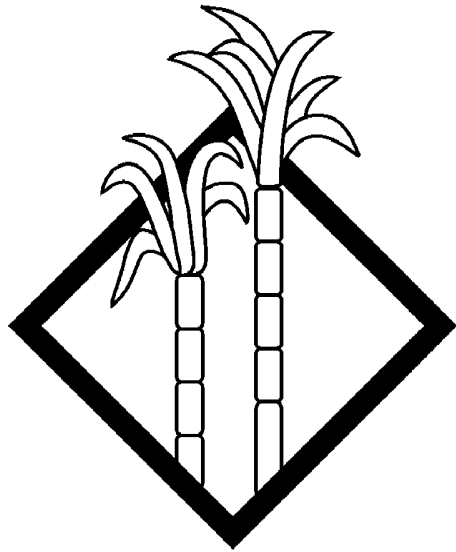


# ***SBEC Sugar Limited***



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

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**2010**



**BOARD OF DIRECTORS**

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

**ALTERNATE DIRECTOR**

- Mr. N. P. Bansal - Alternate to Mr. Claude Philogene

**CHIEF FINANCIAL OFFICER**

Mr. Rajeev Malhotra

**COMPANY SECRETARY**

Mr. Anup Gupta

**AUDITORS**

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

**BANKERS**

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

**REGISTERED OFFICE & PLANT**

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

**CORPORATE OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENT**

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

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## NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Shareholders of SBEC Sugar Limited will be held on Thursday, the 30<sup>th</sup> day of September 2010 at the Registered Office of the Company at Village: Loyan , Malakpur, Tehsil: Baraut, District: Baghpat, Uttar Pradesh at 2.30 P. M. to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>ST</sup> March 2010 and the Profit and Loss Account for the period ended as on that date along with Directors' Report and Auditor's Report thereon.
2. To consider and appoint a Director in place of Mr. G.C.Jain, who retires from the office by rotation, and being eligible offers himself for re-appointment.
3. To consider and appoint a Director in place of Mr. Norland L.C. Suzor, who retires from the office by rotation, and being eligible offers himself for re-appointment
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

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

### SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Jayesh Modi who was appointed as an additional director by the Board of Directors on June 18<sup>th</sup>, 2010 and whose term of office pursuant to the provisions of section 260 of the Companies Act, 1956 expires at this annual general meeting and in respect of whom a notice has been received from a member under section 257 of the Companies Act, 1956 proposing his candidature as a Director of the company be and is hereby appointed as Director of the company liable to retire by rotation."

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

"RESOLVED THAT Mr Santosh Chand Gupta , who was appointed as an additional director by the Board of Directors on June 18<sup>th</sup>, 2010 and whose term of office pursuant to the provisions of section 260 of the Companies Act, 1956 expires at this annual general meeting and in respect of whom a notice has been received from a member under section 257 of the Companies Act, 1956 proposing his candidature as a Director of the company be and is hereby appointed as director of the company."

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

"RESOLVED THAT pursuant to Section 198, 269 and 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby approves the appointment of Mr. Santosh Chand Gupta as Whole Time Director(Works) of the Company for a period of one year with effect from 18<sup>th</sup> June, 2010 on the terms, conditions and remuneration mentioned herein below :

1. Salary Rs.77,000 p.m.
2. Perquisites and Allowances
  - (i) House Rent Allowance Rs. 8000 p.m.
  - (ii) Reimbursement for Books and Periodicals Rs. 1900/- p.m.
  - (iii) Reimbursement for Helper Rs. 2400/- p.m.
  - (vii) Medical Reimbursement Expenses incurred for him and the family subject to a maximum of seven percent of the basic salary in a year.



(iii) Leave Travel Concession	8.33% of the basic salary in a year. For himself and family once in a year
(iv) Bonus	8.33% of the basic salary in a year.
(v) Contribution to Provident Fund, Superannuation fund or annuity fund	As per the rules of the Company which shall not be computed for the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
(vi) Gratuity	Gratuity payable shall not exceed half month's salary for each completed year of service.
(viii) Car	One Company car with driver on actual basis
(ix) Telephone	One Telephone at residence on actual basis. Personal long distance calls on telephone will be billed by the company.

### 3. Other Terms

i. Leave: As per the rules of the Company.

ii. Reimbursement of entertainment expenses:

Mr. Santosh Chand Gupta will be entitled to reimbursement of entertainment and other expenses incurred in the course of legitimate business purpose of the Company.

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

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under section 293 (1) (d) of the Companies Act, 1956 allowing them to borrow any sum or sums of money from time to time for the purposes of the Company upon such terms and conditions and with / without security, as the Board of Directors may, in the absolute discretion, think fit, notwithstanding the fact that the money or moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose (s), provided, however, that the total borrowing shall not exceed at any time the sum of Rs. 300 Crores."

By order of the Board  
For SBEC Sugar Limited

Place :New Delhi  
Date : 25th August, 2010

**Anup Gupta**  
Company Secretary

#### NOTES:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll in his/her stead and a proxy need not to be member of the Company. The instrument appointing proxy in order to be effective should be duly completed, stamped and signed and must be deposited at the registered office of the company atleast 48 hours before the scheduled time of the meeting. A blank proxy form is annexed herewith.**
- The Register of Members & Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September, 2010 to 30<sup>th</sup> September 2010 (both days inclusive).



3. 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.
4. Members/proxies are requested to bring attendance slips sent herewith duly filled in, for attending the meeting.
5. 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.
6. Non-Resident Shareholders are requested to inform immediately the change in the residential status on return for permanent settlement.
7. As per the provisions of the Companies Act, 1956, as amended, facility for making nominations is available to INDIVIDUALS holding shares in the Company. The Nomination can be made in Form-2B, which can be obtained from the Share Department of the Company.
8. 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.

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

**ITEM NO. 5**

The Board of Directors at their meeting held on June 18<sup>th</sup>, 2010 appointed Mr. Jayesh Modi as an additional director of the Company. As per the provisions of section 260 of the Companies Act, 1956. Mr. Jayesh Modi holds the office of director only up to the date of this 16<sup>th</sup> Annual General Meeting. The Company has received a notice from a member under section 257 of the Companies Act, 1956 alongwith deposit of Rs500/- proposing the candidature of Mr. Jayesh Modi as a Director of the Company.

Mr. Jayesh Modi has recently returned to India after completing his studies in U.K. He has imbibed entrepreneurship skills from family business and has experience in the area of administration, business planning & development. He is also Director of SBEC Bioenergy Ltd., Bihar Sponge Iron Ltd. & Morgardshammar India Ltd. The Board recommends this resolution to be passed as an ordinary resolution.

Mr. Jayesh Modi is concerned and interested to the extent of his appointment. Mr. U.K.Modi, Chairman & President, Mrs. Kumkum Modi, Director, and Mr. Abhishek Modi, Executive Director are deemed to be concerned or interested as father, mother and brother respectively in his appointment..

**ITEM NO. 6**

The Board of Directors at their meeting held on June 18<sup>th</sup>, 2010 appointed Mr. Santosh Chand Gupta as an additional director of the Company. As per the provisions of Section 260 of the Companies Act, 1956. Mr. Santosh Chand Gupta holds the office of director only up to the date of this 16<sup>th</sup> Annual General Meeting. He is a Post Graduate in Commerce and has more than 40 years of vast experience in Administration, Finance, Purchase etc.

The Company has received a notice from a member under section 257 of the Companies Act, 1956 along with deposit of Rs.500/- proposing the candidature of Mr. Santosh Chand Gupta as Director of the Company. The Board recommends this resolution to be passed as an ordinary resolution.

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

**ITEM NO. 7**

Mr. Santosh Chand Gupta is a Post Graduate in Commerce and has more than 40 years of vast experience in Administration, Finance, Purchase etc.

Considering the above facts, other relevant factors and the comparative remuneration in the industry, the Remuneration Committee, pursuant to Schedule XIII of the Companies Act, 1956 approved and recommended to the Board for payment of such remuneration as mentioned in item No. 7 of this notice, to Mr. Santosh Chand Gupta for a period of one year w.e.f. 18<sup>th</sup>



June, 2010. The Board in their Meeting held on 18<sup>th</sup> June, 2010 had approved the appointment of Mr. Santosh Chand Gupta as the Whole Time Director (Works). Accordingly, the Board of Directors had approved the payment of said remuneration, subject to your approval.

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

#### I. GENERAL INFORMATION:

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

(Rs. in Lacs)

Financial Parameters	Current accounting period ended 31.03.2010 (Nine Months)
Sales and other income	17366.61
<b>Profit/(Loss) before interest, depreciation &amp; tax</b>	<b>2211.06</b>
Interest and Finance charges	944.43
Depreciation and Amortisation	392.00
Prior period expenses (net)	110.45
<b>Profit/(Loss) before extra-ordinary items &amp; provision for taxation</b>	<b>764.18</b>
Extra-ordinary items	-
<b>Profit/(Loss) before tax</b>	<b>764.18</b>
Fringe benefit tax	—
Provision for taxation	0.40
Deferred tax charge/ (credit)	270.12
<b>Profit/( Loss) after tax</b>	<b>493.66</b>
Transfer from molasses storage fund	-
Transfer to molasses storage fund	4.44
<b>Profit/ (Loss) for the period after appropriation</b>	<b>489.22</b>

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

#### II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background details:  
Mr. Santosh Chand Gupta is a Post Graduate in Commerce. He has more than 40 years of vast experience in the field of Administration, Finance , Purchases etc.
- (2) Past remuneration:  
He was drawing a salary of Rs. 77000 per month and perquisites from the Company.
- (3) Recognition or awards: None
- (4) Job profile and his suitability:  
He joined as the Vice President (Commercial) of the Company and is working as Whole Time Director (Works) of the Company. He has vast experience in the area of administration, finance and commercial aspects of Company's business..



**(5) Remuneration proposed:**

Details of proposed remuneration is given in Item No. 7 of the Notice convening the 16<sup>th</sup> Annual General Meeting.

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

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

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

**III. OTHER INFORMATION:**

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

During the period ended 31<sup>st</sup> March 2010 (9 Months), the Company has made a profit before tax of Rs.763.09 Lacs as compared to profit before tax of Rs. 678 Lacs for the period ended 30th June, 2009 (18 months). There are no decline in profits.

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

The company is taking steps to reduce the cost of production and optimize the utilization of plant capacity.

**(3) Expected increase in productivity and profit measurable in measurable terms :**

To achieve maximum productivity, the company intends to start crushing in the middle of October. 2010

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

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

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

**ITEM NO. 8**

Pursuant to the provisions of Section 293 (1) (d) of the Companies Act 1956, the Board of Directors of the Company cannot, except with the consent of the Company in the General Meeting , borrow money in the aggregate (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) which exceed the aggregate of the paid up capital of the company and its free reserves not set apart for any specific purpose.

Presently, as per the resolution passed under section 293(1)(d) of the Companies Act , 1956, at the Annual General Meeting of the company held on 28<sup>th</sup> September 2008, the Board of Directors of the company are authorized to borrow monies which may exceed at any time the aggregate paid up capital of the company and free reserve but not exceeding Rs.100 Crores (Rs.One Hundred Crores) . Considering the increasing business operations and future growth envisaged, the Board is of the opinion that this limit needs to be increased to Rs. 300 Crores (Rs. Three Hundred Crores) to meet out its fund requirement . So Your Directors commends to pass the above resolution.

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

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

Place :New Delhi  
Date : 25th August, 2010

**Anup Gupta**  
**Company Secretary**



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 16<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the period ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

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

(Rs. in Lacs)

Financial Parameters	SBEC SUGAR LTD.		CONSOLIDATED	
	Period ended 31.03.2010 (9 months)	Period ended 30.06.2009 (15 months)	Period ended 31.03.2010 (9 months)	Period ended 30.06.2009 (15 months)
Sales and other income	17366.61	31021.11	18260.06	33079.92
<b>Profit/(Loss) Before Interest, Depreciation &amp; Tax</b>	<b>2211.06</b>	<b>2888.55</b>	<b>2709.00</b>	<b>4297.02</b>
Interest and Finance Charges	944.43	1555.06	1011.07	1813.44
Depreciation and Amortisation	392.00	648.65	715.19	1226.53
Prior period expenses (net)	110.45	6.84	110.54	6.84
<b>Profit/(Loss) before Extra-Ordinary Expenses &amp; Provision for Taxation</b>	<b>764.18</b>	<b>678.00</b>	<b>872.20</b>	<b>1250.21</b>
Extra-Ordinary Expenses	—	—	—	—
<b>Profit/(Loss) before Tax</b>	<b>764.18</b>	<b>678.00</b>	<b>872.20</b>	<b>1250.21</b>
Fringe Benefit Tax	—	13.27	—	15.27
Provision for Taxation	0.40	0.23	32.47	42.48
Deferred Tax Charge/ (Credit)	270.12	(35.66)	281.49	2.67
<b>Profit/(Loss) After Tax</b>	<b>493.66</b>	<b>700.16</b>	<b>558.24</b>	<b>1189.79</b>
Transfer from Molasses Storage Fund	—	13.00	—	13.00
Transfer to Molasses Storage Fund	4.44	9.03	4.44	9.03
<b>Profit/(Loss) for the period after appropriation</b>	<b>489.22</b>	<b>704.13</b>	<b>553.80</b>	<b>1193.76</b>
Earning Per Share	1.04	1.47	1.17	2.50

The financial results for the period ended 31.03.2010 are for a period of 9 months, and for the previous year ended on 30.06.2009 were for a period of 15 months, and therefore are not comparable.

### OPERATIONS

The cane crushing for the period under review was 87.20 lakhs quintals in 122 days with an average crushing rate of 71475 quintals per day as against 101.15 lakhs quintals in 150 days with an average crushing rate of 67435 quintals per day for the previous period. The sugar recovery has slightly improved to 8.92 % as against 8.77% in the previous period.

The market sentiments in the beginning of crushing season remained bullish due to mismatch between supply and demand of sugar, improving sales realisation positively coupling with increasing in recovery has resulted in profit after tax Rs. 493.66 Lacs and consolidated Rs. 558.24 Lacs.

### FIXED DEPOSITS

During the period under review, the Company accepted deposits to the extent of Rs. 438 lakhs. The total amount of fixed deposit held as on 31<sup>st</sup> March 2010 was Rs. 781.75 lakhs and there were two deposits lying unclaimed as on that date .



**DIRECTORS**

Mr Jayesh Modi was appointed as an additional director of the company with effect from 18.06.2010.

Mr. Santosh Chand Gupta was appointed as an additional director of the Company w.e.f 18.06.2010. He was also appointed Whole Time Director (Works) of the Company subject to your approval for a period of one year with effect from that date .

Notices in writing alongwith requisite deposits under section 257 of the Companies Act 1956, have been received from the members of the Company proposing Mr. Jayesh Modi and Mr. Santosh Chand Gupta as candidates for the office of Directors.

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

**SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS**

Pursuant to section 212 of the Companies Act, 1956, audited statement of accounts alongwith the report of the Board of Directors of the Subsidiary Companies, namely SBEC Bioenergy Limited, SBEC Stockholding & Investment Limited and Modi Gourmet Limited and the respective Auditors' Report thereon for the year ended 31<sup>st</sup> March 2010 and a statement thereon are annexed.

**AUDITORS**

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

**ACCOUNTS AND AUDITORS' REPORT**

The Notes to the accounts referred to in the Auditors' report are self explanatory and, therefore, do not call for any further comments.

**DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217**

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

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

**CORPORATE GOVERNANCE**

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

**SECRETARIAL AUDIT**

As per the direction of the Securities and Exchange Board of India, the Secretarial Audit of the Company is being conducted on quarterly basis by a Practicing Company Secretary. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Listing Agreement with the Stock Exchanges, and all the Regulations of Securities and Exchange Board of India (SEBI) as applicable to the Company.

**LISTING OF SECURITIES**

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

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

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

**PARTICULARS OF EMPLOYEES**

Information required under section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time:-

During the period under review, there was one employee who was in receipt of remuneration more than the limit prescribed under section 217 (2A) of the Companies (Particulars of Employees) Rules, 1975 as amended.



## ACKNOWLEDGEMENTS

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

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

Place : New Delhi  
Date : 25th August, 2010

**Umesh Kumar Modi**  
(Chairman & President)

## ANNEXURE TO DIRECTORS' REPORT

### STATEMENT PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

S.N.	Name	Age	Designation	Remuneration	Qualification	Experience	Date of Commencement of Employment	Last Employment
1	Mr. Abhishek Modi	34	Executive Director	Rs. 31,10,897/-	B.E. (Chem.) M.B.A. from Harvard Business School, USA	16 years	13.05.1994	Nil

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

PARTICULARS	UNIT	CURRENT ACCOUNTING PERIOD (01.07.2009 – 31.03.2010 (9 Months)	PREVIOUS ACCOUNTING PERIOD (01-04-2008 - 30.06.2009) (15 Months)
<b>A. Power and Fuel consumption</b>			
Electricity			
Quantity	KWH	3870869	4399010
Total Conversion Charges	Rs.	—	—
Per Unit Conversion Charges	Rs.	—	—
Own generation			
(i) Through diesel generator			
Quantity	KWH	164723	204598
Units per –ltr. of diesel oil	KWH	3.25	3.25
Total amount	Rs.	2200168	2586183
Cost/ Unit	Rs.	13.36	12.65
(ii) Through Steam Turbine/generator			
Quantity	KWH	17549236	20360568
Units per- ltr. Of fuel oil /gas	KWH	—	—
Cost/ unit	Rs.	0.19	0.29
<b>B. Consumption per MT of sugar production</b>			
1. Electricity	KWH	280.16	281.25

**FORM B: DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****(A) RESEARCH AND DEVELOPMENT (R& D)**

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

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

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:

1 & 2: The Company has acquired the latest technology for production of sugar.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

- |    |                                                                                                            |                  |
|----|------------------------------------------------------------------------------------------------------------|------------------|
| a. | Technology imported-                                                                                       | – None           |
| b. | Year of Import                                                                                             | – Not Applicable |
| c. | Has technology been fully absorbed?                                                                        | – Not Applicable |
| d. | If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | – Not Applicable |

**FOREIGN EXCHANGE EARNING AND OUTGO**

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

(Rs. in Lacs)

Particulars	Current Accounting Period (Rs.) (01.07.2009–31.03.2010) (9 Months)	Previous accounting period (Rs.) (01.04.2008–30.06.2009) (15 Months)
Total foreign exchange used	10.43	76.10
Earned	—	71.12

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

Place : New Delhi  
Date : 25th August, 2010

**Umesh Kumar Modi**  
**(Chairman & President)**



## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY SCENARIO :

The sugarcane area is expected to increase by 10-15 % in crushing season 2010-11, which will result an increase of 10% in sugarcane production. The sugar production in the country is expected to be 24-25 million tons in the season 2010-11 against the production of 18-18.1 million tons in 2009-10.

The consumption of sugar is likely to be 23.5-24 million tonne during 2010-11. The slight gap between availability & consumption of sugar will further put pressure on sugar prices.

### 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 over and above the price fixed by Central Government, one of the major threat to the Sugar Industry relates to the successive interventions of the Government in the pricing as well as distribution of Sugarcane.

### OPERATIONAL PERFORMANCE:

The cane crushing for the period under review was 87.20 lakhs quintals in 122 days with an average crushing rate of 71475 quintals per day as against 101.15 lakhs quintals in 150 days with an average crushing rate of 67435 quintals per day for the previous period. The sugar recovery has slightly improved to 8.92 % as against 8.77% in the previous period.

### FUTURE OUTLOOK :

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

### RISK AND CONCERNS

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



## **INTERNAL CONTROLS AND SYSTEMS**

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

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

## **FINANCIAL PERFORMANCE**

The market sentiments in the beginning of crushing season remained bullish due to mismatch between supply and demand of sugar, improving sales realisation positively coupling with increasing in recovery has resulted in profit after tax Rs. 493.66 Lacs and consolidated Rs. 558.24 Lacs.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

## **DISCLOSURE RELATING TO SENIOR MANAGEMENT**

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

## **CAUTIONARY STATEMENT**

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



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### BOARD OF DIRECTORS

Composition of the Board of Directors and other details as on 31.03.2010 is as under:

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

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

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

(#) Mr.Umesh K.Modi and Mrs. Kumkum Modi are related as husband and wife and Mr. Abhishek Modi as their son.

Four Board Meetings were held during the period under review on 4<sup>th</sup> July 2009, 3<sup>rd</sup> September 2009, 5<sup>th</sup> November 2009 and 26<sup>th</sup> February 2010

### INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS

Mr. G. C. Jain, Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mr. G. C. Jain is a fellow member of the Institute of Chartered Accountants of India and has more than 40 years of experience in the fields of Finance, Accounts, Taxation and Company Law matters. He is also on the Board of M/s Bihar Sponge Iron Limited, M/s



Own Investment Limited, M/s SBEC Systems (I) Limited and M/s. SBEC Bioenergy Ltd. He is also the Chairman of the Audit Committee of M/s Bihar Sponge Iron Limited, M/s SBEC Systems (I) Limited and a member of the Shareholders Grievance Committee of M/s Bihar Sponge Iron Limited. He does not hold any share in the Company.

Mr. Norland L.C. Suzor, Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mr. Norland L.C. Suzor is a Non - Executive Director. He is an eminent Sugar Technologist having nearly three decades of experience in Sugar Industry. He is also on the Board of M/s SBEC Systems (I) Limited and M/s SBEC Bioenergy Limited. He does not hold any shares in the Company.

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

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

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

#### **AUDIT COMMITTEE**

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

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

Four Meetings of the Audit Committee were held during the period under review on 31<sup>st</sup> July 2009, 3<sup>rd</sup> September 2009, 30<sup>th</sup> October 2009, and 16<sup>th</sup> January 2010 .

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

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

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



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

**One shareholders'/ investors' complaints, received directly from them or through SEBI/** Stock Exchanges and other authorities, was replied and redressed by the company to the satisfaction of the shareholder and none remained outstanding at the end of the period under review.

#### REMUNERATION COMMITTEE

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

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

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

No meeting of Remuneration Committee was held during the period ended 31<sup>st</sup> March, 2010.

**The details of remuneration paid to the Directors for the period ended 31<sup>st</sup> March 2010 are as under:-**

							(Rupees)
S. No.	Name of the Director	Salary	Perquisites, and other benefits	Commission	Others	Sitting Fee	Total
1.	Mr. Umesh K Modi	—	—	—	—	4,000	4,000
2.	Mr. Abhishek Modi	25,20,000	5,90,897	—	—	—	31,10,897
3.	Mrs. Kum Kum Modi	—	—	—	—	—	—
4.	Mr. G.C.Jain	—	—	—	—	8,000	8,000
5.	Mr. Man Mohan	—	—	—	—	7,000	7,000
6.	Mr. Norland L.C. Suzor	—	—	—	—	—	—
7.	Mr. Claude Philogene	—	—	—	—	—	—
8.	Mr. O.P. Modi	—	—	—	—	—	—
9.	Mr. N.P. Bansal	—	—	—	—	4,000	4,000

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

#### ANNUAL GENERAL MEETING

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

Year	Location	Date	Time	Special Resolution Passed (Yes/No)
2009	Village : Loyan Malakpur Tehsil Baraut, Distt. Baghpat, Uttar Pradesh	10.10.2009	2.30 p.m.	No
2008	- do -	24.09.2008	2.30 p.m.	Yes
2007	- do -	30.03.2007	2.30 p.m.	Yes



**POSTAL BALLOT :**

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

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

**DISCLOSURES:**

- During the year under review, the company had no materially significant related party transactions as envisaged under the Corporate Governance Code that may have potential conflict with the interests of the company at large. However, the related party transactions during the year under review are mentioned in Note B - 15 to the "Notes to Accounts".
- There has been no non-compliance, penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets during the year under review.
- At present, the company does not have any Whistle Blower Policy.

**MANAGEMENT DISCUSSION AND ANALYSIS IS REPORTED IN THIS ANNUAL REPORT****CEO/ CFO CERTIFICATION ON THE FINANCIAL STATEMENT**

Pursuant to Clause 49 of the Listing Agreement, the Chief Executive Officer and the Chief Financial Officer have submitted the desired Certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 25th August , 2010.

**MEANS OF COMMUNICATION:**

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

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

**GENERAL SHAREHOLDERS INFORMATION**

16<sup>th</sup> Annual General Meeting of the company is scheduled to be held on Thursday ,the 30<sup>th</sup> September 2010 at 2.30 P. M. at the Registered Office of the Company at Village : Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh as per the notice enclosed with the Annual Report.

**Financial Calendar**

Particulars	Date
1. Quarter ended 30.06.2010:	First fortnight of August, 2010
2. Quarter ended 30.09.2010:	First fortnight of November, 2010
3. Quarter ended 31.12.2010:	First fortnight of February, 2011
4. Quarter ended 31.03.2011:	First fortnight of May, 2011

Book Closure : 23<sup>rd</sup> September 2010 to 30<sup>th</sup> September 2010 – (both days inclusive)

**Dividend Payment Date:**

In view of the losses incurred in the previous years, no dividend has been recommended by the Board of Directors for the period ended 31<sup>st</sup> March 2010.



### Listing on Stock Exchanges:

The company is listed on the following Stock Exchanges:-

#### Stock Exchange Stock Code

Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532102
The Calcutta Stock Exchange Limited	–

The Company has paid annual listing fee to Bombay Stock Exchange Limited for the year 2010-11.

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

### Market Price Data:

Monthly High & Low quotes and Volume of Shares traded from 1<sup>st</sup> July 2009 to 31<sup>st</sup> March 2010 are as follows:-

Month	High	Low	Volume
July 2009	14.97	9.51	28995
August 2009	16.86	11.74	107818
September 2009	14.35	10.63	42996
October 2009	17.08	10.80	86553
November 2009	17.90	12.10	48064
December 2009	16.43	11.82	2041513
January 2010	29.95	17.25	408654
February 2010	27.45	17.20	45105
March 2010	19.95	13.05	36701

### Registrar and Transfer Agents:

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

M/s Beetal Financial & Computer Services Pvt. Ltd.

Beetal House , 3<sup>rd</sup> Floor,

Behind Local Shopping Complex

99, Madangir

New Delhi –110062

Ph. No. 011- 29961281-82

Fax: 011-29961284

Email: beetal@beetalfinancial.com

**Share Transfer System:**

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

**Distribution of Shareholdings as on 31<sup>st</sup> March 2010.**

No of Shares	Number of Shareholders	Number of Shares	% of total Shares
Upto 500	2322	901227	1.89
501 - 1000	477	434610	0.92
1001 - 2000	171	290427	0.61
2001- 3000	321	847504	1.78
3001 - 4000	52	188387	0.39
4001 - 5000	147	718737	1.50
5001 - 10000	127	964443	2.03
10000 and above	106	43308545	90.88
<b>Total</b>	<b>3723</b>	<b>47653880</b>	<b>100.00</b>

**Dematerialisation of Shares**

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

78.88% of the Company's Paid up Equity Share Capital has been dematerialised upto 31<sup>st</sup> March 2010.

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

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

**Plant / Location of the Company**

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

**Address for Correspondence**

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

**SBEC SUGAR LIMITED**

Village : Loyan Malakpur,

Tehsil : Baraut,

Dist. Baghpat - 250611

Uttar Pradesh

Email: investors@sbecsugar.com

**Nomination Facility:**

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



## AUDITORS' CERTIFICATE

To,  
The Members of  
SBEC Sugar Limited

We have examined the compliance of the conditions of corporate governance by SBEC Sugar Limited for the period ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof adopted by the Company for ensuring the compliance with the condition of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Director and the Management, we certify that the Company has complied with the Conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Company has maintained the records of investor grievances and certify that as at 31st March, 2010, there were no investor grievances remaining unattended / pending for more than 30 days.

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

for and on behalf of  
**Doogar & Associates**  
Chartered Accountants  
Firm Regn. No. : 000561N

Place : New Delhi  
Date : 25th August, 2010

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



## AUDITOR'S REPORT

### To The members of SBEC Sugar Ltd.

We have audited the attached Balance Sheet of SBEC Sugar Ltd. as at 31<sup>st</sup> March 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the period ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies Auditor's Report (Amendment) Order, 2004 issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure "A" a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1)(a) of section 642 of the Companies Act, 1956 to the extent applicable.
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Without qualifying our opinion, we draw your attention to note no.4 of schedule 14(B) relating to the accounting for sugar cane purchase liability for the sugar season 2007-08 at an interim price of Rs.110/- per quintal which is as per the directions of Hon'ble Supreme Court instead of State Advisory prices of Rs.125/130 per quintal fixed by the State Government.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the Accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010
  - ii) In the case of Profit & Loss Account, of the Profit for the period ended on that date;
  - iii) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

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

Place: New Delhi  
Date : 25th August, 2010

**(MUKESH GOYAL)**  
Mg. Partner

Membership No. : 081810

## ANNEXURE "A" TO AUDITOR'S REPORT

**(Referred to in the Auditors' Report of even date to the members of SBEC Sugar Limited for the period ended 31<sup>st</sup> March, 2010)**

- 1 (a) The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.
  - (b) 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. Management has physically verified fixed assets during the period. The discrepancies notice on physical verification of fixed assets as compared to book records were not material and have been properly dealt with in the books of accounts.
  - (c) Fixed assets disposed off during the period were insignificant and therefore do not affect the going concern assumption.
2. (a) The inventory, except material lying with third parties, has been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies, if any, noticed on physical verification of inventory as compared to books records were not material and have been properly dealt with in the books of accounts.
3. (a) The Company has not granted any loan, secured or unsecured to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, Paragraph 3 (b), 3 (c) & 3 (d) of the order are not applicable.
  - (b) The company has taken loan from three companies, covered under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 345.45 lacs, Rs. 64.47 lacs, & Rs. 18.71 lacs and the period end balance of loan taken from such companies were Rs. 345.45 lacs, Rs. 34.47 lacs & Rs. Nil respectively.
  - (c) In our opinion and according to information and explanations given to us, the rate of interest and other term & conditions for such loans are not prima facie prejudicial to the interest of the Company.
  - (d) In respect of loan taken, as explained to us the same is re-payable on demand.



4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. We did not observe any major weakness in internal control during the course of our audit.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions required to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.
  - (b) In our opinion, and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the period to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has accepted deposits from public and in our opinion Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Accounting records, including the books of account maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section 209 of the Act, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We, are however, not required to make a detailed examination of such books and records.
9. (a) According to the information & explanations given to us, no undisputed amount payable in respect of Provident Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other undisputed Statutory dues were outstanding, at the period end, for a period more than six months from the date they become payable.
  - (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of statutory dues of the specified status as at the end of the period, which have not been deposited on account of a dispute are referred to in "Annexure – B".
10. There are accumulated losses in the Company. The Company has not incurred any cash loss during the current period (9 months), and in the immediately preceding period (15 months).
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of chit fund/ Nidhi/ Mutual Benefit/ Society and hence the related reporting requirements are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements are not applicable.
15. The Company has provided guarantee to SREI and the Government of Jharkhand in respect of loans taken by SBEC Bioenergy Limited (a subsidiary company) and Bihar Sponge Iron Limited respectively. The terms and conditions of the guarantees are prima facie, not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the period by the company have been applied for the purpose for which the said loans were obtained, where the lender has stipulated such end use.
17. According to the information and explanations given to us and as per the books and records examined by us, no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the registered maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures of any type during the period.
20. The Company has not raised any money by public issue, during the period.
21. Based on our examination of the books and records of the Company and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

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

Place: New Delhi  
 Date : 25th August, 2010

**(MUKESH GOYAL)**  
 Mg. Partner

Membership No. : 081810

## ANNEXURE "B" TO AUDITOR'S REPORT

Referred in Paragraph 9(b) of Annexure "A" a statement on the matters specified in the Companies (Auditors' Report) Order, 2003 as amended by the Companies Auditor's Report (Amendment) Order, 2004 of SBEC Sugar Limited for the period ended 31<sup>st</sup> March 2010.

Name of the Statute	Name of Dues	Amount Rs. Lacs	Period to which amount relates	Forum where dispute is pending
Service Tax Act	Service Tax	151.67	01.10.1999 to 31.03.2003	Commissioner of Central Excise, Meerut-1, U.P.
Central Excise and Custom Act	Demand of Custom duty on import of capital goods against EPCG License	627.06	01.04.1997 to 30.06.1998	The Supreme Court of India
U P Tax on Entry of Goods Act	Entry Tax on Machinery	4.50	A.Y. 2000-01	Trade Tax Tribunal, Meerut, U.P.

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	SCHEDULES	As at <u>31.03.2010</u> (Rs. in Lacs)	As at <u>30.06.2009</u> (Rs. in Lacs)
<b>I. SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	4,769.40	4,769.40
Reserves & Surplus	2	68.08	63.64
LOAN FUNDS	3		
– Secured Loans		3,312.59	1,868.82
– Unsecured Loans		5,394.15	6,252.54
<b>TOTAL</b>		<b>13,544.22</b>	<b>12,954.40</b>
<b>II. APPLICATION OF FUNDS</b>			
FIXED ASSETS	4		
Gross Block		10,622.13	10,458.79
Less: Depreciation		4,708.14	4,316.52
Net Block		5,913.99	6,142.27
Capital Work in Progress		355.62	287.64
		6,269.61	6,429.91
INVESTMENTS	5	2,516.50	2,516.50
DEFERRED TAX ASSETS		33.94	304.06
CURRENT ASSETS, LOANS & ADVANCES	6		
– Inventories		15,917.89	3,333.78
– Sunday Debtors		610.30	879.56
– Cash & Bank Balances		333.61	461.46
– Loans & Advances		4,383.05	3,705.19
		21,244.85	8,379.99
CURRENT LIABILITIES & PROVISIONS	7		
– Current Liabilities		17,143.19	5,784.98
– Provisions		93.04	95.85
NET CURRENT ASSETS		4,008.62	2,499.16
Profit & Loss Account		715.55	1,204.77
<b>TOTAL</b>		<b>13,544.22</b>	<b>12,954.40</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	14		

In terms of our report of even date attached  
For & on behalf of

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)



## PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

	SCHEDULES	For the Period ended 31.03.2010 (9 months) (Rs. in Lacs)	For the Period ended 30.06.2009 (15 months) (Rs. in Lacs)
<b>INCOME</b>			
Sales	8	16,994.25	30,705.24
Less : Excise Duty		615.79	1,758.60
<b>TURNOVER</b>		<b>16,378.46</b>	<b>28,946.64</b>
Other Income	9	371.27	315.87
Increase/(Decrease) in Stocks	10	12,567.44	(5,564.86)
<b>TOTAL INCOME</b>		<b>29,317.17</b>	<b>23,697.65</b>
<b>EXPENDITURE</b>			
Materials & Manufacturing Expences	11	25,987.81	19,137.19
Personnel, Administration & Selling Expenses	12	1,119.40	1,671.91
<b>TOTAL EXPENDITURE</b>		<b>27,107.21</b>	<b>20,809.10</b>
<b>PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION &amp; TAX</b>		<b>2,209.97</b>	<b>2,888.55</b>
Interest & Finance Charges	13	944.43	1,555.06
<b>PROFIT/(LOSS) BEFORE DEPRECIATION &amp; TAX</b>		<b>1,265.54</b>	<b>1,333.49</b>
Depreciation & Amortisation	4	392.00	648.65
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>873.54</b>	<b>684.84</b>
Prior Period Adjustment (Net)		(26.83)	(6.84)
Earlier Years Income Written Back (Refer Note No. 11 of Schedule 14)		(83.62)	–
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>763.09</b>	<b>678.00</b>
Tax Provision			
Excess Provision of Tax Written Back		(1.09)	–
Wealth Tax		0.40	0.23
Fringe Benefit Tax		–	13.27
Deferred Tax Charge/(Credit)		270.12	(35.66)
<b>PROFIT / (LOSS) AFTER TAX BEFORE APPROPRIATION</b>		<b>493.66</b>	<b>700.16</b>
Add : Transfer from Molasses Storage Fund		–	13.00
Less : Transfer to Molasses storage Fund		4.44	9.03
Add : Profit / (Loss) Balance Brought Forward		(1,204.77)	(1,908.90)
<b>Balance Carried Forward to Balance Sheet</b>		<b>(715.55)</b>	<b>(1,204.77)</b>
<b>Earning per Share (Basic &amp; Diluted)</b>		<b>1.04</b>	<b>(1.47)</b>

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

14

In terms of our report of even date attached

For &amp; on behalf of

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)





**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<b>As at 31.03.2010 (Rs. in Lacs)</b>	<b>As at 30.06.2009 (Rs.in Lacs)</b>
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
55,000,000 Equity Shares of Rs. 10/- each	<u>5,500.00</u>	<u>5,500.00</u>
<b>ISSUED &amp; SUBSCRIBED :</b>		
47,814,430 Equity Shares of Rs. 10/- each	<u>4,781.44</u>	<u>4,781.44</u>
<b>PAID UP :</b>		
47,653,880 Equity Shares of Rs. 10/- each (Previous year 47,653,880 Equity Shares)	<u>4,765.39</u>	<u>4,765.39</u>
Share Forfeiture Account	<u>4.01</u>	<u>4.01</u>
<b>TOTAL</b>	<b><u>4,769.40</u></b>	<b><u>4,769.40</u></b>

**SCHEDULE 2 : RESERVES & SURPLUS**

	<b>As at 01.07.2009</b>	<b>Additions</b>	<b>Transfer / Adjustment</b>	<b>(Rs. in lacs) As at 31.03.2010</b>
Capital Reserve Arising on Forefeited Shares	49.17	—	—	49.17
	(49.17)	—	—	(49.17)
Molasses Storage Fund	14.47	4.44	—	18.91
	(18.44)	(9.03)	(13.00)	(14.47)
<b>TOTAL</b>	<b>63.64</b>	<b>4.44</b>	<b>—</b>	<b>68.08</b>
	<b>(67.61)</b>	<b>(9.03)</b>	<b>(13.00)</b>	<b>(63.64)</b>

**Note :** Figures in "( )" represents previous period figures.

**SCHEDULE 3 : LOAN FUNDS**

	<b>As at 31.03.2010 (Rs. in Lacs)</b>	<b>As at 30.06.2009 (Rs. in Lacs)</b>
<b>A Secured Loans</b>		
(a) Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	<u>249.63</u>	112.77
(b) Cash Credit A/c with The Shamrao Vithal Co-operative Bank Ltd.	<u>1,012.34</u>	—
(c) Excise Loan from The Shamrao Vithal Co-operative Bank Ltd.	<u>1,586.11</u>	1,586.11
(d) Vehicle Loans	<u>34.82</u>	0.08
(e) Hire Purchase - First Leasing Company of India Ltd.	<u>408.74</u>	149.54
(f) Interest accrued & due on (c) above	<u>20.95</u>	20.32
<b>SUB TOTAL - A</b>	<b><u>3,312.59</u></b>	<b><u>1,868.82</u></b>
<b>B Unsecured Loans</b>		
(a) Inter Corporate Deposits	<u>3,613.65</u>	4,477.45
(b) Fixed Deposits	<u>781.75</u>	602.95
(c) Deposits from Selling Agents	<u>538.72</u>	564.17
(d) Interest Accrued & Due on (a to c) above	<u>460.03</u>	607.97
<b>SUB TOTAL - B</b>	<b><u>5,394.15</u></b>	<b><u>6,252.54</u></b>
<b>TOTAL - (A) + (B)</b>	<b><u>8,706.74</u></b>	<b><u>8,121.36</u></b>

- Note**
1. Term Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by equitable mortgage on all the Immovable properties, stock, book debts and all other tangible movable assets by way of deposit of title deeds and hypothecation of all fixed assets.
  2. Cash Credit Account from The Shamrao Vithal Co-operative Bank Ltd. is secured by the hypothecation of stocks of sugar & molasses & book debts
  3. Excise Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.
  4. Secured loans, mentioned on (a to c) of 'A' above are further secured by personal guarantee of two Directors of the Company.
  5. Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
  6. Loans payable within one year Rs. 1293.23 lacs (Previous year Rs.312.91 lacs)

**SCHEDULE 4 : FIXED ASSETS****(Rs. in lacs)**

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.07.2009	Addition During the Period	Adjustments	As at 31.03.2010	Upto 30.06.2009	Provided During the Period	Adjus- tments	Upto 31.03.2010	As at 31.03.2010	As at 30.06.2009
LAND- FREEHOLD	19.15	—	—	19.15	—	—	—	—	19.15	19.15
LAND- LEASE HOLD	56.43	—	—	56.43	6.61	0.48	—	7.09	49.34	49.82
LEASE HOLD IMPROVEMENT	0.85	—	—	0.85	0.69	0.16	—	0.85	—	0.16
FACTORY BUILDING & TRANSIT HOUSE	999.38	36.64	—	1,036.02	223.90	18.78	—	242.68	793.34	775.48
PLANT & MACHINERY	9,104.75	50.94	—	9,155.69	3,914.14	355.29	—	4,269.43	4,886.26	5,190.62
OFFICE EQUIPMENT	86.01	5.03	0.06	90.98	53.09	6.61	0.01	59.69	31.29	32.91
FURNITURE & FIXTURES	61.04	3.17	—	64.21	30.29	3.09	—	33.38	30.83	30.75
MOTOR VEHICLES	79.91	69.46	1.84	147.53	36.53	7.59	0.37	43.75	103.78	43.37
CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS	51.27	—	—	51.27	51.27	—	—	51.27	—	—
<b>TOTAL</b>	<b>10,458.79</b>	<b>165.24</b>	<b>1.90</b>	<b>10,622.13</b>	<b>4,316.52</b>	<b>392.00</b>	<b>0.38</b>	<b>4,708.14</b>	<b>5,913.99</b>	<b>6,142.27</b>
CAPITAL WORK IN PROGRESS (Including Capital Advances)	—	—	—	—	—	—	—	—	355.62	287.64
<b>TOTAL</b>	<b>10,458.79</b>	<b>165.24</b>	<b>1.90</b>	<b>10,622.13</b>	<b>4,316.52</b>	<b>392.00</b>	<b>0.38</b>	<b>4,708.14</b>	<b>6,269.61</b>	<b>6,429.91</b>
Previous Year	10,447.06	46.20	34.47	10,458.79	3,689.79	648.65	21.92	4,316.52	6,429.91	

Notes :

- Freehold Land includes land aggregating Rs. 1.58 lacs in the name of SBEC Systems (India) Limited as nominee.
- Capital Work in Progress for New projects represent, expenses incurred by the company on conducting feasibility studies on various projects. The final decision on implementation of these projects is under active consideration of the management.
- Capital Work in Progress includes Rs. 316.40 lacs against Melt Decolorisation System to be installed in the premises of Modi Sugar Mills. The Company has entered into an agreement with Modi Sugar Mills for supplying raw sugar to Modi Sugar Mills for processing into finished sugar using the "Melt Decolorisation System", The same is under CWIP and pending Trial run.
- Capital Work in Progress includes :-

	<b>As at 31.03.2010</b>	<b>As at 30.06.2009</b>
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>
a) for Existing Operation	321.03	216.73
b) for New Projects	34.09	67.54
c) for Capital Advances	0.50	3.37
	<u>355.62</u>	<u>287.64</u>

**SCHEDULE 5 : INVESTMENTS****Long Term**

(Unquoted, Trade, Valued at Cost)

**Investment in Subsidiary Companies**

23,000,000 Equity Shares of Rs. 10/- each in

SBEC Bioenergy Ltd.\*

(Previous Year 23,000,000 Equity Shares of Rs. 10/- each)

**2,301.50**

2,301.50

20,50,000 Equity Shares of Rs. 10/- each in

SBEC Stockholding &amp; Investments Ltd.

**205.00**

205.00

(Previous Year 20,50,000 Equity Shares of Rs. 10/- each)

50,000 Equity Shares of Rs. 10/- each in Modi Gourmet Ltd.

**5.00**

5.00

(Previous Year 50000 Equity Shares of Rs. 10/- each)

**Other Investment**

20,000 Equity Shares of Rs. 25/- each in The Shamrao

Vithal Co-operative Bank Ltd. (Previous year - 20000 Equity

Shares of Rs. 25/- each)

**5.00**

5.00

**TOTAL -****2,516.50****2,516.50**

\* (Including Rs. 1.50 lacs Share Transfer Fee)



**SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES**

	<b>As at</b>		<b>As at</b>	
	<b>31.03.2010</b>		<b>30.06.2009</b>	
	<b>(Rs. in lacs)</b>		<b>(Rs. in lacs)</b>	
<b>A Current Assets</b>				
<b>(i) Inventories</b>				
Stores and Spares*		524.66		531.51
Finished Goods		15,125.00		2,745.08
Goods in Process		222.07		34.55
Other Stocks		46.16		22.64
<b>TOTAL</b>		<b>15,917.89</b>		<b>3,333.78</b>
*Net of Provision for Obsolescence Rs. 2.31 lacs				
<b>(ii) Sunday Debtors</b>				
(Considered good except to the extent stated)				
Outstanding for more than Six Months				
Secured				
Unsecured				
Considered Good	19.90		29.00	
Considered Doubtful	1.26	21.16	1.24	30.24
Other Debts				
Secured	71.92		116.26	—
Unsecured	518.48	590.40	734.30	850.56
Less: Provision for Doubtful debts		1.26		1.24
<b>TOTAL</b>		<b>610.30</b>		<b>879.56</b>
<b>(iii) Cash &amp; Bank Balances</b>				
Cash & Stamps in Hand		2.54		1.92
Cheques / Drafts in Hand		0.39		24.90
Balances with Scheduled Banks in				
Current Accounts	176.00		283.26	
Fixed Deposits	152.12	328.12	149.85	433.11
Balances with Non Scheduled Banks in				
Current Accounts*		2.56		1.53
<b>TOTAL</b>		<b>333.61</b>		<b>461.46</b>
<b>TOTAL (A)</b>		<b>16,861.80</b>		<b>4,674.80</b>

\* Closing balances and maximum amounts outstanding at any time during the year on current accounts with Non Scheduled Banks. (Rs. in Lacs)

	Maximum Balance		Balance As At	
	31.03.2010	30.06.2009	31.03.2010	30.06.2009
Zila Sahakari Bank-Baraut	167.67	66.76	1.92	1.04
Zila Sahakari Bank - Chhaprauli	6.16	0.93	0.64	0.49
<b>Total</b>			<b>2.56</b>	<b>1.53</b>

<b>B LOANS AND ADVANCES</b>				
(Unsecured, considered good except to the extent stated)				
Advance to Subsidiary (SBEC Bioenergy Limited)		—		2.79
Promoter Company - SBEC Systems (India) Limited		127.94		—
Advances Recoverable in Cash				
Or in Kind or for Value to be Received				
Considered Good	627.53		755.26	
Considered Doubtful	1.50	629.03	1.50	756.76
Lease Rent Recoverable		83.61		—
(Refer Note No.11 to Schedule 14)				
Debt Assignment Recoverable - PNB		3,351.21		2,881.05
(Refer Note No. 5 (i) of Schedule 14)				
Security Deposits		14.13		14.76
Tex Deducted at Source		30.46		30.35
Balance with Excise/ Trade Tax Authorities		148.17		20.98
		<b>4,384.55</b>		<b>3,706.69</b>
Less: Provision for Doubtful Advances		1.50		1.50
<b>TOTAL (B)</b>		<b>4,383.05</b>		<b>3,705.19</b>
<b>TOTAL {(A) + (B)}</b>		<b>21,244.85</b>		<b>8,379.99</b>



## SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS

	As at <u>31.03.2010</u> (Rs. in lacs)	As at <u>30.06.2009</u> (Rs. in lacs)
<b>A CURRENT LIABILITIES</b>		
<b>BILLS PAYBLE ACCEPTANCE</b>	1,357.41	1,065.84
<b>SUNDRY CREDITORS</b>		
For Sugar Cane (including expenses related to Cane)	12,904.73	2,992.90
Promoter Company – SBEC Systems (India) Limited	–	39.42
Small Scale Industries	7.01	12.09
Others	1,957.73	1,339.28
Other Liabilities	138.96	222.01
Advance from Subsidiary against PNB Debt Assignment (Refer Not No. 5 (ii) of Schedule 14)	710.49	–
Advances against Sales	16.40	66.78
Interest Accrued but not due on Loans	17.80	–
Security Deposit Received	32.66	46.66
<b>SUB TOTAL</b>	<u>15,785.78</u>	<u>4,719.14</u>
<b>TOTAL- (A)</b>	<u>17,143.19</u>	<u>5,784.98</u>
<b>B PROVISIONS</b>		
for Fringe Benefit Tax	–	12.54
for Wealth Tax	0.40	0.23
for Leave Encashment	35.56	23.78
for Gratuity	57.08	59.30
<b>TOTAL- (B)</b>	<u>93.04</u>	<u>95.85</u>
<b>TOTAL {(A)+(B)}</b>	<u>17,236.23</u>	<u>5,880.83</u>

## SCHEDULE 8 : SALES

	For the period ended <u>31.03.2010(9 Months)</u> (Rs. in lacs)	For the period ended <u>30.06.2009 (15 Months)</u> (Rs. in lacs)
Sugar – Domestic	14,708.42	26,870.22
– Export	4.46	87.69
Molasses	1,218.86	2,752.59
Bagasse	1,062.51	994.74
<b>TOTAL</b>	<u>16,994.25</u>	<u>30,705.24</u>

**SCHEDULE 9 : OTHER INCOME**

	<b>For the period ended 31.03.2010(9 Months) (Rs. in lacs)</b>	<b>For the period ended 30.06.2009 (15 Months) (Rs. in lacs)</b>
Interest Received (Gross)		
(Tax deducted at source Rs. 0.11 lacs	<b>25.63</b>	14.71
Previous period Rs. 0.47 lacs)		
Rent / Lease Rent Received (Refer Note No.11 of Schdule 14)	–	85.40
Dividend	–	1.33
Miscellaneous Income	<b>63.09</b>	69.20
Excess Provision/Sundry balance written back (Refer Note No.14 of Schedule 14)	<b>282.55</b>	145.23
<b>TOTAL</b>	<b><u>371.27</u></b>	<b><u>315.87</u></b>

**SCHEDULE 10 : INCREASE / (DECREASE) IN STOCKS**

Opening Stock			
Finished Goods	<b>2,745.08</b>		8,208.62
Goods in Process	<b>34.55</b>	<b>2,779.63</b>	<u>135.87</u> 8,344.49
Closing Stock			
Finished goods	<b>15,125.00</b>		2,745.08
Goods in Process	<b>222.07</b>	<b>15,347.07</b>	<u>34.55</u> 2,779.63
Increase/(Decrease) in Stock		<b><u>12,567.44</u></b>	<b><u>(5,564.86)</u></b>

**SCHEDULE 11 : MATERIAL AND MANUFACTURING EXPENSES**

Raw Material Consumed		<b>21,977.78</b>	15,202.05
Sugar Purchased for Trading		<b>2,204.80</b>	2,548.61
Stores & Spares consumed (including packing expenses)		<b>910.67</b>	1,268.55
Power & Fuel		<b>17.39</b>	21.89
Freight & Cartage		<b>3.52</b>	9.35
Repair & Maintenance			
Plant & Machinery	<b>278.56</b>		434.72
Building	<b>67.93</b>		41.79
Others	<b>23.75</b>	<b>370.24</b>	<u>47.55</u> 524.06
Other Manufacturing Expenses		<b>4.49</b>	4.85
Material Handling Expenses		<b>15.92</b>	13.16
Variation in Excise Duty on Opening and Closing			
Stock of Finished Goods		<b>483.00</b>	(455.33)
<b>TOTAL</b>		<b><u>25,987.81</u></b>	<b><u>19,137.19</u></b>



## SCHEDULE 12 : PERSONNEL, ADMINISTRATION & SELLING EXPENSES

	For the period ended <u>31.03.2010(9 Months)</u> (Rs. in lacs)	For the period ended <u>30.06.2009 (15 Months)</u> (Rs. in lacs)
<b>A PERSONNEL EXPENSES</b>		
Salary, Wages & Bonus	601.08	847.05
Company's Contribution to Provident & Other Funds	42.10	56.70
Staff Welfare Expenses	49.86	64.40
Gratuity	2.20	28.65
<b>TOTAL - (A)</b>	<u>695.24</u>	<u>996.80</u>
<b>B ADMINISTRATION EXPENSES</b>		
Travelling & Conveyance	41.05	102.07
Telephone, Postage & Telegram	10.83	18.11
Rent including Lease Charges	14.40	16.50
Rates & Taxes	10.04	9.01
Vehicle Expenses	19.68	35.26
Insurance -Expenses	16.90	31.01
- Receipt	<u>(13.92)</u>	<u>(31.91)</u>
Auditor's Remuneration (Refer Note No. 8 of Schedule 14)	2.28	2.80
Legal & Professional Charges	71.40	85.48
General Repairs & Maintenance	-	0.12
Security Guard Expenses	53.72	73.42
Miscellaneous Expenses	53.46	73.60
Fixed Assets Written off	-	4.90
Debit Balances Written off	-	17.53
Loss on Sale of Fixed Assets	0.71	2.72
Loss on Sale of Stores & Spares	-	2.60
Provision for Obsolete Store Items	2.31	-
Provision for Doubtful Debts	0.03	-
<b>TOTAL - (B)</b>	<u>282.89</u>	<u>443.22</u>
<b>C SELLING EXPENSES</b>		
Commission	82.69	143.52
Rent (Godown)	2.51	0.75
Freight, Clearing & Forwarding	55.70	85.64
Selling Exp. (Export)	-	0.30
Rebate & Discount	0.37	1.68
<b>TOTAL - (C)</b>	<u>141.27</u>	<u>231.89</u>
<b>TOTAL - [(A)+(B)+(C)]</b>	<u>1,119.40</u>	<u>1,671.91</u>

## SCHEDULE 13 : INTEREST AND FINANCE CHARGES

Interest			
- On Term Loans	100.48		129.57
- Others	<u>604.64</u>	705.12	<u>1,074.11</u>
Bank Charges		15.63	55.85
Finance Charges		191.74	262.76
Financial Brokerage		31.94	32.77
<b>TOTAL</b>		<u>944.43</u>	<u>1,555.06</u>

**SCHEDULE : 14****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES :****i. Basis of Accounting**

The accompanying financial statements are prepared in accordance with generally accepted accounting principles in India ("GAAP"), under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the companies (Accounting Standard) Rule 2006, and the Provisions of the Companies Act 1956, as adopted consistently by the Company.

**ii. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 reported amounts of revenues and expenses for the year. Examples of such estimates include provisions of future obligation under employee retirement benefit plans, the useful lives of fixed assets and intangible assets etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**iii. 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.

**iv. Inventory Valuation**

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

**v. Fixed & Intangible Assets**

- a) Fixed Assets are stated at historical cost less accumulated depreciation. Historical cost comprises all costs relating to acquisition and installation of fixed assets.
- b) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with the Accounting Standard (AS) - 16 on "Borrowing Cost".
- c) Government grants relating to specific fixed assets are deducted from the gross value of the assets concerned in arriving at their book value.
- d) Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) - 26 "Intangible Assets".

**vi. Depreciation**

Depreciation has been charged on the following basis:

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

**vii. Investments**

Long - term investments are stated at cost of acquisition. Provision for diminution in the value is made only if the decline is other than temporary.

**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**

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

**ix. Employee Benefits**

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

**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.

Preliminary Expenses are amortized over a period of five years from the start of commercial production.

Public Issue Expenses and Deferred Revenue Expenditure (representing the expenditure incurred during the pre-operative period and not relating to acquisition/construction of fixed assets) are amortized over a period of five years from the start of commercial production.

**xi. Impairment of Assets**

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

**xii. Accounting for Taxes**

Current Corporate tax is provided for on the results for the year, after considering, applicable tax rates and law.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax Assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**xiii. Leases**

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

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

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

**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 number 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.

**xv. Interim Financial Reporting**

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

**xvi. Provisions and Contingent Liabilities**

Provisions are recognized by present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

**B. NOTES ON ACCOUNTS :**

1(a) Previous period accounts were for fifteen month whereas current period accounts are for a period of nine month. Therefore, the figures are not strictly comparable.

1(b) Previous period figures have been regrouped/ rearranged wherever considered necessary.  
Previous period figures are given in brackets, wherever applicable.

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

**(Rs. in lacs)**

S.No	Particulars	As at 31.03.2010	As at 30.06.2009
i)	Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.	4632.00	4289.00
ii)	Outstanding against Guarantee given on behalf of SBEC Bioenergy Ltd.	133.33	400.00
iii]	Bond executed in favour of Custom Authorities under EPCG Scheme for differential amount of Custom Duty.	475.00	475.00
iv)	Duties and Tax liabilities disputed by the Company	312.40	308.23
v)	Guarantee given in favour of PNB against OTS of Modi Industries Ltd. along with interest.	NIL	468.88
vi)	Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	35.99	35.99

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 2.30 lacs (Previous period Rs 13.70 lacs).

4. The Company, in compliance of the Interim Order of the Lucknow Bench of Hon'ble Allahabad High Court dated 15<sup>th</sup> November, 2007 and subsequently upheld by Hon'ble Supreme Court vide its order dated 15<sup>th</sup> May, 2008, has paid Cane Price of Rs. 110/- per quintal for the crushing season 2007-2008 and has accordingly accounted for the liability. The Lucknow Bench of Hon'ble Allahabad High Court, by a subsequent order dated 7<sup>th</sup> July 2008, upheld the validity of State Advised Price (Rs. 130/- per quintal for Early Variety and Rs. 125/- per quintal for General Variety) fixed by State Government.

Aggrieved by the said order, the company has already filed Special Leave Petition with Hon'ble Supreme Court on 13<sup>th</sup> August 2008. Differential liability of the sugar cane price of Rs 1,483.32 lacs up to 31<sup>st</sup> March, 2010 (Previous Period Rs 1,483.32 lacs), if so ordered, will be accounted for in the books at time of final disposal of the matter by the Hon'ble Supreme Court.

5. (i) During the year 2006-2007, a One Time Settlement (OTS) dated 22<sup>nd</sup> January, 2007 has been signed between the Company, Punjab National Bank (PNB), Mr. Umesh K. Modi (as Guarantor of MIL) and Modi Industries Limited (MIL) on the terms as contained in the PNB letter dated 28<sup>th</sup> September, 2006. In terms of this settlement, the Company has agreed to make payment of Rs.2810.60 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.3351.21 lacs to PNB. Pending the execution of 'Deed of Assignment' by PNB in its favour, the Company has shown the amount under the head 'Loans & Advances'.



- (ii) Pursuant to an agreement with its wholly owned subsidiary, SBEC Bioenergy Limited (SBL), the Company has agreed to transfer all its rights, interest and charges in favour of SBL on execution of 'Deed of Assignment' by PNB in its favour against the Steel Section of MIL. In consideration of the same, the Company has received net advance of Rs.710.49 lacs from SBL.
6. Amounts due to certain sundry creditors/debtors are subject to confirmation and reconciliation. However, in the opinion of the management the differences arising on such reconciliation, if any, are not likely to be material.
7. Executive Director's Remuneration included under different heads of expenditure is as follows:

(Rs. in lacs)

Particulars	Current Period	Previous Period
Salary, Allowance & Commission	25.20	38.05
Contribution to Provident fund	1.89	2.85
Reimbursement of Expenses	4.02	0.84
Sub Total	31.11	41.74
Commission on profits	Nil*	Nil*
<b>TOTAL</b>	<b>31.11</b>	<b>41.74</b>

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

8. Auditor's Remuneration :

(Rs. in lacs)

Particulars	Current Period	Previous Period
a. Statutory Audit Fee	1.75	2.25
b. Certification & Reimbursement	0.44	0.41
c. Out of pocket expenses	0.09	0.14
<b>Total</b>	<b>2.28</b>	<b>2.80</b>

9. (a) Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 7.01 lacs (previous period Rs. 12.09 lacs).
- (b) Followings are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:
- Sundry creditors include a sum aggregating Nil, due to Micro and Small Enterprises.
  - The amount of interest paid by the Company in terms of Section 16, alongwith the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the period - Nil.
  - The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the year but without adding the interest specified under this Act. - Nil.
  - The amount of interest accrued and remaining unpaid - Nil.
  - The amount of further interest remaining due and payable even in succeeding years – Nil.

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

#### 10. 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.

11. During the year Company has negotiated and reached to a settlement regarding the Lease of boiler to M/s Modi Sugar Mills & considered the same as Finance Lease retrospectively from June 2007. Consequently the lease income accounted, during the period June 2007 to June 2009, amounting to Rs.128.39 lacs has since been reversed, bifurcated & adjusted towards principal & interest. This has also resulted into write back of previous years income (net of interest income) amounting to Rs. 83.62 lacs.

#### 12. 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.



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

(Rs.in lacs)

Name of the Companies	Amount outstanding As on 31 <sup>st</sup> March 2010*	Maximum Balance outstanding during the year
Chandil Power Ltd. – Interested Company	11.00	11.00

\* The above outstanding amounts are interest free & repayable on demand.

14. Based on the expert legal opinion obtained during the period, the refund of VAT on molasses & bagasse for the period from 1<sup>st</sup> January, 2008 till 31<sup>st</sup> March, 2010 amounting Rs. 282.55 lacs which was hitherto accounted as liability has since been taken to excess provision written back, under Schedule 9 – ‘Other Income’.

15. **Related Parties Disclosers (AS-18)**

**(A) Name of related parties and description of relationship:**

1. **Subsidiaries**

- (i) SBEC Bioenergy Limited
- (ii) SBEC Stockholding & Investment Limited
- (iii) Modi Gourmet Limited.

2. **Associates**

— Nil

3. **Fellow Subsidiaries**

— Nil

4. **Key Management Personnel**

Mr. Abhishek Modi - Executive Director

5. **Relatives of Key Management Personnel & their Enterprises:**

Mr. Umesh K. Modi, Mrs. Kumkum Modi\*, Modi Arts Pvt. Ltd.\*, Modi Goods and Retail Services Pvt. Ltd. (formally known as Modi Groceries Pvt. Ltd.), SBEC Systems (India) Ltd., Jai Abhishek Investments Pvt. Ltd.\*, Kamakhya Cosmetics & Pharmaceuticals Pvt. Ltd.\*, Modi Diagnostics Pvt. Ltd.\*, Modi Revlon Pvt. Ltd.\*, Modi Senator (India) Pvt. Ltd.\*, First Move Management Services Pvt. Ltd.\*, Revlon Lanka Pvt. Ltd.\*, Swasth Investment Pvt. Ltd.\*, Umesh Modi Corp. Pvt. Ltd.\*, Modi Omega Pharma (India) Pvt. Ltd.\*, Modi Illva India Pvt. Ltd., A to Z Holding Pvt.Ltd., Longwell Investment Pvt. Ltd., Bihar Sponge Iron Ltd., Modi Mundipharma Pvt. Ltd, Modiline Travel Service Pvt. Ltd., Modi Industries Ltd., Morgardshammer India Ltd., Win Medicare Pvt. Ltd, H. M. Tubes & Containers Pvt. Ltd., Modi Motors Pvt. Ltd., M.G. Mobiles India Pvt. Ltd., Chandil Power Limited, Revlon Trading Bangladesh Private Limited\*, Meghna Autoworks Private Limited\*.

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

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

(Rs in lacs)

Nature of transaction	Referred in A (1) above	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
<b>Purchase</b>					
Goods and Services	2.70	-	-	-	2225.17
	(4.86)	(-)	(-)	(-)	(2615.99)
Fixed Assets	-	-	-	-	0.10
	(-)	(-)	(-)	(-)	(0.07)
<b>Sales</b>					
Goods and Services	-	-	-	-	14.27
	(-)	(-)	(-)	(-)	(474.06)
Fixed Assets	-	-	-	-	-
	(-)	(-)	(-)	(-)	(3.04)
<b>Expenses</b>					
Computer / Printing & Stationery	-	-	-	-	1.03
	(0.01)	(-)	(-)	(-)	(0.18)
Air Tickets / Vehicle Exp.	0.01	-	-	-	4.12
	(0.01)	(-)	(-)	(-)	(16.53)
Courier / Freight Exp.	-	-	-	-	0.73
	(-)	(-)	(-)	(-)	(0.78)
Repair & Maintenance Exp.	-	-	-	-	55.28
	(-)	(-)	(-)	(-)	(15.64)
Rent/Telephone/Electricity	-	-	-	-	0.53
	(-)	(-)	(-)	(-)	(0.93)



Interest paid	-	-	-	-	(14.80)*
Salary & Wages etc	(-)	(-)	(-)	(-)	(81.58)
Consultancy / Sitting Fee	(0.74)	(-)	(-)	31.11	0.76
Gifts & other	(-)	(-)	(-)	(41.74)	(1.97)
Company Incorporation Exp.	(-)	(-)	(-)	(-)	0.71
	(0.17)	(-)	(-)	(-)	(0.05)
	(-)	(-)	(-)	(-)	0.21
	(-)	(-)	(-)	(-)	(0.31)
	(0.43)	(-)	(-)	(-)	(0.45)
<b>Income</b>					
Misc. Office Expenses Recd.	(-)	(-)	(-)	(-)	(1.36)
Consultancy / Sitting Fee Recd.	(-)	(-)	(-)	(-)	24.99
Air Tickets / Vehicle Exp Recd.	(-)	(-)	(-)	(-)	(-)
Gifts & other Recd.	(-)	(-)	(-)	(-)	7.03
Computer / Printing & Stationery Recd.	(-)	(-)	(-)	(-)	(-)
Salary & Wages Recd.	(-)	(-)	(-)	(-)	2.00
Interest Received	(-)	(-)	(-)	(-)	(-)
Lease Rent Recd. – Boiler	(-)	(-)	(-)	(-)	0.04
Rent/Telephone/Electricity Recd.	(-)	(-)	(-)	(-)	(-)
Freight Exp. Recd.	(-)	(-)	(-)	(-)	15.67
	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	62.42
	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(128.39)**
	(-)	(-)	(-)	(-)	(84.50)
	(1.38)	(-)	(-)	(-)	0.22
	(-)	(-)	(-)	(-)	(1.80)
	(0.12)	(-)	(-)	(-)	0.12
	(-)	(-)	(-)	(-)	(-)
<b>Guarantees (incl. interest)</b>	133.33	-	-	-	4632.00
<b>Outstanding as on 31.03.10</b>	(400.00)	(-)	(-)	(-)	(4289.00)
<b>Investment</b>					
Investment in Shares	(205)	(-)	(-)	(-)	(-)
<b>Recoverable / Receivable as on 31.03.10</b>					
Duty Recoverable	(-)	(-)	(-)	(-)	11.26
Lease Rent Receivable	(-)	(-)	(-)	(-)	(-)
Advance Recoverable	(-)	(-)	(-)	(-)	83.61
	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	11.00
	(-)	(-)	(-)	(-)	(-)
<b>Finance / Advance Taken as on 31.03.10</b>					
Finance (including Loan)	(-)	(-)	(-)	(-)	(-)
Advance taken against Debt Assignment	(-)	(-)	(-)	(-)	(440.56)
	(-)	(-)	(-)	(-)	710.49
	(-)	(-)	(-)	(-)	(-)

\* Reversal of Interest Paid to M/s Longwell Investment Pvt.Ltd. & A to Z Holding Pvt. Ltd.

\*\* Reversal of Lease Rent of Boiler from M/s Modi Sugar Mills for the period, June, 2007 to June, 2009.



16. **Deferred Taxation (AS-22)**

Break-up of Deferred Tax Assets and Deferred Tax Liabilities into major components is given below :

(Rs.in Lacs)

Particulars	As at 31.03.2010	As at 30.06.2009
<b>Deferred Tax Liability</b>		
Depreciation	1182.17	1216.67
Other Deductions	–	–
<b>Sub Total – A</b>	<b>1182.17</b>	<b>1216.67</b>
<b>Deferred Tax Assets</b>		
Business Loss / Unabsorbed Dep.	1094.99	1299.93
Deduction u/s 43B	101.72	191.73
Disallowance u/s 40 (a) & 40(A)(7)	19.40	29.07
<b>Sub Total – B</b>	<b>1216.11</b>	<b>1520.73</b>
<b>Net Deferred Tax Assets /(Liability) {B-A}</b>	<b>33.94</b>	<b>304.06</b>

Deferred Tax Assets are recognized and carried forward only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Particulars	Current Period	Previous Period
Net Profit/(Loss) after tax (Rs. in lacs)	493.66	700.14
Weighted Average number of equity shares outstanding during the year	4,76,53,880	4,76,53,880
<b>Basic and Diluted Earning per Share (Rs.)</b>	<b>1.04</b>	<b>1.47</b>

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

a) **CAPACITY**

Class of Goods	Units	Licensed capacity	Installed capacity
Sugarcane Crushing	M.T. per day	No License required (No License required)	8,000 (8,000)

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

(Rs in lacs)

Classes of Goods	Opening Stock	Production	Sales		Reprocess Stock (Qtls.)	Closing stock	
	Quantity (Qtls.)	Quantity (Qtls.)	Quantity (Qtls.)	Value		Quantity (Qtls.)	Value
Sugar	82,226* (4,83,285)	7,70,450* (8,90,002)*	3,72,679 (12,91,061)	12,445.58 (24,256.24)	7,680 (–)	4,79,997* (82,226)*	14283.89 (2,023.73)
Molasses(By-product)	1,46,588 (2,34,583)	4,19,193# (5,13,894#)	2,95,738 (6,01,889)	1,218.86 (2,752.59)	– (–)	2,70,043 (1,46,588)	900.43 (710.92)
Sugar Trading	– (49)	Purchases 63,984 (1,14,075)	63,984 (1,14,124)	2,267.30 (2,701.67)	– (–)	– (–)	– (–)

\*including Nil quintals of BISS. (Previous period 2,402 quintals).

# including ad-hoc additions of 8,462.90. quintals. (Previous period 19,504.40 quintals.)

c) **CONSUMPTION OF RAW MATERIALS**

	Unit	Quantity	Value (Rs in Lacs)
Sugar Cane	Quintals	87,20,000 (1,01,15,264)	21,977.78 (15,202.05)


**d) VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED** (Rs in Lacs)

	Indigenous		Imported	
	Value	%	Value	%
Raw Materials	21977.78	100	–	–
	(15202.05)	(100)	(–)	(–)
Stores and Spares*	897.80	98.59	12.87	1.41
	(1222.34)	(96.36)	(46.21)	(3.64)

\* Excluding spares used for capitalization.

**e) EXPENDITURE IN FOREIGN CURRENCY (On cash basis)**

(Rs. in Lacs)

Particulars	Current Period	Previous Period
Imports of Spares	6.48	56.95
Foreign Travelling	3.95	19.15
<b>f) EARNINGS IN FOREIGN EXCHANGE</b>	–	71.12
<b>g) CIF VALUE OF IMPORTS</b>	7.29	62.50

**19. 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)

Particulars	Current Period	Previous Period
Employer’s contribution to Provident Fund	42.10	56.70

**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	Current Period	Previous Period	Current Period	Previous Period
	Gratuity (Unfunded)	Gratuity (Unfunded)	Leave Encash- ment (Unfunded)	Leave Encash- ment (Unfunded)
Defined Benefit obligation at the beginning of the period	59.30	40.60	23.78	19.68
Current Service Cost	8.33	14.00	1.75	8.12
Interest Cost	3.34	3.55	1.34	1.72
Actuarial (gain)/loss	(9.46)	11.10	(14.15)	(0.42)
Benefits Paid	(4.42)	(9.95)	(3.21)	(5.33)
Settlement cost	–	–	–	–
<b>Defined Benefit obligation at the end of the period</b>	<b>57.08</b>	<b>59.30</b>	<b>9.51</b>	<b>23.78</b>



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

(Rs. in Lacs)

Particulars	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
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

Fair Value of Plan Assets as at 31 <sup>st</sup> March , 2010	-	-	-	-
Present value of obligation as at 31st March , 2010	57.08	59.30	9.51	23.78
Net asset/(liability) recognized in the Balance Sheet	(57.08)	(59.30)	(35.56)*	(23.78)

\* It includes company grade employees' freeze liability in books amount to Rs. 26.05 lacs.

4. Expense Recognized during the period in Profit & Loss A/c.

Current Service Cost	8.33	14.00	1.75	8.12
Interest Cost	3.34	3.55	1.34	1.72
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/ loss recognized during the period	(9.46)	11.10	(14.15)	(0.42)
Expenses recognized in the statement of Profit & Loss	2.20	28.65	(11.06)#	9.42

# It excludes the expense in relation to company grade employees' amount to Rs. 23.77 lacs.

5. Actual Return on Plan Assets

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

6. Principal Actuarial Assumptions

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, 2010	7.50%	7.00%	7.50%	7.00%
Future Salary Increase	5.00%	4.50%	5.00%	4.50%
Expected rate of return on plan assets	-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rates	Age	Withdrawal	Withdrawal	Withdrawal
	Upto 30 years	3.00%	3.00%	3.00%
	From 31 to 44 years	2.00%	2.00%	2.00%
	Above 44 years	1.00%	1.00%	1.00%



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

Actuarial valuation for period ended 31st March, 2010 pertain to only Seasonal Wage-Board grade employees, therefore there is difference in expense recognized in P&L statement and amount as mentioned in Actuarial certificate.

Disclosure in respect of previous three annual periods, as required by Revised Accounting Standard - 15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information.

**SIGNED FOR IDENTIFICATION SCHEDULE 1 TO 14**

For & on behalf of

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I. Registration Details</b>				
Registration No.	19160	State Code	20	
Balance Sheet Date	31	03	2010	
	Date	Month	Year	
<b>II. Capital Raised during the period</b> (Amount in Rs. Thousands)	Public Issue	Right Issue		
	Nil	Nil		
	Bonus Issue	Private Placement		
	Nil	Nil		
<b>III. Position of Mobilisation and Deployment of funds</b> (Amount in Rs. Thousands)	Total Liabilities	Total Assets		
	1,354,422	1,354,422		
Source of Funds	Paid up Capital	Reserves & Surplus		
	476,940	6,808		
	Secured Loan	Unsecured Loan		
	331,259	539,415		
Application of Funds	Net Fixed Assets	Investments		
	626,961	251,650		
	Deferred Tax Assets			
	3,394			
	Net Current Assets	Accumulated Losses		
	400,862	71,555		
<b>IV. Performance of Company</b> (Amount in Rs. Thousands)	Turnover	Total Expenditure		
	1,736,552	1,660,243		
	Profit Before Tax	Profit After Tax		
	76,309	49,366		
	Earning per Share (Rs.)	Dividend Rate (Percentage)		
	1.04	Nil		
<b>V. Generic Name of Principal Product of the Company</b> (As per monetary terms)				
Item Code No.(ITC Code)		1701-31		
Product Description		SUGAR		

Umesh K. Modi  
(Chairman & President)

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(Executive Director)

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Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)



## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

	Current Period (Rs. in Lacs)	Pervious Period (Rs. in Lacs)
<b>A) Cash Flow from Operating Activities</b>		
Profit / (Loss) Before Tax as per Profit and Loss Account	763.09	678.01
Adjustments For :		
Interest Expenses	705.12	1,203.68
Interest Income	(25.63)	(14.71)
Dividend Income	-	(1.33)
Loss on sale of Fixed Assets	0.71	2.72
Assets Written off	-	4.90
Provision for Obsolete Store Items	2.31	-
Provision for Doubtful Advances	0.03	-
Depreciation	392.00	648.65
Unclaimed credit balances written back	(282.55)	(145.23)
<b>Operating Profit before Working Capital Changes</b>	<b>1,555.08</b>	<b>2,376.68</b>
Adjustments For :		
Trade and Other Receivables	(408.65)	(1,764.42)
Inventories	(12,586.41)	5,547.89
Trade Payables	11,638.87	(8,365.92)
Cash generated from Operating Activities	198.89	(2,205.78)
Direct Taxes (Paid)/Refund	(0.23)	(13.27)
<b>Net Cash Flow from Operating Activities</b>	<b>198.66</b>	<b>(2,219.05)</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(165.25)	(46.20)
Capital Work in Progress	(67.98)	(12.68)
Proceeds from sale of Fixed Assets	0.81	4.93
Purchase of Investments	-	(205.00)
Dividend Income	-	1.33
Interest Received	25.63	14.71
<b>Net Cash Flow from Investing Activities</b>	<b>(206.79)</b>	<b>(242.91)</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (Net)	(247.62)	4,089.98
Proceeds from Short Term Borrowings (Net)	833.02	(437.29)
Net Interest (Paid)	(705.12)	(1,203.68)
<b>Net Cash Flow from Financing Activities</b>	<b>(119.72)</b>	<b>(2,449.00)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(127.85)</b>	<b>(12.95)</b>
Cash and Cash Equivalents as on 1st July, 2009 (Opening Balance)	461.46	474.41
Cash and Cash Equivalents as on 31st March, 2010 (Closing Balance)	333.61	461.46
<b>Net Increase as disclosed above</b>	<b>(127.85)</b>	<b>(12.95)</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	2.54	1.92
Cheques/ Drafts in Hand	0.39	24.90
Balances with Banks	330.68	434.63
<b>TOTAL</b>	<b>333.61</b>	<b>461.46</b>

For &amp; on behalf of

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)

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

1	Name of the Subsidiary	SBEC Bioenergy Limited	SBEC Stockholding and Investment Limited	Modi Gourmet Limited
2	Financial year of the Company	01.04.2009 to 31.03.2010	01.04.2009 to 31.03.2010	01.04.2009 to 31.03.2010
3	Shares held in the Subsidiary Company at the end of the financial year of the Subsidiary Company	23,000,000 Equity Shares of Rs. 10/- each fully paid up	20,50,000 Equity Shares of Rs. 10/- each fully paid up	50,000 Equity Shares of Rs. 10/- each fully paid up
4	Extent of holding	100 %	100 %	100 %
5	Change in the Company's interest in the Subsidiary between the end of the Financial Year of the Subsidiary and the end of the Company's Financial Year.	NIL	NIL	NIL
6	The net aggregate of Profits of the Subsidiary Company so far as they concern the members of the Company			
a)	Dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2010.	NIL	NIL	NIL
b)	Not dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2010.	6659996	(13484)	(188016)
7	The net aggregate of Profits / Loss of the Subsidiary Company for the previous financial year so far as they concern the members of the Company.			
a)	Dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2009.	NIL	NIL	NIL
b)	Not dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2009.	49160446	NIL	(196906)
8	Material changes which have occurred between the end of the Financial year of the Subsidiary and the end of the Company's Financial year in respect of			
a)	Fixed Assets	NIL	NIL	NIL
b)	Investments	NIL	NIL	NIL
c)	Money lent by the Subsidiary Company	NIL	NIL	NIL
d)	Moneys borrowed by the Subsidiary Company other than for meeting the Current Liabilities	NIL	NIL	NIL

Note: The Balance Sheet for the period ended 31<sup>st</sup> March, 2010 along with Director's Report and Auditor's Report of the Subsidiary Company are attached herewith.

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)



## REPORT OF THE AUDITOR'S TO THE BOARD OF DIRECTORS OF SBEC SUGAR LTD.

1. We have audited the attached Consolidated Balance Sheet of SBEC Sugar Limited and its subsidiaries as at 31<sup>st</sup> March, 2010, the Consolidated Profit and Loss Account for the period ended on that date annexed thereto, and the Consolidated Cash Flow Statements for the period ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with audit standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of these subsidiaries. The financial statements of SBEC Bio-energy Limited reflect total assets of Rs. 4817.19 lacs as at 31<sup>st</sup> March, 2010 and total revenues of Rs. 898.56 lacs for the period ended on that date. The financial statements of SBEC Stockholding and Investment Limited reflect total assets of Rs. 205 lacs as at 31<sup>st</sup> March, 2010 and total revenues of Rs. 1.15Lacs for the period ended on that date as this subsidiary has commenced business during the concerned period. The financial statements of Modi Gourmet Limited reflect total assets of Rs. 5 lacs as at 31<sup>st</sup> March, 2010 and total revenues of Rs. 0.05 lacs for the period ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS)-21, 'Consolidated Financial Statements', referred to in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in exercise with the power conferred under sub-section (1)(a) of section 642 of the Companies Act, 1956 and on the basis of the separate audited financial statements of SBEC Sugar Limited and its subsidiaries included in the consolidated financial statements.
5. Without qualifying our opinion, we draw your attention to note No. 4 of schedule 15(B) relating to the accounting for sugar cane purchase liability for the sugar season 2007-08 at an interim price of Rs. 110/- per quintal which is as per the directions of Hon'ble Supreme Court instead of State Advisory prices of Rs. 125/130 per quintal fixed by the State Government.
6. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of SBEC Sugar Limited and its subsidiaries, these consolidated financial statements read with the Schedules and Notes thereon,  
In our opinion, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of SBEC Sugar Limited and its subsidiaries as at 31<sup>st</sup> March, 2010;
  - ii) in the case of the Consolidated Profit & Loss Account, of the Consolidated results of operations of SBEC Sugar Limited and its subsidiaries for the period ended on that date; and
  - iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of SBEC Sugar Limited and its subsidiaries for the period ended on that date.

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

**(MUKESH GOYAL)**  
Mg. Partner  
M.No.081810

Place : New Delhi  
Date : 25th August, 2010



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

		SCHEDULES	As at <u>31.03.2010</u> (Rs. in Lacs)	As at <u>30.06.2009</u> (Rs. in Lacs)
<b>I.</b>	<b>SOURCES OF FUNDS</b>			
	SHAREHOLDERS' FUNDS			
	Share Capital	1	4,769.40	4,769.40
	Reserves & Surplus	2	68.08	63.64
	LOAN FUNDS	3		
	— Secured Loans		3,445.93	2,402.15
	— Unsecured Loans		5,394.15	6,253.56
	<b>TOTAL</b>		<b><u>13,677.56</u></b>	<b><u>13,488.75</u></b>
<b>II.</b>	<b>APPLICATION OF FUNDS</b>			
	FIXED ASSETS	4		
	Gross Block		15,172.75	15,003.59
	Less: Depreciation		8,466.69	7,751.88
	Net Block		6,706.06	7,251.71
	Capital Work in Progress		360.45	287.65
			<b><u>7,066.51</u></b>	<b><u>7,539.36</u></b>
	INVESTMENTS	5	56.15	11.50
	DEFERRED TAX ASSETS		346.86	628.35
	CURRENT ASSETS, LOANS & ADVANCES	6		
	– Inventory		16,178.73	3,612.68
	– Sunday Debtors		1,020.49	1,215.56
	– Cash & Bank Balances		368.60	674.43
	– Loans & Advances		6,855.33	6,786.99
			<b><u>24,423.15</u></b>	<b><u>12,289.66</u></b>
	CURRENT LIABILITIES & PROVISIONS	7		
	– Current Liabilities		16,517.62	5,883.76
	– Provisions		146.51	118.55
	NET CURRENT ASSETS		7,759.02	6,287.35
	Profit & Loss Account		(1,664.32)	(1,110.52)
	MISCELLANEOUS EXPENDITURE	14	112.98	132.71
	(To the extent not written off or adjusted)			
	<b>TOTAL</b>		<b><u>13,677.56</u></b>	<b><u>13,488.75</u></b>
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	15		

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
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Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD  
ENDED 31ST MARCH, 2010**

	SCHEDULES	For the Period ended 31.03.2010 (Rs. in Lacs)	For the Period ended 30.06.2009 (Rs. in Lacs)
<b>INCOME</b>			
Sales	8	17,831.56	32,499.21
Less : Excise Duty		<u>615.79</u>	<u>1,758.60</u>
<b>Net Sales</b>		<b>17,215.77</b>	<b>30,740.61</b>
Other Income	9	427.41	580.71
Increase / (Decrease) in Stocks	10	<u>12,573.76</u>	<u>(5,560.74)</u>
<b>TOTAL INCOME</b>		<b><u>30,216.94</u></b>	<b><u>25,760.58</u></b>
<b>EXPENDITURE</b>			
Materials & Manufacturing Expenses	11	26,182.55	19,443.65
Personnel, Administration & Selling Expenses	12	1,306.39	1,990.55
Miscellaneous Expenditure Written Off		<u>20.09</u>	<u>29.36</u>
<b>TOTAL EXPENDITURE</b>		<b><u>27,509.03</u></b>	<b><u>21,463.56</u></b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAX</b>		<b><u>2,707.91</u></b>	<b><u>4,297.02</u></b>
Interest & Finance Charges	13	<u>1,011.07</u>	<u>1,813.44</u>
<b>PROFIT BEFORE DEPRECIATION &amp; TAX</b>		<b><u>1,696.84</u></b>	<b><u>2,483.58</u></b>
Depreciation & Amortisation		<u>715.19</u>	<u>1,226.53</u>
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b><u>981.65</u></b>	<b><u>1,257.05</u></b>
Prior Period Adjustment (Net)		<u>(26.92)</u>	<u>(6.84)</u>
Earlier Years Income Written Back (Refer Note No. 9 of Schedule 15)		<u>(83.62)</u>	<u>—</u>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b><u>871.11</u></b>	<b><u>1,250.21</u></b>
Fringe Benefit Tax		—	15.27
Excess Provision of Tax Written Back		<u>(1.09)</u>	<u>—</u>
Income Tax Provision For Earlier Years		<u>0.07</u>	<u>—</u>
Provision For Income Tax		<u>32.00</u>	<u>42.25</u>
Provision For Wealth Tax		<u>0.40</u>	<u>0.23</u>
Deferred Tax Charge / (Credit)		<u>281.49</u>	<u>2.67</u>
<b>PROFIT / (LOSS) AFTER TAX BEFORE APPROPRIATION</b>		<b><u>558.24</u></b>	<b><u>1,189.79</u></b>
Add : Transfer From Molasses Storage Fund		—	13.00
Less : Transfer to Molasses Storage Fund		<u>4.44</u>	<u>9.03</u>
Add : Profit/(Loss) Balance Brought Forward		<u>1,110.52</u>	<u>(83.24)</u>
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		<b><u>1,664.32</u></b>	<b><u>1,110.52</u></b>
<b>EARNING PER SHARE (BASIC &amp; DILUTED)</b>		<b>1.17</b>	<b>2.50</b>
(Rs. per equity shares of Rs. 10/- each)			
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>			
	15		
In terms of our report of even date attached For & on behalf of			
DOOGAR & ASSOCIATES Chartered Accountants Firm Regn. No. : 000561N	Umesh K. Modi (Chairman & President)	Abhishek Modi (Executive Director)	Directors G.C. Jain Man Mohan N.P. Bansal Santosh C. Gupta
Mukesh Goyal Mg. Partner Membership No. 081810	S.S. Agarwal Vice President (Commercial)	Rajeev Malhotra (Chief Financial Officer)	
Place : New Delhi Date : 25th August, 2010	Anup Gupta (Company Secretary)		



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	<b>As at 31.03.2010 (Rs. in Lacs)</b>	<b>As at 30.06.2009 (Rs. in Lacs)</b>
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
55,000,000 Equity Shares of Rs. 10/- each	<u>5,500.00</u>	<u>5,500.00</u>
<b>ISSUED &amp; SUBSCRIBED:</b>		
47,814,430 Equity Shares of Rs. 10/- each	<u>4,781.44</u>	<u>4,781.44,</u>
<b>PAID UP:</b>		
47,653,880 Equity Shares of Rs. 10/- each (Previous year 47,653,880 Equity shares)	<u>4,765.39</u>	<u>4,765.39</u>
Share Forfeiture Account	<u>4.01</u>	<u>4.01</u>
<b>TOTAL</b>	<b><u>4,769.40</u></b>	<b><u>4,769.40</u></b>

	(Rs. in Lacs)			
	<b>As at 01.07.2009</b>	<b>Additions</b>	<b>Transfer / Adjustment</b>	<b>As at 31.03.2010</b>
Capital Reserve Arising on Forefeited Shares	49.17	-	-	49.17
	(49.17)	-	-	(49.17)
Molasses Storage Fund	14.47	4.44	-	18.91
	(18.44)	(9.03)	(13.00)	(14.47)
<b>TOTAL</b>	<b>63.64</b>	<b>4.44</b>	<b>-</b>	<b>68.08</b>
	(67.61)	(9.03)	(13.00)	(63.64)

**Note** : (Figures in “ ( ) ” represents previous period figures.

	<b>As at 31.03.2010 (Rs. in lacs)</b>	<b>As at 30.06.2009 (Rs. in lacs)</b>
<b>SCHEDULE 3 : LOAN FUNDS</b>		
<b>A Secured Loans</b>		
(a) Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	<b>249.63</b>	112.78
(b) Term Loan from SREI Infrastructure Finance Ltd.	<b>133.33</b>	533.33
(c) Cash Credit A/c with The Shamrao Vithal Co-operative Bank Ltd	<b>1,012.34</b>	-
(d) Excise Loan from The Shamrao Vithal Co-Operative Bank Ltd.	<b>1,586.11</b>	1,586.11
(e) Vehicle Loans	<b>34.83</b>	0.08
(f) Hire Purchase - First Leasing Company of India Ltd.	<b>408.74</b>	149.54
(g) Interest accrued & due on (d) above	<b>20.95</b>	20.31
<b>SUB TOTAL - A</b>	<b><u>3,445.93</u></b>	<u>2,402.14</u>
<b>B Unsecured Loans</b>		
(a) Inter Corporate Deposits	<b>3,613.65</b>	4,477.46
(b) Fixed Deposits from public	<b>781.75</b>	602.95
(c) Deposits from Selling Agents	<b>538.72</b>	564.17
(d) Short term Loan	-	1.00
(e) Interest Accrued & Due on (a to c)above	<b>460.03</b>	607.98
<b>SUB TOTAL - B</b>	<b><u>5,394.15</u></b>	<u>6,253.55</u>
<b>TOTAL - (A) + (B)</b>	<b><u>8,840.08</u></b>	<u>8,655.71</u>

**Note** :

- Term Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by equitable mortgage on all the Immovable properties, stock, book-debts and all other tangible movable assets by way of deposit of title deeds and hypothecation of all fixed assets.
- Cash Credit Account from the Shamrao Vithal Co-operative Bank Ltd. is secured by the hypothecation of stocks of sugar & molasses & book debts.
- Excise Loan from the Shamrao Vithal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.
- Secured Loans, mentioned on (a, c & d) of 'A' above are further secured by personal guarantee of two Directors of the Company.
- Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
- Loans payable within one year Rs.1426.57 Lacs (Previous year Rs. 712.91 lacs)
- Term Loan from SREI Infrastructure Finance Ltd. is secured by exclusive first charge by way of mortgage of all immovable properties of SBEC Bioenergy Ltd, both present and future, and hypothecation of all movable properties of SBEC Bioenergy Ltd., both present & future, wherever situated. It is further secured by personal guarantee of two Directors of the Company.

**SCHEDULE 4 : FIXED ASSETS**

(Rs. in lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.07.2009	Additions During the Period	Adjust- ments	As at 31.03.2010	Upto 30.06.2009	Provided During the Period	Adjust- ments	Upto 31.03.2010	As at 31.03.2010	As at 30.06.2009
LAND - FREEHOLD	46.15	—	—	46.15	—	—	—	—	46.15	46.15
LAND - LEASE HOLD	56.43	—	—	56.43	6.61	0.48	—	7.09	49.34	49.82
LEASEHOLD IMPROVEMENT	0.85	—	—	0.85	0.69	0.16	—	0.85	—	0.16
BUILDING	1,252.64	36.64	—	1,289.28	300.04	27.24	—	327.29	961.99	952.60
PLANT & MACHINERY	13,348.28	50.93	—	13,399.21	7,262.03	668.05	—	7,930.08	5,469.13	6,086.24
OFFICE EQUIPMENT	94.33	5.34	0.06	99.61	58.33	7.07	0.01	65.39	34.22	36.00
FURNITURE & FIXTURES	63.91	3.17	—	67.08	31.99	3.20	—	35.19	31.89	31.92
MOTOR VEHICLES	86.27	74.47	1.84	158.90	39.04	8.20	0.37	46.87	112.04	47.23
INTANGIBLE ASSETS (SOFTWARE)	3.46	0.51	—	3.97	1.87	0.79	—	2.66	1.31	1.59
CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS	51.27	—	—	51.27	51.27	—	—	51.27	—	—
<b>TOTAL</b>	<b>15,003.59</b>	<b>171.06</b>	<b>1.90</b>	<b>15,172.75</b>	<b>7,751.87</b>	<b>715.19</b>	<b>0.38</b>	<b>8,466.69</b>	<b>6,706.06</b>	<b>7,251.71</b>
CAPITAL WORK IN PROGRESS (Including Capital Advances)									360.45	287.65
<b>TOTAL</b>	<b>15,003.59</b>	<b>171.06</b>	<b>1.90</b>	<b>15,172.75</b>	<b>7,751.87</b>	<b>715.19</b>	<b>0.38</b>	<b>8,466.69</b>	<b>7,066.51</b>	<b>7,539.36</b>
<b>PREVIOUS PERIOD</b>	<b>14,983.43</b>	<b>91.75</b>	<b>71.59</b>	<b>15,003.59</b>	<b>6,552.83</b>	<b>1,226.53</b>	<b>27.48</b>	<b>7,751.88</b>	<b>7,539.36</b>	

- Notes :
- Freehold Land includes land aggregating Rs. 1.59 lacs in the name of SBEC Systems (India) Limited as nominee.
  - Capital Work in Progress for New projects represent, expenses incurred by the company on conducting feasibility studies on various projects. The final decision on implementation of these projects is under active consideration of the management.
  - Capital Work in Progress includes Rs. 316.40 lacs against Melt Decolorisation System to be installed in the premises of Modi Sugar Mills. The Company has entered into an agreement with Modi Sugar Mills for supplying raw sugar to Modi Sugar Mills for processing into finished sugar using the "Melt Decolourisation System". The Same is Under CWIP and pending Trial run.
  - Capital Work in Progress includes :-

	<b>As at 31.03.2010</b> <b>(Rs. in lacs)</b>	<b>As at 30.06.09</b> <b>(Rs. in lacs)</b>
a) for Existing Operation	321.03	216.73
b) for New Projects	34.09	67.54
a) for Capital advances	5.33	3.37
	<u>360.45</u>	<u>287.65</u>

**SCHEDULE 5 : INVESTMENTS**

	<b>As at</b> <b>31.03.2010</b> <b>(Rs. in lacs)</b>	<b>As at</b> <b>30.06.2009</b> <b>(Rs. in lacs)</b>
<b>Long Term</b> (Unquoted, Trade)		
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) Share Transfer Stamp fee	<b>10.00</b> <b>1.50</b>	10.00 1.50
<b>Other Investments</b>		
45,000 Equity Shares of Rs. 10/- each of Modi Ilva India Pvt. Ltd. (Previous year — Nil)	<b>45.00</b>	—
100 Equity Shares of Rs. 10/- each of Chandil Power Ltd. (Share Application Money) (Previous year — Nil)	<b>0.01</b>	—
<b>TOTAL</b>	<b>56.51</b>	<b>11.50</b>





**SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES**

	As at <u>31.03.2010</u> (Rs. in Lacs.)	As at <u>30.06.2009</u> (Rs. in Lacs.)
<b>A CURRENT ASSETS</b>		
<b>(i) Inventories</b>		
Stores and Spares*	757.98	789.21
Finished Goods	15,152.52	2,766.28
Goods in process	222.07	34.55
Other Stocks	46.16	22.64
<b>TOTAL</b>	<u>16,178.73</u>	<u>3,612.68</u>
* Net of Provision for Obsolescence Rs. 2.31 lacs.		
<b>(ii) Sundry Debtors</b>		
(Considered good except to the extent stated)		
Outstanding for more than Six Months		
- Secured	-	-
- Unsecured		
Considered Good	19.90	29.00
Considered Doubtful	1.26	1.24
Other Debts		
- Secured	71.92	116.27
- Unsecured	928.67	1,070.29
Less : Provision for Doubtful Debts	1.26	1.24
<b>TOTAL</b>	<u>1,020.49</u>	<u>1,215.56</u>
<b>(iii) Cash &amp; Bank Balances</b>		
- Cash & Stamps in Hand	2.61	1.92
- Cheques/Drafts in hand	0.39	24.90
Balances with Scheduled Banks in		
- Current Accounts	208.09	493.65
- Fixed Deposits	154.95	152.44
Balances with Non Scheduled Banks in		
- Current Accounts	2.56	1.52
<b>TOTAL</b>	<u>368.60</u>	<u>674.43</u>
<b>TOTAL(A)</b>	<u>17,567.82</u>	<u>5,502.66</u>

\* Closing Balances and maximum amounts outstanding at any time during the year on current accounts with Non Scheduled Banks.

(Rs.in lacs)

	Maximum Balance		Balance As At	
	31.03.2010	30.06.2009	31.03.2010	30.06.2009
Zila Sahakari Bank- Baraut	167.67	66.76	1.92	1.03
Zila Sahakari Bank- Chhaprauli	6.16	0.93	0.64	0.49
<b>Total</b>			<b>2.56</b>	<b>1.52</b>


**SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES (Contd....)**

	As at <b>31.03.2010</b> (Rs. in Lacs.)	As at <b>30.06.2009</b> (Rs. in Lacs.)
<b>B LOANS AND ADVANCES</b>		
(Unsecured, considered good except to the extent stated)		
Promoter Company - SBEC Systems (India) Limited	127.94	-
Advances Recoverable in cash or in kind or for value to be received		
Considered good	3,062.05	3,785.17
Considered Doubtful	<u>1.50</u>	<u>1.50</u>
Lease Rent Recoverable (Refer Note No. 9 of Schedule 15)	83.62	-
Debt Assignment Recoverable - PNB (Refer Note No. 5(a)(i) of Schedule 15)	3,351.21	2,881.05
Security Deposits	21.94	22.56
Tax Deducted at Source	60.40	77.22
Balance with Excise / TradeTax Authorities	148.17	20.99
	<u>6,856.83</u>	<u>6,788.49</u>
Less : Provision for Doubtful Advances	1.50	1.50
<b>TOTAL (B)</b>	<u>6,855.33</u>	<u>6,786.99</u>
<b>TOTAL {(A) + (B)}</b>	<u>24,423.15</u>	<u>12,289.66</u>

**SCHEDULE 7 : CURRENT LIABILITIES & PROVISION**

<b>A CURRENT LIABILITIES</b>		
<b>Bills Payable Acceptance</b>	1,357.49	1,065.84
<b>Sundry Creditors</b>		
For Sugar Cane (Including expenses related to Cane)	12,904.73	2,992.90
Promoter Company - SBEC Systems (India) Limited	-	39.42
Small Scale Industries	7.20	12.09
Others	2,016.34	1,406.92
Other Liabilities	164.56	251.11
Advances against Sales	16.40	68.37
Interest Accrued but not due on Loans	17.80	-
Security Deposit Received	33.11	47.11
<b>SUB TOTAL</b>	<u>15,160.13</u>	<u>4,817.92</u>
<b>TOTAL (A)</b>	<u>16,517.62</u>	<u>5,883.76</u>
<b>B PROVISIONS</b>		
for Fringe Benefit Tax	-	12.55
for Wealth Tax	0.40	0.23
for Income Tax	26.65	-
for Leave Encashment	44.25	31.19
for Gratuity	75.21	74.58
<b>TOTAL (B)</b>	<u>146.51</u>	<u>118.55</u>
<b>TOTAL {(A) + (B)}</b>	<u>16,664.13</u>	<u>6,002.31</u>

**SCHEDULE 8 : SALES**

	<b>for the period ended 31.03.2010(9 Months) (Rs. in lacs)</b>	<b>For the period ended 30.06.2009(15 Months) (Rs. in lacs)</b>
Sugar – Domestic	14,708.42	26,870.21
– Export	4.46	87.69
Molasses	1,218.86	2,752.59
Bagasse	1,062.51	994.74
Sale of Power	837.31	1,793.97
Other	—	0.01
<b>TOTAL</b>	<b><u>17,831.56</u></b>	<b><u>32,499.21</u></b>

**SCHEDULE 9 : OTHER INCOME**

Interest Received (Gross)	81.09	238.08
(Tax deducted at source Rs.5.53 lacs Previous period Rs. 51.69 lacs)		
Rent / Lease Rent Received(Refer Note No. 9 of Schedule 15)	—	85.40
Dividend	0.60	2.83
Miscellaneous Income	63.14	69.88
Excess provision / Sundry balance written back (Refer Note No. 10 of Schedule 15)	<u>282.58</u>	<u>184.52</u>
<b>TOTAL</b>	<b><u>427.41</u></b>	<b><u>580.71</u></b>

**SCHEDULE 10 : INCREASE / (DECREASE) IN STOCKS**

Opening Stock - Finished Goods	2,766.28	8,225.70	
- Goods in Process	<u>34.55</u>	135.87	8,361.57
Closing Stock - Finished goods	15,152.52	2,766.28	
- Goods in Process	<u>222.07</u>	34.55	2,800.83
<b>Increase/(Decrease) in Stock</b>	<b><u>12,573.76</u></b>		<b><u>(5,560.74)</u></b>

**SCHEDULE 11 : MATERIALS AND MANUFACTURING EXPENSES**

Raw Materials Consumed	21,977.78	15,202.05
Sugar Purchased for Trading	2,204.80	2,548.62
Stores & Spares Consumed (including Packing Expenses)	910.67	1,268.55
Power & Fuel	33.17	51.05
Freight & Cartage	3.52	9.35
Repair & Maintenance		
- Plant & Machinery	415.23	620.91
- Building	67.93	41.79
- Others	<u>23.75</u>	47.55
Other Manufacturing Expenses	4.49	4.85
Material Handling Expenses	49.40	67.32
Technical Assistance Fees	8.81	36.94
Variation in Excise Duty on Opening and Closing stock of Finished Goods	<u>483.00</u>	<u>(4.55.33)</u>
<b>TOTAL</b>	<b><u>26,182.55</u></b>	<b><u>19,443.65</u></b>



## SCHEDULE 12 : PERSONNEL, ADMINISTRATION & SELLING EXPENSES

	for the period ended 31.03.2010 (9 Months) (Rs. in lacs)	For the period ended 30.06.2009 (15 Months) (Rs. in lacs)
<b>A PERSONNEL EXPENSES</b>		
Salary, Wages & Bonus	709.81	1,004.07
Company's Contribution To Provident & Other Funds	50.56	68.51
Staff Welfare Expenses	50.29	65.71
Gratuity	5.44	30.96
<b>Total - (A)</b>	<u>816.09</u>	<u>1,169.25</u>
<b>B ADMINISTRATION EXPENSES</b>		
Travelling & Conveyance Expenses	44.29	110.40
Telephone, Postage & Telegrams	12.23	21.52
Rent including Lease Charges	22.57	26.52
Rates & Taxes	10.55	9.55
Vehicle Expenses	22.18	42.21
Insurance -Expenses	23.82	43.44
- Receipt	<u>(13.92)</u>	<u>(31.91)</u>
Auditors' Remuneration (Refer Note No. 13 of Schedule 15)	4.54	6.35
Legal & Professional Charges	76.94	119.98
General Repair & Maintenance	1.15	1.53
Security Guard Expenses	84.58	119.61
Miscellaneous Expenses	57.05	81.97
Fixed Assets Written off	-	4.90
Debit Balances Written off	-	17.73
Loss on Sale of Fixed Assets	0.71	2.72
Loss on Sale of Store & Spares	-	2.60
Provision for Obsolete Store Items	2.31	-
Provision for Doubtful Debts	0.03	10.29
<b>Total - (B)</b>	<u>349.03</u>	<u>589.41</u>
<b>C SELLING EXPENSES</b>		
Commission	82.69	143.52
Rent (Godown)	2.51	0.75
Freight, Clearing & Forwarding	55.70	85.64
Selling Exp. ( Export )	-	0.30
Rebate & Discount	0.37	1.68
<b>Total - (C)</b>	<u>141.27</u>	<u>231.89</u>
<b>Total - [(A)+(B)+(C)]</b>	<u>1,306.39</u>	<u>1,990.55</u>

## SCHEDULE 13 : INTEREST AND FINANCE CHARGES

<b>Interest</b>			
- On Term Loans	165.65	362.94	
- Others	<u>605.28</u>	<u>1,079.44</u>	1,442.38
Bank Charges	15.97		57.50
Finance charges	191.74		279.97
Financial Brokerage	31.94		33.37
Foreign Exchange Fluctuation	0.49		0.22
<b>Total</b>	<u>1,011.07</u>		<u>1,813.44</u>

**SCHEDULE 14 : MISCELLANEOUS EXPENDITURE**

	<b>As at 31.03.2010 (Rs. in lacs)</b>	<b>As at 30.06.2009 (Rs. in lacs)</b>
(To the extent not written off or adjusted)		
<b>A Preliminary Expenses</b>		
Balance as per last account	0.39	0.01
Addition during the period	–	0.42
Less : Written off	0.08	0.05
<b>TOTAL (A)</b>	<u>0.31</u>	<u>0.38</u>
<b>B Deferred Revenue Expenditure</b>		
Balance as per last account	130.37	159.68
Addition during the period	–	–
Less : Written off	19.55	29.31
<b>TOTAL (B)</b>	<u>110.82</u>	<u>130.37</u>
<b>C Pre-operative Expenses</b>		
Balance as per last account	1.96	1.96
Addition during the period	0.35	–
Less : Written off	0.46	–
<b>TOTAL (C)</b>	<u>1.85</u>	<u>1.96</u>
<b>TOTAL [(A) + (B) + (C)]</b>	<u>112.98</u>	<u>132.71</u>

**SCHEDULE: 15 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements**

The financial statements of “SBEC Bioenergy Limited.”, “Modi Gourmet Limited” & “SBEC Stockholding & Investments Limited” used in the consolidation are drawn for a period of Twelve months ended on 31<sup>st</sup> March, 2010 (hereinafter referred to as “the subsidiary companies”).

SBEC Stockholding & Investment Ltd. has obtained the certificate for Commencement of business on 26<sup>th</sup> August, 2009 and Profit & Loss Account has prepared for the first time. Therefore there are no comparative figures.

The accompanying financial statements are prepared in accordance with generally accepted accounting principles in India (“GAAP”), under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the companies (Accounting Standard) Rule 2006, and the Provisions of the Companies Act 1956, as adopted consistently by the Company.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) 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 reported amounts of revenues and expenses for the year. Examples of such estimates include provisions of future obligation under employee retirement benefit plans, the useful lives of fixed assets and intangible assets etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

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

**2. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 reported amounts of revenues and expenses for the year. Examples of such estimates include provisions of future obligation under employee retirement benefit plans, the useful lives of fixed assets and intangible assets etc. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**3. 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 31.03.2010
SBEC Bioenergy Limited.	India	100
SBEC Stockholding & Investment Limited.	India	100
Modi Gourmet Limited.	India	100

#### 4. Recognition of Revenues & Expenses

In case of Holding Company:

- 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.
- 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.

In case of SBEC Bioenergy Limited:

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

#### 5. Fixed & Intangible Assets

- Fixed Assets are stated at historical cost less accumulated depreciation. Historical cost comprises all costs relating to acquisition and installation of fixed assets.
- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with the Accounting Standard (AS) - 16 on "Borrowing Cost".
- Government grants relating to specific fixed assets are deducted from the gross value of the assets concerned in arriving at their book value.
- Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) - 26 "Intangible Assets".
- 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.

#### 6. Depreciation

Depreciation has been charged on the following basis:

- Leasehold Land is being amortized over the period of the Lease.
- Assets leased out are written off over the period of lease at cost less terminal transfer price.
- Assets below Rs. 5000/- are being depreciated at the rate of 100 % in the year of addition.
- Other assets are being depreciated on the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- Software of the nature of Intangible Assets are amortized over a period of 5 years.
- In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.
- In case of SBEC Bioenergy Limited, extra shift depreciation is charged in respect of plant & machinery, excluding items on which no extra shift depreciation is applicable as per Schedule XIV to the Companies Act, 1956, at the rate of 5.59% on actual number of days worked in triple shift in proportion to the normal working days, which are 122 for the Company.

#### 7. Investments

Long term investments are stated at cost of acquisition. Provision for diminution in the value is made only if the decline is other than temporary.

#### 8. Inventory Valuation

- Finished Goods:
  - Free Sugar - at lower of cost or net realizable value.
  - Levy Sugar - at lower of cost or levy price.
- Goods in Process - at lower of cost or net realizable value.
- Raw material - at lower of cost or net realizable value.
- Stores and spares - at cost computed on First in First Out basis in case of SBEC Sugar Ltd. whereas in case of SBEC Bioenergy Ltd. at weighted average cost.
- Molasses (By-product) is valued at net realizable value.
- Provision for obsolescence and other anticipated losses are made on the stocks, whenever identified / considered necessary.
- In case of SBEC Bioenergy Ltd. closing Stock of Power Banked is valued at lower of cost and market value. (Cost includes raw material, stores and spares consumed and factory overheads.)



## 9. Impairment of Assets

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

## 10. 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.

Preliminary Expenses are amortized over a period of five years from the start of commercial production.

Public Issue Expenses and Deferred Revenue Expenditure (representing the expenditure incurred during the pre-operative period and not relating to acquisition/construction of fixed assets) are amortized over a period of five years from the start of commercial production.

In case of SBEC Bioenergy Ltd., preliminary expenses and deferred revenue expenses are being amortized over a period of ten years from the date of commencement of commercial operations.

In case of SBEC Stockholding & Investments Ltd., preliminary expenses are amortized over a period of ten years starting from the year subsequent to its incurrence.

## 11. Employee Benefits

(a) Short Term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.

(b) Post employment and other long-term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses of the post employment and other long term benefits are charged to the Profit & Loss Account of the year.

## 12. Foreign Currency Transactions

### a) Initial Recognition

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

### b) Conversion

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

### c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

## 13. Accounting for Taxes

Current Corporate tax is provided on the results for the year after considering applicable tax rates and law.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred Tax Assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 14. Leases

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

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

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



### 15. Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributed 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.

### 16. Interim Financial Reporting

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

### 17. Provisions and Contingent Liabilities

Provisions are recognized by present obligations, of uncertain timing or amount, arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount can not be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more uncertain future events, are also disclosed as contingent liabilities unless the probability of outflow of resources embodying economic benefits is remote.

## B. NOTES ON ACCOUNTS

1. Previous period accounts for the Holding Company were for 15 months period whereas the same for consolidated with SBEC Bioenergy Limited were for 18 months and SBEC Stockholding & Investments Ltd. & Modi Gourmet Ltd. were for 12 months respectively. The current accounts for the Holding Company are for 9 months whereas the same for SBEC Bioenergy Limited, SBEC Stockholding & Investments Limited & Modi Gourmet Limited are for 12 months. The figures for current period and previous period are therefore not strictly comparable.

Previous period figures have been regrouped/ rearranged wherever considered necessary.

Previous period figures are given in brackets, wherever applicable.

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

(Rs. in Lacs)

Sl. No.	Particulars	As at 31.03.2010	As at 30.06.2009
i)	Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.	4632.00	4289.00
ii)	Outstanding against Guarantee given on behalf of SBEC Bioenergy Ltd.	133.33	400.00
iii)	Bond executed in favour of Custom Authorities under EPCG Scheme for differential amount of Custom Duty.	475.00	475.00
iv)	Duties and Tax liabilities disputed by the Company	312.40	308.23
v)	Guarantee given in favour of PNB against OTS of Modi Industries Ltd. alongwith interest	Nil	468.88
vi)	Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	35.99	35.99
<b>In case of SBEC Bioenergy Limited:</b>			
Claims against the Company not acknowledged as debts:			
vii)	Sales tax	Nil	10.85

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

3. In the books of holding company, estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 2.30 lacs (Previous period Rs 13.70 lacs).





4. In case of Holding Company, in compliance of the Interim Order of the Lucknow Bench of Hon'ble Allahabad High Court dated 15<sup>th</sup> November, 2007 and subsequently upheld by Hon'ble Supreme Court vide its order dated 15<sup>th</sup> May, 2008, has paid Cane Price of Rs. 110/- per quintal for the crushing season 2007- 2008 and has accordingly accounted for the liability. The Lucknow Bench of Hon'ble Allahabad High Court, by a subsequent order dated 7<sup>th</sup> July 2008, upheld the validity of State Advised Price (Rs. 130/- per quintal for Early Variety and Rs. 125/- per quintal for General Variety) fixed by State Government.  
Aggrieved by the said order, the Company has already filed Special Leave Petition with Hon'ble Supreme Court on 13<sup>th</sup> August 2008. Differential liability of the sugar cane price of Rs 1483.32 lacs up to 31<sup>st</sup> March, 2010 (Previous Period Rs 1,483.32 lacs) if so ordered, will be accounted for in the books at time of final disposal of the matter by the Hon'ble Supreme Court.
5. (a) In the books of Holding Company :
- During the year 2006-2007, a One Time Settlement (OTS) dated 22<sup>nd</sup> January, 2007 has been signed between the Company, Punjab National Bank (PNB), Mr. Umesh K. Modi (as Guarantor of MIL) and Modi Industries Limited (MIL) on the terms as contained in the PNB letter dated 28<sup>th</sup> September, 2006. In terms of this settlement, the Company has agreed to make payment of Rs.2810.60 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.3351.21 lacs to PNB. Pending the execution of 'Deed of Assignment' by PNB in its favour, the Company has shown the amount under the head 'Loans & Advances'.
  - Pursuant to an agreement with its wholly owned subsidiary, SBEC Bioenergy Limited (SBL), the Company has agreed to transfer all its rights, interest and charges in favour of SBL on execution of 'Deed of Assignment' by PNB in its favour against the Steel Section of MIL. In consideration of the same, the Company has received net advance of Rs.710.49 lacs from SBL.
- (b) In the books of SBEC Bioenergy Limited :
- The Company had negotiated and finalized with the IDBI Ltd., the terms for taking over the debt of IDBI in Modi Industries Limited (MIL) under OTS on assignment basis to the Company. In terms of IDBI's letters No. IDBIL.HO.RD.MIL/2221 dated 27<sup>th</sup> January, 2007 and 9<sup>th</sup> February, 2007, on payment of settlement amount, IDBI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IDBI (towards principal and interest) right against MIL and also the charges and securities created by MIL, will stand assigned in favour of the Company. The said 'Deed of Assignment' is yet to be executed.  
The Company had paid total dues of IDBI i.e. a sum of Rs. 1410.98 lacs (previous year Rs. 1410.98 lacs) under this scheme.
  - During the year Company has negotiated and finalized with the IFCI Limited, the term for taking over the debt of IFCI in Modi Industries Ltd. (MIL). In terms of IFCI letter No. IFCI/NRG/ 200-13494 dated 30<sup>th</sup> December, 2009 on payment of settlement amount, Rs. 775.00 lacs, IFCI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IFCI, 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 IFCI i.e. a sum of Rs. 775.00 lacs (Previous year – Nil) under this scheme .
  - Pursuant to an agreement with its holding company (SBEC Sugar Ltd.), holding company has agreed to transfer all its rights, interest and charges in favour of Company on execution of 'Deed of Assignment' by PNB in favour of holding company against the Steel Section of Modi Industries Limited (MIL). In consideration of the same, the Company has paid net advance of Rs. 710.49 lacs to holding company.
6. In the books of SBEC Bioenergy Limited :
- The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1<sup>st</sup> December, 2005. The company's contribution in respect of the line amounted to Rs.195.45 lacs as demanded by UPPCL till end of March, 2010. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL. The amount spent by the Company has been accounted for as a Deferred Revenue Expenditure and the same is being amortized over a period of 10 years from the date of commencement of commercial operation.
  - UPPCL has charged Rs. 4.70 lacs for the year 2009-10 (Previous period Rs. 6.61 lacs) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 8<sup>th</sup> November, 2006, the charge is @ 1.50% on the cost of 132 KV Line in the first year and with an increase (maximum) of 5% in each subsequent year. Since, the total expenditure on the 132 KV Line is pending finalization by UPPCL, this charge again, is on provisional basis.
7. (l) In case of Holding Company :
- Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 7.01 lacs (previous period Rs. 12.09 lacs).
  - Followings are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006: No Interest is payable to such Creditors under the said Act, which has been determined based on the available response from such parties.
    - Sundry creditors include a sum aggregating Nil due to Micro and Small Enterprises.
    - The amount of interest paid by the Company in terms of Section 16, alongwith the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the period - Nil.
    - The amount of interest due and payable for the period of delay in making payment which have been paid but beyond the appointed day during the year but without adding the interest specified under this Act. - Nil.
    - The amount of interest accrued and remaining unpaid - Nil.
    - The amount of further interest remaining due and payable even in succeeding years – Nil.The above mentioned outstanding are in normal course of business and the information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.



## (II) In case of SBEC Bioenergy Ltd.:

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) which came in force from 2<sup>nd</sup> October, 2006. Based on the confirmations received till date, the disclosures as required by section 22 of the MSMED Act are given below:-

	As at 31 <sup>st</sup> March 10 (Rs. in lacs)	As at 31 <sup>st</sup> March 09 (Rs. in lacs)
a) Principal amount payable to suppliers as at year end	0.19	2.13
b) Interest due thereon as at year-end	—	—
c) Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act, actually paid during the year, irrespective of the period to which interest relates	—	—
d) Amount of delayed payments actually made to suppliers during the year	—	—
e) Amount of interest due and payable for the period of delay in making payment (which has been paid, but beyond the appointed day during the year) but without adding interest, specified under the MSMED Act.	—	—
f) Interest accrued and remaining unpaid at the end of year	—	—

8. In case of SBEC Bioenergy Ltd., the 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.
9. During the year, SBEC Sugar Limited has negotiated and reached to a settlement regarding the Lease of boiler to M/s Modi Sugar Mills & considered the same as Finance Lease retrospectively from June 2007. Consequently the lease income accounted, during the period June 2007 to June 2009, amounting to Rs. 128.39 lacs has since been reversed, bifurcated & adjusted towards principal & interest. This has also resulted into write back of previous years income (net of interest income) amounting to Rs. 83.62 lacs.
10. In the books of SBEC Sugar Limited, based on the expert legal opinion obtained during the year, the refund of VAT on molasses & bagasse for the period from 1<sup>st</sup> January, 2008 till 31<sup>st</sup> March, 2010 amounting Rs. 282.55 lacs which was hitherto accounted as liability has now been taken to excess provision written back, under Schedule 9 – 'Other Income'.
11. Amounts due to certain sundry creditors/debtors are subject to confirmation and reconciliation. However, in the opinion of the management the differences arising on such reconciliation, if any, are not likely to be material.
12. Executive Director's Remuneration in case of holding company included under different heads of expenditure is as follows:

(Rs. in lacs)

Particulars	Current Period	Previous Period
Salary, Allowance & Commission	25.20	38.05
Contribution to Provident fund	1.89	2.85
Reimbursement of Expenses	4.02	0.84
Sub Total	31.11	41.74
Commission on profits	Nil*	Nil*
<b>TOTAL</b>	<b>31.11</b>	<b>41.74</b>

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

In case of SBEC Bioenergy Limited, Manager u/s 269 of the Companies Act, 1956 was paid remuneration in accordance with Schedule XIII to the Companies Act, 1956. The same having been included under different heads of expenditure is as follows:

(Rs. in lacs)

Particulars	Current Year	Previous Period
Salary & Bonus	7.86	7.60
Contribution to Provident Fund	0.66	0.66
Reimbursement of Expenses	0.64	0.63



13. Auditor's Remuneration :

(Rs. in lacs)

Particulars	Current Period / Year	Previous Period / Year
(A) For SBEC Sugar Limited:		
(i) Statutory Audit Fee	1.75	2.25
(ii) Certification & Reimbursement	0.44	0.40
(iii) Out of pocket expenses	0.09	0.15
<b>Total(A)</b>	<b>2.28</b>	<b>2.80</b>
(B) For SBEC Bioenergy Limited:		
(i) Statutory Audit Fee	1.38	2.07
(ii) Tax Audit Fee	0.41	0.83
(iii) Certification & Reimbursement	0.33	0.53
(iv) Out of pocket expense	0.08	0.09
<b>Total(B)</b>	<b>2.20</b>	<b>3.52</b>
(C) For SBEC Stockholding & Investments Limited :		
<b>Audit Fee (C)</b>	<b>0.03</b>	—
(D) For Modi Gourmet Limited :		
<b>Audit Fee (D)</b>	<b>0.03</b>	<b>0.03</b>
<b>TOTAL (A+B+C+D)</b>	<b>4.54</b>	<b>6.35</b>

14. Segment Reporting (AS-17)

In case of 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.

In case of SBEC Bioenergy Ltd :

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 Period	Current Year	Previous Period	Current Year	Previous Period
Revenue						
External	837.30	1,794.65	—	—	837.30	1,794.65
Inter Segment	—	—	—	—	—	—
<b>Total Revenue</b>	<b>837.30</b>	<b>1,794.65</b>	<b>—</b>	<b>—</b>	<b>837.30</b>	<b>1,794.65</b>
Result						
Segment Result (Profit before tax)	166.14	617.81	—	—	166.14	617.81
Unallocated expenses	—	—	—	—	44.66	(25.58)
Interest Expense	0.64	23.64	65.17	217.78	65.81	(241.42)
Interest Income	54.31	223.36	—	—	54.31	223.36
Income taxes	—	—	—	—	(32.01)	(42.25)
Fringe Benefit tax	—	—	—	—	—	(2.01)
Deferred tax	—	—	—	—	(11.37)	(38.31)
Profit after tax	—	—	—	—	66.60	491.60
Other Information						
Segment Assets	1711.41	3,483.60	2,896.47	1,410.98	4,607.88	4,894.58
Unallocated Assets	—	—	—	—	347.64	376.16
Segment Liabilities	111.68	120.14	133.33	533.33	245.01	653.47
Unallocated Liabilities	—	—	—	—	26.65	0.01
Capital Expenditure	—	—	—	—	5.82	23.56
Depreciation	323.19	—	—	—	323.19	577.88

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



### 15. 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.

### 16. Disclosures as required by the Amendment to Clause 32 of the Listing Agreement - in case of holding Company :

(Rs.in lacs)

Name of the Companies	Amount outstanding As on 31 <sup>st</sup> March 2010	Maximum Balance outstanding during the year
Chandil Power Ltd. – Interested Company	11.00	11.00

### 17. Related Parties Disclosers (AS-18)

Pursuant to compliance of AS-18 titled “Related Party Disclosures” as specified in the Companies (Accounting Standard) Rule 2006.

#### For Holding Company :

(A) Name of related parties and description of relationship:

#### 1. Subsidiaries

- (i) SBEC Bioenergy Limited
- (ii) SBEC Stockholding & Investment Limited
- (iii) Modi Gourmet Limited.

#### 2. Fellow Subsidiaries — Nil

#### 3. Associates — Nil

#### 4. Key Management Personnel

Mr. Abhishek Modi-Executive Director

#### 5. Relatives of key Management Personnel & their Enterprises:

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

\* Indicatns that during the period, there is no transaction with there enterprises.



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

(Rs. in Lacs)

Nature of transaction	Referred in A (1) above	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
<b>Purchase</b>					
Goods and Services	2.70	-	-	-	2225.17
Fixed Assets	(4.86)	(-)	(-)	(-)	(2615.99)
	(-)	(-)	(-)	(-)	0.10
					(0.07)
<b>Sales</b>					
Goods and Services	-	-	-	-	14.27
Fixed Assets	(-)	(-)	(-)	(-)	(474.06)
	-	-	-	-	-
	(-)	(-)	(-)	(-)	(3.04)
<b>Expenses</b>					
Computer / Printing & Stationery	-	-	-	-	1.03
Air Tickets / Vehicle Exp.	(0.01)	(-)	(-)	(-)	(0.18)
Courier / Freight Exp.	0.01	-	-	-	4.12
Repair & Maintenance Exp.	(0.01)	(-)	(-)	(-)	(16.53)
Rent/Telephone/Electricity	-	-	-	-	0.73
Interest paid	(-)	(-)	(-)	(-)	(0.78)
Salary & Wages etc	-	-	-	-	55.28
Consultancy / Sitting Fee	(-)	(-)	(-)	(-)	(15.64)
Gifts & other	(-)	(-)	(-)	(-)	0.53
Company Incorporation Exp.	-	-	-	-	(0.93)
	(-)	(-)	(-)	(-)	(14.80)*
	(-)	(-)	(-)	(-)	(81.58)
	(0.74)	(-)	(-)	31.11	0.76
	-	-	-	(41.74)	(1.97)
	(0.17)	(-)	(-)	(-)	0.71
	-	-	-	-	(0.05)
	(-)	(-)	(-)	(-)	0.21
	-	-	-	-	(0.31)
	(0.43)	(-)	(-)	(-)	(0.45)
<b>Income</b>					
Misc. Office Expenses Recd.	-	-	-	-	-
Consultancy / Sitting Fee Recd.	(-)	(-)	(-)	(-)	(1.36)
Air Tickets / Vehicle Exp Recd.	-	-	-	-	24.99
Gifts & other Recd.	(-)	(-)	(-)	(-)	(-)
Computer / Printing & Stationery Recd.	-	-	-	-	7.03
Salary & Wages Recd.	(-)	(-)	(-)	(-)	(-)
Interest Received	-	-	-	-	2.00
Lease Rent Recd. – Boiler	(-)	(-)	(-)	(-)	(-)
Rent/Telephone/Electricity Recd.	-	-	-	-	0.04
Freight Exp. Recd.	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	15.67
	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	62.42
	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)	(128.39)**
	(-)	(-)	(-)	(-)	(84.50)
	(1.38)	(-)	(-)	(-)	0.22
	-	-	-	-	(1.80)
	(0.12)	(-)	(-)	(-)	0.12
					(-)
<b>Guarantees (incl. interest)</b>	133.33	-	-	-	4632.00
<b>Outstanding as on 31.03.10</b>	(400.00)	(-)	(-)	(-)	(4289.00)

**Investment**

Investment in Shares	-	-	-	-	-
	(205)	(-)	(-)	(-)	(-)
<b>Recoverable / Receivable as on 31.03.10</b>					
Duty Recoverable	-	-	-	-	11.26
	(-)	(-)	(-)	(-)	(-)
Lease Rent Receivable	-	-	-	-	83.61
	(-)	(-)	(-)	(-)	(-)
Advance Recoverable	-	-	-	-	11.00
	(-)	(-)	(-)	(-)	(-)
<b>Finance / Advance Taken as on 31.03.10</b>					
Finance (including Loan)	-	-	-	-	-
	(-)	(-)	(-)	(-)	(440.56)
Advance taken against Debt Assignment	-	-	-	-	710.49
	(-)	(-)	(-)	(-)	(-)

\* Reversal of Interest Paid to M/s Longwell Investment Pvt.Ltd. & A to Z Holding Pvt. Ltd.

\*\* Reversal of Lease Rent of Boiler from M/s Modi Sugar Mills for the period, June, 2007 to June, 2009.

**For SBEC Bioenergy Ltd.:**

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

**a) Enterprises Where control exists**

- (i) SBEC Sugar Limited
- (ii) SBEC Stock Holding & Investment Ltd.
- (iii) Modi Gourmet Ltd.

**b) Key Management Personnel**

Mr. Arun Kumar Gupta – Manager

**c) Relatives of Key Management Personnel**

- (i) Mrs. Sunita Gupta
- (ii) Mr. Alok Kumar Gupta
- (iii) Mrs. Anshu Gupta

**d) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence**  
Nil

2. Transactions carried out related parties referred in 1 above, in the ordinary course of business:

(Rs in Lacs)

**Year ended 31<sup>st</sup> March,2010 (Previous Period)**

Nature of tranjection	1(a) above		1(b) above		1(c) above	
Purchases	-	(-)	-	(-)	-	(-)
<b>Sales/ Income</b>						
Conversion Charges	Nil	(Nil)	-	(-)	-	(-)
<b>Expenses:</b>						
Remuneration	-	(-)	9.15	(20.60)	-	(-)
Rent	-	(1.49)	-	(3.00)	-	(-)
Other Expenses	-	(0.80)	-	(-)	-	(-)
<b>Outstanding:</b>						
Payable	-	(1.95)	0.46	(0.45)	-	(-)
Receivable	710.49	(35.24)	-	(-)	-	(-)



**18. Deferred Taxation (AS-22)**

The Holding Company has during the period / year made adjustments on account of Deferred Taxes in terms of Accounting Standard 22 on "Taxes on Income".

Break-up of Deferred Tax Assets and Deferred Tax Liabilities into major components is given below:

(Rs.in Lacs)

Particulars	As at 31.03.2010	As at 30.06.2009
<b>Deferred Tax Liability</b>		
Depreciation	1182.17	1216.67
Other Deductions	-	-
<b>Sub Total – A</b>	<b>1182.17</b>	<b>1216.67</b>
<b>Deferred Tax Assets</b>		
Business Loss / Unabsorbed Dep.	1094.99	1299.93
Deduction u/s 43B	101.72	191.73
Disallowance u/s 40 (a) & 40(A)(7)	19.40	29.07
<b>Sub Total – B</b>	<b>1216.11</b>	<b>1520.73</b>
<b>Net Deferred Tax Assets /(Liability) {B-A}</b>	<b>33.94</b>	<b>304.06</b>

Deferred Tax Assets are recognized and carried forward only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In case of SBEC Bioenergy Limited : The Company has during the year made adjustments on account of Deferred Taxes in terms of Accounting Standard - 22 on "Taxes on Income".

(a) Deferred Tax Assets are recognized and carried forward only to the extent these is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(b) Break-up of Deferred Tax Assets / Liabilities into major Components as given below: (Rs. in Lacs)

Deferred Tax Assets	Deferred Tax Asset / (Liability) as at 31.03.2010	Current Year (Charge) / Credit	Deferred Tax Asset / (Liability) as at 31.03.2009
Depreciation	283.88	(15.73)	299.61
Disallowance u/s 43B	5.07	0.53	4.54
Gratuity	6.02	0.83	5.19
Other Disallowance under Income Tax Act	17.95	3.00	14.95
Deferred Tax Assets/ (Liabilities)	312.92	(11.37)	324.29

**19. Earning Per Share (AS-20)**

Particulars	Current Period	Previous Period
Net Profit/(Loss) after tax (Rs. in lacs)	558.24	1189.79
Weighted Average number of equity shares outstanding during the year	4,76,53,880	4,76,53,880
Basic and Diluted Earnings per Share (in Rs.)	1.17	2.50



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

for Holding Company

a) **CAPACITY**

Class of Goods	Units	Licensed capacity	Installed capacity
Sugarcane Crushing	M.T. per day	No License required (No License required)	8,000 (8,000)

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

(Rs in Lacs)

Classes of Goods	Opening Stock Quantity (Qtls.)	Production Quantity (Qtls.)	Sales		Reprocess Stock (Qtls.)	Closing stock	
			Quantity (Qtls.)	Value		Quantity (Qtls.)	Value
Sugar	82,226* (4,83,285)	7,70,450* (8,90,002)*	3,72,679 (12,91,061)	12,445.58 (24,256.24)	7,680 (-)	4,79,997* (82,226)*	14283.89 (2,023.73)
Molasses(By-product)	1,46,588 (2,34,583)	4,19,193# (5,13,894#)	2,95,738 (6,01,889)	1,218.86 (2,752.59)	- (-)	2,70,043 (1,46,588)	900.43 (710.92)
Sugar Trading	— (49)	63,984 (1,14,075)	63,984 (1,14,124)	2,267.30 (2,701.67)	- (-)	- (-)	- (-)

\*including Nil quintals of BISS. (Previous period 2,402 quintals).

# including ad-hoc additions of 8,462.90. quintals. (Previous period 19,504.40 quintals.)

c) **CONSUMPTION OF RAW MATERIALS**

(Rs in Lacs)

	Unit	Quantity	Value
Sugar Cane	Quintals	87,20,000 (1,01,15,264)	21,977.78 (15,202.05)

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

(Rs in Lacs)

Particular	Indigenous		Imported	
	Value	%	Value	%
Raw Materials	21977.78 (15202.05)	100 (100)	- (-)	- (-)
Stores and Spares*	897.80 (1222.34)	98.59 (96.36)	12.87 (46.21)	1.41 (3.64)

\* Excluding spares used for capitalization.

e) **EXPENDITURE IN FOREIGN CURRENCY (On cash basis)**

(Rs. in Lacs)

Particulars	Current Period	Previous Period
Imports of Spares	6.48	56.95
Foreign Travelling	3.95	19.15

f) **EARNINGS IN FOREIGN EXCHANGE**

— 71.12

g) **CIF VALUE OF IMPORTS**

7.29 62.50





**For Subsidiary Companies:**

**1. SBEC Bioenergy Ltd.**

**a) Statement of Installed & Licensed Capacity and Generation Quantity: @**

Description	Licensed Capacity	Installed Capacity	Actual Generation*
Power	Not Applicable	12MW (12 MW)	29,641,510 kwh (73,282,520 kwh)
Steam	Not Applicable	77 tph (77 tph)	2,08,876 tones (5,01,108 tones)

Figures in brackets are for Previous Period.

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

@ The plant operated for 122 days in the current period (previous period 285 days)

**b. Details of Sales/Conversions.**

(Rs. in lacs)

Description	Opening Stock		Conversion		Sales		Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity*	Value
Power	1,171,263 kwh (1041,726 kwh)	21.20 (17.08)	3,895,069 kwh (5,520,860 kwh)	- -	22,315,073 kwh (59,947,126 kwh)	837.30 (1793.97)	1,241,714 kwh (1,171,263 kwh)	27.52 21.20
Steam	-	-	208,876 tones (501,108 tones)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets are for Previous Period.

\* Includes 155,214 kwh (Previous period 146,408 kwh) charged as banking fee by UPPCL.

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

Particulars	Indigenous		Imported	
	Value (Rs.)	%	Value (Rs.)	%
<b>Raw Material</b>				
Bagasse*	-	100	-	-
	(-)	(100)	(-)	(-)
Store / Spares	113.61 (193.19)	89.93 (99.85)	12.72 (0.28)	10.07 (0.15)

Figures in brackets are for previous period.

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

**d. Value of Import on CIF Basis**

(Rs. in lacs)

Particulars	Current Year	Previous Period
Store & Spares	Nil	26.34

**e. Expenditure in Foreign Currency (Paid)**

(Rs. in lacs)

Particulars	Current Year	Previous Period
Professional Services (Net of TDS)	Nil	10.87
Others	4.34	Nil

**2) SBEC Stockholding and Investment Limited:**

1. There was no foreign currency transaction during the year.

2. Additional Information as required under Schedule VI of the Companies Act, 1956:

Particulars in respect of Opening stock, Purchases, Closing Stock and Consumption are not applicable to the company.



## 2. Modi Gourmet Limited :

1. There was no foreign currency transaction during the year.
2. Quantitative detail of stocks of trading goods.

(Amount in Rs.)

Opening Stocks		Purchases		Sale		Closing Stock	
Quantity (kg.)	Value	Quantity (kg.)	Value	Quantity (kg.)	Value	Quantity (kg.)	Value
2.5	506	–	–	–	–	2.5	506
–	–	(12.5)	(906)	(10)	(400)	(2.5)	(506)

Other information are not applicable to the Company

## 21. EMPLOYEE BENEFITS (AS-15)

for 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)

Particulars	Current Period	Previous Period
Employer’s contribution to Provident Fund	42.10	56.70

### 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	Current Period	Previous Period	Current Period	Previous Period
	Gratuity (Unfunded)	Gratuity (Unfunded)	Leave Encash- ment (Unfunded)	Leave Encash- ment (Unfunded)
Defined Benefit obligation at the beginning of the period	59.30	40.60	23.78	19.68
Current Service Cost	8.33	14.00	1.75	8.12
Interest Cost	3.34	3.55	1.34	1.72
Actuarial (gain)/loss	(9.46)	11.10	(14.15)	(0.42)
Benefits Paid	(4.42)	(9.95)	(3.21)	(5.33)
Settlement cost	–	–	–	–
<b>Defined Benefit obligation at the end of the period</b>	<b>57.08</b>	<b>59.30</b>	<b>9.51</b>	<b>23.78</b>



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

(Rs. in Lacs)

Particulars	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
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

Fair Value of Plan Assets as at 31 <sup>st</sup> March , 2010	-	-	-	-
Present value of obligation as at 31st March , 2010	57.08	59.30	9.51	23.78
Net asset/(liability) recognized in the Balance Sheet	(57.08)	(59.30)	(35.56) <sup>^</sup>	(23.78)

<sup>^</sup> It includes company grade employees' freeze liability in books amount to Rs. 26.05 lacs.

4. Expense Recognized during the period in Profit & Loss A/c.

Current Service Cost	8.33	14.00	1.75	8.12
Interest Cost	3.34	3.55	1.34	1.72
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/ loss recognized during the period	(9.46)	11.10	(14.15)	(0.42)
Expenses recognized in the statement of Profit & Loss	2.20	28.65	(11.06) <sup>#</sup>	9.42

<sup>#</sup> It excludes the expense in relation to company grade employees' amount to Rs. 23.77 lacs.

5. Actual Return on Plan Assets

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

6. Principal Actuarial Assumptions

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, 2010	7.50%	7.00%	7.50%	7.00%
Future Salary Increase	5.00%	4.50%	5.00%	4.50%
Expected rate of return on plan assets	-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rates	Age	Withdrawal	Withdrawal	Withdrawal
	Upto 30 years	3.00%	3.00%	3.00%
	From 31 to 44 years	2.00%	2.00%	2.00%
	Above 44 years	1.00%	1.00%	1.00%



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

Actuarial valuation for period ended 31st March 2010 pertains to only Seasonal Wage board grade employees, therefore there is difference in expense recognised in P&L statement and amount as mentioned in Actuarial certificate.

Disclosure in respect of previous three annual periods as required by Revised Accounting Standard - 15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information.

**For SBEC Bioenergy limited:**

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

**a) Defined Contribution Plan**

Contributions to Defined Contribution Plan, recognized as expense for the year are as under:

(Rs. in lacs)

	Current Year	Previous Period
Employer's contribution to Provident Fund	7.46	10.40

**b) Defined Benefit Plan**

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

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

(Rs. in Lacs)

Particulars	Current Year Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)	Current Year Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Defined Benefit obligation at the beginning of the year	15.28	19.34 *	1.09	12.70*
Current Service Cost	2.34	2.12*	0.51	1.30*
Interest Cost	1.15	1.36*	0.08	0.89*
Actuarial (gain)/loss	(0.25)	(1.59)*	0.12	(4.56)*
Benefits Paid	(0.39)	(5.95)*	-	(2.92)*
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	18.13	15.28*	1.80	7.41*

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

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

3. Reconciliation of amount recognized in Balance Sheet

Fair Value of Plan Assets as at 31st March, 2009	-	-	-	-
Present value of obligation as at 31 <sup>st</sup> March, 2010	18.13	15.28*	1.80	7.41*
Net asset/(liability) recognized in the Balance Sheet	(18.13)	(15.28)*	(1.80)	(7.41)*



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

Particulars	Current Year Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)	Current Year Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Current Service Cost	2.34	2.12*	0.51	1.30*
Interest Cost	1.14	1.36*	0.08	0.89*
Expected return on plan assets	-	-	-	-
Net Actuarial (gain)/ loss recognized during the period	(0.25)	(1.59)*	0.12	(4.56)*
Expenses recognized in the statement of Profit & Loss	3.23	1.89*	(0.71)	(2.37)*

5.. Actual Return on Plan Assets

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

6. Principal Actuarial Assumptions

(Rs. in Lacs)

Particulars	Current Year Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)	Current Year Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
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, 2010	7.50%	7.00%	7.50%	7.00%
Future Salary Increase	5.00%	4.50%	5.00%	4.50%
Expected rate of return on plan assets	-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rates				
Age 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%

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.

Disclosure in respect of previous three years as required by Revised Accounting Standard - 15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information.

\* Since the period 1<sup>st</sup> October, 2007 to 31<sup>st</sup> March, 2008 was not considered for actuarial valuation as per revised AS-15, the above amounts represent the period of 12 months from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009.

**SIGNED FOR IDENTIFICATION SCHEDULE 1 TO 15**

For & on behalf of

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

	Current Period (Rs. in lacs)	Pervious Period (Rs. in lacs)
<b>A) Cash Flow from Operating Activities</b>		
Profit/(Loss) Before Tax as per Profit & Loss Account	871.11	1,250.21
<i>Adjustments for :</i>		
Interest Expenses	770.93	1,442.38
Interest Income	(81.09)	(238.08)
Dividend Income	(0.60)	(2.83)
Loss on Sale of Fixed assets	0.71	2.72
Assets Written off	-	4.90
Provision for Obsolete Store Items	2.31	-
Provision for Doubtful Advances	0.03	-
Depreciation	715.19	1,226.53
Deferred Revenue exp.	19.55	29.32
Preliminary Expenses	0.55	0.05
Unclaimed liabilities Written Back	(282.58)	(184.52)
<b>Operating profit before Working Capital Changes</b>	<u>2,016.10</u>	<u>3,530.67</u>
<i>Adjustments for :</i>		
Trade and Other Receivables	126.31	(2,244.29)
Inventories	(12,568.36)	5,500.02
Trade Payables	10,918.68	(8,333.02)
Cash generated from Operating Activities	492.74	(1,546.62)
Direct Taxes (Paid)/Refund	(5.64)	(67.01)
<b>Net Cash Flow from Operating Activities</b>	<u>487.10</u>	<u>(1,613.62)</u>
<b>B) Cash Flow from Financing Activities</b>		
Purchase of Fixed Assets	(171.06)	(69.76)
Capital Work in Progress	(72.81)	(12.68)
Proceeds from sale of Fixed Assets	0.81	14.51
Purchase of Investments	(45.01)	-
Dividend Income	0.60	2.08
Interest Received	81.09	238.08
<b>Net Cash Flow from Investing Activities</b>	<u>(206.38)</u>	<u>172.24</u>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings (Net)	(381.96)	4,089.98
Proceeds from Short Term Borrowings (Net)	566.35	(1,032.84)
Net Interest Paid	(770.93)	(1,442.38)
<b>Net Cash Flow from Financing Activities</b>	<u>(586.54)</u>	<u>1,614.75</u>
<b>Net Increase /(Decrease) in Cash and Cash Equivalents(A+B+C)</b>	<u>(305.83)</u>	173.36
Cash & Cash Equivalents as on 1st July, 2009 (Opening balance)	674.43	501.07
Cash & Cash Equivalents as on 31st March, 2010 (Closing balance)	368.60	674.43
<b>Net Increase as disclosed above</b>	<u>(305.83)</u>	<u>173.36</u>
1 The above Cashflow 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 equivalents at the end of the period consist of Cash, Stamps in Hand, Cheques in Hand and Balances with Banks :		
Cash & Stamp in Hand	2.61	2.35
Cheques/ Drafts in Hand	0.39	6.04
Balances with Banks	365.60	492.68
<b>Total</b>	<u>368.60</u>	<u>501.07</u>

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

Umesh K. Modi  
(Chairman & President)

Abhishek Modi  
(Executive Director)

Directors  
G.C. Jain  
Man Mohan  
N.P. Bansal  
Santosh C. Gupta

Mukesh Goyal  
Mg. Partner  
Membership No. 081810

S.S. Agarwal  
Vice President (Commercial)

Rajeev Malhotra  
(Chief Financial Officer)

Place : New Delhi  
Date : 25th August, 2010

Anup Gupta  
(Company Secretary)

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present the 12<sup>th</sup> Annual Report of the Company together with Audited Accounts for the period ended 31<sup>st</sup> March, 2010.

The financial results for the year are as under:

	<b>Year ended 31<sup>st</sup> March, 2010 (12 Months)</b>	<b>(Rs. In Lacs) Period ended 31<sup>st</sup> March, 2009 (18 Months)</b>
Sales and Other Income	892.24	2058.80
Total Expenditure	459.07	906.75
Operating Profit before depreciation	433.17	1152.05
Depreciation	323.19	577.88
Operating Profit Loss before tax	109.98	574.17
Income Tax	32.01	42.25
Fringe Benefit Tax	-	2.01
Charge for Deferred tax	11.37	38.31
Profit / (Loss) after tax	66.60	491.60
Reserves excluding revaluation reserve	2383.86	2317.26

### OPERATIONS

The operations of the Company have resulted in a net profit after tax of Rs. 66.60 Lacs during the current year as against the net profit after tax of Rs. 491.60 Lacs in the previous period . Your directors are planning to expand the activities.

### FIXED DEPOSITS

The Company has not accepted any deposits from the Public during the period under review.

### DIRECTORS

During the period under review, Mr. Jayesh Modi has been appointed as an Additional Directors of the Company with effect from 13.05.2010. The Company has received a notice from a member under section 257 of the Companies Act, 1956 alongwith deposit of Rs.500/-proposing the candidature of Mr. Jayesh Modi as a Director of the Company

Mr. Abhishek Modi and Mr S.S. Agarwal, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

### PARTICULARS OF EMPLOYEES

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

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

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

### AUDITORS

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

### ACCOUNTS AND AUDITOR'S REPORT

The Auditors Report and Notes forming part of the Accounts, are self explanatory and need no further comments.

### DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

**ACKNOWLEDGEMENTS**

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

for & on behalf of the Board  
**for SBEC BIOENERGY LIMITED**

Place: New Delhi  
Date : 12th August, 2010

**Umesh K Modi**  
**Chairman**

**ANNEXURE TO DIRECTORS' REPORT**

***Annexure-A***

Information required pursuant to section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 forming part of the Directors Report for the year ended 31<sup>st</sup> March, 2010.

**A. CONSERVATION OF ENERGY :**

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

**B. TECHNOLOGY ABSORPTION :**

The information required to be disclosed under Rule 2 of the aforesaid Rules is given hereunder in Form B.

***Form : B***

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D).  
Research & Development:

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

Technology absorption, adaptation and innovation:

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

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

- i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export Plans: None
- ii) (Rs. in lakhs)

	Current Year	Previous Period
Total Foreign Exchange Used	4.34	37.21
Total Foreign Exchange Earned	Nil	Nil



## **AUDITOR'S REPORT**

### **TO THE MEMBERS OF SBEC BIOENERGY LIMITED**

We have audited the attached Balance Sheet of SBEC BIOENERGY LIMITED as at March 31, 2010 and also the annexed Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the Year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies Auditors Report (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such check as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii. 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 these books.
- iii. The attached Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from Directors as on March 31, 2010 and taken on records by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of subsection ( 1 ) of Section of 274 of Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said statements of account read with schedules and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010, and
- (b) In case of Profit and Loss Account, of the profit of the Company for the year ended on that date.
- (c) In the case of Cash Flow Statement of the cash flow for the year ended on that date.

**For K.K. Jain & Co.**  
**Chartered Accountants**  
Firm Reg.No.: 02465 N

Place : New Delhi  
Date : 12th August, 2010

**R. K. Mittal**  
Partner  
Membership No.: 95459

**ANNEXURE TO AUDITOR'S REPORT**

Annexure referred to in paragraph 3 of our report of even date on the accounts of SBEC Bioenergy Limited, as at and for the year ended March 31, 2010

- i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no discrepancies between the book records and physical inventory were noticed on such verifications. The substantial part of fixed assets of the company have not been disposed off during the year.
- ii) The stocks of stores, spare parts, raw materials, except goods in-transit, have been physically verified at reasonable intervals by the management. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
- iii) The company has not granted or taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of power and services.
- v) The company has entered the particulars of contracts or arrangements referred to in Section 301 of the Act in the register required to be maintained under this Section.  
In our opinion, the transactions made by the company in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5 lacs or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such transactions or the prices at which transactions, if any, for similar goods or services have been made with other parties.
- vi) The company has not accepted any deposits from the public. Therefore, the provision of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under do not apply.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) In our opinion the prescribed accounts and records have prima facie been made and maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- ix) (a) The company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it .  
(b) According to the information and explanation given to us no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Custom Duty , Excise Duty and Cess were in arrear as at March 31, 2010 .  
(c) According to the information and explanation given to us there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax , Excise Duty and Cess which have not been deposited on account of any dispute.
- x) The company has not incurred cash losses in the financial year ended March 31, 2010 and in the immediately preceding financial year also has no accumulated losses as at March 31, 2010.
- xi) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a nidhi, mutual benefit fund or society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4(XIV) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and as per the books and record examined by us, no funds raised on short term basis have been used for long term investment by the Company and vice versa.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.
- xix) No debentures were issued by the company during the period.
- xx) The company has not raised any money by public issue.
- xxi) To the best of our information and according to the explanations given to us, no fraud on or by the company has been noticed/reported during the period.

**For K.K. Jain & Co.**  
**Chartered Accountants**  
Firm Reg. No. : 02465 N

**R. K. Mittal**  
Partner

Membership No.: 95459

Place : New Delhi  
Date : 12th August, 2010

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

	SCHEDULE	AS AT 31.03.2010 (Rs. in lacs)	AS AT 31.03.2009 (Rs. in lacs)
<b>I SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,300.00	2,300.00
<b>Reserves and Surplus</b>			
Profit and Loss Account		2,383.86	2,317.26
		<u>4,683.86</u>	<u>4,617.26</u>
<b>Loan Funds</b>			
Secured Loans	2	133.33	533.33
Unsecured Loans - Short Term		-	1.00
<b>TOTAL</b>		<u>4,817.19</u>	<u>5,151.59</u>
<b>II APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	3		
Gross Block		4,550.62	4,544.80
Less : Depreciation		3,758.55	3,435.36
Net Block		792.07	1,109.44
Capital Work in Progress		4.83	-
		<u>796.90</u>	<u>1,109.44</u>
<b>INVESTMENTS</b>	4	5.00	5.00
<b>DEFERRED TAX ASSETS</b>		312.92	324.29
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories - Stores & Spares		233.32	257.70
Closing stock of Power Banked		27.52	21.20
Cash & Bank Balances	5	31.16	4.99
Sundry Debtors	6	410.20	335.98
Loans & Advances	7	3,027.68	3,081.77
		<u>3,729.88</u>	<u>3,701.64</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	8	84.86	96.45
Provisions	9	53.47	22.70
		<u>138.33</u>	<u>119.15</u>
<b>NET CURRENT ASSETS</b>		3,591.55	3,582.49
<b>MISCELLANEOUS EXPENDITURE</b>	10	110.82	130.37
<b>( to the extent not written off or adjusted)</b>			
<b>TOTAL</b>		<u>4,817.19</u>	<u>5,151.59</u>

Accounting Policies and Notes to Accounts 16

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

In terms of our report of even date, attached

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

Chartered Accountants

Firm Reg. No.: 02465N

**R.K. Mittal**  
Partner  
Membership No. : 95459

Umesh K. Modi  
Director

G.C. Jain  
Director

J.N. Khurana  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

Arun Kr. Gupta  
Manager

Divya Maheshwari  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

PARTICULARS	SCHEDULE	For the year ended 31.03.2010 (Rs. in lacs) <u>(12 Months)</u>	For the period ended 31.03.2009 (Rs. in lacs) <u>(18 Months)</u>
<b>I. INCOME</b>			
Sale of Power		837.30	1,793.97
Other Income	11	54.94	264.83
Increase / (Decrease) in Closing stock of Power Bank		6.32	4.11
<b>TOTAL INCOME</b>		<u>898.56</u>	<u>2,062.91</u>
<b>II EXPENDITURE</b>			
Operating Expenses	12	194.72	306.44
Personnel Expenses	13	119.22	170.84
Administration Expenses	14	84.71	175.25
<b>TOTAL EXPENDITURE</b>		<u>398.65</u>	<u>652.53</u>
<b>Profit before interest, depreciation and tax</b>		499.91	1,410.38
Finance Expenses	15	66.66	258.33
<b>PROFIT BEFORE DEPRECIATION AND TAX</b>		433.25	1,152.05
Depreciation		323.19	577.88
<b>PROFIT BEFORE TAX</b>		110.06	574.17
<b>Less :</b>			
Prior Period Adjustments		0.08	-
Prior Year Income tax Adjustments		0.01	-
Provision for Income tax		32.00	42.25
Fringe Benefit Tax		-	2.01
(Credit) / Charges for Deferred Tax		11.37	38.31
<b>PROFIT AFTER TAX</b>		<u>66.60</u>	<u>491.60</u>
<b>Add : Balance brought forward from previous year</b>		<u>2,317.26</u>	<u>1,825.66</u>
<b>BALANCE CARRIED FORWARD TO THE BALANCE SHEET</b>		<u>2,383.86</u>	<u>2,317.26</u>
<b>EARNINGS PER SHARE</b>			
(Refer Note No B-6 in Schedule 16.)			
Basic (Rs.)		0.29	2.14
Diluted (Rs.)		0.29	2.14
<b>Accounting Policies and Notes to Accounts</b>	<b>16</b>		

The schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report of even date, attached

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

Chartered Accountants  
Firm Reg. No.: 02465N

**R.K. Mittal**  
Partner  
Membership No. : 95459

Umesh K. Modi  
Director

G.C. Jain  
Director

J.N. Khurana  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

Arun Kr. Gupta  
Manager

Divya Maheshwari  
Company Secretary

**SCHEDULE 1 - SHARE CAPITAL**

	AS AT 31.03.2010 (Amount in lacs)	AS AT 31.03.2009 (Amount in lacs)
<b>Authorised</b>		
35,000,000 Equity Shares of Rs.10/- each.	<u>3,500.00</u>	<u>3,500.00</u>
<b>Issued, Subscribed and Paid-up</b>		
23,000,000 Equity Shares of Rs.10/- each fully paid up (Previous period 23,000,000 Equity Shares of Rs.10/- each fully paid up) Of the above shares 17,019,980 shares are allotted as fully paid-up pursuant to a contract without payment being received in cash.	<u>2,300.00</u>	<u>2,300.00</u>
	<u><b>2,300.00</b></u>	<u><b>2,300.00</b></u>

**SCHEDULE 2 - LOANS**

**A- SECURED LOANS**

Term Loan :

— from SREI Infrastructure Finance Ltd.

133.33

533.33

(Secured by exclusive first charge by way of mortgage of all immovable properties of the Company, both present and future, and hypothecation of all movable properties of the Company, both present and future, wherever situated, except book debts subject to the prior charges created and / or to be created in favour of the company' bank for securing working capital requirements. The loan is further secured by corporate guarantee of SBEC Sugar Limited and personal guarantee of two Directors of the Company)

**B- UNSECURED LOANS**

— from Other

—  
133.33

1.00  
534.33

Loan payable within one year Rs. 133.33 lacs (Previous Period Rs. 401.00 lacs)

**SCHEDULE 3 - FIXED ASSETS**

(Rs. in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2009	Additions / Adj. During the year	Disposals / Adj. During the year	As at 31.03.2010	As at 01.04.2009	For the year	Adjustments / Disposals	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land	27.00	—	—	27.00	—	—	—	—	27.00	27.00
Buildings	253.26	—	—	253.26	76.15	8.46	—	84.61	168.65	177.11
Plant & Machinery	4,243.51	—	—	4,243.51	3,347.90	312.76	—	3,660.66	582.85	895.62
Vehicles	6.36	5.00	—	11.36	2.50	0.60	—	3.10	8.26	3.86
Furniture, Fixtures & Fittings	2.87	—	—	2.87	1.70	0.11	—	1.81	1.06	1.17
Office Equipment	2.36	0.14	—	2.50	0.83	0.10	—	0.93	1.57	1.53
Other Equipment	1.46	—	—	1.46	0.52	0.07	—	0.59	0.87	0.93
Computers	4.52	0.17	—	4.69	3.89	0.30	—	4.19	0.50	0.63
Intangible Assets (Software)	3.46	0.51	—	3.97	1.87	0.79	—	2.66	1.31	1.59
<b>Sub-Total</b>	<b>4,544.80</b>	<b>5.82</b>	<b>—</b>	<b>4,550.62</b>	<b>3,435.36</b>	<b>323.19</b>	<b>—</b>	<b>3,758.55</b>	<b>792.07</b>	<b>1,109.44</b>
<b>Capital Work in Progress / Advance to Supplier</b>	<b>—</b>	<b>4.83</b>	<b>—</b>	<b>4.83</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4.83</b>	<b>—</b>
<b>Total</b>	<b>4,544.80</b>	<b>10.65</b>	<b>—</b>	<b>4,555.45</b>	<b>3,435.36</b>	<b>323.19</b>	<b>—</b>	<b>3,758.55</b>	<b>796.90</b>	<b>1,109.44</b>
<b>Previous Period</b>	<b>4,536.38</b>	<b>45.55</b>	<b>37.13</b>	<b>4,544.80</b>	<b>2,863.03</b>	<b>577.88</b>	<b>5.55</b>	<b>3,435.36</b>	<b>1,109.44</b>	<b>1,673.35</b>

**SCHEDULE 4 - INVESTMENTS (non-trade)**

	AS AT 31.03.2010 <u>(Rs. in lacs)</u>	AS AT 31.03.2009 <u>(Rs. in lacs)</u>
<b>Long Term (Un - quoted)</b>		
20,000 fully paid Equity shares (Previous period 20,000 equity shares) of The Shamrao Vithal Co-operative Bank Ltd	5.00	5.00
	<u>5.00</u>	<u>5.00</u>

**SCHEDULE : 5 - CASH & BANK BALANCES**

Cash in hand	0.00	0.00
Balances with Scheduled Banks :		
- in Current Accounts	31.16	4.99
	<u>31.16</u>	<u>4.99</u>

**SCHEDULE 6 - SUNDRY DEBTORS (Unsecured)**

<b>Outstanding for a period exceeding six months</b>		
Considered Good	-	-
Considered Doubtful	-	-
Other Debts		
Considered Good	410.20	335.98
Considered Doubtful	-	-
	<u>410.20</u>	<u>335.98</u>

**SCHEDULE 7 - LOANS & ADVANCES (Unsecured)**

Advances Recoverable in Cash or in Kind or for Value to be received		
Considered Good	2,279.66	3,027.09*
Considered Doubtful	-	-
Advance given to Holding Co (Debt Assignment PNB)	710.49	-
Advance Tax/ Tax Deducted at Source	29.72	46.87
Security Deposits	7.81	7.81
	<u>3,027.68</u>	<u>3,081.77</u>

\* include SBEC Sugar Ltd Rs. 35.24 lacs.

**SCHEDULE 8 - CURRENT LIABILITIES**

Bill Payable	0.07	-
Sundry Creditors for Goods & Services -		
Small Scale Industries Undertaking	0.19	2.13
Other	57.84	65.51
Retention Money	0.76	0.84
Security Deposit	0.45	0.45
Other Liabilities		
Others	25.55	27.52
	<u>84.86</u>	<u>96.45</u>

**SCHEDULE 9 - PROVISIONS.**

For Income Tax	26.65	-
For Fringe benefit tax	-	0.01
For Gratuity	18.13	15.28
For Leave Encashment	8.69	7.41
	<u>53.47</u>	<u>22.70</u>

**SCHEDULE 10 - MISCELLANEOUS EXPENDITURE**

<b>(To the extent not written off or adjusted)</b>		
Preliminary Expenses		
Opening Balance	-	0.01
Less: Written off during the Year	-	0.01
	-	-
Deferred Revenue Expenses		
Opening Balance	130.37	159.69
Less: Written off during the Year	19.55	29.32
	<u>110.82</u>	<u>130.37</u>

**SCHEDULE 11 - OTHER INCOME**

	<b>For the Year ended 31.03.2010 (Rs. in lacs)</b>	<b>For the Period ended 31.03.2009 (Rs. in lacs)</b>
Interest earned (Gross)	52.02	223.36
(Tax deducted at source Rs.5.20 lacs Previous period Rs. 51.22 lacs)		
Interest on Income Tax Refunds	2.29	-
Excess provision written back	0.03	39.29
Miscellaneous Income	-	0.68
Dividend	0.60	1.50
	<u>54.94</u>	<u>264.83</u>

**SCHEDULE 12 - OPERATING EXPENSES**

Bagasse and Ash Handling Charges	33.48	54.16
Power, Fuel and Electricity Expenses	15.78	29.16
Technical Assistance Fees	8.81	36.94
Repair & Maintenance - Machinery	136.65	186.18
	<u>194.72</u>	<u>306.44</u>

**SCHEDULE 13 - PERSONNEL EXPENSES**

Salary, Wages and Allowances	107.10	155.42
Contribution to Provident Fund	8.47	11.81
Gratuity	3.23	2.31
Staff Welfare	0.42	1.30
	<u>119.22</u>	<u>170.84</u>

**SCHEDULE 14 - ADMINISTRATION EXPENSES**

Auditors Remuneration		
- Statutory Audit Fee	1.38	2.07
- Tax Audit Fee	0.41	0.83
- Certification charges	0.33	0.53
- Out of Pocket Expenses	0.08	0.09
Travelling and Conveyance	3.23	8.33
Security Watch and Ward	30.86	46.20
Miscellaneous Expenses	3.16	7.81
Insurance	6.92	12.44
Legal & Professional Expenses	4.65	34.26
Vehicle Running and Maintenance	2.50	6.96
Telephone Expenses	1.39	3.42
Rates & Taxes	0.51	0.54
Rent	8.17	10.02
Repair and Maintenance Others	1.15	1.40
Director Sitting Fee	0.42	0.54
Bad and Doubtful Advances written-off	-	0.20
Provision for Doubtful Debts and Advances	-	10.28
Miscellaneous Expenditure written off	19.55	29.33
	<u>84.71</u>	<u>175.25</u>

**SCHEDULE 15 - FINANCE EXPENSES**

Interest on Term Loan	65.17	233.37
Interest on Others	0.65	5.33
Bill discounting charges	-	2.72
Brokerage	-	0.60
Loan raising expenses	-	14.50
Bank Charges	0.35	1.59
Exchange rate fluctuation	0.49	0.22
	<u>66.66</u>	<u>258.33</u>

**SCHEDULE "16"- ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****(A) ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

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

**2. Inventories**

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

Stores are valued at weighted average cost.

Provision for obsolescence in inventories is made, wherever required.

**3. Fixed Assets and Depreciation**

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

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

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

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

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

Extra shift depreciation is charged in respect of plant & machinery, excluding items on which no extra shift depreciation is applicable as per Schedule XIV to the Companies Act, 1956, at the rate of 5.59% on actual number of days worked in triple shift in proportion to the normal working days, which are 122 for the Company.

**4. Revenue Recognition**

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

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

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

**5. Foreign Currency Transactions****(a) Initial Recognition**

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

**(b) Conversion**

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

**(c) Exchange Differences**

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

**6. Investments**

Long term Investments are stated at cost of acquisition. Provision for diminution in the value is made only if the decline is other than temporary.

**7. Employees Retirement Benefits**

(a) Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the Contributions to the Government fund is due.

(b) Short Term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss account of the year in which the related service is rendered.

(c) Post employment and other long –term employee benefits are recognized as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses of the post employment and other long term benefits are charged to the Profit & Loss account of the year.

**8. Leases**

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

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

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



**9. Accounting for Taxes**

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

**10. Earning per Share**

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

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

**11. Impairment of Assets**

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

**12. Miscellaneous Expenditure**

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

**(B) NOTES TO ACCOUNTS**

**1. Contingent Liabilities**

Claims against the Company not acknowledged as debts:

(Rs. in lacs)

	for the year ended 31.03.2010	for the period ended 31.03.2009
Sales tax	Nil	10.85

- 2. (a) The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1<sup>st</sup> December, 2005. The Company's contribution in respect of the line amounted to Rs.195.45 lacs as demanded by UPPCL till end of March, 2010. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL. The amount spent by the Company has been accounted for as Deferred Revenue Expenditure and the same is being amortized over a period of 10 years from the date of commencement of commercial operation.
- (b) UPPCL has charged Rs. 4.70 lacs for the year 2009-10 (Previous period Rs. 6.61 lacs) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 8<sup>th</sup> November, 2006, the charge is @ 1.50% on the cost of 132 KV Line in the first year and with an increase (maximum) of 5% in each subsequent year. Since, the total expenditure on the 132 KV Line is pending finalization by UPPCL, this charge again, is on provisional basis.
- 3. SBEC Sugar Limited (Holding Company) along with its nominee holds 23,000,000 fully paid up Equity Shares (Previous Period 23,000,000) in the Company.
- 4. (a) The Company had negotiated and finalized with the IDBI Ltd., the terms for taking over the debt of IDBI in Modi Industries Limited (MIL) under OTS on assignment basis to the Company. In terms of IDBI's letters No. IDBIL.HO.RD.MIL/2221 dated 27<sup>th</sup> January, 2007 and 9<sup>th</sup> February, 2007, on payment of settlement amount, IDBI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IDBI (towards principal and interest) right against MIL and also the charges and securities created by MIL, will stand assigned in favour of the Company. The said 'Deed of Assignment' is yet to be executed.  
The Company had paid total dues of IDBI i.e. a sum of Rs. 1410.98 lacs (previous period Rs. 1410.98 lacs) under this scheme.
- (b) During the year Company has negotiated and finalized with the IFCI Limited, the term for taking over the debt of IFCI in Modi Industries Ltd. (MIL). In terms of IFCI Letter No. IFCI/NRG/ 200-13494 Dated 30<sup>th</sup> December, 2009 on payment of settlement amount, Rs. 775.00 lacs, IFCI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IFCI, rights 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 IFCI i.e. a sum of Rs. 775.00 lacs (previous period – Nil) under this scheme .
- (c) Pursuant to an agreement with its holding company (SBEC Sugar Ltd.), holding company has agreed to transfer all its rights, interest and charges in favour of Company on execution of 'Deed of Assignment' by PNB in favour of holding company against the Steel Section of Modi Industries Limited (MIL). In consideration of the same, the Company has paid net advance of Rs. 710.49 lacs to Holding Company.
- 5. 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.
- 6. **Earnings Per share**

Particulars	For the year ended 31st March, 2010	For the period ended 31st March, 2009
Net Profit after tax (Rs. in lacs)	66.60	491.60
Weighted average number of Equity Shares	23,000,000	23,000,000
Basic Earning Per Share (Rs.)	0.29	2.14
Diluted Earning Per Share (Rs.)	0.29	2.14

**7. Deferred Taxation (AS-22)**

The Company has during the year made adjustments on account of Deferred Taxes in terms of Accounting Standard - 22 on 'Taxes on Income'.

(a) Deferred Tax Assets are recognized and carried forward only to the extent these is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(b) Break-up of Deferred Tax Assets / Liabilities into major Components as given below:

(Rs. in lacs)

Deferred Tax Assets	Deferred Tax Asset / (Liability) as at 31.03.2010	Current Year (Charge) / Credit	Deferred Tax Asset / (Liability) as at 31.03.2009
Depreciation	283.88	(15.73)	299.61
Disallowance u/s 43B	5.07	0.53	4.54
Gratuity	6.02	0.83	5.19
Other Disallowance under Income Tax Act	17.95	3.00	14.95
Deferred Tax Assets / (Liabilities)	312.92	(11.37)	324.29

8. The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) which came in to force from 2<sup>nd</sup> October 2006. Based on the confirmations received till date, the disclosures as required by section 22 of the MSMED Act are given below:-

(Rs. in lacs)

	As at 31st March, 2010	As at 31st March, 2009
a) Principal amount payable to suppliers as at year end	0.19	2.13
b) Interest due thereon as at year end	—	—
c) Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act, actually paid during the year, irrespective of the period to which interest relates	—	—
d) Amount of delayed payments actually made to suppliers during the year	—	—
e) Amount of interest due and payable for the period of delay in making payment (which has been paid, but beyond the appointed day during the year) but without adding interest, specified under the MSMED Act.	—	—
f) Interest accrued and remaining unpaid at the end of year	—	—

9. 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 period	Current Year	Previous period	Current Year	Previous period
<b>Revenue</b>						
External	837.30	1,794.65	—	—	837.30	1,794.65
Inter Segment	—	—	—	—	—	—
Total Revenue	837.30	1,794.65	—	—	837.30	1,794.65
<b>Result</b>						
Segment Result (Profit before tax)	166.14	617.81	—	—	166.14	617.81
Unallocated expenses	—	—	—	—	44.66	(25.58)
Interest Expense	0.64	23.64	65.17	217.78	65.81	(241.42)
Interest Income	54.31	223.36	—	—	54.31	223.36
Income taxes	—	—	—	—	(32.01)	(42.25)
Fringe Benefit tax	—	—	—	—	—	(2.01)
Deferred tax	—	—	—	—	(11.37)	(38.31)
Profit after tax	—	—	—	—	66.60	491.60
<b>Other Information</b>						
Segment Assets	1711.41	3,483.60	2,896.47	1,410.98	4,607.88	4,894.58
Unallocated Assets	—	—	—	—	347.64	376.16
Segment Liabilities	111.68	120.14	133.33	533.33	245.01	653.47
Unallocated Liabilities	—	—	—	—	26.65	0.01
Capital Expenditure	—	—	—	—	5.82	23.56
Depreciation	323.19	—	—	—	323.19	577.88

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

**10. Related Party Disclosure**

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

**a) Enterprises Where control exists**

SBEC Sugar Limited  
SBEC Stockholding & Investment Limited  
Modi Gourmet Limited

**b) Key Management Personnel**

Mr. Arun Kumar Gupta – Manager

**Relatives of Key Management Personnel**

Mrs. Sunita Gupta  
Mr. Alok Kumar Gupta  
Mrs. Anshu Gupta

**c) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence : Nil**

**2. Transactions carried out related parties referred in 1 above, in the ordinary course of business:** (Rs. In Lacs)

	year ended 31st March, 2010 (Previous Period)		
	1{a} above	1{b} above	1{c} above
Purchases	—	—	—
Sales/ Income			
Conversion Charges	Nil (Nil)	—	—
Expenses			
Remuneration	—	9.15 (20.60)	—
Rent	— (1.49)	— (3.00)	—
Other Expenses	— (0.80)	— (—)	—
Outstanding			
Payable	— (1.95)	0.46 (0.45)	—
Receivable	710.49 (35.24)	—	—

11. Mr. Arun Kumar Gupta, Manager u/s 269 of the Companies Act, 1956 was paid remuneration in accordance with Schedule XIII to the Companies Act, 1956. The same having been included under different heads of expenditure is as follows:

(Rs. in lacs)

Particulars	Current Year	Previous Period
Salary & Bonus	7.86	7.60
Contribution to Provident Fund	0.66	0.66
Reimbursement of Expenses	0.64	0.63

**12. Additional information**

Additional information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable) is as follows:

**a. Statement of Installed & Licensed Capacity and Generation Quantity : @**

Description	Licensed Capacity*	Installed Capacity	Actual Generation*
Power	Not Applicable	12MW (12MW)	29,641,510 kwh (73,282,520 kwh)
Steam	Not Applicable	77 tph (77 tph)	2,08,876 tones (5,01,108 tones)

Figures in brackets are for Previous Period.

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

@ The plant operated for 122 days in the current year (previous period 285 days).

**b. Details of Sales/Conversions.** (Rs. in lacs)

Description	Opening Stock		Conversion		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity*	Value	Quantity*	Value
Power	1,171,263 kwh	21.20	3,895,069 kwh	—	22,315,073 kwh	837.30	1,241,714 kwh	27.52
	1,041,726 kwh	(17.08)	(5,520,860 kwh)	—	(59,947,126 kwh)	(1,793.97)	(1,171,263 kwh)	(21.20)
Steam	—	—	208,876 tones	Nil	Nil	Nil	Nil	Nil
	—	—	(501,108 tones)	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)

Figures in brackets are for Previous Period.

\*Includes 155,214 kwh (Previous period 146,408 kwh) charged as banking fee by UPPCL.

**c. Consumption of Imported and Indigenous Raw Material and Stores & Spares** (Rs. in lacs)

Particulars	Indigenous		Imported	
	Value	%	Value	%
<b>Raw Material</b>				
Bagasse*	—	100	—	—
	(—)	(100)	(—)	(—)
Store / Spares	113.61	89.93	12.72	10.07
	(193.19)	(99.85)	(0.28)	(0.15)

Figures in brackets are for Previous Period.

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

**d. Value of Import on CIF Basis** (Rs. in lacs)

Particulars	Current year	Previous period
Store & Spares	Nil	26.34

**e. Expenditure in Foreign Currency (Paid)** (Rs. in lacs)

Particulars	Current year	Previous period
Professional Services (Net of TDS)	Nil	10.87
Others	4.34	Nil

**13. 'EMPLOYEE BENEFITS' (AS-15)**

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

**a) Defined Contribution Plan**

Contributions to Defined Contribution Plan, recognized as expense for the year are as under:

(Rs. in lacs)

	Current Year	Previous Period
<b>Employer's contribution to Provident Fund</b>	7.46	10.40

**b) Defined Benefit Plan**

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

**1. Reconciliation of opening and closing balances of Defined Benefit Obligation.** (Rs. in lacs)

	<b>Current Year Gratuity (Unfunded)</b>	<b>Previous period Gratuity (Unfunded)</b>	<b>Current Year Leave Encashment (Unfunded)</b>	<b>Previous Period Leave Encashment (Unfunded)</b>
Defined Benefit obligation at the beginning of the year	15.28	19.34*	1.09	12.70*
Current Service Cost	2.34	2.12*	0.51	1.30*
Interest Cost	1.15	1.36*	0.08	0.89*
Actuarial (gain)/loss	(0.25)	(1.59)*	0.12	(4.56)*
Benefits Paid	(0.39)	(5.95)*	-	(2.92)*
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	18.13	15.28*	1.80	7.41*

**2. Reconciliation of opening and closing balances of Fair Value of Plan Assets** (Rs. in lacs)

	<b>Current Year Gratuity (Unfunded)</b>	<b>Previous period Gratuity (Unfunded)</b>	<b>Current Year Leave Encashment (Unfunded)</b>	<b>Previous Period Leave Encashment (Unfunded)</b>
Fair value of plan assets as at the beginning of the year	-	-	-	-
Expected Return	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Contribution by Employer	-	-	-	-
Benefits Paid	-	-	-	-
Settlement cost	-	-	-	-
Fair value of plan assets as at the end of the year	-	-	-	-
Actual return of plan assets	-	-	-	-

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

	<b>Current Year Gratuity (Unfunded)</b>	<b>Previous period Gratuity (Unfunded)</b>	<b>Current Year Leave Encashment (Unfunded)</b>	<b>Previous Period Leave Encashment (Unfunded)</b>
Fair value of plan assets as at 31st March 2009	-	-	-	-
Present value of obligation as at 31st March 2010	18.13	15.28*	1.80	7.41*
Net asset / (liability) recognized Balance Sheet	(18.13)	(15.28)*	(1.80)	(7.41)*

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

	<b>Current Year Gratuity (Unfunded)</b>	<b>Previous period Gratuity (Unfunded)</b>	<b>Current Year Leave Encashment (Unfunded)</b>	<b>Previous Period Leave Encashment (Unfunded)</b>
Current Service Cost	2.34	2.12*	0.51	1.30*
Interest Cost	1.14	1.36*	0.08	0.89*
Expected return on plan assets	-	-	-	-
Net Actuarial (gain) / loss recognized during the period	(0.25)	(1.59)*	0.12	(4.56)*
Expenses recognized in the statement of Profit & Loss	3.23	1.89*	(0.71)	(2.37)*

5. Actual Return on Plan Assets

	<b>Gratuity &amp; Leave encashment (Unfunded)</b>
Expected Return on Plan Assets	—
Actuarial (gain)/ loss	—
Actual return on plan assets	—

6. Principal Actuarial Assumptions

	<b>Current Year Gratuity (Unfunded)</b>	<b>Previous period Gratuity (Unfunded)</b>	<b>Current Year Leave Encashment (Unfunded)</b>	<b>Previous Period Leave Encashment (Unfunded)</b>
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, 2010	7.50%	7.00%	7.50%	7.00%
Future Salary Increase	5.00%	4.50%	5.00%	4.50%
Expected rate of return on plan assets	—	—	—	—
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rate	Withdrawal Rates	Withdrawal Rates	Withdrawal Rates	Withdrawal Rates
	Upto 30 years	3.00%	3.00%	3.00%
	From 31 to 44 year	2.00%	2.00%	2.00%
	Above 44 years	1.00%	1.00%	1.00%

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

Disclosure in respect of previous three years as required by Revised Accounting Standard - 15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information.

\*Since the period 1<sup>st</sup> October 2007 to 31<sup>st</sup> March, 2008 was not considered for actuarial valuation as per revised AS-15, the above amounts represent the period of 12 months from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009.

14. (a) Previous year figures have been regrouped where necessary to confirm to this period classification.  
 (b) Figures of the Current year are for 12 months and hence not comparable with the Previous Period figures.

Signatures to Schedules 1 to 14

In terms of our report of even date, attached.

**For K.K. Jain & Co.**  
 Chartered Accountants  
 Firm Reg. No.: 02465N

**R.K. Mittal**  
 Partner  
 Membership No. : 95459

Umesh K. Modi  
 Director

G.C. Jain  
 Director

J.N. Khurana  
 Director

S.S. Agarwal  
 Director

Place : New Delhi  
 Date : 12th August, 2010

Arun Kr. Gupta  
 Manager

Divya Maheshwari  
 Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I.	Registration No.	037250	State Code-	20
	Balance Sheet Date	31.03.2010		
II.	<b>Capital raised during the period (Amount in Rs. Thousand)</b>			
	Public issue	Nil	Right issue	Nil
	Bonus issue	Nil	Private Placement	Nil
III.	<b>Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)</b>			
	Total Liabilities	481719	Total Assets	481719
	<b>Sources of Funds</b>			
	Paid up Capital	230000	Reserves & Surplus	238386
	Secured Loans	13333	Unsecured Loans	Nil
	<b>Application of Funds</b>			
	Net Fixed Assets	79690	Investments	500
	Net Current Assets	359155	Misc. Expenditure	11082
	Deferred Tax Assets	31292		
IV.	<b>Performance of company (Amount in Rs. Thousand)</b>			
	Turnover	89224	Total Expenditure	78227
	Profit /(Loss) before Tax	10998	Profit / (Loss) after Tax	6660
	Earning Per Share in Rs.	0.29	Dividend Rate in %	Nil
V.	<b>Generic Name of Three Principal products/services of company (as per monetary terms)</b>			
	Item Code No. (ITC Code)	98010003		
	Product description	POWER		

Umesh K. Modi  
Director

G.C. Jain  
Director

J.N. Khurana  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

Arun Kr. Gupta  
Manager

Divya Maheshwari  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	For the year ended 31.03.2010 (Rs. in lacs)	For the period ended 31.03.2009 (Rs. in lacs)
<b>Cash flow from operating activities</b>		
<b>Net profit before taxation</b>	<b>109.98</b>	574.17
Adjustments for:		
Depreciation	<b>323.19</b>	577.88
Preliminary Expenses	-	0.01
Deferred Revenue Expenses	<b>19.55</b>	29.32
Other income :		
Dividend	<b>(0.60)</b>	(1.50)
Unliamed Liabilities Written back	<b>(0.03)</b>	(39.28)
Interest income	<b>(54.31)</b>	(223.36)
Interest expense	<b>65.81</b>	238.70
<b>Operating profit before working capital changes</b>	<b>463.58</b>	1,155.94
(Increase)/Decrease in sundry debtors	<b>(74.21)</b>	(297.15)
(Increase)/Decrease in loans and advances	<b>54.09</b>	(178.30)
(Increase)/Decrease in closing stock of power banked	<b>(6.32)</b>	(4.11)
(Increase)/Decrease in inventories	<b>24.37</b>	(47.87)
Increase/(Decrease) in sundry creditors	<b>(7.43)</b>	30.52
<b>Cash generated from operations</b>	<b>454.08</b>	659.03
Income Tax Paid	<b>(5.36)</b>	(51.44)
Income Tax refund	-	-
Fringe Benefit Tax Paid	-	(2.30)
<b>Net cash from operating activities</b>	<b>448.72</b>	605.29
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	<b>(10.65)</b>	(23.56)
Dividend received	<b>0.60</b>	0.75
Interest received	<b>54.31</b>	223.36
Proceeds from sale of fixed assets	-	9.59
<b>Net cash from / (used in) investing activities</b>	<b>44.26</b>	210.14
<b>Cash flows from financing activities</b>		
Proceeds from / (Repayment) of Loans	<b>(401.00)</b>	(595.56)
Interest paid	<b>(65.81)</b>	(238.70)
<b>Net cash used in financing activities</b>	<b>(466.81)</b>	(834.26)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26.17</b>	(18.83)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4.99</b>	23.82
<b>Cash and cash equivalents at the end of the year</b>	<b>31.16</b>	4.99
<b>Components of Cash and Cash Equivalents</b>	<b>0.00</b>	0.00
<b>With Scheduled Banks - on Current Accounts</b>	<b>31.16</b>	4.99

**Note:-** (i) The above "cash flow statement" has been prepared under the Indirect Method as set out in the "Accounting Standard"- 3 on "Cash Flow Statement " (ii) Previous Period figures have been regrouped / rearranged wherever considered necessary.

As per our report of even date

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

Chartered Accountants  
Firm Reg. No.: 02465N

**R.K. Mittal**  
Partner  
Membership No. : 95459

Umesh K. Modi  
Director

G.C. Jain  
Director

J.N. Khurana  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

Arun Kr. Gupta  
Manager

Divya Maheshwari  
Company Secretary



## DIRECTOR'S REPORT

### Dear Shareholders,

The Directors of your Company herewith present the Second Annual Report together with the audited accounts of the Company for the period ended 31<sup>st</sup> March 2010.

### OPERATIONS

The company has started its business activity. Your Director are planning to expand its business activities .

### FIXED DEPOSIT

The Company has not accepted any fixed deposits from the public.

### DIRECTORS

Mr. G.C. Jain, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### AUDITORS

M/s. Sarat Jain & Associates, Chartered Accountants (Firm Registration No. 014793C) Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

### PARTICULARS OF EMPLOYEES

No person was employed during the period; as such particulars of the employees under Section 217(2A) of the Companies Act, 1956 are not annexed.

### PARTICULARS OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Since there has been no manufacturing activity, the particulars of conservation of energy and technology absorption are not required to be given.

### FOREIGN EXCHANGE EARNING AND OUTGO

The Company had no foreign exchange earning or outgo during the period under review.

### *DIRECTOR'S RESPONSIBILITY STATEMENT UNDER SECTION 217*

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

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

**On behalf of the Board of Directors  
For MODI GOURMET LIMITED**

Place : New Delhi  
Date : 12th August, 2010

**Umesh K Modi  
Chairman**

## AUDITOR'S REPORT

### TO THE MEMBERS OF MODI GOURMET LTD.

We have audited the attached Balance Sheet of **M/s. MODI GOURMET LTD.** as at 31<sup>st</sup> March 2010 and the Profit & Loss Account for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. 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;
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and in our opinion comply with the applicable Mandatory Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956.
4. On the basis of written representations received from Directors of the Company as on 31.03.2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to explanations given to us, the said financial statements read together with the notes thereon give in the prescribed manner the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
  - b. In the case of the Profit & Loss Account, of the loss for the period ended on that date.
6. As required by the Companies (Auditor's Report) Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
  - i) The Company has no Fixed Assets, hence, this clause is not applicable.
  - ii)
    - a) Inventories have been physically verified by the management at reasonable intervals during the year.
    - b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
    - c) On the basis of our examination of records of inventory produced to us, in our opinion, the company has maintained proper records of inventories. There were no discrepancies noticed on physical verification of inventory as compared to the book record.
  - iii) The company has neither granted nor taken any loan & hence, this clause is not applicable to the company.
  - iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no major weakness noticed in the internal control in respect of these areas.

- v) According to the information and explanations given to us there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act 1956.
- vi) The company has not accepted any deposit from the public under Section 58A & 58AA of the Companies Act, 1956.
- vii) As per the present status, this clause is not applicable to the company.
- viii) To the best of our knowledge & as explained, we are informed the provisions of section 209 (1) (d) of the Companies Act 1956 relating to the maintenance of cost records are not applicable to the product/services of the company .
- ix) a) The company has no liability towards depositing any statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except Sales Tax which has been paid in time .  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- x) As per the present status, this clause is not applicable to the company.
- xi) The company has not taken any loan/ amount from any financial institution or bank or debenture-holder.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) The company has not given any guarantee for loan taken by others from bank or financial institutions.
- xvi) The company has not obtained any term loan during the period ended 31<sup>st</sup> March'2010.
- xvii) The company has not raised any funds on short term or long term basis during the period ended 31<sup>st</sup> March'2010.
- xviii) The company has made allotment of 50,000 shares at the face value of Rs.10 per share to its holding company M/s. SBEC Sugar Ltd. during the period ended 31<sup>st</sup> March 2010.
- xix) No debentures were issued by the company.
- xx) The company has not raised any money by a public issue during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year.

For **Sarat Jain & Associates**  
**Chartered Accountants**  
Firm Reg.No. : 014793C

(Sarat Jain)  
Proprietor

Membership.No. : 080216

Place: New Delhi  
Date : 12th August, 2010

**BALANCE SHEET AS AT 31st MARCH, 2010**

	SCHEDULES No.	As at <u>31.03.2010</u> (Amount in Rs.)	As at <u>31.03.2009</u> (Amount in Rs.)
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholder's Funds</b>			
Share Capital	1	<b>500,000</b>	500,000
<b>Total</b>		<b><u>500,000</u></b>	<b><u>500,000</u></b>
<b>II APPLICATION OF FUNDS</b>			
(1) Current Assets, Loans & Advances	2		
a) Inventory		<b>506</b>	506
b) Cash & Bank Balances		<b><u>87,937</u></b>	<u>504,862</u>
		<b>88,443</b>	505,368
<b>Less : Current Liabilities &amp; Provisions</b>	3		
Current Liabilities		<b><u>3,576</u></b>	<u>240,915</u>
<b>Net Current Assets</b>		<b>84,867</b>	264,453
(2) Miscellaneous Expenditure			
Preliminary Expenses to the extent			
Not written off	4	<b>30,211</b>	38,641
Profit & Loss A/c - Loss		<b><u>384,922</u></b>	<u>196,906</u>
<b>Total</b>		<b><u>500,000</u></b>	<b><u>500,000</u></b>

Significant Accounting Policies And  
Notes to Accounts As Per Schedule 5

As per our report of even date annexed

**For Sarat Jain & Associates,**  
Chartered Accountants  
Firm Reg. No. : 014793C

(Sarat Jain)  
Proprietor  
Membership No. : 080216

Umesh K. Modi  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2010**

PARTICULARS	For the Year ended 31.03.2010 (Amount in Rs.)	For the Period ended 31.03.2009 (Amount in Rs.)
<b>I. INCOME</b>		
Sales	-	400
Closing Stock	506	506
Other Income	4,944	-
<b>Total</b>	<u>5,450</u>	<u>906</u>
<b>II EXPENDITURE</b>		
Opening Stock	506	-
Purchases	-	818
Bank Charges	-	5,554
Legal & Professional Charges	12,757	23,773
Filing Fee	2,100	-
Salary	163,917	159,921
Misc. Expenses	500	1,475
Preliminary Expenses Written Off	8,430	3,513
Audit Fee	2,758	2,758
Staff Welfare	1,180	-
Printing & Stationery	18	-
Conveyance	1,300	-
<b>Total</b>	<u>193,466</u>	<u>197,812</u>
<b>Profit /(Loss) for the year</b>	<b>(188,016)</b>	<b>(196,906)</b>
Provision for Taxation	-	-
<b>Profit /(Loss) carried over to Balance Sheet</b>	<b>(384,922)</b>	<b>(196,906)</b>
Basic / Diluted Earning per share	<b>(3.76)</b>	<b>(3.94)</b>

Significant Accounting Policies And  
Notes to Accounts As Per Schedule 5  
As per our report of even date annexed

**For Sarat Jain & Associates,**  
Chartered Accountants  
Firm Reg. No. : 014793C

(Sarat Jain)  
Proprietor  
Membership No. : 080216

Umesh K. Modi  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

**SCHEDULE 1 : SHARE CAPITAL**

	As at <u>31.03.2010</u> (Amount in Rs. )	As at <u>31.03.2009</u> (Amount in Rs. )
<b>Authorized</b>		
50,000 Equity Shares of Rs. 10/- each	<u>500,000</u>	<u>500,000</u>
<b>Total</b>	<u>500,000</u>	<u>500,000</u>
<b>Issued, Subscribed and Paid - Up</b>		
50,000 Equity shares of Rs. 10/- each fully paid-up (Held by SBEC Sugar Limited , the holding company and its nominees)	<u>500,000</u>	<u>500,000</u>
<b>Total</b>	<u>500,000</u>	<u>500,000</u>

**SCHEDULE : 2 - CURRENT ASSETS, LOANS & ADVANCES**

<b>(A) Inventory</b>		
Trading goods	506	506
(Valued at cost or realisable value whichever is lower and as certified by the mangement)		
<b>Total A</b>	<u>506</u>	<u>506</u>
<b>(B) Cash &amp; Bank Balances</b>		
Cash in hand	6066	-
Balance with schedules bank in current account	<u>81,871</u>	<u>504,862</u>
<b>Total B</b>	<u>87,937</u>	<u>504,862</u>
<b>Grand Total</b>	<u>88,443</u>	<u>505,368</u>

**SCHEDULE 3 - CURRENT LIABILITIES & PROVISIONS**

<b>Current Liabilities</b>		
Due to Holding Co. ( SBEC SUGAR LIMITED)	-	168,919
Total Outstanding dues to Small & Micro Enterprises	-	-
Sundry Creditors	818	818
Expenses Payable	-	68,420
Audit fee payable	<u>2,758</u>	<u>2,758</u>
<b>Total</b>	<u>3,576</u>	<u>240,915</u>
<b>Provisions</b>		
Provision for taxation	-	-
<b>Total</b>	<u>3,576</u>	<u>240,915</u>

**SCHEDULE : 4 - MISC. EXPENDITURE**

<b>(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>		
Preliminary Expenses	38,641	42,154
Less: Written off for the period	<u>8,430</u>	<u>3,513</u>
<b>Total</b>	<u>30,211</u>	<u>38,641</u>

**SCHEDULE - 5 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

(Annexed to and forming part of the Accounts for the period ended 31st March, 2010)

**Significant Accounting Policies**

**1. Systems of accounting :**

- i) The accounts have been prepared using historical cost convention and on Going Concern Basis.
  - ii) The company has adopted the accrual basis for maintenance of accounts as required by the Companies Act, 1956.
2. Events occurring after the Balance Sheet date are considered upto the date of adoption of accounts, wherever material.

**NOTES TO ACCOUNTS**

- 1. Contingent Liabilities: Nil
- 2. Additional Information as required under Schedule VI of the Companies Act, 1956:
  - a) There was no foreign currency transactions during the year.
  - b) Quantitative detail of stock.

**Trading Goods**

								( Amount in Rs.)	
Opening Stock		Purchase		Sales		Closing Stock			
Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value		
2.5 Kg	506	–	–	–	–	2.5 Kg	506		

- c) Other information to be provided are not applicable to the Comapny.
3. No provision for tax has been made in view of the loss incurred during the period.

In terms of our attached report of even date

**For Sarat Jain & Associates,**

Chartered Accountants  
Firm Reg. No. : 014793C

(Sarat Jain)  
Proprietor  
Membership No. : 080216

Umesh K. Modi  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. Registration Details**

Registration No.	183504	State Code	55
Balance Sheet Date	31	03	2010
	Date	Month	Year

**II. Capital Raised during the period (Amount in Rs. Thousand)**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	500	Total Assets	500
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**Sources of Funds**

Paid up Capital	500	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil

**Application of Funds**

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	85	Misc. Expenditure	30
Accumulated Losses	385		

**IV. Performance of Company (Amount in Rs. Thousand)**

Turnover	5	Total Expenditure	193
Profit /(Loss) before Tax	(188)	Profit / (Loss) after Tax	(188)
Earning Per Share in Rs.	(3.76)	Dividend Rate in %	Nil

**V. Generic Name of Three Principal**

Not Applicable

**Products/Services of Company (as per monetary terms)**

Place : New Delhi

Umesh K. Modi

S. S. Agarwal

Date : 12th August, 2010

Director

Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	For the Year ended 31.03.2010 (Amount in Rs.)
<b>A) Cash flow from Operating Activities</b>	
Net Profit/(Loss) before tax and extra Ordinary items	(188,016)
<b>Adjustments for:</b>	
Add : Interest Expenses	-
Depreciation	-
Provision for Book debts	-
Provision for D. Advances	-
Provision for dimuniation of investment	-
Reduction in inventory	-
Prelimianary Exp. Written off	8,430
	<u>8,430</u>
Less : Provision Written Back	-
Exchange rate fluctuation	-
<b>Operating Profit before Working Capital Changes</b>	<u>(179,586)</u>
<b>Adjustment for :</b>	
Debtors	-
Trade and Other receivables	-
Trade Payables	(237,339)
Cash Generated from Operating Activities	<u>(237,339)</u>
Direct Taxes / FBT (Paid)/Refund	-
<b>Net Change in Working Capital</b>	<u>(237,339)</u>
<b>Net Cash flow from operating activities</b>	<u>(416,925)</u>
<b>B) Cash flow from Investing Activities</b>	-
Proceeds from Sale of Fixed Assets	-
<b>Net Cash used in investing Activities</b>	<u>-</u>
<b>C) Cash Flow from Financing Activities</b>	
Repayment of Borrowings	-
Net Interest (Paid)	-
Net Cash Flow form Financing Activities	<u>-</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<u>(416,925)</u>
<b>Cash and cash equivalents as on 01.04.2009 (Opening Balance)</b>	504,862
<b>Cash and cash equivalents as on 31.03.2010 (Closing Balance)</b>	87,937
<b>Net Increase / (Decrease) as disclosed above</b>	<u>(416,925)</u>

**Note:-**(i) The above cash flow statement has been prescribed under the indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the Companies (Accounting Standard) Rules 2006.

**For Sarat Jain & Associates,**

Chartered Accountants  
Firm Reg. No. : 014793C

(Sarat Jain)  
Proprietor  
Membership No. : 080216

Umesh K. Modi  
Director

S. S. Agarwal  
Director

Place : New Delhi  
Date : 12th August, 2010

**DIRECTOR'S REPORT**

Dear Shareholders,

The Directors of your Company herewith present the 9<sup>TH</sup> Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March 2010.

**FINANCIAL**

The summarised financial results of the Company for the Financial year 2009-10 are as under:-

	(Rs in Lacs )
Particulars	Year ended 31.03. 2010
Sales & Other Income	1.15
Total Expenditure	1.23
Operating profit / (Loss) before depreciation	(0.08)
Depreciation	-
Operating Profit / (Loss) before tax	(0.08)
Profit / (Loss) after tax	(0.08)
Reserves excluding revaluation reserves	-

During the year under review, the Company has obtained the Certificate of Commencement of Business from Registrar of Companies on 26.08.2009. The Company has got registered as Non Banking Financial Companies (NBFC) with Reserve Bank of India on 10.08.2009.

**SHARE CAPITAL**

During the year, the Company has allotted 20,00,000 ( Twenty Lacs) Equity Shares of Rs 10/- each to SBEC Sugar Ltd. (Holding Company).

**FIXED DEPOSIT**

The Company has not accepted any fixed deposit from the public.

**DIRECTORS**

Mr. Umesh Kumar Modi Director had resigned from the directorship of the Company with effect from 20.05.2009. He was re appointed as an Additional Director of the Company w.e.f. 13.05.2010.

Mr. Mangat Rai Gupta was appointed as an Additional Director of the Company with effect from 20.05.2009.

Notices in writing alongwith requisite deposits under section 257 of the Companies Act 1956, have been received from the members of the Company proposing Mr. Umesh K Modi and Mr. Mangat Rai Gupta as candidates for the office of Directors

Mr. S.S. Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

**AUDITORS**

M/s. Sarat Jain & Associates, Chartered Accountants (Firm Registration No. 014793C), who are Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and eligible for reappointment.

**PARTICULARS OF EMPLOYEES**

Information required under section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time:-

During the period under review, there was no employee who was in receipt of remuneration more than the limit prescribed under section 217 (2A) of the Companies (Particulars of Employees) Rules, 1975 as amended.

**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO**

Since there has been no manufacturing activity, the particulars of conservation of energy and technology absorption are not required to be given.

**DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956**

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

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

**On behalf of the Board Of Directors  
For SBEC Stockholding & Investment Limited**

Date: 19.07.2010  
Place: New Delhi

Jagan Nath Khurana  
Director

S.S. Agarwal  
Director

## **AUDITOR'S REPORT**

**TO THE MEMBERS OF SBEC STOCKHOLDING & INVESTMENT LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.**

1. We have conducted the attached Balance Sheet of **SBEC STOCKHOLDING & INVESTMENT LIMITED** as at 31<sup>st</sup> March 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Since the Company has obtained the certificate for Commencement of Business from the Registrar of Companies, the Companies (Auditor's Report) Order, 2003 issued by Govt. of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further, we report that :
  - I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - II. The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
  - III. In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of these books.
  - IV. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable to the company.
  - V. On the basis of written representations received from the Directors of the Company as on 31.03.2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.
  - VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March'2010.

**For Sarat Jain & Associates**  
Chartered Accountants  
Firm Reg. No. 014793C

**(Sarat Jain)**  
Proprietor

Membership No. 080216

Place : New Delhi  
Date :19.07.2010

**BALANCE SHEET AS ON 31ST MARCH, 2010**

	As at 31.03.2010 <u>(Amount in Rs.)</u>	As at 31.03.2009 <u>(Amount in Rs.)</u>
<b>SOURCES OF FUNDS</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
20,50,000 Equity Shares of Rs. 10/- Each	<u>20,500,000</u>	<u>20,000,000</u>
<b>Issued, Subscribed and Paid Up</b>		
20,50,000 Equity Share of Rs. 10/- Each Fully paid up (Held by SBEC Sugar Limited, the holding company and its nominees)	<u>20,500,000</u>	<u>500,000</u>
<b>TOTAL</b>	<u><b>20,500,000</b></u>	<u><b>500,000</b></u>
<b>APPLICATION OF FUNDS</b>		
<b>INVESTMENTS</b>		
	4,501,000	—
<b>Current Assets, Loans &amp; Advances</b>		
Cash in hand	665	—
Balances with Bank in - Current Account	11,588	33,699
- Fixed Deposit	282,383	259,379
Interest Receivable	3,478	4,683
Income Tax recoverable	12,364	16,875
TDS Receivable	21,887	—
Loan & Advances	<u>15,470,000</u>	—
	<u>15,802,365</u>	<u>314,636</u>
<b>Less :</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Due to holding company	—	7,408
Audit Fee payable	<u>2,758</u>	<u>2,758</u>
	<u>2,758</u>	<u>10,166</u>
<b>Net Current Assets</b>	<b>15,799,607</b>	<b>304,470</b>
<b>Profit &amp; Loss Account</b>		
	<b>13,484</b>	—
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preoperative Expenses	<u>185,909</u>	<u>195,530</u>
<b>TOTAL</b>	<u><b>20,500,000</b></u>	<u><b>500,000</b></u>

**Significant Accounting Policies & Notes to Accounts - Schedule A**

In terms of our attached Report of even date

For Sarat Jain & Associates

Chartered Accountants

Firm Reg. No. 014793C

(Sarat Jain)

Proprietor

Membership No. 080216

Place : New Delhi

Date : 19.07.2010

J.N. Khurana  
Director

S.S. Agarwal  
Director

**PROFIT & LOSS ACCOUNT FOR THE PERIOD 01.04.2009 TO 31.03.2010**

PARTICULARS	As at <u>31.03.2010</u> (Amount in Rs. )
<b>I. INCOME</b>	
Interest Income - Gross	115,392
<b>Total</b>	<u>115,392</u>
<b>II EXPENDITURE</b>	
Legal & Professional	72,840
Filing Fee	1,500
Audit Fee	2,758
Preoperative Expenses written off	46,477
<b>Total</b>	<u>123,575</u>
Profit / Loss Before Taxation	(8,183)
Income tax for earlier year	(5,301)
Profit / Loss for the year carried to Balance Sheet	<u>(13,484)</u>

In terms of our attached Report of even date

For Sarat Jain & Associates

Chartered Accountants

Firm Reg. No. 014793C

(Sarat Jain)

Proprietor

Membership No. 080216

J.N. Khurana

Director

S.S. Agarwal

Director

Place : New Delhi

Date : 19.07.2010

**SBEC STOCKHOLDING & INVESTMENT LIMITED**


---

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
<b>SHARE CAPITAL</b>		
<b>Authorized</b>		
20,50,000 Equity Shares of Rs. 10/- each	20,500,000	20,000,000
<b>Total</b>	<u>20,500,000</u>	<u>20,000,000</u>
<b>Issued, Subscribed and Paid - Up</b>		
20,50,000 Equity shares of Rs. 10/- each fully paid-up (Held by SBEC Sugar Limited , the holding company and its nominees)	20,500,000	500,000
<b>Total</b>	<u>20,500,000</u>	<u>500,000</u>
<b>INVESTMENTS</b>		
4,50,000 Equity shares of Rs. 10/- each of Modi Illva India Pvt. Ltd.	4,500,000	-
100 Equity shares of Rs. 10/- each of Chandil Power Ltd.	1,000	-
	<u>4,501,000</u>	<u>-</u>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Cash in hand	665	-
Balance with Bank in – Current Account	11,588	33,699
– Fixed Deposit	282,383	259,379
Interest Receivable	3,478	4,683
Income Tax Recoverable	12,364	16,875
TDS Receivable	21,887	-
Loan & Advances	15,470,000	-
	<u>15,802,365</u>	<u>314,636</u>
<b>CURRENT LIABILITIES</b>		
Due to Holding Co. ( SBEC SUGAR LIMITED)	-	7,408
Audit fee payable	2,758	2,758
	<u>2,758</u>	<u>10,166</u>
<b>MISC. EXPENDITURE (to the extent not written off or adjusted)</b>		
Preoperative Exp. Of Earlier year	195,530	195,530
Add : Preoperative Exp. During the year	36,856	-
Less : Written off for the period	46,477	-
<b>Total</b>	<u>185,909</u>	<u>195,530</u>

## SCHEDULE -A

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Annexed to and forming part of the Accounts for the year ended 31st March, 2010)

#### Significant Accounting Policies

##### 1. Systems of accounting :

- i) The accounts have been prepared using historical cost convention and on Going Concern Basis.
  - ii) The company has adopted the accrual basis for maintenance of accounts as required by the Companies Act, 1956.
2. Events occurring after the Balance Sheet date are considered upto the date of adoption of accounts, wherever material.
  3. Investment are valued at cost including transfer and acquisition expenses. The Investment are categorized into Long Term.
  4. Preliminary expenditure is amortised over a period of ten years starting from the year subsequent to its incurrence.

##### Notes to accounts

1. Contingent Liabilities: Nil                      Previous Year : Nil
2. The Company has received certificate for commencement of business on 26.08.09. The Profit & Loss Account has been prepared for a period of 12 months commencing from 01.04.2010
3. The Company has obtained the certificate for Commencement of Business on 26.08.09 and Profit & Loss account has prepared for the first time. Therefore there are no comparative figures.
4. The Balances under Loans & Advances, debit and credit balances are subject to confirmation.
5. Additional Information as required under Schedule VI of the Companies Act, 1956:  
Particulars in respect of Opening stock, Purchases, Closing Stock and Consumption are not applicable to the company. There was no foreign currency transactions during the year.
6. Figures have been rounded off to the nearest rupee and previous year have been regrouped and recasted wherever necessary.

In terms of our attached report of even date

For Sarat Jain & Associates  
Chartered Accountants  
Firm Reg. No. 014793C

(Sarat Jain)

Proprietor  
Membership No. 080216

Place : New Delhi  
Date : 19.07.2010

J.N. Khurana  
Director

S.S. Agarwal  
Director

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. Registration Details**

Registration No.	112424	State Code	55
Balance Sheet Date	31	03	2010
	Date	Month	Year

**II. Capital Raised during the year**

(Amount in Thousands)	Public Issue	Right Issue
	Nil	Nil
	Bonus Issue	Private Placement
	Nil	Nil

**III. Position of Mobilisation and Deployment of funds**

(Amount in Thousands)	Total Liabilities	Total Assets
	20500	20500
Source of Funds	Paid up Capital	Reserves & Surplus
	20500	—
	Secured Loan	Unsecured Loan
	Nil	Nil
Application of Funds	Net Fixed Assets	Investments
	Nil	4501
	Net Current Assets	Misc. Expenditure
	15800	(Propertive Expenses)
	Accumulated Losses	186
	13	

**IV. Performance of Company**

(Amount in Thousands)	Turnover	Total Expenditure
	115	123
	Profit / (Loss) Before Tax	Profit / (Loss) After Tax
	(8)	(8)
	Earning per Share (Rs.)	Dividend Rate (Percentage)
	Nil	Nil

**V. Generic name of Principal**

<b>Product of the Company</b>	Not Applicable
(As per monetary terms)	
Item Code No.(ITC Code)	
Product Description	

Place : New Delhi  
Date : 19.07.2010

J.N. Khurana  
Director

S.S. Agarwal  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Amount in Rs.)
<b>(A) Cash flow from operating activities</b>	
<b>Net profit/(Loss) before tax and extra Ordinary items</b>	<b>(8,183)</b>
Adjustments for:	
Add : Interest Expenses	-
Net (Profit)/loss on sale of Fixed assets	-
Depreciation	-
Provision for Book debts	-
Provision for D. Advances	-
Provision for Dimuniation of Investment	-
Reduction in inventory	-
Exchange rate fluctuation	-
Prelimianary Exp. Written off	<u>46,477</u>
	<b>46,477</b>
Less :	
Provision Written Back	-
Exchange rate fluctation	-
<b>Operating profit before working capital changes</b>	<u><b>38,294</b></u>
Adjustment for :	
Debtors	-
Trade and Other receivables	<u>(15,523,027)</u>
Trade Payables	<u>(7,408)</u>
Cash Generated from Operating Activities	<u>(15,530,435)</u>
Direct Taxes / FBT (Paid)/Refund	<u>(5,301)</u>
<b>Net Change in Working Capital</b>	<u>(15,535,736)</u>
<b>Net Cash flow from operating activities</b>	<u>(15,497,442)</u>
<b>(B) Cash flow from Investing Activities</b>	-
Proceeds from Sale of Fixed Assets	-
Purchase of Shares	<u>(4,501,000)</u>
<b>Net Cash used in investing Activities</b>	<u>(4,501,000)</u>
<b>(C) Cash Flow from Financing Activities</b>	
Issue of share capital	20,000,000
Repayment of Borrowings	-
Net Interst (Paid)	-
Net Cash Flow from Financing Activities	<u>20,000,000</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<u><b>1,558</b></u>
<b>Cash and cash equivalents as on 01.04.2009 (Opening Balance)</b>	<b>293,078</b>
<b>Cash and cash equivalents as on 31.03.2010 (Closing Balance)</b>	<b>294,636</b>
<b>Net Increase / (Decrease) as disclosed above</b>	<b>1,558</b>

**Note:-** (i) The above cash flow statement has been prescribed under the indirect method set out in Accounting Standard - 3 "Cash Flow Statement" prescribed by the Companies (Accounting Standard) Rules 2006.

For Sarat Jain & Associates

Chartered Accountants  
Firm Reg. No. 014793C

(Sarat Jain)  
Proprietor  
Membership No. 080216

J.N. Khurana  
Director

S.S. Agarwal  
Director

Place : New Delhi  
Date : 19.07.2010

# SBEC SUGAR LIMITED

REGISTERED OFFICE  
Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh

## ATTENDANCE SLIP

(THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTERANCE OF THE MEETING HALL)

L.F.NO. (s)		CLIENT ID NO.	
D.P. ID No.		NO. OF SHARES HELD	

Name of the attending Member .....  
(in Block Letters)

Name of Proxy(s) (in Block Letters).....  
(to be filled in if the Proxy attends instead of the member)

I hereby record my presence at the 16th Annual General Meeting of the Company held on Thursday, the 30th day of September, 2010 at 2.30 P.M. at Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh.

.....  
Member's/Proxy's Signature  
(To be signed at the time  
of handing over this slip)

.....PLEASE TEAR HERE.....

# SBEC SUGAR LIMITED

REGISTERED OFFICE  
Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh

## PROXY FORM

L.F.NO. (s)		CLIENT ID NO.	
D.P. ID No.		NO. OF SHARES HELD	

We.....  
of.....  
being member(s) of SBEC SUGAR LIMITED, hereby appoint.....  
.....of ..... in the district of.....  
.....or failing him/her.....  
.....of ..... in the district of .....

as my/our Proxy to attend and vote for me/us, on my/our behalf at the 16th Annual General Meeting of the Company held on Thursday, the 30th day of September, 2010 at 2.30 P.M at Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh and at any adjournment thereof.

AS WITNESS my/our hand(s) this ..... day of..... 2010

- Note : i) The Proxy must be sent so as to reach the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.  
ii) The Proxy need not be a member of the company.

Affix a  
Revenue  
Stamp

Signature(s)

**Book Post**  
**Under Postal Certificate**

*If undelivered, please return to:-*

**SBEC SUGAR LIMITED**

1502-A, 16th Floor, Modi Tower,

98, Nehru Place,

New Delhi-110019.