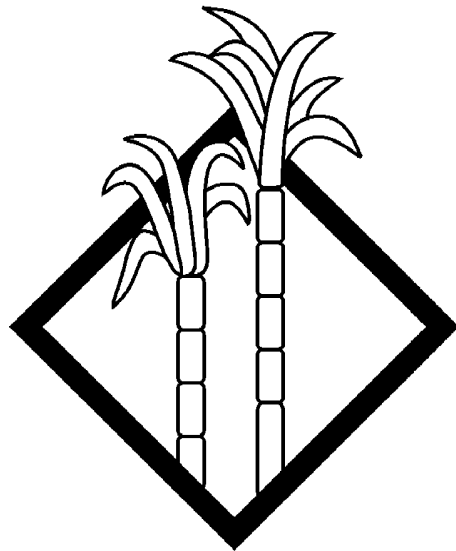


# ***SBEC Sugar Limited***



SEVENTEENTH ANNUAL REPORT  

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2011

**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 17<sup>th</sup> Annual General Meeting of the Shareholders of SBEC Sugar Limited will be held on Wednesday, the 28<sup>th</sup> day of September 2011 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 2011 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. Claude Philogene 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. O.P. Modi, who retires from the office by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

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

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 198, 269 and 309 read with Schedule XIII as amended from time to time and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby approves the re-appointment of Mr. Santosh Chand Gupta as Whole Time Director (Works) of the Company for a period of one year with effect from 18<sup>th</sup> June, 2011 on the terms, conditions and remuneration mentioned herein below :

1. Salary Rs. 85940 p.m.
2. Perquisites and Allowances
  - (i) House Rent Allowance Rs. 12500 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.”

By order of the Board  
For SBEC Sugar Limited

**Anup Gupta**  
Company Secretary

Place :New Delhi

Date : 11th August, 2011

### NOTES:

1. **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.**
2. The Register of Members & Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September, 2011 to 28<sup>th</sup> September 2011 (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

At the Annual General Meeting held on 30<sup>th</sup> September 2010, the shareholders had approved appointment of Mr. Santosh Chand Gupta as Whole Time Director ( Works) of the company for a period of one year with effect from 18<sup>th</sup> June 2010. The term of office of Mr. Santosh Chand Gupta as Whole Time Director( Works) of the Company has expired on 18<sup>th</sup> June 2011.

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

Pursuant to Schedule XIII of the Companies Act, 1956, the Remuneration Committee, in their meeting held on 04<sup>th</sup> June 2011, approved and recommended to the Board for payment of such remuneration as mentioned in item No. 5 of this notice, to Mr. Santosh Chand Gupta for a period of one year w.e.f. 18<sup>th</sup> June, 2011.



The Board in their Meeting held on 4<sup>th</sup> June, 2011 had approved the appointment of Mr. Santosh Chand Gupta as the Whole Time Director (Works). Accordingly, the Board of Directors had approved the payment of said remuneration, subject to your approval.

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

#### I. GENERAL INFORMATION:

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

(Rs. in Lacs)

| Financial Parameters  | Current accounting Year ended 31.03.2011 |
|---|--|
| Sales and other income  | 32681.53                                 |
| <b>Profit/(Loss) before interest, depreciation &amp; tax</b>                    | <b>860.43</b>                            |
| Interest and Finance charges  | 1598.76                                  |
| Depreciation and Amortisation   | 532.51                                   |
| Prior period expenses (net)   | 8.77                                     |
| <b>Profit / (Loss) before extra-ordinary items &amp; provision for taxation</b> | <b>(1279.61)</b>                         |
| Extra-ordinary items  | 1312.21                                  |
| <b>Profit / (Loss) before tax</b>   | <b>32.60</b>                             |
| Provision for taxation  | 0.73                                     |
| Deferred tax charge/ (credit)   | (338.68)                                 |
| <b>Profit / (Loss) after tax</b>  | <b>370.55</b>                            |
| Transfer from molasses storage fund   | -  |
| Transfer to molasses storage fund   | 7.80                                     |
| <b>Profit / (Loss) for the period after appropriation</b>                       | <b>362.75</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:**

At the Annual General Meeting held on 30<sup>th</sup> September 2010, the shareholders has approved the remuneration of Mr. Santosh Chand Gupta with basic salary of Rs. 77,000/- plus perquisites and allowances as per policy of the company subject to the overall ceiling laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956. .

**(3) Recognition or awards:** None**(4) Job profile and his suitability:**

He is working as a Whole Time Directors (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. 5 of the Notice convening the 17<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 Lacs to Rs. 40 Lacs 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 2011, , the profit before Tax is Rs.32.60 Lacs as compared to Profit Before Tax of Rs.764.18 Lacs for the period ended 31<sup>st</sup> March 2010 for 9 months. Due to decreasing in sales realisation and recovery as well, has resulted decrease in the profit

**(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**

In sugar season 2011 -2012 , due to more acreage cultivation and sufficient and timely rain, it expected that production of sugar cane and recovery will be better than previous sugar season. To achieve maximum productivity, the company intends to start crushing in the middle of October. 2011.

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.

By order of the Board  
For SBEC Sugar Limited

Anup Gupta  
Company Secretary

Place :New Delhi  
Date : 11th August, 2011



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 17<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2011.

### 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:

| Financial Parameters   | SBEC SUGAR LTD.                           |  | CONSOLIDATED                              |  |
|--|---|--|---|--|
|  | Period ended<br>31.03.2011<br>(12 months) | Period ended<br>31.03.2010<br>(9 months) | Period ended<br>31.03.2011<br>(12 months) | Period ended<br>31.03.2010<br>(9 months) |
| Sales and other income   | 32681.53                                  | 17366.61                                 | 33817.03                                  | 18260.06                                 |
| <b>Profit/(Loss) Before Interest, Depreciation &amp; Tax</b>                     | <b>860.43</b>                             | <b>2211.06</b>                           | <b>1488.63</b>                            | <b>2709.00</b>                           |
| Interest and Finance Charges   | 1598.76                                   | 944.43                                   | 1923.30                                   | 1011.07                                  |
| Depreciation and Amortisation  | 532.51                                    | 392.00                                   | 737.29                                    | 715.19                                   |
| Prior period expenses (net)  | 8.77                                      | 110.45                                   | 8.77                                      | 110.54                                   |
| <b>Profit/(Loss) before Extra-Ordinary Expenses &amp; Provision for Taxation</b> | <b>(1279.61)</b>                          | <b>764.18</b>                            | <b>(1180.73)</b>                          | <b>872.20</b>                            |
| Exceptional Items ( reversal of interest relating to earlier years )             | 1312.21                                   | —  | 1312.21                                   | —  |
| <b>Profit/(Loss) before Tax</b>  | <b>32.60</b>                              | <b>764.18</b>                            | <b>131.48</b>                             | <b>872.20</b>                            |
| Provision for Taxation   | 0.73                                      | 0.40                                     | 18.91                                     | 32.47                                    |
| Deferred Tax Charge/ (Credit)  | (338.68)                                  | 270.12                                   | (284.90)                                  | 281.49                                   |
| <b>Profit/(Loss) After Tax</b>   | <b>370.55</b>                             | <b>493.66</b>                            | <b>397.47</b>                             | <b>558.24</b>                            |
| Transfer from Molasses Storage Fund  | —   | —  | —   | —  |
| Transfer to Molasses Storage Fund  | 7.80                                      | 4.44                                     | 7.80                                      | 4.44                                     |
| <b>Profit/(Loss) for the period after appropriation</b>                          | <b>362.75</b>                             | <b>489.22</b>                            | <b>389.67</b>                             | <b>553.80</b>                            |
| Earning Per Share  | 0.78                                      | 1.04                                     | 0.83                                      | 1.17                                     |

The financial results for the year ended 31.03.2011 are for a period of 12 months, and for the previous period ended on 31.03.2010 were for a period of 9 months, and therefore are not comparable.

### OPERATIONS

The cane crushing for the period under review was 93.60 Lacs quintals in 143 days with an average crushing rate of 65455 quintals per day as against 87.20 Lacs quintals in 122 days with an average crushing rate of 71475 quintals per day for the previous period. The sugar recovery has slightly reduced to 8.63 % as against 8.92% in the previous period.

The market sentiments in the beginning of crushing season remained bearish due to decreasing in sales realisation and recovery as well, has resulted decrease in the profit after tax to Rs. 370.55 Lacs and consolidated to Rs. 397.47 Lacs.

### FIXED DEPOSITS

During the period under review, the Company accepted/renewed deposits to the extent of Rs. 798.50 Lacs. The total amount of fixed deposit held as on 31<sup>st</sup> March 2011 was Rs. 964.75 Lacs.

### 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. Claude Philogene, Non Executive Independent Director and Mr. O.P. Modi, Non Executive Independent Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.



### **SUBSIDIARY COMPANIES AND CONSOLIDATED 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 2011 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.

### **COST AUDITORS**

M/s. M.K.Singhal & Company Cost Accountants, has been appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, as Cost Auditors of the Company for the Financial Year 2011-12. The Company has received a letter from them to the effect that their appointment, if made would be within the prescribed limits under Section 224 (1B) of the Company Act, 1956, Certificate of independence and arms length relationship with the Company and are not disqualified for such appointment within the meaning of Section 226/233-B(5) of the Companies Act, 1956. Accordingly, the approval of the Central Government for the appointment of Cost Auditors has been received.

### **ACCOUNTS AND AUDITORS' REPORT**

Reference to the Auditors comments relating to the deviation from the AS-2 : Valuation of Inventories, it is hereby clarified that the management decided to value the stock of free sugar as on 31.03.2011 at average market price prevailing during sugar season 2010-2011 in lieu of the cost price so as to show realistic profits of this period. This was necessitated because of the wide variation in the cost and market price of sugar as was prevalent during this period and further on account of the difference in the accounting year of the Company which does not correspond with the seasonal cycle of the sugar Industry. The Company has duly mentioned the reasons for such deviation in schedule 14 Note no. B 6 of the Notes to account in compliance with the requirements of the Statute.

### **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 except that for deviations from accounting standard 2, 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.

### **LISTING OF SECURITIES**

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

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

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

### **PARTICULARS OF EMPLOYEES**

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



**ACKNOWLEDGEMENTS**

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

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

Place : New Delhi  
Date : 11th August, 2011

**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 /<br>Nature of duties | Remuneration | Qualification | Experience | Date of Commencement<br>of Employment | Last<br>Employment |
|--------------------------|------|-----|-----------------------------------|--------------|---------------|------------|---------------------------------------|--------------------|
| -----Not Applicable----- |      |     |                                   |              |               |            |                                       |                    |

Nature of Employment : NIL  
Other term & Conditions : NIL  
Percentage of equity shares held : NIL

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

| PARTICULARS                                      | UNIT | CURRENT ACCOUNTING PERIOD                |   | PREVIOUS ACCOUNTING PERIOD |
|--|------|--|---|----------------------------|
|  |      | (01.04.2010 – 31.03.2011<br>(12 Months)) | (01-07-2009 - 31.03.2010)<br>(9 Months) |                            |
| <b>A. Power and Fuel consumption</b>             |      |  |   |                            |
| Electricity                                      |      |  |   |                            |
| Quantity   | KWH  | 8150132                                  |   | 3870869                    |
| Total Conversion Charges                         | Rs.  | –  |   | –                          |
| Per Unit Conversion Charges                      | Rs.  | –  |   | –                          |
| Own generation                                   |      |  |   |                            |
| (i) Through diesel generator                     |      |  |   |                            |
| Quantity   | KWH  | 99919                                    |   | 164723                     |
| Units per –ltr. of diesel oil                    | KWH  | 3.25                                     |   | 3.25                       |
| Total amount                                     | Rs.  | 1431526                                  |   | 2200168                    |
| Cost/ Unit                                       | Rs.  | 14.33                                    |   | 13.36                      |
| (ii) Through Steam Turbine/generator             |      |  |   |                            |
| Quantity   | KWH  | 16458922                                 |   | 17549236                   |
| Units per- ltr. Of fuel oil /gas                 | KWH  | –  |   | –                          |
| Cost/ unit                                       | Rs.  | 0.24                                     |   | 0.19                       |
| <b>B. Consumption per MT of sugar production</b> |      |  |   |                            |
| Electricity                                      | KWH  | 303.35                                   |   | 280.16                     |


**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<br>Period (Rs.)<br>(01.04.2010-31.03.2011)<br>(12 Months) | Previous Accounting<br>Period (Rs.)<br>(01.07.2009-31.03.2010)<br>(9 Months) |
|-----------------------------|--|--|
| Total foreign exchange used | 32.47  | 10.43  |
| Earned                      | —  | —  |

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

Place : New Delhi  
Date : 11th August, 2011

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



## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY SCENARIO :

The sugarcane area is expected to increase by 8-10 % in crushing season 2011-12, which will result in increase of 8-10% in sugarcane production. The sugar production in the country is expected to be around 26-26.5 million tons in the season 2011-12 against the production of 24.20-24.50 million tons in 2010-11.

The consumption of sugar is likely to be around 22-23 million tons during 2011-12.

### 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 93.60 Lacs quintals in 143 days with an average crushing rate of 65455 quintals per day as against 87.20 Lacs quintals in 122 days with an average crushing rate of 71475 quintals per day for the previous period. The sugar recovery has slightly reduced to 8.63 % as against 8.92% 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 bearish due to decreasing in sales realisation and recovery as well, has resulted decrease in the profit after tax to Rs. 370.55 Lacs and consolidated to Rs. 397.47 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 year under review there was no material financial or commercial transaction where senior management personnel has personal interest that may have potential conflict with the interest of the Company at large.

## **CAUTIONARY STATEMENT**

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



## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

At SBEC Sugar 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 31.03.2011 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          | 6                              | 7                                   | Nil  | Nil  | Not Present            |
| 2.  | Mr. Abhishek Modi @                             | Executive Director & CEO                                 | 5                              | 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                     | 8                              | 6                                   | 1  | 3  | Present                |
| 5.  | Mr. Man Mohan                                   | Non-Executive & Independent Director                     | 7                              | 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                   | 4                              | 1                                   | Nil  | Nil  | Not Present            |
| 9.  | Mr. N.P. Bansal                                 | Alternate to Mr. Claude Philogene Non-Executive Director | 6                              | 2                                   | Nil  | Nil  | Present                |
| 10. | Mr. Jayesh Modi@<br>(appointed w.e.f. 18.06.10) | Non-Executive Director                                   | Nil                            | 4                                   | Nil  | Nil  | Not Present            |
| 11. | Mr. S.C. Gupta<br>(appointed w.e.f. 18.06.10)   | Whole Time Director (Works)                              | 7                              | 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 Kumar Modi and Mrs. Kumkum Modi are related as husband and wife and Mr. Abhishek Modi , Mr Jayesh Modi as their son.

Eight Board Meetings were held during the period under review on 18<sup>th</sup> June 2010, 25<sup>th</sup> June 2010, 12<sup>th</sup> July 2010, 25<sup>th</sup> August 2010, 1<sup>st</sup> September 2010, 10<sup>th</sup> December 2010, 27<sup>th</sup> December, 2010 and 18<sup>th</sup> March 2011



### INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS

Mr. Claude Philogene holds a general Certificate of Education (Advanced Level) and a Full Technological Diploma in Sugar Technology from "City And Guilds" of London Institute. He is a diploma holder in Mechanical Engineering from "International Correspondence School "South Africa. Mr. Claude Philogene has about forty nine years experience of working in various sugar factories, sugar equipment manufacturing organisations and sugar consultancy companies.

Mr. O. P. Modi, aged 81 years is a B. Sc. Graduate and has around 62 years of experience in the field of sales, marketing and administration in different types of industries. At present, Mr. O. P. Modi is also on the Board of Morgardshammar India Ltd.

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

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

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

### AUDIT COMMITTEE

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

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

Five Meetings of the Audit Committee were held during the period under review on 14<sup>th</sup> May 2010, 13<sup>th</sup> August 2010, 25<sup>th</sup> August 2010, 11<sup>th</sup> November, 2010, and 9<sup>th</sup> February 2011.

| Name of Director | No. of Meetings Attended |
|------------------|--------------------------|
| Mr. G C Jain     | 5                        |
| Mr. Man Mohan    | 5                        |
| Mr. O. P. Modi   | 2                        |
| Mr. S.C. Gupta*  | 1                        |

\* Mr S.C Gupta was appointed as Member of the committee w.e.f. 9<sup>th</sup> February 2011.

### 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' complaint, 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.

One meeting of Remuneration Committee was held on 18.06.2011 during the year ended 31<sup>st</sup> March, 2011.

**The details of remuneration paid to the Directors for the period ended 31<sup>st</sup> March 2011 are as under:-**

| (Rupees) |                         |         |                                 |            |        |             |         |
|----------|-------------------------|---------|---------------------------------|------------|--------|-------------|---------|
| S. No.   | Name of the Director    | Salary  | Perquisites, and other benefits | Commission | Others | Sitting Fee | Total   |
| 1.       | Mr. U. K. Modi          | —       | —                               | —          | —      | 6000        | 6000    |
| 2.       | Mr. Abhishek Modi       | 3360000 | 684684                          | —          | —      | —           | 4044684 |
| 3.       | Mrs. Kumkum Modi        | —       | —                               | —          | —      | —           | —       |
| 4.       | Mr. Santosh C Gupta     | 842334  | 294844                          | —          | —      | —           | 1138178 |
| 5.       | Mr. G. C. Jain          | —       | —                               | —          | —      | 13000       | 13000   |
| 6.       | Mr. Man Mohan           | —       | —                               | —          | —      | 12000       | 12000   |
| 7.       | Mr. Norland L. C. Suzor | —       | —                               | —          | —      | —           | —       |
| 8.       | Mr. Claude Philogene    | —       | —                               | —          | —      | —           | —       |
| 9.       | Mr. O. P. Modi          | —       | —                               | —          | —      | 6000        | 6000    |
| 10.      | Mr. N.P. Bansal         | —       | —                               | —          | —      | 6000        | 6000    |
| 11.      | Mr. Jayesh Modi         | —       | —                               | —          | —      | —           | —       |

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) |
|------|---|------------|-----------|------------------------------------|
| 2010 | Village : Loyan Malakpur<br>Tehsil Baraut, Distt. Baghpat,<br>Uttar Pradesh | 30.09.2010 | 2.30 p.m. | Yes                                |
| 2009 | - do -  | 10.10.2009 | 2.30 p.m. | No                                 |
| 2008 | - do -  | 24.09.2008 | 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 - 13 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 11<sup>th</sup> August, 2011.

### 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

17<sup>th</sup> Annual General Meeting of the company is scheduled to be held on Wednesday, the 28<sup>th</sup> September 2011 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 30.06.2011: | First fortnight of August, 2011   |
| 2. Quarter ended 30.09.2011: | First fortnight of November, 2011 |
| 3. Quarter ended 31.12.2011: | First fortnight of February, 2012 |
| 4. Quarter ended 31.03.2012: | First fortnight of May, 2012      |

Book Closure : 21st September 2011 to 28th September 2011 – (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 2011.

### Listing on Stock Exchanges:

The company is listed on the following Stock Exchanges:-

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

The Company has paid annual listing fee to Bombay Stock Exchange Limited for the financial year 2011-12.

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

Monthly High & Low quotes and Volume of Shares traded from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 are as follows:-

| Month          | High  | Low   | Volume |
|----------------|-------|-------|--------|
| April 2010     | 15.51 | 12.56 | 39070  |
| May 2010       | 19.40 | 13.97 | 31871  |
| June 2010      | 15.95 | 12.85 | 7280   |
| July 2010      | 15.50 | 11.80 | 14237  |
| August 2010    | 13.89 | 11.42 | 17302  |
| September 2010 | 14.36 | 11.82 | 21031  |
| October 2010   | 25.30 | 13.00 | 97196  |
| November 2010  | 19.75 | 11.95 | 17043  |
| December 2010  | 14.44 | 11.20 | 25752  |
| January 2011   | 15.22 | 11.35 | 21023  |
| February 2011  | 14.50 | 12.45 | 4225   |
| March 2011     | 14.50 | 13.30 | 8396   |



**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 2011.**

| No of Shares    | Number of Shareholders | Number of Shares | % of total Shares |
|-----------------|------------------------|------------------|-------------------|
| Upto 500        | 2330                   | 893594           | 1.88              |
| 501 - 1000      | 464                    | 421492           | 0.88              |
| 1001 - 2000     | 175                    | 298845           | 0.63              |
| 2001- 3000      | 322                    | 847992           | 1.78              |
| 3001 - 4000     | 52                     | 188710           | 0.40              |
| 4001 - 5000     | 146                    | 713973           | 1.50              |
| 5001 - 10000    | 126                    | 957261           | 2.01              |
| 10000 and above | 103                    | 43332013         | 90.93             |
| <b>Total</b>    | <b>3718</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.

78.93% of the Company's Paid up Equity Share Capital has been dematerialised upto 31<sup>st</sup> March 2011.

**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,  
Distt. : Baghpat,- 250611, Uttar Pradesh  
Email : investors@sbecsugar.com  
Website : www.sbecsugar.com

**Nomination Facility:**

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



## AUDITORS' CERTIFICATE

**To,  
The Members of  
SBEC Sugar Limited**

We have examined the compliance of the conditions of corporate governance by SBEC Sugar Limited for the period ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Place : New Delhi  
Date : 11th August, 2011

**(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 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year 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 sub-section (3C) of section 211 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 2011 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) In our opinion and to the best of our information and according to the explanations given to us, subject to *note no 6 of schedule 14(B) regarding valuation of closing stock (free Sugar) at market price instead of "lower of cost or net realizable value" resulting in overstatement of Inventories(Finished Goods-free sugar) by Rs.752.19 lacs & profit for the year by Rs.752.19 lacs (before tax)*, 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, 2011
  - ii) In the case of Profit & Loss Account, of the Profit for the year ended on that date;
  - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place: New Delhi  
Date : 11th August, 2011

**(MUKESH GOYAL)**  
Mg. Partner  
Membership No. : 081810

### ANNEXURE "A" TO AUDITORS' REPORT

(Referred to in the Auditors' Report of even date to the members of SBEC Sugar Limited for the year ended 31<sup>st</sup> March, 2011)

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 year. The discrepancies noticed 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 year 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 year. 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 year was Rs. 435.45 lacs, Rs. 400.00 lacs, & Rs. 103.40 lacs and the year end balance of loan taken from such companies were Rs. 435.45 lacs, Rs. 400.00 lacs & Rs.100 lacs respectively.  
(c) In our opinion and according to information and explanations given to us, the rate of interest and other term & conditions for such loans are not prima facie prejudicial to the interest of the Company.  
(d) In respect of 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 year to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has accepted deposits from public and in our opinion Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Accounting records, including the books of 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 year 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 year, 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 financial year and in the immediately preceding period (9 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 year by the company have been applied for the purpose for which the said loans were obtained, where the lender has stipulated such end use.
17. According to the information and explanations given to us and as per the books and records examined by us, no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the registered maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures of any type during the Year.
20. The Company has not raised any money by public issue, during the Year.
21. Based on our examination of the books and records of the Company and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the Year.

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

Place : New Delhi  
 Date : 11th August, 2011

**(MUKESH GOYAL)**  
 Mg. Partner  
 Membership No. : 081810

#### ANNEXURE "B" TO AUDITORS' REPORT

Referred in Paragraph 9(b) of Annexure "A" a statement on the matters specified in the Companies (Auditors' Report) Order, 2003 as amended by the Companies Auditor's Report (Amendment) Order, 2004 for the Year ended 31<sup>st</sup> March 2011.

| 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                    | Commercial Tax Tribunal, Meerut, U.P        |
| U P Tax on Entry of Goods Act | Entry Tax on Sugar Sale   | 50.62           | A Y 2010-11                    | Commercial Tax Tribunal, Meerut, U.P        |



## BALANCE SHEET AS AT 31ST MARCH, 2011

|  | SCHEDULES | As at<br>31.03.2011<br>(Rs. in Lacs) | As at<br>31.03.2010<br>(Rs. in Lacs) |
|--|-----------|--------------------------------------|--------------------------------------|
| <b>I. SOURCES OF FUNDS</b>                                   |           |                                      |                                      |
| SHAREHOLDERS' FUNDS  |           |                                      |                                      |
| Share Capital  | 1         | 4,769.40                             | 4,769.40                             |
| Reserves & Surplus   | 2         | 75.88                                | 68.08                                |
| LOAN FUNDS   |           |                                      |                                      |
| – Secured Loans  | 3         | 9,761.66                             | 3,312.59                             |
| – Unsecured Loans  |           | 6,411.23                             | 5,394.15                             |
| <b>TOTAL</b>   |           | <b>21,018.17</b>                     | <b>13,544.22</b>                     |
| <b>II. APPLICATION OF FUNDS</b>                              |           |                                      |                                      |
| FIXED ASSETS   |           |                                      |                                      |
| Gross Block  | 4         | 11,388.13                            | 10,622.13                            |
| Less: Depreciation   |           | 5,229.71                             | 4,708.14                             |
| Net Block  |           | 6,158.42                             | 5,913.99                             |
| Capital Work in Progress                                     |           | 416.71                               | 355.62                               |
|  |           | 6,575.13                             | 6,269.61                             |
| INVESTMENTS  |           |                                      |                                      |
| DEFERRED TAX ASSETS  | 5         | 2,766.50                             | 2,516.50                             |
| CURRENT ASSETS, LOANS & ADVANCES                             | 6         | 372.61                               | 33.94                                |
| – Inventories  |           | 17,305.13                            | 15,917.89                            |
| – Sunday Debtors   |           | 546.78                               | 610.30                               |
| – Cash & Bank Balances                                       |           | 1,012.56                             | 333.61                               |
| – Loans & Advances   |           | 6,292.78                             | 4,383.05                             |
|  |           | 25,157.25                            | 21,244.85                            |
| CURRENT LIABILITIES & PROVISIONS                             |           |                                      |                                      |
| – Current Liabilities  | 7         | 14,090.73                            | 17,143.19                            |
| – Provisions   |           | 115.39                               | 93.04                                |
| NET CURRENT ASSETS   |           |                                      |                                      |
| Profit & Loss Account (B/F)                                  |           | 10,951.13                            | 4,008.62                             |
| <b>TOTAL</b>   |           | <b>21,018.17</b>                     | <b>13,544.22</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)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

Anup Gupta  
(Company Secretary)



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

|  | SCHEDULES | For the Period<br>ended 31.03.2011<br>(12 months)<br>(Rs. in Lacs) | For the Period<br>ended 31.03.2010<br>(9 months)<br>(Rs. in Lacs) |
|--|-----------|--|---|
| <b>INCOME</b>  |           |  |   |
| Sales  | 8         | 32,235.12  | 16,994.25   |
| Less : Excise Duty   |           | <u>1,278.12</u>  | <u>615.79</u>   |
| <b>TURNOVER</b>  |           | <b>30,957.00</b>   | <b>16,378.46</b>  |
| Other Income   | 9         | 446.41   | 371.27  |
| Increase/(Decrease) in Stocks                                  | 10        | <u>1,441.27</u>  | <u>12,567.44</u>  |
| <b>TOTAL INCOME</b>  |           | <b>32,844.68</b>   | <b>29,317.17</b>  |
| <b>EXPENDITURE</b>   |           |  |   |
| Materials & Manufacturing Expences                             | 11        | 30,288.82  | 25,987.81   |
| Personnel, Administration & Selling Expenses                   | 12        | <u>1,695.43</u>  | <u>1,119.40</u>   |
| <b>TOTAL EXPENDITURE</b>                                       |           | <b>31,984.25</b>   | <b>27,107.21</b>  |
| <b>PROFIT / (LOSS) BEFORE INTEREST, DEPRECIATION &amp; TAX</b> |           | <b>860.43</b>  | <b>2,209.97</b>   |
| Interest & Finance Charges                                     | 13        | <u>1,598.76</u>  | <u>944.43</u>   |
| <b>PROFIT/(LOSS) BEFORE DEPRECIATION &amp; TAX</b>             |           | <b>(738.33)</b>  | <b>1,265.54</b>   |
| Depreciation & Amortisation                                    | 4         | <u>532.51</u>  | <u>392.00</u>   |
| <b>PROFIT / (LOSS) FOR THE YEAR BEFORE EXCEPTIONAL ITEM</b>    |           | <b>(1,270.84)</b>  | <b>873.54</b>   |
| Prior Period Adjustment (Net)                                  |           | <u>(8.77)</u>  | <u>(26.83)</u>  |
| Earlier Years Income Written Back                              |           | —  | (83.62)   |
| Exceptional Item (Refer note No. 5 of schedule 14B)            |           | <u>1,312.21</u>  | —   |
| <b>PROFIT / (LOSS) BEFORE TAX</b>                              |           | <b>32.60</b>   | <b>763.09</b>   |
| Tax Provision  |           |  |   |
| For the Year : MAT   |           | <b>6.81</b>  | —   |
| Less : MAT Credit Entitlement                                  |           | <u>(6.81)</u>  | —   |
| Wealth Tax   |           | <b>0.34</b>  | 0.40  |
| For Earlier Year   |           | —  | —   |
| Excess Provision of Tax Written Back                           |           | —  | (1.09)  |
| MAT  |           | <b>13.27</b>   | —   |
| Less : MAT Credit Entitlement                                  |           | <u>(12.88)</u>   | —   |
| Deferred Tax Charge/(Credit)                                   |           | <u>(338.68)</u>  | <u>270.12</u>   |
| <b>PROFIT / (LOSS) AFTER TAX BEFORE APPROPRIATION</b>          |           | <b>370.55</b>  | <b>493.66</b>   |
| Less : Transfer to Molasses storage Fund                       |           | <b>7.80</b>  | 4.44  |
| Add : Profit / (Loss) Balance Brought Forward                  |           | <u>(715.55)</u>  | <u>(1,204.77)</u>   |
| <b>Balance Carried Forward to Balance Sheet</b>                |           | <b>(352.80)</b>  | <b>(715.55)</b>   |
| <b>Earning per Share (Basic )</b>                              |           | <b>0.78</b>  | <b>1.04</b>   |
| <b>Earning per Share (Diluted )</b>                            |           | <b>0.78</b>  | <b>1.04</b>   |

(Rs. per equity share of Rs. 10/- each refer note no. 17 of schedule 14B)

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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)  
DIN No. 00002757

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No.00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

Anup Gupta  
(Company Secretary)



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

|   | <b>As at<br/>31.03.2011<br/>(Rs. in Lacs)</b> | <b>As at<br/>31.03.2010<br/>(Rs.in Lacs)</b> |
|---|---|--|
| <b>SCHEDULE 1 : SHARE CAPITAL</b>   |   |  |
| <b>AUTHORISED :</b>   |   |  |
| 55,000,000 Equity Shares of Rs. 10/- each   | <b>5,500.00</b>                               | 5,500.00                                     |
| <b>ISSUED &amp; SUBSCRIBED :</b>  |   |  |
| 47,814,430 Equity Shares of Rs. 10/- each   | <b>4,781.44</b>                               | 4,781.44                                     |
| <b>PAID UP :</b>  |   |  |
| 47,653,880 Equity Shares of Rs. 10/- each<br>(Previous year 47,653,880 Equity Shares) | <b>4,765.39</b>                               | 4,765.39                                     |
| Share Forfeiture Account  | <b>4.01</b>                                   | 4.01   |
| <b>TOTAL</b>  | <b>4,769.40</b>                               | 4,769.40                                     |
| <b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>  |   |  |

|   | <b>As at<br/>01.04.2010<br/>(Rs. In lacs)</b> | <b>Additions<br/>(Rs. In lacs)</b> | <b>Transfer /<br/>Adjustment<br/>(Rs. In lacs)</b> | <b>As at<br/>31.03.2011<br/>(Rs. In lacs)</b> |
|---|---|------------------------------------|--|---|
| Capital Reserve Arising on<br>Forefeited Shares | 49.17<br>(49.17)                              | —<br>—                             | —<br>—   | 49.17<br>(49.17)                              |
| Molasses Storage Fund                           | 18.91<br>(14.47)                              | 780<br>(4.44)                      | —<br>—   | 26.71<br>(18.91)                              |
| <b>TOTAL</b>                                    | <b>68.07<br/>(63.64)</b>                      | <b>780<br/>(4.44)</b>              | <b>—<br/>—</b>                                     | <b>75.88<br/>(68.08)</b>                      |

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

**SCHEDULE 3 : LOAN FUNDS**

|  | <b>As at<br/>31.03.2011<br/>(Rs. in Lacs)</b> | <b>As at<br/>31.03.2010<br/>(Rs. in Lacs)</b> |
|--|---|---|
| <b>A Secured Loans</b>   |   |   |
| (a) Term Loan from The Shamrao Vithal Co-operative Bank Ltd.       | —   | 249.63  |
| (b) Cash Credit A/c with The Shamrao Vithal Co-operative Bank Ltd. | —   | 1,012.34                                      |
| (c) Pledge Account with IDBI Bank Ltd.                             | <b>4,548.70</b>                               | —   |
| (d) Pledge Account with Axis Bank Ltd.                             | <b>1,308.22</b>                               | —   |
| (e) Pledge Account with Shamrao Vithal Co-Operative Bank Ltd.      | <b>2,400.26</b>                               | —   |
| (f) Excise Loan from The Shamrao Vithal Co-operative Bank Ltd.     | <b>1,077.63</b>                               | 1,586.11                                      |
| (g) Vehicle Loans  | <b>30.65</b>                                  | 34.82   |
| (h) Hire Purchase - First Leasing Company of India Ltd.            | <b>381.39</b>                                 | 408.74  |
| (i) Interest accrued & due on (f) above                            | <b>14.81</b>                                  | 20.95   |
| <b>SUB TOTAL - A</b>   | <b>9,761.66</b>                               | 3,312.59                                      |
| <b>B Unsecured Loans</b>   |   |   |
| (a) Inter Corporate Deposits                                       | <b>4,539.12</b>                               | 3,613.65                                      |
| (b) Fixed Deposits From Public                                     | <b>964.75</b>                                 | 781.75  |
| (c) Deposits from Selling Agents                                   | <b>497.22</b>                                 | 538.72  |
| (d) Interest Accrued & Due on (a to c) above                       | <b>410.14</b>                                 | 460.02  |
| <b>SUB TOTAL - B</b>   | <b>6,411.23</b>                               | 5,394.15                                      |
| <b>TOTAL - (A) + (B)</b>   | <b>16,172.89</b>                              | 8,706.74                                      |

- Note**
1. Pledge A/c with the Shamrao Vithal Co- Operative Bank Ltd. IDBI Bank Ltd. & Axis Bank Ltd. is secured by the pledge of stock of sugar.
  2. Secured loans, mentioned on (c to f) of 'A' above are further secured by personal guarantee of two Directors of the Company.
  3. Excise Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.
  4. Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
  5. Loans payable within one year Rs. 933.42 lacs (Previous year Rs.1293.23 lacs)



## SCHEDULE 4 : FIXED ASSETS

(Rs. in lacs)

| DESCRIPTION  | GROSS BLOCK         |                                  |              |                     | DEPRECIATION       |                                  |                  |                    | NET BLOCK           |                     |
|--|---------------------|----------------------------------|--------------|---------------------|--------------------|----------------------------------|------------------|--------------------|---------------------|---------------------|
|  | As at<br>01.04.2010 | Addition<br>During the<br>Period | Adjustments  | As at<br>31.03.2011 | Upto<br>31.03.2010 | Provided<br>During the<br>Period | Adjus-<br>tments | Upto<br>31.03.2011 | As at<br>31.03.2011 | As at<br>31.03.2010 |
| LAND- FREE HOLD  | 19.15               | —                                | —            | 19.15               | —                  | —                                | —                | —                  | 19.15               | 19.15               |
| LAND- LEASE HOLD   | 56.43               | —                                | —            | 56.43               | 7.09               | 0.63                             | —                | 7.72               | 48.71               | 49.34               |
| LEASE HOLD IMPROVEMENT                                   | 0.85                | —                                | —            | 0.85                | 0.85               | —                                | —                | 0.85               | —                   | —                   |
| FACTORY BUILDING &<br>TRANSIT HOUSE                      | 1,036.02            | 112.99                           | —            | 1,149.01            | 242.68             | 26.13                            | —                | 268.81             | 880.20              | 793.34              |
| PLANT & MACHINERY  | 9,155.69            | 459.00                           | —            | 9,614.69            | 4,269.42           | 481.15                           | —                | 4,750.57           | 4,864.12            | 4,886.27            |
| OFFICE EQUIPMENT   | 24.34               | 1.92                             | 0.07         | 26.19               | 9.55               | 1.70                             | 0.02             | 11.23              | 14.96               | 14.80               |
| COMPUTER EQUIPMENT                                       | 54.70               | 4.65                             | —            | 59.35               | 39.78              | 5.31                             | —                | 45.09              | 14.26               | 14.92               |
| OFFICE SOFTWARE  | 11.94               | 1.22                             | —            | 13.16               | 10.36              | 1.05                             | —                | 11.41              | 1.75                | 1.57                |
| FURNITURE & FIXTURES                                     | 64.21               | 1.98                             | —            | 66.19               | 33.38              | 2.47                             | —                | 35.85              | 30.34               | 30.83               |
| MOTOR VEHICLES   | 147.53              | 9.55                             | 18.29        | 138.79              | 43.76              | 13.96                            | 10.92            | 46.80              | 91.90               | 103.77              |
| FACTORY APPROACH ROAD                                    | 51.27               | 193.05                           | —            | 244.32              | 51.27              | 0.11                             | —                | 51.38              | 192.94              | —                   |
| <b>TOTAL</b>   | <b>10,622.13</b>    | <b>784.36</b>                    | <b>18.36</b> | <b>11,388.13</b>    | <b>4,708.14</b>    | <b>532.51</b>                    | <b>10.94</b>     | <b>5,229.71</b>    | <b>6,158.42</b>     | <b>5,913.99</b>     |
| CAPITAL WORK IN PROGRESS<br>(Including Capital Advances) | —                   | —                                | —            | —                   | —                  | —                                | —                | —                  | 416.71              | 355.62              |
| <b>TOTAL</b>   | <b>10,622.13</b>    | <b>784.36</b>                    | <b>18.36</b> | <b>11,388.13</b>    | <b>4,708.14</b>    | <b>532.51</b>                    | <b>10.94</b>     | <b>5,229.71</b>    | <b>6,575.13</b>     | <b>6,269.60</b>     |
| Previous Year  | 10,458.79           | 165.25                           | 1.90         | 10,622.13           | 4,316.52           | 392.00                           | 0.38             | 4,708.14           | 6,269.60            | —                   |

- 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 :-

|                           | As at 31.03.2011<br>(Rs. in lacs) | As at 31.03.2010<br>(Rs. in lacs) |
|---------------------------|-----------------------------------|-----------------------------------|
| a) For Existing Operation | 51.94                             | 321.03                            |
| b) For New Projects       | 132.98                            | 34.09                             |
| c) For Capital Advances   | 231.79                            | 0.50                              |
|                           | <u>416.71</u>                     | <u>355.62</u>                     |
  - Factory Approach Road, represents expenditure incurred by the company on roads outside factory premises and are written off over a period of five years.
  - Additions includes :
    - Interest capitalised Rs. 30.73 Lacs (Previous Period Rs. 17.55 lacs)
    - Preoperative Expense Rs Nil (Previous Period Rs. Nil)





**SCHEDULE 5 : INVESTMENTS**

|  | <b>As at<br/>31.03.2011<br/>(Rs. in lacs)</b> | <b>As at<br/>31.03.2010<br/>(Rs. in lacs)</b> |
|--|---|---|
| <b>Long Term</b><br>(Unquoted, Trade, Valued at Cost)  |   |   |
| <b><u>Investment in Subsidiary Companies</u></b>   |   |   |
| 23,000,000 Equity Shares of Rs. 10/- each in SBEC Bioenergy Ltd.<br>(Previous Year 23,000,000 Equity Shares of Rs. 10/- each)                | <b>2,301.50</b>                               | 2,301.50                                      |
| 45,50,000 Equity Shares of Rs. 10/- each in SBEC Stockholding & Investments Ltd.<br>(Previous Year 20,50,000 Equity Shares of Rs. 10/- each) | <b>455.00</b>                                 | 205.00  |
| 50,000 Equity Shares of Rs. 10/- each in Modi Gourmet Ltd.<br>(Previous Year 50000 Equity Shares of Rs. 10/- each)                           | <b>5.00</b>                                   | 5.00  |
| <b>SUB TOTAL (A) -</b>   | <b><u>2,761.50</u></b>                        | <b><u>2,511.50</u></b>                        |
| <b><u>Other Investment</u></b>   |   |   |
| 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)    | <b>5.00</b>                                   | 5.00  |
| <b>SUB TOTAL (B) -</b>   | <b><u>5.00</u></b>                            | <b><u>5.00</u></b>                            |
| <b>TOTAL (A + B) -</b>   | <b><u>2,766.50</u></b>                        | <b><u>2,516.50</u></b>                        |

**AGGREGATE VALUE OF**

|                      | <b>As at<br/>31.03.2011<br/>(Rs. in lacs)</b> |              | <b>As at<br/>31.03.2010<br/>(Rs. in lacs)</b> |              |
|----------------------|---|--------------|---|--------------|
|                      | Intrinsic Value                               | Market Value | Intrinsic Value                               | Market Value |
| Quoted Investments   | Nil   | Nil          | Nil   | Nil          |
| UnQuoted Investments | 5,073.33                                      | N. A.        | 4,464.62                                      | N. A.        |

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

|                         | <b>As at<br/>31.03.2011<br/>(Rs. in lacs)</b> | <b>As at<br/>31.03.2010<br/>(Rs. in lacs)</b> |
|-------------------------|---|---|
| <b>A Current Assets</b> |   |   |
| <b>(i) Inventories</b>  |   |   |
| Stores and Spares*      | <b>510.56</b>                                 | 524.66  |
| Finished Goods          | <b>16,754.52</b>                              | 15,125.00                                     |
| Goods in Process        | <b>33.83</b>                                  | 222.07  |
| Other Stocks            | <b>6.22</b>                                   | 46.16   |
| <b>TOTAL</b>            | <b><u>17,305.13</u></b>                       | <b><u>15,917.89</u></b>                       |

\*Net of Provision for Obsolescence Rs. 2.31 lacs (Previous Year Rs. 2.31 lacs)

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

|   | <b>As at<br/>31.03.2011<br/>(Rs. in lacs)</b> | <b>As at<br/>31.03.2010<br/>(Rs. in lacs)</b> |
|---|---|---|
| <b>(ii) Sundry Debtors</b>                    |   |   |
| (Considered good except to the extent stated) |   |   |
| Outstanding for more than Six Months          |   |   |
| Secured                                       | —   |   |
| Unsecured                                     |   |   |
| Considered Good                               | 13.71   | 19.90   |
| Considered Doubtful                           | 5.87  | 1.26  |
| Other Debts                                   |   |   |
| Secured                                       | 22.12   | 71.92   |
| Unsecured                                     | 510.95  | 518.48  |
| Less: Provision for Doubtful debts            | 5.87  | 1.26  |
| <b>TOTAL</b>                                  | <b>546.78</b>                                 | <b>610.30</b>                                 |
| <b>(iii) Cash &amp; Bank Balances</b>         |   |   |
| Cash & Stamps in Hand                         | 8.35  | 2.54  |
| Cheques / Drafts in Hand                      | 9.19  | 0.39  |
| Balances with Scheduled Banks in              |   |   |
| Current Accounts                              | 331.38  | 176.00  |
| Fixed Deposits                                | 660.39  | 152.12  |
| Balances with Non Scheduled Banks in          |   |   |
| Current Accounts*                             | 3.25  | 2.56  |
| <b>TOTAL</b>                                  | <b>1,012.56</b>                               | <b>333.61</b>                                 |
| <b>TOTAL (A)</b>                              | <b>18,864.47</b>                              | <b>16,861.80</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 |             |
|---------------------------------|-----------------|---------------|---------------|-------------|
|                                 | 31.03.2011      | 31.03.2010    | 31.03.2011    | 31.03.2010  |
| Zila Sahakari Bank-Baraut       | 451.93          | 167.67        | 3.08          | 1.92        |
| Zila Sahakari Bank - Chhaprauli | 139.21          | 6.16          | 0.17          | 0.64        |
| <b>Total</b>                    | <b>591.14</b>   | <b>173.83</b> | <b>3.25</b>   | <b>2.56</b> |

**B LOANS AND ADVANCES**

(Unsecured, considered good except to the extent stated)

|   |                  |                  |
|---|------------------|------------------|
| Advance to Subsidiary (SBEC Bioenergy Limited)                              | 217.45           | —                |
| Promoter Company - SBEC Systems (India) Limited                             | 127.94           | 127.94           |
| Advances Recoverable in Cash  |                  |                  |
| Or in Kind or for Value to be Received                                      |                  |                  |
| Considered Good   | 509.76           | 627.53           |
| Considered Doubtful   | 1.50             | 1.50             |
| Lease Rent Recoverable  | 23.40            | 83.61            |
| Debt Assignment Recoverable - PNB<br>(Refer Note No. 5 (i) of Schedule 14B) | 5,129.04         | 3,351.21         |
| MAT Credit Receivable   | 19.69            |                  |
| Security Deposits   | 14.37            | 14.13            |
| Tex Deducted at Source  | 32.51            | 30.46            |
| Balance with Excise/ Trade Tax Authorities                                  | 218.62           | 148.17           |
|   | <b>6,294.28</b>  | <b>4,384.55</b>  |
| Less: Provision for Doubtful Advances                                       | 1.50             | 1.50             |
| <b>TOTAL (B)</b>  | <b>6,292.78</b>  | <b>4,383.05</b>  |
| <b>TOTAL {(A) + (B)}</b>  | <b>25,157.25</b> | <b>21,244.85</b> |



**SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS**

|   | <b>As at<br/>31.03.2011<br/>(Rs. in lacs)</b> | <b>As at<br/>31.03.2010<br/>(Rs. in lacs)</b> |
|---|---|---|
| <b>A CURRENT LIABILITIES</b>                        |   |   |
| <b>BILLS PAYBLE ACCEPTANCE</b>                      | <b>1,822.94</b>                               | 1,357.41                                      |
| <b>SUNDRY CREDITORS</b>                             |   |   |
| For Sugar Cane (including expenses related to Cane) | <b>8,242.68</b>                               | 12,904.73                                     |
| Small Scale Industries                              | <b>4.78</b>                                   | 7.01  |
| Others  | <b>3,845.48</b>                               | 1,957.74                                      |
| Other Liabilities                                   | <b>137.56</b>                                 | 138.95  |
| Advance from Subsidiary against PNB Debt Assignment | –   | 710.49  |
| Advances against Sales                              | <b>0.21</b>                                   | 16.40   |
| Interest Accrued but not due on Loans               | <b>2.92</b>                                   | 17.80   |
| Security Deposit Received                           | <b>34.16</b>                                  | 32.66   |
| <b>SUB TOTAL</b>                                    | <b><u>12,267.79</u></b>                       | <u>15,785.78</u>                              |
| <b>TOTAL- (A)</b>                                   | <b><u>14,090.73</u></b>                       | <u>17,143.19</u>                              |
| <b>B PROVISIONS</b>                                 |   |   |
| For Wealth Tax                                      | <b>0.74</b>                                   | 0.40  |
| For Income Tax (MAT)                                | 6.81  | –   |
| For Leave Encashment                                | <b>34.78</b>                                  | 35.56   |
| For Gratuity  | <b>73.06</b>                                  | 57.08   |
| <b>TOTAL- (B)</b>                                   | <b><u>115.39</u></b>                          | <u>93.04</u>                                  |
| <b>TOTAL {(A)+(B)}</b>                              | <b><u>14,206.12</u></b>                       | <u>17,236.23</u>                              |

**SCHEDULE 8 : SALES**

|                  | <b>For the period ended<br/>31.03.2011(12 Months)<br/>(Rs. in lacs)</b> | <b>For the period ended<br/>31.03.2010 (9 Months)<br/>(Rs. in lacs)</b> |
|------------------|---|---|
| Sugar – Domestic | <b>29,844.43</b>  | 14,708.42   |
| – Export         | –   | 4.46  |
| Molasses         | <b>1,432.52</b>   | 1,218.86  |
| Bagasse          | <b>958.17</b>   | 1,062.51  |
| <b>TOTAL</b>     | <b><u>32,235.12</u></b>   | <u>16,994.25</u>  |

**SCHEDULE 9 : OTHER INCOME**

|  | <b>For the period ended<br/>31.03.2011 (12 Months)<br/>(Rs. in lacs)</b> | <b>For the period ended<br/>31.03.2010 (9 Months)<br/>(Rs. in lacs)</b> |
|--|--|---|
| Interest Received (Gross)                    |  |   |
| (Tax deducted at source Rs. 0.11 lacs)       | <b>41.32</b>   | 25.63   |
| Previous period Rs. 0.47 lacs)               |  |   |
| Dividend*                                    | <b>0.60</b>  | —   |
| Miscellaneous Income                         | <b>204.69</b>  | 63.09   |
| Excess Provision/Sundry balance written back | <b>199.80</b>  | 282.55  |
| <b>TOTAL</b>                                 | <b><u>446.41</u></b>   | <b><u>371.27</u></b>  |

\*There are no circumstances in which accounting for dividend from investment has been postponed.

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

|                              |                      |                         |                      |                         |
|------------------------------|----------------------|-------------------------|----------------------|-------------------------|
| Opening Stock                |                      |                         |                      |                         |
| Finished Goods               | <b>15,125.00</b>     |                         | 2,745.08             |                         |
| Goods in Process             | <b><u>222.07</u></b> | <b>15,347.07</b>        | <b><u>34.55</u></b>  | 2,779.63                |
| Closing Stock                |                      |                         |                      |                         |
| Finished goods               | <b>16,754.51</b>     |                         | 15,125.00            |                         |
| Goods in Process             | <b><u>33.83</u></b>  | <b><u>16,788.34</u></b> | <b><u>222.07</u></b> | <b>15,347.07</b>        |
| Increase/(Decrease) in Stock |                      | <b><u>1,441.27</u></b>  |                      | <b><u>12,567.44</u></b> |

**SCHEDULE 11 : MATERIAL AND MANUFACTURING EXPENSES**

|   |                     |                         |                     |                         |
|---|---------------------|-------------------------|---------------------|-------------------------|
| Raw Material Consumed                                 |                     | <b>20,713.70</b>        |                     | 21,977.78               |
| Sugar Purchased for Trading                           |                     | <b>8,212.30</b>         |                     | 2,204.80                |
| Stores & Spares consumed (including packing expenses) |                     | <b>1,027.19</b>         |                     | 910.67                  |
| Power & Fuel  |                     | <b>11.49</b>            |                     | 17.39                   |
| Freight & Cartage                                     |                     | <b>19.26</b>            |                     | 3.52                    |
| Repair & Maintenance                                  |                     |                         |                     |                         |
| Plant & Machinery                                     | <b>331.30</b>       |                         | 278.56              |                         |
| Building  | <b>15.80</b>        |                         | 67.93               |                         |
| Others  | <b><u>22.12</u></b> | <b>369.22</b>           | <b><u>23.75</u></b> | 370.24                  |
| Other Manufacturing Expenses                          |                     | <b>5.03</b>             |                     | 4.49                    |
| Material Handling Expenses                            |                     | <b>1.10</b>             |                     | 15.92                   |
| Variation in Excise Duty on Opening and Closing       |                     |                         |                     |                         |
| Stock of Finished Goods                               |                     | <b>(70.47)</b>          |                     | 483.00                  |
| <b>TOTAL</b>  |                     | <b><u>30,288.82</u></b> |                     | <b><u>25,987.81</u></b> |



**SCHEDULE 12 : PERSONNEL, ADMINISTRATION & SELLING EXPENSES**

|   | <u>For the period ended</u><br><u>31.03.2011(12 Months)</u><br>(Rs. in lacs) | <u>For the period ended</u><br><u>31.03.2010 (9 Months)</u><br>(Rs. in lacs) |
|---|--|--|
| <b>A PERSONNEL EXPENSES</b>                               |  |  |
| Salary, Wages & Bonus                                     | 781.51   | 601.08   |
| Company's Contribution to Provident & Other Funds         | 53.45  | 42.10  |
| Staff Welfare Expenses                                    | 60.33  | 49.86  |
| Gratuity  | 19.85  | 2.20   |
| <b>TOTAL - (A)</b>  | <u>915.14</u>  | <u>695.24</u>  |
| <b>B ADMINISTRATION EXPENSES</b>                          |  |  |
| Travelling & Conveyance                                   | 87.12  | 41.05  |
| Telephone, Postage & Telegram                             | 15.31  | 10.83  |
| Rent including Lease Charges                              | 14.34  | 14.40  |
| Rates & Taxes   | 115.71   | 10.04  |
| Vehicle Expenses  | 30.62  | 19.68  |
| Insurance - Expenses                                      | 28.86  | 16.90  |
| - Receipt   | <u>(28.10)</u>   | <u>(13.92)</u>   |
| Auditor's Remuneration (Refer Note No. 8 of Schedule 14B) | 3.25   | 2.28   |
| Legal & Professional Charges                              | 94.51  | 71.40  |
| Security Guard Expenses                                   | 76.57  | 53.72  |
| Miscellaneous Expenses                                    | 53.44  | 53.46  |
| Debit Balances Written off                                | 5.36   | -  |
| Loss on Sale of Fixed Assets                              | 2.66   | 0.71   |
| Loss on Sale of Stores & Spares                           | 1.60   | -  |
| Provision for Obsolete Store Items                        | -  | 2.31   |
| Provision for Doubtful Debts                              | 4.60   | 0.03   |
| Foreign Exchange Fluctuation                              | 0.11   | -  |
| <b>TOTAL - (B)</b>  | <u>505.96</u>  | <u>282.89</u>  |
| <b>C SELLING EXPENSES</b>                                 |  |  |
| Commission  | 137.66   | 82.69  |
| Rent (Godown)   | 12.34  | 2.51   |
| Freight, Clearing & Forwarding                            | 119.64   | 55.70  |
| Rebate & Discount   | 4.69   | 0.37   |
| <b>TOTAL - (C)</b>  | <u>274.33</u>  | <u>141.27</u>  |
| <b>TOTAL - [(A)+(B)+(C)]</b>                              | <u>1,695.43</u>  | <u>1,119.40</u>  |

**SCHEDULE 13 : INTEREST AND FINANCE CHARGES**

|  |                 |                 |               |
|--|-----------------|-----------------|---------------|
| Interest                                 |                 |                 |               |
| - On Term Loans                          | 56.39           |                 | 100.48        |
| - Others (Refer Note 5 of schedule 14 B) | <u>1,070.71</u> | 1,127.10        | <u>604.64</u> |
| Bank Charges                             |                 | 31.74           | 15.63         |
| Finance Charges                          |                 | 338.87          | 191.74        |
| Financial Brokerage                      |                 | 101.05          | 31.94         |
| <b>TOTAL</b>                             |                 | <u>1,598.76</u> | <u>944.43</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.
- c) Dividends income is recognized when the shareholders right to receive payment was established by the balance sheet date.

**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) Government grants relating to specific fixed assets are deducted from the gross value of the assets concerned in arriving at their book value.
- c) Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) - 26 "Intangible Assets".
- d) Factory Approach Road represents expenditure incurred & capitalized by the company on roads outside factory premises & are written off over a period of Five years.

**vi. Borrowing Costs**

Borrowing costs attributable to the acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets, upto the date when such assets are ready for their intended use. Other borrowing costs are charged to Profit and Loss Account.

**vii. Depreciation**

Depreciation has been charged on the following basis:

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

**viii. 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.

**ix. Foreign Currency Transactions****Initial Recognition**

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

**Conversion**

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

**Exchange Differences**

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

**x. 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.

**xi. 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.

**xii. 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.

**xiii. Tax On Income**

- i) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.
- ii) Deferred tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rates and laws for continuing operations.  
Deferred tax assets in the event of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization.  
Deferred tax assets on other accounts are recognized only to the extent there is reasonable certainty of realization.  
The carrying amount of deferred tax assets is reviewed at each balance sheet date to reassess realization.

**xiv. Leases****(a) Finance Lease**

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

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

**(b) Operating Lease**

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

**xv. Earnings per Share**

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

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

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



#### xvi. Interim Financial Reporting

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

#### xvii. 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 nine months whereas current period accounts are for a period of twelve 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 31.03.2011 | As at 31.03.2010 |
|------|--|------------------|------------------|
| i)   | Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.  | 5002.38          | 4632.00          |
| ii)  | Outstanding against Guarantee given on behalf of SBEC Bioenergy Ltd.   | 2500.00          | 133.33           |
| 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   | 366.82           | 312.40           |
| v)   | Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court. | 35.99            | 35.99            |
| vi)  | Differential liability of sugar cane price for the crushing season 2007-2008 (Refer note no. 4 of schedule 14B).         | 1483.32          | 1483.32          |

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 415.71 lacs (Previous period Rs. 2.30 lacs).

4. The Company, in compliance of the Interim Order of the Lucknow Bench of 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, 2011 (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. 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, as per expert legal opinion, during the year interest amounting to Rs. 1777.83 lacs for the period from 22<sup>nd</sup> January, 2007 to 31<sup>st</sup> March, 2011 has been allocated to the cost of "Debt Assignment" acquired by the company from PNB, since in the opinion of the management the borrowings of the company were raised to pay for Debt Assignment. Since this treatment has been made with retrospective effect for the period above mentioned, the amount of Rs. 1312.21 lacs being interest on such borrowings for the period upto March 2010 has been shown as an exceptional item, and current year amount of Rs. 465.62 lacs has been adjusted against interest cost, the Company has shown the total amount paid for Debt assignment and interest thereon of Rs. 5129.04 lacs under the head 'Loans & Advances'.

6. The entire stock of free sugar available as on 31.03.2011 was valued at average market price prevailing during season 2010-11. The management has decided to value such stocks on market price so as to reflect realistic profits of this period deviating from the policy of the company for valuation of stocks which is lower of cost or net realizable value. This has resulted in overstatement of (i) Stock by Rs. 696.96 lacs & (ii) Profit for the year by Rs. 696.96 lacs. Further as per the past practice the company was taking the levy liabilities on the basis of order issued, during the current year the company has not considered the levy order of 5,275 quintals resulting in overstatement of (i) Stock by Rs. 55.23 lacs & (ii) Profit for the year by Rs. 55.23 lacs.





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

(Rs. in lacs)

| Particulars                    | Current Year | Previous Period |
|--------------------------------|--------------|-----------------|
| Salary, Allowance & Commission | 42.02        | 25.20           |
| Contribution to Provident fund | 3.39         | 1.89            |
| Reimbursement of Expenses      | 6.42         | 4.02            |
| Sub Total                      | 51.83        | 31.11           |
| Commission on profits          | Nil*         | Nil*            |
| <b>TOTAL</b>                   | <b>51.83</b> | <b>31.11</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 Year | Previous Period |
|----------------------------------|--------------|-----------------|
| a. Statutory Audit Fee           | 2.25         | 1.75            |
| b. Certification & Reimbursement | 0.88         | 0.44            |
| c. Out of pocket expenses        | 0.12         | 0.09            |
| <b>Total</b>                     | <b>3.25</b>  | <b>2.28</b>     |

9. (a) Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 4.78 lacs (previous period Rs. 7.01 lacs).

(b) Followings are the relevant disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006:

- i. Sundry creditors include a sum aggregating Nil, due to Micro and Small Enterprises.
- ii. The amount of interest paid by the Company in terms of Section 16, along with the amount of payments made to the Micro and Small Enterprise beyond the appointed date during the year - Nil.
- iii. 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.
- iv. The amount of interest accrued and remaining unpaid - Nil.
- v. 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. **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.

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

(Rs.in lacs)

| Name of the Companies                      | Amount outstanding<br>As on 31 <sup>st</sup> March 2011* | Maximum Balance outstanding<br>during the year |
|--|--|--|
| Chandil Power Ltd. –<br>Interested Company | 11.00  | 11.00  |

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

13. **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  
Mr. Santosh Chand Gupta- Whole Time Director



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

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

\* 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:**

| Nature of transaction                           | (Rs in lacs)               |                            |                            |                            |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Referred in<br>A (1) above | Referred in<br>A (2) above | Referred in<br>A (3) above | Referred in<br>A (4) above | Referred in<br>A (5) above |
| <b>Purchase</b>                                 |                            |                            |                            |                            |                            |
| Goods and Services                              | 2.00                       | -                          | -                          | -                          | 7427.78                    |
| Fixed Assets                                    | (2.70)                     | (-)                        | (-)                        | (-)                        | (2225.17)                  |
|   | (-)                        | (-)                        | (-)                        | (-)                        | 0.06                       |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (0.10)                     |
| <b>Sales</b>                                    |                            |                            |                            |                            |                            |
| Goods and Services                              | -                          | -                          | -                          | -                          | 6.59                       |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (14.27)                    |
| <b>Expenses</b>                                 |                            |                            |                            |                            |                            |
| Computer / Printing & Stationery                | -                          | -                          | -                          | -                          | 2.45                       |
| Air Tickets / Vehicle Exp.                      | (-)                        | (-)                        | (-)                        | (-)                        | (1.03)                     |
| Courier / Freight Exp.                          | (0.01)                     | (-)                        | (-)                        | (-)                        | 16.49                      |
| Repair & Maintenance Exp.                       | -                          | -                          | -                          | -                          | (4.12)                     |
| Rent/Telephone/Electricity                      | (-)                        | (-)                        | (-)                        | (-)                        | 0.35                       |
| Interest paid                                   | (-)                        | (-)                        | (-)                        | (-)                        | (0.73)                     |
| Salary & Wages etc                              | (-)                        | (-)                        | (-)                        | (-)                        | 0.23                       |
| Consultancy / Sitting Fee                       | (-)                        | (-)                        | (-)                        | (-)                        | (55.28)                    |
| Gifts & other                                   | (-)                        | (-)                        | (-)                        | (-)                        | 2.16                       |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (0.53)                     |
|   | (-)                        | (-)                        | (-)                        | (-)                        | 18.59                      |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (-14.80)*                  |
|   | (-)                        | (-)                        | (-)                        | 51.83                      | 1.19                       |
|   | (-)                        | (-)                        | (-)                        | (31.11)                    | (0.76)                     |
|   | (-)                        | (-)                        | (-)                        | (-)                        | 0.06                       |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (0.71)                     |
|   | (-)                        | (-)                        | (-)                        | (-)                        | 0.52                       |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (0.21)                     |
| <b>Income</b>                                   |                            |                            |                            |                            |                            |
| Consultancy / Sitting Fee Recd.                 | -                          | -                          | -                          | -                          | -                          |
| Air Tickets / Vehicle Exp Recd.                 | (-)                        | (-)                        | (-)                        | (-)                        | (24.99)                    |
| Gifts & other Recd.                             | (-)                        | (-)                        | (-)                        | (-)                        | (7.03)                     |
| Computer / Printing & Stationery Recd.          | (-)                        | (-)                        | (-)                        | (-)                        | 1.83                       |
| Salary & Wages Recd.                            | (-)                        | (-)                        | (-)                        | (-)                        | (2.00)                     |
| Interest Received                               | (-)                        | (-)                        | (-)                        | (-)                        | (0.04)                     |
| Lease Rent Recd. – Boiler                       | (-)                        | (-)                        | (-)                        | (-)                        | (15.67)                    |
| Rent/Telephone/Electricity Recd.                | (-)                        | (-)                        | (-)                        | (-)                        | 25.27                      |
| Freight Exp. Recd.                              | (-)                        | (-)                        | (-)                        | (-)                        | (62.42)                    |
| Corporate Guarantees Outstanding as on 31.03.11 | (-)                        | (-)                        | (-)                        | (-)                        | 60.21                      |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (-128.39)**                |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (0.22)                     |
|   | (-)                        | (-)                        | (-)                        | (-)                        | (0.12)                     |
|   | 2500.00#                   | -                          | -                          | -                          | 3250.00                    |
|   | (133.33)                   | (-)                        | (-)                        | (-)                        | (3250.00)                  |



**Investment**

|  |        |     |     |     |          |
|--|--------|-----|-----|-----|----------|
| Investment in Shares                           | 250.00 | -   | -   | -   | -        |
|  | (-)    | (-) | (-) | (-) | (-)      |
| <b>Recoverable / Receivable as on 31.03.11</b> |        |     |     |     |          |
| Duty Recoverable                               | -      | -   | -   | -   | -        |
|  | (-)    | (-) | (-) | (-) | (11.26)  |
| Lease Rent Receivable Yearend Balance          | -      | -   | -   | -   | 23.40    |
|  | -      | -   | -   | -   | (83.61)  |
| Advance Recoverable                            | -      | -   | -   | -   | 11.00    |
|  | (-)    | (-) | (-) | (-) | (11.00)  |
| <b>Finance / Advance Taken as on 31.03.11</b>  |        |     |     |     |          |
| Finance (including Loan)Yearend Balance        | -      | -   | -   | -   | 490.00   |
|  | -      | -   | -   | -   | 835.45   |
|  | -      | -   | -   | -   | (100.00) |
|  | -      | -   | -   | -   | (345.45) |
| 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.

# Guarantee given to SBEC Bioenergy Ltd. Rs. 2500/-lacs.

**14. Lease (AS-19)**

**a) Finance Lease**

Followings are the details of lease transaction for the year:

The company leased boiler under finance lease for a period of four years.

Future minimum commitments in respect of the finance lease are mentioned below:

| Particulars            | As at 31.03.2011 | As at 31.03.2010 |
|------------------------|------------------|------------------|
| Within one year        | 20.73            | 44.81            |
| One year to five years | -                | 57.49            |

**b) Operating Lease**

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

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

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

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

| Particulars                                       | As at 31.03.2011 | As at 31.03.2010 |
|---|------------------|------------------|
| (Rs.in Lacs)                                      |                  |                  |
| <b>Deferred Tax Liability</b>                     |                  |                  |
| Depreciation                                      | 1052.23          | 1182.17          |
| Other Deductions                                  | -                | -                |
| <b>Sub Total – A</b>                              | 1052.23          | 1182.17          |
| <b>Deferred Tax Assets</b>                        |                  |                  |
| Business Loss / Unabsorbed Dep.                   | 1299.16          | 1094.99          |
| Deduction u/s 43B                                 | 103.11           | 101.72           |
| Disallowance u/s 40 (a) & 40(A)(7)                | 22.57            | 19.40            |
| <b>Sub Total – B</b>                              | 1424.84          | 1216.11          |
| <b>Net Deferred Tax Assets /(Liability) {B-A}</b> | 372.61           | 33.94            |

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.

16. In accordance with the company policy a sum of Rs. 19, 69,138 (previous period Rs.12,88,272) including for the year Rs. 6,80,866 (previous period Rs. 12,88,272 ) has been shown as MAT Credit entitlement under loans and advances.

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

| Particulars  | Current Year | Previous Period |
|--|--------------|-----------------|
| Net Profit/(Loss) after tax (Rs. in lacs)                            | 370.55       | 493.66          |
| Weighted Average number of equity shares outstanding during the year | 4,76,53,880  | 4,76,53,880     |
| Basic Earning per share (Rs.)  | 0.78         | 1.04            |
| Diluted Earning Per share (Rs.)                                      | 0.78         | 1.04            |

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<br>(No License required) | 8,000<br>(8,000)   |

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

(Rs in lacs)

| Classes of Goods     | Opening Stock<br>Quantity<br>(Qtls.) | Production<br>Quantity<br>(Qtls.) | Sales                  |                          | Reprocess<br>Stock<br>(Qtls.) | Closing stock          |                          |
|----------------------|--------------------------------------|-----------------------------------|------------------------|--------------------------|-------------------------------|------------------------|--------------------------|
|                      |                                      |                                   | Quantity<br>(Qtls.)    | Value                    |                               | Quantity<br>(Qtls.)    | Value                    |
| Sugar                | 4,79,997<br>(82,226)                 | 8,08,960*<br>(7,70,450)*          | 8,59,764<br>(3,72,679) | 24,846.44<br>(12,445.58) | NIL<br>(7680)                 | 4,29,193<br>(4,79,997) | 12,592.44<br>(14,283.89) |
| Molasses(By-product) | 2,70,043<br>(1,46,588)               | 4,87,134#<br>(4,19,193)#          | 5,20,232<br>(2,95,738) | 1,432.52<br>(1,218.86)   | —<br>(—)                      | 2,36,945<br>(2,70,043) | 604.94<br>(900.43)       |
| Sugar Trading        | —<br>(—)                             | Purchases<br>2,62,718<br>(63,984) | 1,55,303<br>(63,984)   | 4,997.99<br>(2,267.30)   | —<br>(—)                      | 1,07,415<br>(—)        | 3,344.45<br>(—)          |

\*including 1410 quintals of BISS. (Previous period Nil quintals).

# including ad-hoc additions of 21,375.05. quintals. (Previous period 8,462.90 quintals.)

**c) CONSUMPTION OF RAW MATERIALS**

|            | Unit     | Quantity                 | Value (Rs in Lacs)       |
|------------|----------|--------------------------|--------------------------|
| Sugar Cane | Quintals | 93,60,168<br>(87,20,000) | 20,713.69<br>(21,977.78) |

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

(Rs in Lacs)

|                    | Indigenous               |                  | Imported         |                |
|--------------------|--------------------------|------------------|------------------|----------------|
|                    | Value                    | %                | Value            | %              |
| Raw Materials      | 20,713.69<br>(21,977.78) | 100<br>(100)     | Nil<br>(—)       | Nil<br>(—)     |
| Stores and Spares* | 1,011.76<br>(897.80)     | 98.50<br>(98.59) | 15.43<br>(12.87) | 1.50<br>(1.41) |

\* Excluding spares used for capitalization.

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

(Rs. in Lacs)

| Particulars        | Current Year | Previous Period |
|--------------------|--------------|-----------------|
| Foreign Travelling | 17.65        | 3.95            |

**f) CIF VALUE OF IMPORTS**

|               |       |      |
|---------------|-------|------|
| Value imports | 16.24 | 7.29 |
|---------------|-------|------|

**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)

|   |         |
|---|---------|
| Employer's contribution to Provident Fund | 53.45   |
| Previous Period                           | (42.10) |

**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)

| Particular   | Gratuity (Unfunded) For the year ended 31.03.2011 | Gratuity (Unfunded) For the period ended 31.03.2010 | Gratuity (Unfunded) For the period ended 30.06.2009 | Gratuity (Unfunded) For the period ended 31.03.2008 | Leave Encashment (Unfunded) For the year ended 31.03.2011 | Leave Encashment (Unfunded) For the Period ended 31.03.2010 | Leave Encashment (Unfunded) for the period ended 31.06.2009 | Leave Encashment (Unfunded) for the period ended 31.03.2008 |
|--|---|---|---|---|---|---|---|---|
| Defined Benefit obligation at the beginning of the period. | 57.08   | 59.30   | 40.60   | 34.15   | 9.51  | 23.78   | 19.68   | 20.58   |
| Past Service Cost  | 5.91  | -   | -   | -   | -   | -   | -   | -   |
| Current Service Cost.                                      | 11.78   | 8.33  | 14.00   | 7.46  | 2.27  | 1.75  | 8.12  | 5.65  |
| Interest Cost.   | 4.57  | 3.34  | 3.55  | 2.73  | 0.76  | 1.34  | 1.72  | 1.90  |
| Actuarial (gain)/loss                                      | (2.41)  | (9.46)  | 11.10   | (3.74)  | (1.04)  | (14.15)   | (0.42)  | (5.87)  |
| Benefits Paid  | (3.87)  | (4.42)  | (9.95)  | -   | -   | (3.21)  | (5.33)  | -   |
| Settlement cost  | -   | -   | -   | -   | -   | -   | -   | -   |
| Defined Benefit obligation at the end of the period        | 73.06   | 57.08   | 59.30   | 40.60   | 11.49   | 9.51  | 23.78   | 22.26   |

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

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

3. Reconciliation of amount recognized in Balance Sheet

|   |         |         |         |         |          |          |         |         |
|---|---------|---------|---------|---------|----------|----------|---------|---------|
| Fair Value of Plan Assets as at 31 <sup>st</sup> March , 2011   | -       | -       | -       | -       | -        | -        | -       | -       |
| Present value of obligation as at 31 <sup>st</sup> March , 2011 | 73.06   | 57.08   | 59.30   | 40.60   | 11.49    | 9.51     | 23.78   | 22.26   |
| Net asset/(liability) recognized in the Balance Sheet           | (73.06) | (57.08) | (59.30) | (40.60) | (34.78)^ | (35.56)^ | (23.78) | (22.26) |

^ It includes company grade employees' freeze liability in books amounting to Rs. 23.29 lacs (Previous Period Rs. 26.05 lacs).



(Rs. in lacs)

| Particular  | Gratuity<br>(Unfunded)<br>For the year<br>ended<br>31.03.2011 | Gratuity<br>(Unfunded)<br>For the period<br>ended<br>31.03.2010 | Gratuity<br>(Unfunded)<br>For the period<br>ended<br>30.06.2009 | Gratuity<br>(Unfunded)<br>For the period<br>ended<br>31.03.2008 | Leave<br>Encashment<br>(Unfunded) For<br>the year ended<br>31.03.2011 | Leave<br>Encashment<br>(Unfunded) For<br>the Period ended<br>31.03.2010 | Leave<br>Encashment<br>(Unfunded) for<br>the period ended<br>31.06.2009 | Leave<br>Encashment<br>(Unfunded) for<br>the period ended<br>31.03.2008 |
|---|---|---|---|---|---|---|---|---|
| 4. Expense Recognized during the period in Profit & Loss A/c. |   |   |   |   |   |   |   |   |
| Current Service Cost  | 11.78   | 8.33  | 14.00   | 7.46  | 2.27  | 1.75  | 8.12  | 5.66  |
| Past Service Cost   | 5.91  | —   | —   | —   | —   | —   | —   | —   |
| Interest Cost   | 4.57  | 3.34  | 3.55  | 2.73  | 0.76  | 1.34  | 1.72  | 1.90  |
| Expected return on<br>plan assets                             | -   | -   | -   | -   | -   | -   | -   | -   |
| Net Actuarial (gain)/loss<br>recognized during<br>the period  | (2.41)  | (9.46)  | 11.10   | (3.74)  | (1.04)  | (14.15)   | (0.42)  | (9.06)  |
| Expenses recognized<br>in the statement of<br>Profit & Loss   | 19.85   | 2.20  | 28.65   | 6.45  | 1.56#   | (11.06)#  | 9.42  | (1.50)  |

# It excludes the expense in relation to company grade employees' amounting to Rs. 0.43 lacs (Previous Period 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<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Discount rate as<br>at 31st March, 2011   | 8.00%                       | 7.50%                       | 7.00%                       | 8.00%                       | 8.00%                       | 7.50%                       | 7.00%                       | 8.00%                       |
| Future Salary Increase                    | 5.50%                       | 5.00%                       | 4.50%                       | 5.50%                       | 5.50%                       | 5.00%                       | 4.50%                       | 5.50%                       |
| Expected rate of return<br>on plan assets | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Retirement Age                            | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    |
| <b>Withdrawal<br/>RatesAge</b>            | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           |
| Upto 30 years                             | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       |
| From 31 to 44 years                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       |
| Above 44 years                            | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       |

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

Actuarial valuation for period ended 31st March, 2011 and 31<sup>st</sup> 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. However the expenses have been provided on Accrual Basis.

## SIGNED FOR IDENTIFICATION SCHEDULE 1 TO 14

For &amp; on behalf of

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

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

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No.00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

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  | 2011  |   |
|   | Date  | Month   | Year  |   |
| <b>II. Capital Raised during the period</b><br>(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><br>(Amount in Rs. Thousands) | Total Liabilities   | Total Assets  |   |   |
|   | 2,101,817   | 2,101,817   |   |   |
| Source of Funds   | Paid up Capital   | Reserves & Surplus  |   |   |
|   | 476,940   | 7,588   |   |   |
|   | Secured Loan  | Unsecured Loan  |   |   |
|   | 976,165   | 641,124   |   |   |
| Application of Funds  | Net Fixed Assets  | Investments   |   |   |
|   | 657,514   | 276,650   |   |   |
|   | Deferred Tax Assets   |   |   |   |
|   | 37,261  |   |   |   |
|   | Net Current Assets  | Accumulated Losses  |   |   |
|   | 1,095,113   | 35,279  |   |   |
| <b>IV. Performance of Company</b><br>(Amount in Rs. Thousands)                            | Turnover  | Total Expenditure   |   |   |
|   | 3,268,153   | 3,264,893   |   |   |
|   | Profit Before Tax   | Profit After Tax  |   |   |
|   | 3,260   | 37,055  |   |   |
|   | Earning per Share (Rs.)                                     | Dividend Rate (Percentage)  |   |   |
|   | 0.78  | Nil   |   |   |
| <b>V. Generic Name of Principal Product of the Company</b><br>(As per monetary terms)     |   |   |   |   |
| Item Code No.(ITC Code)   |   | 1701-31   |   |   |
| Product Description   |   | SUGAR   |   |   |
|   | Umesh K. Modi<br>(Chairman & President)<br>DIN No. 00002757 | Abhishek Modi<br>(Executive Director)<br>DIN No. 0002798              | G.C. Jain<br>(Director)<br>DIN No. 00002696 | Man Mohan<br>(Director)<br>DIN No.00207036  |
|   | N.P. Bansal<br>(Director)<br>DIN No. 00010587               | Santosh C. Gupta<br>(Whole Time Director - Works)<br>DIN No. 00012413 |   | S.S. Agarwal<br>Vice President (Commercial) |
|   |   | Rajeev Malhotra<br>(Chief Financial Officer)                          |   | Anup Gupta<br>(Company Secretary)           |

Place : New Delhi  
Date : 11th August, 2011



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

|   | Current Period<br>(Rs. in Lacs) | Pervious Period<br>(Rs. in Lacs) |
|---|---------------------------------|----------------------------------|
| <b>A) Cash Flow from Operating Activities</b>   |                                 |                                  |
| Profit / (Loss) Before Tax as per Profit and Loss Account   | 32.61                           | 763.09                           |
| Adjustments For :   | -                               | -                                |
| Interest Expenses   | 1,127.10                        | 705.12                           |
| Interest Income   | (41.32)                         | (25.63)                          |
| Dividend Income   | (0.60)                          | -                                |
| Debt Balances Written off   | 5.36                            | -                                |
| Loss on Sale of Stores & Spares   | 1.60                            | -                                |
| Loss on sale of Fixed Assets  | 2.66                            | 0.71                             |
| Assets Written off  | -                               | -                                |
| Provision for Obsolete Store Items  | -                               | 2.31                             |
| Provision for Doubtful Advances   | 4.60                            | 0.03                             |
| Depreciation  | 532.50                          | 392.00                           |
| Unclaimed credit balances written back  | (199.80)                        | (282.55)                         |
| <b>Operating Profit before Working Capital Changes</b>  | <b>1,464.71</b>                 | <b>1,555.08</b>                  |
| Adjustments For :   |                                 |                                  |
| Trade and Other Receivables   | (1,856.16)                      | (408.65)                         |
| Inventories   | (1,388.83)                      | (12,586.41)                      |
| Trade Payables  | (2,830.65)                      | 11,638.87                        |
| Cash generated from Operating Activities  | (4.611)                         | 199                              |
| Direct Taxes (Paid)/Refund  | (0.39)                          | (0.23)                           |
| <b>Net Cash Flow from Operating Activities</b>  | <b>(4,611.32)</b>               | <b>198.67</b>                    |
| <b>B) Cash Flow from Investing Activities</b>   |                                 |                                  |
| Purchase of Fixed Assets  | (784.36)                        | (165.25)                         |
| Capital Work in Progress  | (61.09)                         | (67.98)                          |
| Proceeds from sale of Fixed Assets  | 4.76                            | 0.81                             |
| Purchase of Investments   | (250.00)                        | -                                |
| Dividend Income   | 0.60                            | -                                |
| Interest Received   | 41.32                           | 25.63                            |
| <b>Net Cash Flow from Investing Activities</b>  | <b>(1,048.77)</b>               | <b>(205.78)</b>                  |
| <b>C) Cash Flow from Financing Activities</b>   |                                 |                                  |
| Proceeds from Long Term Borrowings (Net)  | 7,050.29                        | (247.62)                         |
| Proceeds from Short Term Borrowings (Net)   | 415.85                          | (833.02)                         |
| Net Interest (Paid)   | (1,127.10)                      | (705.12)                         |
| <b>Net Cash Flow from Financing Activities</b>  | <b>6,339.04</b>                 | <b>(119.72)</b>                  |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>   | <b>678.96</b>                   | <b>(126.84)</b>                  |
| Cash and Cash Equivalents as on 1st April, 2010 (Opening Balance)   | 333.61                          | 461.46                           |
| Cash and Cash Equivalents as on 31st March, 2011 (Closing Balance)  | 1,012.57                        | 333.61                           |
| <b>Net Increase as disclosed above</b>  | <b>(678.96)</b>                 | <b>(127.84)</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   | 8.35                            | 2.54                             |
| Cheques/ Drafts in Hand   | 9.19                            | 0.39                             |
| Balances with Banks   | 995.03                          | 330.68                           |
| <b>TOTAL</b>  | <b>1,012.57</b>                 | <b>333.61</b>                    |

For &amp; on behalf of

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

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

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

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   | 01.04.2010 to 31.03.2011                                | 01.04.2010 to 31.03.2011                               | 01.04.2010 to 31.03.2011                            |
| 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 | 45,50,000 Equity Shares of Rs. 10/- each fully paid up | 50,000 Equity Shares of Rs. 10/- each fully paid up |
| 4 | Extent of holding   | 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, 2011.   | NIL   | NIL  | NIL   |
|   | b) Not dealt with in the Accounts of the Company for the period ended 31 <sup>st</sup> March, 2011.   | 2829015   | (102314)   | (33569)   |
| 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, 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)  |
| 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, 2011 along with Director's Report and Auditor's Report of the Subsidiary Company are attached herewith.

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

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No.00207036

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

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

S.S. Agarwal  
(Vice President Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

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, 2011, 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 and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with 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. 7,212.15 lacs as at 31<sup>st</sup> March, 2011 and total revenues of Rs. 1,130.92 lacs for the year ended on that date. The financial statements of SBEC Stockholding and Investment Limited reflect total assets of Rs. 455.00 lacs as at 31<sup>st</sup> March, 2011 and total revenues of Rs. 0.19 lacs for the year ended on that date. The financial statements of Modi Gourmet Limited reflect total assets of Rs. 5 lacs as at 31<sup>st</sup> March, 2011 and total revenues of Rs. Nil for the year 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' and Accounting Standard (AS) – 23 'Accounting for Investment in Associates in Consolidated Financial Statement' 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. In our opinion and to the best of our information and according to the explanations given to us, subject to *note no. 6 of schedule 15(B) regarding valuation of closing stock (free Sugar) at market price instead of "lower of cost or net realizable value" resulting in overstatement of Inventories (Finished Goods-free sugar) by Rs. 752.19 lacs & profit for the year by Rs. 752.19 lacs (before tax).*
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, 2011;
- 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 year 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 year ended on that date.

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

Place : New Delhi  
Date : 11th August, 2011

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



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

|   | SCHEDULES | As at<br><u>31.03.2011</u><br>(Rs. in Lacs) | As at<br><u>31.03.2010</u><br>(Rs. in Lacs) |
|---|-----------|---|---|
| <b>I. SOURCES OF FUNDS</b>                  |           |   |   |
| SHAREHOLDERS' FUNDS                         |           |   |   |
| Share Capital                               | 1         | 4,769.40                                    | 4,769.40                                    |
| Reserves & Surplus                          | 2         | 75.88                                       | 68.08                                       |
|   |           |   |   |
| LOAN FUNDS                                  |           |   |   |
| — Secured Loans                             | 3         | 12,261.66                                   | 3,445.93                                    |
| — Unsecured Loans                           |           | 6,411.23                                    | 5,394.15                                    |
| <b>TOTAL</b>                                |           | <u><b>23,518.17</b></u>                     | <u><b>13,677.56</b></u>                     |
| <b>II. APPLICATION OF FUNDS</b>             |           |   |   |
| FIXED ASSETS                                |           |   |   |
| Gross Block                                 | 4         | 15,939.43                                   | 15,172.75                                   |
| Less: Depreciation                          |           | 9,193.05                                    | 8,466.69                                    |
| Net Block                                   |           | <u>6,746.38</u>                             | <u>6,706.06</u>                             |
| Capital Work in Progress                    |           | <u>560.81</u>                               | <u>360.45</u>                               |
|   |           | <u>7,307.19</u>                             | <u>7,066.51</u>                             |
| INVESTMENTS                                 |           |   |   |
| DEFERRED TAX ASSETS                         | 5         | 456.51                                      | 56.51                                       |
| CURRENT ASSETS, LOANS & ADVANCES            | 6         | 631.75                                      | 346.86                                      |
| – Inventory                                 |           | 17,572.25                                   | 16,178.73                                   |
| – Sundry Debtors                            |           | 696.41                                      | 1,020.49                                    |
| – Cash & Bank Balances                      |           | 1,024.71                                    | 368.60                                      |
| – Loans & Advances                          |           | <u>12,359.61</u>                            | <u>6,855.33</u>                             |
|   |           | <u>31,652.98</u>                            | <u>24,423.15</u>                            |
| CURRENT LIABILITIES & PROVISIONS            |           |   |   |
| – Current Liabilities                       | 7         | 14,427.19                                   | 16,517.62                                   |
| – Provisions                                |           | 143.28                                      | 146.51                                      |
| NET CURRENT ASSETS                          |           | 17,082.51                                   | 7,759.02                                    |
| Profit & Loss Account                       |           | (2,053.99)                                  | (1,664.32)                                  |
| MISCELLANEOUS EXPENDITURE                   | 14        | 94.20                                       | 112.98                                      |
| (To the extent not written off or adjusted) |           |   |   |
| <b>TOTAL</b>                                |           | <u><b>23,518.17</b></u>                     | <u><b>13,677.56</b></u>                     |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

For & on behalf of

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

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

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

Anup Gupta  
(Company Secretary)



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

|   | SCHEDULES | For the Period<br>ended 31.03.2011<br>(Rs. in Lacs) | For the Period<br>ended 31.03.2010<br>(Rs. in Lacs) |
|---|-----------|---|---|
| <b>INCOME</b>   |           |   |   |
| Sales   | 8         | 33,163.78   | 17,831.56   |
| Less : Excise Duty  |           | <u>1,278.12</u>                                     | <u>615.79</u>                                       |
| <b>Net Sales</b>  |           | <b>31,885.66</b>                                    | <b>17,215.77</b>                                    |
| Other Income  | 9         | 651.04  | 427.41  |
| Increase / (Decrease) in Stocks                               | 10        | <u>1,438.97</u>                                     | <u>12,573.76</u>                                    |
| <b>TOTAL INCOME</b>   |           | <b><u>33,975.67</u></b>                             | <b><u>30,216.94</u></b>                             |
| <b>EXPENDITURE</b>  |           |   |   |
| Materials & Manufacturing Expenses                            | 11        | 30,534.88   | 26,182.54   |
| Personnel, Administration & Selling Expenses                  | 12        | 1,933.67  | 1,306.39  |
| Miscellaneous Expenditure Written Off                         |           | <u>20.70</u>  | <u>20.09</u>  |
| <b>TOTAL EXPENDITURE</b>                                      |           | <b><u>32,489.25</u></b>                             | <b><u>27,509.02</u></b>                             |
| <b>PROFIT BEFORE INTEREST, DEPRECIATION &amp; TAX</b>         |           | <b>1,486.42</b>                                     | <b>2,707.91</b>                                     |
| Interest & Finance Charges                                    | 13        | <u>1,923.30</u>                                     | <u>1,011.07</u>                                     |
| <b>PROFIT BEFORE DEPRECIATION &amp; TAX</b>                   |           | <b>(436.88)</b>                                     | <b>1,696.84</b>                                     |
| Depreciation & Amortisation                                   |           | <u>737.29</u>                                       | <u>715.19</u>                                       |
| <b>PROFIT / (LOSS) FOR THE PERIOD BEFORE EXCEPTIONAL ITEM</b> |           | <b>(1,174.17)</b>                                   | <b>981.65</b>                                       |
| Prior Period Adjustment (Net)                                 |           | <u>(8.77)</u>                                       | <u>(26.92)</u>                                      |
| Earlier Years Income Written Back                             |           | -   | <b>(83.62)</b>                                      |
| <b>EXECPTIONAL ITEM</b>                                       |           | <u>1,312.21</u>                                     |   |
| (Refer Note No. 5(a) of Schedule 15B)                         |           |   |   |
| <b>PROFIT / (LOSS) BEFORE TAX</b>                             |           | <b><u>129.27</u></b>                                | <b>871.11</b>                                       |
| Tax Provison  |           |   |   |
| Provision For Income Tax                                      |           | <b>18.18</b>  | 32.00   |
| For the year : MAT  |           | 6.81  | -   |
| Less : MAT Credit Entitlement                                 |           | (6.81)  | -   |
| Wealth Tax  |           | 0.34  | 0.40  |
| For Earlier Year  |           |   |   |
| Excess provision of Tax Written Back                          |           | (2.21)  | (1.09)  |
| Income Tax Provision  |           | -   | 0.07  |
| MAT   |           | 13.27   | -   |
| Less : MAT Credit Entitlement                                 |           | (12.88)   | -   |
| Deferred Tax Charge / (Credit)                                |           | <u>(284.90)</u>                                     | <u>281.49</u>                                       |
| <b>PROFIT / (LOSS) AFTER TAX BEFORE APPROPRIATION</b>         |           | <b><u>397.47</u></b>                                | <b><u>558.24</u></b>                                |
| Add : Transfer From Molasses Storage Fund                     |           | -   | -   |
| Less : Transfer to Molasses Storage Fund                      |           | <b>7.80</b>   | 4.44  |
| Add : Profit/(Loss) Balance Brought Forward                   |           | <u>1,664.32</u>                                     | <u>1,110.52</u>                                     |
| <b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>               |           | <b><u>2,053.99</u></b>                              | <b><u>1,664.32</u></b>                              |
| <b>EARNING PER SHARE (BASIC)</b>                              |           | <b>0.83</b>   | <b>1.17</b>   |
| <b>EARNING PER SHARE (DILUTED)</b>                            |           | <b>0.83</b>   | <b>1.17</b>   |

(Rs. per equity shares of Rs. 10/- each)

Refer note no. 18 of schedule 15B)

SIGNIFICANT ACCOUNTING POLICIES AND

NOTES TO ACCOUNTS

15

In terms of our report of even date attached

For &amp; on behalf of

**DOOGAR & ASSOCIATES**Chartered Accountants  
Firm Regn. No. : 000561NUmesh K. Modi  
(Chairman & President)  
DIN No. 00002757Abhishek Modi  
(Executive Director)  
DIN No. 0002798G.C. Jain  
(Director)  
DIN No. 00002696Man Mohan  
(Director)  
DIN No. 00207036Mukesh Goyal  
Mg. Partner  
Membership No. : 081810N.P. Bansal  
(Director)  
DIN No. 00010587Santosh C. Gupta  
(Whole Time Director - Works)  
DIN No. 00012413S.S. Agarwal  
(Vice President Commercial)Place : New Delhi  
Date : 11th August, 2011Rajeev Malhotra  
(Chief Financial Officer)Anup Gupta  
(Company Secretary)



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

|   | As at<br><b>31.03.2011</b><br>(Rs. in Lacs) | As at<br><b>31.03.2010</b><br>(Rs. in Lacs) |
|---|---|---|
| <b>SCHEDULE 1 : SHARE CAPITAL</b>   |   |   |
| <b>AUTHORISED:</b>  |   |   |
| 55,000,000 Equity Shares of Rs. 10/- each   | <b>5,500.00</b>                             | 5,500.00                                    |
| <b>ISSUED &amp; SUBSCRIBED:</b>   |   |   |
| 47,814,430 Equity Shares of Rs. 10/- each   | <b>4,781.44</b>                             | 4,781.44,                                   |
| <b>PAID UP:</b>   |   |   |
| 47,653,880 Equity Shares of Rs. 10/- each<br>(Previous year 47,653,880 Equity shares) | <b>4,765.39</b>                             | 4,765.39                                    |
| Share Forfeiture Account  | <b>4.01</b>                                 | 4.01  |
| <b>TOTAL</b>  | <b><u>4,769.40</u></b>                      | <b><u>4,769.40</u></b>                      |

|   | As at<br><b>01.04.2010</b> | Additions              | Transfer /<br>Adjustment | As at<br><b>31.03.2011</b> |
|---|----------------------------|------------------------|--------------------------|----------------------------|
| (Rs. in Lacs)                                   |                            |                        |                          |                            |
| Capital Reserve Arising on<br>Forefeited Shares | 49.17<br>(49.17)           | -                      | -                        | 49.17<br>(49.17)           |
| Molasses Storage Fund                           | 18.91<br>(14.47)           | 7.80<br>(4.44)         | -                        | 26.71<br>(18.91)           |
| <b>TOTAL</b>                                    | <b>68.08<br/>(63.64)</b>   | <b>7.80<br/>(4.44)</b> | -                        | <b>75.88<br/>(68.08)</b>   |

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

|   | As at<br><b>31.03.2011</b><br>(Rs. in lacs) | As at<br><b>31.03.2010</b><br>(Rs. in lacs) |
|---|---|---|
| <b>SCHEDULE 3 : LOAN FUNDS</b>                                    |   |   |
| <b>A Secured Loans</b>  |   |   |
| (a) Term Loan from The Shamrao Vithal Co-operative Bank Ltd.      | -   | 249.63                                      |
| (b) Term Loan from SREI Infrastructure Finance Ltd.               | <b>2,500.00</b>                             | 133.33                                      |
| (c) Cash Credit A/c with The Shamrao Vithal Co-operative Bank Ltd | -   | 1,012.34                                    |
| (d) Pledge Account with IDBI Banks Ltd                            | <b>4,548.70</b>                             | -   |
| (e) Pledge Account with AXIS Bank Ltd                             | <b>1,308.22</b>                             | -   |
| (f) Pledge Account with the Shamrao Vithal Co-operative Bank Ltd. | <b>2,400.26</b>                             | -   |
| (g) Excise Loan from The Shamrao Vithal Co-Operative Bank Ltd.    | <b>1,077.63</b>                             | 1,586.11                                    |
| (h) Vehicle Loans   | <b>30.65</b>                                | 34.83                                       |
| (i) Hire Purchase - First Leasing Company of India Ltd.           | <b>381.39</b>                               | 408.74                                      |
| (j) Interest accrued & due on (d) above                           | <b>14.81</b>                                | 20.95                                       |
| <b>SUB TOTAL - (A)</b>  | <b><u>12,261.66</u></b>                     | <b><u>3,445.93</u></b>                      |
| <b>B Unsecured Loans</b>  |   |   |
| (a) Inter Corporate Deposits                                      | <b>4,539.12</b>                             | 3,613.65                                    |
| (b) Fixed Deposits from public                                    | <b>964.75</b>                               | 781.75                                      |
| (c) Deposits from Selling Agents                                  | <b>497.22</b>                               | 538.72                                      |
| (d) Interest Accrued & Due on (a to c)above                       | <b>410.14</b>                               | 460.03                                      |
| <b>SUB TOTAL - (B)</b>  | <b><u>6,411.23</u></b>                      | <b><u>5,394.15</u></b>                      |
| <b>TOTAL - (A) + (B)</b>  | <b><u>18,672.89</u></b>                     | <b><u>8,840.08</u></b>                      |

Note : 1. Pledge A/c with The Shamro Vithal Co-operative Bank Ltd. IDBI Bank Ltd. & AXIS Bank Ltd. is secured by the pledge of stock of sugar.  
 2. Secured Loans, mentioned on (d to g) of 'A' above are further secured by personal guarantee of two Directors of the Company.  
 3. Excise Loan from The Shamrao Vittal Co-operative Bank Ltd. is Secured by residual Charge on Fixed Assets.  
 4. Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.  
 5. Loans payable within one year Rs.1,350.09 Lacs (Previous year Rs. 1,426.57 lacs)  
 6. Term Loan from SREI Infrastructure Finance Ltd. (secured by secured by first Pari-Passu charge and / or mortgage account for realisation of payments for sale of electricity to UPPCL and all present and future Fixed Assets of the Company along with SREI Infrastructure Finance Ltd. and charge created in favour SREI under other Accounts on the bank and The loan is further secured by irrevocable & unconditional corporate Gurantee of GS Pharmabuter (P) Ltd. and personal gurantee of two Directors of the Company.)

**SCHEDULE 4 : FIXED ASSETS**

(Rs. in lacs)

| DESCRIPTION  | GROSS BLOCK         |                                   |                  |                     | DEPRECIATION       |                                  |                  |                    | NET BLOCK           |                     |
|--|---------------------|-----------------------------------|------------------|---------------------|--------------------|----------------------------------|------------------|--------------------|---------------------|---------------------|
|  | As at<br>01.04.2010 | Additions<br>During the<br>Period | Adjust-<br>ments | As at<br>31.03.2011 | Upto<br>31.03.2010 | Provided<br>During the<br>Period | Adjust-<br>ments | Upto<br>31.03.2011 | As at<br>31.03.2011 | As at<br>31.03.2010 |
| LAND - FREEHOLD  | 46.15               | —                                 | —                | 46.15               | —                  | —                                | —                | —                  | 46.15               | 46.15               |
| LAND - LEASE HOLD  | 56.43               | —                                 | —                | 56.43               | 7.09               | 0.64                             | —                | 7.73               | 49.69               | 49.34               |
| LEASEHOLD IMPROVEMENT                                    | 0.85                | —                                 | —                | 0.85                | 0.85               | —                                | —                | 0.85               | —                   | —                   |
| BUILDING   | 1,289.28            | 112.99                            | —                | 1,402.27            | 327.29             | 34.58                            | —                | 361.87             | 1,040.40            | 961.99              |
| PLANT & MACHINERY  | 13,399.21           | 459.00                            | —                | 13,858.21           | 7,930.08           | 675.02                           | —                | 8,605.10           | 5,253.11            | 5,469.13            |
| OFFICE EQUIPMENT   | 26.84               | 2.00                              | 0.07             | 28.77               | 10.48              | 1.80                             | 0.02             | 12.26              | 16.51               | 16.36               |
| OTHER EQUIPMENT  | 1.45                | —                                 | —                | 1.45                | 0.59               | 0.07                             | —                | 0.66               | 0.79                | 0.86                |
| COMPUTER EQUIPMENT                                       | 59.39               | 5.11                              | —                | 64.50               | 43.97              | 5.61                             | —                | 49.58              | 14.92               | 15.42               |
| FURNITURE & FIXTURES                                     | 67.08               | 1.98                              | —                | 69.06               | 35.19              | 2.58                             | —                | 37.77              | 31.29               | 31.89               |
| MOTOR VEHICLES   | 158.89              | 9.55                              | 18.29            | 150.15              | 46.86              | 15.04                            | 10.91            | 50.99              | 99.16               | 112.03              |
| INTANGIBLE ASSETS (SOFTWARE)                             | 15.91               | 1.36                              | —                | 17.27               | 13.02              | 1.84                             | —                | 14.86              | 2.41                | 2.89                |
| <b>FACTORY APPROACH ROAD</b>                             | <b>51.27</b>        | <b>193.05</b>                     |                  | <b>244.32</b>       | <b>51.27</b>       | <b>0.11</b>                      |                  | <b>51.38</b>       | <b>192.94</b>       | <b>—</b>            |
| <b>TOTAL</b>   | <b>15172.75</b>     | <b>785.04</b>                     | <b>18.36</b>     | <b>15,939.43</b>    | <b>8,466.69</b>    | <b>737.29</b>                    | <b>10.93</b>     | <b>9,193.05</b>    | <b>6,746.38</b>     | <b>6,706.06</b>     |
| CAPITAL WORK IN PROGRESS<br>(Including Capital Advances) |                     |                                   |                  |                     |                    |                                  |                  |                    | 560.81              | 360.45              |
| <b>TOTAL</b>   | <b>15,172.75</b>    | <b>785.04</b>                     | <b>18.36</b>     | <b>15,939.43</b>    | <b>8,466.69</b>    | <b>737.29</b>                    | <b>10.93</b>     | <b>9,193.05</b>    | <b>7,307.19</b>     | <b>7,066.51</b>     |
| PREVIOUS PERIOD  | 15,003.59           | 171.06                            | 1.90             | 15,172.75           | 7,751.87           | 715.19                           | 0.38             | 8,466.69           | 7,066.51            | 7,539.36            |

- 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 :-

|                           | <u>As at 31.03.2011</u><br>(Rs. in lacs) | <u>As at 31.03.10</u><br>(Rs. in lacs) |
|---------------------------|--|--|
| a) for Existing Operation | 51.94                                    | 321.03                                 |
| b) for New Projects       | 132.98                                   | 34.09                                  |
| a) for Capital advances   | 375.89                                   | 5.33                                   |
|                           | <u>560.81</u>                            | <u>360.45</u>                          |

- Factory Approach Road, represents expenditure incurred by the company on roads outside factory premises and are written off over a period of live years.
- Additions includes :
  - Interest capitalised Rs. 30.73 lacs (Previous Period Rs. 17.55 lacs)
  - Preoperative Expense Rs. Nil (Previous Period Rs. Nil)
- Capital Wrok in Prgress includes Borrowing Cost during the year aggregating to Rs. 136.04 lacs (Previous Year Nil)



**SCHEDULE 5 : INVESTMENTS**

|  | <u>As at</u><br><u>31.03.2011</u><br>(Rs. in lacs) | <u>As at</u><br><u>31.03.2010</u><br>(Rs. in lacs) |
|--|--|--|
| <b>Long Term</b>   |  |  |
| (Unquoted, Trade)  |  |  |
| 40,000 Equity Shares of Rs. 25/- each in<br>The Shamrao Vithal Co-operative Bank Ltd.<br>(Previous year 40,000 Equity Shares of Rs. 25/- each)                       | <b>10.00</b>                                       | 10.00  |
| Share Transfer Stamp fee   | <u>1.50</u>  | <u>1.50</u>  |
| <b>SAB TOTAL (A)</b>   | <b><u>11.50</u></b>                                | <b><u>11.50</u></b>                                |
| <br><b>Other Investments</b>   |  |  |
| 4,50,000 Equity Shares of Rs. 10/- each of<br>Modi Ilva India Pvt. Ltd.<br>(Previous year — 450000 equity shares @10/- each)   | <b>45.00</b>                                       | 45.00  |
| 100 Equity Shares of Rs. 10/- each of<br>Chandil Power Ltd. (Share Application Money)<br>(Previous year — 100 equity shares @10/- each)<br>(Share Application Money) | <b>0.01</b>  | 0.01   |
| Non Transferable Compulsory Convertible Unsecured Zero %<br>Debenture of Rs. 100/-Each<br>(Previous year - Nil)  | <b>400.00</b>                                      | —  |
| <b>SUB TOTAL (B)</b>   | <u>445.01</u>                                      | <u>45.01</u>                                       |
| <b>TOTAL (A+B)</b>   | <b><u>456.51</u></b>                               | <b><u>56.51</u></b>                                |

| <b>AGGREGATE VALUE OF</b> | <b>As At</b><br><b>31st March, 2011</b> | <b>As At</b><br><b>31st March, 2010</b> |
|---------------------------|---|---|
|                           | <b>(Rs. in lacs)</b>                    | <b>(Rs.in lacs)</b>                     |
| Quoted Investments        | Nil                                     | Nil                                     |
| Unquoted Investments      | 5,523.34                                | 4,514.63                                |

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

|   | <b>As at<br/>31.03.2011<br/>(Rs. in Lacs.)</b> | <b>As at<br/>31.03.2010<br/>(Rs. in Lacs.)</b> |
|---|--|--|
| <b>A CURRENT ASSETS</b>   |  |  |
| <b>(i) Inventories</b>  |  |  |
| Stores and Spares*  | 752.48   | 757.98   |
| Finished Goods  | 16,779.72                                      | 15,152.52                                      |
| Goods in process  | 33.83  | 222.07   |
| Other Stocks  | 6.22   | 46.16  |
| <b>TOTAL</b>  | <b><u>17,572.25</u></b>                        | <b><u>16,178.73</u></b>                        |
| * Net of Provision for Obsolescence Rs. 2.31 lacs.(Previous Year 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   | 13.71  | 19.90  |
| Considered Doubtful   | 5.87   | 1.26   |
| Other Debts   |  |  |
| - Secured   | 22.12  | 71.92  |
| - Unsecured   | 660.58   | 928.67   |
| Less : Provision for Doubtful Debts   | 5.87   | 1.26   |
| <b>TOTAL</b>  | <b><u>696.41</u></b>                           | <b><u>1,020.49</u></b>                         |
| <b>(iii) Cash &amp; Bank Balances</b>   |  |  |
| - Cash & Stamps in Hand   | 8.40   | 2.61   |
| - Cheques/Drafts in hand  | 9.19   | 0.39   |
| Balances with Scheduled Banks in  |  |  |
| - Current Accounts  | 340.49   | 154.95   |
| - Fixed Deposits  | 663.38   | 208.09   |
| Balances with Non Scheduled Banks in  |  |  |
| - Current Accounts  | 3.25   | 2.56   |
| <b>TOTAL</b>  | <b><u>1,024.71</u></b>                         | <b><u>368.60</u></b>                           |
| <b>TOTAL(A)</b>   | <b><u>19,293.37</u></b>                        | <b><u>17,567.82</u></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 |            |
|                                | 31.03.2011      | 31.03.2010 | 31.03.2011    | 31.03.2010 |
| Zila Sahakari Bank- Baraut     | 451.93          | 167.67     | 3.08          | 1.92       |
| Zila Sahakari Bank- Chhaprauli | 139.21          | 6.17       | 0.17          | 0.64       |
| <b>Total</b>                   | 591.14          | 173.84     | <b>3.25</b>   | 2.56       |





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

|  | As at<br><u>31.03.2011</u><br>(Rs. in Lacs.) | As at<br><u>31.03.2010</u><br>(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                                       | 127.94                                       |
| Advances Recoverable in cash<br>or in kind or for value to be received       |  |  |
| Considered good  | 6,753.13                                     | 3,062.05                                     |
| Considered Doubtful  | <u>1.50</u>                                  | <u>1.50</u>                                  |
| Lease Rent Recoverable   | 23.40  | 83.62  |
| Debt Assignment Recoverable - PNB<br>(Refer Note No. 5(a)(i) of Schedule 15) | 5,129.04                                     | 3,351.21                                     |
| MAT Credit Receivable  | 19.69  | -  |
| Security Deposits  | 22.18  | 21.94  |
| Tax Deducted at Source   | 65.60  | 60.40  |
| Balance with Excise / TradeTax Authorities                                   | 218.63                                       | 148.17                                       |
|  | <u>12,361.11</u>                             | <u>6,856.83</u>                              |
| Less : Provision for Doubtful Advances                                       | 1.50   | 1.50   |
| <b>TOTAL (B)</b>   | <b>12,359.61</b>                             | <b>6,855.33</b>                              |
| <b>TOTAL (A + B)</b>   | <b><u>31,652.98</u></b>                      | <b><u>24,423.15</u></b>                      |

**SCHEDULE 7 : CURRENT LIABILITIES & PROVISION**

|   |                         |                         |
|---|-------------------------|-------------------------|
| <b>A CURRENT LIABILITIES</b>                        |                         |                         |
| <b>Bills Payable Acceptance</b>                     | 1,823.02                | 1,357.49                |
| <b>Sundry Creditors</b>                             |                         |                         |
| For Sugar Cane (Including expenses related to Cane) | 8,242.68                | 12,904.73               |
| Small Scale Industries                              | 4.78                    | 7.20                    |
| Others  | 3,914.36                | 2,016.34                |
| Other Liabilities                                   | 387.16                  | 164.56                  |
| Advances against Sales                              | 0.21                    | 16.40                   |
| Interest Accrued but not due on Loans               | 20.37                   | 17.80                   |
| Security Deposit Received                           | 34.61                   | 33.11                   |
| <b>SUB TOTAL</b>                                    | <u>12,604.17</u>        | <u>15,160.13</u>        |
| <b>TOTAL (A)</b>                                    | <u>14,427.19</u>        | <u>16,517.62</u>        |
| <b>B PROVISIONS</b>                                 |                         |                         |
| Provision for Leave Encashment                      | 43.02                   | 44.25                   |
| Provision for Gratuity                              | 92.71                   | 75.21                   |
| Provision for Income Tax                            | 6.81                    | 26.65                   |
| Provision for Wealth Tax                            | 0.74                    | 0.40                    |
| <b>TOTAL (B)</b>                                    | <u>143.28</u>           | <u>146.51</u>           |
| <b>TOTAL (A + B)</b>                                | <b><u>14,570.47</u></b> | <b><u>16,664.13</u></b> |

**SCHEDULE 8 : SALES**

|                  | <b>for the year ended</b><br><b>31.03.2011 (12 Months)</b><br>(Rs. in lacs) | For the period ended<br><b>31.03.2010 (9 Months)</b><br>(Rs. in lacs) |
|------------------|---|---|
| Sugar – Domestic | 29,844.43   | 14,708.42   |
| – Export         | –   | 4.46  |
| Molasses         | 1,432.52  | 1,218.86  |
| Bagasse          | 958.17  | 1,062.51  |
| Sale of Power    | 928.66  | 837.31  |
| Other            | —   | —   |
| <b>TOTAL</b>     | <b><u>33163.78</u></b>  | <b><u>17,831.56</u></b>   |

**SCHEDULE 9 : OTHER INCOME**

|  |                      |                      |
|--|----------------------|----------------------|
| Interest Received (Gross)<br>(Tax deducted at source Rs.20.29 lacs<br>Previous period Rs. 5.53 lacs) | 240.87               | 81.09                |
| Interest on Income Tax Refunds   | 1.27                 | –                    |
| Dividend*  | 0.60                 | 060                  |
| Amount Written Back  | 0.95                 | –                    |
| Exchange Rate Fluctuation  | 0.15                 | –                    |
| Miscellaneous Income   | 207.40               | 63.14                |
| Excess provision / Sundry balance written back   | 199.80               | 282.58               |
| <b>TOTAL</b>   | <b><u>651.04</u></b> | <b><u>427.41</u></b> |

\* There are no circumstances in which accounting for dividend from investment has been postponed.

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

|                                     |           |                        |           |                         |
|-------------------------------------|-----------|------------------------|-----------|-------------------------|
| Opening Stock - Finished Goods      | 15,152.52 |                        | 2,766.28  |                         |
| - Goods in Process                  | 222.07    | 15,374.59              | 34.55     | 2,800.83                |
| Closing Stock - Finished goods      | 16,779.73 |                        | 15,152.52 |                         |
| - Goods in Process                  | 33.83     | 16,813.56              | 222.07    | 15,374.59               |
| <b>Increase/(Decrease) in Stock</b> |           | <b><u>1,438.97</u></b> |           | <b><u>12,573.76</u></b> |

**SCHEDULE 11 : MATERIALS AND MANUFACTURING EXPENSES**

|  |        |                         |        |                         |
|--|--------|-------------------------|--------|-------------------------|
| Raw Materials Consumed   |        | 20,713.70               |        | 21,977.78               |
| Sugar Purchased for Trading  |        | 8,212.30                |        | 2,204.80                |
| Stores & Spares Consumed (including Packing Expenses)                      |        | 1,027.19                |        | 910.67                  |
| Power & Fuel   |        | 27.59                   |        | 33.17                   |
| Freight & Cartage  |        | 19.26                   |        | 3.52                    |
| Repair & Maintenance   |        |                         |        |                         |
| - Plant & Machinery  | 515.91 |                         | 415.21 |                         |
| - Building   | 15.80  |                         | 67.94  |                         |
| - Others   | 22.12  | 553.83                  | 23.75  | 506.90                  |
| Other Manufacturing Expenses   |        | 5.03                    |        | 4.49                    |
| Material Handling Expenses   |        | 34.63                   |        | 49.40                   |
| Technical Assistance Fees  |        | 11.82                   |        | 8.81                    |
| Variation in Excise Duty on Opening and Closing stock of<br>Finished Goods |        | (70.47)                 |        | 483.00                  |
| <b>TOTAL</b>   |        | <b><u>30,534.88</u></b> |        | <b><u>26,182.54</u></b> |



**SCHEDULE 12 : PERSONNEL, ADMINISTRATION & SELLING EXPENSES**

|  | for the year<br>ended 31.03.2011<br>(12 Months)<br>(Rs. in lacs) | For the period<br>ended 31.03.2010<br>(9 Months)<br>(Rs. in lacs) |
|--|--|---|
| <b>A PERSONNEL EXPENSES</b>                                  |  |   |
| Salary, Wages & Bonus  | 913.09   | 709.81  |
| Company's Contribution To Provident & Other Funds            | 63.67  | 50.56   |
| Staff Welfare Expenses                                       | 60.65  | 50.29   |
| Gratuity   | 23.38  | 5.44  |
| <b>Total - (A)</b>   | <u>1,060.79</u>  | <u>816.10</u>   |
| <b>B ADMINISTRATION EXPENSES</b>                             |  |   |
| Travelling & Conveyance Expenses                             | 107.50   | 44.29   |
| Telephone, Postage & Telegrams                               | 18.16  | 12.23   |
| Rent including Lease Charges                                 | 22.66  | 22.57   |
| Rates & Taxes  | 116.19   | 10.55   |
| Vehicle Expenses   | 35.66  | 22.18   |
| Insurance - Expenses   | 35.31  | 23.82   |
| - Receipt  | <u>(28.10)</u>   | <u>(13.92)</u>  |
| Auditors' Remuneration<br>(Refer Note No. 13 of Schedule 15) | 5.44   | 4.54  |
| Legal & Professional Charges                                 | 100.70   | 76.94   |
| General Repair & Maintenance                                 | 0.72   | 1.15  |
| Security Guard Expenses                                      | 109.77   | 84.58   |
| Miscellaneous Expenses                                       | 58.04  | 57.05   |
| Fixed Assets Written off                                     | -  | -   |
| Debit Balances Written off                                   | 7.63   | -   |
| Loss on Sale of Fixed Assets                                 | 2.66   | 0.71  |
| Loss on Sale of Store & Spares                               | 1.60   | -   |
| Provision for Obsolete Store Items                           | -  | 2.31  |
| Provision for Doubtful Debts                                 | 4.60   | 0.03  |
| <b>Total - (B)</b>   | <u>598.54</u>  | <u>349.03</u>   |
| <b>C SELLING EXPENSES</b>                                    |  |   |
| Commission   | 137.67   | 82.69   |
| Rent (Godown)  | 12.34  | 2.51  |
| Freight, Clearing & Forwarding                               | 119.64   | 55.70   |
| Selling Exp. ( Export )                                      | -  | -   |
| Rebate & Discount  | 4.69   | 0.37  |
| <b>Total - (C)</b>   | <u>274.34</u>  | <u>141.27</u>   |
| <b>Total - (A+B+C)</b>                                       | <u>1,933.67</u>  | <u>1,306.39</u>   |

**SCHEDULE 13 : INTEREST AND FINANCE CHARGES**

|  |                 |               |                 |
|--|-----------------|---------------|-----------------|
| <b>Interest</b>                            |                 |               |                 |
| - On Term Loans                            | 334.13          | 165.65        |                 |
| - Others (Refer Note 5(a) of schedule 15B) | <u>1,070.93</u> | <u>605.28</u> | 770.93          |
| Bank Charges                               | 32.21           |               | 15.97           |
| Finance charges                            | 338.87          |               | 191.74          |
| Financial Brokerage                        | 101.05          |               | 31.94           |
| Foreign Exchange Fluctuation               | -               |               | 0.49            |
| Loan Raising Expenses                      | 46.11           |               | -               |
| <b>Total</b>                               | <u>1,923.30</u> |               | <u>1,011.07</u> |

**SCHEDULE 14 : MISCELLANEOUS EXPENDITURE**

|   | <b>As at<br/>31.03.2011<br/>(12 Months)<br/>(Rs. in lacs)</b> | <b>As at<br/>30.06.2010<br/>(9 Months)<br/>(Rs. in lacs)</b> |
|---|---|--|
| (To the extent not written off or adjusted) |   |  |
| <b>A Preliminary Expenses</b>               |   |  |
| Balance as per last account                 | 0.30  | 0.39   |
| Addition during the period                  | -   | -  |
| Less : Written off                          | 0.30  | 0.08   |
| <b>TOTAL (A)</b>                            | <u>-</u>  | <u>0.31</u>  |
| <b>B Deferred Revenue Expenditure</b>       |   |  |
| Balance as per last account                 | 110.82  | 130.37   |
| Addition during the period                  | -   | -  |
| Less : Written off                          | 19.55   | 19.55  |
| <b>TOTAL (B)</b>                            | <u>91.27</u>  | <u>110.82</u>  |
| <b>C Pre-operative Expenses</b>             |   |  |
| Balance as per last account                 | 1.86  | 1.96   |
| Addition during the period                  | 1.92  | 0.35   |
| Less : Written off                          | 0.85  | 0.46   |
| <b>TOTAL (C)</b>                            | <u>2.93</u>   | <u>1.85</u>  |
| <b>TOTAL (A+B+C)</b>                        | <u>94.20</u>  | <u>112.98</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, 2011 (hereinafter referred to as "the subsidiary companies").

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<br>Incorporation | % of Voting Power<br>as on 31.03.2011 |
|---|-----------------------------|---------------------------------------|
| 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:

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

In case of SBEC Bioenergy Limited:

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

#### 5. Fixed & Intangible Assets

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

#### 6. Borrowing costs

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".

#### 7. 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.
- g) 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 147 for the Company.

#### 8. 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.

#### 9. 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 First in First Out basis in case of SBEC Sugar Ltd. whereas in case of SBEC Bioenergy Ltd. at weighted average cost.
- 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.
- g) 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.)

#### 10. 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.

#### 11. 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.

## 12. 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.

## 13. 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.

## 14. Tax on Income

- i) Current corporate tax is provided on the results for the year after considering applicable tax rates and laws.
- ii) Deferred tax is provided on timing differences between tax and accounting treatments that originate in one period and are expected to be reversed or settled in subsequent periods. Deferred tax assets and liabilities are measured using the enacted / substantively enacted tax rates and laws for continuing operations.

Deferred tax assets in the event of unabsorbed depreciation and carry forward losses under tax laws, that exceed the deferred tax liability, are recognized only where there is virtual certainty of realization.

Deferred tax assets on other accounts are recognized only to the extent there is reasonable certainty of realization.

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

## 15. Leases

### (a) Finance Lease

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

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

### (b) Operating Lease

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

## 16. 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.



**17. Interim Financial Reporting**

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

**18. 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 9 months period whereas the same for consolidated with SBEC Bioenergy Limited were for 12 months and SBEC Stockholding & Investments Ltd. & Modi Gourmet Ltd. were for 12 months respectively. The current accounts for the Holding Company, 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)**

| S.No | Particulars  | As at 31.03.2011 | As at 31.03.2010 |
|------|--|------------------|------------------|
| i)   | Corporate Guarantee given to Government of Jharkhand against Soft loan (incl. interest) given to Bihar Sponge Iron Ltd.  | 5,002.68         | 4632.00          |
| ii)  | Outstanding against Guarantee given on behalf of SBEC Bioenergy Ltd.   | 2,500.00         | 133.33           |
| 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   | 366.82           | 312.40           |
| v)   | Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court. | 35.99            | 35.99            |
| vi)  | Differential liability of sugar cane price for the crushing season 2007-2008 (Refer note no. 4 of schedule 14B).         | 1483.32          | 1483.32          |

**In case of SBEC Bioenergy Limited :**

Claims against the Company not acknowledged as debts :

|      |                    |        |     |
|------|--------------------|--------|-----|
| vii) | Income Tax Matters | 785.17 | Nil |
|------|--------------------|--------|-----|

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. (a) 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. 415.71 lacs (Previous period Rs. 2.30 lacs).

(b) In the books of SBEC bioenergy Limited, estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 558.37 lacs (Previous period Nil).

4. In case of Holding Company, in compliance of the Interim Order of the Lucknow Bench of 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, 2011 (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, as per expert legal opinion, during the year interest amounting to Rs. 1777.83 lacs for the period from 22<sup>nd</sup> January,



2007 to 31<sup>st</sup> March, 2011 has been allocated to the cost of "Debt Assignment" acquired by the company from PNB, since in the opinion of the management the borrowings of the company were raised to pay for Debt Assignment. Since this treatment has been made with retrospective effect for the period above mentioned, the amount of Rs. 1312.21 lacs being interest on such borrowings for the period upto March 2010 has been shown as an exceptional item, and current year amount of Rs. 465.62 lacs has been adjusted against interest cost, the Company has shown the total amount paid for Debt assignment and interest thereon of Rs. 5129.04 lacs under the head 'Loans & Advances'.

(b) In the books of SBEC Bioenergy Limited :

- (i) The Company had negotiated and finalized with the IDBI Ltd., the terms for taking over the debt of IDBI in Modi Industries Limited (MIL) under OTS on assignment basis to the Company. In terms of IDBI's letters No. IDBIL.HO.RD.MIL/2221 dated 27<sup>th</sup> January, 2007 and 9<sup>th</sup> February, 2007, on payment of settlement amount, IDBI will execute 'Deed of Assignment' in favour of the Company, by which all claims of IDBI (towards principal and interest) right against MIL and also the charges and securities created by MIL, will stand assigned in favour of the Company. The said 'Deed of Assignment' is yet to be executed. The Company had paid total dues of IDBI i.e. a sum of Rs. 1,410.98 lacs (previous year Rs. 1,410.98 lacs) under this scheme.
- (ii) The Company has negotiated and finalized with the IFCI Limited, the term for taking over the debt of IFCI in Modi Industries Ltd. (MIL). In terms of IFCI Letter No. IFCI/NRG/ 200-13494 Dated 30<sup>th</sup> December, 2009 on payment of settlement amount, Rs. 775.00 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 year – Rs. 775.00 lacs) under this scheme.

6. The entire stock of free sugar available as on 31.03.2011 was valued at average market price prevailing during season 2010-11. The management has decided to value such stocks on market price so as to reflect realistic profits of this period deviating from the policy of the company for valuation of stocks which is lower of cost or net realizable value. This has resulted in overstatement of (i) Stock by Rs.696.96 lacs & (ii) Profit for the year by Rs.696.96 lacs. Further as per the past practice the company was taking the levy liabilities on the basis of order issued, during the current year the company has not considered the levy order of 5,275 quintals resulting in overstatement of (i) Stock by Rs. 55.23 lacs & (ii) Profit for the year by Rs. 55.23 lacs.

7. In the books of SBEC Bioenergy Limited:

- (a) The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1<sup>st</sup> December, 2005. The Company's contribution in respect of the line amounted to Rs. 195.45 lacs as demanded by UPPCL till end of March, 2011. 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. 4.94 lacs for the year 2010-11 (Previous Year Rs. 4.70 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.

8. (I) In case of Holding Company :

- (a) Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 4.78 lacs (previous period Rs. 7.01 lacs).
- (b) 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.
  - i. Sundry creditors include a sum aggregating Nil due to Micro and Small Enterprises.
  - ii. 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 year - Nil.
  - iii. 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.
  - iv. The amount of interest accrued and remaining unpaid - Nil.
  - v. 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<br>31 <sup>st</sup> March 2011<br>( Rs. in lacs) | As at<br>31 <sup>st</sup> March 2010<br>( Rs. in lacs) |
|---|--|--|
| a) Principal amount payable to suppliers as at year end   | 0.00   | 0.19   |
| 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. 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.

10. Executive and Whole Time Director's Remuneration in case of holding company included under different heads of expenditure is as follows:

(Rs. in lacs)

| Particulars                    | Current Year | Previous Period |
|--------------------------------|--------------|-----------------|
| Salary, Allowance & Commission | 42.02        | 25.20           |
| Contribution to Provident fund | 3.39         | 1.89            |
| Reimbursement of Expenses      | 6.42         | 4.02            |
| Sub Total                      | 51.83        | 31.11           |
| Commission on profits          | Nil          | Nil*            |
| <b>TOTAL</b>                   | <b>51.83</b> | <b>31.11</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                 | 8.86         | 7.86            |
| Contribution to Provident Fund | 0.70         | 0.66            |
| Reimbursement of Expenses      | 0.69         | 0.64            |

11. Auditor's Remuneration :

(Rs. in lacs)

| Particulars                                       | Current Period / Year | Previous Period / Year |
|---|-----------------------|------------------------|
| (A) For SBEC Sugar Limited:                       |                       |                        |
| (i) Statutory Audit Fee                           | 2.25                  | 1.75                   |
| (ii) Certification & Reimbursement                | 0.88                  | 0.44                   |
| (iii) Out of pocket expenses                      | 0.12                  | 0.09                   |
| <b>Total(A)</b>                                   | <b>3.25</b>           | <b>2.28</b>            |
| (B) For SBEC Bioenergy Limited:                   |                       |                        |
| (i) Statutory Audit Fee                           | 1.38                  | 1.38                   |
| (ii) Tax Audit Fee                                | 0.41                  | 0.41                   |
| (iii) Certification & Reimbursement               | 0.24                  | 0.33                   |
| (iv) Out of pocket expense                        | 0.10                  | 0.08                   |
| <b>Total(B)</b>                                   | <b>2.13</b>           | <b>2.20</b>            |
| (C) For SBEC Stockholding & Investments Limited : |                       |                        |
| <b>Audit Fee (C)</b>                              | <b>0.03</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>5.44</b>           | <b>4.54</b>            |



## 12. 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 |
| <b>Revenue</b>                     |                  |                 |                  |                 |               |                 |
| External                           | 928.66           | 837.30          | –                | –               | 928.66        | 837.30          |
| Inter Segment                      | –                | –               | –                | –               | –             | –               |
| <b>Total Revenue</b>               | <b>928.66</b>    | <b>837.30</b>   | <b>–</b>         | <b>–</b>        | <b>928.66</b> | <b>837.30</b>   |
| <b>Result</b>                      |                  |                 |                  |                 |               |                 |
| Segment Result (Profit before tax) | 241.17           | 166.14          | –                | –               | 241.17        | 166.14          |
| Unallocated expenses               | –                | –               | –                | –               | 17.02         | 44.66           |
| Interest Expense                   | 302.72           | 0.64            | 21.81            | 65.17           | 324.53        | 65.81           |
| Interest Income                    | 200.63           | 54.31           | –                | –               | 200.63        | 54.31           |
| Income taxes                       | –                | –               | –                | –               | (18.18)       | (32.01)         |
| Deferred tax                       | –                | –               | –                | –               | (53.78)       | (11.37)         |
| Profit after tax                   | –                | –               | –                | –               | 28.29         | 66.60           |
| <b>Other Information</b>           |                  |                 |                  |                 |               |                 |
| Segment Assets                     | 4382.90          | 1711.41         | 2896.47          | 2896.47         | 7279.37       | 4607.88         |
| Unallocated Assets                 | –                | –               | –                | –               | 297.00        | 347.64          |
| Segment Liabilities                | 2864.21          | 111.68          | –                | 133.33          | 2864.21       | 245.01          |
| Unallocated Liabilities            | –                | –               | –                | –               | –             | 26.65           |
| Capital Expenditure                | –                | –               | –                | –               | 139.94        | 5.82            |
| Depreciation                       | 204.79           | 323.19          | –                | –               | 204.79        | 323.19          |

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

## 13. 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.

14. 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<br>As on 31 <sup>st</sup> March 2011 | Maximum Balance outstanding<br>during the year |
|--|---|--|
| Chandil Power Ltd. –<br>Interested Company | 11.00   | 11.00  |

## 15. 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  
Mr. Santosh Chand Gupta- Whole Time Director



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

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

\* 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<br>A (1) above | Referred in<br>A (2) above | Referred in<br>A (3) above | Referred in<br>A (4) above | Referred in<br>A (5) above |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Purchase</b>                  |                            |                            |                            |                            |                            |
| Goods and Services               | 2.00                       | -                          | -                          | -                          | 7427.78                    |
|                                  | (2.70)                     | (-)                        | (-)                        | (-)                        | (2225.17)                  |
| Fixed Assets                     | -                          | -                          | -                          | -                          | 0.06                       |
|                                  | (-)                        | (-)                        | (-)                        | (-)                        | (0.10)                     |
| <b>Sales</b>                     |                            |                            |                            |                            |                            |
| Goods and Services               | -                          | -                          | -                          | -                          | 6.59                       |
|                                  | (-)                        | (-)                        | (-)                        | (-)                        | (14.27)                    |
| <b>Expenses</b>                  |                            |                            |                            |                            |                            |
| Computer / Printing & Stationery | -                          | -                          | -                          | -                          | 2.45                       |
|                                  | (-)                        | (-)                        | (-)                        | (-)                        | (1.03)                     |
| Air Tickets / Vehicle Exp.       | -                          | -                          | -                          | -                          | 16.49                      |
|                                  | (0.01)                     | (-)                        | (-)                        | (-)                        | (4.12)                     |
| Courier / Freight Exp.           | -                          | -                          | -                          | -                          | 0.35                       |
|                                  | (-)                        | (-)                        | (-)                        | (-)                        | (0.73)                     |



|  |                      |          |          |          |                      |
|--|----------------------|----------|----------|----------|----------------------|
| Repair & Maintenance Exp.                          | -                    | -        | -        | -        | 0.23                 |
|  | (-)                  | (-)      | (-)      | (-)      | (55.28)              |
| Rent/Telephone/Electricity                         | -                    | -        | -        | -        | 2.16                 |
|  | (-)                  | (-)      | (-)      | (-)      | (0.53)               |
| Interest paid                                      | -                    | -        | -        | -        | 18.59                |
|  | (-)                  | (-)      | (-)      | (-)      | (14.80)*             |
| Salary & Wages etc                                 | -                    | -        | -        | 51.83    | 1.19                 |
|  | (0.17)               | (-)      | (-)      | (31.11)  | (0.76)               |
| Consultancy / Sitting Fee                          | -                    | -        | -        | -        | 0.06                 |
|  | (-)                  | (-)      | (-)      | (-)      | (0.71)               |
| Gifts & other                                      | -                    | -        | -        | -        | 0.52                 |
|  | (-)                  | (-)      | (-)      | (-)      | (0.21)               |
| <b>Income</b>                                      |                      |          |          |          |                      |
| Consultancy / Sitting Fee Recd.                    | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (24.99)              |
| Air Tickets / Vehicle Exp Recd.                    | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (7.03)               |
| Gifts & other Recd.                                | -                    | -        | -        | -        | 1.83                 |
|  | (-)                  | (-)      | (-)      | (-)      | (2.00)               |
| Computer / Printing & Stationery Recd.             | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (0.04)               |
| Salary & Wages Recd.                               | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (15.67)              |
| Interest Received                                  | -                    | -        | -        | -        | 25.27                |
|  | (-)                  | (-)      | (-)      | (-)      | (62.42)              |
| Lease Rent Recd. – Boiler                          | -                    | -        | -        | -        | 60.21                |
|  | (-)                  | (-)      | (-)      | (-)      | (-128.39)**          |
| Rent/Telephone/Electricity Recd.                   | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (0.22)               |
| Freight Exp. Recd.                                 | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (0.12)               |
| Corporate Guarantees Outstanding<br>as on 31.03.11 | 2500.00#<br>(133.33) | -<br>(-) | -<br>(-) | -<br>(-) | 3250.00<br>(3250.00) |
| <b>Investment</b>                                  |                      |          |          |          |                      |
| Investment in Shares                               | 250.00               | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (-)                  |
| <b>Recoverable / Receivable as on 31.03.11</b>     |                      |          |          |          |                      |
| Duty Recoverable                                   | -                    | -        | -        | -        | -                    |
|  | (-)                  | (-)      | (-)      | (-)      | (11.26)              |
| Lease Rent Receivable Yearend Balance              | -                    | -        | -        | -        | 23.40                |
|  | (-)                  | (-)      | (-)      | (-)      | (83.61)              |
| Advance Recoverable                                | -                    | -        | -        | -        | 11.00                |
|  | (-)                  | (-)      | (-)      | (-)      | (11.00)              |
| <b>Finance / Advance Taken as on 31.03.11</b>      |                      |          |          |          |                      |
| Finance (including Loan)Yearend Balance            | -                    | -        | -        | -        | 490.00               |
|  |                      |          |          |          | 835.45               |
|  |                      |          |          |          | (100.00)             |
|  | (-)                  | (-)      | (-)      | (-)      | (345.45)             |
| 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.

# Guarantee given to SBEC Bioenergy Ltd. Rs. 2500/-lacs.



**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
    - 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 31<sup>st</sup> March, 2011 (Previous Year)**

| 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          | -          | (-)   | 10.25      | (9.15) | -          | (-) |
| Rent                  | -          | (-)   | -          | (-)    | -          | (-) |
| Other Expenses        | -          | (-)   | -          | (-)    | -          | (-) |
| <b>Outstanding:</b>   |            |       |            |        |            |     |
| Payable               | 217.45     | (-)   | 0.96       | (0.46) | -          | (-) |
| Receivable            | 710.49     | (-)   | -          | (-)    | -          | (-) |

**16. Lease (AS-19)**

**a) Finance Lease**

Followings are the details of lease transaction for the year:

The company leased boiler under finance lease for a period of four years.

Future minimum commitments in respect of the finance lease are mentioned below :

(Rs.in Lacs)

| Particulars            | As at 31.03.2011 | As at 31.03.2010 |
|------------------------|------------------|------------------|
| Within one year        | 20.73            | 44.81            |
| One year to five years | -                | 57.49            |

**b) Operating Lease**

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

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

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



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

| Particulars                                       | (Rs.in Lacs)     |                  |
|---|------------------|------------------|
|   | As at 31.03.2011 | As at 31.03.2010 |
| <b>Deferred Tax Liability</b>                     |                  |                  |
| Depreciation                                      | 1052.23          | 1182.17          |
| Other Deductions                                  | —                | —                |
| <b>Sub Total – A</b>                              | <b>1052.23</b>   | <b>1182.17</b>   |
| <b>Deferred Tax Assets</b>                        |                  |                  |
| Business Loss / Unabsorbed Dep.                   | 1299.11          | 1094.99          |
| Deduction u/s 43B                                 | 103.11           | 101.72           |
| Disallowance u/s 40 (a) & 40(A)(7)                | 22.57            | 19.40            |
| <b>Sub Total – B</b>                              | <b>1424.84</b>   | <b>1216.11</b>   |
| <b>Net Deferred Tax Assets /(Liability) {B-A}</b> | <b>372.61</b>    | <b>33.94</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 there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- (b) Break-up of Deferred Tax Assets / Liabilities into major Components as given below:

| Deferred Tax Assets                 | Deferred Tax<br>Asset /<br>(Liability) as at<br>31.03.2011 | Current Year<br>(Charge) /<br>Credit | Deferred Tax<br>Asset /<br>(Liability) as<br>at 31.03.2010 |
|-------------------------------------|--|--------------------------------------|--|
| Depreciation                        | 219.21   | (64.67)                              | 283.88   |
| Disallowance u/s 43B                | 4.83   | (0.24)                               | 5.07   |
| Gratuity                            | 6.07   | 0.05                                 | 6.02   |
| Other Disallowance under I. Tax Act | 29.03  | 11.08                                | 17.95  |
| Deferred Tax Assets/ (Liabilities)  | 259.14   | (53.78)                              | 312.92   |

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

| Particulars   | Current Year | Previous Period |
|---|--------------|-----------------|
| Net Profit/(Loss) after tax (Rs. in lacs)                               | 397.47       | 558.24          |
| Weighted Average number of equity shares<br>outstanding during the year | 4,76,53,880  | 4,76,53,880     |
| Basic Earning per Share (Rs.)   | 0.83         | 1.17            |
| Diluted Earning per Share (Rs.)   | 0.83         | 1.17            |

19. 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<br>(No License required) | 8,000<br>(8,000)   |

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

(Rs in lacs)

| Classes of Goods     | Opening Stock<br>Quantity<br>(Qtls.) | Production<br>Quantity<br>(Qtls.) | Sales                  |                          | Reprocess<br>Stock<br>(Qtls.) | Closing stock          |                          |
|----------------------|--------------------------------------|-----------------------------------|------------------------|--------------------------|-------------------------------|------------------------|--------------------------|
|                      |                                      |                                   | Quantity<br>(Qtls.)    | Value                    |                               | Quantity<br>(Qtls.)    | Value                    |
| Sugar                | 4,79,997<br>(82,226)                 | 8,08,960*<br>(7,70,450)*          | 8,59,764<br>(3,72,679) | 24,846.44<br>(12,445.58) | NIL<br>(7680)                 | 4,29,193<br>(4,79,997) | 12,592.44<br>(14,283.89) |
| Molasses(By-product) | 2,70,043<br>(1,46,588)               | 4,87,134#<br>(4,19,193)#          | 5,20,232<br>(2,95,738) | 1,432.52<br>(1,218.86)   | —<br>(—)                      | 2,36,945<br>(2,70,043) | 604.94<br>(900.43)       |
| Sugar Trading        | —<br>(—)                             | Purchases<br>2,62,718<br>(63,984) | 1,55,303<br>(63,984)   | 4,997.99<br>(2,267.30)   | —<br>(—)                      | 1,07,415<br>(—)        | 3,344.45<br>(—)          |

\*including 1410 quintals of BISS. (Previous period Nil quintals).

# including ad-hoc additions of 21,375.05. quintals. (Previous period 8,462.90 quintals.)

**c) CONSUMPTION OF RAW MATERIALS**

|            | Unit     | Quantity                 | Value (Rs in Lacs)       |
|------------|----------|--------------------------|--------------------------|
| Sugar Cane | Quintals | 93,60,168<br>(87,20,000) | 20,713.69<br>(21,977.78) |

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

(Rs in Lacs)

| Particulars        | Indigenous               |                  | Imported         |                |
|--------------------|--------------------------|------------------|------------------|----------------|
|                    | Value                    | %                | Value            | %              |
| Raw Materials      | 20,713.69<br>(21,977.78) | 100<br>(100)     | Nil<br>(—)       | Nil<br>(—)     |
| Stores and Spares* | 1,011.76<br>(897.80)     | 98.50<br>(98.59) | 15.43<br>(12.87) | 1.50<br>(1.41) |

\* Excluding spares used for capitalization.

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

(Rs. in Lacs)

| Particulars        | Current Year | Previous Period |
|--------------------|--------------|-----------------|
| Foreign Travelling | 17.65        | 3.95            |

**f) CIF VALUE OF IMPORTS**

|               |       |      |
|---------------|-------|------|
| Value imports | 16.24 | 7.29 |
|---------------|-------|------|



### 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<br>(12 MW)    | 3,69,82,808 kwh<br>(2,96,41,510 kwh) |
| Steam       | Not Applicable    | 77 tph<br>(77 tph) | 2,55,355 tones<br>(2,08,876 tones)   |

Figures in brackets are for Previous Year.

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

@ The plant operated for 147 days in the current year (previous year 122 days)

##### b. Details of Sales/Conversions.

(Rs. in lacs)

| Description | Opening Stock                    |                  | Conversion                         |              | Sales                                |                    | Stock                            |                  |
|-------------|----------------------------------|------------------|------------------------------------|--------------|--------------------------------------|--------------------|----------------------------------|------------------|
|             | Quantity                         | Value            | Quantity                           | Value        | Quantity                             | Value              | Quantity*                        | Value            |
| Power       | 12,41,714 kwh<br>(11,71,263 kwh) | 27.52<br>(21.20) | 81,50,132 kwh<br>(38,95,069 kwh)   | -<br>-       | 2,43,96,936 kwh<br>(2,23,15,073 kwh) | 928.66<br>(837.30) | 13,61,874 kwh<br>(12,41,714 kwh) | 25.12<br>(27.52) |
| Steam       | -                                | -                | 2,55,355 tones<br>(2,08,876 tones) | Nil<br>(Nil) | Nil<br>(Nil)                         | Nil<br>(Nil)       | Nil<br>(Nil)                     | Nil<br>(Nil)     |

Figures in brackets are for Previous Year.

\* Includes 1,25,000 kwh (Previous year 1,55,214 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*            | -<br>(-)           | 100<br>(100)     | -<br>(-)        | -<br>(-)        |
| Store / Spares      | 149.56<br>(113.61) | 98.98<br>(89.93) | 1.54<br>(12.72) | 1.02<br>(10.07) |

Figures in brackets are for previous year.

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

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

(Rs. in lacs)

| Particulars    | Current Year | Previous Year |
|----------------|--------------|---------------|
| Store & Spares | Nil          | Nil           |

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

(Rs. in lacs)

| Particulars                        | Current Year | Previous Year |
|------------------------------------|--------------|---------------|
| Professional Services (Net of TDS) | Nil          | Nil           |
| Others                             | 8.43         | 4.34          |





**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.

**3. 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   |
| (2.5)          | (506) | (-)            | (-)   | (-)            | (-)   | (2.5)          | (506) |

Other information are not applicable to the Company

**20. 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)

|   |         |
|---|---------|
| Employer's contribution to Provident Fund | 53.45   |
| Previous Period                           | (42.10) |

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)

| Particular   | Gratuity (Unfunded) For the year ended 31.03.2011 | Gratuity (Unfunded) For the period ended 31.03.2010 | Gratuity (Unfunded) For the period ended 30.06.2009 | Gratuity (Unfunded) For the period ended 31.03.2008 | Leave Encashment For the year ended 31.03.2011 | Leave Encashment (Unfunded) For the Period ended 31.03.2010 | Leave Encashment (Unfunded) for the period ended 31.06.2009 | Leave Encashment (Unfunded) for the period ended 31.03.2008 |
|--|---|---|---|---|--|---|---|---|
| Defined Benefit obligation at the beginning of the period. | 57.08   | 59.30   | 40.60   | 34.15   | 9.51   | 23.78   | 19.68   | 20.58   |
| Past Service cost  | 5.91  | -   | -   | -   | -  | -   | -   | -   |
| Current Service Cost                                       | 11.78   | 8.33  | 14.00   | 7.46  | 2.27   | 1.75  | 8.12  | 5.65  |
| Interest Cost  | 4.57  | 3.34  | 3.55  | 2.73  | 0.76   | 1.34  | 1.72  | 1.90  |
| Actuarial (gain)/loss                                      | (2.41)  | (9.46)  | 11.10   | (3.74)  | (1.04)   | (14.15)   | (0.42)  | (5.87)  |
| Benefits Paid  | (3.87)  | (4.42)  | (9.95)  | -   | -  | (3.21)  | (5.33)  | -   |
| Settlement cost  | -   | -   | -   | -   | -  | -   | -   | -   |
| Defined Benefit obligation at the end of the period        | 73.06   | 57.08   | 59.30   | 40.60   | 11.49  | 9.51  | 23.78   | 22.26   |



(Rs. in lacs)

| Particular | Gratuity<br>(Unfunded)<br>For the year<br>ended<br>31.03.2011 | Gratuity<br>(Unfunded)<br>For the period<br>ended<br>31.03.2010 | Gratuity<br>(Unfunded)<br>For the period<br>ended<br>30.06.2009 | Gratuity<br>(Unfunded)<br>For the period<br>ended<br>31.03.2008 | Leave<br>Encashment<br>For the year<br>ended<br>31.03.2011 | Leave<br>Encashment<br>(Unfunded) For<br>the Period ended<br>31.03.2010 | Leave<br>Encashment<br>(Unfunded) for<br>the period ended<br>31.06.2009 | Leave<br>Encashment<br>(Unfunded) for<br>the period ended<br>31.03.2008 |
|------------|---|---|---|---|--|---|---|---|
|------------|---|---|---|---|--|---|---|---|

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

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

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

|   |         |         |         |         |                      |                      |         |         |
|---|---------|---------|---------|---------|----------------------|----------------------|---------|---------|
| Fair Value of Plan Assets as at 31 <sup>st</sup> March , 2011 | -       | -       | -       | -       | -                    | -                    | -       | -       |
| Present value of obligation as at 31st March , 2011           | 73.06   | 57.08   | 59.30   | 40.60   | 11.49                | 9.51                 | 23.78   | 22.26   |
| Net asset/(liability) recognized in the Balance Sheet         | (73.06) | (57.08) | (59.30) | (40.60) | (34.78) <sup>^</sup> | (35.56) <sup>^</sup> | (23.78) | (22.26) |

<sup>^</sup> It includes company grade employees' freeze liability in books amounting to Rs. 23.29 lacs (Previous Period Rs. 26.05 lacs).

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

|  |        |        |       |        |                   |                      |        |        |
|--|--------|--------|-------|--------|-------------------|----------------------|--------|--------|
| Current Service Cost                                   | 11.78  | 8.33   | 14.00 | 7.46   | 2.27              | 1.75                 | 8.12   | 5.66   |
| Past Service Cost                                      | 5.91   | -      | -     | -      | -                 | -                    | -      | -      |
| Interest Cost  | 4.57   | 3.34   | 3.55  | 2.73   | 0.76              | 1.34                 | 1.72   | 1.90   |
| Expected return on plan assets                         | -      | -      | -     | -      | -                 | -                    | -      | -      |
| Net Actuarial (gain)/loss recognized during the period | (2.41) | (9.46) | 11.10 | (3.74) | (1.04)            | (14.15)              | (0.42) | (9.06) |
| Expenses recognized in the statement of Profit & Loss  | 19.85  | 2.20   | 28.65 | 6.45   | 1.56 <sup>#</sup> | (11.06) <sup>#</sup> | 9.42   | (1.50) |

<sup>#</sup> It excludes the expense in relation to company grade employees' amounting to Rs. 0.43 lacs (Previous Period 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<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified | 1994-96<br>duly<br>modified |
| Discount rate as<br>at 31st March, 2011   | 8.00%                       | 7.50%                       | 7.00%                       | 8.00%                       | 8.00%                       | 7.50%                       | 7.00%                       | 8.00%                       |
| Future Salary Increase                    | 5.50%                       | 5.00%                       | 4.50%                       | 5.50%                       | 5.50%                       | 5.00%                       | 4.50%                       | 5.50%                       |
| Expected rate of return<br>on plan assets | -                           | -                           | -                           | -                           | -                           | -                           | -                           | -                           |
| Retirement Age                            | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    | 60 Years                    |
| <b>Withdrawal</b>                         |                             |                             |                             |                             |                             |                             |                             |                             |
| <b>RatesAge</b>                           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           | <b>Withdrawal</b>           |
| Upto 30 years                             | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       | 3.00%                       |
| From 31 to 44 years                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       | 2.00%                       |
| Above 44 years                            | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       | 1.00%                       |

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

Actuarial valuation for period ended 31st March, 2011 and 31<sup>st</sup> 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. However the expenses have been provided on Accrual Basis.

**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:

|   | 2010-11<br>Year | 2009-10<br>Year | 2008-09<br>Year |
|---|-----------------|-----------------|-----------------|
| Employer's contribution to Provident Fund | 9.01            | 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)

| Particular  | Current    | Previous   | Previous   | Current    | Previous   | Previous   |
|---|------------|------------|------------|------------|------------|------------|
|   | Year       | Year       | Year       | year Leave | year Leave | Year Leave |
|   | Gratuity   | Gratuity   | Gratuity   | Encashment | Encashment | Encashment |
|   | (Unfunded) | (Unfunded) | (Unfunded) | (Unfunded) | (Unfunded) | (Unfunded) |
|   | 2010-11    | 2009-10    | 2008-09    | 2010-11    | 2009-10    | 2008-09    |
| Defined Benefit obligation at the beginning of the year | 18.13      | 15.28      | 19.34      | 1.80       | 1.09       | 12.70      |
| Current Service Cost                                    | 2.84       | 2.34       | 2.12       | 0.42       | 0.51       | 1.30       |
| Past Service Cost                                       | 0.19       | -          | -          | -          | -          | -          |
| Interest Cost   | 1.45       | 1.15       | 1.36       | 0.14       | 0.08       | 0.89       |
| Actuarial (gain)/loss                                   | (0.95)     | (0.25)     | (1.59)     | (0.79)     | 0.12       | (4.56)     |
| Benefits Paid   | (2.00)     | (0.39)     | (5.95)     | -          | -          | (2.92)     |
| Settlement cost   | -          | -          | -          | -          | -          | -          |
| Defined Benefit obligation at the end of the year       | 19.65      | 18.13      | 15.28      | 1.57       | 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, 2011               | -       | -       | -       | -    | -      | -      |
| Present value of obligation as at 31 <sup>st</sup> March, 2011 | 19.65   | 18.13   | 15.28   | 1.57 | 1.80   | 7.41   |
| Net asset/(liability) recognized in the Balance Sheet          | (19.65) | (18.13) | (15.28) | 1.57 | (1.80) | (7.41) |

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

|   |        |        |        |        |      |        |
|---|--------|--------|--------|--------|------|--------|
| Current Service Cost                                    | 2.84   | 2.34   | 2.12   | 0.42   | 0.51 | 1.30   |
| Past Service Cost                                       | 0.19   | -      | -      | -      | -    | -      |
| Interest Cost   | 1.45   | 1.14   | 1.36   | 0.14   | 0.08 | 0.89   |
| Expected return on plan assets                          | -      | -      | -      | -      | -    | -      |
| Net Actuarial (gain)/ loss recognized during the period | (0.95) | (0.25) | (1.59) | (0.79) | 0.12 | (4.56) |
| Expenses recognized in the statement of Profit & Loss   | 3.53   | 3.23   | 1.89   | (0.23) | 0.71 | (2.37) |

### 5. Actual Return on Plan Assets

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



6. Principal Actuarial Assumptions

**Particulars**

|  |                     |                   |                   |                   |                   |                   |                   |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Discount rate as at 31 <sup>st</sup> March, 2011 |                     | 8.00%             | 7.50%             | 7.00%             | 8.00%             | 7.50%             | 7.00%             |
| Future Salary Increase                           |                     | 5.50%             | 5.00%             | 4.50%             | 5.50%             | 5.00%             | 4.50%             |
| Expected rate of return on plan assets           |                     | -                 | -                 | -                 | -                 | -                 | -                 |
| Retirement Age                                   |                     | 60 years          | 60 years          | 60 years          | 60 years          | 60 years          | 60 years          |
| <b>Withdrawal Rates</b>                          | <b>Age</b>          | <b>Withdrawal</b> | <b>Withdrawal</b> | <b>Withdrawal</b> | <b>Withdrawal</b> | <b>Withdrawal</b> | <b>Withdrawal</b> |
|  | Upto 30 years       | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             |
|  | From 31 to 44 years | 2.00%             | 2.00%             | 2.00%             | 2.00%             | 2.00%             | 2.00%             |
|  | Above 44 years      | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |

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

Disclosure in respect of previous two 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 14**

For & on behalf of

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

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

Abhishek Modi  
(Executive Director)  
DIN No. 0002798

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

Man Mohan  
(Director)  
DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

Anup Gupta  
(Company Secretary)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

|   | Current Year<br>(Rs. in Lacs) | Pervious Period<br>(Rs. in Lacs) |
|---|-------------------------------|----------------------------------|
| <b>A) Cash Flow from Operating Activities</b>   |                               |                                  |
| Profit/(Loss) Before Tax as per Profit & Loss Account   | 129.30                        | 871.11                           |
| <i>Adjustments for :</i>  |                               |                                  |
| Interest Expenses   | 1,405.06                      | 770.93                           |
| Interest Income   | (241.95)                      | (81.09)                          |
| Dividend Income   | (0.60)                        | (0.60)                           |
| Debit Balances Written off  | 5.36                          | -                                |
| Loss on Sale of Stores & Spares   | 1.60                          | -                                |
| Loss on Sale of Fixed assets  | 2.66                          | 0.71                             |
| Assets Written off  | -                             | -                                |
| Provision for Obsolete Store Items  | -                             | 2.31                             |
| Provision for Doubtful Advances   | 4.60                          | 0.03                             |
| Depreciation  | 737.29                        | 715.19                           |
| Deferred Revenue exp.   | 19.55                         | 19.55                            |
| Preliminary Expenses  | 1.15                          | 0.55                             |
| Unclaimed liabilities Written Back  | (199.80)                      | (282.58)                         |
| <b>Operating profit before Working Capital Changes</b>  | <u>(1,864.21)</u>             | <u>2,016.10</u>                  |
| <i>Adjustments for :</i>  |                               |                                  |
| Trade and Other Receivables   | (4,447.54)                    | 126.31                           |
| Inventories   | (1,395.13)                    | (12,568.36)                      |
| Trade Payables  | (2,579.95)                    | 10,918.68                        |
| Cash generated from Operating Activities  | <u>(6,558.41)</u>             | <u>492.73</u>                    |
| Direct Taxes (Paid)/Refund  | (46.13)                       | (5.64)                           |
| <b>Net Cash Flow from Operating Activities</b>  | <u>(6,604.54)</u>             | <u>487.09</u>                    |
| <b>B) Cash Flow from Investing Activities</b>   |                               |                                  |
| Purchase of Fixed Assets  | (953.30)                      | (171.06)                         |
| Capital Work in Progress  | (61.09)                       | (72.81)                          |
| Proceeds from sale of Fixed Assets  | 4.76                          | 0.81                             |
| Purchase of Investments   | (400.00)                      | (45.01)                          |
| Dividend Income   | 0.60                          | 0.60                             |
| Interest Received   | 241.95                        | 81.09                            |
| <b>Net Cash Flow from Investing Activities</b>  | <u>(1,167.08)</u>             | <u>(206.38)</u>                  |
| <b>C) Cash Flow from Financing Activities</b>   |                               |                                  |
| Proceeds from Long Term Borrowings (Net)  | 9,416.95                      | (381.96)                         |
| Proceeds from Short Term Borrowings (Net)   | 415.85                        | 566.35                           |
| Net Interest Paid   | (1,405.06)                    | (770.93)                         |
| <b>Net Cash Flow from Financing Activities</b>  | <u>8,427.74</u>               | <u>(586.54)</u>                  |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>   | <u>656.12</u>                 | <u>(305.83)</u>                  |
| Cash & Cash Equivalents as on 1st April, 2010 (Opening balance)   | 368.60                        | 674.43                           |
| Cash & Cash Equivalents as on 31st March, 2011 (Closing balance)  | 1,024.00                      | 368.60                           |
| <b>Net Increase as disclosed above</b>  | 656.12                        | (305.83)                         |
| 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  | 8.40                          | 2.61                             |
| Cheques/ Drafts in Hand   | 9.19                          | 0.39                             |
| Balances with Banks   | 1,007.13                      | 365.60                           |
| <b>Total</b>  | <u>1,024.72</u>               | <u>368.60</u>                    |

For &amp; on behalf of

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

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

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

Man Mohan  
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DIN No. 00207036

Mukesh Goyal  
Mg. Partner  
Membership No. : 081810

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

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

S.S. Agarwal  
Vice President (Commercial)

Place : New Delhi  
Date : 11th August, 2011

Rajeev Malhotra  
(Chief Financial Officer)

Anup Gupta  
(Company Secretary)

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present their 13<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2011.

The financial results for the year are as under:

|   | (Rs. In Lacs)                              |  |
|---|--|--|
|   | Year ended<br>31 <sup>st</sup> March, 2011 | Year ended<br>31 <sup>st</sup> March, 2010 |
| Sales and Other Income                              | 1133.22                                    | 892.24                                     |
| Total Expenditure                                   | 830.39                                     | 459.07                                     |
| Operating Profit/ ( Loss) before Depreciation & Tax | 302.83                                     | 433.17                                     |
| Depreciation  | 204.79                                     | 323.19                                     |
| Operating Profit/ ( Loss) before tax                | 98.04                                      | 109.98                                     |
| Income tax  | 15.97                                      | 32.01                                      |
| Credit for Deferred tax                             | 53.78                                      | 11.37                                      |
| Profit / (Loss) after tax                           | 28.29                                      | 66.60                                      |
| Reserves excluding revaluation reserve              | 2412.15                                    | 2383.86                                    |

### OPERATIONS

The operations of the Company have resulted in a net profit after tax of Rs.28.29 Lacs during the current year as against Rs. 66.60 Lacs in the previous year. Your directors are planning to expand the activities.

### FIXED DEPOSITS

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

### DIRECTORS

Mr. Arun Kumar Gupta, Manager u/s 2(24) of the Companies Act, 1956 has resigned from the services w.e.f. 10<sup>th</sup> July, 2011. The Board expressed their sincere appreciation for support and guidance provided by Mr. Arun Kumar Gupta to the Company during the tenure of his office as a manager of the Company

The Board of Directors has appointed Mr. Abhishek Modi, Director of the company as a Whole-Time Director of the company w.e.f. 11<sup>th</sup> July, 2011.

Your Directors recommends his appointment.

Mr. G. C. Jain and Mr Norland L.C. Suzor, 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 being eligible, offer themselves for re-appointment.

### COST AUDITOR

M/s M.K. Singhal & Company Cost Accountants, has been appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, as Cost Auditors of the Company for the Financial Year 2011-12. The Company has received a letter from them to the effect that their appointment, if made would be within the prescribed limits under Section 224 (1B) of the Company Act, 1956, Certificate of independence and arms length relationship with the Company and are not disqualified for such appointment within the meaning of Section 226/233-B(5) of the Companies Act, 1956. Accordingly, the approval of the Central Government for the appointment of Cost Auditors has been received.

### 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 the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
3. that the Directors had taken proper & sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the annual accounts on a going concern basis;

**ACKNOWLEDGEMENTS**

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

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

Place: New Delhi  
Date : 10th August, 2011

**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, 2011.

**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 Year |
|-------------------------------|--------------|---------------|
| Total Foreign Exchange Used   | 8.43         | 4.34          |
| 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, 2011 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 Subsection (3c) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from Directors as on March 31, 2011 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, 2011, 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

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

Place : New Delhi  
Date : 10th August, 2011

**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, 2011

- i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no discrepancies between the book records and physical inventory were noticed on such verifications. The substantial part of fixed assets of the company has not been disposed off during the year.
- ii) The stocks of stores, spare parts, raw materials, except goods in-transit, have been physically verified at reasonable intervals by the management.  
In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
- iii) 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, except Income Tax of Rs.21,81,808 which was deposited late.  
(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, 2011.  
(c) According to the information and explanations given to us and the records of the company examined by us, the particulars of statutory dues of the specified status as at the end of the end of the period, which have not been deposited on account of a dispute are as follows.

| Name of the Statute | Name of Dues | Amount<br>Rs. Lacs | Period to which<br>amount relates | Forum where dispute<br>is pending |
|---------------------|--------------|--------------------|-----------------------------------|-----------------------------------|
| Income Tax Act      | Income Tax   | 102.33             | 2008-09                           | CIT- X Delhi                      |

- x) The company had no accumulated losses as at 31.03.2011 and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a nidhi, mutual benefit fund or society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provision of clause 4(XIV) of the Companies (Auditor's Report) order 2003 are not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us and as per the books and record examined by us, no funds raised on short term basis have been used for long term investment by the Company and vice versa.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.
- xix) No debentures were issued by the company during the period.
- xx) The company has not raised any money by public issue.
- xxi) To the best of our information and according to the explanations given to us, no fraud on or by the company has been noticed/reported during the period.

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

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

Place : New Delhi  
Date : 10th August, 2011

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

|   | SCHEDULE | AS AT<br>31.03.2011<br>(Rs. in lacs) | AS AT<br>31.03.2010<br>(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                             |          | 2,412.15                             | 2,383.86                             |
|   |          | <u>4,712.15</u>                      | <u>4,683.86</u>                      |
| <b>Loan Funds</b>                                   |          |                                      |                                      |
| Secured Loans                                       | 2        | 2,500.00                             | 133.33                               |
| Unsecured Loans                                     |          | -                                    | -                                    |
| <b>TOTAL</b>  |          | <u>7,212.15</u>                      | <u>4,817.19</u>                      |
| <b>II APPLICATION OF FUNDS</b>                      |          |                                      |                                      |
| <b>FIXED ASSETS</b>                                 | 3        |                                      |                                      |
| Gross Block   |          | 4,551.29                             | 4,550.62                             |
| Less : Depreciation                                 |          | 3,963.34                             | 3,758.55                             |
| Net Block   |          | 587.95                               | 792.07                               |
| Capital Work in Progress                            |          | 144.10                               | 4.83                                 |
|   |          | <u>732.05</u>                        | <u>796.90</u>                        |
| <b>INVESTMENTS</b>                                  | 4        | 5.00                                 | 5.00                                 |
| <b>DEFERRED TAX ASSETS</b>                          |          | 259.14                               | 312.92                               |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>         |          |                                      |                                      |
| Inventories - Stores & Spares                       |          | 241.92                               | 233.32                               |
| Closing stock of Power Banked                       |          | 25.22                                | 27.52                                |
| Cash & Bank Balances                                | 5        | 5.69                                 | 31.16                                |
| Sundry Debtors                                      | 6        | 149.66                               | 410.20                               |
| Loans & Advances                                    | 7        | 6,066.40                             | 3,027.68                             |
|   |          | <u>6,488.90</u>                      | <u>3,729.88</u>                      |
| <b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>  |          |                                      |                                      |
| Current Liabilities                                 | 8        | 336.32                               | 84.86                                |
| Provisions  | 9        | 27.90                                | 53.47                                |
|   |          | <u>364.21</u>                        | <u>138.33</u>                        |
| <b>NET CURRENT ASSETS</b>                           |          | 6,124.68                             | 3,591.55                             |
| <b>MISCELLANEOUS EXPENDITURE</b>                    | 10       | 91.28                                | 110.82                               |
| <b>( to the extent not written off or adjusted)</b> |          |                                      |                                      |
| <b>TOTAL</b>  |          | <u>7,212.15</u>                      | <u>4,817.19</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

DIN No. 00002757

Abhishek Modi

Executive Director

DIN No. 00002798

G.C. Jain

Director

DIN No. 00002696

Place : New Delhi

Date : 10th August, 2011

J.N. Khurana

Director

DIN No. 00003817

S.S. Agarwal

Director

DIN No. 00004840

Meenu Chauhan

Company Secretary

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

| PARTICULARS   | SCHEDULE | For the Year<br>ended 31.03.2011<br>(Rs. in lacs) | For the Year<br>ended 31.03.2010<br>(Rs. in lacs) |
|---|----------|---|---|
| <b>I. INCOME</b>  |          |   |   |
| Sale of Power   |          | 928.67  | 837.30  |
| Other Income  | 11       | 204.55  | 54.94   |
| Increase / (Decrease) in Closing stock of Power Bank    |          | (2.30)  | 6.32  |
| <b>TOTAL INCOME</b>                                     |          | <u>1,130.92</u>                                   | <u>898.56</u>                                     |
| <b>II. EXPENDITURE</b>                                  |          |   |   |
| Operating Expenses                                      | 12       | 246.07  | 194.72  |
| Personnel Expenses                                      | 13       | 145.65  | 119.22  |
| Administration Expenses                                 | 14       | 111.84  | 84.71   |
| <b>TOTAL EXPENDITURE</b>                                |          | <u>503.55</u>                                     | <u>398.65</u>                                     |
| <b>Profit before interest, depreciation and tax</b>     |          | <b>627.37</b>                                     | 499.91  |
| Finance Expenses  | 15       | 324.53  | 66.66   |
| <b>PROFIT BEFORE DEPRECIATION AND TAX</b>               |          | <b>302.83</b>                                     | 433.25  |
| Depreciation  |          | 204.79  | 323.19  |
| <b>PROFIT BEFORE TAX</b>                                |          | <b>98.04</b>                                      | 110.06  |
| <b>Less :</b>   |          |   |   |
| Prior Period Adjustments                                |          | -   | 0.08  |
| Prior Year Income tax Adjustments                       |          | -   | 0.01  |
| Excess Provision Written Back Income Tax                |          | (2.21)  | -   |
| Provision for Income tax                                |          | 18.18   | 32.00   |
| (Credit) / Charges for Deferred Tax                     |          | 53.78   | 11.37   |
| <b>PROFIT AFTER TAX</b>                                 |          | <u>28.29</u>                                      | <u>66.60</u>                                      |
| <b>Add : Balance brought forward from previous year</b> |          | <b>2,383.86</b>                                   | 2,317.26  |
| <b>BALANCE CARRIED FORWARD TO THE BALANCE SHEET</b>     |          | <u>2,412.15</u>                                   | <u>2,383.86</u>                                   |
| <b>EARNINGS PER SHARE</b>                               |          |   |   |
| - Basic (Rs.)   |          | 0.12  | 0.29  |
| - Diluted (Rs.)   |          | 0.12  | 0.29  |

(Refer Note No B-6 in Schedule 16.)

### Accounting Policies and Notes to Accounts 16

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  
DIN No. 00002757

Abhishek Modi  
Executive Director  
DIN No. 00002798

G.C. Jain  
Director  
DIN No. 00002696

Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
DIN No. 00003817

S.S. Agarwal  
Director  
DIN No. 00004840

Meenu Chauhan  
Company Secretary



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

|   | AS AT<br>31.03.2011<br><u>(Rs. in lacs)</u> | AS AT<br>31.03.2010<br><u>(Rs. in lacs)</u> |
|---|---|---|
| <b>Long Term<br/>(Un - quoted)</b>  |   |   |
| 20,000 fully paid Equity shares (Previous year 20,000 equity shares)<br>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           | 5.69        | 31.16        |
|                                 | <u>5.69</u> | <u>31.16</u> |

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

|  |               |               |
|--|---------------|---------------|
| <b>Outstanding for a period exceeding six months</b> |               |               |
| Considered Good                                      | –             | –             |
| Considered Doubtful                                  | –             | –             |
| Other Debts  |               |               |
| Considered Good                                      | 149.66        | 410.20        |
| Considered Doubtful                                  | –             | –             |
|  | <u>149.66</u> | <u>410.20</u> |

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

|   |                 |                 |
|---|-----------------|-----------------|
| Advances Recoverable in Cash or in Kind or for Value to be received |                 |                 |
| Considered Good   | 6,025.74        | 2,279.66        |
| Considered Doubtful   | –               | –               |
| Advance given to Holding Co (Debt Assignment PNB)                   | 0.00            | 710.49          |
| Advance Tax/ Tax Deducted at Source                                 | 32.85           | 29.72           |
| Security Deposits   | 7.81            | 7.81            |
|   | <u>6,066.40</u> | <u>3,027.68</u> |

**SCHEDULE 8 - CURRENT LIABILITIES**

|   |               |              |
|---|---------------|--------------|
| Bill Payable  | 0.09          | 0.07         |
| Interest Accrued But not due  | 17.45         | 0.00         |
| Sundry Creditors for Goods & Services -<br>Small Scale Industries Undertaking | 0.00          | 0.19         |
| Other   | 67.53         | 57.84        |
| Retention Money   | 1.34          | 0.76         |
| Security Deposit  | 0.45          | 0.45         |
| Other Liabilities   | 249.46        | 25.55        |
|   | <u>336.32</u> | <u>84.86</u> |

**SCHEDULE 9 - PROVISIONS.**

|                      |              |              |
|----------------------|--------------|--------------|
| For Income Tax       | –            | 26.65        |
| For Gratuity         | 19.65        | 18.13        |
| For Leave Encashment | 8.25         | 8.69         |
|                      | <u>27.90</u> | <u>53.47</u> |

**SCHEDULE 10 - MISCELLANEOUS EXPENDITURE**
**(To the extent not written off or adjusted)**

|                                   |              |               |
|-----------------------------------|--------------|---------------|
| Deferred Revenue Expenses         |              |               |
| Opening Balance                   | 110.82       | 130.37        |
| Less: Written off during the Year | 19.54        | 19.55         |
|                                   | <u>91.28</u> | <u>110.82</u> |

**SCHEDULE 11 - OTHER INCOME**

|   | <b>For the Year<br/>ended 31.03.2011<br/>(Rs. in lacs)</b> | <b>For the Year<br/>ended 31.03.2010<br/>(Rs. in lacs)</b> |
|---|--|--|
| Interest earned (Gross) (TDS Rs. 20.03 Lacs)<br>(Previous Year Rs. 5.20 lacs) | 199.35   | 52.02  |
| Interest on Income Tax Refunds  | 1.27   | 2.29   |
| Excess provision written back   | 0.00   | 0.03   |
| Amount written back   | 0.95   | 0.00   |
| Exchange rate fluctuation   | 0.26   | 0.00   |
| Miscellaneous Income  | 2.72   | 0.00   |
| Dividend  | —  | 0.60   |
|   | <b>204.55</b>  | <b>54.94</b>   |

**SCHEDULE 12 - OPERATING EXPENSES**

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Bagasse and Ash Handling Charges     | 33.53         | 33.48         |
| Power, Fuel and Electricity Expenses | 16.10         | 15.78         |
| Technical Assistance Fees            | 11.83         | 8.81          |
| Repair & Maintenance - Machinery     | 184.61        | 136.65        |
|                                      | <b>246.07</b> | <b>194.72</b> |

**SCHEDULE 13 - PERSONNEL EXPENSES**

|                                |               |               |
|--------------------------------|---------------|---------------|
| Salary, Wages and Allowances   | 131.58        | 107.10        |
| Contribution to Provident Fund | 10.22         | 8.47          |
| Gratuity                       | 3.53          | 3.23          |
| Staff Welfare                  | 0.32          | 0.42          |
|                                | <b>145.65</b> | <b>119.22</b> |

**SCHEDULE 14 - ADMINISTRATION EXPENSES**

|                                       |               |              |
|---------------------------------------|---------------|--------------|
| Auditors Remuneration                 |               |              |
| – as Statutory Audit Fee              | 1.38          | 1.38         |
| – as Tax Audit Fee                    | 0.41          | 0.41         |
| – as Certification charges            | 0.24          | 0.33         |
| – Out of Pocket Expenses              | 0.10          | 0.08         |
| Travelling and Conveyance             | 20.37         | 3.23         |
| Security Watch and Ward               | 33.21         | 30.86        |
| Miscellaneous Expenses                | 4.27          | 3.16         |
| Insurance                             | 6.44          | 6.92         |
| Legal & Professional Expenses         | 6.09          | 4.65         |
| Vehicle Running and Maintenance       | 5.05          | 2.50         |
| Telephone Expenses                    | 2.85          | 1.39         |
| Rates & Taxes                         | 0.22          | 0.51         |
| Rent                                  | 8.33          | 8.17         |
| Repair and Maintenance Others         | 0.64          | 1.15         |
| Director Sitting Fee                  | 0.41          | 0.42         |
| Bad and Doubtful Advances written-off | 2.28          | —            |
| Miscellaneous Expenditure written off | 19.55         | 19.55        |
|                                       | <b>111.84</b> | <b>84.71</b> |

**SCHEDULE 15 - FINANCE EXPENSES**

|                           |               |              |
|---------------------------|---------------|--------------|
| Interest on Term Loan     | 277.74        | 65.17        |
| Interest on Others        | 0.22          | 0.65         |
| Loan raising expenses     | 46.10         | 0.00         |
| Bank Charges              | 0.47          | 0.35         |
| Exchange rate fluctuation | 0.00          | 0.49         |
|                           | <b>324.53</b> | <b>66.66</b> |

**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 147 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:

|                         | for the year ended<br>31.03.2011 | for the year ended<br>31.03.2010 |
|-------------------------|----------------------------------|----------------------------------|
| (a) Income tax matters  | 785.17                           | Nil                              |
| (b) Capital Commitments | 558.37                           | Nil                              |

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, 2011. 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. 4.94 lacs for the year 2010-11 (Previous Year Rs. 4.70 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 (SSL) along with its nominee the holding Company holds 23,000,000 fully paid up Equity Shares (Previous Year 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 year Rs. 1410.98 lacs) under this scheme.  
 (b) The Company has negotiated and finalized with the IFCI Limited, the term for taking over the debt of IFCI in Modi Industries Ltd. (MIL). In terms of IFCI Letter No. IFCI/NRG/ 200-13494 Dated 30<sup>th</sup> December, 2009 on payment of settlement amount, Rs. 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 year – Rs. 775.00 lacs) under this scheme .
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<br>31st March, 2011 | For the year ended<br>31st March, 2010 |
|---|--|--|
| Net Profit after tax (Rs. in lacs)        | 28.29                                  | 60.60                                  |
| Weighted average number of Equity Shares. | 23,000,000                             | 23,000,000                             |
| Basic Earning Per Share (Rs.)             | 0.12                                   | 0.29                                   |
| Diluted Earning Per Share (Rs.)           | 0.12                                   | 0.29                                   |

## SBEC BIOENERGY LIMITED

### 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 /<br>(Liability) as at 31.03.2011 | Current Year<br>(Charge) / Credit | Deferred Tax Asset /<br>(Liability) as at 31.03.2010 |
|-------------------------------------|--|-----------------------------------|--|
| Depreciation                        | 219.21   | (64.67)                           | 283.88   |
| Disallowance u/s 43B                | 4.83   | (0.24)                            | 5.07   |
| Gratuity                            | 6.07   | 0.05                              | 6.02   |
| Other Disallowance under I. Tax Act | 29.03  | 11.08                             | 17.95  |
| Deferred Tax Assets/ (Liabilities)  | 259.14   | (53.78)                           | 312.92   |

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<br>31st March, 2011 | As at<br>31st March, 2010 |
|---|---------------------------|---------------------------|
| a) Principal amount payable to suppliers as at year end   | 0.00                      | 0.19                      |
| 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 Year | Current Year     | Previous Year | Current Year | Previous Year |
| <b>Revenue</b>                     |                  |               |                  |               |              |               |
| External                           | 928.66           | 837.30        | -                | -             | 928.66       | 837.30        |
| Inter Segment                      | -                | -             | -                | -             | -            | -             |
| Total Revenue                      | 928.66           | 837.30        | -                | -             | 928.66       | 837.30        |
| <b>Result</b>                      |                  |               |                  |               |              |               |
| Segment Result (Profit before tax) | 241.17           | 166.14        | -                | -             | 241.17       | 166.14        |
| Unallocated expenses               | -                | -             | -                | -             | 17.02        | 44.66         |
| Interest Expense                   | 302.72           | 0.64          | 21.81            | 65.17         | 324.53       | 65.81         |
| Interest Income                    | 200.63           | 54.31         | -                | -             | 200.63       | 54.31         |
| Income taxes                       | -                | -             | -                | -             | (18.18)      | (32.01)       |
| Deferred tax                       | -                | -             | -                | -             | (53.78)      | (11.37)       |
| Profit after tax                   | -                | -             | -                | -             | 28.29        | 66.60         |
| <b>Other Information</b>           |                  |               |                  |               |              |               |
| Segment Assets                     | 4382.90          | 1711.41       | 2896.47          | 2896.47       | 7279.37      | 4607.88       |
| Unallocated Assets                 | -                | -             | -                | -             | 297.00       | 347.64        |
| Segment Liabilities                | 2864.21          | 111.68        | 0.00             | 133.33        | 2864.21      | 245.01        |
| Unallocated Liabilities            | -                | -             | -                | -             | -            | 26.65         |
| Capital Expenditure                | -                | -             | -                | -             | 139.94       | 5.82          |
| Depreciation                       | 204.79           | 323.19        | -                | -             | 204.79       | 323.19        |

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, 2011 (Previous Year) |              |            |
|--------------------|---|--------------|------------|
|                    | 1{a} above                                  | 1{b} above   | 1{c} above |
| Purchases          | —   | —            | —          |
| Sales/ Income      |   |              |            |
| Conversion Charges | Nil (Nil)                                   | —            | —          |
| Expenses           |   |              |            |
| Remuneration       | —   | 10.25 (9.15) | —          |
| Rent               | — (—)                                       | — (—)        | —          |
| Other Expenses     | — (—)                                       | — (—)        | —          |
| Outstanding        |   |              |            |
| Payable            | 217.45 (—)                                  | 0.96 (0.46)  | —          |
| Receivable         | — (710.49)                                  | —            | —          |

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 Year |
|--------------------------------|--------------|---------------|
| Salary & Bonus                 | 8.86         | 7.86          |
| Contribution to Provident Fund | 0.70         | 0.66          |
| Reimbursement of Expenses      | 0.69         | 0.64          |

**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<br>(12MW)     | 36,982,808 kwh<br>(29,641,510 kwh) |
| Steam       | Not Applicable     | 77 tph<br>(77 tph) | 2,55,355 tones<br>(2,08,876 tones) |

Figures in brackets are for Previous Year.

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

@ The plant operated for 147 days in the current year (previous Year 122 days).

## SBEC BIOENERGY LIMITED

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

| Description | Opening Stock   |         | Conversion      |       | Sales            |          | Closing Stock   |         |
|-------------|-----------------|---------|-----------------|-------|------------------|----------|-----------------|---------|
|             | Quantity        | Value   | Quantity        | Value | Quantity*        | Value    | Quantity*       | Value   |
| Power       | 1,241,714 kwh   | 27.52   | 8,150,132 kwh   | —     | 24,396,936 kwh   | 928.66   | 1,361,874 kwh   | 25.12   |
|             | (1,171,263 kwh) | (21.20) | (3,895,069 kwh) | —     | (22,315,073 kwh) | (837.30) | (1,241,714 kwh) | (27.52) |
| Steam       | —               | —       | 255,355 tones   | Nil   | Nil              | Nil      | Nil             | Nil     |
|             | —               | —       | (208,876 tones) | (Nil) | (Nil)            | (Nil)    | (Nil)           | (Nil)   |

Figures in brackets are for Previous Year.

\*Includes 125,000 kwh (Previous year 155,214 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      | 149.56     | 98.98   | 1.54     | 1.02    |
|                     | (113.61)   | (89.93) | (12.72)  | (10.07) |

Figures in brackets are for Previous Year.

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

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

| Particulars    | Current year | Previous Year |
|----------------|--------------|---------------|
| Store & Spares | Nil          | Nil           |

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

| Particulars                        | Current year | Previous Year |
|------------------------------------|--------------|---------------|
| Professional Services (Net of TDS) | Nil          | Nil           |
| Others                             | 8.43         | 4.34          |

### 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:

|   | 2010-11<br>Year | 2009-10<br>Year | 2008-09<br>Year |
|---|-----------------|-----------------|-----------------|
| Employer's contribution to Provident Fund | 9.01            | 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<br/>Year<br/>Gratuity<br/>(Unfunded)<br/>2010-11</b> | <b>Previous<br/>Year<br/>Gratuity<br/>(Unfunded)<br/>2009-10</b> | <b>Previous*<br/>Year<br/>Gratuity<br/>(Unfunded)<br/>2008-09</b> | <b>Current<br/>Year Leave<br/>Encashment<br/>(Unfunded)<br/>2010-11</b> | <b>Previous<br/>Year Leave<br/>Encashment<br/>(Unfunded)<br/>2009-10</b> | <b>Previous*<br/>Year Leave<br/>Encashment<br/>(Unfunded)<br/>2008-09</b> |
|---|---|--|---|---|--|---|
| Defined Benefit obligation at the beginning of the year | 18.13   | 15.28  | 19.34   | 1.80  | 1.09   | 12.70   |
| Current Service Cost                                    | 2.84  | 2.34   | 2.12  | 0.42  | 0.51   | 1.30  |
| Past Service Cost                                       | 0.19  | —  | —   | —   | —  | —   |
| Interest Cost   | 1.45  | 1.15   | 1.36  | 0.14  | 0.08   | 0.89  |
| Actuarial (gain)/loss                                   | (0.95)  | (0.25)   | (1.59)  | (0.79)  | 0.12   | (4.56)  |
| Benefits Paid   | (2.00)  | (0.39)   | (5.95)  | —   | —  | (2.92)  |
| Settlement cost   | —   | —  | —   | —   | —  | —   |
| Defined Benefit obligation at the end of the year       | 19.65   | 18.13  | 15.28   | 1.57  | 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, 2011               | —       | —       | —       | —    | —      | —      |
| Present value of obligation as at 31 <sup>st</sup> March, 2011 | 19.65   | 18.13   | 15.28   | 1.57 | 1.80   | 7.41   |
| Net asset/(liability) recognized in the Balance Sheet          | (19.65) | (18.13) | (15.28) | 1.57 | (1.80) | (7.41) |

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

|   |        |        |        |        |      |        |
|---|--------|--------|--------|--------|------|--------|
| Current Service Cost                                    | 2.84   | 2.34   | 2.12   | 0.42   | 0.51 | 1.30   |
| Past Service Cost                                       | 0.19   | —      | —      | —      | —    | —      |
| Interest Cost   | 1.45   | 1.14   | 1.36   | 0.14   | 0.08 | 0.89   |
| Expected return on plan assets                          | —      | —      | —      | —      | —    | —      |
| Net Actuarial (gain)/ loss recognized during the period | (0.95) | (0.25) | (1.59) | (0.79) | 0.12 | (4.56) |
| Expenses recognized in the statement of Profit & Loss   | 3.53   | 3.23   | 1.89   | (0.23) | 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)

|  | <b>Current<br/>Year<br/>Gratuity<br/>(Unfunded)<br/>2010-11</b> | <b>Previous<br/>Year<br/>Gratuity<br/>(Unfunded)<br/>2009-10</b> | <b>Previous*<br/>Year<br/>Gratuity<br/>(Unfunded)<br/>2008-09</b> | <b>Current<br/>Year Leave<br/>Encashment<br/>(Unfunded)<br/>2010-11</b> | <b>Previous<br/>Year Leave<br/>Encashment<br/>(Unfunded)<br/>2009-10</b> | <b>Previous*<br/>Year Leave<br/>Encashment<br/>(Unfunded)<br/>2008-09</b> |
|--|---|--|---|---|--|---|
| Mortality Table (LIC)                            | 1994-96<br>Duly<br>Modified                                     | 1994-96<br>Duly<br>Modified                                      | 1994-96<br>Duly<br>Modified                                       | 1994-96<br>Duly<br>Modified   | 1994-96<br>Duly<br>Modified  | 1994-96<br>Duly<br>Modified   |
| Discount rate as at 31 <sup>st</sup> March, 2011 | 8.00%   | 7.50%  | 7.00%   | 8.00%   | 7.50%  | 7.00%   |
| Future Salary Increase                           | 5.50%   | 5.00%  | 4.50%   | 5.50%   | 5.00%  | 4.50%   |
| Expected rate of return on plan assets           | —   | —  | —   | —   | —  | —   |
| Retirement Age                                   | 60 years  | 60 years   | 60 years  | 60 years  | 60 years   | 60 years  |
| <b>Withdrawal Rates</b>                          | <b>Age</b>  | <b>Withdrawal</b>  | <b>Withdrawal</b>   | <b>Withdrawal</b>   | <b>Withdrawal</b>  | <b>Withdrawal</b>   |
|  | <b>Rates</b>  | <b>Rates</b>   | <b>Rates</b>  | <b>Rates</b>  | <b>Rates</b>   | <b>Rates</b>  |
|  | Upto 30 years   | 3.00%  | 3.00%   | 3.00%   | 3.00%  | 3.00%   |
|  | From 31 to 44 years   | 2.00%  | 2.00%   | 2.00%   | 2.00%  | 2.00%   |
|  | Above 44 years  | 1.00%  | 1.00%   | 1.00%   | 1.00%  | 1.00%   |

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

Disclosure in respect of previous two 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. Previous year figures have been regrouped where necessary to confirm to this period classification.

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  
DIN No. 00002757

Abhishek Modi  
Executive Director  
DIN No. 00002798

G.C. Jain  
Director  
DIN No. 00002696

Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
DIN No. 00003817

S.S. Agarwal  
Director  
DIN No. 00004840

Meenu Chauhan  
Company Secretary

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

|             |   |            |                           |        |
|-------------|---|------------|---------------------------|--------|
| I.          | Registration No.  | 037250     | State Code-               | 20     |
|             | Balance Sheet Date  | 31.03.2011 |                           |        |
| <b>II.</b>  | <b>Capital raised during the year (Amount in Rs. Thousand)</b>                              |            |                           |        |
|             | Public issue  | Nil        | Right issue               | Nil    |
|             | Bonus issue   | Nil        | Private Placement         | Nil    |
| <b>III.</b> | <b>Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)</b>            |            |                           |        |
|             | Total Liabilities   | 721215     | Total Assets              | 721215 |
|             | <b>Sources of Funds</b>   |            |                           |        |
|             | Paid up Capital   | 230000     | Reserves & Surplus        | 241215 |
|             | Secured Loans   | 250000     | Unsecured Loans           | Nil    |
|             | <b>Application of Funds</b>   |            |                           |        |
|             | Net Fixed Assets  | 73205      | Investments               | 500    |
|             | Net Current Assets  | 612468     | Misc. Expenditure         | 9128   |
|             | Deferred Tax Assets   | 25914      |                           |        |
| <b>IV.</b>  | <b>Performance of company (Amount in Rs. Thousand)</b>                                      |            |                           |        |
|             | Turnover  | 113322     | Total Expenditure         | 103518 |
|             | Profit /(Loss) before Tax   | 9804       | Profit / (Loss) after Tax | 2829   |
|             | Earning Per Share in Rs.  | 0.12       | Dividend Rate in %        | Nil    |
| <b>V.</b>   | <b>Generic Name of Three Principal products/services of company (as per monetary terms)</b> |            |                           |        |
|             | Item Code No.<br>(ITC Code)   | 98010003   |                           |        |
|             | Product description   | POWER      |                           |        |

Umesh K. Modi  
Director  
DIN No. 00002757

Abhishek Modi  
Executive Director  
DIN No. 00002798

G.C. Jain  
Director  
DIN No. 00002696

Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
DIN No. 00003817

S.S. Agarwal  
Director  
DIN No. 00004840

Meenu Chauhan  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

|   | For the year<br>ended 31.03.2011<br>(Rs. in lacs) | For the Year<br>ended 31.03.2010<br>(Rs. in lacs) |
|---|---|---|
| <b>Cash flow from operating activities</b>                    |   |   |
| <b>Net profit before taxation</b>                             | <b>98.04</b>                                      | 109.98  |
| Adjustments for:  |   |   |
| Depreciation  | 204.79  | 323.19  |
| Deferred Revenue Expenses                                     | 19.55   | 19.55   |
| Other income :  |   |   |
| Dividend  | -   | (0.60)  |
| Unclaimed Liabilities Written back                            | -   | (0.03)  |
| Interest income   | (200.63)  | (54.31)   |
| Interest expense  | 277.96  | 65.81   |
| <b>Operating profit before working capital changes</b>        | <b>399.71</b>                                     | 463.58  |
| (Increase)/Decrease in sundry debtors                         | 260.54  | (74.21)   |
| (Increase)/Decrease in loans and advances                     | (3,006.59)  | 54.09   |
| (Increase)/Decrease in closing stock of power banked          | 2.30  | (6.32)  |
| (Increase)/Decrease in inventories                            | (8.60)  | 24.37   |
| Increase/(Decrease) in sundry creditors                       | 252.53  | (7.43)  |
| <b>Cash generated from operations</b>                         | <b>(2,100.11)</b>                                 | 454.08  |
| Income Tax Paid   | (45.75)   | (5.36)  |
| <b>Net cash from operating activities</b>                     | <b>(2,145.86)</b>                                 | 448.72  |
| <b>Cash flows from investing activities</b>                   |   |   |
| Purchase of fixed assets                                      | (168.94)  | (10.65)   |
| Dividend received   | -   | 0.60  |
| Interest received   | 200.63  | 54.31   |
| Proceeds from sale of fixed assets                            | -   | -   |
| <b>Net cash from / (used in) investing activities</b>         | <b>31.69</b>                                      | 44.26   |
| <b>Cash flows from financing activities</b>                   |   |   |
| Proceeds from / (Repayment) of Loans                          | 2,366.67  | (401.00)  |
| Interest paid   | (277.96)  | (65.81)   |
| <b>Net cash used in financing activities</b>                  | <b>2,088.71</b>                                   | (466.81)  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>(25.47)</b>                                    | 26.17   |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>31.16</b>                                      | 4.99  |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>5.69</b>                                       | 31.16   |
| <b>Components of Cash and Cash Equivalents</b>                |   |   |
| <b>With Scheduled Banks - on Current Accounts</b>             | <b>5.69</b>                                       | 31.16   |

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

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  
DIN No. 00002757

Abhishek Modi  
Executive Director  
DIN No. 00002798

G.C. Jain  
Director  
DIN No. 00002696

Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
DIN No. 00003817

S.S. Agarwal  
Director  
DIN No. 00004840

Meenu Chauhan  
Company Secretary



## DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company herewith present the Third Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### 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. Abhishek Modi 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) 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.

### 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 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 year;
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

Date : 10th August, 2011  
Place : New Delhi

Umesh K Modi  
Chairman

**AUDITORS' 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 2011 and the Profit & Loss Account 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 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 31.03.2011 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, 2011.
  - b. In the case of the Profit & Loss Account, of the loss for the year 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 year ended 31<sup>st</sup> March 2011.
- xvii) The company has not raised any funds on short term or long term basis during the year ended 31<sup>st</sup> March 2011.
- xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- 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 : 10th August, 2011

## BALANCE SHEET AS AT 31st MARCH, 2011

|                                | SCHEDULE<br>No.                                    | As at<br>31.03.2011<br>(Amount in Rs.) | As at<br>31.03.2010<br>(Amount in Rs.) |
|--------------------------------|--|--|--|
| <b>I SOURCES OF FUNDS</b>      |  |  |  |
| 1.                             | <b>Shareholder's Funds</b>                         |  |  |
|                                | Share Capital                                      | 500,000                                | 500,000                                |
|                                | <b>Total</b>                                       | <u>500,000</u>                         | <u>500,000</u>                         |
| <b>II APPLICATION OF FUNDS</b> |  |  |  |
| (1)                            | Current Assets, Loans & Advances                   |  |  |
|                                | a) Inventory                                       | 506                                    | 506                                    |
|                                | b) Cash & Bank Balances                            | <u>86,519</u>                          | <u>87,937</u>                          |
|                                |  | <b>87,025</b>                          | <b>88,443</b>                          |
|                                | <b>Less : Current Liabilities &amp; Provisions</b> |  |  |
|                                | Current Liabilities                                | <u>5,516</u>                           | <u>3,576</u>                           |
|                                | <b>Net Current Assets</b>                          | <b>81,509</b>                          | <b>84,867</b>                          |
| (2)                            | Miscellaneous Expenditure                          |  |  |
|                                | Preliminary Expenses to the extent                 |  |  |
|                                | Not written off                                    | —                                      | 30,211                                 |
|                                | <b>Profit &amp; Loss A/c - Loss</b>                | <b>418,491</b>                         | <b>384,922</b>                         |
|                                | <b>Total</b>                                       | <u><b>500,000</b></u>                  | <u><b>500,000</b></u>                  |

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  
(DIN-00002757)

S.S. Agarwal  
Director  
(DIN-00004840)

Place : New Delhi  
Date : 10th August, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

| <b>PARTICULARS</b>                                  | <b>For the Year<br/>ended 31.03.2011<br/>(Amount in Rs.)</b> | <b>For the Year<br/>ended 31.03.2010<br/>(Amount in Rs.)</b> |
|---|--|--|
| <b>I. INCOME</b>                                    |  |  |
| Closing Stock                                       | 506  | 506  |
| Other Income  | -  | 4,944  |
| <b>Total</b>  | <b>506</b>   | <b>5,450</b>   |
| <b>II EXPENDITURE</b>                               |  |  |
| Opening Stock                                       | 506  | 506  |
| Legal & Professional Charges                        | -  | 12,757   |
| Filing Fee  | 600  | 2,100  |
| Salary  | -  | 163,917  |
| Misc. Expenses                                      | -  | 500  |
| Preliminary Expenses Written Off                    | 30,211   | 8,430  |
| Audit Fee   | 2,758  | 2,758  |
| Staff Welfare                                       | -  | 1,180  |
| Printing & Stationery                               | -  | 18   |
| Conveyance  | -  | 1,300  |
| <b>Total</b>  | <b>34,075</b>  | <b>193,466</b>   |
| <b>Profit /(Loss) for the year</b>                  | <b>(33,569)</b>  | <b>(188,016)</b>   |
| Provision for Taxation                              | -  | -  |
| <b>Profit /(Loss) carried over to Balance Sheet</b> | <b>(418,491)</b>   | <b>(384,922)</b>   |
| <b>Basic / Diluted Earning per share</b>            | <b>(0.67)</b>  | <b>(3.76)</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  
(DIN-00002757)

S.S. Agarwal  
Director  
(DIN-00004840)

Place : New Delhi  
Date : 10th August, 2011

**SCHEDULE 1 : SHARE CAPITAL**

|   | As at<br><u>31.03.2011</u><br>(Amount in Rs. ) | As at<br><u>31.03.2010</u><br>(Amount in Rs. ) |
|---|--|--|
| <b>Authorized</b>   |  |  |
| 50,000 Equity Shares of Rs. 10/- each   | 500,000  | 500,000  |
| <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<br>(Held by SBEC Sugar Limited , the holding company<br>and its nominees) | 500,000  | 500,000  |
| <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           |
| <b>Total A</b>                                 | <u>506</u>    | <u>506</u>    |
| <b>(B) Cash &amp; Bank Balances</b>            |               |               |
| Cash in hand                                   | 4,648         | 6066          |
| Balance with schedules bank in current account | 81,871        | 81,871        |
| <b>Total B</b>                                 | <u>86,519</u> | <u>87,937</u> |
| <b>Grand Total (A+B)</b>                       | <u>87,025</u> | <u>88,443</u> |

**SCHEDULE 3 - CURRENT LIABILITIES & PROVISIONS**

|                            |              |              |
|----------------------------|--------------|--------------|
| <b>Current Liabilities</b> |              |              |
| Sundry Creditors           | —            | 818          |
| Audit fee payable          | 5,516        | 2,758        |
| <b>Total</b>               | <u>5,516</u> | <u>3,576</u> |
| <b>Provisions</b>          |              |              |
| Provision for taxation     | —            | —            |
| <b>Total</b>               | <u>5,516</u> | <u>3,576</u> |

**SCHEDULE : 4 - MISC. EXPENDITURE**

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

|                                  |          |               |
|----------------------------------|----------|---------------|
| Preliminary Expenses             | 30,211   | 38,641        |
| Less: Written off for the period | 30,211   | 8,430         |
| <b>Total</b>                     | <u>—</u> | <u>30,211</u> |

**SCHEDULE - 5 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**
**(Annexed to and forming part of the Accounts for the year ended 31st March, 2011)**
**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. The preliminary expenses not written off has been written off during the year.

**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 Company.

3. No provision for tax has been made in view of the losses incurred during the year.

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  
(DIN-00002757)

S.S. Agarwal  
Director  
(DIN-00004840)

Place : New Delhi  
Date : 10th August, 2011

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

**I. Registration Details**

|                    |        |            |      |
|--------------------|--------|------------|------|
| Registration No.   | 183504 | State Code | 55   |
| Balance Sheet Date | 31     | 03         | 2011 |
|                    | 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 |
|-------------------|-----|--------------|-----|

**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 | 82  | Misc. Expenditure | Nil |
| Accumulated Losses | 418 |                   |     |

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

|                           |        |                           |      |
|---------------------------|--------|---------------------------|------|
| Turnover                  | Nil    | Total Expenditure         | 34   |
| Profit /(Loss) before Tax | (34)   | Profit / (Loss) after Tax | (34) |
| Earning Per Share in Rs.  | (0.67) | Dividend Rate in %        | Nil  |

**V. Generic Name of Three Principal Products/Services of Company (as per monetary terms)**

|                          |                   |
|--------------------------|-------------------|
| Item Code No. (ITC Code) | :                 |
| Product                  | : TRADING COMPANY |
| Description              | :                 |

Place : New Delhi  
Date : 10th August, 2011

Umesh K. Modi  
Director  
(DIN-00002757)

S. S. Agarwal  
Director  
(DIN-00004840)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

|   | For the Year<br>ended 31.03.2011<br>(Amount in Rs.) | For the Year<br>ended 31.03.2010<br>(Amount in Rs.) |
|---|---|---|
| <b>A) Cash flow from Operating Activities</b>                         |   |   |
| Net Profit/(Loss) before tax and extra Ordinary items                 | (33,569)  | (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   | 30,211  | 8,430   |
|   | <u>30,211</u>                                       | <u>8,430</u>  |
| Less : Provision Written Back   | -   | -   |
| Exchange rate fluctation  | -   | -   |
| <b>Operating Profit before Working Capital Changes</b>                | <u>(3,358)</u>                                      | <u>(179,586)</u>                                    |
| <b>Adjustment for :</b>   |   |   |
| Debtors   | -   | -   |
| Trade and Other receivables   | -   | -   |
| Trade Payables  | 1,940   | (237,339)   |
| Cash Generated from Operating Activities                              | <u>1,940</u>  | <u>(237,339)</u>                                    |
| Direct Taxes / FBT (Paid)/Refund                                      | -   | -   |
| <b>Net Change in Working Capital</b>                                  | <u>1,940</u>  | <u>(237,339)</u>                                    |
| <b>Net Cash flow from operating activities</b>                        | <u>(1,418)</u>                                      | <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>  | <u>-</u>  |
| <b>C) Cash Flow from Financing Activities-</b>                        |   |   |
| Repayment of Borrowings   | -   | -   |
| Net Interest (Paid)   | -   | -   |
| Net Cash Flow form Financing Activities                               | <u>-</u>  | <u>-</u>  |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>   | <u>(1,418)</u>                                      | <u>(416,925)</u>                                    |
| <b>Cash &amp; cash equivalents as on 01.04.2010(Opening Balance)</b>  | <u>87,937</u>                                       | <u>504,862</u>                                      |
| <b>Cash &amp; cash equivalents as on 31.03.2011 (Closing Balance)</b> | <u>86,519</u>                                       | <u>87,937</u>                                       |
| <b>Net Increase / (Decrease) as disclosed above</b>                   | <u>(1,418)</u>                                      | <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  
Place : New Delhi  
Date : 10th August, 2011

Umesh K. Modi  
Director  
(DIN-00002757)

S. S. Agarwal  
Director  
(DIN-00004840)

**DIRECTORS REPORT**

Dear Shareholders,

The Directors of your Company herewith present the 10th Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March 2011.

**FINANCIAL**

The summarised financial results of the Company for the Financial year 2010-11 are as under:-

(Amount in Rs.)

| Particulars                                   | Year ended 31.03. 2011 | Year ended 31.03.2010 |
|---|------------------------|-----------------------|
| Sales & Other Income                          | 19389                  | 115392                |
| Total Expenditure                             | 121703                 | 123575                |
| Operating profit / (Loss) before depreciation | (102314)               | (8183)                |
| Depreciation                                  | Nil                    | Nil                   |
| Operating Profit / (Loss) before tax          | (102314)               | (8183)                |
| Profit / (Loss) after tax                     | (102314)               | (13484)               |
| Reserves excluding revaluation reserves       | -                      | -                     |

**SHARE CAPITAL**

During the year the company has increased the authorized share capital from Rs.2,05,00,000/- (Rupees Two Crores Five Lacs Only) divided into 20,50,000 (Twenty Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/-(Rupees Ten) each.

During the year, the Company has allotted 25,00,000 (Twenty Five Lacs) Equity Shares of Rs 10/- (Rupees Ten) each aggregating Rs. 2,50,00,000 Rupees Two Crores Fifty Lacs to SBEC Sugar Ltd. (Holding Company).

**FIXED DEPOSIT**

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

**DIRECTORS**

During the year under review, Mr. Gulab Chand Jain has been appointed as an Additional Director of the Company with effect from 10.12.2010. 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. G.C. Jain as a Director of the company.

Mr. Mangat Rai Gupta retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

**COMPLIANCE CERTIFICATE**

Pursuant to the proviso to section 383A(1) of the Companies Act, 1956 the company has obtained a Compliance Certificate from M/s. B S Goyal & Co., Company Secretaries, New Delhi. The same is being annexed with this report.

**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 is eligible 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 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 loss of the company for that year;
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: 10th August, 2011

Place: New Delhi

S.S. Agarwal  
Director

## Annexure to the Director Report

### COMPLIANCE CERTIFICATE

CIN No.:-U67120DL2001PLC112424  
Authorised Capital: Rs. 5,00,00,000.00

The Members,

SBEC STOCKHOLDING & INVESTMENT LIMITED

I have examined the registers, records, books and papers of SBEC STOCKHOLDING & INVESTMENT LIMITED. (The Company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2011 (Financial Year). In my opinion and to the best of my information and according to the examinations carried out by me and the explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in ANNEXURE 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a public limited company comments are not required.
4. The Board of Directors duly met 9 times respectively on 13.05.2010, 05.07.2010, 19.07.2010, 12.08.2010, 17.09.2010, 10.11.2010, 11.12.2010, 27.12.2010 and 08.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its register of members.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 14<sup>th</sup> August, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary meeting was held on 9<sup>th</sup> July, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company was not required to obtain any approvals from the Board of directors, members or Central Government, as the case may be.

12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company:
  - i) The company has made transfer of securities during the Financial Year and duly complied with the provisions of the Act. The certificates pertaining to the Equity Shares allotted by the company were delivered within the time stipulated under the Act.
  - ii) was not required to deposit any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) was not required to post warrants to any member of the company as no dividend was declared during the year.
  - iv) has no amount lying in unpaid dividend account, application money due for refund and there are no overdue deposits, debentures etc.
  - v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the company has complied with the provisions of the Act for appointment of additional directors and change in designation of directors during the current year.
15. The Company has not appointed any sole selling agent during the financial year.
16. The Company has not appointed any Managing Director / Whole-time Director / Manager during the year.
17. The Company was not required to obtain approval of Central Government, Company Law Board or any other authority designated under the Act, during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 25,00,000 Equity Shares of Rs. 10/- each, during the year.
20. The Company has not bought back any shares during the Financial Year.
21. The Company has not redeemed any preference shares or debentures.
22. There was no event necessitating the Company to keep in abeyance the right to dividend, rights shares and bonus shares pending registration of Transfer of Shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the Financial Year.
24. The Company was not required to comply with the provisions of section 293 (1) (d) of the Act, during the year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under securities.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and complied with all applicable provisions.

30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company, during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. It is stated by the Company that provisions of Employees' Provident Fund as are not applicable to it, therefore depositing of contributions does not arise.

for B. S. Goyal & Co.  
Company Secretaries

Place : New Delhi  
Date : 10.08.2011

B. S. Goyal  
Proprietor  
FCS-4204  
C.P. No.2915

### **ANNEXURE – 'A'**

#### **LIST OF REGISTERS MAINTAINED BY THE COMPANY**

| <b>Sl.No.</b> | <b>Particulars</b>  | <b>Under Section</b> |
|---------------|---|----------------------|
| 1.            | Register of Members   | 150                  |
| 2.            | Index of Members  | 151                  |
| 3.            | Minutes Book of Board Meeting   | 193                  |
| 4.            | Minutes Book of General Meeting   | 193                  |
| 5.            | Register of Contracts   | 301                  |
| 6.            | Register of Directors   | 303                  |
| 7.            | Register of Directors' Shareholding                                     | 307                  |
| 8.            | Register of Loans & Investments   | 372A                 |
| 9.            | Register of Share Transfers   |                      |
| 10.           | Register of share certificates Issued<br>(Duplicate/Consolidation etc.) |                      |

### **ANNEXURE – 'B'**

List of forms and returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year ended 31<sup>st</sup> March, 2011.

| <b>Form No.</b>       | <b>Section of the Companies Act</b> |
|-----------------------|-------------------------------------|
| Form No 23AC & 23 ACA | 220                                 |
| Form No. 20B          | 159                                 |
| Form No. 23B          | 224 (1A)                            |
| Form No. 2 ( 2 Nos.)  | 75 (1)                              |
| Form No. 22B          |                                     |
| Form 5                | 94                                  |
| Form 32 (3 Nos.)      | 303(2)                              |
| Form 66               | 383                                 |

**AUDITORS' REPORT**

**TO THE MEMBERS OF SBEC STOCKHOLDING & INVESTMENT LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

1. We have audited the attached Balance Sheet of **SBEC STOCKHOLDING & INVESTMENT LIMITED** as at 31<sup>st</sup> March 2011. 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 (Auditors' 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 31.03.2011 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, 2011 and in case of Profit & Loss Account, of the Loss for the year ended on that date.

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

Place : New Delhi  
Date : 10th August, 2011

**(Sarat Jain)**  
Proprietor  
Membership No. 080216

## BALANCE SHEET AS AT 31ST MARCH, 2011

|  | As at<br>31.03.2011<br><u>(Amount in Rs.)</u> | As at<br>31.03.2010<br><u>(Amount in Rs.)</u> |
|--|---|---|
| <b>SOURCES OF FUNDS</b>  |   |   |
| <b>Share Capital</b>   |   |   |
| <b>Authorised:</b>   |   |   |
| 50,00,000 (previous year 20,50,000)  |   |   |
| Equity Shares of Rs. 10/- Each   | <b>50,000,000</b>                             | 20,500,000                                    |
| <b>Issued, Subscribed and Paid Up</b>  |   |   |
| 45,50,000 (previous year 20,50,000)  |   |   |
| Equity Share of Rs. 10/- Each Fully paid up<br>(Held by SBEC Sugar Limited, the holding company<br>and its nominees) | <b>45,500,000</b>                             | 20,500,000                                    |
| <b>TOTAL</b>   | <b><u>45,500,000</u></b>                      | <b><u>20,500,000</u></b>                      |
| <b>APPLICATION OF FUNDS</b>  |   |   |
| <b>INVESTMENTS</b>   |   |   |
| <b>Current Assets, Loans &amp; Advances</b>  | <b>44,501,000</b>                             | 4,501,000                                     |
| Cash in hand   | 315   | 665   |
| Balances with Bank in - Current Account  | 259,838                                       | 11,588  |
| - Fixed Deposit  | 298,713                                       | 282,383                                       |
| Interest Receivable  | 4,597   | 3,478   |
| Income Tax recoverable   | 12,364  | 12,364  |
| TDS Receivable   | 23,827  | 21,887  |
| Loan & Advances  | —   | <u>15,470,000</u>                             |
|  | <b>599,654</b>                                | <b>15,802,365</b>                             |
| <b>Less :</b>  |   |   |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>  |   |   |
| Audit Fee payable  | 5,516   | 2,758   |
| Other Liabilities  | 3,768   | —   |
|  | <b>9,284</b>                                  | <b>2,758</b>                                  |
| <b>Net Current Assets</b>  | <b>590,370</b>                                | 15,799,607                                    |
| <b>Profit &amp; Loss Account</b>   | <b>115,798</b>                                | 13,484  |
| Miscellaneous Expenditure<br>(To the extent not written off or adjusted)   |   |   |
| Preoperative Expenses  | 292,832                                       | 185,909                                       |
| <b>TOTAL</b>   | <b><u>45,500,000</u></b>                      | <b><u>20,500,000</u></b>                      |

**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 : 10th August, 2011

J.N. Khurana

Director

(DIN-00003817)

S.S. Agarwal

Director

(DIN-00004840)

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

| PARTICULARS  | For the year<br>ended 31.03.2011<br>(Amount in Rs.) | For the year<br>ended 31.03.2010<br>(Amount in Rs.) |
|--|---|---|
| <b>I. INCOME</b>   |   |   |
| Interest Income - Gross                                  | 19,389  | 115,392   |
| <b>Total</b>   | <u>19,389</u>                                       | <u>115,392</u>                                      |
| <b>II EXPENDITURE</b>                                    |   |   |
| Legal & Professional                                     | 2,758   | 72,840  |
| Filing Fee   | 6,135   | 1,500   |
| Audit Fee  | 2,758   | 2,758   |
| Fee Rates & Taxes  | 25,210  | —   |
| Preoperative Expenses written off                        | 84,827  | 46,477  |
| Misc. Expenses   | 15  | —   |
| <b>Total</b>   | <u>121,703</u>                                      | <u>123,575</u>                                      |
| Profit / (Loss) Before Taxation                          | (102,314)   | (8,183)   |
| Income tax for earlier year                              | —   | (5,301)   |
| Profit / (Loss) after Tax                                | (102,314)   | (13,484)  |
| Add: Profit / (Loss) Balance Brought Forward             | (13,484)  | —   |
| Profit / (Loss) Balance Carried Forward to Balance Sheet | <u>(115,798)</u>                                    | <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  
Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
(DIN-00003817)

S.S. Agarwal  
Director  
(DIN-00004840)



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**SBEC STOCKHOLDING & INVESTMENT LIMITED**

|   | As at<br>31.03.2011<br><u>(Amount in Rs.)</u> | As at<br>31.03.2010<br><u>(Amount in Rs.)</u> |
|---|---|---|
| <b>SHARE CAPITAL</b>  |   |   |
| <b>Authorized</b>   |   |   |
| 50,00,000 (previous year 20,50,000 Equity Shares of Rs. 10/- each   | <b>50,00,000</b>                              | <u>20,50,000</u>                              |
| <b>Total</b>  | <b>50,00,000</b>                              | <u>20,50,000</u>                              |
| <b>Issued, Subscribed and Paid - Up</b>   |   |   |
| 45,50,000 (previous year 20,50,000 Equity shares<br>of Rs. 10/- each fully paid-up<br>(Held by SBEC Sugar Limited , the holding company and its nominees) | <b>45,50,000</b>                              | 20,50,000                                     |
| <b>Total</b>  | <b>45,50,000</b>                              | <u>20,50,000</u>                              |
| <b>INVESTMENTS</b>  |   |   |
| 4,50,000 Equity shares of @10/- each of Modi Illva India Pvt. Ltd.  | <b>4,50,000</b>                               | 4,50,000                                      |
| 100 Equity shares of @10/- each of Chandil Power Ltd.   | <b>1,000</b>                                  | 1,000   |
| Non Transferable Compulsorily Convertible Unsecured zero%<br>Debentures of Rs. 100/- Each   | <b>40,00,000</b>                              | —   |
|   | <b>44,501,000</b>                             | <u>4,501,000</u>                              |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>   |   |   |
| Cash in hand  | <b>315</b>                                    | 665   |
| Balance with Bank in – Current Account  | <b>259,838</b>                                | 11,588  |
| – Fixed Deposit   | <b>298,713</b>                                | 282,383                                       |
| Interest Receivable   | <b>4,597</b>                                  | 3,478   |
| Income Tax Recoverable  | <b>12,364</b>                                 | 12,364  |
| TDS Receivable  | <b>23,827</b>                                 | 21,887  |
| Loans & Advances  | —   | 15,470,000                                    |
|   | <b>599,654</b>                                | <u>15,802,365</u>                             |
| <b>CURRENT LIABILITIES</b>  |   |   |
| Audit fee payable   | <b>5,516</b>                                  | 2,758   |
| Other Liabilities   | <b>3,768</b>                                  | —   |
|   | <b>9,284</b>                                  | <u>2,758</u>                                  |
| <b>MISC. EXPENDITURE (to the extent not written off or adjusted)</b>  |   |   |
| Preliminary Expenses  | <b>185,909</b>                                | 195,530                                       |
| Add : Preoperative Expenses during the year   | <b>191,750</b>                                | 36,856  |
| Less : Written off for the period   | <b>84,827</b>                                 | 46,477  |
| <b>Total</b>  | <b>292,832</b>                                | <u>185,909</u>                                |



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

Information required as per Part IV of Schedule VI of the Companies Act, 1956

**1. Registration Details**

|                    |        |            |      |
|--------------------|--------|------------|------|
| Registration No.   | 112424 | State Code | 55   |
| Balance Sheet Date | 31     | 03         | 2011 |
|                    | Date   | Month      | Year |

**2. Capital Raised during the year (Amount in Thousands)**

|              |                   |
|--------------|-------------------|
| Public Issue | Right Issue       |
| Nil          | Nil               |
| Bonus Issue  | Private Placement |
| Nil          | Nil               |

**3. Position of Mobilisation and Deployment of funds (Amount in Thousands)**

|                      |                     |
|----------------------|---------------------|
| Total Liabilities    | Total Assets        |
| 45500                | 45500               |
| Source of Funds      | Paid up Capital     |
|                      | 45500               |
|                      | Secured Loan        |
|                      | Nil                 |
|                      | Current Liabilities |
|                      | 9                   |
| Application of Funds | Net Fixed Assets    |
|                      | Nil                 |
|                      | Current Assets      |
|                      | 600                 |
|                      | Accumulated Losses  |
|                      | 115                 |
|                      | Misc. Expenditure   |
|                      | 293                 |
|                      | Reserves & Surplus  |
|                      | —                   |
|                      | Unsecured Loan      |
|                      | Nil                 |
|                      | Investments         |
|                      | 44501               |

**4. Performance of Company (Amount in Thousands)**

|                            |                            |
|----------------------------|----------------------------|
| Turnover                   | Total Expenditure          |
| 19                         | 121                        |
| Profit / (Loss) Before Tax | Profit / (Loss) After Tax  |
| (102)                      | (102)                      |
| Earning per Share (Rs.)    | Dividend Rate (Percentage) |
| Nil                        | Nil                        |

**V. Generic name of Principal Product / Services of the Company (As per monetary terms)**

|                          |                     |
|--------------------------|---------------------|
| Item Code No. (ITC Code) | Product Description |
|                          | Investment Company  |

Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
(DIN-00003817)

S.S. Agarwal  
Director  
(DIN-00004840)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

|   | Year Ended<br>31.03.2011<br>(Amount in Rs.) | Year ended<br>31.03.2010<br>(Amount in Rs.) |
|---|---|---|
| <b>(A) Cash flow from operating activities</b>                      |   |   |
| <b>Net profit/(Loss) before tax and extra Ordinary items</b>        | <b>(102,314)</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   | —   | —   |
| Preliminary Exp. Written off  | <b>84,827</b>                               | <b>46,477</b>                               |
|   | <b>84,827</b>                               | <b>46,477</b>                               |
| Less :  |   |   |
| Provision Written Back  | —   | —   |
| Exchange rate fluctuation   | —   | —   |
| <b>Operating profit before working capital changes</b>              | <b>(17,487)</b>                             | <b>38,294</b>                               |
| <b>Adjustment for :</b>   |   |   |
| Debtors   | —   | —   |
| Trade and Other receivables   | <b>15,466,941</b>                           | <b>(15,523,027)</b>                         |
| Trade Payables  | <b>6,526</b>                                | <b>(7,408)</b>                              |
| Pre-operative Exp. ROC Fee  | <b>(191,750)</b>                            | —   |
| Cash Generated from Operating Activities                            | <b>15,281,717</b>                           | <b>(15,530,435)</b>                         |
| Direct Taxes / FBT (Paid)/Refund                                    | —   | <b>(5,301)</b>                              |
| <b>Net Change in Working Capital</b>                                | <b>15,281,717</b>                           | <b>(15,535,736)</b>                         |
| <b>Net Cash flow from operating activities</b>                      | <b>15,264,230</b>                           | <b>(15,497,442)</b>                         |
| <b>(B) Cash flow from Investing Activities</b>                      |   |   |
| Proceeds from Sale of Fixed Assets                                  | —   | —   |
| Purchase of Shares  | <b>(40,000,000)</b>                         | <b>(4,501,000)</b>                          |
| <b>Net Cash used in investing Activities</b>                        | <b>(40,000,000)</b>                         | <b>(4,501,000)</b>                          |
| <b>(C) Cash Flow from Financing Activities</b>                      |   |   |
| Issue of share capital  | <b>25,000,000</b>                           | <b>20,000,000</b>                           |
| Repayment of Borrowings   | —   | —   |
| Net Interest (Paid)   | —   | —   |
| <b>Net Cash Flow from Financing Activities</b>                      | <b>25,000,000</b>                           | <b>20,000,000</b>                           |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b> | <b>264,230</b>                              | <b>1,558</b>                                |
| <b>Cash and cash equivalents as on 01.04.2010 (Opening Balance)</b> | <b>294,636</b>                              | <b>293,078</b>                              |
| <b>Cash and cash equivalents as on 31.03.2011 (Closing Balance)</b> | <b>558,866</b>                              | <b>294,636</b>                              |
| <b>Net Increase / (Decrease) as disclosed above</b>                 | <b>264,230</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  
Place : New Delhi  
Date : 10th August, 2011

J.N. Khurana  
Director  
(DIN-00003817)

S.S. Agarwal  
Director  
(DIN-00004840)

## GREEN INITIATIVE

### FOR THE KIND ATTENTION OF MEMBERS

As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs (MCA), Government of India, vide its Circular No. 17/2011 dated 21<sup>st</sup> April 2011 and 18/2011 dated 29<sup>th</sup> April 2011.

The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of Annual Reports and other documents of your Company.

In terms of enabling provisions of these Circulars, the Company will henceforth effect electronic delivery of documents including Annual Report, Notice of Meeting/ Postal Ballot, other shareholder communications, etc. to the members at their e-mail addresses available / registered with the Company.

For supporting this green initiative, if you hold the shares in:

- a. **Electronic form**, please intimate your e-mail address to your Depository Participant (DP). The same will be deemed to be your registered e-mail address for serving notices/ documents including those covered under Section 219 of the Companies Act, 1956.
- b. **Physical form**, please send a duly signed letter quoting the name of First / sole holder and Registered Folio addressed to the Company Secretary of the Company or the Registrar & Share Transfer Agent at:

|   |   |
|---|---|
| <b>Company Secretary,</b><br>SBEC SUGAR LIMITED ,<br>Village : Loyan Malakpur,<br>Tehsil : Baraut,<br>District : Baghpat, Pin – 250611 , U.P. | <b>M/s Beetal Financial &amp; Computer Services Pvt. Ltd.</b><br>Beetal House , 3 <sup>rd</sup> Floor,<br>Behind Local Shopping Complex<br>99, Madangir,<br>New Delhi –110062 |
|---|---|

Kindly note that if you desire, a physical copy of the Annual Report and other communication/ documents will be sent to you free of cost, as per the current practices. Such documents will also be displayed on the Company's website [www.sbecsugar.com](http://www.sbecsugar.com).

We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live.

In case, your shares are in physical form, we urge you to have your shares dematerialized by approaching Depository Participant (DP) of your choice.

# 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 17th Annual General Meeting of the Company held on Wednesday, the 28th day of September, 2011 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 17th Annual General Meeting of the Company held on Wednesday, the 28th day of September, 2011 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..... 2011

- 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.