

ANNUAL REPORT

*For the Year ended
30th June, 2011*

 **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) 2248-2248 / 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

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Eastern Sugar & Industries Limited will be held on Thursday, the 15th Day of December, 2011 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, 2011 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. K. L. Darak, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:**INCREASE IN REMUNERATION OF MR. S. J. GOSWAMI, WHOLETIME DIRECTOR**

4. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as **Ordinary Resolution**:

'RESOLVED THAT pursuant to the provisions of section 198, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce), in partial modification of the resolution passed at the Annual General Meeting of the Company held on 29th December, 2009, the Company hereby accords its approval to the increase in the Salary forming a part of the remuneration of Shri S. J. Goswami as Wholetime Director of the Company from Rs. 40,000/- per month to Rs. 50,000/- per month with effect from 1st September, 2011, all other terms and conditions of his appointment remaining the same.'

CONVERSION OF PREFERENCE SHARES INTO EQUITY SHARES

5. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'said Regulations') including any statutory modification(s) or re-enactment thereof for the time being in force and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, rules/ regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India and/or any other regulatory authority. the listing agreement entered into by the Company with the Stock Exchange(s) where the equity shares of the Company are listed

EASTERN SUGAR & INDUSTRIES LIMITED

and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of appropriate authorities, institutions or bodies, as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee of the Board constituted/to be constituted to exercise its powers conferred by this Resolution) be and is hereby authorised on behalf of the Company to create, offer, issue and allot 1,00,00,000 (One Crore) equity shares of Rs.10/- (Ten) each, on preferential basis, to the holders of 300000 12% Cumulative Convertible Preference Shares of Rs. 100/- each and 700000 3% Cumulative Convertible Preference Shares of Rs. 100/- each (hereinafter referred to as "the Preference Share (s)"), at such price as may be determined in accordance with the provisions of the said Regulations, the consideration for which shall be payable by way of conversion of each Preference Share into 10 Equity Share of Rs. 10/- each, to the extent of aggregate amount of Rs. 10.00 (Ten) crores, and balance by way of payment in cash, as mentioned in the Explanatory Statement annexed to the Notice convening this Meeting in such manner as may be determined by the Board in its absolute discretion."

"RESOLVED FURTHER THAT the relevant date for pricing of the equity shares is 15th November, 2011, i.e., 30 days prior to the date of the Annual General Meeting, as per provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009."

"RESOLVED FURTHER THAT the resultant equity shares to be issued and allotted in terms of this resolution shall rank pari passu with the then existing equity shares of the Company in all respects and be listed where the equity shares of the Company are listed."

"RESOLVED FURTHER THAT the aforesaid Equity Shares allotted in terms of this resolution shall be subject to lock-in requirements as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009."

"RESOLVED FURTHER THAT for the purpose of giving effect to the issue or allotment of equity shares the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may. in its absolute discretion, deem necessary, proper or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in the proposed issue, offer and allotment of the said equity shares including utilization of the issue proceeds, and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of members or otherwise to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or the Company Secretary of the Company to give effect to this resolution."

By order of the Board
For **EASTERN SUGAR & INDUSTRIES LTD.**
(B. K. Nopany)
Chairman

Place : Kolkata

Dated : 16th November, 2011

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. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto and form part of this Notice.
4. 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.
5. The Register of Members and Share Transfer Book of the Company will remain closed from 12th Day of December, 2011 to 15th December, 2011 (both days inclusive).
6. The Members are requested to intimate change in their address, if any, quoting their registered Folio No.
7. 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.
8. The Members attending the General Meeting are requested to bring enclosed attendance slip, duly filled in.
9. 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.
10. 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.
11. 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 Datametics 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Re. Item No. 4: INCREASE IN REMUNERATION OF MR. S. J. GOSWAMI, WHOLETEIME DIRECTOR**

The Shareholders of the Company at their meeting held on 29th December, 2009 approved the appointment of Mr. S. J. Goswami as Wholetime Director of the Company for a period of three years w.e.f. 29th September, 2009 at the following remuneration:

A) SALARY

Rs. 40,000/- per month.

B) PERQUISITES

Perquisites will be classified as follows:

i. Contribution to Provident Fund, Superannuation and Annuity Fund

The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per rules of the Company.

ii. Gratuity

As per Rules of the Company.

iii. Entertainment, Travelling and other Expenses

Reimbursement of entertainment, traveling and all other expenses incurred for the business of the Company.

iv. EXPLANATION

Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at cost.

C) AMENITIES

i. Conveyance Facilities

He will be provided with a car for use on Companies business. Provision of car for use on Company's business will not be considered as perquisites.

ii. Mobile, Telephone, Telefax and other Communication facilities

The Company shall provide mobile, Telephone, Telefax and other communication facilities at the Managing Directors' residence for the purpose of official use.

D) OVERALL REMUNERATION

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act as may be in force from time to time.

E) MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Managing Director, the payment of salary, perquisites and other allowance shall be governed by the limits prescribed under Section II of Part II of Schedule XIII of Companies Act, 1956 including any Statutory modification or re-enactment hereof as may for the time being in force.

However, the Remuneration Committee at its meeting held on 11/05/2011 was of the unanimous view that in view of proposed growth plans and also considering the services rendered by him and his profound knowledge and vast work experience the salary payable to him should be

revised upward, other terms of his appointment remaining same.

Mr. Goswami, having been of 45, had more than approx. 19 years' experience in the field of Administration and Logistic to his credit.

The draft of the Supplementary Agreement to be executed between Shri Goswami and the Company as approved by the Remuneration Committee is available for inspection by the members 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 and will also be available at the Meeting.

The Board recommends passing of the resolution set out at Item No. 4 of the accompanying notice.

Mr. Goswami may be deemed to be concerned or interested in the resolution and in increase in his remuneration.

No other Director is interested in this resolution.

Re. Item No. 5: CONVERSION OF PREFERENCE SHARES INTO EQUITY SHARES

After the Board at its meeting held on 11.11.2011 decided to convert existing Preference Shares of the Company into Equity Shares, the preference shareholders of the Company had already given consent, in terms of section 106 of the Companies Act, 1956, to the same, *inter alia*, pursuant to provisions of the Companies Act, 1956, read with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'said Regulations'), including amendments therein, and also subject to approval of Equity Shareholders of the Company (hereinafter referred to as 'Members of the Company') and such other approvals as may be necessary, in the manner and at such price as may be decided by the Members of the Company.

The Special Resolution concerns proposal to issue and allot 1,00,00,000 equity shares of Rs. 10/- each, on preferential basis, to the holders of Preference Shares of the Company, at such price as may be determined in accordance with the provisions of the said Regulations, the consideration for which shall be payable by way of conversion of each Preference Share of Rs. 100/- each into 10 Equity Share of Rs. 10/- each, to the extent of aggregate amount of Rs. 10.00 (Ten) crores, and balance by way of payment in cash.

The information required to be given in the notice calling Annual General Meeting pursuant to SEBI (Disclosure & Investor Protection) Guidelines is as under:-

I. The Object of the Issue through preferential offer

The issue and allotment of shares through preferential offer is proposed for strengthening Company's financial position and ratios by converting Preference Shares into equity and also for raising funds for its growth plans and general corporate purposes.

II. Intentions of promoters/directors/key management persons to subscribe to the offer

The promoters of the Company whom the preferential allotment in terms of this resolution is proposed to be made intend to fully subscribe the same.

III. Shareholding pattern before and after the offer

E EASTERN SUGAR & INDUSTRIES LIMITED

	Pre-Issue Shareholding Pattern		Shareholding Pattern post Preferential Issue	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Promoter	1927185	16.06%	2927185	13.31%
Promoter Group	2311328	19.26%	6211328	28.23%
Total Holding of Promoter & Promoter Group	4238513	35.32%	9138513	41.54%
MFs/Banks/FIs/FIs	11200	0.09%	11200	0.05%
Private Bodies Corporate	2711874	22.60%	7811874	35.51%
General Public	5038513	41.99%	5038513	22.90%
Total	12000100	100.00%	22000100	100.00%

Consequent to the issue of aforesaid shares there will be no change in the Board of Directors of the Company and control over the Company The Voting right would change in tandem with shareholding pattern of the Company..

IV. Proposed time within which the allotment shall be complete.

As required under the SEBI Guidelines, the allotment of shares shall be completed within 15 days from the date of passing of resolution granting consent for preferential issue by the shareholders of the Company, provided if allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of such approval.

V. Identity of the proposed allottees and percentage of post preferential issued capital.

The shareholding pattern and the identity of the proposed allottees, before and after the preferential issue, is given below:

Name of Allottees	Pre-preferential issue holding		Shareholding post-preferential issue	
	No.	%	No.	%
Promoter & Promoter Group				
1) Mr. Bimal Kumar Nopany	174800	1.46%	1174800	5.34%
2) M/s Bimal Kumar Nopany (HUF)	100000	0.83%	700000	3.18%
3) Mrs. Shruti Vora	100000	0.83%	250000	1.14%
4) M/s Rawatmull Nopany Family Trust	200000	1.67%	550000	2.50%
5) M/s Chandra Shekhar Nopany Family Trust	50000	0.42%	300000	1.36%
6) M/s Shruti Nopany Family Trust	50000	0.42%	300000	1.36%
7) M/s Nopany & Sons	400000	3.33%	1400000	6.36%
8) M/s Nopany & Sons Pvt. Ltd.	607000	5.06%	1907000	8.67%

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Non Promoters	No.	%	No.	%
9) M/s N N P Trading & Investment Pvt. Ltd.	—	—	1500000	8.11%
10) M/s Indian Die Casting Co. Ltd.	685800	4.28%	2185800	11.82%
11) M/s Oriental Graphites Ltd.	—	—	1000000	5.40%
12) M/s Nopany Marketing Co. Pvt. Ltd.	350000	2.18%	1950000	10.54%
13) M/s Arogya Investment Pvt. Ltd.	—	—	500000	2.70%

VI. Lock-in :

In terms of the SEBI Guidelines for Preferential Issues, the equity shares proposed to be allotted shall be locked-in for such period as prescribed in the SEBI Guidelines.

VII. Pricing of the Issue

The Equity Shares shall be issued at a price of Rs. 13.60 per equity share, which is not less than higher of the following, in terms of the said Regulations:

- Average weekly high and low of the closing price during 6 months preceding the relevant date; or
- Average of weekly high and low of the closing price during 2 weeks preceding the relevant date.

Relevant date for the purpose shall be 30 days prior to the date on which the general meeting of the shareholders is held in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue, which in the present case is 15th November, 2011.

Allottees of the above said preferential shares have not sold/transferred any shares within six months prior to relevant date (i.e. 15th November, 2011).

The allotment of shares does not require making of a public offer as it is below the prescribed threshold limit for making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations. Due to above preferential allotment of the Shares, no change in management control is contemplated.

A copy of the certificate from the Statutory Auditors of the Company, M/s Vivek Jaiswal & Co., Chartered Accountants, certifying that the issue of the Shares is being made in accordance with the requirements of SEBI Guidelines for Preferential Issues, will be available for inspection at the Registered Office of the Company during 11.00A.M. and 1.00 P.M on any working day (Except Saturday) prior to the date of meeting.

The equity shares shall rank pari passu in all respects with the then existing equity shares of the Company and will be listed on Stock Exchange(s) where the equity shares of the company are listed.

The Board recommends the Special Resolution as set out in the Notice for members approval. None of the Directors of the Company (other than the promoters to whom shares are proposed to be allotted in terms of this resolution) is, in any way, concerned or interested in the resolution.

By order of the Board
For **EASTERN SUGAR & INDUSTRIES LTD.**
(B. K. Nopany)
Chairman

Place : Kolkata
Dated : 16th November, 2011

Ⓔ 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. K. L. Darak
Date of Birth	: 10th August, 1942
Qualification Profession	: B. Com. Service
Expertise	: Sugar Industry
Other Directorships	: 1) Oriental Graphites Ltd. 2) Bilaspur Spinning Mills & Industries Ltd. 3) Nopany Marketing Co. Pvt. Ltd. 4) Shruti Fabrics Ltd.
Shareholding in the Company	: Nil