

E q u a l t o t h e c h a l l e n g e





The year saw the successful launch of Xing in the premium vodka segment.

SIMBHAOLI SUGARS LIMITED

(Registered Office: Simbhaoli 245 207, District Ghaziabad, Uttar Pradesh)

NOTICE

Notice is hereby given that the 73rd Annual General Meeting of the members of Simbhaoli Sugars Limited will be held on Thursday, December 17, 2009 at 10.00 A.M. at the registered office of the Company at Simbhaoli 245 207, Distt. Ghaziabad, Uttar Pradesh, to transact the following businesses:

ORDINARY BUSINESSSES

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2009 and Profit and Loss Account for the year ended on that date and the reports of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Samir Chandra Kumar, independent director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants as statutory auditors of the Company for the year 2009-10 and fix their remuneration in place of M/s A F Ferguson & Co., the retiring auditors, who have conveyed their intent not to seek re-appointment at the ensuing Annual General Meeting.

SPECIAL BUSINESSSES

4. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:-**

"Resolved that, in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Yashwant Varma, who was appointed by the Board as an additional director on July 30, 2009 and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is liable to retire by rotation."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto to give effect to this resolution."

5. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-**

"Resolved that, consent be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge of whole or part of all the movable and immovable properties of the Company where ever situated, present or future to or in favour of the following lenders to secure the financial assistance(s) lent and advanced/agreed to be lent and advanced to the Company:-

- a. First pari-passu charge on the fixed assets of the Company for securing external commercial borrowings of USD 10.00 million and USD 5.00 million aggregating to USD 15.00 million in favour of Punjab National Bank for buy back of foreign currency convertible bonds.
- b. Exclusive second charge in favour of Government of India, Ministry of Consumer Affairs for securing following sugar development fund loans on the fixed assets of respective units of the Company:
 - (i) Rs. 1.91 crores for cane development at unit Simbhaoli.
 - (ii) Rs. 2.50 crores for cane development and Rs. 2.50 crores for modernization of factory at unit Simbhaoli.

(iii) Rs. 2.00 crores for cane development and Rs. 1.60 crores for modernization of factory at unit Chilwaria.

(iv) Rs. 1.50 crores for cane development and Rs. 1.60 crores for modernization of factory at unit Brijnathpur.

- c. Third pari-passu charge on the fixed assets of the Company for securing the working capital financial assistance of Rs. 294.85 crores under consortium in favour of State Bank of India of Rs. 138.00 crores, Bank of Baroda of Rs. 32.00 crores, Punjab National Bank of Rs. 76.50 crores, ICICI Bank Limited of Rs. 15.00 crores and State Bank of Patiala of Rs. 22.35 crores.

"Resolved further that, the mortgage/charge created/to be created and/or all agreement(s)/documents executed/ to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

6. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:-**

"Resolved that, pursuant to Sections 16, 31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof for the time being in force, and subject to the provisions of the Memorandum and Articles of Associations of the Company and such other approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authorities, the consent of the members of the Company be and is hereby accorded for re-classification of authorized share capital of the Company of Rs. 40,00,00,000 (Rupees Forty Crores only) divided into 3,10,00,000 equity shares of Rs. 10/- each and 9,00,000 preference shares of Rs. 100/- each into 3,80,00,000 equity shares of Rs. 10/- each and 2,00,000 preference shares of Rs. 100/- each by way of converting 7,00,000 preference shares of Rs. 100/- each into 70,00,000 equity shares of Rs. 10/- each."

"Resolved further that, Clause V of the Memorandum of Association be altered to read as follows:-

"The share capital of the Company is Rs. 40,00,00,000 (Rupees Forty Crores only) divided into 3,80,00,000 equity shares of Rs. 10/- each and 2,00,000 preference shares of Rs. 100/- each. The share capital may be increased or reduced, as the Company deem expedient. The shares may be consolidated into those of larger value or sub-divided into shares of smaller value and may be divided into such classes as may be authorized by the Companies Act, 1956, and as may be determined by or in accordance with the regulations of the Company".

"Resolved further that, Article 5(i) of the Articles of Association be altered to read as follows:-

"The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital,

whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law'."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:-

"Resolved that, pursuant to the provisions of section 31 and other applicable provisions of the Companies Act, 1956, if any, including any statutory modifications and/or re-enactments thereof for the time being in force, and subject to such other approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authorities, the consent of the members of the Company be and is hereby accorded to alter the Articles of Association of the Company for:

- (i) increase in the sitting fee payable to the directors of the Company for attending the meetings of board and/or committee thereof; and
- (ii) authorizing Company Secretary of the Company to use the common seal and /or sign every instrument to which the common seal of the Company is required to be affixed under the provisions of Article no. 110 of the Articles of Association of the Company."

"Resolved further that, Article no. 90 of the Articles of Association of the Company be altered with the substitution of words '*sitting fee of such sum as may be prescribed by the Board of Directors from time to time in accordance with the provisions of the Act or any statutory modifications/re-enactment thereof for the time being in force for*' in place of '*remuneration a sum not exceeding Rs. 5,000/- each*'."

"Resolved further that, Article no. 110 of the Articles of Association of the Company be altered with the substitution of words '*or Company Secretary*' after the word '*Directors*' and before the words '*and one officer*'."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

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

"Resolved that, pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force and subject to approval of the Central Government, if any, consent of the members of the Company be and is hereby accorded to appoint Mr. Gurmit Singh Mann, who has attained the age of 74 years, as Chairman & Managing Director of the Company for a period of five (5) years w.e.f. October 1, 2009 on the terms and conditions as detailed below:

- a) **Designation:** Chairman & Managing Director
- b) **Basic Salary:** Rs. 3,25,000/- per month in the scale of Rs. 3,25,000-32,500-4,55,000/-
- c) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
 - i) Rent free accommodation, having a monetary rental value subject to the limits not exceeding 60% of salary over and above ten percent payable by the Chairman & Managing

Director and all rent, rates and taxes thereof shall be born by the Company;

- ii) Gas, electricity, water, security etc., to the extent of 15% of value of rent free accommodation;
- iii) House maintenance allowance; allowance/reimbursement for domestic help/ servant(s) as per Company's policy;
- iv) Medical allowance/reimbursement for self, spouse and dependent children not exceeding one month basic salary;
- v) Personal accident insurance premium subject to Company's rules in this regard;
- vi) Leave travel expenses/allowance for self, spouse and dependent children subject to the Company's rules in this regard;
- vii) Entertainment expenses/Club fee as per Company's policy;
- viii) Any other permissible perquisite as may be notified by the Company from time to time within the overall limits laid down under the provisions of Schedule XIII to the Companies Act, 1956.

Apart from the above, he shall also be entitled to the following benefits, which shall not be included in computation of the aforesaid remuneration:

- (i) Company's chauffeur driven car(s) for the business of the Company;
- (ii) Telephone/internet facilities to be used for the business of the Company;
- (iii) Reimbursement of traveling, boarding, lodging, hotel and other expenses incurred for the business of the Company;
- (iv) Company's contribution to provident fund and/or any other annuity fund subject to the Company's rules in this regard;
- (v) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service in the Company subject to the Company's rules in this regard.

d) **Commission:** The Chairman & Managing Director shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.60% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the provisions of Section 198 and 309 and/or any other applicable provisions read with schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, in case of inadequacy of profits /or no profits in the Company in any financial year, the Chairman & Managing Director shall be entitled to the aforesaid salary, perquisites & allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, the aforesaid appointment shall be subject to the following terms and conditions:

- i) Chairman & Managing Director shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof;
- ii) The appointment may be terminated by either party giving the other party three months notice or paying three months salary in lieu thereof;
- iii) If at anytime the Chairman & Managing Director ceases to be Director of the Company for any reason whatsoever, he shall cease to be Managing Director of the Company;
- iv) The Chairman & Managing Director shall not be entitled to supplement his earnings under the appointment with any

buying or selling commission. He shall also not become interested or otherwise concerned directly or through his spouse and/or minor children in any selling agency of the Company, without prior approval of the Central Government;

- v) The office of Chairman & Managing Director will not be subject to retirement by rotation."

"Resolved further that, Board of Directors and/or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to alter/vary the terms & conditions of appointment from time to time as it may deem fit, subject to necessary approvals, if any, in accordance with the applicable provisions of the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, Board of Directors and/or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-

"Resolved that, pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force and subject to approval of the Central Government, if any, consent of the members of the Company be and is hereby accorded to appoint Mr. Gurpal Singh as Deputy Managing Director of the Company for a period of five (5) years w.e.f. October 1, 2009 on the terms and conditions as detailed below:

- a) **Designation:** Deputy Managing Director
- b) **Basic Salary:** Rs. 2,75,000/- per month in the scale of Rs. 2,75,000-27,500-3,85,000/-
- c) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
 - i) Rent free accommodation, having a monetary rental value subject to the limits not exceeding 60% of salary over and above ten percent payable by the Deputy Managing Director and all rent, rates and taxes thereof shall be born by the Company;
 - ii) Gas, electricity, water, security etc., to the extent of 15% of value of rent free accommodation;
 - iii) House maintenance allowance; allowance/reimbursement for domestic help/ servant(s) as per Company's policy;
 - iv) Medical allowance/reimbursement for self, spouse, dependent children and dependent parents not exceeding one month basic salary;
 - v) Personal accident insurance premium subject to Company's rules in this regard;
 - vi) Leave travel expenses/allowance for self, spouse, dependent children and dependent parents subject to the Company's rules in this regard;
 - vii) Entertainment expenses/Club fee as per Company's policy;
 - viii) Any other permissible perquisite as may be notified by the Company from time to time within the overall limits laid down under the provisions of Schedule XIII to the Companies Act, 1956.

Apart from the above, he shall also be entitled to the following benefits, which shall not be included in computation of the aforesaid remuneration:

- i) Company's chauffeur driven car(s) for the business of the Company;
- ii) Telephone/internet facilities to be used for the business of the Company;

- iii) Reimbursement of traveling, boarding, lodging, hotel and other expenses incurred for the business of the Company;
- iv) Company's contribution to provident fund and/or any other annuity fund subject to the Company's rules in this regard;
- v) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service in the Company subject to the Company's rules in this regard.
- d) **Commission:** The Deputy Managing Director shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.45% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the provisions of Section 198 and 309 and/or any other applicable provisions read with schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, in case of inadequacy of profits /or no profits in the Company in any financial year, the Deputy Managing Director shall be entitled to the aforesaid salary, perquisites & allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, the aforesaid appointment shall be subject to the following terms and conditions:

- i) Deputy Managing Director shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof;
- ii) The appointment may be terminated by either party giving the other party three months notice or paying three months salary in lieu thereof;
- iii) If at anytime the Deputy Managing Director ceases to be Director of the Company for any reason whatsoever, he shall cease to be Deputy Managing Director of the Company;
- iv) The Deputy Managing Director shall not be entitled to supplement his earnings under the appointment with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his spouse and/or minor children in any selling agency of the Company, without prior approval of the Central Government;
- v) The office of Deputy Managing Director will not be subject to retirement by rotation."

"Resolved further that, Board of Directors and/or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to alter/vary the terms & conditions of appointment from time to time as it may deem fit, subject to necessary approvals, if any, in accordance with the applicable provisions of the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, Board of Directors and/or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-

"Resolved that, pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force and subject to approval of the Central Government, if any, consent of the members of the Company be and is hereby accorded to appoint Dr. G S C Rao as Executive Director of the Company for a period of five (5) years w.e.f. October 1, 2009 on the terms and conditions as detailed

below:

- a) **Designation:** Executive Director
- b) **Basic Salary:** Rs. 2,75,000/- per month in the scale of Rs. 2,75,000-27,500-3,85,000/-
- c) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
 - i) Rent free accommodation, having a monetary rental value subject to the limits not exceeding 60% of salary over and above ten percent payable by the Executive Director and all rent, rates and taxes thereof shall be born by the Company;
 - ii) Gas, electricity, water, security etc., to the extent of 15% of value of rent free accommodation;
 - iii) House maintenance allowance; allowance/reimbursement for domestic help/servant(s) as per Company's policy;
 - iv) Medical allowance/reimbursement for self, spouse and dependent children not exceeding one month basic salary;
 - v) Personal accident insurance premium subject to Company's rules in this regard;
 - vi) Leave travel expenses/allowance for self, spouse and dependent children subject to the Company's rules in this regard;
 - vii) Entertainment expenses/Club fee as per Company's policy;
 - viii) Any other permissible perquisite as may be notified by the Company from time to time within the overall limits laid down under the provisions of Schedule XIII to the Companies Act, 1956.

Apart from the above, he shall also be entitled to the following benefits which shall not be included in computation of the aforesaid remuneration:

- i) Company's chauffeur driven car(s) for the business of the Company;
- ii) Telephone/internet facilities to be used for the business of the Company;
- iii) Reimbursement of traveling, boarding, lodging, hotel and other expenses incurred for the business of the Company;
- iv) Company's contribution to provident fund, superannuation fund and/or any other annuity fund subject to the Company's rules in this regard;
- v) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service in the Company subject to the Company's rules in this regard;
- vi) Encashment of leave subject to the Company's rules in this regard.
- d) **Commission:** The Executive Director shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.35% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the provisions of Section 198 and 309 and/or any other applicable provisions read with schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, in case of inadequacy of profits /or no profits in the Company in any financial year, the Executive Director shall be entitled to the aforesaid salary, perquisites & allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, the aforesaid appointment shall be subject to the following terms and conditions:

- i) Executive Director shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof;
- ii) The appointment may be terminated by either party giving the other party three months notice or paying three months salary in lieu thereof;
- iii) If at anytime the Executive Director ceases to be Director of the Company for any reason whatsoever, he shall cease to be Executive Director of the Company;
- iv) The Executive Director shall not be entitled to supplement his earnings under the appointment with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his spouse and/or minor children in any selling agency of the Company, without prior approval of the Central Government."

"Resolved further that, Board of Directors and /or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to alter/vary the terms & conditions of appointment from time to time as it may deem fit, subject to necessary approvals, if any, in accordance with the applicable provisions of the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, Board of Directors and /or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto."

11.To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution

"Resolved that, pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force and subject to approval of the Central Government, if any, consent of the members of the Company be and is hereby accorded to appoint Mr. Sanjay Tapriya as Director (Finance) of the Company for a period of five (5) years w.e.f. October 1, 2009 on the terms and conditions as detailed below:

- a) **Designation:** Director (Finance)
- b) **Basic Salary:** Rs. 2,50,000/- per month in the scale of Rs. 2,50,000-25,000-3,50,000/-
- c) **Perquisites:** In addition to the basic salary, he shall be entitled to the following perquisites:
 - i) Rent free accommodation, having a monetary rental value subject to the limits not exceeding 60% of salary over and above ten percent payable by the Director (Finance) and all rent, rates and taxes thereof shall be born by the Company;
 - ii) Gas, electricity, water, security etc., to the extent of 15% of value of rent free accommodation;
 - iii) House maintenance allowance; allowance/reimbursement for domestic help/servant(s) as per Company's policy;
 - iv) Medical allowance/reimbursement for self, spouse, dependent children and dependent parents not exceeding one month basic salary;
 - v) Personal accident insurance premium subject to Company's rules in this regard;
 - vi) Leave travel expenses/allowance for self, spouse, dependent children and dependent parents subject to the Company's rules in this regard;
 - vii) Entertainment expenses/Club fee as per Company's policy;
 - viii) Any other permissible perquisite as may be notified by the Company from time to time within the overall limits laid down under the provisions of Schedule XIII to the Companies Act, 1956.

Apart from the above, he shall also be entitled to the following benefits which shall not be included in the computation of the aforesaid remuneration:

- i) Company's chauffeur driven car(s) for the business of the Company;
- ii) Telephone/internet facilities to be used for the business of the Company;
- iii) Reimbursement of traveling, boarding, lodging, hotel and other expenses incurred for the business of the Company;
- iv) Company's contribution to provident fund, superannuation fund and/or any other annuity fund subject to the Company's rules in this regard;
- v) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service in the Company subject to the Company's rules in this regard;
- vi) Encashment of leave subject to the Company's rules in this regard.
- d) **Commission:** The Director (Finance) shall also be entitled to such remuneration as commission, in addition to the above salary and perquisites, not exceeding @ 0.25% of the net profits calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company or any Committee thereof at the end of each financial year, subject to the overall ceiling of remuneration as stipulated under the provisions of Section 198 and 309 and/or any other applicable provisions read with schedule XIII to the Companies Act, 1956 as amended/modified/re-constituted from time to time."

"Resolved further that, in case of inadequacy of profits /or no profits in the Company in any financial year, the Director (Finance) shall be entitled to the aforesaid salary, perquisites & allowances and commission as minimum remuneration during his tenure within the overall limits as laid down under the provisions of schedule XIII to the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, the aforesaid appointment shall be subject to the following terms and conditions:

- i) Director (Finance) shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee(s) thereof;
- ii) The appointment may be terminated by either party giving the other party three months notice or paying three months salary in lieu thereof;
- iii) If at anytime the Director (Finance) ceases to be Director of the Company for any reason whatsoever, he shall cease to be Director (Finance) of the Company;
- iv) The Director (Finance) shall not be entitled to supplement his earnings under the appointment with any buying or selling commission. He shall also not become interested or otherwise concerned directly or through his spouse and/or minor children in any selling agency of the Company, without prior approval of the Central Government."

"Resolved further that, Board of Directors and/or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to alter/vary the terms & conditions of appointment from time to time as it may deem fit, subject to necessary approvals, if any, in accordance with the applicable provisions of the Companies Act, 1956 as amended/ modified/re-constituted from time to time."

"Resolved further that, Board of Directors and/or Remuneration & Compensation Committee of the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds or things, as may be required or considered necessary or incidental thereto."

12.To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:-

"Resolved that, pursuant to and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the

Companies Act, 1956 ('the Act'); and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations'), Reserve Bank of India, the relevant provisions of the Memorandum & Articles of Association of the Company and the provisions of the Listing Agreement(s) with the stock exchanges on which the securities of the Company are listed or may hereafter be listed (including any amendment to or re-enactment of all or any of the aforesaid) and subject to all such approvals, permissions, sanctions and consents, if any, as may be required under applicable laws and regulations and of concerned authorities, bodies and agencies and subject to such conditions and modifications as may be prescribed by any of the aforesaid authorities, bodies and agencies and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' and shall be deemed to include any committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the members of the Company be and is hereby accorded to the Board to create, issue, offer and allot 20,00,000 warrants to specified promoters, directors and their relatives (details of whom are set in the explanatory statement) (the 'Warrant holders') on preferential allotment basis with a right attached thereto entitling the holder of the warrants to apply for and subscribe within such time as fixed by the Board against payment in cash to one fully paid-up equity share of face value of Rs.10/- each in the share capital of the Company for every warrant held, within a period of 18 months from the date of allotment at a price of Rs. 71/- (including premium of Rs. 61/-) per equity share, at the option of such warrant holder, as may be deemed appropriate by the Board under and by way of preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents/writings, in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion; with power to settle details as to the form and terms of issue of the warrants to the Warrant holders and all other terms, conditions and matters connected therewith including to accept any modification thereto or therein as may be required by persons involved with any such issue of warrants subject, however, to all applicable laws and within and under the limits permitted under law, for an aggregate amount not exceeding Rs. 14,20,00,000/- (inclusive of such premium as fixed on the securities), provided that the price, as applicable, of the equity shares to be issued pursuant to the warrants shall not be less than being higher of the average of the weekly high and low of the closing prices of the equity shares of the Company quoted on the stock exchange during the six months OR the average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date being thirty days prior to the date of this Annual General Meeting i.e. November 16, 2009, as prescribed under ICDR Regulations for preferential issues (including any amendment thereto or re-enactment thereof) and all other terms, conditions and matters connected therewith and to accept any modifications in the proposal as may be required by the authorities/parties involved in such issues but subject to such conditions as the Reserve Bank of India, Securities and Exchange Board of India or such other appropriate authorities may impose at the time according/granting their approvals, consent, permissions and sanctions as agreed by the Board."

"Resolved further that, without prejudice to the generality of the above, issue of warrants mentioned hereinabove may have all or any term or combination of terms in accordance with local/international practice and all such terms as are provided in domestic and/or international offerings of this nature including terms for issue of additional equity shares."

"Resolved further that, the equity shares issued pursuant to exercise of warrants shall be subject to the Memorandum and Articles of Association of the Company and shall upon being so issued and allotted rank pari passu in all respects with the existing equity shares of the Company."

"Resolved further that, the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as

the Reserve Bank of India, Securities and Exchange Board of India or such other appropriate authorities may impose at the time of their approval as agreed by the Board."

"Resolved further that, for the purpose of giving effect to the above resolution and any offer, issue and allotment of securities, the Board be and is hereby authorized to take all such acts, deeds, and things as may be necessary, desirable or incidental thereto and matter connected therewith including without limitation the entering into of arrangements for underwriting, marketing, listing, trading, appointment of lead manager(s), advisor(s), registrar(s), paying and conversion agent(s) and to issue and sign all deeds, documents, instruments, and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of securities and utilization of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board shall be binding on all members of the Company."

13. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:-

"Resolved that, pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 including any amendments thereto or re-enactment thereof and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement (s) entered into by the Company with the stock exchanges where the equity shares of the Company are listed (the 'Stock Exchange'), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('ICDR Regulations'), Foreign Exchange Management Act, 1999 ('FEMA'), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, the Stock Exchanges, the Government of India or any other relevant authority from time to time, to the extent applicable, and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as 'the Board' and shall be deemed to include any committee thereof which the Board may have or may hereafter constitute, to which all or any of the powers hereby conferred on the Board by this resolution, have been or may hereafter at any time be delegated), the consent, authority and approval of the members of the Company be and is hereby accorded to the Board to create, issue, offer and allot (including the provisions for reservation on firm and/ competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more public, rights or private offerings in domestic and/or one or more international market(s) with or without a green shoe option, equity shares (including Qualified Institutional Placement ('QIP') under ICDR Regulations and/or equity shares through depository receipts and/or convertible bonds and/or other securities convertible into equity shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to equity shares and/or securities including non convertible debentures with warrant or other securities with or without warrants, which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for the equity shares and/or any instrument or securities representing either equity shares and/or convertible securities linked to equity shares (including the issue and allotment of equity shares pursuant to a green shoe option, if any, (all of which are hereinafter collectively referred to as 'securities') to eligible investors under applicable laws, regulations and guidelines (whether resident and/or non-resident and/or institutions/banks, and/or incorporated bodies, mutual funds, venture capital funds and Indian and/or multi-lateral financial institutions and/or individuals and/or trustees and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company), through

prospectus and/or letter of offer or circular and/or on public, rights and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash, at such price or prices, in such manner and where necessary, in consultation with the book running lead manager and/or other advisors or otherwise, on such terms and conditions as the Board, may in its absolute discretion, decide at the time of issue of securities provided that the total amount raised through the issuance of such securities shall not exceed Rs. 200 crores or its equivalent in one or more currencies, including premium, if any, as may be decided by the Board, to investors as mention above."

"Resolved further that, without prejudice to the generality of the above, the aforesaid issue of securities may have all or any term or condition or combination of terms in accordance with applicable regulations, prevalent market practices etc."

"Resolved further that, the Company and/or any agency or body or person authorised by the Board, may issue depository receipts representing the underlying equity shares in the share capital of the Company or other securities in negotiable, registered or bearer form (as may be permissible) with such features and attributes as may be required and to provide for the trade ability and free transferability thereof as per market practices and regulations including listing on one or more stock exchange(s) in India or outside India."

"Resolved further that, the relevant date for the determination of the applicable price for the issue of the Depository Receipts and/or securities issued pursuant to the QIP shall be the date on which the Board of the Company decides to open the proposed issue, or the date on which the holder of the securities, which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said equity shares at a later date becomes entitled to apply for the said equity shares, as the case may be."

"Resolved further that, the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, subject to the provisions of the Memorandum and Articles of Association of the Company and all such equity shares so allotted, shall rank pari passu with the then existing equity shares of the Company in all respects, including dividend, which shall be subject to the relevant provisions in that behalf contained in the Articles of Association of the Company."

"Resolved further that, the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India, Securities and Exchange Board of India or such other appropriate authorities may impose at the time of their approval as agreed by the Board".

"Resolved further that, for the purpose of giving effect to the above resolution and any offer, issue and allotment of securities, the Board be and is hereby authorized to take all such acts, deeds, and things as may be necessary, desirable or incidental thereto and matter connected therewith including without limitation the entering into of arrangements for underwriting, marketing, listing, trading, appointment of lead manager(s), advisor(s), registrar(s), paying and conversion agent(s) and to issue and sign all deeds, documents, instruments, and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of securities and utilization of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board shall be binding on all members of the Company."

14. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:-

"Resolved that, the consent of the members be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(d) and other applicable provisions, if any, of the

Companies Act, 1956 for borrowing monies from time to time for the business purposes of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed (apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being, of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the aggregate amount of monies which may be borrowed shall not at any time exceed the limit of Rs. 1600 crores."

"Resolved further that, the Board of Directors of the Company be and are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all questions arising out of and incidental thereto, and to give such directions that may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution."

**By Order of the Board of Directors
of Simbhaoli Sugars Limited**

Place: New Delhi
Date: November 19, 2009

**Kamal Samtani
Company Secretary**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of meeting.
2. The register of members, and share transfer books of the Company will remain closed from Monday, December 14, 2009 to December 17, 2009 (both days inclusive).
3. Members are requested to notify promptly any change in their registered addresses or any other query directly to M/s MAS Services Ltd., T- 34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020, phone no:+91-11-26387281/82/83, Fax no : +91-11-26387384, E-mail: info@masserv.com, the registrar and share transfer agent.
4. Members are requested to notify their particulars including e-mail Id for updating the records in the Performa enclosed with proxy/attendance slip.
5. Members are requested to bring their copies of annual report to the meeting.
6. Members are requested to fill in the attendance slip for attending the meeting and those who hold the shares in dematerialized form to bring their client ID and depository participant ID number for identification for attendance at the meeting.
7. Any query relating to the accounts or any other matter in pursuance to this Notice must be sent to the Company at least seven clear days before the date of the annual general meeting.
8. Pursuant to Section 109A of the Companies Act 1956, a shareholder may nominate in the prescribed manner a person to whom his shares of the Company shall vest in the event of his/her death.

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

Item No. 4

Mr. Yashwant Varma is appointed as an additional director on the Board of the Company in pursuance to the Article 87 of the Articles of Association of the Company w.e.f. July 30, 2009. As per Section 260 of the Companies Act, 1956, he holds the office of directorship upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose him as a candidate for directorship. Mr. Yashwant Varma does not hold any shares in the Company.

Accordingly, the resolution set out under item No. 4 is submitted for the approval of the shareholders as an ordinary resolution.

None of the Director, except Mr. Yashwant Varma, is concerned or interested in the resolution.

Item No. 5

The Company has been sanctioned financial assistances from the following banks/financial institutions:

- a. External commercial borrowings of USD 10.00 million and USD 5.00 million aggregating to USD 15.00 million from Punjab National Bank for buy back of foreign currency convertible bonds.
- b. Sugar development fund loan from Government of India, Ministry of Consumer Affairs in following manner:
 - (i) Rs. 1.91 crores for cane development at unit Simbhaoli.
 - (ii) Rs. 2.50 crores for cane development and Rs. 2.50 crores for modernization of factory at unit Simbhaoli.
 - (iii) Rs. 2.00 crores for cane development and Rs. 1.60 crores for modernization of factory at unit Chilwaria.
 - (iv) Rs. 1.50 crores for cane development and Rs. 1.60 crores for modernization of factory at unit Brijnathpur.
- c. Working capital financial assistance of Rs. 138.00 crores from State Bank of India, Rs. 32.00 crores from Bank of Baroda, Rs. 76.50 crores from Punjab National Bank, Rs. 15.00 crores from ICICI Bank Limited and Rs. 22.35 crores from State Bank of Patiala aggregating to Rs. 294.85 crores under consortium financing for meeting working capital requirement of the Company.

In this regard, it is necessary to pass resolution under section 293(1)(a) of the Companies Act, 1956, for creation/ modification of mortgage and/or charge on the assets of the Company.

Accordingly, resolution set out under item no. 5 is recommended for approval of the shareholders as an ordinary resolution.

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

Item No. 6

The authorized share capital of the company is divided into 3,10,00,000 equity shares of Rs 10/- each and 9,00,000 preference shares of Rs 100/- each aggregating to Rs. 40 crores.

Since 8,12,000 preference shares held by the financial institutions have been redeemed, it is proposed to reclassify the authorised share capital of Rs. 40,00,00,000/- into 3,80,00,000 equity shares of Rs. 10/- each aggregating to Rs. 38,00,00,000/- and 2,00,000 preference shares of Rs. 100/- each aggregating to Rs. 2,00,00,000/- by way of converting 7,00,000 preference shares of Rs. 100/- each into 70,00,000 equity shares of Rs. 10/- each.

In accordance with the provisions of the Companies Act, 1956, approval of the members is required to re-classify the authorized share capital of the company and as sequel to the change in capital structure corresponding alteration need to be made in Clause V of the Memorandum of Association and Article 5(i) of Articles of Association of the Company.

Accordingly, resolution set out under item no. 6 is recommended for approval of the shareholders as a special resolution.

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

Item No. 7

In view of the change in the economic scenario of the industry and growth of the Company with increase in operations, the Board of Directors of the Company proposes to:

- (i) increase in the sitting fee payable to independent and non-executive directors of the Company for attending the meetings of the Board of the Directors of the Company and/or committees thereof; and
- (ii) authorize the Company Secretary of the Company to use the common seal and sign every instrument to which seal is required to be affixed under the provisions of Article no. 110 of the Articles of Association of the Company.

Accordingly, resolution set out under item no. 7 for altering Article nos. 90 and 110 of Articles of Association of the Company is recommended for approval of the shareholders as a special resolution.

None of the Directors, except independent and non-executive directors to the extent of sitting fee payable to them, is concerned or interested in the resolution.

Item No. 8, 9, 10 & 11

The Company has implemented its growth plan for expansion of sugar, alcohol, bio-fuel and bio-power capacities and keeping in view of the increase in size and growth prospects of the organization, increase in the responsibilities of the managerial personnel and change in the general economic scenario of the country viz a viz sugar industry, the Board of Directors of the Company in their meeting held on July 30, 2009, as recommended by the Remuneration and Compensation Committee of the Board of Directors of the Company, has appointed Mr. Gurmit Singh Mann as Chairman & Managing Director, Mr. Guralp Singh as Deputy Managing Director, Dr. G. S. C. Rao as Executive Director and Mr. Sanjay Tapriya as Director (Finance) of the Company under Section 269 and all applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 for a period of 5 (Five) years w.e.f. October 1, 2009 on the revised terms & conditions as stated in the resolution commensurate with the market practices adopted in the similar range of Companies in peer group.

The Company is complying with the terms and conditions prescribed under the provisions of Schedule XIII to the Companies Act, 1956 with reference to the payment of remuneration to the managerial personnel and fresh approvals are being sought in respect of the appointment of whole time directors on the revised terms and conditions.

The brief resumi of whole time directors are appended herein below: -

1. Mr. Gurmit Singh Mann

Mr. Mann is a member of the promoter group and acting as Chairman & Managing Director of the Company. He has experience of over 45 years including 37 years with the Company and initial 8 years with the marketing department of M/s SmithKline Beechem Consumer Healthcare Limited (formerly HMM Ltd.). He has been the Managing Director of the Company since 1972 and became Chairman & Managing Director of the Company in the year of 1989. He has exemplary knowledge on the sugar and alcohol products and has immense communication skills. He has been widely travelling in India as well as abroad and possess good knowledge about the sugarcane rich geographical area. He has been the past President of the Indian Sugar Mills Association and past Chairman of the Indian Sugar & General Export Corporation Limited.

2. Mr. Guralp Singh

Mr. Guralp Singh is a member of the promoter group and acting as Deputy Managing Director of the Company. He is a graduate in economics and has over 23 years of experience in the management of the various functional areas of the Company. He has been engaged in the development of overall business relations, market forecasting, risk management and dealing with wide range of people. He has been sharing his experience with the management to take the qualitative strategic decisions on the domestic and international markets for the betterment of the Company. With his continuous efforts, the Company has shown remarkable growth and emerged as a pioneer in the Sugar Industry.

3. Dr. G S C Rao

Dr. Rao is the Executive Director of the Company since 1999 with over 29 years of industry experience. He has Masters degree in Plant Physiology and Biochemistry and has a Doctorate from National Sugar Institute, Kanpur, India. He also holds a postgraduate diploma in management. He has published/presented over 80 research papers in National and International Forums on various aspects of sugar industry. He has provided consultancy services to Sudan Sugar Corporation on behalf of World Bank and to British Guyana and Fiji on behalf of Government of India. He has involved in rehabilitation of sick-sugar units, expansions and insulation of Greenfield projects. He is Chairman of Cane Development sub-committee, Co-Chairman of Ethanol Sub-committee of ISMA. He is also a member of UP state varieties release committee and core group for cane development. Recently, he has been nominated as the President of Sugar Technologists' Association of India (STAI).

4. Mr. Sanjay Tapriya

Mr. Tapriya is a commerce graduate and the fellow members of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He holds an excellent academic record and has various merits and scholarships to his credit during the education in Graduation, Chartered Accountancy and Company Secretaryship. He joined Simbhaoli Sugars as the Company Secretary in 1986 and thereafter inducted on the Board of the Company as functional Director-Finance (CFO) in 2003. He has over 23 years of experience and currently heading all the finance and commercial functions of the Company. During his association, a number of developments have taken place and their successful implementation has been the key factors for the growth of the Company.

The appointment so made shall be within the prescribed limits under the provisions of the Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956.

Accordingly, resolution set out under item no. 8 is recommended for approval of the shareholders as a special resolution and resolutions set out under item nos. 9 to 11 are recommended for approval of the shareholders as ordinary resolutions.

None of the Directors, except Mr. Gurmit Singh Mann, Mr. Guralp Singh, Dr. G S C Rao and Mr. Sanjay Tapriya interested in their respective resolutions, is concerned or interested in the resolutions.

Item No. 12

The Company intends to issue and allot 20,00,000 share warrants to specified promoters, directors and their relatives with a right to receive one equity share of face value of Rs. 10/- each for one warrant held by the warrant holders. The issue and allotment of warrants shall be governed by the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred as SEBI (ICDR) Regulations). The warrant holders shall receive one (1) equity share for one (1) warrant as above at a price of Rs. 71/- (including premium of Rs. 61/-) per equity share, of which not less than 25% shall be paid by the warrant holders forthwith upon allotment thereof and the balance shall be paid at the time of exercising the conversion option to convert warrants into equity shares, for such number of warrants in respect of which the warrant holder exercises the conversion option. The conversion price of Rs. 71/- per warrant conforms with issue price norms under SEBI (ICDR) Regulations.

The Company's authorized capital is adequate for the increase in the paid-up share capital of the Company pursuant to issue and allotment of equity shares upon conversion of warrants. The consent of the shareholders is being sought under the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956. The preferential offer for issue of warrants shall be made to the following promoters, directors and their relatives of the Company, who have expressed their willingness to invest in securities of the Company and shall subscribe to the offer:-

Sl. No.	Name and address of the proposed allottees	No. of shares held by allottees prior to preferential issue	No. of warrants proposed to be issued
PROMOTER			
1.	Mr. Gurmit Singh Mann, s/o Mr. Gurprit Singh Mann, R/o C-176, Defence Colony, New Delhi	7,72,747 (3.33%)	8,64,000
2.	Mr. Guralp Singh, s/o Mr. Pritam Singh Sandhu, R/o 12, Tilak Marg, New Delhi	10,06,079 (4.34%)	5,40,000
3.	Mrs. Jasjit Kaur Mann, w/o Mr. Gurmit Singh Mann, R/o C-176, Defence Colony, New Delhi	4,23,750 (1.83%)	2,16,000
NON-PROMOTER			
4.	Dr. G S C Rao, s/o Mr. GP Shastri, R/o B-8/24, Vasant Vihar, New Delhi	17,500 (0.07%)	1,90,000
5.	Mrs. Mamta Tapriya, w/o Mr. Sanjay Tapriya, R/o C-75, Suraj Mal Vihar, Delhi	NIL (0%)	1,90,000
	Total	22,20,076	20,00,000

The proposed warrants may be converted into equity shares of the Company within a period of 18 months from the date of issue of warrants at the option of warrant holders at a price of Rs. 71/- (including premium of Rs. 61/-) per equity share and/or price which may be required to re-compute under the SEBI (ICDR) Regulations. The equity shares proposed to be issued under preferential basis as above shall be subject to lock-in period of 3 years for the promoters and 1 year for other than promoters from the date of allotment as per SEBI (ICDR) Regulations. The shareholding pattern before and after the conversion of warrants into equity shares shall be as follows:-

Category	Existing shareholding pattern		Post conversion of warrants shareholding pattern	
	No of shares	%age	No of shares	%age
A				
PROMOTERS HOLDING	1,01,84,722	43.96	1,18,04,722	46.90
Sub-Total (A)	1,01,84,722	43.96	1,18,04,722	46.90
B				
NON-PROMOTERS HOLDING				
1. Banks/Financial Institutions/FIs	7,10,914	3.07	7,10,914	2.82
2. Indian Public & Pvt. Corporate Bodies	1,15,62,004	49.91	1,19,42,004	47.45
3. NRIs/OCBs	94,551	0.41	94,551	0.38
4. Any Other (Clearing Members)	6,15,569	2.65	6,15,569	2.45
Sub-Total (B)	1,29,83,038	56.04	1,33,63,038	53.10
Grand Total (A+B)	2,31,67,760	100.00	2,51,67,760	100

There will not be any change in the Board of Directors or control of the Company as a consequence of allotment of aforesaid warrants. However, there may be change in the pattern of voting rights due to above including change in the voting pattern of the promoters. Further, the above table does not reflect the change in the shareholding pattern consequent upon fresh equity share capital or conversion of convertible securities as allotted, if any, pursuant to the Foreign Currency Convertible Bonds issued in March, 2006, Simbhaoli Sugars Limited-Employee Stock Option Scheme 2007 and/or shares to be allotted in accordance with the proposed capital raising plans of the Company as per the resolution to be passed by the shareholders of the Company. The allotment shall be completed within 15 days of passing of this resolution, provided that where approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days shall be extended to the date of approval or permission, as the case may be. The proposed allottees will comply with the applicable provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including any amendment thereto or re-enactment thereof depending upon the date of acquisitions.

The issue proceeds from the warrants and subsequent conversion into equity shares shall be utilized to improve the liquidity and financial health of the Company including repayment of debt and improving working capital.

The approval of the shareholders is being sought for issue of share warrants to the proposed allottees, which are convertible into equity shares, on a preferential basis pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956.

Accordingly, resolution set out under item no. 12 is recommended for approval of the shareholders as a special resolution.

None of the Directors, except Mr. Gurmit Singh Mann, Mr. Gural Singh, Dr. G S C Rao and Mr. Sanjay Tapriya to the extent securities proposed to be allotted to them or their relatives, are concerned or interested in the resolution.

Item No. 13

The Company has implemented its growth plan 2004-08 involving capital expenditure of Rs. 480 crores for expansion of sugar, alcohol, bio fuel and bio power capacities, as part of the future growth strategy and de-risk model. It has successfully commissioned the projects undertaken as per the said growth plan. The size of the Company has also increased more than twice as compared to the capacity in year 2004 and is expanded as follows:

Facilities	Cane Sugar (TCD)	Raw Sugar* Processing (TPD)	Alcohol/ ethanol (KLD)	Surplus Power (MWH)	Manure (mmt/ day)
Simbhaoli (Western UP)	9500	850	90	18	17
Brijnathpur (Western UP)	4000	400	60		9
Chilwaria (Eastern UP)	6600	600	60	16	9
Total	20100	1850*	210	34	35

*out of the raw processing capacities, 1250 TPD is sulphur less refined, capable to produce EC grade sugar.

The Company has also converted baggase based boilers into multi fuel boilers at unit Simbhaoli and Chilwaria and it is able to run the operations through out the year with the use of alternate fuels during off-season when sufficient baggase was not available. The UP state power utility companies have also provided benefits by way of upward revision in power tariff rates for power being supplied by the Company.

Further, the Company has also bought back major portion of foreign currency convertible bonds (FCCBs) issued in March 2006, by raising external commercial borrowings which has resulted in a gain of Rs. 72.20 crores to the Company during the financial year 2008-09. The aforesaid FCCBs after buy back have been cancelled and relevant securities have been extinguished.

The capital expenditures under the previous growth plan and raising of commercial loans including external commercial borrowings have led to increase in borrowings and interest thereon resulted into increase in debt equity ratio and enhancement of cost of investments.

Hence, in view of the increase in size and growth of the organization, it is proposed to raise funds by way of issue of securities in the domestic/international markets in order to reduce the long term commercial loans and thereby reduction in borrowings and interest costs to improve financial leverage and strength of the Company. The Company also intends to increase the capacity to generate more power by making small investments in specified equipments by using and utilizing alternate fuels during off-season when sufficient baggase is not available. The issue proceeds shall be utilized for repayment of indebtedness, working capital requirements as well as increase in the capacities for power business and for any other matter as deem fit by the Board of Directors of the Company from time to time.

The proposed resolution under item no. 13 seeks the enabling authorization of the members to the Board of Directors of the Company, to raise additional funds through the issue of Securities in the domestic/international markets, including any public, rights or private offerings and/or by way Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyer ("QIB"), in accordance with the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and/ or Depository receipts in accordance with Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and/ or any other Securities for an amount not exceeding Rs. 200 crores or its equivalent in one or more currencies, in one or more tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board, to the various categories of investors in the domestic/international markets. As per the current guidelines, the pricing of QIP and Depository Receipts will not be less than the average of the weekly high and low of the closing price of the equity shares of the Company quoted on the stock exchanges during the two weeks preceding the relevant date. The relevant date for the determination of applicable price for the issue of QIP Securities and/ or depositories receipt shall be the date of meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. It is in the above circumstances that an enabling resolution is being proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the issue. The Board of Directors of the Company will raise require resources by adopting appropriate method in the best interest of the Company by complying with the applicable rules/regulations/guidelines of the concerned authority.

Section 81 of the Companies Act, 1956, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the person who on the date of the offer are holders of the equity shares, in proportion to capital paid-up on those shares as of that date unless the members of the Company decide otherwise. The special resolution under the provision of Section 81 (1A) of the Companies Act, 1956 is required to be passed for seeking the consent and authorization of the members to the Board of Directors, to make the proposed issue of securities to others, in consultation with the Lead Managers, Legal Advisors and other intermediaries, and in the event it is decided to issue securities convertible into equity shares on conversion as may be required to be issued in accordance with the applicable provisions of rules, regulations or guidelines.

Accordingly, resolution set out under item no. 13 is recommended for approval of the shareholders as a special resolution.

None of Directors, except to the extent of shares held by them in the share capital of the Company, is concerned or interested in the above resolution.

Item No. 14

The Company has increased its capacities in the sugar, alcohol, power and bio-fuel segments and converted the sugar plants into refinery with the processing raw sugar during the off-season to meet the shortfall in production of sugar for the domestic requirement of the country. For this purpose, it has executed the agreements for import of raw sugar and requires additional working capital facilities. Presently, borrowing powers of the Company is limited upto a maximum of Rs. 1000 crores. Therefore, to meet the fresh requirement of funds, it is required to enhance the borrowing limits of the Company upto a maximum limit of Rs. 1,600 crores.

Accordingly, resolution set out under item no. 14 is recommended for approval of the shareholders as an ordinary resolution.

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

**By Order of the Board of Directors
of Simbhaoli Sugars Limited**

New Delhi
November 19, 2009

**Kamal Samtani
Company Secretary**

Notes on Director(s) seeking appointment/re-appointment as required under clause 49 VI (A) of the listing agreement entered into with Stock Exchange.

At the ensuing Annual General Meeting, Mr. Samir Chandra Kumar retire by rotation and being eligible offers himself for re-appointment. Mr. Kumar aged around 66 years is an independent director on the Board of Company w.e.f. May 8, 2002. He is also member of audit committee and investor's grievance committee of the Company. He is a Fellow member of the Institute of costs and work Accountants of India and Diploma in Mechanical Engineering. He has over 39 years of experience in commercial and development banking/project financing. He does not hold any shares in the share capital of the Company. He is also nominee director on the Board of DCM Shriram Industries Limited on behalf of IFCI Limited.

In order to broad base the composition of the Board and inducting independent directors, the Company has appointed Mr. Yashwant Varma as an additional director. Mr. Varma is a reputed senior advocate practicing at Hon'ble Allahabad High Court, and has also been appearing before various courts and tribunals such as Hon'ble Supreme Court of India, various High Courts, MRTTP Commission, Company Law Board, CESTAT etc. He has considerable experience in handling sugarcane related matters. He does not hold any shares in the share capital of the Company.

SIMBHAOLI SUGARS LIMITED

Registered Office: Simbhaoli-245 207, District Ghaziabad (U.P.)

PROXY FORM

DP Id*	
Client ID*	

No. of Shares	
Master Folio No.	

I/We.....of.....being the member(s) of **SIMBHAOLI SUGARS LIMITED** hereby appoint.....of.....or failing him.....

of as my/our proxy to attend and vote for me/us and on my/our behalf at 73rd annual general meeting of the members of Simbhaoli Sugars Limited to be held on Thursday, December 17, 2009 at 10.00 A.M. at the registered office of the Company at Simbhaoli-245 207, District Ghaziabad (U.P.) and at any adjournment thereof.

Signed thisday of2009.

.....
Signature of the Member(s)

.....
Signature of Proxy (ies)

**Affix
Revenue
Stamp**

*Applicable for Investors holding shares in electronic form.

NOTE: The proxy form duly signed across the revenue stamp should reach the Company's registered office at least 48 hours before the time of the meeting.

SIMBHAOLI SUGARS LIMITED

Registered Office: Simbhaoli-245 207, District Ghaziabad (U.P.)

ATTENDANCE SLIP

DP Id*	
Client ID*	

No. of Shares	
Master Folio No.	

I hereby record my presence at 73rd annual general meeting of the members of Simbhaoli Sugars Limited on Thursday, December 17, 2009 at 10.00 A.M. at Simbhaoli 245 207, District Ghaziabad (U.P.).

Full Name(s) of Member(s)

Full Name(s) of attending member/proxy

*Applicable for Investors holding shares in electronic form.

Signature of the Members/Proxy
(To be done at the Entry Point)

NOTE: Please fill in block letters, except signatures. Please bring your copy of notice in the meeting.

Members' Particulars

Name:

Fathers' Name

Address:

mail id:

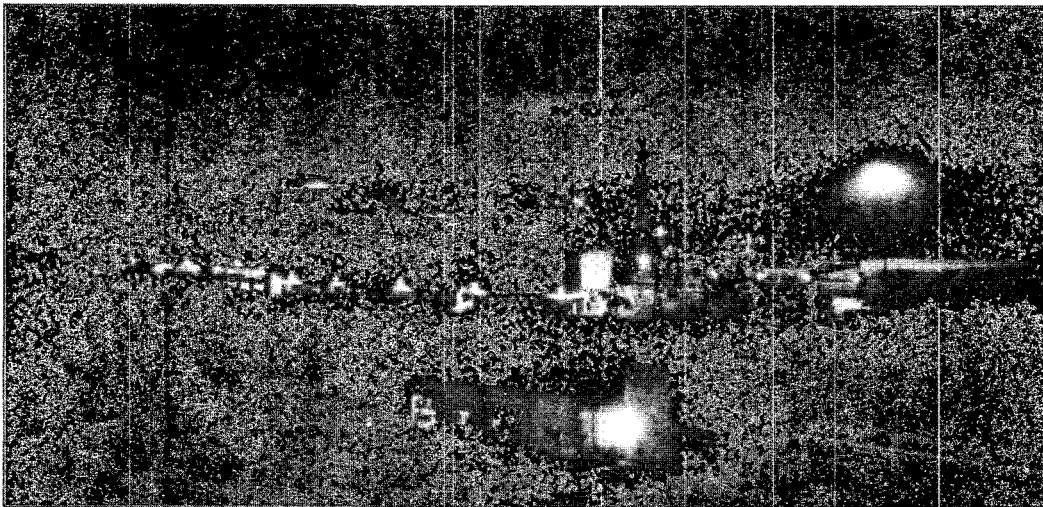
phone no:

send the above particulars to Company Secretary at the registered office of the Company through e-mail at kamal@simbhaolisugars.com for updating of our records.

Signature of the Member

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Brijnathpur Sugar Complex



To overcome the problem of declining or stagnant cane yields and poor sugar recoveries, Simbhaoli Sugars has introduced new cane varieties. Shown here, the fully grown crop of one such cane variety.

Equal to the challenge

Although global trends have put most industries across geographies under pressure, the real challenge for the Indian sugar industry continues to be structural in nature: inconsistent Government policies, unviable support prices, excessive sugarcane related regulations, rapidly changing farmer preferences including recent shift from sugarcane towards other food and cash crops, limited export opportunities and excess capacities created in certain regions.

These challenges are, no doubt, complex and daunting. However, there are no easy solutions or quick fixes. But, Simbhaoli has what it takes.

Over the years, through well-planned investments in modernization, expansions and diversifications, it has sharpened its competitive edge by growing leaner, fitter and more agile.

Today, the 75-year plus corporation is in prime shape and top form to face any challenge and grow.

This year, Simbhaoli's annual report profiles its efforts in successfully tackling the challenges across the sugar value chain.

**Patience and perseverance have a
magical effect before which difficulties
disappear and obstacles vanish.**

Envisioning a sugar-surplus country

Simbhaoli envisions a modern agricultural system that produces enough sugar to meet the growing needs of a billion plus country on a sustainable basis. It envisions farmers with new-age mind, knowledge and skill sets. It envisions a world that values the happiness and prosperity of rural communities.

To realize this vision, Simbhaoli has adopted a four-fold programme.

First, it is promoting scientific farming and sustainable agricultural practices amongst the farming communities in its cane areas.

Second, in order to overcome the current sugar deficit situation in the country, it has developed North India's largest, most cost-efficient raw sugar processing capacity.

Third, it is making efforts to enlarge the area under sugarcane cultivation.

Fourth, it has conceptualized a product range spanning the entire sugar value chain.

Last but not the least, to create a better quality of life for its farmers and employees, it has initiated a comprehensive CSR programme.

VISION



**Strength does not come from
physical capacity. It comes
from an indomitable will.**

Restoring farmer's faith in sugarcane

In the 2008-09 crushing season, the area under sugarcane cultivation, cane yield and recovery percentage in Uttar Pradesh declined significantly as compared to the previous season.

To overcome these problems, Simbhaoli, Chilwaria and Brijnathpur units undertook a vigorous cane development drive in their catchment areas.

CANE DEVELOPMENT

The initiatives included inter-cropping for the Autumn and Spring planting seasons. The Company has targeted an inter-cropping area of 5000 acres. Additionally, new cane varieties (co.238, co.239 and co.118) have been introduced, which have the potential to increase cane yield on a sustained basis and improve sugar recovery.

A pest control programme, which involve continuous monitoring of pests and diseases was undertaken in the cane areas. Special efforts were made to check the mealy bug. Then, thanks to its partnership with Weather Trend International, USA, information on weather and climate trends is being shared with farmers.

Furthermore, the farmers were given an incentive worth Rs.15 for every quintal of cane supplied to the Company.



**Life is not about holding a
good hand; it is about playing
a poor hand well.**

Tackling the sugar shortage in the country

To mitigate the sugar shortage in India, reduce seasonality in industry and ensure maximum utilization of plant capacities, Simbhaoli has put in place a viable, raw sugar-based business model.

This entails importing raw sugar and converting it into white sugar in the season and off-season periods.

RAW SUGAR

Simbhaoli was amongst the first sugar manufacturers to develop this capability way back in 2004. Today, it has built up the largest raw sugar processing capacity in Northern India. Most significantly adoption of good manufacturing practices has given its raw sugar processing facilities a world-class edge.

Till October 2009, it executed raw sugar contracts aggregating to 260,000 MT. Of this contracted figure, 113,222 MT of raw sugar had been imported till 30th September 2009. Adequate inventories have been built up for the season's raw programme in all its three units. For the 2009-10 sugar year, it has set a target of refining over 300,000 MT of raw sugar, which is higher than the Company's total sugarcane crushing capacity.



**Innovation is the specific instrument
of entrepreneurship...the act that
endows resources with a new capacity
to create wealth.**

Year round operation of sugar plants. A triumph of home-grown technology and innovation

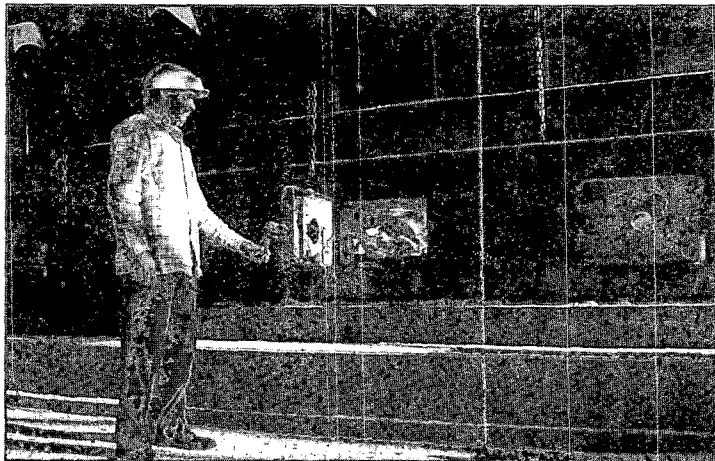
Simbhaoli has a long and enviable track-record of technical ingenuity and innovation at work. The successful transformation of the Simbhaoli plant into a seamless sugar refinery by replacing the conventional double sulphitation manufacturing process with the Defeco Remelt Phosphotation and Ion Exchange (DRPIE) technology was one such feat.

The latest example is the conversion of bagasse-fired or single-fuel boilers into multi-fuel ones. This simple innovation, the result of cutting-edge Simbhaoli research and development has added another dimension to the Company's capabilities. The capability to process raw sugar during the off-season.

MULTI-FUEL BOILER

The introduction of the multi-fuel boiler is having a positive impact on the financial health of the Company. Gross turnover for the financial year has crossed Rs. 1000 crore.

What's more, the steam generated out of the refining process is being used for power generation and surplus is being exported to the national grid – resulting in additional revenues.

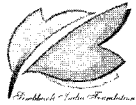


A good company delivers excellent products and services. A great company does all that and strives to make the world a better place.

Enhancing the quality of life in villages

Simbhaoli has an over seven decade track record of engaging with farmers in improving their quality of life.

To commemorate its 75th birth anniversary, and in order to synergize its multiple CSR interventions, the Company has now established the Simbhaoli India Foundation (SIF).



SIMBHAOLI INDIA FOUNDATION

The foundation will plan and implement health, education, water and other social welfare

schemes for village communities adjacent to its plants. Specifically, these programmes will target the more vulnerable sections of rural India – children, women and elderly people in and around the sugarcane catchment areas abutting Simbhaoli, Chilwaria and Brijnathpur plants.

The Company's employees are the important stakeholders in the foundation. The management will match the contribution of the employees in setting up a corpus fund, which, initially, is expected to be in the region of Rs. 50 lakhs.

Contributions to SIF in cash, kind and ideas are invited from Simbhaoli stakeholders and the general public. If you are interested, please contact Ms. Harmeet Kaur, Simbhaoli India Foundation, C-11, Connaught Place, New Delhi 110001. Tel: +91-11-43214100



**If you offer customers a great
experience, they will tell each
other about it.**

Strengthening brand equity in the specialty sugar space

In order to achieve higher volumes and margins, the Company is making continuous efforts to strengthen its brand equity in a market that's traditionally commodity driven.

Over the years, Simbhaoli has taken the lead in extending its product portfolio by offering 'a sugar for virtually every consumer need'. Today, it offers the Indian consumer the widest range of sugars – Icing sugar, Super fine sugar, White crystal sugar, White sugar cubes, Mineral sugar, White sugar sachet, Mineral sugar sachet and Mishri.

BRAND BUILDING

Its retail marketing footprint covers north India, especially the major markets in tier 1, tier 2 and tier 3 towns. Plans have been firmed up to go all India in a gradual manner.

The current fiscal saw a strong buoyancy in sales. Pharma-grade sugar was up by 55%, retail sugar by 33% and sachet sugar by 13%. New product launches included Trust Golden Brown sugar, Trust Sunehra Mineral sugar sachet and Trust Icing sugar. The Company also launched a boiled candy (branded Tuk Tuk), a first by a sugar company.

In the current financial year, the Company has added new institutional customers such as ITDC, Hilton, Leela Group, Hyatt Regency, Radisson, India Habitat Centre, Apollo Hospitals, Fortis-Escorts, Ananda, Costa Coffee, KFC, Cuppa Coffee, Paramount Airlines, Big Bazaar, Haldiram and Satyam Cineplexes.



**It's not the strongest of the
species that survive, nor the
most intelligent, but the one
most responsive to change.**

Working towards a pan-India footprint in the potable liquor market

In spite of huge challenges – shortage of molasses and grain spirits, rising input costs (including packaging costs), cut-throat competition and recessionary conditions – the Indian Made Foreign Liquor market has been notching up double digit growth. The growth rates (volume) for the vodka and wine segments have been more favourable. Premium rum and brandy too, appear to be on a strong wicket.

BRAND BUILDING

In line with industry trends, Simbhaoli's Potable Liquor Division has put in a spirited performance. It has successfully launched new brands, inked new production tie-ups and entered new markets. It has achieved a significant milestone by notching up sales of one million cases in a year.

Simbhaoli has commenced supplies to the Canteen Store Department (CSD) of the armed forces after a gap of 13 years. Seven Knights whisky and rum are now available in 14 depots and 1456 canteens across the country.

This year also saw the launch of Xing, in the premium vodka segment. Xing is now available in Uttar Pradesh, Haryana, West Bengal, Orissa, Uttarakhand and Himachal Pradesh.

Simbhaoli, which has 11 bottling tie-ups and a presence in 8 states, is now gearing up to achieve a pan-India footprint.



**Only by seeking challenges
can we hope to find the best
in ourselves.**

New techno-management service vertical launched

To leverage its sound technical skills, research and development capability and hands-on experience in setting up and running sugar plants, Simbhaoli has sponsored *Integrated Casetech Consultants Private Limited* – a service vertical dedicated to providing ‘concept-to-commissioning’ consultancy to the sugar industry, the world over.

Integrated Casetech’s service bandwidth includes techno-commercial solutions such as design and technology of sugar refineries and bagasse-based co-generation plants; conversion of double sulphitation plants into refineries; refinery operation, performance improvement and maintenance; equipment selection, distillery operations and environment management; energy management; agricultural



CONSULTANCY SERVICES

assessment of sugarcane production for green-field projects, sugarcane plantation management and implementing best agricultural practices. In just a year since inception, Integrated Casetech has picked up prestigious projects in India, the Phillipines, Cambodia and Vietnam. One such project involves transformation of a 25,000 hectare farm into a cane plantation for a 6000 TCD capacity sugar plant. Additionally, it has teamed up with Universal Robina Corp. for consultancy in the Phillipines. Plus, it has recently signed an MoU with Sonytech Services, for development of sugar related business in East Africa.



CHAIRMAN'S MESSAGE



Dear Stakeholder,

The year under review proved to be another challenging one for the sugar industry. Globally, the sugar scenario is extremely volatile and in the throes of tectonic change. Soaring white sugar prices and a huge imbalance in the demand-supply situation have put the industry under pressure worldwide.

In India, there was a significant drop in sugarcane production and demand surpassed supply by almost eight million metric tonnes. Buoyant world sugar prices and negative arbitrages made import of white sugar a difficult decision. Consequently, many mills in the country looked to raw sugar imports to plug the gap in supplies and mitigate the shortage.

Simbhaoli Sugars was among the first sugar manufacturing companies in north India to initiate purchase contracts with Brazil for raw sugar imports as early as January 09. Subsequently, it started the refining process from July of the same year. In this financial year, we imported 113,222 MT of raw sugar worth over Rs. 206 crore. The import and processing of raw sugar is an integral part of our business plan. In the ensuing sugar year, we plan to refine over 300,000 MT of raw sugar.

For us, raw sugar refining has augmented revenues and margins; and will, therefore, remain a key business driver in the times to come.

The simple act of refining raw sugar was made possible by a Simbhaoli innovation: the conversion of the single-fuel boiler into a multi-fuel one. This innovation ensured round-the-year operation of plants, higher sugar production, better inventory levels and lower fixed costs.

The year also saw the commissioning of a new ethanol distillery at Brijnathpur, buyback of 90% of convertible bonds to reduce leverage, successful launch of an associate technology consultancy company, strengthening of our Trust brand in the specialty sugar space, introduction of new potable liquor brands and creation of new marketing territories. In the retail market, we plan to extend our reach to new geographical areas and introduce new brands, particularly in the potable liquor segment. In the future, we plan to make the potable liquor vertical as strong as the sugar vertical within the Company. This will have the added benefit of de-risking our business.

To meet the challenges of low sugarcane yields, our sugar plants undertook a comprehensive cane development drive by distributing cane seeds and other essential agri-inputs to farmers at subsidized rates. This has led to a 30% increase in the area under spring cane plantation and boosted the health of the standing cane crop.

We are introducing new hybrid sugarcane varieties in our cane areas, which has the potential to enhance farm yield by 20% and improve sugar content significantly.

Government of India has introduced a new mechanism of cane pricing and levy price determination recently. Accordingly, the Statutory Minimum Price based system has been replaced by the Fair and Remunerative Price (FRP) system. The FRP is to be determined by the Government of India after considering the demands of all stakeholders and ensuring fair return to farmers over the costs and likely returns from other crops. This heralds a threshold change in the policy and is expected to protect the sugar mills in a down cycle from arbitrary fixation of cane prices, particularly in states where the State Advised Price is prevalent.

Since India cannot rely on import of raw sugar indefinitely to meet the demand deficit, we feel that the Government will have to closely re-work its policies, especially those relating to cane development, prices and regulations. This will not only benefit the industry and serve the interests of consumers, it will also have a positive impact on the livelihood of tens of millions of sugarcane farmers.

Our future business thrust areas include energy conservation, power generation and de-risking. We are also committed to conserving cash for business growth and debt reduction. Simbhaoli Sugars may pursue selective strategic acquisitions and minority investments to augment its capabilities, broaden its product offering and achieve greater raw material security.

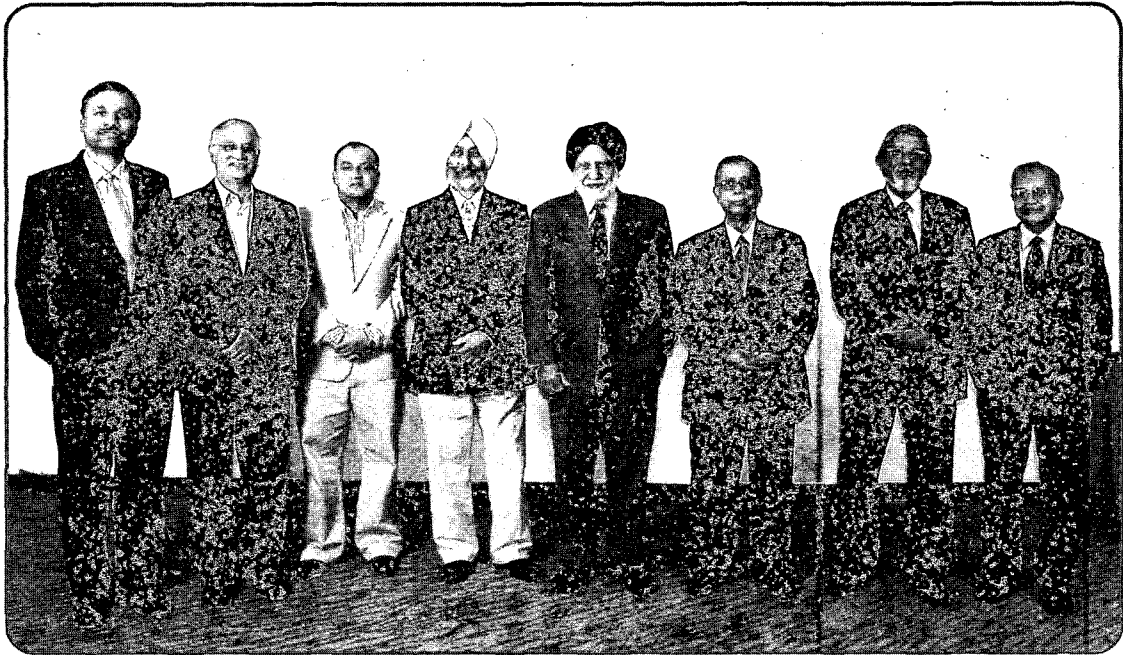
At Simbhaoli Sugars, we will continue to meet the challenges of our times by investing in research and technology and farmer friendly policies, and by turning your Company into one of the most diversified and cost-effective sugar companies.

In the end, I thank all our stakeholders for their enterprise, commitment and support. I am confident, that together we will take Simbhaoli Sugars to new heights of growth and profitability.



Gurmit Singh Mann
Chairman & Managing Director.

New Delhi
November 11, 2009



BOARD OF DIRECTORS (L to R): Mr. Sanjay Tapriya, Dr. G.S.C. Rao, Mr. Yashwant Varma, Mr. Gurpal Singh, Mr. Gurmit Singh Mann, Mr. S.K. Ganguli, Mr. S.D. Saxena, Mr. S.C. Kumar

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman & Managing Director

- Gurmit Singh Mann

Whole time Directors

- Gurpal Singh, Dy. Managing Director
- G.S.C. Rao, Executive Director
- Sanjay Tapriya, Director - Finance

Non-executive Directors

- S.K. Ganguli
- S.C. Kumar
- Yashwant Varma

Nominee Director

- S.D. Saxena
(ICICI Bank Ltd.)

Company Secretary

- Kamal Samtani

Auditors

- A.F. Ferguson & Co.

Solicitors

- J. Sagar Associates

Bankers

- State Bank of India
- Punjab National Bank
- ICICI Bank
- Industrial Development Bank of India
- Bank of Baroda
- State Bank of Patiala
- State Bank of Bikaner & Jaipur
- EXIM Bank
- UCO Bank
- UP/Districts Co-operative Banks

Registered Office

- Simbhaoli
District Ghaziabad, Uttar Pradesh - 245 207

Corporate Office

C-11, Connaught Place
New Delhi 110 001

3rd Floor, E-13/29, Harsha Bhawan

Middle Circle, Connaught Place
New Delhi 110 001

Manufacturing Units

Sugar Mills / Co-generation Plants

- Simbhaoli Sugar Division, Simbhaoli
District Ghaziabad, Uttar Pradesh - 245 207
- Chilwaria Sugar Division, Chilwaria
District Bahraich, Uttar Pradesh - 271 801
- Brijnathpur Sugar Division, Brijnathpur
District Ghaziabad, Uttar Pradesh - 245 101

Distillery / Ethanol Plants

- Simbhaoli Distillery Division, Simbhaoli
District Ghaziabad, Uttar Pradesh - 245 207
- Chilwaria Ethanol Division
Chilwaria, District Bahraich,
Uttar Pradesh - 271 801
- Brijnathpur Ethanol Division, Brijnathpur
District Ghaziabad, Uttar Pradesh - 245 101

DIRECTORS' REPORT

To
The Members of
Simbhaoli Sugars Limited

Your Directors have pleasure in placing the directors' report together with management discussion and analysis for the financial year ended on September 30, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Global Sugar Industry

The world sugar industry, with a size of over USD 80 bn, is characterized by long-term growth in production and consumption of almost 2 percent per annum. Production, often influenced by government policy decisions and agro climatic conditions, is more volatile than consumption.

Sugar year 2008-09: The sugar industry has been affected by sharp turn and decrease in supply by India, adverse weather events, impact of the credit crunch on Brazil's heavily-leveraged sugar industry, and the reforms of Europe's sugar regime. The shortfall in production is attributed to a global decline in planted area, as many producers switched to alternative crops, led by expectations of better returns as a consequence of their high prices in early 2008. The largest contractions have happened in India, the European Union, Pakistan, the United States, and the Russian Federation. While the decline in the European Union is mainly policy driven, regarding implementation of the third phase of quota-reduction scheme; in other cases, it reflects unfavorable climatic conditions and/or reduced sugar plantings in favour of relatively more profitable crops. Overall, both developed and developing countries have been equally responsible for the decline in world sugar output.

Balances: Supply for 2008-09 is lower at 154.2 million mt raw value (mmt rv) as against the global consumption estimated at 164.6 mmt rv, in 2008-09 (ISO, Quarterly Market Outlook, September, 2009); pointing towards a deficit of over 10 mmt, with the stock to use ratio at 37.4%. In spite of likely rise in production in 2009-10, this deficit will continue to remain at 8.4 mmt in 2009-10 with the stock to use ratio at 31.8%, the lowest in last 20 years. Major trade surpluses had been from Brazil, Thailand and Australia with Indian deficit of over 7 mmt during 2008-09, there has been a serious impact on sugar supplies and therefore prices.

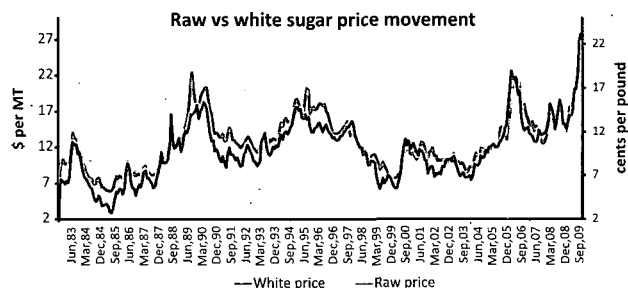
Particulars/ sugar years	09-10 (Estimates)	08-09	07-08	06-07	Change (2007-08 and 2008-09)	
					Mmt	In %
Production	159.0	154.2	168.6	166.0	(14.4)	(9)%
Consumption	167.4	164.6	162.2	155.0	2.4	1%
Surplus / (Deficit)	(8.4)	(10.3)	6.4	11.0	3.9	61%
Import demand	51.9	50.9	46.0	46.1	4.9	11%
Export availability	51.9	50.9	46.2	46.1	4.7	10%
End Stocks	53.2	61.6	70.5	67.9	(8.9)	(13)%
Stocks to use ratio (%)	31.8	37.4	43.5	43.8	(5.6)	(15)%

(mmt, raw value)

(Source: ISO, Quarterly Market Outlook, September 2009)

World sugar price trend: Since November 2008, raw and refined sugar prices have remained high and dropped at the end of 2008 as the market forecasted a surplus production based on higher estimates of production and exports from India. However, the situation changed and market prices strengthened showing a continuously rising trend during 2009. The demand outstripped supply due to short fall of cane crop in India. Other factors, contributing to the rise in prices, were the increased funds' investments in commodities and unwinding positions in hedge and index funds.

World market values demonstrated moderate increases during May, June and July 2009, but prices went sky-high in August 2009 to over USD 555 per MT, a level not reached since February 1981 (28 years high). White sugar spot prices followed a similar path, but the rise was smaller. The white sugar premium has been extremely volatile since 2006-07, following the fall in supply caused by EU sugar reforms.



This enormous price rise in CIF values was in spite of the freight rates remaining under check. Baltic index has reduced from 11648 (May 2008) to 3480 in Nov 2009. With the shortages, the movement of sugar both raw and white has increased, and hence the inter country trade has been higher. This also signifies lower stocks for domestic usages in exporting countries like Brazil.

Brazil: The typical features of the Brazilian sugar industry in the sugar season 2009 had been, sufficient availability of cane, lower sugar yields and dropping sugar and ethanol prices. As against the global sugar market expectation from Brazil to meet rise in import demand, the cane crop showed lack of output flexibility on account of the lowest recorded yields in 10 years and therefore the demand for sugar exceeded the capacity. The other major dynamics of the Brazil's sugar and ethanol industry had been the extremely wet weather (rainfall levels almost double as against average) and the operational and financial constraints, which put brake on its capacity utilisation.

The production for sugar season 2009 is estimated at only 31 mmt with stocks of about 7 mmt in Oct 09, in spite of healthy availability of sugarcane. In the coming months, sugar demand from Brazil is expected to remain strong both for exports and domestic needs, as India has already captured around 2.2 mmt of Brazilian production. *(Czarnikow sugar review)*

India swings: India swung from being an exporter to importer during 2008-09. Indian domestic balance saw shortfall of around 8 mmt of sugar for 2008-09 but the current situation is not very alarming because of high opening inventory at 10 mmt *(latest estimates by ISMA)*. In the beginning of 2009-10, the stocks are minimal at about 2.3 mmt, historically one of the lowest, largely as a result of series of short-term policy measures by Government of India (GOI) and growth in the consumption. It makes large imports of raw and white inevitable. Consequently, not only for the year 2008-09, but also for 2009-10 India will remain the world's largest importer of sugar. In the years of domestic deficit, India has developed its capacities as an importer and processor of raw; and in surplus years, it has developed an expertise to produce and export both raw and/ or white. This has persuaded certain sugar companies to change their business models to raw refining.

Sugar season 2009-10, forecasts: The world sugar economy will be facing a second consecutive year of a significant gap between world consumption and production. The forecast of the world sugar balance for 2009-10, *(ISO, Quarterly Market Outlook, September 2009)* puts production at 159 mmt rv, (9% fall). In spite of lower consumption growth, attributed to the current global recession and soaring world sugar prices, consumption may reach to a level over 167 mmt (1.7% growth) with projected world statistical deficit at 8.4 mmt. The supply tightness is likely to be felt more as most of the sugar stocks

accumulated during the surplus seasons of 2006-07 and 2007-08 have already been consumed during 2008-09 deficit season. Continuous decrease in the level of stocks is expected to support further increase in the prices. However, a large scale increase in prices might mean demand curtailment.

While Brazil will continue to divert a higher proportion of cane to the production of sugar during coming crushing season, the production will be subject to weather conditions and capacity constraints. Production in most of the countries, other than Indian subcontinent, is likely to remain stable. With falling global inventory levels vis-à-vis consumption, this sugar cycle, may be far bigger than any in the recent past.

Global fuel ethanol situation: As per Renewable Fuels Association of United States, the world production of ethanol for the year 2008 was at 65.6 bn ltrs, in which Brazil and US comprise 24.6 bn and 34.1 bn ltrs respectively. India has continued to remain a small player with producing 0.25 bn ltrs, against the E5 mandatory requirement of 0.7 bn ltrs. *(RFA and F.O. Licht estimates)*

As per UNICA, latest figures of Brazilian production of ethanol in 2008-09 are 27.5 bn ltrs (last year 22.5 bn ltrs) containing 18.2 bn ltrs of hydrous (last year 14.3 bn ltrs) higher by almost 25%. A major part of ethanol produced is exported to the other countries. Share of the flex fuel cars continued to remain high, at about 90 percent of total cars sold, establishing long term need of ethanol for domestic consumption. With the anticipated increase in crude price (presently over USD 75 per barrel) the participation of ethanol in aggregate usage of sugarcane is expected to remain at current year's level of 56%.

Forecast: Global fuel ethanol production growth is forecasted to grow at 12% (against a CAGR of 15% in world ethanol demand) and may reach to 73.4 bn ltrs in 2008-09 and remain stable in 2009-10. This compares to average annual growth of 28% in last three years. The turn down in crude oil prices upto December 2008 and the credit crisis impacted both profitability and short term expansion prospects in the US. Brazil's output is forecasted to continue to expand, but at a reduced pace as the focus is on better realisation in sugar exports. In the EU, output and consumption are growing strongly on the back of existing and new inclusion mandates. Thailand's fuel ethanol market is expected to grow and may remain in surplus. In contrast, India's limited availability of molasses is constraining fuel ethanol production. The volume of global fuel ethanol trade is contracting

in 2009, because low ethanol prices in the US, so far this year, have not been sufficient to draw full duty-paid exports from Brazil. (ISO Quarterly Market Outlook September 2009)

Domestic Sugar Industry

Sugar season 2008-09: Due to the cane pricing disagreements, commencement of cane crushing by sugar mills in northern states delayed by 25-30 days. This resulted in diversion of a significant portion of the cane crop to alternate sweeteners. Due to crop competition, area under cane reduced significantly from 5.1 mn to 4.4 mn hectares leading to lower cane available for crushing. Most of the mills could not operate at their optimum capacities during the season.

Lower production of sugar, inspite of high carryover stocks from previous year, resulted in an increase of sugar prices in the later part of the year 2008-09. The sharp fall in production in the current season (October 2008 to September 2009) was on account of fall in cane area, drawal rate, yield and the recovery rate. With gur/jaggery prices at a significant premium to sugar prices, more cane was diverted to alternate sweeteners. Demand for gur has now reached to a base level and any major reduction therein is difficult. Poor monsoon across many cane-growing regions, kept the farm yields depressed. There was lack of supervision of the crop by farmer due to his indifferent attitude. The sugar recovery also dropped sharply in 2008-09 owing to poor quality of sugar cane and intermittent crushing operations.

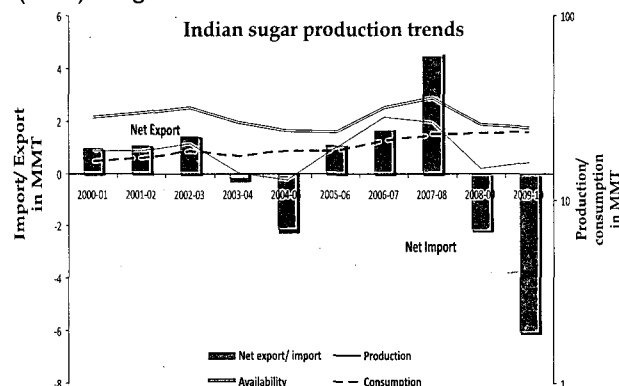
Year	Op stocks	Production	Import	Dom Cons	Exports	Cl stocks	Stock/use ratio
2006-07	3.7	28.3	0.0	21.0	1.7	9.2	43.8
2007-08	9.2	26.3	0.0	22.5	4.9	8.0	36
2008-09 P	10.0#	14.6	2.5	23.0	0.2	2.3	10.0
2009-10 E	2.3	16.0	6.0	23.5	0.0*	0.08	0.34

(figures in mmt)
 (Source: ISMA and SSL estimates)
 # revised as per Govt data
 *assumed that pending ALS obligation of 1.2 mmt will be cancelled or further postponed

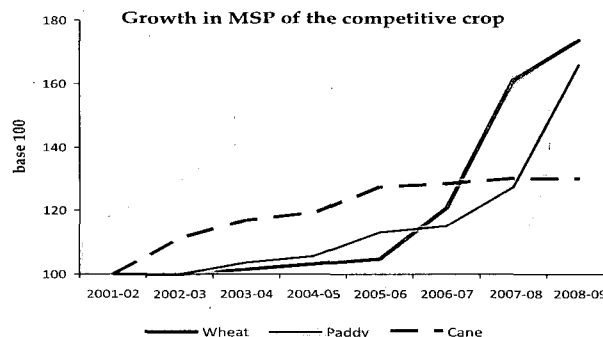
Indian sugar balances: India's sugar production for the sugar year 2008-09 is provisionally estimated at 14.6 mmt, 36 per cent lower than the last year; as against estimated demand at 23 mmt. In 2007-08 season, sugar production was 26.3 mmt and season ended with a stock level of 8 mmt.

Due to lower production, India surfaced as a net sugar importer in 2008-09 after an export of over 5 mmt in 2007-08. Till Sept 09, import stands at 2.5 mmt comprising raw sugar 2.2 mmt and white sugar

0.3 mmt; out of which about 1.2 mmt of raw is converted into white by the refineries carrying out operations in the off crop period as well. Import of sugar in 2009-10 is expected to increase to a record level of 6 mmt as the demand and supply gap is widening coupled with low opening balances. GOI is expected to continue with its relaxed import policy and deferment of existing advance license scheme (ALS) obligation.



Raw imports: Sugar season 2008-09 was one of the shortest crushing seasons in last 25 years and plants operated at 50 to 60% of their capacity. Most of the mills closed by end of February or early March 09. To meet the supply shortfall, import of raws and refining thereof was found to be a better value proposition than import of white sugar. This resulted in savings in foreign exchange, domestic value addition and helped the sugar mills to pay more money to the farmers. The raw refining cum cane crushing model has turned out to be the most successful business application in the current sugar shortage situation.



(Growth in msp is based upon normalising base figures at a scale of 100)

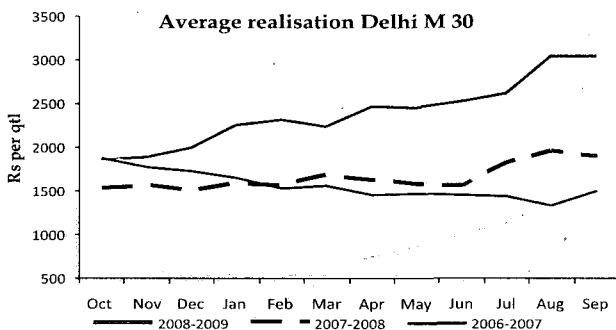
Emerging conflict between sugarcane and other crops: During 2007-08 and 2008-09, the minimum support price (MSP) of most of the principal food crops went up substantially in the range of 10 to 33%, whereas in case of sugarcane it was only 1.2%. The proportionate margin available to farmers in sugar

cane farming is consistently declining. This has led to a falling cane area and change in farming practices of relying on short term crops instead of a long term crop like sugarcane.

Price of sugarcane: UP State has announced price of sugar cane (State Advised Price, SAP) for the sugar season 2008-09 at Rs 140 per quintal for general variety. UP sugar industry filed a petition with the Hon'ble Supreme Court challenging it; being arbitrary and without a consultation process. Statutory minimum price (SMP) for the year was at Rs 81.18 per qtl based upon 9.5% sugar recovery.

For the 2009-10 season GOI has, by way of an ordinance, changed the mechanism of cane price determination with the replacement of the SMP by Fair and Remunerative Price (FRP). This has become a minimum price, payable by the sugar mills across the country. For future levy price fixation, FRP will be the base cane price. Simultaneously, GOI has negated all previous levy price differential claims emerging on account of dual cane pricing system and under litigation in various courts of law.

New regulation provides that in case states declare their own SAP, they will pay the difference between FRP and SAP directly to the farmers. This is a watershed change in the policy and effectively establishes a single cane price regime for the entire country. It would protect the Uttar Pradesh mills in a down cycle from arbitrary fixation of cane prices. The FRP for the season is announced at Rs 129.62 per quintal at 9.5% recovery. Meanwhile, the State Government has refused to accept this new price mechanism and declared Rs 165 per quintal as the base SAP. With the expectation of farmers even higher, it seems that initial days of crushing season for 2009-10 will be hampered.



Sugar Price trends: After remaining stagnant for first three months of sugar year, domestic prices reflected a steady progress thereafter. Price has gone up by 64% from beginning of the year. Increase in the price has been the function of lower supply,

higher production cost and lower carryover stock. It has also been impacted by rising global prices, which have shown similar trend. Increase remained under check on account of various policy measures viz stock limits on trade and consumers, excessive releases of sugar, suspension of forward trading and punitive action against hoarders. However, all such measures remained short lived, and, owing to demand and supply gap, industry and GOI could not find structured solutions for controlling rising sugar prices.

Government measures to control prices: During the year under review, GOI has taken a number of measures for improving the availability of sugar and to control prices thereof:

- January 2009: Regulation of exports by re-imposing the release order
- February 2009: The revision to the ALS, to a 'ton-for-ton' system. Accordingly, processed white sugar can be sold into the domestic market initially
- March 2009: Allowed certain government agencies to import white sugar to the extent of 1 mmt
- April 2009: Re-export obligation for raw sugar imports under ALS was exempted allowing zero percent duty imports under open general license (OGL), for sugar mills and refineries. Existing ALS obligations were extended upto December 2009
- May 2009: Commodity exchange reduced position limits for clients in near-month sugar contracts to curb excessive speculation. Forward Market Commission (FMC) suspended futures trade in sugar until December 2009
- June 2009: Increase in SMP of sugarcane for 2009-10, to Rs. 107.76 per quintal was announced, 33% higher than previous season's SMP
- July 2009: Extension of allowances for duty free imports of raw sugar to March 2010 and of white sugar until November 2009. Imports were permitted to private traders as well
- September 2009: Introduction of stock limits on sugar trade intermediaries and ultimate institutional consumers
- October 2009: Levy sugar quota increased from 10% to 20% for the sugar year 2009-10. UP government fixed SAP at Rs 165 per qtl for common variety. FRP at Rs. 129.62 per qtl announced replacing SMP

Sugar season 2009-10: After two consecutive years of decline in sugar production, and the consequent increase in sugar and sugarcane prices, Indian sugar production is expected to recover marginally in sugar year 2009-10.

High sugar prices coupled with the tight cane supply in 2008-09, forced mills to pay higher cane prices towards the end of the season. This encouraged farmers to increase fresh plantation coupled with the prices of food grains (wheat, rice, maize, pulses) being relatively stable. Assuming normal weather conditions, 2009-10 sugarcane production is forecasted higher at 305 mmt vs 280 mmt in 2008-09 (USDA). However, continuous availability of sugar cane is still a question mark as the area under ratoon is still lower. Inadequate monsoon rains in July 2009, a critical crop growth stage, may adversely affect crop yields resulting in the lower than anticipated cane production.

With an initial sugar production forecast at 16 mmt for 2009-10 and opening stock on Oct 1, 2009 at 2.5 mmt, one of the lowest in recent past, the country will continue to operate with thin stock levels throughout next season. Large imports are inevitable to meet supply deficit. The country has already imported 2.2 mmt of raw sugar and is further required to import 6 mmt in 2009-10. CIF prices of raw sugar have increased by 61% during Feb 09 to Oct 09. Only a few mills have shown interest in raw refining to balance the capacity utilization, because of technical issues involved.

Indian Alcohol sector: Against the estimated alcohol production of 2.4 bn ltr in 2008-09, approx. 1.2 bn ltrs is used for potable purposes and 0.25 bn ltrs is converted into fuel ethanol for mixing with petrol.

Fuel Ethanol: Indian renewable fuel program, started in the year 2004-05, has reached to a level of maturity. A number of policy initiatives taken by GOI in past, including mandatory inclusion of ethanol with fuel in most of the states, encouraging bio diesel and earmarking land for that, trial run of sweet sorghum for ethanol production etc have given desired results. However, the ethanol production from molasses route remained the most viable and successful alternative. GOI has also permitted the production of ethanol directly from sugarcane juice. In the year 2008-09, the ethanol blended petrol program (EBP) has taken a back seat on account of lower availability of molasses and high cost of alcohol. Oil Marketing Companies (OMC) remained reluctant to link the price of ethanol with market price of oil or molasses. The industry continued to supply ethanol against the

previous orders even at a loss to keep the program in force.

OMCs issued fresh tenders for purchase of ethanol for one year (2009-10) in July 2009. The quantity offered falls short of the total indicated requirement in a price band of Rs 25 to Rs 27.50 per ltr ex- factory. This will give a fresh impetus to the program. Sufficient manufacturing capacities have already been created which are presently underutilized.

Potable spirits: Indian made foreign liquor (IMFL) segment in India comprising whiskey, rum, vodka, gin etc are growing at a pace of over 9 to 10% p.a. despite facing stiff competition from neo drinks like wine and beer. Molasses is the principal feed stock. Against these, white spirits like vodka, gin etc are growing at a faster pace. Total potable liquor market size is 159 mn cases per annum, in which premium and semi premium segments account for 63 mn cases. This is the fastest growing segment, because of increase in per capita income, growing population and shift in drinking habits. Still per capita consumption in India is the lowest in the world.

Indian power sector: India has a power shortage of 15% at peak demand level. About 3% of the demand is met from renewable sources and cogenerated power is the major part of it. Indian sugar industry is capable to generate 6000 mw/hr of power, out of which about 2000 mw/hr is being generated. During the year, the tariff in power purchase agreement has been increased to Rs 4 per kw/hr from Rs.3.10 per kw/hr. Further, a number of State Governments have encouraged the open access policy for power evacuation, which would increase the per kwh tariff significantly.

Simbhaoli Sugars Limited

Business description: Operating capacities

Facilities	Cane Sugar (TCD)	Raw Sugar* Processing (TPD)	Alcohol/ ethanol (KLD)	Surplus Power (MWH)	Manure (mmt/ day)
Simbhaoli (Western UP)	9500	850	90	18	17
Brijnathpur (Western UP)	4000	400	60	-	9
Chilwaria (Eastern UP)	6600	600	60	16	9
Total	20100	1850*	210	34	35

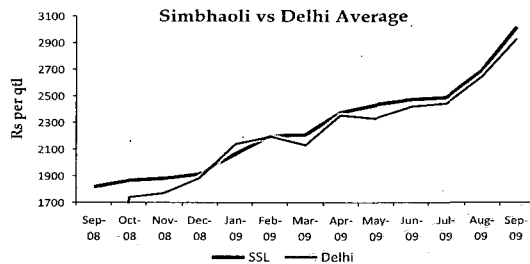
*out of the raw processing capacities, 1250 TPD is sulphur less refined, capable to produce EC grade sugar.

Simbhaoli Sugars: Simbhaoli Sugars Limited (SSL), one of the initial sugar plants in western Uttar Pradesh, was started in 1933 with a moderate capacity of 400 TCD. It is amongst the top 10 integrated sugar companies of India. The Simbhaoli complex with 9500 tcd capacity can produce refined sugar up to 850 mt/day and raw sugar up to 200 mt/day; Chilwaria complex with 6600 tcd capacity

can produce plantation white sugar up to 660 mt/day and Brijnathpur complex with 4000 tcd capacity can manufacture refined sugar up to 400 mt/day. SSL has a capacity to export surplus power of 34 mwh to the Utility companies. Apart from sugar and cogenerated power, SSL has a capacity to produce rectified spirit up to 210 KI/day in aggregate inclusive of ethanol/extra-neutral alcohol (180 KI/day) and potable liquor of two mn cases per annum. The Company has arrangements with bottling plants all over the country and presently its potable liquor products are being marketed in India and at some places out side India. SSL is pioneer in manufacturing specialty sugars comprising pharmaceutical grade, superfine grade, breakfast, candy, icing, and natural golden brown sugars. The retail packs in sugar are available under the 'Trust' brand. It also manufactures and sells bio manure and has a total capacity to produce up to 60 tons/day at its facilities.

Year 2008-09: It was a turn round year for the Company. Major achievements included conversion of boilers into multi fuel ones ensuring round the year utilization of sugar and power capacities, higher sugar production, better inventory levels and lower fixed costs. In addition to this, SSL also witnessed start of a new ethanol distillery at Brijnathpur, buyback of majority of FCCB at discount, successful start of an associate technology consultancy entity, launch of new brands under potable liquor segment and many more.

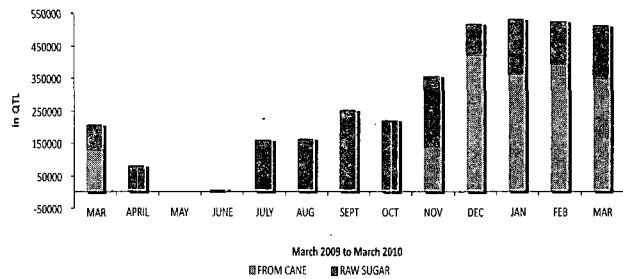
Sugar business: During the financial year 2008-09, SSL experienced a focal change in its operations, by commencing refining of raw sugar during the off crop period, giving a boost to the overall output of sugar by 68500 MT. This way, it has been able to enhance the white sugar throughput during this deficit period.



Sugar price: Sugar price started rising from June 2009 quarter onwards, and with an average realisation of Rs 2405 per qtl; overall increase has been higher by 51% over last year. However, that has not been reflected in improvement in revenues and ebidta margins up to June 09, because of higher cane price, lower sugar yields and lower level of cane

crushing. These factors resulted in substantial increase in cost of production for 2008-09 season. However, from the Sept 09 quarter, the shift became visible and ebidta margin of sugar business for the quarter rose to 16%. Margin on imported raw sugar refining also contributed towards this recovery, though rising cost of raw sugar resulted in higher cost of production of refined sugar.

Simbhaoli Monthly Sugar Production Plan (cane and raw)



Raw refining program: Raw sugar import and refining have been identified as major business drivers for current and coming two seasons to meet sugarcane deficit at factory level and sugar at country level. It means improved revenues and margins for the Company. SSL started contracting Brazilian raw sugar as early as January 09, and initiated the refining process from July 09. It has imported/contracted 260,000 mmt raw till Oct 09 and has a business plan to process 360,000 mmt of raw sugar in the year 2009-10.

Cane management: For the season 2008-09, cane price (SAP) was higher at Rs. 140 per qtl against the Supreme Court directed interim price of Rs. 110 per qtl in the last season. To ensure the optimum levels of cane for crushing, SSL paid an additional incentive of Rs. 15 per qtl from January 2009 onwards in line with the other mills of the area/ State. To meet challenges of low sugarcane yield in their cane areas, Simbhaoli, Brijnathpur and Chilwaria Units of SSL started a massive cane development drive by distributing cane seeds, pesticides and agro chemicals to the farmers at subsidized rates. These schemes ensured that part of plant crop is retained for seed purpose and not diverted to alternate sweeteners. These efforts have resulted in improved spring cane plantation by 30% over previous season.

Bulk alcohol business: The distillery divisions of the Company performed with lower capacity utilisation and aggregate alcohol production decreased by 30% due to lower availability of captive molasses and higher prices. Free sale price of molasses peaked up to Rs 500 per qtl leading to

higher cost of production of alcohol and negative margins in the segment.

Potable liquor segment: The potable liquor segment has been identified as future growth area of the Company. During 2008-09, it has started supplies of certain brands to Canteen Stores Department of armed forces (CSD); with 23,530 cases supplied in the current year and orders for 35,850 cases in hand. Business achieved its sale target of 1 mn cases of IMFL during the year ended March 09. Presently, IMFL production and marketing are being carried out in 8 states with 11 bottling tie ups. It has also commenced export of branded potable liquor to a number of countries in African continent and has successfully exported 4,272 cases. New vodka brand, 'Xing', launched in 2008-09, is being followed by a premium whiskey brand in 2009-10. With this, Simbhaoli Sugars entered the premium segment of the potable liquor. Xing positioned for young generation, has been very well accepted by the market.

New ethanol distillery: SSL commissioned its new fuel ethanol and extra neutral alcohol (ENA) plant at Brijnathpur (District Ghaziabad, Uttar Pradesh) in Nov 2008. The molasses based ethanol manufacturing plant with an installed capacity of 60 kilo liters per day has been set up adjacent to SSL's Brijnathpur sugar plant converting it into an integrated sugar complex. The project is completed at a cost of over Rs 425 mn. The state of the art and fully automated plant has been supplied by Alfa Laval (India) Ltd. With 180 kl/day capacity, Simbhaoli has become one of the largest producers of ethanol in the country.

This envisages higher revenues from ethanol/alcohol businesses as Simbhaoli is poised to be benefitted from EBP program and also because of its proximity to key markets of Delhi, UP and Haryana. The Company has supplied over 4.1 mn ltrs of ethanol in 2008-09 (previous year 5.8 mn ltrs) to oil majors such as Indian Oil and BPCL in various states.

Power business: During the year, 58,287 mwh cogen power is exported from Simbhaoli and Chilwaria sugar plants at an average price of Rs 3210 per mwh. During the off crop period, SSL continued to export surplus power utilizing alternate fuels while carrying out raw refining activities. One new high pressure cogen boiler is ready to be commissioned at Chilwaria plant which has increased the aggregate power generation capacity of the unit to 16 mwh and the Company to 34 mwh.

UP power utility companies have agreed to revise the power tariff to Rs 4 per kwh from Oct 1, 09 from existing level of Rs 3.10 per kwh. State has also agreed to purchase off-season cogenerated power at remunerative prices. Power generation is going to be the thrust area in future for the Company and it is exploring the possibility of increasing off season generation capacity to increase power revenues and minimize the cyclicity of the sugar business.

Human resource: Human resource is the most valuable asset of SSL, since it is the quality of people that provides a competitive edge to our organisation. Moving into the age of globalization, our operations are continuously expanding and being strengthened. At SSL, HR philosophy is based on mutual respect and encourages loyalty, co-operation, team work and growth. It believes that each employee contributes directly to the growth and success of the Company. SSL is one of the most sought after company in the industry and attracts highly motivated individuals, who want to work as a team and share the commitment, responsibility, risk taking and discipline required to achieve its vision.

The Company on a assesses the learning needs of employees on regular basis to ensure that these are fulfilled by organizing various training and developmental activities. During the year, 273 man days of training were provided to executive staff and 568 man days to non executive staff. Special drives on safety, health and environment are undertaken. SHE (Safety, Health and Environment) Committee is formed at sugar units to monitor and improve upon all these issues. Quality Circles are functioning since 2004 and helping to improve the working environment consistently. Industrial relations have remained cordial with not a single man hour lost on account of any worker related issue.

SWOT Analysis

Strengths:

1. Complete sugarcane processing Company with optionality to manufacture raw/refined/ specialty sugars or any optimum combination thereof
2. Three fully integrated complexes with sugar, alcohol and power, ensuring de-risked business profile
3. Strong Agri linkages with over 130,000 farmers supplying sugarcane
4. Proximity of the consumption centers for all its products

5. Large institutional customer base for bulk and specialty sugars
6. Offering multiple brands in sugar and potable alcohol in various geographical locations
7. All products conform to international quality standards
8. Created capabilities for off season refining to ensure optimum utilization of capital assets
9. Created technology solutions not only for group facilities but also for outsiders
10. Energy conservation/power generation capacities being utilised round the year

Weaknesses:

1. Company operates in highly regulated environment with regards to raw material and finished products
2. Highly leveraged due to the growth plan completed in 2008 and recently concluded low sugar cycle
3. Agro climatic conditions, having an overriding impact on the availability and quality of raw material

Opportunities:

1. Amongst the top 10 integrated sugar companies of India
2. Raw refining
3. Capable to provide complete agri solutions to farmers
4. Market size, both domestically and internationally, can be enlarged
5. Capable to acquire and turning around weak sugar plants by technology/ agriculture solutions- *Future value addition driver*
6. Product quality enables it to export in the surplus years. Export market for branded sugars and potable spirits

Threats:

1. Diversion of cane and cultivable area or shift to alternate crops
2. Adversities in agro- climatic conditions and/ or Govt regulations in terms of sugarcane pricing, levy quota, sugar prices, export/ import policies

Quality Management System certifications: SSL has adopted an integrated quality management system comprising of system based approach in its day to day operations. It has also been granted status of Star Export House vide certificate of recognition issued by the GOI. The Company has got

accredited to integrated management system comprising of ISO 9001: 2000 for Quality Management System, 14001:2004 for Environment Management System and HACCP for food safety for its Simbhaoli complex. Simbhaoli Sugar, Simbhaoli Distillery and Brijnathpur Sugar plants are certified for ISO 9001:2008, 14001:2004 and 22000:2005 whereas Brijnathpur distillery is certified for 9001 and 14001.

Internal control systems: SSL has adequate systems of internal control to reasonably safeguard the assets against loss from any unwarranted use. All transactions are authorized, recorded and reported correctly. Internal audit and checks are carried out regularly at various units/ projects/ activity centres to ensure the adequacy of control system and its monitoring. The main objectives of the internal control system are: ensure critical examination of reasons causing the problems and offer solutions to overcome the same; identify the shortcomings that affect the Company's operations significantly; ensure the compliance of company policies and procedures and develop a cost effective approach to work.

Risk assessment and mitigation policy: SSL has adopted a system based approach for risk management, with the clear objectives of identification, evaluation, monitoring and minimization of the identifiable risks. A policy has been formulated and adopted by the management for controlling the risks. The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and work out their mitigation strategy.

Technology initiatives and energy conservation methods: The Company has adopted various technology initiatives and energy conservation methods for efficient operations. The measures taken during the year are described in detail in the annexure forming part of this report.

Corporate social responsibility (CSR): At Simbhaoli, CSR initiatives have been a part of regular business right from its inception and are integrated into the business model. The Company's business adopt responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, the Company proactively works towards the public interest by encouraging community growth and development.

Pursuing the philosophy, SSL has constituted a public trust during the year, namely **Simbhaoli India Foundation**, for carrying out welfare activities, dedicated to education and health in rural communities, especially amongst children of the less privileged. The foundation has launched its charitable initiatives with a health camp organised at Simbhaoli unit involving various medico specialists. In future, these initiatives will be further enlarged.

Information Technology: IT department of the Company is continuously on the job of modifying and improving the existing systems. It involves their up gradation in synchronization with all the units to improve the overall efficiency in the communication system. In 2008-09, important milestone in the IT area of the Company has been to achieve interconnectivity of all the units through high capacity data lines to share data, voice and video for facilitating online discussion and information dissemination on real time basis.

Branding: Simbhaoli Sugars has been catering to its markets with high quality products for over seven decades. Its refined sugar conforms to EC I/EC II grades with colour codification of less than 20/45 ICUMSA respectively. The Company's thrust has always been to achieve the highest levels of quality standards for meeting customer expectations. The sugar brands are being introduced in new geographical areas by tying up with modern retail chains. Sugar is offered in convenient consumer and institutional packs. Sachets and cubes segment is growing over 30% annually. SSL has created export market for its brands in Africa, Middle East and Canada. Branded sugars constitute 8% of total segment sales (CAGR 15%)

International marketing and trading: The division is engaged in continuous research and analysis of the world sugar markets to work on the best price opportunities for procurement of raw sugar and export of white. Since the future and commodity trading are banned by the GOI, there has not been any significant domestic hedging during the year. SSL has imported/ contracted 2.6 lacs MT raw till Oct 09 and has a plan to process over 3.0 lacs MT of raw sugar in sugar year 2009-10. It is proposing to open a hedging account in respect of NY raw sugar contract for improving price discovery to support its raw refining program. SSL has exported over 21000 MT of refined sugar, majority of which has been to European Union.

Growth plan updates: All the projects as per the growth plan of the Company, with an investment of over Rs. 4.6 bn, have been successfully

accomplished and all the capacity expansions are complete. During 2008-09, SSL converted two boilers into multi fuel enabled boilers at two of its facilities. One cogeneration boiler at Chilwaria plant is ready for commissioning with the start of new season.

Operation of subsidiary company, DMCC: Simbhaoli Global Commodities, DMCC was incorporated in 2008 in Dubai as a subsidiary of SSL. It is engaged in the business of international trading in sugar and related products and also hedging and price discovery of raw, on its own account and others. During the year, gross revenue remained at Rs 19 mn with a profit of Rs 1.6 mn. The business of DMCC Company remained restricted on account of lack of export opportunities from India. However, the management feels that with enlargement in the international trade of sugar, the operations and earnings of DMCC Company will improve.

OPERATIONS

A summary of the physical operations of various business units of the Company for the year under report is stated as under:

Manufacturing facilities	Unit	Year ended	
		September 30, 2009	September 30, 2008
Simbhaoli Sugar (SSD)			
Sugarcane consumed	MT	7,91,488	11,23,395
Sugar recovery	%	9.14	10.28
Raw/ below grade sugar refined	MT	89,983	29,460
White Sugar produced*	MT	155,115	1,24,151
Surplus Power exported	Kw (lacs)	379.52	313.14
Gross season	Days	133	142
Date of closure of plant		23.03.2009	17.04.2008
Chilwaria Sugar (CSD)			
Sugarcane consumed	MT	3,25,400	5,52,757
Sugar recovery	%	8.10	9.00
Raw/ below grade sugar refined	MT	17,400	Nil
White Sugar produced*	MT	41,990	49,420
Surplus power exported	Kw (lacs)	118.42	171.38
Gross season	Days	94	135
Date of closure of plant		22.02.2009	14.04.2008
Brijnathpur Sugar (BSD)			
Sugarcane consumed	MT	3,51,847	3,33,354
Sugar recovery	MT	8.51	9.50
Raw / below grade sugar refined	MT	12,706	Nil
White Sugar produced	MT	42,036	31,656
Gross season	Days	142	126
Date of closure of plant		29.03.2009	02.04.2008
Simbhaoli Distillery (SDD)			
Alcohol/ Ethanol produced	B.L.	1,73,05,830	2,22,77,750
Potable alcohol sold	Cases	10,77,310	5,94,906
Days of operations**	Days	212	220
Chilwaria Ethanol (CED)			
Alcohol/ Ethanol produced	B.L.	51,53,358	1,16,08,632
Days of operations**	Days	159	265
Brijnathpur Ethanol (BED)			
Rectified Spirit/ Ethanol produced	B.L.	17,38,957	Nil
Days of operations***	Days	50	NA

*including conversion of raw sugar and below grade white sugar

**Days of operations were lower, due to lower quantities of molasses produced

***including days of trial run

During the year, the Company has carried out refining of raw sugar at its units Simbhaoli and Chilwaria plants and processed 83,009 mt of raw and 17,400 mt of below grade sugar aggregating to 100,409 mt during the off season. It has imported 113,222 mt of raw sugar from Brazil and for this purpose, bagasse fired boiler(s) were converted into multi fuel boiler(s) at both locations.

On account of lower area under sugarcane and lower yields, only 1.47 mmt of sugarcane (previous year 2.01 mmt) was crushed at all the sugar units of the Company. The sugar recoveries have also been lower, because of poor quality of cane, intermittent crushing and sub optimal capacity utilization. Free sale sugar prices continued to remain buoyant during the year. The average sugar price realization during the year inclusive of excise duty of Rs. 2,500 per qtl (previous year Rs. 1,625 per qtl) is higher by 54%. The specialty sugar business of the Company continued to receive a premium. Levy price remained unchanged.

Further, as part of existing export obligation, the Company has exported 21,651 mt of white sugar under ALS including 9,364 mt to European Union. The pending export obligation is at 25,911 mt, which has been extended to December 31, 2009 by GOI.

A vessel carrying 22,500 mt of raw sugar of the Company sunk near South Africa on July 23, 2009, resulting in a total loss of the raw sugar on board. A claim aggregating to Rs 47.8 Cr has been submitted with the insurance company. At the same time, legal proceedings have been initiated against the ship owner/ shipping line for compensating the losses on replacement value. Based upon expert advice received, the Company is confident to recover full value of loss from the insurance company in the normal course of business.

FINANCIAL RESULTS AND ANALYSIS

Particulars	(Rs. in lacs)	
	Year ended Sept 30, 2009	Year ended Sept 30, 2008
Net Sales/Income from operations	70,632	43,545
Other operating income	1,212	1,009
Total operating income	71,844	44,554
Profit from operations before other income, interest, exchange fluctuation and derivative loss	5,218	1,576
Other income	7,407	93
Profit/before interest, exchange fluctuation and derivative loss	12,625	1,670
Interest and finance cost	6,311	3,964
Exchange fluctuation and derivative loss/ (profit)	(567)	2,112
Profit/(Loss) before tax	6,881	(4,406)
Tax expense		
Deferred tax benefit	(317)	(1,556)
Fringe benefit tax	20	60
Net Profit/(Loss) after tax	7,178	(2,910)

In view of the recent turn round, and need to conserve cash, the directors express their inability to recommend any dividend for the year.

The analysis of balance sheet of the Company as at September 30, 2009 and profit and loss account for the year ended as on that date is reported as under:

Share capital– The following movement in the share capital has taken place during the year:

Preference shares: 8,12,000 preference shares of Rs. 100/- each aggregating to Rs. 812 lacs have been redeemed at par by the Company in tranches, last redemption being on November 5, 2009. Consequent upon redemption, the contingent liability towards dividend on these preference shares is also extinguished.

Equity shares: 16,04,000 share warrants held by certain promoters have been converted into 16,04,000 equity shares; and 1,75,836 stock options issued to eligible employees have been converted into 1,75,836 equity shares in the share capital of the Company.

The issue proceeds of Rs. 682.83 lacs were utilized for augmenting capital expenditure/ working capital requirements of the Company.

Reserve and surplus– The following movement has taken place during the year under the reserve and surplus:

- (i) Revaluation reserve: Deduction of Rs. 74.67 lacs due to depreciation charged on re-valued amount of fixed assets.
- (ii) Security premium account: Increased by Rs. 1,188 lacs on account of fresh issue of capital and transfer of the premium payable on redemption of FCCB after buy back.

Total equity shareholder funds excluding revaluation reserve of the Company increased to Rs. 11,622 lacs as on September 30, 2009 (previous year Rs. 2,513 lacs). The book value per equity share is Rs. 50.16 as on September 30, 2009.

Secured loans– External commercial borrowings of Rs. 63.25 Cr (USD 13 mn) has been availed from Punjab National Bank, Hong Kong for buy back of FCCBs. The cash credit facilities utilization remained higher on account of higher inventory balances and not from working capital borrowings.

Unsecured loans– Bought back FCCBs of USD 29.61 million out of the total liability of USD 33.00 million and thereby reducing liability by Rs.13,868 lacs.

Deferred tax liabilities/assets (net)– Deferred tax asset of Rs. 1,927 lacs, recognised in previous years, is continued in the accounts keeping in view that sufficient taxable income will be available in future, against which these assets will be realized in the normal course of business of the Company.

Fixed assets– The following movements have taken place under the head of fixed assets during the year:

- Capital expenditure: Rs. 4,250 lacs have been spent on capital expenditures including capital work in progress. The Brijnathpur ethanol plant having capacity of 60 Kl/day is commissioned. The bagasse fired boilers have been converted into multi fuel boilers at Simbhaoli and Chilwaria plants.
- Retirement of assets: The Company has retired/transferred certain assets having gross book value of Rs. 152 lacs (previous year Rs. 229 lacs) and net book value of Rs. 73 lacs (previous year Rs. 47 lacs).

Pre-operative expenditure–The pre-operative expenses pending allocation of Rs. 133 lacs (Previous year Rs. 1,175 lacs) represents pre-operative expenses related to capital projects under execution.

Sundry debtors–Sundry debtors (net) amounting to Rs. 5,695 lacs as on September 30, 2009 (previous year Rs. 3,695 lacs), are considered good and realizable. Provisions are generally made for all debtors outstanding for over 360 days subject to their scope of realization depending on the management's perception. Debtors are at 5.7% (previous year 5.6%), representing an outstanding of 20 days of gross revenues (previous year 20 days).

Current liabilities and provisions– Sundry creditors comprises amount due to small scale industries, the suppliers of raw materials, stores and services and other expenses. Other provisions include provision of Rs. 409 lacs (previous year Rs. 2,718 lacs) towards premium on redemption of FCCBs and Rs. 187 lacs (previous year Rs. 128 lacs) towards provisions for leave encashment.

Sales and other income– Sales and other income (net of excise) for the year was Rs. 79,251 lacs (Previous year Rs. 44,648 lacs), higher by 77.50%. The other income comprises interest, rent, profit on sale of fixed assets; liability/provisions no longer required written back and miscellaneous earnings from carbon credits. The segment wise allocation of revenues for 2008-09 and preceding three years is as under:

Years/ Segment	Sugar		Alcohol		Power		Others	
	Turnover	%age	Turnover	%age	Turnover	%age	Turnover	%age
2005-06	35,180	59.0	24,237	40.6	Negligible	NA	257	0.4
2006-07*	50,346	51.3	47,301	48.2	265	0.3	204	0.2
2007-08	30,291	45.8	33540	50.72	1478	2.23	825	1.25
2008-09	58,909	58.8	38,739	38.8	1530	1.5	900	0.9

*consisting of a period of 18 months

Accounting policies– The Company's financial statements are prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates/ judgments used in preparation of these statements. The estimates and/ or judgments have been made on a consistent, reasonable and prudent basis to reflect true and fair picture of the state of the affairs of the Company.

Debt servicing and public deposits– The Company has been able to meet its obligations towards the lenders for principle and interest, in terms with the respective letter of sanctions/ approvals. During the year, the Company has not accepted any fresh public deposit and has paid the entire outstanding fixed deposits of Rs. 14.69 lacs.

AUDITORS' REPORT

The comments on the statement of account referred to in the report of the auditors are self-explanatory, and explained in the appropriate notes to accounts.

DIRECTORS

At the forthcoming 73rd Annual General Meeting (AGM) of the Company, Mr. Samir Chandra Kumar, an Independent Director is retiring by rotation and being eligible offers himself for re-appointment.

During the year, Mr. Yashwant Varma has been appointed as an additional director on the Board of the Company. Mr. Varma is a reputed senior advocate practicing at Hon'ble Allahabad High Court, and has also been appearing before various courts and tribunals such as Hon'ble Supreme Court of India, various High Courts, MRTP Commission, Company Law Board, CESTAT etc. He has considerable experience in handling sugarcane related matters.

ICICI Bank has withdrawn the nomination of Mr. Naveen Atrishi and nominated Mr. S.D. Saxena in his place as its nominee director with effect from February 23, 2009. Mr. Saxena is M.Sc. (Physics)

and MBA (Financial Management). He is fellow member of Indian Institute of Electronic & Telecom Engineers and also member of All India Management Association. He has retired as the finance director of BSNL.

The Board of Directors places on record its appreciation for the advices and guidance extended by the outgoing director to the Company.

EMPLOYEE STOCK OPTION SCHEME

During the year, the Company has granted 5,97,800 stock options to eligible employees under Simbhaoli Sugars Limited- Employees Stock Option Scheme 2007 and converted 1,75,836 stock options into 1,75,836 equity shares of the Company in accordance with the provisions of SEBI (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999. The details for stock options issued and exercised are given in the Annexure A to the report.

The scheme has been implemented in accordance with the said guidelines and the resolutions passed by the shareholders of the Company.

FOREIGN CURRENCY CONVERTIBLE BONDS

During the year, Company has bought back Foreign Currency Convertible Bonds (FCCBs) of USD 29.61 million out of total liability of USD 33.00 million by raising external commercial borrowings from Punjab National Bank, Hong Kong in accordance with the guidelines issued by the Reserve Bank of India.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the stock exchange, the report on corporate governance along-with certificates from the auditors and certificate from Chairman & Managing Director, Executive Director and Director (Finance) of the Company form part of this annual report.

LISTING OF SECURITIES

The equity shares of Company are listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Foreign Currency Convertible Bonds are listed with the Singapore Stock Exchange.

FOREIGN EXCHANGE EARNINGS AND OUTGO

An aggregate of Rs. 2,432 lacs (Previous year Rs. 2,853 lacs) was earned by the Company against export of sugar. A sum of Rs. 33,412 lacs (previous year Rs. 193 lacs) inclusive of import of raw material of Rs. 33,145 lacs was spent in foreign currency.

RESEARCH AND DEVELOPMENT

The details relating to Research and Development activities carried out by the Company are stated in Form B of this Report as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY

Details of steps taken for conserving the energy are stated in Annexure to this report.

PARTICULARS OF EMPLOYEES

Information relating to employees of the Company, as required under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended is set out in the Annexure B to this report. However, as per the provisions of section 219(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such information may write to the Company Secretary at the registered office of the Company. The said information is also available for inspection at the registered office during working hours up to the date of the annual general meeting.

AUDITORS

The Company has received a special notice under section 190 of the Companies Act, 1956, from one of its member proposing the name of M/s Deloitte Haskins & Sells, Chartered Accountants, New Delhi, for appointment as statutory auditors of the Company from the conclusion of forthcoming Annual General Meeting until the conclusion of next Annual General Meeting in place of M/s A F Ferguson & Co, the retiring auditors of the Company, who have conveyed their intent not to seek re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 as amended, with respect to the Directors' responsibility statement, it is hereby confirmed:

- (a) that in preparation of accounts for the year ended on September 30, 2009, the applicable accounting standards have been followed along with proper explanation relating to the material departures.
- (b) that the directors of the Company have 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 as at September 30, 2009 and of the profit of the Company for the year ended on that date.

(c) that the directors of the Company have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and

(d) that the directors of the Company have prepared the accounts of the Company for the year ended September 30, 2009 on going concern basis.

CAUTIONARY STATEMENT

Certain statements in the Report of the Directors and Management Discussion and Analysis with words or phrases such as "will", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Such statements represent intentions of the management and the efforts put in to realize certain goals. Actual results may differ materially from those suggested by the forward-looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The Company may, from time to time, make additional written and oral forward looking statements, including statements contained in the Company's filings with the stock exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company. Investors, therefore, are advised to make their own judgments before taking any investment decisions.

ACKNOWLEDGEMENT

The Board of Directors places on record their gratitude to all the lender banks and financial institutions for their continued assistance and guidance. The Directors acknowledge with gratitude the co-operation and assistance received from all executives, staff and workmen of the Company.

The Directors also wish to emphatically state their gratitude to the Government of India, State Government of Uttar Pradesh, Indian Sugar Mills

Association, and The Sugar Technologists' Association of India, farmers, suppliers and all other concerned persons who have continued their valuable support to your Company.

**For and on behalf of the Board of Directors
of Simbhaoli Sugars Limited**

New Delhi **Gurmit Singh Mann**
November 11, 2009 Chairman & Managing Director

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

CONSERVATION OF ENERGY

(a) Energy conservation measures taken

- i. Simbhaoli sugar division (SSD) has installed a melt concentrator system comprising of double effect falling film evaporator, reducing the steam consumption by about 2% on cane.
- ii. Three old smaller Robert bodies have been replaced by a large falling film evaporator body to reduce the heat loss and steam economy.
- iii. Brijnathpur sugar division (BSD) has installed a syrup concentrator to reduce the process steam demand by about 1%.
- iv. BSD has shifted C boiling from vapour I to vapour II for reduction in steam consumption.
- v. Chilwaria sugar division (CSD) has replaced the fibrizor driving steam turbines with electric motor and increased export of power by 1.5-2.0 Mwh. This eliminates leakage losses in operating two nos. pressure reducing and desuperheating station (PRDS) system and curtailing the steam loss.
- vi. CSD will operate 87 Kgs/CM²(g) boiler with variable frequency drive (VFD) operated fans instead of 42 Kgs/CM²(g) boilers during the season. This will improve the generation of steam per unit of bagasse from 2.2 to 2.4 and lower power consumption per unit of steam generation.

(b) Additional investments and proposals for reduction of consumption of energy

- i. Activities are being pursued on continuous basis for reducing the steam consumption in all three sugar complexes.

- ii. Steam saving is planned by installing flow meters in hot water lines for water monitoring and condensate heater for juice heating.
- iii. Counter sludge re-circulation technology (CSTR) type bio-digester is being commissioned at Brijnathpur Distillery division which will reduce the fuel consumption by 70%.

(c) Impact of above measures

The above measures have reduced the power consumption at all the sugar units and export of power has increased by 2.5 Mwh. The bagasse saving in all the units has increased. SSD and CSD are able to utilize the saved bagasse for off season power generation and raw sugar processing and bagasse saved at BSD is utilized for off season consumption at Simbhaoli and Brijnathpur Distillery Division.

(d) Total energy consumption

Energy consumption per unit of Production as per Form-A enclosed.

TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B enclosed.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; exports and import plans are mentioned in the Directors Report.

Total foreign exchange used and earned for the year ended September 30, 2009: Mentioned in the Directors Report.

FORM A

Disclosure of particulars with respect to conservation of energy for the year ended September 30, 2009.

S.No.	Particulars	Unit	Year ended September 30, 2009	Year ended September 30, 2008
1	Electricity Purchased			
	Units	Kwh ('000)	2694	1834
	Total Amount	Rs. Lacs	121.23	82.57
	Rate/Unit	Rs./Kwh	4.50	4.50
Own Generation				
i) Through diesel generator				
	Units	Kwh('000)	979	1831
	Unit per ltr. of diesel oil	Kwh	3.16	2.65
	Total Amount	Rs. Lacs	105.70	183.67
	Cost/Unit	Rs./Kwh	10.79	10.03
(ii) Through steam turbine				
	Units	Kwh('000)	51630	49392
	Units per ltr. of fuel/gas	Kwh	N.A.	N.A.
	Total Amount	Rs. in lacs	1308.91	1167.76
	Cost/Unit	Rs./Kwh	2.54	2.36

2	Coal/Coke	Tonnes	24137	Nil
	Quantity	Rs. Lacs	1073.16	Nil
	Total Cost	Rs./MT	4446	N.A.
3	Furnace oil/L.D.O	Kilo lts	Nil	60
	Quantity	Rs. Lacs	Nil	20.56
	Total Cost	Rs./K Ltrs	N.A.	34010
4	Others			
	Fire Wood	Tonnes	Nil	49
	Quantity	Rs. in Lacs	Nil	2.04
	Total Cost	Rs./MT	N.A.	4182
	Bagasse/Paddy Husk (Purchased)			
	Quantity	Tonnes	6912	30577
Total Cost	Rs. Lacs	107.44	450.15	
Average Rate	Rs./MT	1554	1472	

B. Consumption per unit of production of sugar

S.No	Particulars	Unit	Year ended September 30, 2009	Year ended September 30, 2008
1	Electricity	Kwh	221	256
2	Coal/Coke	Tonnes	0.101	Nil
3	Fire Wood	Tonnes	0.0000	0.0003
4	Bagasse (Purchased)	Tonnes	Nil	Nil

C. Consumption per k.ltr. of alcohol production

S.No	Particulars	Unit	Year ended September 30, 2009	Year ended September 30, 2008
1	Electricity	Kwh	143	295
2	F.O.L.D.O	KL	Nil	0.002
3	Bagasse/Paddy-Husk (Purchased)	Tonne	0.293	0.902

NOTES:

- For electricity generated through diesel generator, cost of the diesel has been considered.
- Since various types of fuel used are alternative to each other, no standard can be fixed for their consumption.
- Due to change in mix of fuel used, no comparison can be made with the earlier periods.
- Cost of electricity generated through steam turbine has been arrived at after giving credit for the exhaust steam subsequently used in the manufacturing process.
- Costs have been given based on the records maintained under the Cost Accounting Records Rules, applicable to Sugar and Alcohol industry.

FORM B

Disclosure of particulars with respect to technology absorption for the year ended September 30, 2009.

I. Specific areas in which research and development carried out by the Company

- (i) Measures have been taken to reduce steam and water consumption to achieve economy of scales.
- (ii) New high pressure energy efficient boilers with high degree of automation are installed to increase power generation and saving thereof.

II. Benefit derived

- (i) Power consumption reduced significantly while sale of power increased.
- (ii) Company saved bagasse that will be helpful in off season raw processing and power generation.

III. Efforts will be made to enlarge these activities/capacities in future.

IV. Expenditure on Research & Development (R & D)

	2008-09 Rs. in lacs	2007-08 Rs. in lacs
Capital	-	-
Recurring	6.71	4.54
Total	6.71	4.54
Total R&D expenditure as a % of total turnover	Neg	Neg

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made

Efforts made and steps taken in the previous years towards technology absorption, adaptation and innovations were continued during the period under review.

2. Benefits

The benefits derived in the form of cost reduction and the improvement in the quality of the product continued to be available to the Company.

3. Particulars of technologies imported during the last five years

Not applicable

ANNEXURE-A

Statement pursuant to clause 12, 'Disclosure in the Directors Report' of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as at September 30, 2009 for stock options issued under Simbhaoli Sugars Limited- Employee Stock Options Scheme 2007 (ESOS 2007) is given here in below:

Sr. No.	Particulars	ESOS 2007		
1.	Date of EGM approving the Scheme	March 15, 2007		
2.	Date of institution of the Scheme	June 20, 2007		
3.	Total number of securities reserved under the scheme	6% of the paid-up capital of the Company i.e. 11,85,924 equity shares as on March 15, 2007		
(a)	Description:			
	Date of issue of options	June 20, 2007	May 18, 2009	August 10, 2009
	No. of options granted	5,94,425	81,300	5,16,500
	Exercise price per share (Each option is equivalent to one equity share of the face value of Rs. 10 each of the Company)	Rs. 39.00	Rs. 39.00	Rs. 49.00
(b)	Pricing formula	The exercise price of the options is determined by the Remuneration and Compensation Committee. It is based upon the closing market price of the equity shares of the Company prior to the date of grant of options at the stock exchange where there is highest trading volume on the said date.		

(c)	Options vested	400,701	
(d)	Options exercised	175,836	
(e)	Total number of shares arising as a result of exercise of option	175,836	
(f)	Options lapsed	19,510	
(g)	Variation of terms of options	NIL	
(h)	Money realized by exercise of options	Rs. 68.57 lacs	
(i)	Total number of options in force	803155	
(j)	Employee wise details of options granted to:		
	(i) senior managerial personnel		
	Name	Designation	
		No. of options granted during the year	
	Dr G S C Rao	Executive Director	16235
	Mr Sanjay Tapriya	Director (Finance)	15235
	Mr. I.S.Bhatia	Vice President	13300
	Mr. A.K.Srivastava	Vice President	11000
	Mr. Sunil Gupta	General Manager	9700
	Mr. Naveen Kumar Tyagi	General Manager	9700
	Mr. Rakesh Kumar Singh	General Manager	8300
	Mr. Dilip Jain	General Manager	7800
	Mr. Rajiv Bhatia	General Manager	7800
	Mr. Kamal Samtani	Company Secretary	5100
	(ii)	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. NIL	
	(iii)	identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. NIL	
(k)	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share	Rs. 33.05	
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	The Company has used intrinsic value method with respect to the stock options. The employee compensation cost is negative as shown below: Exercise Price (weighted) is Rs. 47.64 per option Fair Value (weighted) is Rs. 28.07 per option Difference is (Rs. 19.57) per option	
(m)	Weighted- average exercise prices of options granted	Rs. 47.64/-	
	Weighted- average fair values of options granted	Rs. 28.07/-	
(n)	A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted average information is given below :-		
	[1] method	Black Scholes model	
	[2] risk-free interest rate	6.07%	
	[3] expected life	4 years (including vesting period of one year)	
	[4] expected volatility	58.42%	
	[5] dividend yield	0%	
	[6] the price of the underlying share in market at the time of option grant	Rs. 54.70	

ANNEXURE B

Information as per Section 217(2A) of the Companies Act.1956 read with the companies (Particulars of the Employees) Rules, 1975.

Sr No	Name	Age (yrs)	Gross Remuneration (In Rs. Lacs)	Designation/ Nature of Duties	Qualifications & Experience	Date of commencement of employment	Last Employment Held
1	Mr. Gurmit Singh Mann	74	42.39	Chairman & Managing Director	Senior Cambridge, 42 years	15.10.1972	Smithkline Beecham Limited
2	Mr. Gural Singh	49	36.86	Deputy Managing Director	Graduate, 22 years	30.1.1986	NA
3	Dr. G.S.C. Rao	55	45.38	Executive Director	M. Sc., Ph.D, 27 years	1.11.1999	Maha lakshmi Sugar works
4	Mr. Sanjay Tapriya	48	31.88	Director (Finance)	FCA, FCS 23 years	29.04.2003	NA

Notes:

- The remuneration in excess of Rs. 24.00 lacs is covered.
- No employee was employed for part of the financial period and in receipt of remuneration for any part thereof at a rate which in the aggregate was not less than Rs. 2 lacs per month.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended September 30, 2009 (hereinafter referred as 'the year'). The Company has developed the practices to fulfill its corporate and social responsibilities to various stakeholders and believes in adopting good governance, which is founded upon the principles of transparency, monitoring, accountability, growth-oriented approach, trusteeship, corporate citizenship and environmental consciousness. At the core of the governance of the Company is its Board, which acknowledges responsibilities for servicing and protection of the long-term interest of all the stakeholders. The process consists of various business practices, which not only results in working towards sustainable and least risk earning model and enhancing shareholders wealth but also enables the Company to fulfill its obligations towards its suppliers, customers, employees, lenders and to the society in general.

The Company's corporate governance norms fulfill business ethics as an enabling and facilitating process encompassing all its functions at different levels. The management follows the policies of compliance, protection of the rights and interests, equality in dealing with all the shareholders, act as a trustee of shareholders' capital. It also follows transparency in business dealings, timely disclosures, effective internal and external communication, strategic guidance and monitoring and the accountability to the Company and its shareholders. The Board has the necessary authority and practices in place to review and evaluate the operations conducted by the Company. The Company allows the Board to take decisions and improve returns of the stakeholders.

BOARD OF DIRECTORS

Composition and category

As on September 30, 2009, the Board consists of 8 directors; out of which 4 are executive and remaining 4 are non-executive directors. Executive directors consist of Chairman & Managing Director, Deputy Managing Director, Executive Director and Director (Finance). 2 of the 8 directors are of promoters group and both are executives. The ratio between

executive and non-executive directors is 1:1. All the non-executive directors are independent. The composition of the Board and also number of other directorship and committee memberships/ chairmanships held by them are as follows:-

Name of Director & Category	No. of other Directorships*	No. of other committee Memberships/Chairmanships*	
		Member	Chairman
Executive Directors			
Mr. Gurmit Singh Mann Chairman/Promoter	None	None	None
Mr. Gural Singh Promoter	None	None	None
Dr. G.S.C. Rao	None	None	None
Mr. Sanjay Tapriya	1	None	None
Non-Executive Directors			
Mr. S. K. Ganguli Independent Director	1	1	None
Mr. S. C. Kumar Independent Director	1	None	None
Mr. Yashwant Varma** Independent Director	None	None	None
Mr. S D Saxena*** Nominee ICICI Bank	None	None	None

*Excluding private limited companies and foreign companies

** Appointed as an additional director on July 30, 2009.

***ICICI Bank Limited (ICICI Bank) has withdrawn the nomination of Mr. Naveen Atrishi and nominated Mr. SD Saxena in his place as its nominee director on the Board of the Company w.e.f. February 23, 2009.

Broad responsibilities of Chairman & Managing Director, Deputy Managing Director, Executive Director and Director (Finance)

The Company is having whole time Chairman & Managing Director (CMD), Deputy Managing Director (DMD), Executive Director (ED) and Director (Finance) (DF). Their responsibilities and authorities are as follows:

- CMD is responsible for overall management control, policy matters, apprising the Board, boundary management and charting growth plans. He implements the decisions taken by the Board.
- DMD is responsible for external environment management, policies of alcohol segment, control functions and assisting CMD in his activities.
- ED is responsible for operations of the Company and its business units and also for implementation of projects.
- DF is responsible for the overall commercial & finance functions of the Company and implementing internal control procedures.

Pecuniary relationship and transactions with non-executive director

- (i) Mr. S.K. Ganguli, an independent director, is a professionally qualified chartered accountant. He retired as a joint managing partner of M/s Ray & Ray. He was paid Rs. 3.38 lacs for the year (previous year Rs. 3.21 lacs) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.
- (ii) Mr. Ram Sharma, an independent director retired by rotation on January 31, 2009. He has been paid Rs. 0.77 lacs (previous year Rs. 2.42 lacs) towards his professional fee including reimbursements of out of pocket expenses for various professional services rendered to the Company.

BOARD PROCEDURES

Board Meetings and Attendance

During the year, 6 Board meetings were held. The details are as follows:-

Dates of Board Meeting	Board Strength	Directors Present
November 28, 2008	8	8
January 31, 2009	7	6
March 16, 2009	7	6
April 30, 2009	7	7
May 18, 2009	7	7
July 30, 2009	7	6

The attendance of each director at these meetings and at the last annual/extraordinary general meetings were as follows:

Name of Director	No. of Board Meetings Attended	Attendance at the AGM held on January 31, 2009
Mr. Gurmit Singh Mann	6	Yes
Mr. Gurpal Singh	4	Yes
Dr. G.S.C. Rao	6	Yes
Mr. Sanjay Tapriya	6	Yes
Mr. S.C. Kumar	6	Yes
Mr. S.K. Ganguli	6	Yes
Mr. S D Saxena ¹	4	NA
Mr. Yashwant Varma ²	NA	NA
Mr. Naveen Atrishi ¹	1	No
Mr. Ram Sharma ³	1	No

1 ICICI Bank has withdrawn the nomination of Mr. Naveen Atrishi and nominated Mr. S D Saxena in his place as its nominee director on the Board of the Company w.e.f. February 23, 2009.

2 Appointed as an additional director on July 30, 2009.

3 Retired by rotation on January 31, 2009

Information to Board

The major decisions affecting operations of the Company are placed before the Board, which include quarterly/half yearly/yearly results, financial

restructuring, capital expenditure, sale and acquisition of assets, capital budget, business plans, mortgages, guarantees and loans, analysis of operations, major litigations, feed back reports, minutes of committee meetings, staff matters, senior appointments, labour relationship, accidents/mishaps, information technology strategies, insider trading compliances, general notices of interest etc.

BOARD COMMITTEES

Board has constituted 5 committees viz Audit committee, Finance committee, Remuneration & Compensation committee, Allotment committee and Investors' Grievance committee. The Company Secretary acts as the secretary to all the committees.

I. Audit committee

The Audit committee comprises of 3 non-executive independent directors. Mr. S. K. Ganguli acts as Chairman of the committee. The executive directors, statutory, internal and cost auditors of the Company are the regular invitees.

During the year, 4 periodical meetings of Audit committee were held. The details are as follows:-

Member	Meetings held	Meetings attended
Mr. S. K. Ganguli	4	4
Mr. S.C. Kumar	4	4
Mr. S D Saxena ¹	2	2
Mr. Naveen Atrishi ¹	2	1

1 ICICI Bank has withdrawn the nomination of Mr. Naveen Atrishi and nominated Mr. S D Saxena in his place as its nominee director on the Board of the Company w.e.f. February 23, 2009.

All members of the committee have sound knowledge of finance and accounts. The role and terms of reference of audit committee covers areas mentioned under Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956 (hereinafter referred as 'the Act'). Further, the committee oversees and monitors the financial reporting system within the Company, considers its quarterly, half yearly and annual financial results and submits its observations to the Board, reviews the annual budget, annual internal audit plans, legal compliance, reviews internal control system, audit methodology and process, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy. The audit committee also advises the management on areas where greater internal control and internal audit focus are needed and on

new areas to be taken up for audit, based upon the discussions and review of the observations of the internal audit reports, cost control measures and statutory compliances in various functional areas.

II. Finance Committee

The Finance committee comprises of 4 executive directors for taking decisions in respect of opening and closing of bank accounts, change of signatories in existing accounts, delegating authority for making representation before statutory/regulatory authorities, and acceptance of terms of loans/facilities and to do such other things, which are essential for executing the finance functions for day to day financial activities of the Company. The committee works under the guidance of Board and its decisions are ratified in the subsequent meetings. Mr. Gurmit Singh Mann acts as the Chairman of the committee. During the year, 15 meetings of the finance committee were held as follows:

Members	Meetings held	Meetings attended
Mr. Gurmit Singh Mann	15	14
Mr. Gurpal Singh	15	13
Dr. G.S.C. Rao	15	15
Mr. Sanjay Tapriya	15	15

III. Remuneration and Compensation Committee

The Remuneration and Compensation committee comprises of 3 directors, i.e. 1 executive and 2 non-executive independent director. Mr. S. K. Ganguli acts as the Chairman of the committee. The Committee recommends remuneration and other amount to be paid to the whole time directors. Further, the committee is authorized to formulate, administer and implement the employee stock option scheme of the Company. During the year, 3 meetings of the remuneration and compensation committee were held as follows:

Member	Meetings held	Meetings attended
Mr. S. K. Ganguli	3	3
Mr. S. C. Kumar	3	3
Mr. Gurmit Singh Mann	3	3

IV. Allotment Committee

The Allotment committee comprises of 2 executive directors and 1 non-executive independent director. Dr. GSC Rao acts as the Chairman of the committee. The committee is constituted for issue and allotment of equity shares on receipt of the application/request for conversion of bonds, warrants and options into

equity shares of the Company. The committee works under the guidance of Board and its decisions are ratified in the subsequent meetings. During the year, 4 meetings of the Allotment committee were held as follows:

Member	Meetings held	Meetings attended
Dr. G.S.C. Rao	4	4
Mr. S. K. Ganguli	4	4
Mr. Sanjay Tapriya	4	4

V. Investors' Grievance Committee

The Investors' Grievance committee comprises of 2 executive and 2 non-executive independent directors. Mr. S. K. Ganguli acts as the Chairman of the committee. The committee deals with redressal of the shareholders grievances in relation to transfer of shares, non-receipt of annual reports, change of addresses, non-receipt of dividend etc. The meetings of this committee are held on quarterly basis. During the year, 4 meetings of Investors' Grievance committee were held as follows:

Member	Meetings held	Meetings attended
Mr. S. K. Ganguli	4	4
Mr. S. C. Kumar	4	4
Dr. G.S.C. Rao	4	4
Mr. Sanjay Tapriya	4	4

During the year, 4 investors' complaints were received and all complaints were redressed to the satisfaction of the investors. There was no pending complaint as on September 30, 2009.

Remuneration policy as applicable to executive/non-executive directors

The remuneration policy as applicable to executive/non-executive directors provides for the following:

- The executive directors are paid remuneration as per their respective terms of employment as approved by the shareholders in general meeting and Central Government, if required. No sitting fee is payable to executive directors. The approval for payment of remuneration to directors in accordance with the provisions of Schedule XIII to the Act has been obtained from the shareholders in the extraordinary general meeting held on December 29, 2007. Provision for incremental gratuity and earned leave for the year has not been considered, since the provision has been made for the Company as a whole.

- b. Sitting fee of Rs. 5,000 per meeting is paid to non-executive directors for attending meetings of Board and certain Board committees. The sitting fee paid does not exceed the limits laid down under the Act and Articles of Association of the Company.
- c. Details of remuneration paid to directors for the year is as follows:

(Amount in Rs. lacs)

Name of Director	Salary	Benefits*	Sitting fees	Total
Mr. Gurmit Singh Mann	22.40	19.99	-	42.39
Mr. Gурpal Singh	20.00	16.86	-	36.86
Dr. G.S.C. Rao	20.00	25.38	-	45.38
Mr. Sanjay Tapriya	15.20	16.68	-	31.88
Mr. S.C. Kumar	-	-	0.65	0.65
Mr. S.K. Ganguli	-	-	0.65	0.65
Mr. Ram Sharma	-	-	0.05	0.05
Mr. S D Saxena	-	-	0.30	0.30
Mr. Naveen Atrishi**	-	-	0.10	0.10

* There is no commission paid/accrued to whole-time directors during the year.

**payable to ICICI Bank

Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted 16,235 and 15,235 stock options @ Rs. 49/- per stock option at discount to Dr. G.S.C. Rao and Mr. Sanjay Tapriya respectively to be exercisable in three tranches in ratio of 40:30:30 in three years after vesting on August 10, 2010. No stock option has been granted to Mr. Gurmit Singh Mann and Mr. Gурpal Singh being promoter directors.

Compliance officer

Mr. Kamal Samtani, Company Secretary is the Compliance Officer.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis report is made as a part of report of directors forming part of the corporate governance report in this annual report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company obtains the certificate from the auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in Clause 49 of the listing agreement with the stock exchanges. This certificate will be sent to the stock exchanges, along with the annual report to be filed by the Company.

CEO/CFO CERTIFICATION

The CEO/CFO certificate on the financial statements is enclosed at the end of this report.

GENERAL MEETINGS

Annual General Meeting

Day, Date, Time and Venue of the 73rd AGM

Day and Date : Thursday, December 17, 2009

Time : 10.00 AM

Venue : Registered office of the Company at Simbhaoli-245 207, District Ghaziabad, Uttar Pradesh.

Dates of Book Closure

Monday, December 14, 2009 to Thursday, December 17, 2009 (both days inclusive).

The last 3 annual general meetings of the Company were held as follows:-

AGM	Day, Date & Time	Venue
70 th	Monday, 31-07-2006 at 10.00 A.M.	Simbhaoli-245 207, Distt. Ghaziabad, Uttar Pradesh
71 st	Friday, 25-01-2008 at 10.00 A.M.	Uttar Pradesh
72 nd	Saturday, 31-01-2009 at 10.00 A.M.	

Special resolutions passed at the last three annual general meetings

AGM	Date	Subject matter of special resolution
70th	31.07.2006	1. Increase in authorized share capital of the Company from Rs. 37 crores to Rs. 40 crores by creation of 30,00,000 further equity shares of Rs. 10/- each. 2. Appointment of Ms. Gursimran Kaur Mann, as an executive under the provisions of 314(1B) of the Act read with Director's Relatives (Office or Place of Profit) Rules, 2003. 3. Change of name of the Company from 'The Simbhaoli Sugar Mills Limited' to 'Simbhaoli Sugars Limited'.
71st	25.01.2008	No Special Resolution was passed.
72nd	31.01.2009	No Special Resolution was passed.

Extra ordinary general meeting

During the year, no Extra Ordinary General Meeting was held.

Postal Ballot

During the year, no resolution was passed through postal ballot.

Information on appointment of directors

During the year, Mr. Yashwant Varma has been appointed as an additional director on the Board of the Company w.e.f. July 30, 2009. Mr. Varma is a reputed senior advocate practicing at Hon'ble Allahabad High Court and also has been appearing before various courts and tribunals such as Hon'ble



Supreme Court of India, various High Courts, MRTP Commission, Company Law Board, CESTAT etc. He has considerable experience in handling sugarcane related matters.

ICICI Bank has withdrawn the nomination of Mr. Naveen Atrishi and nominated Mr. S.D. Saxena in his place as its nominee director with effect from February 23, 2009. Mr. Saxena is M.Sc. (Physics) and MBA (Financial Management). He is fellow member of Indian Institute of Electronic & Telecom Engineers and also member of All India Management Association. He has retired as the finance director of BSNL.

DISCLOSURES

Related party transactions and their basis

In terms of Accounting Standards (AS) 18 "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in the note 10 to schedule 18-Notes to accounts of the financial statements for the year ended September 30, 2009. There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year that had potential conflict with the interest of the Company at large.

Disclosure of accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with the applicable mandatory accounting standards prescribed by The Institute of Chartered Accountants of India and relevant presentational requirements of the Act.

Details of non-compliance

There were no instances of non-compliance of any matter related to the capital markets during the last three years. No penalties or strictures have been imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets. The Company has issued code of conduct for its Board and senior management in compliance with SEBI regulations and listing agreement with the stock exchanges, advising and authorising management staff and other business associates on the procedure to be followed while dealing in equity shares of the Company and disclosure requirements in this regard. The policies laid in this regards are available on the company's website.

Communication

The quarterly financial results of the Company are published in one or more reputed national and regional newspapers viz. Business Standard, Veer Arjun etc. The quarterly results are sent to stock exchanges, immediately after approval of Board. The Company has its website www.simbhaolisugars.com which provides the comprehensive details of the operations of the Company and its dimensions. The financial results and other information pertaining to the Company are promptly uploaded on the site.

The Company has also been registered with www.corpfiling.co.in as required under Corporate Filing and Dissemination System (CFDS) to make electronic filing of information, statements and reports pursuant to compliance with any clause of the listing agreement through CFDS.

ISSUE PROCEEDS

The Company periodically discloses to the audit committee, the use/application of funds. The issue proceeds of Rs. 682.83 lacs from warrants and stock options were utilized for capital expenditure/ working capital requirement of the Company as per the resolutions passed by the shareholders in the general meetings.

SHAREHOLDERS INFORMATION

Financial year calendar for 2009-10

First quarter results	: January, 2010
Second quarter results	: April, 2010
Third quarter results	: July, 2010
Fourth quarter results	: December, 2010

Listing

Equity shares	Equity Shares	Foreign Currency Convertible Bonds
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai Tel: 91-22-22721233/34, Fax: 91-22-22721072 Website: www.bseindia.com Scrip Code: 507446	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Mumbai Tel : 91-22-26598100 Fax :91-22-26598237/38 Website: www.nseindia.com Scrip code: SIMBHSUGAR	Singapore Exchange Limited 2, Shenton Way, # 19-00, SGX Centre, 1, Singapore 068804 Tel: (65) 6236 8888 Fax: (65) 6535 6994 Web site: www.sgx.com ISIN Code: XS0246465660

Listing fee for the year 2009-10 has been paid to all the concerned stock exchanges.

Depositories

National Securities Depository Limited, Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai-400 013 Tel: 91-22-24994200 Fax: 91-22-24972993/2497 Email: info@nsdl.co.in Website : www.nsdl.co.in	Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 28 th Floor, Dalal Street, Mumbai-400 023 Tel: 91-22-2272333 Fax: 91-22-22723199 Email: investors@cdslindia.com Website: www.cdslindia.com
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International Securities Identification Number is
ISIN-INE 270C01017

Stock Market Data

The details of high/low/closing price of shares of the Company, at stock exchanges for the year are as follows:

Month	BSE				NSE			
	High (Rs.)	Low (Rs.)	Close (Rs.)	Vol ('000)	High (Rs.)	Low (Rs.)	Close (Rs.)	Vol ('000)
October 2008	31.00	16.95	18.10	141	30.95	16.70	18.20	47
November 2008	21.15	16.05	16.75	105	21.15	16.00	17.00	43
December 2008	21.85	15.20	19.65	357	21.95	15.00	19.15	36
January 2009	22.15	17.35	19.15	393	21.75	18.00	19.50	25
February 2009	20.80	18.15	18.65	97	20.70	17.90	18.00	46
March 2009	23.85	15.15	23.40	230	23.85	14.55	23.10	103
April 2009	36.00	22.55	33.60	255	36.20	21.90	34.00	200
May 2009	43.40	32.00	40.60	396	43.00	32.35	40.00	248
June 2009	50.00	39.10	44.90	495	50.40	39.50	44.65	331
July 2009	48.05	33.80	45.85	514	48.20	31.95	46.00	223
August 2009	72.75	44.60	60.05	6197	72.50	44.50	60.15	4329
September 2009	65.30	53.00	63.70	1238	65.65	53.00	64.00	853

Distribution of share holding as at September 30, 2009:

Category	No. of folios/ Client ID	% of no. of shareholders	No. of shares	% of capital
Upto 10,000	18181	92.69	3866014	16.69
10,001 to 30,000	916	4.67	1619035	6.99
30,001 to 50,000	180	0.92	723535	3.12
50,001 to 1,00,000	186	0.95	1343261	5.80
1,00,001 and above	151	0.77	15615915	67.40
Total	19614	100.00	23167760	100.00

Shareholding pattern as on September 30, 2009 Equity Shares:

Category	No. of Shares held	%
A: Indian Promoters	10184722	43.96
Sub-Total (A)	10184722	43.96
B: Non - Promoters Holding:		
Mutual Funds	36611	0.16
Foreign Institutional Investors (FII)	192827	0.83
Financial Institutions and Banks	481476	2.08
Private Corporate Bodies	3391238	14.64
Indian Public (individuals)	8170766	35.26
NRIs / OCBs	94551	0.41
Any other (Clearing Members)	615569	2.66
Sub-Total (B)	12983038	56.04
Grand Total (A+B)	23167760	100.00

Preference Shares: NIL

Note on foreign currency convertible bonds, warrants, stock options and preference shares**(i) Foreign Currency Convertible Bonds**

The Company issued foreign currency convertible bonds (FCCBs) of USD 33.00 million on March 10, 2006, out of which FCCBs of USD 29.61 million have been bought back by the Company under the provisions of the Circular no. 39 issued by the Reserve Bank of India and/or any amendment or re-enactment thereof for buyback/prepayment of foreign currency

convertible bonds and has extinguished the underlying securities thereof.

(ii) Warrants

During the year, 16,04,000 warrants (previous year 14,96,000 warrants) have been converted into equivalent numbers of equity shares of the Company in accordance with the terms of allotment thereof.

(iii) Employee Stock Option Scheme

Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted:

- i. 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39/- (including premium of Rs. 29/-) per option. Consequently 1,75,836 (previous year 1,26,524) equity shares were issued and allotted during the year as fully paid-up. Out of 5,94,425 stock options 86,710 stock options have been lapsed.
- ii. 81,300 options on May 18, 2009 exercisable over a period of three years being vested on May 18, 2010 at an exercise price of Rs. 39/- (including premium of Rs. 29/-) per option.
- iii. 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years being vested on August 10, 2010 at an exercise price of Rs. 49/- (including premium of Rs. 39/-) per option.

(iv) Preference Shares

8,12,000 preference shares of Rs. 100/- each aggregating to Rs. 812 lacs have been redeemed at par by the Company. The detail of redemption of these shares is as follows:

- (i) 3,80,000 0% optionally convertible preference shares of Rs 100/- each were redeemed on March 31, 2009.
- (ii) 4,32,000 8% cumulative redeemable preference shares of Rs. 100/- each were redeemed in two tranches i.e. 50% upto September 30, 2009 and remaining 50% on November 5, 2009.

Dematerialization of Shares

The trading of the Company's equity shares fall under compulsory delivery in dematerialized mode in respect of all categories of investors. As on



September 30, 2009, 2,23,29,675 equity shares constituting 96.38% of total equity share capital of the Company were under demat category with NSDL and CDSL.

LOCATION OF THE PLANTS AND OPERATING DIVISIONS:

Simbhaoli Complex	Simbhaoli, District Ghaziabad Uttar Pradesh – 245 207	Tel.No. +91 5731-23117/8/9 Fax No. +91 5731-223039/42
Chilwaria Complex	Chilwaria, Distt. Bahraich, Uttar Pradesh – 271 801	Tel.No. +91 5252-244251/2 Fax No. +91 5252-244253
Brijnathpur Complex	Brijnathpur, District Ghaziabad, Uttar Pradesh – 245 101	Tel. No. +91 9927049979 Fax No. +91 122-223039

INVESTOR SERVICES

Share Transfer System

Share transfers under physical category and demat requests are normally affected/ confirmed within a period of 15 days from the date of receipt. Shares are transferred and depository services are provided through M/s Mas Service Limited, the Registrar and share transfer agent. Investor's correspondence can be made on any of the following address:

i) Mas Services Limited :

T - 34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020
Phone No. : +91-11-2638 72 81/82/83,
Fax no. : +91-11-26387384
E-mail : info@masserv.com

ii) Registered Office :

Simbhaoli – 245 207, District Ghaziabad,
Uttar Pradesh
Phone No. : +91-5731-226411
+91-5731-223118
Fax : +91-5731-223042/39
E-mail : kamal@simbhaolisugars.com

Non-mandatory requirements

Non-mandatory requirements have been adopted by the Company to the extent it is in line with the nature of business activities of the Company. However, steps have been taken to implement the other requirements in a phased manner.

Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of concerned registered shareholders. The prescribed form for such nomination can be obtained from the Company/Transfer agent. Nomination facility in respect of shares held in electronic form is also available with depository

participant as per the bye-laws and business rules applicable to NSDL and CDSL.

Unclaimed dividend and interest

The amount of dividend/debenture installment or interest thereon remaining un-claimed for a period of 7 years, is transferred to the credit of investors education and protection fund in accordance with the provisions of Section 205C of the Act.

**For and on behalf of Board of Directors
of Simbhaoli Sugars Limited**

New Delhi
November 11, 2009

Gurmit Singh Mann
Chairman & Managing Director

AUDITORS' CERTIFICATE

To the Members of Simbhaoli Sugars Limited

We have examined the compliance of conditions of Corporate Governance by Simbhaoli Sugars Limited for the year ended on September 30, 2009, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the stock exchange(s).

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

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

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

For A. F. FERGUSON & CO.
Chartered Accountants

New Delhi
November 11, 2009

Manjula Banerji
Partner
Membership No. 86423

CEO/CFO Certification

The Board of Directors
Simbhaoli Sugars Limited
P. O. Simbhaoli District Ghaziabad,
Uttar Pradesh - 245 207

Re: Certification by CEO/CFO for the year ended on September 30, 2009

We, Gurmit Singh Mann, Chairman & Managing Director, GSC Rao, Executive Director and Sanjay Tapriya, Director (Finance) of Simbhaoli Sugars Limited to the best of our knowledge and belief, certify that:

- (a) We have reviewed the balance sheet as on September 30, 2009, profit and loss account, the cash flow statement and the directors' report for the year ended September 30, 2009 and based upon our knowledge and information confirm that;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have
 - (i) evaluated the effectiveness of the internal control systems of the Company,
 - (ii) disclosed to the auditors and the audit committee of the Board, deficiencies in the design or operation of internal controls, if any, of which we are aware, and
 - (iii) taken necessary steps or proposed to take to rectify these deficiencies.
- (d) We have indicated to auditors and the audit committee of the Board that there have been:
 - (i) no significant changes in internal control over the financial reporting during the year;
 - (ii) change in accounting policy in relation to determining cost of inventory of raw materials from annual weighted average to First in First out basis.
 - (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Gurmit Singh Mann
Chairman & Managing Director

GSC Rao
(Executive Director)

Sanjay Tapriya
Director (Finance)

New Delhi
November 11, 2009

AUDITORS' REPORT**TO THE MEMBERS OF SIMBHAOLI SUGARS LIMITED**

1. We have audited the attached balance sheet of Simbhaoli Sugars Limited as at September 30, 2009 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above:
 - (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 the books;
 - (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) without qualifying our opinion, we draw attention to note 25 of schedule 18 relating to accounting for cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts can not be determined at this stage.
 - (g) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the balance sheet, of the state of affairs of the Company as at September 30, 2009;
 - ii. in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

For **A.F. FERGUSON & CO.**
Chartered Accountants

Manjula Banerji
Partner
M. No.:086423

Place: New Delhi
Date: November 11, 2009

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of Simbhaoli Sugars Limited on the accounts for the year ended September 30, 2009.

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management except for stocks lying with third parties where confirmations have been received in most of the cases. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are 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 the records of inventory, we are of the opinion that, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has, during the year, neither granted nor taken any loans, secured or unsecured, to/from the firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paras 4 (iii) (b) to (g) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.
- (iv) In our opinion and according to the information and explanations 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 the purchase of inventories and fixed assets and with regard to the sale of goods. There are no sales of services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, as there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, paragraph (v)(b) of the Order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 with regard to the deposits accepted from the public. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in relation to the deposits accepted from public by the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account 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 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) As explained to us, the statutory dues payable by the Company comprise of provident fund, investor education and protection fund, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, entry tax, and cane purchase tax. According to the records of the Company and information and explanations given to us, the Company, during the year, has been regular in depositing, aforesaid undisputed statutory dues except for tax deducted at source and service tax where there have been few delays in depositing these with the appropriate authorities. There are no undisputed statutory dues as referred to above as of September 30, 2009 outstanding for a period of more than six months as on September 30, 2009 from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company, the following are the particulars of disputed dues on account of sales tax (trade tax) and excise duty matters that have not been deposited by the Company as at September 30, 2009:-

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	0.43	0.43	Trade Tax Tribunal	1984-1985
	Trade tax	3.18	-	Trade Tax Appellate Tribunal	1995-1996
	Trade tax	2.17	1.08	High Court	2000-2001
	Trade tax	3.47	1.60	Trade Tax Tribunal	2001-2002
	Trade tax	0.62	0.15	Trade Tax Appellate Tribunal	2003-2004
Central Excise Act	Excise duty	0.28	0.28	Customs, Excise & Service tax Appellate Tribunal	2004-2005
	Excise duty	0.60	0.60	Customs, Excise & Service tax Appellate Tribunal	2002-2003
	Excise duty	11.01	-	Commissioner (Appeal)	1979-1980
Slate Excise Act	Excise duty	9.26	-	High Court, Allahabad	2001-2002

* Amount as per demand orders including interest and penalty wherever indicated in order.

(c) In the following instance the concerned statutory authority is in appeal against favourable order received by the Company.

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	59.96	High Court	1996-1997

* Amount as per demand order including interest and penalty wherever indicated in order.

We have been further informed that there are no dues in respect of income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of any disputes.

- (x) The Company does not have accumulated losses at the end of the financial year September 30, 2009. Further, the Company has not incurred cash losses during the year ended September 30, 2009. However, the Company has incurred cash losses in the immediately preceding financial year ended September 30, 2008.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, during the year, there have been minor delays in repayment of dues to banks and financial institutions. The Company has not issued any debentures during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit fund / society, paragraph 4 (xiii) of the Order is not applicable.

(xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by others from bank. In our opinion, the terms and conditions of these guarantees are not prejudicial to the interest of the Company.

(xvi) According to the information and explanations given to us, the term loans taken have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short term funds of Rs.12,410.25 lacs have been used to finance fixed assets.

(xviii) During the year, the Company has issued 16,04,000 equity shares on conversion of equity warrants issued on a preferential basis (refer foot note in schedule 1B) as well as 25,986 equity shares under 'Simbhaoli Sugar Limited-Employee Stock Option Scheme 2007', to parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us the price at which the equity shares have been issued are not pre judicial to the interest of the Company.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year ended September 30, 2009 nor have we been informed of such case by the management.

For **A.F. FERGUSON & CO.**
Chartered Accountants

Place: New Delhi
Date: November 11, 2009

Manjula Banerji
Partner
M. No.:086423

SIMBHAOLI SUGARS LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Schedule No.	As at	As at
		September 30, 2009	September 30, 2008
		Rs. lacs	Rs. lacs
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1A	2,545.78	2,963.79
Equity warrants	1B	-	68.25
Employee option outstanding	1C	6.19	-
Reserves and surplus	2	9,748.19	6,895.96
		<u>12,300.16</u>	<u>9,928.00</u>
Loan funds			
Secured loans	3	59,935.15	52,261.96
Unsecured loans	4	1,772.45	15,557.53
		<u>61,707.60</u>	<u>67,819.49</u>
TOTAL		<u>74,007.76</u>	<u>77,747.49</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	78,022.87	70,535.63
Less: Depreciation		20,973.25	17,314.84
Net block		<u>57,049.62</u>	<u>53,220.79</u>
Capital work in progress		3,093.18	6,099.96
		<u>60,142.80</u>	<u>59,320.75</u>
Pre-operative expenditure pending allocation	6	132.56	1,175.32
		<u>60,275.36</u>	<u>60,496.07</u>
Investments	7	39.99	0.05
Deferred tax assets (net)	8	1,926.76	1,926.76
Current assets, loans and advances			
Inventories	9	42,997.33	16,822.32
Sundry debtors	10	5,694.80	3,694.53
Cash and bank balances	11	5,610.41	1,158.75
Loans and advances	12	13,555.33	6,070.65
		<u>67,857.87</u>	<u>27,746.25</u>
Less: Current liabilities and provisions	13		
Current liabilities		54,432.13	15,238.27
Provisions		1,660.09	3,187.12
		<u>56,092.22</u>	<u>18,425.39</u>
Net current assets		11,765.65	9,320.86
Profit and loss account		-	6,003.75
TOTAL		<u>74,007.76</u>	<u>77,747.49</u>
Notes to the accounts	18		

Per our report attached

For A.F.FERGUSON & CO.
Chartered AccountantsGurpal Singh
Dy. Managing DirectorGurmit Singh Mann
Chairman & Managing DirectorManjula Banerji
Partner
Membership No.86423Sanjay Tapriya
Director-FinanceG S C Rao
Executive DirectorKamal Samtani
Company SecretarySunil K. Gupta
GM-FinanceNew Delhi
November 11, 2009

**SIMBHAOLI SUGARS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Schedule No.</u>	<u>Year ended September 30, 2009 Rs. lacs</u>	<u>Year ended September 30, 2008 Rs. lacs</u>
INCOME			
Sale of products			
Gross sales		100,079.00	66,133.91
Less: Excise duty		<u>29,446.56</u>	<u>22,588.76</u>
Other income	14	<u>8,618.40</u>	<u>1,102.39</u>
		79,250.84	44,647.54
EXPENDITURE			
Manufacturing and other expenses	15	<u>62,970.01</u>	<u>39,757.89</u>
Profit before interest, exchange fluctuation, derivative loss, depreciation and tax		16,280.83	4,889.65
Interest expense	16	6,311.02	3,963.75
Exchange fluctuation and derivative loss/(profit)	17	<u>(567.20)</u>	<u>2,112.12</u>
Profit/(loss) before depreciation and tax		10,537.01	(1,186.22)
Depreciation		<u>3,705.31</u>	<u>3,260.24</u>
Profit/(loss) before transfer from revaluation reserve		6,831.70	(4,446.46)
Transfer from revaluation reserve		49.70	40.06
Profit/(loss) before tax		<u>6,881.40</u>	<u>(4,406.40)</u>
Current tax		787.23	-
Less: MAT credit entitlement		<u>(787.23)</u>	-
Deferred tax (benefit)/charge		(316.52)	(1,555.73)
Fringe benefit tax		<u>19.98</u>	<u>59.50</u>
Profit/(loss) after tax		7,177.94	(2,910.17)
Balance brought forward from the previous year		(6,003.75)	(3,093.58)
Exchange fluctuation adjustments (Refer note 21 in schedule 18)		565.08	-
		<u>1,739.27</u>	<u>(6,003.75)</u>
Earnings per share (Rs.)			
Basic		33.11	(14.65)
Diluted		33.05	(14.65)
(Refer note 12 in schedule 18)			
Notes to the accounts	18		

Per our report attached to the balance sheet

For A.F.FERGUSON & CO.
Chartered Accountants

Gurpal Singh
Dy. Managing Director

Gurmit Singh Mann
Chairman & Managing Director

Sanjay Tapriya
Director-Finance

G S C Rao
Executive Director

Manjula Banerji
Partner
Membership No.86423

Kamal Samtani
Company Secretary

Sunil K. Gupta
GM-Finance

New Delhi
November 11, 2009

SIMBHAOLI SUGARS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Year ended</u> <u>September 30,</u> <u>2009</u>	<u>Year ended</u> <u>September 30,</u> <u>2008</u>
	<u>Rs. lacs</u>	<u>Rs. lacs</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	6,881.40	(4,406.40)
Adjustments for:		
Depreciation	3,655.61	3,220.18
Foreign exchange fluctuation	-	1,091.18
Interest expense	6,311.02	3,963.75
Gain on redemption of FCCB	(7,296.02)	-
Deferred employee compensation expense	6.19	-
Profit on sale of fixed assets (net)	(49.20)	(11.27)
Interest income	(123.14)	(28.63)
Transfer from Capital-grant-in-aids'	(2.08)	2.77
Operating profit/(loss) before working capital changes	9,383.78	3,831.58
Adjustments for change in :		
Trade and other receivables	(8,813.98)	(1,663.84)
Inventories	(26,175.01)	(1,286.58)
Trade payables	39,358.64	(3,009.81)
Cash generated from operations	13,753.43	(2,128.65)
Direct taxes paid	38.79	(167.25)
Net cash (used) / from operating activities	13,792.22	(2,295.90)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(4,730.40)	(8,907.72)
Sale of fixed assets	97.58	58.30
Investment made	(39.94)	-
Margin money	(4,188.24)	(323.20)
Interest received	115.97	38.45
Net cash used in investing activities	(8,745.03)	(9,134.17)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of equity shares/equity warrants	682.83	754.14
Proceeds from long term borrowings	9,074.81	12,301.00
Repayment of long term borrowings	(9,532.16)	(2,562.32)
Changes in cash credit account	1,525.47	3,565.09
Repayments of preference share capital	(596.00)	-
Interest paid	(5,940.61)	(2,762.49)
Dividend paid	(0.03)	(0.23)
Contribution toward charity reserve received	1.92	0.06
Net cash from financing activities	(4,783.77)	11,295.25
Net increase/(decrease) in cash and cash equivalents	263.42	(134.82)
Cash and cash equivalents (opening balance)		
Cash and bank balances	835.55	970.37
Cash and cash equivalents (closing balance)		
Cash and bank balances	1,098.97	835.55
Total	<u>263.42</u>	<u>(134.82)</u>

Per our report attached to the balance sheet

For A.F.FERGUSON & CO.
Chartered Accountants

Gurpal Singh
Dy. Managing Director

Gurmit Singh Mann
Chairman & Managing Director

Manjula Banerji
Partner
Membership No.86423

Sanjay Tapriya
Director-Finance

G S C Rao
Executive Director

New Delhi
November 11, 2009

Kamal Samtani
Company Secretary

Sunil K. Gupta
GM-Finance

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 1A - SHARE CAPITAL	As at September 30, 2009 Rs. lacs	As at September 30, 2008 Rs. lacs
Authorised		
3,10,00,000 (previous year 3,10,00,000) Equity shares of Rs.10 each	3,100.00	3,100.00
9,00,000 (previous year 9,00,000) Preference shares of Rs.100 each	900.00	900.00
	<u>4,000.00</u>	<u>4,000.00</u>
Issued		
2,33,72,385 (previous year 2,15,92,549) Equity shares of Rs.10 each	2,337.24	2,159.25
2,16,000 (previous year 4,32,000), 8% Cumulative Redeemable Preference shares of Rs. 100 each,	216.00	432.00
NIL (previous year 3,80,000), 0% Optionally Convertible Preference shares of Rs.100 each	-	380.00
	<u>2,553.24</u>	<u>2,971.25</u>
Subscribed		
Equity shares		
2,31,67,760 (previous year 2,13,87,924) Equity shares of Rs.10 each fully paid up	2,316.78	2,138.79
Add: 2,04,625 (previous year 2,04,625) Forfeited shares	13.00	13.00
	<u>2,329.78</u>	<u>2,151.79</u>
Preference shares		
2,16,000 (previous year 4,32,000), 8% Cumulative Redeemable Preference shares of Rs.100 each,	216.00	432.00
NIL (previous year 3,80,000), 0% Optionally Convertible Preference shares of Rs.100 each	-	380.00
	<u>2,545.78</u>	<u>2,963.79</u>

Note :-

1. 22,80,000 (previous year 22,80,000) Equity shares of Rs.10 each were allotted as fully paid-up by way of bonus shares by capitalisation of general reserve.
2. 5,46,234 (previous year 5,46,234) Equity shares of Rs.10 each were allotted as fully paid-up pursuant to the Scheme of Amalgamation of the erstwhile Simbhaoli Industries Private Limited with the Company, without payment being received in cash.
3. 16,04,000 (previous year 14,96,000) Equity shares of Rs. 10 each were issued and allotted during the year as fully paid-up at an exercise price of Rs. 42.55 (including premium of Rs. 32.55) per equity share on conversion of 16,04,000 warrants (previous year 14,96,000) issued and allotted to specified promoters on preferential basis. (Refer footnote 1 in Schedule 1B).
4. 2,16,000 (previous year 4,32,000), 8% Cumulative Redeemable Preference shares of Rs.100 each. These preference shares were originally due for redemption on Jan 1, 2009 were rescheduled during the year and out of these Preference shares Company has redeemed 2,16,000 shares during the year and balance 2,16,000 shares on November 5, 2009.
5. Nil (previous year 3,80,000) 0% Optionally Convertible Preference shares of Rs.100 each, were issued in lieu of 3,80,000 8% Cumulative Redeemable Preference shares of Rs.100 each during the year ended March 31, 2006. The Company has redeemed these preference shares on March 31, 2009.
6. Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted:
 - (a) 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option. Consequently 1,75,836 (previous year 1,26,524) equity shares were issued and allotted during the year as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29 each) per equity share.
 - (b) 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on May 18, 2010 at an exercise price of Rs. 39 (including premium of Rs. 29) per option.
 - (c) 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49 (including premium of Rs. 39) per option.

Note:- Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs 10 each.

SCHEDULE 1B - EQUITY WARRANTS

Share warrants

NIL (Previous year 16,04,000) Share warrants, paid up amount of Rs.4.25 per warrant (see note 1 below)
(Refer also note (3) of Schedule 1A)

As at
September 30,
2009
Rs. lacs

As at
September 30,
2008
Rs. lacs

-	68.25
<u>-</u>	<u>68.25</u>

Note: -

- On January 30, 2008, 31,00,000 Equity warrants (paid up amount of Rs. 4.25 per warrant) were allotted to specific promoters to be converted within 18 months of allotment into equity shares at a price of Rs. 42.55 (including premium of Rs. 32.55) per share. 16,04,000 equity warrants (Previous year 14,96,000) have been converted into 16,04,000 equity shares (previous year 14,96,000) during the year in accordance with the terms of allotment thereof.

SCHEDULE 1C - EMPLOYEE STOCK OPTION OUTSTANDING

Employee option outstanding

43.39

Less: Deferred employee compensation

37.20

6.19

Note : Refer note 1(xiv) in schedule 18 and footnote 6 in schedule 1A

SCHEDULE 2 - RESERVES AND SURPLUS

	As at September 30, 2008 Rs. lacs	Additions during the year Rs. lacs	Deductions during the year Rs. lacs	As at September 30, 2009 Rs. lacs
Revaluation reserve	530.73	-	74.67 (1)	456.06
Reconstruction reserve	589.73	-	-	589.73
Capital grant-in-aid	13.82	-	2.08 (2)	11.74
Capital reserve	231.26	-	-	231.26
Securities premium account	5,526.44	1,273.23	(3) 85.44 (4)	6,714.23
Charity reserve	3.98	2.03	(5) 0.11 (6)	5.90
Surplus being balance in profit and loss account	-	1,739.27	-	1,739.27
	<u>6,895.96</u>	<u>3,014.53</u>	<u>162.30</u>	<u>9,748.19</u>

- Represents Rs. 49.70 lacs (previous year Rs.40.06 lacs) as additional depreciation transferred to profit and loss account.
- Represents Rs. 24.97 lacs (previous year Rs. NIL) transferred on sale of fixed asset.
- Transferred to profit and loss account.
- Represents Rs. 573.09 lacs received on allotment of Equity shares.
- Represents Rs. 700.14 lacs (Net of Tax of Rs. 360.52 lacs) on account of reversal of premium on buy back and cancellation of 0% Foreign Currency Convertible Bonds aggregating USD \$ 29.61 million. (Also refer note 4(b) in schedule 18).
- Represents premium payable on redemption of securities (refer note 1(xiii) in schedule 18).
- Received during the year.
- Disbursed during the year.

SCHEDULE 3 - SECURED LOANS

	As at September 30, 2009 Rs. lacs	As at September 30, 2008 Rs. lacs
Banks		
Cash credit	22,695.40	21,166.74
Term loans	31,641.54	25,422.70
Others		
Term loans	5,598.21	5,648.16
Interest accrued and due on term loans	-	24.36
	<u>59,935.15</u>	<u>52,261.96</u>

Notes:

- 1 (i) Cash credit facilities from banks of each business division (other than co-operative banks referred to in 1(ii) below) are secured by way of first pari passu charge created/to be created by hypothecation of all current assets, both present and future, of the concerned business division of the Company. These facilities are further secured by way of third pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- (ii) Cash credit facilities from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.
- 2 Term loans of Rs. 21,623.23 lacs (previous year Rs. 21,488.27 lacs) from banks and term loans of Rs. 471.39 lacs (previous year Rs. 922.35 lacs) from others are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- 3 Term loans of Rs. 592.76 lacs (previous year Rs. 902.00 lacs) from banks are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. These loans are further secured by pledge of 22.50 lacs equity shares of the Company, owned by key promoters.
- 4 Term loans of Rs. 3,073.06 lacs (previous year Rs. 2,987.97 lacs) from banks are secured by way of residual pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- 5 Term loan of Rs. 6,325.00 lacs (previous year Nil) from a bank are secured by way of first pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. This loan is further secured by way of collateral security on the personal assets of the promoters of the Company.
- 6 Term loan of Rs. 5,022.98 lacs (previous year Rs. 4,620.70 lacs) from Sugar Development Fund (SDF) is secured by way of second exclusive charge created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.
- 7 Term loan of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) from Sugar Technology Mission (STM) is secured by exclusive first charge created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information and Assessment Council (TIFA).
- 8 Term loans of Rs. 27.49 lacs (previous year Rs. 44.46 lacs) from banks and term loan of Rs. 3.84 lacs (previous year Rs. 5.11 lacs) from others are secured by way of hypothecation of specific vehicles acquired under the scheme.
- 9 Term loan repayable within a year Rs 4,228.00 lacs (previous year Rs. 1,409.87 lacs).

All the credit facilities other than SDF loan of Rs. 5,022.98 lacs (previous year Rs 4,620.70 lacs), Sugar technology mission loan of Rs. 100.00 lacs (previous year Rs. 100.00 lacs) and vehicle loan of Rs 31.33 lacs (previous year Rs .49.57 lacs) are guaranteed by Chairman & Managing Director and Deputy Managing Director of the Company.

SCHEDULE 4 - UNSECURED LOANS

	As at September 30, 2009 Rs. lacs	As at September 30, 2008 Rs. lacs
Fixed deposits	-	14.69
Short term loans and advances:		
From others	150.00	49.45
	<u>150.00</u>	<u>49.45</u>
Other Loans and advances from :		
0% Foreign Currency Convertible Bonds (FCCB)* (2011)	1,622.45	15,490.20
Bank (Book overdraft)	-	3.19
	<u>1,622.45</u>	<u>15,493.39</u>
	<u>1,772.45</u>	<u>15,557.53</u>

* Refer note 4 in schedule 18

SCHEDULE 5 - FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at September 30, 2008	Additions	Deletions	As at September 30, 2009	Up to September 30, 2008	For the year	On Deletions	As at September 30, 2009	As at September 30, 2009	As at September 30, 2008
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Land	1,872.00	3.32	25.26	1,850.06	-	-	-	-	1,850.06	1,872.00
Buildings	8,478.69	477.05	17.52	8,938.22	1,551.33	431.03	12.45	1,969.91	6,968.31	6,927.36
Railway siding	1.60	-	-	1.60	1.50	0.01	-	1.51	0.09	0.10
Plant and machinery	59,614.57	7,065.15	87.21	66,592.51	15,399.16	3,237.36	45.01	18,591.51	48,001.00	44,215.41
Furniture and fixtures	194.65	35.51	-	230.16	151.27	16.13	-	167.40	62.76	43.38
Vehicles	373.67	58.32	22.12	409.87	211.58	52.64	21.30	242.92	166.95	162.09
Live Stock	0.45	-	-	0.45	-	-	-	-	0.45	0.45
	70,535.63	7,639.35 #	152.11	78,022.87	17,314.84	3,737.17 #	78.76	20,973.25	57,049.62	
Previous year	42,313.79	28,450.74	228.90	70,535.63	14,231.40	3,265.31	181.87	17,314.84		53,220.79
Capital work in progress including capital advances Rs.177.26 lacs (previous year Rs.547.05 lacs)									3,093.18	6,099.96
									60,142.80	59,320.75

Refer note 4(b) and note 21 in schedule 18.

**SCHEDULE 6 - PRE-OPERATIVE EXPENDITURE
PENDING ALLOCATION**

	As at September 30, 2009 <u>Rs. lacs</u>	As at September 30, 2008 <u>Rs. lacs</u>
Raw material consumed	149.45	483.87
Salaries, wages, bonus, commission etc.	67.29	119.71
Contribution to provident and other funds	1.82	9.66
Compensated absences	0.33	3.91
Staff welfare expenses	1.73	1.80
Stores, oils and chemicals	27.97	106.47
Power and fuel	55.05	46.26
Repairs and maintenance		
- Plant and machinery	0.39	79.49
- Others	2.21	12.06
Insurance	4.65	10.44
Rent	-	8.17
Rates and taxes	2.41	0.35
Travelling expenses	1.45	10.04
Miscellaneous expenses	80.29	175.56
Increase/(decrease) in excise duty on inventory	-	24.21
Premium on Foreign Currency Convertible Bonds	-	157.03
Foreign exchange fluctuation	40.12	1,608.98
Depreciation	1.04	5.07
Interest		
- Fixed	142.44	453.88
- Others	-	65.33
	<u>578.64</u>	<u>3,382.29</u>
Less:		
Gross sales	-	64.40
Less: Excise duty on sales	-	2.71
Miscellaneous income	-	19.26
Interest income	0.44	43.93
	<u>578.20</u>	<u>3,257.41</u>
Add: Brought forward from previous year	<u>1,175.32</u>	<u>3,118.17</u>
	<u>1,753.52</u>	<u>6,375.58</u>
Less: Stock transferred to 'Manufacturing and other expenses' on commencement of commercial production in schedule 15		
Finished	151.80	1,178.97
Process	-	182.69
	<u>151.80</u>	<u>1,361.66</u>
	<u>1,601.72</u>	<u>5,013.92</u>
Add: Opening stock of goods produced during trial run		
Finished	-	827.31
Process	-	50.26
	<u>1,601.72</u>	<u>5,891.49</u>
Less: Allocated to fixed assets	<u>1,469.16</u>	<u>4,716.17</u>
	<u>132.56</u>	<u>1,175.32</u>

SCHEDULE 7 - INVESTMENTS

Long term investments (Valued at cost unless there is permanent diminution in value there of)		
Trade Investment		
Unquoted		
One share of Rs.20 fully paid-up of The Simbhaoli Co-operative Cane Development Union Limited ** Rs. 20	**	**
Government securities		
6-Years Post Office National Savings Certificate	0.05	0.05
Investment in subsidiary		
Unquoted		
300 shares (previous year- NIL) of AED 1000 each fully paid up of Simbhaoli Global Commodities DMCC allotted during the year	39.94	-
	<u>39.99</u>	<u>0.05</u>
Aggregate book value		
Unquoted	39.99	0.05
	<u>39.99</u>	<u>0.05</u>

	As at September 30, 2009 Rs. lacs	As at September 30, 2008 Rs. lacs
SCHEDULE 8 - DEFERRED TAX ASSETS (NET)		
Deferred tax liabilities		
Depreciation	7,875.50	5,353.05
	<u>7,875.50</u>	<u>5,353.05</u>
Deferred tax assets		
Unabsorbed depreciation	8,960.05	6,253.93
Foreign Currency Convertible Bonds premium	84.98	401.49
Accrued expenses deductible on payment	757.23	624.39
	<u>9,802.26</u>	<u>7,279.81</u>
Deferred tax liabilities/(assets) (net)	<u>(1,926.76)</u>	<u>(1,926.76)</u>
SCHEDULE 9 - INVENTORIES		
Stores and spares (at cost or under)	1,921.15	1,621.73
Tools and appliances (at cost or under)	7.52	6.37
Stock-in-trade (at lower of cost and net realisable value)		
Raw materials	21,128.89	435.06
Process stocks	870.35	526.28
Finished goods	19,069.42	14,232.88
	<u>42,997.33</u>	<u>16,822.32</u>
SCHEDULE 10 - SUNDRY DEBTORS		
Unsecured		
Debts over six months		
- considered good	351.02	382.80
- considered doubtful	224.59	174.54
Other debts - considered good	5,343.78	3,311.73
	<u>5,919.39</u>	<u>3,869.07</u>
Less: Provision for doubtful debts	224.59	174.54
	<u>5,694.80</u>	<u>3,694.53</u>
SCHEDULE 11 - CASH AND BANK BALANCES		
Cash on hand	34.30	14.92
Cheques and drafts on hand	38.19	17.19
With scheduled banks:		
On current account	971.15	784.85
On fixed deposit account #	4,566.77	341.79
	<u>5,610.41</u>	<u>1,158.75</u>

Pledged with excise authorities and civil court Rs. 202.40 lacs (previous year Rs. 141.80 lacs); and pledged with banks Rs. 4,349.04 lacs (previous year Rs. 181.40 lacs)

SCHEDULE 12 - LOANS AND ADVANCES

Unsecured and considered good, unless otherwise stated
Advances recoverable in cash or in
kind or for value to be received

	As at September 30, 2009 Rs. lacs	As at September 30, 2008 Rs. lacs
Considered good	9,618.77	3,211.96
Considered doubtful	4.72	4.72
	<u>9,623.49</u>	<u>3,216.68</u>
Less: Provision for doubtful advances	4.72	4.72
	<u>9,618.77</u>	<u>3,211.96</u>
Balances with excise authorities on current accounts	2,240.35	1,826.29
Advance payment of income-tax	530.73	654.15
MAT credit entitlement	1,165.48	378.25
	<u>13,555.33</u>	<u>6,070.65</u>

SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS

Current liabilities

Sundry creditors

Total outstanding dues of micro and small enterprises #	0.10	2.03
Total outstanding dues of creditors other than micro and small enterprises	53,866.67	14,677.93
Interest accrued but not due on loans	556.25	549.17
Unclaimed dividend ##	9.11	9.14
	<u>54,432.13</u>	<u>15,238.27</u>

Provisions

Taxation	1,064.68	342.10
Compensated absences	186.85	127.57
Premium payable on redemption of Foreign Currency Convertible bonds \$	408.56	2,717.45
	<u>1,660.09</u>	<u>3,187.12</u>
	<u>56,092.22</u>	<u>18,425.39</u>

Refer note 6 in schedule 18.

There is no amount due and outstanding to be credited to investor education and protection fund.

\$ Refer note 4(b) in schedule 18.

SCHEDULE 14 - OTHER INCOME

	Year ended September 30, 2009 Rs. lacs	Year ended September 30, 2008 Rs. lacs
Interest on Bank deposits*	123.14	28.63
Rent	12.14	20.90
Transfer from 'Capital grant-in-aid'	2.08	1.23
Profit on sale of fixed assets	49.88	11.59
Liability/provisions no longer required written back	50.31	167.80
Gain on buy back of FCCB #	7,220.73	-
Miscellaneous	1,160.12	872.24
	<u>8,618.40</u>	<u>1,102.39</u>

* Tax deducted at source Rs.9.57 lacs (previous year Rs.5.58 lacs)

Refer note 4(b) in schedule 18.

	Year ended September 30, 2009 Rs. lacs	Year ended September 30, 2008 Rs. lacs
SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES		
Raw materials consumed	50,254.91	26,396.29
Purchase for re-sale	56.15	62.20
Sugarcane development expenses	655.09	317.07
Stock produced during the trial production	151.80	1,361.66
Salaries, wages, bonus, commission etc.	2,801.46	2,445.73
Contribution to provident and other funds	263.13	373.58
Staff welfare expenses	109.38	91.74
Stores, oils and chemicals (all indigenous) #	5,384.99	4,603.90
Power and fuel	1,791.76	795.57
Repairs and maintenance		
-Plant and machinery	1,408.50	1,642.26
-Buildings	131.75	92.69
-Others	232.13	216.84
Insurance	96.51	72.37
Rent	247.44	171.76
Lease rent	41.98	38.73
Rates and taxes	334.38	293.75
Donations	0.68	6.98
Travelling expenses	329.48	290.67
Marketing expenses	1,009.76	900.46
Commission to selling agents	574.29	405.77
Loss on sale of fixed assets	0.68	0.32
Bad debts and advances	87.10	9.26
Provision for doubtful debts	109.14	37.31
Increase/(decrease) in excise duty on inventory	729.86	(46.71)
Miscellaneous expenses	1,342.08	1,117.63
Employee stock compensation expense	6.19	-
	<u>68,150.62</u>	<u>41,697.83</u>
(Increase)/decrease in stocks :		
Finished :		
Opening stocks	14,232.88	11,473.47
Less: closing stocks	19,069.42	14,232.88
	<u>(4,836.54)</u>	<u>(2,759.41)</u>
Process:		
Opening stocks	526.28	1,345.75
Less: closing stocks	870.35	526.28
	<u>(344.07)</u>	<u>819.47</u>
	<u>62,970.01</u>	<u>39,757.89</u>

Stores, oils and chemicals allocated to other revenue heads Rs.2,505.01 lacs
(previous year Rs.1,431.07 lacs)

SCHEDULE 16 - INTEREST EXPENSE

Interest		
On fixed loans	3,046.07	1,468.12
On Others	3,264.95	2,495.63
	<u>6,311.02</u>	<u>3,963.75</u>

SCHEDULE 17 - EXCHANGE FLUCTUATION AND DERIVATIVE LOSS/(PROFIT)

Exchange fluctuation loss/(profit)	(623.75)	865.46
Derivative loss/(profit)	56.55	1,246.66
	<u>(567.20)</u>	<u>2,112.12</u>

SCHEDULE 18 - NOTES TO THE ACCOUNTS

1. Significant accounting policies

i) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation/business valuation of certain fixed assets as indicated in (ii) below. These statements have been prepared in accordance with the applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

ii) Fixed assets

Fixed assets [other than certain fixed assets of Simbhaoli Sugar Division and Simbhaoli Distillery Division where cost has been modified based on revaluation/business valuation thereof as determined by the valuer] are valued at cost.

Cost is inclusive of freight, duties, taxes, other incidental expenses and, in case of capital projects, financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the date of their commissioning.

iii) Depreciation

A) In respect of fixed assets of Simbhaoli Sugar Division and Simbhaoli Distillery Division, where costs have been modified based on revaluation/business valuation, depreciation is provided on the straight line method at the rates applicable to the balance useful life of the relevant assets as estimated by the valuer or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

B) In respect of other assets, the depreciation is provided by applying the following method at the rates specified in Schedule XIV to the Companies Act, 1956:

- | | |
|--|-----------------------------|
| - Buildings (other than Simbhaoli Distillery Division and Chilwaria Sugar Division) | - Written down value method |
| - Buildings (Simbhaoli Distillery Division and Chilwaria Sugar Division) | - Straight line method |
| - Plant and machinery (other than electric installations, typewriters and office equipments) | - Straight line method |
| - Railway siding/electric installations/ typewriters and office equipment/furniture and fixtures/ motor lorries and vehicles | - Written down value method |

C) Fixed assets costing up to Rs. 5,000 are fully depreciated in the year of acquisition.

D) In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

iv) Investments

Investments are stated at cost as reduced by diminution in value, if any.

v) Inventories

Stores, spare parts and tools and appliances are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

- | | |
|-------------------------------|--|
| Stores and spare parts | - Monthly weighted average. |
| Raw materials | - First in first out (FIFO) (refer note 23) |
| Process stocks/finished goods | - FIFO material cost plus appropriate share of labour and manufacturing overheads. |

vi) Employee benefits

Company's contribution paid/payable during the year to provident fund and superannuation fund are recognised in the profit and loss account. Provision for gratuity and compensated absences determined on an actuarial basis at the end of the year are charged to revenue each year.

vii) Research and development expenditure

The revenue expenditure on research and development is charged as expenditure in the year in which it is incurred, under the respective revenue heads. Expenditure which results in the creation of capital assets is treated in the same manner as expenditure on fixed assets.

viii) Revenue recognition

Sales are recognized on transfer of the significant risk and rewards of ownership of the goods to the buyer and stated at net of sales tax but inclusive of excise duty. Interest income is recognized on a time proportion basis.

ix) Foreign Currency Transactions and Forward contracts

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary item or 31st March, 2011 whichever is earlier (Refer note 21).

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/ expense for the year.

x) Government grants

Government grants related to revenue are recognized in the profit and loss account over the years necessary to match them with the related costs.

Government grants related to depreciable fixed assets are recognized in the profit and loss account over the useful life of the asset to which they relate.

xi) Taxation

The provision for taxation for the period comprises the residual tax liability for the assessment year 2009-10 relevant to the period October 1, 2008 to March 31, 2009 and the liability which has accrued on the profit for the period April 1, 2009 to September 30, 2009, under the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xii) Securities issue expenses

Securities issue expenses (net of tax) are adjusted from the securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xiii) Premium payable on redemption of securities

Premium payable on redemption of securities issued for financing capital project up to the date of commissioning of such projects is included in cost thereof. Subsequent to the date of commissioning of such project, premium payable on redemption of securities (net of tax) is adjusted from securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xiv) Accounting for Employee Share Based Payments

Measurement and disclosure of the employee share based payment plans is done in accordance with the guidance note on Accounting for Employee Share – Based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized on straight line basis over the vesting period of stock option.

2. i) Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts Rs. 147.66 lacs (previous year Rs. 56.67 lacs).

(Rs. in lacs)

Description	As at September 30, 2009	As at September 30, 2008
Sales Tax/Trade Tax Act	9.87	9.87
State Excise Act	9.26	9.26
Central Excise Act	11.89	11.89
Others	116.64	25.65
Total	147.66	56.67

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 results of operations or financial position of the Company.

ii) Corporate guarantee of Rs. 10,000.00 lacs (previous year Rs. 12,000.00 lacs) given by the Company to banks on behalf of farmers:

(Rs. in lacs)

Particulars	Current Year	Previous Year
Amount guaranteed	10,000.00	12,000.00
Amount outstanding	-	3,096.01

iii) Consequent to redemption of outstanding preference share capital liability aggregating Rs. 216.00 lacs as at September 30, 2009, subsequent to year end, arrears of cumulative preference dividend Rs. 60.48 lacs (previous year Rs. 86.60 lacs) stands extinguished.

3. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 459.40 lacs (previous year Rs. 2,445.84 lacs).

4. (a) During the year ended March 31, 2006, the Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating US\$ 33 million (Rs.14,685 lacs at issue). The bondholders have an option to convert these bonds into shares, at the conversion price of Rs. 153 (including share premium of Rs. 143) per share (initial conversion price of Rs.170 (including share premium of Rs.160) per share) with a fixed rate of exchange on conversion of Rs.44.1050 = US \$ 1, at any time on or after April 10, 2006 up to February 9, 2011. The Company has an option to convert principal amount of the bonds between March 10, 2007 and March 10, 2011, subject to the satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the bonds fall due for redemption on March 11, 2011 at 137.033% of their principal amount.

(b) During the year, the Company has bought back FCCB having a face value of US\$ 29.61 Million and cancelled the same. Consequent thereto the Company has:

- (i) written back the premium provision aggregating Rs. 2,438.33 lacs attributable to these FCCB by crediting back Rs. 700.14 lacs (net of tax of Rs. 360.52 lacs) to securities premium account and Rs.1,377.67 lacs to concerned fixed assets to which it was capitalized in earlier years, and
- (ii) Credited gain amounting to Rs. 7,220.73 lacs arising on buy back and cancellation of these FCCB under the head "Other Income" in schedule 14.

5. Category wise quantitative data about Derivative Instruments:

Nature of Derivatives	Number of deals		Purpose		Amount (foreign currency in lacs)		Amount (Indian Currency in lacs)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year (USD)	Previous Year (JPY)	Current Year	Previous Year
USD Libor Caps	1	-	Hedging of six months libor interest	-	10.50	-	502.53	-
JPY/USD Currency swap	-	1	Conversion of Indian Rupee into JPY/USD	-	-	5,861.00	-	2,347.00

Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current year		Previous year	
	Amount (USD in lacs)	Amount (Rs. In lacs)	Amount (USD in lacs)	Amount (Rs. In lacs)
Secured loan	132.16	6,325.00	-	-
Unsecured loan	33.90	1,622.45	330.00	15,490.20
Sundry Debtors	0.31	14.88	3.73	175.01
Sundry Creditors	598.07	28,623.63	-	-

6. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006" is Rs 0.10 lacs (previous year Rs. 2.03 lacs). Further no interest during the year has been paid or is payable under the terms of the "The Micro, Small and Medium Enterprises Development Act, 2006".

7. Employee Benefits

The Company has classified the various benefits provided to employees as under:-

a) Defined contribution plans:

The Company has recognized the following amounts in the profits and loss account: (Rs. in lacs)

Particulars	Current Year	Previous Year
Employers' Contribution to Provident Fund #	234.88	219.94
Employers' Contribution to Superannuation Fund #	30.39	30.56

Includes Rs. 0.89 lacs (previous year Rs. 6.62 lacs) for Employers' contribution to Provident Fund and Rs. 0.48 lacs (previous year Rs. 1.02 lacs) for Employers' contribution to Superannuation Fund allocated to 'Pre-operative expenditure pending allocation' in schedule 6.

b) Defined benefits plans

a) Gratuity

b) Compensated absences/Earned Leave/ Sick Leave/ Casual Leave

In accordance with the Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below: (Rs. in lacs)

Particulars	Gratuity (Funded)		Compensated absences	
	Current Year	Previous Year	Current Year	Previous Year
Discount rate (per annum)	8%	8%	8%	8%
Future salary increase	5%	5%	5%	5%
Expected rate of return on plan assets	8%	8%	N/A	N/A
III service mortality	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
I. Expense recognized in profit and loss account				
Current service cost	45.29	86.34	160.54	75.49
Interest cost	52.38	48.39	4.90	5.95
Expected return on plan assets	(52.27)	(44.21)	-	-
Net actuarial (gain)/loss recognized in the year	(44.05)	42.22	(21.14)	2.80
Total expense #	1.35	132.74	144.30	84.24
II. Net asset/(liability) recognized in the balance sheet as at September 30, 2009				
Present value of Defined benefits obligation	761.74	682.56	186.85	127.57
Fair value of plan assets	(756.67)	(550.16)	-	-
Funded status (surplus/deficit)	(5.07)	(132.40)	(186.85)	(127.57)
Net asset/(liability) as at September 30, 2009	(5.07)	(132.40)	(186.85)	(127.57)

III Change in the present value of obligation during the year				
Present value of the obligation as at the beginning of the year	682.56	647.84	127.57	78.84
Interest cost	52.38	48.39	4.90	5.95
Current service cost	45.29	86.34	160.54	75.49
Benefits paid	(61.85)	(65.51)	(85.02)	(35.51)
Actuarial (gains)/ losses on obligation	43.36	(34.50)	(21.14)	2.80
Present value of obligation as at the end of the year	761.74	682.56	186.85	127.57
IV Change in present value of fair value of plan Assets				
Fair value of plan assets as at the beginning of the year	550.16	555.09	-	-
Expected return on plan assets	52.27	44.21	-	-
Contributions	128.68	93.09	-	-
Benefits paid	(61.85)	(65.51)	-	-
Actuarial gains/(losses)	87.41	(76.72)	-	-
Fair value of plan assets as at the end of the year	756.87	550.16	-	-
V Detail of plan Assets	Funded with ICICI*		NA	

Includes Rs. 0.44 lacs (previous year Rs. 2.02 lacs) for Gratuity and Rs.0.33 lacs (previous year Rs. 3.91 lacs) for Compensated absences allocated to 'Pre-operative expenditure pending allocation' in schedule 6.

* The plan assets are maintained with ICICI Prudential Life Insurance Company Ltd. The details of investments maintained by the ICICI Prudential Life Insurance Company Ltd have not been made available to the Company and have therefore not been disclosed.

8. Revenue expenditure on research and development Rs. 6.71 lacs (previous year Rs. 4.54 lacs).

9. The proceeds of Rs. 614.25 lacs from 16,04,000 warrants/shares issued and allotted to specified promoters and Rs. 68.58 Lacs from 1,75,836 stock options/shares issued and allotted to eligible employees of the Company were utilized for capital expenditure/working capital requirement of the Company as per the resolutions passed by the shareholders in the general meetings.

10. Related Party disclosure under Accounting Standard 18

A. Name of related party and nature of related party relationship.

Subsidiary: Simbhaoli Global Commodities DMCC (with effect from November 16, 2008).

Key Management Personnel: Mr. G.M.S.Mann, Mr. Gurpal Singh, Dr. G.S.C.Rao and Mr. Sanjay Tapriya.

Relatives of Key management personnel: Mrs. G.R. Lakshmi (wife of Dr. G.S.C.Rao), Mrs. Mamta Tapriya (wife of Mr. Sanjay Tapriya), Mr. B.D.Tapriya (father of Mr. Sanjay Tapriya), Mr. Govind Singh Sandhu (brother of Mr. Gurpal Singh), Mr. Angad Singh (son of Mr. Gurpal Singh) and Ms. Gursimran Kaur Mann (daughter of Mr. G.M.S.Mann).

Enterprise over which key management personnel exercise significant influence: Dholadhar Investments (P) Ltd. (enterprise over which Mr. G.M.S. Mann exercises significant influence) and Pritam Singh Sandhu Associates Pvt. Ltd (enterprise over which Mr. Gurpal Singh exercises significant influence).

B. Transactions with the above parties:

Description	Subsidiary 'Simbhaoli Global Commodities DMCC'		Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
Rent	-	-	-	-	40.81	37.63	-	-
Mrs. G.R. Lakshmi	-	-	-	-	10.20	8.90	-	-
Mrs. Mamta Tapriya	-	-	-	-	8.88	7.92	-	-
Mr. Govind Singh Sandhu	-	-	-	-	21.73	20.81	-	-
Salary/stipend	-	-	-	-	5.62	4.60	-	-
Ms. Gursimran Kaur Mann	-	-	-	-	5.52	4.60	-	-
Mr. Angad Singh	-	-	-	-	0.10	-	-	-
Allotment of Share Warrants, Equity Shares	-	-	9.64	3.74	0.50	0.67	614.25	704.80
Mr. Sanjay Tapriya	-	-	2.81	3.74	-	-	-	-
Dr. G.S.C.Rao	-	-	6.83	-	-	-	-	-
Ms. Gursimran Kaur Mann	-	-	-	-	0.50	0.67	-	-
Pritam Singh Sandhu Associates Pvt. Ltd	-	-	-	-	-	-	459.54	51.06

Dholadhar Investment Pvt. Ltd.	-	-	-	-	-	-	154.71	653.74
Purchase of fixed assets	-	-	-	-	-	-	-	4.95
Dholadhar Investments Pvt Ltd	-	-	-	-	-	-	-	4.95
Professional Charges	-	-	-	-	-	0.22	0.28	-
Mr. B.D. Tapriya	-	-	-	-	-	0.22	0.28	-
Managerial Remuneration \$	-	-	156.51	117.75	-	-	-	-
Mr. G.M.S. Mann	-	-	42.39	32.99	-	-	-	-
Mr. Gurpal Singh	-	-	36.86	29.64	-	-	-	-
Dr. G.S.C.Rao	-	-	45.38	31.46	-	-	-	-
Mr. Sanjay Tapriya	-	-	31.88	23.66	-	-	-	-
Interest paid on Loans (including fixed deposits)	-	-	-	0.18	-	-	-	-
Mr. G.M.S. Mann	-	-	-	0.18	-	-	-	-
Mr. Sanjay Tapriya (# Rs. 516)	-	-	-	#	-	-	-	-
Loans repaid	-	-	-	9.11	-	-	-	-
Mr. G.M.S. Mann	-	-	-	8.88	-	-	-	-
Mr. Gurpal Singh (# Rs. 36)	-	-	-	#	-	-	-	-
Mr. Sanjay Tapriya	-	-	-	0.23	-	-	-	-
Sale of finished goods	60.16	-	-	-	-	-	-	-
Expenses recovered	34.33	-	-	-	-	-	-	-
Interest Income	5.73	-	-	-	-	-	-	-
Advances given and received back	488.00	-	-	-	-	-	-	-
Other Income	96.65	-	-	-	-	-	-	-
Shares allotted to Company	39.94	-	-	-	-	-	-	-
Balance outstanding at the year end	5.77	-	-	-	-	-	-	-
Guarantee Given on behalf of Company by Mr. G.M.S.Mann & Mr. Gurpal Singh	-	-	54,780.84	47,491.69	-	-	-	-

\$ Refer note 14

11. Segment reporting

A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" notified by the Companies (Accounting Standard) Rules, 2006, the Company's business segments include: Sugar, Alcohol, Power and Others (Iron products).

B. Geographical segments:

Since the Company's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 of schedule 18 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments is allocated to the segments on a reasonable basis.

c) Inter segment sales:

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

D. Information About Business Segments

(Rs. In lacs)

PARTICULARS	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue														
External sales:	59,626.14	30,919.22	38,924.74	33,736.99	1,528.12	1,477.70	-	-	-	-	-	-	100,079.00	66,133.91
Inter segment sales	3,225.95	6,644.44	9.93	13.83	6,337.81	5,382.26	-	-	(9,573.69)	(12,040.53)	-	-	-	-
Other income	1,149.74	317.13	41.52	170.63	20.16	382.05	-	139.35	-	-	7,406.98	93.23	8,618.40	1,102.39
Total revenue	64,001.83	37,880.79	38,976.19	33,921.45	7,886.09	7,242.01	-	139.35	(9,573.69)	(12,040.53)	7,406.98	93.23	108,697.40	67,236.30
Segment results	5,684.44	(1,253.95)	(51.25)	852.32	1,213.53	1,706.38	-	(14.65)	-	-	-	-	6,846.72	1,290.10
Unallocated expenses (net of income)											(6,345.70)	1,732.75	(6,345.70)	1,732.75
Operating profit/(loss)													13,192.42	(442.65)
Interest expenses											6,311.02	3,963.75	6,311.02	3,963.75
Provision for taxes														
- Deferred tax benefit											(316.52)	(1,555.73)	(316.52)	(1,555.73)
- Fringe benefit tax											19.98	59.50	19.98	59.50
Net Profit/(loss)													7,177.94	(2,910.17)
Other information														
Segment assets	85,382.64	48,967.40	18,236.79	17,160.80	20,969.04	20,425.12	-	41.71	-	-	-	-	124,588.47	86,595.03
Unallocated assets											5,471.52	3,574.05	5,471.52	3,574.05
Investment											39.99	0.05	39.99	0.05
Profit and loss account												6,003.75		6,003.75
Total assets	85,382.64	48,967.40	18,236.79	17,160.80	20,969.04	20,425.12	-	41.71	-	-	5,511.51	9,577.85	130,099.98	96,172.88
Segment liabilities	51,604.10	12,556.54	2,028.00	1,763.25	212.92	151.81	-	-	-	-	-	-	53,845.02	14,471.60
Shares capital and reserves											12,300.16	9,928.00	12,300.16	9,928.00
Secured and unsecured loans											61,707.60	67,819.49	61,707.60	67,819.49
Unallocated liabilities											2,247.20	3,953.79	2,247.20	3,953.79
Total liabilities	51,604.10	12,556.54	2,028.00	1,763.25	212.92	151.81	-	-	-	-	76,254.96	81,701.28	130,099.98	96,172.88
Capital expenditure	1,529.74	2,729.74	798.68	2,990.89	1,235.94	3,083.98	-	-	-	-	25.43	38.30		
Depreciation	2,345.49	2,115.83	614.06	426.89	706.57	672.47	-	3.14	-	-	39.19	41.91		
Non cash expenses other than depreciation	124.45	198.29	65.87	37.31	-	-	-	-	-	-	5.22	914.25		

	Current Year	(Rs. in lacs) Previous Year
12. Earnings per share		
I. Profit/(loss) after tax, as per profit and loss account	7,177.94	(2,910.17)
Less: Preference dividend due on 8% (Previous year 8%) Cumulative Redeemable Preference Shares	-	40.43
(A) Profit for basic earnings per share of Rs.10 each	7,177.94	(2,950.60)
Adjustment for the purpose of diluted earnings per share	-	-
(B) Profit for diluted earnings per share of Rs.10 each	7,177.94	(2,950.60)
II. Weighted average number of equity shares for earnings per share computation		
(A) For basic earnings per share	2,16,80,330	2,01,41,812
(B) For diluted earnings per share	-	-
No. of shares for basic earnings per share as per II (A)	2,16,80,330	2,01,41,812
Add: Weighted average of outstanding Equity Warrants / Optionally Convertible Preference shares / FCCB / Employee stock options scheme deemed to be issued for no consideration	37,223	-
No. of shares for diluted earnings per share	2,17,17,553	2,01,41,812
III. Earnings per share (Weighted Average)		
Basic (Rs.)	33.11	(14.65)
Diluted (Rs.)	33.05	(14.65)
13. Auditors' remuneration (excluding service tax):		
- Statutory audit	25.00	20.00
- Audit of accounts for fiscal year	9.00	-
- Limited review of unaudited financial results	23.25	21.00
- Certification for corporate governance & others	9.97	8.79
- Reimbursement of out of pocket expense for statutory audit and others	0.56	0.13
14. Managerial remuneration: #		
- Salaries	77.60	72.80
- Other benefits	78.91	44.95
Total managerial remuneration	156.51	117.75
- Directors' fees	1.75	1.80
Total	158.26	119.55

Provision for incremental gratuity and earned leave has not been considered, since the provision has been made for the Company as a whole.

15. Value of export on FOB basis	2,431.69	2,852.79
16. Value of imports on CIF basis		
- Capital goods	-	168.65
- Raw Material	33,145.11	-
17. Expenditure in foreign currency		
- Traveling	44.95	18.91
- Others	222.08	5.90

18. During the earlier years, the Company, without payment of customs duty, had purchased imported raw sugar aggregating 1,32,013 metric tonnes for Rs 15,225.71 lacs for conversion into white sugar. In terms of the advance license(s) granted for this purpose by the office of Director General of Foreign Trade and subsequent extensions therein, the Company is required to complete the export of white sugar aggregating 1,25,727 metric tonnes by December 31, 2009. As at September 30, 2009 outstanding export obligation is 46,283 metric tonnes. The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.

		Current Year	Previous Year
19. Particulars of capacity, production, sales, stocks and raw materials consumed			
(a) Licensed capacity			
Crushing of sugarcane per day (M.T.)		Not Applicable	Not Applicable
Rectified spirit/Ethanol (Bulk Litres) per annum		6,32,72,000	4,52,72,000
(b) Installed capacity, as certified by the management but not verified by the auditors being a technical matter			
Crushing of sugarcane per day (M.T.)		20,100	20,100
Rectified spirit/Ethanol (Bulk Litres) per annum		6,32,72,000	4,52,72,000
Power per hour (MW)		78.75	56.75
Iron Products		-	24
(c) Actual production			
Sugar (Quintals)		23,89,824	20,10,336*
Rectified Spirit and Country Spirit (B.L.)#		2,41,98,145	3,38,86,382
Power (KWH)**		4,82,95,255	5,01,88,858
(d) Sales			
		Current Year	Previous Year
	Unit	Quantity	Quantity
		Rs. in Lacs	Rs. in Lacs
Sugar	Qtls.	2,522,475	19,05,843*
		58,909.44	30,346.78
Rectified Spirit and country spirit	BL	3,05,82,272	3,39,99,792
		27,077.72	25,805.32
Denatured spirit	BL	252,600	77,08,155
		76.83	1,731.80
Whisky, brandy and civil rum	BL	96,15,924	52,03,065
		11,585.20	6,002.48
Power***	KWH	4,81,21,683	4,95,08,361
		1,529.59	1,478.36
Others		900.22	833.57**
		100,079.00	66,198.31

* Includes production during trial run 25,067 Qtls

Includes production during trial run- 6,20,200 BL (previous year 23,84,502 BL).

** Net of captive consumption

* Includes trial run sale 3,680 qtls of Rs.55.78 lacs.

** Includes trial run sale of bagasse of Rs. 8.62 lacs.

***Net of captive consumption.

		Current Year	Previous Year
(e) Stock of goods manufactured:			
1. Opening stocks			
		Current Year	Previous Year
	Unit	Quantity	Quantity
		Rs. in Lacs	Rs. in Lacs
Sugar	Qtls.	8,53,055	7,48,562
		13,330.68	10,911.21
Rectified Spirit and country spirit	BL	20,96,955	19,20,603
		559.10	764.00
Denatured spirit	BL	28,730	5,377
		6.42	0.96
Whisky, brandy and civil rum	BL	1,24,129	1,24,651
		117.47	340.34
Power banked and wheeled	KWH*	6,80,497	-
		16.50	-
Others		202.71	284.27
		14,232.88	12,300.78

* Net of units deducted towards banking and wheeling charges.

		Current Year	Previous Year
2. Closing stocks			
		Current Year	Previous Year
	Unit	Quantity	Quantity
		Rs. in Lacs	Rs. in Lacs
Sugar	Qtls.	7,20,404	8,53,055
		17,456.39	13,330.68
Rectified Spirit and country spirit	BL	27,95,547	20,96,955
		1,024.28	559.10
Denatured spirit	BL	26,548	28,730
		7.43	6.42
Whisky, brandy and civil rum	BL	92,666	1,24,129
		334.79	117.47
Power banked and wheeled	KWH*	854,069	6,80,497
		27.28	16.50
Others		219.25	202.71
		19,069.42	14,232.88

* Net of units deducted towards banking and wheeling charges.

(f) Raw materials consumed:

	Unit	Quantity	Current Year		Previous Year	
			Value Rs. in Lacs	Quantity	Value Rs. in Lacs	Quantity
(i) Indigenous						
Sugar cane	Qtls.	147,03,469	23,875.02	2,01,09,755*	24,507.42*	
Raw Sugar	Qtls.	3,37,659	6,730.08			
Molasses#	Qtls.	10,34,002	2,468.69**	14,18,354	2,187.25**	
Others			535.12		185.49	
			<u>33,608.91</u>		<u>26,880.16</u>	
Imported						
Raw Sugar	Qtls.	866,086.00	16,795.45			
Total			<u>50,404.36</u>		<u>26,880.16</u>	

* Includes trial run sugar cane consumption 4,05,500 qtls of Rs. 483.87 lacs.

** Includes trial run molasses consumption 33,329 qtls of Rs. 149.45 lacs (previous year 86,850 qtls of Rs. 281.70 lacs).

Quantity consumed includes internal transfer.

(g) Goods purchased for re-sale

	Unit	Quantity	Current Year		Previous Year	
			Value Rs. in Lacs	Quantity	Value Rs. in Lacs	Quantity
Country Liquor	BL	6,443	56.15	13,796.00	62.20	
Total			<u>56.15</u>		<u>62.20</u>	

20. (a) The following are the particulars of disputed dues on account of sales tax (trade tax) and excise duty matters that have not been deposited by the Company as at September 30, 2009.

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Amount paid under protest (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	0.43	0.43	Trade Tax Tribunal	1984-85
	Trade tax	3.18	-	Trade Tax Appellate Tribunal	1995-96
	Trade tax	2.17	1.08	High Court	2000-01
	Trade tax	3.47	1.60	Trade Tax Tribunal	2001-02
	Trade tax	0.62	0.15	Trade Tax Appellate Tribunal	2003-04
Central Excise Act	Excise duty	0.28	0.28	Customs, Excise & Service tax Appellate Tribunal	2004-05
	Excise duty	0.60	0.60	Customs, Excise & Service tax Appellate Tribunal	2002-03
State Excise Act	Excise duty	11.01	-	Commissioner (Appeals)	1979-80
	Excise duty	9.26	-	High Court, Allahabad	2001-02

* Amount as per demand orders including interest and penalty wherever indicated in order.

- (b) In the following instances the concerned statutory authority is in appeal against favourable orders received by the Company:

Name of the statute	Nature of the dues	Amount* (Rs. in lacs)	Forum where dispute is pending	Period to which the amount relates
U. P. Trade Tax Act	Trade tax	59.96	High Court	1996-97

* Amount as per demand orders including interest and penalty wherever indicated in order.

There are no dues in respect of income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of any disputes.

21. Pursuant to the Notification dated March 31, 2009 issued by The Ministry of Corporate Affairs, amending Accounting Standard (AS) 11 - 'Effects of Changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the standard by the notification. Accordingly with retrospective effect from 1st October 2007 exchange differences on all long term monetary items are to the extent such items are used for financing fixed assets, added to/subtracted from the cost of those fixed assets and depreciated over the balance useful life of the assets. Consequently, the Company has (i) credited to opening Profit and Loss Account Rs. 565.08 lacs (net of depreciation of Rs. 30.82 lacs) which was recognized as an expense in the Profit and Loss Account in the previous financial year ended September 30, 2008; and (ii) added to fixed assets Rs. 466.27 lacs being the exchange differences on long term monetary items relating to the acquisition of fixed assets. As a result of such change, the net profit before and after tax is lower by Rs. 129.63 lacs.

22. On the basis of future projections taken on record by the Board of Directors of the Company after considering the improved margins in sugar in the current domestic sugar market scenario and the sugar inventory available with the Company for disposal, as well as the additional capacities set up in the previous year for production of sugar and power, resulting in de-risking of the business operations, the Management is confident that there is a virtual certainty that sufficient future taxable income will be available against which deferred tax asset (net) of Rs 2,937.35 lacs will be realized in the normal course of Company's business. However, the management, out of abundant caution, has decided to restrict recognition of deferred tax asset (net) to Rs 1,926.76 lacs, in these accounts.

23. During the year, the Company has changed its accounting policy in relation to determining cost for raw materials inventory from Annual Weighted Average to First in First out (FIFO) basis. As a result of such change, the net profit before and after tax is higher by Rs. 264.40 lacs.

24. On July 23, 2009, a vessel carrying 22,500 MT of raw sugar purchased by the Company sank near South Africa in relation to which an insurance claim for Rs. 4,780.00 lacs has been filed with the insurance Company. Further, the Company has also simultaneously obtained undertaking from London P & I club of the vessel owner to compensate loss suffered in case arbitration proceedings are decided in favour of the Company. The management is confident that the insurance claim would be settled in favour of the Company and no loss would arise on settlement thereof.

25. The Company has accounted for cane purchases for sugar season 2007-08 at Rs. 110 per quintal, the rate at which it has made payment to the cane growers as per the interim order of the Hon'ble Supreme Court, against the State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Necessary adjustments will be made in accordance with subsequent orders of the Hon'ble Court in the matter.

26. Previous year figures have been regrouped/ recast wherever necessary.

CONSOLIDATED FINANCIAL STATEMENTS**AUDITORS' REPORT****Report of the Auditors to the Board of Directors of Simbhaoli Sugars Limited on the Consolidated Financial Statements of Simbhaoli Sugars Limited and its Subsidiary.**

We have examined the attached consolidated balance sheet of Simbhaoli Sugars Limited and its subsidiary, as at September 30, 2009, the consolidated profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Simbhaoli Sugars Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of the subsidiary company viz., Simbhaoli Global Commodities DMCC whose financial statements reflect total assets of Rs. 16.42 lacs as at September 30, 2009, total revenues of Rs. 42.16 lacs and cash flows amounting to Rs. 19.06 lacs for the year ended on that date as considered in Consolidated Financial Statements. These financial statements have been audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21,

Consolidated Financial Statements, notified by the Companies (Accounting Standard) Rules, 2006 and on the basis of the separate audited financial statements of Simbhaoli Sugars Limited and its subsidiary included in the consolidated financial statements.

4. Without qualifying our opinion, we draw attention to note 18 of schedule 18 relating to accounting for cane purchase liability for the sugar season 2007-08 at Rs. 110 per quintal instead of State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Pending completion of legal proceedings in the matter, the effect thereof on these accounts can not be determined at this stage.
5. In our opinion and on the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of Simbhaoli Sugars Limited and its subsidiary, we are of the opinion that:
 - (a) the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of Simbhaoli Sugars Limited and its subsidiary as at September 30, 2009;
 - (b) the consolidated profit and loss account gives a true and fair view of the consolidated results of operations of Simbhaoli Sugars Limited and its subsidiary for the year ended on that date; and
 - (c) the consolidated cash flow statement gives a true and fair view of the cash flows of Simbhaoli Sugars Limited and its subsidiary for the year ended on that date.

For A.F. Ferguson & Co.
Chartered Accountants

Manjula Banerji
Partner
Membership No.: 086423

Place: New Delhi
Date: November 11, 2009

**CONSOLIDATED BALANCE SHEET OF SIMBHAOLI SUGARS LIMITED
AND ITS SUBSIDIARY COMPANY
AS AT SEPTEMBER 30, 2009**

	Schedule No.	As at September 30, 2009 Rs. lacs
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	1A	2,545.78
Employee option outstanding	1B	6.19
Reserves and surplus	2	9,763.75
		<u>12,315.72</u>
Loan funds		
Secured loans	3	59,935.15
Unsecured loans	4	1,772.45
		<u>61,707.60</u>
TOTAL		<u>74,023.32</u>
APPLICATION OF FUNDS		
Fixed assets		
Gross block	5	78,022.87
Less: Depreciation		20,973.25
Net block		57,049.62
Capital work in progress		3,093.18
		<u>60,142.80</u>
Pre-operative expenditure pending allocation	6	132.56
		<u>60,275.36</u>
Investments		
	7	0.05
Deferred tax assets (net)	8	1,926.76
Current assets, loans and advances		
Inventories	9	42,997.33
Sundry debtors	10	5,713.94
Cash and bank balances	11	5,629.47
Loans and advances	12	13,573.49
		<u>67,914.23</u>
Less: Current liabilities and provisions	13	
Current liabilities		54,432.99
Provisions		1,660.09
		<u>56,093.08</u>
Net current assets		11,821.15
TOTAL		<u>74,023.32</u>
Notes to the accounts	18	

Per our report attached

For A.F.FERGUSON & CO.
Chartered AccountantsGurpal Singh
Dy. Managing DirectorGurmit Singh Mann
Chairman & Managing DirectorManjula Banerji
Partner
Membership No.86423Sanjay Tapriya
Director-FinanceG S C Rao
Executive DirectorKamal Samtani
Company SecretarySunil K. Gupta
GM-FinanceNew Delhi
November 11, 2009



**CONSOLIDATED PROFIT AND LOSS OF SIMBHAOLI SUGARS LIMITED
AND ITS SUBSIDIARY COMPANY
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Schedule No.		Year ended September 30, 2009 Rs. lacs
INCOME			
Sale of products			
Gross sales		100,093.00	
Less: Excise duty		<u>29,446.56</u>	70,646.44
Other income	14		<u>8,646.56</u>
			79,293.00
EXPENDITURE			
Manufacturing and other expenses	15		<u>62,995.51</u>
Profit before interest, exchange fluctuation, derivative loss, depreciation and tax			16,297.49
Interest expense	16		6,310.88
Exchange fluctuation and derivative loss/(profit)	17		<u>(567.20)</u>
Profit/(loss) before depreciation and tax			10,553.81
Depreciation			<u>3,705.31</u>
Profit/(loss) before transfer from revaluation reserve			6,848.50
Transfer from revaluation reserve			<u>49.70</u>
Profit/(loss) before tax			6,898.20
Current tax		787.23	
Less: MAT credit entitlement		<u>(787.23)</u>	
Deferred tax (benefit)/charge			(316.52)
Fringe benefit tax			<u>19.98</u>
Profit/(loss) after tax			7,194.74
Balance brought forward from the previous year			(6,003.75)
Exchange fluctuation adjustments (Refer note 14 in schedule 18)			<u>565.08</u>
			<u>1,756.07</u>
Earning per share (Rs.)			
Basic			33.19
Diluted			33.13
(Refer note 12 in schedule 18)			
Notes to the accounts	18		

Per our report attached to the balance sheet

For A.F.FERGUSON & CO.
Chartered Accountants

Gurpal Singh
Dy. Managing Director

Gurmit Singh Mann
Chairman & Managing Director

Manjula Banerji
Partner
Membership No.86423

Sanjay Tapriya
Director-Finance

G S C Rao
Executive Director

Kamal Samtani
Company Secretary

Sunil K. Gupta
GM-Finance

New Delhi
November 11, 2009

CONSOLIDATED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Year ended September 30, 2009 Rs. lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :	
Net profit/(loss) before tax	6,898.20
Adjustments for:	
Depreciation	3,655.61
Foreign exchange fluctuation	(1.23)
Interest expense	6,311.02
Gain on redemption of FCCB	(7,296.02)
Deferred employee compensation expense	6.19
Profit on sale of investments	(7.17)
Profit on sale of fixed assets (net)	(49.20)
Interest income	(172.14)
Transfer from Capital-grant-in-aids'	(2.08)
Operating profit/(loss) before working capital changes	9,343.18
Adjustments for change in :	
Trade and other receivables	(8,862.82)
Inventories	(26,175.01)
Trade payables	39,371.03
Cash generated from operations	13,676.38
Direct taxes paid	38.79
Net cash (used) / from operating activities	13,715.17
B. CASH FLOW FROM INVESTING ACTIVITIES :	
Purchase of fixed assets	(4,730.40)
Sale of fixed assets	97.58
Margin money	(4,188.24)
Profit on sale of investments	7.17
Interest received	164.97
Net cash used in investing activities	(8,648.92)
C. CASH FLOW FROM FINANCING ACTIVITIES :	
Proceeds from issue of equity shares/equity warrants	682.83
Proceeds from long term borrowings	9,074.81
Repayment of long term borrowings	(9,532.16)
Changes in cash credit account	1,525.47
Repayments of preference share capital	(596.00)
Interest paid	(5,940.61)
Dividend paid	(0.03)
Contribution toward charity reserve received	1.92
Net cash from financing activities	(4,783.77)
Net increase/(decrease) in cash and cash equivalents	282.48
Cash and cash equivalents (opening balance)	
Cash and bank balances	835.55
Cash and cash equivalents (closing balance)	
Cash and bank balances	1,118.03
Total	282.48

Per our report attached to the balance sheet

For A.F.FERGUSON & CO.
Chartered AccountantsGurpal Singh
Dy. Managing DirectorGurmit Singh Mann
Chairman & Managing DirectorManjula Banerji
Partner
Membership No.86423Sanjay Tapriya
Director-FinanceG S C Rao
Executive DirectorNew Delhi
November 11, 2009Kamal Samtani
Company SecretarySunil K. Gupta
GM-Finance

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**

SCHEDULE 1A - SHARE CAPITAL

	As at September 30, 2009 <u>Rs. lacs</u>
Authorised	
3,10,00,000 Equity shares of Rs.10 each	3,100.00
9,00,000 Preference shares of Rs.100 each	900.00
	<u>4,000.00</u>
Issued	
2,33,72,385 Equity shares of Rs.10 each	2,337.24
2,16,000, 8% Cumulative Redeemable Preference shares of Rs.100 each,	216.00
	<u>2,553.24</u>
Subscribed	
Equity shares	
2,31,67,760 Equity shares of Rs.10 each fully paid up	2,316.78
Add: 2,04,625 Forfeited shares	13.00
	<u>2,329.78</u>
Preference shares	
2,16,000, 8% Cumulative Redeemable Preference shares of Rs.100 each,	216.00
	<u>2,545.78</u>

Note :-

1. 22,80,000 Equity shares of Rs.10 each were allotted as fully paid-up by way of bonus shares by capitalisation of general reserve.
 2. 5,46,234 Equity shares of Rs.10 each were allotted as fully paid-up pursuant to the Scheme of Amalgamation of the erstwhile Simbhaoli Industries Private Limited with the Company, without payment being received in cash.
 3. 16,04,000 Equity shares of Rs. 10 each were issued and allotted during the year as fully paid-up at an exercise price of Rs. 42.55 (including premium of Rs. 32.55) per equity share on conversion of 16,04,000 warrants issued and allotted to specified promoters on preferential basis.
 4. 2,16,000, 8% Cumulative Redeemable Preference shares of Rs. 100 each. These preference shares were originally due for redemption on Jan 1, 2009 were rescheduled during the year and out of these Preference shares, Company has redeemed 2,16,000 shares during the year and balance 2,16,000 shares on November 5, 2009.
 5. Under Simbhaoli Sugars Limited - Employee Stock Option Scheme 2007, the Company has granted :
 - (a) 5,94,425 options on June 20, 2007 exercisable in three tranches over a period of three years after vesting on June 20, 2008 at an exercise price of Rs. 39 (including premium of Rs. 29) per option. Consequently, 1,75,836 equity shares were issued and allotted during the year as fully paid-up at an exercise price of Rs. 39 (including premium of Rs. 29) per equity share.
 - (b) 81,300 options on May 18, 2009 exercisable over a period of three years after vesting on May 18, 2010 at an exercise price of Rs. 39 (including premium of Rs. 29) per option.
 - (c) 5,16,500 options on August 10, 2009 exercisable in three tranches over a period of three years after vesting on August 10, 2010 at an exercise price of Rs. 49 (including premium of Rs. 39) per option.
- Note:- Each option entitles the holder thereof to apply for and be allotted one equity share of the face value of Rs 10 each.

SCHEDULE 1B - EMPLOYEE STOCK OPTION OUTSTANDING

	As at September 30, 2009 <u>Rs. lacs</u>
Employee option outstanding	43.39
Less: Deferred employee compensation	37.20
	<u>6.19</u>

Note : Refer note 1(xv) in schedule 18 and footnote 5 in schedule 1A

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SCHEDULE 2 - RESERVES AND SURPLUS

	As at September 30, 2008 Rs. lacs	Additions on acquisition of subsidiary	Additions during the year Rs. lacs	Deductions during the year Rs. lacs	As at September 30, 2009 Rs. lacs
Revaluation reserve	530.73	-	-	74.67 (1)	456.06
Reconstruction reserve	589.73	-	-	-	589.73
Capital grant-in-aid	13.82	-	-	2.08 (2)	11.74
Capital reserve	231.26	-	-	-	231.26
Securities premium account	5,526.44	-	1,273.23 (3)	85.44 (4)	6,714.23
Charity reserve	3.98	-	2.03 (5)	0.11 (6)	5.90
Surplus being balance in profit and loss account	-	-	1,756.07	-	1,756.07
Foreign currency translation reserve	-	-	-	1.24	(1.24)
	<u>6,895.96</u>	<u>-</u>	<u>3,031.33</u>	<u>163.54</u>	<u>9,763.75</u>

- (1) - Represents Rs. 49.70 lacs as additional depreciation transferred to profit and loss account.
- Represents Rs. 24.97 lacs transferred on sale of fixed asset.
- (2) - Transferred to profit and loss account.
- (3) - Represents Rs. 573.09 lacs received on allotment of Equity shares.
- Represents Rs. 700.14 lacs (Net of Tax of Rs. 360.52 lacs) on account of reversal of premium on buy back and cancellation of 0% Foreign Currency Convertible Bonds aggregating USD \$ 29.61 million. (Also refer note 4(b) in schedule 18).
- (4) Represents premium payable on redemption of securities (refer note 1(xiv) in schedule 18).
- (5) Received during the year.
- (6) Disbursed during the year.

SCHEDULE 3 - SECURED LOANS

	As at September 30, 2009 Rs. lacs
Banks	
Cash credit	22,695.40
Term loans	31,641.54
Others	
Term loans	5,598.21
	<u>59,935.15</u>

Notes:

- 1 (i) Cash credit facilities from banks of each business division (other than co-operative banks referred to in 1(ii) below) are secured by way of first pari passu charge created/to be created by hypothecation of all current assets, both present and future, of the concerned business division of the Company. These facilities are further secured by way of third pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- (ii) Cash credit facilities from co-operative banks of each business division is secured by pledge of sugar stocks of the respective business division of the Company.
- 2 Term loans of Rs. 21,623.23 lacs from banks and term loans of Rs. 471.39 lacs from others are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- 3 Term loans of Rs. 592.76 lacs from banks are secured by way of first pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. These loans are further secured by pledge of 22.50 lacs equity shares of the Company, owned by key promoters.
- 4 Term loans of Rs. 3,073.06 lacs from banks are secured by way of residual pari passu charge created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company.
- 5 Term loan of Rs. 6,325.00 lacs from a bank are secured by way of first pari passu charge created/to be created on all movable and immovable fixed assets, both present and future, including equitable mortgage on land, of the Company. This loan is further secured by way of collateral security on the personal assets of the promoters of the Company.
- 6 Term loan of Rs. 5,022.98 lacs from Sugar Development Fund (SDF) is secured by way of second exclusive charge created on all movable and immovable assets (save and except book debts), both present and future, including equitable mortgage on the land of the respective business division of the Company.
- 7 Term loan of Rs. 100.00 lacs from Sugar Technology Mission (STM) is secured by exclusive first charge created on sugarcane juice purification project at Simbhaoli Sugar Division by way of hypothecation in favour of Technology Information and Assessment Council (TIFA).
- 8 Term loans of Rs. 27.49 lacs from banks and term loan of Rs. 3.84 lacs from others are secured by way of hypothecation of specific vehicles acquired under the scheme.
- 9 Term loan repayable within a year Rs 4,228.00 lacs.

All the credit facilities other than SDF loan of Rs. 5,022.98 lacs, Sugar technology mission loan of Rs. 100.00 lacs and vehicle loan of Rs 31.33 lacs are guaranteed by Chairman & Managing Director and Deputy Managing Director of the Company.

As at
September 30,
2009
Rs. lacs

SCHEDULE 4 - UNSECURED LOANS

Short term loans and advances:
From others

150.00

150.00

Other Loans and advances from :
0% Foreign Currency Convertible Bonds (FCCB)* (2011)

1,622.45

1,622.45

1,772.45

* Refer note 4 in schedule 18

SCHEDULE 5 - FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at September 30, 2008	Additions on acquisition of subsidiary	Additions	Deletions	As at September 30, 2009	Up to September 30, 2008	For the year	On Deletions	As at September 30, 2009	As at September 30, 2009
	Rs. lacs		Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
Land	1,872.00	-	3.32	25.26	1,850.06	-	-	-	-	1,850.06
Buildings	8,478.69	-	477.05	17.52	8,938.22	1,551.33	431.03	12.45	1,969.91	6,968.31
Railway siding	1.60	-	-	-	1.60	1.50	0.01	-	1.51	0.09
Plant and machinery	59,614.57	-	7,065.15	87.21	66,592.51	15,399.16	3,237.36	45.01	18,591.51	48,001.00
Furniture and fixtures	194.65	-	35.51	-	230.16	151.27	16.13	-	167.40	62.76
Vehicles	373.67	-	58.32	22.12	409.87	211.58	52.64	21.30	242.92	166.95
Live Stock	0.45	-	-	-	0.45	-	-	-	-	0.45
	70,535.63	-	7,639.35 #	152.11	78,022.87	17,314.84	3,737.17 #	78.76	20,973.25	57,049.62

Capital work in progress including capital advances Rs.177.26 lacs

3,093.18

60,142.80

Refer note 4(b) and note 14 in schedule 18.

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As at
September 30,
2009
Rs. lacs

**SCHEDULE 6 - PRE-OPERATIVE EXPENDITURE
PENDING ALLOCATION**

Raw material consumed	149.45
Salaries, wages, bonus, commission etc.	67.29
Contribution to provident and other funds	1.82
Compensated absences	0.33
Staff welfare expenses	1.73
Stores, oils and chemicals	27.97
Power and fuel	55.05
Repair and maintenance	
-Plant and machinery	0.39
-Others	2.21
Insurance	4.65
Rates and taxes	2.41
Travelling expenses	1.45
Miscellaneous expenses	80.29
Foreign exchange fluctuation	40.12
Depreciation	1.04
Interest (fixed)	142.44
	578.64
Less:	
Interest income	0.44
	578.20
Add: Brought forward from previous year	1,175.32
	1,753.52
Less: Stock transferred to 'Manufacturing and other expenses' on commencement of commercial production in schedule 15	
Finished	151.80
Process	-
	151.80
	1,601.72
Less: Allocated to fixed assets	1,469.16
	132.56

SCHEDULE 7 - INVESTMENTS

Long term investments
(Valued at cost unless there is permanent fall in value there of)

Trade Investment	
Unquoted	
One share of Rs.20 fully paid-up of The Simbhaoli Co-operative Cane Development Union Limited ** Rs. 20	**
Government securities	
6-Years Post Office National Savings Certificate	0.05
	0.05
Aggregate book value	0.05
Unquoted	0.05

As at
September 30,
2009
Rs. lacs

SCHEDULE 8 - DEFERRED TAX ASSETS (NET)

Deferred tax liabilities	
Depreciation	7,875.50
	<u>7,875.50</u>
Deferred tax assets	
Unabsorbed depreciation	8,960.05
Foreign Currency Convertible Bonds premium	84.98
Accrued expenses deductible on payment	757.23
	<u>9,802.26</u>
Deferred tax liabilities/(assets) (net)	<u>(1,926.76)</u>

SCHEDULE 9 - INVENTORIES

Stores and spares (at cost or under)	1,921.15
Tools and appliances (at cost or under)	7.52
Stock-in-trade (at lower of cost and net realisable value)	
Raw materials	21,128.89
Process stocks	870.35
Finished goods	19,069.42
	<u>42,997.33</u>

SCHEDULE 10 - SUNDRY DEBTORS

Unsecured	
Debts over six months	
- considered good	351.02
- considered doubtful	224.59
Other debts - considered good	5,362.92
	<u>5,938.53</u>
Less: Provision for doubtful debts	224.59
	<u>5,713.94</u>

SCHEDULE 11 - CASH AND BANK BALANCES

Cash on hand	34.30
Cheques and drafts on hand	38.19
With scheduled banks:	
On current account	990.21
On fixed deposit account #	4,566.77
	<u>5,629.47</u>

Pledged with excise authorities and civil court Rs. 202.40 lacs; and pledged with banks Rs. 4,349.04 lacs

SCHEDULE 12 - LOANS AND ADVANCES

Unsecured and considered good, unless otherwise stated	
Advances recoverable in cash or in kind or for value to be received	
Considered good	9,636.93
Considered doubtful	4.72
	<u>9,641.65</u>
Less: Provision for doubtful advances	4.72
	<u>9,636.93</u>
Balances with excise authorities on current accounts	2,240.35
Advance payment of income-tax	530.73
MAT credit entitlement	1,165.48
	<u>13,573.49</u>

CONSOLIDATED

As at
September 30,
2009
Rs. lacs

SCHEDULE 13 - CURRENT LIABILITIES AND PROVISIONS

Current liabilities

Sundry creditors

Total outstanding dues of micro and small enterprises #

0.10

Total outstanding dues of creditors other than micro and small enterprises

53,867.53

Interest accrued but not due on loans

556.25

Unclaimed dividend ##

9.11

54,432.99

Provisions

Taxation

1,064.68

Compensated absences

186.85

Premium payable on redemption of Foreign Currency Convertible bonds \$

408.56

1,660.0956,093.08

Refer note 6 in schedule 18.

There is no amount due and outstanding to be credited to investor education and protection fund.

\$ Refer note 4(b) in schedule 18.

Year ended
September 30,
2009
Rs. lacs

SCHEDULE 14 - OTHER INCOME

Interest on Bank deposits*

117.91

Rent

12.14

Transfer from 'Capital grant-in-aid'

2.08

Profit on sale of fixed assets

49.88

Profit on sale of long term investment - other than trade

7.35

Liability/provisions no longer required written back

50.31

Gain on buy back of FCCB #

7,220.73

Miscellaneous

1,186.16

8,646.56

* Tax deducted at source Rs.9.57 lacs

Refer note 4(b) in schedule 18.

Year ended
September 30,
2009
Rs. lacs

SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES

Raw materials consumed	50,266.64
Purchase for re-sale	56.15
Sugarcane development expenses	655.09
Stock produced during the trial production	151.80
Salaries, wages, bonus, commission etc.	2,801.46
Contribution to provident and other funds	263.13
Staff welfare expenses	109.38
Stores, oils and chemicals (all indigenous) #	5,384.99
Power and fuel	1,791.76
Repairs and maintenance	
-Plant and machinery	1,408.50
-Buildings	131.75
-Others	232.13
Insurance	96.51
Rent	251.34
Lease rent	41.98
Rates and taxes	334.38
Donations	0.68
Travelling expenses	329.60
Marketing expenses	1,009.76
Commission to selling agents	574.29
Loss on sale of fixed assets	0.68
Bad debts and advances	185.31
Provision for doubtful debts	109.14
Increase/(decrease) in excise duty on inventory	729.86
Miscellaneous expenses	1,253.62
Employee stock compensation expense	6.19
	<u>68,176.12</u>
(Increase)/decrease in stocks :	
Finished :	
Opening stocks	14,232.88
Less: closing stocks	19,069.42
	<u>(4,836.54)</u>
Process:	
Opening stocks	526.28
Less: closing stocks	870.35
	<u>(344.07)</u>
	<u>62,995.51</u>

Stores, oils and chemicals allocated to other revenue heads Rs.2,505.01 lacs

SCHEDULE 16 - INTEREST EXPENSE

Interest	
On fixed loans	3,046.07
On Others	3,264.81
	<u>6,310.88</u>

SCHEDULE 17 - EXCHANGE FLUCTUATION AND DERIVATIVE LOSS/(PROFIT)

Exchange fluctuation loss/(profit)	(623.75)
Derivative loss/(profit)	56.55
	<u>(567.20)</u>

SCHEDULE 18 - NOTES TO THE CONSOLIDATED ACCOUNTS

1. Significant accounting policies

i) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation/business valuation of certain fixed assets as indicated in (ii) below. These statements have been prepared in accordance with Accounting Standard 21- "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.

ii) Principles of consolidation

A) The consolidated financial statements relate to Simbhaoli Sugars Limited (the Company) and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- the financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

B) The financial statement of the subsidiary company is drawn up to the same reporting date as of the Parent Company, i.e. year ended September 30, 2009. Simbhaoli Sugars Limited has acquired the 100% equity share capital of the Simbhaoli Global Commodities DMCC, a Company incorporated in Dubai on November 16, 2008. Accordingly, operations of the subsidiary company for the period from November 16, 2008 to September 30, 2009 are included in the consolidated financial statements.

C) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiary on the audited financial statements prepared for consolidation by the concerned subsidiary in accordance with the requirements of AS-21 "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.

iii) Fixed assets

Fixed assets [other than certain fixed assets of Simbhaoli Sugar Division and Simbhaoli Distillery Division where cost has been modified based on revaluation/business valuation thereof as determined by the valuer] are valued at cost.

Cost is inclusive of freight, duties, taxes, other incidental expenses and, in case of capital projects, financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, up to the dates of their commissioning.

iv) Depreciation

A) In respect of fixed assets of Simbhaoli Sugar Division and Simbhaoli Distillery Division, where costs have been modified based on revaluation/business valuation, depreciation is provided on the straight line method at the rates applicable to the balance useful life of the relevant assets as estimated by the valuer or at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.

B) In respect of other assets, the depreciation is provided by applying the following method at the rates specified in Schedule XIV to the Companies Act, 1956:

- | | |
|--|-----------------------------|
| - Buildings (other than Simbhaoli Distillery Division and Chilwaria Sugar Division) | - Written down value method |
| - Buildings (Simbhaoli Distillery Division and Chilwaria Sugar Division) | - Straight line method |
| - Plant and machinery (other than electric installations, typewriters and office equipments) | - Straight line method |

- Railway siding/electric installations/ typewriters and office equipment/ furniture and fixtures/motor lorries and vehicles

C) Fixed assets costing up to Rs. 5,000 are fully depreciated in the year of acquisition.

D) In respect of buildings and other revalued assets, an amount equivalent to the additional charge for depreciation arising due to revaluation is transferred from the revaluation reserve to the profit and loss account.

v) Investments

Investments are stated at cost as reduced by diminution in value, if any.

vi) Inventories

Stores, spare parts and tools and appliances are valued at cost or under. Stock-in-trade is valued at the lower of cost and net realizable value. The bases of determining cost for different categories of inventory are as follows:

- | | |
|-------------------------------|--|
| Stores and spare parts | - Monthly weighted average. |
| Raw materials | - First in first out (FIFO) (refer note 16) |
| Process stocks/finished goods | - FIFO material cost plus appropriate share of labour and manufacturing overheads. |

vii) Employee benefits

Company's contribution paid/payable during the year to provident fund and superannuation fund are recognised in the profit and loss account. Provision for gratuity and compensated absences determined on an actuarial basis at the end of the year are charged to revenue each year.

viii) Research and development expenditure

The revenue expenditure on research and development is charged as expenditure in the year in which it is incurred, under the respective revenue heads. Expenditure which results in the creation of capital assets is treated in the same manner as expenditure on fixed assets.

ix) Revenue recognition

Sales are recognized on transfer of the significant risk and rewards of ownership of the goods to the buyer and stated at net of sales tax but inclusive of excise duty. Interest income is recognized on time proportion basis.

x) Foreign Currency Transactions and Forward contracts

A) Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary item or 31st March, 2011 whichever is earlier (Refer note 14).

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortised as income or expense over the life of the contract. Further, exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/ expense for the year.

B) In case of foreign subsidiary, the assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year end whereas revenues and expenses reflected in the profit and loss account have been translated into Indian Rupees at monthly average exchange rate for the reporting period. The resultant translation exchange differences are accumulated in "Foreign currency translation reserve" to be recognised as income or expense in the period in which net investment in concerned foreign subsidiary is disposed off.

xi) Government grants

Government grants related to revenue are recognized in the profit and loss account over the years necessary to match them with the related costs.

Government grants related to depreciable fixed assets are recognized in the profit and loss account over the useful life of the asset to which they relate.

xii) Taxation

The provision for taxation for the period comprises the residual tax liability for the assessment year 2009-10 relevant to the period October 1, 2008 to March 31, 2009 and the liability which has accrued on the profit for the period April 1, 2009 to September 30, 2009, under the provisions of the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xiii) Securities issue expenses

Securities issue expenses (net of tax) are adjusted from the securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xiv) Premium payable on redemption of securities

Premium payable on redemption of securities issued for financing capital project up to the date of commissioning of such projects is included in cost thereof. Subsequent to the date of commissioning of such project, premium payable on redemption of securities (net of tax) is adjusted from securities premium account. This is in accordance with section 78 of the Companies Act, 1956.

xv) Accounting for Employee Share Based Payments

Measurement and disclosure of the employee share based payment plans is done in accordance with the guidance note on Accounting for Employee Share-Based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized on straight line basis over the vesting period of stock option.

2. i) Contingent liabilities not provided for:

Claims against the Company not acknowledged as debts Rs. 147.66 lacs.

(Rs. in lacs)

Description	As at September 30, 2009
Sales Tax/Trade Tax Act	9.87
State Excise Act	9.26
Central Excise Act	11.89
Others	116.64
Total	147.66

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 results of operations or financial position of the Company.

ii) Corporate guarantee of Rs.10,000.00 lacs given by the Company to banks on behalf of farmers :

(Rs. in lacs)

Particulars	Current Year
Amount guaranteed	10,000.00
Amount outstanding	-

iii) Consequent to redemption of outstanding preference share capital liability aggregating Rs. 216.00 lacs as at September 30, 2009, subsequent to year end, arrears of cumulative preference dividend Rs. 60.48 lacs stands extinguished.
3. Estimated amount of contracts (net of advances) remaining to be executed on capital account Rs. 459.40 lacs.
4. (a) During the year ended March 31, 2006, the Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating US\$ 33 million (Rs.14,685 lacs at issue). The bondholders have an option to convert these bonds into shares, at the conversion price of Rs. 153 (including share premium of Rs. 143) per share (initial conversion price of Rs.170 (including share premium of Rs.160) per share) with a fixed rate of exchange on conversion of Rs.44.1050 = US \$ 1, at any time on or after April 10, 2006 up to February 9, 2011. The Company has option to convert principal amount of the bonds between March 10, 2007 and March 10, 2011, subject to the satisfaction of certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the bonds fall due for redemption on March 11, 2011 at 137.033% of their principal amount.
(b) During the year, the Company has bought back FCCB having a face value of US\$ 29.61 Million and cancelled the same. Consequent thereto the Company has:

(i) written back the premium provision aggregating Rs. 2,438.33 lacs attributable to these FCCB by crediting back Rs. 700.14 lacs (net of tax of Rs. 360.52 lacs) to securities premium account and Rs.1,377.67 lacs to concerned fixed assets to which it was capitalized in earlier years, and

(ii) Credited gain amounting to Rs. 7,220.73 lacs arising on buy back and cancellation of these FCCB under the head "Other Income" in schedule 14.

5. Category wise quantitative data about Derivative Instruments:

Nature of Derivatives	Number of deals	Purpose	Amount (USD in lacs)	Amount (Rs. in lacs)
USD Libor Caps	1	Hedging of six months libor	10.50	502.53

Foreign Currency exposures that are not hedged by derivative instruments or otherwise is as follows:

Particulars	Current year	
	Amount (USD in lacs)	Amount (Rs. in lacs)
Secured loan	132.16	6,325.00
Unsecured loan	33.90	1,622.45
Sundry Debtors	0.31	14.88
Sundry Creditors	598.07	28,623.63

6. Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006" is Rs 0.10 lacs. Further no interest during the year has been paid or is payable under the terms of the "The Micro, Small and Medium Enterprises Development Act, 2006".
7. Employee Benefits

The Company has classified the various benefits provided to employees as under:-

a) Defined contribution plans:

The Company has recognized the following amounts in the profits and loss account:

Rs. in lacs

Particulars	Current Year
- Employers' Contribution to Provident Fund #	234.88
- Employers' Contribution to Superannuation Fund #	30.39

Includes Rs. 0.89 lacs for Employers' contribution to Provident Fund and Rs.0.48 lacs for Employers' contribution to Superannuation Fund allocated to 'Pre-operative expenditure pending allocation' in schedule 6.

b) Defined benefits plans
a) Gratuity
b) Compensated absences - Earned Leave/ Sick Leave/ Casual Leave

In accordance with the Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans and details of the same are given below:

(Rs. lacs)

Particulars	Gratuity (Funded)	Compensated absences
	Current Year	Current Year
Discount rate (per annum)	8%	8%
Future salary increase	5%	5%
Expected rate of return on plan assets	8%	N/A
In service mortality	LIC 1994-96 ULTIMATE	LIC 1994-96 ULTIMATE
I. Expense recognized in profit and loss account		
Current service cost	45.29	160.54
Interest cost	52.38	4.90
Expected return on plan assets	(52.27)	-
Net actuarial (gain)/loss recognized in the year	(44.05)	(21.14)
Total expense #	1.35	144.30
II. Net asset/(liability) recognized in the balance sheet as at September 30, 2009		
Present value of Defined benefits obligation	761.74	186.85
Fair value of plan assets	(756.67)	-
Funded status [surplus/(deficit)]	(5.07)	(186.85)
Net asset/(liability) as at September 30, 2009	(5.07)	(186.85)

III Change in the present value of obligation during the year		
Present value of the obligation as at the beginning of the year	682.56	127.57
Interest cost	52.38	4.90
Current service cost	45.30	160.54
Benefits paid	(61.85)	(85.02)
Actuarial (gains)/ losses on obligation	43.36	(21.14)
Present value of obligation as at the end of the year	761.75	186.85
IV Change in present value of fair value of plan Assets		
Fair value of plan assets as at the beginning of the year	550.16	-
Expected return on plan assets	52.27	-
Contributions	128.68	-
Benefits paid	(61.85)	-
Actuarial gains/(losses)	87.41	-
Fair value of plan assets as at the end of the year	756.67	-
V Detail of plan Assets	Funded with ICICI*	NA

Includes Rs. 0.44 lacs for Gratuity and Rs.0.33 lacs for compensated absences allocated to 'Pre-operative expenditure pending allocation' in schedule 6.

* The plan assets are maintained with ICICI Prudential Life Insurance Company Ltd. The details of investments maintained by the ICICI Prudential Life Insurance Company Ltd have not been made available to the Company and have therefore not been disclosed.

8. Revenue expenditure on research and development Rs. 6.71 lacs.
9. The proceeds of Rs. 614.25 lacs from 16,04,000 warrants/shares issued and allotted to specified promoters and Rs. 68.58 lacs from 1,75,836 stock options/shares issued and allotted to eligible employees of the Company were utilized for capital expenditure/working capital requirement of the Company as per the resolutions passed by the shareholders in the general meetings.

10. Related Party disclosure under Accounting Standard 18

A. Name of related party and nature of related party relationship.

Key Management Personnel: Mr. G.M.S. Mann, Mr. Guralp Singh, Dr. G.S.C. Rao and Mr. Sanjay Tapiya.

Relatives of Key management personnel: Mrs. G.R. Lakshmi (wife of Dr. G.S.C. Rao), Mrs. Mamta Tapiya (wife of Mr. Sanjay Tapiya), Mr. B.D.Tapiya (father of Mr. Sanjay Tapiya), Mr. Govind Singh Sandhu (brother of Mr. Guralp Singh), Mr. Angad Singh (son of Mr. Guralp Singh) and Ms. Gursimran Kaur Mann (daughter of Mr. G.M.S. Mann).

Enterprise over which key management personnel exercise significant influence: Dholadhar Investments (P) Ltd. (enterprise over which Mr. G.M.S. Mann exercises significant influence) and Pritam Singh Sandhu Associates Pvt. Ltd (enterprise over which Mr. Guralp Singh exercises significant influence).

Description	Key management personnel		Relatives of key management personnel		Enterprise over which key management personnel exercise significant influence	
	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year
Rent	-	40.81	-	-	-	-
Mrs. G.R. Lakshmi	-	10.20	-	-	-	-
Mrs. Mamta Tapiya	-	8.88	-	-	-	-
Mr. Govind Singh Sandhu	-	21.73	-	-	-	-
Salary	-	5.82	-	-	-	-
Ms. Gursimran Kaur Mann	-	5.52	-	-	-	-
Mr. Angad Singh	-	0.10	-	-	-	-
Allotment of Share Warrants, Equity Shares	9.64	0.50	614.25	-	-	-
Mr. Sanjay Tapiya	2.81	-	-	-	-	-
Dr. G.S.C. Rao	6.83	-	-	-	-	-
Ms. Gursimran Kaur Mann	-	0.50	-	-	-	-
Pritam Singh Sandhu Associates Pvt. Ltd	-	-	459.54	-	-	-
Dholadhar Investment Pvt. Ltd.	-	-	154.71	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Dholadhar Investments Pvt Ltd	-	-	-	-	-	-
Professional Charges	-	0.22	-	-	-	-
Mr. B.D. Tapiya	-	0.22	-	-	-	-
Managerial Remuneration	156.51	-	-	-	-	-
Mr. G.M.S. Mann	42.39	-	-	-	-	-
Mr. Guralp Singh	36.86	-	-	-	-	-
Dr. G.S.C. Rao	45.38	-	-	-	-	-
Mr. Sanjay Tapiya	31.88	-	-	-	-	-
Interest paid on Loans (including fixed deposits)	-	-	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	-	-
Mr. Sanjay Tapiya	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-
Mr. G.M.S. Mann	-	-	-	-	-	-
Mr. Guralp Singh	-	-	-	-	-	-
Mr. Sanjay Tapiya	-	-	-	-	-	-
Guarantee Given on behalf of Company by Mr. G.M.S. Mann & Mr. Guralp Singh	54,780.84	-	-	-	-	-

11. Segment reporting

A. Business segments:

Based on the guiding principles given in Accounting Standard AS-17 "Segment Reporting" notified by the Companies (Accounting Standard) Rules, 2006, the Company's business segments include: Sugar, Alcohol, Power and Others (Iron products).

B. Geographical segments:

Since the Company's activities/operations are primarily within the country and considering the nature of products it deals in, the risks and returns are same and as such there is only one geographical segment.

C. Segment accounting policies:

In addition to the significant accounting policies applicable to the business segments as set out in note 1 of schedule 18 "Notes to the Accounts", the accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

b) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include income taxes. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amount of certain assets/liabilities pertaining to two or more segments is allocated to the segments on a reasonable basis.

c) Inter segment sales:

Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

D. Information About Business Segments

(Rs. lacs)

PARTICULARS	Sugar		Alcohol		Power		Others		Elimination		Unallocated		Total	
	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year	Current Year
Segment revenue														
External sales	59,640.14	38,924.74	1,528.12	-	-	-	-	-	-	-	-	-	-	100,093.00
Inter segment sales	3,286.11	9.93	6,337.81	-	-	-	-	-	(6,533.85)	-	-	-	-	13,209.00
Other income	1,177.90	41.52	20.16	-	-	-	-	-	-	-	7,406.98	-	-	8,646.56
Total revenue	64,104.15	38,976.19	7,886.09	-	-	-	-	-	(6,533.85)	-	7,406.98	-	-	108,739.56
Segment results	5,701.10	(51.25)	1,213.53	-	-	-	-	-	-	-	-	-	-	6,863.38
Unallocated expenses (net of income)	-	-	-	-	-	-	-	-	-	-	(6,345.70)	-	-	(6,345.70)
Operating profit/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	13,209.00
Interest expenses	-	-	-	-	-	-	-	-	-	-	6,310.88	-	-	6,310.88
Provision for taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Deferred tax benefit	-	-	-	-	-	-	-	-	-	-	(916.52)	-	-	(916.52)
- Fringe benefit tax	-	-	-	-	-	-	-	-	-	-	19.98	-	-	19.98
Net Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	7,194.74
Other information														
Segment assets	85,438.00	18,236.79	20,969.04	-	-	-	-	-	-	-	-	-	-	124,643.83
Unallocated assets	-	-	-	-	-	-	-	-	-	-	5,471.52	-	-	5,471.52
Investment	-	-	-	-	-	-	-	-	-	-	0.05	-	-	0.05
Profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	85,438.00	18,236.79	20,969.04	-	-	-	-	-	-	-	5,471.57	-	-	130,115.40
Segment liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	53,845.88
Shares capital and reserves	-	-	-	-	-	-	-	-	-	-	12,315.72	-	-	12,315.72
Secured and unsecured loans	-	-	-	-	-	-	-	-	-	-	61,707.60	-	-	61,707.60
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	2,247.20	-	-	2,247.20
Total liabilities	-	-	-	-	-	-	-	-	-	-	76,270.52	-	-	130,115.40
Capital expenditure	1,529.74	798.68	1,253.94	-	-	-	-	-	-	-	-	-	-	25.43
Depreciation	2,345.43	614.06	706.57	-	-	-	-	-	-	-	-	-	-	39.19
Non cash expenses other than depreciation	222.66	65.87	-	-	-	-	-	-	-	-	-	-	-	5.22

12. Earnings per share

	(Rs. lacs)
	<u>Current Year</u>
	<u>7,194.74</u>
i. Profit/(loss) after tax, as per profit and loss account (Rs.lacs)	
Less: Preference dividend due on 8% (Previous year 8%) Cumulative Redeemable Preference Shares	
(A) Profit for basic earnings per share of Rs.10 each	<u>7,194.74</u>
Adjustment for the purpose of diluted earnings per share	
(B) Profit for diluted earnings per share of Rs.10 each	<u>7,194.74</u>
ii. Weighted average number of equity shares for earnings per share computation	
(A) For basic earnings per share	2,16,80,330
(B) For diluted earnings per share	
No. of shares for basic earnings per share as per II (A)	2,16,80,330
Add: Weighted average of outstanding Equity Warrants / Optionally Convertible Preference shares / FCCB / Employee stock options scheme deemed to be issued for no consideration	37,223
No. of shares for diluted earnings per share	<u>2,17,17,553</u>
iii. Earnings per share (Weighted Average)	
Basic (Rs.)	33.19
Diluted (Rs.)	33.13

13. During the earlier years, the Company, without payment of customs duty, had purchased imported raw sugar aggregating 1,32,013 metric tones for Rs 15,225.71 lacs for conversion into white sugar. In terms of the advance license(s) granted for this purpose by the office of Director General of Foreign Trade and subsequent extensions therein, the Company is required to complete the export of white sugar aggregating 1,25,727 metric tones by December 31, 2009. As at September 30, 2009 outstanding export obligation is 46,283 metric tones. The management is confident that the export obligation shall be fully met and no loss is foreseen in complying with such obligation.
14. Pursuant to the Notification dated March 31, 2009 issued by The Ministry of Corporate Affairs, amending Accounting Standard (AS) 11-'Effects of Changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the standard by the notification. Accordingly with retrospective effect from 1st October, 2007 exchange differences on all long term monetary items are to the extent such items are used for financing fixed assets, added to/subtracted from the cost of those fixed assets and depreciated over the balance useful life of the assets. Consequently, the Company has (i) credited to opening Profit and Loss Account Rs. 565.08 lacs (net of depreciation of Rs. 30.82 lacs) which was recognized as an expense in the Profit and Loss Account in the previous

financial year ended September 30, 2008; and (ii) added to fixed assets Rs. 466.27 lacs being the exchange differences on long term monetary items relating to the acquisition of fixed assets. As a result of such change, the net profit before and after tax is lower by Rs. 129.63 lacs.

15. On the basis of future projections taken on record by the Board of Directors of the Company after considering the improved margins in sugar in the current domestic sugar market scenario and the sugar inventory available with the Company for disposal, as well as the additional capacities set up in the previous year for production of sugar and power, resulting in de-risking of the business operations, the Management is confident that there is a virtual certainty that sufficient future taxable income will be available against which deferred tax asset (net) of Rs 2,937.35 lacs will be realized in the normal course of Company's business. However, the management, out of abundant caution, has decided to restrict recognition of deferred tax asset (net) to Rs 1,926.76 lacs, in these accounts.
16. During the year, the Company has changed its accounting policy in relation to determining cost for raw materials inventory from Annual Weighted Average to First in First out (FIFO) basis. As a result of such change the net profit before and after tax is higher by Rs. 264.40 lacs.
17. On July 23, 2009 a vessel carrying 22,500 MT of raw sugar purchased by the Company sank near South Africa in relation to which an insurance claim for Rs. 4,780.00 lacs has been filed with the insurance Company. Further, the Company has also simultaneously obtained undertaking from London P & I club of the vessel owner to compensate loss suffered in case arbitration proceedings are decided in favour of the Company. The management is confident that the insurance claim would be settled in favour of the Company and no loss would arise on settlement thereof.
18. The Company has accounted for cane purchases for sugar season 2007-08 at Rs. 110 per quintal, the rate at which it has made payment to the cane growers as per the interim order of the Hon'ble Supreme Court, against the State Advised Price of Rs. 125 per quintal fixed by the Uttar Pradesh State Government. Necessary adjustments will be made in accordance with subsequent orders of the Hon'ble court in the matter.
19. Consequent to acquisition of a subsidiary i.e. Simbhaoli Global Commodities DMCC on November 16, 2008, this is the first occasion that consolidated financial statements are being presented by the Company. As such, in terms of Accounting Standard (AS) 21 "Consolidated Financial Statements", notified by the Companies (Accounting Standard) Rules, 2006, the previous period comparative figures have not been presented.

SUBSIDIARY COMPANY FINANCIAL STATEMENTS

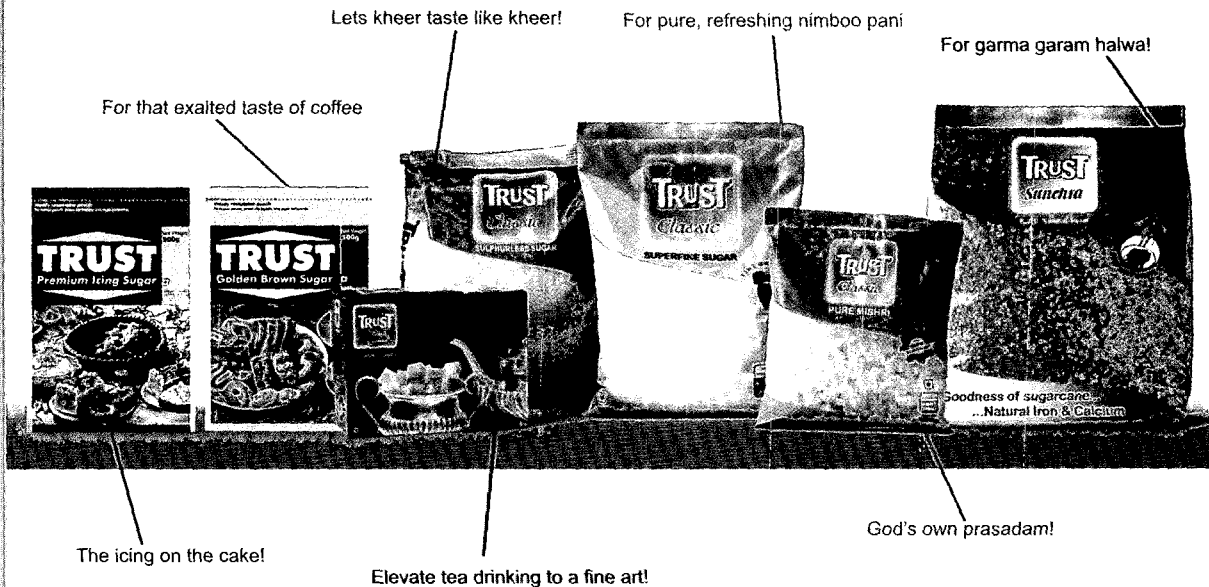
BALANCE SHEET AS ON 30.09.2009

Particulars	Amount in US\$
SOURCES OF FUNDS	
SHAREHOLDERS FUNDS	
Share Capital	81,744
Reserve & Surplus	34,238
Total	115,982
APPLICAIION OF FUNDS	
Fixed Assets	-
Investments	-
CURRENT ASSETS, LOANS & ADVANCES	
Sundry Debtors	40,000
Cash & Bank Balance	39,829
Other Current Assets	49,996
	129,825
Less : CURRENT LIABILITIES AND PROVISIONS	
Current Liabilities	13,843
	13,843
Net Current Assets	115,982
MISCELLLENEOUS EXPENDITURE	
(To the extent not written off or adjusted)	Nil
Total	115,982

TRADING AND PROFIT & LOSS ACCOUNT FOR THE PERIOD 16.11.2008 TO 30.09.2009

Particulars	Amount in US\$
INCOME	
Sales	151,096
Closing Stock	-
Other Income	266,001
Total	417,097
EXPENDITURE	
Opening Stock	-
Purchases	146,476
Administrative , Selling & Other Expenses	224,983
Financial Expenses	11,400
Total	382,859
Net Profit /(Loss) before taxation	34,238
Less : Provision for Taxation	-
Net Profit /(Loss) carried to Balance Sheet	34,238

Trust offers nine healthy sugars to sweeten up your life!



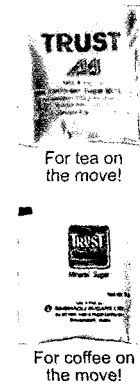
Whenever you think of a dessert or beverage that needs sugar, think of Trust sugar.

Icing sugar? Super fine sugar? White crystal sugar? White sugar cubes? Mineral sugar? White sugar sachet? Mineral sugar sachet? Mishri? Trust has a sugar for virtually every need.

Great care has been taken to ensure Trust is 100% pure and wholesome – totally free of chemicals. Trust is processed and packed under hygienic condition. Its innate goodness is sealed in a tamper-proof pack. So it sweetens food or beverage without changing their original taste.

Trust Sunehra, a special mineral sugar embodies the natural goodness of sugarcane. It's golden brown, sparkling crystals are rich in calcium, iron and other micro-nutrients.

Add it all up and you have India's largest and healthiest range of specialty sugars. Just what you need to sweeten up your life!



India's largest range of specialty sugars

Trust Classic sugar 1kg/5kg; Trust Sunehra Mineral sugar 1kg/5kg; Trust Classic Sugar Cube 500g; Trust Super Fine sugar 500g; Trust Pure Mishri 200g; Trust Classic Sugar Sachets 5g; Trust Golden Brown Sugar 500g; Trust Premium Icing Sugar 500g; Trust Sunehra Mineral sugar sachets 5g; Tuk Tuk Candy 14g



For more information contact:

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