

ANNUAL REPORT

*For the Year ended
30th June, 2010*

 **Eastern Sugar & Industries Limited**



EASTERN SUGAR & INDUSTRIES LIMITED

ANNUAL REPORT 2010 - 2011

CHAIRMAN

Shri Bimal Kumar Nopany

DIRECTORS

Shri S. J. Goswami-Whole Time Director

Shri R. C. Jha

Shri K. L. Darak

Shri D. Y. Manawwar

COMPLIANCE OFFICER

Shri D. R. Gill

REGISTERED OFFICE

Hanuman Sugar Mills,

P.O. Motihari

Dist.: East Champaran

Bihar 845 401

REGISTRAR & SHARE TRANSFER AGENT :

M/s. Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane

Kolkata 700 001

Phone : (033) 22482248 / 2243 5029

Fax : (033) 2248 4787

STATUTORY AUDITORS

M/s. Vivek Jaiswal & Co.

Chartered Accountants

Commerce House

Suite # 1A, Floor 8

2A, Ganesh Chandra Avenue

Kolkata 700-013

BANKERS :

Bank of India



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 on Friday, the 31st December, 2010 at 1.00 P.M. at the Registered Office of the Company at Hanuman Sugar Mills, P. O. Motihari, Dist.: East Champaran, Bihar 845 401 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 2010 together with Profit & Loss Account for the year ended on that date, and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. K. Nopany, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Place : Kolkata

Date : 12th November, 2010

By order of the Board

for EASTERN SUGAR & INDUSTRIES LIMITED

(B. K. NOPANY)
Chairman

NOTES:

1. A member entitled to attend and vote at the Meeting is also 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.
2. Proxies in order to be effective must be received by the Company at least 48 hours before the time of the Meeting.
3. All documents referred to in the Notice are open for inspection by the Members of the Company at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of the Meeting convened by this Notice.
4. The Register of Members and Share Transfer Book of the Company will remain closed from 28th December, 2010 to 31st December, 2010 (both days inclusive).
5. The Members are requested to intimate change in their address, if any, quoting their registered Folio No.
6. The Members are requested to bring their copies of Annual Report to the Meeting, as the same will not be redistributed at the venue of Annual General Meeting.
7. The Members attending the General Meeting are requested to bring enclosed attendance slip, duly filled in.
8. Members, who hold share in de-materialised form, are requested to bring their client ID and DP-ID number for the purpose of identification and attendance at the meeting.
9. Consequent upon the introduction of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the R&T Agents of the Company.
10. As per SEBI directive, shares of all the Companies have to be traded compulsorily in dematerialized form by all investors, the Company has appointed M/s Maheshwari Datamatics Pvt Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata 700001 as common agency to act as Registrars for the purpose of electronic connectivity for effecting dematerialization of shares as well as for transfer of physical shares.



EASTERN SUGAR & INDUSTRIES LIMITED

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/RE-APPOINTED

Name	:	Mr. B. K. Nopany
Date of Birth	:	26.04.1943
Qualification	:	B.Com
Profession	:	Industrialist
Expertise	:	Sugar, Construction and Schools
Other Directorships	:	<ol style="list-style-type: none">1. Shree Hanuman Sugar & Industries Ltd.2. Nopany Investments Pvt. Ltd.3. Shree Milk & Food Industries Ltd.4. Hanuman Industries (India) Pvt. Ltd.5. Indo Austro Corporation Pvt. Ltd.6. Shruti Spinners Ltd.7. Shruti Ltd.8. Nopany & Sons Pvt. Ltd.9. Daulatram Rawatmull Pvt. Ltd.10. Super Scans & Systems Pvt. Ltd.11. Champaran Agri Park Pvt. Ltd.
Shareholding in the Company	:	174,800

By Order of the Board
For **Eastern Sugar & Industries Ltd.**
(B. K. Nopany)
Chairman

Place : Kolkata - 700 071.
Date : 12th November, 2010.



EASTERN SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts of the Company for the financial year ended 30th June, 2010:

FINANCIAL RESULTS:

	2009-10	(Rs. in lacs) 2008-09
Sales & Other Income	1533.29	1826.51
Profit / (Loss) before Interest, Depreciation and Tax	619.47	818.58
Less: Interest	166.47	166.04
Depreciation	3.13	3.13
Profit/(Loss) before tax	449.87	649.41
Less: Provisions for Fringe Benefit Tax	0.00	0.17
Profit/(Loss) after tax	449.87	649.24
Add/Less: Balance brought forward from previous year	327.21	186.29
Profit available for appropriation	777.08	835.53

APPROPRIATIONS

Transfer to General Reserve	0.00	508.32
Balance (Loss) carried to Balance Sheet	777.08	327.21

PERFORMANCE:

The Company during the year registered total income of Rs. 1533.29 lacs, compared to Rs. 1826.51 lacs during the previous Financial Year 2008-09. Net profit stood at Rs. 449.87 lacs as against Rs. 649.24 lacs during last fiscal, mainly on account of lower sales volume and other income. As informed in the previous report, the company has already started earning Block Usage Charges, as other income during the year mainly include Fixed Assets Usages charges to the extent of Rs. 607.99 lacs. Your Directors are confident to significantly improve the performance of the Company in the coming year by exploring new business activities and better financial management.

DIVIDEND:

Considering funds required for future programme for growth of the Company and also for strengthening the financial positions of the Company, your Directors do not recommend any dividend for the year.

DIRECTORS:

Mr. B. K. Nopany retire at the conclusion of ensuing Annual General Meeting and being eligible offer himself for re-appointment.

AUDITORS:

The Auditors of the company M/s Vivek Jaiswal & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956.

Notes forming part of accounts, which are specifically referred to by the Auditors in their report, are self explanatory and, therefore, do not call for any further comments.

FIXED DEPOSITS:

During the year under review, the Company has not accepted public deposits under section 58-A of the Companies Act, 1956.



EASTERN SUGAR & INDUSTRIES LIMITED

DE-MATERIALISATION OF SHARES:

The Company's equity shares are available for de-materialization on both the depositories, viz., NSDL & CDSL. Shareholders may be aware that SEBI has made trading in your Company's shares mandatory, in de-materialized form. As on 30th June, 2010, 7815600 equity shares representing 65.13% of your Company's Equity Share Capital have been de-materialised.

LISTING AT STOCK EXCHANGE:

The Shares of the Company are listed on Bombay Stock Exchange, Mumbai and National Stock Exchange of India Ltd.. The Company has paid annual listing fee to the Bombay Stock Exchange for the year 2010-11. The shares at National Stock Exchange are still suspended for trading and efforts are being put for revocation of the suspension.

STATUTORY INFORMATION:

- There are no employees covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.
- During the year under review, the Company has not carried out any manufacturing activity. Therefore, there are no particulars to be disclosed as per the Companies (Disclosures of Particulars in the Report of the Board of Directors) rules, 1988.
- The company had no foreign exchange earning and outgo during the year under report.
- Certificate received from the Auditors of the Company regarding Compliance of conditions of Corporate Governance, as required under clause 49 VII of the Listing Agreement, is annexed and forms part of this report.
- As required under 49 IV F of the Listing Agreement, Management Discussion and Analysis Report is annexed and forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to provisions of section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the Annual Accounts for the year ended 30th June, 2010, the applicable accounting standards had been followed, along with proper explanation relating to material departures;
- 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 financials year and the loss of the company for the year under review;
- the Directors 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
- the Directors have prepared the annual accounts on a going concern basis.

EMPLOYEE RELATIONS:

During the year under review, the relations between the Management and the workmen were highly cordial.

INVESTOR RELATIONS:

Your Company always endeavors to keep the time of response to Shareholders' requests/grievance at the minimum. Priority is accorded to address all the issues raised by the Shareholders and provide them a satisfactory reply at the earliest possible time. The Shareholders' Grievance Committee of the Board meets periodically and reviews the status of the redressal of Shareholders' Grievances. The



EASTERN SUGAR & INDUSTRIES LIMITED

Shares of the Company continue to be traded in Electronic Form and the De-materialization arrangement exists with both the depositories, viz., National Securities Depository Limited and Central Depository Services (India) Limited.

ACKNOWLEDGEMENT:

Yours Directors wish to place on record the sincere and dedicated efforts of all the members of the Company's team which has throughout the year remained active. Your Directors also take this opportunity to offer their sincere thanks to Financial Institutions, Banks, other Government Agencies, our valued customers and the investors for their continued support and assistance. The employees of your Company continued to display their unstinted devotion, co-operation. Your Directors take this opportunity to record their appreciation for the same. Your Directors also express their profound thanks to the Shareholders for their faith and continued support to the endeavors of the Company.

By order of the Board
for **EASTERN SUGAR & INDUSTRIES LIMITED**
(**B. K. NOPANY**)
Chairman

Place : Kolkata

Date : 12th November, 2010



EASTERN SUGAR & INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHYLOSOPHY ON CORPORATE GOVERNANCE

The Company considers Corporate Governance as an important tool for achieving all round excellence with ultimate objective of enhancing shareholders' value. The Company took initiative in practicing good Corporate Governance procedures, even before they were made mandatory.

It is firmly believed that Corporate Governance begins with Company's continuous review of its internal procedures and practices encompassing all its business areas in the most appropriate manner, which would spell fairness, transparency and accountability.

II. BOARD OF DIRECTORS

The Business of the Company is managed by the Board of Directors. The functions of the Board include formulation of strategic business plans, budgets, setting up goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. Directors along with a team of professionals manages the day-to-day operations of the Company. The Non-Executive Directors are drawn from amongst persons with experience in business, industry and finance. The Board of Directors has the ideal composition with more than half the Directors being non-executive Directors. Since the Company has a Non-Executive Promoter Chairman, the Board's composition meets the stipulated requirement of at least one-half of the Board comprising independent Directors who have no professional and/or business relationship with the Company.

A. Composition of Directorships

The constitution of the Board as on June 30, 2010:

Non-executive Chairman
Mr. B. K. Nopany, Chairman & Director

Promoter Director	Executive Director	Non-Executive Director and Independent Director
Mr. B. K. Nopany	Mr. S. J. Goswami	Mr. D. Y. Manawwar Mr. K. L. Darak Mr. R. C. Jha

B. Pecuniary Relationship

There is no pecuniary relationship or transaction of the non-executive Directors vis-à-vis the Company.

C. Attendance records of Board Meetings

During the year under review, Eight Board meetings were held on 29.09.09, 30.10.2009, 24.11.2009, 31.12.2009, 12.01.2010, 29.01.2010, 5.06.2010, and 25.06.2010. The Board members are given appropriate documents and information in advance of each Board meeting.

The attendance record of all the Directors on the Board was as under:-

Director	No. of Board meetings attended	Attendance at last AGM
Mr. B. K. Nopany	8	Yes



EASTERN SUGAR & INDUSTRIES LIMITED

Director	No. of Board meetings attended	Attendance at last AGM
Mr. S. J. Goswami	7	Yes
Mr. D. Y. Manawwar	8	Yes
Mr. K. L. Darak	8	Yes
Mr. R. C. Jha	7	Yes

- D. Directors of the Company having directorship in other Companies, Membership/ Chairmanship in Committees (as prescribed under Corporate Governance) across all Companies in which there are directors

Name of Director	Category of Directorship	No. of other Directorships held in Other Public Companies*	No. of membership in other Companies Committees**	
			Member	Chairman
Mr. B. K. Nopany	Promoter & Chairman Non-executive	4	2	2
Mr. D. Y. Manawwar	Independent & Non-executive	Nil	Nil	Nil
Mr. K. L. Darak	Independent & Non-executive	2	Nil	Nil
Mr. R. C. Jha	Independent & Non-executive	Nil	Nil	Nil
Mr. S. J. Goswami	Independent & Executive	Nil	Nil	Nil

* This excludes directorship held on Private Companies, Foreign Companies and Companies formed under section 25 of the Companies Act, 1956

** The Committee of Directors includes Audit Committee, Shareholders/Investors' Grievance Committee, FPO Committee, General Administration Committee and Remuneration Committee of Directors only. This does not include Memberships/Chairmanship in committees of Private Limited Companies.

III. BOARD PROCEDURES

The members of the Board have been provided with the requisite information as per the listing agreement well before the Board Meeting and the same was dealt with appropriately.

All the Directors who are in various committees are within the permissible limit of the listing agreement and none of the Directors are disqualified for appointment as director under any of the provisions of the Companies Act, 1956.

IV. AUDIT COMMITTEE

The Board of the Company had been re constituted Audit Committee on 29.9.2009, comprising of three directors. All the members of the committee, during the financial year under review, viz., Mr. D. Y. Manawwar, Mr. K. L. Darak and Mr. R. C. Jha are independent and non executives.

The constitution of the Audit Committee meets the requirement of section 292A of the Companies Act, 1956 and the Listing Agreement. The power and role of the audit committee is as per the guidelines set out in the listing agreement and as prescribed under section 292A of the Companies Act, 1956.



EASTERN SUGAR & INDUSTRIES LIMITED

During the year under review, the Committee met 4 (Four) times and attendance of members at the meetings were as follows:

Name of Member	Status	No. of meetings attended
Mr. K. L. Darak	Chairman	4
Mr. R. C. Jha	Member	3
Mr. D. Y. Manawwar	Member	4
Mr. S. N. Mishra*	Member	1

*Resigned w.e.f. 29th September, 2009

V. REMUNERATION COMMITTEE

The Board of the Company has constituted Remuneration Committee, comprising of three directors, during the year under review, viz. Mr. B. K. Nopany, Mr. D. Y. Manawwar, Mr. K. L. Darak. The committee has been constituted to review and approve the annual salaries, commission, service agreement and other employment conditions for the executive directors.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice. During the year under review, only 1(one) meeting of the Remuneration Committee was held, in which all the members were present.

A. Details of the remuneration to the Executive Director provided as per accounts for the year ended 30th June, 2010 are given below:

Executive Director	Salary*(Rs.)	Commission (Rs.)	Service Contract
Mr. S. J. Goswami	Rs. 2,80,000/-	Nil	Nil

*Salary includes basic salary, perquisites and allowances, contribution to provident fund etc.

B. Details of the remuneration to the Non-executive Directors provided as per accounts for the year ended 30th June, 2010 are given below:

Non-executive Director	Sitting Fee*(Rs.)	Commission (Rs.)	Total (Rs.)
Nil	Nil	Nil	Nil

VI. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board has constituted a Shareholders' Grievance Committee, comprising of three directors under the chairmanship of Mr. K. L. Darak. The other members in the committee being, Mr. B. K. Nopany and Mr. D. Y. Manawwar.

The committee has been constituted to specifically look into redressal of shareholders' grievances such as transfer, dividend, de-materialization related matters. The Committee has also been delegated the power to approve transfer/transmission of shares, issue of new or duplicate certificates, sub-division of shares, split of share, review of dematerialization of shares and all matters related to shares.

During the year under review, the committee met 4 (Four) times. All the members were present in all the meetings held during the year.

Total number of letters and complaints received and replied to the satisfaction of shareholders during the year under review was Nil. As on 30th June 2010, there are Nil complaints pending with the Company.

The Company has also adopted code of internal procedures and conduct for prevention of insider trading in the shares of the Company, pursuant to Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. The Board has designated Mr. D. R. Gill as the Compliance Officer for this purpose.