



52nd Annual Report 2009– 2010



DIRECTORS:

Mr. T. B. Ruia -- Chairman

Mr. R. J. Paymaster

Mr. Sharad K. Pachapurkar

Mr. Haresh A. Bhojwani

SECRETARY

Mr. S. R. Hemmady

BANKERS

Allahabad Bank (Debts taken over by JM Financial Asset Reconstruction Co. Pvt. Ltd.)

State Bank of Hyderabad (Debts now taken over by Kotak Mahindra Bank Ltd.)

The Federal Bank Limited (Debts now taken over by JM Financial Asset Reconstruction Co. Pvt. Ltd.)

Abu Dhabi Commercial Bank Ltd. (Debts now taken over by Kotak Mahindra Bank Ltd.)

Kotak Mahindra Bank Ltd.

AUDITORS

M/s. R. S. SHAH & ASSOCIATES
Chartered Accountants

ADVOCATES

M/s. SHEL DON LAW FIRM
New Delhi

REGISTERED OFFICE

Plot No. 1 & 2, Jijamata Nagar,
Nashik Road, Nashik – 422101.

NOTICE

NOTICE is hereby given that the Fifty Second Annual General Meeting of the Members of the Company will be held at the **Hotel Durga International, Nashik Poona Road, Nehru Nagar Stop, Nashik Road, Nashik 422 101 Thursday, September 30, 2010 at 9.30 A. M** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 and the reports of the Directors and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.
3. To appoint a Director in place of Mr. T. B. Ruia who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board,
For **SIL BUSINESS ENTERPRISES LTD,**
S. R. Hemmady
Company Secretary

Registered Office:

Plot No 1 & 2,
Jijamata Nagar, Nashik Road,
Nashik - 422 101.

Date: 17th August, 2010

NOTES:

1. A Member entitled to attend and vote on a poll is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, September 25, 2010 to Thursday, September 30, 2010, both days inclusive.
3. Members are requested to address all communication regarding transfer of shares, change of address etc. directly to the Registrars, viz. Bigshare Services Pvt. Ltd, E-2 & E-3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072 and in case their shares are held in the dematerialised form, this information should be passed on to their respective Depository Participants without any delay.
4. Members desirous of availing nomination facility may send their nomination in the prescribed form. Nomination forms can be obtained from the Registrars/ Company.
5. On dematerialisation of shares, the nomination registered by the Company automatically stands cancelled. In the case of shares held in electronic (dematerialised) form, the Members are given an option of nomination at the time of opening a demat account. If no nomination is made at the time of opening the demat account, they should approach their respective Depository Participant.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to write to the Company at least one week before the date of the meeting so that the information required may be made available at the meeting.
7. Members are requested to bring their copy of Annual Report to the meeting.
8. Members/ Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled-in for attending the meeting.

DIRECTORS' REPORT

Your Directors have pleasure in presenting 52nd Report on the operation of your Company together with audited accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS

	Current year		Previous period 18 months.	
	Rupees	Rupees	Rupees	Rupees
Sales and Other Income		69,458,119		131,343,092
Less :				
Expenditure				
Employees Cost	35,122,807			
Operating and Other Exp.	25,594,137		54,362,428 47,374,566	
Operating Profit		60,716,944 87,411,175		101,736,994 29,606,098
Extra Ordinary items -				
- Bad debts written off	-----		(151,157,384)	
Loss on sale Commodities	-----		(257,619)	
Loss in sale of Investment			---	
	(28659)			
- Sundry Balances written off	(122,220)		(143,098)	
- Profit/(Loss) on sale of Assets	65,862		114631	
- Reduction in Liabilities to FD Holders (Int.)	268,708		2,226,656	
		183,691		(149,216,814)
Profit/(Loss) before interest, Depreciation & Taxation amount		8,924,866		(119,610,716)
- Interest	(160,221)		(19,816,347)	
- Provision for doubtful Loans, Advances & debts	---		---	
- Provision for FBT			(250,000)	
- Provision for Depreciation	(16,915,925)		(22,605,849)	
		(170,761,46)		(42,672,196)
The Net Profit/ (Loss) for the year Amounts to		(8,151,280)		(162,282,912)
Earlier years		(4,173,230)		(3,664,647)
Income/expenses				
Balance brought forward from previous year		(1,561,342,307)		(1,402,724,045)
Leaving a balance to be carried		(1,573,666,817)		(1,402,724,041)
		%		%
INCOME				
Sales and Other Income	69,458,119	100.00	131,343,092	100.00
EXPENDITURE				
Material Consumption	--	--	--	--
Employees Cost	35,122,807	50.56	54,362,428	41.39
Operating and Other expenses	25,594,137	36.83	47,374,566	36.07
Total Expenditure	60,716,944	87.39	101,736,994	77.46
Operating Profit	8,741,175	12.61	29,606,098	22.54

The above figures are not comparable since previous period's figures are for 18 months and the current year's figures are for 12 months.

2. DIVIDEND:

In view of the loss for the period, the Directors have not recommended any dividend.

3. REVIEW OF FINANCIAL PERFORMANCE:

The Company, in order to meet its expenses, has continued to do job work for other Companies and during the year the Company has earned gross job work worth ₹ 573.93 Lakhs. Since the Company is not able to utilize full capacity, our job work charges are higher compared to market. Hence, we are forced to accept reduction in job work charges which has affected the earnings of the Company.

The working of the wind mills during the year was not satisfactory as one of the machine got severe damage in earlier periods and sent for repair has not been received back from the Vendors. The vendor is demanding exorbitant amount for repairs which is not acceptable to the Insurance Company. Also the Vendor is not providing satisfactory maintenance services for other windmills. Presently, there is no alternate service providers available and the Company is trying to find out the same.

The power rates instead of being raised are being reduced by Government of Maharashtra and pending bills are also not being paid. The Company jointly with other windmill owners of the area have made a representation about the matter.

4. **OUTSTANDING EXPORT BILLS**

In pursuance of the consent from RBI, The Abu Dhabi Commercial Bank Ltd., Allahabad Bank and State Bank of Hyderabad have given their permission to write off the outstanding Export bills. Consequently, the Company has written off the amounts of these bills in the current year.

5. **BIFR**

As reported in earlier Annual Reports, your Company was declared sick unit under section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 SICA on 5th July, 2006 by the Board for Industrial and Financial Reconstruction (BIFR). A draft Scheme was prepared and submitted by the Company to the BIFR for approval and to the Company's Bankers for their approval. The Company has not received any communication from its Bankers or BIFR to the Scheme submitted by the Company to them.

6. **OUTLOOK FOR THE CURRENT YEAR**

A. BUSINESS IN THE CURRENT YEAR

The Company has continued to do job work for a manufacturer. There had been severe competition in the market for doing job work. Since the Company is not able to utilize full capacity, our job work charges are higher compared to market. Hence, we are forced to accept reduction in job work charges which has affected the earnings of the Company. The Company has learnt that without brand name and only doing job work will not enhance either its margin or standing in the market.

The income from wind mills is not encouraging due to old machines and damage to one of the wind mills as stated in previous year's Annual Report.

The Company had been declared a sick unit under the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985. The Company is facing shortage of finance because the banks and financial institutions had stopped extending facilities to the Company because the accounts with the Banks have become NPA. Now the Banks and Financial Institution have taken over the asset and sold it to other party. Under the circumstances, the options with the Company are very limited. At present the Company is meeting its day to day expenses from the job work charges earned.

B. SETTLEMENT OF DUES OF LENDERS

The Company had submitted a draft rehabilitation scheme, according to which the Company proposed to settle the dues of the secured lenders. But BIFR has not responded to our Scheme so far.

As reported in the earlier year's Annual Report Allahabad Bank on behalf of Consortium consisting of Allahabad Bank, State bank of Hyderabad, Federal Bank, Abu Dhabi Commercial Bank and ICICI Bank Ltd. (hereinafter referred as "Consortium Bank") had issued notice under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002 (54 of 2002) and in exercise of powers conferred under Section 13 (12) read with Rule 3 of the Security Interest (Enforcement) Rules, 2002 issued Demand Notice under section 13 (2) of the said Act on 16th October, 2004 by the Authorised Officer of Allahabad Bank on behalf of said Consortium banks calling upon Company and guarantors to repay the amounts mentioned in the said notice together with further interest thereon at the applicable rates as mentioned in the said notice, within 60 days from the date of receipt of the said notice, incidental expenses, costs, charges etc till the date of payment and/or realisation.

ICICI Bank, Abu Dhabi Commercial Bank and State Bank of Hyderabad assigned the debts by *inter-alia* assigning all right, title and interest, benefit, claim, estate and demand in and to the debts arising out of the facilities granted to SILBEL together with any incidental right thereto relating to the said facilities in favour of Kotak Mahindra Bank Limited ("KMBL") along with the underlying securities.

Allahabad Bank and Federal Bank assigned their debt by *inter-alia* assigning all right, title and interest, benefit, claim, estate and demand in and to the debts arising out of the facilities granted to SILBEL together with any incidental right thereto relating to the said facilities in favour of J M Financial Asset Reconstruction Company Limited ("JMFARC") along with the underlying securities.

Your Company has been informed by KMBL and JMFARC that they propose to sell the property acquired by them. Considering the fact that the properties were already under possession of KMBL and JMFARC under SARFAESI. The Company is not in a position to service its huge debts. Only source of income is from job work charges. There are many court cases against Company filed by Banks and financial institution and other creditors for recovery of their dues. As per valuation done by a lender Bank the distress value of properties of the Company is not more than ₹ 8 crore to ₹ 9 crore, which at the most can go upto ₹ 15/ ₹ 16 crore at fair market value at a very optimistic valuation. The total claim including interest of the Banks is more than ₹ 200 crores. JMFARC and KMBL have assured the Company that the balance liabilities and claims against the Company of the said Bank/Institution would be waived. JMFARC and KMBL have also assured that all the workmen and employees will be absorbed by the buyer in their company with all the service benefits accruing to the employees and workmen After considering all the possible options and due consultations with the experts in the industry, the

Board of Directors of the Company, thought it fit prudent to give consent for sale of the Company's assets to KMBL and JMFARC as otherwise also they have the right to sell it. By giving consent the company will be protected from other vicarious liabilities and the claims of the Banks to the tune of more than ₹ 200 crores which the Banks are ready to write it off if consent is given and hence the Board considered it prudent in the benefit of the shareholders to give the consent and felt it was commercially prudent to do so.

7. AUDITORS' NOTES AND OBSERVATIONS:

Auditors have made certain observations in their report. These have been appropriately dealt with in the notes to accounts which are self-explanatory.

As regards Auditors observation as to disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956 the Board would like to submit that the Company has obtained an opinion from a senior Supreme Court Advocate that the Company's Directors have completed the disqualification period of five years and hence, now the Directors are not disqualified to be appointed or reappointed as Directors of other public company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956. The first default in repayment of fixed deposit occurred in December 2001 and since then the Company stopped acceptance of fresh deposits and renewal of existing deposits. The Company has repaid fixed deposit amounting to ₹ 17.25 crores including interest (7626 folios) out of total outstanding amount of ₹ 32.49 crores (13492 folios) upto March 31, 2010. The Company is utilizing the surplus amount after payment of salary/wages to repay the fixed deposits to the maximum extent possible. During the financial year ended March 31, 2010, the Company has paid/settled an amount of ₹ 56.94 lacs.

8. SNOWCEM PRODUCTS LANKA (PVT.) LTD., SRI LANKA:

Your Company has been informed by Snowcem Products Lanka P. Ltd.(SPL), the Joint Venture Project of the Company, that in view of the heavy duty structure the manufacturing activity is uneconomical and therefore, SPL is considering the winding up of the company. SPL has also started incurring heavy losses. During the years ended March 31, 2009 and March 31, 2008 SPL has incurred a loss of SL. ₹ 54,45,662/- and SL ₹ 40,40,593/- respectively. The Board of Directors of the Company, therefore, thought it prudent to terminate the Joint Venture Agreement with Browns group. It was mutually agreed between the Company and Browns group that Browns group would acquire 200000 Equity Shares held by the Company in SPL at face value of ₹ 10/- aggregating to SL. ₹ 20,00,000/-. Remittance for the sale of Shares is still awaited from Browns group who have informed that they are awaiting their Central Bank permission for remittance which has been applied by them and the Company is following it up rigorously with them.

9. FIXED DEPOSITS:

The outstanding fixed deposits as on March 31, 2010 aggregated to ₹ 12.76 crores towards Principle and ₹ 2.48 crores towards interest.

During the period from April 01, 2009 to March 31, 2010 the Company has paid and settled ₹ 56.94 lacs inclusive of interest to the fixed deposit holders.

The Company's application with the Company Law Board, Principal Bench at New Delhi filed against the Orders of Company Law Board for repayment of fixed deposit holders is pending.

The Company has paid/settled in respect of all cases pending at Company law Board and other Forums. Only cases received recently are pending, which will be paid/settled in due course.

Efforts have been made to the effect that maximum cash flow received by the Company during the period has been used towards repayment of fixed deposits. It is the Company's intention is to pay the small depositors as early as possible and the draft Scheme submitted to BIFR has been prepared with this in mind.

The Company suspended acceptance of fresh deposits and renewal of existing deposits since January 2003.

10. ADDITIONAL INFORMATION:

In terms of 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, the relevant information is given below:

- A. Conservation of Energy:
Energy conservation continues to be a major area of emphasis and is closely monitored with every manufacturing unit of the Company. Adequate capacitor banks have already been installed to maximize power factor.
- B. Technology Absorption, Adaptation and Innovation:
Not Applicable
- C. Foreign Exchange Earnings and Outgo:
 - i) Activities relating to exports: NIL
 - ii) Foreign Exchange earned and used: NIL

11. PARTICULARS OF EMPLOYEES:

There were no employees drawing a remuneration exceeding ₹ 24 lacs per annum when employed for the whole year or ₹ 2 lacs per month when employed for part of the year and hence, no disclosure under Section 217(2A) of the Companies Act, 1956 is made.

12. DIRECTORATE:

In accordance with the Articles of Association of the Company, Mr. T. B. Ruia retires by rotation and, is eligible, for re-appointment.

Mr. Haresh A. Bhojwani was appointed as an Additional director of the Company w. e. f. 01.01.2010. Mr. Haresh hold office upto the date of ensuing Annual General Meeting, pursuant to section 260 of the Companies Act, 1956. Notice has been received from one of the members signifying his intention to propose Mr, Haresh as Director of the Company.

13. MANAGEMENT COMMITTEES

As the Managing Director has resigned from February 06, 2006, the Board formed following Committees of Directors to look after the day to day administration of the Company.

BUSINESS OPERATION COMMITTEE

FINANCE & TAXATION COMMITTEE

GENERAL ADMINISTRATION AND LEGAL COMMITTEE

14. AUDITORS:

Messrs R. S. Shah & Associates, Chartered Accountants, the Auditors of the Company retire and are eligible for re-appointment. Messrs R. S. Shah & Associates have furnished a certificate under Section 224 (1) of the Companies Act, 1956 of their eligibility for re-appointment. The Members are requested to appoint Auditors for the current year and authorize the Board of Directors to fix their remuneration.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the loss of the Company for the period ended March 31, 2010.
- iii. that 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. that the annual accounts have been prepared on a going concern basis.

16. CORPORATE GOVERNANCE:

A note on Corporate Governance along with a Certificate from Auditors confirming the Compliance is annexed and forms part of the Directors' Report.

For and on behalf of the Board of Directors,
SIL BUSINESS ENTERPRISES LIMITED,

T.B.RUIA
CHAIRMAN

Registered Office:

Plot No.1&2, Jijamata Nagar,

Nashik Road-422 101.

Date: August 17, 2010.

**MANAGEMENT DISCUSSION AND ANALYSIS:
INDUSTRY STRUCTURE:**

The Company is doing job work for paint industry.

BUSINESS REVIEW:

The Indian economy fared well and quickly resumed its growth trajectory. Industrial activity in the country, gripped by the slowdown in the first half, witnessed a revival in the latter part of the year. Leading this revival were the consumer durable segments which witnessed good demand.

The Company has been declared a sick unit under the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985 and BIFR has appointed an Operating Agency. Non-receipt of export receivables and discontinuation of facilities from the banks on account of default in repayment of loans also severely impacted the financials of the Company.

RISK AND OUTLOOK

The Company is not very optimistic about its future. The Company has been declared a sick unit. The Company has submitted a draft Rehabilitation Scheme to BIFR. But so far no reply has been received by the Company.

REPORT ON CORPORATE GOVERNANCE:
A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company consistently endeavors to attain maximum transparency, accountability and equity in all facets of its operations and in all its interactions with all the stakeholders.

B) BOARD OF DIRECTORS:

The Board comprises of Non-Executive Directors. The Board had three members till 30.12.2009 and four members thereafter, all being non-executive Directors, out of which three are independent Directors. The Company has non-executive Chairman.

C) BOARD MEETINGS

During the period from April 01, 2009 to March 31, 2010 the Board met 8 times and there was no gap of more than four months between two meetings. The dates on which the said meetings were held are as follows:

07.05.2009	07.11.2009
31.07.2009	30.12.2009
24.08.2009	30.01.2010
30.09.2009	30.03.2010

The attendance of Directors at the Board meetings (BOD) and Annual General Meeting (AGM) were as follows:

Sr. No	Name of the Director	No of Meetings attended	Remarks
		BOD	AGM
1.	Mr. T B Ruia	8	No
2.	Mr. R J Paymaster	6	No
3.	Mr. S K Pachapurkar	6	Yes
4.	Mr. Haresh Bhojwani*	2	---

* Appointed w. e. f. 01.01.2010

Number of other Directorships and Committee Memberships of which the Directors are Members or Chairman of Indian Public Companies (excluding Alternate Directorships and Private Companies)

Name of the Director	No. of outside Directorship(s)	No. of outside Committee Membership(s)
Mr. R J Paymaster	0	-
Mr. T B Ruia	8	1
Mr. S K Pachapurkar	1	-

Details of Directors seeking appointment/ reappointment in the Fiftieth Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

NAME OF THE DIRECTOR	MR. TEJKUMAR BALKISHAN RUIA
Date of birth	01.06.1947
Qualifications	Nil
Date of appointment	23.01.2001
Experience/ Expertise	More than 4 decades of experience in the industry and other fields

D) COMMITTEES OF BOARD

Currently, there are six Committees of the Board -- the Audit Committee, The Shareholders/Investors Grievance Committee, Share Transfer Committee, Business Operation Committee, Finance & Taxation Committee, General Administration & Legal Committee.

The Constitution of the various Committees set up by the Board meets with the requirement that a Director is not to be a member of more than 10 Committees and Chairman of more than 5 Committees.

The details of these Committees are given below:

(i) Audit Committee:

The Audit Committee's powers and role are as laid down by Clause 49 of the Listing Agreement. The Audit Committee comprised Mr. R.J. Paymaster, Chairman of the Committee, Mr. S K Pachapurkar and Mr. T. B. Ruia are Members of the Committee. Mr. R. J. Paymaster and Mr. S K Pachapurkar are Independent Directors. The Audit Committee met five times during the period from April 01, 2009 to March 31, 2010, on the following dates.

27.04.2009, 26.07.2009, 21.08.2009, 05.11.2009, 27.01.2010.

(ii) Remuneration of Directors:

Details of remuneration paid to all Directors during the period under review.

The Company pays ₹ 20,000/- as sitting fees for each Board Meeting and for each Committee Meeting attended by its Non-Executive Directors.

Total Sitting Fees for the year April, 2009 to March 31, 2010 is ₹ 14.40 lacs

Details of Remuneration of Directors for the year from April 01, 2009 to March 31, 2010.

₹ In lac

Name	Position	Sitting Fee
Mr. T. B. Ruia	Chairman and member of the Committee	9.60
Mr. R. J. Paymaster	Director and member of Committee	2.40
Mr. S. K. Pachapurkar	Director and member of Committee	2.40

Notes:

1. The Company had no Managing Director or Whole Time Director.
2. The Company did not pay any amount to directors by way of commission.
3. The Company has not issued Stock Options to its Directors.

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company.

No director of the Company hold any Equity Shares of the Company.

(iii) Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee of the Board oversees redressal of Shareholders/Investors grievances.

The Shareholders'/Investors' Grievance Committee comprises Mr. R J Paymaster as Chairman of the Committee, and Mr. S K Pachapurkar and Mr. T. B. Ruia as the Members of the Committee. Two members of the Committee are Independent Directors. The Compliance Officer of the Company is Mr. A. K. Gupta.

During the year ended on March 31, 2009, four meetings of the Shareholders/Investors' Grievance Committee were held on the following dates:

08.06.2009, 21.08.2009, 05.11.2009, 30.03.2010,

Number of complaints raised by Shareholders/Investors regarding equity shares for the eighteen months period ended March 31, 2009.

Complaints outstanding as on 01.04.2009	NIL
Complaints received during the year ended March 31, 2010.	10
Complaints resolved during the year ended March 31, 2010.	10
Complaints outstanding as on March 31, 2010.	NIL

(iv) Business Operation Committee:

The primary role of this Committee is strategic management of the Company's business within the Board approved direction/framework, to monitor the production in Plants, labour relations etc.

During the year ended March 31, 2009 twenty two meetings of the Business Operation Committee were held as follows:

06.04.2009, 27.04.2009, 11.05.2009, 25.05.2009, 08.06.2009, 22.06.2009, 06.07.2009, 21.07.2009, 03.08.2009, 07.09.2009, 28.09.2009, 05.10.2009, 26.10.2009, 07.11.2009, 26.11.2009, 07.12.2009, 28.12.2009, 07.01.2010, 08.02.2010, , 22.02.2010, 08.03.2010, 25.03.2010,

(v) Finance & Taxation Committee:

The main role of this Committee is to negotiate with Banks/Financial Institutions for settlement of high cost loans, make available the finance for the production of goods, and to attend to taxation matters of the Company.