

**JK SUGAR LTD.**

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ANNUAL REPORT 2008-09

## BOARD OF DIRECTORS

**Bharat Hari Singhania**  
Chairman

**P. K. Jain**

**Gautam Khaitan**

**J. R. C. Bhandari**

**Vikrampati Singhania**

**A. K. Kinra**

**A. K. Jain**  
Whole-time Director

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### **Auditors**

S. S. Kothari Mehta & Co.  
Chartered Accountants

### **Registered Office**

7, Council House Street,  
Kolkata - 700 001

### **Bankers**

Bank of India  
Axis Bank  
IDBI Bank  
Dena Bank

### **Plant**

Sindhuli Road,  
Meerganj,  
Bareilly (U.P.)

### **Company Secretary**

Punit Kumar Chellaramani

### **Administrative Office**

Link House,  
3, Bahadurshah Zafar Marg,  
New Delhi-110 002.

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the Annual Report and Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2009.

### OPERATIONS

During the year under review, your Company recorded increased turnover of Rs.130.08 Crore as against Rs.114.62 Crore during the previous year. Profit before interest, depreciation & tax has gone up to Rs.12.46 Crore against Rs. 9.70 Crore in the previous year and Profit before depreciation stood at Rs.3.58 Crore (previous year Rs 2.79 Crore). Net Loss during the period under review has gone down to Rs.1.37 Crore against a loss of Rs.1.98 Crore last year.

The prices of sugar witnessed wide variation between a low of Rs.13,600 per MT to a high of Rs.22,200 per MT during the year 2008-09. The average sales realization rose to Rs.16115 per MT as against Rs. 13059 during the previous year. However during the year the State Government of Uttar Pradesh announced State Advised Price for cane at Rs.140 per quintal as against Rs.125 per quintal last year. Members are aware that arbitrarily fixation of cane price by the State Government has been challenged in the Apex Court by the Industry. For the season 2007-08 your company had paid Rs.110 per quintal as per the Interim Order of the Supreme Court.

There had been severe adverse climatic conditions during the year under review, where heavy rainfall and repetitive floods harmed the sugarcane crop to a great extent. As a result the sugar industry had to experience significantly low levels of capacity utilizations. The overall production of sugar in India declined drastically from 26.3 mn tonnes last year to 14.7 mn tonnes in the year under review. During the current year, your Company too could crush only 35.4 lac quintals of cane as against 83.7 lac quintals previous year. Further these unfavourable climatic conditions led to lower formation of sucrose in sugarcane adversely affecting recovery in the State of Uttar Pradesh. Likewise the recovery of your company dropped from 9.81% (previous year) to 9.16% during the current financial year.

The above mentioned lower crush also adversely impacted the output of the by-products namely, power and molasses.

### CANE DEVELOPMENT

Cane Development is an essential activity for any sugar mill. Your company has a full fledged cane development department with qualified professionals who with the help of scientists from various Cane Research Institutes, educate farmers to adopt innovative techniques in the area of cane farming. During the year, about 10000 hectares of promising

variety of cane have been planted in the company's cane command area. Your company consistently endeavours to provide farmers with necessary inputs like fertilizers, insecticides, pesticides, micronutrients etc. at subsidized rates. Village meetings, seminars etc. are regularly organized in the villages and demonstrations are held in their fields for intercropping, mixed cropping, trench planting etc. in order to maximize the earnings to the farmers.

### CONSERVATION OF ENERGY

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed.

### DIRECTORS

Shri P. K. Jain and Shri A.K. Kinra retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Shri A.K. Jain who was appointed as a Director of the Company w.e.f. 1st June, 2007 in the casual vacancy pursuant to Section 262 of the Companies Act, 1956, holds office upto the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 257 of the Companies Act, 1956 from a member proposing candidature of Shri A.K. Jain for appointment as a Director, liable to retire by rotation. The Board recommends his appointment.

### AUDITORS

M/s S.S. Kothari Mehta & Co., Chartered Accountants, Auditors of the Company retires and are eligible for re-appointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory.

### PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended regarding employees is annexed to this Report. However, as per the provisions of Section 219 (1) (b) (IV) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Company's New Delhi address.

### CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the good Corporate Governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- i) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- iv) the annual accounts have been prepared on a going concern basis.

## ACKNOWLEDGEMENTS

Your Directors wish to acknowledge, the continued support and cooperation received from valued Customers, Dealers, Suppliers, Farmers, Shareholders, Banks, Financial Institutions and various Central and State Government Agencies.

Your Directors also acknowledge and appreciate the commitment and dedication of the employees at all levels.

On behalf of the Board

Date: 15<sup>th</sup> June 2009  
New Delhi

**B. H. SINGHANIA**  
Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

### A. CONSERVATION OF ENERGY

- a. Steps taken by the company for conservation of energy during the season 2008-09 are as under :
  1. Surplus Condensate from Evaporators is cooled in Jet cooling tower and used as makeup water in cooling tower and imbibition water.
  2. Cooling water circulation in B & C vertical crystallizer by gravity from over head tank instead of using pump.
  3. De-sweetening of suger dust collected from 'Fluidized Bed Drier' by gravity instead of using pump.
- b. Proposed specific areas of reduction in energy and steam consumption.
  - 1) Inter connecting the ducting of ID fan of Boiler no. 1 & 2.
  - 2) Installation of appropriate system in boiling house to reduce steam consumption.

- 3) Installation of new capacitor at power house and critical load centers.
- 4) Installation of variable frequency drives on primary cane carrier, raw juice pump and injection pump in boiling house.

- c. The required data with regard to conservation of energy is furnished below:

| Sl.No | Particulars  | 2008-09                        | 2007-08                        |
|-------|--|--------------------------------|--------------------------------|
| 1.    | <b>Power and Fuel consumption</b>                              |                                |                                |
|       | Electricity  |                                |                                |
|       | a) Purchased   |                                |                                |
|       | Unit (Kwh In Lacs)   | 9.18                           | 8.04                           |
|       | Total Amount (Rs. Lacs)  | 31.16                          | 26.92                          |
|       | Rate/Unit (Rs.)  | 3.39                           | 3.35                           |
|       | b) Own Generation  |                                |                                |
|       | i) Through Diesel Generator                                    |                                |                                |
|       | Units (Kwh In Lacs)  | 0.66                           | 0.20                           |
|       | Unit/Ltr. of Diesel Oil (Kwh)                                  | 2.89                           | 2.03                           |
|       | Cost/Unit (Rs.)  | 12.26                          | 15.86                          |
|       | ii) Through Turbo Generator                                    |                                |                                |
|       | Unit (Kwh In Lacs)   | 135.28                         | 300.48                         |
|       | Unit per MT of Bagasse   | Steam                          | Steam                          |
|       | Cost/Unit  | produced by use of own bagasse | produced by use of own bagasse |
| 2.    | <b>Consumption per unit of production Electricity (Kwh/Mt)</b> | 351                            | 314                            |

### B. RESEARCH AND DEVELOPMENT

Maximization of cane yield per unit area of land is need of the hour in view of fragmentation of land holding due to increase in human population. Following activities have been carried out in order to increase the density and production of cane :

1. Nucleus Seed of two newly released sugarcane variety i.e. Co-0238 & Co-0239 were planted in our factory farm and exhibited excellent performance. Seed of these varieties have been distributed among progressive farmers of our gate area for raising seed nursery.
2. In order to maximize cane yield per unit area of land, trench planting have been widely propagated. About 30 demonstration plots have been laid out.
3. Companion cropping of sugarcane with wheat, urad, potato etc. have been successfully implemented.
4. Ratoon management of early and promising varieties through Inter Cultural Operation, gap filling and applying urea spray with pesticides to increase the production as well as cane acreage have been carried out.
5. Pesticides, insecticides and other micro nutrient have been distributed among farmers for obtaining better yield and quality of cane.

### C. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

Upgradation of Spray Engineering Software for Injection water to reduce water consumption and energy saving at injection pumps.

### D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Nil



## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL SUGAR INDUSTRY SCENARIO

The trend of surplus sugar production exceeding consumption over the last two years was halted this year. In spite of Brazil, the largest sugar producing country in the world, increasing production of sugar from 33.22 mn tonnes last year to 37.54 mn tonnes current year, the global sugar consumption of 165.8 mn tonnes marginally exceeded the sugar production of 161.5 mn tonnes. Low production in India and European Union collectively reduced world sugar supply by 7.08 mn tonnes. As per the report of International Sugar Organisation (ISO), there is likely to be a deficit of 4.27 mn tonnes in 2008-09, as against the surplus of 6.37 mn tonnes in the year 2007-08. Even the closing stock of global sugar in the year 2008-09 is likely to be 66.27 mn tonnes, lesser than last year's closing stock of 70.53 mn tonnes.

### SUGAR INDUSTRY SCENARIO IN INDIA

During the year 2008-09, sugar production in India drastically declined to 14.7 mn tonnes as against 26.3 mn tonnes last year. This decline in sugar production is largely due to shortfall in sugarcane acreage and its availability to the sugar industry. Poor climatic conditions, heavy rainfall and floods adversely affected the yield of cane per acre as well as the formation of sucrose in sugarcane resulting in low sugar recovery. With low availability of sugarcane leading to reduced crushing and low capacity utilization by the sugar mills, prices of sugar went up during the season gone by. Even though India is the second largest producer and the largest consumer of sugar in the world, the margins of the industry continue to remain under pressure. In spite of the Indian Sugar Industry being globally competitive, raw material prices continue to be amongst the highest in the world, whereas, finished goods are relatively cheaper compared to other countries. This is primarily due to government intervention right from the raw material pricing to sale of finished goods. With the right policy in place, India has the potential to be a sustainable and profitable producer of sugar globally.

The Indian sugar industry is amongst the leaders in co-generation of power with a potential of generating 7000 MW. It currently supplies 1350 MW to the grid with an additional 500 MW capacity under construction. The profitability of the cogeneration sector is currently limited due to some of the States like Uttar Pradesh not allowing power producers to sell power to private players in the market, in spite of

notification from Central Electricity Regulatory Commission (CERC) in favour of open access of power. Once the State Governments allow open access and trading of electricity, the profitability of sugar mills having cogeneration facility will improve substantially.

Ethanol, the other by-product made from molasses also holds promise as the Central Government had announced a policy of mixing 5% ethanol with petrol with the likelihood of it being raised to a higher proportion soon. With the bounce back of the global economy and once again rising trend of crude oil prices, importance of mixing of ethanol with fuel is likely to be encouraged.

### SUGAR CANE PRICE

As over the years, the Central and State Government continue to announce Statutory Minimum Price (SMP) and State Advisory Price (SAP) respectively. While the SMP calculated by the Central Government is based on a scientific method considering cost of cultivation, sales realization and other economic factors, SAP continues to be based on arbitrary and political considerations. A number of litigations continue to be filed in the High Court of Uttar Pradesh as well as the Supreme Court regarding the arbitrary announcement of cane prices by the State Government of Uttar Pradesh. The industry continues to advocate that cane prices should be linked with sugar prices which in turn will bring stability to the industry and protect the long term interest of the farmers. In the season gone by, the State announced a price of Rs. 140 per quintal of cane as the SAP. While the methodology of fixation of cane price has once again been challenged, the mills had to pay this price due to the shortage of cane. In fact a number of mills offered incentives for development of cane to ensure availability in the coming seasons. Drastically low availability of sugarcane in spite of firm prices led to substantially lower capacity utilization by sugar industry. This not only reduced output of sugar, but also adversely affected the production of its by-products namely, power and molasses.

### SELLING PRICES

Due to shortage of sugarcane and consequent lower capacity utilization leading to a fall in sugar production, prices of finished goods registered an increase. The selling prices surged from Rs. 14000 per MT to Rs. 22000 per MT ex-mill in Northern India. While this helped in

improving the margin of previously held stock, it necessarily did not lead to improved profits on the production of the season gone by. In fact, increase in raw material prices and other costs and steep decline in sugar production led to substantially increased manufacturing costs. With the Government's emphasis to keep a check on sugar prices by duty-free import of sugar and utilization of the release mechanism, prices of sugar are not likely to go up further in the coming season. Conversely raw material prices could be further increased by the State and the Central Government leading to pressure on the margins of the sugar industry.

## OPPORTUNITIES

Sugarcane not only yields sugar but also provides valuable by-products like bagasse, molasses and press-mud. The availability of these by-products offers an opportunity of setting up integrated sugar complexes producing not only sugar but also Ethanol, Extra Neutral Alcohol, Rectified Spirit, co-generation of power and organic manure.

The use of Bagasse as raw material for co-generation of power offers immense potential to produce green power from a renewable energy sources, in turn reducing green house gases. Sugar industry offers a potential to be able to generate about 7000 MW of power annually by using bagasse and other bio-mass waste, instead of other fossil fuels. As a national policy, in principal, the Government is encouraging generation of power from renewable sources and hence the support to generation of power from this source would be of national interest. To address the challenge faced by this sector, the Central and State Government should encourage third party sale of power generated by the Sugar Industry. This in turn would encourage sugar mills to add and modernize their power capacities and efficiently contribute in filling a portion of the gap in the supply of power in the country.

Similarly, Ethanol produced from Molasses, another key by-product, has capability to be mixed with fuel as a better oxygenate. Production of ethanol in the long run would help reducing the dependence of the country on imported petroleum and this would contribute to stabilization of inflation rate.

Both these areas of Energy and Power would lead to an elevated requirement of sugarcane while increasing the paying capacity of the sugar mills to pay better prices to the farmers. Overall, like other nations globally, this will lead to more stabilized production of Sugar as well as its by-products.

## THREATS AND CONCERNS

As mentioned above, there has been a shortfall in production during the previous year which is likely to continue during the current year too. In its desire to control sugar prices, the Government has allowed duty free import of raw as well as white sugar. In fact, it is also toying with the idea of subsidized imports to try and suppress domestic prices of sugar. While this is beneficial to consumers in the short run, it is infact detrimental to the industry, farmers and the nation as a whole in the long run. With the finished goods prices staying low and consistent increase of raw material prices by the State and Central Government, the industry will continue to suffer losses and will not be in a position to pay the farmers on time. This in turn will induce the farmers to reduce the acreage of cane leading to a permanent erosion of sugar production in India. In these circumstances, we as a nation will once again become dependant on imports of sugar to meet our growing demand. This also will lead to erosion of income for the large farming community which depends on sugarcane as its cash crop. The continuous increase of minimum support prices for sugarcane while keeping finished goods prices much lower than rest of the world is not in the long term economic interest of the industry and consumers.

## OUTLOOK

The sugarcane cultivation generally follows a two year plantation cycle. The lower cultivation of cane this year is expected to continue even during the upcoming financial year and it is expected that the production of sugar shall again witness a shortfall. Inspite of cane plantation during the current year going up by above 15%, the reduction of ratoon crop from last year will offset this benefit, hence leading to an average acreage of almost the same levels as that of the year gone by. Due to low production, the sugar prices are likely to continue to stay firm even in the coming year.

## HUMAN RESOURCES

Your company recognizes value of people as its most valuable resources and believes that its employees are key to its sustainable growth. The employees of the company are provided opportunity to upgrade their skills set continuously in the ever changing dynamic environment. The company has a strong performance appraisal system supported by a well laid down reward and performance recognition policy through which the performance of employees of the

company are assessed annually. Since the management of the company encourages open and frequent interactions with its employees, it enjoys the cordial relationship with its employees.

## FINANCIAL PERFORMANCE

The Financial Results for the year ended 31<sup>st</sup> March, 2009 are summarized below :

(Rs. in Crore.)

| Particular                                 | 2008-09 | 2007-08 |
|--|---------|---------|
| Sales and Other Income                     | 130.08  | 114.62  |
| Profit before Interest, Depreciation & Tax | 12.46   | 9.70    |
| Profit before Depreciation                 | 3.58    | 2.97    |
| Profit before Tax                          | (-)1.37 | (-)2.13 |
| Profit after Tax                           | (-)1.37 | (-)1.98 |

During the year under review, your Company achieved an increased turnover of Rs.130.08 crore as against Rs.114.62 crore previous year. The financial performance of the Company has also improved as it earned a PBIDT of Rs.12.46 crore against Rs. 9.70 crore during the previous year.

The quantity of cane crushed during the year remained low at 35.4 lac quintals against last year crushing of 83.7 lac quintals. This is attributable to heavy rain and repeated floods in the cane command area of the company resulting in unprecedented damage to the cane crop. The adverse climatic condition also contributed to low recovery at 9.16% during the year as against 9.81% previous year. The Power export declined to 119 lac units in 2008-09 as compared to 445 lac units in 2007-08 owing to substantially reduced crushing of cane.

The year under review remained quite challenging and we hope that performance of the company will improve in the following year.

## INTERNAL CONTROL SYSTEM

Your company has sound internal control systems in place, for smooth conduct of the operations and to safeguard the Assets and interest of all the stakeholder including shareholders of the company. The internal control system of the company are designed to manage risk involved in the process related to financial reporting and to assure a high degree of reliability in external reporting. The company has a well constituted audit committee with the sufficient representation from independent directors. The auditor's findings are

submitted to Audit committee periodically, which evaluates and review the findings of the Auditors and ensures that proper follow up measures are taken in the required areas. The audit committee of the company, also conducts the periodic review of effectiveness of the internal systems and process and take corrective action wherever required.

## CAUTIONARY STATEMENT

"Management's Discussion and Analysis Report" contains forward looking statements, which may be identified by the use of words in that direction, or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any onward looking statements, on the basis of any subsequent development, information or events.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The Company reaffirms its commitment to the good Corporate Governance practices. The core values of the Company are:

- Commitment to excellence and customer satisfaction
- Maximising long term shareholders' value
- Socially valued enterprise and

- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long term shareholders' value and commitment to high standard of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

### 2. BOARD OF DIRECTORS:

The Board of Directors presently consists of seven Directors, out of which one is Executive Director, six Non-Executive Directors (NED) four of whom are Independent Directors (IND). Four Board Meetings were held during the financial year 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009, on 21<sup>st</sup> May 2008, 22<sup>nd</sup> July 2008, 20<sup>th</sup> October 2008 & 20<sup>th</sup> January 2009. Attendance and other details are given below:

| Director                             | Category  | Number of Board Meetings Attended | Whether last AGM attended | No. of other Directorships and Committee Memberships/ Chairmanships |                        |                          |
|--------------------------------------|-----------|-----------------------------------|---------------------------|---|------------------------|--------------------------|
|                                      |           |                                   |                           | Other Directorships\$   | Committee Memberships* | Committee Chairmanships* |
| Shri Bharat Hari Singhania, Chairman | NED       | 4                                 | Yes                       | 5   | 2                      | -                        |
| Shri Vikrampati Singhania            | NED       | 4                                 | Yes                       | 2   | 2                      | -                        |
| Shri Gautam Khaitan                  | IND       | 3                                 | Yes                       | 8   | 6                      | -                        |
| Shri P.K. Jain                       | IND       | 4                                 | Yes                       | 3   | -                      | 1                        |
| Shri J.R.C. Bhandari                 | IND       | 4                                 | No                        | 3   | 1                      | 3                        |
| Shri A.K. Kinra                      | IND       | 4                                 | No                        | 4   | -                      | -                        |
| Shri A.K. Jain, Whole-time Director  | Executive | 4                                 | Yes                       | -   | -                      | -                        |

\$ As per Section 275 read with Section 278 of the Companies Act, 1956

\* Only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee

The Board periodically reviews Compliance reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

The Company has a Code of Conduct in position for Management Cadre Staff (including Executive Director). In terms of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

This Report contains a declaration to this effect signed by the Whole Time Director.

### 3. AUDIT COMMITTEE:

The Company has an Audit Committee of Directors which consists of four Non-Executive Independent Directors namely Shri P.K. Jain (Chairman of the Committee), Shri Gautam Khaitan, Shri J.R.C. Bhandari and Shri A.K. Kinra. All the four members of the Audit Committee are financially literate and three of them possess accounting expertise.

The 'Terms of Reference' of the Audit Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement with Stock Exchanges.

Four meetings of the said Committee were held during the year 2008-09 on:

| Date of Meeting               | No. of Members attended |
|-------------------------------|-------------------------|
| 21 <sup>st</sup> May 2008     | 4                       |
| 22 <sup>nd</sup> July 2008    | 4                       |
| 20 <sup>th</sup> October 2008 | 4                       |
| 20 <sup>th</sup> January 2009 | 3                       |

The Company Secretary regularly attends the meetings and acts as the Secretary of the Committee. The Statutory Auditors attended 2 meetings.



#### 4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Company has Shareholders / Investors Grievance Committee at the Board level, which consists of three Directors namely Shri Vikrampati Singhanian (Chairman of the Committee), Shri Gautam Khaitan and Shri A.K. Kinra all being Non-Executive Directors. The composition of the Committee is in conformity with Clause 49 (IV) (G) (iii) of the Listing Agreement.

Four Meetings of the said Committee were held during the year 2008-2009:

| Date of Meeting               | No. of Members attended |
|-------------------------------|-------------------------|
| 21 <sup>st</sup> May 2008     | 3                       |
| 22 <sup>nd</sup> July 2008    | 3                       |
| 20 <sup>th</sup> October 2008 | 3                       |
| 20 <sup>th</sup> January 2009 | 2                       |

The Company has not received any complaint from shareholders during the year under review. As on date, no complaints are pending. The Board has delegated the power of share transfer to a Committee of Directors and the share transfer formalities are attended to as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfer of shares. Secretary of the Company acts as the Compliance Officer.

#### 5. REMUNERATION COMMITTEE (Non-mandatory):

A Remuneration Committee of Directors comprising of Shri J.R.C. Bhandari, Chairman of the Committee, Shri P.K. Jain, Shri Gautam Khaitan and Shri A.K. Kinra all being non-executive independent directors, was constituted on 31<sup>st</sup> May 2007 to determine and approve the remuneration of Shri A.K. Jain, Whole-time Director of the Company for a three years term of appointment commencing from 1<sup>st</sup> June 2007 pursuant to the provisions of Schedule XIII of the Companies Act 1956.

##### 5.1. REMUNERATION PAID TO DIRECTORS:

- i) Whole-time Director: The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Funds for the financial year ended 31<sup>st</sup> March, 2009 to Shri A.K. Jain, Whole-time Director of the Company is Rs.35.28 lacs. No Commission was paid during the year.

The Company does not have any Stock Option Scheme. In the case of Whole-time Director notice period is three months.

- ii) Non-Executive Directors: The Company has paid sitting fees aggregating to Rs.1.37 lacs to all the Non-Executive Directors for attending the meetings of the Board and its Committees.

No other payments were made to Non-Executive Directors and such Directors did not have any other pecuniary relationship or transactions vis-à-vis the Company during the year except as stated above.

The number of Equity Shares held by Non-Executive Directors are given below:

| Sr No | Name                         | Number of Equity Shares |
|-------|------------------------------|-------------------------|
| 1     | Shri Bharat Hari Singhanian* | 1,54,183                |
| 2     | Shri Vikrampati Singhanian # | 10,298                  |
| 3     | Shri A.K. Kinra              | 45                      |
| 4     | Shri Gautam Khaitan          | Nil                     |
| 5     | Shri P.K. Jain               | Nil                     |
| 6     | Shri J.R.C. Bhandari         | Nil                     |
| 7     | Shri A.K. Jain               | Nil                     |

\* includes 8,550 shares held as Karta of HUF. # includes 8,437 shares held as Karta of HUF

The Company does not have any outstanding convertible instruments.

#### 6. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGM) of the Company were :

| Year      | Location   | Date       | Time     |
|-----------|--|------------|----------|
| 2005-2006 | Shripati Singhanian Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020 | 06.09.2006 | 11.30 AM |
| 2006-2007 | Shripati Singhanian Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700 020 | 31.08.2007 | 11.30 AM |
| 2007-2008 | Shripati Singhanian Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata - 700020  | 22.08.2008 | 11:30 AM |

A Special Resolution was passed at AGM held on 31<sup>st</sup> August 2007 under Section 269 read with Schedule XIII to the Companies Act, 1956 for re-appointment of Shri A.K. Jain, Whole-time Director of the Company. Special Resolutions were also passed at the AGM held in the year 2006.