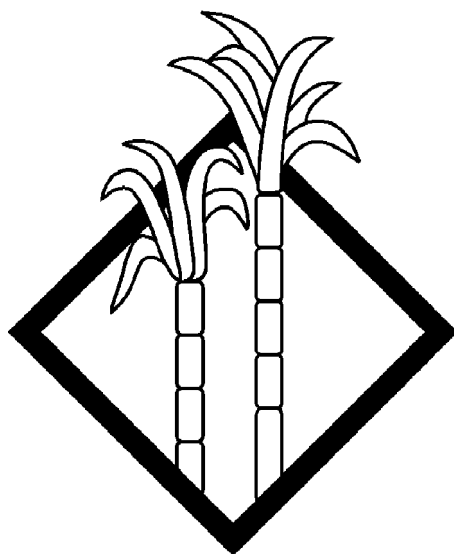


# ***SBEC Sugar Limited***



N I N E T E E N T H   A N N U A L   R E P O R T

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**2013**

**BOARD OF DIRECTORS**

Mr. Umesh K Modi	- Chairman & President
Mr. Abhishek Modi	- Executive Director & Chief Executive Officer
Mrs. Kum Kum Modi	
Mr. Jayesh Modi	
Mr. Santosh C. Gupta	- Whole Time Director (Works)
Mr. G. C. Jain	
Mr. Man Mohan	
Mr. O.P. Modi	
Mr. Norland L. C. Suzor	
Mr. Claude Philogene	

**ALTERNATE DIRECTOR**

Mr. N. P. Bansal	- Alternate to Mr. Claude Philogene
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**CHIEF FINANCIAL OFFICER**

Mr. Arun Kumar Gupta

**COMPANY SECRETARY**

Mr. Ajay PS Saini

**AUDITORS**

M/s Doogar & Associates  
13, Community Centre,  
East of Kailash,  
New Delhi-110 065

**BANKERS**

The Shamrao Vithal Co-Operative Bank Ltd.  
IDBI Bank Ltd.  
Axis Bank Ltd.  
Punjab National Bank  
State Bank of India

**REGISTERED OFFICE & PLANT**

Village : Loyan Malakpur,  
Tehsil : Baraut - 250 611,  
Distt. Baghpat,  
Uttar Pradesh

**CORPORATE OFFICE**

1502-A, 16th Floor, Modi Tower,  
98, Nehru Place,  
New Delhi-110 019

**REGISTRAR & SHARE TRANSFER AGENT**

M/s Beetal Financial & Computer Services (P) Ltd.  
Beetal House, 3rd Floor, 99 Madangir,  
Near Dada Harsukhdas Mandir,  
Behind Local Shopping Centre,  
New Delhi-110062

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## NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the Shareholders of SBEC Sugar Limited will be held on Monday, the 30<sup>th</sup> day of September, 2013 at the Registered Office of the company at Village: Loyan, Malakpur, Tehsil: Baraut, District: Baghpat, Uttar Pradesh at 2.30 P.M. to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013 and the Profit and Loss Account for the period ended as on that date along with Directors' Report and Auditor's Report thereon.
2. To consider and appoint a Director in place of Mr. Gulab Chand Jain who retires from the office by rotation, and being eligible offers himself for re-appointment.
3. To consider and appoint a Director in place of Mr. Jayesh Modi, who retires from the office by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

M/s Doogar & Associates, Chartered Accountants, (Firm Registration No.000561N) the retiring auditors, being eligible, offer themselves for re-appointment.

### SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII as amended from time to time and Other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the shareholders and such other approvals as may be necessary, the Company hereby approves the re-appointment of Mr. Abhishek Modi as Executive Director of the company for a further period of 5 years with effect from 10<sup>th</sup> July, 2013 without any remuneration."

6. **To consider and, if thought fit, to pass, the following resolution with or without modification, as a Special Resolution:-**

"RESOLVED THAT pursuant to Section 198, 269 and 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby approves the re-appointment of Mr. Santosh Chand Gupta as Whole Time Director (Works) of the Company for a period of one year with effect from 18<sup>th</sup> June, 2013 on the terms, conditions and remuneration mentioned herein below :

- |  |  |
|--|--|
| 1. Salary  | Rs. 94545 p.m.   |
| 2. Perquisites and Allowances  |  |
| (i) House Rent Allowance   | Rs. 12500 p.m.   |
| (ii) Special Allowance   | Rs. 1680 p.m.  |
| (iii) Reimbursement for Books and Periodicals                              | Rs. 1900 p.m.  |
| (iv) Reimbursement for Helper  | Rs. 2400 p.m.  |
| (v) Medical Reimbursement  | Expenses incurred for him and the family subject to a maximum of seven percent of the basic salary in a year.  |
| (vi) Leave Travel Concession   | 8.33% of the basic salary in a year. For himself and family once in a year.  |
| (vii) Bonus  | 8.33% of the basic salary in a year.   |
| (viii) Contribution to Provident Fund, Superannuation fund or annuity fund | As per the rules of the Company which shall not be computed for the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. |
| (ix) Gratuity  | Gratuity payable shall not exceed half month's salary for each completed year of service.  |
| (x) Car  | One Company car with driver on actual basis.   |
| (xi) Telephone   | One Telephone at residence on actual basis. Personal long distance calls on telephone will be billed by the company.   |

Explanation:-

Provision of car for use of Company's business and telephone at residence will not be considered in computing the value of perquisites.

Note: All the perquisites will be interchangeable i.e. any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisites(s).



### 3. OTHER TERMS

- |   |   |
|---|---|
| (i) Leave                                     | As per the rules of the Company   |
| (ii) Sitting Fees                             | Mr. Santosh Chand Gupta will not be entitled for sitting fees for attending the meetings of the Board or Committees thereof.  |
| (iii) Reimbursement of entertainment expenses | Mr. Santosh Chand Gupta will be entitled to reimbursement of entertainment and other expenses incurred in the course of legitimate business purpose of the Company.   |
| (iv) Minimum Remuneration                     | In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Santosh Chand Gupta will be entitled to remuneration along with the perquisites / benefits mentioned above by way of minimum remuneration in terms of Para 1(B) of section II of Part II of Schedule XIII of the Companies Act, 1956. |

RESOLVED FURTHER THAT the Board be and is hereby authorised to increase the aforesaid salary from time to time subject to that the overall remuneration shall not exceed the remuneration limits prescribed in terms of Para 1(B) of section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board  
For SBEC Sugar Limited

Place : New Delhi  
Date : 8th August, 2013

Ajay PS Saini  
Company Secretary

#### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS/HER BEHALF AND THE PROXY NEED NOT TO BE MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE SCHEDULED TIME OF COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ANNEXED HERewith.**
- The Register of Members & Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive).
- Members, who hold shares in dematerialized form, are requested to notify, changes, if any, in their address, to their respective Depository Participant and those, who hold shares in physical form, may intimate the same to the Company.
- Members/proxies are requested to bring attendance slips sent herewith duly filled in, for attending the meeting.
- Members desiring any information as regards to accounts are requested to address their questions to the Company Secretary at least 7 days before the date of the meeting so that the required information is made available at the meeting.
- Non-Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
- As per the provisions of the Companies Act, 1956, as amended, facility for making nominations is available to INDIVIDUALS holding shares in the Company. The Nomination can be made in Form-2B, which can be obtained from the Share Department of the Company.
- Documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 A.M to 1.00 P.M upto the date of Annual General Meeting.
- The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by permitting companies to communicate with its members through electronic mode. Members are requested to register their e-mail address with the Company or its Registrar & Transfer Agent, Beetel Financial & Computer Services (P) Limited . Members are also requested to update/intimate changes in their email address from time to time.

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

##### **ITEM NO. 5**

At the Annual General Meeting held on 24<sup>th</sup> September, 2008, the shareholders had approved the re-appointment of Mr. Abhishek Modi as Executive Director of the company for a further period of 5 years with effect from 10<sup>th</sup> July , 2008.

The term of office of Mr. Abhishek Modi as Executive Director of the Company expired on 09<sup>th</sup> July, 2013. Considering the efforts made by the Executive Director in enhancing the manufacturing capacity, substantial improvement in the performance of the company, the Board has subject to your approval, re-appointed him as Executive Director of the Company for a further period of 5 years with effect from 10<sup>th</sup> July, 2013 without any remuneration.



Mr. Abhishek Modi is an Engineering Graduate and has done Masters in Business Administration from Harvard Business School, U.S.A. He has more than 12 years of vast experience in Business Administration. The present proposal is to seek the member's approval for reappointment of Mr. Abhishek Modi as Executive Director in terms of the applicable provisions of Companies Act, 1956. The Board therefore recommends this resolution for your approval.

The term of re-appointment given in the said resolution may be treated as an abstract of the terms and conditions of appointment of the said Executive Director u/s 302 of the Companies Act, 1956.

Mr. Abhishek Modi is interested or concerned in the resolution. Further Mr. Umesh K. Modi, Chairman and President, Mrs. Kum Kum Modi and Mr. Jayesh Modi, Director being relatives of Mr. Abhishek Modi are deemed to be concerned or interested in the resolution.

#### ITEM NO. 6

At the Annual General Meeting held on 29<sup>th</sup> December 2012, the shareholders had approved appointment of Mr. Santosh Chand Gupta as Whole Time Director ( Works) of the company for a period of one year with effect from 18<sup>th</sup> June 2012. The term of office of Mr. Santosh Chand Gupta as Whole Time Director( Works) of the Company has expired on 17<sup>th</sup> June 2013.

Mr. Santosh Chand Gupta is a Post Graduate in Commerce and has more than 42 years of vast experience in Administration, Finance , Purchase etc.

Pursuant to Schedule XIII of the Companies Act, 1956, the Remuneration Committee, in their meeting held on 15<sup>th</sup> June 2013, approved and recommended to the Board for payment of such remuneration as mentioned in item no. 6 of this notice, to Mr. Santosh Chand Gupta for a period of one year w.e.f. 18<sup>th</sup> June, 2013.

The Board in their Meeting held on 15<sup>th</sup> June, 2013 had approved the appointment of Mr. Santosh Chand Gupta as the Whole Time Director (Works). Accordingly, the Board of Directors had approved the payment of said remuneration, subject to your approval.

The information as required under Schedule XIII to the Companies Act, 1956 is given hereunder:

#### I. GENERAL INFORMATION:

- |  |   |
|--|---|
| (1) Nature of Industry:  | Sugar   |
| (2) Date or expected date of commencement of commercial production:  | The Company commenced commercial production on 15 <sup>th</sup> February 1999 |
| (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: | Not Applicable  |
| (4) Financial performance based on given indicators:   | (Rs. in Lacs)   |

Financial Parameters	Current accounting Year ended 31.03.2013
Sales and other income	32068.30
<b>Profit/(Loss) before interest, depreciation &amp; tax</b>	<b>(2258.85)</b>
Interest and Finance charges	3096.65
Depreciation and Amortisation	606.33
Prior period expenses (net)	1011.52
<b>Profit / (Loss) before extra-ordinary items &amp; provision for taxation</b>	<b>(6973.35)</b>
Exceptional items	6287.27
<b>Profit / (Loss) before tax</b>	<b>(686.08)</b>
Provision for taxation	—
Deferred tax charge/ (credit)	372.61
<b>Profit / (Loss) after tax</b>	<b>(1058.69)</b>
Transfer to molasses storage fund	7.20
<b>Profit / (Loss) for the period after appropriation</b>	<b>(1065.89)</b>

- |   |      |
|---|------|
| (5) Export performance and net foreign exchange collaborations: | Nil  |
| (6) Foreign investments or collaborators, if any:               | None |

#### II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background details:

Mr. Santosh Chand Gupta is a Post Graduate in Commerce. He has more than 42 years of vast experience in the field of Administration, Finance, Purchases etc.



## (2) Past remuneration:

At the Annual General Meeting held on 29<sup>th</sup> December 2012, the shareholders had approved the remuneration of Mr. Santosh Chand Gupta with basic salary of Rs. 94545/- plus perquisites and allowances as per policy of the company subject to the overall ceiling laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956. .

## (3) Recognition or awards: None

## (4) Job profile and his suitability:

He is working as a Whole Time Director (Works) of the Company. He has vast experience in the area of administration, finance and commercial aspects of Company's business..

## (5) Remuneration proposed:

Details of proposed remuneration is given in Item No. 6 of the Notice convening the 19<sup>th</sup> Annual General Meeting.

## (6) Comparative remuneration profile with respect to industry size of the company, profile of the position and person:

In the similar sized sugar mills, remuneration is ranging between Rs. 15 lakhs to Rs. 40 lakhs per annum.

## (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Nil

**III. OTHER INFORMATION:**

## (1) Reasons of loss or inadequate profits:

The market sentiments for sugar during the financial year remained bearish owing to the continued mismatch between supply and demand of sugar, affecting sales realization. Further during the year UP Government has announced very high cane price which has resulted in the Loss before extraordinary expenses and provision for taxation to Rs.6973.35 Lacs against the Loss of Rs. 2033.53 lacs last year.

## (2) Steps taken or proposed to be taken for improvement:

The company is taking steps to improve quality of sugarcane by introducing various cane development programme which will increase the recovery of sugar and also taking steps to optimize the utilization of plant capacity which will reduce the overall cost of production.

## (3) Expected increase in productivity and profits in measurable terms

In sugar season 2013 -2014, it is expected that production of sugar cane and recovery will be better than previous sugar season. The Company is also taking steps to optimize the utilization of plant capacity which will reduce the overall cost of production.

Since payment of remuneration to Whole Time Director requires approval of the shareholders by way of a special resolution in terms of the provisions of Schedule XIII of the Companies Act, 1956, therefore, the Board recommends this resolution to be passed as a special resolution.

The terms of the appointment given in the said resolution may be treated as an abstract of the terms and conditions of appointment of the said Whole Time Director under section 302 of the Companies Act, 1956.

None of the Directors are interested or concerned in the resolution except Mr. Santosh Chand Gupta.

**BRIEF RESUME, EXPERIENCE AND OTHER DIRECTORSHIP**

**Information of Directors retiring by rotation seeking reappointment at this Annual General Meeting are given hereunder:-**

**MR. GULAB CHAND JAIN**

Mr. Gulab Chand Jain, Director of the Company retires by rotation and being eligible offers himself for re-appointment . He is a fellow member of the Institute of Chartered Accountants of India and has more than 43 years of experience in the fields of Finance, Accounts, Taxation and Company Law matters. He holds directorship/membership of Committees of the Board in the following other Public Limited Companies:

1. Own Investment India Limited 2. Bihar Sponge Iron Limited 3. SBEC Systems (India) Ltd. 4. Modi Gourmet Limited
5. SBEC Investments Limited 6. SBEC Bioenergy Limited

He does not hold any equity shares of the company in his name.

**MR. JAYESH MODI**

Mr. Jayesh Modi , Director of the Company retires by rotation and being eligible offers himself for re-appointment. He is young entrepreneur and completed his studies in United Kingdom . He holds directorship/membership of Committees of the Board in the following other Public Limited Company:

1. Modi Hitech Limited 2. Bihar Sponge Iron Limited 3. Chandil Power Limited 4. SBEC Bioenergy Limited

He holds 55487 equity shares of the company in his name.

By order of the Board  
For SBEC Sugar Limited

Place :New Delhi  
Date : 8th August, 2013

Ajay PS Saini  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 19<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2013.

### FINANCIAL RESULTS

The summarised financial results of SBEC Sugar Ltd. as well as Consolidated with its subsidiaries i.e. M/s. SBEC Bioenergy Ltd., M/s. SBEC Stockholding and Investment Ltd and M/s Modi Gourmet Limited are as follows: (Rs. in Lacs)

Financial Parameters	SBEC SUGAR LTD.		CONSOLIDATED	
	Period ended 31.03.2013	Period ended 31.03.2012	Period ended 31.03.2013	Period ended 31.03.2012
Sales and other income	32068.30	32017.97	33309.57	33366.43
<b>Profit/(Loss) Before Interest, Depreciation &amp; Tax</b>	<b>(2258.85)</b>	<b>925.22</b>	<b>(1602.60)</b>	<b>1753.39</b>
Interest and Finance Charges	3096.65	2198.28	3552.68	2680.49
Depreciation and Amortisation	606.33	748.79	718.57	843.21
Prior period expenses (net)	1011.52	11.68	1011.52	11.68
<b>Profit/(Loss) before Extra-Ordinary Expenses &amp; Provision for Taxation</b>	<b>(6973.35)</b>	<b>(2033.53)</b>	<b>(6885.37)</b>	<b>(1781.99)</b>
Exceptional Items	6287.27	(1483.32)	(295.41)	(1483.32)
<b>Profit/(Loss) before Tax</b>	<b>(686.08)</b>	<b>(3516.85)</b>	<b>(7180.78)</b>	<b>(3265.31)</b>
Provision for Taxation	—	—	19.88	48.52
Deferred Tax Charge/ (Credit)	372.61	—	396.84	80.32
<b>Profit/(Loss) After Tax</b>	<b>(1058.69)</b>	<b>(3516.85)</b>	<b>(7597.50)</b>	<b>(3394.15)</b>
Transfer to Minority Interest	—	—	20.02	1140.31
Transfer to Molasses Storage Fund	7.20	7.22	7.20	7.22
<b>Profit/(Loss) for the period after appropriation</b>	<b>(1065.89)</b>	<b>(3524.07)</b>	<b>(7624.72)</b>	<b>(4541.68)</b>
Earning Per Share (in Rs.)	(2.22)	(7.38)	(15.99)	(9.51)

### OPERATIONS

The cane crushing for the period under review was 92.38 Lacs quintals in 134 days with an average crushing rate of 68943 quintals per day as against 99.35 Lacs quintals in 151 days with an average crushing rate of 65798 quintals per day for the previous period. The sugar recovery has slightly increased to 8.67 % as against 8.23% in the previous period.

For the sugar season 2011-12, the Government of U.P had increased the cane price as compared to last sugar season and the sugar market sentiments remained bearish throughout the year. Due to resulting financial losses the company was not able to meet its cane price obligation to farmers in time. The farmers resorted to agitation and disturbed the operation of the company. Fearing damage to person and property management was forced to close down the plant from July,2012 to October,2012, which affected the administration, repair & maintenance work of the plant during the year under review.

For the Sugar season 2012-13 the Government of U.P further increased the cane price and demand for sugar and its prices remained sluggish. The farmers again resorted to agitation and workers also resorted to illegal strike. For the safety of person and property management left with no option but to declare a lockout in the plant w.e.f 8<sup>th</sup> July,2013 which was lifted by the management on 2<sup>nd</sup> August,2013 pursuant to the negotiation and settlement arrived at before the Dy. Labour Commissioner, Meerut.

On the basis of annual audited accounts of the company as at 31<sup>st</sup> March,2013, the Board of Directors formed an opinion that the net worth of the company as at 31<sup>st</sup> March,2013 has been fully eroded and that the company has become a sick industrial company as defined under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Board of Directors decided that a reference will be made with the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) to seek determination of measures which would be adopted as required under Section 15(1) and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

### FIXED DEPOSITS

During the period under review, the Company accepted/renewed deposits to the extent of Rs. 319 Lacs. The total amount of fixed deposit held as on 31<sup>st</sup> March 2013 was Rs. 466.25 Lacs . However, Rs. 417 lacs amount of fixed deposit is matured but not yet claimed by the deposit holders.



**DIRECTORS**

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 125 of the Articles of Association of the Company, Mr. Gulab Chand Jain, Non Executive Independent Director and Mr. Jayesh Modi, Non Executive Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

The Company have three Subsidiary Companies, namely SBEC Bio-energy Limited, SBEC Stockholding & Investment Limited and Modi Gourmet Limited. The audited statement of accounts alongwith the report of the Board of Directors, Auditor's Report and statement thereon for the year ended 31<sup>st</sup> March, 2013 of SBEC Bio-energy Limited is annexed. The Statement under Section 212 of the Companies Act, 1956 in respect of Subsidiary Companies is separately annexed.

In accordance with the General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Board of Directors has decided not to annex the annual accounts of the two Subsidiary Companies i.e. SBEC Stockholding & Investment Limited and Modi Gourmet Limited in this Annual Report. The annual accounts of these two Subsidiary Companies and the related detailed information shall be made available to the shareholders of the Company and the Subsidiary Companies seeking such information at any point of time. The annual accounts of these two Subsidiary Companies shall also be kept for inspection by any shareholder at the registered office of the Company and of the Subsidiary Companies concerned. The Company shall furnish a hard copy of details of account of these two Subsidiary Companies to any shareholder on demand.

**AUDITORS**

M/s Doogar and Associates, Chartered Accountants, (Firm Registration No.000561N), who are Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**COST AUDITOR**

Pursuant to the order of the Central Government under the provisions of Section 233B of the Companies Act, 1956, your company had appointed M/s. M.K. Singhal & Co., Cost Accountants, as cost auditors of the company, with the approval of Central Government.

**ACCOUNTS AND AUDITORS' REPORT**

Reference to the Auditors comment on financial statement being prepared on going concern basis, the comments are self explanatory and need no further comments.

Reference to the Auditors comments on non provision for interest on late payment of cane dues, it is hereby clarified that the company has not made provision of interest on late payment of cane dues, as it is negotiating with the farmers for its waiver. In case it has to be paid, it will be accounted for in the year of payment.

Reference to the Auditors comments on physical verification of fixed assets and inventory, it is hereby clarified that the physical verification of fixed assets and inventory is being taken during off season. However, during the off season falling in the financial year 2012-2013, physical verification could not be undertaken due to farmer's agitation from July 2012 to October, 2012.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217 (2AA) of Companies Act, 1956, the Directors of your company declare as under:

- I. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- II. That the Company has selected such accounting policies and applied them consistently, except as specified in Notes to Accounts which are self explanatory and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that year;
- III. That proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the company and preventing and detecting fraud and other irregularities;
- IV. That the Annual Accounts are prepared on going concern basis.

**CORPORATE GOVERNANCE**

As per clause 49 of the Listing Agreement with the Stock Exchange, Report on Corporate Governance, a Management Discussion and Analysis Statement, Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is included in the said Corporate Governance Report.



**LISTING OF SECURITIES**

The equity shares of your Company are listed on the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. The Company's application for delisting of shares with The Calcutta Stock Exchange Association Limited is still pending.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As stipulated under the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, Annexure containing the particulars is annexed hereto which forms a part of this report

**PARTICULARS OF EMPLOYEES**

None of the employees of the company were in receipt of remuneration of more than limit prescribed under section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**ACKNOWLEDGEMENTS**

Your Directors take this opportunity to express their appreciation and gratitude to the farmers and to the Co-operative Cane Societies for their invaluable support. Your Directors also take this opportunity to express their appreciation and gratitude to Government Agencies, Shareholders, Business Associates, Employees, Suppliers and Bankers of the Company for their help and support continuously extended to the Company.

For & on behalf of the Board  
For SBEC Sugar Ltd.

Place : New Delhi  
Date : 8th August, 2013

Umesh Kumar Modi  
(Chairman & President)

**ANNEXURE TO DIRECTORS' REPORT****PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) 1975 (AS AMENDED).**

(A) Persons employed throughout the financial year under review and were in receipt of remuneration for the year aggregating of not less than Rs. 60,00,000/- per annum.

S.No.	Name	Designation / Nature of duties	Qualifications	Experience (Years)	Date of Comm- encement of Employment	Total remunera- tion	Age	Last Employm- ent before join- ing the comp.
Nil								

- i. Nature of Employment : NIL  
ii. Other term & Conditions : NIL  
iii. Percentage of equity shares held : NIL

(B) Persons employed for part of the financial year under review and were in receipt of remuneration not less than Rs. 5,00,000/- per month.

S.No.	Name	Designation / Nature of duties	Qualifications	Experience (Years)	Date of Comm- encement of Employment	Total remunera- tion	Age	Last Employm- ent before join- ing the comp.
Nil								

- i. Nature of Employment : NIL  
ii. Other term & conditions : NIL  
iii. Percentage of equity shares held : NIL



**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.**

**FORM A: DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

PARTICULARS	UNIT	CURRENT ACCOUNTING PERIOD (01.04.2012 – 31.03.2013)	PREVIOUS ACCOUNTING PERIOD (01-04-2011 - 31.03.2012)
<b>A. Power and Fuel consumption</b>			
Electricity			
Quantity	KWH	19442654	19611680
Total Conversion Charges	Rs.	—	—
Per Unit Conversion Charges	Rs.	—	—
Own generation			
(i) Through Diesel Generator			
Quantity	KWH	9745	22523
Units per –litr. of Diesel oil	KWH	3.25	3.25
Total amount	Rs.	149890	294560
Cost/ Unit	Rs.	15.38	13.08
(ii) Through Steam Turbine/Generator			
Quantity	KWH	—	6780070
Units per- litr. of fuel oil /gas	KWH	—	—
Cost/ unit	Rs.	—	0.62
<b>B. Consumption per MT of sugar production</b>			
Electricity	KWH	245.90	239.86

**FORM B: DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

**(A) RESEARCH AND DEVELOPMENT (R&D)**

The Company per se did not carry out any basic R & D work during the year. However, some activities carried out through indigenous sources have resulted in improvement in the performance of the plant.

**(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Efforts in brief, made towards technology absorption, adaptation and innovation:
- Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:  
1 & 2: The Company has acquired the latest technology for production of sugar.
- In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:
  - Technology imported- - None
  - Year of Import - Not Applicable
  - Has technology been fully absorbed? - Not Applicable
  - If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. - Not Applicable

**FOREIGN EXCHANGE EARNING AND OUTGO**

- Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export Plans: Efforts are being made towards export of the product of the company.

Particulars	Current Accounting Period (01.04.2012–31.03.2013)	Previous Accounting Period (01.04.2011-31.03.2012)
Total foreign exchange used	33.22	22.28
Eamed	—	—

Note:- Previous year figures regrouped/rearranged, whenever required

For & on behalf of the Board  
For SBEC SUGAR LTD.

Place : New Delhi  
Date : 8th August, 2013

Umesh Kumar Modi  
(Chairman & President)



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	Name of the Subsidiary	SBEC Bioenergy Limited	SBEC Stockholding and Investment Limited	Modi Gourmet Limited
2	Financial year of the Company	01.04.2012 to 31.03.2013	01.04.2012 to 31.03.2013	01.04.2012 to 31.03.2013
3	Shares held in the Subsidiary Company at the end of the financial year of the Subsidiary Company	1,26,50,000 Equity Shares of Rs. 10/- each fully paid up	45,50,000 Equity Shares of Rs. 10/- each fully paid up	50,000 Equity Shares of Rs. 10/- each fully paid up
4	Extent of holding	55 %	100 %	100 %
5	Change in the Company's interest in the Subsidiary between the end of the Financial Year of the Subsidiary and the end of the Company's Financial Year.	NIL	NIL	NIL
6	The net aggregate of Profits of the Subsidiary Company so far as they concern the members of the Company			
	a) Dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2013.	NIL	NIL	NIL
	b) Not dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2013.	4449043	(47663)	(15078)
7	The net aggregate of Profits / Loss of the Subsidiary Company for the previous financial year so far as they concern the members of the Company.			
	a) Dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2012.	NIL	NIL	NIL
	b) Not dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2012.	12322181	(47630)	(4064)
8	Material changes which have occurred between the end of the Financial year of the Subsidiary and the end of the Company's Financial year in respect of			
	a) Fixed Assets	NIL	NIL	NIL
	b) Investments	NIL	NIL	NIL
	c) Money lent by the Subsidiary Company	NIL	NIL	NIL
	d) Moneys borrowed by the Subsidiary Company other than for meeting the Current Liabilities	NIL	NIL	NIL

Note: The Balance Sheet for the period ended 31<sup>st</sup> March, 2013 along with Director's Report and Auditor's Report of SBEC Bioenergy Limited, Subsidiary Company are attached herewith.



## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	:	SBEC Bioenergy Limited	SBEC Stockholding and Investment Limited	Modi Gourmet Limited
Capital	:	Rs. 230,000,000	Rs. 45,500,000	Rs. 500,000
Reserves	:	Rs. 257,986,423	Rs. (211,091)	Rs. (437,633)
Total Assets	:	Rs. 1,803,154,793	Rs. 196,563,361	Rs. 70,645
Total Liabilities	:	Rs. 1,803,154,793	Rs. 196,563,361	Rs. 70,645
Investment	:	Rs. 500,100	Rs. 195,751,000	NIL
Turnover / Total Income	:	Rs. 124,097,560	Rs. 29,072	NIL
Profit before Tax	:	Rs. 8,860,041	Rs. (47,663)	Rs. (15,078)
Provision for Taxation	:	Rs. 4,410,998	NIL	NIL
Profit after Tax	:	Rs. 4,449,043	Rs. (47,663)	Rs. (15,078)
Proposed Dividend	:	NIL	NIL	NIL

Umesh K. Modi  
(Chairman & President)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 00002798

G.C. Jain  
(Director)  
DIN No. 00002696

Man Mohan  
(Director)  
DIN No. 00207036

N.P. Bansal  
(Director)  
DIN No. 00010587

Santosh Chand Gupta  
(Whole Time Director Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)



## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY SCENARIO

The sugarcane area is expected to fall by 1.52% in crushing season 2013-14. The sugar production in the country is expected to be around 23.7 million tons in the season 2013-14 against the production of 25 million tons in 2012-13.

The consumption of sugar is likely to be 22 million tons during 2013-14.

### OPPORTUNITIES & THREATS

The State Government has so far been unable to evolve an equitable policy for allocation of sugarcane area amongst factories. Efforts are continuing at various levels to evolve an equitable methodology for reservation of cane area on factory wise basis, in the overall interest of the industry. The Government is considering for full decontrol on sugar industry.

After the decision of Hon'ble Supreme Court empowering the State Government to fix the Cane Price, one of the major threat to the Sugar Industry relates to the successive interventions of the Government in the pricing as well as distribution of Sugarcane.

### OPERATIONAL PERFORMANCE

The cane crushing for the period under review was 92.38 Lacs quintals in 134 days with an average crushing rate of 68943 quintals per day as against 99.35 Lacs quintals in 151 days with an average crushing rate of 65798 quintals per day for the previous period. The sugar recovery has slightly increased to 8.67 % as against 8.23% in the previous period.

For the sugar season 2011-12, the Government of U.P had increased the cane price as compared to last sugar season and the sugar market sentiments remained bearish throughout the year. Due to resulting financial losses the company was not able to meet its cane price obligation to farmers in time. The farmers resorted to agitation and disturbed the operation of the company. Fearing damage to person and property management was forced to close down the plant from July,2012 to October,2012, which affected the administration, repair & maintenance work of the plant during the year under review.

For the Sugar season 2012-13 the Government of U.P further increased the cane price and demand for sugar and its prices remained sluggish. The farmers again resorted to agitation and workers also resorted to illegal strike. For the safety of person and property management left with no option but to declare a lockout in the plant w.e.f 8<sup>th</sup> July,2013.

### FUTURE OUTLOOK

The sugar prices & profitability of Indian Sugar companies would remain volatile and dependent on domestic and international supply and demand trends. These in turn would depend on agro-climatic conditions in major producing countries and crude oil price trends, which determine the diversion of sugarcane crop to ethanol. Consequently, the price trends in international markets would be the key determinants of future profitability.

### RISK AND CONCERNS

The company has risk of the government policies regarding the cane area allocation, cane availability in the proximity of factory, statutory minimum price and state advised price etc. The Company's business also depends heavily upon the climatic conditions. The cane availability, yield, recovery of sugar are the major factors which may affect the quantity and quality of the raw material. The company operates in a highly regulated environment and changes in government policies in relation to the sugar industry, sugarcane prices, sugar prices, alcohol, ethanol, imports and exports may affect its operations and profitability. There is an inherent risk related to the skilled and specialised manpower and there is risk of specialised manpower leaving the jobs, joining competitors, sharing confidential information etc.

### INTERNAL CONTROLS AND SYSTEMS

The key features of the internal control system in the Company are given below:

1. Assets are adequately maintained and protected against theft, burglary and other losses.
2. Transactions are properly recorded and accounted for.
3. Accounting records are maintained complying with all the statutory laws and reflects true and fair view.
4. There are adequate management reporting systems for control and monitoring of performance.
5. Budgetary control system is in place.
6. Periodical review of internal controls systems by the Management and Audit Committee Meeting is being done.
7. Periodical review of system, procedures and transactions by internal auditors is conducted.

### FINANCIAL PERFORMANCE

The market sentiments for sugar during the financial year remained bearish owing to the continued mismatch between supply and demand of sugar, affecting sales realization. Further during the year UP Government has announced very high cane price which has resulted in the Loss before extraordinary expenses and provision for taxation to Rs.6973.35 Lacs against the Loss of Rs. 2033.53 lacs last year.

On the basis of annual audited accounts of the company as at 31<sup>st</sup> March,2013, the Board of Directors formed an opinion that the net worth of the company as at 31<sup>st</sup> March,2013 has been fully eroded and that the company has become a sick industrial company as defined under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Board of Directors decided that a reference will be made with the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) to seek determination of measures which would be adopted as required under Section 15(1) and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act,1985 (SICA).

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company's human resources philosophy is to establish and build a strong performance and competence driven culture with greater sense of accountability and responsibility. The effort to rationalize and streamline the workforce is a continuous process. The industrial relations scenario remained harmonious throughout the year.

### DISCLOSURE RELATING TO SENIOR MANAGEMENT

During the year under review there was no material financial or commercial transaction where senior management personnel has personal interest that may have potential conflict with the interest of the Company at large.

### CAUTIONARY STATEMENT

The above Management Discussion and Analysis describing the Company's Objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand / supply influencing price conditions in the market in which the Company operates, changes in Government regulations, statutes, tax laws and other incidental factors.



## **REPORT ON CORPORATE GOVERNANCE**

### **COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

At SBEC Sugar Limited, Corporate Governance is an integral part of the Company's values, ethics, business practices and norms. Towards this, the company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the Corporate Governance.

### **BOARD OF DIRECTORS**

Composition of the Board of Directors and other details as on 31st March, 2013 is as under:

	Name of the Directors	Category of Directors	No. of Board Meetings attended	No. of Other Director-ships held (*)	Committee Member-ships (Excluding SBEC Sugar Ltd. (**))	Committee Chairman ships (excluding SBEC Sugar Ltd. (**))	Attendance at Last AGM
1.	Mr. U. K Modi @	Chairman & President and Non-Executive Director	5	7	Nil	Nil	Not Present
2.	Mrs. Kum Kum Modi @	Non- Executive Director	Nil	2	Nil	Nil	Not Present
3.	Mr. Abhishek Modi @	Executive Director & CEO	5	6	Nil	Nil	Not Present
4.	Mr. Jayesh Modi@	Non-Executive Director	1	4	Nil	Nil	Not Present
5.	Mr. G.C. Jain	Non-Executive & Independent Director	4	7	1	3	Present
6.	Mr. Man Mohan	Non-Executive & Independent Director	2	Nil	Nil	Nil	Not Present
7.	Mr. Norland L.C. Suzor	Non-Executive Director	Nil	2	Nil	Nil	Not Present
8.	Mr. Claude Philogene	Non-Executive & Independent Director	Nil	Nil	Nil	Nil	Not Present
9.	Mr. O.P. Modi	Non - Executive & Independent Director	2	1	Nil	Nil	Not Present
10.	Mr. N.P. Bansal	Alternate to Mr. Claude Philogene Non-Executive Director	5	2	Nil	Nil	Not Present
11.	Mr. S.C. Gupta	Whole Time Director (Works)	5	3	Nil	Nil	Present

(\*) Directorship in Companies registered under the Companies Act, 1956 excluding Directorships in Private Limited Companies, Companies under Section 25 of the Companies Act and Alternate Directorships.

(\*\*) Includes only Specified Committees i.e. Audit Committee and Shareholders Grievance Committee

(@) Mr. Umesh Kumar Modi and Mrs. Kum Kum Modi are related as husband and wife and Mr. Abhishek Modi , Mr Jayesh Modi as their son. Five Board Meetings were held during the period under review on 8<sup>th</sup> June 2012, 25<sup>th</sup> August 2012, 12<sup>th</sup> November 2012, 17<sup>th</sup> December 2012, and 5<sup>th</sup> March, 2013.

### **INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS**

Mr. Gulab Chand Jain, Director of the Company retires by rotation and being eligible offers himself for re-appointment . He is a fellow member of the Institute of Chartered Accountants of India and has more than 43 years of experience in the fields of Finance, Accounts, Taxation and



Company Law matters. He is also on the Board of M/s Bihar Sponge Iron Limited, M/s Own Investment India Limited, M/s SBEC System (India) Limited, M/s SBEC Bioenergy Limited, M/s Modi Gourmet Limited and M/s SBEC Investments Limited. He does not hold any share in the company.

Mr. Jayesh Modi, Director of the Company retires by rotation and being eligible offers himself for re-appointment. He is young entrepreneur and completed his studies in United Kingdom. He is also on the Board of various public limited companies namely M/s Bihar Sponge Iron Limited, M/s Chandil Power Limited, M/s Modi Hitech India Limited, M/s SBEC Bioenergy Limited. He holds 55487 equity shares of the company.

#### **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

The Company has adopted a Code of Conduct for the members of the Board and Senior Management of the Company which is intended to focus the areas of ethical risk, provide guidance mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code of conduct is available on the website of the Company [www.sbecsugar.com](http://www.sbecsugar.com).

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them.

#### **AUDIT COMMITTEE**

The Company has an Audit Committee comprising of four directors, out of them three directors are Independent Non-Executive Directors. Mr. G. C. Jain is the Chairman of the Committee and Mr. Man Mohan, Mr. O. P. Modi and Mr S.C. Gupta are its members. The Company Secretary of the Company acts as the Secretary of the Audit Committee. The Chief Financial Officer, Vice President (Commercial), Vice President (Technical), a representative of M/s Doogar & Associates, Statutory Auditors and a representative of M/s Sarat Jain & Associates, Internal Auditors are permanent invitees to the Audit Committee.

The terms of reference and functioning of the Audit Committee are as prescribed under Section 292 A of the Companies Act, 1956 and Clause 49 of Listing Agreement covering their role, power and duties, review of information, quorum for meeting and frequency of meeting. The Committee is responsible for effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and ensuring compliance with established policies and procedures. Audit Committee also determines adequacy and effectiveness of internal control. It identifies, defines and categorizes all the risks that the company faces.

Four Meetings of the Audit Committee were held during the period under review on 14<sup>th</sup> May 2012, 11<sup>th</sup> August 2012, 10<sup>th</sup> November 2012 and 12<sup>th</sup> February 2013.

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Mr. G C Jain	4
Mr. Man Mohan	4
Mr. O. P. Modi	3
Mr. S.C. Gupta	4

#### **SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE**

The Shareholders' Grievance Redressal Committee comprises of 3 Directors, Mr. G. C. Jain, Non Executive & Independent Director is the Chairman and Mr. Manmohan and Mr. N. P. Bansal as its members. The Company Secretary of the Company is the Compliance Officer of the Committee.

The functioning and terms of reference of the Committee is as prescribed and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialisation, complaints of shareholders etc.

No complaint was received from shareholders/ investors directly from them or through SEBI/ Stock Exchanges and other authorities and none remained outstanding at the end of the period under review.

#### **REMUNERATION COMMITTEE**

The Remuneration Committee review the company's policies on specific remuneration package for Executive Director and recommend the same to the Board.

The Remuneration Committee consists of three Non-Executive Directors two third of whom are Independent Directors. Mr. G. C. Jain is the Chairman and Mr. Man Mohan and Mr. N. P. Bansal are its members.

The Company does not pay any remuneration to the Non-Executive Directors except payment of sitting fee for attending the Board/ Audit Committee Meetings.

One meeting of Remuneration Committee was held on 8<sup>th</sup> June, 2012 during the year ended 31<sup>st</sup> March, 2013.





The details of remuneration paid to the Directors for the period ended 31<sup>st</sup> March 2013 are as under:-

(in Rupees)

S.No.	Name of the Director	Salary	Perquisites, and other benefits	Commission	Others	Sitting Fee*	Total
1.	Mr. U. K. Modi	—	—	—	—	4600	4600
2.	Mr. Abhishek Modi	—	—	—	—	—	—
3.	Mrs. Kumkum Modi	—	—	—	—	—	—
4.	Mr. Santosh C Gupta	1394239	636918	—	—	—	2031157
5.	Mr. G. C. Jain	—	—	—	—	7400	7400
6.	Mr. Man Mohan	—	—	—	—	5600	5600
7.	Mr. Norland L. C. Suzor	—	—	—	—	—	—
8.	Mr. Claude Philogene	—	—	—	—	—	—
9.	Mr. O. P. Modi	—	—	—	—	4600	4600
10.	Mr. N.P. Bansal	—	—	—	—	4600	4600
11.	Mr. Jayesh Modi	—	—	—	—	900	900

\*Amount paid as sitting fees net of tax deducted at source @10%

The Company has not given any Stock Options to any Director.

#### ANNUAL GENERAL MEETING

Location and time of the last three Annual General Meetings:-

Year	Location	Date	Time	Special Resolution Passed (Yes/No)
2012	Village : Loyan Malakpur Tehsil Baraut, Distt. Baghpat, Uttar Pradesh	29.12.2012	2.30 p.m.	Yes
2011	- do -	28.09.2011	2.30 p.m.	Yes
2010	- do -	30.09.2010	2.30 p.m.	Yes

#### POSTAL BALLOT:

No resolution requiring a postal ballot was proposed at the last Annual General Meeting of the Members.

No resolution which requires approval of Members by postal ballot is being proposed at the ensuing Annual General Meeting.

#### DISCLOSURES:

- During the year under review, the company had no materially significant related party transactions as envisaged under the Corporate Governance Code that may have potential conflict with the interests of the company at large. However, the related party transactions during the year under review are mentioned in Note No. 38 to the "Notes to Accounts".
- There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI on any matter related to capital markets during the year under review.
- At present, the company does not have any Whistle Blower Policy.

#### MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT

#### CEO/ CFO CERTIFICATION ON THE FINANCIAL STATEMENT

Pursuant to Clause 49 of the Listing Agreement, the Chief Executive Officer and the Chief Financial Officer have submitted the desired Certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 6<sup>th</sup> July, 2013.

**MEANS OF COMMUNICATION:**

Wide publicity is accorded to the Quarterly, Half-yearly and the Annual Results which are published in widely circulated English daily (Financial Express or Business Standard) and a Hindi daily (Business Standard or Hari Bhomi ) as is required under the Listing Agreement with the Stock Exchanges. The same are also faxed to the Stock Exchanges where the company is listed.

The Company has not yet started sending the half yearly report to each household but if the shareholder seeks any information, the same is provided by the Company.

**GENERAL SHAREHOLDERS INFORMATION**

19<sup>th</sup> Annual General Meeting of the company is scheduled to be held on Monday, the 30<sup>th</sup> September 2013 at 2.30 P.M. at the Registered Office of the Company at Village Layan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh as per the notice enclosed with the Annual Report.

**Financial Year : 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013**

**Financial Calendar 2013-2014 (actual/tentative and subject to change)**

Particulars	Date
1. Quarter ended 30.06.2013:	First fortnight of August, 2013
2. Quarter ended 30.09.2013:	First fortnight of November, 2013
3. Quarter ended 31.12.2013:	First fortnight of February, 2014
4. Quarter ended 31.03.2014:	Last week of May, 2014

Book Closure : 21<sup>st</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive)

**Dividend Payment Date:**

In view of the losses incurred in the previous years, no dividend has been recommended by the Board of Directors for the period ended 31<sup>st</sup> March 2013.

**Listing on Stock Exchanges:**

The company is listed on the following Stock Exchanges:-

Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532102
The Calcutta Stock Exchange Association Limited	—

The Company has paid annual listing fee to Bombay Stock Exchange Limited for the year 2013-14.

**Market Price Data:**

Monthly High & Low quotes and Volume of Shares traded from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 are as follows:-

Month	High	Low	Volume
April 2012	8.15	7.77	850
May 2012	8.00	7.46	115
June 2012	7.46	7.46	2500
July 2012	7.71	7.00	5316
August 2012	8.80	7.00	5454
September 2012	12.20	8.82	3454
October 2012	12.60	10.00	4511
November 2012	10.90	9.90	554
December 2012	10.45	8.60	2523
January 2013	9.03	6.36	7479
February 2013	8.85	7.05	3280
March 2013	8.41	8.41	200



### Registrar and Transfer Agents:

The physical transfer of Equity Shares and Electronic Connectivity for the Depository mode for both NSDL and CDSL is being provided by M/s Beetal Financial & Computer Services Pvt. Limited, Registrar & Transfer Agents of the company whose address is given below:

M/s Beetal Financial & Computer Services Pvt. Ltd.  
Beetal House, 3<sup>rd</sup> Floor,  
99, Madangir, Near Dada Harsukhdas Mandir,  
Behind Local Shopping Complex  
New Delhi – 110062  
Ph. No. 011- 29961281-83  
Fax: 011-29961284 Email: beetal@beetalfinancial.com

### Share Transfer System:

The Company in compliance of SEBI circular no. 15/2002 dated 27<sup>th</sup> December 2002, has appointed M/s Beetal Financial & Computer Services Pvt. Ltd., (Category – I SEBI registered Registrar and Share Transfer Agents) as Share Transfer Agent who follows the Share Transfer System as prescribed by the Securities and Exchange Board of India (SEBI). The share transfer requests in physical form sent by shareholders are manually checked. If the transfer deed and enclosures are valid, the shares are transferred within 15 days with the approval of the Share Transfer Committee, otherwise objection memo is sent to the transferor with necessary advice to take the required steps. The process is done within 15 days of receipt of request. The Company Secretary monitors the system.

### Distribution of Shareholdings as on 31<sup>st</sup> March, 2013.

No of Shares	Number of Shareholders	Number of Shares	% of total Shares
Upto 500	2322	885413	1.86
501 - 1000	463	422226	0.89
1001 - 2000	176	295488	0.62
2001 - 3000	321	844878	1.77
3001 - 4000	51	184926	0.39
4001 - 5000	145	709565	1.49
5001 - 10000	127	964942	2.02
10000 and above	100	43346442	90.96
<b>Total</b>	<b>3705</b>	<b>47653880</b>	<b>100.00</b>

### Dematerialisation of Shares

The Equity Shares of the company are available for Dematerialisation. The International Securities Identification No. (ISIN) of the Company is **INE948G01019**. The Equity Shares are now tradable only in dematerialised mode.

79.36% of the Company's Paid up Equity Share Capital has been dematerialised upto 31<sup>st</sup> March, 2013.

### Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has no outstanding GDRs / ADRs / Warrants or any Convertible Instruments.

### Plant Location of the Company

Village : Loyan Malakpur, Tehsil Baraut, Dist. Baghpat, Uttar Pradesh-250611

### Address for Correspondence

All the queries of investors regarding the Company's shares may be sent at the following address:

### SBEC SUGAR LIMITED

Village Loyan, Malakpur,  
Tehsil Baraut,  
Dist. Baghpat, - 250611  
Uttar Pradesh  
Email: investors@sbecsugar.com  
Website : www.sbecsugar.com

### Nomination Facility:

Shareholders desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company their request in prescribed Form 2B for this purpose.



## AUDITORS'S CERTIFICATE

To,  
The Members of  
SBEC Sugar Limited

We have examined the compliance of the conditions of corporate governance by SBEC Sugar Limited for the period ended on 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 the Corporate Governance. It is neither an audit nor expression of an opinion on financial statements of the Company.

In our opinion and to the best of our information and according to 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.

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

**Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. : 000561N

Place : New Delhi  
Date : 6th July, 2013

**(Mukesh Goyal)**  
Mg. Partner  
Membership No. 081810



## INDEPENDENT AUDITORS' REPORT

To the members of SBEC Sugar Ltd.

### Report on the financial statements

We have audited the accompanying financial statements of SBEC Sugar Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

- (i) *These financial statements have been prepared on a going concern basis even though the Company has incurred operating losses during the current year and also in the previous year and the company's networth is fully eroded. As explained to us by the management, reference will be made to BIFR for measures to be adopted by the company. The Management has also initiated certain steps to improve the operational and financial position of the company failing which, provision would then have to be made for any loss that might arise when the company's assets are realised.*
- (ii) *The company's has not made provision for interest, on late payment of cane dues amounting to Rs. 346.52 Lacs. Accordingly manufacturing expenses and net losses would have been higher by Rs. 346.52 lacs respectively & its consequential impact on EPS.*

### Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

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

### Emphasis of matter

**Without qualifying our opinion, we draw attention to:**

Note no – 33 To these financial statements wherein company had executed a deed of assignment with a subsidiary company "SBEC Bioenergy Limited" to transfer its claim and all securities and charges created by Modi Industries Limited in its favour for a consideration of Rs.12,500 lacs of which Rs. 8,300 lacs shall be received as per the mutually agreed installments within a period of five years from the date of execution of the deed. The recoverability of the carrying value of the said amount due from by SBEC Bioenergy limited as at 31 March 2013 is dependent on its ability to generate positive cash flow from operations. The uncertainty mentioned above may affect the ultimate recoverability of the carrying value of the said amount due from SBEC Bioenergy Limited. These financial statements do not include any adjustments that might result from the uncertainty mentioned above.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d. *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet and Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of section 211 of Companies Act, 1956, to the extent applicable.
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Doogar & Associates  
Chartered Accountants  
Firm Regn. No. 000561N

Place: New Delhi  
Dated: 6<sup>th</sup> July, 2013

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

**ANNEXURE “A” TO AUDITORS’ REPORT**

(Referred to in the Auditors’ Report of even date to the members of SBEC Sugar Limited for the year ended 31<sup>st</sup> March, 2013)

1. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.  
(b) Though the Company has a programme of physical verification of its fixed assets in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, *however the Fixed assets have not been physically verified by the management during the year therefore discrepancies, if any, could not be determined.*  
(c) Fixed assets disposed off during the year were insignificant and therefore do not affect the going concern assumption.
2. (a) *The inventory has not been physically verified by the management during the year.*  
(b) Though the physical verification programme for inventory as envisaged by the management is, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business. *However no physical verification of inventories has been done during the year.*  
(c) In our opinion, the Company is maintaining proper records of inventory. *The discrepancies, if any, compared to book records could not be determined in absence of physical verification.*
3. (a) The Company has not granted any loan, secured or unsecured to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, Paragraph 3 (b), 3 (c) & 3 (d) of the order are not applicable.  
(b) The company has taken loans from three companies & another party, covered under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 435.45 lacs, Rs. 543.78 lacs, Rs. 87.89 lacs & Rs. 85.00 lacs and the year end balance of loans taken from such companies & another party were Rs. 435.45 lacs, Rs. 480.82 lacs, Rs. 85.00 lacs & Rs. 74.70 lacs respectively.  
(c) In our opinion and according to information and explanations given to us, the rate of interest and other term & conditions for such loans are not prima facie prejudicial to the interest of the Company.  
(d) In respect of loans taken, as explained to us the same are re-payable on demand.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. We did not observe any major weakness in internal control during the course of our audit.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.  
(b) In respect of certain transaction of the value of Rs. 12,500 lacs with subsidiary company, the management has informed us that the transaction dealt is of a special nature and therefore comparable prices are not available. In our opinion, and according to the information and explanation 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 aggregating during the year to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has accepted deposits from public and in our opinion Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Accounting records, including the books of accounts maintained by the company pursuant to the rules prescribed 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, are however, not required to make a detailed examination of such books and records.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.  
(b) According to the information & explanations given to us, no undisputed amount payable in respect of Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other undisputed Statutory dues were outstanding, at the year end, for a period more than six months from the date they become payable.  
(c) According to the information and explanations given to us and the records of the company examined by us, the particulars of statutory dues of the specified status as at the end of the year, which have not been deposited on account of a dispute are referred to in “Annexure – B”.
10. *In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. During the year company has incurred cash loss of Rs. 452.35 lacs. In the immediately preceding financial year also, the company had incurred cash loss. Thus as per the current financials the Company is a Sick Industrial Company within the meaning of Sick Industrial Companies (Special Provision) Act, 1985.*



11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of chit fund/ Nidhi/ Mutual Benefit/ Society and hence the related reporting requirements are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements are not applicable.
15. The Company has provided guarantee to SREI and the Government of Jharkhand in respect of loans taken by SBEC Bioenergy Limited (a subsidiary company) and Bihar Sponge Iron Limited respectively. The terms and conditions of the guarantees are prima facie, not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the company have been applied for the purpose for which the said loans were obtained, where the lender has stipulated such end use.
17. According to the information and explanations given to us and as per the books and records examined by us, no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures of any type during the Year.
20. The Company has not raised any money by public issue during the Year.
21. Based on our examination of the books and records of the Company and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the Year.

For & on behalf of  
Doogar & Associates  
Chartered Accountants  
Firm Regn. No. 000561N

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

Place: New Delhi  
Dated: 6<sup>th</sup> July, 2013

### ANNEXURE "B" TO AUDITORS' REPORT

Referred in Paragraph 9(b) of Annexure "A" a statement on the matters specified in the Companies (Auditors' Report) Order, 2003 as amended by the Companies Auditor's Report (Amendment) Order, 2004 for the Year ended 31<sup>st</sup> March 2013.

Name of the Statute	Name of Dues	Amount (Rs. Lacs)	Period to which amount relates	Forum where dispute is pending
UP VAT Act , 2008	VAT on Baggasse	45.05	2008-09	Additional Commissioner, Grade 1, Meerut, 1 <sup>st</sup> Appeals
UP VAT Act , 2008	Entry Tax on Sugar Sold in Local Area	139.59	2010-11	Deputy Commissioner Assessment
Central Excise ,1944	Cess on Sugar Cess	4.35	01.01.2009 to 30.09.2009	Commission Appeals
Central Excise ,1944	Penalty on Scrap Scale	2.61	30.11.2004 to 31.03.2008	CESTAT, New Delhi
Finance Act , 1994	Service Tax on Commission	16.83	01.04.2008 to 01.12.2010	CESTAT, New Delhi
Finance Act , 1994	Service Tax on Lease Rent	1.81	2012-13	Commissioner Appeals
Finance Act , 1994	Service Tax on Commission	150.88	2003-04	Commission Central Excise





## BALANCE SHEET AS AT 31ST MARCH, 2013

	NOTE NO.	As at <u>31.03.2013</u> (Rs. in Lacs)	As at <u>31.03.2012</u> (Rs. in Lacs)
<b>I. EQUITY AND LIABILITY</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	4,769.40	4,769.40
(b) Reserves and Surplus	3	(4,852.46) (83.06)	(3,793.77) 975.63
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	4	806.66	1,085.77
(b) Other Long Term Liabilities	5	38.20	86.98
(c) Long-term Provisions	6	108.50 953.36	97.66 1,270.41
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	25,468.34	20,420.84
(b) Trade Payables	8	18,933.09	15,665.53
(c) Other Current Liabilities	9	4,992.77	3,744.77
(d) Short-term Provisions	10	12.57 49,406.77	26.97 39,858.11
<b>TOTAL</b>		<u>50,277.07</u>	<u>42,104.15</u>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	5,335.80	5,736.90
(ii) Intangible Assets	11	1.33	1.56
(iii) Capital Work in Progress	11 A	—	985.24
		5,337.13	6,723.70
(b) Non-Current Investment	12	1,730.83	1,730.83
(c) Deferred Tax Assets (net)		—	372.61
(d) Long-term Loans & Advances	13	4.32	131.71
(e) Other Non-Current Assets	14	77.50 1,812.65	5,663.81 7,898.96
		<u>7,149.78</u>	<u>14,622.66</u>
<b>Current Assets</b>			
(a) Inventories	15	27,499.15	23,072.48
(b) Trade Receivables	16	1,471.03	541.64
(c) Cash & Bank Balances	17	361.48	800.41
(d) Short-term Loans & Advances	18	12,638.66	3,065.63
(e) Other Current Assets	19	1,156.97 43,127.29	1.33 27,481.49
		<u>50,277.07</u>	<u>42,104.15</u>

The Notes referred to above form an integral part of the Balance Sheet

In terms of our report of even date attached

For & on behalf of  
**DOOGAR & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. : 000561N

Umesh K. Modi  
(Chairman & President)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 00002798

G.C. Jain  
(Director)  
DIN No. 00002696

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

N.P. Bansal  
(Director)  
DIN No. 00010587

Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	NOTE NO.	For the Year ended 31.03.2013 (Rs. in Lacs)	For the year ended 31.03.2012 (Rs. in Lacs)
<b>I. INCOME</b>			
II. Revenue From Operations	20	30,559.90	28,719.62
III. Other Income	21	481.62	2,223.43
<b>IV. Total Revenue (I-II)</b>		<b>31,041.52</b>	<b>30,943.05</b>
<b>EXPENSES</b>			
Cost of Material Consumed	22	26,867.05	25,340.84
Purchases of Stock-in-Trade	23	7,636.90	6,985.76
Change in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	24	(4,425.51)	(5,750.42)
Manufacturing Expense	25	1,476.82	1,768.84
Employee Benefit Expense	26	912.21	916.72
Finance Cost	27	3,096.65	2,198.28
Depreciation & Amortisation Expense	11	606.33	748.79
Administration Expenses	28	475.66	453.52
Selling Expense	29	357.24	302.57
Prior Period Items (including interest on cane payment Rs. 998.10 lacs) (Previous Year Nil)		1,011.52	11.68
<b>Total Expenses</b>		<b>38,014.87</b>	<b>32,976.58</b>
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		<b>(6,973.35)</b>	<b>(2,033.53)</b>
VI. Exceptional Items	30	6,287.27	(1,483.32)
VII. Profit / (Loss) before extraordinary items and tax (V-VI)		<b>(686.08)</b>	<b>(3,516.85)</b>
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII-VIII)		<b>(686.08)</b>	<b>(3,516.85)</b>
<b>X. Tax expense :</b>			
(1) Current tax		-	-
(2) Deferred tax		372.61	-
XI. Profit/(Loss) for period from continuing operations (IX-X)		<b>(1,058.69)</b>	<b>(3,516.85)</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax Expense of discontinuing operations		-	-
<b>XIV. Profit / (Loss) for the year (XI-XII-XIII)</b>		<b>(1,058.69)</b>	<b>(3,516.85)</b>
<b>Earning per equity share: (Per value of Rs. 10 each)</b>			
(a) Basic	31	<b>(2.22)</b>	<b>(7.38)</b>
(b) Diluted	31	<b>(2.22)</b>	<b>(7.38)</b>

In terms of our report of even date attached

For & on behalf of

**DOOGAR & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. : 000561N

Umesh K. Modi  
(Chairman & President)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 00002798

G.C. Jain  
(Director)  
DIN No. 00002696

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

N.P. Bansal  
(Director)  
DIN No. 00010587

Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year (Rs. in Lacs)	Pervious Year (Rs. in Lacs)
A) Cash Flow from Operating Activities		
Profit / (Loss) Before Tax as per Profit and Loss Account	(686.08)	(3,516.85)
Adjustments For :		
Interest Expenses	3,096.65	2,198.28
Interest Income	(6.37)	(15.73)
Dividend Income	(0.60)	(0.60)
Debit Balances Written Off	52.85	1.86
Loss on Sale of Stores & Spares	0.53	4.42
Loss on sale of Fixed Assets	0.37	1.58
Assets written off	-	0.08
Projects abandoned/written off	34.09	-
Provision for Obsolete Store Items	-	0.19
Wealth tax	0.36	0.30
Depreciation	606.33	748.79
Profit on sale of Investment	-	(1,837.49)
Unclaimed credit balances written back	(73.54)	(102.65)
Operating Profit before Working Capital Changes	<u>3,024.59</u>	<u>(2,517.82)</u>
Adjustments For :		
Trade and Other Receivables	(5,971.05)	(1,706.28)
Inventories	(4,427.19)	(5,771.98)
Trade Payables	4,536.40	3,222.49
Cash generated from Operating Activities	(2,837.25)	(6,773.59)
Direct Taxes (Paid)/Refund	(0.77)	(6.52)
Net Cash Flow from Operating Activities	<u>(2,838.02)</u>	<u>(6,780.11)</u>
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(208.38)	(331.98)
Capital Work in Progress	951.15	(800.32)
Proceeds from sale of Fixed Assets	3.02	1.50
Sale/(Purchase) of Investments	-	2,873.16
Dividend Income	0.60	0.60
Interest Received	6.37	15.73
Net Cash Flow from Investing Activities	<u>752.76</u>	<u>1,758.69</u>
C) Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (Net)	(279.12)	11.37
Proceeds from Short Term Borrowings (Net)	5,047.49	7,624.54
Net Interest (Paid)	(3,096.65)	(2,198.28)
Net Cash Flow from Financing Activities	<u>1,671.72</u>	<u>5,437.63</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(413.54)</b>	<b>416.21</b>
Cash and Cash Equivalents as on 1st April 2012 (Opening Balance)	768.39	352.18
Cash and Cash Equivalents as on 31st March 2013 (Closing Balance)	354.85	768.39
<b>Net Increase as disclosed above</b>	<b>(413.54)</b>	<b>416.21</b>
1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements.		
2. Previous year's figures have been regrouped/rearranged wherever considered necessary.		
3. Cash and Cash equivalent at the end of the year consist of Cash, Stamps in hand, Cheques in Hand and Balances with Banks:		
Cash & Stamps in Hand	4.27	7.39
Balances with Banks	350.58	761.00
<b>TOTAL</b>	<b>354.85</b>	<b>768.39</b>

In terms of our report of even date attached.

For & on behalf of

**DOOGAR & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. : 000561N

Umesh K. Modi  
(Chairman & President)  
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(Director)  
DIN No. 00010587

Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)



## NOTES TO THE FINANCIAL STATEMENT

### Note : 1. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention on going concern basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### Note : 1A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1A. (i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### 1A. (ii) Recognition of Revenues & Expenses

- (a) Incomes, Export Incentives/benefits and all Expenditures are accounted for on accrual basis except for interest on account of delayed payments/overdue outstanding to various parties and insurance claims, where there is no reasonable certainty regarding the amount and/or its collectability. Interest income is stated in full with tax thereon being accounted under advance tax.
- (b) Domestic Sales are recognized on dispatch of goods by the Company to its customers whereas the company recognizes export sales on transfer of risk and rewards of goods to its customers.
- (c) Dividends income is recognized when the shareholders right to receive payment was established by the balance sheet date.

#### 1A. (iii) Inventory Valuation

- (a) Finished Goods:
  - (i) Free Sugar - at lower of cost or net realizable value.
  - (ii) Levy Sugar - at lower of cost or levy price.
- (b) Goods in Process - at lower of cost or net realizable value.
- (c) Raw material - at lower of cost or net realizable value.
- (d) Stores and spares - at cost (computed on FIFO basis)
- (e) Molasses (By-product) is valued at net realizable value.
- (f) Provision for obsolescence and other anticipated losses are made on the stocks, whenever identified / considered necessary.

#### 1A. (iv) Fixed & Intangible Assets

- (a) Fixed Assets are stated at historical cost less accumulated depreciation. Historical cost comprises all costs relating to acquisition and installation of fixed assets.
- (b) Government grants relating to specific fixed assets are deducted from the gross value of the assets concerned in arriving at their book value.
- (c) Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) - 26 "Intangible Assets".
- (d) Factory Approach Road represents expenditure incurred & capitalized by the company on roads outside factory premises & are written off over a period of Five years.

#### 1A. (v) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 1A. (vi) Depreciation

Depreciation has been charged on the following basis:

- (a) Leasehold Land is being amortized over the period of the Lease.
- (b) Assets leased out are written off over the period of lease at cost less terminal transfer price.
- (c) Assets below Rs. 5000/- are being depreciated at the rate of 100 % in the year of addition.
- (d) Other assets are being depreciated on the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- (e) Software's of the nature of Intangible Assets are amortized over a period of 5 years.



- (f) In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.

**1A. (vii) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

**1A. (viii) Foreign Currency Transactions**

**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency, are reported using the exchange rates that existed when the values were determined. Investments in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.

**Exchange Differences**

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss in the year in which they arise.

**1A. (ix) Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee Benefits.

**(a) Provident Fund**

The Company makes contribution to provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**(b) Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

**(c) Compensated Absence**

Liability in respect of compensated absence becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

**1A. (x) Pre-operative Expenses and Miscellaneous Expenditure**

Expenses incurred during the pre-operative period are allocated to the respective fixed assets on commencement of commercial operations.

**1A. (xi) Impairment of Assets**

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units). For the purpose of assessing impairment at each Balance Sheet date, Assets within a Cash Generating Unit are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount at which the assets under individual Cash Generating Unit are carried in the books exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the assets.

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

**1A. (xii) Tax on Income**

(a) Tax expense comprises of current and deferred. Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.

(b) In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies (Accounting



Standards) Rules, 2006 Deferred Tax Liability/ Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred tax assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.

- (c) In MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### **1A. (xiii) Leases**

##### **(a) Finance Lease**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

##### **(b) Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### **1A. (xiv) Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **1A. (xv) Interim Financial Reporting**

Quarterly financial results are published in accordance with the requirement of listing agreement with Stock Exchange. The recognition and measurement principal as laid down in the Accounting Standard (AS) - 25 "Interim Financial Reporting" have been followed in the preparation of these results.

#### **1A. (xvi) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- (a) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- (b) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent assets are neither accounted for nor disclosed in the financial statements.

#### **1A. (xvii) Cash and Cash Equivalents**

Cash and Cash equivalents comprise cash and cash deposit with banks and corporations. The company considers all highly liquid investments with the remaining maturity at the date of purchase of 3 months or less. And that are readily convertible to known amounts of cash to be cash equivalents.



## NOTES TO BALANCE SHEET

	As at 31.03.2013 (Rs. in Lacs)	As at 31.03.2012 (Rs.in Lacs)
<b>NOTE 2 : SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
100,000,000 (Previous Year 55,000,000) Equity Shares of Rs. 10/- each	<b>10,000.00</b>	5,500.00
<b>ISSUED &amp; SUBSCRIBED CAPITAL :</b>		
47,814,430 (Previous Year 47,814,430) Equity Shares of Rs. 10/- each	<b>4,781.44</b>	4,781.44
<b>PAID UP :</b>		
47,653,880 (Previous Year 47,653,880) Equity Shares of Rs. 10/- each	<b>4,765.39</b>	4,765.39
Share Forfeiture Account	<b>4.01</b>	4.01
<b>TOTAL</b>	<b><u>4,769.40</u></b>	<b><u>4,769.40</u></b>

### a) Terms/rights attached to Equity Shares

Company has only one class of equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to approval of shareholders, in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### b) Detail of Shareholders holding more than 5% Equity Shares in the company

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares Held	%age of Holding	No. of shares Held	%age of Holding
Equity Shares				
1 M/s SBEC Systems (India) Ltd.	1,42,30,884	29.86%	14,230,884	29.86%
2 M/s Moderate Leasing & Capital Services Ltd	42,15,289	8.85%	4,215,289	8.85%
3 M/s A to Z Holding Pvt. Ltd.	31,28,400	6.56%	31,28,400	6.56%
4 M/s Longwell Investments Pvt. Ltd.	27,21,500	5.71%	27,21,500	5.71%
5 M/s Kumabhi Investments Pvt. Ltd.	23,87,050	5.01%	23,87,050	5.01%

### c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2012-13		2011-12	
	No. of shares	(Rs.in lacs)	No. of shares	(Rs.in lacs)
Equity Shares				
At the beginning of the year	4,76,53,880	4,765.39	4,76,53,880	4,765.39
Add: Shares Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Outstanding at the end of the year	4,76,53,880	4,765.39	4,76,53,880	4,765.39





	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs. in Lacs)
<b>NOTE 3 : RESERVES &amp; SURPLUS</b>		
<b>Surplus / (Deficit)</b>		
Balance as per last financial statement	(3,876.87)	(352.80)
Balance in statement of Profit & Loss	(1,058.69)	(3,516.85)
Add: Transfer from Reserves	30.65	—
Less: Transfer to Reserves	7.20	7.22
<b>Closing Balance</b>	<b><u>(4,912.11)</u></b>	<b><u>(3,876.87)</u></b>
<b>Capital Reserve</b>		
Balance as per last financial statement	49.17	49.17
Add: Additions during the year	—	—
Less : Deductions during the year	—	—
<b>Closing Balance</b>	<b><u>49.17</u></b>	<b><u>49.17</u></b>
<b>Other Reserve-Molasses Storage Fund</b>		
Balance as per last financial statement	33.93	26.71
Add: Additions during the year	7.20	7.22
Less : Deductions during the year	30.65	—
<b>Closing Balance</b>	<b><u>10.48</u></b>	<b><u>33.93</u></b>
<b>Total</b>	<b><u>(4,852.46)</u></b>	<b><u>(3,793.77)</u></b>

**NOTE 4 : LONG-TERM BORROWINGS****A. Secured Borrowings**

a) Vehicle Loans	10.65	20.61
b) Hire Purchase - First Leasing Co. of India Ltd.	267.46	414.13
<b>SUB-TOTAL (A)</b>	<b><u>278.11</u></b>	<b><u>434.74</u></b>

**B. Unsecured Loans**

a) Fixed Deposits from Public	134.25	147.25
b) Deposits from Selling agents	394.30	503.78
<b>SUB-TOTAL (B)</b>	<b><u>528.55</u></b>	<b><u>651.03</u></b>
<b>TOTAL (A+B)</b>	<b><u>806.66</u></b>	<b><u>1,085.77</u></b>

Note : Terms of repayment / details of security are as follows :

(Rs. In lacs)

Lending Institution	Outstanding As at 31.03.2013	2013-14	2014-15	2015-16	2016-17	2017-18
HDFC Bank Ltd.	2.10	1.28	0.82	—	—	—
Kotak Mahindra Prime Ltd.	12.73	7.02	3.53	1.60	0.58	—
ICICI Bank Ltd.	5.88	1.77	1.97	2.14	—	—
First Leasing Company of India Ltd.	507.77	240.31	164.22	98.24	5.00	—

1. Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
2. Excise Loan from The Shamrao Vittal Co-operative Bank Ltd. was secured by residual charge on Fixed Assets, since adjusted.
3. Vehicle loan from HDFC Bank Ltd., Kotak Mahindra Prime Ltd., and ICICI Bank Ltd. carry interest @ 10.00-12.00% and Hire Purchase of Plant & Machinery from First Leasing company of India Ltd carry interest @ 17.92%
4. Fixed Deposits carry interest @10.50-11.00 % and repayable within one to three Years from the date of Deposits.



	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs.in Lacs)
<b>NOTE 5 : OTHER LONG-TERM LIABILITIES</b>		
Security Deposit Received	13.71	16.46
Retention Money	24.49	70.52
<b>Total</b>	<b>38.20</b>	<b>86.98</b>

**NOTE 6 : LONG-TERM PROVISIONS**

Provision for Employee Benefits :		
For Leave Encashment	31.66	26.39
For Gratuity	76.84	71.27
<b>Total</b>	<b>108.50</b>	<b>97.66</b>

**NOTE 7 : SHORT-TERM BORROWINGS**

**A Secured Borrowings**

a) Term loan from Bank-		
Short Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	—	700.00
b) Pledge Account with The U.P. Co-operative Bank Ltd.	16,514.11	13,221.16
c) Pledge Account with The Shamrao Vithal Co-Operative Bank Ltd	2,525.17	2,333.77
<b>SUB-TOTAL (A)</b>	<b>19,039.28</b>	<b>16,254.93</b>

**B Unsecured Loans**

a) Inter Corporate Deposits	6,354.36	4,165.91
b) From M. Abhishek Modi, Executive Director	74.70	—
<b>SUB-TOTAL (B)</b>	<b>6,429.06</b>	<b>4,165.91</b>
<b>Grand Total (A+B)</b>	<b>25,468.34</b>	<b>20,420.84</b>

- 1 Pledge A/c with The U.P. Co-operative Bank Ltd., The Shamrao Vithal Bank, . is secured by the pledge of stocks of sugar.
- 2 Secured Borrowings mention on (a to c) of 'A' above are further secured by personal gurantee of two Directors of the Company.
- 3 Short Term Loan from The Shamrao Vittal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.

**NOTE 8 : TRADE PAYABLES**

Sundry Creditors		
- For Sugarcane (including expenses related to Cane)	15,201.04	11,171.88
Others	3,732.05	4,493.65
<b>TOTAL</b>	<b>18,933.09</b>	<b>15,665.53</b>

- 1 Followings are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:
  - a) Sundry creditors include a sum aggregating Rs.1.46 Lacs (Previous Year Rs. Nil), due to Micro and Small Enterprises.
  - b) The amount of interest paid by the Company in terms of Section 16, along with the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the year - Nil (Previous Year Rs. Nil)
  - c) The amount of interest due and payable for the year of delay in making payment which have been paid but beyond the appointed day during the year but without adding the interest specified under this Act. Rs.0.15 Lacs(Previous Year Rs.Nil)
  - d) The amount of interest accrued and remaining unpaid Rs.0.04 Lacs (Previous Year Rs.Nil)
  - e) Amount of further interest remaining due and payable even in succeeding years Rs.Nil (Previous Year Rs. Nil)

The above mentioned outstanding are in normal course of business and the information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE 9 : OTHER CURRENT LIABILITIES**

	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs. in Lacs)
Current maturity of long term loans		
Fixed Deposits from Public	332.00	811.50
Unclaimed Fixed Deposit from public	417.00	-
Excise Loan from The Shamrao Vithal Co-operative Bank Ltd.	-	184.85
Hire Purchase - First Leasing Co. of India Ltd.	240.31	198.27
Vehicle Loans	10.07	15.88
Statutory Dues	1,550.91	318.80
Interest accrued but not due on borrowings	5.38	14.95
Interest accrued and due on borrowings	579.12	282.85
Bills Payable Acceptance	959.78	1,765.50
Advance Against Sales	764.87	0.21
Employees Related dues	127.42	140.07
Retention Money	5.92	11.89
<b>TOTAL</b>	<b>4,992.77</b>	<b>3,744.77</b>

**NOTE 10 : SHORT-TERM PROVISIONS**

Provision for Employee Benefits		
For Leave Encashment	0.71	5.74
For Gratuity	11.50	20.93
Others:		
For Wealth Tax	0.36	0.30
<b>Total</b>	<b>12.57</b>	<b>26.97</b>

**NOTE 11 : FIXED ASSETS****(Rs. in lacs)**

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at 01.04.2012	Addition During the Year	Adjustments	As at 31.03.2013	Upto 31.03.2012	Provided During the Year	Adjust- ments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>A. TANGIBLE ASSETS</b>										
LAND - FREEHOLD	19.15	-	-	19.15	-	-	-	-	19.15	19.15
LAND - LEASE HOLD	56.43	-	-	56.43	8.36	0.64	-	9.00	47.43	48.07
LEASE HOLD IMPROVEMENT	0.85	-	-	0.85	0.85	-	-	0.85	-	-
FACTORY BUILDING & TRANSIT HOUSE	1,177.95	-	-	1,177.95	296.58	28.24	-	324.82	853.13	881.37
PLANT & MACHINERY	9,871.87	200.99	-	10,072.85	5,405.94	512.66	-	5,918.60	4,154.25	4,465.92
OFFICE EQUIPMENT	27.59	3.26	0.02	30.83	12.60	1.59	0.02	14.18	16.65	14.99
COMPUTER EQUIPMENT	72.86	1.43	-	74.30	50.75	5.83	-	56.59	17.71	22.12
FURNITURE & FIXTURES	67.00	0.21	-	67.22	39.44	3.31	-	42.74	24.47	27.56
MOTOR VEHICLES	160.51	2.07	26.81	135.77	57.13	14.79	23.42	48.50	87.27	103.39
FACTORY APPROACH ROAD	244.32	-	-	244.32	89.99	38.61	-	128.60	115.72	154.33
<b>TOTAL (A)</b>	<b>11,698.53</b>	<b>207.96</b>	<b>26.82</b>	<b>11,879.67</b>	<b>5,961.63</b>	<b>605.68</b>	<b>23.44</b>	<b>6,543.88</b>	<b>5,335.80</b>	<b>5,736.90</b>
Previous Year	11,374.97	331.44	7.87	11,698.54	5,218.30	748.05	4.72	5,961.64	5,736.90	6,156.67
<b>B. INTANGIBLE ASSETS</b>										
COMPUTER SOFTWARE	13.71	0.42	-	14.13	12.15	0.65	-	12.80	1.33	1.56
<b>TOTAL (B)</b>	<b>13.71</b>	<b>0.42</b>	<b>-</b>	<b>14.13</b>	<b>12.15</b>	<b>0.65</b>	<b>-</b>	<b>12.80</b>	<b>1.33</b>	<b>1.56</b>
Previous Year	13.16	0.55	-	13.71	11.41	0.74	-	12.15	1.56	1.75
<b>TOTAL (A+B)</b>	<b>11,712.24</b>	<b>208.38</b>	<b>26.82</b>	<b>11,893.80</b>	<b>5,973.78</b>	<b>606.33</b>	<b>23.44</b>	<b>6,556.67</b>	<b>5,337.13</b>	<b>5,738.46</b>
Previous Year	11,388.13	331.98	7.87	11,712.25	5,229.71	748.79	4.72	5,973.79	5,738.46	6,158.42

Note: 1. Freehold Land includes land aggregating Rs. 1.58/- lacs in the name of SBEC System (India) Limited as nominee.  
2. Factory Approach Road, represents expenditure incurred by the company on roads outside factory premises and are written off over a period of five years.



	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs.in Lacs)
<b>NOTE 11 A : CAPITAL WORK IN PROGRESS</b>		
For Existing Operations	—	34.09
Other Projects	—	38.09
For New Projects (Also refer Note No. - 45)	—	913.06
<b>TOTAL</b>	<b>—</b>	<b>985.24</b>
<b>NOTE 12 : NON-CURRENT INVESTMENT</b>		
<b>Trade Investment</b>		
(Unquoted, Valued at Cost)		
<b>Investment in Subsidiary Companies</b>		
1,26,50,000 Equity Shares of Rs.10/- each in SBEC Bioenergy Ltd.*		
(Previous year - 1,26,50,000 Equity shares of Rs.10/- each)	<b>1,265.83</b>	1,265.83
45,50,000 Equity Shares of Rs.10/- each in SBEC Stockholding & Investments Ltd.		
(Previous Year - 45,50,000 Equity shares of Rs. 10/- each)	<b>455.00</b>	455.00
50,000 Equity Shares of Rs.10/- each in Modi Gourmet Ltd.		
(Previous Year - 50,000 Equity shares of Rs. 10/- each)	<b>5.00</b>	5.00
<b>SUB TOTAL (a)</b>	<b>1,725.83</b>	<b>1,725.83</b>
<b>Other Investments:</b>		
20,000 Eq.Shares of Rs.25/- each in The Shamrao Vithal Co-operative Bank Ltd.		
(Previous Year - 20,000 Equity shares of Rs. 25/- each)	<b>5.00</b>	5.00
<b>SUB TOTAL (b)</b>	<b>5.00</b>	<b>5.00</b>
<b>TOTAL (a+b)</b>	<b>1,730.83</b>	<b>1,730.83</b>
* ( including Rs. 0.83 Lacs Share Transfer Fee )		
Aggregate amount of quoted investments	—	—
Market value of quoted investments	—	—
Aggregate amount of unquoted investments	<b>1,730.83</b>	1,730.83
Aggregate provision for diminution in value of investments	—	—
<b>NOTE 13 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good</b>		
Security Deposits	<b>4.32</b>	3.18
Capital Advances	—	128.53
<b>TOTAL</b>	<b>4.32</b>	<b>131.71</b>
<b>NOTE 14 : OTHER NON-CURRENT ASSETS</b>		
Debt Assignment Recoverable-PNB - Refer Note No. 33	—	5,499.68
MAT Credit Entitlement	<b>19.69</b>	19.69
Margin money with others	<b>35.00</b>	35.00
<b>Other Bank Balances</b>		
Balance with Scheduled Banks in -		
— Fixed Deposits	—	44.44
— Fixed Deposits (Pledge with Banks)	<b>17.81</b>	—
— Margin Money with Banks	<b>5.00</b>	65.00
<b>TOTAL</b>	<b>77.50</b>	<b>5,663.81</b>



	As at <u>31.03.2013</u> (Rs. in Lacs)		As at <u>31.03.2012</u> (Rs.in Lacs)	
<b>NOTE 15 : INVENTORIES</b>				
Goods in progress		317.64		9.09
Finished goods		23,641.49		19,310.15
Stock-in-trade (in respect of goods acquired for trading)		3,005.15		3,219.52
Stores and spares*		522.08		510.47
Other stocks		12.80		23.25
<b>Total</b>		<u>27,499.15</u>		<u>23,072.48</u>
*Net of Provision for Obsolescence Rs. 2.31/- lacs (Previous Year Rs. 2.50 /- lacs )				
<b>NOTE 16 : TRADE RECEIVABLES</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Secured		-		-
- Unsecured	121.02		23.07	
- Doubtful	<u>6.34</u>	127.36	<u>6.34</u>	29.41
Other Debts				
- Secured	-		23.51	
- Unsecured	1,350.01		495.06	
- Doubtful	<u>-</u>	1,350.01	<u>-</u>	518.57
Less: Provision for Bad and Doubtful Debts		6.34		6.34
<b>TOTAL</b>		<u>1,471.03</u>		<u>541.64</u>
<b>NOTE 17 : CASH AND BANK BALANCES</b>				
<b>Cash and Cash Equivalents</b>				
Cash in hand		4.27		7.39
Balance with Banks in -				
— In Current Accounts		350.58		761.00
<b>Other Bank Balances</b>				
Balance with Banks in -				
— Fixed Deposits		6.63		32.02
<b>TOTAL</b>		<u>361.48</u>		<u>800.41</u>
<b>NOTE 18 : SHORT TERM LOAN &amp; ADVANCES</b>				
<b>unsecured</b>				
<b>LOAN &amp; ADVANCES TO RELATED PARTIES</b>				
Subsidiary -(SBEC Stockholding & Investment Ltd.)		1,512.50		937.50
-(SBEC Bio Energy Ltd.)		10,089.10		1,033.40
Moderate Leasing & Capital Services Ltd.		448.50		-
Promoter Company - SBEC Systems (India) Limited		127.96		127.96
Advance Recoverable In Cash or in Kind or for Value to be received				
Unsecured	145.93		679.04	
Doubtful	-		-	
Less : Provision for doubtful advances	<u>-</u>	145.93	<u>-</u>	679.04
Amount deposited under protest*		43.64		41.99
Taxes recoverable		47.78		42.73
Balance with Excise/Trade Tax Authorities		198.17		157.89
Share Application Money- Chandil Power Ltd (Also refer Note No. 45)		-		11.00
Prepaid Expenses		25.08		34.12
<b>TOTAL</b>		<u>12,638.66</u>		<u>3,065.63</u>
*Amount deposited under protest Detail				
U.P. VAT Act		38.21		41.99
Central Excise Act		5.43		-
		<u>43.64</u>		<u>41.99</u>


**NOTE 19 : OTHER CURRENT ASSETS**

	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs.in Lacs)
Assets held for Disposal (Also refer Note No. - 45)	1,154.88	-
Tax Deducted At Source	2.10	1.33
<b>TOTAL</b>	<b>1,156.97</b>	<b>1.33</b>

For the Year ended 31.03.2013 (Rs. In Lacs)	For the Year ended 31.03.2012 (Rs. In Lacs)
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**NOTE 20 : REVENUE FROM OPERATIONS**

a) <u>Sale of product</u>		
Sugar	28,685.24	26,663.25
b) <u>Other operating revenue</u>		
Molasses	1,937.23	1,729.53
Bagasse	909.86	827.81
Scrap Sale	54.34	75.03
Sale of Export Entitlement	-	498.92
Less : Excise Duty	1,026.78	1,074.92
<b>TOTAL</b>	<b>30,559.90</b>	<b>28,719.62</b>

**NOTE 21 : OTHER INCOME**

Interest Received	6.37	15.73
Dividend received from cooperative Society	0.60	0.60
Profit on sale of Investment - (in subsidiary company)	-	1,837.49
REC Income	346.16	265.19
Miscellaneous Income	54.96	1.16
Foriegh Exchange fluctuation	-	0.61
Excess Provision / Sundry balances written back	73.54	102.65
<b>TOTAL</b>	<b>481.62</b>	<b>2,223.43</b>

**NOTE 22 : COST OF MATERIAL CONSUMED**

Raw Material Consumed	26,867.05	25,340.84
<b>TOTAL</b>	<b>26,867.05</b>	<b>25,340.84</b>

**NOTE 23 : PURCHASES OF STOCK IN TRADE**

Sugar Purchased For Trading	7,636.90	6,985.76
<b>TOTAL</b>	<b>7,636.90</b>	<b>6,985.76</b>

**NOTE 24 : CHANGE IN INVENTORIES OF STOCKS**

<b>Opening Stock</b>				
Finished Goods	19,310.15		13,410.06	
Goods in Process	9.09		33.83	
Stock in Trade	3,219.52	22,538.76	3,344.45	16,788.34
<b>Closing Stock</b>				
Finished Goods	23,641.49		19,310.15	
Goods In Process	317.64		9.09	
Stock in Trade	3,005.15	26,964.27	3,219.52	22,538.76
<b>Increase/(Decrease) In Stocks</b>		<b>4,425.51</b>		<b>5,750.42</b>

**NOTE 25 : MANUFACTURING EXPENSE**

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
Stores & Spares Consumed (Including Packing Exp.)	<b>945.73</b>	1,065.61
Power & Fuel	<b>1.50</b>	2.95
Repair & Maintenance		
- Plant & Machinery	<b>338.63</b>	449.53
- Building	<b>38.91</b>	8.75
- Others	<b>13.90</b>	66.35
Freight & Cartage	<b>10.90</b>	11.64
Material Handling Expenses	<b>15.38</b>	13.85
Other Mfg. Expenses	-	4.54
Variation in Excise Duty on Opening and Closing Stock of Finished Goods	<b>111.87</b>	145.62
<b>TOTAL</b>	<b>1,476.82</b>	1,768.84

**VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED**

				(Rs. In Lacs)
Particulars	Indigenous Value	%age	Imported Value	% age
Raw Materials	25,478.64	100%	-	Nil
Previous Year	25,340.84	100%	-	Nil
Stores & Spares*	926.06	97.88%	19.67	2.12%
Previous Year	1,052.17	98.74%	13.44	1.26%

\*Excluding spares used for capitalization.

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
<b>NOTE 26 : EMPLOYEE BENEFIT EXPENSES</b>		
Salary, Wages & Bonus	<b>800.60</b>	775.19
Company's Contribution To Provident & Other Funds	<b>60.77</b>	56.91
Staff Welfare Expenses	32.36	60.75
Gratuity	<b>18.48</b>	23.87
<b>TOTAL</b>	<b>912.21</b>	916.72

**NOTE 27 : FINANCE COST**

Interest expenses	<b>2,809.46</b>	1,857.07
Finance Charges	<b>234.82</b>	269.69
Financial Brokerage	<b>52.36</b>	71.52
<b>TOTAL</b>	<b>3,096.65</b>	2,198.28

**NOTE 28 : ADMINISTRATION EXPENSES**

Telephone, Postage & Telegram	<b>12.79</b>	12.03
Legal & Professional Charges	<b>59.61</b>	138.93
Director's Siting Fee	<b>0.28</b>	0.47
Loss on Sale of Fixed Assets	<b>0.37</b>	1.58
Loss on Sale of Stores & Spares	<b>0.53</b>	4.42
Travelling & Conveyance	<b>44.19</b>	67.47





**NOTE 28 : ADMINISTRATION EXPENSES (Cont....)**

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
Rent Including Lease Charges	35.46	12.77
Rates & Taxes	40.97	21.14
Vehicle Expenses	23.15	22.18
Insurance		
Insurance Expenses	39.22	39.21
Insurance Realeased on Sugar	<u>(26.53)</u>	<u>(26.95)</u>
Security Guard Expenses	79.56	86.00
Payment to Auditors *	3.53	4.44
Fixed Assets Written Off	-	0.08
Projects abandoned /written off	34.09	-
Debit Balances Written Off	52.85	1.86
Provision for obsolete store items	-	0.19
Foreign exchange fluctuation	8.24	-
Bank Charges	30.38	25.67
Wealth Tax	0.36	0.30
Misc. Expenses	36.58	41.73
<b>TOTAL</b>	<u>475.66</u>	<u>453.52</u>
*Details of Payment to Auditors		
a) Statutory Audit Fee	2.25	2.25
b) Certification & Reimbursement	1.16	21.16
c) Out of pocket expenses	0.13	0.03
	<u>3.53</u>	<u>4.44</u>

**NOTE 29 : SELLING EXPENSES**

Commission	147.37	136.47
Rent (Godown)	51.98	29.94
Freight, Clearing & Forwarding	157.44	134.65
Rebate & Discount	0.45	1.51
<b>TOTAL</b>	<u>357.24</u>	<u>302.57</u>

**NOTE 30 : EXCEPTIONAL ITEMS**

Differential Cane Price for the Crushing Season 2007-08	-	(1,483.32)
Profit on Sale of Debt Assignment (Also refer Note No. 33)	6,582.69	-
Provision for interest on Custom Duty	(295.42)	-
<b>TOTAL</b>	<u>6,287.27</u>	<u>(1,483.32)</u>

**NOTES ON FINANCIAL STATEMENT:****31. Earning per Share (AS-20)**

Particulars	Current Year	Previous Year
Net Profit/(Loss) after tax (Rs. in lacs)	(1,058.69)	(3,516.85)
Weighted Average number of equity shares outstanding during the year	4,76,53,880	4,76,53,880
Basic Earning per Share (Rs.)	(2.22)	(7.38)
Diluted Earning per Share (Rs.)	(2.22)	(7.38)

**32 (a) Contingent Liabilities not provided for in respect of:****(Rs. in lacs)**

Particulars	As at 31.03.2013	As at 31.03.2012
i) Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.	5,834.67	5,402.47
ii) Outstanding against Guarantee given on behalf of SBEC Bio-energy Ltd.	2,660.95	3,320.41
iv) Duties and Tax liabilities disputed by the Company	361.11	1,360.26
v) Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	35.99	35.99

**32(b)** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances is Rs Nil lacs (Previous Year Rs.132.23 lacs).

**33.** During the year 2006-2007, a One Time Settlement (OTS) dated 22<sup>nd</sup> January, 2007 was signed between the Company, Punjab National Bank (PNB), Mr. Umesh K. Modi (as Guarantor of MIL) and Modi Industries Limited (MIL) on the terms as contained in the PNB letter dated 28<sup>th</sup> September, 2006. In terms of this settlement, the Company has agreed to make payment of Rs. 2,810.60 lacs together with interest to PNB. In consideration of the same, PNB has agreed to assign all its claims, interest and charges against the Steel Section of MIL in favour of the Company. The Company has made full payment of the settlement amount together with interest aggregating Rs. 3,351.21 lacs to PNB. As per expert legal opinion, during the year interest amounting to Rs. 417.63lacs (previous year Rs. 2,148.47 lacs for the period from 22<sup>nd</sup> January, 2007 to 31<sup>st</sup> March, 2012) has been allocated to the cost of "Debt Assignment" acquired by the company from PNB, since in the opinion of the management the borrowing of the company were raised to pay for Debt Assignment.

PNB thereafter executed a "Deed of Assignment" on 15<sup>th</sup> May, 2012 (an event occurring after the date of the Balance Sheet) in favour of the company by which PNB assigned all its claim together with all securities and charges created by MIL in its favour to the company. The company thereafter executed a "Deed of Assignment" on 31<sup>st</sup> December, 2012 in favour of its subsidiary M/s SBEC Bioenergy Limited by which the company assigned all its claim together with all securities and charges created by MIL in its favour for a consideration of Rs. 12,500.00 Lacs. A sum of Rs. 4,200.00 lacs has been paid simultaneously with the execution of this deed and the remaining sum of Rs. 8,300.00 lacs shall be payable as per the mutually agreed installments within a period of five years from the date of execution of this deed.

**34. Executive and Whole time Director's Remuneration included under different heads of expenditure is as follows:****(Rs. in Lacs)**

Particulars	Current Year	Previous Year
Salary, Allowance & Commission	18.20	22.47
Contribution to Provident fund	1.42	2.00
Reimbursement of Expenses	0.69	3.48
Sub Total	20.31	27.95
Commission on profits	Nil*	Nil*
<b>TOTAL</b>	<b>20.31</b>	<b>27.95</b>

\*In view of losses in the current year, computation of net profit in accordance with Sec. 309(5) read with Sec. 349 of the Companies Act, 1956 has been made. However, on that basis, no commission is payable to the Executive Director.

**35. Segment Reporting (AS-17)**

The Company is a single product, single location company and hence the requirements of Accounting Standard-17 on 'Segment Reporting' are not relevant.

**36. Impairments of Assets (AS-28)**

Carrying amounts of the Assets were reviewed at the Balance sheet date and no internal or external indications were noticed that could have necessitated any provision towards impairment of assets.

**37. Disclosures as required by the Amendment to Clause 32 of the Listing Agreement:**

Name of the Companies	Amount outstanding As on 31 <sup>st</sup> March 2013*	Maximum Balance outstanding during the year
	(Rs. in lacs)	(Rs. in lacs)
Chandil Power Ltd. – Interested Company	Nil*	11.00

(\*Refer Note No. 45)



38. Related party disclosure as required by Accounting Standard (AS-18)

(A) List of Related Parties & Relationships :

	As at 31.03.2013	As at 31.03.2012
<b>(a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiary)</b>		
(i) SBEC Bioenergy Limited	Subsidiary	Subsidiary
(ii) SBEC Stockholding & Investment Limited.	Subsidiary	Subsidiary
(iii) Modi Gourmet Limited *	Subsidiary	Subsidiary
<b>(b) Associates &amp; joint ventures</b>	Nil	Nil
<b>(c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.</b>		
	Sh. U. K Modi	Sh. U. K Modi
	Sh. Abhishek Modi	Sh. Abhishek Modi
	Sh. S. C. Gupta	Sh. S. C. Gupta
	Sh. Abhishek Modi	Sh. Abhishek Modi
	Executive Director	Executive Director
	& CEO	& CEO
<b>(d) Key Management Personnel</b>	Sh. S. C. Gupta	Sh. S. C. Gupta
	Whole Time Director	Whole Time Director
<b>(e) Relatives of Key Management Personnel &amp; their Enterprises</b>		
(i) Mrs. Kumkum Modi*		
(ii) Mr. Jayesh Modi		
(iii) Ms. Meghna Modi*		
(iv) Mrs. Himani Modi Agarwal*		
(v) Mr. Priyank Kumar Agarwal*		
(vi) Mrs Suman Lata Gupta*		
(vii) A to Z Holding Pvt.Ltd		
(viii) Arvind Continental Pvt. Ltd		
(ix) Bihar Sponge Iron Ltd		
(x) Chandil Power Limited		
(xi) First Move Management Services Pvt. Ltd*		
(xii) H. M. Tubes & Containers Pvt. Ltd*		
(xiii) Jai Abhishek Investments Pvt. Ltd*		
(xiv) Jayesh Tradex Pvt. Ltd		
(xv) Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd*		
(xvi) Longwell Investment Pvt. Ltd		
(xvii) M.G. Mobiles India Pvt. Ltd		
(xviii) Meghna Autoworks Private Ltd*		
(xix) Modi Arts Pvt. Ltd*		
(xx) Modi Diagnostics Pvt. Ltd*		
(xxi) Modi Goods and Retail Services Pvt. Ltd* (formally known as Modi Groceries Pvt. Ltd.)		
(xxii) Modi Illva India Pvt. Ltd*		
(xxiii) Modi Industries Ltd		
(xxiv) Modi Motors Pvt. Ltd*		
(xxv) Modi Mundipharma Pvt. Ltd*		
(xxvi) Modi Omega Pharma (India) Pvt. Ltd*		
(xxvii) Modi Revlon Pvt. Ltd*		
(xxviii) Modi Senator (India) Pvt. Ltd*		
(xxix) Modiline Travel Service Pvt. Ltd		
(xxx) Morgardshammer India Ltd*		
(xxxi) Revlon Lanka Pvt. Ltd*		
(xxxii) Revlon Trading Bangladesh Private Ltd*		
(xxxiii) SBEC Systems (India) Ltd		
(xxxiv) Swasth Investment Pvt. Ltd*		
(xxxv) Umesh Modi Corp. Pvt. Ltd*		
(xxxvi) Win Medicare Pvt. Ltd		

\* Indicates that during the year, there is no transaction with these enterprises

**(B) Transactions carried out with related parties referred in (A) above, in ordinary course of business: (Rs in lacs)**

Nature of transaction	Referred in A (1) above*	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
<b>Purchase / Goods and Services</b>	0.90	-	-	-	4,708.82
	(1.25)	(-)	(-)	(-)	(5,851.86)
<b>Sales / Goods and Services</b>	-	-	-	-	289.02
	(2.57)	(-)	(-)	(-)	(1,021.73)
Sale of Debt Assignment	12,500.00	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Expenses / Computer / Printing &amp; Stationery</b>	-	-	-	-	7.86
	(-)	(-)	(-)	(-)	(6.87)
Air Tickets / Vehicle Exp.	-	-	-	-	10.25
	(-)	(-)	(-)	(-)	(9.43)
Courier / Freight Exp./Postage & Telegraph	-	-	-	-	1.92
	(-)	(-)	(-)	(-)	(2.02)
Repair & Maintenance Exp.	-	-	-	-	2.00
	(-)	(-)	(-)	(-)	(-)
Rent/Telephone/Electricity	0.02	-	-	0.19	5.02
	(-)	(-)	(-)	(-)	(5.60)
Interest paid	-	-	-	5.57	85.98
	(-)	(-)	(-)	(-)	(101.19)
Salary & Wages etc	-	-	-	20.31	-
	(-)	(-)	(-)	(27.95)	(-)
Consultancy / Sitting Fee	-	-	-	-	0.02
	(-)	(-)	(-)	(-)	(0.07)
Gifts & other	-	-	-	-	0.16
	(-)	(-)	(-)	(-)	(3.61)
Stores & Spares Consumed	-	-	-	-	8.12
<b>Income / Interest Received</b>	-	-	-	-	-
	(-)	(-)	(-)	(-)	(1.00)
Lease Rent Recd. – Boiler	-	-	-	-	-
	(-)	(-)	(-)	(-)	(23.40)
Other Income	346.16	-	-	-	-
	(265.19)	(-)	(-)	(-)	(-)
Corporate Guarantees	2,660.96#	-	-	-	5,834.67
Outstanding as on 31.03.13	(3,320.41)#	(-)	(-)	(-)	(5,402.47)
<b>Investment - Investment in Shares</b>	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Recoverable / Receivable as on 31.03.13</b>					
Advance Recoverable	675.00	-	-	-	-
	(-)	(-)	(-)	(-)	(11.00)
<b>Finance / Advance Taken as on 31.03.13</b>	-	-	-	85.00	-
	(-)	(-)	(-)	(-)	(-)
Year-end Balance of loan & Advance	1,612.50	-	-	74.70	1,048.32
	(-)	(-)	(-)	(-)	(920.36)

# Guarantee given to SBEC Bioenergy Ltd. Rs.2,660.96 lacs (Previous year Rs. 3,208.33 lacs).



### 39. Lease (AS-19)

#### Operating Lease

The company has entered into operating leases for its office and for employee's residence that are renewable on a periodic basis and cancellable at Company's option. The Company has not entered into sublease agreements in respect of these leases. Further, the Company has not entered into any non-cancellable leases.

### 40. Deferred Taxation (AS-22)

Deferred taxes arise because of difference in treatment between financial accounting and tax accounting, known as "Timing differences". The tax effect of these timing differences is recorded as "deferred tax assets" (generally items that can be used as a tax deduction or credit in future periods) and "deferred tax liabilities" (generally items for which the company has received a tax deduction, but has not yet been recorded in the statement of income).

The principal components of the net deferred tax balance are as follows:

(Rs. in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Deferred Tax Liability</b>		
Depreciation	895.30	955.78
Other Deductions	-	-
<b>Sub Total – A</b>	<b>895.30</b>	<b>955.78</b>
<b>Deferred Tax Assets</b>		
Business Loss / Unabsorbed Dep.	2,663.53	1,203.98
Deduction u/s 43B	120.40	101.92
Disallowance 40(A)(7)	27.30	22.49
<b>Sub Total – B</b>	<b>2,811.23</b>	<b>1,328.39</b>
Net Deferred Tax Assets/(Liability) {B-A}	<b>1,915.93</b>	<b>372.61</b>
*Assets Recognised (Refer note below)	<b>895.30</b>	<b>372.61</b>

\* In view of continuous losses, during the year recognition of deferred tax assets has been restricted to the extent of deferred tax liability.

41. In accordance with the company policy a sum of Rs.19.69 lacs (previous year Rs.19.69 lacs) has been shown as MAT Credit entitlement under other non-current assets.

42. As on 31<sup>st</sup> March 2013 accumulated losses exceed the paid-up capital and free reserves and since total erosion of net worth has taken place the company has become a 'Sick Industrial Company' within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("The Act") as provided by Section 15 of 'The Act' a reference to the Board for Industrial and Financial Reconstruction will be made by the Company within the stipulated period for determination of measures which may be adopted. Since the Company has continued its normal manufacturing operations during the season 2012-13 therefore the accounts are prepared on a "Going Concern Basis".

43. Additional information pursuant to provisions of Part II of Revised Schedule VI to the Companies Act, 1956 (to the extent applicable):

#### a) CAPACITY

Installed Capacity (as certified by the management)	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
Sugarcane Crushing M.T. per day (No License required)	8000	8000

#### b) PRODUCTION, PURCHASE, TURNOVER & STOCK

Classes of Goods	Opening Stock Quantity (Qtls.)	Production Quantity (Qtls.)	Quantity (Qtls.)	Sales Value (in Lacs)	Quantity (Qtls.)	Closing stock Value (in Lacs)
Sugar	5,50,075 (4,29,193)	7,90,676 (8,17,630) *	6,43,565 (6,96,748)	20,502.58 (19,547.04)	6,97,185 (5,50,075)	22,764.13 (18,137.76)
Molasses(By-product)	2,61,611.95 (2,36,945)	4,63,389 (5,06,135)	4,80,007.75 (4,81,468)	1,937.23 (1,729.53)	2,44,993.9 (2,61,612)	812.55 (892.28)
<b>Purchases</b>						
Sugar Trading	96,545 (1,07,415)	2,11,469 (2,10,316)	2,24,749.65 (2,21,186)	8,182.66 (7,116.21)	83,265 (96,545)	3,005.15 (3,219.52)

\* including 340 quintals of BISS

**(c) CONSUMPTION OF RAW MATERIALS**

(Rs. In lacs)

Particulars	Year ended 31 <sup>st</sup> March, 2013		Year ended 31 <sup>st</sup> March, 2012	
	Quantity (Quintals)	Value (Rs. In lacs)	Quantity (Quintals)	Value (Rs. In lacs)
<b>Sugar Cane</b>	92,38,300	25,468.48	(99,35,477)	<b>(25,340.84)</b>

**d) EXPENDITURE IN FOREIGN CURRENCY (On accrual basis)**

(Rs. in lacs)

Particulars	Current year	Previous Year
Foreign Travelling	-	3.41
Professional & Consultation fee	-	2.61
Interest, Others,	18.23	-

**e) CIF VALUE OF IMPORTS**

Store & Spares	14.99	16.26
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**44. EMPLOYEE BENEFITS (AS-15)**

As per Accounting Standard 15 "Employee Benefit" the disclosure of Employee Benefit as defined in Accounting Standard are given below:

**a) Defined Contribution Plan**

Employer's Contributions to Defined Contribution Plan, recognized as expense for the period are as under:

(Rs. in lacs)

	Year ended 31 <sup>st</sup> March 2013	Year ended 31 <sup>st</sup> March 2012
Employer's contribution to Provident Fund	55.82	56.91

**b) Defined Benefit Plan**

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**1. Reconciliation of opening and closing balances of Defined Benefit Obligation.**

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Defined Benefit obligation at the beginning of the period.	92.2	73.06	12.99	11.49
Past Service Cost	-	-	-	-
Current Service Cost.	13.44	13.81	2.04	2.09
Interest Cost.	7.38	6.21	1.04	0.98
Actuarial (gain)/loss	(3.42)	3.85	1.71	(1.38)
Benefits Paid	21.25	(4.74)	(0.26)	(0.19)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the period	88.34	92.19	14.10	12.99

**2. Reconciliation of opening and closing balances of Fair Value of Plan Assets**

Fair value of plan assets as at the beginning of the period	-	-	-	-
Expected Return	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Contribution by Employer	-	-	-	-
Benefits Paid	-	-	-	-
Settlement cost	-	-	-	-
Fair value of plan assets as at the end of the period	-	-	-	-
Actual return on plan assets	-	-	-	-



3. Reconciliation of amount recognized in Balance Sheet (Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Fair Value of Plan Assets as at 31 <sup>st</sup> March	-	-	-	-
Present value of obligation as at 31st March	88.34	92.19	14.10	12.99
Net asset/(liability) recognized in the Balance Sheet	(88.34)	(92.19)	(32.37) <sup>^</sup>	(32.13) <sup>^</sup>

<sup>^</sup> It includes company grade employees' freeze liability in books amounting to Rs.18.27 lacs (Previous year 2011-12 Rs.19.14 Lacs).

4. Expense Recognized during the period in Statement of Profit and Loss.

Current Service Cost	13.44	13.81	2.04	2.09
Past Service Cost	7.38	6.21	1.04	0.98
Interest Cost	-	-	-	-
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/loss recognized during the period	(3.42)	3.85	(1.71)	(1.38)
Expenses recognized in the statement of Profit & Loss	17.39	23.87	1.37	(0.31) <sup>#</sup>

<sup>#</sup> It excludes the expense in relation to company grade employees' amounting to Rs. 2.00 lacs.

5. Actual Return on Plan Assets (Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Actual return on plan assets	-	-	-	-

6. Principal Actuarial Assumptions (Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2013	8%	8.50%	8%	8.50%
Future Salary Increase	5.50%	6.00%	5.50%	6.00%
Expected rate of return on plan assets	-	-	-	-
Retirement Age	60 Years	60 Years	60 Years	60 Years
<b>Withdrawal Rates Age</b>	<b>Withdrawal</b>	<b>Withdrawal</b>	<b>Withdrawal</b>	<b>Withdrawal</b>
Upto 30 years	3.00%	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%





**Amount for the current and previous four periods in periods in respect of leave encashment are as follows**

(Rs. in lacs)

Particulars	Grauity (Unfunded) 31.03.2013	Grauity (Unfunded) 31.03.2012	Grauity (Unfunded) 31.03.2011	Grauity (Unfunded) 31.03.2010	Encashment (Unfunded) 31.03.2009
PBO	14.10	12.99	11.49	9.51	23.78
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(14.10)	(12.99)	(11.49)	(9.51)	(23.78)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	1.76	1.34	1.01	14.07	-

**Amount for the current and previous four periods in periods in respect of Gratuity are as follows**

(Rs. in lacs)

Particulars	Grauity (Unfunded) 31.03.2013	Grauity (Unfunded) 31.03.2012	Grauity (Unfunded) 31.03.2011	Grauity (Unfunded) 31.03.2010	Grauity (Unfunded) 31.03.2009
PBO	88.34	92.19	73.06	57.08	59.30
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(88.34)	(92.19)	(73.06)	(57.08)	(59.30)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	3.79	(4.13)	2.19	9.20	-

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

Actuarial valuation of Leave Encashment for period ended 31st March, 2013 and 31st March, 2012 pertain to only Seasonal Wage-board grade employees, therefore there is difference in expense recognized in statement of profit & Loss and amount as mentioned in Actuarial certificate. However the expenses have been provided on Accrual Basis.

45. Considering the adverse economic/sector conditions and current financial instability the Management of the company vide their resolution dated 05<sup>th</sup> March, 2013 has decided to dispose-off its Chandil Power Plant (under implementation). The company has formed a committee to negotiate with potential buyers. The management expects that the assets will be realized to the extent as stated & does not call for any provision as on the date of the Balance Sheet. Therefore, the Capital Work in Progress, Capital Advances and other related accounts of the Chandil Power Project have been shown as assets held for disposal.
46. Previous year figures have been regrouped/ rearranged wherever considered necessary.  
Previous year figures are given in the bracket wherever applicable

**SIGNED FOR IDENTIFICATION NOTE 1 to 46**

For & on behalf of

**DOOGAR & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. : 000561N

Umesh K. Modi  
(Chairman & President)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 00002798

G.C. Jain  
(Director)  
DIN No. 00002696

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

N.P. Bansal  
(Director)  
DIN No. 00010587

Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)



## Auditors' Report on Consolidated Financial Statements of SBEC Sugar Ltd.

To The Board of Directors of **SBEC Sugar Ltd**

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **SBEC Sugar Ltd** ('the Company') and its subsidiaries ("Collectively referred to as "the Group") which comprises the Consolidated Balance Sheet as at March 31, 2013 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and Notes to Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Basis for Qualified Opinion

- (i) *These Consolidated financial statements have been prepared on a going concern basis even though the Company has incurred operating losses during the current year and also in the previous year and the company's networth is fully eroded. As explained to us by the management, reference will be made to BIFR for measures to be adopted by the company. The Management has also initiated certain steps to improve the operational and financial position of the company failing which, provision would then have to be made for any loss that might arise when the company's assets are realised.*
- (ii) *The holding company has not made provision for interest, on late payment of cane dues amounting to Rs.346.52 Lacs. Accordingly manufacturing expenses and net losses would have been higher by Rs.346.52 lacs respectively & its consequential impact on EPS.*

### Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a) *In the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31 March 2013;*
- b) *In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year ended on that date; and*
- c) *In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.*

### Other Matter

We did not audit the financial statements of subsidiaries. The financial statements of SBEC Bio-energy Limited reflect total assets of Rs.180,31.55 lacs as at 31st March, 2013 and total revenues of Rs.1,240.98 lacs for the period ended on that date. The financial statements of SBEC Stockholding and Investment Limited reflect total assets of Rs.1,965.63 lacs as at 31st March, 2013 and total revenues of Rs. 0.29 lacs for the period ended on that date. The financial statements of Modi Gourmet Limited reflect total assets of Rs. 0.71 lacs as at 31st March, 2013 and total revenues of ' Nil for the period ended on that date. The financial statements and other financial information of subsidiaries have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

The financial statements of the Associates and Subsidiaries of the Associates are unaudited/provisional and have been approved/acknowledged by the Boards of Directors of the respective Associates, whose certificate have been furnished to us, and our opinion, in so far as it relates to these amounts included in respect of Associates and Subsidiaries of the Associates are based solely on these certification. Our Opinion is not qualified in respect of this matter.

For and on behalf of  
**DOOGAR AND ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Regn. No. : 000561N

**(MUKESH GOYAL)**

Mg. Partner  
M.No. 081810

Place : New Delhi  
Date : 6th July, 2013



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	NOTE NO.	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <u>31.03.2012</u> (Rs. in Lacs)
<b>I. EQUITY AND LIABILITY</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	4,769.40	4,769.40
(b) Reserves and Surplus	3	<u>(10,022.09)</u> (5,252.69)	<u>(2,404.56)</u> 2,364.84
<b>Minority Interest</b>		2,195.33	2,175.31
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	4	1,994.97	3,127.44
(b) Other Long Term Liabilities	5	38.20	86.98
(c) Long-term Provisions	6	<u>128.24</u>	<u>114.12</u>
		2,161.41	3,328.54
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	25,468.34	20,420.84
(b) Trade Payables	8	19,029.67	15,737.64
(c) Other Current Liabilities	9	6,746.25	5,087.99
(d) Short-term Provisions	10	<u>17.36</u>	<u>51.37</u>
		<u>51,261.62</u>	<u>41,297.84</u>
<b>TOTAL</b>		<u><b>50,365.67</b></u>	<u><b>49,166.53</b></u>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	6,800.56	7,298.33
(ii) Intangible Assets	11	1.51	1.88
(iii) Capital Work in Progress	11 A	-	<u>985.72</u>
		6,802.07	8,285.93
(b) Non-Current Investment	12	1,968.34	1,393.34
(c) Deffered Tax Assets (net)		154.60	551.44
(d) Long-term Loans & Advances	13	5.21	145.54
(e) Other Non-Current Assets	14	<u>8,261.02</u>	<u>7,904.97</u>
		17,191.24	18,281.22
<b>Current Assets</b>			
(a) Inventories	15	27,789.79	23,361.01
(b) Trade Receivables	16	2,131.17	1,300.59
(c) Cash & Bank Balances	17	375.81	812.19
(d) Short-term Loans & Advances	18	1,674.76	5,355.30
(e) Other Current Assets	19	<u>1,202.90</u>	<u>56.22</u>
		<u>33,174.43</u>	<u>30,885.31</u>
<b>TOTAL</b>		<u><b>50,365.67</b></u>	<u><b>49,166.53</b></u>

Summary of Significant accounting Policies

1A

The Notes referred to above form an integral part of the Balance sheet signed in terms of our report of even date

For &amp; on behalf of

**DOOGAR & ASSOCIATES**Chartered Accountants  
Firm Regn. No. : 000561NUmesh K. Modi  
(Chairman & President)  
DIN No. 00002757Abhishek Modi  
(Executive Director)  
DIN No. 00002798G.C. Jain  
(Director)  
DIN No. 00002696Man Mohan  
(Director)  
DIN No. 00207036Mukesh Goyal  
Mg. Partner  
Membership No. : 081810N.P. Bansal  
(Director)  
DIN No. 00010587Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413Place : New Delhi  
Date : 6th July, 2013Arun Kumar Gupta  
(Chief Financial Officer)Ajay PS Saini  
(Company Secretary)



## CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

	NOTE NO.	For the Year ended 31.03.2013 (Rs. in Lacs)	For the year ended 31.03.2012 (Rs. in Lacs)
I. Revenue From Operations	20	31,498.66	29,682.59
II. Other Income	21	784.13	2,608.91
III. <b>Total Revenue</b>	(I+II)	<b>32,282.79</b>	<b>32,291.51</b>
IV. <b>EXPENSES</b>			
Cost of Material Consumed	22	26,867.05	25,340.84
Purchases of Stock-in-Trade	23	7,636.90	6,985.76
Change in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	24	(4,423.51)	(5,741.66)
Manufacturing Expense	25	1,690.89	1,976.86
Employee Benefit Expense	26	1,088.08	1,100.73
Finance Cost	27	3,552.68	2,680.49
Depreciation & Amortisation Expense	11	718.57	843.22
Administration Expenses	28	668.74	573.01
Selling Expense	29	357.24	302.57
Prior Period Items (including interest on cane payment Rs. 998.10 lacs) (Previous year Nil)		1,011.52	11.68
<b>Total Expenses</b>		<b>39,168.16</b>	<b>34,073.50</b>
V. Profit / (Loss) before exceptional and extraordinary items and tax	(III-IV)	<b>(6,885.37)</b>	<b>(1,781.99)</b>
VI. Exceptional Items	30	(295.42)	(1,483.32)
VII. Profit / (Loss) before extraordinary items and tax (V-VI)		<b>(7,180.78)</b>	<b>(3,265.31)</b>
VIII. Extraordinary Items		-	-
IX. Profit before tax	(VII-VIII)	<b>(7,180.78)</b>	<b>(3,265.31)</b>
X. <b>Tax expense :</b>			
(1) Current tax		19.88	48.52
MAT			
Less: MAT Credit Entitlement			
(2) Deferred tax		396.84	80.32
(3) Taxes for earlier year			
Excess provision of Tax Written Back			
MAT			
Less: MAT Credit Entitlement			
XI. Profit/(Loss) for the period from continuing operations (IX-X)		<b>(7,597.50)</b>	<b>(3,394.15)</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax Expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations after tax		<b>(7,597.50)</b>	<b>(3,394.15)</b>
<b>Profit/(Loss) for the Year before minority Interest</b>		<b>(7,597.50)</b>	<b>(3,394.15)</b>
XV. Minority Interest		20.02	1,140.31
<b>XVI. Profit/(Loss) for the Year</b>	(XIV-XV)	<b>(7,617.52)</b>	<b>(4,534.46)</b>
<b>Earning per equity share:(Par value of Rs.10 each)</b>			
(1) Basic	31	<b>(15.99)</b>	<b>(9.52)</b>
(2) Diluted	31	<b>(15.99)</b>	<b>(9.52)</b>

Signed in terms of our report of even date.

For &amp; on behalf of

**DOOGAR & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. : 000561N

Umesh K. Modi  
(Chairman & President)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 00002798

G.C. Jain  
(Director)  
DIN No. 00002696

Man Mohan  
(Director)  
DIN No.00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

N.P. Bansal  
(Director)  
DIN No. 00010587

Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year (Rs. in Lacs)	Pervious Year (Rs. in Lacs)
<b>A) Cash Flow from Operating Activities</b>		
Profit / (Loss) Before Tax as per Profit and Loss Account	(7,180.78)	(3,265.31)
Adjustments For :		
Interest Expenses	3,552.68	2,680.32
Interest Income	(303.50)	(399.68)
Dividend Income	(1.20)	(1.20)
Debit Balances Written Off	52.85	3.05
Loss on Sale of Stores & Spares	0.53	4.42
Loss on sale of Fixed Assets	0.37	1.58
Profit on sale of Fixed Assets	(4.22)	-
Assets written off	-	0.08
Projects abandoned/written off	34.09	-
Provision for Obsolete Store Items	-	0.52
Wealth tax	0.36	0.30
Depreciation	718.57	843.22
Deferred Revenue Expenditure	20.13	20.13
Profit on sale of Investment	-	(1,837.49)
Unclaimed credit balances written back	(74.09)	(102.68)
<b>Operating Profit before Working Capital Changes</b>	<b>(3,184.21)</b>	<b>(2,052.74)</b>
Adjustments For :		
Trade Receivables	(830.58)	(604.17)
Inventories	(4,429.30)	(5,793.69)
Trade Payables	3,292.04	3,953.77
Loans & Advances/Other Current Assets	2,284.01	(1,968.05)
Liabilities & Provisions	1,663.31	(423.61)
Cash generated from Operating Activities	(1,204.73)	(6,888.49)
Direct Taxes (Paid)/Refund	(33.60)	(44.88)
<b>Net Cash Flow from Operating Activities</b>	<b>(1,238.33)</b>	<b>(6,933.37)</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(257.69)	(1,256.59)
Capital Work in Progress	951.63	(800.32)
Proceeds from sale of Fixed Assets	41.11	1.50
Sale/(Purchase) of Investments	(575.00)	1,935.66
Dividend Income	1.20	1.20
Interest Received	303.50	284.48
<b>Net Cash Flow from Investing Activities</b>	<b>464.75</b>	<b>165.93</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (Net)	(1,132.47)	948.87
Proceeds from Short Term Borrowings (Net)	5,047.47	8,819.88
Net Interest (Paid)	(3,552.68)	(2,585.69)
<b>Net Cash Flow from Financing Activities</b>	<b>362.32</b>	<b>7,183.06</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(411.26)</b>	<b>415.62</b>
Cash and Cash Equivalents as on 1st April 2012 (Opening Balance)	776.96	361.34
Cash and Cash Equivalents as on 31st March 2013 (Closing Balance)	365.71	776.96
<b>Net Increase as disclosed above</b>	<b>(411.26)</b>	<b>415.62</b>
1 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements.		
2 Previous year's figures have been regrouped/rearranged wherever considered necessary.		
3 Cash and Cash equivalent at the end of the year consist of Cash, Stamps in hand , Cheques in Hand and Balances with Banks:		
Cash & Stamps in Hand	6.19	7.44
Balances with Banks	359.51	769.52
<b>TOTAL</b>	<b>365.71</b>	<b>776.96</b>

Signed in terms of our report of even date.

For &amp; on behalf of

**DOOGAR & ASSOCIATES**Chartered Accountants  
Firm Regn. No. : 000561NUmesh K. Modi  
(Chairman & President)  
DIN No. 00002757Abhishek Modi  
(Executive Director)  
DIN No. 00002798G.C. Jain  
(Director)  
DIN No. 00002696Man Mohan  
(Director)  
DIN No. 00207036Mukesh Goyal  
Mg. Partner  
Membership No. : 081810N.P. Bansal  
(Director)  
DIN No. 00010587Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413Place : New Delhi  
Date : 6th July, 2013Arun Kumar Gupta  
(Chief Financial Officer)Ajay PS Saini  
(Company Secretary)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### Note: 1. BASIS AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the company and its subsidiaries "SBEC Bioenergy Limited.", "Modi Gourmet Limited" & "SBEC Stockholding & Investments Limited" used in the consolidation are drawn for a period of Twelve months ended on 31st March, 2013 (hereinafter referred to as "the subsidiary companies").

The accompanying financial statements of the company are prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention on going concern basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

Events occurring after the Balance Sheet date are considered upto the date of adoption of accounts, wherever material.

### Note: 1A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1A. (i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### 1A. (ii) Principles of Consolidation

- (a) The financial statements of the holding company and subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances, intra-group transactions and the unrealized profits.

The financial statements of the holding company and the subsidiary companies have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances except where otherwise stated.

- (b) The Subsidiary Companies considered in the consolidated financial statement:

Name of the Company	Country of Incorporation	% of Voting Power as on 31.03.2013
SBEC Bioenergy Limited	India	55
SBEC Stockholding & Investment Limited	India	100
Modi Gourmet Limited	India	100

- (c) Minority Interest's share of net profit of subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.

- (d) Minority Interest's share of net assets of subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.

#### 1A. (iii) Recognition of Revenues & Expenses

##### In the case of the Holding Company:

- (a) Incomes, Export Incentives/benefits and all Expenditures are accounted for on accrual basis except for interest on account of delayed payments/overdue outstanding to various parties and insurance claims, where there is no reasonable certainty regarding the amount and/or its collectability. Interest income is stated in full with tax thereon being accounted under advance tax.
- (b) Domestic Sales are recognized on dispatch of goods by the Company to its customers whereas the company recognizes export sales on transfer of risk and rewards of goods to its customers.
- (c) Dividends income is recognized when the shareholders right to receive payment was established by the balance sheet date.

##### In the case of SBEC Bioenergy Limited:

- (a) Revenue from sale/conversion charges is recognized on transfer to customers.
- (b) Interest is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- (c) Dividends income is recognized when the Shareholders right to receive payment was established.





#### 1A. (iv) Inventory Valuation

- (a) Finished Goods:
  - (i) Free Sugar - at lower of cost or net realizable value.
  - (ii) Levy Sugar - at lower of cost or levy price.
- (b) Goods in Process - at lower of cost or net realizable value.
- (c) Raw material - at lower of cost or net realizable value.
- (d) Stores and spares - at cost (computed on FIFO basis)
- (e) Molasses (By-product) is valued at net realizable value.
- (f) Provision for obsolescence and other anticipated losses are made on the stocks, whenever identified / considered necessary.

#### 1A. (v) Fixed & Intangible Assets

- (a) Fixed Assets are stated at historical cost less accumulated depreciation. Historical cost comprises all costs relating to acquisition and installation of fixed assets.
- (b) Government grants relating to specific fixed assets are deducted from the gross value of the assets concerned in arriving at their book value.
- (c) Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) - 26 "Intangible Assets".
- (d) Factory Approach Road represents expenditure incurred & capitalized by the company on roads outside factory premises & are written off over a period of Five years.
- (e) Cost and accumulated depreciation pertaining to fixed assets disposed off is removed from the accounts at the time of disposal. Any resultant gain or loss is included in the Profit and Loss Account.

#### 1A. (vi) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 1A. (vii) Depreciation

Depreciation has been charged on the following basis:

- (a) Leasehold Land is being amortized over the period of the Lease.
- (b) Assets leased out are written off over the period of lease at cost less terminal transfer price.
- (c) Assets below Rs. 5000/- are being depreciated at the rate of 100 % in the year of addition.
- (d) Other assets are being depreciated on the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- (e) Software's of the nature of Intangible Assets are amortized over a period of 5 years.
- (f) In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.
- (g) In the case of SBEC Bioenergy Limited, Extra shift depreciation is charged in respect of plant & machinery, excluding items on which no extra shift depreciation is applicable as per Schedule XIV to the Companies Act, 1956, at the rate of 5.59% on actual number of days worked in triple shift in proportion to the normal working days, which are 134 for the Company.

#### 1A. (viii) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

#### 1A. (ix) Foreign Currency Transactions

##### Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency, are reported using the exchange rates that existed when the values were determined. Investments in foreign companies are considered at the exchange rates prevailing on the date of their acquisition.

**Exchange Differences**

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss in the year in which they arise.

**1A. (x) Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 – Employee Benefits.

**(a) Provident Fund**

The Company makes contribution to provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**(b) Gratuity**

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

**(c) Compensated Absence**

Liability in respect of compensated absence becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

**1A. (xi) Pre-operative Expenses and Miscellaneous Expenditure****In the case of the Holding Company:**

Expenses incurred during the pre-operative period are allocated to the respective fixed assets on commencement of commercial operations.

**In case of SBEC Bioenergy Limited:**

Preliminary expenses and Deferred revenue expenses are being amortized over a period of ten years from the date of commencement of commercial operations.

**1A. (xii) Impairment of Assets**

Assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. cash generating units). For the purpose of assessing impairment at each Balance Sheet date, Assets within a Cash Generating Unit are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount at which the assets under individual Cash Generating Unit are carried in the books exceeds its recoverable amount being the higher of the assets net selling price and its value in use. Value in use is based on the present value of the estimated future cash flows relating to the assets.

Previously recognized impairment losses, relating to assets other than goodwill, are reversed where the recoverable amount increases because of favourable changes in the estimates used to determine the recoverable amount since the last impairment was recognized. A reversal of an asset impairment loss is limited to its carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

**1A. (xiii) Tax on Income**

- (a) Tax expense comprises of current and deferred. Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.
- (b) In accordance with Accounting Standard AS-22 'Accounting for Taxes on Income' as notified by Companies (Accounting Standards) Rules, 2006 Deferred Tax Liability/ Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, deferred tax assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.



- (c) In MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### 1A. (xiv) Leases

##### (a) Finance Lease

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

##### (b) Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### 1A. (xv) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 1A. (xvi) Interim Financial Reporting

Quarterly financial results are published in accordance with the requirement of listing agreement with Stock Exchange. The recognition and measurement principal as laid down in the Accounting Standard (AS) - 25 "Interim Financial Reporting" have been followed in the preparation of these results.

#### 1A. (xvii) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- (a) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- (b) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent assets are neither accounted for nor disclosed in the financial statements.

#### 1A. (xviii) Cash and Cash Equivalents

Cash and Cash equivalents comprise cash and cash deposit with banks and corporations. The company considers all highly liquid investments with the remaining maturity at the date of purchase of 3 months or less. And that are readily convertible to known amounts of cash to be cash equivalents.



## NOTE 2 : SHARE CAPITAL

	As at 31.03.2013 (Rs. in Lacs)	As at 31.03.2012 (Rs.in Lacs)
<b>AUTHORISED SHARE CAPITAL</b>		
100,000,000 (Previous Year 55,000,000) Equity Shares of Rs. 10/- each	<b>10,000.00</b>	5,500.00
<b>ISSUED, SUBSCRIBED AND PAIDUP :</b>		
<b>ISSUED &amp; SUBSCRIBED CAPITAL :</b>		
47,814,430 (Previous Year 47,814,430) Equity Shares of Rs. 10/- each	<b>4,781.44</b>	4,781.44
<b>PAID UP :</b>		
47,653,880 (Previous Year 47,653,880) Equity Shares of Rs. 10/- each	<b>4,765.39</b>	4,765.39
Share Forfeiture Account	<b>4.01</b>	4.01
<b>TOTAL</b>	<b>4,769.40</b>	4,769.40

### a) Terms/rights attached to Equity Shares

Company has only one class of equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### b) Detail of Shareholders holding more than 5% Equity Shares in the company

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares Held	%age of Holding	No. of shares Held	%age of Holding
Equity Shares				
1 M/s SBEC Systems (India) Ltd.	14,230,884	29.86%	14,230,884	29.86%
2 M/s Moderate Leasing & Capital Services Ltd	4,215,289	8.85%	4,215,289	8.85%
3 M/s A to Z Holding Pvt. Ltd.	3,128,400	6.56%	3,128,400	6.56%
4 M/s Longwell Investments Pvt. Ltd.	2,721,500	5.71%	2,721,500	5.71%
5 M/s Kumabhi Investments Pvt. Ltd.	2,387,050	5.01%	2,387,050	5.01%

### c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	2012-13		2011-12	
	No. of shares	(Rs.in lacs)	No. of shares	(Rs.in lacs)
Equity Shares				
At the beginning of the year	47,653,880	4,765.39	47,653,880	4,765.39
Add: Shares Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Outstanding at the end of the year	47,653,880	4,765.39	47,653,880	4,765.39

**NOTE 3 : RESERVES & SURPLUS**

	<b>As at 31.03.2013 (Rs. in Lacs)</b>	<b>As at 31.03.2012 (Rs.in Lacs)</b>
<b>Surplus / (Deficit)</b>		
Balance as per last financial statement	(2,487.66)	2,054.02
Balance in statement of Profit & Loss	(7,617.52)	(4,534.46)
Add: Transfer from Reserves	30.65	—
Less: Transfer to Reserves	7.20	7.22
<b>Closing Balance</b>	<b>(10,081.74)</b>	<b>(2,487.66)</b>
<b>Capital Reserve</b>		
Balance as per last financial statement	49.17	49.17
Add: Additions during the year	—	—
Less : Deductions during the year	—	—
<b>Closing Balance</b>	<b>49.17</b>	<b>49.17</b>
<b>Other Reserve-Molasses Storage Fund</b>		
Balance as per last financial statement	33.93	26.71
Add: Additions during the year	7.20	7.22
Less : Deductions during the year	30.65	—
<b>Closing Balance</b>	<b>10.48</b>	<b>33.93</b>
<b>TOTAL</b>	<b>(10,022.09)</b>	<b>(2,404.56)</b>

**NOTE 4 : LONG-TERM BORROWINGS**

<b>A. Secured Borrowings</b>		
a) Vehicle Loans	32.29	20.61
b) Hire Purchase - First Leasing Co. of India Ltd.	267.46	414.13
c) Term Loan from SREI Infrastructure Finance Ltd.	1,166.67	2,041.67
<b>SUB-TOTAL (A)</b>	<b>1,466.42</b>	<b>2,476.41</b>
<b>B. Unsecured Loans</b>		
a) Fixed Deposits from Public	134.25	147.25
b) Deposits from Selling agents	394.30	503.78
<b>SUB-TOTAL (B)</b>	<b>528.55</b>	<b>651.03</b>
<b>TOTAL (A+B)</b>	<b>1,994.97</b>	<b>3,127.44</b>

Note : Terms of repayment / details of security are as follows :

(Rs. In lacs)

Lending Institution	Outstanding As at 31.03.2013	2013-14	2014-15	2015-16	2016-17	2017-18
SREI Infrastructure Finance Ltd.	2544.99	1378.32	875.00	291.67	—	—
HDFC Bank Ltd.	29.57	7.10	7.29	7.19	7.99	—
Kotak Mahindra Prime Ltd.	12.73	7.02	3.53	1.60	0.58	—
ICICI Bank Ltd.	5.88	1.77	1.97	2.14	—	—
First Leasing Company of India Ltd.	507.77	240.31	164.23	98.24	4.99	—

- Term loan from SREI Infrastructure Finance Ltd. (secured by first Pari-passu charge and / or mortgage account for realisation of payment of sale of Electricity to UPPCL and all present and future Fixed Assets of the Company. Loan from SREI is Repayable in 24 equal installment (Monthly from December to may every year, beginning from December 2011). Interest is charged at SREI benchmark rate subject to a minimum interest rate of 16%. Principal & interest amounting to Rs. 603.63 Lac (Previous year Rs 381.48 Lac) due but not paid.
- Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
- Excise Loan from The Shamrao Vittal Co-operative Bank Ltd. was secured by residual charge on Fixed Assets, since adjusted.
- Vehicle loans from HDFC Bank Ltd., Kotak Mahindra Prime Ltd., and ICICI Bank Ltd. carry interest @ 10.00-12.00% and Hire Purchase of Plant & Machinery from First Leasing company of India Ltd carry interest @ 17.92%
- Fixed Deposits carry interest @10.50-11.00 % and repayable within one to three Years from the date of Deposits.



	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs.in Lacs)
<b>NOTE 5 : OTHER LONG-TERM LIABILITIES</b>		
Security Deposit Received	13.71	16.46
Retention Money	24.49	70.52
<b>TOTAL</b>	<b>38.20</b>	<b>86.98</b>

<b>NOTE 6 : LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits :		
For Leave Encashment	34.11	28.31
For Gratuity	94.14	85.81
<b>TOTAL</b>	<b>128.24</b>	<b>114.12</b>

**NOTE 7 : SHORT-TERM BORROWINGS**

<b>A Secured Borrowings</b>		
a) Term loan from Bank-		
Short Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	—	700.00
b) Pledge Account with The U.P. Co-operative Bank Ltd.	16,514.11	13,221.16
c) Pledge Account with The Shamrao Vithal Co-Operative Bank Ltd	2,525.17	2,333.77
<b>SUB-TOTAL (A)</b>	<b>19,039.28</b>	<b>16,254.93</b>
<b>B Unsecured Loans</b>		
a) Inter Corporate Deposits	6,354.36	4,165.91
b) From Mr. Abhishek Modi, Executive Director	74.70	—
<b>SUB-TOTAL (B)</b>	<b>6,429.06</b>	<b>4,165.91</b>
<b>GRAND TOTAL (A+B)</b>	<b>25,468.34</b>	<b>20,420.84</b>

- 1 Pledge A/c with The U.P. Co-operative Bank Ltd., The Shamrao Vithal Bank, . is secured by the pledge of stocks of sugar.
- 2 Secured Borrowings mention on (a to c) of 'A' above are further secured by personal gurantee of two Directors of the Company.
- 3 Short Term Loan from The Shamrao Vittal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.

**NOTE 8 : TRADE PAYABLES**

Sundry Creditors		
- For Sugarcane (including expenses related to Cane)	15,201.04	11,171.88
Others	3,828.64	4,565.76
<b>TOTAL</b>	<b>19,029.67</b>	<b>15,737.64</b>

- 1 Followings are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:
  - a) Sundry creditors include a sum aggregating Rs.1.46 Lacs (Previous Year Rs. Nil), due to Micro and Small Enterprises.
  - b) The amount of interest paid by the Company in terms of Section 16, along with the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the year - Nil (Previous Year Rs. Nil)
  - c) The amount of interest due and payable for the year of delay in making payment which have been paid but beyond the appointed day during the year but without adding the interest specified under this Act. Rs.0.15 Lacs(Previous Year Rs.Nil)
  - d) The amount of interest accrued and remaining unpaid Rs.0.04 Lacs (Previous Year Rs.Nil)
  - e) Amount of further interest remaining due and payable even in succeeding years Rs.Nil (Previous Year Rs. Nil)

The above mentioned outstanding are in normal course of business and the information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE 9 : OTHER CURRENT LIABILITIES**

	As at <b>31.03.2013</b> (Rs. in Lacs)	As at <b>31.03.2012</b> (Rs. in Lacs)
<b>Current maturity of long term loans</b>		
Fixed Deposits from Public	522.00	811.50
Unclaimed Fixed Deposit from public	417.00	-
Excise Loan from The Shamrao Vithal Co-operative Bank Ltd.	-	184.85
Hire Purchase - First Leasing Co. of India Ltd.	240.31	198.27
Vehicle Loans	15.89	15.88
Statutory Dues	1,570.33	324.34
Interest accrued but not due on borrowings	21.24	37.21
Interest accrued and due on borrowings	679.43	372.67
Bills Payable Acceptance	961.04	1,766.39
Advance Against Sales	764.87	0.21
Security Deposit Received	0.45	0.45
Employees Related dues	153.15	159.34
Retention Money	6.92	12.90
Other Liabilities	15.28	37.32
SREI Infrastructure Finance Ltd.	1,378.32	1,166.67
<b>TOTAL</b>	<b>6,746.25</b>	<b>5,087.99</b>

**NOTE 10 : SHORT-TERM PROVISIONS**

Provision for Employee Benefits		
For Leave Encashment	3.59	12.04
For Gratuity	13.40	28.88
Others:		
For Wealth Tax	0.36	0.30
For Income Tax	-	10.15
<b>TOTAL</b>	<b>17.36</b>	<b>51.37</b>

**NOTE 11 : FIXED ASSETS**

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at 01.04.2012	Addition During the Year	Adjustments	As at 31.03.2013	Upto 31.03.2012	Provided During the Year	Adjust- ments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>TANGIBLE ASSETS</b>										
LAND - FREEHOLD	46.15	-	-	46.15	-	-	-	-	46.15	46.15
LAND - LEASE HOLD	56.43	-	-	56.43	8.36	0.64	-	9.00	47.43	48.07
LEASE HOLD IMPROVEMENT	0.85	-	-	0.85	0.85	-	-	0.85	-	-
FACTORY BUILDING & TRANSIT HOUSE	1,431.20	3.54	-	1,434.74	398.10	36.81	-	434.91	999.83	1,033.10
PLANT & MACHINERY	15,183.19	200.99	145.81	15,238.36	9,344.45	610.62	116.96	9,838.11	5,400.26	5,838.74
OFFICE EQUIPMENT	31.65	3.26	0.02	34.90	14.51	1.77	0.02	16.27	18.63	17.14
COMPUTER EQUIPMENT	78.41	1.97	-	80.38	55.50	6.11	-	61.61	18.77	22.91
FURNITURE & FIXTURES	69.87	0.21	-	70.09	41.47	3.42	-	44.90	25.19	28.40
MOTOR VEHICLES	171.87	47.30	34.65	184.52	62.39	19.80	26.24	55.95	128.57	109.48
FACTORY APPROACH ROAD	244.32	-	-	244.32	89.99	38.61	-	128.60	115.72	154.34
<b>TOTAL (A)</b>	<b>17,313.95</b>	<b>257.27</b>	<b>180.48</b>	<b>17,390.74</b>	<b>10,015.62</b>	<b>717.77</b>	<b>143.22</b>	<b>10,590.18</b>	<b>6,800.56</b>	<b>7,298.33</b>
Previous Period	16,066.26	1,400.14	151.98	17,314.42	9,178.18	842.16	4.72	10,015.62	7,298.80	6,888.08
<b>INTANGIBLE ASSETS</b>										
COMPUTER SOFTWARE	17.81	0.42	-	18.23	15.93	0.79	-	16.72	1.51	1.88
<b>TOTAL (B)</b>	<b>17.81</b>	<b>0.42</b>	<b>-</b>	<b>18.23</b>	<b>15.93</b>	<b>0.79</b>	<b>-</b>	<b>16.72</b>	<b>1.51</b>	<b>1.88</b>
Previous Period	17.27	0.55	-	17.81	14.86	1.06	-	15.93	1.88	2.40
<b>TOTAL (A+B)</b>	<b>17,331.76</b>	<b>257.69</b>	<b>180.48</b>	<b>17,408.97</b>	<b>10,031.55</b>	<b>718.57</b>	<b>143.22</b>	<b>10,606.90</b>	<b>6,802.07</b>	<b>7,300.21</b>
Previous Period	16,083.52	1,400.69	151.98	17,332.24	9,193.05	843.22	4.72	10,031.55	7,300.68	6,890.48

Note : 1. Freehold Land includes land aggregating Rs. 1.58,059/- in the name of SBEC System (India) Limited as nominee.  
 2. Factory Approach Road, represents expenditure incurred by the company on roads outside factory premises and are written off over a period of five years.



# NOTE 11 A : CAPITAL WORK IN PROGRESS

	As at 31.03.2013 (Rs. in Lacs)	As at 31.03.2012 (Rs.in Lacs)
For Existing Operations	-	72.66
Other Projects	-	34.09
For New Projects (Also Refer Note No-45)	-	878.97
<b>TOTAL</b>	<b>-</b>	<b>985.72</b>

# NOTE 12 : NON-CURRENT INVESTMENT

## Trade Investment

40,000 Equity Shares of Rs. 25/- each in The Shamrao Vithal Co-operative Bank Ltd.	10.00	10.00
(Previous Year - 40,000 Equity Shares of Rs. 25/- each)		
Share Transfer Stamp Fee	0.83	0.83
<b>SUB TOTAL (a)</b>	<b>10.83</b>	<b>10.83</b>

## Other Investments:

4,50,000 Equity Shares of Rs.10/- each of Modi Illva India Pvt. Ltd.	45.00	45.00
(Previous Year - 4,50,000 Equity shares of Rs. 10/- each)		
100 Equity Shares of Rs. 10/- each of Chandil Power Ltd.		
- Share application Money	0.01	0.01
(Previous Year 100 Equity shares of Rs. 10/- each)		
19,12,500 Non Transferable compulsory Convertible Unsecured zero % debenture of Modi Illva India Pvt. Ltd. Rs. 100/- each	1,912.50	1,337.50
(Previous Year 13,37,500/- of Rs. 100 /- each)		

## SUB TOTAL (b)

## TOTAL (a+b)

Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate amount of unquoted investments	1,968.34	1,393.34
Aggregate provision for diminution in value of investments	-	-

# NOTE 13 : LONG-TERM LOANS AND ADVANCES

## Unsecured, Considered good

Security Deposits	5.21	4.07
Capital Advances	-	141.47
<b>TOTAL</b>	<b>5.21</b>	<b>145.54</b>

# NOTE 14 : OTHER NON-CURRENT ASSETS

Debt Assignment Recoverable-PNB - (Refer Note No. 33)	5,917.31	5,499.68
Debt Assignment Recoverable- (IFCI and IDBI)	2,185.98	2,185.98
MAT Credit Entitlement	19.69	19.69
Margin Money with Others	35.00	35.00
SREI Infrastructure Finance Ltd.	26.29	3.00
Deferred Revenue Expenditure	53.94	52.18

## Other Bank Balances

Balance with Scheduled Banks in -		
— Fixed Deposits	-	44.44
— Fixed Deposits Pledge with Banks	17.81	-
— Margin Money with Banks	5.00	65.00
<b>TOTAL</b>	<b>8,261.02</b>	<b>7,904.97</b>

# NOTE 15 : INVENTORIES

Goods in progress	317.64	9.09
Finished goods	23,655.95	19,326.60
Stock-in-trade (in respect of goods acquired for trading)	3,005.15	3,219.52
Stores and spares*	798.26	782.54
Other Stocks	12.80	23.25
<b>TOTAL</b>	<b>27,789.79</b>	<b>23,361.01</b>

\*Net of provision for obsolescence Rs. 2.31 lacs  
(Previous year Rs. 2.50 lacs)



**NOTE 16 : TRADE RECEIVABLES**

	<b>As at 31.03.2013 (Rs. in Lacs)</b>	<b>As at 31.03.2012 (Rs.in Lacs)</b>
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Secured	-	-
- Unsecured	121.03	782.02
- Doubtful	<u>6.34</u>	<u>6.34</u>
Other Debts		
- Secured	-	23.51
- Unsecured	2,010.14	495.06
- Doubtful	<u>-</u>	<u>-</u>
Less: Provision for Bad and Doubtful Debts	<u>6.34</u>	<u>6.34</u>
<b>TOTAL</b>	<b><u>2,131.17</u></b>	<b><u>1,300.59</u></b>

**NOTE 17 : CASH AND BANK BALANCES****Cash and Cash Equivalents**

Cash in hand	6.19	7.44
Cheques/Drafts in hand	-	-
Balance with Banks in -		
— In Current Accounts	359.51	769.52
Balance with Banks in -		
— Fixed Deposits	<u>10.10</u>	<u>35.23</u>
<b>TOTAL</b>	<b><u>375.81</u></b>	<b><u>812.19</u></b>

**NOTE 18 : SHORT TERM LOAN & ADVANCES****Unsecured****LOAN & ADVANCES TO RELATED PARTIES\***

Moderate Leasing and Capital Services Limited	448.50	3944.55
Promoter Company - SBEC Systems (India) Limited	127.96	151.24
Advance Recoverable In Cash or in Kind or for Value to be received		
Unsecured	145.98	695.03
Doubtful	<u>-</u>	<u>-</u>
Less : Provision for doubtful advances	145.98	695.03
Amount deposited under protest*	43.64	41.99
Taxes recoverable	47.78	42.73
Balance with Excise/Trade Tax Authorities	198.17	157.89
Share Application Money- Chandil Power Ltd. (Also refer Note No. 45)	-	11.00
Prepaid Expenses	25.99	38.92
REC Recoverable	611.34	265.19
Security Deposits	6.77	6.77
Staff balances	0.43	-
Advance to suppliers	17.05	-
Other	1.14	-
<b>TOTAL</b>	<b><u>1,674.76</u></b>	<b><u>5,355.30</u></b>

\*Amount deposited under protest Detail

<b>U.P. VAT Act</b>	38.21	41.99
<b>Central Excise Act</b>	<u>5.43</u>	<u>-</u>
	<u>43.64</u>	<u>41.99</u>

**NOTE 19 : OTHER CURRENT ASSETS**

Assets held for Disposal (Also refer Note No.-45)	1,154.88	-
Tax Deducted At Source	2.15	1.35
Income Tax Receivable	45.89	32.97
Deferred Revenue Expenditure	<u>-</u>	<u>21.89</u>
<b>TOTAL</b>	<b><u>1,202.92</u></b>	<b><u>56.22</u></b>


**NOTE 20 : REVENUE FROM OPERATIONS**

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
a) <u>Sale of product</u>		
Sugar	<b>28,685.24</b>	26,663.25
Power	<b>938.76</b>	960.17
b) <u>Other operating revenue</u>		
Molassses	<b>1,937.23</b>	1,729.53
Bagasse	<b>909.86</b>	827.81
Scrap Sale	<b>54.34</b>	77.84
Sale of Export Entitlement	-	498.92
Less : Excise Duty	<b>1,026.78</b>	1,074.92
<b>TOTAL</b>	<b><u>31,498.66</u></b>	<b><u>29,682.59</u></b>

**NOTE 21 : OTHER INCOME**

Interest Received	<b>303.50</b>	399.68
Profit on sale of fixed assets	<b>4.22</b>	-
Dividend received from cooperative Society	<b>1.20</b>	1.20
Profit on sale of Investment - (in subsidiary company)	-	1,837.49
REC Income	<b>346.16</b>	265.19
Miscellaneous Income	<b>54.96</b>	1.21
Foriegh Exchange fluctuation	-	1.47
Excess Provision / Sundry balances written back	<b>74.09</b>	102.68
<b>TOTAL</b>	<b><u>784.13</u></b>	<b><u>2,608.91</u></b>

**NOTE 22 : COST OF MATERIAL CONSUMED**

Raw Material Consumed	<b>26,867.05</b>	25,340.84
<b>TOTAL</b>	<b><u>26,867.05</u></b>	<b><u>25,340.84</u></b>

**NOTE 23 : PURCHASES OF STOCK IN TRADE**

Sugar Purchased For Trading	<b>7,636.90</b>	6,985.76
<b>TOTAL</b>	<b><u>7,636.90</u></b>	<b><u>6,985.76</u></b>

**NOTE 24 : CHANGE IN INVENTORIES OF STOCKS**

<b>Opening Stock</b>			
Finished Goods	<b>19,326.60</b>	13,435.28	
Goods in Process	<b>9.09</b>	33.83	
Stock in Trade	<b><u>3,219.52</u></b>	<b><u>3,344.45</u></b>	16,813.56
<b>Closing Stock</b>			
Finished Goods	<b>23,655.95</b>	19,326.60	
Goods In Process	<b>317.64</b>	9.09	
Stock in Trade	<b><u>3,005.15</u></b>	<b><u>3,219.52</u></b>	22,555.22
<b>Increase/(Decrease) In Stocks</b>	<b><u>4,423.51</u></b>	<b><u>5,741.66</u></b>	

**NOTE 25 : MANUFACTURING EXPENSE**

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
Stores & Spares Consumed (Including Packing Exp.)	<b>995.70</b>	1,178.18
Power & Fuel	<b>19.98</b>	17.90
Repair & Maintenance		
- Plant & Machinery	<b>452.27</b>	492.65
- Building	<b>42.31</b>	8.75
- Others	<b>13.90</b>	66.35
Freight & Cartage	<b>10.90</b>	11.64
Material Handling Expenses	<b>15.38</b>	51.22
Other Mfg. Expenses	-	4.55
Variation in Excise Duty on Opening and closing stock of Finished Goods	<b>111.87</b>	145.62
Bagasse and Ash Handling Charges	<b>28.57</b>	-
<b>TOTAL</b>	<b><u>1,690.89</u></b>	<b><u>1,976.86</u></b>

**VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED**

(Rs. In Lacs)				
Particulars	Indigenous Value	%age	Imported Value	% age
Raw Materials	25,478.64	100%	-	Nil
Previous Year	25,340.84	100%	-	Nil
Stores & Spares*	926.06	97.88%	19.67	2.12%
Previous Year	1,052.17	98.74%	13.44	1.26%

\*Excluding spares used for capitalization.

**NOTE 26 : EMPLOYEE BENEFIT EXPENSES**

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
Salary, Wages & Bonus	<b>957.16</b>	941.20
Company's Contribution To Provident & Other Funds	<b>73.04</b>	70.48
Staff Welfare Expenses	<b>32.77</b>	61.00
Gratuity	<b>25.11</b>	28.05
<b>TOTAL</b>	<b><u>1,088.08</u></b>	<b><u>1,100.73</u></b>

**NOTE 27 : FINANCE COST**

Interest expenses	<b>3,265.49</b>	2,339.11
Finance Charges	<b>234.82</b>	269.85
Financial Brokerage	<b>52.36</b>	71.52
<b>TOTAL</b>	<b><u>3,552.68</u></b>	<b><u>2,680.49</u></b>



**NOTE 28 : ADMINISTRATION EXPENSES**

	<b>For the Year ended 31.03.2013 (Rs. In Lacs)</b>	<b>For the Year ended 31.03.2012 (Rs. In Lacs)</b>
Telephone, Postage & Telegram	15.62	14.75
Legal & Professional Charges	117.47	148.12
Director's Siting Fee	0.52	0.47
Loss on Sale of Fixed Assets	0.37	1.58
Loss on Sale of Stores & Spares	0.53	4.42
Travelling & Conveyance	86.03	85.48
Rent Including Lease Charges	35.46	15.72
Rates & Taxes	49.94	21.32
Vehicle Expenses	29.24	30.97
Insurance		
Insurance Expenses	47.71	46.92
Insurance realised on sugar	<u>(26.53)</u>	<u>(26.95)</u>
Security Guard Expenses	116.10	121.06
Payment to Auditors*	5.79	6.25
Fixed Assets Written Off	-	0.08
Projects abandoned/written off	34.09	-
Debit Balances Written Off	52.85	3.06
Provision for Obsolete Store Items	-	0.52
Foreign exchange fluctuation	8.24	-
Bank Charges	30.44	25.96
Wealth Tax	0.36	0.30
Misc. Expenses	44.35	52.85
Misc expenditure Written off	20.13	20.13
<b>TOTAL</b>	<u>668.74</u>	<u>573.01</u>
<b>*Details of Payment to Auditors</b>		
a) Statutory Audit Fee	3.86	3.42
b) Tax Audit Fees	0.42	0.41
c) Certification & Reimbursement	1.38	2.38
d) Out of pocket expenses	0.13	0.03
	<u>5.79</u>	<u>6.25</u>

**NOTE 29 : SELLING EXPENSES**

Commission	147.37	136.47
Rent (Godown)	51.98	29.94
Freight, Clearing & Forwarding	157.44	134.66
Rebate & Discount	0.45	1.51
<b>TOTAL</b>	<u>357.24</u>	<u>302.57</u>

**NOTE 30 : EXCEPTIONAL ITEMS**

Differential Cane Price for the Crushing Season 2007-08	-	(1,483.32)
Provision for interest on Custom Duty	(295.42)	-
<b>TOTAL</b>	<u>(295.42)</u>	<u>(1,483.32)</u>



## NOTES ON FINANCIAL STATEMENT:

### 31. Earning per Share (AS-20)

Particulars	Current Year	Previous Year
Net Profit/(Loss) after tax (Rs. in lacs)	(7617.52)	(4534.46)
Weighted Average number of equity shares outstanding during the year	4,76,53,880	4,76,53,880
Basic Earnings per Share (Rs.)	(15.99)	(9.51)
Diluted Earnings per Share (Rs.)	(15.99)	(9.51)

### 32 (a). Contingent Liabilities not provided for in respect of:

S.No. Particulars	As at 31.03.2013	As at 31.03.2012
<b>In the case of the Holding Company:</b>		
i) Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.	5,834.67	5,402.47
ii) Outstanding against Guarantee given on behalf of SBEC Bio-energy Ltd.	2,660.95	3,320.41
iii) Duties and Tax liabilities disputed by the Company	361.11	1,360.26
iv) Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	35.99	35.99
<b>In the case of SBEC Bioenergy Limited:</b>		
v) Claims against the company not acknowledged as debts:-Income tax matters	117.43	159.52

**32 (b).** In the case of the Holding Company, the estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances is Rs Nil lacs (Previous Year Rs.132.23 lacs).

### 33. a) In the case of the Holding Company:

During the year 2006-2007, a One Time Settlement (OTS) dated 22<sup>nd</sup> January, 2007 has been signed between the Company, Punjab National Bank (PNB), Mr. Umesh K. Modi (as Guarantor of MIL) and Modi Industries Limited (MIL) on the terms as contained in the PNB letter dated 28<sup>th</sup> September, 2006. In terms of this settlement, the Company has agreed to make payment of Rs. 2,810.60 lacs together with interest to PNB. In consideration of the same, PNB has agreed to assign all its claims, interest and charges against the Steel Section of MIL in favour of the Company. The Company has made full payment of the settlement amount together with interest aggregating Rs. 3,351.21 lacs to PNB. As per expert legal opinion, during the year interest amounting to Rs. 417.63 lacs (previous year Rs. 370.64 lacs and Rs. 2,148.47 lacs for the period from 22<sup>nd</sup> January, 2007 to 31<sup>st</sup> March, 2012) has been allocated to the cost of "Debt Assignment" acquired by the company from PNB, since in the opinion of the management the borrowing of the company were raised to pay for Debt Assignment.

PNB thereafter executed a "Deed of Assignment" on 15<sup>th</sup> May, 2012 (an event occurring after the date of the Balance Sheet) in favour of the company by which PNB assigned all its claim together with all securities and charges created by MIL in its favour to the company.

The company thereafter executed a "Deed of Assignment" on 31<sup>st</sup> December, 2012 in favour of its subsidiary M/s SBEC Bioenergy Limited by which the company assigned all its claim together with all securities and charges created by MIL in its favour for a consideration of Rs. 12,500 lacs. A sum of Rs. 4,200 lacs has been paid simultaneously with the execution of this deed and the remaining sum of Rs. 8,300 lacs shall be payable as per the mutually agreed installments within a period of five years from the date of execution of this deed.

### b) In the case of SBEC Bioenergy Limited:

(i) The Company had negotiated and finalized with the IDBI Ltd., the terms for taking over the debt of IDBI in Modi Industries Limited (MIL) under OTS on assignment basis to the Company. In terms of IDBI's letters No. IDBIL.HO.RD.MIL/2221 dated 27<sup>th</sup> January, 2007 and 9<sup>th</sup> February, 2007, on payment of settlement amount, IDBI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IDBI (towards principal and interest) right against MIL and also the charges and securities created by MIL, will stand assigned in favour of the Company. The said 'Deed of Assignment' is yet to be executed.

The Company had paid total dues of IDBI i.e. a sum of Rs. 1410.98 lacs (previous year Rs. 1410.98 lacs) under this scheme.

(ii) The Company has negotiated and finalized with the IFCI Limited, the term for taking over the debt of IFCI in Modi Industries Ltd. (MIL). In terms of IFCI Letter No. IFCI/NRG/ 200-13494 Dated 30<sup>th</sup> December, 2009 on payment of settlement amount, Rs. 775 lacs.

The company made a payment of Rs. 775 lacs to IFCI on 30<sup>th</sup> December 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19<sup>th</sup> April 2012 and assigned its all claims against Modi Industries Limited together with the securities and charges in favour of the company. The registrar of companies has registered the modification to the charges in favour of the company. The said secured debts is payable by Modi Industries Limited to the Company.



- (iii) The company has taken the debt of SBEC Sugar Ltd. in Modi Industries Ltd. (MIL) through a "Deed of Assignment" in its favour executed on 31<sup>st</sup> December, 2012 by its holding company M/s SBEC Sugar Ltd. All the claims together with all securities and charges created by MIL in favour of SBEC Sugar Ltd. have been assigned to the company for a consideration of Rs. 12,500 lacs. A sum of Rs.4,200 lacs have been paid on the date of execution of the said deed and the balance Rs. 8,300 lacs shall be payable as per mutually agreed installments within a period of five years from the date of execution of this deed.

**34. In the case of SBEC Bioenergy Limited:**

- a) The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1<sup>st</sup> December, 2005. The Company's contribution in respect of the line amounted to Rs.195.45 lacs as demanded by UPPCL till end of March, 2013. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL. The amount spent by the Company has been accounted for as Deferred Revenue Expenditure and the same is being amortized over a period of 10 years from the date of commencement of commercial operation.
- b) UPPCL has charged Rs. 5.45 lacs for the year 2012-13 (Previous Year Rs. 5.19 lacs) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 8<sup>th</sup> November, 2006, the charge is @ 1.50% on the cost of 132 KV Line in the first year and with an increase (maximum) of 5% in each subsequent year. Since, the total expenditure on the 132 KV Line is pending finalization by UPPCL, this charge again, is on provisional basis.
- c) The balance of loan from SREI Infrastructure Finance Ltd. is subject to confirmation & reconciliation. The company has not provided for any overdue/penal interest on overdue and late payments.
- d) The company has taken the debt of IDBI, IFCI & SBEC Sugar Limited in Modi Industries Limited (MIL). The principal activities of MIL is manufacturing of Sugar, Liquor, Electrode, Paint, Gas etc. As at 31<sup>st</sup> March, 2013 the company has net exposure of Rs.14,685.98 lacs as debt acquired. The net worth of MIL has been completely eroded. MIL had been declared a sick Industrial company on March 14, 1991 in terms of section 3(1)(o) of the Sick Industrial Companies Special Provisions Act 1985. No provision for the diminution in debts is required to be made in these financial statements.

- 35.** In case of SBEC Bioenergy Ltd., Company's leasing arrangements, which are in respect of operating leasing for premises (residential, office etc.) ranges between 11 months to 12 months generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged to revenue.

**36. Executive and Whole time Director's Remuneration included under different heads of expenditure is as follows:**

**a) In the case of the Holding Company:**

Particulars	(Rs. in lacs)	
	Current Year	Previous Year
Salary, Allowance & Commission	18.20	22.47
Contribution to Provident fund	1.42	2.00
Reimbursement of Expenses	0.69	3.48
Sub Total	20.31	27.95
Commission on profits	Nil*	Nil*
<b>TOTAL</b>	<b>20.31</b>	<b>27.95</b>

\*In view of losses in the current year, computation of net profit in accordance with Sec. 309(5) read with Sec. 349 of the Companies Act, 1956 has been made. However, on that basis, no commission is payable to the Executive Director.

**b) In the case of SBEC Bioenergy Limited:**

Mr. Abhishek Modi, Executive director (From 11th July, 2011), under Companies Act, 1956 was paid remuneration in accordance with Schedule XIII to the Companies Act, 1956. The same having been included under different heads of expenditure is as follows:

Particulars	(Rs. in lacs)	
	Current Year	Previous Year
Salary & Bonus	33.60	25.88
Contribution to Provident fund	2.64	2.08
Others	3.12	0.15
<b>TOTAL</b>	<b>39.36</b>	<b>28.11</b>

Note: Remuneration excludes provision for gratuity determined on actuarial basis as these are determined for the company as a whole.



Computation of Profit in accordance with Section 349 and 350 of the Companies Act, 1956 for the purpose of Section 198 of the said Act is as under:-

(Rs. in lacs)		
Particulars	Current Year	Previous Year
Profit (Loss) for the year before taxation (as per Profit & Loss Account)	88.60	252.06
Add:-		
Depreciation provided in the Accounts	112.24	94.43
Director and Manager Remuneration	37.15	31.72
Loss on sale of Fixed Assets	1.43	-
<b>Subtotal</b>	<b>239.42</b>	<b>378.21</b>
Less:-		
Depreciation as per section 350 of the Companies Act, 1956	112.24	94.43
Profit on sale of Fixed Assets	5.65	-
<b>Profit(Loss) u/s 349 &amp; 350</b>	<b>121.53</b>	<b>283.78</b>

Shri Abhishek Modi, Executive Director has not been paid any commission during the current year due to inadequate profits.

**37. Segment Reporting (AS-17):**

**a) In the case of the Holding Company:**

The Company is a single product, single location company and hence the requirements of Accounting Standard-17 on 'Segment Reporting' are not relevant.

**b) In the case of SBEC Bioenergy Limited:**

The reportable segments as per Accounting Standard – 17 issued by The Institute of Chartered Accountant of India on "Segment Reporting" are given as under:

Particulars	Power Generation		Assets Acquiring		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue</b>						
External	938.76	960.17	-	-	938.76	960.17
Inter Segment	-	-	-	-	-	-
<b>Total Revenue</b>	<b>938.76</b>	<b>960.17</b>	<b>-</b>	<b>-</b>	<b>938.76</b>	<b>960.17</b>
<b>Result</b>						
Segment Result (Profit /(Loss) before tax)	376.07	417.48	(50.97)	(3.59)	325.10	413.90
Unallocated expenses	-	-	-	-	77.25	63.02
Interest Expense	456.10	482.50	-	-	456.10	482.50
Interest Income	296.84	383.68	-	-	296.84	383.68
Income taxes	-	-	-	-	(19.88)	(48.52)
Deferred tax	-	-	-	-	(24.23)	(80.32)
Profit after tax	-	-	-	-	44.49	123.22
<b>Other Information</b>						
Segment Assets	3,132.72	3009.55	14,685.98	2185.98	17,818.69	5,195.53
Unallocated Assets	-	-	-	-	212.85	4,170.78
Segment Liabilities	4,840.23	4515.55	8,304.49	-	13,144.71	4,515.55
Unallocated Liabilities	-	-	-	-	6.97	15.38
Capital Expenditure	-	-	-	-	48.84	924.13
Depreciation	112.24	94.43	-	-	112.24	94.43

Since all the operations of the Company are conducted within India, as such there is no separate reportable geographical segment.

**38. Impairments of Assets (AS-28)**

Carrying amounts of the Assets were reviewed at the Balance sheet date and no internal or external indications were noticed that could have necessitated any provision towards impairment of assets.

**39. Disclosures as required by the Amendment to Clause 32 of the Listing Agreement:**

**In the case of the Holding Company :**

(Rs. in lacs)		
Name of the Companies	Amount outstanding As on 31 <sup>st</sup> March 2013*	Maximum Balance outstanding during the year
Chandil Power Ltd. – Interested Company	Nil*	11.00 #

(\*Also refer Note No.-45)

# The above outstanding amount are interest free and repayable on demand)





40. Related party disclosure as required by Accounting Standard (AS-18)

In the case of the Holding Company :

(A) List of Related Parties & Relationship :

	As at 31.03.2013	As at 31.03.2012
(a) Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiary)		
(i) SBEC Bioenergy Limited	Subsidiary	Subsidiary
(ii) SBEC Stockholding & Investment Limited.	Subsidiary	Subsidiary
(iii) Modi Gourmet Limited *	Subsidiary	Subsidiary
(b) Associates & joint ventures	Nil	Nil
(c) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual.	Sh. U. K Modi Sh. Abhishek Modi Sh. S. C. Gupta Sh. Abhishek Modi	Sh. U. K Modi Sh. Abhishek Modi Sh. S. C. Gupta Sh. Abhishek Modi
(d) Key Management Personnel	Executive Director & CEO Sh. S. C. Gupta Whole Time Director	Executive Director & CEO Sh. S. C. Gupta Whole Time Director

(e) Relatives of Key Management Personnel & their Enterprises

- (i) Mrs. Kumkum Modi\*
- (ii) Mr. Jayesh Modi
- (iii) Ms. Meghna Modi\*
- (iv) Mrs. Himani Modi Agarwal\*
- (v) Mr. Priyank Kumar Agarwal\*
- (vi) Mrs Suman Lata Gupta\*
- (vii) A to Z Holding Pvt.Ltd
- (viii) Arvind Continental Pvt. Ltd
- (ix) Bihar Sponge Iron Ltd
- (x) Chandil Power Limited
- (xi) First Move Management Services Pvt. Ltd\*
- (xii) H. M. Tubes & Containers Pvt. Ltd\*
- (xiii) Jai Abhishek Investments Pvt. Ltd\*
- (xiv) Jayesh Tradex Pvt. Ltd
- (xv) Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd\*
- (xvi) Longwell Investment Pvt. Ltd
- (xvii) M.G. Mobiles India Pvt. Ltd
- (xviii) Meghna Autoworks Private Ltd\*
- (xix) Modi Arts Pvt. Ltd\*
- (xx) Modi Diagnostics Pvt. Ltd\*
- (xxi) Modi Goods and Retail Services Pvt. Ltd\* (formally known as Modi Groceries Pvt. Ltd.)
- (xxii) Modi Illva India Pvt. Ltd\*
- (xxiii) Modi Industries Ltd
- (xxiv) Modi Motors Pvt. Ltd\*
- (xxv) Modi Mundipharma Pvt. Ltd\*
- (xxvi) Modi Omega Pharma (India) Pvt. Ltd\*
- (xxvii) Modi Revlon Pvt. Ltd\*
- (xxviii) Modi Senator (India) Pvt. Ltd\*
- (xxix) Modiline Travel Service Pvt. Ltd
- (xxx) Morgardshammer India Ltd\*
- (xxxi) Revlon Lanka Pvt. Ltd\*
- (xxxii) Revlon Trading Bangladesh Private Ltd\*
- (xxxiii) SBEC Systems (India) Ltd
- (xxxiv) Swasth Investment Pvt. Ltd\*
- (xxxv) Umesh Modi Corp. Pvt. Ltd\*
- (xxxvi) Win Medicare Pvt. Ltd

\* Indicates that during the year, there is no transaction with these enterprises

**(B) Transactions carried out with related parties referred in (A) above, in ordinary course of business:**

(Rs. in lacs)

Nature of transaction	Referred in A (1) above*	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
<b>Purchase</b>					
Goods and Services	0.90 (1.25)	- (-)	- (-)	- (-)	4,708.82 (5,851.86)
<b>Sales</b>					
Goods and Services	- (2.57)	- (-)	- (-)	- (-)	289.02 (1,021.73)
Sale of Debt Assignment	12,500.00 (-)	- (-)	- (-)	- (-)	- (-)
<b>Expenses</b>					
Computer / Printing & Stationery	- (-)	- (-)	- (-)	- (-)	7.86 (6.87)
Air Tickets / Vehicle Exp.	- (-)	- (-)	- (-)	- (-)	10.25 (9.43)
Courier / Freight Exp./Postage & Telegraph	- (-)	- (-)	- (-)	- (-)	1.92 (2.02)
Repair & Maintenance Exp.	- (-)	- (-)	- (-)	- (-)	2.00 (-)
Rent / Telephone /Electricity	0.02 (-)	- (-)	- (-)	0.19 (-)	5.02 (5.60)
Interest paid	- (-)	- (-)	- (-)	5.57 (-)	85.98 (101.19)
Salary & Wages etc	- (-)	- (-)	- (-)	20.31 (27.95)	- (-)
Consultancy / Sitting Fee	- (-)	- (-)	- (-)	- (-)	0.02 (0.07)
Gifts & other	- (-)	- (-)	- (-)	- (-)	0.16 (3.61)
Stores & Spares Consumed	-	-	-	-	8.12
<b>Income</b>					
Interest Received	- (-)	- (-)	- (-)	- (-)	- (1.00)
Lease Rent Recd. – Boiler	- (-)	- (-)	- (-)	- (-)	- (23.40)
Other Income	346.16 (265.19)	- (-)	- (-)	- (-)	- (-)
Corporate Guarantees Outstanding as on 31.03.13	2,660.96# (3,320.41)#	- (-)	- (-)	- (-)	5,834.67 (5,402.47)
<b>Investment</b>					
Investment in Shares	- (-)	- (-)	- (-)	- (-)	- (-)
<b>Recoverable / Receivable as on 31.03.13</b>					
Advance Recoverable	675.00 (-)	- (-)	- (-)	- (-)	- (11.00)
<b>Finance / Advance Taken as on 31.03.13</b>					
	- (-)	- (-)	- (-)	85.00 (-)	- (-)
Year-end Balance of loan & Advance	1,612.50 (-)	- (-)	- (-)	74.70 (-)	1,048.32 (920.36)

# Guarantee given to SBEC Bioenergy Ltd. Rs.2,660.96 lacs (Previous year Rs. 3,208.33 lacs).



**b) In the case of SBEC Bioenergy Limited:**

Pursuant to compliance of AS-18 on "Related Party Disclosures", the disclosure has been made for related parties where transactions have taken place during the year.

**A(1) Enterprises that directly or indirectly controlled or are under common control with the reporting enterprises:**

SBEC Sugar Limited

Moderate leasing and capital services limited

**A(2) Associates :NIL**

**A(3) Fellow Subsidiaries**

SBEC Stockholding & Investment Limited

Modi Gourmet Limited

**A(4) Key Management Personnel**

Mr. Abhishek Modi – Executive Director (w.e.f. 11/7/2011)

Mr. Arun Kumar Gupta – Manager (Upto 10/7/2011)

**Relatives of Key Management Personnel**

Mrs. Sunita Gupta (upto 10/7/2011)

Mr. Alok Kumar Gupta (upto 10/7/2011)

Mrs. Anshu Gupta (upto 10/7/2011)

Mrs. Nandini Modi

Mr. Umesh Kumar Modi

Mrs. Kum Kum Modi

Mrs. Himani Modi Aggarwal

Ms. Meghna Modi

Mr. Priyank Kumar Aggarwal

Mr. Jayesh Modi

**A(5) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence**

Modi Arts Pvt. Ltd,

Modi Goods and Retail Services Pvt. Ltd (formally known as Modi Groceries Pvt. Ltd.)

SBEC Systems (India) Ltd.

Jai Abhishek Investments Pvt. Ltd

Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd

Modi Diagnostics Pvt. Ltd

Modi Revlon Pvt. Ltd

Modi Senator (India) Pvt. Ltd

First Move Management Services Pvt. Ltd

Revlon Lanka Pvt. Ltd

Swasth Investment Pvt. Ltd

Umesh Modi Corp. Pvt. Ltd

Modi Omega Pharma (India) Pvt. Ltd

Modi Illva India Pvt. Ltd

A to Z Holding Pvt.Ltd

Longwell Investment Pvt. Ltd

Bihar Sponge Iron Ltd

Modi Mundipharma Pvt. Ltd

Modiline Travel Service Pvt. Ltd

Modi Industries Ltd

Morgardshammer India Ltd.

Win Medicare Pvt. Ltd,

H. M. Tubes & Containers Pvt. Ltd

Modi Motors Pvt. Ltd

M.G. Mobiles India Pvt. Ltd

Chandil Power Limited

Revlon Trading Bangladesh Private Limited

Meghna Autoworks Private Limited

Jayesh Tradex Pvt. Ltd


**(B) Transactions carried out with related parties referred in (A) above, in ordinary course of business:** (Rs. in lacs)

Nature of transaction	Referred in A (1) above*	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
<b>Purchase</b>					
Debt assignment	12,500.00	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Goods and Services	-	-	-	-	-
	(0.17)	(-)	(-)	(-)	(-)
<b>Sales</b>					
Goods and Services	0.90	-	-	-	-
	(1.25)	(-)	(-)	(-)	(-)
<b>Expenses</b>					
Computer / Printing & Stationery/other	-	-	-	-	0.01
	(-)	(-)	(-)	(-)	(0.01)
Air Tickets / Vehicle Exp.	-	-	-	-	10.87
	(-)	(-)	(-)	(-)	(5.33)
Gift & others	-	-	-	-	0.42
	(-)	(-)	(-)	(-)	(0.07)
Salary & Other Allowances	-	-	-	56.83	-
	(-)	(-)	(-)	(47.86)	(-)
Consultancy / Sitting Fee	-	-	-	0.04	-
	(-)	(-)	(-)	(0.07)	(-)
REC Unit transfer	346.16	-	-	-	-
	(265.19)	(-)	(-)	(-)	(-)
<b>Income</b>					
Interest Received	296.84	-	-	-	-
	(383.68)	(-)	(-)	(-)	(-)
<b>Loan Taken (net)</b>	374.32	-	-	-	-
	(546.02)	(-)	(-)	(-)	(-)
<b>Loan given</b>	-	-	-	-	-
	(59.00)	(-)	(-)	(-)	(-)
<b>Corporate Guarantees</b>					
<b>Outstanding as on 31.03.13</b>	2,645.30	-	-	-	-
	(3,208.33)*	(-)	(-)	(-)	(-)
<b>Recoverable / Receivable as on 31.03.13</b>					
Loan Receivable Year end Balance	-	-	-	-	-
	(3,944.59)	(-)	(-)	(-)	(-)
Other Recoverable	-	-	-	1.46	14,709.27
	(-)	(-)	(-)	(2.87)	(23.29)
<b>Finance / Advance Taken as on 31.03.13</b>					
Finance (Loan)Year end Balance	1,137.92	-	-	-	-
	(763.60)	(-)	(-)	(-)	(-)
Other Pay	8,946.39	-	-	8.71	10.89
	(269.81)	(-)	(-)	(0.03)	(9.01)

\* Guarantee taken from SBEC Sugar Ltd. Rs. 2,645.30 lacs (Previous year Rs. 3,208.33 lacs).

**41. Lease (AS-19)**
**Operating Lease**

The company has entered into operating leases for its office and for employee's residence that are renewable on a periodic basis and cancellable at Company's option. The Company has not entered into sublease agreements in respect of these leases. Further, the Company has not entered into any non-cancellable leases.

**42. Deferred Taxation (AS-22)**
**a) In the case of the Holding Company:**

Deferred taxes arise because of difference in treatment between financial accounting and tax accounting, known as "Timing differences". The tax effect of these timing differences is recorded as "deferred tax assets" (generally items that can be used as a tax deduction or credit in future periods) and "deferred tax liabilities" (generally items for which the company has received a tax deduction, but has not yet been recorded in the statement of income).



The principal components of the net deferred tax balance are as follows:

(Rs. in lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
<b>Deferred Tax Liability</b>		
Depreciation	895.30	955.78
Other Deductions	-	-
<b>Sub Total – A</b>	895.30	955.78
<b>Deferred Tax Assets</b>		
Business Loss / Unabsorbed Dep.	2,663.53	1,203.98
Deduction u/s 43B	120.40	101.92
Disallowance 40(A)(7)	27.30	22.49
<b>Sub Total – B</b>	2,811.23	1,328.39
<b>Net Deferred Tax Assets/(Liability) {B-A}</b>	1,915.93	372.61
<b>*Assets Recognised (Refer note below)</b>	895.30	372.61

\*In view of continuous losses, during the year recognition of deferred tax assets has been restricted to the extent of deferred tax liability.

**b) In the case of SBEC Bioenergy Limited:**

Break-up of Deferred Tax Assets / Liabilities into major Components is given below:

Deferred Tax Assets	Deferred Tax Asset/(Liability) as at 31.03.2013	Current Year (Charge) / Credit	Deferred Tax Asset/(Liability) as at 31.03.2012
Depreciation	31.75	(95.59)	127.34
Disallowance u/s 43B	3.64	(0.22)	3.87
Gratuity	5.93	(0.15)	6.09
Other Disallowance under I. Tax Act	113.27	71.74	41.53
Deferred Tax Assets/ (Liabilities)	154.60	(24.23)	178.83

**43. For SBEC Stockholding and Investment Limited:**

In the current financial year the company has further invested Rs. 575.00 lacs (Previous Year Rs. 937.50 lacs) in the Zero percent Compulsory Convertible Debentures of M/s Modi Illva India Pvt. Ltd. Which is a joint venture of the company.

**44. In accordance with the company policy a sum of Rs.19.69 lacs (previous period Rs.19.69 lacs) has been shown as MAT Credit entitlement under other non-current assets.**

**45. As on 31<sup>st</sup> March 2013 accumulated losses exceed the paid-up capital and free reserves and since total erosion of net worth has taken place the company has become a 'Sick Industrial Company' within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("The Act") as provided by Section 15 of 'The Act' a reference to the Board for Industrial and Financial Reconstruction will be made by the Company within the stipulated period for determination of measures which may be adopted. Since the Company has continued its normal manufacturing operations during the season 2012-13 therefore the accounts are prepared on a "Going Concern Basis".**

**46. Additional information pursuant to provisions of Part II of Revised Schedule VI to the Companies Act, 1956 (to the extent applicable):**

**a) In the case of the Holding Company:**

**a) CAPACITY**

Installed Capacity (as certified by the management)	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
Sugarcane Crushing M.T. per day (No License required)	8000	8000

**b) PRODUCTION, PURCHASE, TURNOVER & STOCK**

(Rs in lacs)

Classes of Goods	Opening Stock Quantity (Qtls.)	Production Quantity (Qtls.)	Sales Quantity (Qtls.)	Value	Closing stock Quantity (Qtls.)	Value
Sugar	5,50,075 (4,29,193)	7,90,676 (8,17,630) *	6,43,565 (6,96,748)	20,502.58 (19,547.04)	6,97,185 (5,50,075)	22,764.13 (18,137.76)
Molasses(By-product)	2,61,611.95 (2,36,945)	4,63,389 (5,06,135)	4,80,007.75 (4,81,468)	1,937.23 (1,729.53)	2,44,993.9 (2,61,612)	812.55 (892.28)
<b>Purchases</b>						
Sugar Trading	96,545 (1,07,415)	2,11,469 (2,10,316)	2,24,749.65 (2,21,186)	8,182.66 (7,116.21)	83,265 (96,545)	3,005.15 (3,219.52)

\* including 340 quintals of BISS

**(c) CONSUMPTION OF RAW MATERIALS**

(Rs. In lacs)

Particulars	Year ended 31 <sup>st</sup> March, 2013		Year ended 31 <sup>st</sup> March, 2012	
	Quantity (Quintals)	Value (Rs. In lacs)	Quantity (Quintals)	Value (Rs. In lacs)
<b>Sugar Cane</b>	92,38,300	25,468.48	(99,35,477)	(25,340.84)

**d) EXPENDITURE IN FOREIGN CURRENCY (On accrual basis)**

(Rs. in lacs)

Particulars	Current year	Previous Year
Foreign Travelling	-	3.41
Professional & Consultation fee	-	2.61
Interest, Others,	18.23	-

**e) CIF VALUE OF IMPORTS**

Store & Spares	14.99	16.26
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**b) In the case of SBEC Bioenergy Limited:****(a) Statement of Installed & Licensed Capacity and Generation Quantity: @**

Description	Licensed Capacity	Installed Capacity	Actual Generation*
Power	Not Applicable	24MW (24MW)	4,60,27,960 kwh (4,79,23,000 kwh)
Steam	Not Applicable	77 tph (77 tph)	2,26,936 tones (2,57,617 tones)

Figures in brackets are for Previous Year.

\* Transmission losses have not been considered in arriving at generation quantity.

@ The plant operated for 134 days in the current year (previous year 151 days).

**(b) Details of Sale / Conversions**

(Rs. in lacs)

Description	Op.Stock		Conversion		Sales		Cl. Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity*	Value
Power	13,76,137 kwh	- 16.46	1,94,42,654 kwh	- -	2,30,26,314 kwh	- 838.76	13,76,137 kwh	- 14.46
	(13,61,874 kwh)	(25.22)	(1,96,11,680 kwh)	(-)	(2,41,94,920 kwh)	(960.17)	(13,76,137 kwh)	(16.46)
Steam	-	-	2,26,936 tons	-	-	-	-	-
	(-)	(-)	(2,57,617 tones)	(-)	(-)	(-)	(-)	(-)

Figures in brackets are for previous Year.

\* Includes 1,25,000 kwh (Previous Year 1,25,000 kwh) charged as banking fee by UPPCL.

**(c) Consumption of Imported and Indigenous Raw Material and Stores & Spares**

(Rs. in lacs)

Particulars	Indigenous		Imported	
	Value	%	Value	%
Raw Material (Bagasse)*	- (-)	100 (100)	- (-)	- (-)
Store / Spares(Including Fixed assets)	127.49 (965.84)	100 (100)	- (-)	- (-)

Figures in brackets are for previous year.

\*Bagasse is being supplied free of cost by SBEC Sugar Ltd.



(d) Value of Import on CIF Basis

(Rs. in lacs)

Particulars	Current year	Previous year
Store & Spares	-	7.51

(e) Expenditure in Foreign Currency (Paid)

(Rs. in lacs)

Particulars	Current year	Previous year
Purchase of stores and spares	-	7.51
Others	25.72	7.99

47. EMPLOYEE BENEFITS (AS-15)

(a) In the case of the Holding Company :

As per Accounting Standard 15 "Employee Benefit" the disclosure of Employee Benefit as defined in Accounting Standard are given below:

a) Defined Contribution Plan

Employer's Contributions to Defined Contribution Plan, recognized as expense for the period are as under:

(Rs. in lacs)

	Year ended 31 <sup>st</sup> March 2013	Year ended 31 <sup>st</sup> March 2012
Employer's contribution to Provident Fund	55.82	56.91

b) Defined Benefit Plan

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

1. Reconciliation of opening and closing balances of Defined Benefit Obligation.

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Defined Benefit obligation at the beginning of the period.	92.2	73.06	12.99	11.49
Past Service Cost	-	-	-	-
Current Service Cost.	13.44	13.81	2.04	2.09
Interest Cost.	7.38	6.21	1.04	0.98
Actuarial (gain)/loss	(3.42)	3.85	1.71	(1.38)
Benefits Paid	21.25	(4.74)	(.26)	(0.19)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the period	88.34	92.19	14.10	12.99

2. Reconciliation of opening and closing balances of Fair Value of Plan Assets

Fair value of plan assets as at the beginning of the period	-	-	-	-
Expected Return	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Contribution by Employer	-	-	-	-
Benefits Paid	-	-	-	-
Settlement cost	-	-	-	-
Fair value of plan assets as at the end of the	-	-	-	-
Actual return on plan assets	-	-	-	-





## 3. Reconciliation of amount recognized in Balance Sheet

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Fair Value of Plan Assets as at 31 <sup>st</sup> March	-	-	-	-
Present value of obligation as at 31st March	88.34	92.19	14.10	12.99
Net asset/(liability) recognized in the Balance Sheet	(88.34)	(92.19)	(32.37) <sup>^</sup>	(32.13) <sup>^</sup>

<sup>^</sup> It includes company grade employees' freeze liability in books amounting to Rs.18.27 lacs (Previous year 2011-12 Rs.19.14 Lacs).

## 4. Expense Recognized during the period in Statement of Profit and Loss.

Current Service Cost	13.44	13.81	2.04	2.09
Past Service Cost	-	-	-	-
Interest Cost	7.38	6.21	1.04	0.98
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/loss recognized during the period	(3.42)	3.85	(1.71)	(1.38)
Expenses recognized in the statement of Profit & Loss	17.39	23.87	1.37	(0.31) <sup>#</sup>

<sup>#</sup> It excludes the expense in relation to company grade employees' amounting to Rs. 2.00 lacs.

## 5. Actual Return on Plan Assets

Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Actual return on plan assets	-	-	-	-

## 6. Principal Actuarial Assumptions

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March	8%	8.50%	8%	8.50%
Future Salary Increase	5.50%	6.00%	5.50%	6.00%
Expected rate of return on plan assets	-	-	-	-
Retirement Age	60 Years	60 Years	60 Years	60 Years
<b>Withdrawal Rates Age</b>	<b>Withdrawal</b>	<b>Withdrawal</b>	<b>Withdrawal</b>	<b>Withdrawal</b>
Upto 30 years	3.00%	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%

## Amount for the current and previous four periods in respect of leave encashment are as follows

(Rs. in lacs)

Particulars	Leave Encashment (Unfunded) 31.03.2013	Leave Encashment (Unfunded) 31.03.2012	Leave Encashment (Unfunded) 31.03.2011	Leave Encashment (Unfunded) 31.03.2010	Leave Encashment (Unfunded) 31.03.2009
PBO	14.10	12.99	11.49	9.51	23.78
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(14.10)	(12.99)	(11.49)	(9.51)	(23.78)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	1.76	1.34	1.01	14.07	-



Amount for the current and previous four periods in periods in respect of Gratuity are as follows (Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2013	Gratuity (Unfunded) 31.03.2012	Gratuity (Unfunded) 31.03.2011	Gratuity (Unfunded) 31.03.2010	Gratuity (Unfunded) 31.03.2009
PBO	88.34	92.19	73.06	57.08	59.30
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(88.34)	(92.19)	(73.06)	(57.08)	(59.30)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	3.79	(4.13)	2.19	9.20	-

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

Actuarial valuation of Leave Encashment for period ended 31st March, 2013 and 31st March, 2012 pertain to only Seasonal Wage-board grade employees, therefore there is difference in expense recognized in statement of profit & Loss and amount as mentioned in Actuarial certificate. However the expenses have been provided on Accrual Basis.

a) **In the case of SBEC Bioenergy Limited:**

The Company has adopted Revised Accounting Standard - 15 'Employee Benefits'. In accordance with the transitional provision of revised AS - 15, additional liability (net of tax) under new method as at 1st April, 2008 as compared to liability provided under Pre-revised AS - 15 to be adjusted against the balance of General Reserve as at 1st April, 2009 is NIL.

a) **Defined Contribution Plan**

Contributions to Defined Contribution Plan, recognized as expense for the year are as under: (Rs. in lacs)

Particulars	2012-13	2011-12	2010-11
Employer's contribution to Provident Fund	10.82	11.96	9.01

b) **Defined Benefit Plan**

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Actuarial Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

1. **Reconciliation of opening and closing balances of Defined Benefit Obligation.**

(Rs. in lacs)

	Gratuity (Unfunded) 2012-13	Gratuity (Unfunded) 2011-12	Gratuity (Unfunded) 2010-11	Leave Encashment (Unfunded) 2012-13	Leave Encashment (Unfunded) 2011-12	Leave Encashment (Unfunded) 2010-11
Defined Benefit obligation at the beginning of the year	22.50	19.65	18.13	1.99	1.57	1.80
Current Service Cost	3.22	3.26	2.84	0.45	0.42	0.42
Past Service Cost	-	-	0.19	-	-	-
Interest Cost	1.80	1.67	1.45	0.16	0.13	0.14
Actuarial (gain)/loss	(7.97)	(0.75)	(0.95)	(.07)	0.33	(0.79)
Benefits Paid	(0.36)	(1.33)	(2.01)	-	(0.46)	-
Settlement cost	-	-	-	-	-	-
Defined Benefit obligation at the end of the year	1.92	22.50	19.65	2.54	1.99	1.57

2. **Reconciliation of opening and closing balances of Fair Value of Plan Assets**

Fair value of plan assets as at the beginning of the year	-	-	-	-	-	-
Expected Return	-	-	-	-	-	-
Actuarial (gain)/loss	-	-	-	-	-	-
Contribution by Employer	-	-	-	-	-	-
Benefits Paid	-	-	-	-	-	-
Settlement cost	-	-	-	-	-	-
Fair value of plan assets as at the end of the year	-	-	-	-	-	-
Actual return of plan assets	-	-	-	-	-	-

3. **Reconciliation of amount recognized in Balance Sheet**

Fair Value of Plan Assets as at 31st March, 2013	-	-	-	-	-	-
Present value of obligation as at 31st March, 2013	19.20	22.50	19.65	2.54	1.99	1.57
Net asset/(liability) recognized in the Balance Sheet	(19.20)	(22.50)	(19.65)	(2.54)	(1.99)	(1.57)


**4. Expense Recognized during the period in Profit & Loss A/c.** (Rs. in lacs)

	Gratuity (Unfunded) 2012-13	Gratuity (Unfunded) 2011-12	Gratuity (Unfunded) 2010-11	Leave Encashment (Unfunded) 2012-13	Leave Encashment (Unfunded) 2011-12	Leave Encashment (Unfunded) 2010-11
Current Service Cost	3.22	3.26	2.84	0.45	0.42	0.42
Past Service Cost	-	-	0.19	-	-	-
Interest Cost	1.80	1.67	1.45	0.16	0.13	0.14
Expected return on plan assets	-	-	-	-	-	-
Net Actuarial (gain)/ loss recognized during the period	(7.97)	(0.75)	0.95	(0.07)	0.33	(0.79)
Expenses recognized in the statement of Profit & Loss	(2.95)	4.18	3.53	0.55	0.89	(0.23)

**5. Actual Return on Plan Assets** (Rs. in lacs)

Particulars	Gratuity & Leave encashment (Unfunded)
Expected Return on Plan Assets	-
Actuarial (gain)/ loss	-
Actual return on plan assets	-

**6. Principal Actuarial Assumptions** (Rs. in lacs)

	Gratuity (Unfunded) 2012-13	Gratuity (Unfunded) 2011-12	Gratuity (Unfunded) 2010-11	Leave Encashment (Unfunded) 2012-13	Leave Encashment (Unfunded) 2011-12	Leave Encashment (Unfunded) 2010-11
Mortality Table(LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2013	8.00%	8.50%	8.00%	8.00%	8.50%	8.00%
Future Salary Increase	5.50%	6.00%	5.50%	5.50%	6.00%	5.50%
Expected rate of return on plan assets	-	-	-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years	60 years	60 years
Age Upto 30 years	<b>Withdrawal</b> 3.00%	<b>Withdrawal</b> 3.00%	<b>Withdrawal</b> 3.00%	<b>Withdrawal</b> 3.00%	<b>Withdrawal</b> 3.00%	<b>Withdrawal</b> 3.00%
From 31 to 44 years	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

48. Considering the adverse economic/sector conditions and current financial instability the Management of the company vide their resolution dated 05<sup>th</sup> March 2013 has decided to dispose-off its Chandil Power Plant (under implementation). The company has formed a committee to negotiate with potential buyers. The management expects that the assets will be realized to the extent as stated & does not call for any provision as on the date of the Balance Sheet. Therefore, the Capital Work in Progress, Capital Advances and other related accounts of the Chandil Power Project have been shown as assets held for disposal.

49. Previous year figures have been regrouped/ rearranged wherever considered necessary.  
Previous year figures are given in the bracket wherever applicable.

**SIGNED FOR IDENTIFICATION NOTE 1 to 49**

For & on behalf of

**DOOGAR & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. : 000561N

Umesh K. Modi  
(Chairman & President)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 00002798

G.C. Jain  
(Director)  
DIN No. 00002696

Man Mohan  
(Director)  
DIN No.00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

N.P. Bansal  
(Director)  
DIN No. 00010587

Santosh C. Gupta  
(Whole Time Director-Works)  
DIN No. 00012413

Place : New Delhi  
Date : 6th July, 2013

Arun Kumar Gupta  
(Chief Financial Officer)

Ajay PS Saini  
(Company Secretary)

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present their 15<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

The financial results for the year are as under:

(Rs. In Lacs)

Financial Parameters	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Sales and Other Income	1240.98	1348.18
Total Expenditure	1040.14	1001.69
Operating Profit/ (Loss) before Depreciation & Tax	200.84	346.49
Depreciation	112.24	94.43
Operating Profit/ ( Loss) before tax	88.60	252.06
Income tax	19.88	48.52
Credit for Deferred tax	24.23	80.32
Profit / (Loss) after tax	44.49	123.22
Reserves excluding revaluation reserve	2579.86	2535.37

### OPERATIONS

The operations of the Company have resulted in a net profit after tax of Rs.44.49 Lacs during the current year as against net profit after tax of Rs.123.22 lacs in the previous year. Your directors are planning to expand the activities.

### FIXED DEPOSITS

During the period under review, the Company accepted fixed deposits to the extent of Rs. 190 Lacs. The total amount of fixed deposit held as on 31<sup>st</sup> March 2013 was Rs. 190 Lacs.

### DIRECTORS

Mr. Jayesh Modi and Mr. G. C. Jain, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

### PARTICULARS OF EMPLOYEES

None of the employees of the Company were in receipt of remuneration of more than the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As stipulated under the provisions of section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, containing the above particulars is annexed to this report.

### AUDITORS

M/s K K Jain & Co., Chartered Accountants, (Firm Registration No. 02465N) who are Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### COST AUDITORS

Pursuant to the order of the Central Government under the provisions of Section 233B of the Companies Act, 1956, your company had appointed M/s M. K. Singhal & Co., Cost Accountants as cost auditors of the company with the approval of Central Government.

### ACCOUNTS AND AUDITOR'S REPORT

Reference to the Auditors comments on non provision for overdue/penal interest on late payment of loan from SREI Infrastructure Finance Limited. No provision for overdue/penal interest on overdue and late payment of the loan has been made as management is of the view that the company will get waiver for the same as and when the total payment of debt is made.

Reference to the Auditors comments on the net exposure of Rs.1,46,85,97,682/- as debt acquired in Modi Industries Limited (MIL). It is clarified that even though the net worth of MIL is completely eroded, the company has charge over the fixed assets of MIL and the management is of the opinion that the debt is fully secured as MIL have huge assets base mainly consisting of Land and Buildings.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act 1956 your Directors state:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
3. that the Directors had taken proper & sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis;

### ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their appreciation and gratitude to Shareholders, all Business Associates, Employees and Bankers of the Company for their help and support continuously extended to the Company.

**For & on behalf of the Board  
for SBEC Bioenergy Limited**

Place: New Delhi  
Date : 28.05.2013

**Umesh Kumar Modi  
Chairman**

## ANNEXURE TO DIRECTORS' REPORT

**PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES RULES), 1975 (AS AMENDED).**

(A) Persons employed throughout the financial year under review and were in receipt of remuneration for the year aggregating of not less than Rs. 60,00,000/-:

S. No.	Name	Designation/ Nature of Duties	Qualifications	Experience (Years)	Date of commencement of employment	Total Remuneration	Age	Last employment before joining the company
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-- NIL--

- i. **Nature of Employment:** Nil  
 ii. **Other Terms & Conditions:** Nil  
 iii. **Number of Equity Shares held:** Nil

(B) Persons employed for part of the financial year under review and were in receipt of remuneration not less than Rs. 5,00,000/- per month:

S. No.	Name	Designation/ Nature of Duties	Qualifications	Experience (Years)	Date of commencement of employment	Total Remuneration	Age	Last employment before joining the company
--------	------	----------------------------------	----------------	-----------------------	--	-----------------------	-----	---

-- NIL--

- i. **Nature of Employment:** Nil  
 ii. **Other Terms & Conditions:** Nil  
 iii. **Number of Equity Shares held:** Nil

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013.****A. Disclosure of Particulars with respect of Conservation of Energy (Form A).**

Not applicable in terms of Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

**B. Disclosure of Particulars with respect to Technology Absorption (Form B).**Research & Development (R & D):

The company per se did not carry out any basic R&D work during the year.

Technology absorption, adaptation and innovation:

- Efforts, in brief, made towards technology absorption, adaptation and innovation:- N.A.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.:- N.A.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
  - Technology Imported : None
  - Year of Import : NA
  - Has technology been fully absorbed : NA
  - If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action : NA

**C. Foreign Exchange Earning And Outgo**

- i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export Plans: None

ii) (Rs. in lacs)

Particulars	Current Year	Previous Year
Total Foreign Exchange Used	25.72	15.50
Total Foreign Exchange Earned	Nil	Nil

For & on behalf of the Board  
For SBEC BIOENERGY LIMITED

Place: New Delhi  
Date : 28.05.2013

Umesh Kumar Modi  
Chairman

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SBEC BIO ENERGY LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of SBEC Bio Energy Limited, ("the Company") which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Basis for Qualified Opinion

1. **The company has not made provision for overdue/penal interest on overdue and late payment of loan from SREI Infrastructure Finance Limited in the financial statements of the company and consequently we are unable to opine on the appropriateness of the same and its consequential impact on the financial statements.**
2. **We draw attention to Note No.36 of the financial statement where in as at March 31, 2013, the company has net exposure of Rs.1,46,85,97,682/- as debt acquired in Modi Industries Limited. The net worth of Modi Industries Limited has been completely eroded, which raised a doubt on recoverability of the above balances. However, no provision for doubtful debts were made in the financial statements of the company and consequently we are unable to opine on the appropriateness of the same and its consequential impact on the financial statements.**

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the basis for qualified opinion paragraph**, financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) **Except for the possible effects of the matter described in the basis for qualified opinion paragraph, the impact of which is currently unascertainable**, In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For K.K. Jain & Co.  
Chartered Accountants  
Firm Regn.No.002465 N

Place: New Delhi  
Date: 28<sup>th</sup> May, 2013

Simmi Jain  
Partner  
Membership No.: 86496

### ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph 3 of our report of even date on the accounts of SBEC Bioenergy Limited, as at and for the year ended March 31, 2013

- i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no discrepancies between the book records and physical inventory were noticed on such verifications. The substantial part of fixed assets of the company has not been disposed off during the year.
- ii) The stocks of stores, spare parts, raw materials, except goods in-transit, have been physically verified at reasonable intervals by the management.  
  
In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
- iii) a) The company has not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act 1956, Accordingly paragraph III(b), III(c) & III(d) of the order are not applicable.
- b) The company has taken interest free loan from one party, covered under section 301 of the Companies Act 1956, the maximum amount involved during the year was Rs.11,48,91,705 and the year end balance of loan taken from such parties were Rs.11,37,91,705.
- c) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the company. In respect of loan taken, as explained to us the same is repayable on demand.
- iv) In our opinion, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of power and services.
- v) a. The company has entered the particulars of contracts or arrangements referred to in Section 301 of the Act in the register required to be maintained under this Section.
- b. In respect of transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, **we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.**
- vi) The company has accepted deposits from public and in our opinion company has complied with the provisions of section 58A and 58AA of the Companies Act 1956 and the companies ("Acceptance of Deposits) Rules, 1975.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) In our opinion the prescribed accounts and records have prima facie been made and 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.
- ix)(a) The company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it. **Though there has been delay in following cases of Provident and Other Fund, Tax Deducted at Source, Service Tax and Value Added Tax:**



Nature of Statutory Dues	Month	Amount Rs.	Due Date of Deposit	Date of Deposit/ Pending for Payment
Provident & Other Fund	March 2012	231193	15.04.2012	14.05.2012
	July 2012	167147	15.08.2012	22.12.2012
	August 2012	158102	15.09.2012	22.12.2012
	September 2012	158102	15.10.2012	22.12.2012
	October 2012	175501	15.11.2012	22.12.2012
	November 2012	191161	15.12.2012	21.01.2013
	January 2013	299050	15.02.2013	22.02.2013
<b>Tax Deducted at Source on Salary Professional Fee, Interest paid Payment to Contractor</b>				
	July 2012	178072	07.08.2012	28.02.2012
	August 2012	135669	07.09.2012	28.02.2012
	September 2012	156106	07.10.2012	28.02.2012
	October 2012	136893	07.11.2012	
	November 2012	203665	07.12.2012	
	December 2012	467556	07.01.2013	
	January 2013	261732	07.02.2013	
Value Added Tax Service Tax	January 2013	15476	15.02.2013	
	July 2012	280	05.08.2012	06.12.2012
	September 2012	1236	05.10.2012	
	October 2012	1743	05.11.2012	06.12.2012
		381	05.11.2012	
	November 2012	51515	05.12.2012	
	December 2012	123541	05.01.2013	
	January 2013	2976	05.02.2013	
	February 2013	2285	05.03.2013	
	March 2013	24311	31.03.2013	

- (b) According to the information and explanation given to us no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrear as at March 31, 2013.
- (c) According to the information and explanations given to us and the records of the company examined by us, the particulars of statutory dues of the specified status as at the end of the period, which have not been deposited on account of a dispute are as follows.

Name of the Statute	Name of Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act	Regular Demand	77,69,480	A.Y. 2010-11	CIT-X Delhi
Income Tax Act	Regular Demand	39,75,010	A.Y. 2011-12	CIT-X Delhi

- x) The company had no accumulated losses as at 31.03.2013 and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a nidhi, mutual benefit fund or society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4(XIV) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and as per the books and record examined by us, no funds raised on short term basis have been used for long term investment by the Company and vice versa.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.
- xix) No debentures were issued by the company during the period.
- xx) The company has not raised any money by public issue.
- xxi) To the best of our information and according to the explanations given to us, no fraud on or by the company has been noticed/ reported during the period.

For K K Jain & Co.  
Chartered Accountants  
Firm Regn.No.002465N

Place: New Delhi  
Date: 28<sup>th</sup> May, 2013

Simmi Jain  
Partner  
Membership No.: 086496

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

(All amount are in Rupees)

	NOTE NO.	AS AT 31.03.2013	AS AT 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	230,000,000	230,000,000
(b) Reserves and Surplus	4	<u>257,986,423</u>	<u>253,537,380</u>
		<b>487,986,423</b>	<b>483,537,380</b>
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	5	118,831,206	204,166,670
(b) Non current Trade payables	8	830,000,000	-
(c) Long-term Provisions	6	<u>1,974,791</u>	<u>1,646,567</u>
		<b>950,805,997</b>	<b>205,813,237</b>
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	135,749,705	76,359,705
(b) Trade Payables	8	9,658,912	7,176,129
(c) Other Current Liabilities	9	218,474,875	161,302,716
(d) Short-term Provisions	10	<u>478,881</u>	<u>2,441,169</u>
		<b>364,362,373</b>	<b>247,279,719</b>
<b>TOTAL</b>		<b><u>1,803,154,793</u></b>	<b><u>936,630,336</u></b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		146,476,598	156,141,936
(ii) Intangible Assets		17,940	32,534
(iii) Capital Work in Progress		-	47,480
		<b>146,494,538</b>	<b>156,221,950</b>
(b) Deferred Tax Assets (net)	12	15,460,004	17,882,638
(c) Long-term Loans & Advances	13	89,212	1,383,144
(d) Other Non-Current Assets	14	<u>1,474,490,258</u>	<u>226,444,801</u>
		<b>1,490,039,474</b>	<b>245,710,583</b>
<b>Current Assets</b>			
(a) Current investments	15	5,00,100	500,100
(b) Inventories	16	29,063,815	28,853,222
(c) Trade Receivables	17	66,012,419	75,894,601
(d) Cash & Bank Balances	18	748,645	485,559
(e) Short-term Loans & Advances	19	63,764,605	423,724,705
(f) Other Current Assets	20	<u>6,531,197</u>	<u>5,239,616</u>
		<b>166,620,781</b>	<b>534,697,803</b>
<b>TOTAL</b>		<b><u>1,803,154,793</u></b>	<b><u>936,630,336</u></b>

Significant accounting policies

2

The notes referred to above form an integral part of the Balance Sheet

In terms of our report of even date, attached

For K.K. Jain &amp; Co.

Chartered Accountants

Firm Reg. No.: 002465N

Simmi Jain

Partner

Membership No. : 086496

Umesh K. Modi

Director

DIN No. 00002757

Abhishek Modi

Executive Director

DIN No. 00002798

G.C. Jain

Director

DIN No. 00002696

Place : New Delhi

Date : 28.05.2013

J.N. Khurana

Director

DIN No. 00003817

S.S. Agarwal

Director

DIN No. 00004840

Shalini Gupta

Company Secretary

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2013**

(All amount are in Rupees)

	NOTE NO.	For the Period ended 31.03.2013 (12 Months)	For the Period ended 31.03.2012 (12 Months)
<b>Revenue</b>			
Revenue From Operations	21	93,875,895	96,017,077
Other operating income	22	-	280,588
Other Income	23	30,221,665	38,520,328
<b>A Total Revenue</b>		<b>124,097,560</b>	<b>134,817,993</b>
<b>Expenses</b>			
Change in inventories of power banked	24	199,983	876,639
Manufacturing Expense	25	21,407,244	20,801,452
Employee Benefit Expense	26	17,586,828	18,400,657
Finance Cost	27	45,609,504	48,249,920
Administration Expenses	28	19,210,021	11,840,441
Depreciation & Amortization Expense	11	11,223,939	9,443,104
<b>B Total Expenses</b>		<b>115,237,519</b>	<b>109,612,213</b>
<b>C Profit before tax (A-B)</b>		<b>8,860,041</b>	<b>25,205,780</b>
<b>D Tax expense :</b>			
(1) Current tax		1,676,848	4,851,754
(2) Tax related to earlier year		311,516	-
(3) Deferred tax	29	2,422,634	8,031,845
<b>E Profit/(Loss) for the period</b>		<b>4,449,043</b>	<b>12,322,181</b>
EARNING PER SHARE (BASIC)	30	0.19	0.54
EARNING PER SHARE (DILUTED)	30	0.19	0.54

Significant accounting policies 2

In terms of our report of even date, attached

**For K.K. Jain & Co.**Chartered Accountants  
Firm Reg. No.: 002465N**Simmi Jain**  
Partner  
Membership No. : 086496Umesh K. Modi  
Director  
DIN No. 00002757Abhishek Modi  
Executive Director  
DIN No. 00002798G.C. Jain  
Director  
DIN No. 00002696Place : New Delhi  
Date : 28.05.2013J.N. Khurana  
Director  
DIN No. 00003817S.S. Agarwal  
Director  
DIN No. 00004840Shalini Gupta  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

	For the year ended 31.03.2013 ( in Rs.)	For the Year ended 31.03.2012 (in Rs.)
<b>Cash flow from operating activities</b>		
Net profit before taxation	8,860,041	25,205,780
Adjustments for:-		
Depreciation	11,223,939	9,443,104
Deferred Revenue Expenses	19,54,544	1,954,544
Other income:-		
Profit on sale of fixed assets(net)	(422,220)	-
Dividend	(60,000)	(60,000)
Interest income	(29,684,291)	(38,367,706)
Interest expense	45,603,448	48,204,126
<b>Operating profit before working capital changes</b>	37,475,461	46,379,848
(Increase)/Decrease in sundry debtors	9,882,182	(60,928,396)
(Increase)/Decrease in loans and advances	(900,265,492)	(25,547,583)
(Increase)/Decrease in closing stock of power banked	199,983	876,639
(Increase)/Decrease in inventories	(410,576)	(3,015,229)
Increase/(Decrease) in sundry creditors and others liabilities	888,625,969	30,745,092
<b>Cash generated from operations</b>	35,507,527	(11,489,629)
Income Tax Paid (net)	(4,294,927)	(3,836,772)
<b>Net cash from operating activities</b>	31,212,600	(15,326,401)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(4,883,830)	(92,460,174)
Sale of fixed assets	3,809,523	-
Dividend received	60,000	60,000
Interest received	41,203,815	26,848,182
Short term loans to related parties	-	(5,900,000)
<b>Net cash from/(used in) investing activities</b>	40,189,508	(71,451,992)
<b>Cash flows from financing activities</b>		
Proceeds from / (Repayment) of Loans	(25,945,464)	125,435,481
Interest paid	(45,193,558)	(38,740,978)
<b>Net cash used in financing activities</b>	(71,139,022)	86,694,503
<b>Net increase/(decrease) in cash and cash equivalents</b>	263,086	(83,890)
<b>Cash and cash equivalents at the beginning of the year</b>	485,559	569,449
<b>Cash and cash equivalents at the end of the year</b>	748,645	485,559
<b>Components of Cash and Cash Equivalents</b>		
With Scheduled Banks		
- On Current Accounts	561,189	485,559
Cash in Hand	187,456	-

**Note:-**

(i) The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on "Cash Flow Statement".

(ii) Previous year figures have been regrouped/ rearranged wherever considered necessary.

**The schedules referred to above form an integral part of the Cash Flow Statement**

**In terms of our report of even date, attached.**

**For K.K. Jain & Co.**

Chartered Accountants

Firm Reg. No.: 002465N

**Simmi Jain**

Partner

Membership No. : 086496

Umesh K. Modi

Director

DIN No. 00002757

Abhishek Modi

Executive Director

DIN No. 00002798

G.C. Jain

Director

DIN No. 00002696

Place : New Delhi

Date : 28.05.2013

J.N. Khurana

Director

DIN No. 00003817

S.S. Agarwal

Director

DIN No. 00004840

Shalini Gupta

Company Secretary

## Notes to financial statement for the year ended 31st March, 2013

### NOTE 1 : COMPANY OVERVIEW

SBEC Bioenergy limited is an power generation company primarily engaged in process baggasse & water and generate supply and distribute power/steam to government authorities and companies. The company also acquire and takeover the part of the business, property & liabilities of a company (debt acquired business).

### NOTE 2 : ACCOUNTING POLICIES

#### 1. Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 2. Inventories

Closing Stock of Power Banked is valued at lower of cost and market value. (Cost includes raw material, stores and spares consumed and factory overheads.)

Stores are valued at weighted average cost.

Provision for obsolescence in inventories is made, wherever required.

#### 3. Fixed Assets and Depreciation

Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

Cost and accumulated depreciation pertaining to fixed assets disposed off is removed from the accounts at the time of disposal. Any resultant gain or loss is included in the Profit and Loss Account.

Depreciation on Intangible Assets is provided @20% p.a. on original cost.

Assets costing less than Rs. 5,000 each are depreciated at the rate of 100% in the year of acquisition.

Depreciation is provided on Straight Line Method, based at the rates specified under Schedule XIV to the Companies Act, 1956.

Extra shift depreciation is charged in respect of plant & machinery, excluding items on which no extra shift depreciation is applicable as per Schedule XIV to the Companies Act, 1956, at the rate of 5.59% on actual number of days worked in triple shift in proportion to the normal working days, which are 134 for the Company.

#### 4. Revenue Recognition

(a) Revenue from sale/conversion charges is recognized on transfer to customers.

(b) Interest is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

(c) Dividends income is recognized when the Shareholders right to receive payment was established.

#### 5. Foreign Currency Transactions

##### (a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### (b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

##### (c) Exchange Differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary Items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except exchange differences on transactions relating to acquisition of fixed assets, which are taken up to the date of capitalization of the related fixed assets.

## **6. Investments**

- Long term Investments are stated at cost of acquisition. Provision for diminution in the value is made only if the decline is other than temporary.
- Unquoted investments are stated at cost.
- Current investments are valued at carrying value without any adjustment for increase/diminution, if any is accounted at the time of sale of such investments.

## **7. Employees Retirement Benefits**

- (a) Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the Contributions to the Government fund is due.
- (b) Short Term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss account of the year in which the related service is rendered.
- (c) Post employment and other long –term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses of the post employment and other long term benefits are charged to the Profit & Loss account of the year.

## **8. Leases**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

## **9. Accounting for Taxes**

- (a) Current Corporate tax is provided on the results for the year after considering applicable tax rate & law.
- (b) Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## **10. Earning per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **11. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

## **12. Miscellaneous Expenditure**

Preliminary expenses and Deferred revenue expenses are being amortized over a period of ten years from the date of commencement of commercial operations.

**NOTE 3 - SHARE CAPITAL**

(All amounts are in Rupees)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>Authorised</b>		
35,000,000 Equity Shares of Rs.10/- each.	<u>350,000,000</u>	<u>350,000,000</u>
<b>Issued, Subscribed and Paid-up Capital</b>		
23,000,000 Equity Shares of Rs.10/- each fully paid up (Previous year 23,000,000 Equity Shares of Rs.10/- each fully paid up) Of the above shares 17,019,980 shares are allotted as fully paid-up pursuant to a contract without payment being received in cash. (Previous year 23,000,000)	<u>230,000,000</u>	<u>230,000,000</u>
<b>Total</b>	<u>230,000,000</u>	<u>230,000,000</u>
a. Reconciliation of number of shares (nos.)		
Outstanding at the beginning of the year	2,30,00,000	2,30,00,000
Outstanding at the end of the year	2,30,00,000	2,30,00,000
b. The company has only one class of issued shares i.e. Equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per and equal right for dividend. The dividend proposed by the board of directors is subject to the approval of shareholders in the ensuing general meeting, except in case of interim dividend. In the event of liquidation the entity shareholders are eligible to receive the remaining assets of the company after payment of all preferential amounts, in proportion to their shareholding.		
c. Detail of shareholders holding more than 5 percent of equity shares :		

Name of shareholders	As at 31st March, 2013	As at 31st March, 2012
SBEC sugar limited (Along with its nominee) (holding company)	12,650,000 55%	12,650,000 55%
Moderate leasing of capital services limited	10,350,000 45%	10,350,000 45%

- d. None of shares have been reserved for issue under options and contracts/commitments for sale of shares/disinvestment as at the balance sheet date.
- e. None of the securities are convertible into shares at the end of the reporting period.
- f. No calls are unpaid by any director or officer of the company during the year.

**NOTE 4 : RESERVES & SURPLUS**

<b>Surplus</b>		
Opening as on 01/04/12 in the statement of Profit and loss	253,537,380	241,215,199
Profit for the year	4,449,043	12,322,181
Less: Transfer to Reserves	-	-
Net surplus in the statement of Profit and loss account	<u>257,986,423</u>	<u>253,537,380</u>
<b>TOTAL</b>	<u>257,986,423</u>	<u>253,537,380</u>

**NOTE 5 : LONG-TERM BORROWINGS**

(All amounts are in Rupees)

	As at 31.03.2013	Non current portion As at 31.03.2012	Current portion As at 31.03.2013	As at 31.03.2012
<b>A) Secured Borrowings</b>				
<b>Term Loan</b>	116,666,664	204,166,670	137,831,891	116,666,664
From SREI infrastructure finance limited (secured by first pari-passu charge and /or mortgage account for realisation of payments for sale of electricity to UPPCL and all present and future fixed assets of the company along with SREI Equipment Finance Private Limited and charge created in favour SREI under other accounts on the bank and the loan is further secured by irrevocable and unconditional corporate guarantee of Two companies and personal guarantee of two directors of the company)				
Car Loan				
-Secured by Hypothecation of respected vehicle	2,164,542	-	582,411	-
Less : Amount disclosed under the head "other liabilities" (Refer to note 9 )	-	-	138,414,302	116,666,664
<b>Total</b>	<u>118,831,206</u>	<u>204,166,670</u>	<u>-</u>	<u>-</u>

**Terms of payment and default :**

- a) Loan from SREI is Repayable in 24 equal installments (Monthly from December to May every year, beginning from December 2011) Interest is charged at SREI benchmark rate subject to minimum interest rate of 16%. Principal & interest amounting to Rs. 6,03,63,085/- (Previous year Rs. 3,81,48,216/-) due but not paid
- b) Car loan from HDFC Bank Ltd. is repayable in 60 monthly installment of Rs. 70425/- each beginning from April 2012.



**NOTE 6 : LONG-TERM PROVISIONS**

(All amounts are in Rupees)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>Provision for Employee Benefits :</b>		
For Leave Encashment	245,252	192,063
For Gratuity	1,729,539	1,454,504
<b>Total</b>	<b>1,974,791</b>	<b>1,646,567</b>

**NOTE 7 : SHORT-TERM BORROWINGS**

**Unsecured**

Loans repayable on demand From SBEC Sugar Limited (holding company)	116,749,705	76,359,705
Fixed deposits*	19,000,000	-
<b>Total</b>	<b>135,749,705</b>	<b>76,359,705</b>

\*Fixed deposit carry interest @10.50% repayable within a year.

**NOTE 8 : TRADE PAYABLES**

(All amounts are in Rupees)

	As at 31.03.2013	Non current portion As at 31.03.2012	Current portion As at 31.03.2013	As at 31.03.2012
Sundry creditors				
-Small Scale Industries	-	-	-	-
Others*	830,000,000	-	9,658,912	7,176,129
<b>TOTAL</b>	<b>830,000,000</b>	<b>-</b>	<b>9,658,912</b>	<b>7,176,129</b>

\* Non current Trade payables include amount payable to SBEC Sugar against debt assignment Rs. 83,00,00,000/- (Previous year : Nil)

\* Current Trade payables include amount payable to related parties Rs. 9,86,574/- (Previous year : Nil)

The company has sought confirmation from its vendors on their status under Micro, Small and Medium enterprises Development Act, 2006("MSMED Act") which came into force from 2nd October 2006. based on the confirmations received till date, the disclosure as required by section 22 of the MSMED Act are given below :-

	AS AT 31.03.2013	AS AT 31.03.2012
A) Principal amount payable to suppliers as at year end	-	-
B) Interest due thereon as at year end	-	-
C) Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which interest relates	-	-
D) Amount of delayed payments actually made to suppliers during the year	-	-
E) Amount of interest due and payable for the year of delay in making payment (Which has been paid, but beyond the appointed day during the year ) but without adding interest specified under the MSMED Act	-	-
F) Interest accrued and remaining unpaid at the end of the year	-	-

**NOTE 9 : OTHER CURRENT LIABILITIES**

Current maturity of long term borrowing (refer note no. 5 )	138,414,302	116,666,664
Interest accrue and due on borrowing	10,031,192	8,981,550
Interest accrue and but not due on borrowing	1,586,505	2,226,256
Salaries, wages & bonus	2,573,016	1,927,136
Retention money	100,598	100,598
Security deposit received	45,000	45,000
Other liabilities*	63,655,911	30,712,315
Bills payable	126,216	89,050
Statutory dues payable	1,942,135	554,147
<b>TOTAL</b>	<b>218,474,875</b>	<b>161,302,716</b>

\* Other liabilities includes liability to SBEC sugar Limited (Holding Co.) amounting to Rs. 6,16,67,546/- (Previous Year : 2,69,80,653/-)

\*\* Other liabilities includes liabilities to other related parties amounting to Rs. 3,38,268/- (Previous year : Rs. 9,11,962/-)

**NOTE 10 : SHORT-TERM PROVISIONS**

Provision for Employee Benefits		
For Leave Encashment	288,394	630,356
For Gratuity	190,487	795,831
Others:		
For Income Tax	-	1,014,982
<b>TOTAL</b>	<b>478,881</b>	<b>2,441,169</b>

**NOTE 11 - FIXED ASSETS****A. Tangible assets**

(Amount in Rupees)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AsAt 01.04.2012	Additions / Adj. During the year	Disposals / Adj. During the year	As at 31.03.2013	As at 01.04.2012	For the Year	Adjustments/ Disposals	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>Owned</b>										
Freehold Land	2,700,000	-	-	2,700,000	-	-	-	-	2,700,000	2,700,000
Buildings	25,325,889	353,866	-	25,679,755	10,152,326	856,733	-	11,009,059	14,670,696	15,173,563
Plant & Machinery *	531,131,877	-	14,580,859	516,551,018	393,850,702	9,795,592	11,696,020	391,950,274	124,600,744	137,281,175
Vehicles	1,136,409	-	784,402	352,007	526,612	75,327	281,938	320,001	32,006	609,797
Furniture, Fixtures & Fittings	287,155	-	-	287,155	203,894	11,480	-	215,374	71,781	83,261
Office Equipment	260,988	-	-	260,988	118,351	10,816	-	129,167	131,821	142,637
Other Equipment	145,358	-	-	145,358	72,514	6,736	-	79,250	66,108	72,844
Computers	553,364	53,937	-	607,301	474,705	27,637	-	502,342	104,959	78,659
<b>Sub - Total (a)</b>	<b>561,541,040</b>	<b>407,803</b>	<b>15,365,261</b>	<b>546,583,582</b>	<b>405,399,104</b>	<b>10,784,321</b>	<b>11,977,958</b>	<b>404,205,467</b>	<b>142,378,115</b>	<b>156,141,936</b>
<b>Assets Taken on Finance lease</b>										
Vehicles	-	4,523,507	-	4,523,507	-	425,024	-	425,024	4,098,483	-
<b>Sub - Total (b)</b>	<b>-</b>	<b>4,523,507</b>	<b>-</b>	<b>4,523,507</b>	<b>-</b>	<b>425,024</b>	<b>-</b>	<b>425,024</b>	<b>4,098,483</b>	<b>-</b>
<b>Capital Work in Progress</b>	<b>47,480</b>	<b>-</b>	<b>47,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,480</b>
<b>Total</b>	<b>561,588,520</b>	<b>4,931,310</b>	<b>15,412,741</b>	<b>551,107,089</b>	<b>405,399,104</b>	<b>11,209,345</b>	<b>11,977,958</b>	<b>404,630,491</b>	<b>146,476,598</b>	<b>156,189,416</b>
Previous Year (Including Capital Work in Progress)	469,128,346	106,870,400	14,410,226	561,588,520	395,988,656	9,410,448	-	405,399,104	156,189,416	73,139,690

\* Additions of plant and machinery includes borrowing cost amounting Rs. Nil (Previous Year WIP includes Borrowing cost Rs. 16430283/- )

**B. Intangible assets**

Software	410,435	-	-	410,435	377,901	14,594	-	392,495	17,940	32,534
<b>Total</b>	<b>410,435</b>	<b>-</b>	<b>-</b>	<b>410,435</b>	<b>377,901</b>	<b>14,594</b>	<b>-</b>	<b>392,495</b>	<b>17,940</b>	<b>32,534</b>
Previous Year	410,435	-	-	410,435	345,245	32,656	-	377,901	32,534	65,190

**NOTE 12 : Deferred tax (assets) / Liability (net)**

All amounts are in Rupees)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>Deferred tax assets on account of :</b>		
Depreciation	3,175,469	12,734,210
Disallowance u/s 43B	364,197	386,519
Gratuity	593,288	608,616
Other disallowance under income tax act	11,327,050	4,153,293
<b>Total</b>	<b>15,460,004</b>	<b>17,882,638</b>

**NOTE 13 : LONG-TERM LOANS AND ADVANCES****Unsecured**

Capital Advance	-	1,293,932
Security Deposits	89,212	89,212
<b>Total</b>	<b>89,212</b>	<b>1,383,144</b>

**NOTE 14 : OTHER NON-CURRENT ASSETS**

Debt Assignment Recoverable (refer not no. 34 & 36)	1,468,597,682	218,597,682
Other receivable*	2,628,677	2,628,676
Deferred revenue expenditure	3,263,899	5,218,443
<b>Total</b>	<b>1,474,490,258</b>	<b>226,444,801</b>

\* Other receivable includes recoverable from Related parties Rs. 2,328,902 (Previous year 2,328,902)

**NOTE 15 : CURRENT INVESTMENT**

(All amounts are in Rupees)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>Trade Investment</b>		
(Unquoted, Valued at Cost)		
<b>Investment</b>		
20,000 Eq.Shares of Rs.25/- each in The Shamrao Vithal Co-operative Bank Ltd. (Previous Year - 20,000 Equity shares of Rs. 25/- each)	500,100	500,100
<b>Total</b>	<b>500,100</b>	<b>500,100</b>

**NOTE 16 : INVENTORIES**

Closing stock of Power Banked	1,445,689	1,645,672
Stores and spares	27,651,071	27,240,495
Less : Provision for obsolete stock	32,945	32,945
<b>Total</b>	<b>29,063,815</b>	<b>28,853,222</b>

**NOTE 17 : TRADE RECEIVABLES**

(All amounts are in Rupees)

	Non current portion		Current portion	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>Debts outstanding for a period exceeding six months from the date they are due for payment</b>				
Unsecured considered good	-	-	66,012,419	75,894,601
Considered Doubtful	-	-	-	-
	-	-	66,012,419	75,894,601
Less : Provision for doubtful debts (A)	-	-	-	-
	-	-	66,012,419	75,894,601
<b>Other Receivables</b>				
Unsecured considered good	-	-	-	-
Considered doubtful	-	-	-	-
	-	-	-	-
Less : Provision for doubtful debts (B)	-	-	-	-
<b>TOTAL (A+B)</b>	<b>-</b>	<b>-</b>	<b>66,012,419</b>	<b>75,894,601</b>

**NOTE 18 : CASH AND BANK BALANCES**

(All amounts are in Rupees)

	As at 31.03.2013	As at 31.03.2012
<b>Cash and Cash Equivalents</b>		
Balance with Scheduled Banks in -		
— Current Accounts	561,189	485,559
Cash & Stamps in hand	187,456	-
	<b>748,645</b>	<b>485,559</b>
<b>Other bank balances</b>		
Fixed deposit with banks with maturity period more than 12 months	-	-
Fixed deposit with banks with maturity period more than 3 months but up to 12 months	-	-
	-	-
<b>TOTAL</b>	<b>748,645</b>	<b>485,559</b>

**NOTE 19 : SHORT TERM LOAN & ADVANCES****unsecured**

Security deposit	676,982	676,982
REC Units recoverable	61,134,000	26,518,500
Prepaid expenses	91,137	479,817
Staff balances	43,459	57,178
Advance to suppliers	1,336,621	1,146,834
Other receivable#	482,406	390,827
Inter Corporate deposit to related parties*	-	394,454,567
<b>TOTAL</b>	<b>63,764,605</b>	<b>423,724,705</b>

\* Inter corporate deposit given to related parties amounting to Nil (Previous year Rs. 394,454,567/-)

# Other receivable includes recoverable from Shri Abhishek Modi (Executive director) Nil (Previous year Rs. 287,307/-)

# Other receivable includes recoverable from related parties Rs. 1,45,547/- (Previous year Nil)

**NOTE 20 : OTHER CURRENT ASSETS**

(Amounts are in Rupees)

	As at 31.03.2013	As at 31.03.2012
Income tax recoverable	4,576,653	3,285,072
Deferred Revenue Expenses	1,954,544	1,954,544
<b>TOTAL</b>	<b>6,531,197</b>	<b>5,239,616</b>

**NOTE 21 : REVENUE FROM OPERATIONS**

(Amounts are in Rupees)

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
Sale of Power	93,875,895	96,017,077
Less : Excise Duty on Sales	-	-
<b>TOTAL</b>	<b>93,875,895</b>	<b>96,017,077</b>

**NOTE 22 : OTHER OPERATING INCOME**

Sale of scrap	-	280,588
	-	280,588

**NOTE 23 : OTHER INCOME**

Interest Received from Others (Gross)	29,684,291	38,367,706
Dividend	60,000	60,000
Notice pay	-	4,564
Foreign Exchange fluctuation	-	85,499
Profit on sale of fixed assets	422,220	-
Excess Provision / Sundry balances written back	55,154	2,559
<b>TOTAL</b>	<b>30,221,665</b>	<b>38,520,328</b>

**NOTE 24 : CHANGE IN INVENTORIES OF STOCKS**

<b>Opening Stock</b>		
Finished Goods (Power Banked)	1,645,672	2,522,311
<b>Closing Stock</b>		
Finished Goods (Power Banked)	1,445,689	1,645,672
<b>Increase/(Decrease) In Stocks</b>	<b>(199,983)</b>	<b>(876,639)</b>

**NOTE 25 : MANUFACTURING EXPENSE**

Power & Fuel	1,848,511	1,495,236
Stores & Spares Consumed	4,996,830	11,257,004
Repair & Maintenance		
- Plant & Machinery	10,947,372	3,938,843
- Building	340,163	-
Bagasse and Ash Handling Charges	2,857,421	3,736,729
Technical Assistance Fees	416,947	373,640
<b>TOTAL</b>	<b>21,407,244</b>	<b>20,801,452</b>

**NOTE 26 : EMPLOYEE BENEFIT EXPENSES**

Salary, Wages, Bonus & other allowances	15,656,134	16,600,581
Company's Contribution To Provident & Other Funds	1,227,341	1,356,332
Staff Welfare Expenses	40,213	25,461
Gratuity	663,140	418,283
<b>TOTAL</b>	<b>17,586,828</b>	<b>18,400,657</b>

**NOTE 27 : FINANCE COST**

Interest - on Term Loans	44,984,295	48,173,188
- Fixed deposits	569,446	-
- Others	49,707	30,938
	<b>4,82,04,126</b>	<b>48,204,126</b>
Bank Charges	6,056	29,292
Bill discounting charges	-	16,502
<b>TOTAL</b>	<b>45,609,504</b>	<b>48,249,920</b>

**NOTE 28 : ADMINISTRATION EXPENSES**

(Amounts are in Rupees)

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
<b>A. ADMINISTRATION EXPENSES</b>		
Auditor's Remuneration	165,497	172,435
Tax audit fees	42,135	41,363
Telephone, Postage & Telegram	282,808	272,321
Legal & Professional Charges	5,771,462	833,974
Travelling & Conveyance	4,184,030	1,800,571
Rent Including Lease Charges		294,804
Rates & Taxes	896,978	18,287
Vehicle Expenses	609,442	878,881
Insurance expenses	848,687	771,140
Office & Maintenance	450	21,175
Security Guard Expenses	3,653,265	3,505,715
Debit Balances Written Off	1	119,396
Provision for Obsolete Store Items	-	32,945
Director Sitting Fee	24,101	32,000
Misc. Expenses	776,621	1,090,890
Miscellaneous expenditure written off	1,954,544	1,954,544
<b>TOTAL</b>	<b>19,210,021</b>	<b>11,840,441</b>

**NOTE 29 : Deferred Taxation (AS-22)**

The Company has during the year made adjustments on account of Deferred Taxes in terms of Accounting Standard - 22 on 'Taxes on Income'.

- (a) Deferred Tax Assets are recognized and carried forward only to the extent these is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- (b) Break-up of Deferred Tax Assets / Liabilities into major Components as given below:

Deferred Tax Assets	Deferred Tax Asset / (Liability) as at 31.03.2013	Current Year (Charge) / Credit	Deferred Tax Asset / (Liability) as at 31.03.2012
Depreciation	31,75,469	(95,58,741)	12,734,210
Disallowance u/s 43B	3,64,197	(22,322)	386,519
Gratuity	5,93,288	(15,328)	608,616
Other Disallowance under I. Tax Act	1,13,27,050	71,73,757	4,153,293
Deferred Tax Assets/ (Liabilities)	1,54,60,004	(24,22,634)	17,882,638

**NOTE 30 : Earnings Per share**

Particulars	For the year ended 31 <sup>st</sup> March' 2013	For the year ended 31 <sup>st</sup> March' 2012
Net Profit after tax	44,49,043	12,322,181
Weighted average number of Equity Shares.	23,000,000	23,000,000
Basic Earning Per Share (Rs.)	0.19	0.54
Diluted Earning Per Share (Rs.)	0.19	0.54

**NOTE 31 : Contingent Liabilities**

Claims against the Company not acknowledged as debts:

	For the Year ended 31.03.2013	For the year ended 31.3.2012
Income tax matters	1,17,42,490/-	1,59,51,843/-

**NOTE 32 :**

- (a) The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1<sup>st</sup> December, 2005. The Company's contribution in respect of the line amounted to Rs.19,545,474 as demanded by UPPCL till end of March, 2013. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL. The amount spent by the Company has been accounted for as Deferred Revenue Expenditure and the same is being amortized over a period of 10 years from the date of commencement of commercial operation.
- (b) UPPCL has charged Rs. 5,44,468/- for the year 2012-13 (Previous Year Rs. 518,541/-) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 8<sup>th</sup> November, 2006, the charge is @ 1.50% on the cost of 132 KV Line in the first year and with

an increase (maximum) of 5% in each subsequent year. Since, the total expenditure on the 132 KV Line is pending finalization by UPPCL, this charge again, is on provisional basis.

**NOTE 33 :**

SBEC Sugar Limited (SSL) along with its nominee the holding Company holds 12,650,000 fully paid up Equity Shares (Previous Year 1,26,50,000) in the Company.

**NOTE 34 :**

- (a) The Company had negotiated and finalized with the IDBI Ltd., the terms for taking over the debt of IDBI in Modi Industries Limited (MIL) under OTS on assignment basis to the Company. In terms of IDBI's letters No. IDBIL.HO.RD.MIL/2221 dated 27<sup>th</sup> January, 2007 and 9<sup>th</sup> February, 2007, on payment of settlement amount, IDBI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IDBI (towards principal and interest) right against MIL and also the charges and securities created by MIL, will stand assigned in favour of the Company. The said 'Deed of Assignment' is yet to be executed.  
The Company had paid total dues of IDBI i.e. a sum of Rs. 141097682 (previous year Rs. 141097682) under this scheme.
- (b) The Company has negotiated and finalized with the IFCI Limited, the term for taking over the debt of IFCI in Modi Industries Ltd. (MIL). In terms of IFCI Letter No. IFCI/NRG/ 200-13494 Dated 30<sup>th</sup> December, 2009 on payment of settlement amount, Rs. 77,500,000. The company made a payment of Rs. 77,500,000 to IFCI on 30<sup>th</sup> December 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19<sup>th</sup> April 2012 and assigned its all claims against Modi Industries Limited together with the securities and charges in favour of the company. The registrar of companies has registered the modification to the charges in favour of the company. The said secured debts is payable by Modi Industries Limited to the Company.
- (c) The company has taken the debt of SBEC Sugar Ltd. in Modi Industries Ltd. (MIL) through a "Deed of Assignment" in its favour executed on 31.12.2012 by its holding company M/s SBEC Sugar Ltd. All the claims together with all securities and charges created by MIL in favour of SBEC Sugar Ltd. have been assigned to the company for a consideration of Rs. 1,25,00,00,000. A sum of Rs.42,00,00,000 have been paid on the date of execution of the said deed and the balance Rs. 83,00,00,000 shall be payable as per mutually agreed installments within a period of five years from the date of execution of this deed.

**NOTE 35 :**

The balance of loan from SREI Infrastructure Finance Ltd. is subject to confirmation & reconciliation. The company has not provided for any overdue/penal interest on overdue and late payments

**NOTE 36 :**

The company has taken the debt of IDBI, IFCI & SBEC Sugar Limited in Modi Industries Limited (MIL). The principal activities of MIL is manufacturing of Sugar, Liquor, Electrode, Paint, Gas etc. As at 31<sup>st</sup> March, 2013 the company has net exposure of Rs.1,46,85,97,682/- as debt acquired. The net worth of MIL has been completely eroded. MIL had been declared a sick Industrial company on March 14, 1991 in terms of section 3(1)(o) of the Sick Industrial Companies Special Provisions Act 1985. Proceeding before the BIFR are pending. No provision for the diminution in debts are required to be made in these financial statements.

**NOTE 37 :**

Company's leasing arrangements, which are in respect of operating leasing for premises (residential, office etc.) ranges between 11 months to 12 months generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged to revenue.

**NOTE 38 : SEGMENT REPORTING**

The reportable segments as per Accounting Standard – 17 issued by The Institute of Chartered Accountant of India on "Segment Reporting" are given as under:

Particulars	Power Generation		Assets Acquiring		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue</b>						
External	93875895	96017077	-	-	93875895	96017077
Inter Segment	-	-	-	-	-	-
Total Revenue	93875895	96017077	-	-	93875895	96017077
<b>Result</b>						
Segment Result (Profit /(Loss)before tax)	37607014	41748177	(5096928)	(358500)	32510086	41389677
Unallocated expenses	-	-	-	-	7724832	6301683
Interest Expense	45609504	48249920	-	-	45609504	48249920
Interest Income	29684291	38367706	-	-	29684291	38367706
Income taxes	-	-	-	-	(1988364)	(4851754)
Deferred tax	-	-	-	-	(2422634)	(8031845)
Profit after tax	-	-	-	-	4449043	12322181
<b>Other Information</b>						
Segment Assets	313271709	300955081	1468597682	218597682	1781869391	519552763
Unallocated Assets	-	-	-	-	21285402	417077573
Segment Liabilities	484022198	451554707	830449283	-	1314471481	451554707
Unallocated Liabilities	-	-	-	-	696889	1538249
Capital Expenditure	-	-	-	-	4883830	92412694
Depreciation	11223939	9443104	-	-	11223939	9443104

Since all the operations of the Company are conducted within India, as such there is no separate reportable geographical segment.

**NOTE 39 : RELATED PARTY DISCLOSURE**

- 1 Pursuant to compliance of AS-18 on "Related Party Disclosures", the disclosure has been made for related parties where transactions have taken place during the year.
- A(1) Enterprises that directly or indirectly controlled or are under common control with the reporting enterprises:  
 SBEC Sugar Limited  
 Moderate leasing and capital services limited
- A(2) Associates : NIL
- A(3) Fellow Subsidiaries  
 SBEC Stockholding & Investment Limited  
 Modi Gourmet Limited
- A(4) Key Management Personnel  
 Mr. Abhishek Modi – Executive Director (w.e.f. 11/7/2011)  
 Mr. Arun Kumar Gupta – Manager (Upto 10/7/2011)  
 Relatives of Key Management Personnel  
 Mrs. Sunita Gupta (upto 10/7/2011)  
 Mr. Alok Kumar Gupta (upto 10/7/2011)  
 Mrs. Anshu Gupta (upto 10/7/2011)  
 Mrs. Nandini Modi  
 Mr. Umesh Kumar Modi  
 Mrs. Kum Kum Modi  
 Mrs. Himani Modi Aggarwal  
 Ms. Meghna Modi  
 Mr. Priyank Kumar Aggarwal  
 Mr. Jayesh Modi
- A(5) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence  
 Modi Arts Pvt. Ltd,  
 Modi Goods and Retail Services Pvt. Ltd (formally known as Modi Groceries Pvt. Ltd.)  
 SBEC Systems (India) Ltd.  
 Jai Abhishek Investments Pvt. Ltd  
 Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd  
 Modi Diagnostics Pvt. Ltd  
 Modi Revlon Pvt. Ltd  
 Modi Senator (India) Pvt. Ltd  
 First Move Management Services Pvt. Ltd  
 Revlon Lanka Pvt. Ltd  
 Swasth Investment Pvt. Ltd  
 Umesh Modi Corp. Pvt. Ltd  
 Modi Omega Pharma (India) Pvt. Ltd  
 Modi Illva India Pvt. Ltd  
 A to Z Holding Pvt.Ltd  
 Longwell Investment Pvt. Ltd  
 Bihar Sponge Iron Ltd  
 Modi Mundipharma Pvt. Ltd  
 Modiline Travel Service Pvt. Ltd  
 Modi Industries Ltd  
 Morgardshammer India Ltd.  
 Win Medicare Pvt. Ltd,  
 H. M. Tubes & Containers Pvt. Ltd  
 Modi Motors Pvt. Ltd  
 M.G. Mobiles India Pvt. Ltd  
 Chandil Power Limited  
 Revlon Trading Bangladesh Private Limited  
 Meghna Autoworks Private Limited  
 Jayesh Tradex Pvt. Ltd



**(B) Transactions carried out with related parties referred in (A) above, in ordinary course of business:** (in Rs.)

Nature of transaction	Referred in A (1) above*	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
<b>Purchase</b>					
Debt assignment	1250000000	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Goods and Services	-	-	-	-	-
	(16502)	(-)	(-)	(-)	(-)
<b>Sales</b>					
Goods and Services	90121	-	-	-	-
	(124571)	(-)	(-)	(-)	(-)
<b>Expenses</b>					
Computer / Printing & Stationery/other	-	-	-	-	780
	(-)	(-)	(-)	(-)	(1380)
Air Tickets / Vehicle Exp.	-	-	-	-	1087038
	(-)	(-)	(-)	(-)	(533015)
Gift & others	-	-	-	-	42154
	(-)	(-)	(-)	(-)	(7036)
Salary & Other Allowances	-	-	-	5682999	-
	(-)	(-)	(-)	(4785659)	(-)
Consultancy / Sitting Fee	-	-	-	4000	-
	(-)	(-)	(-)	(7000)	(-)
REC Unit transfer	34615500	-	-	-	-
	(26518500)	(-)	(-)	(-)	(-)
<b>Income</b>					
Interest Received	29684291	-	-	-	-
	(38367706)	(-)	(-)	(-)	(-)
<b>Loan Taken (net).</b>	37432000	-	-	-	-
	(54602147)	(-)	(-)	(-)	(-)
<b>Loan given</b>	-	-	-	-	-
	(5900000)	(-)	(-)	(-)	(-)
<b>Corporate Guarantees</b>					
Outstanding as on 31.03.13	264529947	-	-	-	-
	(320833334)*	(-)	(-)	(-)	(-)
<b>Recoverable / Receivable as on 31.03.13</b>					
Loan Receivable Yearend Balance	-	-	-	-	-
	(394458567)	(-)	(-)	(-)	(-)
Other Recoverable	-	-	-	145547	1470926584
	(-)	(-)	(-)	(287307)	(2328902)
<b>Finance / Advance Taken as on 31.03.13</b>					
Finance (Loan)Yearend Balance	113791705	-	-	-	-
	(76359705)	(-)	(-)	(-)	(-)
Other Pay	894638546	-	-	871429	1088655
	(26980654)	(-)	(-)	(2691)	(900771)

\* Guarantee taken from SBEC Sugar Ltd. Rs. 26,45,29,947/- (Previous year Rs. 320,833,334/-).

**NOTE 40 : MANAGERIAL REMUNERATION**

**Mr. Abhishek Modi**, Executive director (From 11 July, 2011), under Companies Act, 1956 was paid remuneration in accordance with Schedule XIII to the Companies Act, 1956. The same having been included under different heads of expenditure is as follows:

Particulars	Current Year	Previous Year
Salary & Bonus	3,360,000	2,588,226
Contribution to Provident Fund	264,000	208,258
Others	311,848	15,000

**Note :** Remuneration excludes provision for gratuity determined on actuarial basis as these are determined for the company as a whole.

Computation of Profit in accordance with Section 349 and 350 of the Companies Act, 1956 for the purpose of Section 198 of the said Act is as under:-

This Year	Current Year	Previous year
Profit (Loss) for the year before taxation (as per Profit & Loss Account)	88,60,041	25,205,780
Add:-		
(a) Depreciation provided in the Accounts	1,12,23,939	9,443,104
(b) Director and Manager Remuneration	37,15,412	3,171,670
(c) Loss on sale of Fixed Assets	1,42,940	-
	-	37,820,554
Less:-		
(a) Depreciation as per section 350 of the Companies Act, 1956	1,12,23,939	9,443,104
(b) Profit on sale of Fixed Assets	5,65,160	-
Profit(Loss) u/s 349/350	1,32,83,553	28,377,450

Shri Abhishek Modi , Executive Director has not been paid any commission during the current year due to inadequate profits.

**NOTE 41 : Additional information**

Additional information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable) is as follows:

**a. Statement of Installed & Licensed Capacity and Generation Quantity : @**

Description	Licensed Capacity	Installed Capacity	Actual Generation*
Power	Not Applicable	24MW (24MW)	46027960 kwh (47923000 kwh)
Steam	Not Applicable	77 tph (77 tph)	226936 tones (257617 tones)

Figures in brackets are for Previous Year.

\* Transmission losses have not been considered in arriving at generation quantity.

@ The plant operated for 134 days in the current year (previous year 151 days).

**b. Details of Sales/Conversions. (in Rs.)**

Description	Opening Stock		Conversion		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity*	Value
Power	1376137 kwh (1361874 kwh)	1645672 (2522311)	19442654 kwh (19611680 kwh)	- -	23026314 kwh (24194920 kwh)	83875895 (96017077)	1376137 kwh (1376137 kwh)	1445689 (1645672)
Steam	— —	— —	226936 tonnes (257617 tones)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets are for previous Year.

\* Includes 1,25,000 kwh (Previous Year 1,25,000 kwh) charged as banking fee by UPPCL.

**c. Consumption of Imported and Indigenous Raw Material and Stores & Spares (in Rs.)**

Particulars	Indigenous		Imported	
	Value	%	Value	%
<b>Raw Material</b>				
Bagasse*	— (—)	100 (100)	— (—)	— (—)
Store / Spares (including fixed assets)	12748500 (96583746)	100 100	Nil (Nil)	Nil (Nil)

Figures in brackets are for Previous Year.

\*Bagasse is being supplied free of cost by SBEC Sugar Ltd..

**d. Value of Import on CIF Basis****(in Rs.)**

Particulars	Current year	Previous Year
Store & Spares	Nil	7,50,801

**e. Expenditure in Foreign Currency (Paid)****(in Rs.)**

Particulars	Current year	Previous Year
Purchase of stores & spares	Nil	7,50,801
Others	25,71,568	7,99,260

**NOTE 42 : EMPLOYEE BENEFITS (AS-15)**

The Company has adopted Revised Accounting Standard - 15 'Employee Benefits'. In accordance with the transitional provision of revised AS - 15, additional liability (net of tax) under new method as at 1st April, 2008 as compared to liability provided under Pre-revised AS - 15 to be adjusted against the balance of General Reserve as at 1st April, 2009 is NIL.

**a) Defined Contribution Plan**

Contributions to Defined Contribution Plan, recognized as expense for the year are as under:

**(in Rs.)**

	2012-13 Year	2011-12 Year	2010-11 Year
Employer's contribution to Provident Fund	1081860	1195567	900981

**b) Defined Benefit Plan**

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Actuarial Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**1. Reconciliation of opening and closing balances of Defined Benefit Obligation.****( in Rs.)**

	Current Year Gratuity (Unfunded) 2012-13	Previous Year Gratuity (Unfunded) 2011-12	Previous Year Gratuity (Unfunded) 2010-11	Current Year Leave Encashment (Unfunded) 2012-13	Previous Year Leave Encashment (Unfunded) 2011-12	Previous Year Leave Encashment (Unfunded) 2010-11
Defined Benefit obligation at the beginning of the year	2250335	1965177	1812776	199100	156679	179742
Current Service Cost	321990	326044	284418	45274	42235	41538
Past Service Cost	-	-	18557	-	-	-
Interest Cost	180027	167040	145022	15928	13318	14379
Actuarial (gain)/loss	(796627)	(74801)	(95086)	(6570)	33283	(78980)
Benefits Paid	(35699)	(133125)	(200510)	-	(46415)	-
Settlement cost	-	-	-	-	-	-
Defined Benefit obligation at the end of the year	1920026	2250335	1965177	253732	199100	156679

**2. Reconciliation of opening and closing balances of Fair Value of Plan Assets**

( in Rs.)

	Current Year Gratuity (Unfunded) 2012-13	Previous Year Gratuity (Unfunded) 2011-12	Previous Year Gratuity (Unfunded) 2010-11	Current Year Leave Encashment (Unfunded) 2012-13	Previous Year Leave Encashment (Unfunded) 2011-12	Previous Year Leave Encashment (Unfunded) 2010-11
Fair value of plan assets as at the beginning of the year	-	-	-	-	-	-
Expected Return	-	-	-	-	-	-
Actuarial (gain)/loss	-	-	-	-	-	-
Contribution by Employer	-	-	-	-	-	-
Benefits Paid	-	-	-	-	-	-
Settlement cost	-	-	-	-	-	-
Fair value of plan assets as at the end of the year	-	-	-	-	-	-
Actual return of plan assets	-	-	-	-	-	-

**3. Reconciliation of amount recognized in Balance Sheet**

( in Rs.)

	Current Year Gratuity (Unfunded) 2012-13	Previous Year Gratuity (Unfunded) 2011-12	Previous Year Gratuity (Unfunded) 2010-11	Current Year Leave Encashment (Unfunded) 2012-13	Previous Year Leave Encashment (Unfunded) 2011-12	Previous Year Leave Encashment (Unfunded) 2010-11
Fair Value of Plan Assets as at 31st March, 2013	—	—	—	—	—	—
Present value of obligation as at 31 <sup>st</sup> March, 2013	1920026	2250335	1965177	253732	199100	156679
Net asset/(liability) recognized in the Balance Sheet	(1920026)	(2250335)	(1965177)	(253732)	(199100)	(156679)

**4. Expense Recognized during the period in Profit & Loss A/c.**

( in Rs.)

	Current Year Gratuity (Unfunded) 2012-13	Previous Year Gratuity (Unfunded) 2011-12	Previous Year Gratuity (Unfunded) 2010-11	Current Year Leave Encashment (Unfunded) 2012-13	Previous Year Leave Encashment (Unfunded) 2011-12	Previous Year Leave Encashment (Unfunded) 2010-11
Current Service Cost	321990	326044	284418	45274	42235	41538
Past Service Cost	-	-	18557	-	-	-
Interest Cost	180027	167040	145022	15928	13318	14379
Expected return on plan assets	-	-	-	-	-	-
Net Actuarial (gain)/ loss recognized during the period	(796627)	(74801)	95086	(6570)	33283	(78980)
Expenses recognized in the statement of Profit & Loss	(294610)	418283	352911	54632	88836	(23063)

5. Actual Return on Plan Assets

Gratuity & Leave encashment (Unfunded)	
Expected Return on Plan Assets	-
Actuarial (gain)/ loss	-
Actual return on plan assets	-

6. Principal Actuarial Assumptions

( in Rs.)

	Current Year Gratuity (Unfunded) 2012-13	Previous Year Gratuity (Unfunded) 2011-12	Previous Year Gratuity (Unfunded) 2010-11	Current Year Leave Encashment (Unfunded) 2012-13	Previous Year Leave Encashment (Unfunded) 2011-12	Previous Year Leave Encashment (Unfunded) 2010-11
<b>Mortality Table (LIC)</b>	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2013	8.00%	8.50%	8.00%	8.00%	8.50%	8.00%
Future Salary Increase	5.50%	6.00%	5.50%	5.50%	6.00%	5.50%
Expected rate of return on plan assets	-	-	-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years	60 years	60 years
Age	<b>Withdrawal Rate</b>	<b>Withdrawal Rate</b>	<b>Withdrawal Rate</b>	<b>Withdrawal Rate</b>	<b>Withdrawal Rate</b>	<b>Withdrawal Rate</b>
Upto 30 years	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

**NOTE 43 :**

Previous year figures have been regrouped where necessary to confirm to this period classification.

In terms of our report of even date, attached.

**For K.K. Jain & Co.**  
Chartered Accountants  
Firm Reg. No.: 002465N

**Simmi Jain**  
Partner  
Membership No. : 086496

Umesh K. Modi  
Director  
DIN No. 00002757

Abhishek Modi  
Executive Director  
DIN No. 00002798

G.C. Jain  
Director  
DIN No. 00002696

Place : New Delhi  
Date : 28.05.2013

J.N. Khurana  
Director  
DIN No. 00003817

S.S. Agarwal  
Director  
DIN No. 00004840

Shalini Gupta  
Company Secretary

# SBEC SUGAR LIMITED

REGISTERED OFFICE  
Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh

## ATTENDANCE SLIP

(THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTERANCE OF THE MEETING HALL)

L.F.NO. (s)	
D.P. ID No.	

CLIENT ID NO.	
NO. OF SHARES HELD	

Name of the attending Member .....  
(in Block Letters)

Name of Proxy(s) (in Block Letters).....  
(to be filled in if the Proxy attends instead of the member)

I hereby record my presence at the 19th Annual General Meeting of the Company held on Monday, the 30th day of September, 2013 at 2.30 P.M. at Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh.

.....  
Member's/Proxy's Signature  
(To be signed at the time  
of handing over this slip)

.....PLEASE TEAR HERE.....

# SBEC SUGAR LIMITED

REGISTERED OFFICE  
Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh

## PROXY FORM

L.F.NO. (s)	
D.P. ID No.	

CLIENT ID NO.	
NO. OF SHARES HELD	

We.....  
of.....  
being member(s) of SBEC SUGAR LIMITED, hereby appoint.....  
.....of ..... in the district of.....  
.....or failing him/her.....  
.....of ..... in the district of .....

as my/our Proxy to attend and vote for me/us, on my/our behalf at the 19th Annual General Meeting of the Company held on Monday, the 30th day of September, 2013 at 2.30 P.M at Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh and at any adjournment thereof.

AS WITNESS my/our hand(s) this ..... day of..... 2013

Note : i) The Proxy must be sent so as to reach the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.  
ii) The Proxy need not be a member of the company.

Affix a  
Revenue  
Stamp

Signature(s)

**Book Post**  
**Under Postal Certificate**

*If undelivered, please return to:-*  
**SBEC SUGAR LIMITED**  
1502-A, 16th Floor, Modi Tower,  
98, Nehru Place,  
New Delhi-110019.