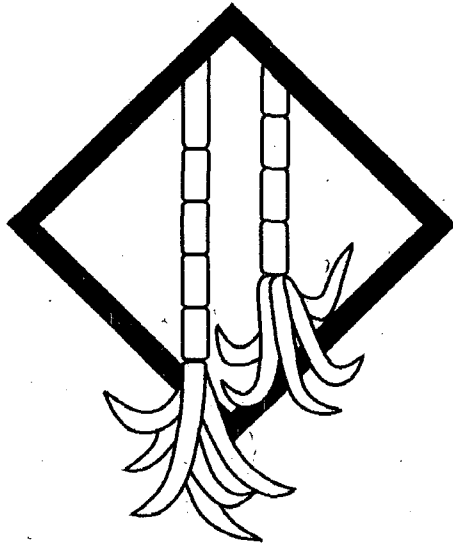


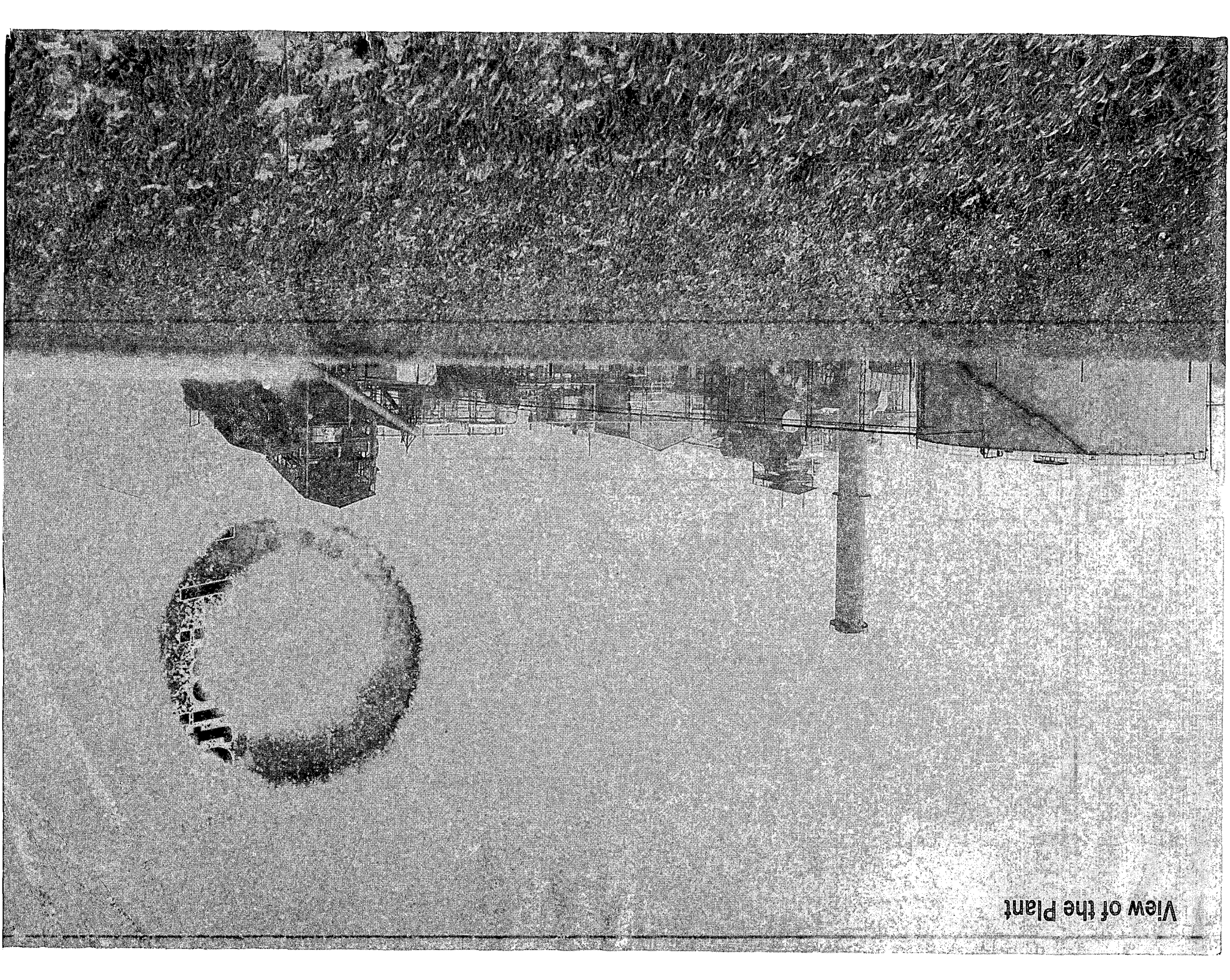
FIFTEENTH ANNUAL REPORT

2009



SBEC Sugar Limited

View of the Plant





BOARD OF DIRECTORS

Mr. Umesh K Modi (Chairman & President)
 Mr. Abhishek Modi (Executive Director & Chief Executive Officer)
 Mrs. Kum Kum Modi
 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

Axis Bank Ltd.
 Citi Bank
 Canara Bank
 Oriental Bank of Commerce

REGISTERED OFFICE & PLANT

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

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

Contents

Notice	2-2
Directors' Report	3-6
Management Discussion and Analysis Report.....	7-8
Corporate Governance Report	9-14
Auditors' Report	15-17
Balance Sheet	18-18
Profit & Loss Account.....	19-19
Schedules forming part of Balance Sheet.....	20-27
Notes to Accounts	28-36
Cash Flow Statement	37-37
Statement u/s 212 of the Companies Act, 1956.....	38-38
Consolidated Accounts	39-63
Accounts of the Subsidiary Companies	64-92



NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of SBEC Sugar Limited will be held on Saturday, the 10th day of October 2009 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 30th June 2009 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 Mrs. KumKum Modi who retires from the office by rotation, and being eligible offers herself for re-appointment.
3. To consider and appoint a Director in place of Mr. Man Mohan, who retires from the office by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. M/s Doogar & Associates, Chartered Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

By order of the Board
For SBEC Sugar Limited

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
Company Secretary

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 at least 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 5th October, 2009 to 10th October 2009 (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.

By order of the Board
For SBEC Sugar Limited

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
Company Secretary

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors take pleasure in presenting the 15th Annual Report of the Company together with the Audited Accounts for the period ended 30th June 2009.

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 Modi Gourmet Limited are as follows:

(Rs. in Lakhs)

Financial Parameters	SBEC SUGAR LTD.		CONSOLIDATED	
	Period ended 30.06.09 (15 months)	Period ended 31.03.08 (18 months)	Period ended 30.06.09 (15 months)	Period ended 31.03.08 (18 months)
Sales and other income	31021.12	30351.52	33079.92	31605.41
Profit/(Loss) Before Interest, Depreciation & Tax	2888.55	(455.85)	4297.02	332.10
Interest and Finance Charges	1555.05	1251.63	1813.44	1371.18
Depreciation and Amortisation	648.65	762.65	1226.53	1153.15
Prior period expenses (net)	6.84	15.08	6.84	17.42
Profit/(Loss) before Extra-Ordinary Expenses & Provision for Taxation	678.01	(2485.21)	1250.21	(2209.65)
Extra-Ordinary Expenses (Earlier Year's Cane Dues as per Supreme Court Order)	—	—	—	—
Profit/(Loss) before Tax	678.01	(2485.21)	1250.21	(2209.65)
Fringe Benefit Tax	13.27	19.35	15.28	22.06
Provision for Taxation	0.23	0.74	42.47	20.01
Deferred Tax Charge/ (Credit)	(35.65)	(535.94)	2.67	(543.99)
Profit/(Loss) After Tax	700.16	(1969.36)	1189.79	(1707.73)
Minority Interest Adjustments	—	—	—	—
Transfer from Molasses Storage Fund	13.00	—	13.00	—
Transfer to Molasses Storage Fund	9.03	9.24	9.03	9.24
Profit/(Loss) for the Period after appropriation	703.86	(1978.60)	1193.76	(1716.97)
Earning Per Share	1.47	(4.13)	2.50	(3.58)

The financial results for the period ended 30.06.2009 are for a period of 15 months, and for the previous year were for a period of 18 months, and therefore are not comparable.

OPERATIONS

The cane crushing for the period under review was 101.15 lakhs quintals in 150 days with an average crushing rate of 67435 quintals per day as against 232.61 lakhs quintals in 326 days (Include two crushing season) with an average crushing rate of 71354 quintals per day for the previous period. The sugar recovery has reduced to 8.77 % as against 9.12% in the previous period. The main reason for the lower cane crushing was less sowing of cane crop by the farmers and sugar recovery was adversely affected due to irritating rains and climate condition in the entire Western Uttar Pradesh.

The Company, during the period under review, made a profit before tax Rs. 678.01 lakhs against loss for the previous period Rs. 2485.21 Lakhs and as consolidated profit of Rs.1250.21 lakhs against loss of the previous period Rs. 2209.65 lakhs. The Net profit for the period was Rs.700.16 lakhs as against loss of Rs.1969.36 lakhs in the previous period. The earning per share works out to Rs. 1.47 per share (previous period Rs. (4.13) per share) and as consolidated Rs. 2.50 per share (previous period Rs. (3.58) per share).

**FIXED DEPOSITS**

During the period under review, the Company accepted deposits to the extent of Rs. 563.75 lakhs. The total amount of fixed deposit held as on 30th June 2009 was Rs. 602.95 lakhs and there were three deposits lying unclaimed as on that date.

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, Mrs. KumKum Modi, Non Executive Director and Mr. Man Mohan, Independent and Non-Executive Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

Pursuant to section 212 of the Companies Act, 1956, audited statement of accounts alongwith the report of the Board of Directors of the Subsidiary Companies, namely M/s SBEC Bioenergy Limited, M/s SBEC Stockholding and Investment Limited and Modi Gourmet Limited and the respective Auditors' Report thereon for the period/year ended 31st March 2009 and a statement thereon are annexed.

AUDITORS

M/s Doogar and Associates, Chartered Accountants, who are Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

ACCOUNTS AND AUDITORS' REPORT

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 30.06.2009 at average market price prevailing during June, 2009 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 change 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 13 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 deviation 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.

SECRETARIAL AUDIT

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

LISTING OF SECURITIES

The equity shares of your Company are listed on The Bombay Stock Exchange Limited, and The Calcutta Stock Exchange 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**

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

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

ACKNOWLEDGEMENTS

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

For & behalf of the Board
for SBEC Sugar Ltd.

Place: New Delhi
Date : 3rd September, 2009

Umesh Kumar Modi
(Chairman & President)

ANNEXURE TO DIRECTORS' REPORT

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

S.N.	Name	Age	Designation	Remuneration	Qualification	Experience	Date of Commencement of Employment	Last Employment
1.	Mr. Abhishek Modi	33	Executive Director	Rs. 41,74,505/-	B.E.(Chem.) M.B.A. from Harvard Business School, USA	15 years	13.05.1994	Nil

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

PARTICULARS		UNIT	CURRENT ACCOUNTING PERIOD (01.04.2008 – 30.06.2009 (15 Months)	PREVIOUS ACCOUNTING PERIOD (01-10-2006 - 31.03.2008) (18 Months)
A.	Power and Fuel consumption			
	Electricity			
	Quantity	KWH	4399010	1804009
	Total Conversion Charges	Rs.	—	5628503
	Per Unit Conversion Charges	Rs.	—	3.12
	Own generation			
(i)	Through diesel generator			
	Quantity	KWH	204508	133403
	Units per -ltr. of diesel oil	KWH	3.25	2.75
	Total amount	Rs.	2586183	2551609
	Cost/ Unit	Rs.	12.65	19.13
(ii)	Through Steam Turbine/generator			
	Quantity	KWH	20360568	57344503
	Units per- ltr. of fuel oil /gas	KWH	—	—
	Cost/ unit	Rs.	0.29	0.14
B.	Consumption per MT of sugar production			
1.	Electricity	KWH	281.25	280.21

**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 period. 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 lakhs)

Particulars	Current Accounting Period (Rs.) (1.04.2008-30.06.2009) (15 Months)	Previous accounting period (Rs.) (01.10.2006-31.03.2008) (18 Months)
Total foreign exchange used	76.10	38.98
Earned	71.12	72.63

For & on behalf of the Board

For SBEC Sugar Ltd.

Place : New Delhi
Date : 3rd September, 2009

Umesh Kumar Modi
(Chairman & President)



MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO :

The sugarcane area in U.P. is expected to reduce by 6 % in crushing season 2009-10 due to short rain fall. However, in spite of decrease in cane acreage, cane yield is likely to increase by 15 to 20 % in 2009-10. The sugar production in the country is expected to be 17.5 – 18.5 million tons in the season 2009-10 against the production of 14.5 million tons in 2008-09. After two consecutive year of decline in sugar production, and the consequent increase in sugar & sugar cane prices, Indian sugar production is said to recover in marketing year 2009-10

The consumption of sugar is likely to increase by 4.5%. The decrease in supply of sugar coupling with increase in demand of sugar will impact on the sugar price, the price will remain firm. The prices of sugar in open market have moved up about 35% since January, 2009.

OPPORTUNITIES & THREATS :

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

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

OPERATIONAL PERFORMANCE:

The cane crushing for the period under review was 101.15 lakhs quintals in 150 days with an average crushing rate of 67435 quintals per day as against 232.61 lakhs quintals in 326 days (Include two crushing seasons) with an average crushing rate of 71354 quintals per day for the previous period. The sugar recovery has reduced to 8.77 % as against 9.12% in the previous period. The main reason for the lower cane crushing is less sowing of cane crop by the farmers and sugar recovery was adversely affected due to irritating rains and climate condition in the entire Western Uttar Pradesh.

FUTURE OUTLOOK :

The situation for the sugar business seems to be improving considering the domestic requirement and the looming shortfall due to low production of sugarcane resulted in increase in sugar realizations. Therefore, the future outlook for the sugar industry appears to be encouraging.

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 Company, during the period under review, made a profit before tax Rs. 678.01 lakhs against loss for the previous period Rs. 2485.21 lakhs and as consolidated profit of Rs.1250.21 lakhs against loss of the previous period Rs. 2209.65 lakhs. The Net profit for the period was Rs.700.16 lakhs as against loss of Rs. 1969.36 lakhs in the previous period. The earning per share works out to Rs. 1.47 per share (previous period Rs. (4.13) per share) and as consolidated Rs. 2.50 per share (previous period Rs. (3.58) per share).

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 30.06.2009 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	5	5	Nil	Nil	Not Present
2.	Mr. Abhishek Modi @	Executive Director & CEO	6	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	6	5	1	3	Present
5.	Mr. Man Mohan	Non-Executive & Independent Director	6	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	2	1	Nil	Nil	Not Present
9.	Mr. N.P. Bansal	Alternate to Mr. Claude Philogene Non-Executive Director	6	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. U.K.Modi and Mrs. Kumkum Modi are related as husband and wife and Mr. Abhishek Modi as their son.

Six Board Meetings were held during the period under review on 19th May 2008, 23rd June 2008, 23rd August 2008, 14th November 2008, 21st February 2009 and 2nd June 2009

INFORMATION REGARDING RE-APPOINTMENT OF DIRECTORS

Mrs. KumKum Modi Director of the company retires by rotation and being eligible offers herself for re-appointment. Mrs. KumKum Modi holds Masters Degree in Arts from University of Delhi and has varied experience of the industry of more than 20 years in field of general management and corporate advisory services.



Mr. Man Mohan, Director of the company retires by rotation and being eligible offers himself for re-appointment. Mr. Man Mohan is an Independent & Non Executive Director, He is M.Sc (Technology) and has varied experience of Sugar Industry of around more than 60 years.

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.

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

AUDIT COMMITTEE

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

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

Six Meetings of the Audit Committee were held during the period under review on 29th April 2008, 29th July 2008, 23rd August 2008, 30th October 2008, 30th January 2009 and 24th April 2009.

Name of Director	No. of Meetings Attended
Mr. G C Jain	6
Mr. Man Mohan	5
Mr. O. P. Modi	2

SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE

The Shareholders' Grievance Redressal Committee comprises of three 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.

Nine shareholders'/ investors' complaints, received directly from them or through SEBI/ Stock Exchanges and other authorities, were replied and redressed by the company to the satisfaction of the shareholders 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.

During the period under review, the Committee met on 23rd June 2008 and 23rd October 2008 in which all the Directors were present. In the said meetings the committee recommended to the Board, the remuneration of Mr. Abhishek Modi, Executive Director, for a period of three years with effect from 10th July 2008 and for a revision thereof.



The details of remuneration paid to the Directors for the period ended 30th June 2009 are as under:-

(Rupees)

S. No.	Name of the Director	Salary	Perquisites, and other benefits	Commission	Others	Sitting Fee	Total
1.	Mr. Umesh K Modi	—	—	—	—	5,000	5,000
2.	Mr. Abhishek Modi	2378226	1796279	—	—	—	41,74,505
3.	Mrs. Kum Kum Modi	—	—	—	—	—	—
4.	Mr. G.C.Jain	—	—	—	—	12,000	12,000
5.	Mr. Man Mohan	—	—	—	—	11,000	11,000
6.	Mr. Norland L.C. Suzor	—	—	—	—	—	—
7.	Mr. Claude Philogene	—	—	—	—	—	—
8.	Mr. O.P. Modi	—	—	—	—	4,000	4,000
9.	Mr. N.P. Bansal	—	—	—	—	6,000	6,000

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

ANNUAL GENERAL MEETING

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

Year	Location	Date	Time	Special Resolution Passed (Yes/No)
2008	Village Loyan Malakpur Tehsil Baraut, Distt. Baghpat, Uttar Pradesh	24.09.2008	2.30 p.m.	Yes
2006	- do -	30.03.2007	2.30 p.m.	Yes
2005	- do -	21.03.2006	2.30 p.m.	Yes

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 period under review are mentioned in Note B - 12 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 period 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 3rd September, 2009.

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 / 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

15th Annual General Meeting of the company is scheduled to be held on Saturday ,the 10th October 2009 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:

1. Quarter ended 30.09.2009: End of October 2009
 2. Quarter ended 31.12.2009: End of January 2010
 3. Quarter ended 31.03.2010 : End of April 2010
 4. Quarter ended 30.06.2010: End of July 2010
- Book Closure : 05th October 2009 to 10th October 2009 – (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 30th June 2009.

Listing on stock Exchanges:

The company is listed on the following Stock Exchanges:-

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

The Company has paid annual listing fee to Bombay Stock Exchange Limited for the year 2009-2010.

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.

Market Price Data:

Monthly High & Low quotes and Volume of Shares traded from 1st April 2008 to 30th June 2009 are as follows:-

Month	High	Low	Volume
April 2008	13.35	10.50	23927
May 2008	14.20	12.00	17527
June 2008	13.38	13.00	10353
July 2008	12.15	12.25	7683
August 2008	13.65	10.10	1051330
September 2008	11.81	9.00	1075772
October 2008	10.69	9.00	5270
November 2008	7.50	8.63	1470
December 2008	7.00	7.86	14853
January 2009	8.30	9.02	5142
February 2009	8.00	9.00	1700
March 2009	8.00	8.00	99
April 2009	7.87	7.20	830
May 2009	10.97	8.26	37322
June 2009	16.14	11.51	88530

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 , 3rd Floor,
 Behind Local Shopping Complex,
 99, Madangir,
 New Delhi -110062
 Ph. No. 011- 29961281-82
 Fax: 011-29961284 Email: beetal@rediffmail.com

Share Transfer System:

The Company, in compliance of SEBI circular no. 15/2002 dated 27th 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 30th June 2009.

No of Shares	Number of Shareholders	Number of Shares	% of total Shares
Upto 500	2320	919611	1.93
501 - 1000	508	460767	0.97
1001 - 2000	183	309616	0.65
2001- 3000	332	877632	1.84
3001 - 4000	55	199076	0.42
4001 - 5000	147	719849	1.51
5001 - 10000	128	995651	2.09
10000 and above	97	43172178	90.60
Total	3770	47653880	100.00

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.

78.77% of the Company's Paid up Equity Share Capital has been dematerialised upto 30th June 2009.

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

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

Plant Location of the Company

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

Address for Correspondence

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

SBEC SUGAR LIMITED

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

Nomination Facility:

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



AUDITORS'S CERTIFICATE

To,
The Members of
SBEC Sugar Limited

We have examined the compliance of the conditions of corporate governance by SBEC Sugar Limited for the period ended on 30th June, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Company has maintained the records of investor grievances and certify that as at 30th June, 2009 there were no investor grievances remaining unattended / pending for more than 30 days.

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

Doogar & Associates
Chartered Accountants

Place : New Delhi
Date : 3rd September, 2009

(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 30th June 2009 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the period ended on that date, annexed thereto.

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

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

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

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1)(a) of section 642 of the Companies Act, 1956 to the extent applicable except Accounting Standard - 02 "Valuation of Inventories" (Refer Note No- B-6 of Schedule 13)
- e) On the basis of written representations received from the directors as on 30th June 2009 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, the said statements of account, subject to

Note No. B-6 - regarding valuation of closing stock (free Sugar) at market price instead of "lower of cost or net realizable value"
Schedule 13 resulting in overstatement of stock (free sugar) by Rs. 513.58 lacs & profit for the period of 15 months by Rs. 513.58 lacs.

Subject to above, in our opinion and to the best of our information and explanations given to us, the said accounts, read with the Accounting policies and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th June, 2009
- ii) In the case of Profit & Loss Account, of the Profit for the period ended on that date;
- iii) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For and on behalf of
DOOGAR & ASSOCIATES
 CHARTERED ACCOUNTANTS

Place: New Delhi
 Date : 3rd September, 2009

(**MUKESH GOYAL**)
 Mg. Partner
 M.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 period ended 30th June, 2009)

1. (a) The Company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.
(b) The Company has a programme of physical verification of its fixed assets in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified fixed assets during the period. The discrepancies 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 period were insignificant and therefore do not affect the going concern assumption.
2. (a) The inventory, except material lying with third parties, has been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable.
(b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies, if any, noticed on physical verification of inventory as compared to books records were not material and have been properly dealt with in the books of accounts.
3. (a) The Company has not granted any loan, secured or unsecured to Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, Paragraph 3 (b), 3 (c) & 3 (d) of the order are not applicable.
(b) The company has taken loan from three companies, covered under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 100 lacs, Rs. 400 lacs, & Rs. 25 lacs and the period end balance of loan taken from such companies were Rs. 345.45 lacs, Rs. 64.47 lacs & Rs. 18.71 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 period to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. The Company has accepted deposits from public and in our opinion Company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Accounting records, including the books of account maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section 209 of the Act, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We, are however, not required to make a detailed examination of such books and records.
9. (a) According to the information & explanations given to us, no undisputed amount payable in respect of Provident Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other undisputed Statutory dues were outstanding, at the period end, for a period more than six months from the date they become payable.
(b) According to the information and explanations given to us and the records of the company examined by us, the particulars of statutory dues of the specified status as at the end of the period, which have not been deposited on account of a dispute are referred to in "Annexure - B".
10. There are accumulated losses in the Company. The Company has not incurred any cash loss during this (period 15) months however the company has incurred cash losses during the immediately preceding period (18 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 Company has also provided guarantee to PNB against OTS of M/s Modi Industries Ltd. (Steel Division) terms and conditions of the guarantees are prima facie, not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the period by the company have been applied for the purpose for which the said loans were obtained, where the lender has stipulated such end use.
17. According to the information and explanations given to us and as per the books and records examined by us, no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the registered maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures of any type during the period.
20. The Company has not raised any money by public issue, during the period.
21. Based on our examination of the books and records of the Company and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For and on behalf of
DOOGAR & ASSOCIATES
 CHARTERED ACCOUNTANTS

Place: New Delhi
 Date : 3rd September, 2009

(**MUKESH GOYAL**)
 Mg. Partner
 M.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 of SBEC Sugar Limited for the period ended 30th June 2009.

Name of the Statute	Name of Dues	Amount Rs. Lakhs	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, Central Excise, Meerut
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
UP Tax on Entry of Goods Act	Entry Tax on Machinery	4.50	A.Y. 2000-01	Trade Tax Tribunal, Meerut

**BALANCE SHEET AS AT 30TH JUNE, 2009**

SCHEDULES		As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
I. SOURCES OF FUNDS			
1.	SHAREHOLDERS' FUNDS		
	Share Capital	476,940,175	476,940,175
	Reserves & Surplus	6,363,717	6,760,884
2.	LOAN FUNDS		
	— Secured Loans	186,881,347	173,764,412
	— Unsecured Loans	625,254,442	273,102,756
	TOTAL	1,295,439,681	930,568,227
II. APPLICATION OF FUNDS			
1.	FIXED ASSETS		
	Gross Block	1,045,878,775	1,044,705,546
	Less: Depreciation	431,651,697	368,979,479
	Net Block	614,227,078	675,726,067
	Capital Work in Progress	28,764,426	27,496,511
		642,991,504	703,222,578
2.	INVESTMENTS	251,649,500	231,149,500
3.	Deferred Tax Assets	30,406,262	26,841,717
4.	CURRENT ASSETS, LOANS & ADVANCES		
	— Inventory	333,378,449	888,167,631
	— Sunday Debtors	87,956,055	36,189,153
	— Cash & Bank Balances	46,145,586	47,440,962
	— Loans & Advances	370,518,175	247,056,660
		837,998,265	1,218,854,406
5.	CURRENT LIABILITIES & PROVISIONS		
	— Current Liabilities	578,498,101	1,431,634,834
	— Provisions	9,585,034	8,754,991
	NET CURRENT ASSETS	249,915,131	(221,535,418)
	Profit & Loss Account	120,477,285	190,889,851
	TOTAL	1,295,439,681	930,508,227
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS		13	

In terms of our report of even date attached

For & on behalf of

DOOGAR & ASSOCIATES
Chartered AccountantsUmesh K. Modi
(Chairman & President)Abhishek Modi
(Executive Director)Directors
G.C. Jain
Man Mohan
N.P. BansalMukesh Goyal
Mg. Partner
Membership No. 081810S.S. Agarwal
Vice President (Commercial)Rajeev Malhotra
(Chief Financial Officer)Place : New Delhi
Date : 3rd September, 2009Anup Gupta
(Company Secretary)



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE, 2009

SCHEDULES		For the Period ended 30.06.2009 (15 months) (Amount in Rs.)	For the Period ended 31.03.2008 (18 months) (Amount in Rs.)
INCOME			
Sales		3,070,523,585	3,012,062,324
Less : Excise Duty		175,859,553	218,478,609
Net Sales		2,894,664,032	2,793,583,715
Other Income	8	31,588,059	23,110,153
Increase/(Decrease) in Stocks	9	(556,485,837)	820,916,676
TOTAL INCOME		2,369,766,254	3,637,610,545
EXPENDITURE			
Materials and Manufacturing Expenses	10	1,917,642,436	3,473,613,658
Personnel, Administration & Selling Expenses	11	163,268,407	209,581,676
TOTAL EXPENDITURE		2,080,910,843	3,683,195,334
PROFIT/(LOSS) BEFORE INTEREST, DEPRECIATION & TAX		288,855,412	(45,584,790)
INTEREST AND FINANCE CHARGES	12	155,505,548	125,162,720
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		133,349,864	(170,747,510)
DEPRECIATION AND AMORTISATION		64,865,247	76,264,853
PROFIT/(LOSS) FOR THE YEAR		68,484,617	(247,012,363)
PRIOR PERIOD INCOME		1,246,090	774,970
PRIOR PERIOD EXPENSES		1,929,791	2,283,388
PROFIT/(LOSS) BEFORE TAX		67,800,916	(248,520,781)
FRINGE BENEFIT TAX		1,327,462	1,935,430
PROVISION FOR INCOME TAX		—	—
PROVISION FOR WEALTH TAX		22,599	74,204
DEFERRED TAX CHARGE/(CREDIT)		(3,564,545)	(53,593,974)
PROFIT/(LOSS) AFTER TAX BEFORE APPROPRIATION		70,015,400	(196,936,441)
ADD : TRANSFER FROM MOLASSES STORAGE FUND		1,300,000	—
LESS : TRANSFER TO MOLASSES STORAGE FUND		902,833	924,400
ADD : PROFIT/(LOSS) BALANCE BROUGHT FORWARD		(190,889,851)	6,970,990
BALANCE CARRIED FORWARD TO BALANCE SHEET		(120,477,285)	(190,889,851)
EARNING PER SHARE (BASIC & DILUTED)		1.47	(4.13)

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

13

In terms of our report of even date attached

For & on behalf of

DOOGAR & ASSOCIATES
Chartered Accountants

Umesh K. Modi
(Chairman & President)

Abhishek Modi
(Executive Director)

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

Mukesh Goyal
Mg. Partner
Membership No. 081810

S.S. Agarwal
Vice President (Commercial)

Rajeev Malhotra
(Chief Financial Officer)

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
(Company Secretary)



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED :		
55,000,000 Equity Shares of Rs. 10/- each	550,000,000	550,000,000
ISSUED & SUBSCRIBED :		
47,814,430 Equity Shares of Rs. 10/- each	478,144,300	478,144,300
PAID UP :		
47,653,880 Equity Shares of Rs. 10/- each	476,538,800	476,538,800
Share Forfeiture Account	401,375	401,375
TOTAL	<u>476,940,175</u>	<u>476,940,175</u>

SCHEDULE 2 : RESERVES & SURPLUS

	As at 01.04.2008	Additions	Transfer / Adjustment	As at 30.06.2009 (Amount in Rs.)
Capital Reserve Arising on Reissue of Forefeited Shares	4,916,625 (4,916,625)	—	—	4,916,625 (4,916,625)
Molasses Storage Fund	1,844,259 (919,859)	902,833 (924,400)	1,300,000 (—)	1,447,092 (1,844,259)
TOTAL	<u>6,760,884</u> (5,836,484)	<u>902,833</u> (924,400)	<u>1,300,000</u> —	<u>6,363,717</u> (6,760,884)

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

SCHEDULE 3 : LOAN FUNDS

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
A Secured Loans		
(a) Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	11,276,687	95,809,275
(b) Excise Loan from The Shamrao Vithal Co-operative Bank Ltd.	158,611,000	—
(c) Short Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	—	50,428,185
(d) Vehicle Loans	8,274	327,591
(e) Hire Purchase - First Leasing Company of India Ltd.	14,954,026	27,199,361
(f) Interest accrued & due on above	2,031,359	—
SUB TOTAL - A	<u>186,881,347</u>	<u>173,764,412</u>
B Unsecured Loans		
(a) Inter Corporate Deposits	447,745,144	177,586,307
(b) Fixed Deposits	60,295,000	11,570,000
(c) Deposits from Selling Agents	56,416,798	61,675,648
(d) Interest Accrued & Due on above	60,797,500	22,270,801
SUB TOTAL - B	<u>625,254,442</u>	<u>273,102,756</u>
TOTAL - (A) + (B)	<u>812,135,789</u>	<u>446,867,168</u>

- Note**
1. Term Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by equitable mortgage on all the Immovable properties, stock, book - debts and all other tangible movable assets by way of deposit of title deeds and hypothecation of all fixed assets.
 2. Excise Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.
 3. Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
 4. Loans payable within one year Rs. 31,291,483/- (Previous year Rs.115,578,532/-)

**SCHEDULE 4 : FIXED ASSETS**

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions During the Period	Sales/ Adjustments	As at 30.06.2009	Upto 31.03.2008	Provided During the Period	Sales/ Adjus- tments	Upto 30.06.2009	As at 30.06.2009	As at 31.03.2008
LAND- FREEHOLD	1,915,226	—	—	1,915,226	—	—	—	—	1,915,226	1,915,226
LAND- LEASE HOLD	5,642,858	—	—	5,642,858	581,271	79,583	—	660,854	4,982,004	5,061,587
LEASEHOLD IMPROVEMENT	84,740	—	—	84,740	42,370	26,467	—	68,837	15,903	42,370
BUILDING	99,938,062	—	—	99,938,062	19,296,024	3,093,644	—	22,389,668	77,548,394	80,642,038
PLANT & MACHINERY	907,074,515	3,401,113	—	910,475,628	332,490,084	58,923,205	—	391,413,289	519,062,339	574,584,431
OFFICE EQUIPMENT	9,240,923	571,176	1,211,579	8,600,520	5,208,321	1,067,678	966,660	5,309,339	3,291,182	4,032,603
FURNITURE & FIXTURES	6,653,202	647,703	1,196,903	6,104,002	3,212,174	703,554	886,502	3,029,226	3,074,776	3,441,028
MOTOR VEHICLES	9,029,008	—	1,038,280	7,990,727	3,022,223	971,116	339,867	3,653,472	4,337,254	6,006,784
CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS	5,127,012	—	—	5,127,012	5,127,012	—	—	5,127,012	—	—
TOTAL	1,044,705,546	4,619,992	3,446,762	1,045,878,775	368,979,479	64,865,247	2,193,029	431,651,697	614,227,078	675,726,067
CAPITAL WORK IN PROGRESS									28,764,426	27,496,511
TOTAL	1,044,705,546	4,619,992	3,446,762	1,045,878,775	368,979,479	64,865,247	2,193,029	431,651,697	642,991,504	703,222,578
Previous Year	984,407,305	63,582,610	3,284,368	1,044,705,546	293,409,244	76,264,853	694,618	368,979,479	703,222,578	735,758,652

- Notes :
- Freehold Land includes land aggregating Rs. 158,059/- in the name of SBEC Systems (India) Limited as nominees.
 - 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 30.06.2009	As at 31.03.2008
a) for Existing Operation	21,673,011	23,783,695
b) for New Projects	6,754,216	3,409,462
c) for Capital advances	337,199	303,354

SCHEDULE 5 : INVESTMENTS**Long Term**

(Unquoted, Trade)

Investment in Subsidiary Companies

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

SBEC Bioenergy Ltd.*

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

230,149,500

230,149,500

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

SBEC Stockholding & Investment Ltd.*

20,500,000

500,000

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

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

500,000

—

(Previous Year Nil)

Other Investment

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

Vithal Co-operative Bank Ltd.* (Previous Period - 2000 Equity

Shares of Rs. 25/- each)

500,000

50,000

TOTAL - (A)**251,649,500****231,149,500**

* Book value of Unquoted Shares (as per Latest Audited accounts)

SBEC Bioenergy Ltd.

448,689,568

396,596,341

SBEC Stockholding & Investment Ltd.

20,500,000

500,000

Modi Gourmet Ltd.

500,000

—

The Shamrao Vithal Co-operative Bank Ltd.

500,000

500,000



SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
A Current Assets		
(i) Inventory		
Stores and Spares	53,151,494	51,911,283
Finished Goods	274,507,864	820,861,862
Goods in Process	3,455,493	13,587,332
Other Stocks	2,263,598	1,807,154
TOTAL	333,378,449	888,167,631
(ii) Sunday Debtors		
(Considered good except to the extent stated)		
Outstanding for more than Six Months		
— Secured	—	53,185
— Unsecured	3,023,490	822,058
Other Debts		
— Secured	11,625,796	1,473,862
— Unsecured	73,430,453	33,963,733
TOTAL	88,079,739	36,312,837
Less: Provision for Doubtful debts	123,684	123,684
TOTAL	87,956,055	36,189,153
(iii) Cash & Bank Balances		
— Cash Balance	184,149	225,711
— Stamps in Hand	8,207	8,207
— Cheques / Drafts in Hand	2,490,000	603,508
Balances with Scheduled Banks in		
— Fixed Deposits	14,985,012	12,317,147
— Current Accounts	28,478,218	34,286,389
TOTAL	46,145,586	47,440,962
TOTAL (A)	467,480,090	971,797,747
B LOANS AND ADVANCES		
(Unsecured, considered good except to the extent stated)		
Advance to Subsidiary Company	278,826	5,264
Advances Recoverable in Cash		
Or in Kind or for Value to be Received*	363,780,503	229,786,380
Security Deposits	1,475,546	1,185,558
Balance with Excise Authorities	2,098,604	12,079,720
Tex Deducted at Source	3,034,696	4,149,738
*Includes Rs. 28,81,04,945/- (Previous Period Rs. 21,30,41,939/-) against assignment of debt of Modi Industries Ltd with PNB, Modinagar (Refer Note No. B-5 of Schedule 13)		
	370,668,175	247,206,660
Less: Provision for Doubtful Advances	150,000	150,000
TOTAL (B)	370,518,175	247,056,660
TOTAL {(A) + (B)}	837,998,265	1,218,854,406

**SCHEDULE 7 : CURRENT LIABILITIES**

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
A		
BILLS PAYABLE ACCEPTANCE	106,583,363	112,373,782
SUNDRY CREDITORS		
— For Sugar Cane	299,290,161	1,007,809,926
— Subsidiary Company	—	6,360,280
— Promoter Company	3,942,448	18,720,413
— Small Scale Industries	1,209,227	1,395,457
— Others	133,927,383	244,894,602
Other Liabilities	22,201,151	18,539,304
Advances against Sales	6,677,895	17,495,682
Interest Accrued but not due on Loans	—	274,188
Security Deposit Received	4,666,200	3,771,200
SUB TOTAL	471,914,465	1,319,261,052
TOTAL- (A)	578,498,101	1,431,634,834
B		
PROVISIONS		
— for Leave Encashment	2,377,863	2,226,744
— for Gratuity	5,930,465	4,060,063
— for Income Tax	—	895,021
— for Fringe Benefit Tax	1,254,107	1,539,739
— for Wealth Tax	22,599	33,424
TOTAL- (B)	9,585,034	8,754,991
TOTAL {(A)+(B)}	588,083,135	1,440,389,825

SCHEDULE 8 : OTHER INCOME

	For the period ended 30.06.2009 (15 Months) (Amount in Rs.)	For the period ended 31.03.2008 (18 Months) (Amount in Rs.)
Interest Received (Gross) (Tax deducted at source Rs.47,377/- Previous period Rs. 1,115,327/-)	1,471,367	5,712,054
Rent / Lease Rent Received	8,539,857	187,391
Dividend	133,356	6,000
Miscellaneous Income	6,920,285	16,863,969
Excess provision/Sundry balance written back	14,523,194	340,740
TOTAL	31,588,059	23,110,153



SCHEDULE 9 : INCREASE / (DECREASE) IN STOCKS

	For the period ended 30.06.2009 (15 Months) (Amount in Rs.)		For the period ended 31.03.2008 (18 Months) (Amount in Rs.)	
Opening Stock				
- Finished Goods	820,861,862		9,915,186	
- Goods in Process	<u>13,587,332</u>	834,449,194	<u>3,617,332</u>	13,532,518
Closing Stock				
- Finished goods	274,507,864		820,861,862	
- Goods in Process	<u>3,455,493</u>	277,963,357	<u>13,587,332</u>	834,449,194
Increase/(Decrease) in Stock		<u>(556,485,837)</u>		<u>820,916,676</u>

SCHEDULE 10 : MATERIALS AND MANUFACTURING EXPENSES

Raw Materials Consumed	1,520,204,658	2,948,653,651
Sugar Purchased for Trading	254,861,011	171,862,556
Stores & Spares consumed (including packing expenses)	126,855,018	213,424,681
Power & Fuel	2,188,752	7,315,270
Freight & Cartage	934,862	1,738,956
Refining Charges (including Freight)	—	1,255,000
Repair & Maintenance		
- Plant & Machinery	43,472,284	50,031,547
- Building	4,179,383	1,294,203
- Others	<u>4,754,563</u>	<u>4,538,288</u>
Other Manufacturing Expenses	484,988	326,669
Material Handling Expenses	5,239,705	9,158,559
Variation in Excise Duty on Opening and Closing		
Stock of Finished Goods	(45,532,787)	64,014,278
TOTAL	<u>1,917,642,436</u>	<u>3,473,613,658</u>

**SCHEDULE 11 : PERSONNEL, ADMINISTRATION & SELLING EXPENSES**

	For the period ended 30.06.2009 (15 Months) (Amount in Rs.)	For the period ended 31.03.2008 (18 Months) (Amount in Rs.)
A PERSONNEL EXPENSES		
Salary, Wages & Bonus	84,705,070	97,013,229
Company's Contribution to Provident & Other Funds	5,670,261	5,980,957
Staff Welfare Expenses	6,440,348	7,173,565
Gratuity	2,865,335	1,922,557
TOTAL - (A)	99,681,015	112,090,308
B ADMINISTRATION EXPENSES		
Travelling & Conveyance Expenses	10,207,390	14,422,636
Telephones, Postage & Telegrams	1,810,599	2,833,337
Rent including Lease Charges	1,650,138	4,222,919
Rates & Taxes	900,815	1,793,810
Vehicle Expenses	3,525,708	3,645,738
Insurance -Expenses	3100621	4,929,588
- Receipt	(3190522)	(3,722,663)
Auditors' Remuneration		
- Audit Fee	225,000	275,000
- Certification & reimbursement	40,500	40,500
Legal & Professional Charges	8,562,725	17,388,578
General Repair & Maintenance	12,481	233,132
Security Guard Expenses	7,341,581	7,681,725
Miscellaneous Expenses	7,359,977	12,597,550
Assets Written off	489,590	33,320
Amount written off	1,753,368	35,871
Loss on Sale of Fixed Assets	271,520	454,838
Loss on Sale of Store	260,385	983,563
Provision for doubtful Debts/Advances	-	273,684
TOTAL - (B)	44,321,876	68,123,126
C SELLING EXPENSES		
Commission	14,351,823	14,992,767
Rent (Godown)	75,000	49,000
Clearing & Freight Expenses	4,640,532	6,977,201
Rebate & Discount	167,725	502,607
Compensation Paid	-	6,183,981
Selling Exp. (Export)	30,436	662,686
TOTAL - (C)	19,265,516	29,368,242
TOTAL - (A)+(B)+(C)	163,268,407	209,581,676

**SCHEDULE 12 : INTEREST AND FINANCE CHARGES**

	For the period ended		For the period ended	
	30.06.2009 (15 Months)		31.03.2008 (18 Months)	
	(Amount in Rs.)		(Amount in Rs.)	
Interest				
- On Term Loans	12,957,021		38,604,685	
- Others	107,411,158	120,368,179	51,877,994	90,482,679
Bank Charges		5,585,135		3,406,879
Finance & Stamping charges		26,275,509		25,762,884
Financial Brokerage		3,276,724		5,224,163
Foreign Exchange Fluctuation (Net)		-		286,114
TOTAL		155,505,548		125,162,720

SCHEDULE 13 : 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. Recognition of Revenues & Expenses

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

iii. Inventory Valuation

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

iv. Fixed & Intangible Assets

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

**v. 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.

vi. 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.

vii. 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. Investment 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.

viii. 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.

ix. 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.

x. 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.



xi. Accounting for Taxes

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

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

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

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

xii. 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.

xiii. Earnings per Share

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

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

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

xiv. 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.

xv. 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 eighteen month whereas current period accounts are for a period of fifteen 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 :

S No	Particulars	As at 30.06.2009 (Rs. in lakhs)	As at 31.03.2008 (Rs. in lakhs)
i)	Corporate Guarantee given to Government of Jharkhand against Soft loan given to Bihar Sponge Iron Ltd.	3250.00	3250.00
ii)	Outstanding against Guarantee given on behalf of SBEC Bioenergy Ltd	400.00	933.33
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	783.23	783.23
v)	Corporate Guarantee given in favour of PNB against OTS of Modi Industries Ltd. Along with interest. (Refer Note No. 5)	468.88	992.24
vi)	Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	35.99	35.99

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 13.70 lacs (Previous period Rs 14.79 lacs).

4. The Company, in compliance of the Interim Order of the Lucknow Bench of Allahabad High Court dated 15th November, 2007 and subsequently upheld by Hon'ble Supreme Court vide its order dated 15.05.2008, 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 7th 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 13th August 2008. Differential liability of the sugar cane price of Rs. 229.37 lacs for the period ended 30th June, 2009, and Rs 1,483.32 lacs up to 30th June, 2009 (Previous Period Rs 1,253.95 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. *Modi Industries Ltd. (MIL) is interalia carrying on the business of manufacturing Sugar at its Sugar Plant in Modinagar. MIL is a Sick Company and has various outstanding liabilities to its creditors including Financial Institutions and Banks. Proceedings are pending before the Board for Industrial and Financial Reconstruction (BIFR) in connection with the approval of the scheme for its rehabilitation. In this background, the company received a proposal for paying off Punjab National Bank (PNB) Debt due from MIL under One Time Settlement (OTS) and on condition that PNB's debt along with all the securities created by MIL in PNB's favour would be assigned to this Company. As proposed by MIL, this company entered into an agreement dated 22.01.2007 with PNB for making payment to it of Rs. 2,810.60 lacs plus interest at PLR and in consideration there of PNB agreed to assign its debt and securities in favour of the company. The company is making payments to PNB in installment under the said agreement. On completion of the payment of Rs. 2,810.60 lacs Plus interest, PNB's claims against MIL in relation to its steel division together with all securities and charges created in favour of PNB by MIL shall stand assigned to this company. The Company proposes thereafter to enter into a settlement with MIL with respect to the assigned debt. The total payment of Rs. 2,881.05 lacs (Including Interest) made to PNB till 30th June 2009 has been shown under the head "Loans and Advances", which includes Rs. 2,389.01 lacs against the outstanding principal amount.*

6. The entire stock of free sugar available as on 30.06.2009 was valued at average market price prevailing during June, 2009. 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 realisable value. This has resulted in overstatement of (i) Stock by Rs. 513.58 lacs & (ii) Profit for the period by Rs.513.58 lacs.

This is necessitated because of the change in the accounting year which does not correspond with the season cycle of the sugar industry.

7. Amount due to certain sundry creditors/debtors are subject to confirmation and reconciliation. However, in the opinion of the management the differences arising on such reconciliation, if any, are not likely to be material.



8. Executive Director's Remuneration included under different heads of expenditure is as follows:

(Rs. in lakhs)		
Particulars	Current Period	Previous Period
Salary, Allowance & Commission	38.05	31.80
Contribution to Provident fund	2.85	2.16
Reimbursement of Expenses	0.84	1.16
Sub Total	41.74	35.12
Commission on profits	Nil*	Nil
TOTAL	41.74	35.12

*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.

9.(a) Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 12.09 lacs (previous period Rs. 13.95 lacs).

The names of the companies are as under:

M/s. Allied Engineering Works, M/s. Subhash Rubber Works Pvt. Ltd., M/s. Swastika Industries, M/s. S P S Enterprises, M/s. The King Sugar & General Engg. Co., M/s. Vijay Metal Works.

(b) The Company has issued letters for identification of Micro, Small & Medium Enterprises defined 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.

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. Related Parties Disclosers (AS-18)

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

1. Subsidiaries

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

2. Fellow Subsidiaries — Nil

3. Associates — Nil

4. Key Managerial Personnel

Mr. Abhishek Modi-Executive Director

5. Relatives of Key Managerial Personnel & their Enterprises:

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

* 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 lakhs)

Nature of transaction	Referred in A (1) above	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
Purchase					
Goods and Services	4.86 (51.06)	— (—)	— (—)	— (—)	2,615.99 (1,718.63)
Fixed Assets	— (—)	— (—)	— (—)	— (—)	0.07 (1.89)
Sales					
Goods and Services	— (—)	— (—)	— (—)	— (—)	474.06 (39.21)
Fixed Assets	— (2.74)	— (—)	— (—)	— (—)	3.04 (0.77)
Expenses					
Computer / Printing & Stationery	0.01 (—)	— (—)	— (—)	— (—)	0.18 (—)
Air Tickets / Vehicle	0.01 (—)	— (—)	— (—)	— (—)	16.53 (29.37)
Courier / Freight Exp.	— (—)	— (—)	— (—)	— (—)	0.78 (—)
Repair & Maintenance Exp.	— (—)	— (—)	— (—)	— (—)	15.64 (—)
Rent/Telephone/Electricity	— (—)	— (—)	— (—)	— (—)	0.93 (6.29)
Interest Paid	— (—)	— (—)	— (—)	— (—)	81.58 (—)
Salary & Wages etc.	0.74 (—)	— (—)	— (—)	41.74 (35.12)	1.97 (—)
Consultancy/Sitting Fee	0.17 (0.03)	— (—)	— (—)	— (—)	0.05 (59.99)
Gift & Other	— (—)	— (—)	— (—)	— (—)	0.31 (—)
Refining Charges	— (—)	— (—)	— (—)	— (—)	— (14.10)
Company Incorporation Exp.	0.43 (—)	— (—)	— (—)	— (—)	0.45 (—)
Income					
Misc. Office Expenses Recd.	— (—)	— (—)	— (—)	— (—)	1.36 (11.77)
Lease Rent - Boiler	— (—)	— (—)	— (—)	— (—)	84.50 (43.88)
Rent / Telephone/Electricity Recd.	1.38 (—)	— (—)	— (—)	— (—)	1.80 (—)
Freight Exp. Recd.	0.12 (—)	— (—)	— (—)	— (—)	— (—)
Corporate Guarantees Given	400.00 (933.33)	— (—)	— (—)	— (—)	3718.88 (4242.24)
Investment					
Investment in Shares	205.00 (—)	— (—)	— (—)	— (—)	— (—)
Finance (including Loan)					
as on 30.06.2009	— (—)	— (—)	— (—)	— (—)	440.56 (27.89)
Balance Outstanding as at the period ending 30.06.2009	—	—	—	—	46.22



13. Deferred Taxation (AS-22)

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

Particulars	As at 30.06.2009 (Amount in Rs.)	As at 31.03.008 (Amount in Rs.)
Deferred Tax Liability		
Depreciation	121,667,067	121,181,496
Other Deductions	—	18,73,439
Sub Total - A	121,667,067	123,054,935
Deferred Tax Assets		
Business Loss / Unabsorbed Dep.	129,992,745	136,922,818
Deduction u/s 43B	19,173,891	11,712,322
Disallowance u/s 40 (a) & 40 (A)7	29,06,693	12,61,512
Sub Total - B	152,073,329	149,896,652
Net Deferred Tax Assets / (Liabilities)	304,06,262	26,841,717

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.

14. Earning per Share (AS-20)	Current Period	Previous Period
Net Profit/(Loss) after tax (Rs. in lakhs)	699.90	(1,969.36)
Weighted Average number of equity shares outstanding during the year	47,653,880	47,653,880
Basic and Diluted Earnings per Share (in Rs.)	1.47	(4.13)

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

a) CAPACITY

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

b) PRODUCTION, PURCHASE, TURNOVER & STOCK

(Rs in lakhs)

Class of Goods	Opening Stock Quantity (Qtls.)	Production Quantity (Qtls.)	Sales Quantity (Qtls.)	Value	Reprocess Stock (Qtls.)	Closing stock Quantity (Qtls.)	Value
Sugar	483,285 (2,730)	890,002* (2,115,650)	1,291,061 (1,635,095)	24,256.24 (24,774.94)	— (10,024)	82,226* (483,285)	2,023.73 (7,362.28)
Molasses (By-Product)	234,583 (24,937)	513,894# (1,091,907)	601,889 (882,260)	2,752.59 (2,562.79)	— (—)	146,588 (234,584)	710.92 (943.93)
Sugar Trading	49 (165)	114,075 (102,751)	114,124 (102,867)	2,701.67 (2,019.50)	— (—)	— (49)	— (0.89)

* Including 2,402 quintals of BISS. (Previous period 850 quintals).

Including ad-hoc additions of 19,504.40 quintals. (Previous period 21,066.80 quintals)

c) CONSUMPTION OF RAW MATERIALS

	Unit	Quantity	Value (Rs in lakhs)
Sugar Cane	Quintals	10,115,264 (23,261,385)	15,202.05 (29,486.54)

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

(Rs in lakhs)

	Indigenous		Imported	
	Value	%	Value	%
Raw Materials	15202.05	100	—	—
	(29486.54)	(100)	(—)	(—)
Stores and Spares	1222.34	96.36	46.21	3.64
	(2123.99)	(99.52)	(10.13)	(0.48)

@ Excluding spares used for capitalization.

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

(Rs. in lakhs)

Particulars	Current Period	Previous Period
Imports of Spares	56.95	13.56
Foreign Travelling	19.15	25.42
f) EARNINGS IN FOREIGN EXCHANGE	71.12	72.62
g) CIF VALUE OF IMPORTS	62.50	14.84

16 **'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:

(Amount in Rs.)

Employer's contribution to Provident Fund	5,670,261
Previous Period	5,840,201

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.

(Amount in Rs.)

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Defined Benefit obligation at the beginning of the period	4,060,063	3,415,027	1,968,145***	2,057,738
Current Service Cost	1,399,588	7,46,253	8,11,894	5,65,460
Interest Cost	355,256	2,73,202	1,72,213	1,90,183
Actuarial (gain)/loss	11,10,491	(3,74,419)	(41,783)	(586,637)
Benefits Paid	(994,933)	—	(5,32,606)	—
Settlement cost	—	—	—	—
Defined Benefit obligation at the end of the period	5,930,465	4,060,063	2,377,863	22,26,744

** Re-Computed in View to change in leave Policy of some employees



2. Reconciliation of opening and closing balances of Fair Value of Plan Asset (Amount in Rs.)

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Fair value of plan assets as at the beginning of the period—	—	—	—	—
Expected Return	—	—	—	—
Actuarial (gain)/loss	—	—	—	—
Contribution by Employer	—	—	—	—
Benefits Paid	—	—	—	—
Settlement cost	—	—	—	—
Fair value of plan assets as at the end of the period	—	—	—	—
Actual return on plan assets	—	—	—	—

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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Fair value of plan assets as at the 30th June, 2009	—	—	—	—
Present Value of Obligation as at 30th June 2009	5,930,465	40,60,063	2,377,863	22,26,744
Net Asset / (Liability) recognized in the Balance Sheet	(5,930,465)	(40,60,063)	(2,377,863)	(22,26,744)

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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Current Service Cost	1,399,588	7,46,253	811,894	5,65,460
Interest Cost	355,256	2,73,202	172,213	1,90,183
Expected return on plan assets	—	—	—	—
Net Actuarial (gain) / loss recognized during the period	11,10,491	(3,74,419)	(41,783)	(9,06,191)
Expenses recognized in the statement of Profit & Loss	28,65,335	6,45,036	942,324	(1,50,548)

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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Expected Return on Plan Assets	—	—	—	—
Actuarial (gain) / loss	—	—	—	—
Actual return on plan assets	—	—	—	—

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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
	duly modified	duly modified	duly modified	duly modified
Discount rate as at 30th June, 2009	7.00%	8.00%	7.00%	8.00%
Future Salary Increase	4.50%	5.50%	4.50%	5.50%
Expected rate of return on plan assets	—	—	—	—
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rates Age	Withdrawal	Withdrawal	Withdrawal	Withdrawal
Upto 30 years	3.00%	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%

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

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

*Since the period 1st September 2006 to 31st March, 2007 was not considered for actuarial valuation as per revised AS 15, the above amounts represents the period of 12 months from 1st April 2007 to 31st March 2008.

SIGNED FOR IDENTIFICATION SCHEDULE 1 TO 13

For & on behalf of

DOOGAR & ASSOCIATES
Chartered AccountantsUmesh K. Modi
(Chairman & President)Abhishek Modi
(Executive Director)Directors
G.C. Jain
Man Mohan
N.P. BansalMukesh Goyal
Mg. Partner
Membership No. 081810S.S. Agarwal
Vice President (Commercial)Rajeev Malhotra
(Chief Financial Officer)Place : New Delhi
Date : 3rd September, 2009Anup Gupta
(Company Secretary)



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	19160	State Code	20
Balance Sheet Date	30	06	2009
	Date	Month	Year

II. Capital Raised during the period

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

III. Position of Mobilisation and Deployment of funds

(Amount in Rs. Thousands)	Total Liabilities	Total Assets
	1,295,440	1,295,440
Source of Funds	Paid up Capital	Reserves & Surplus
	476,940	6,364
	Secured Loan	Unsecured Loan
	186,881	625,255
Application of Funds	Net Fixed Assets	Investments
	642,992	251,650
	Deferred Tax Liabilities/(Assets)	
	30,406	
	Net Current Assets	Accumulated Losses
	249,915	120,477

IV. Performance of Company

(Amount in Rs. Thousands)	Turnover	Total Expenditure
	3,102,112	3,034,311
	Profit Before Tax	Profit After Tax
	67,801	70,015
	Earning per Share (Rs.)	Dividend Rate (Percentage)
	1.47	Nil

V. Generic name of Principal Product of the Company

(As per monetary terms)	
Item Code No.(ITC Code)	1701-31
Product Description	SUGAR

Umesh K. Modi
(Chairman & President)

Abhishek Modi
(Executive Director)

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

S.S. Agarwal
Vice President (Commercial)

Rajeev Malhotra
(Chief Financial Officer)

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
(Company Secretary)



CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 2009

	Current Period (Amount in Rs.)	Previous Period (Amount in Rs.)
A) Cash Flow from Operating Activities		
Profit / (Loss) Before Tax as per Profit and Loss Account	67,800,916	(248,520,781)
Adjustments For :		
Interest Expenses	120,368,179	90,482,679
Interest Income	(1,471,367)	(5,712,054)
Dividend Income	(133,356)	(6000)
Loss on sale of Fixed Assets	271,520	454,838
Assets Written off	489,590	33,320
Depreciation	64,865,247	76,264,853
Unclaimed credit balances written back	(14,523,194)	(340,740)
Operating Profit before Working Capital Changes	237,667,535	(87,343,885)
Adjustments For :		
Trade and Other Receivables	(176,442,494)	(76,893,141)
Inventories	554,789,182	(818,993,188)
Trade Payables	(836,592,018)	1,056,607,033
Cash generated from Operating Activities	(220,577,795)	73,376,819
Direct Taxes (Paid)/Refund	(1,327,462)	(15,690,370)
Net Cash Flow from Operating Activities	(221,905,257)	57,686,449
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(4,619,992)	(63,615,930)
Capital Work in Progress	(1,267,915)	17,264,080
Proceeds from sale of Fixed Assets	492,623	2,134,912
Purchase of Investments	(20,500,000)	(60,399,550)
Dividend Income	133,356	6,000
Interest Received	1,471,367	5,712,054
Net Cash Flow from Investing Activities	(24,290,561)	(98,898,434)
C) Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (Net)	408,997,612	12,643,011
Proceeds from Short Term Borrowings (Net)	(43,728,991)	84,670,072
Net Interest (Paid)	(120,368,179)	(91,914,081)
Net Cash Flow from Financing Activities	244,900,442	5,399,002
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,295,376)	(35,812,983)
Cash and Cash Equivalents as on 1st April 2008 (Opening Balance)	47,440,962	83,253,945
Cash and Cash Equivalents as on 30th June 2009 (Closing Balance)	46,145,586	47,440,962
Net Increase as disclosed above	(1,295,376)	(35,812,983)
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.		
3. Previous period figures have been regrouped / rearranged wherever considered necessary.		
2. Cash and Cash equivalent at the end of the period consist of Cash, Stamps in hand, Cheques in Hand and Balances with Banks.		
Stamps in Hand	8,207	8,207
Cash in Hand	184,149	225,711
Cheques/ Drafts in Hand	2,490,000	603,508
Balances with Banks	43,463,230	46,603,536
TOTAL	46,145,586	47,440,962

For & on behalf of

DOOGAR & ASSOCIATES
Chartered AccountantsUmesh K. Modi
(Chairman & President)Abhishek Modi
(Executive Director)Directors
G.C. Jain
Man Mohan
N.P. BansalMukesh Goyal
Mg. Partner
Membership No. 081810S.S. Agarwal
Vice President (Commercial)Rajeev Malhotra
(Chief Financial Officer)Place : New Delhi
Date : 3rd September, 2009Anup Gupta
(Company Secretary)



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

1	Name of the Subsidiary	SBEC Bioenergy Ltd.	SBEC Stockholding and Investment Ltd.	Modi Gourmet Ltd.
2	Financial year of the Company	01.10.2007 to 31.03.2009	01.04.2008 to 31.03.2009	19.09.2008 to 31.03.2009
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	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 st March, 2009.	NIL	NIL	NIL
b)	Not dealt with in the Accounts of the Company for the period ended 31 st March, 2009.	49160446	NIL	(196906)
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 30 th September, 2007.	26163083	NIL	NIL
b)	Not dealt with in the Accounts of the Company for the period ended 31 st March, 2008.	NIL	NIL	NIL
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 31st March, 2009 along with Director's Report and Auditor's Report of the Subsidiary Company are attached herewith.

Umesh K. Modi
(Chairman & President)

Abhishek Modi
(Executive Director)

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

S.S. Agarwal
Vice President (Commercial)

Rajeev Malhotra
(Chief Financial Officer)

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
(Company Secretary)



REPORT OF THE AUDITORS TO THE BOARD OF DIRECTOR OF SBEC SUGAR LTD

1. We have audited the attached Consolidated Balance Sheet of SBEC Sugar Limited and its subsidiaries as at 30th June, 2009, the Consolidated Profit and Loss Account for the period ended on that date annexed thereto, and the Consolidated Cash Flow Statements for the period ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with audit standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of these subsidiaries. The financial statements of SBEC Bio-energy Limited reflect total assets of Rs. 2510.04 lacs as at 31st March, 2009 and total revenues of Rs. 2062.91 lacs for the period ended on that date. The financial statements of SBEC Stockholding and Investment Limited reflect total assets of Rs. 5 lacs as at 31st March, 2009 and total revenues of Rs. NIL for the period ended on that date as this subsidiary has not commenced business during the concerned period. The financial statements of Modi Gourmet Limited reflect total assets of Rs. 5 lacs as at 31st March, 2009 and total revenues of Rs. 0.01 lacs for the period ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS)-21, 'Consolidated Financial Statements', referred to in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in exercise with the power conferred under sub-section (1)(a) of section 642 of the Companies Act, 1956 and on the basis of the separate audited financial statements of SBEC Sugar Limited and its subsidiaries included in the consolidated financial statements.
5. 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 subject to;

Note No. B-11- *regarding valuation of closing stock (free Sugar) at market price instead of "lower of cost or net realizable value" resulting in overstatement of stock (free sugar) by Rs. 513.58 lacs & profit for the period of 15 months by Rs. 513.58 lacs.*

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 30th June, 2009;
- ii) in the case of the Consolidated Profit & Loss Account, of the Consolidated results of operations of SBEC Sugar Limited and its subsidiaries for the period ended on that date; and
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of SBEC Sugar Limited and its subsidiaries for the period ended on that date.

For and on behalf of
Doogar and Associates
Chartered Accountants

MUKESH GOYAL
Mg. Partner
M. No. 81810

Place : New Delhi
Date : 3rd September, 2009



CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2009

		SCHEDULES		As at	As at
				30.06.2009	31.03.2008
				(Amount in Rs.)	(Amount in Rs.)
I. SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
Share Capital	1			476,940,175	476,940,175
Reserves & Surplus	2			6,363,717	6,760,884
2. LOAN FUNDS	3				
— Secured Loans				240,214,682	284,753,204
— Unsecured Loans				625,354,563	275,102,756
TOTAL				1,348,873,137	1,043,557,019
II. APPLICATION OF FUNDS					
1. FIXED ASSETS	4				
Gross Block				1,500,358,553	1,497,886,234
Less: Depreciation				775,187,094	655,282,515
Net Block				725,171,459	842,603,719
Capital Work in Progress				28,764,426	27,953,714
				753,935,885	870,557,433
2. INVESTMENTS	5			1,149,600	1,149,600
3. Deferred Tax Liabilities/(Assets)				62,835,246	63,101,855
4. CURRENT ASSETS, LOANS & ADVANCES	6				
— Inventory				361,268,353	910,859,154
— Sunday Debtors				121,554,535	40,072,915
— Cash & Bank Balances				67,442,861	50,106,911
— Loans & Advances				678,699,214	530,060,239
				1,228,964,963	1,531,099,219
5. CURRENT LIABILITIES & PROVISIONS	7				
— Current Liabilities				588,376,073	1,435,138,351
— Provisions				11,855,280	11,718,788
NET CURRENT ASSETS				628,733,610	84,242,081
Profit & Loss Account				(111,051,997)	8,324,109
6. Miscellaneous Expenditure	13			13,270,793	16,181,942
(To the extent not written off or adjusted)					
TOTAL				1,348,873,137	1,043,557,019

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

For & on behalf of

DOOGAR & ASSOCIATES
Chartered Accountants

Umesh K. Modi
(Chairman & President)

Abhishek Modi
(Executive Director)

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

Mukesh Goyal
Mg. Partner
Membership No. 081810

S.S. Agarwal
Vice President (Commercial)

Rajeev Malhotra
(Chief Financial Officer)

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
(Company Secretary)



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE, 2009

	SCHEDULES	For the Period ended 30.06.09 (Amount in Rs.)	For the Period ended 31.03.08 (Amount in Rs.)
INCOME			
Sales		3,249,920,762	3,132,499,146
Less : Excise Duty		175,859,553	218,478,609
Net Sales		3,074,061,209	2,914,020,537
Other Income	8	58,070,896	28,042,051
Increase / (Decrease) in Stocks	9	(556,074,029)	822,625,107
TOTAL INCOME		2,576,058,076	3,764,687,696
EXPENDITURE			
Materials and Manufacturing Expenses	10	1,948,287,551	3,493,083,378
Personnel, Administration & Selling Expenses	11	195,132,704	234,882,490
Miscellaneous Expenditure Written Off		2,936,292	3,512,068
TOTAL EXPENDITURE		2,146,356,547	3,731,477,936
PROFIT BEFORE INTEREST, DEPRECIATION & TAX		429,701,530	33,209,759
INTEREST AND FINANCE CHARGES	12	181,343,641	137,117,527
PROFIT BEFORE DEPRECIATION & TAX		248,357,889	(103,907,768)
DEPRECIATION AND AMORTISATION		122,652,931	115,314,628
PROFIT / (LOSS) FOR THE YEAR		125,704,958	(219,222,396)
PRIOR PERIOD INCOME		1,246,090	774,970
PRIOR PERIOD EXPENSES		1,929,791	2,517,760
PROFIT / (LOSS) BEFORE TAX		125,021,257	(220,965,186)
FRINGE BENEFIT TAX		1,528,345	2,205,954
PROVISION FOR INCOME TAX		4,224,765	1,927,317
PROVISION FOR WEALTH TAX		22,599	74,204
DEFERRED TAX CHARGE / (CREDIT)		266,608	(54,399,303)
PROFIT / (LOSS) AFTER TAX BEFORE APPROPRIATION		118,978,940	(170,773,358)
ADD : TRANSFER FROM MOLASSES STORAGE FUND		1,300,000	—
LESS : TRANSFER TO MOLASSES STORAGE FUND		902,833	924,400
ADD : BALANCE BROUGHT FORWARD		(8,324,109)	163,373,649
BALANCE CARRIED FORWARD TO BALANCE SHEET		111,051,997	(8,324,109)
EARNING PER SHARE (BASIC & DILUTED)		2.50	(3.58)

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

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

Umesh K. Modi
(Chairman & President)

Abhishek Modi
(Executive Director)

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

Mukesh Goyal
Mg. Partner
Membership No. 081810

S.S. Agarwal
Vice President (Commercial)

Rajeev Malhotra
(Chief Financial Officer)

Place : New Delhi
Date : 3rd September, 2009

Anup Gupta
(Company Secretary)



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED :		
55,000,000 Equity Shares of Rs. 10/- each	550,000,000	550,000,000
ISSUED & SUBSCRIBED :		
47,814,430 Equity Shares of Rs. 10/- each	478,144,300	478,144,300
PAID UP :		
47,653,880 Equity Shares of Rs. 10/- each	476,538,800	476,538,800
Share Forfeiture Account	401,375	401,375
TOTAL	476,940,175	476,940,175

SCHEDULE 2 : RESERVES & SURPLUS

	As at 01.04.2008	Additions	Transfer / Adjustment	As at 30.06.2009 (Amount in Rs.)
Capital Reserve Arising on Reissue of Forefeited Shares	4,916,625	—	—	4,916,625
	(4,916,625)	—	—	(4,916,625)
Molasses Storage Fund	1,844,259	902,833	(1,300,000)	1,447,092
	(919,859)	(924,400)	—	(1,844,259)
TOTAL	6,760,884	902,833	(1,300,000)	6,363,717
	(5,836,484)	(924,400)	—	(6,760,884)

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

SCHEDULE 3 : LOAN FUNDS

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
A Secured Loans		
(a) Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	11,276,687	95,809,275
(b) Term Loan from SREI Infrastructure Finance Ltd.	53,333,336	110,857,649
(c) Excise Loan from The Shamrao Vithal Co-operative Bank Ltd.	158,611,000	110,857,649
(d) Short Term Loan from The Shamrao Vithal Co-operative Bank Ltd.	—	50,428,185
(e) Vehicle Loans	8,274	458,734
(f) Hire Purchase - First Leasing Company of India Ltd.	14,954,026	27,199,361
(g) Interest accrued & due on above	2,031,359	110,857,649
SUB TOTAL - A	240,214,682	284,753,204
B Unsecured Loans		
(a) Inter Corporate Deposits	447,745,144	177,586,307
(b) Fixed Deposits	60,295,000	11,570,000
(c) Deposits from Selling Agents	56,416,798	61,675,648
(d) Short term Loan	100,121	2,000,000
(e) Interest Accrued & Due on above	60,797,500	22,270,801
SUB TOTAL - B	625,354,563	275,102,756
TOTAL - (A) + (B)	865,569,245	559,855,960

Note :

1. Term Loan from The Shamrao Vithal Co-operative Bank Ltd. is secured by equitable mortgage on all the Immovable properties, stock, book-debts and all other tangible movable assets by way of deposit of title deeds and hypothecation of all fixed assets.
2. Excise Loan from the Shamrao Vithal Co-operative Bank Ltd. is secured by residual charge on Fixed Assets.
3. Amounts payable against vehicle loans are secured against the hypothecation of specific assets acquired.
4. Loans payable within one year Rs.71,291,479/- (Previous year Rs.155,690,686/-)
5. Term Loan from SREI Infrastructure Finance Ltd. (Previous year IREDA) is secured by exclusive first charge, by way of mortgage of all immovable properties of SBEC Bioenergy Ltd, both present and future, and hypothecation of all movable properties of SBEC Bioenergy Ltd., both present & future, wherever situated.

**SCHEDULE 4 : FIXED ASSETS**

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions During the Period	Sales/ Adjustments	As at 30.06.2009	Upto 31.03.2009	Provided During the Period	Sales/ Adjus- tments	Upto 30.06.2009	As at 30.06.2009	As at 31.03.2008
LAND - FREEHOLD	4,615,226	—	—	4,615,226	—	—	—	—	4,615,226	4,615,226
LAND - LEASE HOLD	5,642,858	—	—	5,642,858	581,271	79,583	—	660,854	4,982,004	5,061,587
LEASEHOLD IMPROVEMENT	84,740	—	—	84,740	42,370	26,467	—	68,837	15,903	42,370
BUILDING	125,263,951	—	—	125,263,951	25,641,866	4,362,473	—	30,004,339	95,259,612	99,622,085
PLANT & MACHINERY	1,328,672,917	6,153,993	—	1,334,826,910	611,140,023	115,063,001	—	726,203,024	608,623,886	717,532,894
OFFICE EQUIPMENT	10,231,199	617,784	1,415,578	9,433,405	5,703,639	1,171,744	1,041,897	5,833,486	3,599,920	4,527,561
FURNITURE & FIXTURES	6,940,357	647,703	1,196,903	6,391,157	3,364,408	720,774	886,502	3,198,680	3,192,477	3,575,949
MOTOR VEHICLES	10,975,173	—	2,348,251	8,626,921	3,599,683	1,123,997	819,953	3,903,727	4,723,193	7,375,489
INTANGIBLE ASSETS SOFTWARE	332,801	13,572	—	346,373	82,243	104,892	—	187,135	159,238	250,558
CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS	5,127,012	—	—	5,127,012	5,127,012	—	—	5,127,012	—	—
TOTAL	1,497,886,234	7,433,052	4,960,732	1,500,358,553	655,282,515	122,652,931	2,748,352	775,187,094	725,171,459	842,603,719
CAPITAL WORK IN PROGRESS	457,203	1,741,510	2,198,713						28,764,426	27,953,714
TOTAL	1,498,343,437	9,174,562	7,159,445	1,500,368,553	655,282,515	122,652,931	2,748,352	775,187,094	753,935,885	870,557,433
PREVIOUS PERIOD	1,426,906,393	74,264,210	3,284,368	1,497,886,235	540,662,505	115,314,628	694,618	655,282,515	870,557,433	886,243,888

- Notes :
- Freehold Land includes land aggregating Rs. 158,059/- 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 30.06.2009	As at 31.03.2008
a) for Existing Operation	21,673,011	24,240,898
b) for New Projects	6,754,216	3,409,462
a) for Capital advances	337,199	303,354

SCHEDULE 5 : INVESTMENTS**Long Term**

(Unquoted, Trade)

40,000 Equity Shares of Rs. 25/- each in

The Shamrao Vithal Co-operative Bank Ltd.*

(Previous year 40,000 Equity Shares of Rs. 25/- each)

Share Transfer Stamp fee

TOTAL

* Book value of Unquoted Shares (as per Latest Audited accounts)

The Shamrao Vithal Co-operative Bank Ltd.

As at
30.06.2009
(Amount in Rs.)

As at
31.03.2008
(Amount in Rs.)

1,000,100**1,000,100****149,500****149,500****1,149,600****1,149,600****1,000,100****1,000,100**



SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
A CURRENT ASSETS		
(i) Inventory		
Stores and Spares	78,921,159	72,894,375
Finished Goods	276,628,103	820,861,862
Goods in process	3,455,493	13,587,332
Other Stocks	2,263,598	3,515,585
TOTAL	361,268,353	910,859,154
(ii) Sundry Debtors		
(Considered good except to the extent stated)		
Outstanding for more than Six Months		
- Secured	-	53,185
- Unsecured	3,023,490	1,876,846
- Considered Doubtful	-	14,680,790
- Other Debts		
- Secured	11,625,796	1,473,862
- Unsecured	107,028,933	36,792,707
TOTAL	121,678,219	54,877,389
Less : Provision for Doubtful Debts	123,684	14,804,474
TOTAL	121,554,535	40,072,915
(iii) Cash & Bank Balances		
- Cash Balance	184,172	226,736
- Stamps in Hand	8,207	8,207
- Cheques/Drafts in hand	2,490,000	603,508
Balances with Scheduled Banks in		
- Fixed Deposits	15,244,391	12,560,191
- Current Accounts	49,516,091	36,708,269
TOTAL	64,760,482	49,268,460
TOTAL(A)	547,242,259	1,001,038,981
B LOANS AND ADVANCES		
(Unsecured, considered good except to the extent stated)		
Advances Recoverable in cash	666,771,928	508,576,783
or in kind or for value to be received		
— Considered Doubtful	-	5,232,112
Security Deposits	2,256,740	1,485,770
Balance with Excise Authorities	2,098,604	12,079,720
Tax Deducted at Source	7,721,942	7,917,966
* Include Rs. 28,81,04,945/- against assignment of debt of Modi Industries Ltd with PNB, Modinagar (Refer Note No. B - 5 of Schedule 14)		
	678,849,214	535,292,351
Less : Provision for Doubtful Advances	150,000	5,232,112
TOTAL (B)	678,699,214	530,060,239
TOTAL {(A) + (B)}	1,228,964,963	1,531,099,219

**SCHEDULE 7 : CURRENT LIABILITIES**

	As at 30.06.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
A Bills Payable Acceptance	106,583,636	115,468,952
Sundry Creditors		
— For Sugar Cane	299,290,161	1,007,809,926
— Promoter Comapny	3,942,448	18,720,413
— Small Scale Industries	1,209,227	1,395,457
— Others	140,691,579	248,369,188
Other Liabilities	25,111,218	21,788,345
Advances against Sales	6,836,604	17,495,682
Interest Accrued but not due on Loans	—	274,188
Security Deposit Received	4,711,200	3,816,200
TOTAL	481,792,437	1,319,669,399
TOTAL - (A)	588,376,073	1,435,138,351
B PROVISIONS		
— for Leave Encashment	3,119,103	3,268,761
— for Gratuity	7,458,434	5,952,226
— for Income Tax	—	895,021
— for Fringe Benefit Tax	1,255,144	1,569,356
— for Wealth Tax	22,599	33,424
TOTAL - (B)	11,855,280	11,718,788
TOTAL - {(A) + (B)}	600,231,353	1,446,857,139

SCHEDULE 8 : OTHER INCOME

	for the period ended 30.06.2009 (15 Months) (Amount in Rs.)	For the period ended 31.03.2008 (18 Months) (Amount in Rs.)
Interest Received (Gross) (Tax deducted at source Rs.47,377/- Previous period Rs. 11,15,327/-)	23,807,638	15,649,179
Rent / Lease Rent Received	8,539,857	187,391
Dividend	283,356	6,000
Miscellaneous Income	6,988,377	11,858,742
Excess provision / Sundry balance written back	18,451,668	340,740
TOTAL	58,070,896	28,042,051

SCHEDULE 9 : INCREASE / (DECREASE) IN STOCKS

Opening Stock - Finished Goods	822,570,293	9,915,186
- Goods in Process	13,587,332	3,617,332
Closing Stock - Finished goods	276,628,103	822,570,293
- Goods in Process	3,455,493	13,587,332
Increase/(Decrease) in Stock	(556,074,029)	822,625,107

**SCHEDULE 10 : MATERIALS AND MANUFACTURING EXPENSES**

	for the period ended 30.06.2009 (15 Months) (Amount in Rs.)	For the period ended 31.03.2008 (18 Months) (Amount in Rs.)
Raw Materials Consumed	1,520,204,658	2,948,653,651
Sugar Purchased for Trading	254,861,829	171,862,556
Stores & Spares Consumed (including Packing Expenses)	126,855,018	213,424,681
Power & Fuel	5,105,216	4,089,579
Freight & Cartage	934,862	1,738,956
Refining Charges(including Freight)	-	1,255,000
Repair & Maintenance		
- Plant & Machinery	62,090,687	64,865,284
- Building	4,179,383	1,294,203
- Others	4,754,563	4,538,288
Other Manufacturing Expenses	484,988	326,669
Material Handling Expenses	10,655,396	13,408,715
Technical Assistance Fees	3,693,739	3,611,518
Variation in Excise Duty on Opening and Closing		
Stock of Finished Goods	(45,532,787)	64,014,278
TOTAL	1,948,287,551	3,493,083,378

SCHEDULE 11 : PERSONNEL, ADMINISTRATION & SELLING EXPENSES

A PERSONNEL EXPENSES			
Salary, Wages & Bonus etc.	100,406,841		108,698,702
Company's Contribution to Provident & Other Funds	6,851,485		6,827,840
Staff Welfare Expenses	6,570,540		7,324,948
Gratuity	3,095,927		2,305,083
TOTAL - (A)	116,924,794		125,156,573
B ADMINISTRATION EXPENSES			
Travelling & Conveyance Expenses	11,040,233		15,918,692
Telephones, Postage & Telegrams	2,152,463		3,199,672
Rent including Lease Charges	2,652,233		4,341,544
Rates & Taxes	954,807		1,812,242
Vehicle Expenses	4,221,477		4,377,109
Insurance -Expenses	4,344,281	6,077,132	
- Receipt	(3,190,522)	(3,722,663)	2,354,469
Auditors' Remuneration			
- Audit Fee	434,571	417,490	
- Certification & reimbursement	186,369	86,369	503,859
Legal & Professional Charges	12,012,344		18,508,417
General Repair & Maintenance	152,779		286,251
Security Guard Expenses	11,961,208		10,447,400
Miscellaneous Expenses	8,196,740		13,611,327
Assets Written off	489,590		33,320
Amount written off	1,773,368		88,176
Loss on Sale of Fixed Assets	271,520		454,838
Loss on Sale of Store	260,385		983,563
Provision for doubtful Debts / Advances	1,028,548		3,436,796
TOTAL - (B)	58,942,394		80,357,675
C SELLING EXPENSES			
Commission	14,351,823		14,992,767
Rent (Godown)	75,000		49,000
Clearing & Freight Expenses	4,640,532		6,977,201
Rebate & Discount	167,725		502,607
Compensation Paid	-		6,183,981
Selling Exp. (Export)	30,436		662,686
TOTAL - (C)	19,265,516		29,368,242
TOTAL - (A)+(B)+(C)	195,132,704		234,882,490

**SCHEDULE 12 : INTEREST AND FINANCE CHARGES**

	for the period ended 30.06.2009 (15 Months)		For the period ended 31.03.2008 (18 Months)	
	(Amount in Rs.)		(Amount in Rs.)	
Interest				
- On Term Loans	36,294,088		42,820,832	
- Others	<u>107,944,316</u>	144,238,404	<u>51,969,831</u>	94,790,663
Bank Charges		5,749,671		3,511,008
Finance & Stamping charges		27,997,069		33,267,930
Financial Brokerage		3,336,682		5,261,811
Foreign Exchange Fluctuation (Net)		21,814		286,114
TOTAL		<u>181,343,641</u>		<u>137,117,527</u>

SCHEDULE 13 : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

A Preliminary Expenses		
Balance as per last account	997	1,722
Addition during the period	42,154	-
Less : Written off	<u>4,510</u>	<u>725</u>
	38,641	997
B Deferred Revenue Expenditure		
Balance as per last account	15,968,404	19,372,337
Addition during the period	-	107,411
Less : Written off	<u>2,931,782</u>	<u>3,511,344</u>
	13,036,622	15,968,404
C Pre-operative Expenses	195,530	212,541
TOTAL	<u>13,270,793</u>	<u>16,181,942</u>

SCHEDULE: 14 — SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES:****1 Basis of Preparation of Financial Statements**

The financial statements of "SBEC Bioenergy Ltd." used in the consolidation are drawn for a period of eighteen months ended on 31st March 2009 and the financial statements of "Modi Gourmet Limited" used in the consolidation are drawn a period of seven months ended on 31st March 2009, whereas that of SBEC Stockholding & Investments Limited are drawn for twelve month period ended on 31st March 2009 (hereinafter referred to as "the subsidiary companies"). In the absence of certificate for Commencement of Business of SBEC Stockholding & Investment Limited by the date of closing, no Profit and Loss Account has been prepared for the period ended 31st March 2009.

The financial year of the subsidiary companies does not end on a day which precedes the day on which financial year of SBEC Sugar Limited (hereinafter referred to as "the Holding company") ends by more than six months.

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 and following principle of going concern. The accounting policies have been consistently applied by the Companies and are consistent with those used in the previous period. 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.

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

2. 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 unrealised profits.

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



(b). The subsidiary Companies considered in the consolidated financial statement

Name of the Company	Country of Incorporation	% of Voting Power as on 30.06.2009
SBEC Bioenergy Limited.	India	100
SBEC Stockholding & Investment Limited.	India	100
Modi Gourmet Limited.	India	100

3. Recognition of Revenues & Expenses

In case of Holding Company:

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

In case of SBEC Bioenergy Limited:

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

4. Fixed & Intangible Assets

- Fixed Assets are stated at historical cost less accumulated depreciation. Historical cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working conditions for its intended use.
- Borrowing costs that are directly attributable to the acquisition, construction or productions 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". A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost is charged to revenue.
- Government grants relating to specific fixed assets are deducted from the gross value of the assets concerned in arriving at their book value.
- Intangible assets are recognised on the basis of recognition criteria as set out in Accounting Standard (AS)-26 "Intangible Assets".
- Cost and accumulated depreciation pertaining to fixed assets disposed off is removed from the accounts at the time of disposal. Any resultant gain or loss is included in the P&L Account.

5. Depreciation

Depreciation has been charged on the following basis:

- Leasehold Land is being amortized over the period of the Lease.
- Assets leased out are written off over the period of lease at cost less terminal transfer price.
- Assets costing less than Rs. 5000/- each are being depreciated at the rate of 100 % in the year of addition.
- Other assets are being depreciated on the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- Software of the nature of Intangible Assets are amortized over a period of 5 years.
- In the case of assets where an impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life.
- In case of SBEC Bioenergy Limited, extra shift depreciation is charged in respect of plant & machinery, excluding items on which no extra shift depreciation is applicable as per Schedule XIV to the Companies Act, 1956, at the rate of 5.59% on actual number of days worked in triple shift in proportion to the normal working days, which are 240 for the Company.

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. Inventory Valuation

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



8. 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.

9. 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.

10. 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.

11. 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.

12. Accounting for Taxes

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

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

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

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

13. 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.

14. 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.



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.

15. 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.

16. 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 18 months period whereas the same for consolidated with SBEC Bioenergy Limited were for 12 months. The current accounts for the holding company are for 15 months whereas the same for SBEC Bioenergy Limited are for 18 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:**

Sl. No.	Particulars	As at 30.06.2009 (Rs. lakhs)	As at 31.03.2008 (Rs. lakhs)
i)	Corporate Guarantee given to Government of Jharkhand against Soft loan given to Bihar Sponge Iron Ltd.	3250.00	3250.00
ii)	Outstanding against Guarantee given on behalf of SBEC Bioenergy Ltd.	400.00	933.33
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	783.23	783.23
v)	Corporate Guarantee given in favour of PNB against OTS of Modi Industries Ltd. along with interest(Refer Note No. 5)	468.88	992.24
vi)	Interest and R C Charges on cane arrear payment as recovered by DCO, Baghpat, case is pending with Allahabad High Court.	35.99	35.99
In case of SBEC Bioenergy Limited:			
Claims against the Company not acknowledged as debts:			
vii)	Sales tax	10.85	10.85
viii)	Income tax	Nil	350.73

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. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 13.70 Lacs (Previous period Rs 31.89 Lacs).
4. In case of Holding Company, in compliance of the Interim Order of the Lucknow Bench of Allahabad High Court dated 15th November, 2007 and subsequently upheld by Hon'ble Supreme Court vide its order dated 15.05.2008, 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 7th 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 13th August 2008. Differential liability of the sugar cane price of Rs. 229.37 lacs for the period ended 30th June, 2009, and Rs 1483.32 lacs up to 30th



June, 2009 (Previous Period Rs 1253.95 lacs) if so ordered, will be accounted for in the books at time of final disposal of the matter by the Hon'ble Supreme Court.

5. (i) Modi Industries Ltd. (MIL) is interalia carrying on the business of manufacturing Sugar at its Sugar Plant in Modinagar. MIL is a Sick Company and has various outstanding liabilities to its creditors including Financial Institutions and Banks. Proceedings are pending before the Board for Industrial and Financial Reconstruction (BIFR) in connection with the approval of the scheme for its rehabilitation.

In this background, the Holding company received a proposal for paying off Punjab National Bank (PNB) Debt due from MIL under One Time Settlement (OTS) and on condition that PNB's debt along with all the securities created by MIL in PNB's favour would be assigned to this Company. As proposed by MIL, this company entered into an agreement dated 22.01.2007 with PNB for making payment to it of Rs. 2810.60 lacs plus interest at PLR and in consideration there of PNB agreed to assign its debt and securities in favour of the company. The company is making payments to PNB in installment under the said agreement. On completion of the payment of Rs. 2810.60 lacs plus interest, PNB's claims against MIL in relation to its steel division together with all securities and charges created in favour of PNB by MIL shall stand assigned to this company. The Company proposes thereafter to enter into a settlement with MIL with respect to the assigned debt. The total payment of Rs. 2881.05 lacs (Including Interest) made to PNB till 30th June 2009 has been shown under the head "Loans and Advances", which includes Rs.2389.01 lacs against the principal amount.

- (ii) In case of SBEC Bioenergy Ltd, the company negotiated and finalized with the Industrial Development Bank of India Limited (IDBI) Mumbai, 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 27-1-2007 and 09-02-2007, 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 advanced a sum of Rs. 1,410.98 lacs (previous year Rs. 452.85) till the end of March 2009 to IDBI under this scheme, which is shown under Loans and Advances Recoverable in the Balance Sheet.

- 6 In case of SBEC Bioenergy Ltd. the 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1st December, 2005. The company's contribution in respect of the line amounted to Rs.19,545,474 /- (Rupees one crore ninety five lacs forty five thousand four hundred seventy four only) as demanded by UPPCL till end of March, 2009. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL. The amount spent by the Company has been accounted for as a Deferred Revenue Expenditure and the same is being amortized over a period of 10 years from the date of commencement of commercial operation.

UPPCL has charged Rs. 661,237/- for the period 2008-09 (Previous year Rs. 426,605/-) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 08-11-2006, 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 a provisional basis.

7. SBEC Bioenergy Ltd. had earlier signed an Agreement dated 10th December 1998 with SBEC Sugar Limited (SSL) regarding the supply of bagasse and water by SSL to the Company and conversion of the same into steam and electricity by the Company. Under the Agreement, the Company was to process bagasse condensate and deep well water and to return to SSL all the steam generated and the electricity required in running the Sugar Plant. Surplus electricity could be supplied to State Electricity Board. The steam generated could not be supplied to any other party. As per Article 18, of that Agreement, the Agreement was to be presented to PICUP for the purpose of confirmation by PICUP for granting a loan of Rs. 8.00 crores to SSL. In view of PICUP not giving its confirmation to the Agreement, SSL treated the agreement as inoperative in respect of payment of steam prices.

In the above circumstances, this Company started to raise adhoc Invoices on SSL for the supply of steam @ Rs.236/-per ton from 14.02.1999 till 30.04.2001. SSL by a letter dated 20th June 2001 challenged the said Invoices stating that there was no subsisting contract for the said charges. It, however, offered to make provision for steam in its accounts at the rate of Rs.75/- per ton. W.e.f. 1st October 2001, the company started raising invoices for the supply of steam @ Rs.75 per ton. Thereafter, SSL by a letter dated 2nd November 2002 withdrew its earlier offer of paying for steam even @ Rs.75/- per ton and denied any liability altogether, on account of steam w.e.f. October 2001. It reiterated the same stand through another letter dated 21st February 2003.

The Board of the SBEC Bioenergy Limited met on 8th July 2003 and resolved that taking into account the aforesaid stance by SSL, it would not be prudent to book any conversion charges in respect of steam and hence, the billing already done by the Company be reversed. It was also decided to revise the Income Tax returns of the Company accordingly.

SSL vide its letter dated 15th Jan 2008 informed that the realizable price of bagasse had increased significantly and consequently requested the company not to charge any conversion charges for electricity supplied. The Board of Directors of the Company in its meeting held on 4th July 2009 consented to the same.

8. In case of Holding Company:

- a) Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. 12.09 lacs (previous period Rs. 13.95 lacs).

The names of the companies are as under:

M/s. Allied Engineering Works, M/s. Subhash Rubber Works Pvt. Ltd., M/s. Swastika Industries, M/s. S P S Enterprises, M/s. The King Sugar & General Engg. Co., M/s. Vijay Metal Works.

- b) The Company has issued letter for identification of Micro, Small & Medium Enterprises 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.

In case of SBEC Bioenergy Ltd.:

- a) There is no amount payable to Small Scale Industrial Undertaking (SSI) to the extent such parties has been identified from the available documents/information.
- b) The Company has during the year, not received any intimation from its suppliers regarding their status under the 'The micro, small and medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the year end along with interest paid / payable as required under the said Act have not been given.

The Company generally makes payments to all its suppliers with in the agreed credit period (less then 45 days) and thus the management is confident that the liability of interest under this Act, if any, would not be material.

9. SBEC Sugar Limited (SSL) – alongwith its nominee the Holding Company, holds 23,000,000 fully paid-up Equity Shares in the Company.
10. 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.
11. In case of Holding Company the entire stock of free sugar available as on 30.06.2009 was valued at average market price prevailing during June, 2009. 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 realisable value. This has resulted in overstatement of (i) Stock by Rs. 513.58 lacs & (ii) Profit for the period by Rs.513.58 lacs.
This is necessitated because of the change in the accounting year which does not correspond with the season cycle of the sugar industry.
12. Amount due to certain sundry creditors / debtors are subject to confirmation and reconciliation. However, in the opinion of the management the differences arising on such reconciliation, if any, are not likely to be material.
13. Executive Director's Remuneration in case of holding Company included under different heads of expenditure is as follows:

(Rs. in lakhs)

Particulars	Current Period	Previous Period
Salary, Allowance & Commission	38.05	31.80
Contribution to Provident fund	2.85	2.16
Reimbursement of Expenses	0.84	1.16
Sub Total	41.74	35.12
Commission on profits	Nil*	Nil
TOTAL	41.74	35.12

*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 has been 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 lakhs)

Particulars	Current Period	Previous Period
Salary & Bonus	12.64	11.65
Contribution to Provident fund	1.13	1.32
Reimbursement of Expenses	1.16	1.99
Gratuity & Leave Encashment	5.67	—

14. **'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:

(Amount in Rs.)

Employer's contribution to Provident Fund	5,670,261
Previous Period	5,840,201

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. (Amount in Rs.)

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)*
Defined Benefit obligation at the beginning of the year	4,060,063	3,415,027	1,968,145***	2,057,738
Current Service Cost	1,399,588	7,46,253	8,11,894	5,65,460
Interest Cost	355,256	2,73,202	1,72,213	1,90,183
Actuarial (gain)/loss	11,10,491	(3,74,419)	(41,783)	(586,637)
Benefits Paid	(994,933)	—	(5,32,606)	—
Settlement cost	—	—	—	—
Defined Benefit obligation at the end of the year	5,930,465	4,060,063	2,377,863	22,26,744

** Re-Computed in View to change in leave Policy of some employees

2. Reconciliation of opening and closing balances of Fair Value of Plan Asset (Amount in Rs.)

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)*
Fair value of plan assets as at the beginning of the period	—	—	—	—
Expected Return	—	—	—	—
Actuarial (gain)/loss	—	—	—	—
Contribution by Employer	—	—	—	—
Benefits Paid	—	—	—	—
Settlement cost	—	—	—	—
Fair value of plan assets as at the end of the period	—	—	—	—
Actual return on plan assets	—	—	—	—

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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)*
Fair value of plan assets as at the 30th June, 2009	—	—	—	—
Present Value of Obligation as at 30th June 2009	5,930,465	40,60,063	2,377,863	22,26,744
Net Asset / (Liability) recognized in the Balance Sheet	(5,930,465)	(40,60,063)	(2,377,863)	(22,26,744)

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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)*
Current Service Cost	1,399,588	7,46,253	811,894	5,65,460
Interest Cost	355,256	2,73,202	172,213	1,90,183
Expected return on plan assets	—	—	—	—
Net Actuarial (gain) / loss recognized during the period	11,10,491	(3,74,419)	(41,783)	(9,06,191)
Expenses recognized in the statement of Profit & Loss	28,65,335	6,45,036	942,324	(1,50,548)



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

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)*
Expected Return on Plan Assets	—	—	—	—
Actuarial (gain / loss)	—	—	—	—

6. Principal Actuarial Assumptions (Amount in Rs.)

	Current Period Gratuity (Unfunded)	Previous Period Gratuity (Unfunded)*	Current Period Leave Encash- ment (Unfunded)	Previous Period Leave Encash- ment (Unfunded)*
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
	duly modified	duly modified	duly modified	duly modified
Discount rate as at 30th June, 2009	7.00%	8.00%	7.00%	8.00%
Future Salary Increase	4.50%	5.50%	4.50%	5.50%
Expected rate of return on plan assets	—	—	—	—
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rates Age	Withdrawal	Withdrawal	Withdrawal	Withdrawal
Upto 30 years	3.00%	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%	1.00%

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

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

*Since the period 1st September 2006 to 31st March, 2007 was not considered for actuarial valuation as per revised AS 15, the above amounts represents the period of 12 months from 1st April 2007 to 31st March 2008.

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, 2008 is NIL.

a) Defined Contribution Plan

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

Employer's contribution to Provident Fund	Rs.1,039,590
---	--------------

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. (Amount in Rs.)

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Defined Benefit obligation at the beginning of the year	1,933,990*	1,270,340*
Current Service Cost	2,12,352*	1,30,400*
Interest Cost	1,35,379*	88,924*
Actuarial (gain)/loss	(1,58,966)*	(4,55,889)*
Benefits Paid	(5,94,786)	(2,92,535)
Settlement cost	—	—
Defined Benefit obligation at the end of the year	1,527,969*	7,41,240*

2. Reconciliation of opening and closing balances of Fair Value of Plan Asset (Amount in Rs.)

	Gratuity & Leave Encashment (Unfunded)
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 on plan assets	—

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

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair Value of Plan Assets as at 31st March, 2008	—	—
Present value of obligation as at 31st March, 2009	1,527,969*	7,41,240*
Net asset/(liability) recognized in the Balance Sheet	(1,527,969)*	(7,41,240)*

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

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Current Service Cost	2,12,352*	1,30,400*
Interest Cost	1,35,379*	88,924*
Expected return on plan assets	—	—
Net Actuarial (gain)/ loss recognized during the period	(1,58,966)*	(4,55,889)*
Expenses recognized in the statement of Profit & Loss	1,88,765*	(2,36,565)*

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

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2009	7.00%	7.00%
Future Salary Increase	4.50%	4.50%
Expected rate of return on plan assets	—	—
Retirement Age	60 years	60 years
Withdrawal Rates	Withdrawal Rates	Withdrawal Rates
Age		
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	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. This being the first year of implementation, previous year figures have not been given.

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

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

15. Segment Reporting (AS-17)

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

Particulars	Power Generation		Assets Acquiring		Total	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Revenue						
External	1,794.65	1,204.90	—	—	1,794.65	1,204.90
Inter Segment						
Total Revenue	1,794.65	1,204.90	—	—	1,794.65	1,204.90
Result						
Segment Result (Profit before tax)	617.81	317.83	—	(74.73)	617.81	243.10
Unallocated expenses	—	—	—	—	(25.28)	23.98
Interest Expense	23.64	6.63	217.78	36.77	(241.42)	(43.40)
Interest Income	223.36	90.64	—	9.20	223.36	99.84
Income taxes	—	—	—	—	(42.25)	(19.27)
Fringe Benefit tax	—	—	—	—	(2.01)	(2.71)
Deferred tax	—	—	—	—	(38.31)	8.05
Profit after tax	—	—	—	—	491.60	261.63
Other Information						
Segment Assets	3,483.60	3,567.61	1,410.98	1,410.85	4,894.58	4,978.46
Unallocated Assets	—	—	—	—	376.16	405.28
Segment Liabilities	120.14	149.05	533.33	1,108.58	653.47	1,257.63
Unallocated Liabilities	—	—	—	—	0.01	0.46
Capital Expenditure	—	—	—	—	23.56	45.46
Depreciation	—	—	—	—	577.88	390.50

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



16. Impairments of Assets (AS-28)

In case of Holding Company 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.

17. Related Parties Disclosures

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

2. Fellow Subsidiaries — Nil

3. Associates — Nil

4. Key Managerial Personnel

Mr. Abhishek Modi-Executive Director

5. Relatives of key Managerial Personnel & their Enterprises:

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

* 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 lakhs)

Nature of transaction	Referred in A (1) above	Referred in A (2) above	Referred in A (3) above	Referred in A (4) above	Referred in A (5) above
Purchase					
Goods and Services	4.86 (51.06)	— (—)	— (—)	— (—)	2,615.99 (1,718.63)
Fixed Assets	— (—)	— (—)	— (—)	— (—)	0.07 (1.89)
Sales					
Goods and Services	— (—)	— (—)	— (—)	— (—)	474.06 (39.21)
Fixed Assets	— (2.74)	— (—)	— (—)	— (—)	3.04 (0.77)
Expenses					
Computer / Printing & Stationery	0.01 (—)	— (—)	— (—)	— (—)	0.18 (—)
Air Tickets / Vehicle	0.01 (—)	— (—)	— (—)	— (—)	16.53 (29.37)
Courier / Freight Exp.	— (—)	— (—)	— (—)	— (—)	0.78 (—)
Repair & Maintenance Exp.	— (—)	— (—)	— (—)	— (—)	15.64 (—)
Rent/Telephone/Electricity	— (—)	— (—)	— (—)	— (—)	0.93 (6.29)
Interest Paid	— (—)	— (—)	— (—)	— (—)	81.58 (—)
Salary & Wages etc.	0.74 (—)	— (—)	— (—)	41.74 (35.12)	1.97 (—)
Consultancy/Sitting Fee	0.17 (0.03)	— (—)	— (—)	— (—)	0.05 (59.99)
Gift & Other	— (—)	— (—)	— (—)	— (—)	0.31 (—)
Refining Charges	— (—)	— (—)	— (—)	— (—)	— (14.10)
Company Incorporation Exp.	0.43 (—)	— (—)	— (—)	— (—)	0.45 (—)
Income					
Misc. Office Expenses Recd.	— (—)	— (—)	— (—)	— (—)	1.36 (11.77)
Lease Rent - Boiler	— (—)	— (—)	— (—)	— (—)	84.50 (43.88)
Rent / Telephone/Electricity Recd.	1.38 (—)	— (—)	— (—)	— (—)	1.80 (—)
Freight Exp. Recd.	0.12 (—)	— (—)	— (—)	— (—)	— (—)
Corporate Guarantees Given	400.00 (933.33)	— (—)	— (—)	— (—)	3718.88 (4242.24)
Investment					
Investment in Shares	205.00 (—)	— (—)	— (—)	— (—)	— (—)
Finance (including Loan)					
as on 30.06.2009	— (—)	— (—)	— (—)	— (—)	440.56 (27.89)
Balance Outstanding as at the period ending 30.06.2009	—	—	—	—	46.22



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 (Holding Company)

SBEC Stock Holding & Investment Ltd.

Modi Gourmet Ltd.

b) Key Management Personnel

Mr. Champak Nayar - General Manager

Mr. Arun Kumar Gupta – Manager

(Retired on 31.03.08)

Relatives of Key Management Personnel

Relatives of Key Management Personnel

Mrs. Rita Nayar

Mrs. Sunita Gupta

Mr. Gaurav Nayar

Mr. Alok Kumar Gupta

Mrs. Pooja Nayar

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 lakhs)

Nature of transaction	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Purchase	—	—	—
	(—)	(—)	(—)
Sales / Income			
Conversion Charges	Nil	—	—
	(51.06)	(—)	(—)
Expenses			
Remuneration	—	20.60	—
	(—)	(14.96)	(—)
Rent	1.49	3.00	—
	(1.19)	(6.17)	(—)
Other Expenses	0.80	—	—
	(0.64)	(0.26)	(—)
Outstanding			
Payable	1.95	—	—
	(—)	(0.16)	(—)
Receivable	35.24	—	—
	(160.85)	(—)	(—)

Figures in brackets are for previous period.

18. Deferred Taxation (AS-22)

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

SBEC Bioenergy Limited is eligible for Tax Holiday under Section 80 IA of Income Tax Act, 1961 of an amount equal to hundred percent of profits and gains derived from business of power generation for 10 years starting from Assessment Year 1999-2000 to Assessment Year 2008-2009 and hence Deferred Tax Asset/(Liability) is accounted for in respect of the timing differences at the Balance Sheet date between tax bases of assets and liabilities and their carrying amounts, which originate during the tax holiday period but reversed after the tax holiday period.



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

Particulars	Closing Balance (Amount in Rs.)	Opening Balance (Amount in Rs.)
Deferred Tax Liability		
Depreciation	121,667,067	121,181,496
Other Deductions	—	18,73,439
Sub Total - A	121,667,067	123,054,935
Deferred Tax Assets		
Business Loss / Unabsorbed Dep.	159,953,704	165,217,979
Deduction u/s 43B	20,147,272	12,959,889
Provision Debts & Advances	—	6,717,410
Disallowance u/s 40 (a) & 40 (A)7	2,906,693	1,261,512
Other disallowance under I-Tax Act	1,494,645	—
Sub Total - B	184,502,314	186,156,790
Net Deferred Tax Assets / (Liabilities) (B-A)	62,835,247	63,101,855

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.

19.	Earning per Share (AS-20)	Current Period	Previous Period
	Net Profit/(Loss) after tax (Rs. in lakhs)	1,189.79	(1,707.73)
	Weighted Average number of equity shares outstanding during the year	47,653,880	47,653,880
	Basic and Diluted Earnings per Share (in Rs.)	2.50	(3.58)

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

for Holding Company

a) CAPACITY

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

b) PRODUCTION, PURCHASE, TURNOVER & STOCK

(Rs in lakhs)

Class of Goods	Opening Stock Quantity (Qtls.)	Production Quantity (Qtls.)	Quantity (Qtls.)	Sales Value	Reprocess Stock (Qtls.)	Closing stock Quantity (Qtls.)	Value
Sugar	483,285 (2,730)	890,002* (2,115,650)	1,291,061 (1,635,095)	24,256.24 (24,774.94)	— (10,024)	82,226* (483,285)	2,023.73 (7,362.28)
Molasses (By-Product)	234,583 (24,937)	513,894# (1,091,907)	601,889 (882,260)	2,752.59 (2,562.79)	— (—)	146,588 (234,584)	710.92 (943.93)
Sugar Trading	49 (165)	114,075 (102,751)	114,124 (102,867)	2,701.67 (2,019.50)	— (—)	— (49)	— (0.89)

* Including 2,402 quintals of BISS. (Previous period 850 quintals).

Including ad-hoc additions of 19,504.40 quintals. (Previous period 21,066.80 quintals)

c) CONSUMPTION OF RAW MATERIALS

	Unit	Quantity	Value (Rs. in lakhs)
Sugar Cane	Quintals	10,115,264 (23,261,385)	15,202.05 (29,486.54)

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

(Rs in lakhs)

	Indigenous		Imported	
	Value	%	Value	%
Raw Materials	15202.05	100	—	—
	(29486.54)	(100)	(—)	(—)
Stores and Spares*	1222.34	96.36	46.21	3.64
	(2123.99)	(99.52)	(10.13)	(0.48)

* Excluding spares used for capitalization.

e) EXPENDITURE IN FOREIGN CURRENCY (On cash basis)

(Rs. in lakhs)

Particulars	Current Period	Previous Year
Imports of Spares	56.95	13.56
Foreign Travelling	19.15	25.42
f) EARNINGS IN FOREIGN EXCHANGE	71.12	72.62
g) CIF VALUE OF IMPORTS	62.50	14.84

For Subsidiary Companies: SBEC Bioenergy Ltd.

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

Description	Licensed Capacity*	Installed Capacity	Actual Generation**
Power	Not Applicable	12MW (12 MW)	73,282,520 kwh (48,601,070 kwh)
Steam	Not Applicable	77 tph (77 tph)	5,01,108 tonnes (344,503 tonnes)

** Transmission losses have not been considered in arriving at generation quantity. Figures in brackets are for Previous Period.

@ The plant operated for 285 days in the current period (previous period 201 days)

b. Details of Sales/Conversions.

Opening Stock			Conversion		Sales		Stock	
Description	Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity*	Value (Rs.)
Power	1,041,726 Kwh	1,708,431	5,520,860 Kwh (1,753,280Kwh)	— (5,105,600)	59,947,126 Kwh (40,304,840Kwh)	1,79,396,777 (115,331,222)	1,71,263 Kwh (1,041,726Kwh)	2,119,733 (1,708,431)
Steam	—	—	5,011.08 tonnes (344,503 tonnes)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Figures in brackets are for Previous Period.

* Includes 146,408 kwh (Previous period 130,216 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.)	%
Raw Material				
Baggase*	—	100	—	—
	(—)	(100)	(—)	(—)
Store / Spares	1,93,19,177	99.85	28,190	0.15
	(11,511,845)	(77.60)	(3,322,387)	(22.40)

* Baggase is being supplied free of cost by SBEC Sugar Ltd. Figures in brackets are for previous period.



d. Value of Import on CIF Basis

(Amount in Rs.)

Particulars	Current Period	Previous Period
Store & Spares	2,634,285	20,352

e. Expenditure in Foreign Currency (Paid)

(Amount in Rs.)

Particulars	Current Period	Previous Period
Professional Services (Net of TDS)	1,087,414	1,951,560
Others	Nil	Nil

2. Modi Gourmet Limited :

- There was no foreign currency transaction during the year
- 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
—	—	12.5	906	10	400	2.5	506

Other information to be provided is not applicable to the Company

3. SBEC Stockholding and Investment Limited:

- Additional Information as required under Schedule VI of the Companies Act, 1956:
Particulars in respect of Opening stock, Purchases, Closing Stock and Consumption are not applicable to the company.
- There was no foreign currency transaction during the year.

SIGNED FOR IDENTIFICATION SCHEDULE 1 TO 14

For & on behalf of

DOOGAR & ASSOCIATES
Chartered Accountants

Mukesh Goyal
Mg. Partner
Membership No. 081810

Place : New Delhi
Date : 3rd September, 2009

Umesh K. Modi
(Chairman & President)

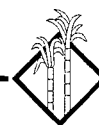
S.S. Agarwal
Vice President (Commercial)

Anup Gupta
(Company Secretary)

Abhishek Modi
(Executive Director)

Rajeev Malhotra
(Chief Financial Officer)

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



CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2009

	Current Period (Amount in Rs.)	Pervious Period (Amount in Rs.)
A) Cash Flow from Operating Activities		
Profit/(Loss) Before Tax as per Profit & Loss Account	125,021,257	(220,965,186)
<i>Adjustments for :</i>		
Interest Expenses	144,238,404	94,790,663
Interest Income	(23,807,638)	(15,695,947)
Dividend Income	(283,356)	(6,000)
Provision for Doubtful Debts and Advances	-	3,215,417
Loss on Sale of Fixed assets	271,520	454,838
Depreciation	122,652,931	115,314,628
Assets Written off	489,590	-
Deferred Revenue exp.	2,931,782	3,511,144
Preliminary Expenses	4,510	725
Unclaimed liabilities Written Back	(18,451,668)	-
Operating profit before Working Capital Changes	353,067,332	(19,379,518)
<i>Adjustments for :</i>		
Trade and Other Receivables	(224,429,173)	(241,635,014)
Inventories	550,002,103	(817,378,096)
Trade Payables	(833,301,986)	1,058,746,558
Cash generated from Operating Activities	(154,661,724)	(19,646,070)
Direct Taxes (Paid)/Refund	(6,700,708)	(19,100,669)
Net Cash Flow from Operating Activities	161,362,432	(38,746,739)
B) Cash Flow from Financing Activities		
Purchase of Fixed Assets	(6,975,849)	(68,128,532)
Capital Work in Progress	(1,267,915)	17,285,915
Proceeds from sale of Fixed Assets	1,451,270	2,134,912
Purchase of Investments	-	(60,899,650)
Dividend Income	208,356	6,000
Interest Received	23,807,638	15,695,947
Net Cash Flow from Investing Activities	17,223,500	(93,905,408)
C) Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (Net)	408,997,612	109,908,329
Proceeds from Short Term Borrowings (Net)	(103,284,326)	84,670,072
Net Interest Paid	(144,238,404)	(96,222,065)
Net Cash Flow from Financing Activities	161,474,882	98,356,337
Net Increase /(Decrease) in Cash and Cash Equivalents (A+B+C)	17,335,950	(34,295,810)
Cash & Cash Equivalents as on 1st April 2008 (Opening balance)	50,106,911	84,402,721
Cash & Cash Equivalents as on 30th June 2009 (Closing balance)	67,442,861	50,106,911
Net Increase as disclosed above	17,335,950	(34,295,810)
1 The above Cashflow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.		
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 Bank :		
Stamps in Hand	8,207	8,207
Cash in Hand	184,172	226,736
Cheques/ Drafts in Hand	2,490,000	603,508
Balances with Banks	64,760,482	49,268,460
Total	67,442,861	50,106,911

For & on behalf of

DOOGAR & ASSOCIATES
Chartered AccountantsUmesh K. Modi
(Chairman & President)Abhishek Modi
(Executive Director)Directors
G.C. Jain
Man Mohan
N.P. BansalMukesh Goyal
Mg. Partner
Membership No. 081810S.S. Agarwal
Vice President (Commercial)Rajeev Malhotra
(Chief Financial Officer)Place : New Delhi
Date : 3rd September, 2009Anup Gupta
(Company Secretary)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present their 11th Annual Report of the Company together with Audited Accounts for the period ended 31st March, 2009.

The financial results for the year are as under:

(Rs. in lakhs)

	Period ended 31 st March 2009 (18 Months)	Year ended 30 th September, 2007 (12 months)
Sales and Other Income	2058.80	1,304.75
Total Expenditure	906.75	638.69
Operating Profit/ (Loss) before depreciation	1152.05	666.06
Depreciation	577.88	390.50
Operating Profit/ (Loss) before tax	574.17	275.56
Income tax	42.25	19.27
Fringe Benefit Tax	2.01	2.71
Credit for Deferred tax	(38.31)	8.05
Profit / (Loss) after tax	491.60	261.63
Reserves excluding revaluation reserve	2317.26	1,825.66

FIXED DEPOSITS

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

DIRECTORS

During the period under review, Mr R. Subramanian , Nominee Director of IREDA, has resigned from the directorship of the company with effect from 13.08.2008.

Mr. Champak Nayar, has resigned from the post of Manager of the company with effect from 31.03.2008 and Mr. Arun Kumar Gupta has been appointed as Manager in place of Mr. Champak Nayar with effect from 01.04.2008.

The Board expressed deep sense of appreciation for the wise counsel, valuable guidance and cooperation extended by Mr. R. Subramanian and Mr Champak Nayar during their tenure.

Mr. Norland L.C.Suzor and Mr. J.N.Khurana , Directors retire by rotation and being eligible have offered themselves for re-appointment, which the Board of Directors strongly recommend.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Company has obtained the approval of Company Law Board for shifting its registered office from NCT of Delhi to State of Uttar Pradesh. Accordingly, the registered office of the company has shifted from: 1400, Modi Tower, 98, Nehru Place, New Delhi 110019 to Village : Lohan Malakpur, Teh. Baraut, Distt. Baghpat - 250211.

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, the retiring Auditors, being eligible, offer themselves for re-appointment.

ACCOUNTS AND AUDITOR'S REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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

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

ACKNOWLEDGEMENTS

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

for & on behalf of the Board
for SBEC BIOENERGY LIMITED

Place: New Delhi
Date : 4th August, 2009

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 period ended 31st March, 2009

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 period.

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 Period	Previous Year
Total Foreign Exchange Used	37.22	19.72
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, 2009 and also the annexed Profit and Loss Account for the period ended on that date and the Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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, issued by the Central Government 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 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 attached Balance Sheet and Profit and Loss Account 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, 2009 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, 2009, and
- (b) In case of Profit and Loss Account, of the profit of the Company for the period ended on that date.
- (c) In the case of Cash Flow Statement of the cash flow for the period ended on that date.

For K.K. Jain & Co.
Chartered Accountants

R. K. Mittal
Partner

Place : New Delhi
Date : 4th August, 2009

Membership No.: 95459

ANNEXURE TO AUDITORS' 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 period ended March 31, 2009

- i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and no discrepancies between the book records and physical inventory were noticed on such verifications. The substantial part of fixed assets of the company have not been disposed off during the year.
- ii) The stocks of stores, spare parts, raw materials, except goods in-transit, have been physically verified at reasonable intervals by the management. *In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.*
The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
- iii) The company has not granted or taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) *In our opinion, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of power and services.*
- v) The company has entered the particulars of contracts or arrangements referred to in Section 301 of the Act in the register required to be maintained under this Section.
In our opinion, the transactions made by the company in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5 lacs or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such transactions or the prices at which transactions, if any, for similar goods or services have been made with other parties.
- vi) The company has not accepted any deposits from the public. Therefore, the provision of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under do not apply.
- vii) *In our opinion, the company has an internal audit system commensurate with the size and nature of its business.*
- viii) *In our opinion the prescribed accounts and records have prima facie been made and maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.*
- ix)
 - a) The company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues applicable to it.
 - (b) According to the information and explanation given to us no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrear as at March 31, 2009.
 - (c) According to the information and explanation given to us there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- x) The company has not incurred cash losses in the financial period ended March 31, 2009 and also has no accumulated losses as at March 31, 2009.
- xi) The company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- xii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 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

R. K. Mittal
Partner

Membership No.: 95459

Place: New Delhi
Date : 4th August, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

	SCHEDULE	AS AT 31.03.2009 (Amount in Rs.)	AS AT 30.09.2007 (Amount in Rs.)
I	SOURCES OF FUNDS		
1	Shareholders' Funds		
	Share Capital	1 230,000,000	230,000,000
	Reserves and Surplus		
	Profit and Loss Account	231,726,188	182,565,742
		<u>461,726,188</u>	<u>412,565,742</u>
2	Loan Funds		
	Secured Loans	2 53,333,336	110,988,792
	UnSecured Loans-Short term	100,121	2,000,000
		<u>515,159,645</u>	<u>525,554,534</u>
II	APPLICATION OF FUNDS		
1	Fixed Assets	3	
	Gross Block	454,479,778	453,180,688
	Less : Depreciation	<u>343,535,397</u>	<u>286,303,036</u>
	Net Block	110,944,381	166,877,652
	Capital Work in Progress	—	457,203
		<u>110,944,381</u>	<u>167,334,855</u>
	Investments	4 500,100	500,100
2	Deferred Tax Asset	32,428,985	36,260,138
3	Current Assets, Loans & Advances		
	Inventories - Stores & Spares	25,769,665	20,983,092
	Closing stock of Power Banked	2,119,733	1,708,431
	Cash & Bank Balances	5 499,335	2,381,504
	Sundry Debtors	6 33,598,480	3,883,762
	Loans & Advances	7 308,177,099	289,353,143
		<u>370,164,312</u>	<u>318,309,932</u>
	Less : Current Liabilities & Provisions		
	Current Liabilities	8 9,644,509	9,856,095
	Provisions	9 2,270,246	2,963,797
		<u>11,914,755</u>	<u>12,819,892</u>
	Net Current Assets	<u>358,249,557</u>	<u>305,490,040</u>
4	Miscellaneous Expenditure	10 13,036,622	15,969,401
	(to the extent not written off or adjusted)	<u>515,159,645</u>	<u>525,554,534</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

R.K. Mittal

Partner

Membership No. : 95459

Umesh K. Modi

Director

G.C. Jain

Director

J.N. Khurana

Director

S.S. Agarwal

Director

Place : New Delhi

Date : 4th August, 2009

Arun Kr. Gupta

Manager

Subodh Kr. Barnwal

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE	For the Period ended 31.03.2009 (Amount in Rs.)	For the Year ended 30.09.2007 (Amount in Rs.)
I. INCOME			
Conversion Charges		—	5,105,600
Sale of Power		179,396,777	115,331,222
Other Income	11	26,482,837	10,037,498
Increase (Decrease) in Closing stock of Power Bank		411,302	1,708,431
		<u>206,290,916</u>	<u>132,182,751</u>
II EXPENDITURE			
Operating Expenses	12	30,644,297	24,575,320
Personnel Expenses	13	17,083,858	13,066,265
Administration Expenses	14	17,525,291	15,746,617
		<u>65,253,446</u>	<u>53,388,202</u>
Profit before interest, depreciation and tax		141,037,470	78,794,549
Finance Expenses	15	25,832,539	11,954,807
Profit before depreciation and tax		115,204,931	66,839,742
Depreciation		57,787,684	39,049,775
Profit before Tax		57,417,247	27,789,967
Prior Period Adjustments		—	(234,372)
Provision for Income Tax		(4,224,765)	(1,927,317)
Fringe Benefit Tax		(200,883)	(270,524)
Credit / Charges for Deferred Tax		<u>(3,831,153)</u>	<u>805,329</u>
Profit after Tax		49,160,446	26,163,083
Add : Balance brought forward from previous year		182,565,742	156,402,659
Balance carried forward to the Balance Sheet		<u>231,726,188</u>	<u>182,565,742</u>
Earnings per Share			
(Refer Note No B-9 in Schedule 16.)			
Basic		2.14	1.14
Diluted		2.14	1.14

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

R.K. Mittal

Partner

Membership No. : 95459

Umesh K. Modi
Director

G.C. Jain
Director

J.N. Khurana
Director

S.S. Agarwal
Director

Place : New Delhi

Date : 4th August, 2009

Arun Kr. Gupta
Manager

Subodh Kr. Barnwal
Company Secretary

SCHEDULE 1 - SHARE CAPITAL

	AS AT 31.03.2009 (Amount in Rs.)	AS AT 30.09.2007 (Amount in Rs.)
Authorised		
35,000,000 Equity Shares of Rs.10/- each.	350,000,000	350,000,000
Issued, Subscribed and Paid-up		
23,000,000 Equity Shares of Rs.10/- each fully paid up (Previous period 23,000,000 Equity Shares of Rs.10/- each fully paid up) Of the above shares 17,019,980 shares are allotted as fully paid-up pursuant to a contract without payment being received in cash	230,000,000 230,000,000	230,000,000 230,000,000

SCHEDULE 2 - SECURED LOANS

(a) Term Loan :		
— from SREI Infrastructure Finance Ltd.	53,333,336	110,857,649
(Secured by exclusive first charge by way of mortgage of all immovable properties of the Company, both present and future, and hypothecation of all movable properties of the Company, both present and future, wherever situated, except book debts subject to the prior charges created and / or to be created in favour of the company' bank for securing working capital requirements. The loan is further secured by corporate guarantee of SBEC Sugar Limited and personal guarantee of two Directors of the Company)		
— from ICICI Bank Limited	—	131,143
(Secured against hypothecation of specific assets)	53,333,336	110,988,792

SCHEDULE 3 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.10.2007 Rs.	Additions / Adj. During the period (Rs.)	Disposals / Adj. During the period (Rs.)	As at 31.03.2009 Rs.	As at 01.10.2007 Rs.	For the period Rs.	Adjustments / Disposals Rs.	As at 31.03.2009 Rs.	As at 31.03.2009 Rs.	As at 30.09.2007 Rs.
Freehold Land	2,700,000	—	—	2,700,000	—	—	—	—	2,700,000	2,700,000
Buildings	25,325,889	—	—	25,325,889	6,345,842	1,268,829	—	7,614,671	17,711,218	18,980,047
Plant & Machinery	421,598,402	2,752,880	—	424,351,282	278,649,939	56,139,796	—	334,789,735	89,561,547	142,948,463
Vehicles	1,946,165	—	1,309,971	636,194	577,460	152,881	480,086	250,255	385,939	1,368,705
Furniture, Fixtures & Fittings	287,155	—	—	287,155	152,234	17,220	—	169,454	117,701	134,921
Office Equipment	219,830	42,108	26,300	235,638	65,833	18,642	1,650	82,825	152,813	153,997
Other Equipment	188,411	—	43,053	145,358	45,047	11,127	3,868	52,306	93,052	143,364
Computers	582,035	4,500	134,646	451,889	384,438	74,297	69,719	389,016	62,873	197,597
Intangible Assets (Software)	332,801	13,572	—	346,373	82,243	104,892	—	187,135	159,238	250,558
Sub-Total	453,180,688	2,813,060	1,513,970	454,479,778	286,303,036	57,787,684	555,323	343,535,397	110,944,381	166,877,652
Capital Work in Progress										
Plant and Machinery	457,203	1,741,510	2,198,713	—	—	—	—	—	—	457,203
Buildings	—	—	—	—	—	—	—	—	—	—
Capital Advances	—	—	—	—	—	—	—	—	—	—
Sub-Total	457,203	1,741,510	2,198,713	—	—	—	—	—	—	457,203
Total	453,637,891	4,554,570	3,712,683	454,479,778	286,303,036	57,787,684	555,323	343,535,397	110,944,381	167,334,855
Previous Year (Including Capital Work in Progress)	449,199,380	14,847,486	10,408,975	453,637,891	247,253,261	39,049,775	—	286,303,036	167,334,855	—

SCHEDULE 4 - INVESTMENTS (non-trade)
**Long Term
(Un - quoted)**

20,000 fully paid Equity shares (Previous year 20,000 equity shares)
of The Shamrao Vithal Co-operative Bank Ltd

AS AT
31.03.2009
(Amount in Rs.)

AS AT
30.09.2007
(Amount in Rs.)

500,100	500,100
<u>500,100</u>	<u>500,100</u>

SCHEDULE : 5 - CASH & BANK BALANCES

Cash in hand
— Cheques in Hand
Balances with Scheduled Banks :
— in Current Accounts

23	1,025
—	—
499,312	2,380,479
<u>499,335</u>	<u>2,381,504</u>

SCHEDULE 6 - SUNDRY DEBTORS (Unsecured)

Outstanding for a period exceeding six months

Considered Good	—	1,054,788
Considered Doubtful	—	14,680,790
Other Debts	—	—
Considered Good	33,598,480	2,828,974
Considered Doubtful	—	—
	<u>33,598,480</u>	<u>18,564,552</u>

Less: Provision for Doubtful Debts

—	14,680,790
<u>33,598,480</u>	<u>3,883,762</u>

SCHEDULE 7 - LOANS & ADVANCES (Unsecured)

Advances Recoverable in Cash or in Kind or for Value to be received

— Considered Good	302,708,659	285,284,703
— Considered Doubtful	—	5,082,112
Advance Tax/ Tax Deducted at Source	4,687,246	3,768,228
Security Deposits	781,194	300,212
	<u>308,177,099</u>	<u>294,435,255</u>
Less : Provision for Doubtful Advances	—	5,082,112
	<u>308,177,099</u>	<u>289,353,143</u>

SCHEDULE 8 - CURRENT LIABILITIES

Bill Payable	—	3,095,170
Sundry Creditors for Goods & Services	6,763,378	3,466,884
Retention Money	83,786	70,730
Security Deposit	45,000	45,000
Other Liabilities	2,752,345	3,178,311
	<u>9,644,509</u>	<u>9,856,095</u>

SCHEDULE 9 - PROVISIONS.

For Income Tax	—	—
For Fringe benefit tax	1,037	29,617
For Gratuity	1,527,969	1,892,163
For Leave Encashment	741,240	1,042,017
	<u>2,270,246</u>	<u>2,963,797</u>

SCHEDULE 10 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses	—	—
Opening Balance	997	1,722
Less: Written off during the Period	<u>997</u>	<u>725</u>
	—	997
Deferred Revenue Expenses	—	—
Opening Balance	15,968,404	19,372,337
Addition during the period	—	107,411
Less: Written off during the Period	<u>2,931,782</u>	<u>3,511,344</u>
	<u>13,036,622</u>	<u>15,968,404</u>
	<u>13,036,622</u>	<u>15,969,401</u>

SCHEDULE 11 - OTHER INCOME

	For the Period ended 31.03.2009 (Amount in Rs.)	For the Year ended 30.09.2007 (Amount in Rs.)
Interest earned (Gross)	22,336,271	9,937,125
Interest on Income Tax Refunds	—	46,768
Excess provision written back	3,928,474	—
Foreign Exchange Fluctuation gain	—	12,311
Miscellaneous Income	68,092	41,294
Dividend	150,000	—
	<u>26,482,837</u>	<u>10,037,498</u>

SCHEDULE 12 - OPERATING EXPENSES

Bagasse and Ash Handling Charges	5,415,691	4,250,156
Power, Fuel and Electricity Expenses	2,916,464	1,879,909
Technical Assistance Fees	3,693,739	3,611,518
Repair & Maintenance - Machinery	18,618,403	14,833,737
	<u>30,644,297</u>	<u>24,575,320</u>

SCHEDULE 13 - PERSONNEL EXPENSES

Salary, Wages and Allowances	15,541,850	11,685,473
Contribution to Provident Fund	1,181,224	846,883
Gratuity	230,592	382,526
Staff Welfare	130,192	151,383
	<u>17,083,858</u>	<u>13,066,265</u>

SCHEDULE 14 - ADMINISTRATION EXPENSES

Auditors Remuneration		
— as Statutory Audit Fee	206,813	142,490
— as Tax Audit Fee	83,498	42,747
— as Certification charges	53,371	1,122
— Out of Pocket Expenses	9,000	2,000
Travelling and Conveyance	832,843	1,496,056
Security Watch and Ward	4,619,627	2,765,675
Miscellaneous Expenses	781,288	975,777
Insurance	1,243,660	1,147,544
Legal & Professional Expenses	3,425,846	1,119,839
Vehicle Running and Maintenance	695,769	731,371
Telephone Expenses	341,864	366,335
Rates & Taxes	53,992	18,432
Rent	1,002,095	118,625
Repair and Maintenance Others	140,298	53,119
Director Sitting Fee	54,000	38,000
Bad and Doubtful Advances written-off	20,000	52,305
Provision for Doubtful Debts and Advances	1,028,548	3,163,112
Miscellaneous Expenditure written off	2,932,779	3,512,068
	<u>17,525,291</u>	<u>15,746,617</u>

SCHEDULE 15 - FINANCE EXPENSES

Interest on Term Loan	23,337,067	4,216,147
Interest on Leased Equipment	—	76,933
Interest on Others	533,158	14,904
Bill discounting charges	271,765	31,642
Brokerage	59,958	37,648
Loan raising expenses	1,449,795	7,473,404
Bank Charges	158,982	104,129
Exchange rate fluctuation	21,814	—
	<u>25,832,539</u>	<u>11,954,807</u>

SCHEDULE "16"- ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**(A) ACCOUNTING POLICIES**

1. **Basis of Preparation of Financial Statements**
The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous Period.
2. **Inventories**
Closing Stock of Power Banked is valued at lower of cost and market value. (Cost includes raw material, stores and spares consumed and factory overheads.)
Stores are valued at weighted average cost.
Provision for obsolescence in inventories is made, wherever required.
3. **Fixed Assets and Depreciation**
Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
Cost and accumulated depreciation pertaining to fixed assets disposed off is removed from the accounts at the time of disposal. Any resultant gain or loss is included in the Profit and Loss Account.
Depreciation on Intangible Assets is provided @20% p.a. on original cost.
Assets costing less than Rs. 5,000 each are depreciated at the rate of 100% in the year of acquisition.
Depreciation is provided on Straight Line Method, based at the rates specified under Schedule XIV to the Companies Act, 1956.
Extra shift depreciation is charged in respect of plant & machinery, excluding items on which no extra shift depreciation is applicable as per Schedule XIV to the Companies Act, 1956, at the rate of 5.59% on actual number of days worked in triple shift in proportion to the normal working days, which are 240 for the Company.
4. **Revenue Recognition**
 - (a) Revenue from sale/conversion charges is Recognised on transfer to customers.
 - (b) Interest is Recognised 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 upto the date of capitalisation 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 recognised 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 recognised as an expense in the Profit & Loss account for the year in which the employee has rendered services. The expense is recognised 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 capitalised.
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 recognised 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 recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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 exist, the recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of an asset exceed 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 period ended 31.03.09 (Rs. in lakhs)	for the year ended 30.09.07 (Rs. in lakhs)
— Sales tax	10.85	10.85
— Income tax	Nil	350.73

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.

2. (a) The 132 KV Line was laid by Uttar Pradesh Power Corporation Limited (UPPCL) and commissioned on 1st December, 2005. The company's contribution in respect of the line amounted to Rs.1,95,45,474/- (Rupees one crore ninety five lacs forty five thousand four hundred seventy four only) as demanded by UPPCL till end of March 2009. The total expenditure in laying the line is pending finalization by UPPCL. The ownership of the line however, vests with UPPCL. The amount spent by the Company has been accounted for as a Deferred Revenue Expenditure and the same is being amortized over a period of 10 years from the date of commencement of commercial operation.

- (b) UPPCL has charged Rs. 661237/- for the period 2008-09 (Previous year Rs. 426,605/-) as Annual Maintenance Charges. As per the Power Purchase Agreement dated 08-11-2006, 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 a provisional basis.

3. The Company had earlier signed an Agreement dated 10th December 1998 with SBEC Sugar Limited (SSL) regarding the supply of bagasse and water by SSL to the Company and conversion of the same into steam and electricity by the Company. Under the Agreement, the Company was to process bagasse condensate and deep well water and to return to SSL all the steam generated and the electricity required in running the Sugar Plant. Surplus electricity could be supplied to State Electricity Board. The steam generated could not be supplied to any other party. As per Article 18 of that Agreement, the Agreement was to be presented to PICUP for the purpose of confirmation by PICUP for granting a loan of Rs. 8.00 crores to SSL. In view of PICUP not giving its confirmation to the Agreement, SSL treated the agreement as inoperative in respect of payment of steam prices.

In the above circumstances, this Company started to raise adhoc Invoices on SSL for the supply of steam @ Rs.236/-per ton from 14.02.1999 till 30.04.2001. SSL by a letter dated 20th June 2001 challenged the said Invoices stating that there was no subsisting contract for the said charges. It, however, offered to make provision for steam in its accounts at the rate of Rs.75/- per ton. W.e.f. 1st October 2001, the company started raising invoices for the supply of steam @ Rs.75 per ton. Thereafter, SSL by a letter dated 2nd November 2002 withdrew its earlier offer of paying for steam even @ Rs.75/- per ton and denied any liability altogether, on account of steam w.e.f. October 2001. It reiterated the same stand through another letter dated 21st February 2003.

The Board of the Company met on 8th July 2003 and resolved that taking into account the aforesaid stance by SSL, it would not be prudent to book any conversion charges in respect of steam and hence, the billing already done by the Company be reversed. It was also decided to revise the Income Tax returns of the Company accordingly. Later on 9th January 2006 the Company issued a letter, to SSL confirming that no conversion charges in respect of steam will be booked in Company's Accounts. The company also ratified its decision of no billing on account of supply of steam to SSL, in its Board Meeting held on 8th December, 2006.

SSL vide its letter dated 15th January, 2008 informed that reliable price of bagasse had increased significantly and consequently requested the Company not to charges any conversion charges for electricity supplied. The Board of Directors of the Company in its meeting held on 4th July, 2009 consented to the same.

4. There is no amount payable to Small Scale Industrial Undertaking (SSI) to the extent such parties have been identified from the available documents/information.

5. SBEC Sugar Limited (SSL) alongwith its Nominee – the Holding Company, holds 23,000,000 fully paid-up Equity Shares (Previous Period 23,000,000) in the Company.

6. The Company, has during the year, not received any intimation from its suppliers regarding their status under the 'The micro, small and medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the year end along with interest paid / payable as required under the said Act have not been given.

The Company generally makes payments to all its suppliers with in the agreed credit period (less than 45 days) and thus the management is confident that the liability of interest under this Act, if any, would not be material.

7. To comply with the requirements of AS - 15 'Employee Benefits' the company has made provision of leave encashment and gratuity liability on actuarial basis instead of actual bases and made provision of leave travel allowance instead of payment basis. As a result of such changes the personal expenses & liability are higher by Rs.17,600/- and profit for the year is lower by Rs. 17,600/-.

8. 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.

9. Earnings Per share

Particulars	For the period ended 31st March, 2009	For the year ended 30th Sept, 2007
Net Profit after tax (Rs.)	4,91,60,446	2,61,63,083
Weighted average number of Equity Shares	23,000,000	23,000,000
Basic Earning Per Share	2.14	1.14
Diluted Earning Per Share	2.14	1.14

10. Deferred Tax Assets (Net)

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

- (a) The Company is eligible for Tax Holiday under Section 80 IA of Income Tax Act, 1961 of an amount equal to hundred percent of profits and gains derived from business of power generation for 10 years starting from Assessment Year 1999-2000 to Assessment Year 2008-2009 and hence Deferred Tax Asset/(Liability) is accounted for in respect of the timing differences at the Balance Sheet date between tax bases of assets and liabilities and their carrying amounts, which originate during the tax holiday period but are reversed after the tax holiday period.

- (b) Calculation of Deferred Tax Assets (Net) as on 31st March, 2009

(Amount in Rs.)

	Deferred Tax Asset / (Liability) as at 31.03.2009	Current Year (Charge) / Credit	Deferred Tax Asset / (Liability) as at 30.09.2007
Depreciation	29,960,959	1,665,798	28,295,161
Disallowance u/s 43B	4,54,024	(1,50,397)	604,421
Gratuity	5,19,357	(1,23,789)	643,146
Provision for Debts/Advances	—	(6,717,410)	6,717,410
Other Disallowance under I.Tax Act	1,494,645	1,494,645	—
	32,428,985	(3,831,153)	36,260,138
Deferred Tax Liabilities	—	—	—
Deferred Tax Assets (Net)	32,428,985	(3,831,153)	36,260,138

11. The company negotiated and finalized with the Industrial Development Bank of India Limited (IDBI) Mumbai, 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 27-1-2007 and 09-02-2007, 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 advanced a sum of Rs. 1410.98 Lacs (previous year Rs. 452.85) till the end of March 09 to IDBI under this scheme, which is shown under Loans and Advances Recoverable in the Balance Sheet.

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

Particulars	Power Generation		Assets Acquiring		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue						
External	1,794.65	1,204.90	—	—	1,794.65	1,204.90
Inter Segment						
Total Revenue	1,794.65	1,204.90	—	—	1,794.65	1,204.90
Result						
Segment Result (Profit before tax)	617.81	317.83	—	(74.73)	617.81	243.10
Unallocated expenses	—	—	—	—	(25.58)	23.98
Interest Expense	23.64	6.63	217.78	36.77	(241.42)	(43.40)
Interest Income	223.36	90.64	—	9.20	223.36	99.84
Income taxes	—	—	—	—	(42.25)	(19.27)
Fringe Benefit tax	—	—	—	—	(2.01)	(2.71)
Deferred tax	—	—	—	—	(38.31)	8.05
Profit after tax	—	—	—	—	491.60	261.63
Other Information						
Segment Assets	3,483.60	3,567.61	1,410.98	1,410.85	4,894.58	4,978.46
Unallocated Assets	—	—	—	—	376.16	405.28
Segment Liabilities	120.14	149.05	533.33	1,108.58	653.47	1,257.63
Unallocated Liabilities	—	—	—	—	0.01	0.46
Capital Expenditure	—	—	—	—	23.56	45.46
Depreciation	—	—	—	—	577.88	390.50

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

13. 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 Ltd.
Modi Gourmat Ltd.
- b) Key Management Personnel
Mr. Champak Nayar - General Manager Mr. Arun Kumar Gupta - Manager
(Retired on 31.03.08)
Relatives of Key Management Personnel Relatives of Key Management Personnel
Mrs. Rita Nayar Mrs. Sunita Gupta
Mr. Gaurav Nayar Mr. Alok Kumar Gupta
Mrs. Pooja Nayar 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 (Previous Period) Period ending 31st March, 2009		
	1{a} above	1{b} above	1{c} above
Purchases	—	—	—
Sales/ Income			
Conversion Charges	Nil (51.06)	—	—
Expenses			
Remuneration	—	20.60 (14.96)	—
Rent	1.49 (1.19)	3.00 (6.17)	—
Other Expenses	0.80 (0.64)	— (0.26)	—
Outstanding			
Payable	1.95 (—)	— (0.16)	—
Receivable	35.24 (160.85)	—	—

14. Mr. Champak Nayar, Manager (Retired on 31.03.08) & 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 lakhs)	
	Current Year	Previous Period
Mr. Champak Nayar		
Salary & Bonus	5.04	11.65
Contribution to Provident Fund	0.48	1.32
Reimbursement of Expenses	0.53	1.99
Gratuity & Leave Encashment	5.67	—
Mr. Arun Kumar Gupta		
Salary & Bonus	7.60	—
Contribution to Provident Fund	0.65	—
Reimbursement of Expenses	0.63	—

15. **Additional information**
Additional information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable) is as follows:
- a. Statement of Installed & Licensed Capacity and Generation Quantity : @

Description	Licensed Capacity*	Installed Capacity	Actual Generation**
Power	Not Applicable	12MW (12MW)	73,282,520 kwh (48,601,070) kwh
Steam	Not Applicable	77 tph (77 tph)	5,01,108 tonnes (344,503) tonnes

Figures in brackets are for Previous Period.

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

@ The plant operated for 285 days in the current period (previous year 201 days).

b. Details of Sales/Conversions.

Description	Opening Stock		Conversion		Sales		Closing Stock	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity*	Value (Rs.)	Quantity*	Value (Rs.)
Power/**	1,041,726kwh	1,708,431	5,520,860 kwh	—	59,947,126 kwh	1,79,396,777	1,171,263,kwh	2,119,733
	—	—	(1,753,280 kwh)	(5,105,600)	(40,304,840 kwh)	(115,331,222)	(1,041,726kwh)	(1,708,431)
Steam	—	—	5,011,08	Nil	Nil	Nil	Nil	Nil
	—	—	(344,503) Tonnes	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)

Figures in brackets are for Previous Period.

* Includes 146,408 kwh (Previous period 130,216 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.)	%
Raw Material				
Baggage*	—	100	—	—
	(—)	(100)	(—)	(—)
Store / Spares	1,93,19,177	99.85	28,190	0.15
	(11,511,845)	(77.60)	(3,322,387)	(22.40)

Figures in brackets are for Previous Period.

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

d. Value of Import on CIF Basis

Particulars	(Amount in Rs.)	
	Current Period	Previous Year
Store & Spares	26,34,285	20,352

e. Expenditure in Foreign Currency (Paid)

Particulars	Amount in Rs.	
	Current Period	Previous Year
Professional Services (Net of TDS)	10,87,414	1,951,560
Others	Nil	Nil

16. '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, 2008 is NIL.

a) Defined Contribution Plan

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

Employer's contribution to Provident Fund Rs. 1,039,590

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 recognises 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 recognised in the same manner as gratuity.

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

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Defined Benefit obligation at the beginning of the year	1,933,990*	1,270,340 *
Current Service Cost	2,12,352 *	1,30,400 *
Interest Cost	1,35,379 *	88,924 *
Actuarial (gain)/loss	(1,58,966)*	(4,55,889)*
Benefits Paid	(5,94,786)	(2,92,535)
Settlement cost	—	—
Defined Benefit obligation at the end of the year	1,527,969*	7,41,240*

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

	Gratuity (Unfunded)
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 on plan assets	—

3. Reconciliation of amount recognised in Balance Sheet

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Fair Value of Plan Assets as at 31st March, 2008	—	—
Present value of obligation as at 31 st March, 2009	1,527,969*	7,41,240*
Net asset/(liability) recognised in the Balance Sheet	(1,527,969)*	(7,41,240)*
4. Expense Recognized during the period in Profit & Loss A/c.		
Current Service Cost	2,12,352*	1,30,400*
Interest Cost	1,35,379*	88,924*
Expected return on plan assets	—	—
Net Actuarial (gain)/ loss recognized during the period	(1,58,966)*	(4,55,889)*
Expenses recognised in the statement of Profit & Loss	1,88,765*	(2,36,565)*

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

	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified
Discount rate as at 31st March, 2009	7.00%	7.00%
Future Salary Increase	4.50%	4.50%
Expected rate of return on plan assets	—	—
Retirement Age	60 years	60 years
Withdrawal Rates	Age Withdrawal Rates	Withdrawal Rates
	Upto 30 years	3.00%
	From 31 to 44 years	2.00%
	Above 44 years	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. This being the first year of implementation, previous year figures have not been given.

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

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

17. (a) Previous year figures have been regrouped where necessary to confirm to this period classification.
(b) Figures of the Current period are for 18 months and hence not comparable with the Previous year figures.

Signatures to Schedules 1 to 17

In terms of our report of even date, attached.

For K.K. Jain & Co.

Chartered Accountants

R.K. Mittal

Partner

Membership No. : 95459

Place : New Delhi

Date : 4th August, 2009

Umesh K. Modi

Director

G.C. Jain

Director

Arun Kr. Gupta

Manager

J.N. Khurana

Director

Subodh Kr. Barnwal

Company Secretary

S.S. Agarwal

Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration No.	U40105UP1996PLC037250	State Code- 20
	Balance Sheet	31.03.2009	
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	515160	Total Assets 515160
	Sources of Funds		
	Paid up Capital	230000	Reserves & Surplus 231726
	Secured Loans	53333	Unsecured Loans 100
	Application of Funds		
	Net Fixed Assets	110944	Investments 500
	Net Current Assets	358250	Misc. Expenditure 13037
	Accumulated Losses	Nil	
IV.	Performance of company (Amount in Rs. thousand)		
	Turnover	205880	Total Expenditure 148463
	Profit /(Loss) before Tax	57417	Profit / (Loss) after Tax 49160
	Earning Per Share in Rs.	2.14	Dividend Rate in % Nil
V.	Generic Name of Three Principal products/services of company (as per monetary terms)		
	Item Code No. (ITC Code)	98010003	
	Product description	POWER	

Umesh K. Modi
Director

G.C. Jain
Director

J.N. Khurana
Director

S.S. Agarwal
Director

Place : New Delhi
Date : 4th August, 2009

Arun Kr. Gupta
Manager

Subodh Kr. Barnwal
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009

	For the Period ended 31.03.2009 (Amount in Rs.)	For the Year ended 30.09.2007 (Amount in Rs.)
Cash flow from operating activities		
Net profit before taxation	57,417,247	27,555,595
Adjustments for:		
Depreciation	57,787,684	39,049,775
(Profit)/ Loss on disposal of fixed assets: (Net)	—	—
Preliminary Expenses	997	725
Deferred Revenue Expenses	2,931,782	3,511,344
Provision for Doubtful Debts and Advances	—	3,215,417
Other income	—	—
Dividend	(150,000)	—
Unclaimed Liabilities Written back	(3,928,474)	—
Interest income	(22,336,271)	(9,983,893)
Interest expense	23,870,225	4,307,984
Operating profit before working capital changes	115,593,190	67,656,947
(Increase)/Decrease in sundry debtors	(29,714,718)	82,309,619
(Increase)/Decrease in Other Current Assets	—	—
(Increase)/Decrease in loans and advances	(17,829,938)	(247,043,354)
(Increase)/Decrease in closing stock of power banked	(411,302)	(1,708,431)
(Increase)/Decrease in inventories	(4,786,573)	3,323,523
Increase/(Decrease) in sundry creditors	3,051,917	2,472,754
Cash generated from operations	65,902,576	(92,988,942)
Income Tax Paid	(5,143,783)	(3,685,856)
Income Tax refund	—	678,717
Fringe Benefit Tax Paid	(229,463)	(403,160)
Net cash from operating activities	60,529,330	(96,399,241)
Cash flows from investing activities		
Purchase of fixed assets	(2,355,857)	(4,545,922)
Purchase of Investments	—	(500,100)
Dividend received	75,000	—
Interest received	22,336,271	9,983,893
Proceeds from sale of fixed assets	958,647	—
Net cash from / (used in) investing activities	21,014,061	4,937,871
Cash flows from financing activities		
Proceeds from / (Repayment) of Loans	(59,555,335)	97,265,318
Interest paid	(23,870,225)	(4,307,984)
Net cash used in financing activities	(83,425,560)	92,957,334
Net increase/(decrease) in cash and cash equivalents	(1,882,169)	1,495,964
Cash and cash equivalents at the beginning of the year	2,381,504	885,540
Cash and cash equivalents at the end of the year	499,335	2,381,504
Components of Cash and Cash Equivalents	23	1,025
With Scheduled Banks - on Current Accounts	499,312	2,380,479

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

R.K. Mittal
Partner
Membership No. : 95459
Place : New Delhi
Date : 4th August, 2009

Umesh K. Modi
Director

G.C. Jain
Director

Arun Kr. Gupta
Manager

J.N. Khurana
Director

Subodh Kr. Barnwal
Company Secretary

S.S. Agarwal
Director

DIRECTORS' REPORT

To

The Shareholders,

The Directors of your Company herewith present the 8th Annual Report together with the audited accounts of the Company for the year ended 31st March 2009.

OPERATIONS

There has been no business activity during the year under review.

FIXED DEPOSIT

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

DIRECTORS

Mr. J. N. Khurana retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS

M/s Ashok Rustagi & Associates, Chartered Accountants, the retiring Auditors being eligible, offer themselves for reappointment.

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.

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

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

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

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

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

Place : New Delhi **Jagan Nath Khurana** **S.S. Agarwal**
Date : 21st April, 2009 Director Director

AUDITORS'S REPORT

TO THE MEMBERS OF SBEC STOCKHOLDING & INVESTMENT LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

1. We have conducted the attached Balance Sheet of **SBEC STOCKHOLDING & INVESTMENT LIMITED** as at 31st March 2009. 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 not obtained the Certificate for 'Commencement of Business' from the Registrar of Companies, the Companies (Auditors' Report) Order, 2003 issued by Govt. of India is not yet applicable.
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 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.
 - III The Balance Sheet, dealt with by this report are in agreement with the books of account and in our opinion complies with the applicable Mandatory Accounting Standard referred to in Section 211(3C) of the Companies Act, 1956. Since the Company has not commenced its business as explained in Para 2 above, no Profit & Loss Account has been prepared.
 - IV On the basis of written representations received from Directors of the Company as on 31.03.2009 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.
 - V 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 31st March' 2009.

For **Ashok Rustagi & Associates**
Chartered Accountants

(**Ashok Rustagi**)
Proprietor
Membership No. 80899

Place : New Delhi
Date : 21st April, 2009

BALANCE SHEET AS ON 31ST MARCH, 2009

	As at 31.03.2009 (Amount in Rs.)	As at 31.03.2008 (Amount in Rs.)
LIABILITIES		
Share Capital		
Authorised:		
20,00,000 Equity Shares of Rs. 10/- Each	20,00,000	20,00,000
Issued, Subscribed and Paid Up	500,000	500,000
50000 Equity Share of Rs. 10/- Each Fully paid up (Held by SBEC Sugar Limited, the holding company and its nominees)		
Current Liabilities and Provisions		
Due to holding company	7,408	5,264
Audit fee payable	2,758	7,702
TOTAL	510,166	512,966
ASSETS		
Current Assets, Loans & Advances		
Balances with Bank in - Current Account	33,699	41,401
- Fixed Deposit	259,379	243,044
Interest Receivable	4,683	3,615
Income Tax recoverable	16,875	12,364
	314,636	300,425
Preliminary Expenses (Pending amortisation)		
Company Incorporation Expenses	245,500	245,500
Legal & Professional(includes Rs. 1124 paid to Auditors for certification)	3,868	2,744
Audit Fee	10,460	7,702
Filing Fee	13,040	12,020
Printing & Stationery	3,599	3,599
	276,467	271,565
Less : Interest on FDR	80,937	59,024
TOTAL	510,166	512,966

Significant Accounting Policies & Notes to Accounts - Schedule A

In terms of our attached Report of even date

For Ashok Rustagi & Associates

Chartered Accountants

(Ashok Rustagi)

Proprietor

Membership No. 80899

Place : New Delhi

Date : 21st April, 2009

J.N. Khurana

Director

S.S. Agarwal

Director

SCHEDULE -A

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Annexed to and forming part of the Accounts for the period ended 31st March, 2009)

Significant Accounting Policies

1. **Systems of accounting :**

- i) The accounts have been prepared using historical cost convention and on Going Concern Basis.
- ii) The company has adopted the accrual basis for maintenance of accounts as required by the Companies Act, 1956.

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

NOTES TO ACCOUNTS

1. Contingent Liabilities: Nil Previous Year : Nil

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. There was no foreign currency transactions during the year.

3. Previous year figures have been regrouped/rearranged wherever required.

In terms of our attached report of even date

For Ashok Rustagi & Associates
Chartered Accountants

(Ashok Rustagi)
Proprietor
Membership No. 80899

J.N. Khurana
Director

S.S. Agarwal
Director

Place : New Delhi
Date : 21st April, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration No.	U67120DL2001PLC112424	State Code	55
Balance Sheet Date	31	03	2009
	Date	Month	Year
II. Capital Raised during the year (Amount in Thousands)			
	Public Issue	Right Issue	
	Nil	Nil	
	Bonus Issue	Private Placement	
	Nil	Nil	
III. Position of Mobilisation and Deployment of funds (Amount in Thousands)			
	Total Liabilities	Total Assets	
	510	510	
Source of Funds	Paid up Capital	Reserves & Surplus	
	500	Nil	
	Secured Loan	Unsecured Loan	
	Nil	Nil	
	Current Liabilities		
	10		
Application of Funds	Net Fixed Assets	Investments	
	Nil	Nil	
	Current Assets	Preliminary Expenses	
	315	195	
	Misc. Expenditure		
	Nil		
IV. Performance of Company (Amount in Thousands)			
	Turnover	Total Expenditure	
	N.A.	N.A.	
	Earning per Share (Rs.)	Dividend Rate (Percentage)	
	Nil	Nil	
V. Generic name of Principal Product of the Company (As per monetary terms)			
	Item Code No.(ITC Code)		
	Product Description		

In terms of our attached Report of even date

for Ashok Rustagi & Associates
Chartered Accountants

(Ashok Rustagi)
Proprietor
Membership No. 80899

J.N. Khurana
Director

S.S. Agarwal
Director

Place : New Delhi
Date : 21st April, 2009

DIRECTORS' REPORT

To,

The Shareholders,

The Directors of your Company herewith present the First Annual Report together with the audited accounts of the Company for the year ended 31st March 2009.

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. S. S. Agarwal, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

M/s. Sarat Jain & Associates, Chartered Accountants be appointed as Statutory Auditors of the company in place of the retiring Auditors, M/s. Ashok Rustagi & Associates, Chartered Accountants and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

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.

FOREIGN EXCHANGE EARNING AND OUTGO

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

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

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

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

On behalf of the Board of Directors
For MODI GOURMET LIMITED

Place : New Delhi
Date : 10th August, 2009

Umesh K Modi
Chairman

AUDITORS'S REPORT

TO THE MEMBERS OF MODI GOURMET LTD. ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST. MARCH 2009

We have audited the attached Balance Sheet of M/s MODI GOURMET LTD. as at 31st March 2009 and the profit & Loss Account for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

we have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation 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 purpose of our audit.
2. 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.
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 31.03.2009 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 the 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 31st March, 2009.
 - b. In the case of the Profit & Loss Account, of the loss for the period ended on that date.
6. As required by the Companies (auditor's Report) Order, 2003, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - I The Company has no Fixed Assets, hence, this clause is not applicable.
 - II
 - a) Inventories have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) On the basis of our examination of records of inventory produced to us, in our opinion, the company has maintained proper records of inventories. there were no discrepancies noticed on physical verification of inventory as compared to the book record.
 - III. The company has neither granted nor taken any loan & hence, this clause is not applicable to the company.
 - IV. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the

information and explanations given to us, there is no major weakness noticed in the internal control in respect of these areas.

- V. According to the information and explanations given to us there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act 1956.
- VI. The company has not accepted any deposit from the public under Section 58A & 58AA of the Companies Act, 1956.
- VII. As per the present status, this clause is not applicable to the company.
- VIII. To the best of our knowledge & as explained, we are informed the provision of section 209 (1) (d) of the Companies Act 1956 relating to the maintenance of cost records are not applicable to the product/services of the company.
- IX. a) The company has no liability towards depositing any statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except Sales Tax which has been paid in time.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- X) As per the present status, this clause is not applicable to the company.
- XI) The company has not taken any loan/amount from any financial institution or bank or debenture-holder.
- XII) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (XIII) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- XIV) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- XV) The company has not given any guarantee for loan taken by others from bank or financial institutions.
- XVI) The company has not obtained any term loan during the period ended 31st March' 2009.
- XVII) The company has not raised any funds on short term or long term basis during the period ended 31st March' 2009.
- XVIII) The company has made allotment of 50,000 shares at the face value of Rs. 10 per share to its holding company M/s SBEC Sugar Ltd. during the period ended 31st March 2009.
- 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 Ashok Rustagi & Associates
Chartered Accountants

(Ashok Rustagi)
Proprietor
Membership No. 80899

Place : New Delhi
Date : 10th August, 2009

BALANCE SHEET AS AT 31st MARCH, 2009**SCHEDULES**

As at
31.03.2009
(Amount in Rs.)

I SOURCES OF FUNDS**1 Shareholders' Funds**

(a) Share Capital	1	500,000
Total		500,000

II APPLICATION OF FUNDS**(1) Current Assets, Loans & Advances****2**

a) Inventory	506
b) Cash & Bank Balances	504,862
	505,368

Less : Current Liabilities & Provisions**3**

a) Current Liabilities	240,915
b) Provisions	—
Net Current Assets	264,453

(2) Miscellaneous Expenditure

Preliminary Expenses to the extent

Not written off

4

Profit & Loss A/c - Loss

38,641**196,906****Total****500,000**

Significant Accounting Policies And
Notes to Accounts As Per Schedule 5

As per our report of even date annexed
For **Ashok Rustagi & Associates**
Chartered Accountants

Umesh K. Modi
Director

S.S. Agarwal
Director

(Ashok Rustagi)

Proprietor
Membership No. 80899

Place : New Delhi
Date : 10th August, 2009

PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 19TH SEPTEMBER 2008 TO 31ST MARCH, 2009

PARTICULARS	SCHEDULES	For the Period ended 31.03.2009 (Amount in Rs.)
I. INCOME		
Sales		400
Closing Stock		506
	Total	906
II EXPENDITURE		
Purchases		818
Bank Charges		5,554
Legal & Professional Charges		23,773
Salary		159,921
Misc. Expenses		1,475
Preliminary Expenses Written Off		3,513
Audit Fee		2,758
	Total	197,812
Profit /(Loss) for the year		(196,906)
Provision for Taxation		—
Profit /(Loss) carried over to Balance Sheet		(196,906)
Basic / Diluted Earning per share		(3.94)

Significant Accounting Policies And
Notes to Accounts As Per Schedule 5

As per our report of even date annexed
For **Ashok Rustagi & Associates**
Chartered Accountants

Umesh K. Modi
Director

S.S. Agarwal
Director

(Ashok Rustagi)
Proprietor
Membership No. 80899

Place : New Delhi
Date : 10th August, 2009

SCHEDULE 1 : SHARE CAPITAL

AS AT
31.03.2009
(Amount in Rs.)

Authorized

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

500,000

Total

500,000

Issued, Subscribed and Paid - Up

50,000 Equity shares of Rs. 10/- each fully paid-up

500,000

(Held by SBEC Sugar Limited , the holding company
and its nominees)**Total**

500,000

SCHEDULE : 2 - CURRENT ASSETS, LOANS & ADVANCES**(A) Inventory**

Trading goods

506

(Valued at cost or realisable value whichever is lower
and as certified by the mangement)**Total A**

506

(B) Cash & Bank Balances

Cash in hand

-

Balance with schedules bank in current account

504,862

Total B

504,862

Grand Total

505,368

SCHEDULE 3 - CURRENT LIABILITIES & PROVISIONS**Current Liabilities**

Due to Holding Co. (SBEC SUGAR LIMITED)

168,919

Total Outstanding dues to Small & Micro Enterprises

-

Sundry Creditors

818

Expenses Payable

68,420

Audit fee payable

2,758

Total

240,915

SCHEDULE : 4 - MISC. EXPENDITURE**(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)**

Preliminary Expenses

42,154

Less: Written off for the period

3,513

Total

38,641

SCHEDULE - 5

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(Annexed to and forming part of the Accounts for the period ended 31st March, 2009)

Significant Accounting Policies

1. Systems of accounting :

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

NOTES TO ACCOUNTS

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

Trading Goods

(Amount in Rs.)

Opening Stock		Purchases		Sale		Closing Stock	
Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
—	—	12.5 KG	906	10	400	2.5 kg	506

3. No Previous for tax has been made in view of the loss incurred during the period.

In terms of our attached report of even date

For Ashok Rustagi & Associates
Chartered Accountants

(Ashok Rustagi)
Proprietor
Membership No. 80899

Umesh K. Modi
Director

S.S. Agarwal
Director

Place : New Delhi
Date : 10th August, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	U15494DL2008PLC183504	State Code	55
Balance Sheet Date	31	03	2009
	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	741	Total Assets	741
-------------------	-----	--------------	-----

Sources of Funds

Paid up Capital	500	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
Current Liabilities	241		

Application of Funds

Net Fixed Assets	Nil	Investments	Nil
Current Assets	505	Misc. Expenditure	39
Accumulated Losses	197		

IV. Performance of company (Amount in Rs. thousand)

Turnover	0.9	Total Expenditure	199
Profit /(Loss) before Tax	(198)	Profit / (Loss) after Tax	(198)
Earning Per Share in Rs.	(3.94)	Dividend Rate in %	Nil

V. Generic name of three Principal Product/services of the Company Not Applicable

As per our report of even date annexed
For **Ashok Rustagi & Associates**
Chartered Accountants

Umesh K. Modi
Director

S.S. Agarwal
Director

(Ashok Rustagi)

Proprietor

Membership No. 80899

Place : New Delhi
Date : 10th August, 2009

SBEC SUGAR LIMITED

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

ATTENDANCE SLIP

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

L.F.NO. (s)	
D.P. ID No.	

CLIENT ID NO.	
NO. OF SHARES HELD	

Name of the attending Member
(in Block Letters)

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

I hereby record my presence at the 15th Annual General Meeting of the Company held on Saturday, the 10th day of October, 2009 at 2.30 P.M. at Village Loyan Malakpur, Tehsil Baraut, District Baghpat, Uttar Pradesh.

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

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

SBEC SUGAR LIMITED

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

PROXY FORM

L.F.NO. (s)	
D.P. ID No.	

CLIENT ID NO.	
NO. OF SHARES HELD	

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

as my/our Proxy to attend and vote for me/us, on my/our behalf at the 15th Annual General Meeting of the Company held on Saturday, the 10th day of October, 2009 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..... 2009

- 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.