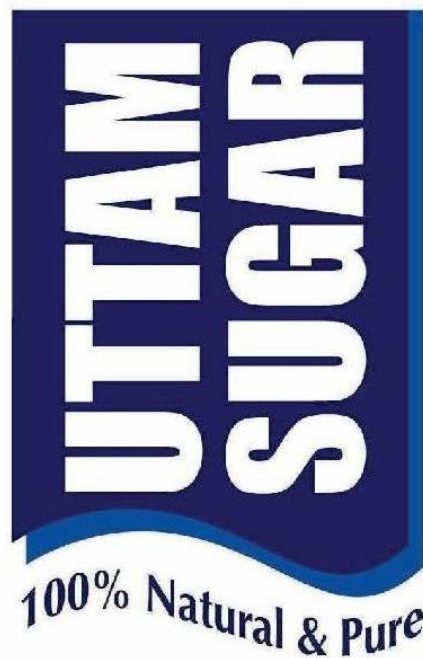




Uttam Sugar Mills Limited



The Desire

To Excel

The Determination

To Deliver

18th Annual Report 2012-13



CORPORATE INFORMATION

DIRECTORS

Raj Kumar Adlakha	Managing Director
Ashok Kumar Agarwal	Executive Director
R. Vasudevan	Independent Director
G. S. Matta	Independent Director
Satish Chandra	Nominee Director-IDBI Bank Ltd.
Bikash Narayan Mishra	Nominee Director-PNB

REGISTERED OFFICE

Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand – 247667
Tel. : 01332 - 229445
Fax : 01332 – 229194

CORPORATE OFFICE

A-2E, 3rd Floor, C.M.A. Tower, Sector – 24,
Noida – 201 301 (U.P.)
Tel. : 0120 –4525000
Fax : 0120 – 4525020
E-mail : uttamsugarnoida@gmail.com
uttamnoida@gmail.com

AUDITORS

B.K. Kapur & Co.
Chartered Accountants

CHIEF – LEGAL AND CORPORATE AFFAIRS & COMPANY SECRETARY

G. Ramarathnam

BANKERS

Punjab National Bank
IDBI Bank Ltd.
Indian Overseas Bank
State Bank of India
Oriental Bank of Commerce
Uttarakhand State Co-operative Bank Ltd.

FACTORIES

Unit - 1 :
Village Libberheri, Tehsil Roorkee,
District Haridwar, Uttarakhand - 247667

Unit – 2 :
Village Barkatpur,
Tehsil Nazibabad
District Bijnor (U.P.)

Unit – 3 :
Village Khaikheri,
Tehsil & District Muzaffarnagar (U.P.)

Unit – 4 :
Village Shermau
Tehsil Nakur,
District Saharanpur (U.P.)



C O N T E N T S

Notice	1-5
Directors' Report	6-11
Corporate Governance Report	12-20
Management Discussion and Analysis	21-28
Auditors' Report	29-32
Balance Sheet	33
Profit & Loss Statement	34
Cash Flow Statement	35
Notes	36-55
Attendance Slip and Proxy Form	57



NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Company will be held at the Registered Office of the Company at Village Libberheri, Tehsil Roorkee, District Haridwar, Uttarakhand on Thursday the 19th day of September, 2013 at 12.00 Noon to transact the following business(s):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Profit & Loss Statement for the financial year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Ramasamy Vasudevan, who retires by rotation and is eligible for re-appointment.
3. To appoint M/s B. K. Kapur & Company, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Bikash Narayan Mishra, who was appointed under Section 260 of the Companies Act, 1956 as an Additional cum Nominee Director of Punjab National Bank on the Board of the Company w.e.f. 10th November, 2012 and who holds office till this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, whose period of office is not liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION(S):-**

"RESOLVED THAT pursuant to section 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended upto date and subject to the Articles of Association of the Company and subject to the necessary approvals, if any, the consent of the Company be and is hereby accorded to the revision/increase in Remuneration payable to Mr. Ashok Kumar Agarwal, Whole Time Director of the Company for the period from 01st April, 2013 to 13th February, 2015 as recommended by the Remuneration Committee on the terms, conditions and remuneration as detailed below:

(a) Salary:

- (i) Salary: Rs. 1,58,000/- p.m. (Rupees One Lac Fifty Eight Thousands Only).
- (ii) Special Allowance: Rs. 45,500/- p.m. (Rupees Forty Five Thousands Five Hundred Only).
- (iii) Other Allowance: Rs. 1,400/- p.m. (Rupees One Thousand Four Hundred Only).

- (b) Perquisites: The Executive Director shall be paid the following perquisites classified into Categories 'A' & 'B'.

Category - 'A':

- (i) House Rent Allowance: Rs. 95,000/- p.m. (Rupees Ninety Five Thousands Only).
- (ii) Medical Reimbursement: Medical Expenses incurred for self, spouse and dependent children/parents - Rs.15,000/- per annum (Rupees Fifteen Thousands Only).
- (iii) Leave Travel Allowance: Rs.1,55,400/- per annum (Rupees One Lac Fifty Five Thousands Four Hundred Only).
- (iv) Conveyance Allowance: Rs.1,800/- p.m. (Rupees One Thousand Eight Hundred Only).
- (v) Car: Free use of Company's car for official purpose.
- (vi) Other benefits/reimbursements: as per the Company's policy.

Category - 'B':

- (i) Company's contribution to provident fund, as per Rules of the Company.
- (ii) Gratuity as per Rules of the Company.
- (iii) Encashment of Leave, as per Rules of the Company.



- (c) *Other Terms & Conditions of his appointment will remain the same as approved by Shareholders in the Annual General Meeting on 21st September, 2012 and approved by Ministry of Corporate Affairs, New Delhi vide its approval letter dated 02nd November, 2012."*

"RESOLVED FURTHER THAT the above remuneration will be payable to him as minimum remuneration in case of absence or inadequacy of profits in any financial year as permissible under Section II (B) of Part II of Schedule XIII of the Companies Act, 1956 including such amendment(s), modification(s) and/or revision(s) as may be made by the Central Government in the said limits from time to time".

By Order of the Board of Directors of the Company
For UTTAM SUGAR MILLS LTD.

(G. RAMARATHNAM)

Chief - Legal and Corporate Affairs & Company Secretary

Place : Noida

Date : 18th May, 2013

NOTES:

1. Explanatory Statement setting out all material facts relating to special businesses contained in item No. 4 & 5 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of this meeting. A proxy shall not vote except on a poll. A proxy form is appended with the admission slip.
3. Corporate Members intending to send their authorized representatives to attend this General Meeting are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at this Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th day of September, 2013 to 19th day of September, 2013 (both days inclusive).
5. Members are requested to bring their copies of Annual Report to the Meeting.
6. Any query relating to Accounts must be sent to Company's Corporate Office: A-2E IIIrd Floor, C.M.A. Tower Sector - 24, Noida (U.P.) at least 10 days before the date of the meeting.
7. Members are informed that in the case of joint holders attending the meeting; only such joint holder whose name appears first in the order will be entitled to vote.
8. Members / Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
9. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Company's RTA.
10. Members who hold shares in physical form in multiple folios in identical name or joint holding in the same order of names are requested to send their share certificates to our RTA, for consolidation into a single folio.
11. Members are requested to always quote their Folio No. / Client ID & DP ID in all correspondence with the Company's Registrars and the Company. Members are also requested to notify any change of address to their Depository Participants. Members are requested to send all communications relating to shares to the Registrar and Share Transfer Agent of the Company at the following address:-

Link Intime India Private Limited

44, Community Center, 2nd Floor,
Naraina Industrial Area, Phase I,
New Delhi - 110 028.

Tel. :- 011-4141 0592-94, Telefax :- 011-4141 0591

RE-APPOINTMENT / APPOINTMENT OF DIRECTORS (ANNEXURE TO NOTICE)

(A brief resume in respect of the proposed re-appointment/appointment of Directors is given below in terms of Clause 49 of the Listing Agreement)

Particulars	Dr. Ramasamy Vasudevan	Mr. Bikash Narayan Mishra
DIN	00109908	06418377
Date of Birth	27th April, 1938	02nd October, 1960
Date of Appointment in the Board	04th January, 2006	10th November, 2012
Qualifications	Doctorate and Qualified Ph.D (Hons)	BA Economics (Hons.), MA Economics (JNU) & CAIIB (Both Parts)
Experience	Dr. Ramasamy Vasudevan aged 75 Years, is a Doctorate and Qualified Ph.D (Hons). He has an overall experience of over 51 years. He has served Bharat Heavy Electricals Limited for a total period of 31 years and retired as General Manager (Engineering). He is one of the founder Director in the School of Engineering Technology, Bharathidasan University, Tiruchirappalli. He has won various awards in the field on engineering such as Business Leadership Award in the field of Bio-Energy for the year 2003 by International Congress on Renewable Energy, World Environmental Congress Award for the manufacture of compost from the municipal waste for the Tiruchirappalli City Corporation etc. He has chaired various committees such as the R&D Committee, Ministry of Non-Conventional Energy Sources, Sugar, Cogeneration Projects and has also being a member of the Energy panel, Tamil Nadu Commission.	Mr. Bikash Narayan Mishra, aged 52 years, is B A Economics (Hons) 1st Class with distinction in the year 1980, MA Economics B+ (63%) from JNU New Delhi in the year 1983 and he is also a CAIIB (Both Parts). He is having more than 28 years of experience with Punjab National Bank. He has worked as Branch Manager, Senior Branch Manager, Chief Manager, AGM at different locations of Bank. Presently, he is working as Circle Head, Punjab National Bank, NCR Noida and overseeing business of over Rs 15000 crores spread over in 63 branches of bank in the NCR Noida Circle. He has been appointed as Nominee Director on the Board of the Company as Nominee of Punjab National Bank w.e.f.10.11.2012.
Directorship held in other Companies	NIL	Magnum Ventures Limited
Membership / Chairmanships of Committee across other Public Limited Companies	NIL	NIL
Number of Shares held in the Company	NIL	NIL
Relationship with other Directors	None	None

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ANNEXED AND FORMING PART OF THE NOTICE

Item No. 4

As per CDR terms and conditions, Punjab National Bank can nominate a Director on the Board. During the Financial Year 2011-12, PNB had nominated Mr. Kamal Prasad as Nominee Director w.e.f. 27.05.2011.

Consequent upon reconstitution of Punjab National Bank's Circles, Mohan Nagar Branch Ghaziabad has been shifted from the jurisdiction of Meerut to jurisdiction of NCR Noida Branch. Accordingly, Mr. Bikash Narayan Mishra, Circle Head, NCR, Noida has been nominated in place of Mr. Kamal Prasad (Circle Head, Punjab National Bank, Meerut). He has been appointed as a Nominee Director on the Board w.e.f. 10.11.2012 as an Additional cum Nominee Director under the provisions of Section 260 of the Companies Act, 1956. He holds office till this Annual General Meeting. A notice u/s 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- has been received from a member of the Company proposing the candidature of Mr. Bikash Narayan Mishra as Director cum Nominee Director on the Board of the Company.

None of the Directors except Mr. Bikash Narayan Mishra is concerned or interested in this resolution.



Item No. 5

As per the provisions of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, Mr. Ashok Kumar Agarwal was appointed as an Additional cum Whole-Time Director w.e.f. 14.02.2012 for a period of three years. His appointment and remuneration was approved by Shareholders of the Company in its 17th Annual General Meeting held on 21st September, 2012. Further, his remuneration was also approved by Central Government vide its Approval Letter dated 02nd November, 2012.

In the context of Mr. Ashok Kumar Agarwal's contribution in the Company's performance, the Board of Directors of the Company in its meeting held on 18th May, 2013 has [subject to necessary approval] approved the revision in remuneration payable to Mr. Ashok Kumar Agarwal, Executive/Whole-Time Director with effect from 01st April, 2013.

The Remuneration Committee has also recommended an upward revision in the remuneration, to retain the services of Mr. Agarwal, considering his vast experience and strong ability to lead and consolidate the present business of the Company.

Other Terms & Conditions of his appointment will remain the same as approved by Shareholders in the Annual General Meeting on 21st September, 2012 and approved by Ministry of Corporate Affairs, New Delhi vide its approval letter dated 02nd November, 2012.

Pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 ("the Act") read with Schedule XIII to the Act, the revised remuneration of Mr. Ashok Kumar Agarwal, Executive/Whole-Time Director is now been placed before the Members for their approval by way of a Special Resolution.

INFORMATION PURSUANT TO PROVISIO (iv) TO CLAUSE 1 (B) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.

I. GENERAL INFORMATION:

(1) Nature of industry:-

Manufacturer of Sugar and other allied products.

(2) Date or expected date of commencement of commercial production:-

Company commenced commercial production from January 2001.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:-

Not applicable.

(4) Financial performance based on given indicators:-

(Rs. in Lacs)

Financial Parameter	Financial Years		
	2010-11	2011-12	2012-13
Turnover	70,591.10	70,228.19	66,224.94
Net Profit/(Loss) (before Tax)	(739.67)	(9,143.32)	1,237.47

(5) Export performance and net foreign exchange collaborations:-

Nil

(6) Foreign investments or collaborators, if any:-

Nil

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:-

Mr. Ashok Kumar Agarwal, aged 54 years, is B. Com. (Hons) and a Chartered Accountant. He is having overall 30 years of Techno Commercial Experience in sugar business which includes different areas like commercial, engineering, Process/Manufacturing, Project Management including Co-Generation Projects, cane supply and development etc. He started his career in the year 1983 with Mawana Sugars Limited and worked till April, 2006 for 23 years and reached to the position of General Manager of Mawana Sugars Limited. After that he joined Birla Group of Sugar Industries and worked till September 2008 and thereafter joined Sir Shadilal Enterprises Limited at the position of Chief Operating Officer cum President till October 2011 and further moved to Empee Sugars and Chemicals Limited and was appointed as Executive Director and worked till December 2011.



(2) Past remuneration/Recognition or Awards:-

Before joining Uttam Sugar Mills Limited, he was working with M/s Empee Sugars and Chemicals Limited and Sir Shadi Lal Enterprises Ltd. During the Financial Year 2010-11 he has drawn Rs. 24,19,758/- as remuneration from his employer.

(3) Job profile and his suitability:-

Subject to the superintendence, control and direction of the Board of Directors of the Company the Whole Time Director/Executive Director shall have substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated/assigned to him by the Board of Directors/Committee of Directors from time to time.

(4) Remuneration proposed:-

As set out in the proposed resolutions and as per the terms and conditions as mentioned in Explanatory Statement of the notice of this annual general meeting.

(5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) :-

The proposed remuneration is in line with prevailing industry remuneration structure for the similar position.

(6) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:-

Apart from remuneration, Mr. Ashok Kumar Agarwal does not have any other pecuniary relationship with the Company. Further, Mr. Agarwal is not related any other managerial personnel of the Company.

III. OTHER INFORMATION:

(1) Reasons for loss/inadequate profit:-

The Company has inadequate profit due to several external factors like (a) Irrational fixation of SAP by the State Government, (b) Inadequate availability of sugarcane resulting into lower capacity utilization, (c) Poor quality of sugarcane resulting in lower sugar recovery and (d) Lower Sugar Price resulting into lower sugar sales realization.

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

To improve the financial viability of sugar manufacturing units, Company has increased the baggasse based Co-generation Capacity by 40 MW by installation of Power Co-Generation facility at Barkatpur Sugar Factory. The power produced by our cogeneration plants utilized for running sugar mills and the surplus power have been exported. Further, the Company has installed a Distillery plant with capacity of 75 KLPD at Barkatpur Unit.

(3) Expected increase in productivity and profits in measurable terms:-

There is adequate production capacity and steps are being taken to improve the cost efficiency.

This Explanatory Statement together with the accompanying Notice may be regarded as an abstract of terms of contract or variations and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for approval of Members.

None of the Directors except Mr. Ashok Kumar Agarwal is concerned or interested in the proposed resolution.

By Order of the Board of Directors of the Company
For UTTAM SUGAR MILLS LTD.

(G. RAMARATHNAM)

Chief – Legal and Corporate Affairs & Company Secretary

Place : Noida

Date : 18th May, 2013

Registered Office:

Village Libberheri, Tehsil Roorkee,
Distt. Haridwar,
Uttarakhand

DIRECTORS' REPORT

The Shareholders of the Company,

Your Directors take pleasure in presenting their Eighteenth Annual Report together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

The financial results of the Company for the year ended on 31st March 2013 are as under:-

DETAILS	(Rs. in Lacs)	
	Year ended 31.03.2013	Year ended 31.03.2012
Revenue from Operations	64,532.45	68,289.66
Profit/(Loss) before Depreciation, Tax & Exceptional Items	4,212.80	(4,327.54)
Less:		
Depreciation	3,012.52	2,736.77
Prior period items (Net)	(37.19)	11.55
Profit/(Loss) before Tax & Exceptional Items	1,237.47	(7,075.86)
Exceptional Items	–	(2,067.46)
Less: Provision for Taxation		
Current Tax	–	2.95
Deferred Tax (Credit) / Charge	691.18	(2,206.44)
Income Tax for Earlier Years	–	19.82
Profit/(Loss) after Taxation	546.29	(6,959.66)
Add: Balance brought forward from Previous Year	(14,486.92)	(7,527.26)
Deficit transferred to Balance Sheet	(13,940.63)	(14,486.92)

REVIEW OF OPERATIONS
SUGAR DIVISION

Operational data of the Company for the financial year 2012-2013 and 2011-2012 are provided as under:

Financial Year	Cane Crushed (in lacs qtls)	Sugar Produced (in lacs qtls)	Recovery %
2012-13	219.56	20.51*	9.34
2011-12	220.67	19.94**	9.04

*excludes 0.39 Lakhs qtls of sugar of earlier seasons reprocessed.

** excludes 0.043 Lakhs qtls of processed raw sugar.

The production of molasses during 2012-13 was 10.60 Lakhs quintals as compared to 11.25 Lakhs quintals produced during the previous year viz. 2011-2012.

During the current season, Company commenced its crushing season on 28th November 2012 about 18 days later as against last crushing season thereby crushing the matured cane which also partly contributed to the enhanced recovery.

As already mentioned in the previous year's report your company has started focused attention on Cane Development activities in the form of replacement of old, poor and rejected varieties with new varieties and demonstrations to increase the cane yield by way of Ratoon management, Spacing Trials, Urea cum insecticidal spray on standing crop, providing pesticide to cane growers to get pest-free crop and arranging village meeting at mass level to impart technology to get higher yield. This concerted effort has produced the desired result in the form of improved recovery during the sugar season 2012-13 compared to previous year. Following are the season wise data of cane crushed and sugar produced:

Uttam Sugar Mills Limited



Crushing Season	Cane Crushed (in lacs qtls)	Sugar Produced (in lacs qtls)	Recovery %
2012-13	238.65	22.71	9.52
2011-12	211.32	18.83	8.91

The Uttar Pradesh Government increased State Advised Price (SAP) of sugar cane by Rs. 40 per Qtl. across varieties. The revised SAP was Rs. 280/ 290 per qtl. for normal and early varieties respectively for the crushing season 2012-13 as against Rs. 240/250 per qtl. for sugar season viz. 2011-12 for general / early variety respectively. This increase comes to almost about 17% for the sugar season 2012-13 vis-à-vis sugar season 2011-12. Further, in the last 3 years cane prices have gone up by 70% from Rs. 165/- per qtl. to Rs. 280/- per qtl. while there has not been any corresponding increase in the sugar prices. The Uttarakhand State Government also announced the similar hike of Rs. 45 per qtl. of State Advised Price (SAP) for the sugar season 2012-13 which works out to Rs. 285/290 per qtls. as against Rs. 240/245 per qtls. for the sugar season 2011-12 for the general and early varieties respectively. There is no logic for such a steep increase in the cane price.

CO-GENERATION DIVISION

During the year under review, your company produced 1919.97 Lakhs KWH units of power as compared to 1467.79 Lakhs units of power in the year 2011-2012. Out of total production, your company exported 1061.30 Lakhs KWH units to UPPCL/ UPCL for a total amount of Rs. 4585.31 Lakhs against 642.53 Lakhs KWH for an amount of Rs. 2693.73 Lakhs in the previous year.

The Company has got registration under Renewal Energy Certificate (REC) mechanism for sugar plants situated at Libberheri (Distt.-Haridwar), Khaikheri (Distt.-Muzaffarnagar) and Shermau (Distt. Saharanpur). The company has been awarded 18866 units of REC for Libberheri unit and these REC units are tradeable and an additional source of revenue to your company.

DISTILLERY DIVISION

As reported last year, your company has successfully commissioned its new Greenfield Distillery Project with an installed capacity of 75 KLPD at Barkatpur (Distt. Bijnor) unit in the State of Uttar Pradesh. During the year under review 37.47 lacs Bulk Litres (BL) of Industrial Alcohol was produced and 18.25 lacs Bulk Litres Industrial Alcohol was sold.

FUTURE OUTLOOK

The Government's decision on partial decontrol of sugar industry is welcome and it comes at the right time. One of the most positive steps in the decontrol process for both farmers and the industry is the removal of 10% Levy Sugar which deals with the supply of sugar by the sugar industry to the Public Distribution System (PDS). Levy sugar for the PDS will now be procured by State Government from the open market and at prevailing market prices.

The next important decision towards deregulation has been the removal of regulated release mechanism for non-levy sugar (free sale sugar), which has been abolished with immediate effect. The regulated release mechanism would dictate to sugar factories on how much sugar they could sell in the open market on a monthly basis. Sugar factories could not sell over or below the quantity stipulated by the Government. Now, each factory can sell how much it likes in the open market, depending upon the open market prices and their cash flow needs.

India has tremendous renewable energy potential and the demand for Biomass based green power sector is likely to grow in a big way. Thus with an increase in cane crushing and increase in bagasse availability our co-generation can optimize power generation and contribute to our profitability.

The Distillery unit is planning to enter into contract with Oil Marketing Companies (OMC) for supply of ethanol. With the commissioning of the Distillery unit your company sees a good potential in the ethanol production. By maintaining a proper product mix of alcohol for sale to potable, the industrial and blending sector, your company would strive to derive the optimum realization. Overall, with the outlook remaining positive, your company is committed to bettering the performance in future and confident of improving the profitability.

DIVIDEND

In view of inadequacy of profits during the current financial year and carried forward losses, your Directors are unable to recommend any dividend for the year under review.

The Dividend on Cumulative Redeemable Preference Shares (Series I - 6.5% and Series II - 10%) are being accumulated and will be paid in the year of profit.