

*8<sup>th</sup>*  
*Annual Report*  
*2009-2010*

**MONNET SUGAR LIMITED**

## BOARD OF DIRECTORS

|                        |          |
|------------------------|----------|
| Shri M. S. Gujral      | Chairman |
| Shri Sandeep Jajodia   | Director |
| Shri J. P. Lath        | Director |
| Shri Amitabh S. Mudgal | Director |

## BANKERS

Punjab National Bank  
State Bank of Bikaner & Jaipur

## AUDITORS

M/s. O. P. Bagla & Co.  
New Delhi

## REGISTERED OFFICE

Plot No. 216, Sector-C  
Urla Industrial Complex  
Raipur-493 221 [Chhattisgarh]

## CORPORATE OFFICE

Monnet House,  
11, Masjid Moth,  
Greater Kailash-II,  
New Delhi - 110 048

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## NOTICE

**NOTICE** is hereby given that the 8th Annual General Meeting of **MONNET SUGAR LIMITED** will be held on Thursday, 30th September, 2010 at 4.15 P.M. at Monnet Ispat & Energy Ltd., Monnet Marg, Mandir Hasaud, Raipur, Chhattisgarh-492101, to transact the following business: -

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended on that date along with Auditors' Report & Directors' Report thereon.
2. To appoint a director in place of Shri M.S. Gujral, who retires by rotation and being eligible, offered himself for reappointment.
3. To appoint auditors and fix their remuneration.

By order of the Board of Directors  
**MONNET SUGAR LIMITED**

Date : 10th August, 2010  
Place : New Delhi

Sd/-  
**(J. P. LATH)**  
DIRECTOR

**Registered Office :-**  
216, Sector C, Urla Industrial Complex,  
Raipur-493221.

**Corporate Office :-**  
Monnet House,  
11, Masjid Moth,  
Greater Kailash - II,  
New Delhi-110048.

### NOTES

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.** Proxy in order to be valid must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
2. The Share Transfer Books of the Company shall remain closed from Friday, 24th September, 2010 to Thursday, 30th September, 2010 [both days inclusive].

**DIRECTORS' REPORT CUM MANAGEMENT DISCUSSION & ANALYSIS****TO THE MEMBERS**

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

**FINANCIAL RESULTS**

|                                      | <b>2009-2010</b> | <b>(Rs. in Lakhs)<br/>2008-2009</b> |
|--------------------------------------|------------------|-------------------------------------|
| Sales [Net of Excise] & Other Income | 0.82             | 1.48                                |
| Profit before depreciation           | 5.19             | 107.35                              |
| Depreciation                         | 3.99             | 3.99                                |
| Profit before tax                    | 1.20             | 103.36                              |
| Provision for Income Tax             | 0.19             | 10.60                               |
| Income Tax Adjustment                | 2.30             | 26.30                               |
| Fringe Benefit Tax                   | 0.00             | 0.46                                |
| Provision for Deferred Tax           | (0.87)           | (0.60)                              |
| Profit after taxation                | (0.42)           | 66.60                               |
| Balance as per last year             | 2086.97          | 2020.37                             |
| Balance carried to Balance Sheet     | 2086.55          | 2086.97                             |

The financial results are not comparable to previous year as the sale of fixed assets was concluded before the commencement of crushing season and hence, there were no operations during the year.

**NEW VENTURES**

Consequent to sale of sugar mill, your Company is actively involved in identifying new business activity and it is expected that new business plans will fructify during the current financial year.

**DIVIDEND**

In view of Company's plans to start some new business activity, the Company needs to conserve resources and therefore, no dividend is being recommended by the Board of Directors.

**DIRECTORS**

Pursuant to Section 255 of the Companies Act, 1956, Shri M.S. Gujral, Director, retires by rotation on the day of 8th Annual General Meeting and being eligible offers himself for reappointment.

**RESPONSIBILITY STATEMENT**

In terms of Section 217 (2AA), your directors confirm having:

- (i) followed in the preparation of Annual Accounts, the applicable accounting standards, with proper explanation relating to material departures, if any;
- (ii) 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 at the end of the financial year and of the profit or loss of the Company for the year under review ;
- (iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) prepared the accounts on a 'going concern' basis.

**DEPOSITORY SYSTEM**

As on 31st March, 2010, about 96.72% of the shares of your Company have been dematerialized. Since the Shares of the Company can be traded only in dematerialized form, those members who are still holding their shares in physical form are advised to get their shares dematerialized.

**STATUTORY DISCLOSURES**

All board members and senior management personnel have affirmed compliance with the code of conduct for the year 2009-10. A declaration to this effect signed by the Whole-time Director of the company is annexed to this report as **Annexure -I**.

## **MANAGEMENT DISCUSSION & ANALYSIS**

Consequently to sale of sugar mill and since your company has not identified and commenced any other business activity, there is no requisite information in respect of Management Discussion & Analysis. However, wherever necessary, the requisite information in this respect thereof has been included in the directors' Report itself.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has adequate internal control systems were commensurate with the size and nature of the business and were supplemented by an extensive program of internal audits, reviews by management and documented policies, guidelines, and procedures to provide reasonable assurance that all assets are safeguarded; transactions are authorized, recorded and reported properly. The Company shall promptly re-establish and reshape these systems to make the same commensurate with the new line of activity in future.

## **CORPORATE GOVERNANCE REPORT**

Pursuant to clause 49 of the Listing Agreement, necessary measures have been taken to comply with the requirements of said clause. A report on Corporate Governance along with a certificate of compliance from the Auditors is given in **Annexure-II** and forms an integral part of this report.

## **RISK MANAGEMENT**

Prior to sale of sugar mill, your Company's Risk Management Policy was backed by strong internal control systems. The risk management framework consisted of centrally issued policies and divisionally laid down procedures to ensure that the business risks were adequately covered including their monitoring and implementation and the same was periodically reviewed by the Board and Audit Committee. As and when the new line of activity is taken up by the company, your Company will re-establish the policy with requisite modifications as may be necessitated depending upon the type and nature of new business activity.

## **AUDIT COMMITTEE**

The Audit Committee of Board of Directors constituted in terms of Clause 49 of the Listing Agreement and pursuant to Section 292A of The Companies Act, 1956 consist of Shri Amitabh S. Mudgal as Chairman, Shri M.S. Gujral and Shri J.P. Lath, as its members and the Company Secretary as ex-officio Secretary of the Committee.

## **AUDITORS**

The Auditors' Report and Notes to the Accounts as referred in the Auditors' Report are self explanatory and therefore, do not call for any further comments or explanation.

M/s. O.P. Bagla & Co., Chartered Accountants, New Delhi, Auditors of the Company, holds the office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

## **FIXED DEPOSITS**

The Company has not invited or accepted any deposits during the year from the Public under Section 58A of The Companies Act, 1956.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

In view of the Company having disposed off its sugar mill and no longer has any manufacturing operations, no data is required to be enclosed pursuant to Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988.

## **PERSONNEL**

Since none of the employee is drawing salary in excess of the limits laid down under Section 217(2A) of the Companies Act, 1956 read with Companies [Particulars of Employees] Rules, 1975 as amended up-to-date, the same are not applicable.

## **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to offer their sincere thanks to the various Departments of the Central and State Government, Financial Institutions, Bankers to the Company, all Customers, Suppliers and contractors for their continued valued assistance and support. Your Directors also wish to place on record their appreciation for dedicated services rendered by all officers, staff and workers of the Company at all levels.

For and on behalf of Board of Directors

Sd/-

**(AMITABH S. MUDGAL)**  
Chairman

Place : New Delhi  
Date : 10th August, 2010

**DECLARATION BY CHIEF EXECUTIVE OFFICER**

It is hereby declared that all Board Members and senior management personnel have affirmed compliance with the Code of Conduct within 30 days for and from the beginning of current financial year.

Place : New Delhi  
Date : 10th August, 2010

Sd/-  
**(J.P. Lath)**  
Whole-time Director

**CORPORATE GOVERNANCE REPORT**

**CORPORATE GOVERNANCE PHILOSOPHY**

Monnet believes in conducting its affairs in a fair and professional manner and in maintaining the high standards.

The Company is committed to following good Corporate Governance practices through a series of measures which include having professional Directors on the Board, adopting pragmatic policies and effective systems and procedures, sharing of information with shareholders on a regular basis through newspapers, audits and checks.

The policies and actions of the Company, while being in full compliance of applicable laws and regulations, are dictated by the underlying objective of maximizing shareholder value on a long-term basis.

**BOARD OF DIRECTORS:**

The Board of Directors consists of four directors, i.e. an Independent & Non-executive Chairman and three other Non-executive Directors. Two of these four directors are independent.

The Board of Directors meets at least once in a quarter to review the Company's performance and more often, if considered necessary, to transact any other business.

Present structure of the Board of Directors is as following: -

| <b>Name</b>            | <b>Category</b>     | <b>No. of Directorships in other Companies</b> | <b>No. of Committee Memberships in other Companies</b> |
|------------------------|---------------------|--|--|
| Shri M. S. Gujral      | Director            | 7  | 9  |
| Shri Sandeep Jajodia   | Director            | 5  | 2  |
| Shri Amitabh S. Mudgal | Director            | 7  | 1  |
| Shri J. P. Lath        | Whole-time Director | 4  | 3  |

During the year, five Board Meetings were held. The dates on which the Board Meetings were held are as follows: -

30th June, 2009, 31st July, 2009, 30th October, 2009 and 30th January, 2010.

The last Annual General Meeting was held on 30th September, 2009. Following are the details of attendance of Directors at Board Meetings and at the Annual General Meeting held during the year:-

| <b>Name</b>            | <b>No. of Board Meetings held during the tenure of the Directors</b> | <b>No. of Board Meetings attended</b> | <b>Last AGM attendance</b> |
|------------------------|--|---------------------------------------|----------------------------|
| Shri M. S. Gujral      | 6  | 4                                     | Yes                        |
| Shri Sandeep Jajodia   | 6  | 3                                     | Yes                        |
| Shri Amitabh S. Mudgal | 6  | 4                                     | No                         |
| Shri J. P. Lath        | 6  | 4                                     | Yes                        |

**INFORMATION IN CASES OF APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS AS REQUIRED UNDER LISTING AGREEMENT IS GIVEN AS UNDER:—**

Requisite details in respect of Shri M.S. Gujral is given in **Annexure-III**.

**AUDIT COMMITTEE:**

The Audit Committee comprises solely of Independent Directors. Shri Amitabh S. Mudgal is the Chairman of the Committee. Shri M.S. Gujral and Shri J.P. Lath are the other Members of the Committee. The Statutory Auditors are invitees to the meeting. The terms of reference of this Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956.

**REMUNERATION COMMITTEE:**

The Remuneration Committee comprises of Shri Amitabh S. Mudgal and Shri J.P. Lath. The terms of reference of this Committee cover the matters specified for Remuneration Committees under clause 49 of the Listing Agreement.

# MONNET SUGAR LIMITED

## DETAILS OF REMUNERATION TO WHOLE-TIME-DIRECTOR

The break up of remuneration paid to the Whole-Time-Director is as follows: -

| Name<br>Position               | Shri J. P. Lath<br>Whole-Time-Director |
|--------------------------------|--|
| Salary (Rs.)                   | 1620000                                |
| Commission/Allowance (Rs.)     | NIL                                    |
| Perquisites (Rs.)              | 589320                                 |
| Contribution to Provident Fund | 9360                                   |
| Total (Rs.)                    | 2218680                                |
| Stock Option Granted (Nos.)    | NIL                                    |

## SITTING FEE PAID TO NON-EXECUTIVE DIRECTORS IS AS GIVEN BELOW: -

| Directors              | Sitting Fees (Rs.) | ESOP granted (No. of Shares) |
|------------------------|--------------------|------------------------------|
| Shri Sandeep Jajodia   | 15,000             | NIL                          |
| Shri M. S. Gujral      | 20,000             | NIL                          |
| Shri Amitabh S. Mudgal | 20,000             | NIL                          |

## INVESTORS' GRIEVANCE COMMITTEE/SHAREHOLDERS' COMMITTEE: —

The Company's Registrars and Share Transfer Agents MCS Ltd., New Delhi, handle the Investor grievances, in consultation with the Secretarial Department of the Company. The Registrars have adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of the investor grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 15 days from the date of receipt of the complaint for disposal of investor grievances. Nevertheless, the Company has constituted an Investors' Grievance Committee in accordance with the requirements of Clause 49 of the Listing Agreements for attending to investors' complaints pertaining to transfers/transmission of shares, dividend enquiry, and any other related matters. The present members of the Committee are Shri Amitabh S. Mudgal and Shri J. P. Lath, Directors.

## SHARE TRANSFER COMMITTEE

The Committee of the Company has been given the powers to deal with all matters related to transfers, transmission, and issuance of duplicate share certificates, split and/or consolidation requests. The Share Transfer Committee meets regularly. There was no meeting held during the year since no requests for transfer of shares held in physical form were received by the Company.

## COMPLIANCE OFFICER:

Ms. Satnam Kaur  
Monnet House, 11 Masjid Moth,  
Greater Kailash, Part-II, New Delhi-110 048

## STATUS OF COMPLAINTS FOR THE PERIOD 1ST APRIL, 2009 TO 31ST MARCH, 2010.

|  |    |
|--|----|
| 1. Number of complaints received from the investors (including the opening Balance as on 01.04.2009) comprising of enquiries regarding status of listing of shares of the Company, Non-receipt of Share Certificates allotted pursuant to demerger, transfer and transmission etc. | 24 |
| 2. Number of complaints resolved   | 23 |
| 3. Number of complaints not solved as at 31st March, 2010  | 1  |
| 4. Complaints Pending as at 31st March, 2010   | 1  |
| 5. Number of shares pending for Transfer as at 31st March, 2010  | 0  |