



SIMBHAOLI SUGARS
75TH
ANNUAL REPORT
October 2010 - March 2012



S e e d i n g T h e F u t u r e

Just Launched!

Pravda, the 250-year plus, heritage Polish vodka is now available in Delhi, Haryana and Chandigarh. Simbhaoli Sugars has an exclusive tie-up with Pravda, S.A., Poland to market this iconic brand in India.



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Seeding the Future

The last few years have been particularly a testing time for the sugar industry because of varied challenges.

High input costs. Declining sugarcane acreage. Poor agricultural yields and recoveries. Flip-flops on policy issues. Stifling regulatory environment. And limited export opportunities.

Simbhaoli has responded to these challenges by looking inwards and looking ahead. It has sowed the seeds of future growth and profitability by initiating an extensive business and financial re-structuring exercise and unlocking value across businesses.

A joint-venture with ED&F Man, UK has been inked to set up a green-field raw sugar refinery to create a sustainable model in a volatile business like sugar. The potable alcohol business of the Simbhaoli distillery division has been hived off into a new entity, Simbhaoli Spirits Limited, for achieving a sharp business focus. The alcohol vertical has been strengthened by launching high-volume, high-margin brands; and also by partnering with a world leader to introduce a heritage vodka brand for the first time in the country. Plans have been finalized to spin off the bio-mass based power business as a separate company.

The Company's technology consultancy services vertical, Integrated Casetech has now spread its roots across geographies and is fast emerging as a growing business and important revenue stream in its own right.

Trust speciality sugar is now available in 15 states across the country. The Company has also ventured into the value-added space by launching sugar industry's first instant fruit-drink mix. This unique offering has been branded Trust Sipp.

An intensive cane development programme has been initiated to improve yield and enlarge the cultivable sugarcane land mass.

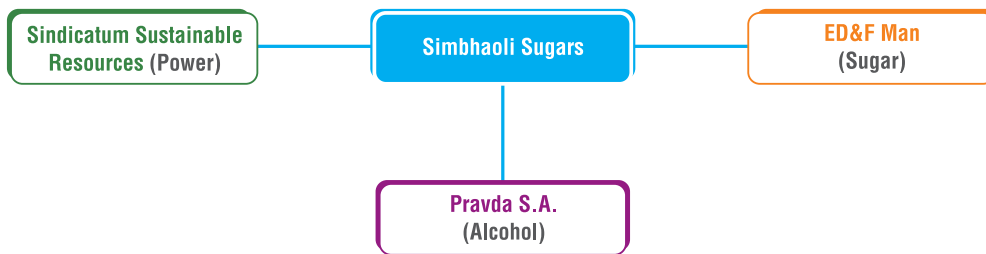
Operationally, the Company has been SAP-enabled and adopted international best management practices across the Company. This has streamlined all the internal systems and control processes, enabling faster and better decision making.

As a result, Simbhaoli is now better equipped to insulate itself from the cyclicity of the sugar business, climate of market uncertainty and face the challenges of tomorrow.

However, the journey is far from over. Higher interest burden, lower sugar recoveries and the task of operating a diversified business in a highly regulated environment are posing stiff challenges. We are aware that the future may remain complex, uncertain and difficult to predict. But one thing is for sure. Simbhaoli is future-ready; well placed on the road to building a profitable and sustainable business.

Alliance with world leaders to unlock value in 3 business verticals

Strategic Alliance With World Leaders



Our partnership with world leaders will help us to be ready for the future by strengthening our three businesses - raw sugar refining, biomass-based power and super-premium vodka. It will also help us benchmark with the best international management practices and enhance the knowledge and skill-sets of our employees.

3

Raw Sugar Refining

Together with ED&F Man, UK, we have promoted Uniworld Sugars Private Limited. The joint venture's first project is a ₹ 2.15 bn 1000-tonne per day capacity green-field raw sugar refinery near Kandla port (Gujarat state) on the west coast of India. The refinery will process raw sugar (any origin) for manufacturing refined sugar for domestic and export markets in a cost-effective manner.

Biomass-Based Power

We have entered into a joint venture arrangement with Sindicatum Sustainable Resources Group, Singapore, a leading developer and operator of clean energy projects worldwide. The objective? To expand our power business by having capital participation in the new entity, Simbhaoli Power Limited. We plan to transfer the existing power businesses of Simbhaoli Sugars to the new company. As a result, our aggregate power generation capacity may cross 115 MW.

Super-Premium Vodka

We have also inked an exclusive marketing tie-up with Pravda, S.A., Poland, to launch their 250-years old plus heritage vodka, Pravda for the first time in India. An uber luxury Polish brand, Pravda in the initial phase, is being marketed in Delhi, Haryana and Chandigarh.

India's largest and healthiest range of speciality sugars

The Trust brand continues to win the trust of discerning customers thanks to its unmatched quality and range of speciality sugar options. At Simbhaoli Sugars, we are committed to making Trust the 'sugar of choice' amongst institutional and retail customers alike.

Recently, Simbhaoli Sugars became the first sugar company in India to win the coveted 2012 Coca Cola Strategic Supplier Award – a strong endorsement of our manufacturing standards and product quality.

Trust range of speciality sugars, the largest product offering in India is now available in traditional and modern retail formats in northern and western India. Our marketing network is being scaled up in a phased manner so that Trust becomes a pan-India brand. The reporting period saw a steady growth in the sales of speciality sugars.

Historically, Simbhaoli has built its success on its ability to anticipate consumer needs with innovative, differentiated products such as sugar cubes, dissolvable sugar sticks, icing sugar, mishri and mineral sugar. Recently, we have introduced Sugar Sticks (instantly dissolving sugar) - another one-of-a-kind product, which has been successfully test launched in the Delhi National Capital Region.



INTRODUCING

TRUST

Sipp

nature's Fruit Drink

Share the moment!



Brand Service/TSU/105-10



EXCHANGE THIS AD FOR
5/-
off*
ON 500gm PACK



Just add water, stir and top up with ice for pure, wholesome refreshment in glass after glass.

customerfeedback@simbhaolisugars.com www.simbhaolisugars.com Customer Care No.: 1800-11-7609

Terms & Conditions:

1. Offer valid between 14th May – 23rd May, 2010, on all variants of Trust Sipp 500g at select outlets in Delhi. 2. Only original newspaper cuttings will be accepted by the retailer. 3. Retailers will be reimbursed the Rs. 5/- along with Re. 1/- handling charges upon handing over the original newspaper cutting to the company salesperson. 4. Last date for handing over the cutting to company salesperson is 30th May, 2010.

NO PRESERVATIVES, ARTIFICIAL FLAVOURS OR COLOURS.

Helping sugar enterprises to achieve better and sustainable business outcomes

In four short years since inception, Integrated Casetech, Simbhaoli's technical services vertical and subsidiary company has become a vital adjunct of the sugar industry, plugging a critical need for an experienced technology and management solution provider-cum-business strategist.

Leveraging Simbhaoli's proven technical expertise, innovation track-record, research and development capability and experience in establishing and operating sugar plants, Integrated Casetech offers 'concept-to-commissioning' consultancy to the sugar industry, in different parts of the world.

Today, Integrated Casetech has spread wings beyond the Indian sub-continent to the Philippines, Cambodia, Vietnam, Ethiopia, Rwanda and is highly valued as a key enabler for driving productivity, rationalizing business processes and streamlining costs.



Building sustainable brands in the premium liquor space



In order to de-risk our business, and capitalize on a booming Indian Made Foreign Liquor (IMFL) market, Simbhaoli Sugars is fully geared to make the potable liquor vertical as strong as the sugar business.

Simbhaoli distillery including its potable alcohol business has been hived off into a separate company namely, Simbhaoli Spirits Limited.

We have enlarged our brand portfolio by launching Board's Verdict whisky and Carnival Grande rum. Two new flavours have been added to the Xing vodka basket.

We have entered into an exclusive tie-up with Pravda S.A., to market their 250-year plus heritage brand, Pravda in India in the super-premium vodka segment.

Our retail presence now extends to 12 states. Simbhaoli brands are available in 20 CSD depots and 1800 canteens serving the armed forces of the country.

The reporting period has seen a further strengthening of IMFL exports, achieving remarkable growth.

In the times to come, the key drivers for us in the IMFL space will be super-premium products, servicing of institutional outlets and exports.



Chairman's Message

Dear Stakeholder,

As you are aware the Indian sugar industry continues to be buffeted by strong headwinds that are not only stifling its potential but also putting its very survival at risk. The challenges, in the past two sugar seasons, have been particularly severe.

The challenges include rising input costs fuelled by surging cane prices; agricultural practices leading to lower recoveries; below cost selling prices and a regulatory framework that's invariably influenced by political and social compulsions. The challenges have further multiplied on account of falling Rupee and currency volatility; escalating interest costs; lack of liquidity; and monsoon concerns.

Unfortunately, we have witnessed a 'surplus period' in the last two sugar years due to higher production in India along with many other nations, and muted growth in consumption because of a sluggish global economy. This has impacted the basic viability of the business. The cost of production has shot up, a trend that is expected to persist in the coming fiscal, which could lead to continuous pressure on the industry particularly in northern India. The situation has been further exacerbated by a host of industry-unfriendly policies which has led to unrealistic retail prices; restricted exports to a trickle and dictated a hike in cane prices during the last five years, twice that of the increase in sugar prices.

Although India produced over 26.0 million tonnes of sugar in the 2011-12 sugar season, next year's output is likely to drop marginally as key cane growing areas received poor rainfall. If this scenario persists and drought-hit farmers replace cane with less water-intensive crops, India, the world's largest consumer of sugar, might well become a net importer of this sweetener as early as 2013/14.

However, amidst this rather dismal business environment, there do appear to be a few reasons for optimism and hope.

The Rangarajan Committee, set up by the prime minister's office has recommended de-regulation of the sugar industry by dropping the levy sugar obligation, disbanding the release mechanism and freeing exports and imports. While recommending the Central Government's Fair and Remunerative Price (FRP) as the base price for sugarcane, the panel has also suggested a profit-sharing mechanism so that farmers, too, can be benefitted from higher sugar prices. I am hopeful that the committee's recommendations will be accepted and implemented to kick-start the much-needed and long awaited reform process in the sugar industry.

The new Uttar Pradesh government appears to have made a good beginning by focusing its attention on issues of critical concern to the industry. It has agreed to a number of measures to boost sugarcane production and improve cane quality. It is also considering a new incentive policy for

pushing growth and modernisation of the sugar industry. These moves, in my view, are important first steps to spur sugar production and energy generation in the state; and I sincerely hope these will be implemented at the earliest.

Transforming Simbhaoli to Meet the Challenges of the Future

For our part, all our efforts are directed towards re-gaining Simbhaoli's core position and building a future-ready organisation by offsetting the inherent risks in the sugar business, paring debt and taking advantage of the emerging opportunities. In this regard, we are implementing a comprehensive business and financial restructuring plan whose key components are growth, transformation, consolidation and execution.

I am happy to report that together with ED&F Man, UK, we have established a joint-venture company, Uniworld Sugars Private Limited. The joint-venture's first project is a ₹ 2.15 bn, 1000-tonnes a day capacity greenfield raw sugar refinery near Kandla Port, Gujarat, which is expected to be up and running in the next 10 months.

In partnership with Sindicatum Sustainable Resources Group, Singapore we have set up a Special Purpose Vehicle (SPV), Simbhaoli Power Limited for implementing a co-generation expansion project. All the existing power assets of our co-generation plants will be transferred to the SPV. As a result, the aggregate surplus power generation capacity will rise to 65 MW, a jump of 100%.

We have also taken concrete steps to strengthen our IMFL brands portfolio by launching new brands in the semi-premium segment. Most significantly, we have made a foray in the super-premium segment by inking an exclusive marketing tie-up with Pravda S.A., Poland, for promoting their heritage vodka brand, Pravda, for the first time in India.

As per the order passed by the Hon'ble High Court of Judicature, Allahabad sanctioning the Scheme of Arrangement, the Simbhaoli Distillery Division (SDD) alcohol undertaking has been transferred to Simbhaoli

Spirits Limited, a subsidiary company.

Our Trust brand continues to hold a pre-eminent position in the speciality sugar space. Our distribution network is growing at a fast clip and now spans 15 states across the country. A year earlier, we had stepped into the value-added space by introducing Trust Sipp, an instant fruit drink mix, which has found a favourable response with the consumers in northern India. The challenge will be to increase the geographical reach of these brands for improving market share and volumes.

Your Company is continuing its extensive cane development drive in the three catchment areas adjoining our plants, which involves educating farmers about improved agri-practices and replacing old sugarcane varieties with new ones, which have the potential of increasing yield and improving sugar recovery.

I am convinced that technology is a key enabler to drive productivity and change business processes to reduce operational costs. Integrated Casetech, with its cache of great technical skills, deep plant process understanding and strong delivery capabilities is helping sugar enterprises in different part of the world to achieve better and sustainable business outcomes. Best of all, as a subsidiary, it is going to become an important revenue stream for your Company in the future.

To conclude, the vision and management skills of our team and the commitment and effort of our employees give me the confidence that we can meet any challenge the future may throw at us; and that we are well on our way to building a robust and sustainable business. I would like to thank each one of our stakeholders for their belief and trust in Simbhaoli in these exceptionally challenging times.



Gurmit Singh Mann
Chairman & Managing Director

New Delhi
September 25, 2012

Corporate Information

BOARD OF DIRECTORS

Chairman & Managing Director

- Gurmit Singh Mann

Whole time Directors

- Gurpal Singh, Dy. Managing Director
- G.S.C. Rao, Chief Executive Officer
- Sanjay Tapriya, Chief Financial Officer
- Gursimran Kaur Mann, Executive Director (Commercial)

Non-executive Directors

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

Registered Office

- Simbhaoli
District Hapur, Uttar Pradesh - 245 207

Corporate Office

- C-11, Connaught Place
New Delhi 110 001

Marketing Office

- 3rd Floor, E-13/29, Harsha Bhawan
Middle Circle, Connaught Place
New Delhi 110 001

Company Secretary

- Kamal Samtani

Auditors

- Deloitte Haskins & Sells

Solicitors

- J. Sagar Associates

Bankers

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

MANUFACTURING UNITS

Sugar Mills / Co-generation Plants

- Simbhaoli Sugar Division, Simbhaoli
District Hapur, Uttar Pradesh - 245 207
- Chilwaria Sugar Division, Chilwaria
District Bahraich, Uttar Pradesh - 271 801
- Brijnathpur Sugar Division, Brijnathpur
District Hapur, Uttar Pradesh - 245 101

Distillery / Ethanol Plants

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

Subsidiaries / Associate Companies

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

NOTICE

Notice is hereby given that the 75th Annual General Meeting of the members of Simbhaoli Sugars Limited will be held on Thursday, October 25, 2012 at 10.00 A.M. at the registered office of the Company at Simbhaoli -245 207, Distt. Hapur, Uttar Pradesh, to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and Profit and Loss Account for the 18 months period ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a director in place of Mr. SK Ganguli, 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 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, Ms. Gursimran Kaur Mann, who was appointed by the Board as an additional director on March 24, 2011 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."

"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 Companies Act, 1956 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 Ms. Gursimran Kaur Mann as an Executive Director (Commercial) of the Company for a period of 5 years w.e.f. May 1, 2011 on the terms and conditions as detailed below:

- a) **Designation:** Executive Director (Commercial)
- b) **Basic Salary:** Rs. 1,10,000/- per month in the scale of Rs. 1,10,000-11,000-1,54,000/-
- c) **Perquisites:** In addition to the basic salary, she shall be entitled to the following perquisites:
 - i) Rent free accommodation/ house rent allowance not exceeding 60% (with deduction of 10%) of salary;
 - ii) Medical facilities upto one month salary in a year;
 - iii) Leave travel allowance/ reimbursements as per Company's policy;
 - iv) Entertainment expenses as per Company's policy;
 - v) Electricity, water, furnishing and uniform allowance as per Company's policy;

and any other permissible perquisites as may be notified by the Company from time to time within overall limits laid down under the provisions of Schedule XIII to the Companies Act, 1956.

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

- i) Company's chauffeur driven car(s) for the business of the Company;

- ii) Telephone/internet facilities to be used for the business of the Company;
- iii) Reimbursement of travelling, boarding, lodging, hotel and other expenses incurred for the business of the Company;
- iv) Company's contribution to provident fund and/or any other annuity fund subject to the Company's rules in this regard;
- 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) Personal accident insurance premium subject to the Company's rules in this regard."

"Resolved further that, in case of inadequacy of profits /or no profits in the Company in any financial year, the Executive Director (Commercial) shall be entitled to the aforesaid salary, perquisites & allowances and commission as minimum remuneration during her tenure within the overall limits as laid down under the provisions of schedule XIII to the Companies Act, 1956 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) Executive Director (Commercial) shall not be entitled to any sitting fee for attending meetings of the Board and/ or Committee(s) thereof;
- ii) The appointment may be terminated by either party giving the other party three months notice or paying three months salary in lieu thereof;
- iii) If at any time the Executive Director (Commercial) ceases to be Director of the Company for any reason whatsoever, she shall cease to be Executive Director (Commercial) of the Company;
- iv) The Executive Director (Commercial) shall not be entitled to supplement her earnings under the appointment with any buying or selling commission. She shall also not become interested or otherwise concerned directly in any selling agency of the Company, without prior approval of the Central Government.
- v) The period of office of the Executive Director (Commercial) will not be subject to retirement by rotation."

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

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. Ram Sharma, who was appointed by the Board as an additional director on July 15, 2011 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, consent be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge of whole or part of all the movable and immovable properties of the Company where ever situated, present or future to or in favour of the following lenders to secure the financial assistance(s) lent and advanced/agreed to be lent and advanced to the Company:-

- First pari-passu charge on the fixed assets of the Company for securing the financial assistance of Rs. 50 crores for making payment of cane arrears and Rs. 10 crores for off-season repairs and maintenance in favour of Punjab National Bank;
- First pari-passu charge on the fixed assets of the Company for securing the financial assistance in favour of the State Bank of India of Rs. 23.48 crores, Punjab National Bank of Rs. 12.98 crores, Bank of Baroda of Rs. 6.80 crores, State Bank of Patiala of Rs. 3.66 crores and ICICI Bank Limited of Rs. 3.09 crores for meeting the working capital requirements of the Company under the Corporate Debt Restructuring Scheme approved by the Corporate Debt Restructuring Empowered Group; and
- Third pari-passu charge on the fixed assets of the Company for securing the working capital of Rs. 6 crores in favour of Bank of Baroda."

"Resolved further that, the mortgage/charge created/to be created and/or all agreement/document(s) executed/ to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

"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."

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

"Resolved that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, read with Circular No. 46/2011 dated July 14, 2011 issued by the Ministry of Corporate Affairs, consent of the members of the Company be and is hereby accorded for payment of remuneration to Dr. G S C Rao, Chief Executive Officer of the Company in accordance with the terms of his appointment with effect from April 1, 2012 till the unexpired period of his appointment i.e. September 30, 2014, as approved by the members of the Company in the Annual General Meeting held on December 17, 2009."

"Resolved further that, all other terms and conditions of appointment of Dr. G S C Rao as approved earlier by the members of the Company shall remain unchanged."

"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."

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

"Resolved that, pursuant to the provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, read with Circular No. 46/2011 dated July 14, 2011, issued by the Ministry of Corporate Affairs, consent of the members of the Company be and is hereby accorded for payment of remuneration to Mr. Sanjay Tapriya, Chief Financial Officer of the Company in accordance with terms of his appointment with effect from April 1, 2012 till the unexpired period of his appointment i.e. September 30, 2014, as approved by the members of the Company in the Annual General Meeting held on December 17, 2009."

"Resolved further that, all other terms and conditions of appointment of Mr. Sanjay Tapriya, as approved earlier by the members of the Company shall remain unchanged."

"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."

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

"Resolved that, pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 (the Act), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to contribute, donate, subscribe and otherwise provide assistance from time to time to charitable, social, or any non-profit making organization, society, trust, or entities of related nature for taking up any programme/activities in the fields of education, health, clean water, social welfare, promotion of sports/cultural activities etc; not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which in any financial year, upto Rs. 10.00 lacs (Rupees Ten Lacs only) or five per cent of the average net profits of the Company as determined in accordance with the provisions of section 349 and 350 of the Act during the three financial years immediately preceding the financial year, whichever is greater."

"Resolved further that, the contribution, subscription, donation and/or assistance given/to be given and all acts done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

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

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

Place: New Delhi
 Date: September 25, 2012

**Kamal Samtani
 Company Secretary**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of meeting.
2. The register of members, and share transfer books of the Company will remain closed from Friday, October 19, 2012 to Thursday, October 25, 2012 (both days inclusive).
3. Members are requested to notify promptly any change in their registered addresses or any other query directly to M/s MAS Services Ltd., T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020, Phone No:+91-11-26387281/82/83, Fax no: +91-11-26387384, E-mail: info@masserv.com, the registrar and share transfer agent.
4. **Members are requested to notify their particulars including e-mail Id for updating the records in the Performa enclosed with proxy/attendance slip.**
5. Members are requested to bring their copy of notice to the meeting.
6. Members are requested to fill in the attendance slip for attending the meeting and those who hold the shares in dematerialized form to bring their client ID and depository participant ID number for identification for attendance at the meeting.
7. Any query relating to any matter in pursuance to this Notice must be sent to the Company at least seven clear days before the date of the Annual General Meeting.
8. Pursuant to Section 109A of the Companies Act 1956, a shareholder may nominate in the prescribed manner a person to whom his shares of the Company shall vest in the event of his/her death.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956
Item No. 4

The business of the Company has expanded manifold and become complex with the additions of new areas of operations. During the 18 months period, the Company has achieved turnover of about Rs 1650 crores. The growth has added the complexities with regard to additional marketing and commercial functions, hedging of commodities risks, export- import activities etc.

Therefore, in view of the increase in size and growth prospects of the organization, the Board of Directors of the Company in their meeting held on March 24, 2011 have appointed Ms Gursimran Kaur Mann as an additional director on the Board of the Company in pursuance to Article 87 of the Articles of Association of the Company and subsequently, on the recommendation of the Remuneration and Compensation Committee of the Board of Directors of the Company, the Board in its meeting held on May 13, 2011 has appointed her as an Executive Director (Commercial) 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. May 1, 2011 on the terms & conditions as stated in the resolution. The brief profile of Ms. Mann is as follows:

Ms. Mann is graduated in Economics and Political science from Bryn Mawr College, USA and MBA from London Business School. She joined the Company in year 2005 and played a key role in introducing international and trading operations at the Company. She is looking after marketing, trading and sales operations including new businesses of the Company. She is daughter of Mr. Gurmit Singh Mann, Chairman & Managing Director of the Company and also part of the promoter group.

She is a member of Finance Committee of the Board of Directors of the Company and director on the Board of other companies, the details of which are given elsewhere in the notice

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, she 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 Act, from a member of the Company signifying his intention to propose her as a candidate for directorship.

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

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

Item No. 5

Mr. Ram Sharma was appointed as an additional director on the Board of the Company in pursuance to Article 87 of the Articles of Association of the Company w.e.f. July 15, 2011. As per Section 260 of the Companies Act, 1956, he holds the office of directorship upto the date of this Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose him as a candidate for directorship. He is not holding any directorship in any other Company.

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

None of the Directors, except Mr. Ram Sharma, is concerned or interested in the resolution.

Item No. 6

The Company has been sanctioned financial assistance of Rs. 50 crores for making payment of cane arrears and Rs. 10 crores for off-season repairs and maintenance from Punjab National Bank and working capital assistance of Rs. 6 crores from Bank of Baroda.

Further, the Corporate Debt Restructuring Empowered Group has approved the Scheme of Corporate Debt Restructuring of the Company under which the State Bank of India, Punjab National Bank, Bank of Baroda, State Bank of Patiala and ICICI Bank Limited have agreed to provide financial assistance(s) upto Rs. 50 crores (in aggregate) for meeting the working capital requirements of the Company.

In this regard, it is necessary to pass resolution under section 293(1) (a) of the Act, for creation/modification of mortgage and/ or charge on the assets of the Company.

Accordingly, resolution set out under item no. 6 is recommended for approval of the shareholders as an ordinary resolution.

None of the Directors is concerned or interested in the resolution.

Item Nos. 7 & 8

The Company in the Annual General Meeting held on December 17, 2009 had approved the appointments and payment of remunerations to Dr G S C Rao, Chief Executive Officer and Mr. Sanjay Tapriya, Chief Financial Officer of the Company under the provisions of Section 198, 269, 309, 310, 311 and all applicable provisions, if any, read with Schedule XIII of the Act, for a period of 5 (Five) years w.e.f. October 1, 2009 and fixed their remuneration in the scale of Rs. 2,75,000/- -27,500/- - 3,85,000/- and Rs. 2,50,000/- - 25,000/- - 3,50,000/- respectively, subject to the ceiling limit of Rs. 4 lacs per month, in case of loss/ inadequacy of profits as per schedule XIII of the Act.

Further, the Ministry of Corporate Affairs vide General Circular No. 46/2011 dated July 14, 2011 read with clarification dated

August 16, 2012 has amended the provisions of Schedule XIII to the Act for payment of remunerations to directors, exceeding Rs. 4 lacs per month, if the managerial person:-

- is not having any direct or indirect interest in the capital of the company or its holding company or through any other statutory structures at any time during last two years before or on the date of appointment; and
- is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

Dr. GSC Rao and Mr. Sanjay Tapiya both are the professional directors and not holding beneficial interest in the share capital of the Company and complying with the conditions prescribed in the aforesaid circulars. The brief profiles of them are as follows:

1. Dr. G S C Rao

Dr. Rao is the Chief Executive Officer of the Company with over 31 years of industry experience. He has Masters degree in Plant Physiology and Biochemistry and has been honored with Doctorate from National Sugar Institute, Kanpur, India. He also holds a postgraduate diploma in management. He has published/presented over 80 research papers in National and International Forums on various aspects of sugar industry. He joined SSL in 1999. He is also a member of UP state varieties release committee and core group for cane development. In the year 2012, he is re-elected as the President of Sugar Technologists' Association of India (STAI).

2. Mr. Sanjay Tapiya

Mr. Tapiya is the Chief Financial Officer of the Company. He is a commerce graduate and fellow member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He holds an excellent academic record and has various merits to his credit. He joined the Company as the Company Secretary in year 1986 and upgraded to the director level in year 2003. He has over 25 years of experience and currently controlling finance and commercial functions of the Company.

As these directors do not hold any beneficial interest in the Company other than the working in professional capacity, the proposal is submitted to seek approval of the members of the Company for payment of remuneration to them in accordance with terms of their appointment with effect from April 1, 2012 till the unexpired period of their appointments i.e. September 30, 2014, as approved by the members of the Company in the Annual General Meeting held on December 17, 2009. All other terms and conditions of their appointment will remain unchanged.

The payment of remuneration will be subject to the provisions of Section 198, 269, 309, 310, 311 and in terms of Section II of Part II of Schedule XIII and other applicable provisions, if any, of the Act. This may be treated as an abstract of the terms and conditions governing the appointment and payment of remuneration under the Act.

Accordingly, resolutions set out under item nos. 7 and 8 are recommended for approval of the shareholders as special resolutions.

None of the Directors, except Dr. G S C Rao and Mr. Sanjay Tapiya, interested in their respective resolutions, is concerned or interested in the resolutions.

Item No. 9

The Company has been making contribution by donating/promoting/sponsoring from time to time to the charitable, social, or any non-profit making organization, society, trust, or entities of related nature for taking up any programme/activities in the fields of education, health, clean water, social welfare, promotion of sports/cultural activities etc; not directly relating to the business of the Company or the welfare of its employees, in

order to undertake Corporate Social Responsibilities (CSR) of the Company.

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

Pursuant to the provisions of Section 293(1)(e) of the Act, approval of the members is being sought for contribution to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which in any financial year, upto Rs. 10.00 lacs (Rupees Ten Lacs only) or five per cent of the average net profits of the Company as determined in accordance with the provisions of section 349 and 350 of the Act during the three financial years immediately preceding the financial year, whichever is greater.

Accordingly, the resolution set out under item No. 9 is submitted for approval of the shareholders as an ordinary resolution.

None of the Directors is concerned or interested in the resolution.

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

Place: New Delhi

Date: September 25, 2012

**Kamal Samtani
Company Secretary**

Notes on Director(s) seeking appointment/re-appointment as required under clause 49 of the listing agreement entered into with Stock Exchange.

At the ensuing Annual General Meeting Mr. S K Ganguli, Director of the Company is retiring by rotation and being eligible offers himself for reappointment. Mr. Ganguli is a commerce graduate and qualified chartered accountant, who has been in the profession for last 42 years. He was inducted on the Board of the Company w.e.f. September 30, 2004.

In order to broad base the composition of the Board, the Company has appointed Ms. Gursimran Kaur Mann and Mr. Ram Sharma as an additional directors on the Board of the Company on March 24, 2011 and July 15, 2011 respectively.

The brief profiles of the above appointing directors are given elsewhere in the relevant explanatory statement of this notice.

Ms. Gursimran Kaur Mann, Mr. SK Ganguli and Mr. Ram Sharma are director, member and chairmen on the Board of following companies:

Name of Director	Name of Companies	Committee Membership	Committee Chairman/Chairperson
Ms. Gursimran Kaur Mann	Simbhaoli Sugars Ltd. (Shares held-824014)	Finance	-
	Simbhaoli Spirits Ltd.	-	-
	Dholadhar Investments (P) Ltd.	-	-
	Dholadhar Developers (P) Ltd.	-	-
	Uniworld Sugars (P) Ltd.	-	-
Mr. SK Ganguli	Simbhaoli Sugars Ltd. (Shares held-500)	Remuneration	Audit, Investor Grievance
	Dee Development Engineers Limited	Audit	-
	Tourism Finance Corporation of India Ltd.	Investor Grievance	Audit
	Malwa Power Pvt. Ltd. Nominee Director-IREDA	-	-
	Him Kailash Hydro Power Pvt. Ltd.-Nominee Director-IREDA	-	-
Mr. Ram Sharma	Simbhaoli Sugars Ltd. (Shares held-1000)	-	-

DIRECTORS' REPORT

To the members of Simbhaoli Sugars Limited

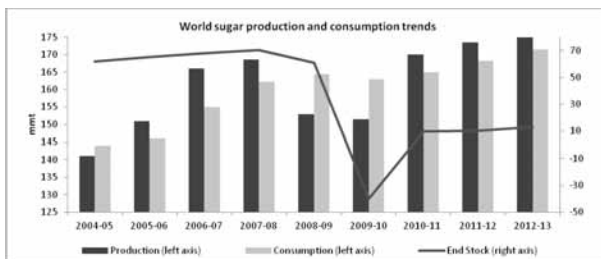
Your directors have pleasure in placing the directors' report together with management discussion and analysis for the financial period comprising 18 months ended on March 31, 2012.

Management Discussion and Analysis

International Sugar Industry

Sugar year 2011-12 was the second consecutive surplus year with estimated sugar production of 173.5 mmt and a surplus of 5.2 mmt despite a decrease in production to 34.2 mmt in Brazil. India, China, Thailand, Russia and Australia have been the major producers who surpassed their 2010-11 production and largely contributed to world surplus. The year however saw continuous downward revisions in the production estimates with the surplus which was originally estimated to be above 10 mmt, and finally settled at about 5 mmt. This has supported the raw sugar prices to remain sustained at an average level of 24 cents/pound.

The consumption during the year has grown at 1.9% (lower than the long term average of 2.4%) and touched to 168.3 mmt.



Sugar production outlook for sugar year 2012-13 continue to remain positive for the third consecutive year. As per the latest estimates with a production of 177.4 mmt, there is a likely surplus of 5.9 mmt in the sugar year 2012-13. High sugar prices in 2011-12, increased the incentives to improve production in countries like China, Mexico and Russia, which compensated the expected fall in production in India and Thailand.

Brazil witnessed a delayed start of cane crushing for 2012-13 season due to excessive rains over the months of April and May. However, with continuous favorable weather conditions in July and August, the initial production deficits are largely met. The sugar production for the year 2012-13 is now estimated at 38.1 mmt with a higher sugar mix at 51.6% (48.4% last year).

Sugar production in EU 27 is expected to be at 17.5 mmt, 1 mmt lower than in 2011-12. Accordingly, the exports are expected to be limited to the WTO allocation. Estimated production in Russia at 5 mmt and Australia at 4.5 mmt will be higher than 2011-12 production. After an initial deficit monsoon in Thailand, production is estimated at 9.5 mmt (10.2 mmt last year). China, with favourable weather conditions, is expected to produce 13.6 mmt against 12.5 mmt in 2011-12. Indian production however is slated to be lower at 24.0 mmt.

Consumption for the 2012-13 sugar year is expected to be at 171.5 mmt, 1.9% higher than 2011-12. With the fall in the prices, consuming countries are expected to replenish their inventory levels which would mean higher trade flows and more distributed end stocks.

The world sugar consumption is expected to surpass 200 mmt level by the sugar year 2020. The additional demand is expected to be met by way of supplies from Brazil, Africa and China to some extent. With rising cost of production, the sugar prices are likely to remain at higher levels on consistent basis.

Raw and white sugar prices trends

Raw sugar prices after touching a 30 years' high of 36.08 cents/pound in February 2011, dropped by almost 45% to around 20

cents in August 2012. Constant economic and climatic changes forced market participants to re-evaluate their operating assumptions and trading positions. This strong volatility in prices during the period under report was due to the challenges faced by the world economy, which hit equity markets, commodities and currencies. This also gave a number of trading and business opportunities to participants and processors of raw sugar.



With the range bound prices particularly over the period Dec 2011 till June 2012, the sugar demand improved as the consuming countries started rebuilding their stock levels. The white sugar premium remained sustained at 100 USD/pmt levels on account of continuous demand of white sugar.

Ethanol Industry

2011 World Fuel Ethanol Production (major producers)

Continent/ Country/ Region	North & Central America	South America	Brazil	Europe	Asia	China	Canada	Australia	Africa
Billion Litres	54.51	21.84	21.08	4.39	3.36	2.09	1.75	0.33	0.14

Source: RFA, F.O. Licht

The growth in world ethanol production and consumption remained sluggish on account of economic slow-down, prices of petroleum and lower corn production in US. The key producers viz US, Brazil, EU and India did not increase their production. With lower inventory of ethanol in the country, Brazil has relaxed the blending norms during 2011-12. It produced 29.54 mn ltr of ethanol (55.07% of cane) in 2010-11 and 35.41 mn ltrs (51.56% of cane) in 2011-12. Lower ethanol prices in Brazil and the rising corn prices in United States resulted in increased possibilities of exports of ethanol to the US.

India has also revived its ethanol blending program in 2010-11 by introducing five percent blending with petrol. The program remained dormant for last two years on supply concerns.

Indian Sugar Industry

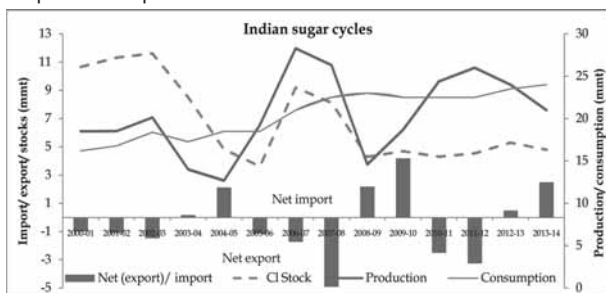
Over the years, the Indian sugar business has become extremely complicated and challenging because of greater governmental control and regulations; with farmers, millers and consumers, having varied interests. Industry expects that the government will continue to take rational, fair and consistent decisions, keeping in mind the interests of all the stakeholders and the country's long-term objective of maintaining self-sufficiency in sugar.

The Indian demand and supply balances have shown a surplus situation in the sugar years 2010-11 and 2011-12. However, with regular exports, closing stocks have not improved significantly. The demand and supply levels at the end of the last two sugar years and projected for the coming year is appearing as follows:

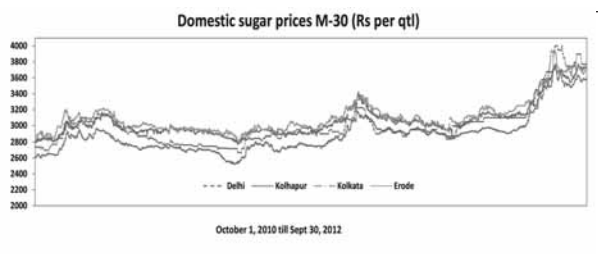
Particulars /Sugar Year	2010-11	2011-12 P	2012-13 E	Change %
Opening Stock as on 1st Oct	4.9	4.3	4.3	4.6
Production during the Season	24.4	26.1	24.0	(8.8)
Imports	0.3	0.1	0.5	400
Total Availability	29.6	30.5	28.8	4.9
Consumption	22.5	23.0	23.5	2.23
Exports	2.8	3.2	0.3	(91)
Closing Stock as on 30th Sept	4.3	4.3	5.0	26.7
Stock as % of Usage	19.4	18.7	21.3	-

(Source: ISMA handbook of sugar statistics/announcements made)

The initial production estimates for the sugar year 2012-13 were nearly same as of 2011-12, which is revised downward with delayed and deficient monsoon in the states of Maharashtra and Karnataka. With monsoon rains picking up in the second part of August, the estimated production for the year is likely to be at 24.0 mmt, which is 8% lower than 2011-12. Sugar production in 2012-13 could get further affected due to the other factors including cane price expectations and millers' ability to pay. However, the production is expected to be sufficient to meet the domestic demand. In 2012-13, India would have relatively small surplus for exports.



During the period, the domestic sugar industry continued to struggle due to depressed retail prices and high input costs (sugar prices remained about Rs. 4 to 5 per kg below the cost of production). Despite efforts to strengthen the by-products (power and alcohol) businesses, the gross revenues were not sufficient to achieve a break-even position.



Government Policies

During the period, Government of India started taking initiatives and evaluating policies for de-regulating the domestic sugar industry. It took a number of steps to manage the surplus by allowing regular sugar exports under open general license (OGL) in small tranches from Dec 2010 onwards. An approx 3.3 mmt of sugar is expected to be exported in the sugar year 2011-12.

The Government is becoming aware of the woes of the sugar industry on account of stifling Government intervention, policy inertia and absence of realistic initiatives. Various policy measures taken by the GOI during the period under review include:

March 2011

- (i) Allowed 0.57 mmt of controlled exports.
- (ii) Sugar Stockholding restricted for maximum 30 days by recognized dealer.

April 2011: 0.5 mmt further exports under OGL allowed.

May 2011

- (i) The process of obtaining release orders from GOI for making export has been dispensed with.
- (ii) Requirement of obtaining a release order by an importer of raw sugar under Advance Authorization Scheme and export

of white sugar in fulfilment of his export obligation is dispensed with.

- (iii) No exemption from levy sugar on quantity of white or raw sugar exported.

June 2011: Allowed the export of 0.5 mmt of additional sugar under OGL.

September 2011

- (i) The 0% duty on sugar imports extended up till November 2011.
- (ii) Stock limit control lifted after September 30, 2011.

November 2011: Uttar Pradesh Government announced a Rs. 30 to 40 per quintal increase in the State Advised Price of sugarcane for 2011-12, to Rs. 240 qtl for general varieties and Rs. 250 per qtl, for early maturing varieties.

December 2011: Notified the export of 1.0 mmt of sugar under the OGL scheme.

April 2012: Allowed 0.5 mmt exports of sugar.

May 2012: Allowed exports of sugar under OGL without any quantitative restrictions for 2011-12 season.

June 2012: Notified FRP of sugarcane at Rs. 145 per quintal linked to basic recovery of 9.5% subject to a premium of Rs. 1.53 for every 0.1% for 2012-13.

September 2012: GOI has set up a committee under the Chairmanship of Mr. C. Rangarajan, in January 2011 to recommend the path of achieving deregulation of the sugar industry. The Committee, in its draft report, has suggested a complete liberalisation of the sector including doing away with the levy sugar obligation, release mechanism and freeing of export-import. It has recommended the Fair and Remunerative price (FRP) as the base price for sugarcane throughout the country along with a profit-sharing mechanism with the farmers.

The much awaited fixation of ethanol price by petroleum companies is still pending and manufacturers are getting an interim price of Rs 27 per litre. Further, the restoration of the UP Sugar Incentive Policy, 2004 which was withdrawn by the erstwhile Government of the State of Uttar Pradesh, is also pending. It is expected that the current State Government will implement this policy with or without modifications in order to compensate the industry which has invested a large sum of money during 2004 to 2008 backed by promises made by the State Government.

Power Sector

Indian sugar industry is one of the main producers of renewable power using bagasse, a by-product from sugarcane crushing operations as fuel. The total installed capacity for sugar based cogeneration in India is around 1,400 MW in June 2010, against 437 MW in March 2005. Indian sugar industry has a gross potential to generate about 5000 MW of such power annually, as per MNRE. In the year 2010-11, the peak energy deficit in India was about 10%, which is multiplying in the absence of sufficient addition of new power generation capacities.

India has set targets to achieve an installed cumulative, grid connected renewable energy capacity of 74 GW by 2022 (15% of total energy) which is 4.1% at present. Bagasse based power generation needs to be an important part of that.

Alcohol/Ethanol Sector

India currently has installed capacity of over 3.5 bn litres for production of alcohol and 1.5 bn litres for ethanol. As per mandated requirement of 5% ethanol blending with petrol, approx. 920 mn litres of ethanol is required. India has sufficient

capabilities to fulfil that requirement. Chemical and drinking alcohol industries are the other major users of alcohol. Most of the alcohol in India is manufactured from molasses, a sugar mill by-product and any change in sugar production leads to a shift in production of alcohol.

Potable Spirits Sector

Potable spirits is one of the fastest growing industries in the world with around 10% annual growth in consumption. Exceptional growth is triggered by rising population, surging number of alcohol consumers, increasing per capita income and higher spend on alcoholic beverages. Current per capita alcohol consumption in India is 2.6 litres per annum in comparison to global per capita average alcohol consumption of 9.6 liters. However, the growth rate of consumption is higher on account of growing population, increasing alcohol consumption and social acceptance. The Indian made foreign liquor (IMFL) market is estimated at 175 mn cases per annum wherein premium and semi premium segment account for 87 mn cases viz. about 50% of total market share. In India, whisky accounts for almost 55% of the IMFL industry and the rest 45% consumption comprises other IMFL products. The white spirits are the fastest growing segment in IMFL. The overall liquor consumption in India is growing at a compound annual growth rate of about 30 per cent and is likely to reach 20,000 mn litre in the next three years, from the current level of 7,000 mn litre.

Simbhaoli Sugars Limited

Business description: Operating capacities

Simbhaoli Group has three business complexes located at Simbhaoli (Western Uttar Pradesh), Chilwaria (Eastern Uttar Pradesh) and Brijnathpur (Western Uttar Pradesh), having a combined crushing capacity of 19,500 TCD. The Company has its marketing offices for its potable spirits, speciality sugars and fruit drinks at multiple locations. It has developed expertise in refining raw sugar in the off season period and has a capacity to refine 3,00,000 mt raw sugar annually in addition to cane crushing, whenever commercially viable. During the period under review, there has not been any capacity expansion in the businesses of the Company.

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

*out of the raw processing capacities, 1450 TPD is sulphur less refined, capable to produce EC grade 45 ICUMSA sugar.
#revised from 6600

Along with sugar, SSL has a complete integration with distillery and cogeneration of power; leading to optimal utilization of by-products. It has three distilleries adjacent to the sugar plants with an aggregate capacity of 210 kilo litres per day (KLD), including 180 KLD ethanol capacity. The potable alcohol distillery at Simbhaoli is capable to produce 5.0 mn cases of IMFL and Indian made Indian liquor (IMIL) annually. It also has bottling tie-ups in the states of Jammu and Kashmir, Punjab, Himachal Pradesh, Bihar, West Bengal, Kerala, Assam and Orissa. The Company has hived-off the potable distillery business to its subsidiary company, Simbhaoli Spirits Limited.

Company also has power co-generation capacities aggregating to 64 mwh at all the three plants. The Simbhaoli and Chilwaria units supply the surplus power to the UP State grid under the Power Purchase Agreements. There is a plan to expand the overall cogeneration capacity for which the power segment is being hived-off to a subsidiary company, Simbhaoli Power Limited under the business reorganising plans.

Operational Review

The period under review comprises two crushing seasons of 2010-11 and 2011-12. The sugar business, during this period, has continued to reel under pressure due to an imbalance between the cost of production and market prices. The key factors affecting the sugar business of the Company remained the high cane price, lower sugar recoveries and subdued realisations.

Cane Price

Rs/qtl

Season/Cane Price	FRP	SAP (UP)	Gap between FRP and SAP
2010-11	139	205	66
2011-12	145	240	95

SAP for sugar cane has increased by over 90% in the last 5 years, which is significantly more than the increase in free sale sugar price. The gap between SAP and FRP has also swelled up to Rs 95 per qtl, which has made UP sugar industry relatively uncompetitive.

Aggrieved by such exorbitant increases in the cane price in an arbitrary manner, your Company along with U.P. Sugar Mills Association had filed a writ petition with the competent courts, which was rejected. The Company has made payment of all the cane dues for the 2011-12 season.

During the period, Hon'ble Supreme Court has also vacated its interim order for payment of cane price for the sugar seasons 2006-07 and 2007-08. In compliance to this, the Company has paid Rs 251 mn, being the differential cane price for 2007-08 which is reflected as an extra ordinary change in the accompanied accounts. The Company did not have any outstanding liability for the sugar season 2006-07.

Cane management

Sugar recovery in the state of Uttar Pradesh particularly in western UP, continued to remain a major concern. Average recoveries for both the sugar seasons remained below the long term average, in line with the industry trends.

The main reasons for fall in sugar recoveries have been successive deterioration of cane quality on account of varietal degeneration, inconsistent rainfall, lack of crushing in the high recovery period, lack of quality seed material, and lack of cane development activities by the mills, State and farmers. High cane price based upon tonnage instead of quality affected the incentives to the farmers to improve the quality and yields over the years.

SSL has continued its cane development program including distribution of sugarcane seeds for varietal replacement, pest and insect control etc to augment cane supplies in its reserved areas. It has propagated schemes for multi-cropping of different crops with sugarcane to maximize the earnings of the farmers. Assistance(s) have been obtained from banks and sugar development fund. The benefits of these initiatives will be available in the long term in the form of improved farm yield and healthy cane crop.

Business Restructuring

SSL has been impacted by downward cycle in sugar industry coupled with lower recoveries and high fixed costs, leading to inconsistent financial performance of the Company over the past two years. It sustained heavy losses due to steep fall in sugar prices in a short span of time during SY 2009-10, as it was carrying large inventories of white sugar and unprocessed raw sugar including raw sugar in transit. This led to a fall in valuation of the stocks as the net sugar realisations fell lower

than the cost of production resulting in net losses and erosion of net worth. SSL had to resort to short term borrowings from banks to meet cane growers' liabilities which were repayable in short term. The high gearing led to high interest cost and consequent tight liquidity situation.

To continue the operations viably, restructuring of existing operations, rationalisation of repayment obligations and reduction of debts became essential. Power and alcohol businesses offset the inherent risks of the sugar business; which the Company has not been able to grow due to cash constraints.

A business restructuring study has been carried out by SBI Capital Markets Limited (SBI Capital), and according to that, it is recognised that by expanding the capacities of by-product businesses, the consolidated profitability of the Company is expected to be improved significantly. The expansion of these businesses requires large capital investments and growth can be achieved therein by infusing fresh capital resources. Further, each business segment is significantly different from other and requires focused management approach.

SBI Capital has suggested that power and potable alcohol businesses of the Company should be hived-off into separate companies for improving abilities of the new entities to carry out their growth plans and receive additional funds. This would also un-lock the value of the profitable business segments and improve valuations.

Features of the Restructuring Scheme

1. Transfer of Potable Alcohol Undertaking of the Company (Simbhaoli Distillery Division) to Simbhaoli Spirits Limited under a Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956. The Hon'ble High Court of Judicature at Allahabad has sanctioned the Scheme vide order dated September 17, 2012, and post hiving off, steps shall be initiated to achieve business growth in the new entity.
2. Transfer of the Power Businesses of the Company on slump sale basis to Simbhaoli Power Limited. The Company has executed a joint venture agreement (JVA) with Sindicatum Captive Energy Singapore (SCES), for seeking investment in SPL. Sindicatum group is an investor in green and sustainable energy projects. As per JV arrangement SCES shall acquire 49% of the share capital in SPL.
3. Deferment of repayments of existing term loans for a period of 12 months in concurrence with the lenders.
4. Infusion of long term funds by way of promoters' equity and working capital term loans.

The restructuring scheme has been approved by the Corporate Debt Restructuring Empowered Group of lenders on March 12, 2012, modified on August 16, 2012 and is under implementation.

Branding

SSL is concentrating on cultivation of new brands for its different product categories and marketing them in new areas. The Company strengthened its portfolio of specialty sugars by launching another innovative, first of its kind, sugar sticks. The product was launched at selected outlets in Delhi NCR initially and with increase in demand, the distribution was gradually spread to the other areas also. The marketing reach of the Sipp fruit drink launched in 2010 and the Trust sugar sachets has been further expanded.

International marketing and trading

SSL is one of the few companies in India, which has capability to produce and export EC grade refined sugar for direct consumption to developed countries, both under bulk and branded segments. During the period, it exported 36,344 mt of refined sugar against its pending obligations under the Advance Authorisation Scheme (AAS) and 5,867 mt under OGL. The Company processed 10,000 mt of raw sugar, being the left over from previous contracts. The Company has taken steps to strengthen its imports and exports activities with formation of policies including hedging of related commodity and forex risks.

Bulk alcohol and ethanol business segment

The three alcohol business units of the Company produced 15.64 lacs BL of the bulk alcohol in the form of rectified spirits, extra neutral alcohol and ethanol. A large quantity of ENA is exported to a number of countries. During the year, it has supplied 177 lacs BL out of total supply commitment of ethanol to the oil companies at a price of Rs 27 per BL under previous contracts.

Power business

Simbhaoli and Chilwaria sugar units have a surplus power generation capacity of 34 MWH, for which they have individual power purchase agreements with the Uttar Pradesh Power Corporation Limited under the bio mass based power generation policies. During the period, the Company exported 1464 lacs KWH of power at an average price of Rs 4.13 per KWH. Post restructuring, SSL has plan to expand its power capacities in Simbhaoli and Chilwaria and also planning to connect Brijnathpur plant to the State Grid by laying new transmission lines. Essential industrial approvals including State level environmental clearances are in place.

Human resources

Human resources are the key driver and with their commitment and dedication, the Company has been able to successfully implement its business strategies. For continual expansions, enhancement of capacities, diversifying the product portfolio and intensifying operations, both in India and overseas, SSL is constantly developing its human resources to meet future needs successfully. There is a continuous motivation and encouragement to human assets for their multi-faceted development by providing a work environment wherein they can make the best use of their existing capabilities and develop new ones.

To encourage learning as a part of the organization culture, opportunities are provided on a regular basis to improve the knowledge, foster enquiry and dialogue, making it safe for people to share openly and take risks. The Company constantly undertakes training activities to enhance skills of its human resources. During the period under review, it has imparted 1750 man days of training to employees and executives. Other than this, employees are being trained on specific areas by dedicated mentors/facilitators on regular basis.

A systematic performance appraisal system has been in place. Objective of performance appraisal system is to measure the performance of employees, identify their individual improvement areas, and give them performance feedback so that they can further improve themselves. Employee welfare is taken care of by providing various facilities like residential houses, fully operating dispensary, school, school bus, canteen, club, fair price shop, bank and post office. Annual recreational and educational tours are organized for employees and their families.

SWOT

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

Strengths

Sugarcane

1. Sugar units are located in the sugarcane-rich Indian state of Uttar Pradesh
2. Well-irrigated sugarcane farming
3. High cane density and close proximity to sugarcane farmers

Sugar refining

1. Integrated facilities to produce sugar using sugarcane as well as raw sugar
2. Internationally recognised high quality of sugar; getting premium in domestic and global markets
3. Product offering including multiple varieties of sugars including pharmaceutical-grade and speciality sugars

By products

1. Present in all segments of alcohol; rectified spirits, ENA, and ethanol etc
2. Strong marketing and distribution channels for the branded products
3. In house cogeneration of power capacity, which can be operated round the year

Weaknesses

1. Cyclical nature of the industry. Sugarcane production is a factor of natural and economic cycles
2. Highly regulated environment of operations
3. Highly leveraged company

Opportunities

1. Maintaining cane quality by varietal change, cane development program and multi cropping
2. Enlarging the operations of technical consultancy vertical through its subsidiary, Integrated Casetech Consultants Pvt Ltd
3. Flexibility to use raw sugar in case sugarcane is in short supply
4. Possibilities to expand power generation business and execute open access contracts
5. Major exporter in its product lines on account of quality, brands and product mix
6. International trading subsidiary for supporting international trade

Threats

1. Any adversities in agro-climatic conditions may impact negatively
2. Volatile international markets have a bearing on international and domestic operations
3. Highly regulated environment may be unfavourable
4. Un-hedged positions in sugar and currencies may lead to high risk

Quality management system

Quality is ensured in every system, be it manufacturing or management. The Company is fully compliant to internationally recognized quality, environment and food safety standards. Quality Assurance efforts extend to whole supply chain from the farm to the customer. Captive experimental farms at Simbhaoli, Chilwaria and Brijnathpur grow advance cane varieties for propagating for their quality and yield attributes.

The sugar refineries of the Company have world class quality management systems including ISO 9001:2008, ISO 14001:2004 and FSSC 22000:2011. These management systems are applied to develop a systematic work culture that emphasizes process ownership across all levels of the organization. To improve the organizational efficiencies, emphasis has always been on quality, environment and food safety management initiatives. Other concepts like quality circles, task forces, and committee assignments etc are in operation for many years in the Company.

Internal control system

SSL has adequate systems of internal control to reasonably safeguard the assets against loss from any unwarranted use. All transactions are authorized, recorded and reported correctly. Internal audit and checks are carried out regularly at various units/projects/activities centre to ensure the adequacy of control system and its monitoring. The Company is operating in SAP based system which enables the internal control procedures and information flow in a predetermined environment.

Risk assessment and mitigation policy

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

Following are the major risks associated with the businesses of the Company:

1. Risk of raw material: availability and pricing, particularly of sugarcane.
2. Pricing risks related to finished goods:
 - a. Sugar: The Central Government determines and fixes a quota for sale of sugar in open markets. It also declares quantum of levy sugar to be sold at subsidized prices. The market prices are also therefore not determined by the market forces.
 - b. Alcohol: Government policies affect the prices of ethanol and potable alcohol in international and domestic markets. The licensing of potable alcohol business is controlled by the state governments.
 - c. Power: The price is determined and payable by the state power corporations.
3. Agro climatic conditions: The sugar production depends on the volume and sucrose content of sugarcane that is supplied to the mill. Various agro-climatic conditions such as unfavourable weather, irrigation facilities, crop disease, cane seed varieties etc adversely affect sugarcane crop and sugar yield.
4. Foreign exchange fluctuations affect the viability of international trade transactions.
5. Market risks: The demand and supply in the international markets and as a result, the price of the sugar, keep

fluctuating for various reasons including changes in government policies in relation to the sugar industry.

6. Environment risk: The sugar and alcohol businesses are subject to Indian environmental laws and regulations which may lead to substantial capital expenditures.
7. Competition: Competition in the sugar and alcohol sectors based upon a number of considerations, including location, product quality, brands, product innovation, distribution capabilities and price, may affect business.

Besides, the Company is also subject to a number of internal and external risk factors, which affect its profitability. These include risks related to financing and reporting risks, contractual compliance, compliance with local laws, quality and project management, and human resource management.

Technology initiatives and energy conservation methods

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

Corporate social responsibility (CSR)

The Company has taken a number of initiatives, for improvement in the life style of thousands of sugarcane farmers and their families by encouraging education, health, cleaner surroundings, unclogged drains and to learn the value of good hygiene and sanitation.

The Company's mission to become a model corporate citizen is being translated on ground by the Simbhaoli India Foundation (SIF), a non-profitable institution specially established to implement programmes in the fields of education, healthcare, clean water, social welfare, village infrastructure development in sugarcane areas of the Company. The Company's employees are important stakeholders in the foundation, and have contributed to set up the corpus fund. The activities carried on by the foundation with active support from the Company during the period include educational sports and rural children camps at Chilwaria and implementation of education linked scholarship scheme(s) at Simbhaoli and Brijnathpur.

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

Secretarial audit

The Company has followed and adhered to all the requirements under the Companies Act, 1956, Listing Agreement with stock exchange(s), SEBI regulations, Reserve Bank of India and other statutory/ regulatory authorities as applicable from time to time. The Company has also been following the requirements under the Corporate Governance norms. SSL has a good team of professionals, who are handling the statutory requirements under the said provisions and also following the principles of transparency, accountability, corporate citizenship and environment consciousness in the best interest of all the stakeholders. The secretarial audit under the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, shall be conducted in phased manner over a period of time.

Information technology

SSL is operating on SAP based enterprise resource planning (ERP) environment, optimizing the performance of the business as well as the business network. All the business units of the Company are now integrated through SAP modules. The program has been further strengthened during the period.

Insurance claim on loss of raw sugar

A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 478 Mn was filed with the Oriental Insurance Company Limited (Cargo Insurer). Following the repudiation of insurance claim by Cargo insurers, in an arbitrary manner, the Company initiated legal proceedings against the Insurer with National Consumer Disputes Redressal Commission, New Delhi under the Consumer Protection laws in India. The Company along-with ED & F Man, the sellers of the cargo, also initiated a legal proceeding under applicable arbitration laws in London against the vessel owner and obtained necessary injunction against its properties, which has been vacated after receiving a letter of undertaking from the P&I club of vessel owner for a settlement value upto USD 14.5 Mn.

In the said London Arbitration proceedings, the Company has negotiated and received a final settlement at USD 9.8 Mn (Rs 5515 lacs) in July 2012, inclusive of cost of raw sugar, finance charges and other costs from vessel owner/its P&I Club. The Company is continuing to pursue the claim for the balance loss amount against Indian Cargo insurers for Rs 769 lacs, which management is confident to receive, based upon expert advice.

Operations of Subsidiary/ Associate companies

- i. Simbhaoli Global Commodities DMCC, Dubai: It is the wholly owned subsidiary of SSL, set up for the purpose of carrying out the international trading activities in sugar and alcohol segments. The Company has recommenced its business activities during the period.
- ii. Integrated Casetech Consultants Private Limited: It is a subsidiary company with 82% shareholding held by SSL. It offers services in areas related to process engineering, operational manpower management, maintenance of sugar mills and refinery plants, areas related to process steam reduction and electrical energy conservation, agriculture and sugarcane management services etc.
- iii. Simbhaoli Power Limited (SPL): SPL is a subsidiary of SSL, set up for implementing the expansion plans in the cogeneration business of the Company after transferring its power business to SPL. It has approached the financial markets for financially closing the power expansion project after signing a joint venture agreement with Sindicatum Captive Energy Singapore.
- iv. Simbhaoli Spirits Limited: The Company has been set up as a subsidiary of SSL to affect the transfer of its Simbhaoli Potable Distillery Division (SDD) under the process of Scheme of Arrangement sanctioned by the Hon'ble Allahabad High Court, under the provisions of the Companies Act, 1956. The transfer of undertaking became effective on September 20, 2012; the date of filing of the Scheme along with the Court order with the Registrar of Companies. 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 and raise necessary resources.

During the period under report, Simbhaoli Spirits improved the brand visibility of its Board's Verdict whiskey, Carnival Rum, Xing ultra smooth vodka, Xing green apple vodka, and Xing lemon vodka in a number of states. Its Seven Knights whiskey has become the highest selling economy whiskey brand in Delhi by attaining 28% market share in July 2011.

The Company has also entered into an arrangement with M/s Pravda, S. A., Poland, for marketing and distribution of its Pravda brand Vodka in bottled conditions. Pravda is super premium Polish vodka and was first bottled in 1743. It is being introduced first time in India.

- v. Uniworld Sugars Private Limited (USL): USL is an associate company engaged in setting up a 1000 tpd refinery project near Kandla Port, Gujarat. Project cost of Rs 2.15 bn is proposed to be financed with a debt-equity mix. The capital is to be subscribed equally by Simbhaoli Sugars Limited (SSL) and ED & F Man Holdings BV (EDFM) along with their affiliates. The project related work at the site commenced in April 2012 and refinery is expected to be commissioned by July 2013.

OPERATIONS

The period under report comprises 18 months upto March 31, 2012, and two crushing seasons of 2010-11 and 2011-12. A summary of the physical operations of various business units of the Company for the period under report is stated as under:

Manufacturing Facilities	Unit	Simbhaoli			Chilwara			Bijnathpur		
		12 months ending March 2011	6 months ending March 2011	12 months ending Sept 30, 2010	12 months ending March 2012	6 months ending March 2012	12 months ending Sept 30, 2010	12 months ending March 2012	6 months ending March 2012	12 months ending Sept 30, 2010
Season/ Sugar Facilities		2011-12	2010-11	2009-10	2011-12	2010-11	2009-10	2011-12	2010-11	2009-10
Sugarcane consumed	Lacs MT	11.07	8.72	10.19	6.03	4.41	3.04	4.70	3.52	3.96
Sugar recovery**	%	8.75	9.12	9.23	8.83	9	8.56	8.45	8.52	9.27
Raw/ below grade sugar refined	000' MT	7.7	22.1	1,038.8	53.3	39.7	76.7	3.9	4.2	58.4
White Sugar produced*	000' MT	96.5	103.9	977.8	NA	NA	99.2	42.9	34.1	91.4
Surplus Power exported	Kw (lacs)	416.6	329.4	394.4	568.0	190.9	225.85	NA	NA	NA
Gross season	Days	151	127	130	146	119	93	150	133	126
Date of closure of plant	Days	31.312	1.4.11	9.4.10	20.4.12	26.3.11	6.03.10	5.4.12	5.4.11	7.4.10
Distilleries										
Alcohol/ Ethanol produced (Lacs)	B.L				46.96	64.12	73.27	140.84	94.49	133.36
Potable alcohol sold	Cases									
Days of operations	Days				117	114	151	242	152	283

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

**recoveries have been adversely affected on account of short crushing period.

Days of operations of sugar cane crushing in sugar divisions remained lower in 2010-11 and 2011-12 season on account of less quantities of sugarcane available. The sugar recoveries have also come down drastically in line with other sugar mills in the State. The quantity of sale remained sluggish. During the period, SSL sold 34,21,090 qtl (previous year 35,68,612 qtl) of sugar from both cane and refining of raw sugar at an average realization of Rs 3,051 per qtl (previous year Rs 3,093 per qtl). The Sugar recoveries have continuously remained poor on account of agro climatic reasons, shorter crushing season and mutation of the principal sugar cane varieties grown in the region.

FINANCIAL RESULTS AND ANALYSIS

A summary of the stand alone financial results of the Company for the period under report is stated as under. The results for 18 months period do not include the results of Simbhaoli distillery unit.

Particulars	18 months Period ended Mar 31, 2012	Year ended Sept 30, 2010
Net Sales/Income from operations	1,19,953	126,166
Other Income	5,260	6,344
Profit/(Loss) before Interest and depreciation & exceptional items	9,001	(122)
Interest expense	15,092	8,472
Depreciation	5,745	4,009
Profit/(Loss) before tax & exceptional items (Loss)	(11,836)	(12,603)
Exceptional Items	9,306	-
Tax expense		
Deferred tax/IMAT	4,076	5133
Net Profit/(Loss) after Tax	1,546	(7,469)

During the period, the business of the Company has been affected adversely on account of lower capacity utilisation, poor sugar recoveries in west UP, loss on processing of imported raw sugars contracted earlier, lower sugar prices, and higher

interest cost. In view of substantial carried forward business losses, and need to conserve cash, the directors express their inability to recommend any dividend for the period.

The analysis of the audited Balance sheet of the Company as at March 31, 2012 and Profit and loss account for the period of 18 months ended on that date is reported as under:

Share Capital

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

- ESOPs: 32,190 (previous year 28,140) fully paid-up equity shares were issued and allotted. Out of 5,94,425 stock options, 3,63,410 stock options have exercised and 2,31,015 stock options have been lapsed till June 20, 2011, the last date of conversion. Further, 81,300 and 5,16,500 stock options issued on May 18, 2009 and August 10, 2009 respectively exercisable in three tranches over a period of three years after vesting have not been exercised. Out of these, 11,500 and 47,130 stock options have lapsed.
- Preferential Issue of Equity shares: 30,00,000 (previous year Nil) equity shares of Rs. 10 each were issued and allotted at a premium of Rs. 40 per share on preferential basis.
- Issue of warrants: 25,00,000 equity warrants (previous year Nil) were issued and allotted to specified promoters and directors of the Company, convertible within 18 months of allotment into equity shares at a price of Rs. 46.00 (including premium of Rs. 36.00) per share. Out of these 20,00,000 warrants have been converted into 20,00,000 equity shares of Rs 10 each upto July 30, 2012 and remaining 5,00,000 warrants have lapsed as per the terms of the said issue.

Reserves and surplus

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

- Revaluation reserve: Deduction of Rs. 1.06 crores due to depreciation charged on re-valued amount of fixed assets. Rs 0.55 crores deductions due to other adjustments.
- Securities Premium account: Increased by Rs. 16.93 crores on account of issue and allotment of equity shares on preferential basis and conversion of warrants. Rs 67.60 crores from Security Premium account is adjusted with deferred tax assets in terms of the Scheme of Arrangement and Rs 25.18 lacs was the reduction for FCCB Premium.

Total equity shareholders fund of the Company is Rs. 1455 lacs (previous year Rs. 4245 lacs). The book value per equity share is Rs. 5.28 (previous year Rs. 18.20).

Secured loans

The loan accounts of the Company remained standard with the banks. The benefits of revision in restructuring under CDR have not been taken during the period under report.

Unsecured loans

Short term loans from directors standing at Rs 2.56 crores at the beginning of the year reduced to 0.25 crores.

During the period, the Company has redeemed FCCBs having face value of USD 18.90 lacs (Rs 841 lacs) at average yield of 1.37 times on maturity. No FCCBs are outstanding at the end of the year.

Deferred tax liabilities/assets (net)

Deferred tax asset of Rs 47.48 crores (previous year Rs. 70.41 crores) is recognised in the accounts keeping in view that sufficient taxable income will be available in future, against which these assets will be realized in the normal course of business of

the Company. A sum of Rs 67.60 crores, being the deferred tax assets (net) as on Oct 1, 2010 has been adjusted with the profit on slump sale account in terms with the Scheme of Arrangement. DTA of Rs 44.67 crores is recognized during this period under report.

Fixed assets

Capital expenditure: Capital expenditure made during the period is Rs 29.16 crores which includes Rs 7.55 crores on account of the exchange differences on long term monetary items related to the acquisition of fixed asset, addition of a new mill at Simbhaoli sugar plant for improving extraction efficiency, configuration of the boilers at Chilwaria and Brijnathpur sugar divisions and setting up a new bio-digester at Brijnathpur ethanol division.

Retirement of assets: The Company has deducted Rs. 90.19 crores (previous year Rs 8.55 crores) from fixed assets during the year which includes Rs 63.59 crores on account of hiving off of SDD undertaking under Scheme of Arrangement, and transfer of certain old equipment which are no longer being used.

Investments

The Company has following investments as on March 31, 2012:

Particulars	Amount in Rs/lacs
(a) 1,78,000 equity shares of Rs 10 each in Integrated Casetech Consultants Private Limited for cash	17.80
(b) 1,72,50,000 Equity shares of Rs. 10 each in Uniworld Sugars Pvt. Ltd	3445.00
(c) 300 Equity Shares of AED 1000 each in Simbhaoli Global Commodities DMCC	39.94
(d) 50,000 Equity shares of Rs. 10 each in Simbhaoli Spirits Ltd, being the internal contribution for setting up the Company	5.00
(e) 50,000 Equity shares of Rs. 10 each in Simbhaoli Power Ltd, being the internal contribution for setting up the Company	5.00
(f) Others	0.05
Total Investments at the end of the period	3512.79

Consideration for transfer of Simbhaoli Distillery Division undertaking aggregating Rs 136.0 crores to Simbhaoli Spirits Limited, included in other assets for which shares in Simbhaoli Spirits Limited will be allotted.

Inventories

Inventory amounting to Rs 528.96 crores (previous year Rs 400.56 crores) includes finished goods and process stocks. Expected gain on loss of sale of sugar against marking the value of inventories to market price is approx Rs 48 crores, has not been accounted for. The sugar at the year end is valued at Rs 3079 per qtl (previous year Rs 2855 per qtl).

Sundry debtors

Sundry debtors (net) amounting to Rs. 87.01 crores, (previous year Rs. 72.74 crores), are considered good and realisable. Provisions are generally made for all debtors outstanding for over 360 days subject to their scope of realisation and depending on the management's perception. Debtors are at 7% (previous year 4.9%), representing an outstanding of 25 days (previous year 18 days) of gross revenues.

Cash and Bank Balance

Cash and bank balance of Rs 67.45 crores (previous year Rs 139.24 crores) includes fixed deposits of Rs 33.12 crores out of which Rs 31.88 crores are pledged with banks for securing various Letters of credit/guarantees etc.

Loans and Advances

Loans and advances stand at Rs 129.29 crores at the end of the period (previous year Rs 162.15 crores). During the period, adjustments of tax paid of Rs 17.47 crores have taken place.

Current liabilities and provisions

Current Liabilities are on higher side only because of arrangement of payment of cane arrears through Agri loans made out of assistances from banks and funding of significant losses incurred in last two years including losses involved on account of total loss of 22,500 MT raw sugar in transit.

Current Liabilities of Rs 803.25 crores (previous year Rs 669.19 crores) comprises Rs 30.60 lacs (previous year Rs 1.01 lacs) amount due to small scale industries, the suppliers of raw materials, stores and services and other expenses. Other provisions include provisions for leave encashment. Provision for taxation is increased to Rs 2.85 crores (previous year Rs 2.79 crores) in view of provisions for wealth tax.

Sales and other income

Sales and other income (net of excise) is accounted at Rs. 1252.14 crores (previous year Rs. 1325.11 crores). This does not include sale and other income of Rs 159.23 crores of Simbhaoli Distillery Division which is vested with Simbhaoli Spirits Limited as per the Scheme of Arrangement with effect from Oct 1, 2010. The other income comprises interest, rent, profit on sale of fixed assets, liability/provisions no longer required to be written back and miscellaneous earnings.

Negative EBIDTA under sugar segment is attributed to high cost of production in 2010-11 and 2011-12 seasons, high value of raw sugar and sudden fall in sugar prices after February 2010.

The segment wise allocation of revenues for the 18 months period of 2010-12 and preceding two years is as under:

(Rs. in lacs)

Years/ Segment	Sugar		Alcohol		Power		Others	
	Turnover	%age	Turnover	%age	Turnover	%age	Turnover	%age
2008-09	58,909	58.8	38,739	38.8	1,530	1.5	900	0.9
2009-10	110,592	74.12	36,146	24.23	2,467	1.65	-	-
2010-12*	107,206	86.74	10,389	8.41	5,987	4.84	-	-

*consisting of a period of 18 months

Accounting policies

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.

Debt servicing and public deposits

The Company has been able to meet its obligations towards the lenders for principal and interest, in terms with the respective letter of sanctions/approvals. During the period, the Company has not accepted any fresh public deposits and no amount was outstanding at the end of the year. The lenders of the Company have approved the business restructuring under CDR arrangement on March 12, 2012, which has been modified on the behest of the Company on August 16, 2012. Accordingly, the lenders have approved the deferment of repayment of certain loans amounting to Rs 48.17 crores for a period of 12 months.

Scheme of Arrangement

The Company has made an application to hive-off its Simbhaoli distillery unit including the potable alcohol undertaking to a separate company namely Simbhaoli Spirits Limited as per Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956. The Scheme has been sanctioned by Hon'ble Allahabad High Court vide its order dated September 17, 2012 and became effective on September 20, 2012 on filing the true copy of the order with the Registrar of Companies, Kanpur, Uttar Pradesh. Pursuant to the Scheme, the assets, liabilities, debts, and obligations pertaining to the Simbhaoli Distillery Division of the Company, without any further act or deed, have been transferred to the Simbhaoli Spirits Limited (Transferee Company). The total consideration is Rs 136 crores (Rupees One Hundred and Thirty Six Crores) which is discharged by way of issue and allotment of 17,000,000 (One Crores Seventy Lacs) equity shares of the face value of Rs.10 at a premium of Rs. 70 each of the Transferee Company to SSL. The impact of the transfer has been taken into the accompanied accounts.

AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self-explanatory. The Board has taken note of the qualification made by Auditors in their Report on recognition of deferred tax assets on unabsorbed depreciation and carry forward losses and explained in the appropriate notes to accounts.

DIRECTORS

At the forthcoming 75th Annual General Meeting (AGM) of the Company, Mr. S K Ganguli, Director on the Board of the Company, is retiring by rotation and being eligible offers himself for re-appointment. The Company has appointed Ms. Gursimran Kaur Mann and Mr. Ram Sharma as additional directors on the Board of the Company on March 24, 2011 and July 15, 2011 respectively.

Ms. Gursimran Kaur Mann has been appointed as the Executive Director (Commercial) of the Company. She graduated in Economics and Political science from Bryn Mawr College, USA and has an MBA from London Business School. She joined Simbhaoli in 2005 and played a key role in introducing international and trading operations at the Company. She currently heads Simbhaoli's marketing, trading and sales operations along with the company's new businesses. She also represents the promoters' family, being the daughter of Mr. Gurmit Singh Mann, the Chairman and Managing Director of the Company.

Mr. Ram Sharma is a practicing advocate at Lucknow bench of UP High Court. He is acting as legal advisor/ consultant to various sugar mills situated in the State of Uttar Pradesh. He has been regularly representing the Company in professional capacity and was also a director on the Board of the Company during the year 2005-2009. Mr. Sharma shall be an independent director within the meaning of clause 49 of the listing agreement with stock exchanges.

SUBSIDIARY COMPANIES

The Company has four subsidiaries, viz. Simbhaoli Spirits Limited, Simbhaoli Power Limited, Integrated Casetech Consultants Private Limited, and Simbhaoli Global Commodities DMCC. A statement pursuant to Section 212 (8) of the Companies Act, 1956, is attached to the Accounts.

The consolidated financial statements presented by the Company include financial information of its subsidiary companies prepared in compliance with applicable accounting standards. The Ministry of Corporate Affairs, Government of India has vide its general circular no. 2/2011 and 3/2011 dated February 8, 2011 and February 21, 2011 respectively has granted general exemption from attaching the balance sheet of subsidiary company (s) with the balance sheet of the holding Company

after fulfilment of specified conditions thereon. The Company therefore, hereby confirms that the annual accounts of the subsidiary company(s) and the related detailed information will be made available to the subsidiary companies investors seeking such information at any point of time. The annual accounts of the subsidiary company will also be kept for inspection by any investor at its corporate/registered office of the Company and that of the subsidiary company. The information of subsidiary companies is disclosed in this annual report.

The summary of operations of the subsidiary company has been explained in the report elsewhere.

EMPLOYEE STOCK OPTION SCHEME

During the period, 32,910 (previous year 28,140) fully paid-up equity shares of Rs 10 each were issued and allotted under Employee Stock Option Scheme 2007 at an exercise price of Rs. 39 per equity share in accordance with the provisions of SEBI (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999 and the resolutions passed by the shareholders of the Company. The details for stock options issued and exercised are given in Annexure A to the report.

FOREIGN CURRENCY CONVERTIBLE BONDS

During the period, Company has redeemed the outstanding FCCBs aggregating USD 1.89 mn in accordance with the terms of the issue and guidelines issued by the Reserve Bank of India.

CHANGE IN THE ACCOUNTING YEAR

The Company has changed its accounting year from October-September period to April-March to facilitate comparative analysis with other companies, and have a uniform accounting year under the Indian Companies and Income Tax Acts. Accordingly, the current accounting period covers 18 months period commencing from October 1, 2010 to March 31, 2012.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the stock exchange, the report on corporate governance along-with certificate from the practicing company secretary and certificate from Chairman and Managing Director, Chief Executive Officer and Chief Financial Officer form part of this annual report.

LISTING OF SECURITIES

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period, Foreign exchange aggregating to Rs. 176.49 crores (previous year Rs. 53.17 crores) was earned by the Company against the export of sugar, alcohol and cancellation of raw sugar contracts. A sum of Rs. 30.69 crores (previous year Rs. 639.3 crores) inclusive of import of raw material was spent in foreign currency.

RESEARCH AND DEVELOPMENT

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

CONSERVATION OF ENERGY

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

PARTICULARS OF EMPLOYEES

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) Rules, 1975, as amended from time to time.

AUDITORS

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, New Delhi, retire at the ensuing annual general meeting of the Company and, being eligible, offers themselves for re-appointment. You are requested to re-appoint 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.

CAUTIONARY STATEMENT

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

ACKNOWLEDGEMENT

The Board of Directors places on record their gratitude to all the lender banks and financial institutions for their continued assistance and guidance. The Directors acknowledge with gratitude the co operation and assistance received from all executives, staff and workmen of the Company.

The Directors also wish to emphatically state their gratitude to the Government of India, State Government of Uttar Pradesh, Indian Sugar Mills Association, and Sugar Technologist Association of India, farmers, suppliers and all other concerned

persons who have continued their valuable support to your Company.

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

New Delhi
 September 25, 2012

Gurmit Singh Mann
Chairman and Managing Director

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

CONSERVATION OF ENERGY

(a) Energy conservation measures taken

- i. Chilwaria sugar division (CSD) has commenced the Reduced Pressure Steam demand in the process by replacing it with exhaust/condensate water for heating and cleaning of lines. This has reduced the steam consumption.
- ii. CSD is operating 87 Kgs/CM²(g) boiler with variable frequency drive (VFD) operated fans during crushing season. This has improved the generation of steam per unit of bagasse and lower power consumption per unit of steam generation and improved power generation.
- iii. Simbhaoli sugar division (SSD) has shifted refinery boiling on low temperature evaporator vapour. It started utilising the vent vapour of clarifier and vacuum pans for molasses conditioning. These measures have reduced the steam consumption by about 1.0%.
- iv. Brijnathpur sugar division (BSD) has started using condensate for heating the raw juice and using NCG for molasses conditioning resulted reduction in process steam by about 1%.
- v. Brijnathpur sugar division (BSD) has replaced major requirement of reduced pressure of live steam in the process and commissioned a syrup concentrator resulted the process steam demand by about 0.5%
- vi. Counter sludge re-circulation technology (CSTR) type bio-digester is commissioned at Brijnathpur distillery division (BDD), reducing the fuel consumption substantially.

(b) Additional investments and proposals for reduction of consumption of energy

- i. Activities are regularly being pursued on continuous basis for reducing the steam consumption in all three sugar complexes.
- ii. Steam saving is planned by installing flow meters in hot water lines. Water monitoring and condensate heater are installed for juice heating.

(c) Impact of above measures

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Total foreign exchange used and earned for the year ended March 31, 2012: Mentioned in the Directors Report.

FORM A

Disclosure of particulars with respect to conservation of energy for 18 months period ended March 31, 2012.

A. Power and fuel consumption

S. No.	Particulars	Unit	Period ended March 31, 2012	Year ended September 30, 2010
1	Electricity			
	Purchased			
	Units	Kwh ('000)	2743	2681
	Total Amount	Rs Lacs	139.02	107.98
	Rate/Unit	Rs/Kwh	5.07	4.03
	Own Generation			
	(i) Through diesel generator			
	Units	Kwh ('000)	2619	1291
	Unit per ltr. of diesel oil	Kwh	3.08	3.30
	Total Amount	Rs in lacs	319.79	146.17
	Cost/Unit	Rs/Kwh	12.21	11.33
	(ii) Through steam turbine			
	Units	Kwh ('000)	138811	73950
	Units per ltr. of fuel/gas	Kwh	N.A.	N.A.
Total Amount	Rs in lacs	3029.93	2400.15	
Cost/Unit	Rs/Kwh	2.18	3.25	
2	Coal/Coke			
	Quantity	Tonnes	3986	67273
	Total Cost	Rs Lacs	197.47	3489.22
	Average Rate	Rs/MT	4954	5187
3	Furnace oil/L.D.O			
	Quantity	Kilo Ltrs.	25	113
	Total Cost	Rs Lacs	8.98	41.26
	Average Rate	Rs/K Ltrs	36101	36467
4	Others			
	Fire Wood			
	Quantity	Tonnes	304	2025
	Total Cost	Rs in Lacs	7.87	30.33
	Average Rate Bagasse/Paddy-Husk(Purchased)	Rs/MT	2589	1498
	Quantity	Tonnes	34656	5625
	Total Cost	Rs. Lacs	1283.98	146.72
Average Rate	Rs./MT	3705	2609	

B. Consumption per unit of production of sugar

S. No.	Particulars	Unit	Period ended March 31, 2012	Year ended September 30, 2010
1	Electricity	Kwh	365	210
2	Coal/Coke	Tonnes	0.011	0.188
3	Fire Wood	Tonnes	0.001	0.006
4	Bagasse (Purchased)	Tonnes	0.000	0.005

C. Consumption per K.Ltr. of Alcohol production

S. No.	Particulars	Unit	Period ended March 31, 2012	Year ended September 30, 2010
1	Electricity	Kwh	264	255
2	F.O./L.D.O	K.Ltrs.	0.000	0.003
3	Bagasse/Paddy-Husk (Purchased)	Tonnes	0.456	0.108

NOTES:

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

FORM B

Disclosure of particulars with respect to technology absorption for the period ended March 31, 2012.

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

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

II Benefit derived

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

III. Future plan of action

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

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

	2010-12 Rs in lacs	2009-10 Rs in lacs
Capital	-	-
Recurring	14.18	7.99
Total	14.18	7.99
Total R&D expenditure as a % of total turnover		Neg

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
1. Efforts made

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

2. Benefits

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

3. Particulars of technologies imported during the last five years

Not applicable

ANNEXURE-A

Statement pursuant to clause 12 'Disclosure in the Directors' Report of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as at March 31, 2012 for stock options issued under Simbhaoli Sugars Limited- Employee Stock Options Scheme 2007 (ESOS 2007) are given here in below:

S.No.	Particulars	ESOS 2007			
1.	Date of EGM approving the Scheme	March 15, 2007			
2.	Date of Institution of the Scheme.	June 20, 2007			
3.	Total number of securities reserved under the scheme.	6% of the paid-up capital of the Company i.e. 11,85,924 equity shares as on March 15, 2007.			
(a)	Description:				
	Date of Issue of options	June 20, 2007	May 18, 2009	August 10, 2009	
	No. of Options granted	5,94,425	81,300	5,16,500	
	Exercise price per share (Each option is equivalent to one equity share of the face value of Rs. 10/- each of the Company)	Rs. 39.00	Rs. 39.00	Rs. 49.00	
(b)	Pricing formula	The exercise price of the options is determined by the Remuneration and Compensation Committee. It is based upon the closing market price of the equity shares of the Company prior to the date of grant of options at the stock exchange where there is highest trading volume on the said date.			
(c)	Options vested	7,48,305			
(d)	Options Exercised	32,910			
(e)	Total number of shares arising as a result of exercise of option	32,910			
(f)	Options lapsed	1,76,225			
(g)	Variation of terms of options	NIL			
(h)	Money realized by exercise of options	Rs. 12.83 lacs			
(i)	Total number of options in force	5,39,170			

(j)	Employee wise details of options granted to: (i) Senior managerial personnel			
	Name	Designation		
		No. of options granted		
		Year 2007		
		Year 2009		
	Dr. G S C Rao	Chief Executive Officer	25,000	16,235
	Mr. Sanjay Tapriya	Chief Financial Officer	24,000	15,235
	Mr. I S Bhatia	Vice President	21,000	13,300
	Mr. A K Srivastava	Vice President	21,000	11,000
	Mr. Sunil Gupta	General Manager	12,700	9,700
	Mr. N K Tyagi	Chief General Manager	11,200	9,700
	Mr. Kamal Samtani	Company Secretary	3,900	5,100
	(ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year:		NIL	
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant:			
(k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share	Rs. 5.98		
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	The Company has used intrinsic value method with respect to the stock options. The employee compensation cost is negative. As shown below: Exercise Price (weighted) is Rs. 47.64 per option Fair Value (weighted) is Rs. 28.07 per option Difference is (Rs. 19.57) per option		
(m)	Weighted- average exercise prices of options granted	Rs. 47.64		
	Weighted- average fair values of options granted	Rs. 28.07		
(m)	A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted average information is given below :-			
	[1] method	Black Scholes model		
	[2] risk-free interest rate	6.07%		
	[3] expected life	4 years (including vesting period of one year)		
	[4] expected volatility	58.42%		
	[5] dividend yield	0%		
	[6] the price of the underlying share in market at the time of option grant	Rs. 54.70		

CORPORATE GOVERNANCE REPORT

[Pursuant to Clause 49 of the Listing Agreement]

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the period of 18 months ended on March 31, 2012 (hereinafter referred as 'the period'). The Company is committed to adopt sustainable business practices; deliver a wide range of quality products to its customers and has built-up a strong growth oriented, environment friendly, stakeholder centric, innovative and professionally managed team. The Company encourages ideas, innovation, excellence and teamwork in employees to be a learning organization. It has developed a work culture based on merit, integrity, transparency and behaves as a responsible global corporate citizen. The social and welfare activities under the corporate social responsibilities are being carried out regularly for the benefit of the people residing at sugar mills and its command areas.

The Board takes strategic decisions on collective strength and facilitates all its functions at different levels. The Board review and evaluate the operations conducted by the Company and follows the policies of compliance, equality in dealing with all the shareholders, transparency in business dealings, timely disclosures and monitoring in order to add value to the interest of the stakeholders. The Company has adopted best practices to discharge its obligations towards the farmers, customers, employees, lenders, other suppliers and to the society in general.

BOARD OF DIRECTORS

Composition and category

As on March 31, 2012, the Board consists of 10 directors; out of which 5 are executive and remaining 5 are non-executive directors. Executive directors consist of Chairman and Managing Director, Deputy Managing Director, Chief Executive Officer, Chief Financial Officer and Executive Director (Commercial). 3 of the 10 directors belongs to the promoters group and are executives. The ratio between executive and non-executive directors is 1:1. All the non-executive directors are independent. The composition of the Board and also number of other directorship and committee membership/ chairmanship(s) held by them are as follows:

Name of Director & Category	No. of other Directorships	No. of other committee Memberships/Chairmanships*	
		Member	Chairman
Executive Directors			
Mr. Gurmit Singh Mann Chairman/Promoter	1	None	None
Mr. Gurpal Singh Promoter	1	None	None
Ms. Gursimran Kaur Mann ¹ Promoter	None	None	None
Dr. G S C Rao	3	1	None
Mr. Sanjay Tapriya	3	None	None
Non-Executive/ Independent Directors			
Mr. S K Ganguli	3	4	1
Mr. S C Kumar	1	1	None
Mr. Yashwant Varma	None	None	None
Mr. B K Goswami	11	5	1
Mr. Ram Sharma ²	None	None	None

*Excluding private limited companies and foreign companies

1. Appointed as an additional director on March 24, 2011

2. Appointed as an additional director on July 15, 2011

Broad responsibilities of Executive Directors

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

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

- CMD is responsible for overall management and control, laying down policies, apprising the Board on various business matters and charting growth plans. He implements the decisions taken by the Board.
- DMD is responsible for external environment management, business decontrol, policies of alcohol segment, internal control functions and assisting CMD in his activities.
- CEO is responsible for overall operations of the Company and its business units and also for implementation of the projects.
- CFO is responsible for the overall finance functions of the Company and implementing internal control procedures.
- EDC is responsible for the commercial and related functions of the Company including identifying, evaluating and pursuing the business development and improvements.

Pecuniary relationship and transactions with non-executive directors

1. Mr. S K Ganguli, an independent director, is a professionally qualified chartered accountant. He retired as a joint managing partner of M/s Ray & Ray, Chartered Accountants. During the period, he was paid Rs.6.20 lacs (Previous year Rs. 4.06 lacs) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.
2. Mr. Yashwant Varma, an independent director, is a reputed senior advocate practicing at Hon'able Allahabad High Court and has also been appearing before various courts and tribunals. During the period, he was paid Rs 3.71 lacs (Previous year Rs. 2.38 lacs) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.
3. Mr. Ram Sharma, an independent director is a professionally qualified advocate, and has been acting as legal advisor to the Company. During the period, he was paid Rs.4.45 lacs towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.

BOARD PROCEDURE

Board Meetings and Attendance

During the period, 10 Board meetings were held. The details are as follows:

Dates of Board Meeting	Board Strength	Directors Present
October 22, 2010	8	7
November 29, 2010	8	7
January 31, 2011	8	7
March 3, 2011	8	7
March 24, 2011	8	7
May 13, 2011	9	8
July 15, 2011	9	8
August 12, 2011	10	8
November 11, 2011	10	8
February 10, 2012	10	8

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

Name of the Directors	No. of Board Meetings Attended	Attendance at the last AGM held on, January 10, 2011
Mr. Gurmit Singh Mann	10	Yes
Mr. Gurpal Singh	10	Yes
Dr. G S C Rao	10	Yes
Mr. Sanjay Tapriya	10	Yes
Ms. Gursimran Kaur Mann ¹	5	NA
Mr. S C Kumar	10	No
Mr. S K Ganguli	10	Yes
Mr. B K Goswami	9	No
Mr. Yashwant Varma	0	No
Mr. Ram Sharma ²	1	NA

1. Appointed as an additional director on March 24, 2011

2. Appointed as an additional director on July 15, 2011

Information to Board

The major decisions affecting the operations of the Company are placed before the Board, which include quarterly/half yearly/periodical results, financial restructuring, capital expenditure, sale and acquisition of assets, capital budget, business plans, mortgages, guarantees and loans, analysis of operations, major litigations, feedback reports, minutes of committee meetings, staff matters, senior level appointments, labour relationship, accidents/mishaps, information technology strategies, insider trading compliances, and general notices of interest etc.

BOARD COMMITTEES

Board has constituted 5 committees viz Audit Committee, Finance Committee, Remuneration & Compensation Committee, Allotment Committee and Investors' Grievance Committee. The Company Secretary acts as the Secretary to all the committees.

I. Audit Committee

As on March 31, 2012, the Audit Committee comprises of 3 non-executive independent directors. Mr. S K Ganguli acts as the Chairman of the Committee. The whole time directors, statutory, internal and cost auditors of the Company are the regular invitees.

During the period, 7 periodical meetings of this committee were held. The details are as follows:

Member	Meetings Held	Meetings Attended
Mr. S K Ganguli	7	7
Mr. S C Kumar	7	7
Mr. B K Goswami ¹	5	4
Mr. Gurpal Singh ²	2	2

1. Nominated by Board on March 24, 2011

2. Withdrawal by Board on March 24, 2011

All members of the Committee have sound knowledge of finance and accounts. The role and terms of reference of audit committee covers areas mentioned under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956 (hereinafter referred as the 'Act'). Further, the Committee oversees and monitors the financial reporting system within the Company, considers its quarterly, half-yearly and annual financial results and submit its observations to the Board, reviews the annual internal audit plans, legal compliance, internal control system, audit methodology, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy. The audit committee also advises the management on areas where greater internal control and internal audit focus are needed and on new areas to be taken up for audit, based on the discussions and review of the observations of the internal audit reports, cost control measures and statutory compliances in various functional areas.

II. Finance Committee

The Finance Committee comprises of 5 executive directors for taking decisions in respect of opening and closing bank accounts, change of signatories in existing accounts, delegating authority for making representation before statutory/regulatory authorities, acceptance of terms of loans/facilities within the borrowing limits laid down by the Shareholders/Board and to do such other things, which are essential for executing the day to day financial activities of the Company. The Committee works under the guidance of Board and its decisions are ratified in the subsequent Board meeting. Mr. Gurmit Singh Mann acts as the Chairman of this Committee.

During the period, 12 periodical meetings of this committee were held. The details are as follows:-

Member	Meetings Held	Meetings Attended
Mr. Gurmit Singh Mann	12	11
Mr. Gurpal Singh	12	12
Dr. G.S.C. Rao	12	12
Mr. Sanjay Tapriya	12	12
Ms. Gursimran Kaur Mann ¹	8	7

1. Nominated by Board on May 13, 2011.

III. Remuneration & Compensation Committee

The Remuneration & Compensation Committee comprises of 4 directors; out of which 1 is executive and 3 are non-executive independent directors. Mr. B K Goswami acts as the Chairman of the Committee. The Committee recommends remuneration and other amounts to be paid to the whole time directors. Further, the Committee is authorized to formulate, administer and implement the employee stock options scheme of the Company. During the period, 1 meeting of this committee was convened. The details are as follows:

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

1. Nominated by Board on March 24, 2011.

IV. Allotment Committee

The Allotment Committee comprises of 2 executive directors and 1 non-executive independent director. Dr. G S C Rao, acts as the Chairman of the Committee. The Committee is constituted for issue and allotment of equity shares on receipt of the application/request for conversion of bonds, warrants and options into equity shares of the Company. The Committee works under the guidance of Board and its decisions are ratified in the subsequent Board meeting. During the period, 6 meetings of this committee were held. The details are as follows:

Member	Meetings Held	Meetings Attended
Dr. G S C Rao	6	6
Mr. S K Ganguli	6	6
Mr. Sanjay Tapriya	6	5

V. Investors' Grievance Committee

The Investors' Grievance Committee comprises of 2 executive and 2 non-executive directors. Mr. S K Ganguli acts as the Chairman of the Committee. The Committee deals with redressal of the shareholders grievances in relation to transfer of shares, non-receipt of annual reports, change of addresses, non-receipt of dividend etc. The meetings of this committee are held on quarterly basis. During the period, 6 meetings of this committee were held. The details are as follows:

Member	Meetings Held	Meetings Attended
Mr. S K Ganguli	6	6
Mr. S C Kumar	6	6
Dr. G S C Rao	6	6
Mr. Sanjay Tapriya	6	6

During the period, 7 investors' complaints were received and all complaints were redressed to the satisfaction of the investors. There was no pending complaint as on March 31, 2012.

Remuneration policy as applicable to executive/non-executive directors

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

- a. The executive directors are paid remuneration as per their respective terms of employment as approved by the shareholders in general meeting and in accordance with the applicable provisions of Schedule XIII to the Act. No sitting fee is payable to executive directors.

During the period, no commission paid/accrued to whole-time directors. Details of remuneration paid to them for the period is as follows:

(Rs. in lacs)

Name of Director	Salary	Benefits	Total
Mr. Gurmit Singh Mann	38.03	40.99	79.02
Mr. Gurpal Singh	49.50	28.44	77.94
Dr. G S C Rao	45.78	36.51	82.29
Mr. Sanjay Tapriya	44.11	37.25	81.36
Ms. Gursimran Kaur Mann	18.15	2.60	20.75

Provision for incremental gratuity and earned leave for the period has not been considered, since the provision has been made for the Company as a whole.

- b. Sitting fee of Rs. 10,000 per meeting is paid to non-executive directors for attending meetings of Board and certain Board committees. The sitting fee paid does not exceed the limits laid down under the Act and Articles of Association of the Company.

During the period, no equity shares and/or convertible instrument is allotted to them. The details of sitting fee paid for the period and equity shares and other convertible instruments held by them are as follows:

Name of Director	Sitting fees	Equity Shares held	Convertible instruments held
	(Rs. lacs)	(Nos.)	(Nos.)
Mr. S K Ganguli	1.80	500	-
Mr. S C Kumar	1.80	-	-
Mr. B K Goswami	1.40	-	-
Mr. Ram Sharma	0.10	1000	-
Mr. Yashwant Varma	0.00	-	-

Disclosure of payment of remuneration to whole time directors under Para IV of clause B of section II of Part II of Schedule XIII to the Act.

Mr. Gurmit Singh Mann, Chairman & Managing Director; Mr. Gurpal Singh, Deputy Managing Director; Dr. G S C Rao, Chief Executive Officer and Mr. Sanjay Tapriya, Chief Financial Officer have been appointed as whole-time directors w.e.f. October 1, 2009 for a period of 5 years vide resolutions passed by the shareholders in annual general meeting held on December 17, 2009. The Remuneration was subject to a ceiling of Rs. 4 lacs per month per managerial person in case of loss/inadequacy of profits as per resolutions passed by the shareholders in the annual general meeting held on January 10, 2011.

Ms. Gursimran Kaur Mann was appointed as an Executive Director (Commercial) w.e.f. May 13, 2011 and the approval for payment of remuneration in accordance with the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII to the Act is being sought in the ensuing annual general meeting.

The appointments of aforesaid directors are liable to be terminated on notice of 3 month or payment of 3 month salary in

lieu thereof. All the remunerations are part of fixed component and there is no performance linked incentives along with the performance criteria. No severance fee is payable to them. During the period, no stock option has been granted by the Company to aforesaid directors.

Compliance officer

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained certificate from Practicing Company Secretary regarding compliance with the provisions relating to corporate governance laid down in Clause 49 of the listing agreement with the stock exchanges. This certificate will be sent to the stock exchanges, along with the annual report to be filed by the Company.

CEO/CFO CERTIFICATION

The CEO/CFO certificate on the financial statements is enclosed.

GENERAL MEETINGS

75th Annual General Meeting

Day and Date : Thursday, October 25, 2012

Time : 10.00 AM

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

Dates of Book Closure

Friday, October 19, 2012 to Thursday, October 25, 2012 (both days inclusive).

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

AGM	Day, Date & Time	Venue
72nd	Saturday, 31-01-2009 at 10.00 A.M.	Simbhaoli- 245 207,
73rd	Thursday, 17-12-2009 at 10.00 A.M.	Distt. Hapur,
74th	Monday, 10-01-2011 at 10.00 A.M.	Uttar Pradesh

Special resolutions passed at the last three annual general meetings

AGM	Date	Subject matter of special resolution
72nd	31.01.2009	No Special Resolution was passed.
73rd	17.12.2009	1. Re-classification of authorized share capital of the Company of Rs. 40,00,00,000 divided into 3,80,00,000 equity shares of Rs. 10/- each and 2,00,000 preference share of Rs. 100/- each. 2. Alteration in the Articles of Association of the Company. 3. Appointment of Chairman and Managing Director of the Company. 4. Approval for issue and allotment of 20,00,000 warrants and other securities on Preferential basis.
74th	10.01.2011	1. Payment of remuneration not exceeding Rs.48 lac per annum each to whole time directors with effect from October 1, 2009 in case of loss/inadequacy of profits. 2. Approval for issue and allotment of 25,00,000 warrants and 30,00,000 equity shares on preferential basis.

Extra-Ordinary General Meeting

During the period, no Extra-Ordinary General Meeting was held.

Postal Ballot

During the period, the Company has passed resolutions through postal ballot under the provisions of Section 192A of the Act read with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 on August 24, 2011 and March 17, 2012. Mr. Amit Gupta, Practicing Company Secretary, was appointed as scrutinizer for conducting both the postal ballot processes in a fair and transparent manner.

The details of the resolutions passed through postal ballots are as follows:

A. Resolutions passed on August 24, 2011

- To hive-off the power business of the Company to Simbhaoli Power Limited, under section 293(1)(a) of the Act; **(Resolution no.1)**
- To acquire the securities of any other bodies corporate upto Rs 300 crores under section 372A of the Act. **(Resolution no.2)**

The summary of the votes cast based on the report submitted by Scrutinizer for conducting the postal ballot is given below:

Particulars	Resolution no. 1		Resolution no. 2	
	(no. of shares)	%	(no. of shares)	%
Votes received	1,45,91,168	100	1,45,91,168	100
Less: invalid votes	NIL	-	NIL	-
Votes cast in favour	1,45,80,663	99.928	1,45,87,633	99.976
Votes cast against	10,505	0.072	3,535	0.024

B. Resolutions passed on March 17, 2012

- To make loan or give guarantees/provide securities upto a limit not exceeding Rs.750 crores under the provisions of Section 372A of the Companies Act, 1956; **(Resolution no.1)**
- To raise fresh capital by way of issue of 60,00,000 equity shares to selective investor(s) on preferential basis; **(Resolution no.2)** and
- To issue 16,00,000 share warrants convertible into equity shares to specified promoters of the Company on preferential basis. **(Resolution no.3)**

The summary of the votes cast based on the report submitted by the Scrutinizer for conducting the postal ballot is given below:

Particulars	Resolution no. 1		Resolution no. 2		Resolution no. 3	
	(no. of shares)	%	(no. of shares)	%	(no. of shares)	%
Votes received	1,47,66,548	100	1,47,66,548	100	1,47,66,548	100
Less: invalid votes	NIL	-	NIL	-	NIL	-
Votes cast in favour	1,47,65,107	99.990	1,47,65,581	99.993	1,47,65,085	99.990
Votes cast against	1441	0.010	967	0.007	1463	0.010

All the resolutions were passed with the requisite majority.

Information on appointment of directors

During the period, Ms Gursimran Kaur Mann and Mr. Ram Sharma were appointed as additional directors on the Board of the Company on March 24, 2011 and July 15, 2011 respectively. Their brief profiles are as follows:

A. Ms. Gursimran Kaur Mann

Ms. Mann is graduated in Economics and Political science from Bryn Mawr College, USA and has an MBA from London Business School. She currently heads Company's marketing, trading and sales operations along with the company's new businesses. She is daughter of Mr. Gurmit Singh Mann, Chairman & Managing Director of the Company and also the part of the promoter group.

B. Mr. Ram Sharma

Mr. Sharma is an advocate/legal advisor to various sugar mills situated in the State of Uttar Pradesh. He was also a director on

the Board of the Company during the year 2005-2009 and has been regularly working for the Company in professional capacity.

DISCLOSURES

Related party transactions and their basis

In terms of Accounting Standards (AS) 18 "Related Party Disclosure" issued by 'The Institute of Chartered Accountants of India', the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the Note 10 to schedule 18 Notes to accounts of the financial statements for the period ended on March 31, 2012. The minutes of the subsidiary companies have been taken on record by the Company in the Board Meetings of the Company. There were no transactions of material nature with the directors or the management or their relatives or subsidiary companies etc. during the period that had potential conflict with the interest of the Company at large.

Disclosure of accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with the mandatory accounting standards prescribed by The Institute of Chartered Accountants of India and relevant presentational requirements of the Act. However, attention is drawn to the Auditors' qualification on deferred tax as per Accounting Standard 22.

Details of non-compliance

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

Communication

The quarterly financial results of the Company are published in one or more reputed national and regional newspapers viz. Business Standard, Financial Express and Jansatta etc. The quarterly results are sent to stock exchanges, immediately after approval of Board. The Company has its website www.simbhaolisugars.com which provides the comprehensive details of the operations of the Company and its dimensions. The financial results and other information pertaining to the Company are promptly uploaded on the site.

ISSUE PROCEEDS

The Company periodically discloses to the audit committee, the use/application of funds. The issue proceeds of Rs. 2490.05 lacs from issue of equity shares, conversion of stock options and share warrants into equity shares upto July 30, 2012 were utilized for capital expenditure/ working capital requirement of the Company as per the resolutions passed by the shareholders in the general meeting.

SHAREHOLDERS INFORMATION

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

Listing of Equity Shares

Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. Tel: 91-22-22721233/34, Fax: 91-22-22721072 Website: www.bseindia.com Scrip Code: 507446	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Mumbai Tel : 91-22-26598100 Fax : 91-22-26598237/38 Website: www.nseindia.com Scrip code :SIMBHSUGAR
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Listing fee for the financial year 2012-13 has been paid to both the stock exchanges.

Depositories

National Securities Depository Limited, Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: 91-22-24994200 Fax: 91-22-24972993/2497 Email : info@nsdl.co.in Website : www.nsdl.co.in	Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai-400 023 Tel: 91-22-22723333 Fax: 91-22-22723199 Email: investors@cdslindia.com Website: www.cdslindia.com
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International Securities Identification Number is ISIN- INE 270C01017

Stock Market Data

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

Month	BSE				NSE			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
Oct-10	46.70	34.90	20854.55	19768.96	46.85	34.80	6284.10	5937.10
Nov-10	53.80	40.30	21108.64	18954.82	60.00	40.50	6338.50	5690.35
Dec-10	51.95	37.60	20552.03	19074.57	51.35	37.20	6147.30	5721.15
Jan-11	50.90	41.50	20664.80	18038.48	51.20	40.10	6181.05	5416.65
Feb-11	48.00	39.00	18690.97	17295.62	47.75	35.10	5599.25	5177.70
Mar-11	46.00	41.00	19575.16	17792.17	46.90	38.90	5872.00	5348.20
Apr-11	48.70	41.40	19811.14	18976.19	48.80	37.95	5944.45	5693.25
May-11	45.80	36.70	19253.87	17786.13	46.10	37.00	5775.25	5328.70
Jun-11	43.10	34.60	18873.39	17314.38	43.40	34.65	5657.90	5195.90
Jul-11	42.85	39.00	19131.70	18131.86	42.60	39.25	5740.40	5453.95
Aug-11	42.90	27.00	18440.07	15765.53	43.90	27.10	5551.90	4720.00
Sep-11	33.90	27.75	17211.80	15801.01	34.30	27.05	5169.25	4758.85
Oct-11	33.60	26.90	17908.13	15745.43	33.75	26.70	5399.70	4728.30
Nov-11	32.90	24.25	17702.26	15478.69	32.00	24.00	5326.45	4639.10
Dec-11	30.95	23.65	17003.71	15135.86	31.45	23.80	5099.25	4531.15
Jan-12	38.70	24.00	17258.97	15358.02	38.50	27.05	5217.00	4588.05
Feb-12	42.70	35.90	18523.78	17061.55	41.00	35.55	5629.95	5159.00
Mar-12	40.90	26.65	18040.69	16920.61	40.85	26.55	5499.40	5135.95

Distribution of share holding as at March 31, 2012:

Category	No. of Shareholders	% of no. of shareholders	No. of shares	% of capital
Upto 10,000	15890	93.75	3239513	11.75
10001 to 30,000	668	3.94	1188817	4.31
30001 to 50000	154	0.91	632187	2.29
50001 to 100000	136	0.80	974953	3.54
100001 and above	102	0.60	21535840	78.11
Total	16950	100.00	27571310	100.00

As on March 31, 2012, 26,995,748 equity shares constituting 97.92% of total equity share capital were under demat category with NSDL and CDSL.

SHAREHOLDING PATTERN AS ON MARCH 31, 2012

Equity Shares:

Category	No. of Shares held	%
A: Indian Promoters	11535881	41.84
Sub-Total (A)	11535881	41.84
B: Non - Promoters Holding:		
Mutual Funds	1700	0.01
Foreign Institutional Investors (FII)	999500	3.63
Financial Institutions and Banks	1000	0.00
Private Corporate Bodies	6601658	23.94
Indian Public (individuals)	6727227	24.40
NRIs / OCBs	97828	0.35
Any other (Clearing Members)	1606316	5.83
Sub-Total (B)	16035429	58.16
Grand Total (A+B)	27571310	100.00

Preference Shares: NIL

Note on equity shares, share warrants and stock options convertible into equity shares of the Company

(i) Share warrants

Company has issued and allotted 25,00,000 share warrants to specified promoters and directors of the Company on January 31, 2011 convertible within 18 months at the option of warrant holders at a price of Rs. 46.00 (including premium of Rs. 36.00) per share. Out of these warrants, 20,00,000 share warrants have been converted into equity shares of the Company and remaining warrants have lapsed up to the date of issue of this report.

(ii) Equity shares

Company has issued and allotted 30,00,000 equity shares to specified investors on January 29, 2011 at a price of Rs. 50.00 (including premium of Rs. 40.00) per share on preferential basis.

(iii) Employee Stock Option Scheme

Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted:

- I. 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39/- (including premium of Rs. 29/-) per option. During the period, 32190 (previous year 28140) equity shares were issued and allotted as fully paid-up. Out of these, 3,63,410 stock options have been exercised and remaining 2,31,015 stock options have been lapsed till last date of conversion i.e. June 20, 2011.
- II. 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on March 18, 2010 at an exercise price of Rs. 39/- (including premium of Rs. 29/-) per option. Out of these, 11,500 stock options have been lapsed.
- III. 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49/- (including premium of Rs. 39/-) per option. Out of these, 47,130 stock options have lapsed.

LOCATION OF THE PLANTS AND OPERATING DIVISIONS:

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

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

INVESTOR SERVICES

Share Transfer System

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

- i) Mas Services Limited: T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi -110020
 Phone No.: +91-11-26387281/82/83, Fax no.: +91-11-26387384
 E-mail : info@masserv.com
- ii) Registered Office : Simbhaoli - 245 207, District Hapur, Uttar Pradesh
 Phone No.:+91-5731-226411/223118, Fax: +91 5731-223042/39
 E-mail: kamal@simbhaolisugars.com

Non-mandatory requirements

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

Nomination

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

Unclaimed dividend and interest

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

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

New Delhi
 September 25, 2012

**Gurmit Singh Mann
 Chairman and Managing Directors**

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Simbhaoli Sugars Limited

We have reviewed the implementation of Corporate Governance procedures by Simbhaoli Sugars Limited for the 18 months period ended on March 31, 2012 as stipulated in the Clause 49 of the Listing agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

**For Amit Gupta & Associates
 Company Secretaries**

Place: Lucknow
 Date: 25.09.2012

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

CEO/CFO Certificate

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

- (a) We have reviewed the balance sheet as on March 31, 2012, profit and loss account, the cash flow statement and the directors' report for the 18 months period ended March 31, 2012 and based upon our knowledge and information confirm that;
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have
- (i) evaluated the effectiveness of the internal control systems of the Company,
- (ii) disclosed to the auditors and the audit committee of the Board, deficiencies in the design or operation of internal controls, if any, of which we are aware, and
- (iii) taken necessary steps or proposed to take to rectify these deficiencies.
- (d) We have indicated to auditors and the audit committee of the Board that there have been:
- (i) no significant changes in internal control over the financial reporting during the period, though the quality of internal control has been improved by implementation of SAP;
- (ii) change in the accounting policy in relation to determining cost of inventory of raw materials from annual weighted average to First in First out basis;
- (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**Gurmit Singh Mann
 Chairman & Managing
 Director**

**GSC Rao
 Chief Executive
 Officer**

**Sanjay Tapriya
 Chief Financial
 Officer**

New Delhi
 September 25, 2012

AUDITORS' REPORT

TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED

1. We have audited the attached Balance Sheet of **SIMBHAOLI SUGARS LIMITED** ("the Company") as at March 31, 2012, the Profit and Loss Account and the Cash Flow Statement of the Company for the eighteen months ended on that date, both 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to:
 - (i) note 23 of schedule 18 which sets out the position regarding repudiation by the insurance company of the Company's insurance claim amounting to Rs. 769 lacs on account of sinking of ship carrying raw sugar purchased by the Company. Pending completion of legal proceedings in the matter, the effect thereof in these accounts cannot be determined at this stage.
 - (ii) note 24 of schedule 18 regarding the Company's net worth being substantially eroded (fully eroded after giving effect to our qualification in paragraph 5(e) below) and the Company making cash losses during the eighteen months period ended March 31, 2012. However, the financial statements of the Company have been prepared by the Management of the Company on a going concern basis for the reasons stated in the said Note. The ability of the Company to continue as a going concern is dependent upon the successful completion of its business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government 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.
5. Further to our comments in the paragraph 3 above and Annexure referred to in paragraph 4 above, we report as follows:
 - (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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) *subject to our comments in paragraph (e) below*, in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) *Attention is invited to note 25 of schedule 18 wherein it is stated that deferred tax assets (net) amounting to Rs.4,747.83 lacs has been recognised on the basis of future projections prepared based upon the restructuring plans under implementation and taken on record by the Board of Directors and the belief of the Management of the Company that there is a virtual certainty that sufficient future taxable income will be available against which such assets would be realised. However, in our opinion, recognition of such deferred tax assets based on future projections is not in accordance with the principle for recognition of deferred tax assets relating to unabsorbed depreciation and carry forward business losses stated in Accounting Standard 22 "Accounting for Taxes on Income", which requires virtual certainty supported by convincing evidence to be established for recognition of deferred tax assets on such items. Had such deferred tax assets not been recognised, the profit after tax would have been lower and the debit balance in the profit and loss account would have been higher by Rs.4,747.83 lacs and the deferred tax assets would have been lower by a similar amount.*
The matter referred to in paragraph (e) above, to the extent covered here above was also subject matter for qualification in our audit report on the financial statements for the year ended September 30, 2010.
 - (f) *Subject to our comment in paragraph (e) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 March 31, 2012;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the eighteen months ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the eighteen months ended on that date.
6. On the basis of the written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Manjula Banerji
Partner
(Membership No. 086423)

Place : Gurgaon
Date : September 25, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/activities /result, clauses (xiii) and (xiv) of CARO are not applicable.

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 period. 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 period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
- During the period, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- The Company has granted unsecured loan of Rs. 61.36 lacs to a company during the period. The maximum amount involved during the period was Rs. 428.59 lacs and the period end balance was Rs. 0.11 lacs.
 - 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.
 - The receipts of principal amounts and interest have been as per stipulations.
 - As per the information and explanations given to us and records of the Company, there are no overdue amounts in respect of the above loan, including interest thereon.

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

- During the previous year the Company had received unsecured loans from four Directors. The maximum

amount involved during the period was Rs. 256 lacs and the period end balance was Rs. 25 lacs.

- 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.
 - The payments of principal amounts and interest in respect of such loans are as per stipulations.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. There are no sales of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- 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.
 - 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 during the period.
- (vii) In our opinion, the internal audit functions carried out during the period 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:
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs 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 became payable.
 - Details of dues of Sales Tax (Trade Tax), Excise Duty and Service tax which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. lacs)	Amount paid under protest (Rs. lacs)
U. P. Trade Tax Act	Trade tax	Trade Tax Appellate Tribunal	1984-1985	0.43	0.43
		Trade Tax Appellate Tribunal	1995-1996	3.18	-
		Trade Tax Appellate Tribunal	2001-2002	3.47	1.60
		Deputy Commissioner (Appeals)	2009-2010	0.85	0.85
Central Excise Act	Excise Duty	Commissioner (Appeals)	1979-1980	11.01	11.01
		Customs, Excise & Service tax Appellate Tribunal	2002-2003	0.60	0.60
		Customs, Excise & Service tax Appellate Tribunal	2004-2005	0.28	0.28
		Commissioner (Appeals)	2008-2009	71.69	25.21
		Additional Commissioner	2006-2007	1.50	-
		Customs, Excise & Service tax Appellate Tribunal	2006-2007	398.13	52.18
		Additional Commissioner	2008-2009	34.22	4.76
State Excise Act	Excise Duty	High Court, Allahabad	2001-02	9.26	-
		High Court, Allahabad	2009-10	8.08	-

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

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

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

(x) The accumulated losses of the Company at the end of the current period are not less than fifty percent of its net worth and the Company has incurred cash losses in the current period and in the immediately preceding financial year.

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

The following are the details of the delays:

Lender	Amount (including interest) (Rs. Lacs)	Period of delays
Banks	1,394.71	01-30 days
	296.53	31-60 days
	29.40	61-90 days

The Company has not issued debentures during the period.

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

(xiii) As the Company has not given any guarantees given during the period for loans taken by others from banks or financial institutions, paragraph 4(xv) of the Order is not applicable.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that short term funds of Rs. 32,444 lacs have been used to finance fixed assets / long term losses.

(xvi) During the period, the Company has issued 25,00,000 warrants, carrying an entitlement to subscribe to 1 equity share of Rs. 10 each at a premium of Rs. 36 per share, on preferential basis in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended) to the parties covered in the Register maintained under Section 301 of the Act. Pursuant to the terms of these warrants, the Company has issued 13,42,500 equity shares on a preferential basis to the parties covered in the register maintained under Section 301 of the Act. In our opinion and as per the information and explanations given to us, the price at which equity shares have been issued are not prima facie prejudicial to the interests of the Company.

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

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

(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 period.

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

Gurgaon
September 25, 2012

Manjula Banerji
Partner
(Membership No. 086423)

SIMBHAOLI SUGARS LIMITED
BALANCE SHEET
AS AT MARCH 31, 2012

	<u>Schedule No.</u>	<u>As at March 31, 2012 Rs. lacs</u>	<u>As at September 30, 2010 Rs. lacs</u>
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1A	2,770.13	2,332.59
Equity warrants	1B	133.11	-
Employee stock options outstanding	1C	39.43	43.39
Reserves and surplus	2	<u>2,696.17</u>	<u>8,041.24</u>
		<u>5,638.84</u>	<u>10,417.22</u>
Loan funds			
Secured loans	3	71,354.08	69,611.30
Unsecured loans	4	25.00	1,100.45
		<u>71,379.08</u>	<u>70,711.75</u>
TOTAL		<u>77,017.92</u>	<u>81,128.97</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	76,028.25	81,824.13
Less: Depreciation/Amortisation		<u>26,456.69</u>	<u>24,887.02</u>
Net block		49,571.56	56,937.11
Capital work in progress		<u>997.56</u>	<u>1,757.45</u>
		<u>50,569.12</u>	<u>58,694.56</u>
Investments	6	3,512.79	39.99
Deferred tax assets (net)	7	4,747.83	7,040.49
Current assets, loans and advances			
Inventories	8	52,896.04	40,050.04
Sundry debtors	9	8,700.86	7,273.73
Cash and bank balances	10	6,744.85	13,924.37
Loans and advances	11	12,929.20	16,215.23
Other current assets	12	<u>13,600.00</u>	<u>-</u>
		94,870.95	77,463.37
Less: Current liabilities and provisions	13		
Current liabilities		80,325.12	66,918.83
Provisions		<u>541.59</u>	<u>920.80</u>
		<u>80,866.71</u>	<u>67,839.63</u>
Net current assets		14,004.24	9,623.74
Profit and loss account		<u>4,183.94</u>	<u>5,730.19</u>
TOTAL		<u>77,017.92</u>	<u>81,128.97</u>
Notes to the accounts	18		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gurpal Singh
Dy. Managing Director
DIN - 00064807

Gurmit Singh Mann
Chairman & Managing Director
DIN - 00066653

Sanjay Tapriya
Chief Financial Officer
DIN - 00064703

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

Manjula Banerji
Partner

Kamal Samtani
Company Secretary
FCS-5140

Sunil K. Gupta
GM-Finance
FCA-73502

Gurgaon
September 25, 2012

New Delhi
September 25, 2012

**PROFIT AND LOSS ACCOUNT
FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2012**

	<u>Schedule No.</u>	<u>18 Moths ended March 31, 2012 Rs. lacs</u>	<u>Year ended September 30, 2010 Rs. lacs</u>
INCOME			
Sale of products			
Gross sales		123,583.33	149,206.21
Less: Excise duty		<u>3,630.11</u>	<u>23,040.29</u>
Other income	14	<u>5,260.60</u>	<u>6,344.95</u>
		<u>125,213.82</u>	<u>132,510.87</u>
EXPENDITURE			
Manufacturing and other expenses	15	<u>116,213.22</u>	<u>132,632.53</u>
Profit/(loss) before interest, depreciation and tax		9,000.60	(121.66)
Interest	16	<u>15,092.47</u>	<u>8,471.83</u>
Profit/(loss) before depreciation and tax		(6,091.87)	(8,593.49)
Depreciation/amortisation		<u>5,850.25</u>	<u>4,023.98</u>
Profit/(loss) before transfer from revaluation reserve		(11,942.12)	(12,617.47)
Transfer from revaluation reserve		<u>105.80</u>	<u>14.58</u>
Profit/(loss) before tax and exceptional item		(11,836.32)	(12,602.89)
Exceptional items (Net)	17	<u>(9,305.97)</u>	<u>-</u>
Profit/(loss) before tax		(2,530.35)	(12,602.89)
Current tax (MAT Charged off)		378.25	-
Deferred tax (benefit)/ charge		<u>(4,454.85)</u>	<u>(5,133.43)</u>
Profit/(loss) after tax		1,546.25	(7,469.46)
Balance brought forward from the previous year		<u>(5,730.19)</u>	<u>1,739.27</u>
		<u>(4,183.94)</u>	<u>(5,730.19)</u>
Earnings per share (Rs.)			
Basic/ Diluted before exceptional item		(18.34)	(32.21)
Basic/ Diluted after exceptional item		5.98	(32.21)
(Refer note 12 in schedule 18)			
Notes to the accounts	18		

In terms of our report attached

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CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2012

	18 Moths ended March 31, 2012	Year ended September 30, 2010
	Rs. lacs	Rs. lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax and exceptional items	(11,836.32)	(12,602.89)
Adjustments for:		
Depreciation (net of revaluation reserve)	5,744.45	4,009.40
Unrealised foreign exchange fluctuation	41.82	-
Dividend income from subsidiary Company	(5.34)	-
Interest	15,092.47	8,471.83
Gain on buy back of FCCB	-	(138.51)
Deferred employee compensation expense	(3.96)	37.20
Non compete fee	(2,000.00)	-
Profit on sale of fixed assets	(100.53)	(3.64)
Loss on sale of fixed assets	-	27.35
Profit on sale of current non trade investments	(0.36)	-
Interest income	(734.36)	(485.34)
Transfer from Capital-grant-in-aids	(2.00)	(1.33)
Operating profit/(loss) before working capital changes	6,195.87	(685.93)
Adjustments for change in :		
Trade and other receivables	(3,740.86)	(3,322.02)
Inventories	(14,117.94)	2,947.29
Trade payables	15,915.51	13,064.75
Cash (used)/generated from operations	4,252.58	12,004.09
Direct taxes (paid)/refund	1,374.58	(1,280.45)
Net cash flow from operating activities before exceptional items	5,627.16	10,723.64
Differential cane price 2007-08	2,511.40	-
Net cash (used) / from operating activities	3,115.76	10,723.64
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,216.94)	(3,808.04)
Sale of fixed assets	106.79	122.21
Investment made in subsidiaries	(27.80)	-
Investment made in joint ventures	(770.96)	-
Purchase of mutual funds	(300.00)	-
Sale of mutual funds	300.36	-
Margin money	8,796.15	(7,596.65)
Consideration pursuant to scheme of arrangement	13,600.00	-
Less: Balance consideration receivable	(13,600.00)	-
Dividend income from subsidiary Company	5.34	-
Interest received	816.15	63.71
Net cash used in investing activities	6,709.09	(11,218.77)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares/equity warrants	2,263.49	10.97
Proceeds from long term borrowings	6,000.00	6,718.22
Repayment of long term borrowings	(16,370.82)	(7,784.84)
Changes in cash credit account	15,694.36	10,737.89
Repayments of preference share capital	-	(216.00)
Interest paid	(15,331.06)	(8,256.17)
Dividend paid	(0.06)	(0.10)
Payment of FCCB premium	(318.71)	-
Contribution toward charity reserve received	(5.29)	2.47
Net cash from financing activities	(8,068.09)	1,212.44
D. Net increase/(decrease) in cash and cash equivalents	1,756.76	717.31
E. Cash and cash equivalents (opening balance)		
Cash and bank balances	1,816.28	1,098.97
Cash and bank balances transferred pursuant to scheme of arrangement	(140.14)	-
F. Cash and cash equivalents (closing balance)		
Cash and bank balances (D+E)	3,432.90	1,816.28

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

In terms of our report attached

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Gurgaon
September 25, 2012

New Delhi
September 25, 2012

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 1A - SHARE CAPITAL		
Authorised		
3,80,00,000 (previous year 3,80,00,000) Equity shares of Rs.10 each	3,800.00	3,800.00
2,00,00,000 (previous year 2,00,000) Preference shares of Rs.100 each	200.00	200.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued		
2,77,75,935 (previous year 2,34,00,525) Equity shares of Rs.10 each	2,777.59	2,340.05
	<u>2,777.59</u>	<u>2,340.05</u>
Subscribed		
Equity shares 2,75,71,310 (previous year 2,31,95,900) Equity shares of Rs.10 each fully paid up	2,757.13	2,319.59
Add: 2,04,625 (previous year 2,04,625) Forfeited shares	13.00	13.00
	<u>2,770.13</u>	<u>2,332.59</u>

Note :-

1. 22,80,000 (previous year 22,80,000) Equity shares of Rs.10 each were allotted as fully paid-up by way of bonus shares by capitalisation of general reserve.
 2. 5,46,234 (previous year 5,46,234) Equity shares of Rs.10 each were allotted as fully paid-up pursuant to the Scheme of Amalgamation of the erstwhile Simbhaoli Industries Private Limited with the Company, without payment being received in cash.
 3. 30,00,000 (previous year Nil) equity shares of Rs. 10 each were issued and allotted on January 29, 2011 at premium of Rs. 40 per share by way of preferential allotment basis.
 4. 13,42,500 (previous year Nil) equity shares of Rs. 10 each were issued and allotted during the period as fully paid-up at an exercise price of Rs. 46 (including premium of Rs. 36) per equity share on conversion of 13,42,500 (previous year Nil) equity warrants issued and allotted to specific promoters covered under section 301 of the Companies Act,1956 on preferential basis (refer foot note 1 in schedule 1 B).
 5. Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
 - (a) 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option. Consequently 32,910 (previous year 28,140) equity shares were issued and allotted during the period as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29 each) per equity share and balance Nil (previous year 1,73,475) options are outstanding at the period end.
 - (b) 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on May 18, 2010 at an exercise price of Rs. 39 (including premium of Rs. 29) per option and balance 69,800 (previous year 72,940) options are outstanding at the period end.
 - (c) 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49 (including premium of Rs. 39) per option and balance 4,69,370 (previous year 5,01,890) options are outstanding at the period end.
- Note:- Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs 10 each.

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs

SCHEDULE 1B - EQUITY WARRANTS

Share warrants

11,57,500 (Previous year NIL) Share warrants, paid up amount
of Rs.11.50 per warrant (see note 1 below)
(Also refer note 4 of schedule 1A)

	133.11	-
	<u>133.11</u>	<u>-</u>

Note :-

1. On January 31, 2011, 25,00,000 Equity warrants (paid up amount of Rs. 11.50 per warrant) were allotted to specific promoters and directors of the Company, to be converted within 18 months of allotment into equity shares at a price of Rs. 46 (including premium of Rs. 36) per share. Out of these warrants, 13,42,500 equity warrants have since been converted into 13,42,500 equity shares of Rs 10 each upto period end in accordance with the terms of allotment thereof. Subsequent to the period end the Company has issued and allotted 6,57,500 equity shares of Rs 10 each on conversion of 6,57,500 warrants to a promoter on July 30, 2012 and balance 5,00,000 warrants has been lapsed and forfeited.

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs

SCHEDULE 1C - EMPLOYEE STOCK OPTIONS OUTSTANDING

Employee stock options outstanding

	39.43	43.39
	<u>39.43</u>	<u>43.39</u>

Note : Refer note 1(xvii) in schedule 18 and footnote 5 in schedule 1A.

SCHEDULE 2 - RESERVES AND SURPLUS

	As at September 30, 2010	Additions during the period	Adjustments pursuant to the Scheme of Arrangement	Deductions during the period	As at March 31, 2012
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Revaluation reserve	441.48	-	43.64 (7)	117.33 (1)	280.51
Reconstruction reserve	589.73	-	84.48 (7)	-	505.25
Capital grant-in-aid	10.41	-	-	2.00 (2)	8.41
Capital reserve	231.26	-	-	-	231.26
Securities premium account	6,759.99	1,692.84 (3)	6,759.99 (8)	25.18 (4)	1,667.66
Charity reserve	8.37	1.25 (5)	-	6.54 (6)	3.08
	8,041.24	1,694.09	6,888.11	151.04	2,696.17

- (1) - Rs. 105.80 lacs (previous year Rs.14.58 lacs) transferred to profit and loss account.
 - Rs. 11.53 lacs (previous year Nil) transferred on sale of fixed assets.
 (2) Transferred to profit and loss account.
 (3) Rs.1,692.84 lacs (previous year Rs. 8.16 lacs) received on allotment of equity shares.
 (4) Rs. 25.18 lacs (previous year Rs. 35.45 lacs) premium on redemption of foreign currency convertible bonds.
 (5) Rs. 1.25 lacs (previous year Rs. 2.47 lacs) received during the period.
 (6) Rs. 6.54 lacs (previous year Rs. Nil) disbursed during the period.
 (7) Refer note 2(b) of schedule 18.
 (8) Refer note 2(e) of schedule 18.

SCHEDULE 3 - SECURED LOANS

	As at March 31, 2012 Rs. lacs	As at September 30, 2010 Rs. lacs
Banks		
Cash credit	45364.10	33,433.29
Term loans	19,488.27	27,538.57
Others		
Term loans	6,326.94	8,639.44
Interest accrued and due	174.77	-
	71,354.08	69,611.30

Notes:

- (i) Cash credit facilities from banks of each business division (other than co-operative banks referred to in 1(ii) below) are secured by way of first pari passu charge created by hypothecation of all current assets, both present and future, of the concerned business division of the Company. These facilities are further secured by way of third pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
 (ii) Cash credit facilities from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.
- Term loans of Rs. 10,314.31 lacs (previous year Rs. 17,608.89 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.
- Term loans of Rs. 5,632.80 lacs (previous year Rs.1,250.00 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. These loans are further secured by pledge of 22.50 lacs equity shares of the Company, owned by key promoters.
- Term loans of Rs. Nil (previous year Rs. 2,213.80 lacs) from banks are secured by way of residual pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- Term loans of Rs. 3,532.03 lacs (previous year Rs. 6,435.87 lacs) from a bank are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. This loan is further secured by way of collateral security on the personal assets of the promoters of the Company and pledge of fixed deposit of Rs. 2,660.91 lacs (previous year Rs.2,604.58 lacs) of the Company.
- Term loans of Rs. 6,226.94 lacs (previous year Rs. 8,539.44 lacs) from Sugar Development Fund (SDF) is secured by way of second exclusive charge created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.
- Term loans of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) from Sugar Technology Mission (STM) is secured by exclusive first charge to be created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information Forecasting and Assessment Council (TIFAC).
- Term loans of Rs. 9.13 lacs (previous year Rs. 30.01 lacs) from banks are secured by way of hypothecation of specific vehicles acquired under the scheme.
- Term loans repayable within a year Rs. 4,817.74 lacs (previous year Rs. 6,735.32 lacs).

All the credit facilities other than SDF loan of Rs. 6,226.94 lacs (previous year Rs. 8,539.44 lacs), Sugar technology mission loan of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) and vehicle loan of Rs. 9.13 lacs (previous year Rs. 30.01 lacs) are guaranteed by Chairman & Managing Director and Deputy Managing Director of the Company.

All existing charges on the assets transferred to Simbhaoli Spirits Limited pursuant to the Scheme of Arrangement (As explained in note 2 of schedule 18) held by the lenders of the Company shall be vacated. The necessary modifications of the charges are pending execution.



As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 4 - UNSECURED LOANS

Short term loans and advances:

From Directors

25.00	256.00
25.00	256.00

Other Loans and advances from :

0% Foreign Currency Convertible Bonds (FCCB) (2011)*

-	844.45
25.00	1,100.45

* Refer note 5 in schedule 18

SCHEDULE 5 - FIXED ASSETS

(Rs. lacs)

Description	GROSS BLOCK						DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at September 30, 2010	Additions	Transferred to Simbhaoli Spirits Limited pursuant to the Scheme of Arrangement [@]	Deletions	As at March 31, 2012	Up to September 30, 2010	For the period	Transferred to Simbhaoli Spirits Limited pursuant to the Scheme of Arrangement [@]	On Deletions	As at March 31, 2012	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Tangibles												
Land	2,132.69	42.37	10.01	51.36	2,113.69	-	-	-	-	-	2,113.69	2,132.69
Buildings	8,989.09	367.98	410.82	108.17	8,838.08	2,386.67	601.49	211.85	28.11	2,748.20	6,089.88	6,602.42
Railway siding	1.60	-	1.21	-	0.39	1.52	-	1.14	-	0.38	0.01	0.08
Plant and machinery	69,947.71	2,532.07	5,726.39	2,603.91	64,149.48	22,032.03	5,099.59	1,995.15	1,958.95	23,177.52	40,971.96	47,915.68
Furniture and fixtures	235.16	4.83	35.73	0.74	203.52	181.96	12.77	31.17	0.73	162.83	40.69	53.20
Vehicles	517.88	51.35	46.72	23.55	498.96	284.84	85.94	36.95	16.53	317.30	181.66	233.04
Intangibles												
Software	-	224.13	-	-	224.13	-	50.46	-	-	50.46	173.67	-
This period	81,824.13	3,222.73 #	6,230.88	2,787.73	76,028.25	24,887.02	5,850.25	2,276.26	2,004.32	26,456.69	49,571.56	-
Previous year	78,022.87	4,656.23	-	854.97 #	81,824.13	20,973.25	4,023.98	-	110.21	24,887.02	-	56,937.11
Capital work in progress including capital advances of Rs. Nil (previous year 47.86 lacs)											997.56 @	1,757.45
											50,569.12	58,694.56

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

Includes adjustment of Rs. 755.10 lacs (previous year Rs. 501.28 lacs) on account of foreign exchange fluctuation.

@ Refer note 2 of schedule 18.

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 6 - INVESTMENTS		
Long term investments (Valued at cost unless there is permanent diminution in value there of)		
Trade Investment		
Unquoted		
One share of Rs.20 fully paid-up of The Simbhaoli Co-operative Cane Development Union Limited * Rs. 20	*	*
Government securities		
6-Years Post Office National Savings Certificate	0.05	0.05
Investment in subsidiaries		
Unquoted		
300 (previous year- 300) equity shares of AED 1000 each fully paid up of Simbhaoli Global Commodities DMCC.	39.94	39.94
1,78,000 (previous year Nil) equity shares of Rs.10 each fully paid up of Integrated Casetech Consultants Private Limited acquired during the period	17.80	-
50,000 (previous year Nil) shares of Rs.10 each fully paid up of Simbhaoli Spirits Limited acquired during the period	5.00	-
50,000 (previous year Nil) shares of Rs.10 each fully paid up of Simbhaoli Power Limited acquired during the period	5.00	-
Investment in joint venture		
Unquoted		
1,72,50,000 (previous year Nil) equity shares of Rs.10 each fully paid up of Uniworld Sugars Private Limited acquired during the period	3,445.00	-
	3,512.79	39.99
Aggregate book value		
Unquoted	3,512.79	39.99

Details of Investment purchased and sold during the period

Particulars	Purchase		Sold	
	No of Units	Amount (Rs. lacs)	No of Units	Amount (Rs. lacs)
Mutual Funds				
Current Investments				
Quoted				
SBI Mutual Fund- SBI Premium Liquid Fund	1,803,345.25	300.00	1,803,345.25	300.36

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 7 - DEFERRED TAX ASSETS (NET)		
Deferred tax assets		
Unabsorbed depreciation/Brought forward business loss	12,610.95	14,814.13
Foreign Currency Convertible Bonds premium	-	93.36
Accrued expenses deductible on payment	392.64	421.99
Others	61.28	117.18
	13,064.87	15,446.66
Deferred tax liabilities		
Depreciation	8,317.04	8,406.17
	8,317.04	8,406.17
Deferred tax assets (net)*	4,747.83	7,040.49

* Refer note 25 of schedule 18.

As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 8 - INVENTORIES

Stores and spares (at cost or under)	1,145.37	2,614.47
Tools and appliances (at cost or under)	10.99	6.66
Stock-in-trade (at lower of cost or net realisable value)		
Raw materials #	926.26	7,992.42
Process stocks	1,955.85	757.03
Finished goods	48,857.57	28,679.46
	52,896.04	40,050.04

Includes raw sugar of Rs. 279.85 lacs (Previous year Rs 7,334.00 lacs)

SCHEDULE 9 - SUNDRY DEBTORS

Unsecured		
Debts over six months		
- considered good	589.22	706.83
- considered doubtful	52.89	293.53
Other debts - considered good *	8,111.64	6,566.90
	8,753.75	7,567.26
Less: Provision for doubtful debts	52.89	293.53
	8,700.86	7,273.73

* Sundry debtors include:

Name of the subsidiaries	Amount outstanding as at		Maximum amount outstanding during	
	31-Mar-12	30-Sep-10	Current period	Previous year
Simbhaoli Global Commodities DMCC	309.38	-	942.75	-
Simbhaoli Spirits Limited	1,754.74	-	1,758.74	-

As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 10 - CASH AND BANK BALANCES

Cash on hand	28.10	21.71
Cheques on hand	-	25.83
With scheduled banks:		
On current account	3,404.81	1,705.23
On fixed deposit account #	3,311.94	12,171.60
	6,744.85	13,924.37

Pledged with excise authorities and civil court Rs.123.66 lacs (previous year Rs. 160.79 lacs); and pledged with banks Rs. 3,188.29 lacs (previous year Rs. 11,947.30 lacs)

As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 11 - LOANS AND ADVANCES

Unsecured and considered good, unless otherwise stated
 Advances recoverable in cash or in
 kind or for value to be received

Considered good #	10,758.01	11,795.19
Considered doubtful	135.99	12.05
	10,894.00	11,807.24
Less: Provision for doubtful advances	135.99	12.05
	10,758.01	11,795.19
Balances with excise authorities on current accounts	1,726.64	2,228.66
Advance payment of income-tax	444.55	1,813.13
MAT credit entitlement	-	378.25
	12,929.20	16,215.23

Loans and advances include:

Particulars	Amount outstanding as at		Maximum amount outstanding during	
	31-Mar-12	30-Sep-10	Current period	Previous year
Name of the subsidiaries				
Simbhaoli Global Commodities DMCC	6.23	6.08	-	39.94
Simbhaoli Power Limited	28.89	-	28.89	-
Integarted Casetech Consultants Private Limited	117.04	49.93	138.89	49.93
Simbhaoli Spirits Limited	4.08	-	5.00	-
Name of the Joint venture				
Uniworld Sugars Private Limited	0.11	311.40	632.55	311.40

As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 12 - OTHER CURRENT ASSETS

Consideration receivable against slump sale of
 SDD Alcohol Undertaking
 (Refer to note 2 of Schedule - 18)

	13,600.00	-
	13,600.00	-

SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS

Current liabilities

Sundry creditors		
Total outstanding dues of micro and small enterprises #	30.64	1.01
Total outstanding dues of creditors other than micro and small enterprises	79,926.98	66,136.90
Interest accrued but not due on loans	358.55	771.91
Unclaimed dividend @	8.95	9.01
	80,325.12	66,918.83

Provisions

Taxation	285.40	279.40
Compensated absences	146.84	197.16
Gratuity	109.35	163.19
Premium payable on redemption of Foreign Currency Convertible bonds *	-	281.05
	541.59	920.80
	80,866.71	67,839.63

Refer note 7 of schedule 18.

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

* Refer note 5 of schedule 18.

	18 Months ended March 31, 2012	Year ended September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 14 - OTHER INCOME		
Interest		
Bank deposits *	565.75	452.88
Income Tax refund	91.11	11.26
Others	77.50	21.20
Rent	7.05	4.34
Transfer from 'Capital grant-in-aid'	2.00	1.33
Profit on sale of fixed assets	100.53	3.64
Profit on sale of non trade current investments	0.36	-
Dividend from subsidiary company on long term trade investment	5.34	-
Liability/provisions no longer required written back	146.11	152.37
Foreign exchange fluctuation	-	2,210.17
Gain on buy back of FCCB #	-	138.51
Export incentives	46.14	287.50
Miscellaneous**	4,218.71	3,061.75
	<u>5,260.60</u>	<u>6,344.95</u>

* Tax deducted at source Rs.101.17 lacs (previous year Rs.31.65 lacs)

Refer note 5 of schedule 18.

** - Includes income on settlement of contractual obligation Rs. 718.70 lacs (previous year Rs. 2,711.97 lacs)

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

SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES

Raw materials consumed	108,534.06	120,199.38
Purchase for re-sale	4,744.93	58.21
Sugarcane development	1,381.37	1,141.93
Salaries, wages, bonus, commission etc.	4,994.77	3,446.70
Contribution to provident and other funds	651.39	486.68
Staff welfare	176.33	125.68
Stores, oils and chemicals (all indigenous)	4,753.30	5,336.03
Power and fuel	2,547.80	4,271.88
Repairs and maintenance		
-Plant and machinery	1,917.83	1,582.90
-Buildings	92.83	89.28
-Others	100.56	280.00
Insurance	212.38	202.21
Rent	395.74	246.55
Lease rent	73.65	46.78
Rates and taxes	151.76	359.59
Donations (Refer note 27 of schedule 18)	2.20	1.31
Travelling	393.27	311.88
Marketing	1,962.16	1,540.56
Commission to selling agents	387.46	930.13
Loss on sale of fixed assets	-	27.35
Bad debts and advances	35.57	85.30
Provision for doubtful debts	123.65	118.36
Increase/(decrease) in excise duty on inventory	888.12	(283.93)
Foreign exchange fluctuation	1,066.68	-
Loss on derivative transactions	6.52	30.86
Miscellaneous	2,420.97	1,493.63
	<u>138,015.30</u>	<u>142,129.25</u>
(Increase)/decrease in stocks :		
Opening stocks		
Finished	28,679.46	19,069.42
Process	757.03	870.35
	<u>29,436.49</u>	<u>19,939.77</u>
Less:stock transferred to Simbhaoli Spirits Limited, pursuant to Scheme of Arrangement (Refer note 2 of schedule 18)		
Finished	398.78	-
Process	26.37	-
	<u>425.15</u>	<u>-</u>
Less: closing stocks		
Finished	48,857.56	28,679.46
Process	1,955.85	757.03
	<u>50,813.41</u>	<u>(29,436.49)</u>
	<u>(21,802.08)</u>	<u>(9,496.72)</u>
	<u>116,213.22</u>	<u>132,632.53</u>

Stores, oils and chemicals allocated to other revenue heads Rs 2,502.89 lacs (previous year Rs.5,291.85 lacs)

18 Months ended March 31, 2012	Year ended September 30, 2010
<u>Rs. lacs</u>	<u>Rs. lacs</u>

SCHEDULE 16 - INTEREST

Interest

On fixed loans
 On Others

3,192.24	3,928.55
11,900.23	4,543.28
<u>15,092.47</u>	<u>8,471.83</u>

SCHEDULE 17 - EXCEPTIONAL ITEMS (NET)

Differential cane price 2007-08
 Profit on transfer of SDD undertaking
 (Refer note 2 of Schedule 18)

2,511.40	-
<u>(11,817.37)</u>	<u>-</u>
<u>(9,305.97)</u>	<u>-</u>

SCHEDULE 18 - NOTES TO THE ACCOUNTS

1. Significant accounting policies

i) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation/business valuation of certain fixed assets as indicated in (iii) below. These statements have been prepared in accordance with the 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 [other than certain fixed assets of Simbhaoli Sugar Division and former Simbhaoli Distillery Division where cost has been modified based on revaluation/business valuation thereof as determined by the valuer] are valued at cost.

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

iv) Impairment

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

v) Depreciation/Amortisation

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

rates specified in Schedule XIV to the Companies Act, 1956 :

- | | |
|--|-----------------------------|
| - Buildings (other than Chilwaria Sugar Division and former Simbhaoli Distillery Division) | - Written down value method |
| - Buildings (Chilwaria Sugar Division and former Simbhaoli Distillery Division) | - Straight line method |
| - Plant and machinery (other than electric installations, typewriters and office equipments) | - Straight line method |
| - Railway siding/electric installations/ typewriters and office equipment/furniture and fixtures/ motor lorries and vehicles | - Written down value method |

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

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

E. In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

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 basis of determining cost for different categories of inventory are as follows:

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

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 period/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 period/year.

ix) Employee benefits

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

x) Research and development expenditure

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

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary items.

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

xiii) Government grants

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

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

xiv) Taxation

The provision for taxation for the period comprises the residual tax liability for the assessment year 2011-12 relevant to the period October 1, 2010 to March 31, 2011 and the liability which has accrued on the profit for the year April 1, 2011 to March 31, 2012, under the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry

forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. (Refer note 25)

xv) Securities issue expenses

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

xvi) Premium payable on redemption of securities

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

xvii) Accounting for Employee Share Based Payments

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

2. 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 and Uttarakhand and consequent thereto:

- The undertaking of Simbhaoli Distillery Division (SDD) including all assets, liabilities, rights, obligations and brands has been transferred to and vested in Simbhaoli Spirits Limited (SISPL), a subsidiary company incorporated on April 4, 2011 as a going concern on a slump sale basis for a consideration of Rs. 13,600 lacs with effect from October 1, 2010, the appointed date.
- The assets and liabilities transferred to and vested in SISPL, given effect to in these accounts, are as under:-

(Rs. In lacs)

Assets	
Fixed assets	
Gross block (net of reconstruction and revaluation reserve of Rs. 128.12 lacs)	6,230.88
Less: Depreciation	2,276.26
Net block	3,954.62
Capital work in progress	206.78
Current assets, loans and advances	
Inventories	1,271.74
Sundry debtors	2,842.27
Cash and bank balances	140.14
Loans and advances	901.80
Total assets	9,317.55
Liabilities	
Loan funds	
Secured loans	5,676.60
Current liabilities and provisions	
Current liabilities	1,808.58
Provisions	49.74
Total liabilities	7,534.92
Net assets	1,782.63

- c) SISPL would allot 17,000,000 equity shares of the face value of Rs.10 at a premium of Rs. 70 each credited as fully paid-up to the Company. Pending allotment of such shares, the consideration receivable has been disclosed in "Other Current Assets". The resultant excess of consideration over the book values of SDD undertaking transferred, amounting to Rs. 11,817.37 lacs has been shown as "Profit on transfer of SDD Undertaking" in the profit and loss account.
- d) The profit and loss account of the Company for the 18 months period ended March 31, 2012 includes transactions of SDD for the same period. Following exclusions in respect of the operations of the SDD for the above mentioned period have been made for the purposes of these accounts, since the said business, during this period, was being run and managed in trust by the Company on behalf of SISPL.

(Rs. In lacs)

Gross Sales	43,713.39
Less: Excise Duty	27,926.88
Net Sales	15,786.51
Other income	137.24
Manufacturing and other expenses	14,806.96
Depreciation	457.82
Interest expense	975.03
Profit/(loss) before tax	(316.06)

- e) The Company has set-off deferred tax assets recognized in respect of brought forward business losses/unabsorbed depreciation aggregating Rs. 6,759.99 lacs against the Securities Premium Account amounting to Rs. 6,759.99 lacs appearing in the books of account as on October 1, 2010, the appointed date.
3. i) **Contingent liabilities not provided for:**
Claims against the Company not acknowledged as debts Rs. 1,304.53 lacs (previous year Rs. 707.30 lacs).

(Rs. In lacs)

Description	As at March 31, 2012	As at September 30, 2010
Sales Tax/Trade Tax Act	10.43	12.60
State Excise Act	17.34	17.34
Central Excise Act	515.53	239.96
Income tax	316.73	316.73
Others	444.50	120.67
Total	1,304.53	707.30

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.

4. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 28.83 lacs (previous year Rs. 304.92 lacs). Further, the Company/Affiliates have

to invest Rs. 2,300 lacs (Previous year Rs. Nil) in Uniworld Sugars Private Limited (Joint venture).

5. During the year ended March 31, 2006, the Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating US\$ 33 million (Rs.14,685 lacs at issue). Out of these, during the previous years, FCCB aggregating US\$ 31.11 million (Rs.13,844 lacs) have been repurchased and cancelled and during the current period the balance FCCB aggregating US\$ 1.89 million (Rs. 841 lacs) have been redeemed in accordance with the terms in the letter of offer.
6. Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current period		Previous year	
	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)
Secured loan	69.04	3,532.03	144.04	6,435.87
Unsecured loan	-	-	18.90	844.45
Sundry Debtors	23.92	1,438.43	23.64	1,056.11
Sundry Creditors	-	-	474.81	21,214.51

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 30.64 lacs (previous year Rs. 1.01 lacs). Further the Company has not received any claim for interest under the terms of the "The Micro, Small and Medium Enterprises Development Act, 2006".

8. Employee Benefits

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

a) Defined contribution plans:

- Superannuation fund
- Provident fund

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

	(Rs. in lacs)	
	Current Period	Previous Year
- Employers' Contribution to Provident Fund	483.56	282.77
- Employers' Contribution to Superannuation Fund	45.57	36.99

b) Defined benefits plans

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

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

(Rs. In lacs)

	Gratuity (Funded)				Compensated absences			
	2012	2010	2009	2008	2012	2010	2009	2008
Discount rate (per annum)	8%	8%	8%	8%	8%	8%	8%	8%
Future salary increase	5%	5%	5%	5%	5%	5%	5%	5%
Expected rate of return on plan assets	8%	8%	8%	8%	N/A	N/A	N/A	N/A
In service mortality	LIC 1994- 96 ULTIMATE	LIC 1994- 96 ULTIMATE	LIC 1994- 96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
I. Expense recognized in profit and loss account								
Current service cost	133.85	108.60	45.29	86.34	39.83	12.24	160.54	75.49
Interest cost	97.68	58.02	52.38	48.39	11.57	11.60	4.90	5.95
Expected return on plan assets	(88.26)	(61.18)	(52.27)	(44.21)	-	-	-	-
Net actuarial (gain)/loss recognized in the period/ year	(65.19)	61.47	(44.05)	42.22	63.84	70.12	(21.14)	2.80
Total expense	78.08	166.91	1.35	132.74	115.24	93.96	144.30	84.24
II Net asset/(liability) recognized in the balance sheet as at the end of the period/ year								
Present value of Defined benefits obligation	872.69	935.90	761.74	682.56	146.84	197.16	186.85	127.57
Fair value of plan assets	(763.34)	(772.71)	(756.67)	(550.16)	-	-	-	-
Funded status [surplus/(deficit)]	(109.35)	(163.19)	(5.07)	(132.40)	(146.84)	(197.16)	(186.85)	(127.57)
Net asset / (liability) as at the end of the period/year	(109.35)	(163.19)	(5.07)	(132.40)	(146.84)	(197.16)	(186.85)	(127.57)

III Change in the present value of obligation during the period/ year								
Present value of the obligation as at the beginning of the period/ year	935.90	761.74	682.56	647.84	197.16	186.85	127.57	78.84
Interest cost	97.68	58.02	52.38	48.39	11.57	11.60	4.90	5.95
Current service cost	133.85	108.61	45.29	86.34	39.83	12.24	160.54	75.49
Benefits paid	(86.07)	(72.91)	(61.85)	(65.51)	(129.56)	(83.65)	(85.02)	(35.51)
Transfer to Simbhaoli Spirits Limited pursuant to Scheme of Arrangement	(78.83)	-	-	-	(36.00)	-	-	-
Actuarial (gains)/ losses on obligation	(129.84)	80.44	43.36	(34.50)	63.84	70.12	(21.14)	2.80
Present value of obligation as at the end of the period/year	872.69	935.90	761.74	682.56	146.84	197.16	186.85	127.57
IV Change in present value of fair value of plan Assets								
Fair value of plan assets as at the beginning of the period/ year	772.71	756.67	550.16	555.09	-	-	-	-
Expected return on plan assets	88.26	61.18	52.27	44.21	-	-	-	-
Contributions	118.18	8.80	128.68	93.09	-	-	-	-
Benefits paid	(86.07)	(72.91)	(61.85)	(65.51)	-	-	-	-
Transfer to Simbhaoli Spirits Limited pursuant to Scheme of Arrangement	(65.09)	-	-	-	-	-	-	-
Actuarial gains/(losses)	(64.65)	18.97	87.41	(76.72)	-	-	-	-
Fair value of plan assets as at the end of the period/ year	763.34	772.71	756.67	550.16	-	-	-	-
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 the ICICI Prudential Life Insurance Company Ltd have not been made available to the Company and have therefore not been disclosed.

The Company's best estimate of contributions expected to be paid during the annual year beginning after balance sheet date is Rs.109.35 lacs for gratuity and Rs.146.84 lacs for Compensated absences.

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

(Rs. In lacs)

Particulars	Gratuity				Compensated absences			
	2012	2010	2009	2008	2012	2010	2009	2008
Present value of obligation as at the end of the period/year	872.69	935.90	761.74	682.56	146.84	197.16	186.85	127.57
Fair value of plan assets as at the end of the period/ year	763.34	772.71	756.67	550.16	-	-	-	-
Net asset/(liability) recognized in the balance sheet	(109.35)	(163.19)	(5.07)	(132.40)	(146.84)	(197.16)	(186.85)	(127.57)
Net actuarial (gain)/loss recognized	(65.19)	61.47	(44.05)	42.22	63.84	70.12	(21.14)	2.80

9. Revenue expenditure on research and development Rs. 14.18 lacs (previous year Rs. 7.99 lacs).

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

(Rs. In lacs)

S. No.	Name of the party	Amount outstanding as at		Maximum amount outstanding during	
		March 31, 2012	September 30, 2010	Current period	Previous year
1)	Simbhaoli Power Limited	28.89	-	28.89	-
2)	Simbhaoli Spirits Limited	4.08	-	5.00	-
	Total	32.97	-	33.89	-

11. Related Party disclosures under Accounting Standard 18

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

Subsidiaries:

- Simbhaoli Global Commodities DMCC (DMCC),
- Integrated Casetech Consultants Private Limited (ICCPL) with effect from November 29, 2010
- Simbhaoli Power Limited (SPL) with effect from June 21, 2011
- Simbhaoli Spirits Limited (SISPL) with effect from April 04, 2011

- Uniworld Sugars Private Limited (USPL) with effect from February 25, 2011 and upto March 20, 2012.

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

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

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

Relatives of Key management personnel:

Mrs. G.R. Lakshmi (wife of Dr.G.S.C.Rao), Mrs. Mamta Tapiya (wife of Mr. Sanjay Tapiya), Mr. B.D.Tapiya (father of Mr. Sanjay Tapiya), Mr. Govind Singh Sandhu (brother of Mr. Gurpal Singh) and Mr. Angad Singh (son of Mr. Gurpal Singh).

Enterprise over which key management personnel exercise significant influence:

- Dholadhar Investments Private Limited (enterprise over which Mr.G.M.S.Mann exercises significant influence).
- Pritam Singh Sandhu Associates Private Limited (enterprise over which Mr. Gurpal Singh exercises significant influence).
- Uniworld Sugars Private Limited (enterprise over which Mr. Sanjay Tapiya and Dr.G S C Rao exercise significant influence upto February 24, 2011).

B) Transactions with the above parties:
(Rs. In lacs)

Description	Subsidiaries		Joint ventures / Co-venturer		Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current period	Previous year	Current period	Previous year	Current period	Previous year	Current period	Previous year	Current period	Previous year
Rent	-	-	-	-	-	-	94.82	54.61	-	-
Mrs. G.R. Lakshmi	-	-	-	-	-	-	29.40	16.50	-	-
Mrs. Mamta Tapriya	-	-	-	-	-	-	27.42	16.39	-	-
Mr. Govind Singh Sandhu	-	-	-	-	-	-	38.00	21.72	-	-
Salary/stipend	-	-	-	-	-	-	0.42	1.35	-	-
Mr. Angad Singh	-	-	-	-	-	-	0.42	1.35	-	-
Allotment of Equity Shares	-	-	-	-	620.36	-	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	617.55	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	2.81	-	-	-	-	-
Allotment of Share Warrants	-	-	-	-	133.11	-	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	75.61	-	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	28.75	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	28.75	-	-	-	-	-
Professional Charges	-	-	-	-	-	-	0.31	0.23	-	-
Mr. B.D. Tapriya	-	-	-	-	-	-	0.31	0.23	-	-
Managerial Remuneration \$	-	-	-	-	341.36	205.95	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	79.02	51.47	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	77.94	47.77	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	82.29	53.74	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	81.36	52.97	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	-	-	20.75	-	-	-	-	-
Loan taken	-	-	-	-	-	320.00	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	-	191.00	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	-	95.00	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	-	17.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	-	17.00	-	-	-	-
Loans repaid	-	-	-	-	231.00	64.00	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	125.00	60.00	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	76.00	-	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	13.00	4.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	17.00	-	-	-	-	-
Interest paid	-	-	-	-	33.30	-	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	17.36	-	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	12.53	-	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	1.62	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	1.79	-	-	-	-	-
Sale of finished goods	4,152.13	-	-	-	-	-	-	-	-	-
DMCC	1,685.63	-	-	-	-	-	-	-	-	-
SISPL	2,466.50	-	-	-	-	-	-	-	-	-
Expenses recovered	742.50	0.31	-	-	-	-	-	-	10.44	5.20
ICCPL	24.60	-	-	-	-	-	-	-	-	-
DMCC	0.15	0.31	-	-	-	-	-	-	-	-
SPL	29.83	-	-	-	-	-	-	-	-	-
SISPL	4.08	-	-	-	-	-	-	-	-	-
USPL	683.84	-	-	-	-	-	-	-	10.44	5.20
Interest Income	68.34	-	-	-	-	-	-	-	9.16	21.20
USPL	68.34	-	-	-	-	-	-	-	9.16	21.20
Advances given	5,986.73	-	-	-	-	-	-	-	1.22	285.00
ICCPL	351.13	-	-	-	-	-	-	-	-	-
USPL	60.14	-	-	-	-	-	-	-	1.22	285.00
SISPL	5,575.46	-	-	-	-	-	-	-	-	-
Purchase of goods/ finished goods	-	-	2,627.93	-	-	-	-	-	-	-
ED & F Man	-	-	2,627.93	-	-	-	-	-	-	-
Payment/advance received	8,785.76	-	-	-	-	-	-	-	-	-
ICCPL	298.68	-	-	-	-	-	-	-	-	-
DMCC	1,390.93	-	-	-	-	-	-	-	-	-
USPL	2.00	-	-	-	-	-	-	-	-	-
SISPL	7,094.15	-	-	-	-	-	-	-	-	-
Other Income	2,689.80	-	-	-	-	-	-	-	-	-
USPL	2,689.80	-	-	-	-	-	-	-	-	-
Investments made in	27.80	-	3,445.00	-	-	-	-	-	-	-
ICCPL	17.80	-	-	-	-	-	-	-	-	-
SPL	5.00	-	-	-	-	-	-	-	-	-
SISPL	5.00	-	-	-	-	-	-	-	-	-
USPL	-	-	3,445.00	-	-	-	-	-	-	-
Sale of SDD undertaking pursuant to Scheme of Arrangement	13,600.00	-	-	-	-	-	-	-	-	-

Description	Subsidiaries		Joint ventures		Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current period	Previous year	Current period	Previous year	Current period	Previous year	Current period	Previous year	Current period	Previous year
SISPL	13,600.00	-	-	-	-	-	-	-	-	-
Dividend received	5.34	-	-	-	-	-	-	-	-	-
CCPL	5.34	-	-	-	-	-	-	-	-	-
Purchase of stores/ assets	121.32	-	-	-	-	-	-	-	-	-
ICCP	56.25	-	-	-	-	-	-	-	-	-
SISPL	65.07	-	-	-	-	-	-	-	-	-
Sale of stores/ assets	775.97	-	-	-	-	-	-	-	-	-
USPL	775.80	-	-	-	-	-	-	-	-	-
SISPL	0.17	-	-	-	-	-	-	-	-	-
Management fees charged	268.56	-	-	-	-	-	-	-	-	-
ICCP	196.56	-	-	-	-	-	-	-	-	-
SISPL	72.00	-	-	-	-	-	-	-	-	-
Operation and Mangement fee paid	210.98	-	-	-	-	-	-	-	-	-
ICCP	210.98	-	-	-	-	-	-	-	-	-
Balance outstanding										
Creditors	-	-	287.56	-	18.28	13.79	0.11	0.11	-	-
Mr. G.M.S. Mann	-	-	-	-	2.40	-	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	13.20	4.55	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	1.20	7.66	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	0.09	1.58	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	-	-	1.39	-	-	-	-	-
Mr. Angad Singh	-	-	-	-	-	-	0.11	0.11	-	-
ED & F Man	-	-	287.56	-	-	-	-	-	-	-
Unsecured loan	-	-	-	-	25.00	256.00	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	6.00	131.00	-	-	-	-
Mr. Gurpal Singh	-	-	-	-	19.00	95.00	-	-	-	-
Dr. G.S.C.Rao	-	-	-	-	-	13.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	-	-	17.00	-	-	-	-
Loans and advance	72.46	6.08	0.11	-	-	-	-	-	-	311.40
DMCC	6.23	6.08	-	-	-	-	-	-	-	-
ICCP	33.26	-	-	-	-	-	-	-	-	-
SPL	28.89	-	-	-	-	-	-	-	-	-
USPL	-	-	0.11	-	-	-	-	-	-	311.40
SISPL	4.08	-	-	-	-	-	-	-	-	-
Debtors	2,064.12	-	-	-	-	-	-	-	-	-
DMCC	309.38	-	-	-	-	-	-	-	-	-
SISPL	1,754.74	-	-	-	-	-	-	-	-	-
Guarantee given on behalf of Company by Mr. G M S Mann & Mr. Gurpal Singh	-	-	-	-	65,018.01	60,941.86	-	-	-	-

§ refer note no. 15

12. Segment reporting

A. Business segments:

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

B. Geographical segments:

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

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 of schedule 17 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated

amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

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

c) Inter segment sales:

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

D. Information About Business Segments

(Rs. In lacs)

PARTICULARS	Sugar		Alcohol		Power		Elimination		Unallocated		Total	
	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year
Segment revenue												
External sales:	107,206.52	110,592.36	10,389.42	36,146.89	5,987.39	2,487.26	-	-	-	-	123,583.33	149,206.21
Inter segment sales	19,693.21	18,336.95	27.15	1,394.88	19,223.44	15,869.54	(38,943.80)	(35,601.37)	-	-	-	-
Other income	1,394.60	5,166.41	73.42	390.87	-	148.41	-	-	3,792.58	639.26	5,260.60	6,344.95
Total revenue	128,294.33	134,095.72	10,489.99	37,932.34	25,210.83	18,485.21	(38,943.80)	(35,601.37)	3,792.58	639.26	128,843.93	155,551.16
Segment results	(4,008.09)	(5,085.47)	1,607.36	(1,021.96)	4,217.35	2,548.88	-	-	(1,439.52)	572.51	1,816.63	(3,558.55)
Unallocated expenses (net of income)												
Operating profit/(loss)												
Interest												
Exceptional items (net)												
Provision for taxes												
- Current tax												
- Deferred tax benefit												
Net Profit/(loss)												
Other information												
Segment assets	97,913.10	91,892.39	10,852.48	18,559.12	20,610.87	20,811.34	-	-	-	-	129,376.45	131,262.85
Unallocated assets												
Investment												
Profit and loss account												
Total assets	97,913.10	91,892.39	10,852.48	18,559.12	20,610.87	20,811.34			28,508.18	17,705.75	157,884.63	148,968.60
Segment liabilities	78,593.89	63,074.91	680.89	2,216.64	367.47	941.80	-	-	-	-	79,642.25	66,233.35
Shares capital and reserves												
Secured and unsecured loans												
Unallocated liabilities												
Total liabilities	78,593.89	63,074.91	680.89	2,216.64	367.47	941.80			78,242.38	82,735.25	157,884.63	148,968.60
Capital expenditure	1,731.18	2,071.03	693.60	366.44	276.84	198.11	-	-	214.29	562.31		
Depreciation (net of revaluation reserve)	3,690.72	2,426.99	616.82	702.20	1,287.23	830.55	-	-	149.67	49.65		
Non cash expenses other than depreciation	158.78	121.52	0.44	107.27	-	0.30	-	-	1.00	0.19		

13. Earnings per share (Rs. in lacs)

	Current period	Previous Year
I. Profit/(loss) after tax and exceptional items as per Profit and Loss accounts (Rs. lacs)	1,546.25	(7,469.46)
Less : Exceptional Items net of taxes of Rs. 3,019.32 lacs (Previous year Nil) (Rs. lacs)	6,286.65	-
Profit/(loss) after tax and before exceptional items (Rs. lacs)	<u>(4,740.32)</u>	<u>(7,469.46)</u>
II. Weighted average number of equity shares outstanding		
(A) For basic earnings per share (Nos.)	2,58,43,592	2,31,90,580
(B) For diluted earnings per share (Nos.)		
Shares for basic earnings per share as per II (A) (nos.)	2,58,43,592	2,31,90,580
Add: Weighted average of outstanding Equity Warrants / Optionally Convertible Preference shares / FCCB / Employee stock options scheme deemed to be issued for no consideration (nos.)	-	11,320
Shares for diluted earnings per share (Nos.)	<u>2,58,43,592</u>	<u>2,32,01,900</u>

III. Earnings per share (Rs.)

- Basic EPS before exceptional item	(18.34)	(32.21)
- Basic EPS after exceptional item	5.98	(32.21)
- Diluted EPS before exceptional item	(18.34)	(32.21)
- Diluted EPS after exceptional item	5.98	(32.21)

14. Auditors' remuneration (excluding service tax):

- Statutory audit	35.00	25.00
- Audit of accounts for fiscal year	16.00	11.00
- Limited review of unaudited financial results	59.00	28.00
- Certification for corporate governance and others	10.35	5.05
- Reimbursement of out of pocket expense for statutory audit and others	0.53	1.00

15. Managerial remuneration:

- Salaries	211.34	138.81
- Other benefits	130.02	67.14
Total managerial remuneration#	341.36	205.95
- Directors' fees	5.10	2.15
Total	<u>346.46</u>	<u>208.10</u>

Provision for incremental gratuity and earned leave has not been considered, since the provision has been made for the Company as a whole.

16. Value of export on FOB basis 17,648.86 3,536.66

17. Value of imports on C I F basis

- Raw Materials	3,065.16	63,909.71
- Stores	4.33	-

18. Expenditure in foreign currency

- Travelling	19.52	19.67
- Others	0.83	0.17

19. Particulars of capacity, production, Current sales, stocks and raw materials consumed Current Period Previous Year

(a) Licensed capacity

Crushing of sugarcane per day (M.T.)	Not Applicable	Not Applicable
Rectified spirit/Ethanol (Bulk Litres) per annum	3,60,00,000@	6,32,72,000

(b) Installed capacity, as certified by the management but not verified by the auditors being a technical matter

Crushing of sugarcane per day (M.T.)	20,100	20,100
Rectified spirit/Ethanol (Bulk Litres) per annum	3,60,00,000@	6,32,72,000
Power per hour (MW)	78.75	78.75

(c) Actual production

Sugar (Quintals)	37,23,971	38,24,916
Rectified Spirit and Country Spirit (B.L.)	4,04,02,275	4,78,47,848
Power (KWH)*	15,04,08,316	6,29,28,946

* Net of captive consumption

@ Since transferred, pursuant to scheme of arrangement.

(d) Sales

	Unit	Current Period		Previous Year	
		Quantity	Value Rs. In lacs	Quantity	Value Rs. In lacs
Sugar	Qtls.	34,21,090	1,04,395.20	35,68,612	1,10,401.38
Rectified Spirit and country spirit	BL	20,168,300	6,488.37	4,37,94,237	25,701.39
Denatured spirit	BL	12,748,000	3,796.69	97,55,995	2,364.86
Whisky, brandy and civil rum	BL	-	-	1,12,23,845	7,919.81
Power*	KWH	15,01,68,433	6,192.13	6,34,84,176	2,521.95
Others			2,710.94		296.82
			<u>1,23,583.33</u>		<u>1,49,206.21</u>

* Net of captive consumption.

(e) Stock of goods manufactured:

1. Opening stocks

Sugar	Qtls.	9,76,707	27,889.57	7,20,404	17,456.39
Rectified Spirit and country spirit#	BL	15,33,613	417.06	27,95,547	1,024.28
Denatured spirit#	BL	31,173	7.73	26,548	7.43
Whisky, brandy and civil rum#	BL	3,93,168	138.47	92,666	334.79
Power banked and wheeled*	KWH	2,98,840	7.26	8,54,069	27.28
Others			219.37		219.25
			<u>28679.46</u>		<u>19069.42</u>

* Net of units deducted towards banking and wheeling charges.

Includes inventory transferred, pursuant to scheme of arrangement, BL 866,854 (Rs. 246.97 lacs), BL 31,173 (Rs. 7.73 lacs), BL 46,482 (Rs. 26.71 lacs) of rectified spirits and country spirits, denatured spirit and Whisky, Brandy and civil rum respectively.

2. Closing stocks

Sugar	Qtls.	14,67,013	45,161.52	9,76,707	27,889.57
Rectified Spirit and country spirit	BL	4,233,918	1,036.12	15,33,613	417.06
Denatured spirit	BL	2,156,994	575.28	31,173	7.73
Whisky, brandy and civil rum	BL	-	-	3,93,168	138.47
Power banked and wheeled*	KWH	5,38,723	13.11	2,98,840	7.26
Molasses	Qtls.	2,83,439	1,121.99	-	-
Others			9,49.55		219.37
			<u>48,857.57</u>		<u>28,679.46</u>

* Net of units deducted towards banking and wheeling charges.

(f) Raw materials consumed:

	Unit	Current Period		Previous Year	
		Quantity	Value Rs. In lacs	Quantity	Value Rs. In lacs
(i) Indigenous					
Sugar cane	Qtls.	3,85,13,629	92,579.92	1,72,24,878	45,593.47
Raw Sugar	Qtls.	1,07,989	3,099.04	21,750	640.95
Molasses#	Qtls.	8,19,054	3,101.55	11,90,304	5,545.39
Others			48.06		440.30
			98,828.57		52,220.11
(ii) Imported					
Raw Sugar	Qtls.	2,92,375	9,705.49	23,67,400	67,979.27
			9,705.49		67,979.27
Total			108,534.06		120,199.38

Quantity consumed includes internal transfer.

(g) Goods purchased for re-sale

Sugar	Qtls	92,800	2,518.19	-
Raw sugar	Qtls	95,000	2,226.74	-
Others			-	58.21
Total			4,744.93	58.21

20. (a) The following are the particulars of disputed dues on account of sales tax (trade tax) and excise duty matters that have not been deposited by the Company as at March 31, 2012.

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved* (Rs. lacs)	Amount paid under protest (Rs. lacs)
U. P. Trade Tax Act	Trade tax	Trade Tax Appellate Tribunal	1984-1985	0.43	0.43
		Trade Tax Appellate Tribunal	1995-1996	3.18	-
		Trade Tax Appellate Tribunal	2001-2002	3.47	1.60
		Deputy Commissioner (Appeals)	2009-2010	0.85	0.85
Central Excise Act	Excise Duty	Commissioner (Appeals)	1979-1980	11.01	11.01
		Customs, Excise & Service tax Appellate Tribunal	2002-2003	0.60	0.60
		Customs, Excise & Service tax Appellate Tribunal	2004-2005	0.28	0.28
		Commissioner (Appeals)	2008-2009	71.69	25.21
		Additional Commissioner	2006-2007	1.50	-
		Customs, Excise & Service tax Appellate Tribunal	2006-2007	398.13	52.18
State Excise Act	Excise Duty	High Court, Allahabad	2001-2002	9.26	-
		High Court, Allahabad	2009-2010	8.08	-

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

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

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

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

21. The proceeds of 2,263.49 lacs from warrants/shares issued and allotted to specified promoters/investors of the Company were utilized for capital expenditure/working capital requirement of the Company as per the resolutions passed by the shareholders in the general meetings.

22. As at March 31, 2012 outstanding export obligation against advance license scheme (ALS) is 2,891 metric tonnes (previous year 40,800 metric tonnes). The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.

23. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 4,780 lacs was filed with the insurance Company. Following the repudiation of insurance claim by Cargo insurers, in an arbitrary manner, the Company has initiated legal proceedings against the insurer in India and vessel owner in London. Subsequent to the period end, the Company, in the London proceedings, has accepted and received a compensation of USD 98 lacs (Rs.5,515 lacs) towards the cost of raw sugar, interest loss and legal costs. The Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for balance Rs. 769 lacs. Based on expert advice, management is confident that the proceedings against insurer would be settled in favour of the Company and no loss would arise in this regard.

24. The Company's net worth has been substantially eroded and the Company has made cash losses during the eighteen months period ended March 31, 2012. During the last two years the Indian sugar industry had faced difficulties on account of lower realization of sugar and higher sugar cane prices particularly in respect of sugar mills located in Uttar Pradesh. During the current season also, the country had the large surplus of sugar resulting in lower sugar realization, under recovery of cost of production and higher finance cost leading to operating/cash loss and consequent substantial erosion of the Company's net worth. The Company has initiated a number of measures which includes business and financial restructuring comprising of transfer of potable alcohol and power undertakings of the Company to separate SPVs, disinvestments of the shares in such SPVs, fresh capital infusion and Company's foray into sugar refining business in joint venture with a global major etc. to de-risk its businesses and improving its financial position. The transfer of potable alcohol undertaking and formation of joint venture for sugar refining business has been completed. The State and Central Governments have initiated various steps to strengthen the sugar industry like opening sugar exports under OGL and working towards decontrol of the sector. The Management of the Company is confident about the successful completion of its aforesaid business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial statements have been prepared by the Company on a going concern basis.

25. Relying upon the future projections prepared based upon the restructuring plans under implementation and taken on record by the Board of Directors, deferred tax asset (net) amounting to Rs. 4,747.83 lacs as at March 31, 2012 relating to unabsorbed depreciation and carry forward business losses has been recognized as, the Management of the Company believes that there is a virtual certainty that sufficient future taxable income will be available against which such asset would be realized.

26. The Company had taken approval from the shareholders of the Company under section 293(1)(a) of the Companies Act, 1956 to hive off its power businesses to Simbhaoli Power Limited, its subsidiary to facilitate expansion in power generation/export capacities. The transfer of assets was conditional upon the finalization of the business restructuring for giving effect to the transfer, capital contribution by a select investor and approvals from the lenders for financing expansion plan within a given time frame. Therefore, pending completions of the conditions, no effect/disclosures of such hiving off was considered necessary in these financials.
27. Donations include Rs. 1.70 lacs (Previous year Rs. Nil) in excess of limits specified in section 293 (1)(e) of the Companies Act, 1956 and are subject to shareholders' approval in the ensuing annual general meeting.

28. Disclosure related to Joint venture:

Name	Country of incorporation	Nature of interest	Percentage of ownership as at	
			March 31, 2012	September 30, 2010
Uniwold Sugars Private Limited	India	Equity share holding	50%	Nil

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

The Company's share of Assets and Liabilities as at March 31, 2012 and Income and Expenditure for the period ended March 31, 2012 (Without elimination of the effect of transactions between the Company and the

joint venture) are given below.

(Rs. in lacs)

	As at March 31, 2012 (Based on ownership interest of 50%)
ASSETS	
Fixed assets	1,972.53
Investments	1,400.00
Current assets, loans and advances	
(A) Cash and bank balances	80.41
(B) Loans and advances	37.58
LIABILITIES	
Loan funds	
Unsecured loans	0.05
Current liabilities	66.07

	Eighteen months ended March 31, 2012
INCOME	-
EXPENSES	
Administrative and other expenses	17.13
Prior period expenses	5.98
Note : Capital Commitments as at March 31, 2012	2,053.04

29. The figures for the current period are for a period of eighteen months from October 1, 2010 to March 31, 2012 and exclude the figures of SDD undertaking from October 1, 2010 to March 31, 2012, transferred under the Scheme of Arrangement whereas the corresponding previous year figures are for twelve months from October 1, 2009 to September 30, 2010. As such, corresponding figures for the previous year are not directly comparable with those of current period.

30. Previous year figures have been regrouped/ recast wherever necessary.

Signatures to Schedules 1 to 18.

Gurmit Singh Mann
 Chairman & Managing Director
 DIN - 00066653

Gurpal Singh
 Dy. Managing Director
 DIN - 00064807

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

Sanjay Tapriya
 Chief Financial Officer
 DIN - 00064703

Sunil K. Gupta
 GM-Finance
 FCA-73502

Kamal Samtani
 Company Secretary
 FCS-5140

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT to the board of Directors of Simbhaoli Sugars Limited

1. We have audited the attached Consolidated Balance Sheet **SIMBHAOLI SUGARS LIMITED** ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group") as at March 31, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the period ended on that date, both annexed thereto. The Consolidated Financial Statements include investment in the jointly controlled entity accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to:
 - (i) note 15 of schedule 17 which sets out the position regarding repudiation by the insurance company of the Company's insurance claim amounting to Rs. 769 lacs on account of sinking of ship carrying raw sugar purchased by the Company. Pending completion of legal proceedings in the matter, the effect thereof in these accounts cannot be determined at this stage.
 - (ii) note 16 of schedule 17 regarding the Company's net worth being substantially eroded (fully eroded after giving effect to our qualification in paragraph 5 below) and the Company making cash losses during the eighteen months period ended March 31, 2012. However, the financial statements of the Company have been prepared by the Management of the Company on a going concern basis for the reasons stated in the said Note. The ability of the Company to continue as a going concern is dependent upon the successful completion of its business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations.
4. We did not audit the financial statements of subsidiaries viz., Simbhaoli Global Commodities DMCC, Integrated Casetech Consultants Private Limited, Simbhaoli Power Limited and Simbhaoli Spirits Limited, whose financial statements reflect total assets of Rs. 11,174.59 lacs as at March 31, 2012, total revenues of Rs. 13,252.21 lacs and

net cash inflows amounting to Rs. 298.93 lacs for the period ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

5. *Attention is invited to note 17 of schedule 17 wherein it is stated that deferred tax assets (net) amounting to Rs.4,747.83 lacs has been recognised on the basis of future projections prepared based upon the restructuring plans under implementation and taken on record by the Board of Directors and the belief of the Management of the Company that there is a virtual certainty that sufficient future taxable income will be available against which such assets would be realised. However, in our opinion, recognition of such deferred tax assets based on future projections is not in accordance with the principle for recognition of deferred tax assets relating to unabsorbed depreciation and carry forward business losses stated in Accounting Standard 22 "Accounting for Taxes on Income", which requires virtual certainty supported by convincing evidence to be established for recognition of deferred tax assets on such items. Had such deferred tax assets not been recognised, the loss after tax and the debit balance in the profit and loss account would have been higher by Rs.4,747.83 lacs and the deferred tax assets would have been lower by a similar amount.*

The matter referred to in paragraph 5 above, to the extent covered here above was also subject matter for qualification in our audit report on the financial statements for the year ended September 30, 2010.

6. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
7. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and joint venture and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements, *subject to the matter stated in paragraph 5 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the period ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

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

Gurgaon
September 25, 2012

Manjula Banerji
Partner
(Membership No. 086423)

SIMBHAOLI SUGARS LIMITED
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2012

	Schedule No.	As at March 31, 2012 Rs. lacs	As at September 30, 2010 Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1A	2,770.13	2,332.59
Equity warrants	1B	133.11	-
Employee stock options outstanding	1C	39.43	43.39
Reserves and surplus	2	2,824.89	8,036.73
		<u>5,767.56</u>	<u>10,412.71</u>
Minority interest		53.68	-
Loan funds			
Secured loans	3	76,377.30	69,611.30
Unsecured loans	4	101.46	1,100.45
		<u>76,478.76</u>	<u>70,711.75</u>
TOTAL		<u>82,300.00</u>	<u>81,124.46</u>
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		82,810.51	81,824.13
Less: Depreciation/Amortisation		29,196.59	24,887.02
Net block		<u>53,613.92</u>	<u>56,937.11</u>
Capital work in progress		1,856.20	1,757.45
		<u>55,470.12</u>	<u>58,694.56</u>
Pre-operative expenditure pending allocation	6	503.66	-
		<u>55,973.78</u>	<u>58,694.56</u>
Investments	7	1,400.20	0.05
Deferred tax assets (net)	8	4,865.65	7,040.49
Current assets, loans and advances			
Inventories	9	54,992.39	40,050.04
Sundry debtors	10	9,530.01	7,273.73
Cash and bank balances	11	7,457.43	13,947.19
Loans and advances	12	13,988.64	16,231.48
		<u>85,968.47</u>	<u>77,502.44</u>
Less: Current liabilities and provisions	13		
Current liabilities		82,452.43	66,918.87
Provisions		663.69	920.80
		<u>83,116.11</u>	<u>67,839.67</u>
Net current assets		2,852.36	9,662.77
Profit and loss account		17,208.01	5,726.59
TOTAL		<u>82,300.00</u>	<u>81,124.46</u>
Notes to the accounts	17		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gurpal Singh
Dy. Managing Director
DIN - 00064807

Gurmit Singh Mann
Chairman & Managing Director
DIN - 00066653

Sanjay Tapriya
Chief Financial Officer
DIN - 00064703

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

Manjula Banerji
Partner

Kamal Samtani
Company Secretary
FCS-5140

Sunil K. Gupta
GM-Finance
FCA-73502

Gurgaon
September 25, 2012

New Delhi
September 25, 2012

SIMBHAOLI SUGARS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2012

	Schedule No.	18 Months ended March 31, 2012 Rs. lacs	Year ended September 30, 2010 Rs. lacs
INCOME			
Sale of products			
Gross sales		166,107.72	149,206.21
Less: Excise duty		31,556.99	23,040.29
Other income	14	3,743.78	6,388.78
		<u>138,294.51</u>	<u>132,554.70</u>
EXPENDITURE			
Manufacturing and other expenses	15	128,998.13	132,689.56
Profit/(loss) before interest, depreciation and tax		9,296.38	(134.86)
Interest	16	16,074.20	8,471.83
Profit/(loss) before depreciation and tax		(6,777.82)	(8,606.69)
Depreciation/Amortisation		6,313.03	4,023.98
Profit/(loss) before transfer from revaluation reserve		(13,090.85)	(12,630.67)
Transfer from revaluation reserve		105.80	14.58
Profit/(loss) before tax and exceptional item		(12,985.05)	(12,616.09)
Exceptional Items			
Differential cane price 2007-08		2,511.40	-
Profit/(loss) before tax		(15,496.45)	(12,616.09)
Current tax (MAT Charged off)		476.38	-
Deferred tax (benefit)/ charge		(4,572.01)	(5,133.43)
Profit/(loss) after tax before Minority interest		(11,400.82)	(7,482.66)
Minority Interest		33.26	-
Profit/(loss) after tax and Minority interest		(11,434.08)	(7,482.66)
Balance brought forward from the previous year		(5,726.59)	1,756.07
Profit/(loss) available for appropriation		(17,160.67)	(5,726.59)
Appropriations			
General reserve		45.32	-
Income tax on dividend proposed/paid by subsidiary		2.02	-
Balance carried to balance sheet		(17,208.01)	(5,726.59)
Earnings per share (Rs.)			
Basic/Diluted before exceptional item		(37.68)	(32.27)
Basic/Diluted after exceptional item		(44.24)	(32.27)
(Refer note 11 in schedule 17)			
Notes to the accounts	17		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Gurpal Singh
Dy. Managing Director
DIN - 00064807

Gurmit Singh Mann
Chairman & Managing Director
DIN - 00066653

Sanjay Tapiya
Chief Financial Officer
DIN - 00064703

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

Manjula Banerji
Partner

Kamal Samtani
Company Secretary
FCS-5140

Sunil K. Gupta
GM-Finance
FCA-73502

Gurgaon
September 25, 2012

New Delhi
September 25, 2012

**CONSOLIDATED CASH FLOW STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED MARCH 31, 2012**

	18 Months ended March 31, 2012 <u>Rs. lacs</u>	Year ended September 30, 2010 <u>Rs. lacs</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax and exceptional items	(12,985.05)	(12,616.09)
Adjustments for:		
Depreciation (Net of revaluation reserve)	6,207.23	4,009.40
Unrealised foreign exchange fluctuation	46.00	(3.27)
Interest	16,074.20	8,471.83
Gain on buy back of FCCB	-	(138.51)
Deferred employee compensation expense	(3.96)	37.20
Misc. expenditure written off	3.29	
Non compete fee	(1,000.00)	
Profit on sale of fixed assets	(69.08)	(3.64)
Loss on sale of fixed assets	-	27.35
Profit on sale of current non trade investments	(0.36)	
Interest income	(729.70)	(485.34)
Transfer from Capital-grant-in-aids'	(2.00)	(1.33)
Operating profit/(loss) before working capital changes	7,540.58	(702.40)
Adjustments for change in :		
Trade and other receivables	(1,907.27)	(3,300.98)
Inventories	(14,923.59)	2,947.29
Trade payables	15,953.22	13,063.94
Cash (used)/generated from operations	6,662.93	12,007.85
Direct taxes (paid)/refund	1,274.52	(1,280.45)
Net cash flow from operating activities before exceptional items	7,937.45	10,727.40
Differential Cane price 2007-2008	2,511.40	-
Net cash (used) / from operating activities	5,426.05	10,727.40
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,539.39)	(3,808.04)
Sale of fixed assets	109.09	122.21
Purchase of mutual funds	(1,700.00)	-
Sale of mutual funds	300.36	-
Margin money	8,749.45	(7,596.65)
Interest received	799.60	63.71
Net cash from/ (used) in investing activities	5,719.11	(11,218.77)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares/equity warrants	2,263.53	10.97
Proceeds from long term borrowings	6,440.64	6,718.22
Repayment of long term borrowings	(17,371.31)	(7,784.84)
Changes in cash credit account	16,280.42	10,737.89
Repayments of preference share capital	-	(216.00)
Interest paid	(16,312.79)	(8,256.17)
Dividend paid	(1.20)	(0.10)
Payment of FCCB premium	(318.71)	-
Contribution toward charity reserve received	(5.29)	2.47
Net cash from (used) in financing activities	(9,024.71)	1,212.44
D. Net increase/(decrease) in cash and cash equivalents	2,120.45	721.07
E. Cash and cash equivalents (opening balance)		
Cash and bank balances	1,839.10	1,118.03
Add : Cash and bank balances taken over on acquisition of stake in subsidiaries/joint venture	139.23	-
F. Cash and cash equivalents (closing balance)		
Cash and bank balances (D+E)	4,098.78	1,839.10

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

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

Gurpal Singh
Dy. Managing Director
DIN - 00064807

Sanjay Tapriya
Chief Financial Officer
DIN - 00064703

Gurmit Singh Mann
Chairman & Managing Director
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Gurgaon
September 25, 2012

New Delhi
September 25, 2012

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 1A - SHARE CAPITAL		
Authorised		
3,80,00,000 (previous year 3,80,00,000) Equity shares of Rs.10 each	3,800.00	3,800.00
2,00,00,000 (previous year 2,00,000) Preference shares of Rs.100 each	200.00	200.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued		
2,77,75,935 (previous year 2,34,00,525) Equity shares of Rs.10 each	2,777.59	2,340.05
	<u>2,777.59</u>	<u>2,340.05</u>
Subscribed		
Equity shares 2,75,71,310 (previous year 2,31,95,900) Equity shares of Rs.10 each fully paid up	2,757.13	2,319.59
Add: 2,04,625 (previous year 2,04,625) Forfeited shares	13.00	13.00
	<u>2,770.13</u>	<u>2,332.59</u>

Note :-

- 22,80,000 (previous year 22,80,000) Equity shares of Rs.10 each were allotted as fully paid-up by way of bonus shares by capitalisation of general reserve.
- 5,46,234 (previous year 5,46,234) Equity shares of Rs.10 each were allotted as fully paid-up pursuant to the Scheme of Amalgamation of the erstwhile Simbhaoli Industries Private Limited with the Company, without payment being received in cash.
- 30,00,000 (previous year Nil) equity shares of Rs. 10 each were issued and allotted on January 29, 2011 at premium of Rs. 40 per share by way of preferential allotment basis.
- 13,42,500 (previous year Nil) equity shares of Rs. 10 each were issued and allotted during the period as fully paid-up at an exercise price of Rs. 46 (including premium of Rs. 36) per equity share on conversion of 13,42,500 (previous year Nil) equity warrants issued and allotted to specific promoters covered under section 301 of the Companies Act, 1956 on preferential basis (refer foot note 1 in schedule 1 B).
- Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
 - 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option. Consequently 32,910 (previous year 28,140) equity shares were issued and allotted during the period as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29 each) per equity share and balance Nil (previous year 1,73,475) options are outstanding at the period end.
 - 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on May 18, 2010 at an exercise price of Rs. 39 (including premium of Rs. 29) per option and balance 69,800 (previous year 72,940) options are outstanding at the period end.
 - 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49 (including premium of Rs. 39) per option and balance 4,69,370 (previous year 5,01,890) options are outstanding at the period end.

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

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs

SCHEDULE 1B - EQUITY WARRANTS
Share warrants

11,57,500 (Previous year NIL) Share warrants, paid up amount of Rs.11.50 per warrant (see note 1 below) (Also refer note 4 of schedule 1A)	133.11	-
	<u>133.11</u>	<u>-</u>

Note: -

- On January 31, 2011, 25,00,000 Equity warrants (paid up amount of Rs. 11.50 per warrant) were allotted to specific promoters and directors of the Company, to be converted within 18 months of allotment into equity shares at a price of Rs. 46 (including premium of Rs. 36) per share. Out of these warrants, 13,42,500 equity warrants have since been converted into 13,42,500 equity shares of Rs 10 each upto period end in accordance with the terms of allotment thereof. Subsequent to the period end the Company has issued and allotted 6,57,500 equity shares of Rs 10 each on conversion of 6,57,500 warrants to a promoter on July 30, 2012 and balance 5,00,000 warrants have been lapsed and forfeited.

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 1C - EMPLOYEE STOCK OPTIONS OUTSTANDING		
Employee stock options outstanding	39.43	43.39
	<u>39.43</u>	<u>43.39</u>

Note : Refer note 1(xviii) in schedule 17 and footnote 5 in schedule 1A.

SCHEDULE 2 - RESERVES AND SURPLUS

	As at September 30, 2010	Additions during the period	Adjustments pursuant to the Scheme of Arrangement	Deductions during the period	As at March 31, 2012
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Revaluation reserve	441.48	-	43.64 (7)	117.33 (1)	280.51
Reconstruction reserve	589.73	-	84.48 (7)	-	505.25
Capital grant-in-aid	10.41	-	-	2.00 (2)	8.41
Capital reserve	231.26	-	-	-	231.26
Securities premium account	6,759.99	1,692.84 (3)	6,759.99 (8)	25.18 (4)	1,667.66
Charity reserve	8.37	1.25 (5)	-	6.54 (6)	3.08
General Reserve	-	45.32	-	-	45.32
Capital reserve on consolidation	-	84.92	-	-	84.92
Foreign currency translation reserve	(4.51)	2.99	-	-	(1.52)
	<u>8,036.73</u>	<u>1,827.32</u>	<u>6,888.11</u>	<u>151.05</u>	<u>2,824.89</u>

- (1) - Rs. 105.80 lacs (previous year Rs.14.58 lacs) transferred to profit and loss account.
- Rs. 11.53 lacs (previous year Nil) transferred on sale of fixed assets.
- (2) Transferred to profit and loss account.
- (3) Rs.1,692.84 lacs (previous year Rs. 8.16 lacs) received on allotment of equity shares.
- (4) Rs. 25.18 lacs (previous year Rs. 35.45 lacs) premium on redemption of foreign currency convertible bonds.
- (5) Rs. 1.25 lacs (previous year Rs. 2.47 lacs) received during the period.
- (6) Rs. 6.54 lacs (previous year Rs. Nil), disbursed during the period.
- (7) Refer note 2 of schedule 17.
- (8) Refer note 2(b) of schedule 17.

As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 3 - SECURED LOANS

Banks		
Cash credit	47,840.26	33,433.29
Term loans	22,035.33	27,538.57
Others		
Term loans	6,326.94	8,639.44
Interest accrued and due	174.77	-
	<u>76,377.30</u>	<u>69,611.30</u>

Notes:

- (i) Cash credit facilities from banks of each business division (other than co-operative banks referred to in 1(ii) below) and Simbhaoli Spirits Limited (SISPL) are secured by way of first pari passu charge created by hypothecation of all current assets, both present and future, of the concerned business division of the Company and SISPL respectively. These facilities are further secured by way of third pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company and SISPL.
- (ii) Cash credit facilities from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.
- (i) Term loans of Rs. 10,314.31 lacs (previous year Rs. 17,608.89 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.
- (ii) Term loans of Rs. 2,547.06 lacs (previous year Rs. Nil) 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 SISPL.
- Term loans of Rs. 5,632.80 lacs (previous year Rs. 1,250.00 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. These loans are further secured by pledge of 22.50 lacs equity shares of the Company, owned by key promoters.
- Term loans of Rs. Nil (previous year Rs. 2,213.80 lacs) from banks are secured by way of residual pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- Term loans of Rs. 3,532.03 lacs (previous year Rs. 6,435.87 lacs) from a bank are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. This loan is further secured by way of collateral security on the personal assets of the promoters of the Company and pledge of fixed deposit of Rs. 2,660.91 lacs (previous year Rs.2,604.58 lacs) of the Company.
- Term loans of Rs. 6,226.94 lacs (previous year Rs. 8,539.44 lacs) from Sugar Development Fund (SDF) is secured by way of second exclusive charge created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.
- Term loans of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) from Sugar Technology Mission (STM) is secured by exclusive first charge to be created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information Forecasting and Assessment Council (TIFAC).
- Term loans of Rs. 9.13 lacs (previous year Rs. 30.01 lacs) from banks are secured by way of hypothecation of specific vehicles acquired under the scheme.
- Term loans repayable within a year Rs. 4,817.74 lacs (previous year Rs. 6,735.32 lacs) by the Company and Rs. 670.96 lacs (previous year Rs. Nil) by SISPL.

All the credit facilities other than SDF loan of Rs. 6,226.94 lacs (previous year Rs. 8,539.44 lacs), Sugar technology mission loan of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) and vehicle loan of Rs. 9.13 lacs (previous year Rs. 30.01 lacs) are guaranteed by Chairman & Managing Director and Deputy Managing Director of the Company.

All existing charges on the assets transferred to Simbhaoli Spirits Limited pursuant to the Scheme of Arrangement (as explained in note 2 of schedule 17) held by the lenders of the Company shall be vacated. The necessary modifications of the charges of the Company and creations of charges in the name of SISPL are pending execution.

As at March 31, 2012	As at September 30, 2010
Rs. lacs	Rs. lacs

SCHEDULE 4 - UNSECURED LOANS

Short term loans and advances:

From Directors

25.00 256.00

25.00 256.00

Other Loans and advances from :

0% Foreign Currency Convertible Bonds (FCCB) (2011)*

Book overdraft from Bank

- 844.45

76.46 -

76.46 844.45

101.46 **1,100.45**

* Refer note 5 in schedule 17

SCHEDULE 5 - FIXED ASSETS

Description	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	As at Sept. 30, 2010	Acquisitions	Additions	Deletions/ Adjustments	As at March 31, 2012	Up to Sept. 30, 2010	Acquisitions	For the period	On Deletions	As at March 31, 2012	As at March 31, 2012	As at Sept. 30, 2010
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Tangibles												
Land	2,132.69	180.68	42.37	51.36	2,304.38 *	-	-	-	-	-	2,304.38	2,132.69
Buildings	8,989.09	-	367.98	108.17	9,248.90	2,386.67	-	612.99	28.11	2,971.55	6,277.35	6,602.42
Railway siding	1.60	-	-	-	1.60	1.52	-	0.07	-	1.59	0.01	0.08
Plant and machinery	69,947.71	2.77	2,767.36	2,603.84	70,114.00	22,032.03	1.06	5,543.32	1,958.95	25,617.46	44,496.54	47,915.68
Furniture and fixtures	235.16	0.02	5.42	0.74	239.86	181.96	0.02	13.97	0.73	195.22	44.64	53.20
Vehicles	517.88	-	58.84	25.41	551.31	284.84	-	90.03	16.98	357.89	193.42	233.04
Intangibles												
Software	-	8.17	224.13	-	232.30	-	0.23	52.65	-	52.88	179.42	-
Total	81,824.13	191.64	3,466.10	2,789.52	82,692.35	24,887.02	1.31	6,313.03	2,004.77	29,196.59	53,495.76	56,937.11
Share of Joint Venture (Refer note 1(ii)(D) of schedule 17)	-	118.16	-	-	118.16	-	-	-	-	-	118.16	-
Current period	81,824.13	309.80	3,466.10 #	2,789.52	82,810.51	24,887.02	1.31	6,313.03	2,004.77	29,196.59	53,613.92	
Previous year	78,022.87	-	4,656.23	854.97 #	81,824.13	20,973.25	-	4,023.98	110.21	24,887.02		56,937.11
Capital work in progress {including capital advances of Rs. Nil (previous year Rs. 47.86 lacs)}											1,538.20	1,757.45
Share of Joint Venture {including capital advances of Rs. 0.17 lacs (previous year Rs. NIL) and machinery in transit of Rs. 350.54 lacs (previous year Rs. Nil)} (Refer note 1(ii)(D) of schedule 17)											318.00	-
Total Capital work in progress											1,856.20	1,757.45
											55,470.12	58,694.56

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

Includes adjustment of Rs. 755.10 lacs (previous year Rs. 501.28 lacs) on account of foreign exchange fluctuation.

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 6 - PRE-OPERATIVE EXPENDITURE		
PENDING ALLOCATION		
Raw material consumed	-	235.54
Salaries, wages, bonus, commission etc.	199.57	15.46
Contribution to provident and other funds	-	0.05
Insurance	-	0.93
Travelling	54.25	-
Miscellaneous	156.80	2.26
Interest (on others)	38.81	-
	<u>449.43</u>	<u>254.24</u>
Less:		
Gross sales	-	258.38
Less: Excise duty on sales	-	-
	<u>449.43</u>	<u>(4.14)</u>
Add: Acquisition during the period	56.92	132.56
	<u>506.35</u>	<u>128.42</u>
Less: Allocated to fixed assets	-	128.42
: Charged to Profit and loss account	2.69	-
	<u><u>503.66</u></u>	<u><u>-</u></u>

SCHEDULE 7 - INVESTMENTS

Long term investments		
(Valued at cost unless there is permanent diminution in value there of)		
Trade Investment		
Unquoted		
One share of Rs.20 fully paid-up of The Simbhaoli		
Co-operative Cane Development Union Limited * Rs. 20	*	*
Government securities		
6-Years Post Office National Savings Certificate	0.05	0.05
Others		
Casetech employee share plan trust	0.15	-
	<u>0.20</u>	<u>0.05</u>
Share of Joint Venture		
(Refer note 1(ii)(D) of schedule 17)	1,400.00	-
	<u>1,400.20</u>	<u>0.05</u>
Aggregate book value		
Unquoted	1,400.20	0.05

SCHEDULE 8 - DEFERRED TAX ASSETS (NET)

Deferred tax assets		
Unabsorbed depreciation/Brought forward business loss	13,212.01	14,814.13
Foreign Currency Convertible Bonds premium	-	93.36
Accrued expenses deductible on payment	394.66	421.99
Others	63.32	117.18
	<u>13,669.99</u>	<u>15,446.65</u>
Deferred tax liabilities		
Depreciation	8,804.34	8,406.17
	<u>8,804.34</u>	<u>8,406.17</u>
Deferred tax assets (net) *	<u><u>4,865.65</u></u>	<u><u>7,040.49</u></u>

* Refer note 17 of schedule 17.

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 9 - INVENTORIES		
Stores and spares (at cost or under)	1,983.79	2,614.47
Tools and appliances (at cost or under)	11.39	6.66
Stock-in-trade (at lower of cost or net realisable value)		
Raw materials #	1,172.57	7,992.42
Process stocks	2,024.88	757.03
Finished goods	49,799.76	28,679.46
	54,992.39	40,050.04

Includes raw sugar of Rs. 279.85 lacs (Previous year Rs 7,334.00 lacs)

SCHEDULE 10 - SUNDRY DEBTORS

Unsecured		
Debts over six months		
- considered good	1,140.70	706.83
- considered doubtful	52.89	293.53
Other debts - considered good	8,389.31	6,566.90
	9,852.90	7,567.26
Less: Provision for doubtful debts	52.89	293.53
	9,530.01	7,273.73

SCHEDULE 11 - CASH AND BANK BALANCES

Cash on hand	31.35	21.71
Cheques on hand	-	25.83
With scheduled banks:		
On current account	3,489.31	1,728.05
On fixed deposit account #	3,856.36	12,171.60
Total	7,377.02	13,947.19
Share of Joint Venture (Refer note 1(ii)(D) of schedule 17)	80.41	-
	7,457.43	13,947.19

Pledged with excise authorities and civil court Rs.170.36 lacs (previous year Rs. 160.79 lacs); and pledged with banks Rs. 3,188.29 lacs (previous year Rs. 11,947.30 lacs)

SCHEDULE 12 - LOANS AND ADVANCES

Unsecured and considered good, unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received		
Considered good	11,444.07	11,811.44
Considered doubtful	155.99	12.05
	11,600.06	11,823.49
Less: Provision for doubtful advances	155.99	12.05
	11,444.07	11,811.44
Balances with excise authorities on current accounts	1,986.38	2,228.66
Advance payment of income-tax	520.61	1,813.13
MAT credit entitlement	-	378.25
Total	13,951.06	16,231.48
Share of Joint Venture (Refer note 1(ii)(D) of schedule 17)	37.58	-
	13,988.64	16,231.48

	As at March 31, 2012	As at September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors	82,016.35	66,137.95
Interest accrued but not due on loans	358.55	771.91
Unclaimed dividend @	8.95	9.01
Total	82,383.85	66,918.87
Share of Joint Venture (Refer note 1(ii)(D) of schedule 17)	68.57	-
	82,452.42	66,918.87
Provisions		
Taxation	348.91	279.40
Income tax payable on dividend proposed by subsidiary	1.40	-
Compensated absences	184.39	197.16
Gratuity	128.99	163.19
Premium payable on redemption of Foreign Currency Convertible bonds *	-	281.05
	663.69	920.80
	83,116.11	67,839.67

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

* Refer note 5 in schedule 17.

	18 Months ended March 31, 2012	Year ended September 30, 2010
	Rs. lacs	Rs. lacs
SCHEDULE 14 - OTHER INCOME		
Interest		
Bank deposits *	561.09	452.88
Income Tax refund	91.11	11.26
Others	77.50	21.20
Rent	7.05	4.34
Transfer from 'Capital grant-in-aid'	2.00	1.33
Profit on sale of fixed assets	69.08	3.64
Profit on sale of current non trade investments	0.36	-
Liability/provisions no longer required written back	159.20	152.37
Foreign exchange fluctuation	-	2,210.17
Gain on buy back of FCCB #	-	138.51
Export incentives	96.20	287.50
Miscellaneous**	2,680.19	3,105.58
	3,743.78	6,388.78

* Tax deducted at source Rs.103.51 lacs (previous year Rs.31.65 lacs)

Refer note 5 in schedule 17.

** (i) Includes income on settlement of contractual obligation Rs. 718.70 lacs (previous year Rs. 2,711.97 lacs)

' (ii) Includes Non Compete fee of Rs. 1,000.00 lacs (previous year Rs Nil)

18 Months ended
March 31,
2012

Year ended
September 30,
2010

Rs. lacs

Rs. lacs

SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES

Raw materials consumed	112,792.79		120,199.38
Purchase for re-sale	4,887.37		58.21
Sugarcane development	1,292.12		1,141.93
Salaries, wages, bonus, commission etc.	6,296.57		3,446.70
Contribution to provident and other funds	756.04		486.68
Staff welfare	248.12		125.68
Stores, oils and chemicals (all indigenous)	9,203.43		5,336.03
Power and fuel	3,125.56		4,271.88
Repairs and maintenance			
-Plant and machinery	1,873.31		1,582.90
-Buildings	102.49		89.28
-Others	119.92		280.00
Insurance	253.01		202.21
Rent	421.67		270.17
Lease rent	73.65		46.78
Rates and taxes	895.04		361.92
Donations (Refer note 19 of schedule 17)	3.36		1.31
Travelling	681.69		311.88
Marketing	3,070.28		1,540.56
Commission to selling agents	712.20		930.13
Loss on sale of fixed assets	-		27.35
Bad debts and advances	35.57		85.30
Provision for doubtful debts	123.65		118.36
Premium on FCCB			
Increase/(decrease) in excise duty on inventory	1,039.98		(283.93)
Foreign exchange fluctuation	958.82		-
Loss on derivative transactions	6.52		30.86
Miscellaneous	2,775.91		1,524.71
Expenses capitalised	(385.89)		-
Total	151,363.18		142,186.28
Share of Joint Venture (Refer note 1(ii) (D) of schedule 17)	23.10		-
	151,386.28		142,186.28
(Increase)/decrease in stocks :			
Opening stocks			
Finished	28,679.46	19,069.42	
Process	757.03	870.35	
	29,436.49	19,939.77	
Less: closing stocks			
Finished	49,799.76	28,679.46	
Process	2,024.88	757.03	
	51,824.64	29,436.49	(9,496.72)
	128,998.13		132,689.56

Stores, oils and chemicals allocated to other revenue heads
Rs 2,534.13 lacs (previous year Rs.5,291.85 lacs)

SCHEDULE 16 - INTEREST

Interest			
On fixed loans	3,665.93		3,928.55
On Others	12,408.27		4,543.28
	16,074.20		8,471.83

SCHEDULE 17 - NOTES TO THE CONSOLIDATED ACCOUNTS

1. Basis of consolidation and significant accounting policies

i) Basis of accounting

The financial statements are prepared under the historical cost convention as modified to include the revaluation/business valuation of certain fixed assets as indicated in (iv) below. The consolidated financial statement have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS -27) - "Financial Reporting of "Interest in Joint Venture" as notified by Companies Accounting Standard Rules, 2006.

ii) Principles of consolidation

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

- the financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
 - the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - The financial statements of the jointly controlled entity have been combined by using proportionate consolidation method and accordingly, venturer's share of each of the assets, liabilities, income and expenses of jointly controlled entity is reported as separate line item in the Consolidated Financial Statements.
 - The excess of cost to the Company of its investment in the subsidiary companies/ joint ventures over its share of equity of the subsidiary companies/ joint venture, at the dates on which the investment in the subsidiary companies/ joint venture are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies/joint venture as on the date of investments are in excess of cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserve and Surplus', in the consolidated financial statements.
 - Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movement in their share in the equity, subsequent to the dates of investments as stated above.
- B) The financial statement of the subsidiary companies/ joint venture are drawn up to the same reporting date as of the Company, i.e. eighteen months ended March 31, 2012.
- C) The subsidiaries considered in the consolidated financial statements are:

Name of Company	Country of incorporation	% voting power held as at March 31, 2012	% voting power held as at September 30, 2010
Simbhaoli Global Commodities DMCC	Dubai-UAE	100	100
Integrated Casetech Consultants Private Ltd. (w.e.f.November 29, 2010)	India	82.41	-
Simbhaoli Power Limited (w.e.f.June 21, 2011)	India	100	-
Simbhaoli Spirits Limited (w.e.f.April 04, 2011)	India	100	-

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

Name of Company	Country of incorporation	% voting power held as at March 31, 2012	% voting power held as at September 30, 2010
Uniworld Sugars Private Limited (w.e.f. March 21, 2012)	India	50	-

iii) 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.

iv) Fixed assets

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

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

v) Impairment

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

vi) Depreciation/Amortisation

- A) In respect of fixed assets of Simbhaoli Sugar Division, where costs have been modified based on revaluation/business valuation, depreciation is provided on the straight line method at the rates applicable to the balance useful life of the relevant assets as estimated by the valuer or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
- B) In respect of other assets, the depreciation is provided by applying the following method at the rates specified in Schedule XIV to the Companies Act, 1956 :
- Buildings (other than Chilwaria Sugar Division and Simbhaoli Spirits Limited) - Written down value method
 - Buildings (Chilwaria Sugar Division and Simbhaoli Spirits Limited) - Straight line method
 - Plant and machinery (other than electric installations, typewriters and office equipments) - Straight line method
 - Railway siding/electric installations/ typewriters and office equipment/furniture and fixtures/motor lorries and vehicles - Written down value method
- C) Software is amortised on over its economic useful life of 10 years on straight line method.
- D) Fixed assets costing up to Rs. 5,000 are fully depreciated in the year of acquisition.
- E) In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

vii) Investments

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

viii) Inventories

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

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

ix) 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 period/year.

x) Employee benefits

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

xi) Research and development expenditure

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

xii) Revenue recognition

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

xiii) Foreign Currency Transactions and Forward contracts

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

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

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary items.

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

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

xiv) Government grants

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

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

xv) Taxation

The provision for taxation for the period comprises the residual tax liability for the assessment year 2011-12 relevant to the period October 1, 2010 to March 31, 2011 and the liability which has accrued on the profit for the period April 1, 2011 to March 31, 2012, under the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. (Refer note no.17)

xvi) Securities issue expenses

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

xvii) Premium payable on redemption of securities

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

xviii) Accounting for Employee Share Based Payments

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

- 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 and Uttarakhand and consequent thereto:

- the undertaking of Simbhaoli Distillery Division (SDD) including all assets, liabilities, rights, obligations and brands has been transferred to and vested in Simbhaoli Spirits Limited (SISPL), a subsidiary company, as a going concern on a slump sale basis for a consideration of Rs. 13,600 lacs with effect from October 1, 2010, the appointed date. The net assets aggregating Rs.1,782.63 lacs transferred to and vested in SISPL and the resultant profit thereon Rs.11,817.37 lacs given effect to in the standalone financial statements of the Simbhaoli Sugars Limited (the Holding Company). SISPL would allot 17,000,000 equity shares of the face value of Rs.10/- at a premium of Rs. 70/- each credited as fully paid-up to the Company. However, in view of the consolidation procedures as enunciated in AS-21 "Consolidated Financial Statements", there is no impact of these entries in the consolidated financial statements of the Group.

- Pursuant to the SOA, the Company has set-off deferred tax assets recognized in respect of brought forward business losses / unabsorbed depreciation aggregating Rs. 6759.99 lacs against the Securities Premium Account amounting to Rs. 6759.99 lacs appearing in the books of account as on October 1, 2010, the appointed date.

- The profit and loss account of the Group for the 18 months period ended March 31, 2012 includes transactions of SDD for the period from October 1, 2010 to April 4, 2011 i.e. the date of incorporation of SISPL, since the said business, during this period, was being run and managed in trust by the Company on behalf of SISPL is indicated below:

(Rs. lacs)

Gross Sales	16,918.80
Less: Excise Duty	11,271.72
Net Sales	5,647.08
Other income	26.53
Manufacturing and other expenses	5,237.91
Depreciation	151.86
Interest expense	330.21
Profit/(loss) before tax	(46.37)

3. Contingent liabilities not provided for:

Claims against the Group not acknowledged as debts Rs. 1,308.20 lacs (previous year Rs. 707.30 lacs).

(Rs. lacs)

Description	As at March 31, 2012	As at Sept. 30, 2010
Sales Tax/Trade Tax Act	12.60	12.60
State Excise Act	17.34	17.34
Central Excise Act	515.53	239.96
Income tax	316.73	316.73
Others	446.00	120.67
Total	1,308.20	707.30

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

- Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 2,233.08 lacs (previous year Rs. 304.92 lacs).
- During the year ended March 31, 2006, the Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating US\$ 33 million (Rs.14,685 lacs at issue). Out of these, during the previous years, FCCB aggregating US\$ 31.11 million (Rs.13,844 lacs) have been repurchased and cancelled and during the current period the balance FCCB aggregating US\$ 1.89 million (Rs. 841 lacs) have been redeemed in terms with letter of offer.
- Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current period		Previous year	
	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)	Amount in foreign currency (USD lacs)	Amount (Rs. lacs)
Secured loan	69.04	3,532.03	144.04	6,435.87
Unsecured loan	-	-	18.90	844.45
Sundry Debtors	34.18	1,747.74	23.64	1,056.11
Cash and bank	0.71	36.40	0.51	22.82
Sundry Creditors	0.38	19.24	474.81	21,214.51

Enterprise over which key management personnel exercise significant influence:

- Dholadhar Investments Private Limited (enterprise over which Mr.G.M.S.Mann exercises significant influence).
- Pritam Singh Sandhu Associates Private Limited (enterprise over which Mr. Gурpal Singh exercises significant influence).

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

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

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

B) Transactions with the above parties:

(Rs. lacs)

Description	Joint Venture / Co-venturer		Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current period	Previous year	Current period	Previous year	Current period	Previous year	Current period	Previous year
Rent	-	-	-	-	94.82	54.61	-	-
Mrs. G.R. Lakshmi	-	-	-	-	29.40	16.50	-	-
Mrs. Mamta Tapriya	-	-	-	-	27.42	16.39	-	-
Mr. Govind Singh Sandhu	-	-	-	-	38.00	21.72	-	-
Salary/stipend paid	-	-	-	-	5.49	1.35	-	-
Mr. Angad Singh	-	-	-	-	5.49	1.35	-	-
Allotment of Equity Shares	-	-	620.36	-	-	-	-	-
Mr. G.M.S. Mann	-	-	617.55	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	2.81	-	-	-	-	-
Allotment of Share Warrants	-	-	133.11	-	-	-	-	-
Mr. Gurpal Singh	-	-	75.61	-	-	-	-	-
Dr. G.S.C.Rao	-	-	28.75	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	28.75	-	-	-	-	-
Professional Charges	-	-	-	-	0.31	0.23	-	-
Mr. B.D. Tapriya	-	-	-	-	0.31	0.23	-	-
Managerial Remuneration \$	-	-	341.36	205.95	-	-	-	-
Mr. G.M.S. Mann	-	-	79.02	51.47	-	-	-	-
Mr. Gurpal Singh	-	-	77.94	47.77	-	-	-	-
Dr. G.S.C.Rao	-	-	82.29	53.74	-	-	-	-
Mr. Sanjay Tapriya	-	-	81.36	52.97	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	20.75	-	-	-	-	-
Loan taken	-	-	-	320.00	-	-	-	-
Mr. G.M.S. Mann	-	-	-	191.00	-	-	-	-
Mr. Gurpal Singh	-	-	-	95.00	-	-	-	-
Dr. G.S.C.Rao	-	-	-	17.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	17.00	-	-	-	-
Loans repaid	-	-	231.00	64.00	-	-	-	-
Mr. G.M.S. Mann	-	-	125.00	60.00	-	-	-	-
Mr. Gurpal Singh	-	-	76.00	-	-	-	-	-
Dr. G.S.C.Rao	-	-	13.00	4.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	17.00	-	-	-	-	-
Interest paid	-	-	33.30	-	-	-	-	-
Mr. G.M.S. Mann	-	-	17.36	-	-	-	-	-
Mr. Gurpal Singh	-	-	12.53	-	-	-	-	-
Dr. G.S.C.Rao	-	-	1.62	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	1.79	-	-	-	-	-
Expenses recovered	341.92	-	-	-	-	-	5.22	5.20
USPL	341.92	-	-	-	-	-	5.22	5.20
Interest Income	34.17	-	-	-	-	-	4.58	21.20
USPL	34.17	-	-	-	-	-	4.58	21.20
Other income	1,344.95	-	-	-	-	-	-	-
USPL	1,344.95	-	-	-	-	-	-	-
Advances given	-	-	-	-	-	-	0.61	285.00
USPL	-	-	-	-	-	-	0.61	285.00
Purchase of goods/ finished goods	2,627.93	-	-	-	-	-	-	-
ED & F Man	2,627.93	-	-	-	-	-	-	-
Dividend paid	-	-	0.48	-	-	-	-	-
Dr. G.S.C.Rao	-	-	0.24	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	0.24	-	-	-	-	-
Incentive paid	-	-	2.00	-	-	-	-	-
Dr. G.S.C.Rao	-	-	1.00	-	-	-	-	-
Mr. Sanjay Tapriya	-	-	1.00	-	-	-	-	-
Balance outstanding	-	-	-	-	-	-	-	-
Creditors	287.56	-	18.28	13.79	0.26	0.11	-	-
Mr. G.M.S. Mann	-	-	2.40	-	-	-	-	-
Mr. Gurpal Singh	-	-	13.20	4.55	-	-	-	-
Dr. G.S.C.Rao	-	-	1.20	7.66	-	-	-	-
Mr. Sanjay Tapriya	-	-	0.09	1.58	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	1.39	-	-	-	-	-
Mr. Angad Singh	-	-	-	-	0.26	0.11	-	-
ED & F Man	287.56	-	-	-	-	-	-	-
Unsecured loans	-	-	25.00	256.00	-	-	-	-
Mr. G.M.S. Mann	-	-	6.00	131.00	-	-	-	-
Mr. Gurpal Singh	-	-	19.00	95.00	-	-	-	-
Dr. G.S.C.Rao	-	-	-	13.00	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	17.00	-	-	-	-
Loans and advance	0.05	-	-	-	-	-	-	311.40
USPL	0.05	-	-	-	-	-	-	311.40
Guarantee given on behalf of Company by Mr. G M S Mann & Mr. Gurpal Singh	-	-	76,374.27	60,941.86	-	-	-	-

10. Segment reporting

A. Business segments:

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

B. Geographical segments:

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

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 of schedule 17 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

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

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

b) Segment assets and liabilities:

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

c) Inter segment sales:

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

d) Information About Business Segments

PARTICULARS	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year	Current period	Previous Year
Segment revenue														
External sales:	105,044.64	110,592.36	53,857.95	36,146.59	5,787.64	2,467.26	1,417.49	-	-	-	-	-	166,107.72	149,206.21
Inter segment sales	21,785.97	18,336.95	116.40	1,394.88	19,423.19	15,869.54	288.25	-	(41,593.81)	(35,601.37)	-	-	-	-
Other income	1,394.60	5,210.24	198.67	390.87	-	148.41	15.09	-	-	-	2,135.42	639.26	3,743.78	6,388.78
Total revenue	128,225.21	134,139.55	54,173.02	37,932.34	25,210.83	18,485.21	1,700.83	-	(41,593.81)	(35,601.37)	2,135.42	639.26	169,851.50	155,594.99
Segment results	(4,062.50)	(5,098.67)	2,254.33	(1,021.96)	4,187.99	2,548.88	272.43	-	-	-	(436.90)	572.51	2,652.25	(3,571.75)
Unallocated expenses (net of income)													(436.90)	572.51
Operating profit/(loss)													3,089.15	(4,144.26)
Interest													16,074.20	16,074.20
Exceptional item													2,511.40	2,511.40
Provision for taxes													-	-
- Current tax													-	-
- Deferred tax benefit													476.38	476.38
Net Profit/(loss)													(4,572.01)	(4,572.01)
													(11,400.82)	(7,482.66)
Other information														
Segment assets	99,007.51	91,892.39	20,712.96	18,559.12	20,615.55	20,811.34	887.92	-	(1,820.96)	-	-	-	139,402.58	131,262.84
Unallocated assets													7,405.33	11,935.57
Investment													1,400.20	0.05
Profit and loss account													17,208.01	17,208.01
Total assets	99,007.51	91,892.39	20,712.96	18,559.12	20,615.55	20,811.34	887.92	-	(1,820.96)	-	26,013.54	17,662.21	165,416.12	148,925.05
Segment liabilities	78,688.42	63,074.96	4,048.09	2,216.63	396.51	941.80	506.05	-	(1,820.96)	-	-	-	81,816.11	66,233.38
Shares capital and reserves													5,767.56	10,412.71
Minority interest													53.68	-
Secured and unsecured loans													76,478.76	70,711.75
Unallocated liabilities													1,298.01	1,606.28
Total liabilities	78,688.42	63,074.96	4,048.09	2,216.63	396.51	941.80	506.05	-	(1,820.96)	-	83,596.01	82,730.74	165,416.12	148,964.13
Capital expenditure	2,429.69	2,071.03	1,259.11	366.44	276.84	198.11	11.72	-	-	-	91.15	552.31	-	-
Depreciation	3,690.72	2,426.99	1,074.65	702.20	1,287.23	830.55	4.96	-	-	-	149.67	49.85	-	-
Non cash expenses other than depreciation	158.78	121.52	0.44	107.27	-	0.30	-	-	-	-	1.00	0.19	-	-

11. Earnings per share

	(Rs. lacs)	
	Current Period	Previous Year
I. Profit/(loss) after tax and exceptional items as per profit and loss account (Rs. lacs)	(11,434.08)	(7,482.66)
Less: Exceptional item net of taxes of Rs. 814.82 lacs (Previous year Nil) (Rs. lacs)	1,696.58	-
Profit/(loss) after tax and before exceptional item (Rs. lacs)	<u>(9,737.50)</u>	<u>(7,482.66)</u>
II. Weighted average number of equity shares outstanding		
(A) For basic earnings per share (Nos.)	2,58,43,592	2,31,90,580
(B) For diluted earnings per share for basic earnings per share as per II (A) (Nos.)	2,58,43,592	2,31,90,580
Add: Weighted average of outstanding Equity Warrants / Optionally Convertible Preference shares / FCCB / Employee stock options scheme deemed to be issued for no consideration (Nos.)	-	11,320
shares for diluted earnings per share (Nos.)	<u>2,58,43,592</u>	<u>2,32,01,900</u>
III. Earnings per share (Rs.)		
- Basic EPS before exceptional item	(37.68)	(32.27)
- Basic EPS after exceptional item	(44.24)	(32.27)
- Diluted EPS before exceptional item	(37.68)	(32.27)
- Diluted EPS after exceptional item	(44.24)	(32.27)

12 Auditors' remuneration (excluding service tax):

- Statutory audit	39.00	25.00
- Audit of accounts for fiscal year	16.00	11.00
- Limited review of unaudited financial results	59.00	28.00
- Certification for corporate governance and others	10.35	5.05
- Reimbursement of out of pocket expense for statutory audit and others	0.53	1.00

13. The proceeds of 2,263.49 lacs from warrants/shares issued and allotted to specified promoters/investors of the Company were utilized for capital expenditure/working capital requirement of the Company as per the resolutions passed by the shareholders in the general meetings.

14. As at March 31, 2012 outstanding export obligation of the Company against advance license scheme (ALS) is 2,891 metric tonnes (previous year 40,800 metric tonnes). The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.

15. A vessel carrying 22,500 MT of raw sugar purchased by the Company sank in July 2009 for which an insurance claim for Rs. 4,780 lacs was filed with the insurance Company. Following the repudiation of insurance claim by Cargo insurers, in an arbitrary manner, the Company has initiated legal proceedings against the insurer in India and vessel owner in London. Subsequent to the period end, the Company, in the London proceedings, has accepted and received a compensation of USD 98 lacs (Rs.5,515 lacs) towards the cost of raw sugar, interest loss and legal costs. The Company is continuing to pursue the ongoing legal proceedings against the cargo insurer for balance Rs. 769 lacs. Based on expert advice, management is confident that the proceedings against insurer would be settled in favour of the Company and no loss would arise in this regard.

16. The Company's net worth has been substantially eroded and the Company has made cash losses during the eighteen months period ended March 31, 2012. During the last two years the Indian sugar industry had faced difficulties on account of lower realization of sugar and higher sugar cane prices particularly in respect of sugar mills located in Uttar Pradesh. During the current season also, the country had the large surplus of sugar resulting in lower sugar realization, under recovery of cost of production and higher finance cost leading to operating/ cash loss and consequent substantial erosion of the Company's net worth. The Company has initiated a number of measures which includes business and financial restructuring comprising of transfer of potable alcohol and power undertakings of the Company to separate SPVs, disinvestments of the shares in such SPVs, fresh capital infusion and Company's foray into sugar refining business in joint venture with a global major etc. to de-risk its businesses and improving its financial position. The transfer of potable alcohol undertaking and formation of joint venture for sugar refining business has been completed. The State and Central Governments have initiated various steps to strengthen the sugar industry like opening sugar exports under OGL and working towards decontrol of the sector. The Management of the Company is confident about the successful completion of its aforesaid business and financial restructuring initiatives, the outcome of the steps being initiated by the State and Central Governments for the sugar industry and the Company's ability to generate sufficient cash flows to meet its future obligations. Accordingly, these financial statements have been prepared by the Company on a going concern basis.

17. Relying upon the future projections prepared based upon the restructuring plans under implementation and taken on record by the Board of Directors, deferred tax assets (net) of the Company amounting to Rs. 4,747.83 lacs as at March 31, 2012 relating to unabsorbed depreciation and carry forward business losses has been recognized as, the Management of the Company believes that there is a virtual certainty that sufficient future taxable income will be available against which such asset would be realized.

18. The Company had taken approval from the shareholders of the Company under section 293(1)(a) of the Companies Act, 1956 to hive off its power businesses to Simbhaoli Power Limited, its subsidiary to facilitate expansion in power generation/export capacities. The transfer of assets was conditional upon the finalization of the business restructuring for giving effect to the transfer, capital contribution by a select investor and approvals from the lenders for financing expansion plan within a given time frame. Therefore, pending completions of the conditions, no effect/disclosures of such hiving off was considered necessary in these financials.

19. Donations include Rs. 1.70 lacs (Previous year Rs. Nil) made by the Company in excess of limits specified in section 293 (1)(e) of the Companies Act, 1956 and are subject to shareholders' approval in the ensuing annual general meeting.

20. Disclosure related to Joint venture:

Name	Country of incorporation	Nature of interest	Percentage of ownership as at	
			March 31, 2012	September 30, 2010
Uniworld Sugars Private Ltd.	India	Equity share holding	50%	Nil

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

The Company's share of Assets and Liabilities as at March 31, 2012 and Income and Expenditure for the period ended March 31, 2012 (Without elimination of the effect of transactions between the Company and the joint venture) are given below.

(Rs. in lacs)

	As at March 31, 2012 (Based on ownership interest of 50%)
ASSETS	
Fixed assets	1,972.53
Investments	1,400.00
Current assets, loans and advances	
(A) Cash and bank balances	80.41
(B) Loans and advances	37.58
LIABILITIES	
Loan funds	
Unsecured loans	0.05
Current liabilities	66.07

	Eighteen months ended March 31, 2012
INCOME	-
EXPENSES	
Administrative and other expenses	17.13
Prior period expenses	5.98
Note : Capital Commitments as at March 31, 2012	2,053.04

21. The figures for the current period are for a period of eighteen months from October 1, 2010 to March 31, 2012 whereas the corresponding previous year figures are for twelve months from October 1, 2009 to September 30, 2010. As such, corresponding figures for the previous year are not directly comparable with those of current period.

22. Previous year figures have been regrouped/recast wherever necessary.
Signatures to Schedules 1 to 17.

Gurmit Singh Mann
Chairman & Managing Director
DIN - 00066653

Gurpal Singh
Dy. Managing Director
DIN - 00064807

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

Sanjay Tapriya
Chief Financial Officer
DIN - 00064703

Sunil K. Gupta
GM-Finance
FCA-73502

Kamal Samtani
Company Secretary
FCS-5140

New Delhi

Date : September 25, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON MARCH 31, 2012

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1. Registration Details

Registration No.
CIN No.
Balance Sheet Date

State Code

2. Capital raised during the year (amount in Rs. thousand)

Public Issue

Bonus Issue

Equity Warrants

Right Issue

Private Placement

Stock Options

3. Position of mobilization and deployment of fund (amount in Rs. thousand)

TOTAL LIABILITIES

SOURCE OF FUNDS

Paid up capital

Secured Loan

APPLICATION OF FUND

Net fixed Assets

Investment

Miscellaneous Expenditure

4. Performance of Company (amount in Rs. thousand)

Turnover & Other Income

Profit/Loss Before Tax +/-

Earning per share in Rs.

5. Generic names of three principal product/services of the Company (as per monetary terms)

Item Code No. (ITC Code)

Item Code No. (ITC Code)

TOTAL ASSETS

Reserve and Surplus

Unsecured Loan

Deferred tax Assets

Net Current Assets

Accumulated Losses

Total Expenditure

Profit/Loss after Tax +/-

Dividend rate %

Product Description

Product Description

SUCCESS HAS AN
AMAZING FLAVOUR!

PRESENTING



*Let success continue
to chase you!*



If undelivered please return to:

Registered Office
Simbhaoli Sugars Limited
Simbhaoli, District Hapur
Uttar Pradesh, 245207 India



India's largest integrated sugar refinery

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