



INDIAN SUCROSE LIMITED

22nd Annual Report 2012-13



MANAGEMENT

BOARD OF DIRECTORS

Sh. Kunal Yadav	Chairman & Managing Director
Sh. Dharampal Singh	Director
Sh. Jitender Singh	Director
Sh. Pawan Dewan	Director
Sh. Sheoraj Singh Ahlawat	Director
Sh. Prakash Chandra Gupta	Director

BANKERS

Punjab National Bank

REGISTERED OFFICE & WORKS

G. T. Road, Mukerian, Distt.-
Hoshiarpur, Punjab-144211

COMPANY SECRETARY

CS Manish Kumar Dixit

CORPORATE OFFICE

202/47, Thapar Arcade,
Kalu Sarai, Hauz Khas,

AUDITORS

M/s B.K.Kapur & Co.
Chartered Accountants,
Ghaziabad

COST AUDITORS

Ajay Kumar Singh & Associates,
Cost Accountants,
Delhi

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of the Company will be held on Monday, 30th day of December 2013 at 11:00 AM, at the Registered Office of the Company at G.T. Road, Mukerian-144 211, Distt. Hoshiarpur (Punjab), to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 30th September, 2013 and the Profit & Loss Account for the year ended on that date along with the Report of the Board of Directors and Auditors' thereon.
2. To appoint a director in place of Sh. Pawan Dewan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sh. Dharampal Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Rakesh Grover & Co., Chartered Accountants, in place of retiring auditors M/s B. K. Kapur & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

"RESOLVED THAT M/s. Rakesh Grover & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company, in place of retiring auditors M/s B. K. Kapur & Co., Chartered Accountants, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at such terms and conditions, including remuneration, to be finalized by Board of Directors or committee thereof in consultation with the Auditors."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, if any, the following as an Ordinary Resolution:

"RESOLVED THAT Mr. Sanjay Singh, who was appointed as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (Act) and in respect of whom the Company has received a notice pursuant to Section 257 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

By Order of the Board of Director
For **Indian Sucrose Limited**

Place : Mukerian
Date: 05-12-2013

CS Manish Kumar Dixit
(Company Secretary)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY IS ANNEXED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Person appointed as proxy shall not act on behalf of more than 50 members pursuant to the provisions of Section 105(1) of the Companies Act, 2013 (notified on 12-09-2013).
3. Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The profile of the Directors seeking re-appointment/new appointment in terms of Clause 49 of the Listing Agreement, are annexed hereto and form part of this notice.
5. A Statement pursuant to Section 102 of the Companies Act, 2013 (notified on 12-09-2013), relating to the Special Business to be transacted at the meeting is annexed hereto.
6. The relevant records of the company open for inspection by members as per provisions of the Company Law can be inspected at the Registered Office of the company on all working days between 10:00 a.m. to 12:00 p.m.
7. The members are requested to notify the change in their addresses, if any to the company immediately.
8. Members, desiring of any information/ clarification(s)/ intending to raise any query concerning the annual accounts and operations of the Company, are requested to write to the company at least 10 days prior to the date of this Meeting to the Company Secretary at the Registered Office of the Company, so that the same may be attended appropriately.
9. The Members are requested to bring their copies of Annual Report at the Meeting.
10. The Members are requested-
 - i. To bring Attendance Slip duly completed and signed at the meeting; and
 - ii. To quote their Folio No. / DP Id - Client Id in all correspondence.
11. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 24th December 2013 to Tuesday, 30th December 2013 (both days inclusive), for Annual Closing.
12. Members who have not registered their email address so far are requested to register their email address for receiving the Annual report and other communication from the Company electronically.
13. The members are requested to make their all correspondence with the Company at its Registered Office at G.T. Road, Mukerian-144211, Distt. Hoshiarpur (Punjab).
14. Members are requested to furnish the Nomination Form in the prescribed Performa in case they wish to avail the Nomination facility given by the Companies Act, 1956.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Items no. 4

Appointment of Director liable to retire by rotation

Mr. Sanjay Singh was appointed as Additional Directors by the Board of Directors of the Company at their meeting held on September 19, 2013.

As per the provisions of Section 260 of the Companies Act, 1956, read with Article 133 of Articles of Association of the Company, Mr. Sanjay Singh holds office till the date of the forthcoming Annual General Meeting of the



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Company. The Company has received Notice in writing from a Member of the Company along with the required deposit proposing the candidature of Mr. Sanjay Singh for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Keeping in view his experience, and expertise, his appointment as Director of the Company is recommended by the Board.

None of the Directors except Mr. Sanjay Singh are concerned or interested in the resolution.

The Board recommends the ordinary resolution set forth at item no. 4 of the Notice, for the approval of the members.

Note on appointment of M/s. Rakesh Grover & Co., Chartered Accountants, as Statutory Auditors of the Company (Item No. 4)

M/s. B. K. Kapur & Co., Chartered Accountants, the present auditors of the Company would be retiring at the conclusion of this Annual General Meeting. They have communicated that they do not wish to offer themselves for reappointment at the conclusion of their present term of appointment, at this Annual General Meeting of the Company, which has been accepted by the Board of Directors of the Company in their meeting held on December 05, 2013.

Further, M/s. Rakesh Grover & Co., Chartered Accountants, being eligible, have indicated their willingness to serve as the statutory auditors of the

Company, if appointed at the Meeting. The same has been recommended by the Audit Committee of the Board and approved by the Board of Directors of the Company, in their respective meetings held on December 05, 2013, subject to approval of the members of the Company at the ensuing Annual General Meeting.

The appointment of M/s. Rakesh Grover & Co., Chartered Accountants, if approved by the members of the Company, will take effect from the conclusion of this Annual General Meeting.

Further, as required under the provisions of Section 224 (1B) of the Companies Act, 1956, M/s. Rakesh Grover & Co., Chartered Accountants, provided a certificate to the effect that their appointment, if made at this Annual General Meeting, shall be in accordance with the limits specified in the sub-section (1B) of Section 224 of Companies Act, 1956.

None of the Directors of the Company are in any way concerned or interested in this resolution.

By Order of the Board of Director
For **Indian Sucrose Limited**

Place : Mukerian
Date: 05-12-2013

CS Manish Kumar Dixit
(Company Secretary)

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report of your Company together with the audited Balance Sheet, Profit & Loss Account and the report on business and operation of the Company for the year ended September 30, 2013.

Financial Performance

(₹ in Lacs)

Particulars	October 1, 2012 to September 30, 2013	April 1, 2011 to September 30, 2012
Revenue from operations (Net)	20116.11	26921.57
Profit before Finance Cost, Depreciation & Exceptional Items	3620.77	4124.09
Finance Cost	2064.22	3037.11
Depreciation and Amortization Expenses	582.85	820.91
Exceptional Items	3.16	1.25
Profit/(Loss) before Tax (PBT)	970.54	264.82
Tax Expenses	288.25	261.00
Profit/ (Loss) after Tax	682.29	3.82

Performance Review

Your company maintains performance in the term of net profit in compare to last year. As compared to last year turnover of ₹26921.57 lacs your company achieved turnover of ₹20116.11 lacs during the current year. The net operating profit after tax (PAT) was ₹682.29 lacs during the year under review as compared to ₹3.82 lacs during last year.

During the year under review, your Company has crushed 6118109.31 QTLS of Sugarcane and produced 600,063 QTLS of Sugar in 131

crushing days, as compared to previous year crushing of 5,980,704 QTLS of sugarcane and production of 594,091 BAGS of Sugar in 126 crushing days.

The capacity utilization of the plant during the year under review was 93.94% and the average recovery was 9.79% as compared to capacity utilization of 94.94% and average recovery of 9.93 % in the previous year.

Directors

Sh. Dharampal Singh and Sh. Pawan Dewan, Non-Executive Directors, shall retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Sanjay Singh was co-opted on the Board as an Additional Director by the Board of Directors of the Company at its meeting held on 19-09-2013. Considering Mr. Sanjay Singh's wide and in-depth knowledge of Sugar Industry, Proposal is being placed before the shareholders for approval to his appointment as a regular director, liable to retire by rotation.

Corporate Governance

Your Company is committed to achieving the highest standards of Corporate Governance. Accordingly, your Board functions as trustees of the Shareholders and seek to ensure the long term economic value for its shareholders while balancing the interest of the stakeholders.

A separate section on Corporate Governance standards followed by your Company as stipulated under clause 49 of the listing Agreement with the stock Exchange is enclosed as an Annexure to this report.

Auditors

M/s. B. K. Kapur & Co., Chartered Accountants, the retiring auditors, have expressed their unwillingness for re-appointment as Statutory Auditor of the Company. As recommended by Audit Committee and approved by the Board of Directors of the Company, in their respective meetings held on December 05, 2013, the Board has proposed the appointment of



M/s. Rakesh Grover & Co., Chartered Accountants as Statutory Auditors for the Financial Year 2013-14, who being eligible, have indicated their willingness to serve as the statutory auditors of the Company, if appointed at the Meeting, subject to approval of the members of the Company at the ensuing Annual General Meeting. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained written confirmation from M/s. Rakesh Grover & Co. that their appointment, if made, would be in conformity with the limits specified in the Section.

Cost Auditor

During the financial year under review the Company has appointed M/s. Ajay Kumar Singh & Associates, Cost Accountants, Delhi as the Cost Auditor and the Cost Audit Report is required to be filed with the Central Government within 180 days from the end of financial year.

M/s. Ajay Kumar Singh & Associates, Cost Accountants, have also been re-appointed as the Cost Auditors of the Company for the current financial year (2013-14) by the Board upon the recommendation of the Audit Committee.

Postal Ballot

During the year under review the company has obtained the approval of its Members under Section 372A, 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956, by passing the resolution through postal ballot as provides by postal ballot rules pertaining to:

- Resolution No. (1): Special Resolution under Section 372A of the Companies Act, 1956 to authorize the Board of Directors to make investment in excess of the limits specified in the said Act.
- Resolution No. (2): Special Resolution under Section 372A of the Companies Act, 1956 to authorize the Board of Directors to provide loan, guarantees and securities in excess of the limits specified in the said Act.
- Resolution No. (3): Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 for increase in borrowing limits from ₹150 Crores upto a limit of ₹200 Crores.
- Resolution No. (4): Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of charges on movable and immovable properties of the Company, both present and future, in respect of the borrowings in terms of resolution no. 3 above.

Voting Pattern and Procedure for Postal Ballot:

- The Board of Directors of the Company had, at its meeting held on 27.08.2013, appointed M/s Loveneet Handa & Associates, New Delhi, as the Scrutinizer for conducting the postal ballot voting process.
- The Postal Ballot process was carried out in a fair and transparent manner. The postal ballot forms had been kept under his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- All postal ballot forms received up to the close of working hours on 31.10.2013 the last date and time fixed by the Company for receipt of the forms, had been considered.
- The results of the Postal Ballot were announced on 09.11.2013 at the Registered Office of the Company as per the Scrutinizer's Report.

Statutory Disclosures

The Company has not paid remuneration to any employee of the Company beyond the prescribed limit under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) rules 1975, as amended to date. Hence no particulars are

required to be given under this Section.

In term of Section 219(1) (iv) of the Companies Act, 1956 the same is open for inspection at the Registered Office of your Company. Copy of this statement may be obtained by the member by writing to the Company Secretary of your Company.

Information as per Section 217(1) (e) of the Companies Act, 1956 Read with the Companies (Disclosure of Particular in Report of Board of Directors), 1988 and forms part of this Report.

(A) CONSERVATION OF ENERGY

- The Company has installed most modern equipments in the plant and is able to save and minimize energy consumption.
- Total energy consumption and energy consumption per unit of production:

1) POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
1. ELECTRICITY		
a) Purchased		
Units	99,354	Nil
Amount (in Lacs)	6.95	Nil
Rate/Unit (in Lacs)	7.00	Nil
b) Own Generation		
i) Through Diesel Generator		
Units	824,600	1,323,000
Unit per Ltr. of Diesel Oil	3.80	3.50
Rate/Unit (in ₹)	12.65	12.09
ii) Through Steam Turbine Generation		
Units	19,746,965	19,283,363
Units per Ton of Fuel	134.98	154.00
Rate/Unit (Being Generated out of steam required for process)	Nil	Nil
Bagasse		
Quantity M.T.	146287.50	125231.20
Total Cost (₹ In Lacs)	2194.50	1878.50
(Estimated due to own generation)		
Average Rate (in ₹)	1500	1500

2. CONSUMPTION UNIT OF PRODUCTION

	(IN M.T.) Standard	Actual Current Year	Actual Previous Year
Electricity (Units)	350	345.99	346.85
Bagasse (M.T.)	3.50	2.44	2.11

(B) TECHNOLOGY ABSORPTION (R & D)

Research & Development (R & D)

- The Company is regularly carrying on research and development for the development of Sugar Cane in the area.



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2. Agricultural implements, fertilizers, pesticides, and cane seeds are supplied to the cane growers on loan basis and at subsidized rates.
3. Expenditure incurred on R & D.

(₹ in Lacs)

	Current Year	Previous Year
a) Capital	-	-
b) Recurring	42.32	46.54
c) Total	42.32	46.54
d) Total Expenditure as percentage of Turnover	0.20%	0.17%

4. Technology absorption, adoption and innovation:
 - i) The Company has adopted latest technology in the plant to maximize production, better quality, and to minimize consumption of energy.
 - ii) The Company has implemented its own Effluent Treatment Plant of latest technology.
 - iii) Technology imported during the year - Nil

(C) FOREIGN EXCHANGE EARNING & OUTGO

- (a) Total Foreign Exchange earned ₹nil (previous year ₹Nil)
- (b) Total Foreign Currency used-Nil

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the Annual Accounts, for the financial year ended September 30, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at September 30, 2013 and of the profit of the Company for year under review;

- (iii) the director have taken proper and sufficient care has been taken 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;

- (iv) the Directors have prepared the Annual Accounts on a going concern basis.

LISTINGS

The shares of your company are currently listed with Bombay and Calcutta Stock Exchange. Application for delisting with Calcutta Stock Exchanges is still pending and expected to be approved very soon.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

INDUSTRIAL RELATIONS & HUMAN RELATIONS DEVELOPMENT

Human resources are the most important resource and your directors believe in to give them their due weightage for their crucial role-playing in the overall progress of the organization. The relationship between the management and the staffs/ workers has been comfortable and cordial during the year.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their deep and sincere gratitude to all officers/ staffs/ workers, as team members, for their dedicated and sincere efforts and also to Bankers, creditors, suppliers and all concerned for showing their continued faith and extending their full and wholehearted support to our organization.

Your Directors would also like to express their gratitude to members for their trust and support.

By Order of the Board of Director
For **Indian Sucrose Limited**

Place : Mukerian
Date: 05-12-2013

Kunal Yadav
(Chairman & Managing Director)



MANAGEMENT ANALYSIS AND PERCEPTION

1. Industry Structure & Development

Sugar:

The Indian sugar sector is highly cyclical in nature and is sensitive to Government policy and weather conditions. A typical sugar cycle lasts for 3-5 years – lower sugarcane and sugar production results in an increase in sugar prices and higher and prompt payments to farmers, which, in turn, leads to an increase in area under cane cultivation. An increase in cane acreage then leads to higher sugar production, decline in sugar prices, lower profitability for mills and consequently delayed payments to farmers, which, in turn, results in area under cane cultivation coming down. As sugar is consumed by every household and a large number of farmers draw their livelihood from sugarcane cultivation, the Central Government has always wanted to control prices in the open market, while the States want to ensure higher and higher prices for sugarcane farmers.

The year 2012-13 started on a positive note with the Government allowing export of surplus sugar under OGL.

As the year progressed, because of excess production of sugar in most sugar producing countries, International prices of white sugar dropped from around US\$ 600 per MT to US\$ 520 per MT, thus limiting the prospects for further exports.

By the third quarter and onwards, sugar prices came under pressure due to higher release by the Government as well as import of raw sugar by coastal sugar refineries for domestic consumption. The start of crushing by mills and the rising trend of production, resulting in an even higher level of inventories, put further pressure on prices. Presently, the prices are below ₹3200/ qtl., which is much lower than the cost of production.

During the season 2012-13, domestic production is estimated at 24.5 Million MT as against 26 Million MT last year. After considering import of raw sugar by coastal refineries, and consumption at 22.5 Million MT, the season has added considerably to the sugar surplus. To safeguard the Industry, representations are being made to the Government to increase import duty on raw / white sugar from present level of 10% to the bound rate of 60%.

Recently, the Government of India has announced partial de-control of the sugar industry based on the recommendation of the committee headed by Dr. C. Rangarajan, Chairman, Economic Advisory Council. One of the decisions bringing relief to the industry is the dismantling of the release mechanism. Under this mechanism, the Government used to decide how much sugar mills can sell in the open market and in what time frame (quarterly, in 2012/13). The scrapping of the release mechanism is, therefore, a huge plus for the industry. One of the other positive steps for both farmers and the industry is the removal of 10 per cent 'levy sugar', which deals with supply of sugar by the sugar industry to the Public Distribution System (PDS). Levy sugar for the PDS will now be procured by State Governments from the open market at prevailing market prices. So far, the industry has been supplying levy sugar to the Government for PDS at 50-60 per cent of its cost of production. This decision will help the industry save about ₹3,000 crore annually, which would also help in making cane payments on time and reducing cane arrears. Another welcome move is that the Government has not increased any excise duty to fund the Government's additional subsidy burden arising out of its taking over the levy sugar burden from the industry.

The next important step for the Government, both the Central and States, would be to address sugarcane controls and rationalize the cane pricing in line with the globally accepted and successful

cane price-sugar price linkage formula, which is also very strongly recommended by the Rangarajan Committee. This step would help to reduce the cyclicity of sugar production and better enable the industry to pay for the sugarcane supplied by farmers and consumers too would benefit with more stable sugar prices.

Reforms in the sugar sector will result in a win-win situation for the farmers, consumer, Government and industry. In the long run, all stakeholders will benefit with a less volatile and a more stable industry.

Co-generation of Power:

During the last 15 years bagasse based co-generation power projects were commissioned in various States in India. Electricity production through co-generation in sugar mills in India is an important source of low-cost, non-conventional power. Presently, India has around 206 co-generation units with a cumulative installed capacity of 3123 MW. Further, India has a potential of generating 5000 MW of power through bagasse.

The Central Government has announced various incentives schemes for sugar Companies to set up cogeneration power projects and for acceleration of power co-generation programme. The Company has sold 1, 33, 09,878 units of power during the year.

2. Outlook:

The Indian sugar production in the past couple of years has gone through a volatile phase, primarily on account of bad weather conditions in 2008-09 and 2009-10. Sugar production in India fell from 28.63 million tonnes in 2007-08 to a low of 15.95 million tonnes in 2008- 09. Though, it has recorded gains in production and was at 28.3 million tonnes in 2011-12, India's sugar output is set to decline by 10-15 per cent in the 2012-13 crushing season due to lower cane availability from drought-hit Maharashtra Districts. As the largest sugar-producing State in India, Maharashtra contributes a third of India's overall sugar output. This is set to translate into India's total sugar output between 23-24 million tonnes during the 2013-14 crushing season, lower from 24.6 million tonnes estimated by the apex trade body, Indian Sugar Mills Association (ISMA).

With 2013 closing stocks likely to be maintained at prior year levels, sugar would also be available for exports, subject to global attractiveness to the domestically produced sugar. It is believed that a comfortable global sugar demand supply balance will result in weak international sugar prices.

3. Risks, Threats and Opportunities:

Threat:

- The government's policies regarding cane pricing, release mechanism and quota crippled industry growth
- Quality of soil deteriorates due to overuse of fertilizers and pesticides to increase sugarcane yield
- Unhealthy competition between members of the society
- Industry cyclicity

Challenges

- High production cost resulting in idle capacities and water availability for irrigation
- Most of the sugar factories are more than 30 year old and still use old technology.



- Low installed production capacity leads to a sub-optimal production and losses
- Growing sugarcane prices.

Strengths

- India is the world's second-largest producer of sugar after Brazil
- Annual tax contribution to the exchequer is around ₹2200 crore by way of excise duty
- Provides direct employment including ancillary activities to near by around 0.5 million worker
- It supports downstream industries by providing raw materials
- This sector has been the focal point of socio-economic development in rural India

Opportunities:

- High value of by-products for downstream industries
- Huge potential to increase the productivity of cane and sugar recovery rate
- Technology upgradation, new advanced technology available for byproduct utilization
- Government effort to make ethanol blending mandatory

4. Segment wise Performance:

Your Company is having two business segments i.e. manufacturing of white crystal sugar and Cogeneration of power.

5. Internal Control Systems and their adequacy:

The Company believes that internal control is a necessary part of the principle of governance and that freedom of management should be exercised within a framework of appropriate checks and balances. The Company remains committed in its endeavor to ensure an effective internal control environment that provides assurance on the efficiency and effectiveness of operations, reliability of financial reporting, statutory compliance and safety of assets. The Company has a well-established and robust internal systems and processes in place to ensure smooth functioning of the operations. An effective internal control system, supported by an Enterprise Resource Planning platform for all business processes, ensures that all transaction controls are continuously reviewed and adequately addressed. The control mechanism involves well documented policies, authorization guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses. The

Company has an Internal Audit department that monitors and makes continuous assessments of the adequacy and effectiveness of the internal controls and systems across the Company. The status of compliance with operating systems, internal policies and regulatory requirements are also monitored. The Board, Audit Committee and the Management review the findings and recommendations of the Internal Audit department and take corrective actions wherever necessary.

6. Human Resources and No. of employees employed:

The Company believes that its experienced and skilled manpower is the biggest strength for meeting the challenges of changing business environment. Organizations differ in their ability to harness the full potential of their employees to the creative pursuit of attaining excellence. The attract, retain and motivate the best talent, the company believes in empowering its employees. The company continues to enjoy a cordial and harmonious relationship with its employees. We believe, it is our people along who provide us with the greatest sustainable and competitive advantage. The basic HR philosophy of the company revolves around commitment to create an organization that fulfills talents and enterprise of its people. Your Company's employees fully identify with your Company's vision and business goals. Training needs are identified in a systematic manner and regular training programmes are being organized to develop the knowledge and skill levels of the employees. Since the industry is of seasonal nature, hence during season time (from November to April) skilled contractual labour is also hired. Total number of employees (including contractual labour) as on 30th September 2013 was 204.

7. Industrial Relations:

The management and the workers in the Company maintain cordial and harmonious relations - unanimous in their belief that they have one common objective sustainable success of the Company. All areas concerning employee's involvement safety, health and training development elicits their unqualified participation.

8. Cautionary Statement:

Statement in the Management Discussion and Analysis report containing the company's objectives, projections, estimates and expectations may be 'forward looking' statements within the meaning of applicable laws and regulations and futuristic in nature. However actual results might differ from those earlier expressed or implied. Such statements represent intentions of the management and the efforts put in to realise certain goals. The success in realising these depends on various factors both internal and external. Investors, therefore, are advised to make their own judgments before taking any investment decisions.



REPORT ON CORPORATE GOVERNANCE

REPORT & OVERVIEW

1. Company's philosophy on Code of Governance

Corporate Governance refers to, but not limited to, a set of laws, regulations and good practices and systems that enable an organization to perform efficiently and ethically to generate long-term wealth and create value for all its stakeholders. Corporate governance requires everyone to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources optimally with the sound & prudent ethical standard. The Company recognizes that good corporate governance is a continuous exercise.

Adherence to transparency, accountability, fairness and ethical standard are integral part of the Company's function. Your Company's structure, business dealings, administration and disclosure practices have aligned to good corporate governance philosophy. Your Company has an adequate system of control in place to ensure that the executive decisions taken should result in optimum growth and development which benefits all the stakeholders. The Company aims to increase and sustain its corporate value through growth and innovation.

2. Code of Ethics

The Board of directors has approved and implemented a Code of Conduct and Ethics for the Board of Directors and Senior Management.

The name of the members of the Board, their status, their attendance at the Board Meeting and the last Annual General Meeting (AGM), number of the other Directorship and Committee membership/Chairmanship of each Director are as under:

Name of Director	Board meeting attended during the year	Attendance at the Last AGM	Number of other Directorships		Number of committee memberships in other Companies
			Of Indian public limited Companies	Of other companies	
Non-Executive Director					
Sh. Dharampal Singh	18	YES	4	5	-
Sh. Jitender Singh	18	YES	3	3	-
Managing Director					
Sh. Kunal Yadav	18	YES	7	17	-
Independent Director					
Sh. Pawan Dewan	6	YES	1	1	-
Sh. Sheoraj Singh Ahlawat	6	YES	1	-	-
Sh. Prakash Chandra Gupta	6	YES	-	1	-
Executive Director					
Sh. Sanjay Singh	-	NO	-	-	-

4. Audit & Compliance Committee

Terms of Reference

The term of reference of the Audit & Compliance Committee include providing direction and oversight to the total audit function in the company, recommending appointment and removal of statutory/ internal Auditors and fixing their remuneration, review of results/ financial statement (quarterly, half yearly, annual) before submission to the Board, review of the adequacy of internal control system and the internal audit function, review of compliance, review of the finding of internal investigations, discussion on the scope of audit with external auditors and examination of reasons for substantial defaults.

Composition

The Audit & Compliance Committee comprises of three Directors, out

The Confirmation from the Managing Director regarding compliance with the code by all the Directors and senior management.

Prevention of Insider Trading:

The Company has instituted a comprehensive code of conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulation, 1992.

3. Board of Directors

Your Company has a broad based Board of Directors, constituted in compliance with the Companies Act, Listing Agreement with the stock exchange(s) and in accordance with best practices in corporate Governance. The Board functions either as a full Board or through various Committees Constituted to oversee specific areas. Policy formulation, setting up of goal and evaluation of performance and control function vest with the Board.

Sh. Kunal Yadav, Managing Director, is the Chairman of the Board. The Committees have oversight of operational issues assigned to them by them by the Board.

Eighteen Board meetings were held during the Financial Year ended September 30, 2013 on the following dates: 12-10-2012, 15-11-2012, 30-11-2012, 08-12-2012, 09-12-2012, 24-01-2013, 06-02-2013, 15-02-2013, 19-03-2013, 14-05-2013, 30-05-2013, 17-06-2013, 26-06-2013, 09-07-2013, 14-08-2013, 27-08-2013, 31-08-2013 and 19-09-2013.

of which two are Independent Directors. The Committee chaired by Sh. Pawan Dewan, Independent Director. Four meetings were held during the financial Year ended September 30, 2013. The Composition and attendance details are given below:

Name of the members	No. of meetings attended
Sh. Pawan Dewan	4
Sh. Sheoraj Singh Ahlawat	4
Sh. Prakash Chandra Gupta	4
Sh. Kunal Yadav	4

5. Remuneration Committee

Terms of Reference

The term of reference of the Board Remuneration Committee includes