

ANNUAL REPORT

*For the Year ended
30th June, 2012*

☐ Eastern Sugar & Industries Limited



CHAIRMAN

Shri Bimal Kumar Nopany

DIRECTORS

Shri S. J. Goswami — *Whole Time Director*

Shri R. C. Jha

Shri C. K. Garodia

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

Andhra Bank

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, 2012:

FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2011-12	2010-11
Sales & Other Income	1135.73	1302.41
Profit / (Loss) before Interest, Depreciation and Tax	843.75	1220.83
Less: Interest	124.85	166.47
Depreciation	344.00	925.57
Profit/(Loss) before tax	374.91	128.79
Add/Less: Balance brought forward from previous year	905.87	777.08
Profit available for appropriation	1280.78	905.87

APPROPRIATIONS

Transfer to General Reserve	—	—
Balance (Loss) carried to Balance Sheet	1280.78	905.87

PERFORMANCE AND FUTURE PROGRAMMES:

During the year under review, total income stood at Rs. 1135.73 lacs, compared to Rs.1302.41 lacs in the previous year 2010-11: Total Income includes, inter alia, Profit on Sale of Fixed Assets amounting to Rs. 656.28 lacs. Sales and Block Usage Charges stood at Rs.213.92 lacs and Rs.265.53 lacs as against Rs.98.08 lacs and Rs.441.44 lacs, respectively, during the immediately preceding financial year. Net Profit stood at Rs.374.91 lacs, compared to Rs.128.79 lacs during the previous financial year 2010-11.

Directors have been actively considering entering in to new activities for increasing company's business. To begin with your Directors have actively been considering setting-up of a Distillery Project. Preliminary work of project report and land identification is under finalisation.

DIVIDEND:

Considering funds required for increasing business of the Company and also considering the requirement for strengthening its financial positions, your Directors do not recommend any dividend for the year.

DIRECTORS:

Mr. R. C. Jha & Mr. D. Y. Manawwar retires 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.

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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.

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, 2012, 8635300 equity shares representing 71.96% 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 not paid annual listing fee to the Bombay Stock Exchange, National Stock Exchange for the year 2012-13. 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' 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, 2012 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 financial year and the loss of the company for the year under review

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- 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 Shares of the Company continue to be traded in Electronic Form and the Dematerialization arrangement exists with both the depositories, viz., National 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' 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 Ltd.**
(B. K. Nopany)
Chairman

Place : Kolkata
Dated : 29th November, 2012



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, 2012:

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. C. K. Garodia 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, Six Board meetings were held on 26.08.2011, 11.11.2011, 28.11.2011, 21.01.12, 13.04.2012, 14.05.2012. 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	6	Yes
Mr. S. J. Goswami	6	Yes
Mr. D. Y. Manawwar	5	Yes
Mr. K. L. Darak	6	Yes
Mr. R. C. Jha	5	Yes
Mr. C. K. Garodia	1	No

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 & Non-executive Chairman	5	4	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, Remuneration Committee, and Shareholders' Grievance 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

In view of resignation by Mr. K. L. Darak, the Board reconstituted the Audit Committee on 14.05.2012 including C. K. Garodia as Committee Chairman to fill-up the vacancy. Audit Committee, therefore, comprises three members. . D.Y. Manawwar, Mr. C. K. Garodia and Mr. R.C. Jha are independent. 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.

During the year under review, the Committee met 4 (Four) times on 26.08.11, 11.11.2011, 13.04.2012, 14.05.2012 attendance of members at the meetings were as follows:

Name of Member	Status	No. of meetings attended
Mr. C. K. Garodia	Chairman	-
Mr. R. C. Jha	Member	4
Mr. D. Y. Manawwar	Member	4
Mr. K. L. Darak	Chairman	4

V. REMUNERATION COMMITTEE

The Board reconstituted the Remuneration Committee on 14.05.2012, comprising of three members, viz., Mr. B.K. Nopany, Mr. D.Y. Manawwar, Mr. C. K. Garodia, in view of vacancy caused by resignation of Mr. K. L. Darak.

The Committee had 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, the Committee had no meeting.

A. Details of the remuneration to the Executive Director provided as per accounts for the year ended 30th June, 2012 are given below:

Executive Director	Salary* (Rs.)	Commission (Rs.)	Service Contract
Mr. S. J. Goswami	6,00,000/-	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, 2012 are given below:

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

VI. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board also reconstituted the Shareholders' Grievance Committee on 14.05.2012, comprising of three directors under the chairmanship of Mr. C. K. Garodia. 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 had 15.07.2011, 30.07.2011, 16.08.2011, 15.09.2011, 30.09.2011, 15.10.2011, 31.10.2011, 15.11.2011, 30.11.2011, 10.12.2011, 31.12.2011, 30.01.2012, 15.02.2012, 29.02.2012, 15.03.2012, 31.03.2012, 16.04.2012, 15.05.2012, 30.05.2012, 15.06.2012, 30.06.2012 meeting.

Total number of letters and complaints received was 12 and all were replied to the satisfaction of shareholders during the year under review. As on 30th June 2012, there are Nil complaints were 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 Company Secretary as the Compliance Officer for this purpose.

VII. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:-

Year	Location	Date	Time	Special Resolutions Passed
2010-11	Regd. Office: Hanuman Sugar Mills, P.O. Motihari Dist.: East Champaran, Bihar - 845 401	15.12.2011	1.00 P.M.	N.A.
2009-10	Regd. Office: Hanuman Sugar Mills, P.O. Motihari Dist.: East Champaran, Bihar - 845 401	31.12.2010	1.00 P.M.	N.A.
2008-09	Regd. Office: Hanuman Sugar Mills, P.O. Motihari Dist.: East Champaran, Bihar - 845 401	29.12.2009	1.00 P.M.	N.A.

During the last year no special resolution was put through postal ballot.

VIII. DISCLOSURES

A. Basis of related party transaction

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of company at large — Nil

B. . Whistle Blower Policy

The company encourages an open door policy where employees have access to the Head of the business/Function. In terms of Company's Code of Conduct, any instance of non adherence to the code/ any other observed unethical behavior are to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of Corporate Human Resources. We hereby affirm that no personnel have been denied access to the audit committee.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years — Nil

The Company has complied with all mandatory requirements of the revised Clause 49 of the Listing agreement, which came into effect from 1st January 2006. Further, the Company has also complied with the nonmandatory requirement relating to constitution of Remuneration Committee, Shareholder Rights and establishing the Whistleblower Policy.

C. Code of Business Conduct and Ethics for Directors and management personnel

The Board has prescribed a Code of Conduct ("Code") for all Board members and senior management of the Company. The Code is provided on the Website of the Company. All Board members and senior management personnel have confirmed compliance with the Code for the year 2011-12. A declaration to this effect signed by the Executive Director of the Company is provided elsewhere in the Annual Report.

D. Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on 30th June, 2012; there was no treatment different from that prescribed in an accounting standard that had been followed.

E. Board Disclosures – Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

F. Proceeds from Public Issues, Right Issues, Preferential Issues, etc.

During the year, the Company has not raised any amount through Public Issue, Right Issue, Preferential Issue, etc.

IX. SUBSIDIARY MOTORING FRAMEWORK

The Company has no subsidiary.

X. MEANS OF COMMUNICATION

Immediately after the Board of Directors of the Company took note of Results for quarter ended 30th September 2011, 31st December 2011, 31st March 2012 and Audited Annual Accounts, the same were informed to the National Stock Exchange, Bombay Stock Exchange Ltd., Mumbai and Magadh Stock Exchange were also published in English newspaper (viz. Hindustan Times in Patna) and Hindi newspaper, viz., Business Standard, in Patna.

A management Discussion and Analysis report which forms part of the Annual Report is given by means of a separate annexure and is attached to the Directors' Report.