ended March 31, 2013	Period ended March 31, 2012
	Rs. Lacs	Rs. Lacs
Salaries, wages, bonus, gratuity, etc.	507.76	511.94
Provident and other fund	30.27	40.48
Staff welfare	15.19	16.29
	652.72	568.71

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3.21-FINANCE COST

	Year ended	
	Period ended	
	March 31, 2013	March 31, 2012
	Rs. Lacs	Rs. Lacs
Interest expenses	527.55	644.82
Other borrowing costs	13.01	16.65
	540.56	661.47

3.22-OTHER EXPENSES

	Year ended	
	Period ended	
	March 31, 2013	March 31, 2012
	Rs. Lacs	Rs. Lacs
Consumption of stores and spare parts #	2,737.26	2,737.26
Power and fuel	746.81	746.81
Repairs and maintenance:		
Machinery	99.21	99.21
Buildings	6.37	6.37
Others	7.28	7.28
Insurance	21.95	21.95
Rent	4.00	4.00
Rates and taxes	544.39	544.39
Travelling and conveyance	67.52	67.52
Provision for doubtful debts, loans and advances	-	-
Marketing and selling expenses	774.71	774.71
Export expenses	54.56	54.56
Commission to selling agents	158.77	158.77
Increase / (decrease) of excise duty on inventory	134.60	134.60
Auditor's remuneration		
-Statutory audit fee	1.00	1.00
-Other services	-	-
Miscellaneous expenses	108.30	108.30
	5,466.73	5,466.73

#Stores and spare allocated to other revenue heads Rs. 15.95 lacs(previous period Rs. 24.41 lacs)

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4. (a) During the previous period ended March 31, 2012, pursuant to the order dated September 17, 2012 passed by Hon'ble High Court of Judicature at Allahabad under Section 391 to 394 of the Companies Act, 1956 sanctioning the Scheme of Arrangement(hereinafter referred as "the scheme") between the Company and Simbhaoli Sugars Limited (SSL), the business of Simbhaoli Distillery Division Alcohol Undertaking of SSL, without any further act or deed has transferred to and vested in the Company as a going concern basis with effect from October 1, 2010. Under the scheme, the land admeasuring 28.16 acres (1,14,183 sq meter) being the land required for alcohol business out of the land of 84.83 acres situated at Simbhaoli along-with all rights, entitlements, easements and other conveniences attached thereto has been transferred to and vested in the Company on slump sale basis.

Consequent to the effectuation of the said scheme, the Company has allotted equity shares of the face value of Rs. 10 each at a premium of Rs. 70 each aggregating 1,70,00,000 equity shares amounting to Rs. 13,600 lacs as fully paid up to Simbhaoli Sugars Limited on September 29, 2012.

(b) During the year SSL has transferred the remaining land of 56.67 acres out of the land of 84.83 acres situated at Simbhaoli to the Company under a deed of Transfer dated March 26, 2013, considering the covenants of allotment of aforesaid land of setting up an alcohol plant and workers quarter only of the Company, its future growth plans, proposed divestment, at a 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. The Company 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.

(c) As the scheme got approved on September 17, 2012 and after that SSL was in the process of taking approvals from the concerned authorities for transfer of various licenses in the name of the Company. These licenses have been renewed in the name of the Company w.e.f, April 1, 2013. In view of the same the said business, during the period October 1, 2010 to March 31, 2013, was being run and managed in trust by SSL on behalf of the Company.

5. Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts Rs.63.08lacs.

Description	March 31, 2013 (Rs.Lacs)	March 31, 2012 (Rs.Lacs)
Sales Tax/Trade Tax Act	61.58	61.58
Others	1.50	1.50
Total	63.08	63.08

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.

6. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. Nil (previous period Rs. 105.30 lacs).

ASR
ASR



ASR

7. 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" is Rs Nil. Further no interest during the year has been paid or is payable under the terms of the "The Micro, Small and Medium Enterprises Development Act, 2006".

8. Secured loans

a. Short term working capital borrowings:					
1.	Cash Credit facilities are secured by way of first exclusive charge on the current assets, both present and future of the Company. These facilities are collaterally secured by way of second pari passu charge on the entire fixed assets of the company. They are also guaranteed by personal guarantees of Shri Gurmit Singh Mann and Shri Gurbal Singh, Promoter Directors of the Company.				
b. Long term loans from banks:					
	<table border="1"> <thead> <tr> <th>Nature of security</th> <th>Terms of repayment</th> </tr> </thead> <tbody> <tr> <td>1. Term loans from banks of Rs. 2181.07 lacs (previous period Rs. 2544.03 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.</td> <td> <ul style="list-style-type: none"> - 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 </td> </tr> </tbody> </table>	Nature of security	Terms of repayment	1. Term loans from banks of Rs. 2181.07 lacs (previous period Rs. 2544.03 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.	<ul style="list-style-type: none"> - 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
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9. Employee Benefits

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

a) Defined contribution plans:

- i) Superannuation fund
- ii) Provident fund

During the year, the Company has recognized the following amounts in the statement of profits and loss:

(Rs. Lacs)

	Current Year	Previous Period
Employers' Contribution to Provident Fund	37.03	35.00
Employers' Contribution to Superannuation Fund	2.25	5.49

b) Defined benefits plans:

- a) Gratuity
- b) 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:

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(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%	N/A	N/A
In service mortality	LIC 1994- 96 ULTIMATE	LIC 1994- 96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
I. Expense recognized in the statement of profit and loss				
Current service cost	14.14	19.16	7.04	9.56
Interest cost	9.11	8.81	2.09	3.41
Expected return on plan assets	(18.51)	(10.46)	-	-
Net actuarial (gain)/loss recognized in the year	43.24	2.16	7.86	1.43
Total expense	52.98	19.67	16.99	14.40
II Net asset/(liability) recognized in the balance sheet as at the end of the year				
Present value of Defined benefits obligation	164.53	124.91	33.81	35.30
Fair value of plan assets	(115.99)	(109.26)	-	-
Funded status [surplus/(deficit)]	(48.54)	(15.65)	(33.81)	(35.30)
Net asset/(liability) as at the end of the year	(48.54)	(15.65)	(33.81)	(35.30)
Current	(48.54)	(15.65)	(25.30)	(26.79)
Non current	-	-	(8.51)	(8.51)
Net asset/(liability) as at the end of the year	(48.54)	(15.65)	(33.81)	(35.30)
III Change in the present value of obligation during the year				
Present value of the obligation as at the beginning of the year	124.91	-	35.30	-
Interest cost	9.11	8.81	2.09	3.41
Current service cost	14.14	19.16	7.04	9.56
Benefits paid	(22.02)	(10.69)	(18.48)	(15.10)
Transfer from holding company pursuant to Scheme of Arrangement	-	78.83	-	36.00
Actuarial (gains)/ losses on obligation	38.39	28.80	7.86	1.43
Present value of obligation as at the end of the year	164.53	124.91	33.81	35.30
IV Change in present value of fair value of plan Assets				
Fair value of plan assets as at the beginning of the year	109.26	-	-	-
Expected return on plan assets	13.51	10.46	-	-
Contributions	20.09	17.77	-	-
Benefits paid	(22.02)	(10.69)	-	-
Transfer from holding company pursuant to Scheme of Arrangement	-	65.08	-	-
Actuarial gains/(losses)	(4.85)	26.64	-	-
Fair value of plan assets as at the end of the year	115.99	109.26	-	-
V Detail of plan Assets	Funded with ICICI*		NA	

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

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	2011-12	2012-13	2011-12
Present value of obligation as at the end of the year	164.53	124.91	33.81	35.30
Fair value of plan assets as at the end of the year	115.99	109.26	-	-
Net asset/(liability) recognized in the balance sheet	(48.54)	(15.65)	(33.81)	(35.30)
Net actuarial (gain)/loss recognized	43.24	2.16	7.86	1.43



10. Related Party disclosure under Accounting Standard 18

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

Holding Company	Simbhaoli Sugars Limited (SSL)
Key management Personnel	Mr. R.K.Singh with effect from September 18, 2012
Fellow Subsidiary	Integrated Casetech Consultants Private Limited (ICCPL)

B. Transactions with the above parties:

(Rs. Lacs)

Description	Holding Company		Fellow Subsidiary		Key Managerial Personnel		Total	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
Purchases:								
Purchase of raw materials	1890.27	1211.85	-	-	-	-	1890.27	1211.85
Purchase of Power & Fuels	408.14	85.26	-	-	-	-	408.14	85.26
Purchase of Packing Materials	-	11.57	-	-	-	-	-	11.57
Sales:								
Sale of Bio-manure	38.05	70.37	-	-	-	-	38.05	70.37
Salary/Stipend								
Mr.Angad Singh	-	-	-	-	2.98	5.20	-	-
Managerial Remuneration								
Mr.R.K.Singh	-	-	-	-	10.70	-	-	-
Other:								
Reimbursement of Expenses								
- paid to SSL	48.00	48.00	-	-	-	-	48.00	48.00
-received from ICCPL	-	-	13.44	-	-	-	13.44	-
Loans taken	613.14	1225.90	-	-	-	-	-	-
Loans repaid	180.40	-	-	-	-	-	-	-
Purchase of Land	11800.00	-	-	-	-	-	-	-
Balance as at end of year/ period:								
Trade Payables	2,106.94	532.91	-	-	-	-	2,106.94	532.91
Unsecured Loans	931.97	1225.90	-	-	-	-	931.97	1225.90
Loans and advances	-	-	2.30	-	-	-	2.30	-

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11. Earnings Per Share

(Rs. Lacs)

Particulars		Current Year	Previous Period
Profit / (Loss) after tax (Rs. lacs)	(A)	(1,626.83)	(304.17)
Weighted average number of equity shares outstanding (in Nos)	(B)	8,862,329	50,000
Effect of potential dilutive equity shares due to share application money pending allotment	(C)	-	Nil #
Weighted average number of equity shares in computing diluted earnings per share [(B)+(C)]	(D)	8,862,329	50,000
Basic and diluted Earnings per share (in Rs.) (Face value Rs.10 share)		(18.36)	(608.35)

Nil, as anti-dilutive potential shares in view of loss for the period.

12. As the Company's business activity falls within a single primary business segment viz. "Alcohol" and operating in a single geographical segment, the disclosure requirements of Accounting Standard - 17 "Segment Reporting" notified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

13. Expenditure in Foreign Currency

(Rs.Lacs)

	Current Year	Previous Period
Travelling	4.54	1.06

14. Value of Exports on FOB basis

(Rs.Lacs)

	Current Year	Previous Period
Value of Exports	1,383.05	357.87

15. 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 in foreign currency	Rs. Lacs
Trade receivables	USD 712578	386.93	USD 424207	216.35
Trade Payables	EURO 5414.40	3.81	-	-

16. Sales

(Rs.Lacs)

Particulars	Current Year	Previous Period
Rectified Spirit and country spirit	4,770.57	23,401.44
Denatured spirit	308.99	95.36
Whisky, brandy and civil rum	4,218.49	3,087.30
Others	161.83	210.48
TOTAL	9,459.88	26,794.58

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17. Stocks of Goods Manufactured

(a) Opening Stocks

(Rs.Lacs)		
	Current Year	Previous Period
Rectified Spirit and country spirit	717.98	134.26
Denatured spirit	6.53	7.61
Whisky, brandy and civil rum	216.12	140.61
Others	1.57	0.64
TOTAL	942.20	283.12

(b) Closing Stocks

(Rs.Lacs)		
	Current Year	Previous Period
Rectified Spirit and country spirit	480.24	717.98
Denatured spirit	2.76	6.53
Whisky, brandy and civil rum	115.19	216.12
Others	2.02	1.57
TOTAL	600.21	942.20

18. Raw Materials Consumed

(Rs.Lacs)		
Indigenous	Current Year	Previous Period
Molasses	4,015.46	4,153.18
Others	228.25	393.94

19. The following are the particulars of disputed dues on account of trade tax matters that have not been deposited by the Company as at March 31, 2013.

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	2000-2001	2.17	1.08
		Appellate authority up to Commissioner Level	2004-2005 and 2005-2006	59.41	4.31

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

20. The previous period figures were audited by another firm of Chartered Accountant.

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21. 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 ended April 1, 2011 to March 31, 2012 and therefore, the corresponding figures of previous period are not directly comparable with those of the current year.

Signature to notes 1 to 21

Deepal Singh
Director

Director

Gurjinder Kaur
Director

[Signature]
Company Secretary

Place: New Delhi
Date: May 28, 2013

[Signature]

[Signature]

[Signature]

CERTIFIED TRUE COPY

For Simbhaoli Spirits Limited

[Signature]
Authorised Signatory

