

# **ANNUAL REPORT**

*For the Year ended  
30th June, 2013*

 **Eastern Sugar & Industries Limited**



## **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

## **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 29<sup>th</sup> Day of November, 2013 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, 2013 together with statement of Profit & Loss 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 and Mr. S. J. Goswami, who retire by rotation and are eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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

Place : Kolkata  
Dated : 31st October, 2013

#### **NOTES:**

1. **The Explanatory Statement pursuant to Section 173/2 of the Companies Act, 1956 is annexed hereto and form part of this office.**
2. **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.**
3. **Proxies in order to be effective must be received by the Company at least 48 hours before the time of the Meeting.**
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 26<sup>th</sup> Day of November, 2013 to 29<sup>th</sup> November, 2013 (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

## **EASTERN SUGAR & INDUSTRIES LIMITED**

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 Datamatics Pvt Ltd, 6, Mangoe Lane, 2<sup>nd</sup> 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.**

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

Place : Kolkata

Dated : 31st October, 2013

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

Name	:	<b>Mr. B. K. Nopany</b>
Date of Birth	:	26.04.1943
Qualification	:	B. Com.
Profession	:	Industrialist
Expertise	:	Sugar, Construction and School
Other Directorships	:	<ol style="list-style-type: none"> <li>1. Shree Hanuman Sugar &amp; Industries Ltd.</li> <li>2. Nopany Investments Pvt. Ltd.</li> <li>3. Shree Milk &amp; Food Industries Ltd.</li> <li>4. Hanuman Industries (India) Pvt. Ltd.</li> <li>5. Indo Austro Corporation Pvt. Ltd.</li> <li>6. Shruti Spinners Ltd.</li> <li>7. Shruti Ltd.</li> <li>8. Nopany &amp; Sons Pvt. Ltd.</li> <li>9. Daulatram Rawatmull Pvt. Ltd.</li> <li>10. Super Scans &amp; Systems Pvt. Ltd.</li> <li>11. Champaran Agri Park Private Ltd.</li> </ol>
Shareholding in the Company	:	297865

Name	:	<b>Mr. S. J. Goswami</b>
Date of Birth	:	9th June, 1966
Qualification	:	Commerce Graduate , L.L.B.
Profession	:	Service
Expertise	:	Administration & Logistic
Other Directorships	:	<ol style="list-style-type: none"> <li>1. Shruti Capital &amp; Finance Ltd.</li> <li>2. Indo Austro Corpn. Pvt. Ltd.</li> </ol>
Shareholding in the Company	:	NIL

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

Place : Kolkata

Dated : 31st October, 2013

## **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, 2013:

### **FINANCIAL RESULTS:**

	(Rs. in Lacs)	
	<b>2012-13</b>	<b>2011-12</b>
Sales & Other Income	955.80	1135.73
Profit / (Loss) before Interest, Depreciation and Tax	543.87	843.75
Less: Interest	124.85	124.85
Depreciation	335.89	344.00
Profit/(Loss) before tax	83.13	374.91
Less: Provision for tax	5.67	—
Profit/(Loss) after tax	77.46	374.91
Add/Less: Balance brought forward from previous year	1280.78	905.87
Profit available for appropriation	1358.24	1280.78

### **APPROPRIATIONS** (Rs. in Lacs):

Transfer to General Reserve	500.00	—
Balance (Loss) carried to Balance Sheet	<b>858.24</b>	<b>1280.78</b>

### **PERFORMANCE AND FUTURE PROGRAMMES:**

During the year under review, total income stood at Rs.955.80 lacs, compared to Rs. 1135.73 lacs in the previous year 2011-12. Profit before Depreciation, Interest, and Tax (PBDIT) during 2012-13 includes Profit from sale of Investments amounting to Rs. 242.62 lacs and during 2011-12 includes Profit from sale of Fixed Assets amounting to Rs. 656.28 lacs, which are exceptional in nature. Therefore, PBDIT before exceptional incomes during 2012-13 stood at Rs. 301.25 lacs as against Rs. 187.47 lacs during 2011-12, which shows an increase of 60.69%.

Your Directors have been actively considering entering in to new activities for increasing company's business.

### **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. B. K. Nopany and Mr. S. J. Goswami retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### **AUDITORS:**

The Auditors of the company M/s Vivek Jaiswal & Co., Chartered Accountants, hold office until the

## **EASTERN SUGAR & INDUSTRIES LIMITED**

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.

### **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 30<sup>th</sup> June, 2013, 14007200 equity shares representing 82.88% of your Company's Equity Share Capital have been de-materialised.

### **ISSUE OF BONUS EQUITY SHARES TO PREFERENCE SHAREHOLDERS:**

As approved by the Shareholders of the Company and pursuant to provisions of the Companies Act, 1956 read with SEBI Rules/Regulations, a sum of Rs. 4,90,00,000/- (Rupees four crores ninety lacs only) was capitalized, out of the amount standing to the credit of the General Reserve Account, and 49,00,000 Equity were issued and allotted as fully paid bonus shares of Rs. 10/- each 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.

### **LISTING AT STOCK EXCHANGE:**

The Shares of the Company are listed on Bombay Stock Exchange, Mumbai and National Stock Exchange of India Ltd.

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.

## **EASTERN SUGAR & INDUSTRIES LIMITED**

### **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 30<sup>th</sup> June, 2013, 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;
- 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 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 De-materialization arrangement exists with both the depositories, viz., National Securities Depository Limited and Central Depository Services (India) Limited.

### **ACKNOWLEDGEMENT:**

Your 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  
Dated : 31st October, 2013

## **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 Board**

The constitution of the Board as on June 30, 2013:-

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

<b>Promoter Director</b>	<b>Executive Director</b>	<b>Non-Executive Director and Independent Director</b>
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, Nine Board meetings were held on 27.08.2012, 07.09.2012, 26.09.2012, 08.11.2012, 29.11.2012, 09.02.2013, 25.02.2013, 06.04.2013 and 17.05.2013.

The Board members are given appropriate documents and information in advance of each

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Board meeting.

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

<b>DIRECTOR</b>	<b>No. of Board meetings attended</b>	<b>Attendance at last AGM</b>
Mr. B. K. Nopany	9	Yes
Mr. Mr. S. J. Goswami	9	Yes
Mr. D. Y. Manawwar	7	Yes
Mr. R. C. Jha	8	Yes
Mr. C. K. Garodia	8	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**

<b>Name of Director</b>	<b>Category of Directorship</b>	<b>No. of other Directorships held in Other Public Companies*</b>	<b>No of membership in other Companies Committees**</b>	
			<b>Member</b>	<b>Chairman</b>
Mr. B. K. Nopany	Promoter & Non-executive Chairman	5	4	2
Mr. D. Y. Manawwar	Independent & Non-executive	Nil	Nil	Nil
Mr. R. C. Jha	Independent & Non-executive	Nil	Nil	Nil
Mr. S. J. Goswami	Independent & Executive	Nil	Nil	Nil
Mr. C. K. Garodia	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, Public Issue 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