

ANNUAL REPORT



SHREE HANUMAN SUGAR & INDUSTRIES LTD.

2006

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

CHAIRMAN CUM MANAGING DIRECTOR :

Shri Bimal Kumar Nopany

DIRECTORS :

Shri Raj Kumar More
Shri Krishan Murari Shah
Shri Lakshmikant Tibrawalla
Shri Naw Ratan Sewak

COMPANY SECRETARY & COMPLIANCE OFFICER :

Mr. Subrata Ganguly

REGISTERED OFFICE :

12 Government Place East,
2nd Floor, Kolkata – 700 069
Phone: 033 – 2230 9336-39
Fax.: 033 – 2243-4284 / 5259

STATUTORY AUDITORS :

M/s. Jainsarawagee & Co
Chartered Accountants
32-A , Chittaranjan Avenue;
Trust House (2nd Floor)
Kolkata – 700 012

REGISTRAR & SHARE TRANSFER AGENT :

M/s. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane,
Kolkata – 700 007
Phone : 033 2248 2248 / 2243 5029
Fax.: 033 2248 4787

BANKERS :

Andhra Bank
Central Bank of India

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SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 76th Annual General Meeting of the Members of Shree Hanuman Sugar & Industries Limited will be held at its Registered office at 12 Govt. Place East, Kolkata – 700 069 on Saturday, the 30th day of December, 2006 at 11:00 A.M. to transact the following businesses :

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th June, 2006 and Profit & Loss Account for the year ended 30th June, 2006 along with the reports of the Auditor's and Directors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri R. K. More, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

As Special Business :

5. To consider and, if thought fit, to pass with or without modification(s) following resolution as **ordinary resolution** :

"RESOLVED THAT Shri Naw Ratan Sewak, who was appointed as an additional director of the Company by Board of Directors pursuant to Section 260 of the Companies Act, 1956 and hold office up to the date of this AGM, and being eligible to be appointed as a Director is hereby appointed director of the Company subject to retirement by rotation under Article of Association of the Company."

6. To consider and, if thought fit, to pass with or without modification(s) following resolution as **special resolution** :

"RESOLVED THAT as required by Schedule XIII to the Companies Act, 1956 and other applicable provisions, this meeting hereby approves the appointment of Shri Bimal Kumar Nopany as the Managing Director of the Company for a period of 5 years w.e.f. 1.7.2006 and payment of such remuneration to Shri Bimal Kumar Nopany during the tenure of his appointment as set out in the Agreement dated 30.05.2006 (a copy of which was placed before the meeting) entered into between the Company and Shri Bimal Kumar Nopany."

By order of the Board
For Shree Hanuman Sugar & Industries Ltd.

S. Ganguly
Company Secretary

Place : Kolkata
Date : 22nd November, 2006

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Notes :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.**
2. Members are requested to intimate the Registrar & Transfer Agent of the Company, M/s Maheshwari Datamatics, 6 Mangoe Lane, Kolkata – 700 001 about any change in their registered address quoting their registered folio no.
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
4. The Register of Members and Share Transfer books of the company will remain closed from 25th day of December, 2006 to 30th day of December, 2006 (both days inclusive).
5. Members / Proxies should bring their attendance slips duly filled in, for attending the meeting.
6. All documents referred to in Notice & Explanatory Statements are open for inspection at the Regd. Office of the Company on all working days up to the date of the meeting.
7. Members desirous of obtaining any information as regards to Accounts and operations of the company are requested to write at least one week before the meeting, so that the same could be compiled in advance.
8. Members desirous of making a nomination in respect of their shareholding in the company as permitted under section 109A of the Companies Act, 1956, are requested to write to the Company in prescribed Form 2B.
9. As per SEBI directive, the shares of all the Companies have to be traded compulsorily in dematerialized form by all investors. Members holding shares in physical form are requested to get the shares dematerialized as soon as possible. For any clarification on demat procedure, members may contact the Registrar & Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd. of 6, Mangoe Lane, Kolkata – 700 001. The shares of the Company are available for demat in both the depository i.e. NSDL and CDSL under ISIN No. INE 101H01013.
10. Dividend if declared will be paid to those shareholders as per the Companies record as on 30th December, 2006. Members are requested to send their Dividend Mandate, if any, before the Book closure date.

SHAREHOLDERS' INFORMATION

1. Company's Equity Shares are listed on the Calcutta Stock Exchange Association Ltd., 7, Lyons Range, Kolkata – 700 001.
2. Up-to-date listing fees has been paid to the stock exchange.
3. AGM detail :- Place : 12, Government Place East, Calcutta – 700 069, Date : 30th December, 2006, Day : Saturday, Time : 11.00 A.m.
4. Book Closure Date : 25th December, 2006 to 30th December, 2006 (both days inclusive)
5. ISIN No. of the Company : INE 101H 01013
6. Shareholding Pattern :

Promoters Shareholding	: 5909780 Shares (57.94%)
Non-Promoters Shareholding	: 4290220 Shares (42.06%)

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED**ANNEXURE TO THE NOTICE**

An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Mr. N. R. Sewak was appointed as an Additional director of the Company w.e.f. 30.05.2006. Pursuant to Sec. 260 of the Companies Act, 1956, he holds office up to the date of this AGM and is eligible for appointment as director. The company received as notice from a shareholder under Section 257 of the Companies Act, 1956 proposing his name for appointment as director of the company. No equity share of the Company is being held by Mr. N. R. Sewak. A brief resume of Mr. N. R. Sewak and other information as per clause 49 of the Listing Agreement are provided elsewhere in this Annual Report. The directors consider that the Company would be benefited by the advice of Mr. N. R. Sewak and recommended the acceptance of the resolution.

None of the directors are interested in the resolution except Mr. N. R. Sewak, the proposed appointee.

ITEM NO. 6

At their meeting held on 1st December, 2000 your Board approved the appointment of Shri B. K. Nopany as the Managing Director of the Company for a period of five years with effect from 1.4.2001. The tenure of Shri Bimal Kumar Nopany was to be expired on 31.3.2006 however considering the contribution made by him during his tenure as Managing Director of the Company, the Board thought it fit to appoint him as Managing Director for a period of 5 years w.e.f. 1.7.2006. The payment of remuneration has also been approved by remuneration committee and Board of Directors. However appointment has to be confirmed by Members in general meeting.

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The terms and conditions on which Shri B. K. Nopany has been appointed as the Managing Director of the Company contain the following remuneration which is within the overall ceilings as specified in Schedule XIII of the Companies Act, 1956.

A) SALARY	Rs. 1,00,000/- per month.	
B) COMMISSION	2% of net profit calculated in the manner specified in the Act	
C) HOUSE	The Company shall provide free furnished accommodation and also pay all rents, rates, taxes, electricity, fuel charges, water charges and all other expenses for the upkeep and maintenance thereof. In case he or his spouse own a house and he chose to reside there, the Company shall pay all rents, rates, taxes, electricity, fuel charges, water charges and all other expenses for the upkeep and maintenance thereof.	
D) PERQUISITES	Perquisites will be classified as follows :	
	Nature	Amount
	CONTRIBUTION TO PROVIDENT FUND, SUPERANNUATION AND ANNUITY FUND	The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per Rules of the Company.
	GRATUITY	As per the Rules of the Company.
	MEDICAL REIMBURSEMENT	Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family as per Company's Rules.
	CLUB FEES	Reimbursement of Membership fees for such clubs as may be considered appropriate.
	ENTERTAINMENT, TRAVELLING AND OTHER EXPENSES	Reimbursement of entertainment, traveling and all other expenses incurred for the business of the Company.
	LEAVE	Leave with full pay including encashment of unavailed earned leave at the end of the tenure of the Managing Director as per Rules of the Company.
	LEAVE TRAVEL CONCESSION	For the Managing Director and his family once in a year in accordance with the Rules of the Company.

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	EXPLANATION :	Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at cost.
E) AMENITIES	CONVEYANCE FACILITIES :	He will be provided with a car for use on Companies business. Provision of car for use on Company's business will not be considered as perquisites.
	MOBILE, TELEPHONE, TELEFAX AND OTHER COMMUNICATION FACILITIES	The Company shall provide mobile, Telephone, Telefax and other communication facilities at the Managing Director's residence for the purpose of official use.
OVERALL REMUNERATION	The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act as may be in force from time to time.	
MINIMUM REMUNERATION	In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Managing Director, the payment of salary, perquisites and other allowance shall be governed by the limits prescribed under section Section II of Part II of Schedule XIII of the Act including any Statutory modification or re-enactment hereof as may for the time being in force.	

The Resolution is submitted for your approval.

Shri B. K. Nopany may be deemed to be concerned or interested in the resolution and in his appointment. No other Director of the Company is interested in this resolution.

The Board recommends passing of the subject resolution.

The above should also be considered as an abstract of the terms of the appointment of Shri B. K. Nopany and a Memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under section 302 of the Companies Act, 1956.

By order of the Board
For Shree Hanuman Sugar & Industries Ltd.

S. Ganguly
Company Secretary

Place : Kolkata
Date : 22nd November, 2006

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Report together with the audited Statement of Accounts for the year ended 30th June, 2006.

FINANCIAL RESULTS :

(Rupees in Lacs)

	Year ended 30 th June'06	Year ended 30 th June'05
Profit Before Int., Depreciation. & Tax	356.79	345.16
Less : Interest	34.00	34.00
Profit before Depreciation & Tax	322.79	311.16
Less : Depreciation.	145.95	173.41
Profit Before Tax	176.84	137.75
Less : Provision For Taxation	15.69	10.81
Profit After Tax	161.15	126.94
Add : Balance b/f from Previous Year	564.79	458.38
Amount Available for Appropriation	725.95	585.32
Which we recommend to be appropriated as under :		
Dividend (Including Tax)	34.90	20.52
Transferred to General Reserve	500.00	—
Leaving a balance to be carried forward to next year's Account	191.05	564.80

The financial performance of the Company under review has significantly improved.

DIVIDEND :

Considering the Company's performance the Board is pleased to recommend the payment of dividend @ 3% on the increased capital. The dividend tax including surcharge on the amount of dividend shall be payable by the Company. The total outgo on this account will be Rs. 34.90 Lacs.

BONUS ISSUE :

On 28.12.2005 the Board of Director of your company has allotted 72,00,000 Bonus Shares to the Shareholders holding shares as on record date of 24.10.2005 in the ratio of 12 shares for every 5 shares held in the Company.

CAPITAL PROJECTS :

The Company has determined the lease with Eastern Sugar & Industries Ltd. and is in process to :

1. Immediately complete the expansion to 3500 TCD already taken by ESIL.
2. Enhance the capacity to 10000 TCD in phases.
3. Set up an Ethanol plant.

The Company is in a position to meet these objectives in view of the fact that it has a small debt component in its books with sizeable reserves which could be leveraged to meet the funding needs.

DIRECTORS :

During the year Shri N. R. Sewak who was appointed as an additional director of the Company retires at the Annual General Meeting and is eligible for re-appointment.

Shri R. K. More, Directors retire from the Board by rotation and being eligible offered themselves for reappointment.

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AUDITORS :

The Notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

M/s Jainsarawgee & Co., the auditors of the company retire at the forth coming Annual General Meeting are eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors hereby confirm:-

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that 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) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

As the factory of the Company was given on lease to Eastern Sugar & Industries Ltd. and after taking over of the factory the company has not started production till date so the particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required U/s 217(1)(e) of the Companies Act, 1956 are not applicable to the Company.

PARTICULARS OF EMPLOYEES :

There was no employee who was in receipt of remuneration required to be disclosed under section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE :

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a section on management discussion and analysis is given in **Annexure 1** attached hereto and forms part of this Report.

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate report on Corporate Governance, by the Managing Director of compliance and a declaration by all members of the Board is given in **Annexure 2** attached hereto and forms part of this Report.

ACKNOWLEDGEMENT :

Your Directors record their sincere appreciation for the valuable co-operation and support extended by the Financial Institution, Bankers to the Company, Central and State Governments and the Sugar Directorate. The Directors are thankful to the Indian Sugar Mills Association for the dynamic role it has been playing on behalf of the Sugar Industry. The Directors also place on record their appreciation of the devoted services rendered by the workers, Staff and Executives of the Company which have largely contributed to its efficient management.

12, Govt. Place East
Kolkata - 700 069
Dated 22nd November, 2006

For and on behalf of the Board

B. K. Nopany
Chairman Cum Managing Director

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

ANNEXURE "1" TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS :

A. SUGAR

Global Overview

1. Production

- More than 100 countries produce sugar. Nearly 74 per cent is made from sugarcane grown primarily in the tropical and sub tropical zones of the southern hemisphere and the rest from sugar beet grown in the temperate zones of the northern hemisphere.
- The global sugar production during 2005-06 was estimated at 149.85 million tones (raw sugar equivalent), 79 per cent of which was produced by the top 10 global sugar producers. This corresponded to an increase of 4.20 per cent over 2004-05 when the production was 143.81 million tones.

The bulk of the growth in production was accounted for by developing countries, where aggregated production was forecast to reach 106 million tones by 2006, let by a record harvest in Brazil and a recovery in India.

By the end of the 2005-06 sugar season, world sugar stock is estimated at 57.22 million tones marginally higher than 2004-05.

2. Consumption

Global sugar consumption in 2006-07 was forecast to rise to 152.50 million tones (increasing at a rate of 1.83 per cent per annum) due to consumption growth in the developing countries of the Far-East and Latin America.

Sugar consumption in developing countries was estimated to reach 100 million tones in 2006 in line with rising income and population growth.

After two seasons of world production deficit vis-à-vis world consumption in 2003-04 and 2004-05 and balance demand and supply in the last season (the production – consumption gap being 0.092 mtrv) the world sugar economy is facing the first season of a statistically significant gap between world production and consumption since 2002-03.

International Sugar Organisation's first forecast for the next season (October 2006 – September 2007) puts world production at 2.173 million tones higher than world consumption.

3. Export

Global export trade is dominated by Brazil, European Union, Thailand and Australia. About 69% of the total world sugar production is consumed in the country of its origin, with the rest being traded on the world sugar markets. Exports from Brazil and Thailand are expected to have an impact through lower production, primarily as a result of unfavorable weather conditions.

Among the developed countries, where demand had been relatively stable, consumption is forecast to remain relatively unchanged in the EU, South Korea and US.

The European Union's reform of the Common Market Organisation will have a radical change in the global sugar market. In the WTO order, the European Union has limited exports to the world market to 1.3 million tones and has stopped issuing sugar export licenses from 22nd May 2006. In the long term, the European Union is expected to become a net sugar importer.