



# SBEC SUGAR LIMITED

31.08.2017

To,

**General Manager  
BSE Limited  
Corporate Relationship Department  
New Trading Ring (1<sup>st</sup> Floor)  
Rotunda Building  
P J Towers  
Dalai Street  
Mumbai-400001**

Dear Sir,

**Subject: - 23<sup>rd</sup> Annual Report 2016-17**

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015, We are enclosing herewith the Annual Report for the financial year 2016-17 containing the Notice convening the Annual General Meeting, Audited Financial Statements for the financial Year 2016-17, together with the Reports of the Board of Directors and Auditors thereon which has been approved and adopted by the members as per the provisions of the Companies Act, 2013, at the 23<sup>rd</sup> Annual General Meeting of the Company held on Tuesday, 29<sup>th</sup> August, 2017 at Village Lohan, Malakpur, Baraut, Distt. Baghpat - 250611.

Kindly take the above information on record.

Thanking You,

Yours Faithfully

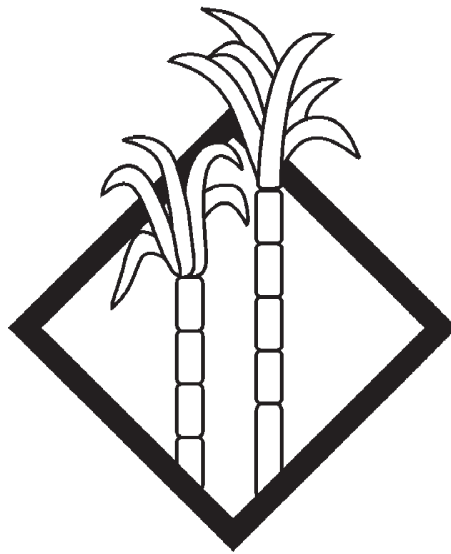
For **SBEC Sugar Limited**

**Shobit Nehra  
Company Secretary**



Encl: As above

# ***SBEC Sugar Limited***



**T W E N T Y   T H I R D   A N N U A L   R E P O R T**

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**2017**



**BOARD OF DIRECTORS**

Shri. Umesh K Modi	- Chairman & President
Shri. Abhishek Modi	- Executive Director & Chief Executive Officer
Smt. Kum Kum Modi	
Shri. Jayesh Modi	
Shri. Vijay Kumar Modi	
Shri. Narayan Prakash Bansal	
Shri. Rajeev Kumar Agarwal	
Shri. Jagdish Chandra Chawla	
Shri. Shyam Babu Vyas	
Shri. Om Prakash Modi	- (ceased on 03.06.2016)
Shri. Rohit Garg	- (Appointed in Casual Vacancy w.e.f. 25.03.2016)
Shri. Raj Kumar Sharma	- (Appointed w.e.f 23.02.2017)

**CHIEF FINANCIAL OFFICER**

Shri. L.C. Sharma

**COMPANY SECRETARY**

Shri. Shobit Nehra

**AUDITORS**

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

**BANKERS**

Axis Bank Ltd.  
Punjab National Bank  
State Bank of India

**REGISTERED OFFICE & PLANT**

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

**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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## DIRECTORS' REPORT

To,  
The Shareholders,  
SBEC Sugar Limited

Your Directors take pleasure in presenting the 23rd Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2017.

### FINANCIAL RESULTS

The summarised financial results of SBEC Sugar Ltd. as well as Consolidated with its subsidiaries i.e. SBEC Bioenergy Limited and SBEC Stockholding and Investment Limited for the financial year ended 31st March, 2017.

	(Rs. in Lacs)			
	STANDALONE		CONSOLIDATED	
Financial Parameters	Period ended 31.03.2017	Period ended 31.03.2016	Period ended 31.03.2017	Period ended 31.03.2016
Sales and other income	28301.24	39478.31	29291.49	40465.59
<b>Profit/(Loss) Before Interest, Depreciation &amp; Tax</b>	<b>1285.19</b>	<b>1356.66</b>	<b>1520.92</b>	<b>1647.61</b>
Interest and Finance Charges	774.15	526.94	1499.10	1034.37
Depreciation and Amortisation	279.56	311.14	324.15	353.93
Prior period expenses (net)	20.58	2.44	23.24	20.97
<b>Profit/(Loss) before Extra-Ordinary Expenses &amp; Provision for Taxation</b>	<b>210.90</b>	<b>516.14</b>	<b>(325.57)</b>	<b>238.34</b>
Exceptional Items	(2499.66)	-	(2,499.66)	-
<b>Profit/(Loss) before Tax</b>	<b>(2288.76)</b>	<b>516.14</b>	<b>(2,825.23)</b>	<b>238.34</b>
Provision for Taxation	-	-	-	12.97
Deferred Tax Charge/ (Credit)	-	-	(51.04)	(65.26)
Taxes for earlier years	-	-	-	-
MAT credit written back	-	-	-	-
<b>Profit/(Loss) After Tax</b>	<b>(2288.76)</b>	<b>516.14</b>	<b>(2,774.19)</b>	<b>290.63</b>
Transfer to Minority Interest	-	-	(218.13)	(82.54)
Transfer to Molasses Storage Fund	1.84	3.34	1.84	3.34
<b>Profit/(Loss) for the period after appropriation</b>	<b>(2290.60)</b>	<b>512.80</b>	<b>(2294.16)</b>	<b>369.83</b>
Earning Per Share (in Rs.)	(4.80)	1.08	(5.36)	0.78

### PERFORMANCE DURING THE YEAR

For the Financial Year 2016-17, there is a Loss of Rs. 2288.76 lacs as against the Profit of Rs. 516.14 lacs in the previous year. The Sugar Industry in India went through an unprecedented crisis due to all time low sugar selling prices caused by sixth straight year of surplus production as well as a drop in global prices. In fact it went below the cost of production for a substantial portion of the year.

### DIVIDEND & RESERVES

As the Company has incurred losses during the year under review, your Directors have not recommended any dividend for the financial year ended March 31, 2017.

The Company has not transferred any amount to the reserves for the financial year ended March 31, 2017.

### SHARE CAPITAL

The paid up equity capital as on March 31, 2017 was Rs. 4765.38 Lacs. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

### OPERATIONS

The crushing for the season 2016-17 started on 04.12.2016 i.e. 14 days later as compared to previous season 2015-16 and ended on 02.05.2017 i.e. 22 days later as compared to previous season 2015-16. During the season, the plant crushed 90.53 lac quintals of



sugarcane in 128 days as against 107.20 lac quintals in 159 days in the previous season. The crushing was increased by 16.67 lac quintals during this season due to increase period of crushing. The sugar recovery overall was increase at 10.83% as against 9.55% in the previous season.

The Company continued to focus on cane development activities, comprising clean cane, varietal change and modern agriculture practices that is expected to improve recovery in the coming years.

#### **MATERIAL CHANGES AND COMMITMENTS**

No material changes or commitments have occurred between the end of the financial period to which the financial statements relate and the date of this report, affecting the financial position of the Company.

#### **STATUS OF SICKNESS UNDER BIFR**

As the members are aware, the Company had reported the erosion in the net worth of the Company by more than 50% of the peak net worth as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 to BIFR and the BIFR has declared the Company as sick and appointed IDBI as operating agency u/s 17(3) of the Act in its hearing held on dated 04th February, 2014 & the Draft Rehabilitation Scheme is Under Compilation. However, vide notification dated 25th November, 2016, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed with effect from 1st December, 2016, by Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In terms of Section 4(b) of the Repeal Act, all pending proceedings under the previous Act (SICA) stands abated.

#### **SUBSIDIARY COMPANIES**

As on March 31st 2017, the Company has one Wholly Owned Subsidiary i.e. SBEC Stockholding & Investments Limited and one Subsidiary i.e. SBEC Bioenergy Limited. There are no associates companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its subsidiary companies, which is forming part of the Annual Report. A statement containing salient features of the financial statements of the subsidiary companies is also included in the Annual Report in "**Annexure-A**".

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.sbecsugar.com](http://www.sbecsugar.com). Further, as per fourth proviso of the said section, audited annual accounts of each of the subsidiary companies have also been placed on the website of the Company, [www.sbecsugar.com](http://www.sbecsugar.com). Shareholders interested in obtaining a copy of the audited annual accounts of the subsidiary companies may write to the Company Secretary at the Company's registered office.

On the basis of Audited Financials Accounts of the Company for the FY.16-17 the Company has two Material Subsidiaries Company i.e. SBEC Bioenergy Limited and SBEC Stockholding & Investment Limited. The Minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company. Details of significant transactions and arrangements entered into by the subsidiary companies are noted by the Board. The Audit Committee of the Company reviews the financial Statement of the subsidiary companies including investments made.

There has been no change in relationship of any subsidiary company during the financial year.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Company for the financial period 2016-17, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and SEBI (LODR) Regulations, 2015.

#### **DIRECTORS**

Shri. O.P. Modi, expired on 03.06.2016. The Board of Directors placed on record its sincere appreciation for the valuable support and guidance given by Shri. O.P. Modi to the Company during their tenure as Director of the Company.

Shri. R.K. Sharma appointed as Non-executive Director on the Board of the Company w.e.f. 23rd February, 2017 and subsequently appointed as a Manager designated "General Manager- Personnel & Administration" of the Company w.e.f 14th June, 2017 subject to the approval of shareholders in forthcoming Annual General Meeting.

Shri N.P. Bansal appointed as Independent Director with effect from 23rd February, 2017 subject to the approval of shareholders in forthcoming Annual General Meeting.



In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Shri. Jayesh Modi (DIN 02849637), Non-Executive Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

#### **KEY MANAGERIAL PERSONNEL (KMP)**

During the financial period ended 31.03.2017, following persons are Whole Time Key Managerial personnel (KMP) of the Company in terms of provisions of Section 203 of the Companies Act, 2013:

Sl. No.	Name	Designation
1.	Shri. Abhishek Modi	Whole Time Director
2.	Shri. L.C. Sharma	Chief Financial Officer
3.	Shri. Shobit Nehra	Company Secretary

#### **BOARD MEETINGS**

The Board met Four times during the financial year 2016-17, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR), Regulations, 2015.

#### **FORMAL ANNUAL EVALUATION**

Pursuant to the requirements of Section 134(3)(p) of the Companies Act, 2013 read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements), 2015, the Board has carried out a performance evaluation of itself, its Committees, the Chairman and each of the other Directors.

A structured questionnaire was prepared after taking into consideration the inputs received from the Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board. The performance evaluation of Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at their meeting held separately.

At the conclusion of the evaluation exercise, the Members of the Board assessed that the Board as a whole together with each of its Committees was working effectively in performance of its key functions.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to the provisions contained in Section 134 (5) of the Companies Act, 2013, your Directors to the best of their knowledge, belief and according to information and explanations obtained from the management, confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit and loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis.
- The Directors have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **DECLARATION FROM INDEPENDENT DIRECTORS**

All Independent Directors of the Company have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015.





### **INTERNAL FINANCIAL CONTROLS**

Your company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against the perils of unauthorized use or disposition. Towards enhancing the efficiency of internal controls, services of consultants are hired wherever necessary, and their suggestions are reviewed and implemented. Your Company has in place an Internal Audit system, whereby an independent professionals firm of Internal Auditors conducts regular audit across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise the management on corrective policies, if any.

### **STATUTORY AUDITORS**

As per provisions of Section 139(2) Companies Act, 2013 ("the Act") read with rules made there under no listed Company shall re-appoint the existing auditor's firm who has completed two terms of five consecutive years as auditor in the same company. A transition period of three years from the commencement of the Act is provided to appoint a new auditor.

Accordingly, as per the said requirements of the Act, M/s. K.K. Jain & Co., Chartered Accountants are proposed to be appointed as Statutory Auditors of the Company in place of the existing Statutory Auditors, Doogar & Associates whose terms of appointment exceeds the limits prescribed above, to hold Office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty Eight Annual General Meeting, subject to ratification by members every year, as may be applicable.

As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from the auditors to their appointment and a certificate to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed there under and that they have satisfied the criteria provided in Section 141 of the Companies Act, 2013.

### **STATUTORY AUDITOR'S REPORT**

The Auditors Report contains qualifications and the response of your Director's with respect to it Audit qualification are as follows :-

#### **Response to Qualified Opinion (i)**

Based on expert committee report, the State Government of Uttar Pradesh had waived interest on the delayed payment of cane price for the sugar seasons 2012-13, 2013-14 and 2014-15. The waiver was challenged by the Rashtriya Kisan Mazdoor Sangathan before the Hon'ble High Court Allahabad. The said Court order has set aside the waiver and remanded back the matter to reconsider it after hearing all Stakeholders. The aforesaid judgement is being challenged before the Hon'ble Supreme Court by the industry. The waiver of interest for the sugar season 2015-16 is under consideration. However, notice for payment of interest on delayed payment of cane price for the sugar season 2016-17 has been issued against which the industry has made representative for waiver. Based on the past practice, the management is confident that no interest liability will arise for these period. Hence the management is of the opinion that no provision is required.

#### **Response to Qualified Opinion (ii)**

In view of current cash flow of the Subsidiary Company (i.e. SBEC Bioenergy Limited) the management on request has agreed to extend the time period of deed of assingement for a further period of five years after the expiry of initial period of five years . Further, the management is confident to receive balance of Rs. 8,300 lacs and is of the opinion that no provision is required.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

### **COST AUDITORS**

As per Section 148 of the Companies Act 2013 read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014, the cost records maintained by the Company in respect of its Sugar and Cogeneration activity are required to be audited by a Cost Auditor. The Board of Directors, based on the recommendation of the Audit Committee, appointed M/s. M.K. Singhal & Co., Cost Accountants, as the Cost Auditors for auditing the cost accounting records maintained by the Company for the financial year 2017-18 on a remuneration of Rs.60,000/- plus service tax as applicable and reimbursement of out of pocket expenses. As required under the Companies Act, 2013, a resolution seeking member's approval of the remuneration payable to the Cost Auditor forms part of the notice convening the Annual General Meeting.

### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s R.K. Singhal & Associates, Practicing Company Secretaries in practice as the Secretarial Auditor to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given in "Annexure-B" to this Report.



The observation in secretarial audit report are self-explanatory and therefore not call for any further explanation.

#### **FIXED DEPOSITS**

During the financial year, The Company has not accepted any deposit from public within the meaning of section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

#### **RISK MANAGEMENT POLICY**

As per Section 134(3) (n) of the Companies Act, 2013, the Company has adopted a Risk Management Policy which is reviewed on a periodic basis in order to recognize and reduce exposure to risks wherever possible. The Company's risk management policies are based on the philosophy of achieving substantial growth while mitigating and managing risks involved. Major risks identified are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

#### **AUDIT COMMITTEE**

The Audit Committee comprises of four Independent Directors, viz., Shri. R.K. Agarwal as Chairman, Shri. J.C. Chawla, Shri. Vijay Kumar Modi and Shri. Shyam Babu Vyas as Members. The details of terms of reference of the Audit Committee, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report.

#### **NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rules made there under, the Board has constituted a Nomination & Remuneration Committee and the details of terms of reference, number & dates of meeting held, attendance and other details are given separately in the attached Corporate Governance Report. The Board on the recommendation of Nomination & Remuneration Committee framed a policy i.e. Nomination and Remuneration Policy for selection and appointment of Directors, senior managerial personnel and their remuneration.

#### **REMUNERATION POLICY**

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The Non-Executive Directors do not draw any remuneration from the Company except sitting fee paid to them for each meeting of the Board/ Committee thereof attended by them. The aforesaid policy can be accessed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com).

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES.**

Pursuant to the provisions of the Section 135 of the Companies Act, 2013 (the Act), the Company has constituted a CSR Committee of the Board of Directors to monitor the CSR activities of the Company. The details relating to the CSR Committee are described in the Corporate Governance Report forming part of this Annual Report. CSR Committee formulated and recommended to the Board, the CSR Policy of the Company and it has been approved by the Board of Directors of the Company. The aforesaid policy can be accessed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com).

It is to be noted that during the three preceding Financial Years i.e. 2015-16, 2014-15 and 2013-14 The Company had earned accumulated losses therefore the Company shall not required to spend any amount of expenditure on CSR activity in Financial Year 2016-17.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed in "Annexure-C" and forms part of this Report.

#### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197(12) read with Rule, 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to ratio of the remuneration of each Director to the median employee's remuneration and other details shall be provided on request, in accordance with the provisions of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employee is drawing remuneration in excess of the limits set out in the said Rules.





## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2016-17, the company has neither made any investment nor given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

## RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered into during the financial year with the related parties were on arm's length basis and were in the ordinary course of business. Section 188(1) of the Companies Act, 2013 exempts related party transactions that are in the ordinary course of business and are on arm's length basis. However, as per Regulation 23 of SEBI (LODR) Regulations, 2015, all material Related Party Transactions requires approval of the shareholders through Postal Ballot by way of special resolution on dated 23.05.2015. Accordingly, the Company has obtained the approval of the shareholders by way of special resolution for the material related party transactions. The Board of Directors and the Audit Committee have also approved the said related party transactions.

There are no materially significant related party transactions with the Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The particulars of the material contract and arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 read with Regulation 23 of SEBI (LODR) Regulations, 2015 is disclosed separately in Form No. AOC -2 as "**Annexure-D**" and forms part of this report.

The Board has framed a Policy on related party transactions and placed the same on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).

Your director draw attention of members to Note. 37 of the financial statement which sets out related party disclosures.

## VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has formulated and implemented the Whistle Blower Policy/ vigil mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).

## EXTRACT OF THE ANNUAL RETURN

The details of the extract of the Annual Return in Form MGT-9 as per the provisions of Section 92 of Companies Act, 2013 read with rule Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed herewith and marked as "**Annexure-E**" to this 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.

## BOARD DIVERSITY

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website ([www.sbecsugar.com](http://www.sbecsugar.com)). More detail on diversity is available in the corporate governance report that forms part of this Annual Report.

## CORPORATE GOVERNANCE

In Compliance with Regulation 17 to 27 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, a detailed Corporate Governance Report has been given elsewhere in this report, along with Management Discussion and Analysis Report, which form an integral part of the Annual Report.

A certificate from R.K. Singhal & Associates, a firm of Company Secretaries in practice confirming compliance by the Company with the conditions of Corporate Governance as stipulated under part E of schedule V of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 is attached to this report.



The Whole Time Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under SEBI (LODR), Regulations, 2015.

#### PERSONNEL RELATIONS

Your directors hereby place on record their appreciation for the services rendered by the executives, staff and workers of the Company for their hard work, dedication and commitment. During the year under review, relations between the employees and the management continued to remain cordial.

#### APPRECIATION

Your directors thank the various Central and State Government Authorities and Agencies for the continued help and cooperation extended by them. The Directors gratefully acknowledge all stakeholders of the Company viz., farmers, customers, members, dealers, vendors and banks for their excellent support during the year. The Directors also place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued cooperation to the Company.

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 28<sup>TH</sup> July, 2017

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)

Sd/-  
R.K. Agarwal  
(Director)  
(DIN: 00298252)

## ANNEXURES TO THE BOARD'S REPORT

"ANNEXURE -A "

### "FORM- AOC-1"

Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of The Financial Statements of Subsidiaries or associate companies or Joint ventures.

#### PART A - SUBSIDIARIES

(Amount in Rs.) (except % of Shareholding)

S.No	Name of the Subsidiary Company	Date of which when Subsidiary was acquired	Financial period ended	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1.	SBEC Bioenergy Limited	12.03.1997	31-Mar-17	INR	230,000,000	158,009,250	1,940,917,783	1,940,917,783	109,356,580	98,188,762	(53,577,022)	(48,472,823)	Nil	55%
2.	SBEC Stockholding Investments Limited	09.06.2001	31-Mar-17	INR	45500000	(4,659,123)	379,790,640	379,790,640	379,251,000	-	(70,151)	(70,151)	Nil	100%

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 28<sup>TH</sup> July, 2017

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)

Sd/-  
R.K. Agarwal  
(Director)  
(DIN: 00298252)



"ANNEXURE- B"

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended On 31st March, 2017**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014)

To,

The Members

**SBEC SUGAR LIMITED****VIII. Lohan Malakpur, Baraut, Distt Baghpat, Uttar Pradesh**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SBEC SUGAR LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; as amended from time to time;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the audit period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period) and;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).
- (vi) **OTHER APPLICABLE ACTS,**
  - (a) The Factories Act, 1948
  - (b) The Payment of Wages Act, 1936, and rules made thereunder,
  - (c) The Minimum Wages Act, 1948, and rules made thereunder,
  - (d) The Payment of Gratuity Act, 1972
  - (e) The Employees Provident Fund & Miscellaneous Provisions Act, 1952.
  - (f) The Payment of Bonus Act, 1965, and rules made thereunder,
  - (g) The Industrial Dispute Act, 1947
  - (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
  - (i) The Air (Prevention & Control of Pollution) Act, 1981 Read with the Air (Prevention & Control of Pollution) Rules, 1982



- (j) The Contract Labour (Regulation and Abolition) Act, 1970
- (k) The Industrial Employment (Standing Orders) Act, 1946
- (l) The Sugar Cess Act, 1982
- (m) The Levy Sugar Price Equilisation Fund Act, 1976
- (n) The Food & Safety Standards Act, 2006
- (o) The Essential Commodities Act, 1955
- (p) The Sick Industrial Companies (Special Provisions) Act, 1985

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations Guidelines, Standards, etc mentioned above except to the extent as mentioned below:

1. That in accordance to the Statutory Audit Report the Company, it has formulated policies and procedures for implementation of the Internal Financial Control (IFC) with respect to the Financial Reporting (FR) as required U/s 134 (5) of The Companies Act, 2013, however the documentation and implementation of the same for effective controls is in process.
2. Company is a sick company as per SICA. Hence the proceedings of the company were pending before BIFR as on 25.11.2016 on which Sick Industrial Companies (Special Provisions) Repeal Act, 2003. SICA had stood repealed and the Board for Industrial and Financial Reconstruction (BIFR) and the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) stand dissolved. The Company had option to file reference with NCLT within 180 days w.e.f. 01.12.2016 i.e. by 29.05.2017 in terms of provisions of Insolvency and Bankruptcy Code, 2016. But the company has not filed the new petition with the NCLT till date of audit. The Company is therefore, no longer under the protective umbrella of SICA. The advantage of an automatic stay and suspension of all kind of recovery and distressed proceedings (including debt recovery) is no more available with the Company. The Company has lost the immunity against recovery action from creditors/Banks/FIs.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exist for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report as under:

1. That based on the Audited Financial Statements, the Company filed reference under Section 15(1) of The Sick Industrial Companies (Special Provisions) Act, 1985 which was duly registered on 28.08.2013. The Company was declared Sick Industrial Company in terms of section 3(1) clause (o) of The Sick Industrial Companies (Special Provisions) Act, 1985 by the Hon'ble Board of Industrial & Financial Reconstruction (BIFR) in its hearing on 04.02.2014 and appointed IDBI as the Operating Agency (OA) U/s 17(3) of the Act. The Bench directed the Company to prepare a fully tied up draft rehabilitation scheme (DRS) within 6 weeks. The said DRS is still under compilation. However, in accounts have been prepared on 'going concern basis' in view of the facts that the Company has continued its normal manufacturing operations. During the year under review the Company has generated business profits.
2. The Company has two material subsidiaries M/s SBEC Bio-energy Limited and M/s SBEC Stockholding And Investment Limited (Wholly Owned Subsidiary). No secretarial audit has been conducted for the subsidiaries and reliance has been placed on the Statutory Auditors of the said companies for compiling the report of SBEC Sugar Ltd.

**For R. Singhal & Associates  
Company Secretaries**

(Rahul Singhal)  
Prop.  
M. No. 29599

**PLACE: NEW DELHI  
DATED: 28.07.2017**



Note: This report is to be read with the note given below which forms an integral part of this report.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the audited financial statements for the year ended on 31.03.2017 for the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. That the details of disputed liabilities and demands raised by various authorities including U P VAT, Central Excise, Service Tax Authorities, Corporate Guarantee given to Govt. of Jharkhand against soft loan given to group company Bihar Sponge Iron Ltd., Guarantee given on behalf of SBEC Bio Energy Ltd., Interest and RCC charges on Cane Arrears payment that have not been acknowledged as debts by the company have been detailed in Notes to the Financial Statements. We have relied on the statement issued by the company and as incorporated in the audited Financial Statements for the year ending 31.03.2017.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For R. Singhal & Associates  
Company Secretaries**

Sd/-

(Rahul Singhal)

Prop

M.No. 29599

PLACE: NEW DELHI

Date: 28<sup>TH</sup> July, 2017

"ANNEXURE- C"

### **Information to be given under Section 134 read with Rule 8(3) of the Companies (Accounts) Rules, 2014**

#### **A. CONSERVATION OF ENERGY**

##### **i) The steps taken or impact on conservation of energy**

- Installed Waste Heat recovery system at Sulphur Furnace station.
- Modified vapour bleeding arrangement for soda boiling, sugar melting, molasses conditioning, massecuite/magma pumps and centrifugal Machines screen cleaning.
- Steps taken to avoid blow off/ wastage of exhaust steam/ vapour.
- Condensate had been used for part heating of raw Juice instead of steam.
- Started melting of B/C and Rori sugar in clear juice instead of hot water.
- V.F.D. installed at Raw Juice Pump, Mill Belt conveyor, Rake Elevator, De super heating station and Milk of lime pump & crystallisers.
- DCS installed at Boilers which eliminates fluctuation in steam pressure & flow.
- Hot imbibition of 80 degree centigrade applied at mills.
- Raw juice pipelines and tank insulated to minimize temperature.
- All hot surfaces carrying useable energy insulated properly.
- Automation in continuous pan operation also assisted in reduced steam consumption.

Complete mill automation helped in effective, constant and enhance utilization which in turn resulted into reduced energy consumption.

Open storage tank of juice/ syrup are covered.

##### **ii) The steps taken by the Company for utilizing alternate sources of energy - Nil**



- iii) **The Capital investment on energy conservation equipment** - Nil
- B. TECHNOLOGY ABSORPTION**
- i) **The efforts made towards technology absorption**
- Efforts are initiated and implemented for heat energy conservation in boiling house.
  - Waste heat recovery system has been installed at Sulphur furnace station to minimize use upto 7Kg/cm<sup>2</sup> in boiling house.
  - Vapour bleeding has been made from exhaust steam to vapour for soda boiling, sugar melting, molasses conditioning, masscuite/ magma pump and Centrifugal machines screen cleaning.
  - Efforts done to minimize steam/ vapours/ hot media leakages to arrest energy losses.
- ii) **The benefits derived like product improvement, cost reduction, product development or import substitution**
- Steam % cane reduced by 5%
  - Power consumption per ton cane reduced by 1 Unit.
- iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**
- The details of technology imported -
  - The year of import -
  - Whether the technology been fully absorbed -
  - If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and -
  - The expenditure incurred on Research and Development -

<b>(C) FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		<b>(Rs. In Lacs)</b>	
		<b>2016-17</b>	<b>2015-16</b>
<b>The foreign exchange earned in terms of actual inflows during the year and the Foreign exchange outgo during the year in terms of actual outflows.</b>			
Foreign Exchange earned		-	-
Foreign Exchange outgo		<b>16.95</b>	-

"ANNEXURE- D"

## FORM NO. AOC-2- Related Party Transactions

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with the related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at arm's length basis:

Sl. No	Name of the related party and nature of relationship	Nature of contracts/Arrangements/ Transactions	Duration of contracts/ arrangements/ transactions	Salient features of contracts/arrangements/ transactions including value, if any	Justification for entering into such contracts/ arrangements/	Date (s) of approval by the board	Amount paid as advances, if any	Date of which special resolution was passed in General Meeting u/s 188 (1).
1.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### 2. Details of material contracts or arrangements or transactions at arm's length basis.

Sl. No	Name of the related party and nature of relationship	Nature of contracts/Arrangements/ Transactions	Duration of contracts/ arrangements/ transactions	Salient features of contracts/arrangements/ transactions including value, if any	Date (s) of approval by the board	Amount paid as advances, if any	Date of which special resolution was passed in General Meeting u/s 188 (1). and clause 49.
1.	Modi Industires Limited	Purchase Sale of Sugar	Ongoing	Market Value	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015
2.	Modiline Travel Service Pvt. Ltd.	Purchase of Air Ticket	Ongoing	Market Value	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015
3.	Jayesh Tradex Pvt. Ltd.	Purchase of Stationery Item	Ongoing	Market Value	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015
4.	Modi Illva India Pvt. Ltd.	Sale of Sugar	Ongoing	Market Value	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015
5.	Win-Medicare Pvt. Ltd.	Sale of Sugar	Ongoing	Market Value	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015
6.	Longwell Investment Pvt. Ltd.	Interest on Inter Corporate Deposits	Ongoing subject to renewal as per contractual terms	-	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015
7.	Arvind Continental Pvt. Ltd.	Interest on Inter Corporate Deposits	Ongoing subject to renewal as per contractual terms	-	07.04.2015 & 30.05.2016 and 29.05.2017	-	23.05.2015




**"Annexure-E"**
**Form No. MGT - 9  
EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on 31st March, 2017**
*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*
**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	L15421UP1991PLC019160
ii) Registration Date	03/05/1991
iii) Name of the Company	SBEC SUGAR LIMITED
iv) Category/Sub-Category of the Company	Public Company Limited by Shares
v) Address of the Registered office and contact details	Village: Loyan Malakpur, Teh: Baraut, Baghpat, Uttar Pradesh-250611 email: investors@sbecsugar.com / web: www.sbecsugar.com
vi) Whether listed company	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent	M/s. Beetal Financial & Computer Services Pvt. Ltd Beetal House, 3rd Floor, Behind Local Shopping Complex, 99, Madangir, New Delhi-110062 Ph:011-2996 1281

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% of total turnover of the company
1	Sugar	10721-Manufacturing or refining of sugar (Sucrose from sugarcane)	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiaries/ Associate	% of shares held	Applicable Section
1	SBEC Bioenergy Limited	U40105UP1996PLC037250	Subsidiary	55%	2(87)(iii)
2.	SBEC Stockholding and investment Ltd.	U67120DL2001PLC112424	Wholly owned subsidiary	100%	2(87)(ii)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)**
**i) Category-wise Shareholding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	55487	28300	83787	0.18	83787	-	83787	0.18	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	29400452	-	29400452	61.70	29400452	-	29400452	61.70	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL: (A) (1)</b>	<b>29455939</b>	<b>28300</b>	<b>29484239</b>	<b>61.88</b>	<b>29484239</b>	<b>-</b>	<b>29484239</b>	<b>61.88</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	1571213	10	1571223	3.29	1571213	10	1571233	3.29	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promotor</b>									
<b>(A) = (A)(1)+(A)(2)</b>	<b>31027152</b>	<b>28310</b>	<b>31055462</b>	<b>65.17</b>	<b>31055452</b>	<b>10</b>	<b>31055462</b>	<b>6.17</b>	<b>-</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-



b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	959700	959700	2.01	-	959700	959700	2.01	-
h) Foreign Venture Capital Funds-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	-	<b>959700</b>	<b>959700</b>	<b>2.01</b>	-	<b>959700</b>	<b>959700</b>	<b>2.01</b>	-
<b>(2) Non Institutions</b>									
<b>a) Bodies corporates</b>									
i) Indian	6348356	2260900	8609256	18.07	7181251	1431500	8612751	18.07	0.01
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	451176	4489130	4940306	10.37	554327	4469230	5023557	10.54	0.17
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	163253	1911700	2074953	4.35	67154	1911700	1978854	4.15	0.2
c) Others (specify)	-	-	-	-	-	-	-	-	-
(i) NRI	1072	-	1072	0.00	1072	-	1072	0.00	-
(ii) HUF	10031	3100	13131	0.03	18384	3100	21484	0.04	0.01
(iii) Clearing Members	-	-	-	-	1000	-	1000	-	0
<b>SUB TOTAL (B)(2):</b>	<b>6973888</b>	<b>8664830</b>	<b>15638718</b>	<b>32.82</b>	<b>7823188</b>	<b>7815530</b>	<b>15638718</b>	<b>32.82</b>	-
<b>Total Public Shareholding</b>									
<b>(B)= (B)(1)+(B)(2)</b>	<b>6973888</b>	<b>9624530</b>	<b>16598418</b>	<b>34.83</b>	<b>7823188</b>	<b>8775230</b>	<b>16598418</b>	<b>34.83</b>	-
<b>C. Share held by Custodian for GDRs &amp; ADRs"</b>									
	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>38001040</b>	<b>9652840</b>	<b>47653880</b>	<b>100</b>	<b>38878640</b>	<b>8775240</b>	<b>47653880</b>	<b>100</b>	-

**(ii) SHAREHOLDING OF PROMOTERS**

S.No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Share pledged encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	% change in share holding during the year
1	Umesh Kumar Modi	1571223	3.30	0	1571223	3.30	0.0	0
2	KumKum Modi	28300	0.06	0	28300	0.06	0.0	0
3	Jayesh Modi	55487	0.12	0	55487	0.12	0.0	0
4	Longwell Investment Pvt Ltd	2721500	5.71	0	2721500	5.71	0.0	0
5	A to Z Holding Pvt Ltd	3382500	7.10	0	3382500	7.10	0.0	0
6	Moderate Leasing and Capital Services Ltd	9065568	19.02	0	9065568	19.02	0.0	0
7	SBEC Systems (India) Ltd	14230884	29.86	0	14230884	29.86	0.0	0
	<b>Total</b>	<b>31055462</b>	<b>65.17</b>	<b>0</b>	<b>31055462</b>	<b>65.17</b>	<b>0.0</b>	<b>0</b>

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

There is no change in promoters shareholding during the period under review.


**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares of the company	% of total shares of the company	No of shares of the company	% of total shares of the company
1.	Abhikum Leasing and Investment Pvt Ltd	5624844	11.81	-	-
2.	Occident Orient Company Limited	959700	2.01	-	-
3.	Karvy Consultants Ltd	760500	1.60	-	-
4.	Paras Mal Jain	711400	1.49	-	-
5.	ABC Holding Pvt Ltd	657250	0.38	-	-
6.	T C Healthcare Pvt Ltd	580218	1.22	-	-
7.	Jaykum Investment Pvt. Ltd	297200	0.62	-	-
8.	Meghkum Leasing and Investments Pvt Ltd	251450	0.53	-	-
9.	Jitendra Kumar	212700	0.45	-	-
10.	Pramod Kumar	151100	0.32	-	-

**(v) Shareholding of Directors & KMP**

S.. No Promoter's Shareholding		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Umesh Kumar Modi, Director &amp; Chariman</b>				
	At the beginning of the year	1571223	3.30	-	-
	Date wise increase/decrease	-	-	-	-
	At the end of the year	1571223	3.30	-	-
<b>2</b>	<b>Kum Kum Modi, Director</b>				
	At the beginning of the year	28300	0.06	-	-
	Date wise increase/decrease	-	-	-	-
	At the end of the year	28300	0.06	-	-
<b>3</b>	<b>Abhishek Modi, Whole Time Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-
<b>4</b>	<b>Jayesh Modi, Director</b>				
	At the beginning of the year	55487	0.12	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	55487	0.12	-	-
<b>5</b>	<b>R.K. Sharma, Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	500	0	-	-
<b>6</b>	<b>Vijay Kumar Modi, Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-
<b>7</b>	<b>Narayan Prakash Bansal, Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-



<b>8</b>	<b>Rajeev Kumar Agarwal, Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-
<b>9</b>	<b>Jagdish Chandra Chawla, Director</b>				
	At the beginning of the year	250	0	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	250	0	-	-
<b>10</b>	<b>Shyam Babu Vyas, Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-
<b>11.</b>	<b>Rohit Garg, Director</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-
	<b>Other KMP's</b>				
<b>1</b>	<b>Lakhmi Chand Sharma, Chief Financial officer</b>				
	At the beginning of the year	500	0	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	500	0	-	-
<b>2</b>	<b>Shobit Nehra, Company Secretary</b>				
	At the beginning of the year	Nil	Nil	-	-
	Date wise increase/ decrease in the shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
	shareholding during the year	-	-	-	-
	At the end of the year	Nil	Nil	-	-

## V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment					
	Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i)	Principal Amount	80,224,308	242,152,191	-	322,376,499
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>80,224,308</b>	<b>242,152,191</b>	<b>-</b>	<b>322,376,499</b>
<b>Change in Indebtedness during the financial year</b>					
	Additions	334,842,015	-	-	334,842,015
	Reduction	-	174,266,006	-	174,266,006
	<b>Net Change</b>	<b>334,842,015</b>	<b>(174,266,006)</b>	<b>-</b>	<b>160,576,009</b>
<b>Indebtedness at the end of the financial year</b>					
i)	Principal Amount	415,066,323	67,886,185	-	482,952,508
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>415,066,323</b>	<b>67,886,185</b>	<b>-</b>	<b>482,952,508</b>



## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Director and/or Manager: NIL

### B. Remuneration to other directors (i.e. Independent and Non-Executive Directors):

The Company provides Rs. 1000 per meeting as Sitting fees, according to their presence in the Meeting during the period under review. No fees or commission was paid to Non-executive Directors during the year.

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S.No.	Particulars of Remuneration		Key Managerial Personnel	
1	Gross Salary	L.C. Sharma, CFO*	Shobit Nehra, Company Secretary	Total
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	745194	615600	1360794
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0	0
(c)	Profits in lieu of Salary under Section 17(3) Income Tax Act, 1961.	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	As % of Profit	-	-	-
5	Others, Please Specify	-	-	-
	<b>Total</b>	<b>745194</b>	<b>615600</b>	<b>1360794</b>

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Comp- ounding fees imposed	Authority (RD/NCLT/Cour)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For & behalf of the Board  
SBEC Sugar Limited

Place: New Delhi  
Date: 28<sup>TH</sup> July, 2017

Sd/-  
Abhishek Modi  
(Whole Time Director)  
(DIN: 00002798)

Sd/-  
R.K. Agarwal  
(Director)  
(DIN: 00298252)



## MANAGEMENT DISCUSSION & ANALYSIS

### Sugar Industry- Scenario in India

India is the second largest producer of sugar in the world. The sugar industry is the largest agro-processing sector in India. It is dominated by the co-operative sector in terms of number of units. However, with private players going in for major expansions, the gap between the private and co-operative sector is expected to narrow down in the future in terms of installed capacity as well as production. The State Government of Uttar Pradesh Sugar cane is cultivated in around 5 million hectares in India. The major sugarcane producers are Uttar Pradesh, Maharashtra, Tamilnadu and Karnataka. Uttar Pradesh alone contributes about 47% of the total acreage and has 38% share in the total domestic production. Sugar cane is the only source of sugar production in India unlike many other countries, which produce sugar from sugar beet.

The Cane price continues to remain closely controlled by the Central and State Government. The central government announced Fair and Remunerative Price (FRP) in some states like Karnataka and Maharashtra and State Advised Price (SAP) is followed in states like Uttar Pradesh, Tamilnadu.

Similarly, in UP Mills have aggressively represented to Government & public in general highlighting the most distressing situation of their financial performance, the UP Government kept cane price same as last season of Rs.280/ql. However, the State Government displayed tremendous empathy of the problems tormenting the industry and not only increase the price but also announced waiver of post procurement levies such as entry tax, society commission and purchase tax. The State Government has also announced subsidies of Rs. 23.30 per quintal which is linked to the average price of sugar and by-products.

### COMPANY STRUCTURE AND DEVELOPMENT

The Company is located at Village Malakpur, District Baghpat, Uttar Pradesh. The plant started with an initial crushing capacity of 3500 tons of cane crushed per day (tcd), which had been gradually increased to 8000 tcd over time. The Company has one of the most modern and efficient sugar factories in the country.

### 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.

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 State Government in the pricing as well as distribution of Sugarcane. Secondly, owing to the various reasons relating to the arrears of cane dues of farmers, the farmers of the Company's reserved cane are not supplying the cane which will result in lower production of sugar and by products and also results in lower efficiencies.

### OPERATIONAL PERFORMANCE

For the Financial Year ended 2016-17 the cane crushed for the period under review was 90.53 Lacs quintals in 128 days with an average crushing rate of 70,726 quintals per day as against 107.20 Lacs quintals in 159 days with an average crushing rate of 67,421 quintals per day for the previous period. The sugar recovery has slightly increased to 10.83 % as against 9.55% in the previous period.

### FUTURE OUTLOOK

The sugar industry will be a major player in producing cost effective energy and fuel from its by-products bagasse and molasses. Bagasse can be processed for co-generation of power. Also, ethanol produced from molasses can be used as motor fuel by blending it with petrol.

### RISK AND CONCERNS

Sugar Division being agro based is vulnerable to various risks enumerated below:

#### Raw Material Risk:

Sugarcane is the principal raw material for manufacture of Sugar, its shortages could be on account of pest attacks, crop diseases, diversion of land by farmers. Shortage of the basic raw materials would severely impact the working of the divisions of the Company. To mitigate these risks, the Company has adopted sound agronomic practice and improvement in basic infrastructure facilities.

#### Price Risk:

Sugar price is susceptible to fluctuations on account of international demand and supply, government pricing for cane as well as sugar, variance in production capacities of peers. Any change may affect the margins of the Company.

#### Regulatory Risk:

The policies of the Central and State Governments in terms of Fair Remunerative Price (FRP) and State Advised Price (SAP) for sugarcane have an impact on the operations of the Company.

### INTERNAL CONTROLS AND SYSTEMS

Your company has in place an adequate internal control system in order to ensure that all transactions are authorized, recorded and reported correctly and that all assets are protected against the perils of unauthorized use or disposition. Towards enhancing the efficiency of internal controls, services of consultants are hired wherever necessary, and their suggestions are reviewed and implemented. Your Company has in place an Internal Audit system, whereby an independent professionals firm of Internal Auditors conducts regular audit across the Company and their scope and findings are reviewed by the Management and Audit Committee on a regular basis.

The Audit Committee of the board also meets periodically to review the internal controls, internal audit findings, action taken reports and to advise the management on corrective policies, if any.

### FINANCIAL PERFORMANCE

For the Financial Year 2016-17, there is a Loss of Rs. 2288.75 lacs as against the Profit of Rs. 516.14 lacs in the previous year. The Sugar Industry in India went through an unprecedented crisis due to all time low sugar selling prices caused by sixth straight year of surplus production as well as a drop in global prices. In fact it went below the cost of production for a substantial portion of the year.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company considers human capital as a critical asset and success factor for smooth organizational work flow. Efforts are made to improve skills, knowledge and performance of employees by timely training, job satisfaction and enrichment. The Company has added to its fold, experienced manpower in line with future areas of growth.

### CAUTIONARY STATEMENT

The above Management Discussion and Analysis Report contains "forward looking statements" within the meaning of applicable laws, and regulations and is futuristic in nature. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. Investors are requested to make their own independent judgments before taking any investment decisions and the Company assumes no responsibility.





## REPORT ON CORPORATE GOVERNANCE

### I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At SBEC Sugar Limited ("SBEC Sugar"), a member of Umesh Modi Group of Companies, firmly believes in effective Corporate Governance practices and follow all the applicable laws in true and letter spirit. Corporate Governance is an ethically driven process that constitute the strong foundation on which successful commercial enterprise are built and enhancing the organization wealth generating capacity. The company also has a strong believe in fair, transparent and ethical governance practices.

The Company has adopted a Code of Conduct for its Board of Directors and its Senior Management persons which are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the SBEC Sugar Code of Conduct for Prevention of Insider Trading. The Company's corporate governance philosophy is based on the following broad principles;

- Comply all applicable Laws in true and letter Sprit;
- Independent and bias free Board of Directors;
- Simple and transparent corporate structure for enhancing overall shareholder value; • Delegation of decision-making authority with clearly defined roles, responsibilities and accountability

The Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) on September 2, 2015, replacing earlier listing agreement (w.e.f. December 1, 2015) and Company is in compliance with the requirements of Corporate Governance as stipulated under Listing Regulations.

### II. BOARD OF DIRECTORS

#### (a) Composition

As on March 31, 2017, the Company has 11 Directors of which 10 are Non-Executive Directors. 6 of the 11 Board Members are Independent Directors. The Chairman of the Board is a Non-Executive Director. The Composition of the Board is in conformity with Regulation 17 of SEBI (LODR) Regulations, 2015. As required under Section 149(3) of the Companies Act, 2013, Mrs. Kumkum Modi, a Woman Director on the Board of Directors of the Company.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships (including SBEC Sugar Limited) held by them in Public Companies as on March 31, 2017 are given below. Other directorships do not include alternate directorships, Section 8 Companies, Private Companies and foreign companies. Chairmanships/Memberships in Committees includes only Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies.

Name of the Director	Category	Number of Board meeting during the year 2016-17		Attendance at the last AGM (held on Sept. 28, 2016)	No. of Outside Directorships (as on March 31, 2017)	Number of member-ship/charmanship in other Board committee (as on March 31, 2017)	
		Held	Attended			Public	Chairman Member
Shri. Umesh Kumar Modi	NED	8	2	Not Present	6	Nil	Nil
Smt. Kumkum Modi	NED	4	1	Not Present	3	Nil	Nil
Shri. Abhishek Modi	Executive Director & CEO	4	4	Not Present	5	Nil	Nil
Shri. Jayesh Modi	NED	4	1	Not Present	4	Nil	Nil
Shri. Vijay Kumar Modi#	NED	4	3	NA	3	1	2
Shri. N.P. Bansal@	NED	4	4	Not Present	3	-	1
Shri. R.K. Agarwal	INED	4	4	Present	8	4	6
Shri. J.C. Chawla	INED	4	4	Not Present	4	1	6
Shri. Shyam Babu Vyas	INED	4	1	Not Present	3	-	3
Shri. Rohit Garg	INED	4	1	NA	3	-	-
Shri R.K. Sharma*	INED	NA	NA	NA	-	-	-
Shri. O.P. Modi **	INED	4	0	Not Present	-	-	-

Note:

- NED: Non-Executive Director (ii) INED: Independent Non-Executive Director
- None of the Directors used Video/tele-conferencing facilities to participate in the meetings.
- (#) Shri. V. K. Modi was appointed as a Non-Executive Independent Director of the Company who holds office for a term of five consecutive years commencing from September 28, 2016.
- (\*) Shri. R. K. Sharma was appointed as an Additional Director on 23.02.2017 and was subsequently appointed as a "Manager" w.e.f. 14.06.2017 under Companies Act, 2013 designated as "General Manager-Personnel & Administration subject to the approval of shareholder in Annual General Meeting."
- (@) Shri. N. P. Bansal was appointed as Independent Director of the Company w.e.f 23.02.2017 subject to the approval of shareholder in Annual General Meeting.



- (vi) (\*\*) Shri. O.P. Modi, who was appointed as Independent Director expired on 03.06.2016.
- (vii) Shri. Jayesh Modi related to Shri.Umesh Kumar Modi as father, Smt. Kumkum Modi as Mother & with Shri.Abhishek Modi as his Brother respectively.

**(b) Board Meetings**

The Board meets atleast once in a quarter to review the financial results and other items on the agenda. The Agenda of Board Meeting is circulated to all the Directors well in advance and contains all relevant information which is distributed to the Directors in advance.

Four Board meetings were held during the year ended March 31, 2017. These were held on May 30, 2016, August 12, 2016, November 14, 2016 and February 08, 2017 the maximum gap between the two Board Meetings did not exceed 120 days. Necessary quorum was present for all meetings.

None of the Non-Executive Directors have any material pecuniary relationship or transaction with the Company.

**(c) Details of Shareholding of Non-Executive Directors**

Shri. Umesh Kumar Modi holds 1571223 equity Shares, Smt. Kumkum Modi holds 28300 equity Shares, Shri. Jayesh Modi holds 55487 equity Shares and Shri. Jagdish Chandra Chawla holds 250 equity Shares of the Company as on 31st March, 2017.

**(d) Familiarization programme for Independent Director**

At the time of appointment, the Director is explained in detail the compliances required from him under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and other relevant regulations and his affirmations taken. By way of an introduction to the Company, the Chairman/CEO interacts with the newly appointed Director and explains the functioning of various divisions/departments, the Company's market share, governance and internal control processes and other relevant information pertaining to the Company's business. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfil his role as a Director of the Company. The familiarization programme for Directors is also placed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com) and can be accessed through the following link <http://sbecsugar.com/wp-content/uploads/2011/07/DETAILS-OF-FAMILIRIZATION-PROGRAME-SUGAR.pdf>

**(e) Information supplied to the Board**

The Company provides the information to the Board and Board Committees as set out in Regulation 17 read with Part A of Schedule II of Listing Regulations, 2015 to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers of the respective meetings or by way of presentations and discussions during the meeting.

**3. Audit Committee**

**(a) Terms of Reference**

The Committee deals with accounting matters, financial reporting and internal controls. The powers, roles, delegation, responsibilities and terms of reference of the Audit Committee are prescribed under Section 177 of the Companies Act, 2013 and also as provided in Regulation 18 of SEBI (LODR) Regulations, 2015.

**(b) Composition**

During the financial year 2016-17, the Audit Committee of the Board reconstituted the committee and Shri.Shyam Babu Vyas was appointed as a member of the Audit Committee from May 30, 2016 and Shri. V. K. Modi was appointed as a Member of the Audit Committee from November 14, 2016.

As on March 31, 2017 the Audit Committee of the Board comprises of Four Directors. All Four directors are Independent Directors and have sound knowledge of finance and accounting. Shri R. K. Agarwal, Chairman of the Audit Committee was present at the Annual General Meeting held on September 28, 2016. The Company Secretary acts as the Secretary to the Audit Committee.

The Head of Departments, Internal Auditors and Statutory Auditors are also invited to the meeting of the Audit Committee as and when required by the Committee. Besides them Chief Financial Officer of the Company is permanent invitee of the Audit Committee.

During the financial year ended 31st March, 2017, the Audit Committee met four times on May 30, 2016, August 12, 2016, November 14, 2016 and February 08, 2017 and the maximum gap between the two Audit Committee Meetings did not exceed 120 days. The necessary quorum was present for all the meetings.

The composition of the Audit Committee and particulars of meetings held and attended by the members of the Audit Committee are given below:

S.No.	Name of the Member	Designation	Category	Number of meetings during the year 2016-17	
				Held	Attended
1.	Shri. R.K. Agarwal	Chairman	Independent Director	4	4
2.	Shri. J.C. Chawla	Member	Independent Director	4	4
3.	Shri. O.P. Modi*	Member	Independent Director	4	0
4.	Shri Shyam Babu Vyas@	Member	Independent Director	4	1
5.	Shri V.K. Modi#	Member	Independent Director	4	0

\* Shri. O.P. Modi, Expired On 03.06.2016.

@ Shri. Shyam Babu Vyas was appointed as member of the Audit Committee from May 30, 2016.

# Shri. V. K. Modi was appointed as member of the Audit Committee from November 14, 2016.



#### 4. Nomination and Remuneration Committee

##### (a) Terms of Reference

The Company has a Board Committee namely "Nomination and Remuneration Committee" as required under Section 178 (1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee looks after terms and conditions of appointment, remuneration and related matters of Managerial Personnel such as Whole Time Directors & Directors etc. Remuneration Committee recommends the remuneration for Executive Directors to the Board of Directors for its approval and such remuneration is also subject to the approval of shareholders and such other approvals as may be required. In its recommendations, the remuneration committee considers parameters like performance and contribution, practices and norms and followed by companies of similar size and industry standards.

The Chairman of the Nomination and Remuneration Committee did not attend the last Annual General Meeting.

The Company Secretary acts as Secretary to the Committee.

During the period ended March 31, 2017, 3 meetings of the Committee were held on May 30, 2016, August 12, 2016 and February 20, 2017.

##### (b) The Composition of the Nomination and Remuneration Committee and details of the Meetings of the Committee held and attended during the year 2016-2017 are as under:

S.No	Name of the Member	Category	Number of meetings during the year 2016-17	
			Held	Attended
1.	Shri. J.C. Chawla- Chairman	Independent Director	3	3
2.	Shri. O.P. Modi*	Independent Director	3	0
3.	Shri. V.K. Modi	Independent Director	3	3
4.	Shri. N.P. Bansal	Independent Director	3	3
5.	Shri R.K. Agarwal**	Independent Director	3	3

\* Shri. O.P. Modi, Expired On 03.06.2016.

\*\* Shri R. K. Agarwal was appointed as member of Nomination and Remuneration Committee from May 30, 2016.

##### Performance Evaluation of Independent Directors :

The details of the performance evaluation of Independent directors are provided in the "Director Report" forming part of this Annual Report.

##### Remuneration Policy :

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The remuneration policy of the Company is also placed on the website: [www.sbecsugar.com](http://www.sbecsugar.com).

##### 1 Remuneration to Managing/ Whole –time/ Executive/ Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director/ Managing Director etc. shall be governed as per provisions of the Companies At, 2013 and rules made there under or any other enactment for the time being in force.

##### 2. Remuneration to Non-Executive/ Independent Director:

###### Sitting Fee

The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board/ Committee meetings thereof in accordance with the provisions of the Act.

###### Remuneration

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its NED depending upon the role and the degree, quality of their engagement with the Board, either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other as per the Company's criteria for making payment to Non-executive Directors. An independent director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or committee thereof and profit related commission up to a certain percentage of net profits in such proportion, as maybe permissible under the applicable law.

The Company does not have any Employees Stock Option Scheme.

#### 5. Corporate Social Responsibility Committee

##### (a) Terms of Reference

The Company has a Board Committee namely 'Corporate Social Responsibility Committee' (CSR Committee) as required under Section 135 of the Companies Act, 2013. The purpose of the Committee is to formulate and monitor the CSR policy of the Company. The Company has adopted a CSR policy. The Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects. The CSR Policy of the Company has been placed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com).

**(b) Composition**

**The Composition of the Corporate Social Responsibility Committee and details of the Meetings of the Committee held and attended during the year 2016-2017 are as under:**

As on 31st March, 2017 the CSR Committee of the Board comprises of 3 Directors. All Three Directors are Non-Executive and Independent Directors.

The Company Secretary acts as Secretary to the Committee.

During the period ended March 31, 2017, one meeting of the Committee was held on February 08, 2017.

S.No	Name of the Member	Category	Number of meetings during the year 2016-17	
			Held	Attended
1.	Shri. R.K. Agarwal - Chairman	Independent Director	1	1
2.	Shri J.C. Chawla	Independent Director	1	1
3.	Shri. N.P. Bansal	Independent Director	1	1

**6. Stakeholders Relationship Committee****(a) Terms of Reference**

The Company has a Board Committee namely "Stakeholder Relationship Committee" as required under the provisions of Section 178 (1) of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 to look into various issues relating to delay in transfers of shares, non-receipt of balance sheet, non-receipt of declared dividends/share certificates, dematerialization of shares, replacement of lost/stolen/ mutilated share certificates, etc.

**(b) The Composition of Stakeholders Relationship Committee and details of the Meetings of the Committee held and attended during the year 2016-17**

As on March 31, 2017, the Stakeholders Relationship Committee of the Board comprises of 3 Directors. All Three directors are Independent Directors. The Company Secretary acts as the Secretary of the Committee.

During the financial year 2016-17, the Committee met four times on May 30, 2016, August 12, 2016, November 14, 2016 and February 08, 2017.

**The Particulars of meetings held and attended by the members of the Committee are given below:**

S.No	Name of the Member	Category	Number of meetings during the year 2016-17	
			Held	Attended
1.	Shri. R.K. Agarwal - Chairman	Independent Director	1	1
2.	Shri J.C. Chawla	Independent Director	1	1
3.	Shri. N.P. Bansal	Independent Director	1	1

**Mr. Shobit Nehra, Company Secretary is the Compliance Officer.**

**The Compliance Officer can be contacted at:**

SBEC Sugar Limited

Village Loyan, Malakpur,

Tehsil Baraut,

Dist. Baghpat- 250611

Uttar Pradesh

Email:investors@sbecsugar.com

During the period ended March 31, 2017, 1 complaint was received from the shareholders. The complaint was replied/ resolved to the satisfaction of the shareholder. No complaints are pending at the end of the financial period.

**7. VIGIL MECHANISM**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, the Company has a Whistle-Blower Policy and Vigil Mechanism for Directors and employees to report genuine concerns regarding unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The said mechanism also provides for adequate safeguards against victimization of the persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No employee of the Company was denied access to the Audit Committee. The said whistle blower policy and vigil mechanism has been hosted on the website of the Company at: [www.sbecsugar.com](http://www.sbecsugar.com).

No complaints were received under this policy during the year.

**8. General Body Meetings:****(a) Annual General Meetings****Location and time of the last three Annual General Meetings:-**

Year	Date & Time of Meeting	Location	Special Resolution passed (Yes/ No)
2015-16	September 28, 2016 at 2.30 P.M.	Village: Loyan Malakpur, Tehsil Baraut, Distt. Baghpat, Uttar Pradesh	1. Appointment of the Shri Vijay Kumar Modi as an Independent Director of the Company.  2. Confirmation of Appointment of Dr. Rohit Garg as an Independent Director appointed in Causal vacancy.
2014-15	September 24, 2015 at 2.30 P.M.	- do -	- No -
2013-14	September 25, 2014 at 2.30 P.M.	- do -	1. Approval of the borrowing powers of the Board pursuant to the provisions of Section 180(1) (c) of the Companies Act, 2013.

**(b) Extraordinary General Meetings**

No Extraordinary General Meeting of the Members was held during the year 2016-17.

**(c) Postal Ballot**

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

**9. Means of Communication****(a) Quarterly Results**

The Company's quarterly results in the proforma prescribed by the Stock Exchange pursuant to Regulation 33 & 47 of the Listing Regulations are approved and taken on record by the Board within the prescribed time frame, and sent forthwith to all the Stock Exchanges on which the Company's shares are listed. These results are being published in national and local newspapers, namely The Financial Express in English and Awam-e-hind in Hindi, having wide circulation.

The Annual Reports, notices and other communications have been sent to each shareholder through the permitted mode. As per the statutory requirements under Regulation 33 & 47 of the Listing Regulations, the quarterly/annual financial results are generally published in "Financial Express" and "Awam-e-hind". The financial results, shareholding pattern and other updates on the working of the Company have been posted on the Company's website: [www.sbecsugar.com](http://www.sbecsugar.com). Besides the above, the Company also submits, inter-alia, to the Stock Exchanges, the full version of the Annual Report; quarterly report on corporate governance; quarterly/ yearly financial results; quarterly shareholding pattern; quarterly secretarial audit report; details of appointment/resignation of Directors and Company Secretary and such other reports as may be specified. The Company has also designated the email id: [investors@sbecsugar.com](mailto:investors@sbecsugar.com) exclusively for investor servicing.

**(b) Website**

As per the requirements of Regulation 46 of the Listing Regulations, all the data related to quarterly financial results, shareholding pattern etc. is filed with stock exchanges and also on the Company's website: ([www.sbecsugar.com](http://www.sbecsugar.com)) within the time prescribed in this regard. The Company's website also displays the official news releases.

**(c) Annual Report**

Annual Report containing, inter alia, Audited Annual Accounts, Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and other entitled thereto. The Management Discussion and Analysis (MDAR) Report forms part of the Annual Report.

**10. General Shareholder Information****(i). 23rd Annual General Meeting:**

Date & Day : 29<sup>th</sup> August, 2017, Tuesday  
Time : 11.30 A.M.  
Venue : Village: Loyan Malakpur, Tehsil Baraut, Distt. Baghpat, Uttar Pradesh-250611

**(ii). Financial Year**

The Financial Year covers the period from April 1, 2016 to March 31, 2017 (Both days Inclusive)

**(iii). Date of Book Closure**

23<sup>rd</sup> August, 2017 to 29<sup>th</sup> August, 2017 (Both days inclusive)

**(iv) Dividend payment Date :** Not Applicable

**(v). Listing on Stock Exchanges**

The company is listed on the following Stock Exchanges:-

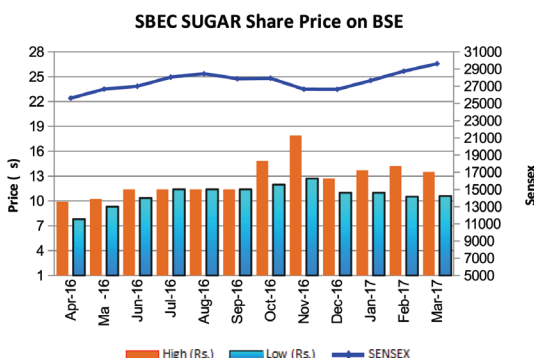
Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532102
The Calcutta Stock Exchange Association Limited	-

The Company has paid annual listing fee to Bombay Stock Exchange Limited for the year 2017-18.

The Company had initiated steps to get the shares delisted from The Calcutta Stock Exchange Association Limited. However, application for delisting of the shares is still pending with The Calcutta Stock Exchange Association Limited.

**(vi). Market Price Data:**

Month	High Price	Low Price	Close Price	Volume
April 2016	9.87	7.80	9.50	13,098
May 2016	10.25	9.30	9.87	5,066
June 2016	11.40	10.35	11.40	1,54,948
July 2016	11.40	11.40	11.40	23,598
August 2016	11.40	11.40	11.40	9,645
September 2016	11.40	11.40	11.40	11,134
October 2016	14.82	11.97	14.82	6,329
November 2016	17.90	12.70	12.70	63,678
December 2016	12.70	11.00	11.55	28,020
January 2017	13.70	11.00	11.60	52,450
February 2017	14.20	10.50	11.50	39,713
March 2017	14.20	10.50	11.50	39,713

**(vii). Registrar & Share Transfer Agent:**

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, 3rd Floor,  
99, Madangir, Near Dada Harsukhdas Mandir,  
Behind Local Shopping Complex  
New Delhi –110062  
Ph. No. 011- 29961281-83  
Fax: 011-29961284 Email: beetalrta@gmail.com

**(viii). Share Transfer System:**

The Equity shares of the Company are in dematerialized form. In respect of the Shares held in physical form the transfers and transmission are done by the Registrar and Share Transfer Agent of the Company viz. M/s Beetal Financial & Computer Services Pvt. Ltd.

The Company obtains half yearly certificate from a Company Secretary in Practice relating compliance with the shares transfer formalities as required under Regulation 40 (9) of the SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges, from time to time.




**(ix). Distribution of Shareholdings as on 31st March, 2017**

No. of Shares	Number of Shareholders	Number of Shares	% of total Shares
Upto 5000	2345	879389	1.84
5001 - 10000	463	421315	0.89
10001 – 20000	184	313323	0.66
20001- 30000	313	825234	1.77
30001 – 40000	52	187692	0.39
40001 – 50000	148	723068	1.52
50001 – 100000	133	1019713	2.14
100001 and above	97	43284146	90.83
<b>Total</b>	<b>3735</b>	<b>47653880</b>	<b>100</b>

**(x). Shareholding Pattern as on 31<sup>st</sup> March, 2017**

S.No.	Category of Shareholder	Total No. of Shares	% of Shareholding
<b>A</b>	<b>PROMOTER AND PROMOTER GROUP</b>	31055462	65.17
	<b>Sub Total (A)</b>	31055462	65.17
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>		
<b>I</b>	<b>INSTITUTIONS</b>		
a	Foreign Institutional Investor	959700	2.01
<b>II</b>	<b>NON-INSTITUTIONS</b>		
a	Bodies Corporate	8612751	18.07
b	Individuals	7002411	14.72
c	NRI/ OCB	1072	0.00
d	HUF	21484	0.03
e	Clearing Member	1000	0.00
	<b>Sub-Total [B=(BI + BII)]</b>		
	<b>Total (A+B)</b>	<b>47653880</b>	<b>100.00</b>

**(xi). Dematerialization of equity Shares and liquidity**

The trading in Equity Shares of the Company is permitted in dematerialized form. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the trading. Accordingly, it may kindly be requested to all the shareholders who are holding the shares in physical form to get their shares converted into demat form and thereby avail the option of scripless trading. For this purpose, Shareholders can open a de-mat account with a depository participant (DP) to avail the facility of dematerialization of shares or shareholders having de-mat account can surrender their share certificate to their respective DPs. As on 31st March 2017, 81.585% of the Company's total listed capitals representing 38878640 shares were held in dematerialized form and the balance 18.415 % comprising 8775240 shares were held in physical form.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company is INE948G01019.

**(xii). 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.

**(xiii). Plant Location of the Company**

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

**(xiv). Investor's Correspondence may be addressed to**

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

Mr. Bhawendra Jha, M/s Beetal Financial & Computer Services Pvt. Ltd. Beetal House, 3rd Floor, 99, Madangir, Near Dada Harsukhdas Mandir, Behind Local Shopping Complex

New Delhi –110062 Ph. No. 011- 29961281-83 Fax: 011-29961284 Email: beetalrta@gmail.com

**11. Disclosures**
**(i) Related Party Transactions**

During the year, there were no material related party transactions that may have potential conflicts with the interests of the Company at large. Transactions with related parties are disclosed in Notes to Accounts. Disclosures from Senior Management that there had been no material financial and commercial transactions that had a potential conflict with the interest of the Company at large, were placed before the Board. The Board has framed a Policy on related party transactions and placed the same on the Company's website at [www.sbecsugar.com](http://www.sbecsugar.com).



[sbecsugar.com](http://sbecsugar.com) and can be accessed through the following link <http://sbecsugar.com/wp-content/uploads/2011/07/Related-Party-Transaction-Policy.pdf>

**(ii) Subsidiary**

The Company has two material subsidiaries Companies i.e. M/s. SBEC Bioenergy Limited and M/s. SBEC Stockholding and Investment Limited as defined under regulation 24 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Policy for Determining Material Subsidiaries has been formulated and uploaded on the website of the Company i.e. [www.sbecsugar.com](http://sbecsugar.com) and can be accessed through the following link <http://sbecsugar.com/wp-content/uploads/2011/07/Material-Subsidiary-Policy.pdf>

(iii) There was no non-compliance by the Company and no penalties or strictures were imposed on the Company by Stock Exchanges or Securities Exchange Board of India or any statutory authority on any matter related to the capital markets during the last three years.

**(iv) Disclosure of Accounting Treatment**

The financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 2013, as applicable.

**(v) Insider Trading**

As required under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of practices and procedures for fair disclosures of unpublished price sensitive information, to inter alia, prevent insider trading in the shares of the Company.

**(vi) Code of Conduct**

The Company has adopted the code of conduct for all Board members and Senior Management as required under Regulation 17 of the Listing Regulations. The Code is posted on the Company's website: [www.sbecsugar.com](http://www.sbecsugar.com). All Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis and a declaration to this effect signed by Mr. Abhishek Modi, Chief Executive Officer forms part of this Report.

**Declaration**

I, Abhishek Modi, Whole Time Director & Chief Executive Officer of SBEC Sugar Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Regulation 17 of the SEBI (LODR) Regulation, 2015, for the year ended March 31, 2017.

Place: New Delhi

Date: 28<sup>th</sup> July, 2017

sd/-

**Abhishek Modi**  
Chief Executive Officer

**(vii) CEO/ CFO CERTIFICATION**

Mr. Abhishek Modi, Whole Time Director & Chief Executive Director and Mr. Lakhmi Chand Sharma, Chief Financial Officer of the Company have furnished a certificate relating to financial statement and internal controls systems as per the format prescribed under SEBI (LODR), Regulations, 2015 and the Board took the same on record.

**(viii) Directors with materially pecuniary or business relationship with the Company**

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and / or independent Directors for the period under report.

**12. Non-mandatory Clauses**

The Company has not adopted any of the non-mandatory requirements as provided in SEBI (LODR), Regulations, 2015

**For & behalf of the Board**  
**SBEC Sugar Limited**

Sd/-

**Abhishek Modi**  
(Whole Time Director)  
(DIN: 00002798)

Sd/-

**R.K. Agarwal**  
(Director)  
(DIN: 00298252)

Place: New Delhi  
Date: 28<sup>th</sup> July, 2017



## REPORT ON CORPORATE GOVERNANCE

To,

**The Members of SBEC Sugar Limited**

We have examined the compliance of the conditions of Corporate Governance by SBEC Sugar Limited ("the Company") for the year ended on 31st March 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the documents and records maintained by the Company and the report on Corporate governance as adopted by the Board of Directors.

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.

**For R. Singhal & Associates  
Company Secretaries**

**Sd/-  
(Rahul Singhal)  
Prop.  
M. No. 29599**

**PLACE: NEW DELHI  
DATED: 28<sup>th</sup> July, 2017**



## INDEPENDENT AUDITORS' REPORT

### To The Members of SBEC Sugar Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying financial statements of SBEC Sugar Limited ("the company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the 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

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Basis of qualified opinion

- i. The Company has not made provision for interest on late payment of cane dues for the season 2015-16 of Rs3,476.76 and for 2016-17 of Rs 491.91 lacs.

Accordingly had the provision being made the net loss for the year ended on 31st March 2017 would have been higher by Rs.3968.67 and its consequential impact on EPS.

- ii. The 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 company has not received any amount out of balance amount of Rs 8300lacs till the end of March 31st '2017. There seems to be uncertainty to recover the amount within the prescribed timeline and it 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.

#### Qualified Opinion

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



- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- 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 Matters**

We draw attention to the following matters in the Notes to the financial statements:

- a) note no 40 of the statement regarding the company being registered with the Board for Industrial and Financial Reconstruction (BIFR) as per communication received from BIFR vide its letter No. 3/(S-22)/BC/2013 dated 21st August 2013 and consequent to it becoming a Sick Industrial u/s 3(1)(0) of SICA, as the company's net worth has been eroded and the company has incurred cash losses during the prior years. However, vide notification dated 25.11.16, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed with effect from 01.12.2016 by Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In terms of Section 4(b) of the Repeal Act, all pending proceedings under the previous Act (SICA) stands abated. The statement have been prepared by the management of the company on a going concern basis as the company has continued its normal manufacturing during the current year.
- b) note no 31(b) of the statement regarding interest payment on cane dues where the High Court vide its order dated 9th March, 2017 has set aside the decision of State Government for the waiver of Interest for the year 2012-13, 2013-14 and 2014-15 and asked the Cane Commissioner to take a final call in the matter, pending final order the Company has not made provision for interest, on the late payment of cane dues for years 2012-13, 2013-14 and 2014-15.

Our opinion is not modified in respect of these matters.

**Report on other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "C" to this report; and
- h) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 (iii) & (iv) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 46 to the financial statements

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

**Place: New Delhi**  
**Dated: 29th May, 2017**

**Sd/-**  
**Mukesh Goel**  
**Partner**  
**Membership No.-081810**



## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Annexure referred to in our report of even date)

- i. (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) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the company. Some of these title deeds are given as security for securing various facilities sanctioned by banks and accordingly these original title deeds are kept with Banks, as security for the lenders.
- ii. The inventory has not been physically verified by the management during the year.
- iii. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable to the company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any fresh deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable. The deposits outstanding as at the start of the financial year have been repaid during the financial year in full.
- vi. We have broadly reviewed the records, including the books of account maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 in respect of company's products and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- vii. (a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities.
- (b) According to the information and explanations given to us and as per the books and records examined by us, the particulars of statutory dues of the specified statute as at the year, which have not been deposited on account of a dispute are referred to in Annexure "B".
- viii. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to Governments, banks and financial institutions. The Company has not taken any loans from debenture holders.
- ix. Based on our audit procedures and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer / further public offer. Further, based on our audit procedures and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised.
- x. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management
- xi. Based on our audit and according to the information and explanations given to us, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. Based on our audit procedures and according to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Sd/-  
**Mukesh Goel**  
Partner  
Membership No.-081810

Place: New Delhi  
Dated: 29th May, 2017





## ANNEXURE “B” TO AUDITORS’ REPORT

Referred in Paragraph VII(B) of Annexure “A” a statement on the matters specified in the Companies (Auditors’ Report) Order, 2016 for the year ended 31st March 2017.

Name of the Statute	Name of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
UP VAT Act , 2008	Entry tax imposed on Sugar Purchase and sold	760.56	2010-11	Application to be Filed for reopen the same u/s 32
UP VAT Act , 2008	VAT imposed on Molasses Bagasse and old scrap sold	622.68	2010-11	Application to be Filed for reopen the same u/s 32
UP VAT Act , 2008	CST imposed on Molasses sold	70.00	2010-11	Application Filed for reopen the same u/s 32
UP VAT Act , 2008	VAT imposed on bagasse given to M/s SBEC Bioenergy	43.47	2008-09	Appeal filed before Honorable High Court by Commercial Tax Department against order passed by Member Commercial Tax, Tribunal
Central Excise ,1944	Cenvat Credit taken on HR plates, Angles, Shape section	13.88	2012-13	Appeal filed before Commissioner Central Excise.
Central Excise ,1944	Excise duty on removal for Bagasse & Press Mud	88.64	2015-16	Show Cause Notice Received & reply submitted
Finance Act , 1994	Service tax Credit taken in invoice beyond 6 month	8.59	Dec 2013 – Dec 2014	Application filed before Assistant Commissioner, Division-1 Meerut on 25.02.16
Finance Act , 1994	Service Tax on Commission	16.83	01.04.2008-01.12.2010	Appeal filled before Commissioner (Appeals), Meerut
Finance Act , 1994	Service Tax on Lease Rent	7.24	2012-13	Appeal filed before Commissioner (Appeals) Meerut.
Finance Act , 1994	Service Tax Credit taken on Construction Work	3.29	2009-10	Appeal filed before Commissioner Appeals-1
Finance Act , 1994	Service Tax Credit taken on Sugar Sales Commission	18.97	2009-10	Reply Submitted before Joint Commissioner Meerut.
Finance Act , 1994	Service Tax Credit taken on Sugar Sales Commission	18.78	2014-15	Reply Submitted before Joint Commissioner Meerut
Finance Act , 1994	Service Tax Credit Taken on Modinagar Site	3.49	2014-15	Appeal rejected by Commissioner Appeal-1
Finance Act , 1994	Service Tax on Commission	150.88	2003-04	CESTAT has sent back the case to Commissioner Appeals, Meerut-1 for Remand



## **Annexure 'C' to the independent auditor's report of even date on the financial statements of SBEC Sugar Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SBEC Sugar Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Sd/-  
Mukesh Goel  
Partner**

**Membership No.-081810**

**Place: New Delhi  
Dated: 29th May, 2017**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017**

	NOTE NO.	As at <u>31.03.2017</u> (Amount in Rs.)	As at <u>31.03.2016</u> (Amount in Rs. )
<b>I. EQUITY AND LIABILITY</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	476,940,175	476,940,175
(b) Reserves and Surplus	3	<u>(1,499,283,563)</u> <u>(1,022,343,388)</u>	<u>(1,270,407,766)</u> <u>(793,467,591)</u>
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	4	367,669,035	19,638,251
(b) Other Long Term Liabilities	5	1,256,200	1,426,200
(c) Long-term Provisions	6	<u>23,513,184</u> <u>392,438,419</u>	<u>18,487,223</u> <u>39,551,674</u>
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	59,528,240	233,494,246
(b) Trade Payables	8	3,790,126,240	3,385,049,709
(c) Other Current Liabilities	9	194,372,943	145,106,538
(d) Short-term Provisions	10	<u>2,044,654</u> <u>4,046,072,076</u> <u>3,416,167,107</u>	<u>1,696,787</u> <u>3,765,347,279</u> <u>3,011,431,362</u>
<b>TOTAL</b>			
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	383,070,001	398,666,289
(ii) Intangible Assets	11	424,489	481,273
(iii) Capital Work in Progress	11 A	<u>996,291</u> <u>384,490,781</u> <u>172,582,515</u> <u>262,142</u> <u>162,345</u> <u>557,497,783</u>	<u>3,336,339</u> <u>402,483,901</u> <u>172,582,515</u> <u>261,142</u> <u>2,163,912</u> <u>577,491,470</u>
(b) Non-Current Investment	12		
(c) Long-term Loans & Advances	13		
(d) Other Non-Current Assets	14		
<b>Current Assets</b>			
(a) Inventories	15	1,118,097,988	541,937,349
(b) Trade Receivables	16	131,969,924	147,138,718
(c) Cash & Bank Balances	17	61,167,057	14,003,513
(d) Short-term Loans & Advances	18	1,543,629,630	1,606,250,040
(e) Other Current Assets	19	<u>3,804,726</u> <u>2,858,669,325</u> <u>3,416,167,107</u>	<u>124,610,273</u> <u>2,433,939,892</u> <u>3,011,431,362</u>
<b>TOTAL</b>			

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

Signed in terms of our report of even date.

For & on behalf of

**DOOGAR & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. : 000561N

**Sd/-**

**Mukesh Goyal**

Partner

Membership No. : 511239

Place : New Delhi

Date : 29th May 2017

**Sd/-**

**Umesh Kumar Modi**

(Chairman & President)  
DIN : 00002757

**Sd/-**

**Narayan Prakash Bansal**

(Director)

DIN : 00010587

**Sd/**

**Lakhmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-**

**Abhishek Modi**

(Whole-Time Director)  
DIN : 00002798

**Sd/-**

**Rajeev Kumar Agarwal**

(Director)

DIN : 00298252

**Sd/-**

**Shobit Nehra**  
(Company Secretary)

**Sd/-**

**Vijay Kumar Modi**

(Director)

DIN : 00004606

**Sd/-**

**Jagdish Chander Chawala**

(Director)

DIN : 05316202



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

	NOTE NO.	For the Year ended 31.03.2017 (Amount in Rs. )	For the year ended 31.03.2016 (Amount in Rs.)
<b>INCOME</b>			
Revenue From Operations	20	2,798,161,072	3,896,925,613
Other Income	21	31,963,674	50,905,323
<b>Total Revenue</b>		<b>2,830,124,746</b>	<b>3,947,830,937</b>
<b>EXPENSES</b>			
Cost of Material Consumed	22	2,841,929,361	2,752,591,783
Purchases of Stock-in-Trade	23	-	-
Change in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	24	(569,909,063)	737,034,899
Manufacturing Expense	25	242,111,748	175,023,600
Employee Benefit Expense	26	112,415,397	98,729,192
Finance Cost	27	77,414,844	52,693,925
Depreciation & Amortisation Expense	11	27,956,180	31,113,957
Administration Expenses	28	61,791,715	31,432,071
Selling Expense	29	13,266,467	17,353,530
Prior Period Items	30	2,058,346	244,413
<b>Total Expenses</b>		<b>2,809,034,995</b>	<b>3,896,217,370</b>
Profit / (Loss) before exceptional and extraordinary items and tax		21,089,751	51,613,567
Exceptional Items	31	(249,965,548)	-
Profit / (Loss) before extraordinary items and tax		(228,875,797)	51,613,567
Extraordinary Items		-	-
Profit before tax		(228,875,797)	51,613,567
<b>Tax expense :</b>			
(1) Current tax		-	-
(2) Taxes for earlier year		-	-
Profit/(Loss) for the year from continuing operations		(228,875,797)	51,613,567
Profit/(Loss) from discontinuing operations		-	-
Tax Expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations after tax		-	-
<b>Profit/(Loss) for the Year</b>		<b>(228,875,797)</b>	<b>51,613,567</b>
<b>Earning per equity share:(Par value of Rs.10 each)</b>			
(1) Basic	32	(4.80)	1.08
(2) Diluted	32	(4.80)	1.08

The accompanying notes are integral part of the financial statements

Signed in terms of our report of even date.

For & on behalf of

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

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**Mukesh Goyal**  
Partner  
Membership No. : 511239

**Sd/-**  
**Narayan Prakash Bansal**  
(Director)  
DIN: 00010587

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**Jagdish Chander Chawala**  
(Director)  
DIN : 05316202

**Place : New Delhi**  
**Date : 29th May 2017**

**Sd/-**  
**Lakhmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-**  
**Shobit Nehra**  
(Company Secretary)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
<b>A) Cash Flow from Operating Activities</b>		
Profit / (Loss) Before Tax as per Profit and Loss Account	(228,875,796.80)	51,613,564.06
Adjustments For :		
Interest Expenses	77,414,844.00	52,693,924.81
Interest Income	(1,387,334.00)	(1,340,496.00)
Dividend Income	(60,000.00)	(60,000.00)
Loss on sale of Fixed Assets	-	117,973.00
Provision for Obsolete Store Items	-	816,483.00
Depreciation	27,956,180.03	31,113,957.26
Unclaimed credit balances written back	89,262.13	9,058,773.44
<b>Operating Profit before Working Capital Changes</b>	<b>(124,862,844.64)</b>	<b>144,014,179.57</b>
<b>Adjustments For :</b>		
Trade and Other Receivables	15,168,794.22	(34,703,252.50)
Inventories	(576,160,639.03)	737,046,596.08
Trade Payables	405,076,530.79	(384,639,529.25)
Loans & Advances/Other Current Assets	185,321,753.29	(11,927,791.21)
Liabilities & Provisions	54,380,970.45	(71,015,014.75)
Cash generated from Operating Activities	(41,075,434.92)	378,775,187.96
Direct Taxes (Paid)/Refund	(6,229.28)	(105,532.28)
<b>Net Cash Flow from Operating Activities</b>	<b>(41,081,664.20)</b>	<b>378,669,655.68</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(12,303,107.63)	(5,094,367.86)
Capital Work in Progress	2,340,048.00	265,651.00
Realisation From Fixed Assets	(0.42)	133,332.58
Dividend Income	60,000.00	60,000.00
Interest Received	1,387,334.00	1,340,496.00
<b>Net Cash Flow from Investing Activities</b>	<b>(8,515,726.05)</b>	<b>(3,294,888.28)</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (Net)	348,030,783.76	(60,719,034.00)
Proceeds from Short Term Borrowings (Net)	(173,966,006.00)	(267,698,661.35)
Net Interest (Paid)	(77,414,844.00)	(52,693,924.81)
<b>Net Cash Flow from Financing Activities</b>	<b>96,649,933.76</b>	<b>(381,111,620.16)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>47,052,543.51</b>	<b>(5,736,852.78)</b>
Cash and Cash Equivalents as on 1st April 2016 (Opening Balance)	12,473,912.00	18,210,764.00
Cash and Cash Equivalents as on 31st March 2017 (Closing Balance)	59,526,456.08	12,473,912.35
<b>Net Increase as disclosed above</b>	<b>47,052,543.51</b>	<b>(5,736,852.78)</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 period figures have been regrouped/rearranged wherever considered necessary.		
3 Cash and Cash equivalent at the end of the period consist of Cash, Stamps in hand, Cheques in Hand and Balances with Banks:		
Cash & Stamps in Hand	52,426.00	531,984.00
Balances with Banks	59,474,030.08	11,941,928.35
<b>TOTAL</b>	<b>59,526,456.08</b>	<b>12,473,912.35</b>

Signed in terms of our report of even date.

**For & on behalf of**

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

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
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(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
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Partner  
Membership No. : 511239

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**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**Jagdish Chander Chawala**  
(Director)  
DIN : 05316202

**Place : New Delhi**  
**Date : 29th May 2017**

**Sd/-**  
**Lakhmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-**  
**Shobit Nehra**  
(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 prescribed under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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 (Sugar): Sugar - at lower of cost or net realizable value.
- (b) Goods in Process - at cost
- (c) Raw material - at cost
- (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 Assets (Property, Plant & Equipment) & 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 fully depreciated in the year of addition.
- (d) Other assets are being depreciated on the straight-line method as per the useful life mentioned in Schedule II of Companies Act, 2013.
- (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 recognize 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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

#### **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 <b>31.03.2017</b> (In Rs.)	As at <b>31.03.2016</b> (In Rs.)
<b>NOTE 2 : SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs. 10/- each	<b>1,000,000,000</b>	1,000,000,000
<b>ISSUED &amp; SUBSCRIBED CAPITAL :</b>		
47,814,430 (Previous Year 47,814,430) Equity Shares of Rs. 10/- each	<b>478,144,300</b>	478,144,300
<b>PAID UP :</b>		
47,653,880 (Previous Year 47,653,880) Equity Shares of Rs. 10/- each	<b>476,538,800</b>	476,538,800
Share Forfeiture Account	<b>401,375</b>	401,375
<b>TOTAL</b>	<b><u>476,940,175</u></b>	<b><u>476,940,175</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 <b>31.03.2017</b>		As at <b>31.03.2016</b>	
	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	9,065,568	19.02%	9,065,568	19.02%
3 Abhikum Leasing & Investment Pvt. Ltd.	5,624,844	11.80%	5,624,844	11.80%
4 M/s A to Z Holding Pvt. Ltd.	3,382,500	7.10%	3,382,500	7.10%
5 M/s Longwell Investments Pvt. Ltd.	2,721,500	5.71%	2,721,500	5.71%

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

	2016-17		2015-16	
	No. of shares	(Amount in Rs.)	No. of shares	(Amount in Rs.)
Equity Shares				
At the beginning of the year	4,76,53,880	476,538,800	4,76,53,880	476,538,800
Add: Shares Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Outstanding at the end of the year	4,76,53,880	476,538,800	4,76,53,880	476,538,800

d) The Company has not allotted any fully paid up shares pursuant to contract(s) without payment being received in cash nor has allotted any fully paid up shares by way of bonus shares nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.

**NOTE 3 : RESERVES & SURPLUS**

	As at 31.03.2017 (In Rs.)	As at 31.03.2016 (In Rs.)
<b>Surplus / (Deficit)</b>		
Balance as per last financial statement	(1,276,416,631)	(1,327,696,476)
Accumulated Depreciations earlier years	-	-
Balance in Statement of Profit & Loss	(228,875,797)	51,613,564
Add: Transfer from Reserves	-	-
Less: Transfer to Reserves	184,236	333,719
Closing balance	<u>(1,505,476,664)</u>	<u>(1,276,416,631)</u>
<b>Capital Reserve</b>		
Balance as per last financial statement	4,916,625	4,916,625
Add: Additions during the year	-	-
Less: Deductions during the year	-	-
Closing balance	<u>4,916,625</u>	<u>4,916,625</u>
<b>Other Reserve- Molasses Storage Fund</b>		
Balance as per last financial statement	1,092,240	758,521
Add: Additions during the year	184,236	333,719
Less: Deductions during the year	-	-
Closing balance	<u>1,276,476</u>	<u>1,092,240</u>
<b>TOTAL</b>	<u>(1,499,283,563)</u>	<u>(1,270,407,766)</u>

**NOTE 4 : LONG-TERM BORROWINGS**

<b>A. Secured Borrowings</b>		
a) Vehicle Loans	-	-
b) Hire Purchase - First Leasing Co. of India Ltd.	-	-
c) Pledge Account with The U.P. Co-operative Bank Ltd.	-	10,980,306
d) GS Pharmabutor Ltd. (Secured Loan)	315,013,320	-
e) Moderate Leasing & Capital Service Ltd. (Secured Loan)	44,297,770	-
<b>SUB-TOTAL (A)</b>	<u>359,311,090</u>	<u>10,980,306</u>
<b>B. Unsecured Loans</b>		
a) Fixed Deposits from Public	-	-
b) Deposits from Selling agents	8,657,945	8,657,945
<b>SUB-TOTAL (B)</b>	<u>8,657,945</u>	<u>8,657,945</u>
<b>TOTAL (A+B)</b>	<u>367,669,035</u>	<u>19,638,251</u>

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

(Rs. In lacs)

Lending Institution	Outstanding As at 31.03.2017	2017-18	2018-19	2019-20
U.P. Co-operative Bank Ltd.	10632429	10632429	-	-
First Leasing Company of India Ltd.	45122804	45122804	-	-

\* SHOWN UNDER CURRENT MATURITY IN NOTE 9

- 1 First Leasing Company of India limited is under liquidation and official liquidator as demanded an amount of Rs. 44864598.43 together with interest @18% per annum by a letter dated 22.03.2016. The Company had given first One Time Settlement (OTS) proposal for Rs.2,83,97,632.60/- to be paid from June to December, 2016 but Hon'ble High Court Madras referred the matter to mediation center in March, 2017. After discussions and reconciliation of Accounts with the Official Liquidator, the Company had enhanced first OTS to Rs.3,43,00,000/-. The mediation center after recording the statements of both sides referred back the matter to Hon'ble High Court Madras. The Matter came up before High Court Madras, wherein the OL had given the Outstanding Working (Abstract Ledger) in which they had claimed Rs.4,30,71,175.64/- as the outstanding rental payable by Company to First Leasing of India Limited thereafter the Company contented the same and will not pay the difference of Rs.88,02,327/- and this amount works out to Rs.3.43 Crores Only. The matter is now pending for the Instructions from the Hon'ble High Court Madras and the matter is fixed for hearing in month of July, 2017. Outstanding amount and schedule of payment of First Leasing Company of India Ltd. (shown under note No. 9-Current maturity of long term loan) remained unreconciled/ unconfirmed on account of above.
- 2 Pledge Accounts with the U.P. Co-operative Bank Ltd. which was earlier secured by the pledge of stocks of sugar & second charge on the assets of company and was further secured by personal guarantee of two directors of the company. This loan now stands restructured with reference to repayment and charges. Now the company created an equitable mortgage on the land of the company and first charge were created and registered with ROC. The personal guarantee of two directors of the company are still in continuation. Credit facilities availed from U.P. Co-Operative Bank Limited converted in Working Capital Term Loan (in F.Y.2014-15) is repayable in maximum 36 installments along with interest @11.75%. The total Outstanding amount is shown under Note No. 9- Current maturity of long term loan.
- 3 The Unsecured Loan of G.S. Pharmbutor Private Limited is converted into Secured Loan, during the year and second Charge is created on the Immovable properties of the Company situated in Village- Loyan, District Baghpat, U.P.
- 4 The Unsecured Loan of Moderate Leasing and Capital Services Limited is converted into Secured Loan, during the year and third Charge is created on the Immovable properties of the Company Situated in Village- Loyan, District Baghpat, U.P.



	As at <b>31.03.2017</b> (In Rs.)	As at 31.03.2016 (In Rs.)
<b>NOTE 5 : OTHER LONG-TERM LIABILITIES</b>		
Security Deposit Received	<b>1,256,200</b>	1,426,200
<b>Total</b>	<b><u>1,256,200</u></b>	<u>1,426,200</u>
<b>NOTE 6 : LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits :		
For Leave Encashment	<b>3,612,109</b>	2,924,422
For Gratuity	<b>19,901,075</b>	15,562,801
<b>Total</b>	<b><u>23,513,184</u></b>	<u>18,487,223</u>
<b>NOTE 7 : SHORT-TERM BORROWINGS</b>		
<b>A Unsecured Loans</b>		
a) Inter Corporate Deposits	<b>59,528,240</b>	233,494,246
<b>Total</b>	<b><u>59,528,240</u></b>	<u>233,494,246</u>
<b>NOTE 8 : TRADE PAYABLES</b>		
a) Total outstanding dues of micro enterprise and small enterprises		
Sundry Creditors	-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
- For Sugarcane (including expenses related to Cane)	<b>3,479,531,557</b>	2,979,159,206
Others	<b>310,594,682</b>	405,890,503
<b>TOTAL</b>	<b><u>3,790,126,240</u></b>	<u>3,385,049,709</u>

The information as required to be disclosed under the Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has been determined to the extent such parties have been identified by the company, on the basis of information and records available with them.

This information has been relied upon by the auditors. Disclosure as required under section 22 of the Act is as under. Disclosure in respect of interest due on delayed payment has been determined only in respect of payments made after the receipt of information, with regards to filing of memorandum, from the respective suppliers.

S.No. Particulars	As at <b>31.03.2017</b> (Amount in Lacs)	As at 31.03.2016 (Amount in Lacs)
(i) Principal amount remaining unpaid as at end of the year	1.52	3.29
(ii) Interest due on above	-	-
1 Total of (i) & (ii)	1.52	3.29
2 Interest paid on delayed payment of principal, paid along with such interest during the year	-	-
3 Interest due on delayed payment of principal, paid without such interest during the year	-	-
4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year	0.25	1.23
5 Total interest due and payable together with that from prior year(s)	-	-

**NOTE 9 : OTHER CURRENT LIABILITIES**

	As at <b>31.03.2017</b> (In Rs.)	As at <b>31.03.2016</b> (In Rs.)
Current maturity of long term loans		
Pledge Account with The U.P. Co-operative Bank Ltd.	<b>10,632,429</b>	24,000,000
Hire Purchase - First Leasing Co. of India Ltd.	<b>45,122,804</b>	45,186,148
Vehicle Loans	-	57,854
Statutory Dues	<b>97,467,121</b>	48,582,053
Interest accrued and due on borrowings	<b>4,397,999</b>	3,368,567
Bills Payable Acceptance	-	23,126
Advance Against Sales	<b>17,815,718</b>	6,111,322
Employees Related dues	<b>17,050,966</b>	14,838,212
Retention Money	<b>1,885,906</b>	2,939,257
<b>TOTAL</b>	<b><u>194,372,943</u></b>	<b><u>145,106,538</u></b>

**NOTE 10 : SHORT-TERM PROVISIONS**

Provision for Employee Benefits		
For Leave Encashment	<b>178,232</b>	194,323
For Gratuity	<b>1,866,422</b>	1,502,464
Others		
For Wealth Tax	-	-
<b>Total</b>	<b><u>2,044,654</u></b>	<b><u>1,696,787</u></b>

**NOTE 11 : INTANGIBLE ASSETS**

(Amount in Rs.)

Gross Block	Land			Buildings	Plant & Equipment	Factory Approach Road	Office Equipment	Computer Equipment	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold(a)	Leasehold Improvement								
At 1st April 2015	1,915,226.00	5,642,858.00	84,740.00	117,794,313.00	1,000,422,518.00	24,432,136.00	3,261,743.00	8,261,222.00	6,761,746.00	13,021,174.00	1,181,597,676.00
Additions	-	-	-	1,323,850.00	3,183,262.00	-	222,667.00	30,200.00	9,389.00	-	4,769,368.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	(1,408,622.00)	(1,408,622.00)
At 31st March 2016	1,915,226.00	5,642,858.00	-	119,118,163.00	1,003,605,780.00	24,432,136.00	3,484,410.00	8,291,422.00	6,771,135.00	11,612,552.00	1,184,958,422.00
Additions	-	-	-	-	11,065,253.00	-	199,930.00	967,925.00	16,000.00	-	12,249,108.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	1,915,226.00	5,642,858.00	-	119,118,163.00	1,014,671,033.00	24,432,136.00	3,634,340.00	9,259,347.00	6,787,135.00	11,612,552.00	1,197,207,530.00
At 1st April 2016	0	1,027,178.00	-	48,909,221.00	662,638,932.00	20,581,690.00	2,648,170.00	7,480,710.00	5,601,581.00	7,436,479.00	756,408,700.00
Charge for the year	-	63,701.00	-	2,449,537.00	22,227,901.00	3,861,025.00	204,416.00	294,131.00	431,816.00	1,508,222.00	31,040,749.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	(1,157,316.00)	(1,157,316.00)
At 31st March 2016	-	1,090,879.00	-	51,358,758.00	684,866,833.00	24,442,715.00	2,852,586.00	7,774,841.00	6,033,397.00	7,787,385.00	786,292,133.00
Charge for the year(c) & (d)	-	63,701.00	-	2,449,836.00	23,124,859.00	-	188,820.00	359,702.00	227,058.00	1,431,420.00	27,845,396.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	-	-
Charge for exhausted assets(c)	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	1,154,579.99	-	53,808,593.99	707,991,692.00	24,432,136.00	3,041,406.00	8,134,543.00	6,260,455.00	9,218,804.99	814,137,529.00
Net Block	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2016	1,915,226.00	4,551,979.00	-	67,759,405.00	318,728,368.00	-	613,824.00	516,581.00	737,738.00	3,825,167.00	398,666,289.00
At 31st March 2017	1,915,226.00	4,488,278.01	-	65,309,569.01	306,668,761.00	-	642,934.00	1,124,804.00	526,680.00	2,393,747.01	383,070,001.00

- Freehold Land includes land aggregating Rs. 1.58 lacs in the name of SBEC System (India) Limited as nominee.
- 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 : INTANGIBLE ASSETS**

(Amount in Rs.)

Gross Block	Computer Software
At 1st April 2015	1,612,583.00
Additions	325,000.00
Disposals	-
At 31st March 2016	1,937,583.00
Additions	54,000.00
Disposals	-
At 31st March 2017	1,991,583.00
Amortisation	-
At 1st April 2015	1,383,102.00
Charge for the year	73,208.00
Disposals	-
At 31st March 2016	1,456,310.00
Charge for the year(c) & (d)	110,784.00
Disposals	-
At 31st March 2017	1,567,094.00
Net Block	
At 31st March 2016	481,273.00
At 31st March 2017	424,489.00



	As at <u>31.03.2017</u> (In Rs.)	As at <u>31.03.2016</u> (In Rs.)
<b>NOTE 11A : CAPITAL WORK IN PROGRESS</b>		
For Existing Operations	996,291	3,336,339
<b>TOTAL</b>	<u>996,291</u>	<u>3,336,339</u>
<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)	126,582,500	126,582,500
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)	45,500,000	45,500,000
<b>Sub Total (a)</b>	<u>172,082,500</u>	<u>172,082,500</u>
<b>Other Investments:</b>		
20,000 Equity Shares of Rs.25/- each in The Shamrao Vithal Co-operative Bank Ltd.		
(Previous Year - 20,000 Equity shares of Rs. 25/- each)	500,000	500,000
30 Equity Shares of Rs.10/- each in Modi Casings and Packaging Pvt. Ltd. (Formerly known as Modi Gourmet Ltd.) #		
(Previous Year - 50,000 Equity shares of Rs. 10/- each)	300	-
Less : Provision made for diminution in value of investment	285	15
<b>Sub Total (b)</b>	<u>500,015</u>	<u>500,015</u>
<b>TOTAL (a+b)</b>	<u>172,582,515</u>	<u>172,582,515</u>
*(including Rs. 0.83 Lacs Share Transfer Fee )		
Aggregate amount of quoted investments	-	-
Market Value of quoted investments	-	-
Aggregate amount of unquoted investments	172,582,515	172,582,515
Aggregate provision for diminution in value of investments	-	-
Aggregate provision for diminution in value of investments	285	285
# The Company ceases to be subsidiary w.e.f. 30.09.2014		
<b>NOTE 13 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good</b>		
Security Deposits	262,142	261,142
<b>TOTAL</b>	<u>262,142</u>	<u>261,142</u>
<b>NOTE 14 : OTHER NON-CURRENT ASSETS</b>		
Margin money with others	-	-
<b>Other Bank Balances</b>		
Balance with Scheduled Banks in -		
— Fixed Deposits Pledged with Banks	162,345	2,163,912
<b>TOTAL</b>	<u>162,345</u>	<u>2,163,912</u>
<b>NOTE 15 : INVENTORIES</b>		
Goods in Process	44,127,642	22,438,822
Finished goods at Plant	1,010,707,129	462,486,885
Stores and spares *	56,761,287	54,028,862
Other Stocks	6,501,931	2,982,779
<b>TOTAL</b>	<u>1,118,097,988</u>	<u>541,937,349</u>
* Net of Provision for Obsolescence Rs. 27.36 lacs (Previous Year Rs. 29.00 Lacs)		





	As at 31.03.2017 (Amount in Rs.)		As at 31.03.2016 (Amount in Rs.)	
<b>NOTE 16 : TRADE RECEIVABLES</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Secured	-		-	
- Unsecured	28,313,257		14,318,066	
- Doubtful	5,463,653	33,776,910	190,400	14,508,466
Other Debts				
- Secured	-		-	-
- Unsecured	103,656,667		132,820,651	-
- Doubtful	-	103,656,667	-	132,820,651
Less: Provision for Bad and Doubtful Debts		5,463,653		190,400
<b>TOTAL</b>		<b>131,969,924</b>		<b>147,138,718</b>
<b>NOTE 17 : CASH AND BANK BALANCES</b>				
<b>Cash and Cash Equivalents</b>				
Cash in hand		52,426		531,984
Balance with Banks in -				
— In Current Accounts		59,474,030		11,941,928
<b>Other Bank Balances</b>				
Balance with Banks in -				
— Fixed Deposits		1,640,601		1,529,601
<b>TOTAL</b>		<b>61,167,057</b>		<b>14,003,513</b>
<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.)		230,050,000		230,050,000
- (SBEC Bio Energy Ltd.)		228,009,616		236,434,890
Recoverable Against Debt Assignment		830,000,000		830,000,000
Promoter Company - SBEC Systems (India) Limited		12,837,523		12,837,523
<b>Advance Recoverable In Cash or in Kind or for Value to be received</b>				
Unsecured	218,813,637		263,897,411	-
Doubtful	-	-	-	-
Less :- Provision for doubtful advances	-	218,813,637	-	263,897,411
Amount deposited under protest*		8,427,156		11,537,881
Taxes recoverable		848,000		2,363,694
Balance with Excise/Trade Tax Authorities		12,245,042		17,579,431
Prepaid Expenses		2,398,656		1,549,210
<b>TOTAL</b>		<b>1,543,629,630</b>		<b>1,606,250,040</b>
<b>*Amount deposited under protest Detail</b>				
U.P. VAT Act		3,025,600		6,465,625
Central Excise Act		5,401,556		5,072,256
		8,427,156		11,537,881

**NOTE 19 : OTHER CURRENT ASSETS**

	As at <u>31.03.2017</u> (In Rs.)	As at <u>31.03.2016</u> (In Rs.)
Assets held for Disposal (Also refer Note No. - 45)	-	120,811,776
Tax Deducted At Source	304,726	298,497
Margin money with others	3,500,000	3,500,000
<b>TOTAL</b>	<u>3,804,726</u>	<u>124,610,273</u>

**NOTE 20 : REVENUE FROM OPERATIONS**

a) <u>Sale of product</u>		
Sugar	2,658,049,640	3,712,521,347
b) <u>Other operating revenue</u>		
Molassses	160,885,897	288,979,167
Bagasse	142,241,083	107,852,870
Scrap Sale	4,961,284	1,344,688
Less : Excise Duty	167,976,832	213,772,460
<b>TOTAL</b>	<u>2,798,161,072</u>	<u>3,896,925,613</u>

**NOTE 21 : OTHER INCOME**

Interest Received	1,387,334	1,340,496
Dividend received from cooperative Society	60,000	60,000
REC Income	29,851,500	40,266,000
Miscellaneous Income	570,344	125,293
Profit on Sale of Assets	-	54,762
Excess Provision / Sundry balances written back	89,262	9,058,773
Foreign exchange Fluctuation	5,234	-
<b>TOTAL</b>	<u>31,963,674</u>	<u>50,905,323</u>

**NOTE 22 : COST OF MATERIAL CONSUMED**

Raw Material Consumed	2,841,929,361	2,752,591,783
<b>TOTAL</b>	<u>2,841,929,361</u>	<u>2,752,591,783</u>

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

Sugar Purchased For Trading	-	-
<b>TOTAL</b>	<u>-</u>	<u>-</u>

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

<b>Opening Stock</b>			
Finished Goods	462,486,885	1,192,900,264	
Goods in Process	22,438,822	29,060,342	
Stock in Trade	-	484,925,707	1,221,960,606
<b>Closing Stock</b>			
Finished Goods	1,010,707,129	462,486,885	
Goods In Process	44,127,642	22,438,822	
Stock in Trade	-	1,054,834,770	484,925,707
<b>Increase/(Decrease) In Stocks</b>		<u>(569,909,063)</u>	<u>737,034,899</u>


**NOTE 25 : OTHER MANUFACTURING EXPENSE**

	<b>For the Year ended 31.03.2017 (Amount in Rs.)</b>	<b>For the Year ended 31.03.2016 (Amount in Rs. )</b>
Stores & Spares Consumed (Including Packing Exp.)	86,387,627	95,546,662
Power & Fuel	172,058	122,952
Repair & Maintenance		
- Plant & Machinery	91,251,349	79,408,610
- Building	19,055,204	6,234,458
- Others	<u>4,443,910</u>	<u>4,255,491</u>
	<b>114,750,463</b>	<b>89,898,559</b>
Freight & Cartage	2,042,781	1,211,825
Material Handling Expenses	9,436,169	12,502,157
Other Mfg. Expenses		
Variation in Excise Duty on Opening and Closing Stock of Finished Goods	<u>29,322,650</u>	<u>(24,258,555)</u>
<b>TOTAL</b>	<b><u>242,111,748</u></b>	<b><u>175,023,600</u></b>

**NOTE 26 : EMPLOYEE BENEFIT EXPENSES**

Salary, Wages & Bonus	94,602,568	85,001,764
Company's Contribution To Provident & Other Funds	7,345,504	6,163,377
Staff Welfare Expenses	4,135,400	3,908,909
Gratuity	6,331,925	3,655,142
<b>TOTAL</b>	<b><u>112,415,397</u></b>	<b><u>98,729,192</u></b>

**NOTE 27 : FINANCE COST**

Interest expenses	77,224,612	52,676,545
Finance Charges	190,232	17,380
Financial Brokerage	-	-
<b>TOTAL</b>	<b><u>77,414,844</u></b>	<b><u>52,693,925</u></b>

**NOTE 28 : ADMINISTRATION EXPENSES**

Telephone, Postage & Telegram	1,018,588	1,006,170
Legal & Professional Charges	7,536,636	7,343,396
Director's Sitting Fee	30,000	52,105
Loss on Sale of Fixed Assets	-	117,973
Travelling & Conveyance	5,856,650	4,568,846
Rent Including Lease Charges	297,000	1,206,860
Rates & Taxes	2,808,760	876,891
Vehicle Expenses	1,977,761	1,375,153
Insurance	-	-
Insurance Exp.	3,291,262	2,860,857
Insurance Realealised on Sugar	<u>(2,801,622)</u>	<u>(4,994,579)</u>
Security Guard Expenses	4,769,974	5,248,689
Payment to Auditors *	252,774	356,800
Provision for Obsolete Store Items	-	816,483
Foreign exchange fluctuation	-	15,461
Bank Charges	53,111	49,533

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

	<b>For the Year ended 31.03.2017 (In Rs.)</b>	<b>For the Year ended 31.03.2016 (In Rs.)</b>
Misc. Expenses	3,295,457	2,922,945
REC EXPS	3,582,180	7,247,880
CLAIM AGST TRANSIT	241,050	271,632
Laboratory Exp.	47,685	88,979
Excess Provision / Sundry balances written back	3,603,641	-
Excess Provision Written Back - Gi014	20,657,555	-
PROVISION FOR BAD & DOUBTFUL DEBTS (P&L)	5,273,253	-
<b>TOTAL</b>	<b>61,791,715</b>	<b>31,432,071</b>
<b>*Details of Payment to Auditors</b>		
a) Statutory Audit Fee	225,000	225,000
b) Certification & Reimbursement	15,424	115,500
c) Out of pocket expenses	12,350	16,300
	<b>252,774</b>	<b>356,800</b>

**NOTE 29 : SELLING EXPENSES**

Commission	12,404,651	15,885,277
Rent (Godown)	-	630,000
Freight, Clearing & Forwarding	852,816	670,753
Rebate & Discount	9,000	167,500
<b>TOTAL</b>	<b>13,266,467</b>	<b>17,353,530</b>

**NOTE 30 : PRIOR PERIOD EXPENSES**

Prior Period Expenses	2,058,346	244,413
<b>TOTAL</b>	<b>2,058,346</b>	<b>244,413</b>

**NOTES ON FINANCIAL STATEMENT:**

31. The State Government of Uttar Pradesh has, as per PNCM Cabinet Decision dated 18th January 2016, inter alia, announced cash subsidy upto Rs. 23.30 per Qtl of cane purchased and reimbursement of cane Commission payable to society of Rs 3.00 Per Qtl for the sugar industry for crushing season 2015-16, linked to the average selling price of sugar and it's by products. Accordingly the Company has accounted for cash subsidy of Rs. 23.30 per Qtl of cane purchased by it aggregating to Rs. 2209.45 lacs in crushing season 2015-16 and reimbursement of cane commission amounting to Rs 290.20lacs. Special Secretary Government of Uttar Pradesh vide his letter dated 22.12.16 addressed to the cane commissioner has withdrawn the said financial assistance/ grant. The management has earlier booked (i.e. in F.Y. 15-16) the recognized Cash Subsidy on cane purchased of Rs.2,209.45 lacs and cane commission of Rs 290.20 lacs in F.Y. 15-16 and now showed it as Exceptional items in the financial results of the Company for the Quarter ended March 2017.

**32. Earning per Share (AS-20)**

Particulars	Current Year	Previous Year
Net Profit/(Loss) after tax (Rs. in lacs)	(2288.76)	516.14
Weighted Average number of equity shares outstanding during the year	4,7653,880	4,76,53,880
Basic Earning per Share (Rs.)	(4.80)	1.08
Diluted Earning per Share (Rs.)	(4.80)	1.08



**33. Contingent Liabilities not provided for in respect of:**

(Rs. in lacs)

Particulars	As at 31.03.2017	As at 31.03.2016
i) Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.	7959.84	7353.67
ii) Outstanding against Guarantee given on behalf of SBEC Bio-energy Ltd.	500.00	1100.00
iii) Duties and Tax liabilities disputed by the Company	1825.81	1774.07
iv) Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Alahabad High Court.	-	35.99

Based on legal advice, discussions with the solicitors, etc., the management believes that there is a fair chance of decisions in the Company's favour in respect of all the items listed above and hence no provision is considered necessary against the same. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

34. During the year 2006-2007, a One Time Settlement (OTS) dated 22nd 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 28th 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. 417.63 lacs for the period from 22nd January, 2007 to 31st 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 15th 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 31st 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.

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

**(A) List of Related Parties & Relationships :**

	As at 31.03.2017	As at 31.03.2016
<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
<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. Abhishek Modi	Sh. U. K Modi Sh. Abhishek Modi
<b>(d) Key Management Personnel</b>	Sh. Abhishek Modi Executive Director & CEO Sh. Lakhmi Chand Sharma-CFO Sh. Shobit Nehra -CS	Sh. Abhishek Modi Executive Director & CEO Mr. Lakhmi Chand Sharma-CFO Mr. Shobit Nehra-CS



**(e) Relatives of Key Management Personnel & their Enterprises**

- (i) Mr. Umesh Kumar Modi
- (ii) Mrs. Kumkum Modi\*
- (iii) Mrs. Nandini Modi
- (iv) Mr. Jayesh Modi
- (v) Mrs. Shreepriya Modi
- (vi) Ms. Meghna Modi\*
- (vii) Mr. Glenn Yue Mang Wong
- (viii) Mrs. Himani Modi Agarwal\*
- (ix) Mr. Priyank Kumar Agarwal\*
- (x) Bimla Bajoria
- (xi) Raj Kumari agarwal
- (xii) RekhaMody
- (xiii) Promila Sharoff
- (xiv) Rajesh Gupta
- (xv) Urmila Kanoria
- (xvi) R.K. Sharoff
- (xvii) Pushap Kumar Gupta
- (xviii) Kailash Kanoria
- (xix) A to Z Holding Pvt.Ltd
- (xx) Arvind Continental Pvt. Ltd
- (xxi) Bihar Sponge Iron Ltd
- (xxii) M First Trding Pvt Ltd
- (xxiii) First Move Management Services Pvt. Ltd\*
- (xxiv) H. M. Tubes & Containers Pvt. Ltd\*
- (xxv) Jai Abhishek Investments Pvt. Ltd\*
- (xxvi) Jayesh Tradex Pvt. Ltd
- (xxvii) Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd\*
- (xxviii) Longwell Investment Pvt. Ltd
- (xxix) M.G. Mobiles India Pvt. Ltd
- (xxx) Meghna Autoworks Private Ltd\*
- (xxxi) Modi Arts Pvt. Ltd\*
- (xxxii) Modi Diagnostics Pvt. Ltd\*
- (xxxiii) Modi Goods and Retail Services Pvt. Ltd\*  
(formally known as Modi Groceries Pvt. Ltd.)
- (xxxiv) Modi Illva India Pvt. Ltd\*
- (xxxv) Modi Industries Ltd
- (xxxvi) Modi Motors Pvt. Ltd
- (xxxvii) Modi Mundipharma Pvt. Ltd\*
- (xxxviii) Modi Mundi Pharma Healthcare Pvt. Ltd\*( formerly Known as Modi Omega pharma ( India) Pvt Ltd)
- (xxxix) Modi Revlon Pvt. Ltd
- (xl) Modi Senator (India) Pvt. Ltd\*
- (xli) Modiline Travel Service Pvt. Ltd
- (xlii) Modi Hitech India Ltd (Formaly Known as Morgardshammer India Ltd)
- (xliii) SBEC Systems (India) Ltd\*
- (xliv) Swasth Investment Pvt. Ltd\*
- (xlv) Umesh Modi Corp. Pvt. Ltd\*
- (xlvi) Win Medicare Pvt. Ltd
- (xlvi) Daya Charitable Trust
- (xlvi) Mahabir Export and Impart Company Limited

\* 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 (a) above*	Referred in A (b) above	Referred in A (c) above	Referred in A (d) above	Referred in A (e) above
<b>Purchase</b> / Goods and Services	-	-	-	-	766.47
	(-)	(-)	(-)	(-)	(444.45)
<b>Sales</b> / Goods and Services	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Sale of Debt Assignment	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Expenses</b> / Commission in Sugar Cane	-	-	-	-	12.65
	(-)	(-)	(-)	(-)	(-)
Computer / Printing & Stationery	-	-	-	-	5.92
	(-)	(-)	(-)	(-)	(6.27)
Air Tickets / Vehicle Exp.	-	-	-	-	5.45
	(-)	(-)	(-)	(-)	(1.16)
Courier / Freight Exp./Postage & Telegraph	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Repair & Maintenance Exp.	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Rent/Telephone/Electricity	0.16	-	-	-	0.17
	(0.13)	(-)	(-)	(-)	(0.27)
Interest paid	-	-	-	-	98.16
	(-)	(-)	(-)	(-)	(105.63)
Salary & Wages etc	-	-	-	14.57	31.20
	(-)	(-)	(-)	(-)	(-)
Consultancy / Sitting Fee	-	-	0.02	-	0.02
	(-)	(-)	(-)	(-)	(-)
Gifts & other	0.28	-	-	-	1.04
	(0.01)	(-)	(-)	(-)	(-)
Prior Period Exp	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Stores & Spares Consumed	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Income</b>					
Other Income	9.67	-	-	-	-
	(402.66)	(-)	(-)	(-)	(-)
Corporate Guarantees Outstanding	500.00	-	-	-	7959.84
as on 31.03.16#	(1100)	(-)	(-)	(-)	(5996.19)
<b>Investment</b>	1720.83	-	-	-	-
	(1720.83)	(-)	(-)	(-)	(-)
Recoverable / Receivable as on 31.03.17					
Amount Recoverable	10580.10	-	-	-	9.53
	(10664.35)	(-)	(-)	(-)	(1.05)
<b>Finance / Advance Given as on 31.03.17</b>					
Year-end Balance of loan & Advance	2300.50	-	-	-	6387.59
	(2300.50)	(-)	(-)	(-)	(0.23)
<b>Payable as on 31.03.17</b>					
Amount Payable	-	-	-	-	132.68
	(-)	(-)	(-)	(-)	(3.05)
<b>Finance / Advance Taken as on 31.03.17</b>					
Year-end Balance of loan & Advance	-	-	-	-	6256.99
	-	-	-	-	(455.46)

# Guarantee given on behalf of SBEC Bioenergy Ltd. Rs.500.00 lacs (Previous year Rs. 1100.00 lacs).



**38. 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.

**39. 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 31.03.2017	As at 31.03.2016
<b>Deferred Tax Liability</b>		
Depreciation	602.25	732.22
Other Deductions	-	-
<b>Sub Total – A</b>	<b>602.25</b>	<b>732.22</b>
<b>Deferred Tax Assets</b>		
Business Loss / Unabsorbed Dep.	1438.35	1052.35
Deduction u/s 43B	56.05	52.73
Disallowance 40(A)(7)	36.38	27.25
<b>Sub Total – B</b>	<b>1530.78</b>	<b>1132.33</b>
<b>Net Deferred Tax Assets/(Liability) {B-A}</b>	<b>928.53</b>	<b>400.10</b>
<b>*Assets Recognised (Refer note below)</b>	<b>602.25</b>	<b>732.22</b>

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

40. The company in terms of Board of Director's resolution dated 6th July 2013 has filled a reference with the Board for Industrial and financial Reconstruction (BIFR) U/S 15(1) of the Sick Industrial companies (Special provisions) Act 1985 (SICA) vide its letter dated 24th July 2013 and as per communication received from BIFR vide its letter No. 3/(S-22)/BC/2013 dated 21st August 2013, The said reference has been registered by BIFR as case No. 58/2013. The BIFR has declared the company as Sick u/s 3(1)(0) of SICA and appointed IDBI as operating agency u/s 17(3) of the Act. in its hearing held on dated 04.02.2014 & the Draft Rehabilitation Scheme is under compilation. Since the Company has continued its normal manufacturing operations during the season 2016-17 therefore the accounts are prepared on a "Going Concern Basis". However, vide notification dated 25.11.16, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed with effect from 01.12.2016 by Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In terms of Section 4(b) of the Repeal Act, all pending proceedings under the previous Act (SICA) stands abated.

41. Additional information pursuant to provisions of Part II of Schedule III to the Companies Act, 2013.

**a) CAPACITY**

Installed Capacity (as certified by the management)	Year Ended 31 <sup>st</sup> March, 2017	Year Ended 31 <sup>st</sup> March, 2016
Sugarcane Crushing M.T. per day (No License required)	8000	8000

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

Classes of Goods	Opening Stock	Production	Sales		Closing stock	
	Quantity (Qtls.)	Quantity (Qtls.)	Quantity (Qtls.)	Value (in Lacs)	Quantity (Qtls.)	Value (in Lacs)
Sugar	1,34,648 (4,01,058.00)	835615 (1,023,959)	723755 (1,290,369)	2658.50 (37,125.21)	246508 (134,648)	8,975.58 (3878.74)
Molasses(By-product)	1,12,833.52 (2,57,187.00)	455794.95 (523,077.02)	368469.95 (667,430.50)	1608.86 (2889.79)	200158.45 (112,833.52)	965.51 (595.85)
<b>Purchases</b>						
Sugar Trading	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)


**(c) CONSUMPTION OF RAW MATERIALS**

(Rs. In lacs)

Particulars	Year ended 31 <sup>st</sup> March, 2017		Year ended 31 <sup>st</sup> March, 2016	
	Quantity (Quintals)	Value (Rs. In lacs)	Quantity (Quintals)	Value (Rs. In lacs)
Sugar Cane	90,52,523.00	28419.29	107,19,974.00	29,656.74

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

(Rs. in lacs)

Particulars	Current year	Previous Year
Interest, Others,	-	-

**e) CIF VALUE OF IMPORTS**

Store & Spares	7.92	19.16
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**f) EARNING IN FOREIGN CURRENCY**

Export of goods calculated on FOB basis	-	-
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**g) VALUE OF IMPORTED / INDIGENOUS RAW MATERIALS STORES AND SPARES CONSUMED**

Particulars	Indigenous Value	% Age	Imported Value	% Age
Raw Materials	28419.29	100%	-	Nil
Previous Year	27,076.61	100%	-	Nil
Stores & Spares*	854.44	99.08%	7.92	0.92%
Previous Year	936.31	97.99%	19.16	2.01%

\*Excluding spares used for capitalization.

**42. 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 2017	Year ended 31 <sup>st</sup> March 2016
Employer's contribution to Provident Fund	65.95	55.81

**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) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Defined Benefit obligation at the beginning of the period.	170.65	141.70	19.39	18.50
Past Service Cost	-	-	-	-
Current Service Cost.	22.78	19.02	2.42	1.89
Interest Cost.	13.65	11.33	1.55	1.48
Actuarial (gain)/loss	26.88	6.18	4.58	(2.47)
Benefits Paid	(16.30)	(7.59)	(1.15)	(-)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the period	217.67	170.65	26.80	19.39

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

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
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) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Fair Value of Plan Assets as at 31 <sup>st</sup> March	-	-	-	-
Present value of obligation as at 31 <sup>st</sup> March	217.67	170.65	26.80	19.39
Net asset/(liability) recognized in the Balance Sheet	(217.67)	(170.65)	(37.91)*	(31.19)*

\*It includes company grade employees' freeze liability in books amounting to Rs.11.11 lacs (Previous year Rs.11.80).

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

Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Current Service Cost	22.78	19.03	2.42	1.89
Past Service Cost	-	-	-	-
Interest Cost	13.65	11.34	1.55	1.48
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/loss recognized during the period	26.88	6.19	4.58	(2.47)
Expenses recognized in the statement of Profit & Loss	63.32	36.55	8.56	0.89


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

Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Actual return on plan assets	-	-	-	-

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

Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
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%	8%	8%
Future Salary Increase	5.50%	5.50%	5.50%	5.50%
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**

Particulars	Leave Encashment (Unfunded) 31.03.2017	Encashment (Unfunded) 31.03.2016	Encashment (Unfunded) 31.03.2015	Encashment (Unfunded) 31.03.2014	Encashment (Unfunded) 31.03.2013
PBO	26.80	19.39	18.50	15.23	14.10
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(26.80)	(19.39)	(18.50)	(15.23)	(14.10)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	(2.64)	2.47	0.02	1.12	1.76

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

Particulars	Grauity (Unfunded) 31.03.2017	Grauity (Unfunded) 31.03.2016	Grauity (Unfunded) 31.03.2015	Grauity (Unfunded) 31.03.2014	Grauity (Unfunded) 31.03.2013
PBO	217.67	170.65	141.70	126.55	88.34
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(217.67)	(170.65)	(141.70)	(126.55)	(88.34)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	(11.92)	(6.19)	(3.58)	(26.37)	3.79

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, 2017 and 31st March, 2016 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.



43. (a) Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.
- (b) Response to letters sent by the Company requesting confirmation of balances has been insignificant. In the management's opinion, adjustments on reconciliation of the balances, if any required, will not be material in relation to the financial statements of the Company and the same will be adjusted in the financial statements as and when the confirmations are received and reconciliations completed.
44. Details of Loans Given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013
- |                 |     |
|-----------------|-----|
| Loan Given      | NIL |
| Guarantee Given | NIL |
| Investment Made | NIL |
45. Considering the adverse economic/sector conditions and current financial instability the Management of the Company vide their resolution dated 05th 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 which were been shown as assets held for disposal till previous year have been disposed of during the year.
46. Additional information as required by Paragraph 6 of the General Instructions for Preparation of Balance Sheet to Schedule III to the Companies Act, 2013 with respect to details of Specified Bank Notes (SBNs) held and transacted during the period 8.11.16 to 30.12.16

(Amount in Rs.)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016 (*)	281000.00	53751.00	334751.00
Add: Withdrawal from Banks	0	520000.00	520000.00
Receipts for permitted transactions	0	14100.00	14100.00
Less: Paid for permitted transactions	0	406281.00	406281.00
Deposited in Banks	281000.00	0	281000.00
Closing cash in hand as on 30.12.2016 (*)	0	181570.00	181.570.00

\* As certified by the management

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016

47. Previous year figures have been regrouped/ rearranged wherever considered necessary.

#### SIGNED FOR IDENTIFICATION NOTE 1 to 47

For & on behalf of

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

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**Mukesh Goyal**  
Partner  
Membership No. : 511239

**Sd/-**  
**Narayan Prakash Bansal**  
(Director)  
DIN : 00010587

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**Jagdish Chander Chawala**  
(Director)  
DIN : 05316202

**Place : New Delhi**  
**Date : 29th May 2017**

**Sd/-**  
**Lakhmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-**  
**Shobit Nehra**  
(Company Secretary)



## INDEPENDENT AUDITOR'S REPORT

To the members of SBEC Sugar Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SBEC Sugar Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

### Basis for Qualified Opinion

- i. In Holding company during the year The Company has not made provision for interest on late payment of cane dues for the season 2015-16 of Rs3,476.76 and for 2016-17 of Rs 491.91 lacs. Accordingly the expenses and loss for the year ended on 31st March 2017 would have been higher by Rs Rs.3968.67 lacs and its consequential impact on EPS.
- ii. In SBEC Bioenergy Limited the company has taken the debt of IDBI, IFCI & SBEC Sugar Limited in Modi Industries Limited. As at 31st March, 2017 the company has net exposure of Rs.146.86 lacs. No Interest on the said amount has been provided as there is no reasonable certainty of its collection since the net worth of Modi Industries Limited has been completely eroded. However, no provisions 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 above, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

- a) note no44 of the statement regarding the company being registered with the Board for Industrial and Financial Reconstruction (BIFR) as per communication received from BIFR vide its letter No. 3/(S-22)/BC/2013 dated 21st August 2013 and consequent to it becoming a Sick Industrial u/s 3(1)(0) of SICA, as the company's net worth has been eroded and the company has incurred cash losses during the prior



years. However, vide notification dated 25.11.16, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed with effect from 01.12.2016 by Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In terms of Section 4(b) of the Repeal Act, all pending proceedings under the previous Act (SICA) stands abated. The statements have been prepared by the management of the company on a going concern basis as the company has continued its normal manufacturing during the current year.

- b) note no 31(b) of the statement regarding interest payment on cane dues where the High Court vide its order dated 9th March, 2017 has set aside the decision of State Government for the waiver of interest for the year 2012-13, 2013-14 and 2014-15 and asked the Cane Commissioner to take a final call in the matter, pending final order the Company has not made provision for interest, on the late payment of cane dues for years 2012-13, 2013-14 and 2014-15.

Our opinion is not modified in respect of these matters.

#### Other Matters

We did not audit the financial statements of subsidiaries. The financial statements of SBEC Bio-energy Limited reflects total assets of Rs.19409.18 lacs as at 31st March, 2017, total revenues of Rs. 990.24 lacs for the year ended on that date & the financial statements of SBEC Stockholding and Investment Limited reflects total assets of Rs.3797.91 lacs as at 31st March, 2017, total revenues of Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The matters described in the Basis for Qualified Opinion and the going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
  - (f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, no director is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the holding company and subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report; and
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group— Refer Note 32 to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.
    - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 50 to the financial statements.

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

**Place: New Delhi**  
**Dated: 29th May 2017**

**Mukesh Goyal**  
**Partner**  
**Membership No.- 081810**





**Annexure A to the Independent Auditor's Report on the Consolidated Financial Statement to the members of SBEC Sugar Limited dated May 30, 2017.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section**

In conjunction with our audit of the consolidated financial statement of SBEC Sugar Limited as of March 31, 2017. We have audited the internal financial controls over financial reporting of SBEC Sugar Limited (hereinafter referred to as the "Holding Company") and two subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") incorporated in India, as of the date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and two subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

**Other matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiaries which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

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

**Mukesh Goyal  
Partner**

**Membership No.- 081810**

**Place: New Delhi  
Dated: 29th May 2017**



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

	NOTE NO.	As at <u>31.03.2017</u> (In Rs.)	As at <u>31.03.2016</u> (In Rs.)
<b>I. EQUITY AND LIABILITY</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	476,940,175	476,940,175
(b) Reserves and Surplus	3	<u>(1,417,037,603)</u>	<u>(1,161,431,600)</u>
		<u>(940,097,428)</u>	<u>(684,491,425)</u>
<b>Minority Interest</b>		174,604,165	196,416,935
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	4	697,669,035	69,638,251
(b) Other Long Term Liabilities	5	1,256,200	1,426,200
(c) Long-term Provisions	6	<u>27,692,779</u>	<u>21,915,370</u>
		<u>726,618,014</u>	<u>92,979,821</u>
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	111,153,723	488,768,981
(b) Trade Payables	8	3,812,300,910	3,405,007,212
(c) Other Current Liabilities	9	281,241,314	232,858,654
(d) Short-term Provisions	10	<u>2,138,734</u>	<u>1,791,878</u>
		<u>4,206,834,681</u>	<u>4,128,426,725</u>
<b>TOTAL ASSETS</b>		<u>4,167,959,432</u>	<u>3,733,332,055</u>
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	515,843,410	525,979,146
(ii) Intangible Assets	11	424,583	483,045
(iii) Capital Work in Progress	11 A	<u>996,291</u>	<u>12,171,298</u>
		<u>517,264,284</u>	<u>538,633,489</u>
(b) Non-Current Investment	12	380,333,615	350,333,615
(c) Deferred Tax Assets (net)		41,303,124	36,198,925
(d) Long-term Loans & Advances	13	351,354	350,354
(e) Other Non-Current Assets	14	<u>1,471,577,018</u>	<u>1,473,839,118</u>
		<u>2,410,829,396</u>	<u>2,399,355,501</u>
<b>Current Assets</b>			
(a) Inventories	15	1,148,544,151	570,684,374
(b) Trade Receivables	16	206,603,539	216,547,312
(c) Cash & Bank Balances	17	79,693,785	15,635,571
(d) Short-term Loans & Advances	18	313,459,587	401,497,708
(e) Other Current Assets	19	<u>8,828,977</u>	<u>129,611,589</u>
		<u>1,757,130,039</u>	<u>1,333,976,553</u>
<b>TOTAL</b>		<u>4,167,959,432</u>	<u>3,733,332,055</u>

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

**For & on behalf of**

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

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**Mukesh Goyal**  
Partner  
Membership No. : 511239

**Sd/-**  
**Narayan Prakash Bansal**  
(Director)  
DIN : 00010587

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**Jagdish Chander Chawla**  
(Director)  
DIN : 05316202

**Place : New Delhi**  
**Date : 29th May 2017**

**Sd/-**  
**Lakhmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-**  
**Shobit Nehra**  
(Company Secretary)



# CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

	NOTE NO.	For the Year ended 31.03.2017 (In Rs.)	For the year ended 31.03.2016 (In Rs.)
<b>INCOME</b>			
Revenue From Operations	20	2,896,349,834	3,990,781,454
Other Income	21	32,799,174	55,777,111
<b>Total Revenue</b>		<b>2,929,149,008</b>	<b>4,046,558,566</b>
<b>EXPENSES</b>			
Cost of Material Consumed	22	2,841,929,361	2,752,591,783
Purchases of Stock-in-Trade	23	-	-
Change in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	24	(569,975,765)	736,700,546
Manufacturing Expense	25	286,323,050	210,726,364
Employee Benefit Expense	26	130,625,692	116,243,282
Finance Cost	27	149,909,607	103,436,621
Depreciation & Amortisation Expense	11	32,415,288	35,393,224
Administration Expenses	28	74,887,963	48,181,504
Selling Expense	29	13,266,467	17,353,530
Prior Period Items (including interest on cane payment Rs. 998.10 lacs)	30	2,324,765	2,097,336
<b>Total Expenses</b>		<b>2,961,706,429</b>	<b>4,022,724,190</b>
Profit / (Loss) before exceptional and extraordinary items and tax		(32,557,421)	23,834,376
Exceptional Items	31	(249,965,548)	-
Profit / (Loss) before extraordinary items and tax		(282,522,969)	23,834,376
Extraordinary Items		-	-
Profit before tax		(282,522,969)	23,834,376
<b>Tax expense :</b>			
(1) Current tax		-	1,297,130
(2) Deferred tax		(5,104,199)	(6,525,655)
(3) Taxes for earlier year		-	-
Profit/(Loss) for the period from continuing operations		(277,418,770)	29,062,901
Tax Expense of discontinuing operations		-	-
<b>Profit/(Loss) for the Year before minority Interest</b>		<b>(277,418,770)</b>	<b>29,062,901</b>
Minority Interest		(21,812,770)	(8,254,159.00)
<b>Profit/(Loss) for the Year</b>		<b>(255,606,000)</b>	<b>37,317,060</b>
<b>Earning per equity share:(Par value of Rs.10 each)</b>			
(1) Basic	32	(5.36)	0.78
(2) Diluted	32	(5.36)	0.78

The accompanying notes are intergal part of the financial statements.

Signed in terms of our report of even date.

For & on behalf of

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

**Sd/-**  
**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-**  
**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-**  
**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-**  
**Mukesh Goyal**  
Partner  
Membership No. : 511239

**Sd/-**  
**Narayan Prakash Bansal**  
(Director)  
DIN : 00010587

**Sd/-**  
**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-**  
**Jagdish Chander Chawla**  
(Director)  
DIN : 05316202

**Place : New Delhi**  
**Date : 29th May 2017**

**Sd/-**  
**Lakshmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-**  
**Shobit Nehra**  
(Company Secretary)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

	<u>Current Year</u> (In Rs.)	<u>Pervious Year</u> (In Rs.)
<b>A) Cash Flow from Operating Activities</b>		
Profit / (Loss) Before Tax as per Profit and Loss Account	(282,522,969.09)	23,834,375.24
Adjustments For :		
Interest Expenses	149,909,607.40	103,436,621.44
Interest Income	(1,387,334.00)	(5,434,695.00)
Dividend Income	(60,000.00)	(120,000.00)
Loss on sale of Fixed Assets	-	117,973.00
Profit on sale of Fixed Assets	-	(54,762.00)
Provision for Obsolete Store Items	-	816,483.00
Wealth tax	-	-
Depreciation	32,415,288.03	35,393,224.26
Deferred Revenue Expenditure	-	1,367,923.00
Profit on sale of Investment	-	-
Unclaimed credit balances written back	(120,762.13)	(9,443,594.19)
<b>Operating Profit before Working Capital Changes</b>	<b>(101,766,169.79)</b>	<b>149,913,548.75</b>
Adjustments For :		
Trade Receivables	9,943,773.22	(85,791,222.50)
Inventories	(577,859,776.51)	739,831,874.17
Trade Payables	407,293,698.06	(378,460,496.33)
Loans & Advances/Other Current Assets	210,999,996.30	7,161,962.20
Liabilities & Provisions	54,457,687.21	(121,694,238.46)
Cash generated from Operating Activities	3,069,208.49	310,961,427.83
Direct Taxes (Paid)/Refund	(29,164.28)	(1,812,582.00)
<b>Net Cash Flow from Operating Activities</b>	<b>3,040,044.21</b>	<b>309,148,845.83</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(22,221,089.63)	(9,034,334.68)
Capital Work in Progress	11,175,007.00	(8,569,308.00)
Realisation from Fixed Assets	(0.42)	188,094.58
Sale/(Purchase) of Investments	(30,000,000.00)	(71,750,000.00)
Dividend Income	60,000.00	120,000.00
Interest Received	1,387,334.00	5,434,695.00
<b>Net Cash Flow from Investing Activities</b>	<b>(39,598,749.05)</b>	<b>(83,610,853.10)</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (Net)	628,030,783.76	(111,517,672.40)
Proceeds from Short Term Borrowings (Net)	(377,615,258.00)	(18,923,926.00)
Net Interest (Paid)	(149,909,607.40)	(103,436,621.44)
<b>Net Cash Flow from Financing Activities</b>	<b>100,505,918.36</b>	<b>(233,878,219.84)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>63,947,213.52</b>	<b>(8,340,227.11)</b>
Cash and Cash Equivalents as on 1st April 2016 (Opening Balance)	14,105,970.00	22,446,203.00
Cash and Cash Equivalents as on 31st March 2017 (Closing Balance)	78,053,184.26	14,105,970.00
<b>Net Increase as disclosed above</b>	<b>63,947,213.52</b>	<b>(8,340,227.11)</b>

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	139,678.00	593,369.00
Balances with Banks	77,913,506.26	13,512,601.00
<b>TOTAL</b>	<b>78,053,184.26</b>	<b>14,105,970.00</b>

Signed in terms of our report of even date.

For & on behalf of Sd/-

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

Sd/-

**Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

Sd/-

**Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Vijay Kumar Modi**  
(Director)  
DIN : 00004606

Sd/-

**Mukesh Goyal**  
Partner  
Membership No. : 511239

Sd/-

**Narayan Prakash Bansal**  
(Director)  
DIN : 00010587

Sd/-

**Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

Sd/-

**Jagdish Chander Chawla**  
(Director)  
DIN : 05316202

Place : New Delhi

Date : 29th May 2017

Sd/-

**Lakhmi Chand Sharma**  
(Chief Financial Officer)

Sd/-

**Shobit Nehra**  
(Company Secretary)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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

The consolidated financial statements of the company and its subsidiary Company "SBEC Bioenergy Limited.", & and its Wholly Owned Subsidiary Company "SBEC Stock Holding & Investment Limited" used in the consolidation are drawn for a period of Twelve months ended on 31st March, 2017 (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 2013 & Companies Act 1956 as applicable as on the date. 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 31.03.2017
SBEC Bioenergy Limited	India	55
SBEC Stockholding & Investment 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 (Sugar): Sugar - at lower of cost or net realizable value.
- (b) Goods in Process - at cost
- (c) Raw material - at cost
- (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 Assets (Property, Plant & Equipment) & 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 fully depreciated in the year of addition.
  - (d) Other assets are being depreciated on the straight-line method as per the useful life mentioned in Schedule II of Companies Act 2013.
  - (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, Depreciation is provided on Straight Line Method, based at the rates specified under Schedule II to the Companies Act, 2013 & Depreciation on Intangible Assets is provided @20% p.a. on original cost.
- 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 recognize 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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**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.





## NOTES TO BALANCE SHEET

	As at <b>31.03.2017</b> (In Rs.)	As at 31.03.2016 (In Rs.)
<b>NOTE 2 : SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs. 10/- each	<b>1,000,000,000</b>	1,000,000,000
<b>ISSUED &amp; SUBSCRIBED CAPITAL :</b>		
47,814,430 (Previous Year 47,814,430) Equity Shares of Rs. 10/- each	<b>478,144,300</b>	478,144,300
<b>PAID UP :</b>		
47,653,880 (Previous Year 47,653,880) Equity Shares of Rs. 10/- each	<b>476,538,800</b>	476,538,800
Share Forfeiture Account	<b>401,375</b>	401,375
<b>TOTAL</b>	<b><u>476,940,175</u></b>	<u>476,940,175</u>

### 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 the approval of the 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 31.03.2017		As at 31.03.2016	
	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	9,065,568	19.02%	9,065,568	19.02%
3 Abhikum Leasing & Investment Pvt. Ltd.	5,624,844	11.80%	5,624,844	11.80%
4 M/s A to Z Holding Pvt. Ltd.	3,382,500	7.10%	3,382,500	7.10%
5 M/s Longwell Investments Pvt. Ltd.	2,721,500	5.71%	2,721,500	5.71%

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

	2016-17		2015-16	
	No. of shares	(Amount in Rs.)	No. of shares	(Amount in Rs.)
Equity Shares				
At the beginning of the year	47,653,880	47,653,880	47,653,880	47,653,880
Add: Shares Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Outstanding at the end of the year	47,653,880	47,653,880	47,653,880	47,653,880

- d) The Company has not allotted any fully paid-up share pursuant to contract(s) without payment being received in case nor has allotted any fully paid-up share by way of bonus share nor has bought back any class of shares during the period of five years immediately preceding the balance sheet date.



### NOTE 3 : RESERVES & SURPLUS

	As at 31.03.2017 (In Rs.)	As at 31.03.2016 (In Rs.)
<b>Surplus / (Deficit)</b>		
Balance as per last financial statement	(1,167,440,465)	(1,204,423,802)
Accumulated Depreciation earlier year	-	-
Balance in statement of Profit & Loss	(255,606,000)	37,317,059
Add: Transfer from Reserves	-	-
Less: Transfer to Reserves	184,236	333,719
<b>Closing Balance</b>	<b>(1,423,230,704)</b>	<b>(1,167,440,465)</b>
<b>Capital Reserve</b>		
Balance as per last financial statement	4,916,625	4,916,625
Add: Additions during the year	-	-
Less : Deductions during the year	-	-
<b>Closing Balance</b>	<b>4,916,625</b>	<b>4,916,625</b>
<b>Other Reserve-Molasses Storage Fund</b>		
Balance as per last financial statement	1,092,240	758,521
Add: Additions during the year	184,236	333,719
Less : Deductions during the year	-	-
<b>Closing Balance</b>	<b>1,276,476</b>	<b>1,092,240</b>
<b>Total</b>	<b>(1,417,037,603)</b>	<b>(1,161,431,600)</b>

### NOTE 4 : LONG-TERM BORROWINGS

<b>A. Secured Borrowings</b>		
a) Vehicle Loans	-	-
b) Hire Purchase - First Leasing Co. of India Ltd.	-	-
c) Term Loan from SREI Infrastructure Finance Ltd.	-	50,000,000
d) Pledged Account with the U.P. Cooperative Bank Ltd.	-	10,980,306
e) GS Pharmabutor Ltd. (Secured Loan)	315,013,320	-
f) Modrate Leasing & Capital Services Ltd. (Secured Loan)	374,297,770	-
<b>SUB-TOTAL (A)</b>	<b>689,311,090</b>	<b>60,980,306</b>
<b>B. Unsecured Loans</b>		
a) Fixed Deposits from Public	-	-
b) Deposits from Selling agents	8,357,945	8,657,945
<b>SUB-TOTAL (B)</b>	<b>8,357,945</b>	<b>8,657,945</b>
<b>TOTAL (A+B)</b>	<b>697,669,035</b>	<b>69,638,251</b>

Note : Terms of repayment / details of security are as follows : (Rs. In lacs)

Lending Institution	Outstanding As at 31.03.2017	2017-2018*	2018-19	2019-20	2020-21	2021-22
SREI Infrastructure Finance Ltd.	50,000,000	50,000,000	—	—	—	—
Moderate Leasing & Capital Services	360,000,000	30,000,000	—	—	—	—
Up Co-Operative Bank Ltd.	10,632,429	10,632,429	—	—	—	—
First Leasing Company of India Ltd.	45,122,804	45,122,804	—	—	—	—

#### \*SHOWN UNDER CURRENT MATURITY IN NOTE-9

- Loan from SREI Repayable in 20 equal installments (Monthly from January to June every year, beginning from January 2015). Interest is charged at SREI benchmark rate subject to minimum interest rate of 15.25%.
- First Leasing Company of India limited is under liquidation and official liquidator as demanded an amount of Rs. 44864598.43 together with interest @18% per annum by a letter dated 22.03.2016. The Company had given first One Time Settlement (OTS) proposal for Rs.2,83,97,632.60/- to be paid from June to December, 2016 but Hon'ble High Court Madras referred the matter to mediation center in March, 2017. After discussions and reconciliation of Accounts with the Official Liquidator, the Company had enhanced first OTS to Rs.3,43,00,000/-.The mediation center after recording the statements of both sides referred back the matter to Hon'ble High Court Madras. The Matter came up before High Court Madras, wherein the OL had given the Outstanding Working (Abstract Ledger) in which they had claimed Rs.4,30,71,175.64/- as the outstanding rental payable by Company to First Leasing of India Limited thereafter the Company contented the same and will not pay the difference of Rs.88,02,327/- and this amount works out to Rs.3.43 Crores Only. The matter is now pending for the Instructions from the Hon'ble High Court Madras and the matter is fixed for hearing in month of July, 2017. Outstanding amount and schedule of payment of First Leasing Company of India Ltd. (shown under note No. 9-Current maturity of long term loan) remained unreconciled/unconfirmed on account of above.
- Pledge Accounts with the U.P. Co-operative Bank Ltd. which was earlier secured by the pledge of stocks of sugar & second charge on the assets of company and was further secured by personal guarantee of two directors of the company. This loan now stands restructured with reference to repayment and charges. Now the company created an equitable mortgage on the land of the company and first charge were created and registered with ROC. The personal guarantee of two directors of the company are still in continuation. Credit facilities availed from U.P. Co-Operative Bank Limited converted in Working Capital Term Loan (in F.Y.2014-15) is repayable in maximum 36 installments along with interest @11.75%. The total Outstanding amount is shown under Note No. 9- Current maturity of long term loan.
- The Unsecured Loan of G.S. Pharmabutor Private Limited is converted into Secured Loan, during the year and second Charge is created on the Immovable properties of the Company situated in Village- Lohan, District Baghpat, U.P.
- The Unsecured Loan of Moderate Leasing and Capital Services Limited is converted into Secured Loan, during the year and third Charge is created on the Immovable properties of the Company Situated in Village- Lohan, District Baghpat, U.P.

**NOTE 5 : OTHER LONG-TERM LIABILITIES**

	<b>As at 31.03.2017 (In Rs.)</b>	<b>As at 31.03.2016 (In Rs.)</b>
Security Deposit Received	1,256,200	-
Retention Money	-	1,426,200
<b>Total</b>	<b>1,256,200</b>	<b>1,426,200</b>

**NOTE 6 : LONG-TERM PROVISIONS**

Provision for Employee Benefits :		
For Leave Encashment	4,297,275	3,457,350
For Gratuity	23,395,504	18,458,020
<b>Total</b>	<b>27,692,779</b>	<b>21,915,370</b>

**NOTE 7 : SHORT-TERM BORROWINGS****A Secured Borrowings**

b) Pledge Account with The U.P. Co-operative Bank Ltd. (Refer Foot Note no. 4)	-	-
c) OD Account with The Shamrao Vithal Co-Operative Bank Ltd.	-	-
<b>SUB-TOTAL (A)</b>	-	-

**B Unsecured Loans**

a) Inter Corporate Deposits	59,528,240	233,494,246
b) Fixed deposits*	-	-
c) Loan from Moderate Leasing & Capital Serv. Ltd. 19%	51,625,483	255,274,735
<b>SUB-TOTAL (B)</b>	<b>111,153,723</b>	<b>488,768,981</b>
<b>Grand Total (A+B)</b>	<b>111,153,723</b>	<b>488,768,981</b>

**NOTE 8 : TRADE PAYABLES**

a) Total outstanding dues of micro enterprise and small enterprises Sundry Creditors	-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
- For Sugarcane (including expenses related to Cane)	3,479,531,557	2,979,159,206
Others	332,769,353	425,848,007
<b>TOTAL</b>	<b>3,812,300,910</b>	<b>3,405,007,212</b>

The information as required to be disclosed under the Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has been determined to the extent such parties have been identified by the company, on the basis of information and records available with them.

This information has been relied upon by the auditors. Disclosure in respect of interest due on delayed payment has been determined only in respect of payments made after the receipt of information, with regards to filing of memorandum, from the respective suppliers. Disclosure as required under section 22 of the Act, is as under:

**S.No. Particulars**

	<b>As at 31.03.2017 (Amount in Lacs)</b>	<b>As at 31.03.2016 (Amount in Lacs)</b>
(i) Principal amount remaining unpaid as at end of the year	1.52	3.29
(ii) Interest due on above	-	-
1 Total of (i) & (ii)	1.52	3.29
2 Interest paid on delayed payment of principal, paid along with such interest during the year	-	-
3 Interest due on delayed payment of principal, paid without such interest during the year	-	-
4 Interest accrued but not due, in respect of delayed payments of principal due as at end of the year	0.25	1.23
5 Total interest due and payable together with that from prior year(s)	-	-



## NOTE 9 : OTHER CURRENT LIABILITIES

	As at 31.03.2017 (In Rs.)	As at 31.03.2016 (In Rs.)
Current maturity of long term loans	-	-
Fixed Deposits from Public	-	-
Unclaimed Fixed Deposit from public	-	-
Excise Loan from the Shamrao Vithal Co-operative Bank Ltd.	10,632,429	24,000,000
Hire Purchase - First Leasing Co. of India Ltd.	45,122,804	45,186,148
Vehicle Loans	-	856,492
Statutory Dues	99,865,907	50,593,815
Interest accrued but not due on borrowings	325,479	721,956
Interest accrued and due on borrowings	4,397,999	3,368,567
Bills Payable Acceptance	-	23,126
Advance Against Sales	17,815,718	6,111,322
Security Deposit Received	45,000	45,000
Employees Related dues	19,700,426	17,033,842
Retention Money	1,965,770	3,019,121
Other Liabilities	1,369,783	21,899,266
SREI Infrastructure Finance Ltd.	50,000,000	60,000,000
Moderate Leasing & Capital Service Ltd. (Secured Loan)	30,000,000	-
<b>TOTAL</b>	<b>281,241,314</b>	<b>232,858,654</b>

## NOTE 10 : SHORT-TERM PROVISIONS

Provision for Employee Benefits	190,076	203,880
For Leave Encashment	1,948,658	1,587,998
For Gratuity	-	-
Others :		
For Wealth Tax	-	-
For Income Tax	-	-
<b>TOTAL</b>	<b>2,138,734</b>	<b>1,791,878</b>

## NOTE 11 : INTANGIBLE ASSETS

(Amount in Rs.)

Gross Block	Land			Buildings	Plant & Equipment	Factory Approach Road	Office Equipment	Computer Equipment	Furniture & Fixtures	Vehicles	Total
	Freehold	Leasehold(a)	Leasehold Improvement								
At 1st April 2015	4,615,226.00	5,642,858.00	84,740.00	143,474,068.00	1,516,986,285.00	24,432,136.00	3,671,745.00	8,953,689.00	7,056,401.00	17,544,681.00	1,732,461,829.00
Additions	-	-	-	1,323,850.00	7,083,669.00	-	228,067.00	64,360.00	9,389.00	-	8,709,335.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	(1,408,622.00)	(1,408,622.00)
At 31st March 2016	4,615,226.00	5,642,858.00	-	144,797,918.00	1,524,069,954.00	24,432,136.00	3,899,812.00	9,018,049.00	7,065,790.00	16,136,059.00	1,739,762,542.00
Additions	-	-	-	-	20,918,734.00	-	258,931.00	967,925.00	21,500.00	-	22,167,090.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	4,615,226.00	5,642,858.00	-	144,797,918.00	1,544,988,688.00	24,432,136.00	4,158,743.00	9,985,974.00	7,087,290.00	16,136,059.00	1,761,929,632.00
At 1st April 2015	0	1,027,178.00	84,740.00	61,912,199.00	1,070,139,869.00	20,581,690.00	3,037,737.00	8,115,484.00	5,859,786.00	8,863,692.00	1,179,622,375.00
Charge for the year	-	63,701.00	-	3,198,929.00	25,131,446.00	3,861,025.00	207,172.00	327,204.00	448,183.00	2,080,678.00	35,318,338.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	(1,157,316.00)	(1,157,316.00)
At 31st March 2016	-	1,090,879.00	-	65,111,128.00	1,095,271,315.00	24,432,136.00	3,244,909.00	8,442,688.00	6,307,969.00	9,787,054.00	1,213,783,397.00
Charge for the year(c) & (d)	-	63,701.00	-	3,199,228.00	26,192,192.00	-	200,126.00	399,770.00	243,933.00	2,003,876.00	32,303,826.00
Disposals	-	-	-	-	-	-	-	-	-	-	-
Adjustment (b)	-	-	-	-	-	-	-	-	-	-	-
Charge for exhausted assets(c)	-	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	1,154,579.99	-	68,310,355.99	1,121,463,507.00	24,421,557.00	3,445,035.00	8,842,458.00	6,551,902.00	11,790,929.99	1,246,086,221.00
<b>Net Block</b>											
At 31st March 2016	4,615,226.00	4,551,979.00	-	79,686,789.00	428,788,060.00	-	654,903.00	575,362.00	757,820.00	6,349,006.00	525,979,145.00
At 31st March 2017	4,615,226.00	4,488,278.00	-	76,487,562.01	423,514,602.00	-	713,708.00	1,143,517.00	535,388.00	4,345,131.00	515,843,410.00

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.

**NOTE 11 : INTANGIBLE ASSETS**

(Amount in Rs.)

Gross Block	Computer Software
At 1st April 2015	2,023,018.00
Additions	325,000.00
Disposals	-
At 31st March 2016	2,348,018.00
Additions	54,000.00
Disposals	-
At 31st March 2017	2,402,018.00
Amortisation	-
At 1st April 2015	1,790,087.00
Charge for the year	74,886.00
Disposals	-
At 31st March 2016	1,864,973.00
Charge for the year	112,462.00
At 31st March 2017	1,977,435.00
Net Block	
At 31st March 2016	483,045.00
At 31st March 2017	424,583.00



	As at <b>31.03.2017</b> (Amount in Rs.)	As at <b>31.03.2016</b> (Amount in Rs.)
<b>NOTE 11 A : CAPITAL WORK IN PROGRESS</b>		
For Existing Operations	<b>996,291</b>	12,171,298
<b>TOTAL</b>	<b>996,291</b>	12,171,298
<b>NOTE 12 : NON-CURRENT INVESTMENT</b>		
<b>Trade Investment</b>		
(Unquoted, Valued at Cost)		
<b>Investment in Subsidiary Companies</b>		
40,000 Equity Shares of Rs.25/- each in The Shamrao Vithal Co-Operative Bank Ltd.		
(Previous year - 40,000 Equity shares of Rs.25/- each)	<b>1,000,100</b>	1,000,100
Share Transfer Stamp Fee	<b>82,500</b>	82,500
<b>SUB TOTAL (a)</b>	<b>1,082,600</b>	1,082,600
<b>Other Investments:</b>		
4,50,000 Equity Shares of Rs. 10/- each of Modi Illva India Pvt. Ltd.		
(Previous Year - 4,50,000 Equity shares of Rs. 10/- each)	<b>145,750,000.00</b>	44,500,000.00
100 Eq.Shares of Rs.10/- each of Chandil Power Ltd..		
Share Application Money		
(Previous Year - 100 Equity shares of Rs. 10/- each)	<b>1,000.00</b>	1,000.00
19,12,500 Non Transferable compulsory Convertible Unsecured zero % Debenture of Modi Illva India Pvt. Ltd. Rs. 100/-each		
(Previous Year - 13,37,500/- Equity shares of Rs. 100/- each)	<b>233,500,000.00</b>	304,750,000.00
30 Equity Shares of Rs. 10/- each in Modi Casing & Packaging Pvt. Ltd. (Formaly Known as Modi Gourmet Ltd.) #		
(Previous Year - 50,000 Equity shares of Rs. 10/- each)	300	
Less : Provision made for diminution in value of investment	285	15
<b>SUB TOTAL (b)</b>	<b>379,251,015</b>	349,251,015
<b>TOTAL (a+b)</b>	<b>380,333,615</b>	350,333,615
Aggregate amount of unquoted investments	<b>380,333,615</b>	350,333,615
Aggregate provision for diminution in value of investments	<b>285</b>	285
# The Company ceases to be subsidiary w.e.f. 30.09.2014		
<b>NOTE 13 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good</b>		
Security Deposits	<b>351,354</b>	350,354
<b>TOTAL</b>	<b>351,354</b>	350,354
<b>NOTE 14 : OTHER NON-CURRENT ASSETS</b>		
Debt Assignment Recoverable-PNB - (Also Refer Note No. 33)	<b>591,731,100</b>	591,731,100
Debt Assignment Recoverable(IFCI and IDBI)	<b>876,866,582</b>	876,866,582
Margin money with others	-	-
SREI Infrastructure Finance Ltd.	<b>2,816,991</b>	3,077,524
<b>Other Bank Balances</b>		
Balance with Scheduled Banks in -		
— Fixed Deposits Pledged with Banks	<b>162,345</b>	2,163,912
<b>TOTAL</b>	<b>1,471,577,018</b>	1,473,839,118
<b>NOTE 15 : INVENTORIES</b>		
Goods in progress	<b>44,127,642</b>	22,438,822
Finished goods	<b>1,012,068,708</b>	463,781,762
Stores and spares*	<b>85,845,870</b>	81,481,010
Other stocks	<b>6,501,931</b>	2,982,779
<b>Total</b>	<b>1,148,544,151</b>	570,684,374
*Net of Provision for Obsolescence Rs. 27.36 lacs (Previous Year Rs. 29 lacs )		



	As at 31.03.2017 (Amount in Rs.)		As at 31.03.2016 (Amount in Rs.)	
<b>NOTE 16 : TRADE RECEIVABLES</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured	28,313,257		14,318,066	
- Doubtful	5,463,653	33,776,910	190,400	14,508,466
Other Debts				
- Unsecured	178,290,282		202,229,245	
- Doubtful	-	178,290,282	-	202,229,245
Less: Provision for Bad and Doubtful Debts		5,463,653		190,400
<b>TOTAL</b>		<b>206,603,539</b>		<b>216,547,312</b>
<b>NOTE 17 : CASH AND BANK BALANCES</b>				
<b>Cash and Cash Equivalents</b>				
Cash in hand		139,678		539,369
Balance with Banks in -				
— In Current Accounts		77,913,506		13,512,601
<b>Other Bank Balances</b>				
Balance with Banks in -				
— Fixed Deposits		1,640,601		1,529,601
<b>TOTAL</b>		<b>79,693,785</b>		<b>15,635,571</b>
<b>NOTE 18 : SHORT TERM LOAN &amp; ADVANCES</b>				
<b>Unsecured</b>				
<b>LOAN &amp; ADVANCES TO RELATED PARTIES</b>				
Recoverable against Debt Assignment		-		-
Promoter Company - SBEC Systems (India) Limited		12,837,523		12,837,523
Advance Recoverable In Cash or in Kind or for Value to be received				
Unsecured	218,813,637	-	263,897,411	-
Doubtful	-	-	-	-
Less : Provision for doubtful advances	-	218,813,637	-	263,897,411
Amount deposited under protest*		8,427,156		11,537,881
Taxes recoverable		848,000		2,363,694
Balance with Excise/Trade Tax Authorities		12,245,042		17,579,431
Prepaid Expenses		2,769,106		1,658,212
REC Recoverable		53,512,000		87,217,500
Staff Balances		-		106
Advance to suppliers		4,003,070		4,401,897
Other		4,054		4,054
<b>TOTAL</b>		<b>313,459,587</b>		<b>401,497,708</b>
<b><u>*Amount deposited under protest Detail</u></b>				
<b>U.P. VAT Act</b>		3,025,600		6,465,625
<b>Central Excise Act</b>		5,401,556		5,072,256
<b>TOTAL</b>		<b>8,427,156</b>		<b>11,537,881</b>




**NOTE 19 : OTHER CURRENT ASSETS**

	As at 31.03.2017 (Amount in Rs.)	As at 31.03.2016 (Amount in Rs.)
Assets held for Disposal (Also refer Note No. - 47)	-	120,811,776
Tax Deducted At Source	307,105	300,876
Income Tax Receivable	5,021,872	4,998,937
Deffered Revenue Expenditure	-	-
Margin money with others	3,500,000	3,500,000
<b>TOTAL</b>	<b>8,828,977</b>	<b>129,611,589</b>
	<b>For the Year ended 31.03.2017</b>	<b>For the Year ended 31.03.2016</b>

**NOTE 20 : REVENUE FROM OPERATIONS**

a) <u>Sale of product</u>		
Sugar	2,658,049,640	3,712,521,347
Power	98,188,762	93,855,842
b) <u>Other operating revenue</u>		
Molassses	160,885,897	288,979,167
Bagasse	142,241,083	107,852,870
Scrap Sale	4,961,284	1,344,688
Less : Excise Duty	167,976,832	213,772,460
<b>TOTAL</b>	<b>2,896,349,834</b>	<b>3,990,781,454</b>

**NOTE 21 : OTHER INCOME**

Interest Received	1,387,334	5,434,695
Profit on sale of Fixed Assets :	-	54,762
Dividend received from cooperative Society	60,000	120,000
Sale of Export Entitlement	-	-
REC Income	29,851,500	40,266,000
Miscellaneous Income	570,344	125,293
Purchase Tax Waiver Account	-	-
Foriegn Exchange Fluctuation	5,234	-
Excess Provision / Sundry balances written back	120,762	9,443,594
Hiring Charges	804,000	332,767
<b>TOTAL</b>	<b>32,799,174</b>	<b>55,777,111</b>

**NOTE 22 : COST OF MATERIAL CONSUMED**

Raw Material Consumed	2,841,929,361	2,752,591,783
<b>TOTAL</b>	<b>2,841,929,361</b>	<b>2,752,591,783</b>

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

Sugar Purchased For Trading	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

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

<b>Opening Stock</b>			
Finished Goods	463,781,762	1,193,860,789	
Goods in Process	22,438,822	29,060,342	
Stock in Trade	-	-	1,222,921,130
<b>Closing Stock</b>			
Finished Goods	1,012,068,708	463,781,762	
Goods In Process	44,127,642	22,438,822	
Stock in Trade	-	-	486,220,585
<b>Increase/(Decrease) In Stocks</b>	<b>569,975,765</b>	<b>(736,700,546)</b>	

**NOTE 25 : MANUFACTURING EXPENSE**

	<b>For the Year ended 31.03.2017 (Amount in Rs.)</b>	<b>For the Year ended 31.03.2016 (Amount in Rs.)</b>
Stores & Spares Consumed (Including Packing Exp.)	94,515,172	104,388,952
Power & Fuel	4,160,915	3,100,065
Repair & Maintenance		
- Plant & Machinery	118,218,571	98,387,675
- Building	20,453,554	6,721,460
- Others	<u>4,556,422</u>	<u>4,343,913</u>
Freight & Cartage	2,042,781	1,211,825
Material Handling Expenses	9,436,169	12,502,157
Variation in Excise duty on opening and closing stock	-	-
Finished Goods	29,322,650	(24,258,555)
Bagasse and Ash Handling Charges	<u>3,616,816</u>	<u>4,328,872</u>
<b>TOTAL</b>	<b><u>286,323,050</u></b>	<b><u>210,726,364</u></b>

	<b>For the Year ended 31.03.2017 (Amount in Rs.)</b>	<b>For the Year ended 31.03.2016 (Amount in Rs.)</b>
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**NOTE 26 : EMPLOYEE BENEFIT EXPENSES**

Salary, Wages & Bonus	110,891,084	100,614,695
Company's Contribution To Provident & Other Funds	8,661,211	7,479,891
Staff Welfare Expenses	4,145,560	3,921,966
Gratuity	6,927,837	4,226,730
<b>TOTAL</b>	<b><u>130,625,692</u></b>	<b><u>116,243,282</u></b>

**NOTE 27 : FINANCE COST**

Interest expenses	149,719,375	103,419,241
Finance Charges	190,232	17,380
<b>TOTAL</b>	<b><u>149,909,607</u></b>	<b><u>103,436,621</u></b>

**NOTE 28 : ADMINISTRATION EXPENSES**

Telephone, Postage & Telegram	1,116,407	1,203,776
Legal & Professional Charges	9,289,622	12,937,789
Director's Siting Fee	51,000	72,105
Loss on Sale of Fixed Assets	-	117,973
Travelling & Conveyance	11,743,910	10,089,750
Rent Including Lease Charges	297,000	1,206,860
Rates & Taxes	3,287,047	1,048,346
Vehicle Expenses	2,497,182	2,237,277
Insurance	-	-
Insurance Expenses	4,103,024	3,579,071
Insurance Realeased on Sugar	<u>(2,801,622)</u>	<u>(4,994,579)</u>
Security Guard Expenses	6,317,974	5,634,689
Payment to Auditors *	496,470	568,925
Provision for obsolete store items	-	816,483
Subcription Fee	-	-

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

	For the Year ended 31.03.2017 (In Rs.)	For the Year ended 31.03.2016 (In Rs.)
Foreign exchange fluctuation	-	15,461
Bank Charges	59,632	75,630
Wealth Tax	-	-
Misc. Expenses	4,974,910	4,592,455
Misc. Expenditure Written off	-	1,367,923
Loss on Sale of Investment	-	-
Loss on Revaluation of Investment	-	-
REC EXPS (Include Rs. 7034850/- for Previous Year)	3,582,180	7,247,880
CLAIM AGST TRANSIT	241,050	271,632
Laboratory Exp.	47,685	88,979
Swachh Bharat Cess Exp	19,704	3,078
Interest On TDS	12,340	-
Kirshi Kalyan Cess	18,000	-
Excess Provision / Sunday balance written back	3,603,641	-
Excess Provision Written Back - Gi014	20,657,555	-
PROVISION FOR BAD & DOUBTFUL DEBTS (P&L)	5,273,253	-
<b>TOTAL</b>	<b><u>74,887,963</u></b>	<b><u>48,181,504</u></b>
*Details of Payment to Auditors		
a) Statutory Audit Fee	418,666	405,900
b) Tax Audit fee	43,126	37,500
b) Certification & Reimbursement	22,328	117,500
c) Out of pocket expenses	12,350	42,550
<b>TOTAL</b>	<b><u>496,470</u></b>	<b><u>603,450</u></b>

**NOTE 29 : SELLING EXPENSES**

Commission	12,404,651	15,885,277
Rent (Godown)	-	630,000
Freight, Clearing & Forwarding	852,816	670,753
Rebate & Discount	9,000	167,500
<b>TOTAL</b>	<b><u>13,266,467</u></b>	<b><u>17,353,530</u></b>

**NOTE 30 : PRIOR PERIOD EXPENSES**

Prior Period Expenses	2,324,765	2,097,336
<b>TOTAL</b>	<b><u>2,324,765</u></b>	<b><u>2,097,336</u></b>



## NOTES ON FINANCIAL STATEMENT:

- 31) The State Government of Uttar Pradesh has, as per PNCM Cabinet Decision dated 18th January 2016, inter alia, announced cash subsidy upto Rs. 23.30 per Qtl of cane purchased and reimbursement of cane commission payable to society of Rs 3.00 Per Qtl for the sugar industry for crushing season 2015-16, linked to the average selling price of sugar and it's by products. Accordingly the Company has accounted for cash subsidy of Rs. 23.30 per Qtl of cane purchased by it aggregating to Rs. 2209.45 lacs in crushing season 2015-16 and reimbursement of cane commission amounting to Rs 290.20lacs. Special Secretary Government of Uttar Pradesh vide his letter dated 22.12.16 addressed to the cane commissioner has withdrawn the said financial assistance/ grant. The management has booked the earlier recognized Cash Subsidy of cane purchased of Rs.2,209.45lacs and cane commission of Rs 290.20lacs and showed it a Exceptional items in the financial results for Quarter ending March 2017

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

Particulars	Current Year	Previous Year
Net Profit/(Loss) after tax (Rs. in lacs)	(2556.06)	373.17
Weighted Average number of equity shares outstanding during the year	4,76,53,880	4,76,53,880
Basic Earnings per Share (Rs.)	(5.36)	0.78
Diluted Earnings per Share (Rs.)	(5.36)	0.78

### 33. Contingent Liabilities not provided for in respect of:

Particulars	As at 31.03.2017	As at 31.03.2016
<b>(Rs. in lacs)</b>		
<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.	7959.84	7353.67
ii) Outstanding against Guarantee given on behalf of SBEC Bio-energy Ltd.	500.00	1100.00
iii) Duties and Tax liabilities disputed by the Company	1825.81	1774.07
iv) Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	-	35.99
<b>In the case of SBEC Bioenergy Limited:</b>		
v) Claims against the company not acknowledged as debts:-		
Income tax matters	103.01	286.50

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

During the year 2006-2007, a One Time Settlement (OTS) dated 22nd 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 28th 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. 417.63 lacs for the period from 22nd January, 2007 to 31st 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 15th 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 31st 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.

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

- (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 27th January, 2007 and 9th 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.

- (i) 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 30th December, 2009 on payment of settlement amount, Rs. 775 lacs.

The company made a payment of Rs. 775 lacs to IFCI on 30th December 2009 and in consideration thereof IFCI Limited executed a Deed of Assignment dated 19th 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.

- (ii) 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 31st 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.

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

- a) The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1st 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, 2015. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL.
- b) UPPCL has charged Rs. 6.62 lacs for the year 2016-17 (Previous Year Rs. 6.31 lacs) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 8th 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 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 31st March, 2017 the company has net exposure of Rs.14685.98 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. Proceedings before the BIFR are pending. No provision for the diminution in debts is required to be made in these financial statements
36. 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.

**37. Executive and Whole time Director's Remuneration included under different heads of expenditure is as follows:****b) In the case of SBEC Bioenergy Limited:**

Mr. Abhishek Modi, Executive director was paid remuneration in accordance with Schedule V to the Companies Act, 2013. The same having been included under different heads of expenditure is as follows:

Particulars	(Rs. in Lacs)	
	Current Year	Previous Year
Salary & bONUS	52.22	49.95
Contribution to Provident fund	4.05	3.58
Others	0.33	0.31
<b>TOTAL</b>	<b>56.60</b>	<b>53.84</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 198 of the Companies Act, 2013 for the purpose of computation of managerial remuneration 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)	(535.77)	(235.71)
Add:-		
Depreciation provided in the Accounts	44.59	42.79
Director and Manager Remuneration	56.60	53.84
Loss on sale of Fixed Assets		
<b>Subtotal</b>	<b>(434.58)</b>	<b>(139.08)</b>
Less:-		
Depreciation	44.59	42.79
Profit on sale of Fixed Assets	-	-
<b>Profit(Loss) u/s 198</b>	<b>(479.17)</b>	<b>(181.87)</b>

### 38. 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:

(Rs. in Lacs)

Particulars	Power Generation		Assets Acquiring		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue</b>						
External	990.24	945.73	-	-	990.24	945.73
Inter Segment	-	-	-	-	-	-
Total Revenue	990.24	945.73	-	-	990.24	945.73
<b>Result</b>						
Segment Result (Profit /(Loss) before tax)	365.18	418.93	(18.03)	(8.67)	347.15	410.26
Unallocated expenses	-	-	-	-	157.97	180.09
Interest Expense	-	-	-	-	724.95	507.43
Unallocated Income	-	-	-	-	-	41.54
Interest Income	-	-	-	-	-	-
Income taxes	-	-	-	-	-	12.97
Deferred tax	-	-	-	-	51.04	65.26
Profit after tax	-	-	-	-	(484.73)	(183.43)
<b>Other Information</b>						
Segment Assets	2966.98	3261.81	14,685.98	14,685.98	17652.95	17952.78
Unallocated Assets	-	-	-	-	1756.22	1236.90
Segment Liabilities	2029.22	2710.82	8,302.87	8,301.44	10332.09	11012.26
Unallocated Liabilities	-	-	-	-	5196.99	3812.60
Capital Expenditure	-	-	-	-	-	-
Depreciation	-	-	-	-	44.59	42.79

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



### 39. 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.

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

#### (A) List of Related Parties & Relationship :

	As at 31.03.2017	As at 31.03.2016
<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
<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. Abhishek Modi	Sh. U. K Modi Sh. Abhishek Modi
<b>(d) Key Management Personnel</b>	Sh. Abhishek Modi Executive Director & CEO  Mr. Lakhmi Chand Sharma, CFO Mr. Shobit Nehra-CS Mr. Ajay Gupta-CFO (SBEC Bioenergy Ltd.)	Sh. Abhishek Modi Executive Director & CEO  Mr. Lakhmi Chand Sharma, CFO Mr. Shobit Nehra-CS Mr. Ajay Gupta-CFO (SBEC Bioenergy Ltd.)
<b>(e) Relatives of Key Management Personnel &amp; their Enterprises</b>		
(i) Mr. Umesh Kumar Modi		
(ii) Mrs. Kumkum Modi*		
(iii) Mrs. Nandini Modi		
(iv) Mr. Jayesh Modi		
(v) Mrs. Shreepriya Modi		
(vi) Ms. Meghna Modi*		
(vii) Mr. Glenn Yue Mang Wong		
(viii) Mrs. Himani Modi Agarwal*		
(ix) Mr. Priyank Kumar Agarwal*		
(x) Bimla Bajoria		
(xi) Raj Kumari agarwal		
(xii) RekhaMody		
(xiii) Promila Sharoff		
(xiv) Rajesh Gupta		
(xv) Urmila Kanoria		





- (xvi) R.K. Sharoff
- (xvii) Pushap Kumar Gupta
- (xviii) Kailash Kanoria
- (xix) A to Z Holding Pvt.Ltd
- (xx) Arvind Continental Pvt. Ltd
- (xxi) Bihar Sponge Iron Ltd
- (xxii) M First Trding Pvt Ltd
- (xxiii) First Move Management Services Pvt. Ltd\*
- (xxiv) H. M. Tubes & Containers Pvt. Ltd\*
- (xxv) Jai Abhishek Investments Pvt. Ltd\*
- (xxvi) Jayesh Tradex Pvt. Ltd
- (xxvii) Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd\*
- (xxviii) Longwell Investment Pvt. Ltd
- (xxix) M.G. Mobiles India Pvt. Ltd
- (xxx) MeghnaAutoworks Private Ltd\*
- (xxxi) Modi Arts Pvt. Ltd\*
- (xxxii) Modi Diagnostics Pvt. Ltd\*
- (xxxiii) Modi Goods and Retail Services Pvt. Ltd\*  
(formally known as Modi Groceries Pvt. Ltd.)
- (xxxiv) Modi Illva India Pvt. Ltd\*
- (xxxv) Modi Industries Ltd
- (xxxvi) Modi Motors Pvt. Ltd
- (xxxvii) Modi Mundipharma Pvt. Ltd\*
- (xxxviii) Modi Mundi Pharma Healthcare Pvt. Ltd\*( formerly Known as Modi Omega pharma ( India) Pvt Ltd)
- (xxxix) Modi Revlon Pvt. Ltd
- (xl) Modi Senator (India) Pvt. Ltd\*
- (xli) Modiline Travel Service Pvt. Ltd
- (xlii) Modi Hitech India Ltd (Formaly Known as Morgardshammer India Ltd)
- (xliii) SBEC Systems (India) Ltd\*
- (xliv) Swasth Investment Pvt. Ltd\*
- (xlv) Umesh Modi Corp. Pvt. Ltd\*
- (xlvi) Win Medicare Pvt. Lt
- (xlvii) Revlon Lanka Pvt. Ltd.
- (xlviii) Revlon Trading Bangladesh Pvt. Ltd.
- (xlix) ABC Holding Pvt. Ltd
- (l) Abhikum Leasing & Investment Pvt. Ltd.
- (li) Kumabhi Investment Pvt. Ltd.
- (lii) Meghkum Leasing & Investment Pvt. Ltd
- (liii) Technicast Engineers Limited
- (liv) Daya Charitable Trust
- (lv) Mahabir Export and Import Company 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 (a) above*	Referred in A (b) above	Referred in A (c) above	Referred in A (d) above	Referred in A (e) above
<b>Purchase / Goods and Services</b>		-	-	-	766.47
	(-)	(-)	(-)	(-)	(444.50)
<b>Sales / Goods and Services</b>	-	-	-	-	8.44
	(-)	(-)	(-)	(-)	(3.49)
Sale of Debt Assignment	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Expenses</b>					
Computer / Printing & Stationery	-	-	-	-	5.92
	(-)	(-)	(-)	(-)	(6.27)
Commission on Sugar Cane	-	-	-	-	12.65
	(-)	(-)	(-)	(-)	(-)
Air Tickets / Vehicle Exp.	-	-	-	-	13.69
	(-)	(-)	(-)	(-)	(16.59)
Courier / Freight Exp./Postage & Telegraph	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Repair & Maintenance Exp.	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Rent/Telephone/Electricity	0.16	-	-	-	0.17
	(-)	(-)	(-)	(-)	(0.27)
Interest paid	610.93	-	-	-	96.16
	(294.51)	(-)	(-)	(-)	(105.63)
Salary & Wages etc	-	-	-	79.99	31.20
	(-)	(-)	(-)	(76.68)	(-)
Consultancy / Sitting Fee	-	-	-	0.03	-
	(-)	(-)	(-)	(0.04)	(-)
Gifts & other	0.44	-	-	-	1.85
	(0.01)	(-)	(-)	(-)	(0.38)
Prior Period Exp -	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Stores & Spares Consumed	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
<b>Income</b>					
Other Income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Interest Received	-	-	-	-	-
	(-)	(-)	(-)	(40.94)	(-)
Corporate Guarantees Outstanding as on 31.03.17	-	-	-	-	7959.84
	(-)	(-)	(-)	(-)	(5996.19)
<b>Recoverable / Receivable as on 31.03.17</b>					
Amount Recoverable	10580.10	-	-	-	34.70
	(2754.26)	(-)	(-)	(-)	(13303.83)
<b>Investment</b>	1720.83	-	1088.56	-	-
	(1720.83)	(-)	(-)	(-)	(-)
<b>Finance / Advance Given as on 31.03.17</b>					
Year-end Balance of loan & Advance	2300.50	-	-	-	6387.59
	(2300.50)	(-)	(74.75)	(-)	(0.23)
<b>Payable as on 31.03.17</b>					
Amount Payable	9537.05	-	-	4.49	143.71
	(79.37)	(-)	(-)	(0.47)	(13.79)
<b>Finance / Advance Taken as on 31.03.17</b>					
Year-end Balance of loan & Advance	5159.30	-	-	-	6256.99
	(1829.78)	-	(784.35)	-	(455.46)

**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 31.03.2017	As at 31.03.2016
<b>Deferred Tax Liability</b>		
Depreciation	602.25	732.22
Other Deductions	-	-
<b>Sub Total – A</b>	<b>602.25</b>	<b>732.22</b>
<b>Deferred Tax Assets</b>		
Business Loss / Unabsorbed Dep.	1438.35	1052.35
Deduction u/s 43B	56.05	52.73
Disallowance 40(A)(7)	36.38	27.25
<b>Sub Total – B</b>	<b>1530.78</b>	<b>1132.33</b>
<b>Net Deferred Tax Assets/(Liability) {B-A}</b>	<b>928.53</b>	<b>400.10</b>
<b>*Assets Recognised (Refer note below)</b>	<b>602.25</b>	<b>732.22</b>

\* In view of continuous losses, during the Previous 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 31.03.2017	Current Year (Charge) / Credit	Deferred Tax Asset/(Liability) as at 31.03.2016
Depreciation	(126.02)	(16.28)	(109.74)
Disallowance u/s 43B	3.34	0.03	3.67
Gratuity	9.21	-	9.21
Carry Forward Losses	526.50	84.47	442.03
Other Disallowance under I. Tax Act	-	(16.82)	16.82
Deferred Tax Assets/ (Liabilities)	<b>413.03</b>	<b>51.04</b>	<b>361.99</b>



43) For SBEC Stockholding and Investment Limited:

In the current financial year the company has further invested Rs. 300.00 lacs (Previous Year Rs. 500.00 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) The company in terms of Board of Director's resolution dated 6th July 2013 has filled a reference with the Board for Industrial and financial Reconstruction (BIFR) U/S 15(1) of the Sick Industrial companies (Special provisions) Act 1985 (SICA) vide its letter dated 24th July 2013 and as per communication received from BIFR vide its letter No. 3/(S-22)/BC/2013 dated 21st August 2013, The said reference has been registered by BIFR as case No. 58/2013. The BIFR has declared the company as Sick u/s 3(1)(0) of SICA and appointed IDBI as operating agency u/s 17(3) of the Act. in its hearing held on dated 04.02.2014 & the Draft Rehabilitation Scheme is under compilation. Since the Company has continued its normal manufacturing operations during the season 2014-15 therefore the accounts are prepared on a "Going Concern Basis". However, vide notification dated 25.11.16, the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed with effect from 01.12.2016 by Sick Industrial Companies (Special Provisions) Repeal Act, 2003. In terms of Section 4(b) of the Repeal Act, all pending proceedings under the previous Act (SICA) stands abated

45) Additional information pursuant to provisions of Part II of Schedule III of Companies Act 2013 (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, 2017	Year Ended 31 <sup>st</sup> March, 2016
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	1,34,648 (4,01,058)	835615 (10,23,959)	723755 (12,90,369)	26580.50 (37,125.21)	246508 (1,34,648.00)	8,975.58 (3,878.74)
Molasses (By-product)	1,12,833.52 (2,57,187)	455794.95 (5,23,077.02)	368469.95 (6,67,430.50)	1608.86 (2,889.79)	200158.45 (1,12,833.52)	965.51 (595.85)
<b>Purchases</b>						
Sugar Trading	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Power	1037189 kwh (1083794kwh)	47981800 kwh* (40295300)	47983423 kwh**** (40341905)	981.89 (938.55)	1035566 kwh** (1037189 kwh)	13.62 (12.95)
Steam	- (-)	220607 tones (268128 tones)	220607 tones (268128 tones)	- (-)	- (-)	- (-)

Figures in brackets are for Previous Year.

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

@ The plant operated for 130 days in the current year (previous year 161 days).

\*\* Includes 1,29,446 kwh (Previous Year 1,29,649 kwh) charged as banking fee by UPPCL.

\*\*\*Include 3688519kwh Unit self consumption & 22812700kwh unit given to SBEC Sugar Limited.

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



## c) Consumption of raw materials

(Rs. In lacs)

Particulars	Year ended 31 <sup>st</sup> March, 2017		Year ended 31 <sup>st</sup> March, 2016	
	Quantity (Quintals)	Value (Rs. In lacs)	Quantity (Quintals)	Value (Rs. In lacs)
Sugar Cane	90,52,523.00	28419.29	107,19,974.00	29,656.74

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

(Rs. in lacs)

Particulars	Current year	Previous Year
Interest, Others,	-	-

## e) CIF VALUE OF IMPORTS

Store & Spares	7.92	19.16
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## f) EARNING IN FOREIGN CURRENCY

Export of goods calculated on FOB basis	-	-
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## (g) VALUE OF IMPORTED / INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED.

(Rs. In lacs)

Particulars	Indigenous		Imported	
	Value	%	Value	%
Raw Material	28419.29	100%	-	Nil
Previous Year	27,076.61	100%	-	Nil
Store / Spares*	854.44	99.08%	7.92	0.92%
Previous Year	936.31	97.99%	19.16	2.01%

\*Excluding Spares used for capitalization.

## IN CASE OF BIOENERGY

## (h) Consumption of Imported and Indigenous Raw Material and Stores &amp; Spares.

(Rs. In lacs)

Particulars	Indigenous		Imported	
	Value	%	Value	%
Raw Material (Bagasse)*	-	-	-	-
	(-)	(-)	(-)	(-)
Store / Spares (Including Fixed assets)	265.61	100	-	-
(Including Fixed Assets)	(216.22)	(100)	(-)	(-)

Figures in brackets are for previous year.

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



(i) **Value of Import on CIF Basis**

(Rs. in lacs)

Particulars	Current year	Previous year
Store & Spares	-	-

(j) **Expenditure in Foreign Currency (Paid)**

(Rs. in lacs)

Particulars	Current year	Previous year
Purchase of stores and spares	-	-
Others	48.37	38.06

**46. 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 31st March 2017	Year ended 31st March 2016
Employer's contribution to Provident Fund	65.95	55.81

**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) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Defined Benefit obligation at the beginning of the period.	200.46	165.79	23.22	22.00
Past Service Cost	-	-	-	-
Current Service Cost.	26.55	22.60	2.99	2.34
Interest Cost.	16.03	13.26	1.86	1.76
Actuarial (gain)/loss	26.69	6.39	5.25	(2.87)
Benefits Paid	(16.30)	(7.59)	(1.15)	(-)
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the period	253.44	200.46	32.17	23.22



2. Reconciliation of opening and closing balances of Fair Value of Plan Assets (Rs. in lacs)				
Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
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) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Fair Value of Plan Assets as at 31st March	-	-	-	-
Present value of obligation as at 31st March	253.44	200.46	32.17	23.21
Net asset/(liability) recognized in the Balance Sheet	(253.44)	(200.46)	(43.28)*	(35.02)*
* It includes company grade employees' freeze liability in books amounting to Rs.12.71 lacs (Previous year Rs.13.40 Lacs).				
4. Expense Recognized during the period in Statement of Profit and Loss. (Rs. in lacs)				
Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Current Service Cost	26.55	22.61	2.99	2.34
Past Service Cost	-	-	-	-
Interest Cost	16.03	13.27	1.86	1.76
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/loss recognized during the period	26.69	6.40	5.25	(2.87)
Expenses recognized in the statement of Profit & Loss	69.28	42.27	10.11	1.22
5. Actual Return on Plan Assets (Rs. in lacs)				
Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Actual return on plan assets	-	-	-	-





## 6. Principal Actuarial Assumptions

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016
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%	8%	8%
Future Salary Increase	5.50%	5.50%	5.50%	5.50%
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	Leave Encashment (Unfunded) 31.03.2017	Leave Encashment (Unfunded) 31.03.2016	Leave Encashment (Unfunded) 31.03.2015	Leave Encashment (Unfunded) 31.03.2014	Leave Encashment (Unfunded) 31.03.2013
PBO	26.80	19.39	18.50	15.23	14.10
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(26.80)	(19.39)	(18.50)	(15.23)	(14.10)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities(loss)/gain	(2.64)	2.47	0.02	1.12	1.76

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

(Rs. in lacs)

Particulars	Gratuity (Unfunded) 31.03.2017	Gratuity (Unfunded) 31.03.2016	Gratuity (Unfunded) 31.03.2015	Gratuity (Unfunded) 31.03.2014	Gratuity (Unfunded) 31.03.2013
PBO	217.67	170.65	141.70	126.55	88.34
Plan Assets	-	-	-	-	-
Net Assets/(Liability)	(217.67)	(170.65)	(141.70)	(126.55)	(88.34)
Experience adjustment of plan assets(loss)/gain	-	-	-	-	-
Experience adjustment of plan liabilities (loss)/gain	(11.92)	(6.19)	(3.58)	(26.37)	3.79

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, 2017 and 31st March, 2016 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.

47. (a) Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

(a) Response to letters sent by the Company requesting confirmation of balances has been insignificant. In the management's opinion,



adjustments on reconciliation of the balances, if any required, will not be material in relation to the financial statements of the Company and the same will be adjusted in the financial statements as and when the confirmations are received and reconciliations completed.

48. Details of Loans Given, Investments made and Guarantee given covered u/s 186(4) of the Companies Act, 2013

Loan Given	NIL
Guarantee Given	NIL
Investment Made	NIL

49. Considering the adverse economic/sector conditions and current financial instability the Management of the company vide their resolution dated 05th 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 which were been shown as assets held for disposal till previous year have been disposed of during the year.

50. In the case of the Holding Company

- a) Additional information as required by Paragraph 6 of the General Instructions for Preparation of Balance Sheet to Schedule III to the Companies Act, 2013 with respect to details of Specified Bank Notes (SBNs) held and transacted during the period 8.11.16 to 30.12.16

Rs.

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016 (*)	281000.00	53751.00	334751.00
Add: Withdrawal from Banks	0	520000.00	520000.00
Receipts for permitted transactions	0	14100.00	14100.00
Less: Paid for permitted transactions	0	406281.00	406281.00
Deposited in Banks	281000.00	0	281000.00
Closing cash in hand as on 30.12.2016 (*)	0	181570.00	181.570.00

\* As certified by the management

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016

In the case of SBEC Bioenergy Limited

- b) Details of specified Bank Notes (SBN) and other denomination notes held and transacted by the Company during the period 08/11/2016 to 30/12/2016 are provided in the Table below:-

Rs.

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	40000	4174	44174
(+) Permitted receipts		92000	92000
(-) Permitted payment		18501	18501
(-) Amount deposited in Bank	40000		40000
Closing cash in hand as on 30.12.2016	Nil	77673	77673

In the case of SBEC Stock Holding & Investment Limited



- c) Details of specified Bank Notes (SBN) and other denomination notes held and transacted by the Company during the period 08/11/2016 to 30/12/2016 are provided in the Table below:-

	SBNs	Other Denomin- ation notes	Rs. Total
Closing cash in hand as on 08.11.2016		315	315
(+) Permitted receipts		-	-
(-) Permitted payments		-	-
(-) Amount deposited in Bank	-	-	-
Closing cash in hand as on 30.12.2016	Nil	315	315

51) 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 51**

**For & on behalf of**

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

**Sd/-  
Mukesh Goyal**  
Partner  
Membership No. : 511239

**Place : New Delhi  
Date : 29th May 2017**

**Sd/-  
Umesh Kumar Modi**  
(Chairman & President)  
DIN : 00002757

**Sd/-  
Narayan Prakash Bansal**  
(Director)  
DIN: 00010587

**Sd/-  
Lakhmi Chand Sharma**  
(Chief Financial Officer)

**Sd/-  
Abhishek Modi**  
(Whole-Time Director)  
DIN : 00002798

**Sd/-  
Rajeev Kumar Agarwal**  
(Director)  
DIN : 00298252

**Sd/-  
Shobit Nehra**  
(Company Secretary)

**Sd/-  
Vijay Kumar Modi**  
(Director)  
DIN : 00004606

**Sd/-  
Jagdish Chander Chawla**  
(Director)  
DIN : 05316202

*If undelivered, please return to:-*  
**SBEC SUGAR LIMITED**  
**REGISTERED OFFICE & PLANT**  
Village : Loyan Malakpur,  
Tehsil : Baraut - 250 611,  
Distt. Baghpat,  
Uttar Pradesh



## SBEC SUGAR LIMITED

CIN: L15421UP1991PLC019160

Regd Off: Village- Loyan Malakpur, Tehsil- Baraut, Baghpat, Uttar Pradesh-250611

T.: 01234-259206, 259273, Email id: investors@sbecsugar.com, Website: www.sbecsugar.com

### NOTICE

Notice is hereby given that the **23rd Annual General Meeting** of the Shareholders of **SBEC Sugar Limited** will be held on **Tuesday, the 29th day of August, 2017** at the Registered Office of the Company at **Village: Loyan, Malakpur, Tehsil: Baraut, District: Baghpat, Uttar Pradesh at 11.30 A.M.** to transact the following businesses:

#### ORDINARY BUSINESS:

##### 1. To consider and adopt:-

- The Audited Standalone financial statements of the Company for the financial period ended 31st March, 2017, the report of the Board of Directors and Auditors thereon; and
- The Audited Consolidated financial statements of the Company for the financial period ended 31st March, 2017.

##### 2. Re-appointment of Mr. Jayesh Modi as Director:-

To appoint a Director in place of Mr. Jayesh Modi (DIN 02849637), who retires by rotation and being eligible, offers himself for re-appointment.

##### 3. Appointment of M/s. K.K. Jain & Co., Chartered Accountants as Statutory Auditors:-

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment or modification thereto), and such other applicable provisions, if any, and pursuant to the recommendations of the Audit Committee, M/s. K.K. Jain & Co., Chartered Accountant, (FRN:02465N), Noida be and are hereby appointed as the Statutory Auditors of the Company in place of M/s Doogar & Associates, Chartered Accountants, (FRN: 000561N), Delhi to hold Office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty Eight Annual General Meeting and subject to ratification of appointment at every Annual General Meeting, at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. K.K. Jain & Co, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them."

#### SPECIAL BUSINESS:

##### 4. Appointment of Shri. Narayan Prakash Bansal as an Independent Director of the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 including any statutory modification(s) or re- enactment thereof for the time being in force and SEBI (LODR) Regulations, 2015, Shri. Narayan Prakash Bansal (DIN: 00010587), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years commencing from August 29, 2017 and whose office shall not be liable to retire by rotation".

##### 5. Regularization of Shri. Raj Kumar Sharma as Director.

To consider, and if thought fit, to pass the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** Shri. Raj Kumar Sharma (DIN: 07741845), who was appointed as an Additional Director with effect from February 23, 2017 on the Board of Directors of the Company in terms of Section 161 of the Companies Act, 2013 and Article 116 of Article of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation".

##### 6. Appointment of Shri. Raj Kumar Sharma as Manager designated as "General Manager-Personnel and Administration".

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provisions of Section 196, 197, 198, 203 and other applicable provisions (including any modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, and the relevant provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") , approval of the Company be and is hereby accorded to the appointment and terms of remuneration of Shri R.K. Sharma as a Manager designated as "General Manager-Personnel & Administration" on the Board of the Company for a period of one year commencing from June 14, 2017 to June 13, 2018 upon the terms and conditions as set out in the agreement, entered into between the Company and Shri. Raj Kumar Sharma, with the liberty to the Board of Directors of the Company to alter, modify and vary the terms and conditions of the said appointment and/or Agreement and remuneration, so not to exceed the limits specified in



Schedule V of the Companies Act, 2013 or any statutory modification/re-enactment thereof, as may be agreed to between the Board of Directors and Shri. Raj Kumar Sharma.

**RESOLVED FURTHER THAT** all the Directors and/or Company Secretary of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, proper or expedient to give effect to this Resolution.”

#### 7. Authorization for Related Party Transactions.

To consider and, if thought fit, to pass the following resolution as a Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Companies (Meetings of Board and its Powers) Rules, 2014 and read with Regulation 23 of SEBI(Listing Obligations Disclosure Requirements) Regulations,2015 consent of the members be and is hereby accorded to the Board of Directors of the company to enter into the contracts and/or arrangements with the following Related Parties and its associate companies as defined under the Act, with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of or buying, leasing of property of any kind, availing or rendering of any services or any other transactions of whatever nature, giving and taking of ICD's, creation of Secured Charges with the following Related Parties and its associates on such terms and conditions as may be mutually agreed upon between the Board of Directors of the company and the related parties upto maximum amount per annum not to exceed Rs. 200 Crores. The company hereby approves, ratifies and confirms the said agreements/ transactions entered into with the related parties as defined under the Act, Rules made there under and SEBI (LODR), Regulations with effect from 1st April, 2017.

Sl.No	Name of Related Party	Period of Contract	Particulars of Contract	Expected Maximum Value of Transaction per annum w.e.f. 1st April, 2017 (Rs. Crores)
1.	Modi Industries Limited	1st April, 2017 to 31st March, 2020	Sale, purchase or supply of any goods or material, availing or rendering of any service or any other material related party transactions.	200.00
2.	Jayesh Tradex Private Limited	1st April, 2017 to 31st March, 2020	Sale, purchase or supply of any goods or material, availing or rendering of any service, Selling or otherwise disposing of, or buying, property of any kind, ICDs taken/given and creation of charges, payment of Interest on ICDs etc., or any other material related party transactions.	
3.	G.S. Pharbutor Private Limited	1st April, 2017 to 31st March, 2020	Sale, purchase or supply of any goods or material, availing or rendering of any service, Selling or otherwise disposing of, or buying, property of any kind, ICDs taken/given and creation of charges, payment of Interest on ICDs etc., or any other material related party transactions.	
4.	SBEC Bioenergy Limited	1st April, 2017 to 31st March, 2020	Sale, purchase or supply of any goods or material, availing or rendering of any service, Selling or otherwise disposing of, or buying, property of any kind, Extension of tenure of Deed of Assignment earlier executed on dated 31.12.2012, Guarantee/ Security given or any other material related party transactions.	
5.	Longwell Investments Private Limited	1st April, 2017 to 31st March, 2020	Availing or rendering of any service, Selling or otherwise disposing of, or buying, property of any kind, ICDs taken/given, payment of Interest on ICDs, Guarantee/Security given or any other material related party transactions.	
6.	Arvind Continental Private Limited	1st April, 2017 to 31st March, 2020	Availing or rendering of any service, Selling or otherwise disposing of, or buying, property of any kind, ICDs taken/given, payment of Interest on ICDs, Guarantee/ Security given or any other material related party transactions.	
7.	Any other related party/ies not mentioned hereinabove and as defined under the Act	1st April, 2017 to 31st March, 2020	Availing or rendering of any service, Selling or otherwise disposing of, or buying, property of any kind, ICDs taken/given, payment of Interest on ICDs, Guarantee/ Security given or any other material related party transactions.	

**RESOLVED FURTHER THAT** approval of the members be and is hereby accorded to the Board of Directors (which expression shall include the Audit Committee or any other committee thereof for the time being exercising the powers conferred by this resolution) to approve the transactions



and the terms and conditions with any of the aforesaid related party/ies and to take such steps as may be necessary for giving effect to this resolution and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution for the purpose of giving effect to this Resolution."

**8. Alteration/ Adoption of Object Clause of the Memorandum of Association of the Company as per Companies Act, 2013.**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013, read with the applicable Rules and Regulations made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Registrar of Companies, existing object Clause 3(b), 3(c) be and are hereby substituted by inserting Clause 3(b) containing objects Incidental or Ancillary to the attainment of the Main Objects as per draft MOA.

**RESOLVED FURTHER THAT** The Board of Directors and/or Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things as may be required for giving effect to this resolution and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**9. Alteration/ Adoption of New Set of Articles of Association of Company as Per Companies Act, 2013.**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 5, 14 and other applicable provisions, if any, of the Companies Act, 2013, read with applicable Rules and Regulations made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force), the new set of Articles of Associations, be and is hereby approved, adopted and substituted in the place of existing Article of Association of the Company.

**RESOLVED FURTHER THAT** The Board of Directors and/or Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things as may be required for giving effect to this resolution and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**10. Re-appointment of M/s. M.K. Singhal & Co., Cost Accountants, and ratified their remuneration.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 60,000/- (Rupees Sixty Thousand only) plus applicable service tax and out of pocket expenses that may be incurred for the financial year 2017-18, as approved by the Board of Directors on the recommendation of the Audit Committee, to be paid to M/s. M.K. Singhal & Co., Cost Accountants (Firm Registration No.00074) to conduct the audit of the cost record of the Company.

**RESOLVED FURTHER THAT** the Board of Directors and/or Company Secretary of the Company be and are hereby authorized 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**

**Date : 28.07.2017  
Place : New Delhi**

**R. K. Agarwal  
Director  
DIN: 00298252**

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the business under Item Nos. 3 to 10 of the Notice, is annexed hereto. The relevant details as required under SEBI (LODR) Regulations, 2015 entered into with the Stock Exchange, of persons seeking appointment / re-appointment as Directors under Items No. 4 to 6 of the Notice, are also annexed.
2. **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 at least 48 (FOURTY EIGHT HOURS) before the scheduled time of commencement of the annual general meeting. A blank proxy form is annexed herewith.  
Pursuant to provisions of Section 105 of the Companies Act, 2013, read with the applicable rules thereon, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy, who shall not act as a proxy for any other member. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register of Members & Share Transfer Books of the Company will remain closed from 23rd August, 2017 to 29th August, 2017 (both days inclusive).





4. 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.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Beetal Financial & Computer Services Pvt. Ltd for assistance in this regard.
6. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Beetal Financial & Computer Services Pvt. Ltd, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
7. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members/proxies are requested to bring attendance slips sent herewith duly filled in, for attending the meeting.
9. 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.
10. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with Beetal Financial & Computer Services Pvt. Ltd / Company.
12. Members holding shares in physical form are advised to make nomination in Form SH-13 in respect of their shareholding in the Company. The nomination form will be made available by the Company on request.
13. Members may also note that the Notice of the Twenty Third Annual General Meeting and the Annual Report for financial year 2016-17 will also be available on the Company's website i.e. **www.sbecsugar.com** for their download.
14. 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.
15. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company will be providing members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services Limited (CDSL).

The Board of Directors has appointed Mr. Dinesh Kumar Rajvanshi, Practicing Chartered Accountant, A-85, Kaushambi Ghaziabad (Membership No-86165) as Scrutinizer to scrutinize voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Saturday 26th day of August, 2017 at 9.00 A.M. and ends on Monday 28th day of August, 2017 at 5.00 A.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday 22nd day of August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website **www.evotingindia.com**.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

**PAN**

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.



- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

#### **Dividend Bank Details OR Date of Birth (DOB)**

- Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).
- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant **SBEC SUGAR LIMITED** on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

#### **(xix) Note for Non-Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**.

#### **GENERAL INSTRUCTIONS:**

- (A) The voting period begins on Saturday, 26th day of August, 2017 at 9:00 AM and ends on Monday, 28th day of August, 2017 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) Tuesday, 22nd day of August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cdslindia.com**.
- (C) Mr. Shobit Nehra, Company Secretary and Compliance Officer of the Company shall be responsible for addressing all the grievances in relation to this 23rd Annual General Meeting including e-voting his mail ID is **investors@sbecsugar.com** and may be contacted on phone no. 011-42504878.
- (D) The Notice of the 23rd Annual General Meeting are being sent to all the Members, whose names appear in the Register of Members as on cut-off date i. e. 28th July, 2017 through the mode prescribed under the Companies Act, 2013 and also by E-Mail, wherever registered. The Members may also download a copy of the Notice from the Website of the Company (**www.sbecsugar.com**)
- (E) The Members of the Company, holding Equity Shares either in physical form or in dematerialized (demat) form as on 22nd August, 2017 and not casting their vote electronically, may only cast their vote at the 23rd Annual General Meeting. The voting rights of shareholders shall be in proportion to their shareholding of paid up share capital of the Company as on 22nd August, 2017

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.****Item No. 2**

Mr. Jayesh Modi (DIN: 02849637), retire by rotation, and being eligible, seek re-appointment. Kindly refer details forming part of this notice in respect of appointment of Mr. Jayesh Modi, pursuant to the Secretarial Standard on General Meetings.

Except Mr. Jayesh Modi to the extent of his shareholding and shareholding of his relatives, in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed item no. 2.

The Board recommends the resolution set forth in item No. 2 of the notice for approval of the members

**Item No. 3**

As per provisions of Section 139(2) Companies Act, 2013 ("the Act") read with rules made thereunder no listed Company shall re-appoint the existing auditor's firm who has completed two terms of five consecutive years as auditor in the same company. A transition period of three years from the commencement of the Act is provided to appoint a new auditor.

Accordingly, as per the said requirements of the Act, M/s. K.K. Jain & Co., Chartered Accountants are proposed to be appointed as Statutory Auditors of the Company in place of the existing Statutory Auditors, M/s. Doogar & Associates, to hold Office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Twenty Eight Annual General Meeting, subject to ratification by members every year, as may be applicable.

M/s. K.K. Jain & Co., Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed item no. 3.

The Board recommends the resolution set forth in item No. 3 of the notice for approval of the members.

**ITEM NO.4**

The Company had appointed Shri. Narayan Prakash Bansal as Non-Executive Director on the Board of Directors of the Company. In order to comply with the provisions of SEBI LODR (Regulations), 2015, the Company is required to appoint him as an Independent Director, shall not be liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the him as appointment of Shri. Narayan Prakash Bansal as an Independent Director of the Company for a term of five consecutive years commencing from 29th August, 2017 (in accordance with the retirement age policy for Directors of the Company).

Shri. Narayan Prakash Bansal, has given (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Shri. Narayan Prakash Bansal fulfills the condition specified in the Act and the Rules made there under for appointment as Independent Director and he is Independent of the Management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri. Narayan Prakash Bansal as Non- Executive Independent Director is now being placed before the members in Annual General Meeting for their approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri. Narayan Prakash Bansal is concerned or interested in the proposed Resolution.

The Board recommends the resolution set forth in item No. 4 of the notice for approval of the members.

**ITEM NO.5**

The Board of Directors of the Company, through its circular resolution dated 23.02.2017 had appointed Shri Raj Kumar Sharma as an Additional Director who shall hold office on the Board of the Company till the date of ensuing Annual General Meeting. Pursuant to the provisions of the Section 161 of the Companies Act, 2013 and Article 116 of Article of Association of the Company. A notice pursuant to Section 160 of the Companies Act, 2013 along with deposit of requisite amount has been received from a member signifying his intention to propose him as a candidate for the office of Director. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri. Raj Kumar Sharma, is concerned or interested in the proposed Resolution.

The Board recommends the resolution set forth in item No. 5 of the notice for approval of the members.

**ITEM NO.6**

The Board of Directors ("the Board") of the Company at their meeting held on June 13, 2017 has, subject to the approval of the shareholders at ensuing General Meeting appointed Shri. Raj Kumar Sharma as the Manager designated as "General Manager-Personnel and Administration" of the Company for a period of one year from June 14, 2017 to June 13, 2018.

The Nomination and Remuneration Committee of the Company in its meeting held on June 13, 2017 has approved the appointment and terms of remuneration of Shri. R.K. Sharma as Manager of the Company designated as "General Manager-Personnel and Administration" for a period of one



year from June 14, 2017 to June 13, 2018.

The terms and conditions set out in the agreements dated June 13, 2017 executed between the Company and Shri. R.K. Sharma are as under;

1. Salary	: Rs.45,150 p.m.
2. Perquisites and Allowances	
(i) House Rent Allowance	: Rs. 9030 p.m.
(ii) Special Allowance	: Rs. 27654 p.m.
(iii) Literature Allowance	: Rs.1500 p.m.
(iv) Transport Allowance	: Rs. 800 p.m.
(v) Medical Reimbursement	: 1250 (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	: 3761 (8.33% of the basic salary in a year. For himself and family once in a year.
(vii) Bonus	: 3761 (8.33% of the basic salary in a year.
(viii) Contribution to Provident Fund, Superannuation fund or annuity fund	: 12% 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 Allowance	: Rs. 8400/- p.m.
(xi) Conveyance Allowance	: Rs. 2700/- p.m.
(xii) Telephone	: 1460 p.m.
(xv) Medical Benefit	: The benefit of Company's Group Medical policy for the medical services, for the Manager and his family. (Upto an limit as per Group Medical Policy)

**Explanation:-** Provision of car allowance for use of Company's business and telephone allowance 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. R.K. Sharma will not be entitled for sitting fees for attending the meetings of the Board or Committees thereof.
(iii) Minimum Remuneration	: In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of service of Manager, the payment of Salary, perquisites and other allowances shall be governed by the limits prescribed in schedule V of the Companies Act, 2013.

### The Information As Required Under Schedule V To The Companies Act, 2013 Is Given Hereunder:

#### I. GENERAL INFORMATION:

(1) Nature of Industry	: Sugar Manufacturing
(2) Date or expected date of commencement of commercial production :	: The Company commenced Commercial production on 15th 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	: Year ended 31st March,2017

#### (In Lakhs)

Sales and Other Income	: 28301.24
Total Expenditure	: 27810.79
Operating Profit/(Loss) before Depreciation, Exeptional items & Tax	: 490.45
Depreciation & Exeptional items	: (2779.22)
Operating Profit/ ( Loss) after Depreciation and Exeptional items but before tax	: (2288.77)
Income tax	: -
Credit for Deferred tax	: -
Profit / (Loss) after tax	: (2288.77)

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

## II. INFORMATION ABOUT THE APPOINTEE:

### (1) Background details:

Shri. Raj Kumar Sharma has completed his Master in Social work from Lucknow University. He has a rich experience in the field of Human Resource & Development for more than 30 Years.

### (2) Past remuneration:

He was drawing a Basic Salary of Rs. 45150 and perquisites from the Company.

### (3) Recognition or awards: None

### (4) Job profile and his suitability:

Shri. Raj Kumar Sharma has completed his Master in Social work from Lucknow University. He has a rich experience in the field of Human Resource & Development for more than 30 Years.

### (5) Remuneration proposed:

Details of the proposed remuneration is given in Item no.6 of the Notice convening the 23rd Annual General Meeting.

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

The remuneration paid to Shri. Raj Kumar Sharma is in line with the similar sized sugar mills and even on lower side when compared with similar profile in the industry.

### (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 State Government of Uttar Pradesh has, as per PNCM Cabinet Decision dated 18th January 2016, inter alia, announced cash subsidy upto Rs. 23.30 per Qtl of cane purchased and reimbursement of cane Commission payable to society of Rs 3.00 Per Qtl for the sugar industry for crushing season 2015-16, linked to the average selling price of sugar and it's by products. Accordingly the Company has accounted for cash subsidy of Rs. 23.30 per Qtl of cane purchased by it aggregating to Rs. 2209.45 lacs in crushing season 2015-16 and reimbursement of cane commission amounting to Rs 290.20lacs. Special Secretary Government of Uttar Pradesh vide his letter dated 22.12.16 addressed to the cane commissioner has withdrawn the said financial assistance/ grant. The management has earlier booked (i.e. in F.Y. 15-16) the recognized Cash Subsidy on cane purchased of Rs.2,209.45 lacs and cane commission of Rs 290.20 lacs in F.Y. 15-16 and now showed it as Exceptional items in the financial results of the Company for the Quarter ended March 2017. Due to reversal of above cash subsidy the company earned losses during the financial 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 profit in measurable terms.

In sugar season 2017 -2018, 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.

The terms and conditions of his appointment and remuneration are subject to the approval of the shareholders as Special Resolution. Accordingly, the resolution are recommended for approval of the shareholder of the Company.

## ITEM NO. 7

Pursuant to Section 188 of the Companies Act, 2013, the Company can enter into transactions which are in the ordinary course of business and/or are on arm's length basis. Transactions that do not satisfy these criteria can be carried out only with the approval of the shareholders accorded by way of a ordinary resolution. Though all the transactions with the related parties mentioned under the resolution in Item No.7 are in the ordinary course of business and are at arm's length basis. As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has made it mandatory that all material Related Party Transactions (i.e., the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company) shall require approval of the shareholders by way of a ordinary resolution. The Audit Committee and the Board of Directors of the Company in their meetings held on 28th July, 2017 have approved the transactions given in Item No.7 of the Notice. However, since these transactions, though may be on arm's length basis and also may be in the ordinary course of business, yet as an abundant caution, it is proposed to seek approval of members by passing a ordinary Resolution pursuant to Section 188 read with rules made thereunder and as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.





**Nature of Interest of Related parties in the Company is given below:-**

Sl.No.	Name of the Related Party	Nature of Interest or Concern
1.	Modi Industries Limited	Sh. Umesh Kumar Modi Chairman & President of the Company is also Managing Director in the Related party and holds 3.15% shares in Related Party and Sh. Abhishek Modi Whole Time Director of the Company are also Director in Related Party.
2.	Jayesh Tradex Private Limited	Smt. Kumkum Modi Director are also Director in Related Party and Sh. Jayesh Modi Director holds Directorship and 99.99% shareholding in Related Party.
3.	G.S. Pharambutor Private Limited	Sh. Rajeev Kumar Agarwal, Independent Director, are also Director in Related Party.
4.	SBEC Bioenergy Limited	It is a Subsidiary Company of SBEC Sugar Limited which holds 55% shares in related party. Sh. Umesh Kumar Modi is common chairman of Board of Directors of both companies, while Sh. Abhishek Modi, Whole Time Director is Whole Time Director in both the Companies.
5.	Longwell Investment Private Limited	Sh. Umesh Kumar Modi, Smt. Kumkum Modi, Sh. Abhishek Modi, Sh. Jayesh Modi Directors of SBEC Sugar Limited are also Directors in Related Party.
6.	Arvind Continental Private Limited	Relative of Smt. Kumkum Modi (Director of SBEC Sugar Limited) are Director in Related Party.

**ITEM NO. 8**

The existing Memorandum of Association are in line with the erstwhile Companies Act, 1956, which are thus no longer in full conformity with the Companies Act, 2013 ("New Act").

It is thus expedient to adopt new Clause 3(b) of Memorandum of Association, in place of Clause 3(b) and 3 (c) of the existing Memorandum of Association of the Company, pursuant to the provisions of the Companies act, 2013. Hence the Board of Directors proposed to adopt amended Memorandum of Association of the Company and seek shareholders' approval for the same.

A copy of the proposed amended Memorandum of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, between 10.00 a.m. to 5.00 p.m. upto the conclusion of the Annual General Meeting.

The Board of Directors recommends the Resolution at Item No. 8 of the accompanying Notice for the approval of the shareholders as Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or in the proposed Resolution.

**ITEM NO. 9**

The existing Article of Association are in line with the erstwhile Companies Act, 1956, which are thus no longer in full conformity with the Companies Act, 2013 ("New Act"). The new Act is now largely in force and substantive sections of the Act which deals with the general working of Company stand notified. With the coming into force of the Act several articles of the existing Articles of Association of the Company requires alterations/ deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by new set of Articles.

It is thus expedient to adopt the new set of Articles of Association in place of existing Articles of Association of the Company, to be consistent with the provisions of Section 5 of the Companies Act, 2013 including Rules made thereunder. Hence the Board of Directors proposed to adopt new set of Articles in place of existing Articles of Association of the Company and seek shareholders' approval for the same.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, between 10.00 a.m. to 5.00 p.m. upto the conclusion of the Annual General Meeting.

The Board of Directors recommends the Resolution at Item No. 9 of the accompanying Notice for the approval of the shareholders as Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or in the proposed Resolution.

**ITEM NO. 10**

The Audit Committee and the Board of Directors has approved the appointment of M/s M.K. Singhal & Co., Cost Accountants as Cost Auditors for audit of the cost accounts for the year 2017-18 at a remuneration of Rs. 60,000. In accordance with the provisions of section 148 of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the Shareholders is being sought for ratification of the remuneration payable to the Cost Auditors for the year 2017-18. The Board recommends this Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives is interested or concerned in the proposed Resolution.

**By order of the Board  
For SBEC Sugar Limited**

**Date : 28.07.2017  
Place : New Delhi**

**R. K. Agarwal  
Director  
DIN: 00298252**



**Details of Directors seeking appointment/re-appointment in Annual General Meeting**  
**[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

Name of the Director(s)	DIN	Date of Birth	Date of Appointment	Qualification and experience	List of outside Directorships as on Appointment Date	No. of Committee (as on Appointment Date)	
						Member-ship(s)	Chairman-ship(s)
Shri Jayesh Modi	02849637	14/11/1991	18/06/2010	Mr. Jayesh Modi, has completed his studies in United Kingdom. Experience in various types of Packaging Products.	A to Z holdings Pvt. Ltd. Modi-Mundi pharma Pvt. Ltd. Chandil Power Ltd. Jayesh Tradex Pvt. Ltd. Longwell Investment Pvt. Ltd. Modi Hitech India Ltd. SBEC Bioenergy Ltd SBEC Sugar Ltd. Win-Medicare Pvt. Ltd.	Nil	Nil
Shri N.P. Bansal	00010587	31/13/1950	27/05/2015	He is a Chartered Accountant having more than 40years of Experience in the field of Accounts and finance.	Madras Holdings Pvt. Limited Own Investment Pvt. Ltd Your Investment(India) Limited T C Healthcare Pvt. Ltd	1	Nil
Shri Raj Kumar Sharma	07741845	11/08/1961	23/02/2017	Mr. Raj Kumar Sharma has completed his Master in Social work from Lucknow University. He has a rich experience in the field of Human Resource & Development for more than 30 Years.	N.A.	Nil	Nil



**SBEC SUGAR LIMITED**

Form No. MGT-11

CIN : L15421UP1991PLC019160

Regd. Off. Village - Loyan Malakpur, Tehsil-Baraut, Baghpat, Uttar Pradesh-250611  
T.: 01234-259206, 259273, Email Id. : investors@sbecsugar.com, Website : www.sbecsugar.com

**PROXY FORM****[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]**

Name of the Member(s) : .....

Registered Address : .....

DPID: .....CLID: .....Reg. Folio No. : .....No. of Shares:.....

I / We, being the member(s) of .....shares of the above named Company, hereby appoint :

1. Name : .....of.....having an E-mail ID:....., failing him/her;

2. Name : .....of.....having an E-mail ID:....., failing him/her;

3. Name : .....of.....having an E-mail ID:....., failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on the 29th day of August, 2017 at the Registered Office of the company at Village: Loyan, Malakpur, Tehsil: Baraut, District: Baghpat, Uttar Pradesh at 11:30 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Resolution	Vote (Optional (Refer Note))		
		For	Against	Abstain
1.	To consider and adopt:			
a)	The Audited financial statements of the Company for the financial period ended 31st March, 2017, the report of the Board of Directors and Auditors thereon; and			
b)	The audited consolidated financial statements of the Company for the financial period ended 31st March, 2017.			
2.	To appoint a Director in place of Shri. Jayesh Modi (DIN: 02849637), who retires by rotation and being eligible, offers herself for re-appointment.			
3.	Appointment of M/s. K.K Jain & Co., Chartered Accountants as Statutory Auditors of the Company.			
<b>Special Business</b>				
4.	Appointment of Mr. Narayan Prakash Bansal as an Independent Director of the Company.			
5.	Regularization of Shri. Raj Kumar Sharma as Director.			
6.	Appointment of Shri. Raj Kumar Sharma as Manager designated him as "General Manager-Personnel and Administration".			
7.	Authorization for Related Party Transactions.			
8.	Alteration/ Adoption of Object Clause of the Memorandum of Association of the Company as per Companies Act, 2013			
9.	Alteration/ Adoption of New Set of Articles of Association of Company as Per Companies Act, 2013			
10.	Re-appointment of M/s. M.K. Singhal & Co., Cost Accountants, and ratified their remuneration.			

Signed this .....day of .....2017.

**Affix  
Revenue  
Stamp**

Signature of shareholder

Signature of first proxy

**Notes :**

*This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of meeting.*

*It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.*

**SBEC SUGAR LIMITED**

CIN : L15421UP1991PLC019160

Regd. Off. Village - Loyan Malakpur, Tehsil-Baraut, Baghpat, Uttar Pradesh-250611  
T.: 01234-259206, 259273, Email Id. : investors@sbecsugar.com, Website : www.sbecsugar.com

**ATTENDANCE SLIP**

23rd Annual General Meeting held on Tuesday, the 29th day of August, 2017 at 11:30 A.M.

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

Joint Shareholders may obtain additional Slips on request.

Name of the Member(s) : .....

DPID: .....CLID: .....Reg. Folio No. : .....No. of Shares:.....

I hereby record my presence at the 29th day of August, 2017 at the Registered Office of the company at Village Loyan Malakpur, Tehsil Baraut, District Baghpat, U.P. at 11:30 A.M.

**SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING**

If, Shareholder, please sign here : .....

If Proxy, please sign here : .....

