



# Rakesh Grover & Co.

## Chartered Accountants

1st Floor, Sohan Palace, Opp. Telephone Exchange, The Mall, Ludhiana.-141001

### TO THE SHAREHOLDERS OF INDIAN SUCROSE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of INDIAN SUCROSE LIMITED which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### **Emphasis on Matter**

We draw attention to Note No. 46 of the financial statements regarding "Micro, small, & Medium Enterprises Development Act, 2006". Our opinion is not qualified in respect of this matter.

#### **Basis of Qualification**

- a. Non-provision of disputed Purchase Tax liability on purchase of Sugar Cane aggregating to Rs.1,19,63,485/- for the financial year 1999-2000 to 2003-04 pending at appellate levels and Rs. 16,43,07,575/- estimated for financial years from 2006-07 to 2013-14 as per Note No 35 (ii).
- b. Non-provision of disputed liabilities created by the Sales Tax Department amounting to Rs.11,19,000/- as per Note No. 35(i)
- c. Subject to our comments in paragraph 4(f) & (g) which if had been considered, the loss for the year would have been Rs.17,41,55,340/- as against the reported profit of Rs. 32,34,720/- and the balance in Reserves & Surplus would have been Rs.15,47,30,258/- as against the reported figure of Rs. 33,21,20,318/- similarly, the current liabilities would have been Rs. 65,04,79,697/- as against the reported figure of Rs. 47,30,89,637/-,

#### **Opinion**

*Subject to our comments under Emphasis of Matter paragraph and our qualifications under Basis of qualification paragraph, In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act'2013; and
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

Place: Ludhiana  
Dated: 30.05.2014

For Rakesh Grover & Co.  
Chartered Accountants

FRN: 017153N



CA. Rakesh Kumar Grover  
FCA  
Partner  
M. No.096934

## Annexure to the Auditors' Report

(The Annexure referred to in our report to the members of INDIAN SUCROSE LIMITED for the year ended 31<sup>st</sup> March, 2014. We report that:

1.
  - a) The Company has maintained records showing particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
  - c) Fixed Assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
2.
  - a) The physical verification of inventory has been conducted by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) On the basis of our examination, in our opinion, the Company has maintained proper records of inventory. Discrepancies noticed on such physical verification of inventory as compared to the book records were not material.
3.
  - a) According to information made available to us, the company has granted unsecured loans/ capital advances to one company covered in the register maintained under section 301 of the Act. Total outstanding of such loan at the end of the year was Rs.9,31,30,000/- and maximum balance outstanding 11,63,10,000/- Further the company has not given any other secured loan to companies, firm or other parties covered in the register maintained under section 301 of the Act.
  - b) Unsecured loans being *interest free*, other terms and conditions of the loan given by the company are prima facie not prejudicial to the interest of the company.
  - c) There is no overdue amount receivable more than Rs. One Lac on account of principal amount.



d) According to information made available to us, the company has taken interest free unsecured loans from two directors as covered in the register maintained under section 301 of the Act. Total outstanding for such loans at the year end was at the amount of Rs.2,83,37,410/- and maximum outstanding during the year amounted to Rs.3,51,00,000/-. Further, the company has not taken any secured loan from the aforesaid referred parties.

e) The other terms and conditions of the unsecured loans taken by the Company are prima-facie not prejudicial to the interest of the Company.

f) As informed to us, the repayment of the principal amount of unsecured loans, wherever there is stipulation as regards the payments, are regular.

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanation given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) Based on our examination and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanations given to us, the company has not entered into any contract or arrangement that needs to be entered in the register required to be maintained under section 301 of the Act.
6. On the basis of information and explanations given to us, the Company has not accepted any public deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Act, and rules framed there under.
7. The Company has an internal audit system which needs to be strengthened to make it commensurate with the size and nature of the Company's business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of the cost records under section 209(1) (d) of the Act and are of the opinion that, prima-facie, the prescribed account and records have been maintained and are being made up. We however as not required have not made a detailed examination of such records with a view to determine whether these are accurate or complete.





9. a) According to the information and explanations given to us the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. As explained to us, the provisions of Employees State Insurance are not applicable to the Company; no amount was due to be deposited under investor Education and Protection Fund. *Further, except Income tax dues of Nil (Previous year Rs.2,37,96,495/-) there was no arrears of undisputed statutory dues outstanding as at 31st March 2014 for a period of more than six months from the date they became payable.*

b) According to the information and explanations given to us, the disputed statutory dues of Sales Tax & Excise duty aggregating to Rs 11,02,77,703/- that have not been deposited are given below: -

Name of Statute	Nature of Dues	Financial year to which it pertains	Amount (Rs.)	Forum where dispute is pending.
Sales Tax Laws	Sales tax	1997-98	567489	Deputy Excise & Taxation Commissioner (Appeal)
Sales Tax Laws	Purchase Tax	1999-2000	1663678	Punjab & Haryana High Court.
		2000-01 & 2001-02	5283608	Supreme Court.
		2002-03 & 2003-04	4899199	Supreme Court.
		2004-05	4026274	Supreme Court.
		2006-07	20983714	Vat Tribunal, Chandigarh
		2007-08	21842376	Vat Tribunal, Chandigarh
		2010-11	29497416	DETC, Jalandhar
Excise & Service Tax	Service Tax	2011-12	20341380	DETC, Jalandhar
		2006-11	1172569	CESTAT, New Delhi
			<b>110277703</b>	

Further, in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax and Cess, it has been informed that there are no dues, which have not been deposited on account of any dispute.

10. The company does not have accumulated losses. The company has not incurred any cash losses during the current financial year and in the immediately preceding financial year.



11. *In our opinion and according to the information and explanations given to us, the Company has delayed in repayment of its dues to Banks. The particulars of delays which relates to interest/installment during the year ended 31st March 2014 are as follows: -*

<i>Particulars</i>	<i>Amount (including Interest) (Rs in Lacs)</i>	<i>Period of Delay (Days)</i>
<i>Banks</i>	304	1-30
	97	31-60
<i>Total</i>	401	

There are no dues of debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a Nidhi / mutual benefit fund / society, therefore provisions of clause 4(xiii) of the order are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause 4(xiv) of the order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any corporate guarantees for loans taken by others from Banks.
16. In our opinion and on the basis of information and explanation given to us, the term loans availed by the company has been on overall basis utilised for the purpose for which it were sanction.
17. On the basis of overall examination of the Balance sheet of the company in our opinion and according to the information and explanations given to us, funds raised on *short term basis to the extent of Rs. 325 lacs up to the date of Balance Sheet, have been used for long term investments primarily in the nature of capital expenditures and repayment of loans.*
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debenture, therefore, no comment is required under para 4(xix) of CARO, 2003.

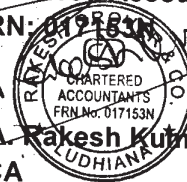


20. The company has not raised any money through public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Ludhiana  
Dated: 30.05.2014

For Rakesh Grover & Co.  
Chartered Accountants

FRN: 017153N



CA Rakesh Kumar Grover

FCA

Partner

M. No.096934



**Indian Sucrose Limited**  
(Formerly Oswal Sugars Limited)

Regd. Off. & Works: G. T. Road, Mukerian, Distt. Hoshiarpur (Punjab) - 144 211.  
**AUDITED STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2014**

Rs. In Lakhs

PART I		Quarter Ended			Year Ended	
		31st March 2014	31st Dec 2013	31st March 2013	31st March 2014 (For the period ended 6 months)	30th Sep 2013 (For the period ended 12 months)
PARTICULARS		(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>1</b>	<b>Income from Operations</b>					
	Net Sales/ Income from operations	7071.94	3489.29	4936.02	10561.23	19050.98
	Other operating income	495.10	84.19	845.22	579.29	1065.13
	<b>Total Income from operations ( Net)</b>	<b>7567.04</b>	<b>3573.48</b>	<b>5781.24</b>	<b>11140.52</b>	<b>20116.11</b>
<b>2</b>	<b>Expenses</b>					
	a) Cost of materials consumed	11650.50	4975.26	10536.13	16625.76	15086.64
	b) Purchase of stock in trade	0.00	0.00	0.00	0.00	0.00
	c) Changes in inventories of Finished Goods, WIP, Stock in Trade	(5681.09)	(2896.99)	(7667.16)	(8578.08)	(1482.37)
	d) Employees benefit expenses	207.96	214.00	226.83	421.96	630.80
	e) Depreciation and amortisation expenses	153.57	147.23	150.37	300.80	582.85
	f) Other expenses	755.13	693.86	903.52	1448.99	2281.97
	<b>Total Expenditure</b>	<b>7086.07</b>	<b>3133.36</b>	<b>4149.69</b>	<b>10219.43</b>	<b>17099.89</b>
<b>3</b>	<b>Profit/(Loss) from operations before other income, Finance cost and exceptional items</b>	<b>480.97</b>	<b>440.12</b>	<b>1631.55</b>	<b>921.09</b>	<b>3016.22</b>
<b>4</b>	<b>other income</b>	<b>11.36</b>	<b>17.07</b>	<b>4.59</b>	<b>28.43</b>	<b>21.86</b>
<b>5</b>	<b>Profit/(Loss) from ordinary activities before finance cost and exceptional item (3+4)</b>	<b>492.33</b>	<b>457.19</b>	<b>1636.14</b>	<b>949.52</b>	<b>3038.08</b>
<b>6</b>	<b>Finance cost</b>	<b>493.39</b>	<b>382.69</b>	<b>500.46</b>	<b>876.08</b>	<b>2064.22</b>
<b>7</b>	<b>Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)</b>	<b>(1.06)</b>	<b>74.50</b>	<b>1135.68</b>	<b>73.44</b>	<b>973.86</b>
<b>8</b>	<b>exceptional items</b>	<b>22.68</b>	<b>0.00</b>	<b>0.00</b>	<b>22.68</b>	<b>3.16</b>
<b>9</b>	<b>Profit/(Loss) from ordinary activities before tax (7-8)</b>	<b>(23.74)</b>	<b>74.50</b>	<b>1135.68</b>	<b>50.76</b>	<b>970.70</b>
<b>10</b>	<b>Tax Expenses</b>	<b>22.08</b>	<b>(3.66)</b>	<b>356.73</b>	<b>18.42</b>	<b>288.25</b>
<b>11</b>	<b>Net profit/( Loss) from ordinary activities after Tax</b>	<b>(45.82)</b>	<b>78.16</b>	<b>778.95</b>	<b>32.34</b>	<b>682.45</b>
<b>12</b>	<b>Extra ordinary items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>13</b>	<b>Net (Loss)/profit for the period</b>	<b>(45.82)</b>	<b>78.16</b>	<b>778.95</b>	<b>32.34</b>	<b>682.45</b>
<b>14</b>	<b>Paid up Share Capital</b>					
	Paid up 6% Preference Shares face value Rs. 100/- each	700.00	700.00	700.00	700.00	700.00
	Paid up equity share capital face value of Rs. 10/- each	1541.83	1541.83	1541.83	1541.83	1541.83
<b>15</b>	<b>Reserve excluding revaluation reserve as per Balance Sheet of previous accounting year</b>					
<b>16</b>	<b>(a) Earning per share before extra ordinary Items</b>					
	Basic /Diluted	(0.27)	0.44	4.98	(0.06)	4.14
	<b>(b) Earning per share after extra ordinary Items</b>					
	Basic /Diluted	(0.22)	0.38	4.98	0.16	3.34
<b>Part II</b>		<b>Quarter Ended</b>			<b>Year Ended</b>	
<b>PARTICULARS</b>		<b>31st March 2014</b>	<b>31st Dec 2013</b>	<b>31st March 2013</b>	<b>31st March 2014</b>	<b>30th Sep 2013</b>
		<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
<b>A</b>	<b>Particulars of Shareholding</b>					
<b>1</b>	<b>Public Shareholding</b>					
	- Number of shares	6354314	6354314	6354314	6354314	6354314
	- Percentage of shareholding	41.1	41.1	41.1	41.1	41.1
<b>2</b>	<b>Promoters and Promoter group shareholding **</b>					
	<b>a) Pledged / Encumbered</b>					
	- Number of shares	985000	985000	985000	985000	985000
	- Percentage of shares ( as a % of the total shareholding of promoter and promoter group)	10.82	10.82	10.82	10.82	10.82
	- Percentage of shares ( as a % of the total share capital of the company )	6.37	6.37	6.37	6.37	6.37
	<b>b) Non - encumbered</b>					
	- Number of shares	8122493	8122493	8122493	8122493	8122493
	- Percentage of shares ( as a % of the total shareholding of promoter and promoter group)	89.18	89.18	89.18	89.18	89.18
	- Percentage of shares ( as a % of the total share capital of the company )	52.53	52.53	52.53	52.53	52.53



B	INVESTOR CPMPPLAINTS	3 Months ended
		31-03-2014
	Pending at the beginning of the quarter	NIL
	Received during the quarter	NIL
	Disposed of during the quarter	NIL
	Remaining unresolved at the end of the quarter	NIL

STATEMENT OF ASSETS AND LIABILITIES		(Rs. In Lacs )	
PARTICULARS		As at	As at
		31.03.2014	30.09.2013
<b>A</b>	<b>EQUITY AND LIABILITIES</b>	(AUDITED)	(AUDITED)
<b>1</b>	<b>SHAREHOLDERS FUNDS</b>		
	(a) SHARE CAPITAL	2,241.83	2,241.83
	(b) RESERVES AND SURPLUS	3,321.20	3,288.66
	(c) MONEY REC. AGST. SHARE WARRANTS	-	-
	<b>SUB TOTAL SHAREHOLDERS' FUNDS</b>	<b>5,563.03</b>	<b>5,530.49</b>
	<b>SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		
<b>2</b>	<b>NON-CURRENT LIABILITIES</b>		
	(a) LONG TERM BORROWINGS	3,079.96	1,643.88
	(b) DEFERRED TAX LIABILITIES (NET)	721.54	677.58
	(c) OTHER LONG-TERM LIABILITIES	-	-
	(d) LONG-TERM PROVISIONS	186.59	175.12
	<b>SUB TOTAL NON CURRENT LIABILITIES</b>	<b>3,988.09</b>	<b>2,496.58</b>
<b>3</b>	<b>CURRENT LIABILITIES</b>		
	(d) SHORT TERM BORROWINGS	15,179.98	5,635.00
	(b) TRADE PAYABLES	3,534.87	231.61
	(c) OTHER CURRENT LIABILITIES	4,730.90	7,883.90
	(d) SHORT TERM PROVISIONS	838.48	757.34
	<b>SUB TOTAL CURRENT LIABILITIES</b>	<b>24,284.23</b>	<b>14,507.85</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>33,835.35</b>	<b>22,534.92</b>
<b>B</b>	<b>ASSETS</b>		
<b>1</b>	<b>NON-CURRENT ASSETS</b>		
	(a) FIXED ASSETS (Including Capital work in progress)	8,292.58	8,231.40
	(b) NON-CURRENT INVESTMENTS	189.73	189.73
	(c) DEFERRED TAX ASSETS (NET)	-	-
	(d) LONG-TERM LOANS AND ADVANCES	485.48	266.63
	(e) OTHER NON-CURRENT ASSETS	-	-
	<b>SUB TOTAL NON CURRENT ASSETS</b>	<b>8,967.79</b>	<b>8,687.76</b>
	<b>CURRENT ASSETS</b>		
	(a) CURRENT INVESTMENTS	1,500.00	1,500.00
	(b) INVENTORIES	14,757.32	5,958.88
	(c) TRADE RECEIVABLES	1,757.24	541.71
	(d) CASH AND CASH EQUIVALENTS	2,045.99	804.94
	(e) SHORT-TERM LOANS AND ADVANCES	4,807.01	5,041.63
	(f) OTHER CURRENT ASSETS	-	-
	<b>SUB TOTAL CURRENT ASSETS</b>	<b>24,867.56</b>	<b>13,847.16</b>
	<b>TOTAL ASSETS</b>	<b>33,835.35</b>	<b>22,534.92</b>

**Notes :-**

- The above results were reviewed by Audit Committee, considered and approved by the board of directors of the company at its meeting held on 30-05-2014.
- The activities of the Company relate to only one segment, i.e Sugar Manufacturing.
- The figures of the last quarter for current and previous financial years are the balancing figures between the audited figures in respect of the full financial Years ended 30th September and Published unaudited(with limited reviewed) year to date figures upto the third quarter ended 30th June of the respective financial years
- Previous Period figures have been regrouped/reclassified where ever necessary as per revised Schedule VI of the companies Act 1956

  
**Kunal Yadav**  
 Managing Director

