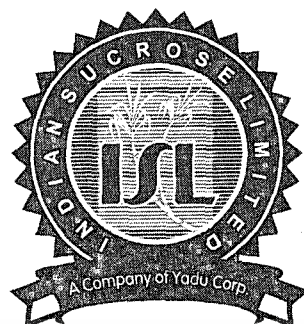


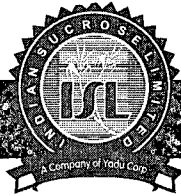
# Indian Sucrose Limited



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## 16th Annual Report 2006-2007





## MANAGEMENT

### BOARD OF DIRECTORS

Sh. D. P. Singh	Chairman
Sh. Deepak Yadav	Managing Director
Sh. Jitender Singh	Director
Sh. Pawan Dewan	Director
Sh. Sundeep Chaudhry	Director

### COMPANY SECRETARY

Sh. Anand Khandelwal

### AUDITORS

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

### BANKERS

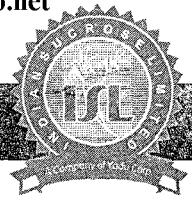
Punjab National Bank

### REGD. OFFICE & WORKS

G. T. Road  
Mukerian – 144211.  
Distt. Hoshiarpur (Pb.)

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## INDIAN SUCROSE LIMITED

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### NOTICE

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Saturday, the 29<sup>th</sup> day of September 2007 at 11:00 AM, at the Registered Office of the Company at G.T. Road, Mukerian-144211, Distt. Hoshiarpur (Punjab), to transact the following business –

### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2007 and the Balance Sheet as 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. Jitender Singh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### 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 SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. 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 any working day between 10:00 a.m. to 12:00 noon.
3. The members are requested to notify the change in their addresses, if any to the company immediately.
4. Members desiring any information on the Accounts are requested to write to the company at least 10 days prior to the date of this Meeting to enable the Management to keep the information ready at the time of meeting.

5. Members are requested to bring their copies of Annual Report at the Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 24<sup>th</sup> September 2006 to Saturday, 29<sup>th</sup> September 2006 (both days inclusive), for Annual Closing.
7. The members are requested to make their all correspondence with the Company at G.T. Road, Mukerian-144211, Distt. Hoshiarpur (Punjab).
8. 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.

9. Appointment/Re - appointment of Directors  
At the ensuing Annual General Meeting Sh. Pawan Dewan & Sh. Jitender Singh retire by rotation and have their desire to offer themselves for re-appointment. The information or details to be provided for the aforesaid Directors under Corporate Governance Code are as under:

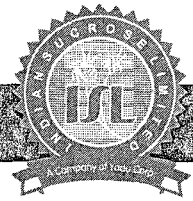
Sh. Pawan Dewan is a businessman having wide experience of accounting and finance matters.

Sh. Jitender Singh is an experienced businessman. He is serving on the Board of various companies namely Yadu India Limited, Top Image Estates(P) Ltd., Samridhi Buildcon (P) Ltd., Samridhi Suppliers(P) Ltd., Jangatha Publication (P) Ltd.

By Order of the Board of Directors  
For Indian Sucrose Limited

Place : MUKERIAN  
Date : 31<sup>st</sup> July, 2007

(Anand Khandelwal)  
Company Secretary



# INDIAN SUCROSE LIMITED

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## DIRECTORS' REPORT

The Members,  
Indian Sucrose Limited

Your Directors take great pleasure in presenting this 16<sup>th</sup> Annual Report of your company, alongwith the Audited Statement of Accounts for the financial year ended 31st March 2007.

## 1. FINANCIAL RESULTS

	(Rs. in Lacs)	
	2006-07	2005-06
Turnover	10717.21	10175.56
Profit before Depreciation		
Interest & Tax (PBITD)	1654.65	2548.13
Interest & Financial Expenses	368.86	361.94
Profit before Depreciation & Tax (PBDT)	1285.79	2186.19
Depreciation	433.96	393.96
Profit before Tax (PBT)	851.83	1792.23

## 2. PERFORMANCE REVIEW

As compared to last year turnover of Rs.10175.56 lacs your company achieved turnover of Rs.10717.21 lacs during the current year. The overproduction not only in the country but all over the world has badly hit the bottom line of the sugar industry. Because of increase in cost of raw material as well as continuous falling in the sugar sale price the net operating profit before tax (PBT) has dipped to Rs 851.83 lacs during the year under review as compared to Rs. 1792.23 lacs during last year.

During the year under review, your Company has crushed 6409300 QTLS of Sugarcane and produced 629912 BAGS of Sugar in 157 crushing days, as compared to previous year crushing of 4988216 QTLS of sugarcane and production of 464760 BAGS of Sugar in 117 crushing days. The capacity utilization of the plant during the year under review was 81.65 % and the average recovery was 9.97 % as compared to capacity utilization of 85.26 % and average recovery of 9.32 % in the previous year.

## 3. MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement your Directors wish to report as follows:

### a. Industry Structure & Developments

The sugar industry in particular is a typical cyclical industry. This year the bumper sugar production not only in India but all over the world have lead to over production of sugar worldwide impacting the sugar

prices very badly. In the domestic market the sugar retail prices which were moving in between Rs 21-22 per Kg. are currently at Rs. 13-14 per Kg., causing a big dent in the bottom line of the industry. However, being a cyclical phenomenon, your directors look forward good fortunes for the sugar industry.

### b. Opportunities and Threats

Present is the age of fittest and the biggest survival. Every sugar industry is expanding its crushing capacity to benefit from the economy of scale, which has led to production of sugar more than what is required for consumption. International prices are also not such remunerative. Coming crushing season could see the sugar price more or less at the same level as at the last crushing season. However diversion of sugarcane for production of biofuel, i.e. ethanol and constant endeavor of government to mandate for compulsory mixing of ethanol with Petrol in between 5%- 10% will give some relief to sugar industry.

### c. Segmentwise or Productwise Performance

Segmentwise or Productwise analysis or performance is not applicable to your company under AS-17 as the company is dealing in only one segment/ produce, i.e. sugar.

### d. Outlook

The outlook for the industry and consequently for your company for the coming season looks more or less the same but the long term outlook for the industry is very positive.

### e. Internal Control System

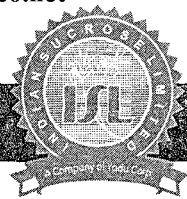
Your company has good and effective internal control system to check inefficiency and timely detection and redressal of unwanted irregularity or incompatibility in the system.

### f. Significant Development & Future Plans

The retail packaging of sugar under the brand name "SWEETO", has been started during the year under review and is gaining good response from the market. The marketing of retail packaging has initially been started in the State of Punjab and Himachal Pradesh and the same will also be introduced in other States phase wise in coming years.

## 4. LISTINGS

The shares of your company are currently listed with Bombay, Calcutta and Bangalore Stock Exchanges. Application for delisting with Calcutta and Bangalore Stock



Exchanges are still pending and expected to be approved very soon.

## 5. DIRECTORS

Sh. Pawan Dewan and Sh Jitender Singh, Directors of the Company, retire by rotation at this meeting and being eligible, offer themselves for re-appointment.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm that—

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2007 and of the profit and loss of the Company for the financial year 2006-07;
- iii) 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 Annual Accounts have been prepared on a going concern basis.

## 7. 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.

## 8. CORPORATE GOVERNANCE

Under Annexure – II, a separate section on Corporate Governance is included in this Annual Report. The certificate from the Company's Auditors, confirming the terms of Corporate Governance as stipulated in the clause 49 of the Listing Agreement with the Stock Exchanges is annexed thereto.

## 9. AUDITORS' REPORT

The Auditors' Report and Notes on Accounts are self-explanatory and therefore, do not call for any comments.

## 10. AUDITORS

M/s B. K. Kapur & Company, Chartered Accountants, Statutory Auditors are retiring at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

## 11. COST AUDITORS

M/s Aseem Jain & Associates, Cost Accountants, Delhi have been appointed as the Cost Auditor for the year 2007-2008 and their report will be submitted to the Department of Companies Affairs, Government of India, in accordance with the requirement of Law.

## 12. PARTICULARS OF EMPLOYEES U/S 217(2A)

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.

## 13. DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 AND LISTING AGREEMENT OF STOCK EXCHANGES.

The information as per Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and the disclosure under listing agreement is enclosed as per Annexure attached herewith, form an integral part of this report.

## 14. 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.

## 15. ACKNOWLEDGMENT

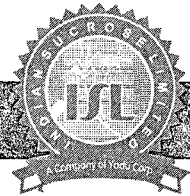
Your Directors are pleased to acknowledge their sincere gratitude to all officers/ staffs/ workers, as team members, for their dedicated and sincere efforts and also to Bankers, creditors, suppliers and all concerned for showing their continued faith and extending their full and wholehearted support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

For and on behalf of the Board

Place: MUKERIAN  
Date : 31<sup>st</sup> July, 2007

(D.P.SINGH)  
Chairman





# INDIAN SUGROSE LIMITED

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## ANNEXURE - I TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2007

### (A) CONSERVATION OF ENERGY

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

### 1) POWER AND FUEL CONSUMPTION

	Current Year	Previous Year
<b>ELECTRICITY</b>		
a) Purchased		
Units	Nil	653792
Amount(in Lacs)	Nil	25.85
Rate/Unit (in Lacs)	Nil	3.95
b) Own Generation		
i) Through Diesel Generator		
Units	690612	1318034
Unit per Ltr. of Diesel Oil	2.98	5.68
Rate/Unit (in Rs.)	10.08	4.91
ii) Through Steam Turbine Generation		
Units	26459080	19827070
Units per Ton of Fuel	184.70	143.60
Rate/Unit	Nil	Nil
(Being Generated out of steam required for process)		

### Bagasse

Quantity M.T.	143253	138072
Total Cost (Rs. In Lacs)	1389.55	1380.72
(Estimated due to own generation)		
Average Rate (in Rs.)	1360.90	1353.10

### CONSUMPTION UNIT OF PRODUCTION

	(IN M.T.)	Actual	Actual
	Standard	Current Year	Previous Year
Electricity (Units)	350	420.04	426.61
Bagasse (M.T.)	3.50	2.27	2.97

### (B) TECHNOLOGY ABSORPTION (R & D)

Research & Development (R & D)

1. The Company is regularly carrying on research and

development for the development of Sugar Cane in the area.

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

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Capital	—	—
b) Recurring	23.45	66.48
c) Total	23.45	66.48
d) Total Expenditure as percentage of Turnover	0.23	0.65

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 Rs. Nil (previous year Rs. Nil)
- (b) Total Foreign Currency used-Nil

## CORPORATE GOVERNANCE

### ANNEXURE-II TO DIRECTORS REPORT

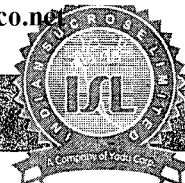
#### Company's Philosophy on Corporate Governance

Your company's philosophy on corporate governance is very crystal clear and your directors at the Board level assume great faith in managing the affairs of the company as per the prudent norms of corporate governance suggested by SEBI. Hereunder the report of Directors on the practices of Corporate Governance prevalent in the Company in terms of clause 49 of Listing Agreement:

### 1. BOARD OF DIRECTORS:

a) **Composition of Board :** As on March 31, 2007, the Board of Directors of the Company consists of five Directors, out of which two are independent Directors and one is Whole Time Director.

Name of Director	Category	No. of other Directorship	No. of other Committee Membership	No. of other Chairmanship
Sh. D.P. Singh	Chairman	5	—	—
Sh. Deepak Yadav	Non- Executive Managing Director	4	—	—
Sh. Jitender Singh	Non- Executive Independent	5	2	1
Sh. Sundeeep Chaudhry	Independent	—	—	—
Sh. Pawan Dewan	Independent	—	—	—

**(a) BOARD MEETINGS :**

During the financial year 2006-2007, seven meetings of the Board of Directors were held on 22<sup>nd</sup> April 2006, 31<sup>st</sup> July 2006, 31<sup>st</sup> August 2006, 31<sup>st</sup> Oct. 2006, 7<sup>th</sup> Nov. 2006, 5<sup>th</sup> December 2006 and 31<sup>st</sup> Jan. 2007 and the attendance of the Directors in these meetings were as follows:-

Name of Director	Board Meeting	
	Held	Present
Sh. D.P. Singh	7	5
Sh. Deepak Yadav	7	7
Sh. Jitender Singh	7	5
Sh. Sundeep Chaudhry	7	6
Sh. Pawan Dewan	7	6

**2. AUDIT COMMITTEE:****(A) COMPOSITION, NAME OF MEMBERS AND CHAIRMAN**

The Audit Committee of the company presently consists of two independent directors and one non-executive director. The composition of Audit Committee is as follows:

Sh. Pawan Dewan	Chairman
Sh. Jitender Singh	Member
Sh. Sundeep Chaudhry	Member

**(B) NUMBERS OF AUDIT COMMITTEE MEETINGS HELD, DATES AND PRESENCE**

The Audit Committee Meetings were held 4 times during the year on 22<sup>nd</sup> April 2006, 31<sup>st</sup> July 2006, 31<sup>st</sup> October 2006 and 31<sup>st</sup> January 2007

**(C) TERMS OF REFERENCE**

The terms of reference of the Audit Committee are as per guidelines set out in Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. These broadly include approval of Annual Internal Audit Plan, review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly/annual financial results etc.

**3. THE SHAREHOLDERS/INVESTORS GRIEVANCE/ SHARE TRANSFER COMMITTEE**

The composition of Share holders/investors Grievance/ Share Transfer Committee is as follows :-

Sh. Jitender Singh,	Non Executive	Chairman
Sh. Pawan Dewan,	Independent	Member
Sh. Deepak Yadav,	Managing Director	Member

The Company has its in House Share Transfer department, at Regd. Office of the company, G.T.Road, Mukerian. M/s MCS Ltd., New Delhi is acting as Registrar for Electronic connectivity with NSDL & CDSL for the dematerialization of its shares. The power to approve Share Transfer/Share Transmission is given to the Committee, which meet at the end of every month. The powers to sign the share transfer duly registered, and to confirm the dematerialization requests, are given to the whole time Directors/Company Secretary/officers of the company. During the year under review, all the complaints received have been redressed. There is no share transfer application pending for registration for more than 30 days, except those cases where notices were required to be sent to registered holders, due to their objection lodged with the Company and Bad deliveries as per SEBI Guidelines in this regard.

**4. Remuneration paid to directors :  
Non Executive/Independent Director**

Sitting Fees Rs. 1500/- per meeting has been paid for attending committee and Board Meeting to Sh. Jitender Singh, Sh. Sundeep Chaudhry, Sh. Pawan Dewan, & Sh.D.P.Singh.

Whole Time Director	(In Rs.)
Salary	14,40,000
Perquisites	-
Contribution to PF & other funds	-
	<u>14,40,000</u>

Paid to Sh. Deepak Yadav, Managing Director

**Notes:**

No Commission has been paid to any Director.

**5. General Body Meetings :**

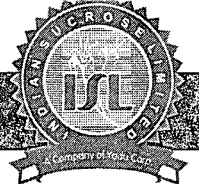
Annual General Meetings In last three years	Date	Venue	Special Resolution passed
2003-2004	30 <sup>th</sup> Sep. 2004	Regd. Office & Works at G.T.Road, Mukerian	Yes
2004-2005	30 <sup>th</sup> Sep. 2005	Distt. Hoshiarpur, Mukerian	No
2005-2006	30 <sup>th</sup> Sep. 2006		No

**6. Disclosures**

There is no materially significant transaction with the related parties viz Promoters, Directors, Directors' Relatives etc. that may potentially conflict with the company's interest at large.

**7. Means of Communication**

Subject	Detail
Weather Half Yearly Report sent to each Shareholders	Since Company's unaudited quarterly results are published in News



# INDIAN SUCROSE LIMITED

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Quarterly Results  
In which news paper  
normally Published in  
Any website where  
displayed

papers, the same were  
not sent to Shareholders.  
Chardhikala(English),  
Chardhikala (Punjabi )  
No

## 8. General Share holder Information

### Annual General Meeting:

Date & Time : 29<sup>th</sup> Sep. 2007 at 11.00 A.M.  
Venue : Regd. Off. & Work at G.T. Road,  
Mukerian

Financial year : April 2006 to March 2007

### Financial

Reporting in : (a) 1<sup>st</sup> quarterly Results  
Calendar year : on or before 31.07.2007  
(Tentative) (b) 2<sup>nd</sup> Quarterly Results & Half Yearly  
Results on or before 31.10.2007  
(c) 3<sup>rd</sup> quarterly Results on or before  
31.01.2008  
(d) 4<sup>th</sup> quarterly or Yearly Audited  
Results on or before 30.04.2008  
or 30.06.2008

**Date of Book Closure 24<sup>th</sup> Sept.2007 to 29<sup>th</sup> Sept. 2007  
(both days inclusive)**

### Listing of Shares at Stock Exchanges :

1. The Stock Exchange, Mumbai.
2. The Bangalore Stock Exchange Ltd.\*
3. The Calcutta Stock Exchange Association Ltd.\*

\* The Delisting Application made by the Company is  
pending with these Stock Exchanges.

Listing fee to Mumbai have been paid till 31<sup>st</sup> March, 2008  
and listing fee to Bangalore and Calcutta is yet to be paid  
as delisting application is still pending with them.

Distribution of Shareholding as on 31<sup>st</sup> March, 2007.

## DISTRIBUTION SCHEDULE

**AS ON 31.03.2007**

Equity Shares Nominal Value of Each Share/Unit Rs.10/

Numbers Of Share- Holders	% of Total	Share Holding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% to Total
19892	94.18	Up to 5000	3545693	35456930	22.93
735	3.48	5001 to 10000	587436	5874360	3.80
241	1.14	10001 to 20000	365240	3652400	2.36
93	0.44	20001 to 30000	233941	2339410	1.51
41	0.19	30001 to 40000	149070	1490700	0.96
33	0.16	40001 to 50000	155043	1550430	1.00
45	0.21	50001 to 100000	320013	3200130	2.07
41	0.19	100001 and above	10105371	101053710	65.36
21121	100.00	Total	15461807	154618070	100.00

## Shareholding Pattern as on 31.03.2007

Sl. No.	Shareholders	No. of Shares	% age
1.	Promoters & Associate Companies	91,10,907	58.93
2.	Financial Institutions	—	—
3.	Bodies Corporate other than as said above	7,66,107	4.95
4.	Mutual Funds	101	—
5.	NRI's	9,26,641	5.99
6.	Individuals(Indian Public)	46,58,051	30.13
		<u>1,54,61,807</u>	<u>100.00</u>

## Dematerialization of Equity Shares and Liquidity

The Company shares are currently traded only in  
dematerialized forms. To facilitate trading in dematerialized  
form, there are two depositories i.e. NSDL & CDSL. The  
Company has entered into tripartite agreements with both  
these depositories. The shareholders can open account  
with any of Depository Participants registered with any of  
these depositories. None of the company's share is under  
lock in period for any purpose.

## Plant Location (Manufacturing Unit)

G.T. Road, Mukerian	Distt. Hoshiarpur (Pb.)-144211	Item / Products
		White Crystal Sugar
		By products - Molasses and Bagasse

## \* Address for Correspondence :

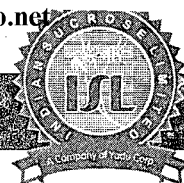
For matters related to Shares/Queries/Demat/Transfer/  
Transmission request :

Regd. Office & Works : Indian Sucrose Limited,  
G.T. Road, Mukerian  
Distt. Hoshiarpur (Pb.)- 144211  
Ph: No. 01883-249002-5,  
Fax.-244532  
Email:- islcare@yahoo.co.in

The above report has been placed before the Board in its  
meeting held on 31.07.2007 and the same was approved.

For and on behalf of Board  
(D.P.Singh)  
Chairman





## INDIAN SUCROSE LIMITED

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### AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To  
The Members,  
Indian Sucrose Limited,

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Indian Sucrose Limited for the year ended 31<sup>st</sup> March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and on the basis of our examination above, the Company has complied with the condition of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

No Investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

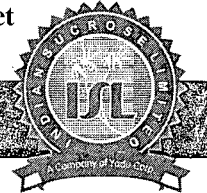
For B.K.KAPUR & COMPANY  
CHARTERED ACCOUNTANTS

Place: Mukerian  
Date :31<sup>st</sup> July 2007

(M.S.KAPUR)  
Partner

### AUDITORS' REPORT TO THE SHAREHOLDERS OF INDIAN SUCROSE LIMITED

1. We have audited the attached Balance Sheet of INDIAN SUCROSE LIMITED as at 31<sup>st</sup> March, 2007 the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ("The Act"). We enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
  - d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting standards referred to in Section 211(3C) of the Companies Act, 1956.



- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2007 from being appointed as Directors in terms of clause (g) of Sub Section (1) of Section of 274 of the Companies Act, 1956.
- f) Non-provision of disputed Purchase Tax liability on purchase of Sugar Cane aggregating to Rs.119.63 Lakhs for the financial year 1999-2000 to 2003-04 pending at appellate levels and Rs.433.01 Lakhs estimated for financial years ended 31.03.05 to 31.03.07 as per Note No: 6(V) of schedule 19 for Notes to the Accounts.
- g) Non-provision of disputed liabilities created by the Sales Tax Department & State Electricity Board aggregating to Rs.25.67 Lakhs as per Note No.6(III) & (IV) of Schedule 19 for Notes to the accounts.
- h) *Subject to our comments in paragraph 4(f) & (g) which if had been considered, the profit for the year would have been Rs.210.43 Lakhs as against the reported profit of Rs.421.48 Lakhs and the balance in Reserves & Surplus Rs.1233.84 Lakhs as against the reported figure of Rs.1812.15 Lakhs similarly, the current liabilities would have been Rs.4276.73 Lakhs as against the reported figure of Rs.3698.42 Lakhs, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and others notes thereon, and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
- i) in the case of Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2007.
- ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, for the cash flows for the year ended on that date.

For B.K. Kapur & Co.  
Chartered Accountants,

(M.S. Kapur) F.C.A.  
Partner  
Membership No.74615

Place : Ghaziabad  
Dated : 04 MAY 2007

### Annexure to the Auditors' Report

(Referred to in paragraph (3) of our Report of even date to the shareholders of INDIAN SUCROSE LIMITED for the year ended 31<sup>st</sup> March 2007.)

1. (a) The company is generally maintaining records showing particulars including quantitative details and situation of its fixed assets, however, their final competition is under process.
- (b) The fixed assets of the Company have been physically verified during the year by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) As per records and information and explanation given to us company has not disposed off during the year substantial part of its fixed assets.
2. (a) The physical verification of inventory has been conducted by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination, in our opinion, the Company has maintained proper records of inventory & discrepancies noticed on such physical verification on inventory as compared to the books records were not material.
3. (a) According to information made available to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act, accordingly clause 4(iii) (b) to (d) of the Order are not applicable to the company.
- (b) According to information made available to us, the company has taken unsecured loans from the Managing Director and their relative as covered in the register maintained under section 301 of the Act. Total outstanding for such loans at the year end was at the amount of Rs.44.51 Lakhs and maximum outstanding during the year amounted to Rs.62.30 Lakhs. Further, the company has not taken any