

**ANNUAL
REPORT
FOR THE
YEAR ENDED
30TH JUNE
1999**

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 Eastern Sugar & Industries Limited



Eastern Sugar & Industries Limited

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Eastern Sugar & Industries Limited will be held at its Registered Office At PO : Hanuman Sugar Mills, Motihari - 845 401, District East Champaran (Bihar) on Thursday, the 30th December, 1999 at 1.00 P. M. to transact the following business :

1. To receive, consider and adopt audited Annual Accounts for the year ended 30th June, 1999 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri L. K. Tibrawalla who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. Megha Patil who retires by rotation at this meeting and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Shri D. Y. Manawwar who retires by rotation at this meeting and being eligible offers himself for re-appointment.
5. To appoint 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

6. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :

RESOLVED that Shri Dhanraj Rajgaria who was appointed as an Additional Director on 17.09.1999 in terms of Section 260 of the Companies Act, 1956 holds such office up to the date of the forthcoming Annual General Meeting and in respect of him the company received a notice from a member of the company u/s. 257 of the Companies Act, 1956 along with requisite deposit proposing his candidature for the office of the Director be and is hereby appointed as a Director of the company liable to retire by rotation.

7. To consider and if thought fit, to pass the following resolution, with or without modification 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 and in accordance with the provisions of the Articles of Association of the Company and subject to the necessary approvals, permissions and/or sanctions of Securities & Exchange Board of India (SEBI) and any other appropriate authority as may be necessary and subject also to such terms, conditions and modification as may be prescribed in granting such approvals, agreed to by the Board of Directors of the Company (hereinafter called "The Board", which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this

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resolution) the consent of the company be and is hereby accorded to the Board to raise funds by way of issue of Preference/Equity Shares for an aggregate face value of Rs.25 crores to the promoters, directors, friends, relatives and associates, employees, NRIs, public and to such other persons as may be willing to subscribe for the same in the manner as the Board may think fit in its absolute discretion at such times and on such terms and conditions as the Board in its discretion think fit and as may be permitted by the concerned authorities.

8. To consider and if thought fit, to pass with or without modification/s, the following resolution as an ordinary Resolution.

RESOLVED that pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approvals of the Central Government and other concerned authority, if required, that the company do re-appointment Shri M. P. Dhandhanian, as Whole-time Director of the company with effect from 1st July 1999 for a period of 2 years which can be extended upto five years at the discretion of the Board of Directors of the Company, on the following terms and conditions :

Salary :

- i) Rs. 42,500/- per month payable from 1.7.99 to 31.3.2000
- ii) In the scale of Rs. 45,000/- - 2,500/- - 50,000/- per month payable with effect from 1st April, 2000

Perquisites :

- i) **Earned Leave :**
On full pay and allowance as per the rules of the Company, if any but not exceeding one month leave for every eleven months of service and leave accumulated shall be encashable as per Rules of the Company.
- ii) **Provident Fund :**
Company's contribution towards provident fund as per Rules of the Company.
- iii) **Gratuity :**
As per Gratuity Act.
- iv) **Provision of car for use on company's business and telephone at residence will not be considered as perquisites, personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the whole-time director.**
- v) **Minimum Remuneration :**
Where in any financial year during the currency of the tenure of the appointee, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above.

The other terms and conditions of appointment of Shri M. P. Dhandhanian are as under :

Shri M. P. Dhandhanian shall be entrusted with substantial powers of management of the business of the company as delegated by the Board. He shall faithfully and diligently serve the company as a Whole-time Director and exercise such other powers and functions as may be conferred on him.

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- 2) Shri M. P. Dhandhanian shall devote his whole-time and attention to the business of the Company.
- 3) Any discovery, invention made by Shri M. P. Dhandhanian shall belong to the Company.
- 4) Shri M. P. Dhandhanian shall maintain secrecy in regard to the affairs of the Company.
- 5) Shri M. P. Dhandhanian shall not engage in any other business during the term of the Agreement.
- 6) The Company will reimburse Shri M. P. Dhandhanian expenses incurred by him for travelling and entertainment in connection with the business of the company.
- 7) So long as Shri M. P. Dhandhanian functions as the Whole-time Director, he shall not be interested directly or indirectly in any agency of the company.
- 8) Should Shri M. P. Dhandhanian by reason of ill health remain absent for a period of 180 days in a period of twelve consecutive months the company will be entitled to terminate his Agreement.
- 9) The Company will be entitled to determine the agreement, should Shri M. P. Dhandhanian be negligent in discharge of his duties.
- 10) Either party shall be entitled to determine this Agreement by giving to the other six months notice in writing or the company paying six months salary in lieu thereof.
- 11) After the termination of Shri M. P. Dhandhanian's appointment he will not represent himself as being interested in the Company business.

"RESOLVED Further that the Board of Directors of the company be and is hereby authorised to extend the tenure and to add, vary or increase the remuneration including perquisites and the monetary value thereof to the extent the Board of Directors may consider appropriate and such extension, addition, variation or increase being acceptable to Shri M. P. Dhandhanian as may be permitted or authorised in accordance with any provision/s under the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed there under and the shareholders hereby approve such extension, addition, variations, increase and the terms of the aforesaid appointment of Shri M. P. Dhandhanian shall be suitably modified to give effect to such extension, addition, variations, or increase as the case may be.

Place : Calcutta

Dated : 10th November, 1999

By Order of the Board

O. P. Shah
Secretary

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a 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 time fixed for the commencement of the meeting.
2. The Register of Members and Share Transfer book of the Company will remain closed from 24th December, 1999 to 30th December, 1999 (both days inclusive).

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

Item No. 6

Shri Dhanraj Rajgaria was appointed as an additional Director of the company with effect from 17.09.1999. He will hold his office upto the date of the forthcoming Annual General Meeting of the company. In pursuance of notice received along with requisite deposit u/s. 257 of the Companies Act, 1956., it is proposed to appoint Shri Dhanraj Rajgaria as Director of the company, liable to retire by rotation.

None of the Directors, except Shri Dhanraj Rajgaria is interested in the resolution.

Item No. 7

To take up expansion/diversification or new projects, it is considered desirable to raise funds by way of further issue of securities. Section 81(1A) of the Companies Act, 1956 provides that approval of shareholders is required by Special Resolution for offering the shares to any person (whether or not those persons include persons who at the date of the offer, are holders of the Equity Shares of the company). Accordingly the resolution is submitted for your approval.

None of the Directors of the company is interested in the resolution.

Item No. 8

Shri M. P. Dhandhanian was reappointed as Whole-time Director of the Company for a period of 2 years but extendable upto five years with effect from 1st July 1999. Shri M. P. Dhandhanian has extensive and wide experience to his credit. The Directors consider the services of Shri M. P. Dhandhanian as Whole-time Director would be very useful to the company in view of his varied experience.

The Directors, therefore, recommend passing of the Ordinary Resolution mentioned at item No. 8 of the accompanying notice.

None of the Directors other than Shri M. P. Dhandhanian is concerned or interested in the said resolution.

The accompanying notice may be regarded as an abstract of the terms of appointment and as a memorandum of concern or interest u/s. 302 of the Companies Act, 1956.

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BOARD OF DIRECTORS : Shri B.K. Nopany, *Chairman*
Shri C. S. Nopany
Shri D. R. Rajgarhia
Shri D. Y. Manawwar
Shri S. M. Chitnis
Shri O. P. Khaitan
Ms. Megha Patil
Shri L. K. Tibrawalla
Shri V. Dave
Shri M. P. Dhandhanian
(Whole-time Director)
Shri S. K. Mondal
(IDBI Nominee)

COMPANY SECRETARY : Shri O. P. Shah

AUDITORS : Jainsarawgee & Co.,
Chartered Accountants
32A, Chittaranjan Avenue
Calcutta-700 012

BANKERS : Bank of India

REGISTERED OFFICE : PO : Hanuman Sugar Mills
MOTIHARI - 845401
Dist. East Champaran
Bihar



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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Report together with the Audited Statement of Accounts for the year ended 30th June, 1999.

This is the fourth year of operation of the mill at Motihari under the Management of your Company.

FINANCIAL RESULTS :

	(In lacs of Rupees)	
	Year ended 30th June'99	Year ended 30th June'98
Sales	2548.36	2409.38
Gross Profit before interest Depreciation & Tax	638.82	244.88
Interest	256.97	207.65
Depreciation	257.09	179.63
Net Profit/(Loss)	124.76	(142.40)
Fixed Assets (Gross Block)	3339.12	2443.23

In view of inadequate profit, your Directors express their inability to recommend any dividend.

SUGAR SEASON 1998-99 :

During the year, the Crushing Season commenced amidst unfavourable weather conditions which had a negative impact on both cane availability and recovery.

Due to low international prices and a low customs duty, imported sugar was continued to flow thereby affecting domestic sugar prices adversely.

However, your company was able to increase its crushing by 34% and production of sugar by 26% during the year under review.

OPERATIONS :

The crushing of sugarcane at Motihari Factory during the season 1998-99 was higher at

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16.92 lacs quintals as against 12.59 lacs quintals during the season 1997-98. The recovery was, however lower at 8.40% as compared to 9.10% during the previous season. The factory worked for 104 days as against 88 days during the previous season. The production of sugar was 1.50 lac quintals during the season 1998-99 as against 1.19 lac quintals during the season 1997-98. The crushing of sugarcane and production of sugar would have been much higher had there not been low recovery of sugar due to adverse climatic conditions.

FUTURE PROSPECTS :

The sugar season 1999-2000 is expected to see a jump in production of sugar in North India. Preliminary reports indicate that the sowing of cane has increased considerably in Bihar. However, the health of the sugar industry will eventually depend on the quantum of sugar imports and the prevailing sugar prices.

FURTHER ISSUE OF SHARES :

In order to take expansion/diversification or new projects, we propose to empower the Board to issue Equity/Preference shares upto Rs. 25 crores as and when required.

DIRECTORS :

Shri Dhanraj Rajgaria was appointed as an Additional Director of the Company with effect from 17.09.99. He will hold his office up to the date of the forth coming Annual General Meeting. The Company has received notice in writing pursuant to Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director. Necessary Resolution for the proposal is being tabled at the ensuing meeting.

Shri M. P. Dhandhanian was re-appointed as Whole-time Director of the Company for a period of 2 years extendable upto five years by the Board of Directors with effect from 1st July, 1999. Shri Dhandhanian has extensive and wide experience to his credit. The Directors consider the services of Shri M. P. Dhandhanian as Whole-time Director would be very useful to the company in view of his varied experience. The necessary Resolution for the approval of said re-appointment by the shareholders is being tabled at the ensuing Annual General Meeting.

Shri L. K. Tibrawalia, Ms. Megha Patil and Shri D. Y. Manawwar retire from the Board by rotation and being eligible have offered themselves for re-election.

AUDITORS :

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments.

M/s. Jainsarawgee & Co., the Auditors of the Company retire at the forth coming Annual General Meeting and being eligible offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

Particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required U/s. 217 (1)(e) of the Companies Act, 1956 are given in Annexure I attached hereto and forms part of this Report.

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PARTICULARS OF EMPLOYEES :

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are given in Annexure II attached hereto and forms part of this report.

Y2K COMPLIANCE :

The company's hardware and software systems are all Y2K compliant.

ACKNOWLEDGEMENT :

Your Directors record their sincere appreciation for the valuable co-operation and support extended by the Financial Institutions, Bankers to the Company, Central and State Governments and the Sugar Directorate. The Directors are thankful to the Indian Sugar Mills Association for the dynamic role it has been playing on behalf of the Sugar Industry. The Directors also place on record their appreciation of the devoted services rendered by the workers, staff and executives of the Company which have largely contributed to its efficient management.

12, Govt. Place East
Calcutta-700 069
Dated : 10th November, 1999

For and on behalf of the Board

B. K. Nopany
Chairman