

DIRECTORS' REPORT

To
The Shareholders of
The Simbhaoli Sugar Mills Limited.

Your Directors have pleasure in placing the 69th Annual Report of the Company together with the Statement of Accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

	Year ended March 31, 2005	Year ended March 31, 2004
	Rs./Lacs	Rs./Lacs
Gross Turnover	50942.91	3899.32
Profit before interest, depreciation, and tax	8360.54	2506.61
Less:		
Interest	2543.29	2109.38
Depreciation	1136.50	1034.97
Profit/(Loss) before exceptional item and tax	4680.75	(637.74)
Cane price difference of earlier years	2450.14	-
Profit/ (Loss) before tax	2230.61	(637.74)
Provision for taxation		
Current tax	(175.06)	-
Deferred tax	(870.05)	229.59
Profit/ (loss) after tax	1185.50	(408.15)
Transfer to Debenture Redemption Reserve	(211.50)	-
(Loss) brought forward from previous year	(864.37)	(456.22)
Balance carried to balance sheet	109.63	(864.37)

DIVIDEND

In view of need for conserving the resources and very recent turnaround, your Directors express their inability to recommend any dividend for the year.

OPERATIONS

A summary of the physical operations of the major divisions of the Company for the year under report is stated as under.

	Units	Year ended March 31, 2005	Year ended March 31, 2004
SIMBHAOLI SUGAR DIVISION (SSD)			
Sugarcane Consumed	(M.T.)	11,84,661	12,18,504
Sugar Recovery	(%)	9.87	9.80
Sugar Produced	(M.T.)	1,16,910	1,19,423
Gross Season	(days)	195	200
Date of Closure (for the season)		2.04.2005	18.04.2004
CHILWARIA SUGAR DIVISION (CSD)			
Sugarcane Consumed	(M.T.)	3,72,794	4,88,367
Sugar Recovery	(%)	9.50	9.04
Sugar Produced	(M.T.)	35,351	44,152
Gross Season	(days)	134	183
Date of Closure (for the season)		17.03.2005	15.03.2004
SIMBHAOLI DISTILLERY DIVISION (SDD)			
Alcohol produced	B.L.	1,94,96,475	1,89,32,277
Days of Operations	(No.)	330	330

During the year, 155.75 lacs quintals of sugarcane has been crushed at both the sugar units as against 170.69 lacs quintals in previous year. The reduction in the cane crushing at CSD during the year, is mainly on account of agro climatic reasons, resulting less crushing in the closing part of 2003-04 season.

PERFORMANCE

The net turnover including other incomes achieved by the Company at Rs.39533.34 lacs for the year under reference is 69% higher than previous year of Rs. 23334.62 lacs. The average sugar price including excise improved at Rs. 1668.19 per qtl from Rs. 1292.35 per qtl, in the previous year. The levy price for the season 2003-04 has been notified at Rs.1275.92 per qtl for Western Uttar Pradesh Sugar factories. Levy price for the season 2004-05 is yet to be notified.

During the year Supreme Court gave judgment validating the authority of Uttar Pradesh Government to advise Cane Price (SAP) for Uttar Pradesh Sugar Mills. Consequent upon that, the Company accrued a liability of Rs.2494.78 lacs towards differential sugarcane price for the seasons 1996-97, 2002-03 and 2003-04 respectively. This entire liability has been provided for in these accounts as exceptional liability. This has affected the profitability and liquidity of the Company adversely.

PROJECTS

During the year, the Company has completed the projects for manufacturing of Pharma sugar at SSD. It has also commenced processing of imported raw sugar, under export obligation, during the crushing and after the crushing period. Distillery division of the Company has commenced the project

of expanding its capacity to 90 kl/ day. It has also taken steps to enhance the Ethanol manufacturing facility to 60 kl /day from existing levels of 30 kl / day.

The Company is also making plans to expand its Simbhaoli and Chilwaria sugar divisions by creating additional capacities.

DEBT SERVICING AND PUBLIC DEPOSITS

The payments to term lenders and banks remained regular during the year as per restructuring scheme (Scheme) approved under Corporate Debt Restructuring. The Unit Trust of India, the holder of 14% Non Convertible Debentures (NCD) did not participated in the restructuring. It has filed a petition with Debt Recovery Tribunal (DRT), Lucknow, which is being defended by the Company. Meanwhile, the Company has filed a petition with the Hon'ble High Court of Uttar Pradesh at Alahabad under Section 391 read with section 394 of the Companies Act, 1956 for implementation of the Scheme. The Hon'ble High Court vide its interim order dated January 13, 2005 has stayed passing of any order by DRT for the time being.

Company continued to operate its public deposit schemes during the year ended March 31, 2005. No fixed deposit remained unpaid beyond the date of maturity.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the stock exchange, a report on corporate governance, a management discussion and analysis statement and a certificate from the Auditors regarding compliance of conditions of corporate governance, form part of the annual report.

LISTING OF SECURITIES

Presently securities of the Company are listed with Bombay Stock Exchange. The Company has made an application with National Stock Exchange, Mumbai for listing of its securities, Company's application for voluntary delisting under SEBI guidelines is still pending with The Calcutta Stock Exchange Association Limited, as this exchange has yet to start voluntary delisting of securities pursuant to SEBI guidelines.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company had no direct foreign exchange earnings. A sum of Rs.7855.77 lacs (previous year Rs.12.47 lacs) was spent in foreign currency during the year.

RESEARCH AND DEVELOPMENT

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

CONSERVATION OF ENERGY

The Company continued to take all possible steps for conserving the energy.

DIRECTORS

Mr. S. C. Kumar is retiring by rotation at the 69th Annual General Meeting of the Company and offers himself for reappointment.

Tenure of employment of Dr. G.S.C. Rao, Executive Director of the Company has expired on May 4, 2005. It is proposed to reappoint him as Executive Director on the terms and conditions as envisaged in the resolution.

Based upon a legal opinion received from an eminent counsel, the retiring directors are not disqualified from being re-appointed under the provisions of Section 274 (1) (g) of the Companies Act, 1956.

Mr. S.N. Mishra the Whole Time Director and General Manager, Chilwaria Sugar Division, resigned during the year from the Board of the Company. However, he continued to be the General Manager of the division.

Mr. S.K. Ganguli and Mr. Ram Sharma, were appointed by Board as additional Directors under *Independent Directors* category on September 30, 2004 and March 19, 2005 respectively upto the conclusion of the 69th Annual General Meeting. The Company has received notices from shareholders under Section 257 of the Companies Act, 1956, signifying their intention to appoint Mr. S.K. Ganguli and Mr. Ram Sharma as directors, liable to retire by rotation at the forthcoming Annual General Meeting of the Company.

AUDITORS

The observations and qualification in the Auditors Report dated April 20, 2005 are explained in the appropriate notes to the accounts. The Auditors, M/s A.F. Ferguson & Co. retire at the ensuing Annual General Meeting of the Company. You are requested to re-appoint the auditors for the year 2005-06 and fix their remuneration. M/s. A. F. Ferguson & Co., being eligible, has offered themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors confirm having:

- Followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- 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 your Company and for preventing and detecting fraud and other irregularities; and
- Prepared the Annual Accounts on a going concern basis.

PERSONNEL

Your Directors acknowledge with gratitude the co-operation and assistance received by the management from all officers, staff and workmen of the Company. No employee is drawing remuneration in excess of limits specified in Section 217 (2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Board of Directors places on record its gratitude to all the banks and financial institutions namely the ICICI Bank Limited, Industrial Development Bank of India Ltd., State Bank of India, Punjab National Bank, Bank of Baroda, State Bank of Patiala and District Co-operative Banks for their continued assistance and guidance.

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

**For and on behalf of Board of Directors
The Simbhaoli Sugar Mills Ltd.**

New Delhi
May 10, 2005

Gurmit Singh Mann
Chairman and Managing Director

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

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

- (i) Simbhaoli Sugar Division (SSD) at Simbhaoli has adopted measures to further reduce the steam consumption like, utilizing waste heat of the condensate through vacuum flushing, heating of the air through hot condensate etc.
- (ii) SSD has upgraded the new milling tandem so as to take the rated crush rate from one mill. This step has reduced the energy consumption.
- (iii) Condense flushing system is being created at Chilwaria sugar division to recover the waste heat from hot condensate.
- (iv) New bio-digester is under erection for augmenting supply of methane gas in Distillery Division.

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

Implementation has started for further reducing the steam consumption in both the Sugar divisions of the Company.

c) Impact of the above measures

The above measures will lead to reduction in the steam

consumption and the SSD is planning to increase its capacity by around 2000 TCD with the steam, which will be available by carrying out the above-mentioned energy saving steps.

d) Total energy consumption

Energy consumption per unit of Production as per Form-A enclosed.

TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B

FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; exports plans: **Mentioned in the Directors Report**
- (b) Total foreign exchange used and earned for the year ended March 31, 2005: **Mentioned in the Directors Report.**

FORM A

Form for Disclosure of Particulars with respect to conservation of energy for the year ended March 31, 2005.

A. POWER AND FUEL CONSUMPTION

S. No.	Particulars	Unit	Year ended March 31, 2005	Year ended March 31, 2004
1.	Electricity			
	(a) Purchased			
	Units	Kwh ('000)	3859	5134
	Total Amount	Rs. In lacs	160.34	187.90
	Rate/Unit	Rs./Kwh	4.15	3.66
	(b) Own Generation			
	(i) Through diesel generator			
	Units	Kwh ('000)	885	1149
	Units per ltr. of diesel oil	Kwh	3.39	3.25
	Total Amount	Rs. In lacs	63.75	73.95
	Cost/Unit	Rs./Kwh	7.21	6.44
	(ii) Through steam turbine			
	Units	Kwh ('000)	51330	51308
	Units per ltr. of fuel/gas	Kwh	N.A.	N.A.
	Total Amount	Rs. In lacs	324.47	426
	Cost/Unit	Rs./Kwh	0.63	0.83
2.	Coal/Coke			
	Quantity	Tonnes	Nil	11.51
	Total Cost	Rs. In lacs	Nil	0.59
	Average Rate	Rs./M.T.	N.A.	5103
3.	Others			
	(a) Fire Wood			
	Quantity	Tonnes	Nil	65
	Total Cost	Rs. In lacs	Nil	1.38
	Average Rate	Rs./M.T.	N.A.	2107
	(b) Bagasse/Paddy Husk (Purchased)			
	Quantity	Tonnes	22148	28474
	Total Cost	Rs. Lacs	265.91	290.51
	Average Rate	Rs./M.T.	1201	1020

B. CONSUMPTION PER UNIT OF PRODUCTION OF SUGAR

S. No.	Particulars	Unit	Year ended March 31, 2005	Year ended March 31, 2004
1.	Electricity	Kwh	292	317
2.	Coal/Coke	Tonnes	Nil	0.0001
3.	Fire Wood	Tonnes	Nil	0.0001
4.	Bagasse (Purchased)	Tonnes	0.0206	0.0485

C. CONSUMPTION PER K.LTR. OF ALCOHOL PRODUCTION

S. No.	Particulars	Unit	Year ended March 31, 2005	Year ended March 31, 2004
1.	Electricity	Kwh	282	305
2.	Bagasse/Paddy Husk (Purchased)	Tonne	0.953	1.085

NOTES :

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

FORM B

Form for disclosure of particulars with respect to Technology Absorption for the year ended March 31, 2005.

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

- The Simbhaoli Sugar division (SSD) has adopted various measures to improve the operations of raw sugar manufacturing and Sugar Refinery.
- The commercial production of certain Specialty sugars have been started at SSD e.g. cube sugar and extra fine sugar. Further research is going on to produce other varieties of specialty sugars.
- Production facility of 100 Ton/day of pharmaceutical grade sugar has been commenced at SSD.
- Simbhaoli Organic Manure (SOM), a part of waste management has been diversified into value added products like "SOM Phosphate Rich Organic Manure, SOM-Biozyme, SIM-Liquid Bio-extract Organic Manure etc. Further research is going on to produce more specialized products.

- New IMFL products have been launched after considerable research work and further work is going on for more product development.

II. Benefits derived

- The sugar being produced at Simbhaoli sugar division is yielding better price on account of quality.
- Production of Specialty sugars will facilitate further value addition.
- Production of Pharma Sugar will facilitate value addition to the sugar.
- This will result in better sales realisation of SOM - Bio-manure
- Improved IMFL products will result in better utilisation in Simbhaoli distillery division.

III. Future Plan of Action

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

IV. Expenditure on Research & Development

	2004-05 Rs. in lacs	2003-04 Rs. in lacs
a) Capital	-	-
b) Recurring	2.01	1.15
c) Total	2.01	1.15
d) Total R&D expenditure as a Percentage of total turnover	-	-

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made

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

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange is set out below

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes in and has consistently followed good corporate governance. A sound governance process consists of various business practices, which not only results in working towards a sustained earning model and thereby enhancing shareholders value but also enables the Company to fulfill its obligations towards its suppliers, customers, employees, lenders and to the society in general. The Company firmly believes that good governance is founded upon the principles of transparency, accountability, independent monitoring, accountability for performance and environmental consciousness including growth-oriented approach.

Thus the basic corporate governance norms have been adopted with full business ethics as an enabling and facilitating process encompassing all the Company's functions at different levels.

2. BOARD OF DIRECTORS

2.1 Composition and Category

Board of the Company is broad based and occupied with the experts in various functional areas. The Board has an optimum combination of executive and non-executive directors with not less than fifty percent comprising of non-executive directors. The Board has an Executive Chairman, three Executive Directors and six Non-Executive Directors, including two nominees of lending institutions. Company complied with the requirement of having fifty percent of directors as Independent directors. As on March 31, 2005 the ratio between executive and non-executive directors is 4 : 6 and the ratio between Non-Independent and Independent is 1:1.

- (i) Mr.S.K.Ganguli has been the partner of Ray & Ray, Chartered Accountants, the firm that was acting as internal auditor of the Chilwaria Sugar Unit of the Company in their professional capacity. A sum of Rs.1.52 lacs was paid to M/s Ray & Ray, Chartered Accountants towards fee on this account during the year.
- (ii) Mr. Ram Sharma was the legal advisor to the Company for the year 2004-05. He was paid Rs.4.46 lacs towards the fee in his professional capacity.

The composition of the Board of Directors and also

number of other directorship and committee membership/chairmanship held by them as on March 31,2005 are as follows:-

S. No.	Name of Director	Category of Directorship	No. of other Directorship*	No. of other committee Membership / Chairmanship*	
				Member	Chairman
1.	Mr. Gurmit Singh Mann	Executive Chairman (Promoter)	NIL	NIL	NIL
2.	Mr. Gural Singh	Executive Director (Promoter)	NIL	NIL	NIL
3.	Dr. G.S.C. Rao	Executive Director	NIL	NIL	NIL
4.	Mr. Sanjay Tapriya	Executive Director	1	NIL	NIL
5.	Mr. S. P. S. Mann	Non-Executive Director (Promoter)	NIL	NIL	NIL
6.	Mr. S.C. Kumar	Independent Non-Executive Director	NIL	NIL	NIL
7.	Mr. Suman Kumar	Independent Non-Executive Director, Nominee-IDBI	1	NIL	NIL
8.	Mr. S. Ramasubramanian	Independent Non-Executive Director, Nominee IOCI	**	**	**
9.	Mr. S.K.Ganguli (Appointed on 30.9.2004)	Independent Non-Executive Director	1	NIL	NIL
10.	Mr. Ram Sharma (Appointed on 19.3.2005)	Independent Non-Executive Director	NIL	NIL	NIL

- * excluding private limited companies and foreign companies.
- ** Intimation/Disclosure about Directorship/Committee membership/ Chairmanship of other Companies not received.

Mr. Samir Kumar Ganguli and Mr. Ram Sharma have been inducted on the Board as additional directors at the meeting of the Board of Directors held on September 30, 2004 and March 19, 2005 respectively. Their brief resumes, nature of expertise in specific functional areas and other details are as follows:

A. Mr. Samir Kumar Ganguli

Mr. Samir Kumar Ganguli is an independent and non-executive director on the Board of the Company with effect from September 30, 2004. He is a Commerce graduate and Chartered Accountant who has been in the profession for last 35 years. He is also the director in the following Companies:-

1. Malwa Power Pvt. Ltd. -
Nominee Director- Indian Renewable Energy Development Authority Limited.
2. Arabian Sea Resorts Ltd. -
Nominee Director- Tourism Finance Corporation of India Limited.

B. Mr. Ram Sharma

Mr. Ram Sharma is an independent and non-executive director on the Board of the Company with effect from March 19, 2005. He is a practicing Advocate who has been in the profession for last 37 years.

2.2 Board meetings and attendance

During the financial year ended March 31, 2005, seven Board meetings were held on following dates:

Sl. No.	Dates of Board Meeting	Board Strength	No. of Directors Present
1.	June 30, 2004	9	7
2.	July 30, 2004	9	6
3.	September 30, 2004	9	6
4.	December 27, 2004	10	8
5.	January 19, 2005	10	7
6.	February 14, 2005	10	8
7.	March 19, 2005	9	5

The attendance of each director at these Board meetings and at the last Annual General / Extra Ordinary General Meeting were as follows:

Sl. No.	Name of the Directors	Number of Board meetings attended	Attendance of the last AGM held on September 30, 2004	Attendance at the last EGM held on March 19, 2005
1.	Mr. Gurmit Singh Mann	6	Yes	Yes
2.	Mr. Gurbal Singh	7	Yes	Yes
3.	Dr. G.S.C.Rao	7	Yes	Yes
4.	Mr. Sanjay Tapriya	7	Yes	Yes
5.	Mr. S.N. Misra*	-	No	No
6.	Mr. Shivinder Pal Singh Mann	6	Yes	No
7.	Mr. S.C. Kumar	6	Yes	No
8.	Mr. Suman Kumar	5	No	No
9.	Shri.S.Ramasubramanian	-	No	No
10.	Mr S.K.Ganguli**	3	NA	Yes
11.	Mr Ram Sharma***	NA	NA	NA

* Resigned w.e.f. March 1, 2005

** Appointed on September 30, 2004.

*** Appointed on March 19, 2005

2.3 Board procedures

It has always been the Company's policy and practice that apart from matters requiring the Board's approval by law, all major decisions including quarterly/half yearly/

yearly results of the Company and its divisions, financial restructuring, capital expenditure proposals, sale and acquisition of material nature of assets, mortgage, guarantees, etc., are regularly placed before the Board. This is in addition to information with regard to detailed analysis of operations, major litigations, feed back reports and minutes of all Committee Meetings.

3. BOARD COMMITTEES

The Board of Directors has constituted four committees of the Board viz Audit committee, Share Transfer committee, Investor Grievance committee and Managerial Remuneration committee.

3.1 Audit Committee

The Audit committee of the Company comprises four non-executive directors, of which an independent non-executive director is the Chairman. The Company Secretary acts as the Secretary to the committee. The Executive Director, Director (Finance) & Company Secretary, Sr. Deputy General Manager (Finance), Deputy Company Secretary, Statutory, Internal and Cost Auditors of the Company are the regular invitees at the meetings of the committee.

During the year ended March 31, 2005, three meetings of the Audit committee were held on June 30, 2004, July 30, 2004, and October 30, 2004. The constitution of the Audit committee and attendance of members for the year under reference was as follows:

S. No.	Director	No. of Meetings Attended
1.	Mr.S.C.Kumar, Chairman	3
2.	Mr.Shivinder Pal Singh Mann,	3
3.	Mr. Suman Kumar,	3
4.	Mr.S.Ramasubramanian,	-

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, besides other terms, which Board may refer from time to time.

3.2 Share Transfer and Investors' Grievances Committee(s)

During the year, the Share Transfer and Investors' Grievances committee of the Board was bifurcated into two committees with effect from September 30, 2004 i.e. Share Transfer committee and Investors' Grievances committee.

Share Transfer committee deals with the matters relating to share transfer/transmission, issue of duplicate share certificates, approving the split and consolidation requests. The Investors' Grievances 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 these committees are scheduled to be held once in a fortnight. M/s Mas Services Pvt. Ltd., is acting as Registrar and Share Transfer Agent to comply with the rules and regulations laid down by SEBI. The shares of the Company are under compulsory dematerialization category and most of the shares are in dematerialized form and the meetings of the Share Transfer committee are held depending upon the shares received for transfer etc. The constitution of committee and attendance of members for the year was as follows:

S. No.		No of meetings held*	No. of meetings Attended
(A) Share Transfer & Investors' Grievances Committee (Up to September 30, 2004)			
1.	Dr. G.S.C. Rao, Chairman	13	13
2.	Mr. S.C. Kumar	13	7
3.	Mr. Sanjay Tapriya	13	13
(B) Share Transfer Committee (After October 1, 2004)			
1.	Dr. G.S.C. Rao, Chairman	12	12
2.	Mr. Gurpal Singh	12	-
3.	Mr. Sanjay Tapriya	12	12
(C) Investors' Grievances Committee (from October 1, 2004)			
1.	Mr. S.C. Kumar, Chairman	12	12
2.	Dr. G.S.C. Rao	12	12
3.	Mr. Sanjay Tapriya	12	12

* Before September 30, 2004, both the committees were combined.

Compliance officer

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

Details of investors' complaints received and redressed

The total number of complaints received and redressed to the satisfaction of the investors during the year ended March 31, 2005 was 67. There was no pending complaint as on March 31, 2005.

There was no transfer pending as on March 31, 2005.

3.3 Managerial Remuneration Committee

The Managerial Remuneration committee recommends to the Board the compensation terms of the directors including whole time directors. The Company does not currently have a stock option plan or performance linked incentives for its directors. During the financial year two meetings of the committee were held on June 30, 2004 and July 30, 2004. The constitution of committee and

attendance of members for the year was as follows:

S. No	Director	No. of Meetings Attended
1.	Mr. S. C. Kumar, Chairman	2
2.	Mr. Gurmit Singh Mann	1
3.	Mr. Suman Kumar, Nominee IDBI	2

Remuneration policy as applicable to Executive/ Non-Executive directors

The policy inter alia provides for the following:

- Executive Directors :** Salary not to exceed limits prescribed under the Companies Act, 1956, which is revised from time to time depending upon the performance of the Company, individual director's performance and prevailing industry norms. Further, no sitting fees is payable.
- Non-Executive Directors :** Sitting fees not to exceed limits prescribed under the Companies Act, 1956, and as per Articles of Association of the Company.

Details of remuneration to directors for the year ended March 31, 2005

(Rs.)

S. No.	Name of the Director	Salary	Benefits	Sitting fees	Total
1.	Mr. Gurmit Singh Mann	1283077	268786	-	1551863
2.	Mr. Gurpal Singh	1258307	289859	-	1548166
3.	Dr. G.S.C. Rao	1548846	317522	-	1866368
4.	Mr. Sanjay Tapriya	693125	147486	-	840611
5.	Mr. Shivinder Pal Singh Mann	-	-	20000	20000
6.	Mr. S.C. Kumar	-	-	34000	34000
7.	Mr. Suman Kumar	-	-	12000	12000
8.	Mr. S. Ramasubramanian	-	-	-	-
9.	Mr. S.K. Ganguli	-	-	8000	8000
10.	Mr. S.N. Mishra	568425	636492	-	1204917

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

4. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

Financial Year	Date of Annual General Meeting	Location of the Meeting	Time
2001-2002	September 30, 2002	Simbhaoli - 245 207	10.00 A.M.
2002-2003	November 29, 2003	Distt. Ghaziabad (U.P)	10.00 A.M.
2003-2004	September 30, 2004		10.00 A.M.

No special resolution was put through postal ballot last year.

5. DISCLOSURES

5.1 Related party transactions and their basis:

There were no transactions of material nature with the Directors or the management or their subsidiaries or

relatives etc. during the year that had potential conflict with the interest of the Company at large.

5.2 Disclosure of Accounting Treatment

The financial statements are prepared under the historic cost convention and statements have been prepared in accordance with the applicable mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.

5.3 Proceeds from public issues, rights issues, preferential issues, etc.

During the year there has been no public, rights or preferential issues of the share capital.

5.4 Stock Exchange and other regulatory authorities compliance

There has been no non-compliance penalties/strictures imposed on the Company by stock exchange (s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

6. MEANS OF COMMUNICATION

6.1 The quarterly and half-yearly results were published in one or more reputed national newspapers viz. Economic Times, Business Standard, Financial Express, Navbharat Times and regional newspapers viz. Veer Arjun and Jansatta.

6.2 Management Discussion and Analysis Report is enclosed.

7. SHAREHOLDERS' INFORMATION

Annual General Meeting : June 30, 2005

Date and Time : 10:00 A.M.

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

Book Closure Dates : Monday June 20, 2005 to Thursday June 30, 2005 (both days inclusive)

Financial Year Calendar For 2005-2006

First quarter results : July, 2005
Second quarter results : October 2005
Third quarter results : January 2006
Fourth quarter results : June, 2006

Listing of Equity Shares on Stock Exchanges

The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. Scrip Code: 507446

Listing fee up to 2004-05 has been paid to The Stock Exchange, Mumbai. The Company has applied for a listing on the National Stock Exchange Association of India Limited, Mumbai. The Company's application for delisting is pending with The Calcutta Stock Exchange Association Limited.

General Body Meetings

An extra ordinary general meeting of the shareholders of the Company was held at 10:00 A.M. on, Saturday, March 19, 2005 at the Registered Office of the Company. Following business were transacted in the Extra Ordinary General Meeting and passed:-

- as an ordinary resolution to accord the consent to the Board to mortgage and/or charge of whole or part of certain immovable and movable properties of the Company in favour of its banks to secure certain financial assistance(s).
- as a special resolution to accord consent to Board to increase the authorised capital of the Company from Rupees Twenty Seven Crores to Rupees Thirty Two Crores by creation of Fifty lacs further equity shares of Rupees Ten each and to alter Clause no 5 of the Memorandum of Association accordingly
- as a special resolution to accord the consent to the Board of the Company to issue, offer and allot additional equity shares of the Company for an amount not exceeding Rs 75 Crores in the manner as deem fit by Board.

Depositories

i)	National Securities Depository Limited Trade World, 4 th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.	Tele. Nos.:022-24994200 Fax No. : 022-24972993/ 2497 E-mail : info@nsdl.co.in Website : www.nsdl.co.in
ii)	Central Depository Services (India) Limited: Phiroze Jeejeebhoy Towers, 28 th Floor, Dalal Street, Mumbai - 400 023.	Tele. Nos : 022-2272333 Fax No. : 022-22723199 E-mail : investors@cdslindia.com Website : www.cdslindia.com

International Securities Identification Number is ISIN- INE 270C01017

Stock Market Data at Bombay Stock Exchange

	Bombay Stock Exchange (BSE)		
	Month's high price (Rs.)	Month's low price (Rs.)	Volume (Nos.)
2004, April	29.11	12.73	555064
May	33.65	20.10	471289
June	20.90	15.55	139924
July	19.20	14.80	178096
August	29.00	18.25	705415
September	29.70	21.10	487114
October	25.35	21.50	287982
November	37.85	23.90	717782
December	55.40	32.70	1264753
2005, January	67.85	56.50	1100736
February	79.30	63.55	1069544
March	84.05	67.25	1436492

Share Transfer System

Share transfers under physical category are normally effected within a period of 30 days from the date of receipt and demat requests are confirmed within a maximum period of 21 days. Shares are transferred and depository services are provided through M/s Mas Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi - 110 029, Telephone numbers: 011-26104142/4326, Fax No. 011-26181081, email address: masserv@giasd01.vsnl.net.in

Shareholding pattern (March 31, 2005):

Category	No of shares held	% of shareholding
Promoters - Indian	5874986	53.50
Sub-Total	5874986	53.50
Non - Promoters Holding		
Mutual Fund and Unit Trust of India	478451	4.36
FIs	100000	0.91
Sub-Total	578451	5.27
Others		
Private Corporate Bodies	636157	5.79
Indian Public	3343026	30.44
NRI/OCBs	513577	4.68
Any Other (Clearing Members)	34581	0.31
Sub-Total	4527341	41.23
Total	10980778	100.00

Dematerialisation of Shares

The trading of the Company's equity shares falls under the category of compulsory delivery in dematerialized mode in respect of all categories of investors. At the end of the financial year 2005, i.e. on March 31, 2005, the position of NSDL and CDSL was as under:

	No. Shares	(%)
(A) DEMAT		
NSDL	5902313	54
CDSL	557912	5
TOTAL	6460225	59
(B) PHYSICAL	4520553	41
TOTAL (A+B)	10980778	100

8. PLANTS LOCATION:

Sugar Unit 1	Simbhaoli, District Ghaziabad Uttar Pradesh - 245 207	Tel.No.05731-223010 Fax No.05731-223042
Sugar Unit 2	Chilwaria, Distt. Bahraich, Uttar Pradesh - 271 801	Tel.No.05252-244252 Fax No.05252-244253
Distillery Unit	Simbhaoli, District Ghaziabad Uttar Pradesh - 245 207	Tel.No.05731-223010 Fax No.05731-223042

Investor Correspondence

Investor's correspondence can be made on any of the following address:

- Mas Service Pvt. Ltd. : AB-4, Safdarjung Enclave, New Delhi - 110 029 Ph.No. 26104142, 26104326 Fax No. 26181081 Email : mas_serve@yahoo.com
- Registered Office : Simbhaoli - 245 207, Distt. Ghaziabad, Uttar Pradesh. Ph.No. 05731-223010, Email : ssmidel@ndf.vsnl.net.in

9. NON-MANDATORY REQUIREMENTS

Non-mandatory requirements have presently not been adopted by the Company. However, steps have been taken to implement them in a phased manner.

10. UNCLAIMED DIVIDENDS AND INTEREST

The amount of dividend/debenture instalment or interest thereon remain un-claimed for a period of 7 years, is transferred to the credit of Investors Education and Protection Fund in accordance with the provision of Section 205C of the Companies Act, 1956.

11. NOMINATION FACILITIES

Shareholders who hold shares in the physical form and wish to make /change a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956, may submit to the Registrar and Transfer Agent / Company.

AUDITORS' CERTIFICATE

To the Members of The Simbhaoli Sugar Mills Limited

We have examined the compliance of conditions of Corporate Governance by The Simbhaoli Sugar Mills Limited for the year ended March 31, 2005, as stipulated in clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s) except that: (i) the requirement that fifty percent of the Board of Directors should comprise of non - executive directors has been complied from September 30, 2004 onwards; (ii) the requirement that fifty percent of the Board of Directors should comprise of independent directors in view of there being an Executive Chairman has been complied from March 19, 2005 onwards and (iii) in the case of Mr.S.Ramasubramanian, the details of Directorship / Chairmanship / Membership of Committees in other Companies has not been furnished, as it has not been made available to the Company by the concerned Director.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company there were no investor grievances received by the Company remaining pending for more than 30 days. As regards, investor grievances communicated by shareholders to the Registrar and Share transfer agent, they have certified that there were no investor grievances remaining pending for more than 30 days.

We further state that such compliance 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 A.F. Ferguson & Co.
Chartered Accountants

Place : New Delhi
Date : May 10, 2005

J.M. SETH
Partner
Membership No. : 17055

Management Discussion and Analysis

Economy and the sugar industry

The outlook for the Indian economy continues to show an encouraging trend, notwithstanding the drought conditions last year, which had an adverse impact on the growth of the agricultural sector. Strong balance of payments position and progressive improvement in growth indicators prove the resilience of the Indian economy. Therefore, foreign investors continue to repose their confidence in the economy.

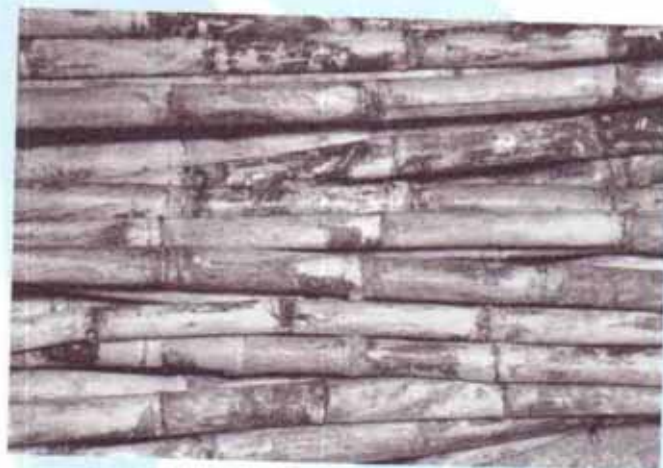
India is known as the original home of sugar and sugarcane. A buoyant stock market and a high confidence level in India demonstrate that the Indian sugar industry reached its peak in the sugar year 2002-2003 recording a production of 201 lac tonnes. In the last sugar year 2003-2004, the output dropped to 140 lac tonnes, with a carry forward stock of 116 lac tonnes. At the end of season 2003-2004, the carry over stock was 85 lac tonnes.

The sugar output in the current sugar year (2004-2005) is being estimated at a level of around 125 lac tonnes. Thus the total availability of sugar including the last year carry over stock (85 lac tonnes) and white sugar converted from imported raw sugar (approx 20 lac tonnes) would be about 230 lac tonnes, which appears to be adequate not only to meet the current year's estimated domestic requirement of 185 lac tonnes but would also leave about 45 lac tonnes as the carry forward stock to the next year.

The supply and demand of sugar including raw sugar in the world market remained tight on account of a nearly stagnant production and rising demand in South East Asia. The Indian demand of raw sugar has also affected the world prices, which have gone up nearly by 50 per cent in the last 8 months. Further, the ocean freight costs have also caused a rise in the CIF prices of raw sugar in the country.

During the current year, Uttar Pradesh (U.P.), on account of better facilities and farmer friendly policies, has emerged as the country's highest producer of sugar (18 lac tonnes as on December 31, 2004); Maharashtra being second, touching 11.5 lac tonnes as on the above date.

Sugar prices declined precipitously from a level of about Rs. 1550/- per qtl in the year 1999-2000 to as low as



Rs. 1150/- per qtl in the year 2003-2004, thus reflecting a steep decline of about 26 per cent in ex-factory prices (excluding excise duty). However, the prices have shown an improvement in the current year.

During the year, Hon'ble Supreme Court in its verdict has reaffirmed the right of the U.P. State Government to fix the sugarcane price over and above the statutory minimum price (SMP) fixed by the Central Government. That has created an additional liability of approximately Rs. 1200 crores for the private sector sugar mills of the state pertaining to season 1996-97, 2002-2003 and 2003-2004.

Opportunities and risks pertaining to sugar business

Opportunities

1. For the first time the Government of India and the Sugar Industry are working with the mutual understanding of addressing and bridging the demand and supply gap on a consistent basis. Thereby, the industry has imported 20 lac tonnes of raw sugar to process into white, and to improve its availability in the domestic market for the time being, which will help pay an optimum price to the farmers. Further, raw sugar processing in the country can result in India emerging as the future supplier of white sugar to South East Asian countries, which are deficient in sugar.
2. In India per capita consumption of sugar is lower than the average per capita consumption of the world, and the demand is constantly increasing. Besides, a better

Management Discussion and Analysis



purchasing power of the people will further increase the demand of high quality sugar.

3. By-product management particularly blending of ethanol with petrol and co-generation of power from bagasse would be the activities of the future, and sugar mills will emerge as energy suppliers. Further inter-se capacities of sugar and alcohol can be adjusted depending upon the market outlook.
4. Improvement in the quality of sugar will lead to wider acceptability of Indian sugar in the international market and post WTO and after the rationalization of subsidies in agriculture in developed countries, India particularly the state of Uttar Pradesh will emerge as a major sugar producing and exporting state.
5. There is a scope for production of sugarcane and sugar in the state of Uttar Pradesh, which will be benefited if its existing mills increase their capacities further.

Risks

1. By successive interventions of the State Government in areas of sugarcane, particularly its pricing and distribution, sugar factories have become uncompetitive at the bottom end of the business cycle.
2. Lower free sale sugar prices because of sugar cycles along with higher interest costs etc, may affect the operations adversely in the future.
3. Lower international prices may affect the pricing and costs of sugar within the country.

The Company

A 69-year-old organisation, The Simbhaoli Sugar Mills Ltd, is in the business of manufacturing and marketing sugar and its associate products viz molasses, alcohol, bio-compost and power. The by-products from sugar manufacturing process viz molasses and bagasse are optimally consumed for making value added products viz alcohol and co-generation of power. Waste from the Distillery is used for making organic manure "SOM" as a step towards organic farming. The integrated sugar refinery of the Company is the largest refinery in the country, having a capacity to produce over 750 TPD of refined sugar conforming to EC grade.

The Company has the following operating units :

	Division	Capacity
1.	Simbhaoli Sugar	7500 tonnes crushed per day
2.	Chilwaria Sugar	3800 tonnes crushed per day
3.	Simbhaoli Distillery	75 KL alcohol per day
4.	Simbhaoli Organic manure	15000 tonnes per year.
5.	Surplus Co-generated power	
	- Simbhaoli Sugar	4 MW/hr
	- Chilwaria Sugar	3 MW/hr

Segment-wise performance

66 per cent of the Company's revenue comes from sugar (last year 57 per cent), and the balance is accounted for by alcohol and other operations. The Company has two main business segments, sugar and alcohol. Segment-wise revenue (net of inter segment sales) of the Company for the year 2004-2005 as compared to the previous year is given below:

		Rs. In lacs	
	Segment Revenue	2004-05	2003-04
1.	Sugar	33779	19453
2.	Alcohol	17409	14619
3.	Others	254	229
	Total	51442	34301

Management Discussion and Analysis



Internal control systems, their adequacy and cost control

The Company 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. An audit committee of the Board, headed by an independent non-executive director, is in place to review the internal controls and other financial systems. The Company has implemented detailed plans to control all the elements of its costs to remain most competitive and become one of the lowest cost producers in north India.

Financial performance

The financial performance of the Company has been stated in the Director's report of the Company for the year ended March 31, 2005, which appears separately in the annual report.

Capital structure

The Company has increased its authorized capital to Rs.32 crores during the year. It has made no further issue of any kind of shares and its capital structure has remained the same except for the receipt of outstanding allotment/call money from certain shareholders. Partly paid shares pertaining to right cum public issue made by the Company of the year 1994-95, were forfeited during the year

Reserves

The aggregate reserves of the Company were at Rs.4361 lacs on March 31, 2005, including revaluation reserves of Rs.682 lacs, debenture redemption reserve of Rs.1152 lacs and surplus in Profit and Loss Account of Rs.110 lacs.

Term debts and finance costs

The average finance costs during the year continued to remain high on account of higher cash credit utilization for meeting working capital requirements. The secured borrowings of the Company had been restructured under Corporate Debt Restructuring (CDR) mechanism. However, Unit Trust of India (UTI), the principal debenture holder, has not acceded to Company's request to restructure the redemption of 14% Non Convertible Debentures (NCD's) and interest thereon in line with CDR Scheme. Meanwhile, UTI, has moved an application with Debt Recovery Tribunal (DRT), Lucknow for recovery of its dues, which is being defended by the Company. The Company has also moved a petition with Hon'ble High Court of Uttar Pradesh at Allahabad under Section 391 read with Section 394 of the Companies Act, 1956 for making the Scheme of restructuring binding on all the lenders. The hon'ble high court vide its interim order dated January 13, 2005 has stayed passing of any order by DRT.

Raw sugar import

During the current financial year, the Company has purchased imported raw sugar aggregating 71,000 metric tonnes for Rs.7846 lacs for conversion into white sugar. Over 50 per cent of this raw sugar will be processed in the off-season (post crushing) by using saved bagasse. The cost of conversion and loss in conversion of raw sugar has been kept under control. In terms of the advance license(s) is granted for this purpose, the Company, within 24 months (under revision to three years) is required to export white sugar aggregating 67,619 metric tonnes. The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such an obligation.

Future business plans

During the year, the Company has initiated the following projects for implementation during the next 18 months in

Management Discussion and Analysis



order to take full advantage of the buoyancy in the sugar market:

1. Increase in the capacity of the Simbhaoli sugar division to 9500 TCD by establishing raw sugar making facility equivalent to 2000 TCD of sugarcane. This sugar will be refined in the off-season. (Project to be completed by January 2006.)
2. Diversify into specialty sugars such as pharma sugar, sugar cubes, double S sugar, table sugar, icing sugar, mineral sugar (demerera), etc. (Project to be completed by October 2005.)
3. Increase in the capacity of Chilwaria Sugar Division and to keep processing raw sugar for 240 days (Project to be completed before 2006-07 season.)
4. Increase in Co-generation of power at both the sugar units.

New markets

During the current year, the Simbhaoli Sugar Division has reintroduced refined sugar under the Trust brand name in consumer packs in north India. The Division is also planning to introduce a range of speciality sugars in consumer packs in the forthcoming year.

The Distillery Division of the Company has created new markets for its IMFL products. The products of the Distillery Division were introduced in Uttaranchal and Punjab states. Further negotiations are going on for Himachal Pradesh and Rajasthan.

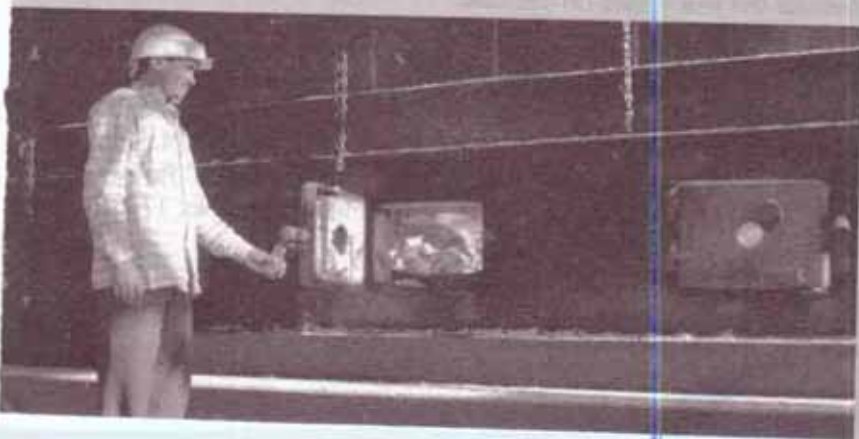
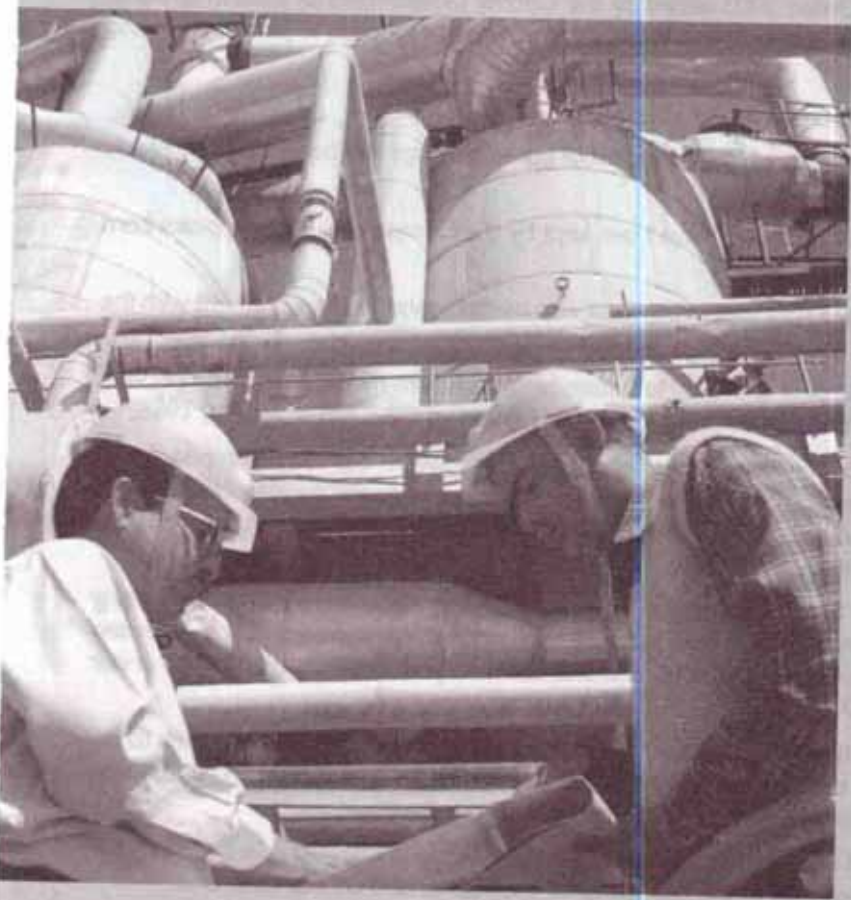
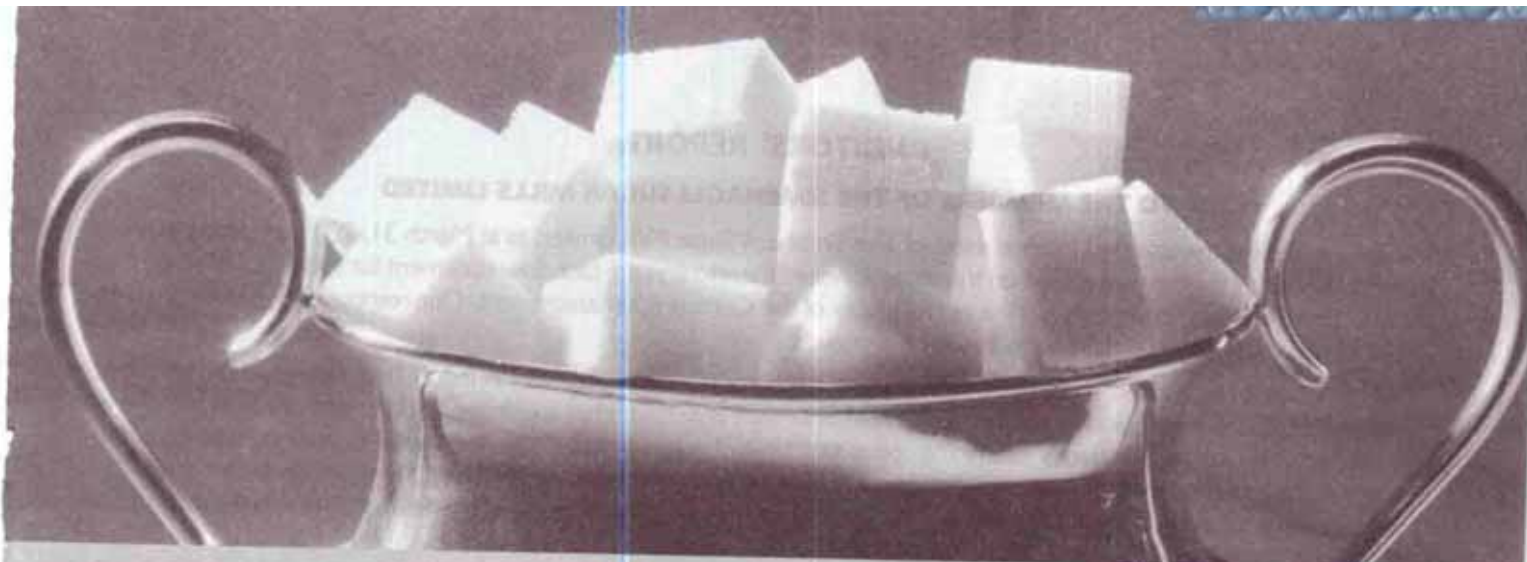
Human resources

Employee-employer relations were cordial throughout the year under review. The Company has started new human resource initiatives for training employees at all levels, within the frame work of a comprehensive HR development policy.

Cautionary statement

The statements made in the Management Discussion and Analysis Report detailing the Company's objectives, projections, estimates, expectations may be forward looking within the meaning of applicable laws and regulations. As these assessments are based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions that affect the global or domestic demand or supplies, political and economic scenario within and outside the country, government regulations and taxation policies, prices and availability of raw material, prices of finished goods, agro climatic and geographical conditions, etc. The Company assumes no responsibility for these statements, which may be revised or modified in the future on the basis of subsequent developments, information or events.





...to the ... of the ...

NEW/
Simbhaoli
TRUST
REFINED SUGAR

PURITY YOU CAN TRUST

The image shows a white bag of Simbhaoli Trust Refined Sugar. The bag has a decorative archway at the top with a logo inside. The text on the bag is bold and clear. The background of the advertisement is a light, textured surface.

AUDITORS' REPORT

TO THE MEMBERS OF THE SIMBHAOLI SUGAR MILLS LIMITED

1. We have audited the attached balance sheet of The Simbhaoli Sugar Mills Limited as at March 31, 2005 and also the profit and loss account for the year ended on that date, annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above:
 - (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 appears from our examination of the books;
 - (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) as the Company has defaulted in redemption of non-convertible debentures, which were due for redemption from March 15, 2000 onwards, the Directors of the Company, other than the nominees of financial institutions, are not qualified for being re-appointed as director, or being appointed as director in another Company in terms of the provisions of section 274(1)(g) of the Companies Act, 1956.
 - (f) *attention is invited to note 8 which sets out the position regarding additional levy sugar price claims aggregating Rs. 128.83 lacs accrued by the Company in earlier years. This is subject to adjustment, if any, on finalisation of revised levy prices for the concerned years by the Central Government. This was also a subject matter of qualification in our audit report for the year ended March 31, 2004.*

subject to the foregoing, 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, 2005;
- (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For A.F.Ferguson & Co.
Chartered Accountants

J.M. Seth
Partner
Membership No: 17055

New Delhi
Date: April 20, 2005

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of The Simbhaoli Sugar Mills Limited on the accounts for the year ended March 31, 2005.

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets, except that no records are available in respect of fixed assets acquired prior to 1955.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management except for stocks lying with third parties where confirmations have been received in most of the cases. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has taken unsecured loans from four Directors, a company in which a Director is interested and a relative of a Director. The maximum amount involved during the year was Rs. 218.71 lacs and the year end balance of loans taken from such parties was Rs. 218.31 lacs. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) The Company is regular in repaying the principal amounts and has been regular in the payment of interest as per stipulated terms.
- (d) There is no overdue amount of loans taken from parties listed in the register maintained under section 301 of the Companies Act, 1956. Further, the Company has not granted loans to parties listed in the register maintained under section 301 of the Companies Act, 1956 and, therefore, the question of overdue amount of loans granted does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods. There are no sale of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that during the year, the transactions that were required to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in relation to the deposits accepted from public by the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and 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 not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) As explained to us, the statutory dues payable by the Company comprise of provident fund, investor education and protection fund, income-tax, sales tax, professional tax, wealth tax, service tax, customs duty, excise duty, cess, entry tax, service tax and cane purchase tax. According to the records of the Company and information and explanations given to us, the Company, during the year, has been regularly depositing the aforesaid undisputed statutory dues with the appropriate authorities. There are no undisputed statutory dues as referred to above as of March 31, 2005 outstanding for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company, as at the year end, the following are the particulars of disputed dues on account of sales tax (trade tax), entry tax and excise duty matters that have not been deposited by the Company:-

S. No.	Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
1.	U. P. Trade Tax Act	Trade tax on trade discount.	2.81	Deputy Commissioner, Hapur.	1997-1998
2.	U. P. Trade Tax Act	Trade Tax on non submission of Form 3B.	3.90	Deputy Commissioner, Hapur.	2001-2002
3.	State Excise Act	Penal interest on late payment	9.26	High Court	2001-2002
4.	Central Excise Act	Demand u/s 11 A for alleged excess refund given	11.01	High Court	1979-1980
5.	Entry tax Act	On imported raw sugar	4.77	Deputy Commissioner, Hapur	2004-2005

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

S. No.	Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
1.	U. P. Trade Tax Act	Trade tax on purchase of Peddy husk	1.34	High Court, Allahabad	1985-86 & 1986-87
2.	U. P. Trade Tax Act	Penalties imposed u/s 10A of the Act.	2.26	High Court, Allahabad	1981-82 to 1983-84, 1985-86 to 1987-88 and 1989-90
3.	U. P. Trade Tax Act	Classification of purchased goods	2.15	High Court, Allahabad	1974-75, 1981-82, 1989-90, 1992-93.

We have been further informed that 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.

- (x) The Company does not have accumulated losses exceeding 50% of its net worth as at the end of the year ended March 31, 2005. Further, the Company has not incurred any cash losses during the year ended March 31, 2005 and March 31, 2004.
- (xi) During the year 2003-04, certain financial institutions, debenture holders and banks had rescheduled their dues. As at the year end, after considering the aforesaid reschedulement, the defaults to debenture holders are Rs. 4626.32 lacs on 14 % Non-convertible debentures.
- (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 is not a chit fund / nidhi / mutual benefit fund / society, paragraph 4 (xiii) of the Order is not applicable.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.
- (xv) We are informed that during the year, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans taken have been applied for the purpose for which they were raised.
- (xvii) 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 have not been used during the year to finance long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2005.

For A.F.Ferguson & Co.
Chartered Accountants

J.M. Seth
Partner

Membership No. : 17055

New Delhi
Date : April 20, 2005



THE SIMBHAOLI SUGAR MILLS LIMITED
BALANCE SHEET AS AT MARCH 31, 2005

	Schedule No.	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	1,923.08	1,915.22
Reserves and surplus	2	4,361.44	4,076.14
		<u>6,284.52</u>	<u>5,991.36</u>
Loan funds			
Secured loans	3	24,229.47	22,200.99
Unsecured loans	4	614.01	414.34
		<u>24,843.48</u>	<u>22,615.33</u>
TOTAL		<u>31,128.00</u>	<u>28,606.69</u>
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		27,586.73	25,822.42
Less: Depreciation		10,500.52	9,320.50
Net block		17,086.21	16,501.92
Capital work in progress		794.56	914.37
		<u>17,880.77</u>	<u>17,416.29</u>
Investments	6	0.05	0.05
Deferred tax assets	7	1,308.41	2,178.46
Current assets, loans and advances			
Inventories	8	19,866.74	15,013.96
Sundry debtors	9	1,223.94	988.24
Cash and bank balances	10	302.89	287.28
Loans and advances	11	1,814.87	1,710.81
		<u>23,208.44</u>	<u>18,000.29</u>
Less: Current liabilities and provisions	12		
Current liabilities		11,024.70	9,791.25
Provisions		244.97	61.52
		<u>11,269.67</u>	<u>9,852.77</u>
Net current assets		<u>11,938.77</u>	<u>8,147.52</u>
Profit and loss account		-	864.37
TOTAL		<u>31,128.00</u>	<u>28,606.69</u>

Notes to the accounts
Per our report attached

15

For A.F. Ferguson & Co.
Chartered Accountants

G.S.C.Rao
Executive Director

Gurpal Singh
Dy. Managing Director

Gurmit Singh Mann
Chairman & Managing Director

J.M. Seth
Partner
Membership No: 17055

A.K.Agarwal
Sr. Dy. General Manager (F)

Sanjay Tapriya
Director (F) & Company Secretary

New Delhi
April 20, 2005

THE SIMSHAOLI SUGAR MILLS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

	Schedule No.	Year ended March 31, 2005		Year ended March 31, 2004	
		Rs. lacs		Rs. lacs	
INCOME					
Sale of Products					
Gross Sales		50,942.91		33,899.32	
Less: Excise duty		11,923.34		10,988.84	
Other income	13		513.77		424.14
			39,533.34		23,334.62
EXPENDITURE					
Manufacturing & other expenses	14		31,172.80		20,828.01
Profit before interest, depreciation, exceptional item and tax		8,360.54		2,506.61	
Interest					
On fixed loans			1,147.31		1,017.95
On others			1,395.98		1,091.43
Profit before depreciation, exceptional item and tax			5,817.25		397.23
Depreciation			1,186.83		1,096.00
Profit/(loss) before transfer from revaluation reserve			4,630.42		(698.77)
Transfer from revaluation reserve			50.33		61.03
Profit/(Loss) for the year before exceptional item and tax			4,680.75		(637.74)
Exceptional items:					
Cane price difference (refer note 9)			2,450.14		
Profit/(Loss) for the year before tax			2,230.61		(637.74)
Current tax			(175.06)		
Deferred tax			(870.05)		229.59
Profit/(loss) after tax			1,185.50		(408.15)
Transfer to debenture redemption reserve			211.50		
			974.00		(408.15)
Brought forward from previous year			(864.37)		(456.22)
Balance carried to balance sheet			109.63		(864.37)
Earning per share - basic/diluted (Rs.)			10.02		(4.28)
(Refer note 13 in schedule 15)					
Notes to the accounts	15				

Per our report attached to the balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

G.S.C.Rao
Executive Director

Gurpal Singh
Dy. Managing Director

Gurmit Singh Mann
Chairman & Managing Director

J.M. Seth
Partner
Membership No: 17055

A.K. Agarwal
Sr. Dy. General Manager (F)

Sanjay Tapriya
Director (F) & Company Secretary

New Delhi
April 20, 2005

THE SIMBHAOLI SUGAR MILLS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Year ended March 31, 2005	Year ended March 31, 2004
	Rs. lacs	Rs. lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax and exceptional items	4,680.75	(637.74)
Adjustments for:		
Depreciation	1,136.50	1,034.97
Interest expense	2,543.29	2,109.38
Lease rentals	63.57	79.95
(Profit)/loss on sale of fixed assets (Net)	(0.56)	(0.24)
Interest income	(7.92)	(14.37)
Transfer from Capital-grant-in-aids'	(1.17)	(1.18)
Operating profit before working capital changes	8,414.46	2,570.77
Adjustments for change in :		
Trade and other receivables	(1,270.87)	(122.31)
Inventories	(4,852.78)	(3,696.48)
Trade payables	1,193.90	1,492.22
Cash generated from operations	3,484.71	244.20
Direct taxes paid	(25.94)	29.09
Cash flow before exceptional items	3,458.77	273.29
Cane price difference	2,450.14	
Net cash from operating activities	1,008.63	273.29
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,021.43)	(1,886.98)
Sale of fixed assets	15.94	61.36
Investments purchased	-	(0.05)
Investments realised	-	25.50
Interest received	5.59	14.12
Net cash used in investing activities	(999.90)	(1,786.05)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Application money, allotment money and calls in arrears (including share premium) received	27.44	1.45
Proceeds from long term borrowings	241.15	2,077.03
Repayment of long term borrowings	(753.43)	(1,030.10)
Changes in cash credit /overdraft account	2,165.60	2,490.73
Repayments of finance lease liabilities	269.94	(605.56)
Interest paid	(1,939.91)	(1,650.66)
Dividend paid	-	(0.73)
Contribution toward charity reserve received(net)	(3.91)	1.43
Net cash used in financing activities	6.88	1,283.59
Net increase/(decrease) in cash and cash equivalents	15.61	(229.18)
Cash and cash equivalents (opening balance)		
Cash and bank balances	287.28	516.46
Cash and cash equivalents(closing balance)		
Cash and bank balances	302.89	287.28
Total	15.61	(229.18)

Per our report attached to the balance sheet

For A.F. Ferguson & Co.
Chartered Accountants

G.S.C.Rao
Executive Director

Gurpal Singh
Dy. Managing Director

Gurmit Singh Mann
Chairman & Managing Director

J.M. Seth
Partner
Membership No: 17055

A.K.Agarwal
Sr. Dy. General Manager (F)

Sanjay Tapriya
Director (F) & Company Secretary

New Delhi
April 20, 2005



THE SIMBHAOLI SUGAR MILLS LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
SCHEDULE 1 - SHARE CAPITAL

	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
Authorised		
2,30,00,000 (previous year 1,80,00,000) Equity shares of Rs. 10 each	2,300.00	1,800.00
9,00,000 (previous year 9,00,000) Cumulative Redeemable Preference shares of Rs. 100 each	900.00	900.00
	<u>3,200.00</u>	<u>2,700.00</u>
Issued		
1,11,85,403 (previous year 1,11,85,403) Equity shares of Rs. 10 each	1,118.54	1,118.54
8,12,000 (previous year 8,12,000), 8% (previous year 8%) Cumulative Redeemable Preference shares of Rs. 100 each, redeemable at par on January 1, 2009	812.00	812.00
	<u>1,930.54</u>	<u>1,930.54</u>
Subscribed		
Equity shares		
1,09,80,778 (previous year 1,11,68,403) Equity shares of Rs. 10 each	1,098.08	1,116.84
Add: Forfeited shares	13.00	0.83
	<u>1,111.08</u>	<u>1,117.67</u>
Less: Application money receivable	-	0.04
Allotment money and calls unpaid	-	14.41
	<u>1,111.08</u>	<u>1,103.22</u>
Preference shares		
8,12,000 (previous year 8,12,000), 8% (previous year 8%) Cumulative Redeemable Preference shares of Rs. 100 each, redeemable at par on January 1, 2009	812.00	812.00
	<u>1,923.08</u>	<u>1,915.22</u>
Of the above -		
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.		



SCHEDULE 2 - RESERVES AND SURPLUS

	As at March 31, 2004	Additions during the Year	Deductions during the Year		As at March 31, 2005
	Rs. lacs	Rs. lacs	Rs. lacs		Rs. lacs
Revaluation reserve	732.52	-	50.33	(1)	682.19
Reconstruction reserve	589.73	-	-		589.73
Capital grant-in-aid	15.2	-	1.17	(2)	13.95
Share premium account	1,792.32	19.58	-	(3)	1,811.90
Debenture redemption reserve	940.76	211.50	-	(4)	1,152.26
Charity reserve	5.69	1.74	5.65	(3)	1.78
Surplus being balance in profit and loss account	-	109.63	-		109.63
	<u>4,076.4</u>	<u>342.45</u>	<u>57.15</u>		<u>4,361.44</u>

(1) Represents Rs. 50.33 lacs (previous year Rs. 61.03 lacs) as additional depreciation transferred to profit and loss account.

(2) Disbursed during the year.

(3) Received during the year.

(4) Transferred from profit and loss account.

SCHEDULE 3 - SECURED LOANS

	As at March 31, 2005	As at March 31, 2004
	Rs. lacs	Rs. lacs
Non-Convertible Debentures	2,309.65	2,323.80
Interest accrued and due	2,419.59	1,851.45
Cash credit from banks	13,075.09	10,909.49
Term loans from:		
Rupee loans-		
HDFC Limited	-	22.93
ICICI Bank Limited	2,418.29	2,657.95
IDBI Limited	1,285.36	1,380.95
Sugar Development Fund	972.12	972.12
Bank of Baroda	126.30	170.88
State Bank of Patiala	62.50	83.65
State Bank of India	624.50	830.00
Punjab National Bank	136.20	189.76
Citi Bank	2.55	7.64
Kotak Mahindra Primus Limited	3.67	5.52
Foreign currency loan-		
ICICI Bank Limited	793.65	791.67
Interest accrued and due on term loans	-	3.18
	<u>24,229.47</u>	<u>22,200.99</u>

Notes:

- I. a) 1,95,556 (previous year 2,20,000) 12.30% secured redeemable non convertible debentures of Rs.50 each held by ICICI Bank Ltd. [24,444 (previous year Nil) debentures aggregating Rs. 12.22 lacs (previous year Rs.Nil) redeemed during the year.]
- b) 44,13,451 (previous year 44,13,451) 14% secured redeemable non convertible debentures of Rs. 50 each held by Unit Trust of India (UTI) and,
- c) 33,801 (previous year 44,619) 14% secured redeemable non convertible debentures partly paid up held by public. [10,818 (previous year 4,175) debentures aggregating Rs. 1.92 lacs (previous year Rs. 1.01 lacs) redeemed during the year].

The above debentures are secured by hypothecation of Simbhaoli Sugar Division (SSD) movable assets, save and except book debts, including movable machinery, machinery spares, tools and accessories, both present and future, subject to the prior charges created/to be created in favour of the SSD's bankers on specified movable assets for securing borrowing for working capital requirements in the ordinary course of business. The debentures are further secured by way of mortgage on immovable properties of SSD (other than properties exclusively mortgaged to Housing Development Finance Corporation Limited (HDFC) for its housing loan) of the Company. The charge and mortgage shall rank pari passu with the charges and mortgages created in favour of ICICI Bank Limited (ICICI), State Bank of India (SBI), Punjab National Bank (PNB), Bank of Baroda (BOB) and State Bank of Patiala (SBOP).

The debentures were redeemable at par, in three instalments of Rs.15, Rs.15 and Rs.20 at the end of the 5th, 6th and 7th years respectively from the date of allotment of the debentures. The Board, however, had the absolute authority to redeem the Non Convertible portion, partly or fully in one or more instalments at any time after the expiry of three years from the date of allotment of the debentures. The earliest date of redemption for debentures' public portion and right portion was March 15, 2000 and April 1, 2000 respectively.

The Company's request for reschedulement of dates of redemption of 2,20,000 debentures to 9 equal half-yearly instalments commencing from Oct 1, 2004 and reduction of interest thereon to 12.5% p.a. has been accepted by ICICI and first instalment thereof has been paid by the company. However, UTI which is holding 44,13,451 debentures has refused to participate in this restructuring scheme prepared under a Corporate Debt Restructuring (CDR) package. Consequent thereto the Company has moved an application under section 391 of the Companies Act, 1956 in the matter. As regard, partly paid up debentures, these are being redeemed on receipts of discharged partly paid up debenture certificates.

2. i) Cash credits from banks (other than District Co-operative banks referred to in (ii) below) for the SSD are secured by hypothecation of stock of raw materials, stock in process, sugar stocks, stores and spares and book debts of the SSD and are further secured by a third charge by way of hypothecation of all the SSD's movable assets, save and except book debts, including movable plant and machinery, machinery spares, tools and accessories, motor vehicles, both present and future, and by a joint equitable mortgage of SSD's immovable properties (other than properties exclusively mortgaged to HDFC for its housing loan), both present and future.
- ii) Cash credit from District Co-operative banks for SSD and Chilwaria Sugar Division (CSD) are secured by pledge of sugar stocks of SSD and CSD respectively.
- iii) Cash credits from banks (other than District Co-operative banks referred to in (ii) above) for CSD are secured by hypothecation/pledge of raw materials, stock in process, sugar stocks, stores and spares and other current assets of CSD and are further secured by a second charge by way of hypothecation of all the CSD's movable assets, including movable plant and machinery, machinery spares, tools and accessories, both present and future, and by a joint equitable mortgage of immovable properties of the CSD, both present and future.
- iv) Cash credit from a bank for Simbhaoli Distillery Division (SDD) is secured by way of hypothecation of entire current

assets of SDD, stocks of raw materials, stock in process and receivables and is further secured by exclusive second charge on the entire fixed assets of SDD.

3. (i) Foreign currency loan of Rs 793.65 lacs (previous year Rs. 791.67 lacs) and rupee loan of Rs. 2414.51 lacs (previous year Rs. 2653.25 lacs) from ICICI is secured by a first charge by way of hypothecation of all of SSD's and CSD's movable assets, save and except book debts, including movable plant and machinery, machinery spares, tools and accessories, both present and future, subject to prior charges created/to be created in favour of SSD's and CSD's bankers on these division's stock of raw materials, semi-finished and finished goods, consumable stores, book debts and such other movable assets as may be agreed to by ICICI for securing borrowings for working capital requirements in the ordinary course of business. The loans are further secured by a joint equitable mortgage of immovable properties of SSD (other than properties exclusively mortgaged to HDFC for its housing loan) and CSD, both present and future.
- (ii) Loan aggregating Rs. 1285.36 lacs (previous year Rs. 1380.95 lacs) from The Industrial Development Bank of India (IDBI) is secured by a first charge by way of hypothecation of all the CSD movable assets, save and except book debts, including movable plant and machinery, machinery spares, tools and accessories, both present and future, subject to prior charges created/to be created in favour of the CSD's bankers on the division's stock of raw materials, semi-finished and finished goods, consumable stores, book debts and such other movable assets as may be agreed to by the institutions for securing borrowings for working capital requirements in the ordinary course of business. The loan is further secured by a joint equitable mortgage of immovable properties of the CSD, both present and future.
- (iii) The working capital term loans from Banks of Rs. 623.68 lacs (previous year Rs. 851.46 lacs) for SSD is secured by way of first charge on fixed assets of SSD and SDD on pari passu basis. Further, these are secured by way of pledge of certain equity shares held by the key promoters in the Company.

The charges (refer to para (3) above) in favour of ICICI Bank Limited, IDBI, SBI, PNB, BOB and SBOP shall rank pari passu with charges created/ to be created in favour of existing first charge holders for their respective term loans on the security of respective division.

4. Loan of Rs. 972.12 lacs (previous year Rs. 972.12 lacs) from Sugar Development Fund (SDF) is secured by a second charge by way of hypothecation of SSD's all movable assets including movable plant and machinery, machinery spares, tools and accessories, both present and future of SSD. The loan is further secured by way of exclusive second charge on the immovable assets of SSD (other than properties exclusively mortgaged to HDFC for its housing loan), both present and future.
5. The housing loan of Rs. Nil (previous year Rs. 22.93 lacs) from HDFC is secured by a mortgage of certain pieces of land of SSD on exclusive first charge basis together with all buildings and structures thereon.
6. Term loan of Rs. 315.00 lacs (previous year Rs. 405.00 lacs) from a bank for SDD is secured by way of exclusive first charge on the SDD's fixed assets acquired under the scheme. The loan is further secured by way of first pari passu charge on the remaining fixed assets of SDD.
7. Term loan of Rs. 17.15 lacs (previous year Rs. 30.17 lacs) from banks and Rs. 3.67 lacs (previous year Rs. 5.52 lacs) from Kotak Mahindra Primus Limited are secured by way of hypothecation of specific vehicles.
8. All the credit facilities except SDF loan of Rs. 972.12 lacs (previous year Rs. 972.12 lacs) are guaranteed by the Managing Director and Deputy Managing Director of the Company.
9. Term loans repayable within a year Rs. 1263.20 lacs (previous year Rs. 650.78 lacs).

SCHEDULE 4 - UNSECURED LOANS

	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
Fixed deposits	194.81	186.53
Short term loans and advances:		
From Directors	70.83	73.77
From a bank	-	1.46
From others	245.61	54.69
Interest accrued and due thereon	9.91	6.59
	<u>326.35</u>	<u>136.51</u>
Other Loans and advances from :		
Sugar Development Fund #	49.50	49.50
Interest accrued and due on above	43.35	38.79
Hire purchase liabilities *	-	3.01
	<u>92.85</u>	<u>91.30</u>
	<u>614.01</u>	<u>414.34</u>

Due within a year Rs.49.50 lacs (previous year Rs.49.50 lacs)

* Due within a year Rs. Nil lacs (previous year Rs.3.01 lacs)

SCHEDULES 5 - FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2004	Additions	Deletions	As at March 31, 2005	Upto March 31, 2004	For the year ended	On Deletions	As at March 31, 2005	As at March 31, 2004	As at March 31, 2005
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Land	1,012.46	-	-	1,012.46	-	-	-	-	1,012.46	1,012.46
Buildings	2,686.31	59.52	-	2,745.83	900.89	84.01	-	984.90	1,760.93	1,785.42
Railway siding	1.60	-	-	1.60	1.40	0.03	-	1.43	0.17	0.20
Plant and Machinery	21,807.29	1,714.76	13.10	23,508.95	8,185.78	1,081.25	-	9,267.03	14,241.92	13,621.51
Furniture and fixtures	121.23	8.30	-	129.53	108.22	4.03	-	112.25	17.28	13.01
Vehicles	193.08	3.92	9.09	187.91	124.21	17.51	6.81	134.91	53.00	68.87
Live Stock	0.45	-	-	0.45	-	-	-	-	0.45	0.45
Previous year	25,822.42	1,786.50	22.19	27,586.73	9,320.50	1,186.83	6.81	10,500.52	17,086.21	16,501.92
Capital work in progress including capital advance Rs. 5.36 lacs (previous year Rs. 31.99 lacs)	22,732.84	3,276.00	186.42	25,822.42	8,349.81	1,096.00	125.31	9,320.50	794.56	914.37
									17,880.77	17,416.29

Notes:

- Gross block includes assets taken on hire purchase:
Plant and machinery Rs. 10.46 lacs (previous year Rs. 10.46 lacs)
Vehicle Rs. 6.77 lacs (previous year Rs. 6.77 lacs)
- Additions to fixed assets and capital work in progress includes adjustment on account of foreign exchange fluctuation amounting to Rs. 1.69 lacs (deletion in previous year Rs. 53.60 lacs) and Rs. 0.30 lac (deletion in previous year Rs. 20.67 lacs) respectively.
- Additions to fixed assets and capital work in progress during the year includes Rs. 7.15 lacs (previous year Rs. 116.20) and Rs. 7.91 lacs (previous year Rs. 2.18 lacs) respectively on account of borrowing cost.

SCHEDULE 6 - INVESTMENTS

	As at March 31, 2005	As at March 31, 2004
	Rs. lacs	Rs. lacs
Long term investments		
Unquoted (Trade)		
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 Saving Certificate	0.05	0.05
	<u>0.05</u>	<u>0.05</u>

SCHEDULE 7 - DEFERRED TAX ASSETS (NET)#

	As at March 31, 2005	As at March 31, 2004
	Rs. lacs	Rs. lacs
Deferred tax assets		
Unabsorbed depreciation	3,551.39	3,901.38
Unabsorbed loss	-	437.83
Accrued expenses deductible on payment	927.26	1,079.55
Others	45.96	24.05
	<u>4,524.61</u>	<u>5,442.81</u>
Deferred tax liabilities		
Depreciation	3,216.20	2,907.98
Others	-	356.37
	<u>3,216.20</u>	<u>3,264.35</u>
Deferred tax assets (net)	<u>1,308.41</u>	<u>2,178.46</u>

Refer note 10 in schedule 15

SCHEDULE 8 - INVENTORIES

	As at March 31, 2005	As at March 31, 2004
	Rs. lacs	Rs. lacs
Inventories		
Stores and spares (at cost or under)	700.67	577.59
Tools and appliances (at cost or under)	9.37	9.37
Stock-in-trade (at lower of cost and net realisable value)		
Raw materials #	6,664.47	616.99
Process stocks	155.11	354.63
Finished goods	12,337.12	13,455.38
	<u>19,866.74</u>	<u>15,013.96</u>

Includes Rs. 4249.08 lacs (previous year Rs. nil) being raw materials purchased on which supplier has a lien pending payment being made in respect thereof.

SCHEDULE 9 - SUNDRY DEBTORS

	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
Unsecured		
Debts over six months		
- considered good	53.03	76.16
- considered doubtful	132.96	66.86
Other debts - considered good	1,170.91	912.08
	<u>1,356.90</u>	<u>1,055.10</u>
Less : Provision for doubtful debts	132.96	66.86
	<u>1,223.94</u>	<u>988.24</u>

SCHEDULE 10 - CASH AND BANK BALANCES

	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
Cash, cheques and drafts on hand	35.83	34.14
With scheduled banks:		
On current account	175.62	156.50
On fixed deposit account [pledged with excise authorities and civil court Rs. 28.33 lacs (previous year Rs. 70.83 lacs)]	91.44	96.59
With post office :		
On savings bank account (maximum balance during the year Rs. 0.05 lacs (previous year Rs. 0.24 lac)	-	0.05
	<u>302.89</u>	<u>287.28</u>

SCHEDULE 11 - LOANS AND ADVANCES

	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
Unsecured and considered good, unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received		
- considered good	1,354.79	1,380.22
- considered doubtful	-	1.34
	<u>1,354.79</u>	<u>1,381.56</u>
Less : Provision for doubtful advances	-	1.34
	<u>1,354.79</u>	<u>1,380.22</u>
Balances with excise authorities on current accounts	393.57	290.02
Advance payment of income-tax	66.51	40.57
	<u>1,814.87</u>	<u>1,710.81</u>



SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2005 Rs. lacs	As at March 31, 2004 Rs. lacs
Current liabilities		
Sundry creditors		
Total outstanding dues of small scale industrial undertakings #	294.29	135.45
Total outstanding dues of creditors other than small scale industrial undertakings	9,972.17	8,772.96
Other liabilities	585.00	765.83
Interest accrued but not due on loans	173.24	117.01
	<u>11,024.70</u>	<u>9,791.25</u>
Provisions		
Taxation	181.66	6.60
Leave encashment	63.31	54.92
	<u>244.97</u>	<u>61.52</u>
	<u>11,269.67</u>	<u>9,852.77</u>

Refer note 5 in schedule 15

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

SCHEDULE 13 - OTHER INCOME

	Year ended March 31, 2005 Rs. lacs	Year ended March 31, 2004 Rs. lacs
Interest *	7.92	14.37
Rent	5.77	6.78
Transfer from 'Capital grant-in-aid'	1.17	1.18
Profit on sale of fixed assets	0.56	0.69
Subsidy on buffer stock	139.07	165.95
Subsidy on export	-	39.10
Excess provisions written back	32.04	61.04
Miscellaneous	327.24	135.03
	<u>513.77</u>	<u>424.14</u>

* Tax deducted at source Rs. 0.40 lac (previous year Rs. 0.55 lac)

SCHEDULE 14 - MANUFACTURING AND OTHER EXPENSES

	Year ended March 31, 2005	Year ended March 31, 2004
	Rs. lacs	Rs. lacs
Raw materials consumed	21,786.75	16,483.20
Sugarcane development expenses	220.06	66.30
Salaries, wages, bonus, etc.	1,404.46	1,409.53
Contribution to provident fund	140.03	138.01
Contribution to superannuation fund	21.91	24.37
Contribution to gratuity fund	98.25	78.14
Leave encashment	60.22	66.30
Staff welfare expenses	56.70	38.49
Stores, oils and chemicals (all indigenous) #	2,951.79	2,443.52
Power and fuel	382.35	509.52
Repairs and maintenance		
-Machinery	838.81	755.03
-Buildings	99.17	77.21
-Others	82.52	77.87
Insurance	73.80	71.68
Rent	115.00	94.22
Lease rent	63.57	79.95
Rates and taxes	64.61	71.94
Donations	5.28	0.39
Travelling expenses	93.81	77.44
Marketing expenses	394.64	492.57
Commission to selling agents	339.14	242.14
Loss on sale of fixed assets	-	0.45
Bad debts and advances	14.14	0.82
Provision for doubtful debts	74.49	18.05
Miscellaneous expenses	526.38	476.60
Increase/(decrease) in excise duty on inventory	(52.86)	272.60
	<u>29,855.02</u>	<u>24,066.34</u>
(Increase)/decrease in stocks :		
Finished :		
Opening stocks	13,455.38	10,275.51
Less: closing stocks	12,337.12	13,455.38
	<u>1,118.26</u>	<u>(3,179.87)</u>
Process:		
Opening stocks	354.63	296.17
Less: closing stocks	155.11	354.63
	<u>199.52</u>	<u>(58.46)</u>
	<u>31,172.80</u>	<u>20,828.01</u>

Stores, oils and chemicals allocated to other revenue heads Rs.641.52 lacs (previous year Rs.640.00 lacs)

SCHEDULE 15 - NOTES TO THE FINANCIAL STATEMENTS

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 (ii) below. These statements have been prepared in accordance with the applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

ii) Fixed assets

Certain fixed assets, acquired prior to 1955 and in respect of which the cost is not ascertainable, are stated at their written down value.

Fixed assets [other than certain fixed assets of Simbhaoli Sugar Division and 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 dates of their commissioning.

iii) Depreciation

A) In respect of fixed assets where costs have been modified based on revaluation / business valuation :

- Simbhaoli Sugar Division : On the straight line method at the rates applicable to their balance useful life as estimated by the valuer.
- Simbhaoli Distillery Division : 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 Simbhaoli Distillery Division and Chilwaria Sugar Division) - Written down value method
- Buildings (Simbhaoli Distillery Division and Chilwaria Sugar Division) - Straight line method
- Plant and machinery acquired upto September 30, 1987 - Written down value method
- Plant and machinery (other than plant and machinery acquired upto September 30, 1987 and 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) Fixed assets costing upto Rs.5000 are fully depreciated in the year of acquisition.

D) 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.

iv) Investments

Investments are stated at cost as reduced by diminution in value, if any.

v) 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 realisable value. The bases of determining cost for different categories of inventory are as follows:

- | | | |
|-------------------------------|---|---|
| Stores and spare parts | - | monthly weighted average. |
| Raw materials | - | annual weighted average. |
| Process stocks/finished goods | - | annual weighted average material cost plus appropriate share of labour and manufacturing overheads. |

vi) Retirement benefits

The Company's contributions to the provident fund, superannuation fund, gratuity fund, etc. and the provision for leave encashment benefit determined on an actuarial basis are charged to revenue each year.

vii) Research and development expenditure

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

viii) Revenue recognition

Revenue is recognised in accordance with Accounting Standard (AS) 9 - "Revenue Recognition" issued by the Institute of Chartered Accountants of India.

ix) Foreign exchange fluctuations

Transactions in foreign currency are recorded at the exchange rates prevailing at the time of the transactions.

In the case of liabilities incurred for the acquisition of fixed assets, the gain or loss on conversion (at the rates prevailing at the year end) is included in the carrying amount of the related fixed assets.

Current assets and current liabilities (other than those relating to fixed assets) are restated at the rates prevailing at the year end, and the difference between the year end rate and the exchange rate at the date of the transaction is recognised as income or expense in the profit and loss account.

x) Government grants

Government grants related to revenue are recognised 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 recognised in the profit and loss account over the useful life of the asset to which they relate.

xi) Lease transactions

In respect of equipment taken on finance lease, lease rentals payable have been segregated into cost of asset and interest component by applying an implicit internal rate of return. The cost component is amortised over the remaining useful life of the asset and the interest component is charged as period cost. Lease payments in excess of or less than the total cost for the period are carried as prepaid sums or liabilities respectively.

(xii) Taxation

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

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

2. Contingent liabilities not provided for:

- i) Claims against the Company not acknowledged as debts Rs. 60.28 lacs (previous year Rs. 127.04 lacs).

DESCRIPTION	(Rs. in lacs)	
	Current year	Previous year
Sale Tax / Trade Tax Act	27.27	36.20
State Excise Act	9.26	9.26
Central Excise Act	11.01	11.01
Sugar Cane Act	-	71.58
Entry Tax Act	4.77	-
Others	7.37	8.25
Total	60.28	127.04

- ii) Arrears of cumulative preference dividend for the period from April 2001 to March 2005 - Rs. 292.32 lacs (previous year Rs.227.36 lacs)
3. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs.80.96 lacs (previous year Rs.114.41 lacs).
 4. During the year 2003-2004, certain lenders to whom 10% Cumulative Redeemable Preference Shares had been issued in an earlier year have agreed to reduce the dividend rate thereon to 8% with effect from April 1, 2003. However, the Company's application to waive the requirement of paying interest on cumulative dividend arrears, due to it being inconsistent with the provisions of the Companies Act, 1956, is still pending with the concerned lenders.
 5. "Sundry creditors" include Rs. 294.29 lacs (previous year Rs.135.45 lacs) due to suppliers covered under the "Interest on Delayed Payment to Small Scale and Ancillary Undertakings Act, 1993", to the extent such parties have been identified from the available information. The Company has not received any claim for interest from any supplier under the said Act.

The names of Small Scale Industrial Undertakings to whom the Company owes any amount outstanding for more than 30 days as at March 31, 2005 are M/s.Chemical Systems, M/s. Rajukesh Industries, M/s. Sadhna Foundry & Engineering Co., M/s.Uttar Pradesh Engineering Co., M/s Vikas Pump & Projects, M/s.Agro Engg.Product De hi, M/s.Alpha Engineering and System, M/s.Allied Engineering Works, M/s.Chemicals Systems Tech India, M/s. Dinesh Industrial Corpn, M/s.Engineering Corpn. of India, M/s.Gee Ess Engg. Works, M/s.Ganesh Metal Industries, M/s. Heramb Udyog, M/s. Innovation Chemicals, M/s.Jassal Engineering, M/s.M.R.Kalia Industries, M/s.Newage Packaging, M/s.Press Tools Industries, M/s.Sumtech Engineers P.Ltd., M/s.Standard Auto General Engineering, M/s.Shrijee Engineering Work, M/s.Sintech Precision Prod., M/s.Techno Kraft Engineering, M/s.IBF Enviro Tech.Pvt. Ltd., M/s.Micro Nickel (P) Ltd., M/s.Vijay Laxmi Packers, M/s.Thermodyne Tech.,M/s. Subhash Rubber Works, M/s. Waltech India, M/s.Risfansi Industries Ltd., M/s Alpha Control Ind. (P) Ltd., M/s Bonafide Manufacturing Co., M/s C.S. Mechanical, M/s Maha Shakti Machines Pvt.Ltd., M/s Mangla Rubber Industries, M/s Puri Industries, M/s S.J. Industries, M/s Saneer Electricals (P) Ltd., M/s Kagaj Print-N-Pack (India) P Ltd, M/s E.M. Poly Bag, M/s.Asian Chemicals, M/s.Sardari Lal Oberoi, M/s.Unitech Engineering Corporation, M/s.HIC International, M/s Surya Chains Pvt. Ltd, M/s.Atul Electroformers Pvt. Ltd., M/s. Ravi Enterprises and M/s.R.S. Package Industries.

6. Revenue expenditure on research and development: Rs.2.01 lacs (previous year Rs.1.15 lacs).
7. Future obligation by way of lease rentals payable Rs. Nil (previous year Rs. 181.19 lacs)
8. During the year 2000-2001, Hon'ble High Court at Allahabad pursuant to a Writ Petition filed by the West U.P.Sugar Mills Association, vide its order dated March 28, 2001, directed the Central Government to revise the levy sugar price notified for the sugar season 1999-2000 according to the directions given by the Hon'ble High Court. The West J.P.Sugar Mills Association has also filed a Writ Petition in the Allahabad High Court, similarly challenging the levy price notification for the sugar seasons 2000-2001 and 2001-2002. Based on the likely increase in the levy sugar price for the sugar season 1999-2000 to 2001-2002 of Rs.29.28 per quintal, as estimated by the West U.P.Sugar Mills Association, the Company has recognised income aggregating Rs. 128.83 lacs in earlier years, pending final settlement of the notified prices. Necessary adjustments, if any, will be made in the accounts on final settlement of notified prices.
9. Consequent to the Honourable Supreme Court of India vide its order dated 5.5.2004 upholding the right of the Uttar Pradesh (U.P) Government to regulate sugarcane price, the U.P.Government has directed the Company to make payment to farmers as per State Advised Price (SAP) announced for the seasons 1996-97, 2002-03 and 2003-04. Accordingly liability for cane price differential aggregating Rs. 2450.14 lacs has been charged under the head "Exceptional item" in the profit and loss account.
10. On the basis of the future projections taken on record by the Board of Directors of the Company and after taking into account the turnaround in domestic sugar market as well as the steps taken by the Company to augment its revenues, the Board of Directors are confident that there is a virtual certainty that sufficient future taxable income will be available against which deferred tax assets will be realised. Accordingly, deferred tax assets (net) aggregating Rs. 1308.41 lacs (previous year Rs. 2178.46 lacs) has been recognized in the accounts.

11. Related Party disclosure under Accounting Standard 13

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

Key Managerial Persons: Mr.G.M.S.Mann, Mr.Gurpal Singh, Dr.G.S.C.Rao, Mr. Sanjay Tapriya and Mr. S.N.Mishra (Director for part of the year).

Relatives of Key management personnel: Mrs.Ishwarpreet Kaur (sister of Mr.Gurpal Singh), Mrs.G.R.Lakshmi (wife of Dr.G.S.C.Rao), Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya), Mr. B.D.Tapriya (father of Mr. Sanjay Tapriya) and Mr.Govind Sandhu (brother of Mr.Gurpal Singh).

Enterprise over which key management personnel exercise significant influence: Dholadhar Investments (P) Ltd. (enterprise over which Mr.G.M.S.Mann exercises significant influence).

B. Transactions with the above parties:

(Rs.in lacs)

Description	Key management personnel		Relatives of key management personnel		Company over which key management personnel exercise significant influence	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Sugarcane purchases	-	0.62	-	-	-	-
Rent	-	-	16.53	13.29	-	-
Lease Rent	-	-	-	0.88	-	-
Professional charges	-	-	0.37	-	-	-
Managerial remuneration	70.12	81.53	-	-	-	-
Loans taken (including fixed deposits)	1.00	5.51	1.80	1.88	135.47	135.26
Interest paid on Loans (including fixed deposits)	3.61	4.34	2.00	1.88	14.74	8.71
Loans repaid	0.37	8.43	-	0.20	27.25	175.44
Loans outstanding	35.84	38.68	17.18	15.38	154.68	34.80
Guarantees given on behalf of Company by Mr. G. M. S. Mann and Mr. Gurpal Singh	16746.30	15136.43	-	-	-	-
	16857.24	15275.54	37.88	33.51	332.14	354.21

12. Segment reporting

A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered accountants of India, the Company's business segments include: Sugar, Potable Alcohol and Others (Bio-manure and Iron products).

B. Geographical segments:

Since the Companies 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 15 "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 deferred 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 are 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 in consolidation.

	Year ended March 31, 2005	Year ended March 31, 2004
13. Profit/(Loss) per share		
Profit/(Loss) for the year after taxation, as per profit and loss account (Rs.lacs)	1185.50	(408.15)
Less: Preference dividend due on 8% (Previous year 8%) Cumulative Redeemable Preference Shares	64.96	64.96
Profit/(Loss) attributable to equity shares outstanding	1120.54	(473.11)
Weighted average number of equity shares outstanding	11185492	11047577
Basic and diluted (Loss)/earnings per share in rupees (face value - Rs. 10 per share)	10.02	(4.28)
	Rs. lacs	Rs. lacs
14. Auditors' remuneration:		
As auditor		
- Audit Fee	12.12	9.72
- Out of Pocket Expenses	0.32	0.23
In other capacity for:		
- Limited review of unaudited financial results	8.74	8.64
- Corporate Governance and other certification work	0.75	1.31
15. Directors' remuneration:		
- Managerial remuneration	70.12	81.53
- Directors' fees	0.74	1.26
16. Value of imports on C I F basis - Raw materials	7846.03	9.77
17. Expenditure in foreign currency		
- Travelling	9.74	2.58
- Others	-	0.12
18. Particulars of capacity, production, sales, stocks and raw materials consumed		
a) Licensed capacity		
i) Crushing of sugarcane per day (M.T.)	Not Applicable	Not Applicable
ii) Rectified spirit (Bulk Litres) per annum	2,72,72,000	2,72,72,000
b) Installed capacity, as certified by the management but not verified by the auditors being a technical matter		
i) Crushing of sugarcane per day (M.T.)	11000	11000
ii) Rectified spirit (Bulk Litres) per annum	2,72,72,000	1,95,00,000
iii) Power per hour (MW)	12	12
iv) Iron products per day (MT)	24	24
c) Actual production		
Sugar (Quintals)	17,31,590	16,35,752
Rectified Spirit and Country Spirit (B.L.)	1,94,96,475	1,89,32,277
M.S. Ingots (MT)	168.125	884.445
Runner Risers (MT)	0.110	38.045
Power (KWH)#	5581800	10623300
# Net of captive consumption		

d) Sales

(Net of 31.48 Lakhs)

	Unit	Year ended March 31, 2005		Year ended March 31, 2004	
		Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
Sugar	Qtls.	1966029	32797.07	1417180	18314.94
Rectified Spirit and country spirit	BL	25001357	16399.19	23236390	13784.76
Denatured spirit	BL	233800	62.45	18900	3.78
Whisky, brandy and civil rum	BL	668889	859.15	1011591	751.98
Fusel oil	BL	5000	0.58	10400	1.00
Power	KWH #	5581800	152.93	10623300	279.19
M.S.ingots	MT	236115	37.78	816.465	137.69
Runner Riser	MT	0110	0.01	12.840	1.94
Others			633.75		624.04
			50942.91		33899.32

Net of captive consumption.

e) Stock of goods manufactured

	Unit	Year ended March 31, 2005		Year ended March 31, 2004	
		Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
1. Opening stocks					
Sugar	Qtls.	1033135	12550.85	814786	9915.80
Rectified Spirit and country spirit	BL	1651472	220.88	239150	36.12
Denatured spirit	BL	15649	1.93	2883	0.41
Whisky, brandy and civil rum	BL	153482	144.41	127484	199.00
Power banked and wheeled	KWH *	1113379	8.82	724023	8.98
M.S. ingots	MT	67.99	9.32	-	-
Runner Riser	MT	12.95	1.67	-	-
Others			517.50		115.20
			13455.38		10275.51

* Net of units deducted towards banking and wheeling charges

	Unit	Year ended March 31, 2005		Year ended March 31, 2004	
		Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
2. Closing stocks					
Sugar	Qtls.	799696	10971.98	1033135	12550.85
Rectified Spirit and country spirit	BL	1652826	440.43	1651472	220.88
Denatured spirit	BL	17117	3.42	15649	1.93
Whisky, brandy and civil rum	BL	1738576	572.30	156482	144.41
Power banked and wheeled	KWH *	955578	8.46	1116379	8.82
M.S.ingots	MT	-	-	67.99	9.32
Runner Riser	MT	-	-	12.95	1.67
Others			340.53		517.50
			12337.12		13455.38

* Net of units deducted towards banking and wheeling charges.

f) Raw materials consumed
(all indigenous)

Unit	Year ended March 31, 2005		Year ended March 31, 2004	
	Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
Sugar cane	Qtls. 15574552	17915.92	17068708	15981.35
Raw Sugar	Qtls. 224804	2678.32	-	-
Molasses*	Qtls. 849205	1035.97	827070	301.96
Others		157.14		199.89
		<u>21786.75</u>		<u>16483.20</u>

* Quantity consumed includes internal transfer.

19. (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.

S. No.	Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
1.	U.P. Trade Tax Act	Trade tax on trade discount.	2.81	Deputy Commissioner, Hapur.	1997-1998
2.	U.P. Trade Tax Act	Trade Tax on non submission of Form 3B	3.90	Deputy Commissioner, Hapur	2001-2002
3.	State Excise Act	Penal interest on late payment	9.26	High Court	2001-2002
4.	Central Excise Act	Demand u/s 11A for alleged to be excess refund given	11.01	High Court	1979-1980
5.	Entry Tax Act	On imported raw sugar	4.77	Deputy Commissioner, Hapur	2004-2005

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

S. No.	Name of the statute	Nature of the dues	Amount (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
1.	U. P. Trade Tax Act	Trade tax on purchase of Peddy husk	1.34	High Court, Allahabad	1985-86 and 1986-87
2.	U. P. Trade Tax Act	Penalties imposed u/s 10A of the Act	2.26	High Court, Allahabad	1981-82 to 1983-84, 1985-86 to 1987-88 and 1989-90
3.	U.P. Trade Tax Act	Classification of purchased goods	2.15	High Court, Allahabad	1974-75, 1981-82, 1989-90, 1992-93.

Further, 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.

20. During the year, the Company, has purchased imported raw sugar aggregating 71,000 metric tonnes for Rs. 7846.03 lacs for conversion into white sugar. In terms of the advance license(s) granted for this purpose, the Company, within 24 months from the date of advance license(s), is required to export white sugar aggregating 67,619 metric tonnes. The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.

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

THE SIMBHAOLI SUGAR MILLS LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS ON MARCH 31, 2005

1. Registration Details		State Code	20
Registration No.	740		
Balance Sheet Date	31032005		
2. Capital raised during the year (amount in Rs. thousand)		Right Issue	NIL
Public Issue	NIL	Private Placement	NIL
Bonus Issue	NIL		
3. Position of mobilization and deployment of fund (amount in Rs. thousand)		TOTAL ASSETS	3112800
TOTAL LIABILITIES	3112800	Reserve and Surplus	436144
SOURCE OF FUNDS		Unsecured Loan	61401
Paid up capital	192308		
Secured Loan	2422947	Deferred tax Assets	130841
APPLICATION OF FUND		Net Current Assets	1193877
Net fixed Assets	1788077	Accumulated Losses	NIL
Investment	05	Total Expenditure	3730273
Miscellaneous Expenditure	NIL	Profit/Loss after Tax	+/-
4. Performance of Company (amount in Rs. thousand)		+/-	+ 118550
Turnover & Other Income	3953334	Dividend rate %	NIL
Profit/Loss Before Tax			
+/-	+ 223061		
Earning per share in Rs.	10.02		
5. Generic names of three principal product/services of the Company (as per monetary terms)		Product Description	SUGAR
Item Code No. (ITC Code)	17.01	Product Description	ALCOHOL
Item Code No. (ITC Code)	2207.10		
Signatures			
G.S.C. Rao Executive Director	Gurpal Singh Dy. Managing Director	Gurmit Singh Mann Chairman & Managing Director	
A.K. Agarwal Sr. Dy. General Manager (F)		Sanjay Tapriya Director (F) and Company Secretary	
New Delhi April 20, 2005			