

**ANNUAL
REPORT
FOR THE
YEAR ENDED
30TH JUNE
2004**

 **Eastern Sugar & Industries Limited**



Eastern Sugar & Industries Limited

N O T I C E

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 Friday, the 31st day of December, 2004, 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, 2004, together with the reports of the Directors and Auditor thereon.
2. To appoint a Director in place of Shri K. L. Darak who retire by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri L. K. Tibrewalla who retire by rotation at this meeting and being eligible offers himself for re-appointment.
4. 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.

By order of the Board

 M. P. Dhandhania
Whole Time Director

Place : Kolkata

Date : 18th November, 2004

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 books of the company will remain closed from 25th day of December, 2004 to 31st day of December, 2004 (both days inclusive).
3. Members, who hold shares in de-materialised form are requested to bring their Client ID and DP ID Nos. for easier identification of attendance at the meeting.



Eastern Sugar & Industries Limited

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, 2004.

This is the ninth year of operation of the Sugar mill at Motihari under the management of your company.

FINANCIAL RESULTS :

	(In lac of Rupees)	
	Year ended 30 th June'04	Year ended 30 th June'03
Sales	317.14	1,080.63
Gross Profit before interest, Depn. & Tax	(289.60)	(277.67)
Interest	42.55	40.83
Depreciation	7.37	7.37
Net Profit/(Loss)	(339.52)	(325.87)
Fixed Assets (Gross Block)	8082.10	8069.95

DIVIDEND :

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

DIRECTORS :

Shri K. L. Darak, Director of the Company retires from Board and being eligible offers himself for re-appointment .

Shri L. K. Tibrawalla, Director of the Company retires from Board and eligible offers himself for re-appointment .

AUDITORS :

M/s R. Sonthalia & Co., Calcutta, the auditors of the company retire at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

The Notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

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

The Directors hereby confirm:-

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



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- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

The requirements of Corporate Governance as provided for in the listing agreement are being implemented. The Board has already constituted Audit Committee, Shareholders Grievance Committee and Remuneration Committee. Your Directors are committed to meet all the requirements fully within 31st March, 2005. The delay in implementation of Corporate Governance was beyond the control of the Company.

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 - 1 attached hereto and forms part of this Report.

PARTICULARS OF EMPLOYEES :

There was no employee who was in receipt of remuneration required to be disclosed under section 217(2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT :

Your Directors record their sincere appreciation for the valuable co-operation and support extended by the Financial Institution, and 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.

For and on behalf of the Board

B. K. Nopany
Chairman

12, Govt. Place East
Kolkata – 700 069

Dated : 18th November, 2004



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ANNEXURE- I

Statement showing particulars pursuant to companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2004.

CONSERVATION OF ENERGY

(a) Energy Conservation Measures taken :

Your Company continue to the high priority to conservation of energy on an ongoing basis. Some of the significant measures taken are :

- (i) Installation of high pressure turbines.
- (ii) Installation of continuous centrifugal machines.
- (iii) Installation of Electronic weigh bridges and bigger size efficient mills.
- (iv) Installation of Automatic Sugar Bagging System and Conveyors.
- (v) Installation of improved design of Evaporators(Semi Kestner), Pan and Crystallisers.
- (vi) Installation of Bagasse handling System.
- (vii) Installation of Fibrizor and High Horse Power Turbines.
- (viii) Installation of large capacity of juice clarifier.
- (ix) Installation of juice sulphitor.
- (x) Installation of Sugar Grader and Grass Hoppers.

(b) Additional investments and proposal, if any, being implemented for reduction of consumption of energy.

- (i) Installation of high pressure boiler.
- (ii) Installation of high capacity Centrifugal Machines.
- (iii) Installation of Automatic Controlling Devices and Instruments.
- (iv) Extension of Cane Carrier.

The required data with regard to conservation of energy is furnished below:

A. Power & fuel Consumption :

	For the year ended 30.06.2004	For the year ended 30.06.2003
1. Electricity		
(a) Purchased :		
Units	---	---
Total Amount (Rs. in lac)	---	---
Rate/Unit (Rs.)*	---	---
(b) Own Generation :		
(i) Through Diesel Generator		
Units	353510	305620
Unit/Ltr. of diesel oil	4.21	4.70
Cost/Unit (Rs.)	5.94	3.93
(ii) Through steam turbine/generator		
Units	604240	2396530
Units/Ltr of fuel oil/gas**		

Rate increased due to arrear on fuel surcharge paid after decision of Patna High Court.

** Not ascertainable as bagasse which is a by-product and being used for production of steam and power generation to save the cost.



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2. Coal , Furnace Oil & Other

N. A.

N. A.

(A) Consumption per unit of production

Products :For the year	For the year ended 30.6.2004	For the year ended 30.6.2003
Sugar (in quintals)	24640	88044
Electricity (Units per qtl. of Sugar)	30.75	28.42

(B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your company has been carrying out Research & Development in the following specific areas :

- (i) Heat treatment therapy to treat cane seed in order to get disease free cane seed for further multiplication and higher yield of sugarcane per acre of land.
- (ii) Multiplication of foundation cane seed by rearing of nurseries.
- (iii) Pest control measures to protect cane from diseases.
- (iv) Setting up Biological Laboratory.
- (v) Ratoon management by managing the ratoon crop of cane to increase yield.

(C) FUTURE PLANS ARE

- (i) Continue research of better yielding disease-free variety of cane by adopting measures stated above.
- (ii) Installation of machinery with latest technology at different stations in the factory.
- (iii) Improvement to Total Quality Management System.
- (iii) Expenditure incurred on Research and Cane Development Rs. 0.52 lac during the year as against Rs 1.97 lac of Previous Year.

Benefits derived as a result of the above efforts can not be measured . We have not imported any technology.

(D) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period, there is no earning and outgo in foreign exchange. (Previous year nil)

12, Govt. Place East
Kolkata - 700 069

For and on behalf of the Board

Dated :18th November, 2004

B. K. Nopany
Chairman



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AUDITORS' REPORT

TO THE MEMBERS OF EASTERN SUGAR & INDUSTRIES LIMITED

We have audited the Balance Sheet of **EASTERN SUGAR & INDUSTRIES LIMITED** as at 30th June 2004 and also the Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standard require that we plan and perform the audit to obtain reasonable assurances about whether the, financial statements are free of material mis-statement. An audit includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion. We report that:

1. 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 paragraph 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the Annexure, we report that:
 - a) We have obtained all the information and explanations which to the best of our information, knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts, as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in our report are in agreement with the books of accounts;
 - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 30th June 2004 and taken on record by the Board of Directors, we report that none of the directors(except Mr D.Sarkar, Nominee Director