

19th Annual Report 2009-2010



INDIAN SUCROSE LIMITED





MANAGEMENT

BOARD OF DIRECTORS

Sh. D. P. Singh	Chairman
Sh. Kunal Singh	Managing Director
Sh. Jitender Singh	Director
Sh. Pawan Dewan	Director
Sh. Sheoraj Singh Ahlawat	Director

COMPANY SECRETARY

Mr. Anant Kr. Singh

AUDITORS

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

BANKERS

Punjab National Bank

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NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held on Thursday, 30th day of September 2010 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 31st March, 2010 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 re-appoint a director in place of Sh. Jitendra Singh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Articles 172(a) of the Articles of Association of the Company and in accordance with the provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended up to date and/or any statutory amendments, modifications or re-enactment thereof, the consent of Board of the Company, subject to approval of members, be and is hereby accorded for the appointment of Sh. Kunal Singh, as a Managing Director of the Company, for a period of 5 (five) years with effect from 16th June, 2010 on the terms and conditions including remuneration, authorities, powers, duties and responsibilities as contained in the draft agreement which is hereby specifically sanctioned with the liberty and authority to the Board of Director to alter, vary, modify and revise the terms and conditions including remuneration of the said appointment and/or Agreement in such manner and from time to time, as may be mutually agreed between the Board and Sh. Kunal Singh in conformity with Schedule XIII and the provisions of the Companies Act, 1956, including any amendments/ modifications made hereafter in this regard.

RESOLVED FURTHER THAT the terms and conditions of appointment, agreement, remuneration, powers, duties and responsibilities specified in the Terms of appointment may

be altered, varied and revised, from time to time, by the Board of Directors of the Company, including any Committee thereof, as it may, in its discretion deem fit, so as not to exceed the limits specified in Section 309 and Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) or any amendments made thereto from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company, including any Committee thereof, be and is hereby authorized to do all such acts, deeds, things, to inter into such agreement, deed of amendment or any such document as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

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

"RESOLVED THAT pursuant to section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of Memorandum and Articles of Association of the Company, the Board of Directors of the Company be and is hereby authorised to offer, issue and allot, in parts or in full 7,00,000 (Seven Lacs) Convertible Preference Shares of Rs. 100/- each, either in one or more tranches for cash at par or premium, whether shareholders of the Company or not, on such terms and conditions and to such persons as may be determined by the Board in its absolute discretion.

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said preference shares, in such manner as may appear to the Board of Directors to be most beneficial to the Company."

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 p.m.
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 Saturday, 25th September 2010 to Wednesday, 30th September 2010 (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. Jitendra Singh retire by rotation and have their desire to offer themselves for re-appointment.

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 4

The Board of Director of your Company at its meeting held on 7th April, 2010 the on recommendation of the Nomination and Remuneration Committee Appointed Mr. Kunal Singh, as Managing Director of the Company with effect from 16th June, 2010 for the period of five years, subject to the approval of the Members, in pursuance of the provision of Schedule XIII and other provisions of the Companies Act, 1956

The details of proposed remuneration payable to Sh. Kunal Singh, Managing Director and other terms as enumerated in the draft Agreement is as under:

SALARY

Rs. 1, 50,000/- (Rupees One Lac fifty thousand only) per month

PERQUISITES:

In addition to the aforesaid salary, the Managing Director shall be entitled to the following perquisites:

- (a) Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities shall be borne by the Company.
- (b) Reimbursement of all medical expenses incurred for self and family.
- (c) Leave travel assistance for self and family as per Company rules.
- (d) Fees of clubs, which will include admission and life membership fees.
- (e) Personal accident insurance, premium whereof does not exceed Rs. 1, 00,000 per annum.
- (f) A car with driver for official purpose.
- (g) Telephone and fax facilities at residence.
- (h) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- (i) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
- (j) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

Family for the above purpose means wife, dependent children and dependent parents of the Managing Director.

COMMISSION

Commission shall be decided by the Board of Directors based on the net profits of the Company each year subject to the condition that the aggregate remuneration of the Managing Director shall not exceed 5% of the net profits of the Company, in accordance with sections 198, 309 and Schedule XIII to the Companies Act, 1956.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its



profits are inadequate, he shall be entitled to remuneration by way salary and perquisites not exceeding the limits specified under Section II of Part II of the Schedule XIII of the Companies Act, 1956 as amended and for the time being in force including such amendments, modifications, revisions as may be made by the Central Government in the said limits from time to time as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
 - (b) Gratuity at the rate not exceeding half a month's salary for each completed year of service, and
 - (c) Encashment of leave at the end of the tenure.
6. Sitting Fees-The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of directors or Committee thereof from the date of his appointment.

The Board recommends the Resolution for approval.

Sh. Kunal Singh is interested in proposed resolution. Sh. Dharampal Singh being related to him may be deemed to be interested in the proposed resolution.

None of the other Directors are concerned or interested in the proposed resolution.

Item No. 5

In view of an urgent necessity of funds for Long Term Working Capital and Capital Expenditure relating to ongoing projects of the Company. In order to meet this urgent Working Capital and Capital Expenditure requirements the Board of Directors of the Company is proposing to issue Convertible Preference shares to the Promoter Group entities including their relatives and associates.

Authorization to Board of Directors of the Company to issue and allot Convertible Preference Shares at their discretion.

Mr. D.P. Singh and Mr.Kunal Singh, Directors of the Company may be deemed to be concerned or interested in the said resolutions to the extent of Convertible Preference Shares issued/allotted to them or their relatives/ other entities in which they are interested. No other Director of the Company is, in any way, concerned or interested the said resolutions.

This explanatory statement together with the accompanying Notice should be treated as an abstract of the terms and memorandum of appointment of Sh. Kunal Singh in terms of Section 302 of the Companies Act, 1956.

By Order of the Board of Director
For Indian Sucrose Limited

Place : Delhi
Date : 31st August, 2010

CS ANANT KUMAR SINGH
(Company Secretary)



DIRECTORS' REPORT

To the Members,
Indian Sucrose Limited

Your Directors have pleasure in presenting the Eighteenth 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 March 31, 2010.

FINANCIAL PERFORMANCE

Particulars	(Rs.in Lacs)	
	April 1, 2009 to March 31, 2010	April 1, 2008 to March 31, 2009
Turnover	10384.37	10172.23
Profit before Interest		
Depreciation & Tax (PBIT)	2212.29	1370.59
Interest & financial Expenses	1032.65	591.50
Profit before Depreciation & Tax	1179.65	779.03
Depreciation	505.20	485.72
Profit before Tax (PBT)	674.43	293.31

PERFORMANCE REVIEW

Your company maintains outstanding performance in the term of net profit in compare to last year. As compared to last year turnover of Rs. 10172.23lacs your company achieved turnover of Rs. 10384.37lacs during the current year. Because of increase in cost of raw material but increase in the sugar sale price the net operating profit before tax (PBT) has increased to Rs. 674.43lacs during the year under review as compared to Rs. 293.31lacs during last year. During the year under review, your Company has crushed 3060357 QTLS of Sugarcane and produced 272400 BAGS of Sugar in 77 crushing days, as compared to previous year crushing of 4175589 QTLS of sugarcane and production of 396474 BAGS of Sugar in 131 crushing days.

The capacity utilization of the plant during the year under review was 79.50% and the average recovery was 8.87% as compared to capacity utilization of 63.75 % and average recovery of 9.50 % in the previous year.

DIRECTORS

Sh.Dharmpal Singh, Chairman, has been appointed as a whole time Director of the Company with effect from March 13, 2008.

Sh.Kunal Singh is a young second generation entrepreneur, having wide experience of accounting, marketing and finance matters.

He has been appointed as a Managing Director of the Company with effect from June 16, 2010 for the period of five (5) years, subject to approval of shareholders.

Mr.Deepak Yadav, resigned as Director and Managing Director, w.e.f. 1.04.02009

The company expresses its sincere appreciation for the valuable services rendered by Mr. Deepak Yadav during the tenure as managing Director of Indian Sucrose Limited

Sh.Pawan Dewan and Sh.Sheoraj Singh Ahlawat, Independent Directors are a businessman having wide experience of accounting and finance matters.

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

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 Governances 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.Kapoor & Co., Chartered Accountants will retire at the forthcoming Annual General Meeting. They have been Statutory Auditors of the Company for the last for 3 years. As recommended by Audit and Compliance Committee, the Board has proposed the appointment of M/s B.K.Kapoor & Co., Chartered Accountants as Statutory Auditors for the Financial Year 2010-11. Member are requested to consider their appointment on a remuneration to be decided by the Board or Committee thereof for the ensuing Financial Year i.e. 2010-11.

COST AUDITOR

M/s.Katyal & Associates, Cost Accountants, Delhi have been appointed as the Cost Auditor for the Year 2009-10 and their report will be submitted to the Department of Companies Affairs, Government of India, in accordance with the requirement of law.

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	Nil	Nil
Amount (in Lacs)	Nil	Nil
Rate/Unit (in Lacs)	Nil	Nil
b) Own Generation		
i) Through Diesel Generator		
Units	800753	846368
Unit per Ltr. Of Diesel Oil	3.12	3.17
Rate/Unit (in Rs.)	10.13	10.30



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	Current Year	Previous Year
ii) Through Steam Turbine Generation		
Units	9362966	22935950
Units per Ton of Fuel	126.14	192.28
Rate/Unit	Nil	Nil
(Being Generated out of steam required for process)		
Bagasse		
Quantity M.T.	74228	119286
Total Cost (Rs. In Lacs)	1484.56	1431.43
(Estimated due to own generation)		
Average Rate (in Rs.)	2000	1200

2. CONSUMPTION UNIT OF PRODUCTION

	(IN M.T.) Standard	Actual Current Year	Actual Previous Year
Electricity (Units)	350	373.12	599.85
Bagasse (M.T.)	3.50	2.72	3.00

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

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Capital	---	---
b) Recurring	29.17	46.00
c) Total	29.17	46.00
d) Total Expenditure as percentage of Turnover	0.29	0.48

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

(C) FOREIGN EXCHANGE EARNING & OUTGO

- Total Foreign Exchange earned Rs. nil (previous year Rs. Nil)
- 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:

- in the preparation of the Annual Accounts, for the financial year ended March 31, 2010 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 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 March 31, 2010 and of the profit and loss of the Company for year under review;
- 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; and the Annual Accounts have been prepared on a going concern basis.

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.

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 : Delhi
Date : 31st August, 2010

(D.P.SINGH)
Chairman

MANAGEMENT ANALYSIS AND PERCEPTION:

1. Industry Structure & Development:

Indian sugar industry is highly fragmented with organized and unorganized players. The unorganized players mainly produce Gur and Khandari, the less refined forms of sugar. The government had a controlling grip over the industry, which has slowly yet steadily given way to liberalization. The report provides comprehensive analysis about the structure of Indian sugar industry by explaining the above facets. Besides the classification of sugar products and by-products like molasses, their uses too have been extensively covered.

In 2008-09, Sugar Industry witnessed a dramatic change in Sugar cycle, with the reversal of high supply - low prices scenario. The year started with high sugar surplus, low prices and higher inventories. By the second half of the year it was clear that sugarcane planting and also its diversion reflecting falling production in the current and next sugar year, sugar prices firmed up in the second half of the year. The shift in the cropping pattern from cane to other crops and diversion to non - crystal sugar production resulted in lower cane and hence lower supply of sugar.

We are anticipating a sharp jump in production in 2010-11, which should result in a small surplus. Consumption is expected to be marginally lower at 220 lakh tonnes compared to 230 lakh tonnes last year. Production in the international market will be high while consumption is expected to increase by around 2%.

This industry has the potential to be a leading player not only in the domestic markets but also in the international markets with several value-additions like clean power and ethanol.

The industry has the potential to do well if we have a conducive long-term sugar policy with minimal controls. If decontrolled, most of the sugar manufacturing companies will do well depending on the plant, managerial and administrative efficiency of the company.

2. Outlook:

One of the biggest problems ailing the sugar industry is volatility. I feel the market is driven more by sentiments and expectations rather than the prevailing fundamentals. India produced some 284 lakh tonnes of sugar in 2006-07, about 264 lakh tonnes in 2007-08 and 145 lakh tonnes and 180 lakh tonnes in 2008-09 and 2009-10 respectively.

To add to our woes, sugar prices have declined to Rs 2,900 per tonne from a high of Rs 4,200 per tonne less than six months ago because of the stringent measures - such as stock limitations on bulk consumers and weekly sale releases - taken by the union government to reduce sugar prices. On the other hand, imported raw sugar is being sold for 16 cents a pound from a high of 26 cents a pound six months ago.

The drop in international sugar prices is resulting in large-scale import of sugar into the country which will further drive down sugar prices. The industry apprehends that the regulators' efforts to bring down prices will seriously hurt sugarcane farmers, especially when the country is expecting surplus sugar production. The sugar industry was able to pay a whopping amount of Rs 45,000 crore to the farmers in 2009-10 as against Rs. 21000 crore Paid in 2008-09.

3. Risks, Threats and Opportunities:

Risks and Threat:

Sugar Industry in India primarily faces the following risks:

- Raw Material risk
 - Sugar Price risk
 - Regulatory risk
- Being an agro based industry, the Company's business is inextricably linked to the availability of raw material and its costs. The raw material of the Company is sugar cane. The Company has risk of Govt. policies in respect of cane availability, SAP & cane area allocation. Sugar cane availability is primarily determined by the relative's area under cane, the cane yield and the proportion to cane that to crush by the mill out of the total cane available (drawl). Area under cane is determined primarily by (the relative attractiveness of cane vis a vis other crops and timely payments. These factors are largely not within the control of the company. The company has sought to mitigate raw material availability risk by timely Payment to farmers.
 - Sugar prices exhibit volatility and dependence upon the demand and supply and business cycle conditions and are not controlled by any single player due to the fragmented nature of the industry. Prices rate also affected by the sales avocations made by the Government on a monthly basis as well as stocks held by the mills. The company has a defiled system of monitoring prices as the booking of orders in order to mitigate price volatility and Optimize returns.
 - Uncertainties in Government policies and regulations governing sugar industry in India continue to pose a serious risk to the sugar industry. By successive interventions of the Governments in areas of sugarcane and sugar, particularly their pricing and distribution, sugar mills may become uncompetitive at the bottom end of the business cycle. This is a systemic risk and cannot be alleviated unless the Government completely decontrols the sugar industry.

Opportunities:

- Government of India and the sugar industry are assisting each other in addressing and bringing the demand and supply gap on consistent basis. Thereby, the industry was allowed to import approx. 2MMT (White Sugar) of raw sugar to improve its availability in domestic market during 2008-2009, which is being exported now.
- Sugar consumption is estimated at 21 million tonnes in 2009-10. So the estimated closing stock as on September 30 is 5.8 million tonnes, ISMA said in a statement.
- India, the world's largest consumer of sugar, is importing sugar from February, 2009, to meet domestic demand as production has been lower than the annual requirement.
- The country had produced 14.7 million tonnes in 2008-09 and this year, the output is estimated at 18.8 million tonnes.

4. Segment wise Performance:

Your Company is having only one business segment i.e. manufacture white crystal sugar.



5. Internal Control Systems and their adequacy:

Your company maintains adequate Internal Control Systems designed to provide reasonable assurance that assets are safeguarded, transaction are executed in accordance with management authorization and are properly recorded and accounting records are adequate for preparation of financial statements and information. A comprehensive system of Internal controls employed by the company ensures optimal use of the resources available at its disposal. Internal Audit and checks are on going process within the Company. The Audit Committee of the Board, headed by an independent non- executive director, is in place to review the internal controls and other financial systems. The internal control system of the Company is monitored and evaluated by independent internal auditors and their reports are periodically reviewed by the Audit Committee. The observations and comments of the Audit Committee are appraised to the Board.

The internal auditors look into various areas of the company with following broad objectives:

- To ensure critical examination of reasons with a view to trouble shooting of the problems that may arise due to shortcomings in systems and procedures.
- To review systems and procedures in purchase, capital investments and routine operations.
- To identify shortcomings that may adversely affect the company's operations and profitability.
- To ensure the compliance of Company policies and procedures.
- To identify non-performing assets and suggest the procedure for its disposal.
- Any other assignment provided by the management.

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. Organisations 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 harnesses 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 organised 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 June 2009 was 202.

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 disclosing 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.