

SIR SHADI LAL ENTERPRISES LIMITED



SIR SHADI LAL ENTERPRISES LIMITED

BOARD OF DIRECTORS :	<p>Shri Narendra Lal (Chairman & Managing Director)</p> <p>Ms. Rupa Lal (Joint Managing Director)</p> <p>Shri Rajat Lal (Joint Managing Director)</p> <p>Shri Hemantpat Singhania</p> <p>Shri Onke Aggarwal</p> <p>Shri Bhanubhai I. Patel</p> <p>Shri K.P. Bhatnagar</p> <p>Smt. Sudha Singhania</p> <p>Smt. Manjula Vishwanathan</p> <p>Shri R.L. Srivastava</p>
SECRETARY:	Shri K.B. Lal
BANKERS:	State Bank of India
AUDITORS:	<p>Messrs. Basant Ram & Sons</p> <p>Chartered Accountants.</p> <p>A-18, Nizamuddin East,</p> <p>Murli Marg, New Delhi-110 013</p>
REGISTERED OFFICE :	4-A, Hansalaya, 15 Barakhamba Road, New Delhi-110001
MANUFACTURING UNITS:	<p>Upper Doab Sugar Mills</p> <p>Shamli, Distt. Muzaffarnagar (U.P.)</p> <p>Shamli Distillery & Chemical Works</p> <p>Shamli, Distt. Muzaffarnagar (U.P.)</p> <p>Pilkhani Distillery & Chemical Works</p> <p>Pilkhani, Distt. Saharanpur (U.P.)</p>



SIR SHADI LAL ENTERPRISES LIMITED

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Regd. Office : 4-A, Hansalaya, 15 Barakhamba Road,
New Delhi-110001

NOTICE FOR THE 65TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 65th Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Monday the 27th September, 1999 at 4.00 P.M. at P.H.D.House, Opposite Asian Games Village, New Delhi-110016 to transact the following business:

A. ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date.
2. To declare dividend.
3. To elect a Director in place of Sh. B.I.Patel, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Sh.K.P.Bhatnagar, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in place of Smt.Sudha Singhania, who retires by rotation and being eligible, offers herself for re-election.
6. To appoint Auditors for the year 1999-2000 and to fix their remuneration.

B. SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification the following resolutions as a Special Resolution:-

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby amended as follows, namely:-

After Article 32 of the Articles of Association the following Articles be inserted as Article 32A and 32B :

32A-Nomination

1. Every shareholder or debentureholder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares or debentures of the Company shall vest in the event of his death.
2. Where the shares or debentures of the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company,

the nominee shall, on the death of the shareholders or debentureholders or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares or debentures of the Company, in the event of his death; during the minority.

32B-Transmission of Securities by nominee

1. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:-

- a) to be registered himself as holder of the share or debenture, as the case may be; or
- b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made.

2. If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be.

3. A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with."

By Order of the Board,

Place: New Delhi.

Dated: 31st July, 1999.

K.B. Lal
Secretary

**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 the proxy need not be a member of the Company.

Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the Annual General Meeting.

2. The relevant explanatory statement, pursuant to Section 173 of the Companies Act, 1956 in respect of special business under item no.7 set out above as annexed.
3. The register of Members and share transfer books of the Company will remain closed from 16th September 1999 to 18th September 1999 (both days inclusive)
4. The dividend, if declared at the meeting, will be payable at the specified branches in India of State Bank of India (as may be approved by the Bank) on or after 1st October, 1999, to those members whose names stand on the Register of Members of the Company on 18th September, 1999.
5. Shareholders are requested to intimate to the Company change, if any, in their registered address.
6. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company to enable it to consolidate their holdings in one folio.
7. Members are requested to bring their copies of the Report and Accounts to the meeting.
8. Members who require any information about the accounts to be explained in the meeting are requested to inform the Company about the intended query at least seven days in advance of the meeting.
9. Members are requested to claim from the Company their unclaimed dividends, if any, for the Accounting year 1994-95, 1995-96, 1996-97 and 1997-98, at the earliest.

Members are hereby informed that all unpaid/unclaimed dividends declared for and upto the Accounting period ended 31st March, 1994 have been transferred to the General Revenue Account of the

Central Government in terms of Section 205A of the Companies Act, 1956. Members, who have not encashed the dividend for the said period, are requested to claim the amount from the Registrar of Companies, National Capital Territory of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, New Delhi.

10. Subject to the approval of resolution for change in the Articles of Association of the Company providing nomination facility to the shareholders, Members who wish to avail the nomination facility of share, are requested to furnish the enclosed "Nomination Form" duly completed, to the Company, so as to enable the company to make the necessary entries in their record.

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

ITEM No.7

As per newly inserted section 109A and 109B of the Companies (Amendment) Ordinance, 1999 of the Companies Act, 1956, the holders of shares/debentures of the Company have been given an option to nominate a person to whom the rights of shareholders/debentureholders of the Company shall vest in the event of his death. It would be beneficial to the shareholders/debentureholders if such nomination clause is included in the Articles of Association of the Company.

It has, therefore become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No.7 of the accompanying notice.

The Directors command the Resolution for approval of the Members.

No Director of the Company is concerned or interested in the said Resolution except to the extent of his/her shareholding.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 AM and 1.00 PM on any working day.



SIR SHADI LAL ENTERPRISES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in placing before you their 65th Report together with audited statements of account of your Company for the year ended 31st March 1999.

FINANCIAL PERFORMANCE:

We feel satisfaction in reporting to this august house that the Company has surpassed all the previous financial performances and has achieved significant improvement in the performance of its business and profitability. The year has been closed on a happy note which is evident from the following data:-

	(Rs. in lakhs)	
	<u>Current Year</u>	<u>Previous Year</u>
Profit before providing for depreciation	2845.88	2026.93
Less: Provision for Depreciation	413.98	290.70
Profit before tax	2431.90	1736.23
Less : Provision for Income-tax	780.00	450.00
Distributable profit	1651.90	1286.23

DIVIDEND :

Taking into account the financial performance of the year ended 31st March 1999 and the prospects of the current financial year, your Directors recommend a dividend of 27% on the increased equity share capital of Rs.3,85,70,180/-(after issue of Bonus Shares) of the Company. As compared to last year, the dividend is higher by 15.50% as the Bonus Shares have been issued during the year in the ratio of 1:2.

The total dividend payable on the increased capital will come to Rs.1,04,13,949/-, which will be paid out of the above distributable profits. The balance distributable profits of Rs.1547.76 Lacs is being transferred to General Reserve.

The provision for the dividend is being made on the total Share Capital of the Company as on date. However,

the Company has offered the Buy-back of shares to the extent of 3,57,018 shares, which process will complete before declaration of the dividend by the shareholders. The dividend on the shares, which will be offered & accepted by the Company in terms of the Buy-back Scheme, will be reverted back to the General Reserve Account.

SUGAR FACTORY:

The manufacturing results of the Sugar Factory for Crushing Season 1998-99 as compared to last Crushing Season are as under:

	<u>Season 1998-99</u>	<u>Season 1997-98</u>
Gross working days	185	181
Cane Crush (Qtls.)	86,88,282	89,76,017
Sugar Recovery (%)	9.72	10.37
Sugar Produced (Qtls.)	8,44,156	9,30,709

The average recovery is slightly lower than the last year due to the very low sugar contents in the cane in the early part of the season due to water logging in the fields as a result of late rains.

DISTILLERIES:

In our last report, it was reported that the State Government has realized the problems of the Distilleries and took some corrective steps. This has resulted into better capacity utilisation of the Distilleries. The production of your both the Distilleries in the current financial year has been 1,47,01,283 BL as against 1,18,76,161 BL in the previous year. The improved plant performance coupled with tie up arrangements made by the Management for the production of Indian Made Foreign Liquors have given boost to the financial performance of the distilleries and, therefore, they have been able to make a good contribution to the profitability of the Company.

It is, however, regretted that the State Government has again reversed its Policy of Excise Duty structure from the start of current financial year which has placed the U.P. Distilleries again in the financial hardship. The sale price of Country Liquor at the U.P. Warehouse has also been slashed by the Government ignoring the fact

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that the cost of molasses is even higher than the previous year. The U.P. Distilleries are now fighting for their survival and to stay competitive in the national market because of the higher rate of Excise Duty in U.P. as compared to the neighbouring states.

MODERNISATION:

The modernisation of the Industry is a continuous process to achieve better technical results and to stay in the competitive market. To meet this object, your management is continuously making investment in the Machinery and Plant by adopting a most modern and latest technology.

CANE DEVELOPMENT:

Undoubtedly, the disease free and healthy cane is a base for better sugar recovery. Your Directors are giving top priority to develop high yielding varieties of cane in the reserved area of the Factory and for this purpose not only paying a good premium on the supply of early maturity varieties of cane but sizeable expenses are also being incurred on other connected activities like supply of disease free cane seed, various pesticides at subsidized rates to the farmers and also making good contribution for road development etc. in the area.

PUBLIC DEPOSITS:

We report with satisfaction that the confidence of the general public in placing their savings with your Company is increasing year after year. The total amount of fixed deposits with your Company as on 31st March 1999 was Rs. 9.16 Crores as against Rs.4.41 Crores as on 31st March 1998. Only a sum of Rs.1.24 Lacs relating to 10 depositors was not claimed on due dates upto the end of the accounting year. However, all these deposits have been claimed and paid during the current financial year.

DIRECTORS:

The following Directors of your Company retire by rotation under section 256 of the Companies Act, 1956. They are eligible for re-appointment and offer themselves for the same.

1. Shri B.I. Patel
2. Shri K.P. Bhatnagar
3. Smt. Sudha Singhania

Necessary resolutions are being placed for your kind approval.

AUDITOR'S REPORT:

The notes given by the Auditors in Schedule 'F' of the Balance Sheet are of routine nature and self explanatory, therefore, no further explanation is required.

OTHER PARTICULARS:

The statement giving the particulars of employees pursuant to section 217(2A) of the Companies Act, 1956, read with rules made thereunder and the information as per Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given separately and may be deemed to be a part of this report.

The shares of your Company are listed with the Delhi Stock Exchange Association Limited, West Plaza, Indira Gandhi Stadium, New Delhi-110002. It is confirmed that annual listing fee for the current year has already been paid to the Stock Exchange.

CURRENT YEAR PROSPECTS:

The sugar Industry continued to be subject to adhoc decisions and policies both by the Central as well as State Government. Instability of the Government itself also leads to the arbitrary and short term decisions. While the sugarcane price is increased by the State Government every year on adhoc basis and paid from the start of Crushing Season, it is unfortunate that the increase in levy sugar price by the Central Government is not announced even by the closure of that Crushing Season which ultimately disturbs the liquidity position of the Sugar Factories and is converted into cane arrears. Apart from this, sugar is derived from agricultural produce which depends on so many natural factors. Thus, the working results of the Sugar Industry are very much dependent on the condition of crop, cane price, levy sugar price and the Government Policies. The working of Alcohol Industry is also fully dependent upon the State Government Policies, like rate of Excise Duty, availability of molasses and sale price at the U.P. Country Liquor Warehouses.

Since the Government Policies in respect of next Crushing Season are yet to be announced, it will be too early to predict the prospects of the next year. However, the management of the Company is confident that if the reasonable Government Policies, fair to all

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**SIR SHADI LAL ENTERPRISES LIMITED***DIRECTORS REPORT CONTD.*

concern, i.e. Industry, Farmers and Consumers, are announced for the next Crushing Season, and present heavy Excise Duty on Distillery products are reduced and rationalised, the Company will be able to give good financial results in the current financial year as well.

APPRECIATION:

Your Directors wish to place on record their appreciation for the devoted services rendered by the sincere

workers, staff and executives of the Company. Our appreciation is also due to the Financial Institutions and Bankers for their valuable cooperation and support from time to time. We would also like to express our thanks to our Shareholders and Depositors for their continued confidence in the Company.

For and on behalf of the Board

New Delhi
31st July, 1999

Narendra Lal
Chairman

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ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

- As a result of replacement of old and obsolete Mill Steam Engine with Steam Turbine & Hydraulic Grabs in place of conventional mechanical grabs and installation of evaporator body, renovation of Boilers & automations of pans and installation of I.D., F.D. Frequency drive etc., the energy consumption has been checked and likely to be reduced.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- Another Mill Steam Turbine is under installation. Measures are being taken to upgrade both the Hydraulic drives with latest available technology. These measures may reduce the energy consumption further.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the schedule thereto.

Particulars in respect of Sugar Unit of the company as per Form 'A'

A) Power and fuel consumption:

	Current Year	Previous Year
1. Electricity :		
a) Purchased (Units)	6,54,135	5,09,840
Total Amount (Rs.)	28,68,493	20,66,463
Rate/Unit (Rs.)	4.39	4.05
b) Own Generation :		
i) Through Diesel Generator : (Units)	9,25,220	6,11,087
Unit per Ltr. of Diesel Oil	3.12	2.70
Cost/Unit (Rs.)	3.91	3.94
ii) Through Steam Turbine : (Units)	2,09,39,600	205,50,765
Unit per pound of steam	1.52	1.46
Cost/Unit (Rs.)	0.63	0.62
2. Coal (Specify quality and where used) :		
Fire-wood used in Boilers :		
Quantity (MT)	163.265	4.815
Total Value (Rs.)	3,25,766	7,143
Average Rate per MT (Rs.)	1995.32	1483.49
3. Furnace Oil : (Purchased Bagasse) :		
Quantity (MT)	19.540	Nil
Total Value (Rs.)	22,370	Nil
Average Rate per MT (Rs.)	1144.83	Nil
4. Other (Own bagasse) :		
Quantity (MT)	2,44,410	2,67,142
Total Value (Rs.)*	13,69,57,572	12,98,95,096
Average Rate per MT (Rs.)	560.36	486.24

* Bagasse, a residual received after crush of cane, is used as fuel in boilers. The notional value of the same has been taken at average sale price for the year.

B) Consumption per unit of production :

Products (Sugar in Qtls.)	8,44,736	10,30,881
Electricity KWH	26.66	21.02
Furnace Oil KL	Nil	Nil
Fire-wood MT	Negligible	Negligible
Bagasse MT	0.289	0.259

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ANNEXURE TO DIRECTORS REPORT-CONTD.

B. TECHNOLOGY ABSORPTION :**EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM 'B'****i) Research & Development (R&D) :**

1. Specific Areas in which R&D carried out by the Company

The Company has been putting continuous efforts to develop disease free healthy cane of high yielding varieties in its area.

2. Benefits derived as a result of the above R & D

Due to the crushing of early maturing cane varieties, in early part of the season, the recovery of sugar has improved.

3. Future plan of action

The Company plans to continue Research & Development for disease free healthy and high yielding varieties of cane in its area.

4. Expenditure on R & D :

a) Capital

Nil

b) Recurring

Rs. 18,96,040

c) Total

Rs. 18,96,040

d) Total R&D expenditure as a percentage of total turnover

0.14%

ii) Technology absorption, adaption and innovation :

1. Efforts, in brief, made towards technology absorption, adaption and innovation

- Efforts are being made to adopt latest and most modern technologies for cane crushing and for sugar manufacturing process.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished

a) Technology imported

•

b) Year of Import

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c) Has technology been fully absorbed ?

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d) If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action.

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No technology has been imported during the last five years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

Efforts are being made for export of Company's Products.

ii) Total Foreign exchange used and earned :

Used

Rs. 1,36,639

Earned

Rs. Nil

Narendra Lal
Chairman



ANNEXURE TO DIRECTORS' REPORT

STATEMENT CONTAINING INFORMATION AS PER SECTION 217 (2A) (b) (ii) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED UP-TO-DATE, AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

A. EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN RS. 6,00,000 PER ANNUM

Sl. No.	Name	Age/ Years	Designation / Nature of Duties	Qualification	Experi-ence (Years)	Date of commen- cement of employment	Remun-eration paid (Rs.)	Previous Employer
01	Sh. K.B. Lal	67	Sr. Executive Director -cum-Secretary	B.Com. (Hons.), A.C.A., A.C.S., A.C.I.S. (London)	43	01.05.1975	10,32,532	The Delhi Cloth & General Mills Co. Ltd.
02	Sh. M.N. Agarwal	56	Chief General Manager	B.Sc., A.N.S.I., F.S.T.A	35	16.03.1998	6,25,740	Indo Gulf Industries Limited
03	Sh. Narendra Lal	85	Managing Director	Bar-at-Law	60	1955	1,08,08,882	Sir Shadi Lal Sugar & Gen. Mills Ltd.
04	Sh. P.K. Malhotra	50	General Manager-Engg. (Sugar)	Diploma in Mechanical Engineering	26	03.07.1997	6,05,525	Gangeshwar Limited
05	Sh. P.P. Chaturvedi	55	General Manager-Production (Sugar)	B.Sc., A.N.S.I.	34	28.07.1993	6,17,170	Triveni Engineering Works
06	Sh. Rajat Lal	39	Joint Managing Director	B.Com., B.S. (USA), M.B.A. (USA)	16	16.05.1983	81,06,662	-
07	Ms. Rupa Lal	49	Joint Managing Director	M.A., LL.B.	16	01.01.1983	81,06,662	-

Notes: 1. Remuneration includes salary, Bonus, Allowances, Commission, Medical Reimbursement, Gratuity, Contribution to Provident & Superannuation Fund and Value of Perquisites.

2. Except L. Narendra Lal, Managing Director, Ms. Rupa Lal and Mr. Rajat Lal, Joint Managing Directors, none of the employee is related to any of the Directors.

3. All the above named employees are whole-time employees of the Company and the conditions of their employment are governed by the individual appointment letters.

Narendra Lal
Chairman