

SIXTY EIGHTH

ANNUAL

REPORT

2001-2002

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*Sir Shadi Lal  
Enterprises Ltd.*

**SIR SHADI LAL ENTERPRISES LIMITED****SIR SHADI LAL ENTERPRISES LIMITED**

|                            |  |
|----------------------------|--|
| <b>BOARD OF DIRECTORS</b>  | <b>:</b> Shri Bhanubhai I. Patel - Chairman<br>Ms. Rupa Lal (Managing Director)<br>Shri Rajat Lal (Managing Director)<br>Shri Hemantpat Singhania<br>Shri Onke Aggarwal<br>Smt. Sudha Singhania<br>Smt. Manjula Viswanathan<br>Shri R.L. Srivastava<br>Shri Vivek Viswanathan<br>Shri R.C. Sharma<br>Shri K.B. Lal - Whole time Director-cum-Secretary |
| <b>BANKERS</b>             | <b>:</b> State Bank of India   |
| <b>AUDITORS</b>            | <b>:</b> Messrs. Basant Ram & Sons<br>Chartered Accountants<br>A-18, Nizamuddin East,<br>Murli Marg, New Delhi-110 013   |
| <b>REGISTERED OFFICE</b>   | <b>:</b> 4-A, Hansalaya, 15, Barakhamba Road,<br>New Delhi-110 001   |
| <b>MANUFACTURING UNITS</b> | <b>:</b> Upper Doab Sugar Mills<br>Shamli, Distt. Muzaffarnagar (U.P.)<br><br>Shamli Distillery & Chemical Works<br>Shamli, Distt. Muzaffarnagar (U.P.)<br><br>Pilkhani Distillery & Chemical Works<br>Pilkhani, Distt. Saharanpur (U.P.)  |



SIR SHADI LAL ENTERPRISES LIMITED

# SIR SHADI LAL ENTERPRISES LIMITED

Regd. Office : 4-A, Hansalaya, 15, Barakhamba Road, New Delhi-110 001

## NOTICE FOR THE 68TH ANNUAL GENERAL MEETING

Notice is hereby given that the 68th Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Monday the 30th September, 2002 at 4.00 P.M. at P.H.D. House, Opposite Asian Games Village, New Delhi-110 016 to transact the following business :

### A. ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance sheet as at 31st March, 2002, Profit & Loss Account for the year ended on that date, and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To elect a Director in place of Smt. Sudha Singhania, who retires by rotation and being eligible, offers herself for re-election.
4. To elect a Director in place of Sh. Hemantpat Singhania, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in place of Sh. Onke Aggarwal, who retires by rotation and being eligible, offers himself for re-election.
6. To appoint Auditors for the Year 2002-2003 and to fix their remuneration.

### B. SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution :  
"RESOLVED that the consent of the Company be and is hereby accorded under the provisions of section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time such sums of money as they may deem requisite, for the purpose of the business of the company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the company (apart from the temporary loans obtained from the company's bankers in the ordinary course of business) shall exceed the aggregate of the paid-up capital of the company and its free reserves, i.e. to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be so borrowed by the Board of Directors shall not exceed a sum of Rs. 100.00 crores ( Rupees hundred crores only) at any time".
8. To consider and, if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution:  
" RESOLVED that Sh. R.C. Sharma, who was appointed as an additional Director of the Company w.e.f. 22<sup>nd</sup> may 2002 and who vacates his office at this Annual General Meeting in terms of provision of section 260 of the companies Act, 1956 be and is hereby appointed as Director of the Company, liable to retire by rotation."
9. To consider and, if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution:  
"RESOLVED that in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such approvals as may be necessary, if required, the consent of the company be and is hereby accorded to the

payment of revised remuneration w.e.f. 1<sup>st</sup> April, 2002 as set out in the explanatory statement to Ms. Rupa Lal, Managing Director for the remaining tenure of her appointment i.e. upto 31.03.2004".

" RESOLVED further that the 'Remuneration Committee'/ Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the explanatory statement, to the extent the 'Remuneration Committee'/ Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Companies Act, 1956 or schedule appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/ or in rules or regulations promulgated thereunder".

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

"RESOLVED that in accordance with the provisions of sections 198, 269, 309, 310 and 311 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such approvals as may be necessary, if required, the consent of the Company be and is hereby accorded to the payment of the revised remuneration w.e.f. 1<sup>st</sup> April, 2002 as set out in the explanatory statement to Mr. Rajat Lal, Managing Director for the remaining tenure of his appointment i.e. upto 31.03.2004".

" RESOLVED further that the 'Remuneration Committee'/ Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the explanatory statement, to the extent the 'Remuneration Committee'/ Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Companies Act, 1956 or schedule appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/ or in rules or regulations promulgated thereunder".

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

" RESOLVED that Shri K.B. Lal who was appointed as an additional Director of the Company w.e.f. 1<sup>st</sup> May 2002, and who vacates his office at this Annual General Meeting in terms of provision of section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company, not liable to retire by rotation."

" RESOLVED further that subject to the provision of sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) and subject to such approvals as may be necessary, Shri K.B. Lal be and is hereby appointed as a whole time Director of the Company w.e.f. 1<sup>st</sup> May 2002 on the terms, conditions and remuneration as set out in the explanatory statement for a period of five years. He will work under the over-all supervision and guidance of the Board of Directors and will have such duties, responsibilities and powers as the Board may think appropriate from time to time."

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"RESOLVED further that the 'Remuneration Committee'/ Board of Directors of the Company be and is hereby authorised to vary the remuneration and perquisites including the monetary value thereof as specified in the explanatory statement, to the extent the 'Remuneration Committee'/ Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Companies Act, 1956 or schedule appended thereto, for the time being in force or any statutory modification or re-enactment thereof and/ or in rules or regulations promulgated thereunder".

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

"RESOLVED that subject to section 198 and 309 of the Companies Act, 1956, and other applicable provisions, if any of the companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to pay a sum not exceeding 1% per annum of the profits calculated in accordance with the provisions of section 349 and 350 of the Companies Act, 1956, to the Directors of the company (other than the Managing Directors and whole-time Director) in such amount or proportions and in such manner as may be directed by the Board of Directors of the company and such payment shall be made in respect of the profits of the company for each year commencing from 1<sup>st</sup> April, 2002".

By Order of the Board

Place : New Delhi  
Dated : 22nd July, 2002

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 to 12 set out above is annexed.
3. Information required pursuant to Clause 49 VI (A) of the listing agreement with Delhi Stock Exchange regarding appointment of new directors and reappointment of directors is annexed.
4. The register of Members and share transfer books of the Company will remain closed from 17th September, 2002 to 19th September, 2002 (both days inclusive).
5. 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 1<sup>st</sup> October, 2002 to those members whose names stand on the Register of Members of the Company on 19th September, 2002.
6. In case of a resident individual, income tax will not be deducted at source from dividend, if declared, where:-
  - i. Such dividend does not exceed Rs. ~~1000/2500/-~~ 2500/-
  - ii. Such dividend exceeds Rs. ~~1000/-~~ 2500/-, on furnishing declaration in Form No. 15G, in duplicate, to the Company on or before 19th September, 2002.

Members are requested to inform to the Company their Income Tax Permanent Account Number (PAN)/General Index Register Number (GIR), if any, allotted to them by the Income Tax Authorities, to be stated in the Tax Deduction Certificate.

7. Shareholders are requested to intimate to the Company change, if any, in their registered address.
8. 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.
9. Members are requested to bring their copies of the Report and Accounts to the meeting.
10. 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.
11. Those members who have not encashed /claimed their Dividend Warrants for the Financial Years from 1994-95 to 2000-2001, are requested to approach the Company for revalidation of dividend warrants or for obtaining duplicate dividend warrants.
12. Pursuant to section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and upto the Accounting period ended 31<sup>st</sup> March, 1994 have been transferred to the General Revenue Account of Central Government. Members, who have not yet encashed their dividend warrants 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.  
Members are hereby informed that dividend which remain unclaimed/unencashed over a period of seven years have to be transferred by the company to "Investor Education & Protection Fund"(IEPF) constituted by the Central Government under section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lie for the unclaimed Dividend from IEPF by the Shareholders.
13. Section 109A of the Companies Act, 1956, has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular, those holding shares in single name, are requested to avail of the above facility by furnishing to the company the particulars of their nominations. Shareholders may please write to the company for the prescribed Nomination Form.

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

#### ITEM NO. 7

Your Company has been constantly earning profits for number of years, a portion of which have been ploughed back into the operations of the Company. As a result of the constant plough back of the cash profits into the working of the Company, the present liquidity position of your company is comfortable. The Company's existing Sugar unit at Shamli is located in the centre of the city and as such further considerable expansion of the same is not possible. The management of the company has, therefore, been looking for acquisition of a profitable and viable project to further extend and expand the activities of the Company. The company may have to borrow funds from banks/ financial Institutions to part-finance the project.

Under the provisions of the Companies Act, 1956, the Directors of a Company, can borrow moneys (apart from the temporary loans borrowed from the Company's Bankers during the ordinary course of business) upto the aggregate of Company's share capital and free reserves i.e. the net worth. The net worth of your company on the day of last audited Balance Sheet i.e. on 31.03.2002 is Rs. 74.43 crores. Your Directors feel that the existing borrowings of the company together with the proposed loans will exceed from the aggregate of the share

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NOTICE CONTD.

capital and free reserves, therefore, the sanction of the shareholders is required to permit the Board of Directors to borrow moneys in excess of the net worth of the company but not exceeding Rs. 100 crores and accordingly commend passing of this resolution.

None of the Directors is interested in the resolution.

### ITEM NO. 8

The Board of Directors of the Company had appointed Shri R. C. Sharma as an additional Director U/S 260 of the Companies Act, 1956, effective from 22.05.2002. Sh. R. C. Sharma holds office only upto the date of 68<sup>th</sup> Annual General Meeting of the Company. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member U/S 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri R.C. Sharma as a Director of the Company subject to retirement by rotation.

Shri R.C. Sharma, has held very senior positions in the Government including as a Director of the Central Bureau of Investigation which needed very high degree of professionalism and expertise. After retirement, presently, he is the Vice President (Finance & Administration), Foundation for Organisational Research & Education, which is a premier organisation for imparting professional post management programme in Management & Computer Application. It is felt that his induction in the Board will be very helpful and his guidance will be an asset to the Company.

The Directors recommend the appointment of Shri R.C. Sharma. No other Director of the Company except Shri R.C. Sharma is in any way concerned or interested in the resolution, at item no. 8 of the notice.

### ITEM NO. 9,10 & 11

- i. Ms. Rupa Lal and Shri Rajat Lal were appointed as the Joint Managing Directors of the Company by the shareholders in their meeting held on 27-05-1999 for a period of five years w.e.f. 01.04.1999, on the terms & conditions specified in the resolution.

Due to sad and sudden demise of Shri Narendra Lal on 24.02.01, his tenure of office as Managing Director of the company has come to an end.

The Board of Directors, in their meeting held on 24.03.01 have designated Ms. Rupa Lal and Shri Rajat Lal, Joint Managing Directors of the Company, as the Managing Directors of the company for the remaining period of their tenure of office i.e. upto 31.03.04. Since 24.03.01, Ms. Rupa Lal and Shri Rajat Lal have been discharging the responsibilities of the office of the Managing Director.

The Central Government has revised the Schedule XIII of the Companies Act, 1956, vide notification no. GSR- 36(E) dated 16.01.02, increasing the scale of minimum remuneration payable to whole time Directors.

The 'Remuneration Committee' of the Board of Directors reviewed the remuneration being paid to Managing Directors. It was noted that the financial position of the Company is good and sound. Both the Managing Directors are highly qualified and are having more than 18 years experience of the management of the Company. The Company has made significant progress and is being considered as one of the efficient and financially sound Company in the Sugar Industry in U.P. They have also taken over the responsibilities of office of the Managing Director successfully and effectively. Therefore, the 'Remuneration Committee' of the Board of

Directors have approved to revise and rationalise the payment of remuneration to them. While approving their remuneration, it was noted that the total managerial remuneration will remain more or less the same as were before the death of late Chairman-cum-Managing Director and there will be no additional burden on the Company.

- ii. Shri K.B. Lal has been working with this Company since 1975 i.e. about 27 years as Sr. Executive Director-cum-Secretary. He is a qualified Chartered Accountant, Company Secretary, both from India and U.K. and is having total experience of 46 years and have allround experience and professional expertise in General Management, Labour, Finance & Taxation and Company Laws etc. apart from having the practical experience of the working of the Sugar and Distillery industries.

It has been felt that his continuation in the Company on whole time basis and induction into the Board of Directors will be beneficial to the company and will add by way of a professional & experienced Director in the Board. His experience and expertise would be immense value to the company. The company has received a notice in writing along with a deposit of Rs. 500/- from a member u/s 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri K.B. Lal as a whole- time Director of the Company not liable to retire by rotation on the terms as approved by the Board of Directors.

- iii. The Board of Directors has considered appropriate to revise and rationalise the remuneration of both the Managing Directors w.e.f. 01.04.2002 for the remaining period of their appointment and also appointment of Shri K.B. Lal as whole-time Director of the Company for a period of five years w.e.f. 01.05.2002 and recommend the same for your kind approval, to pay the following revised remuneration to both the Managing Directors and the terms of appointment of Shri K.B. Lal as whole-time Director.

### SALARY PER MONTH:

|                                    |                  |
|------------------------------------|------------------|
| Ms. Rupa Lal, Managing Director    | : Rs. 1,00,000/- |
| Mr. Rajat Lal, Managing Director   | : Rs. 1,00,000/- |
| Mr. K.B. Lal, Whole- time Director | : Rs. 60,000/-   |

### COMMISSION :

Remuneration by way of commission will also be allowed, subject to the limits of total remuneration as laid down in section 198 and 309 read with Schedule XIII of the Companies Act, 1956, as under:

Ms. Rupa Lal : Equivalent to 4.5% of the net profits of the Company as reduced by the amount paid to her by way of salary and perquisites.

Mr. Rajat Lal : Equivalent to 4.5% of the net profits of the Company as reduced by the amount paid to him by way of salary and perquisites.

Shri K.B. Lal : Equivalent to 1% of the net profits of the Company as reduced by the amount paid to him by way of salary and perquisites.

### PERQUISITES :

The above managerial personnel will be entitled to the following perquisites in addition to the above remuneration:-

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**PART-A:****1. Housing :**

|                                   |                   |
|-----------------------------------|-------------------|
| Ms. Rupa Lal, Managing Director   | 60% of the Salary |
| Mr. Rajat Lal, Managing Director  | 60% of the Salary |
| Mr. K.B. Lal, Whole-time Director | 40% of the Salary |

**2. Gas, Electricity and Water:**

|                                   |                  |
|-----------------------------------|------------------|
| Ms. Rupa Lal, Managing Director   | 5% of the Salary |
| Mr. Rajat Lal, Managing Director  | 5% of the Salary |
| Mr. K.B. Lal, Whole-time Director | Nil              |

**3. Medical Reimbursement :** Expenses incurred for self and family, subject to a ceiling of one month salary per year or 5 months salary in a period of 5 years in each case. The Board may, however, increase the ceiling in individual cases within the overall ceiling of remuneration.**4. Personal Accident Insurance and Mediclaim Insurance:** Premium not to exceed Rs, 10,000/- in each case.**PART-B:****1. Company's contribution towards Provident Fund/ Superannuation Fund :** As per Rules of the Company.**2. Gratuity :** As per Rules of the Company.**3. Earned/Privilege leave :** As per rules of the Company, leave accumulated but not availed of during their tenure may be allowed to be encashed as per rules of the Company.**PART- C:****1. Car :** Provision of a chauffeur driven car for office use.**2. Telephone :** Free telephone facility at residence, personal long distance calls to be paid for by them.**3. Entertainment Expenses:** Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

(Payments in Part-C will not be considered as perquisites for the purpose of ceiling under sections 198,309 of the Companies Act, 1956).

**4. Other Terms applicable to the appointments & Minimum Remuneration:**

- They will not be paid any 'sitting fee' for attending the meetings of the Board of Directors or Committee's thereof.
- The Board/ "Remuneration Committee" may revise the existing Remuneration or allow any other facilities/perquisites, from time to time, within the overall ceiling.
- In the event of absence or inadequacy of profits in any financial year, they will be paid the above remuneration excluding commission as minimum remuneration, subject to the overall ceilings laid down in Section II of part II of Schedule XIII.

(In that event contribution to Provident Fund and Superannuation Fund to the extent these are exempted under the Income Tax Act, 1961, and gratuity payable at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites).

iv) They will not become interested or otherwise concerned personally or through their relatives, in any selling agency of the company, without the prior approval of the Company Law Board.

v) The appointment may be terminated by either party giving to the other six calendar month's notice in writing or lesser notice as may be agreed to.

In the event of termination of the appointment by the Company, they will be entitled to receive compensation in accordance with the provisions of section 318 of the Companies Act, 1956.

Ms. Rupa Lal, Mrs. Manjula Viswanathan and Sh. Vivek Viswanathan, being related, are interested in resolution no. 9.

Mr. Rajat Lal, Mr. Hemantpat Singhania and Mrs. Sudha Singhania, being related, are interested in resolution no. 10.

No Director other than Sh. K.B. Lal himself is interested in the resolution no. 11.

**ITEM NO. 12**

In view of the support, guidance and valuable services being rendered by the Directors to the Company and the increased responsibilities they are required to shoulder, it is proposed to pay a commission, not exceeding 1% per annum of the net profits of the Company computed U/s 198, 349 and 350 of the companies Act, 1956 or any statutory modification or re-enactment thereof, effective from 1<sup>st</sup> April, 2002. The remuneration will be distributed amongst the Directors in accordance with direction given by the Board.

All the Non Executive and Independent Directors of the Company are deemed to be concerned or interested in this resolution to the extent of the remuneration that may be received by them.

**INSPECTION :**

A copy of the existing terms & conditions of payment of remuneration to Managing Directors and terms of appointment of Shri K. B. Lal, as wholetime director will be kept open at the Registered office of the company on all working days between 11.00 A.M. to 1.00 P.M.

By Order of the Board

Place : New Delhi  
Dated : 22nd July, 2002

**K.B.Lal**  
Secretary





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**ANNEXURE TO THE A.G.M. NOTICE****INFORMATION PURSUANT TO CLAUSE 49 VI (A) OF THE LISTING AGREEMENT REGARDING APPOINTMENT OF A NEW DIRECTOR OR REAPPOINTMENT OF A DIRECTOR.**

| Sl. No. | Name of the Director    | Date of Birth | Date of Appointment | Specialised Expertise   | Qualification  | Directorship of other Companies as on 31.03.2002   | Chairman/ Member of Committees of Other Companies as on 31.03.2002 |
|---------|-------------------------|---------------|---------------------|---|--|--|--|
| 1       | 2                       | 3             | 4                   | 5   | 6  | 7  | 8  |
| 01.     | Smt. Sudha Singhania    | 03.04.1936    | 15.05.1983          | General Management-<br>More than 19 years experience as Director of this Company.   | Intermediate   | Meenakshi Synthetics (P) Ltd.  | Nil  |
| 02.     | Sh. Hemantpat Singhania | 15.12.1930    | 20.12.1955          | General Management-<br>More than 46 years experience as Director of various Companies.  | Intermediate   | 1.K.M. Sugar Mills Ltd.<br>2.Shri Radha Krishna Holdings Pvt. Ltd.<br>3.Meenakshi Synthetics (P) Ltd.<br>4.Sharad Carriers Pvt. Ltd. | Nil  |
| 03.     | Sh Onke Aggarwal        | 05.04.1930    | 31.03.1965          | General Management-<br>More than 37 years experience as Director of this Company.   | B.A  | Nil  | Nil  |
| 04.     | Sh. R.C. Sharma         | 24.01.1939    | 22.05.2002          | More than 35 years experience in highly responsible positions of police including Central Bureau of Investigation having high degree of professionalism and expertise. Presently working in "Foundation for Organisational Research and Education" as VicePresident (Finance & Administration) which is imparting Professional & Post Management and Career Development Programmes in Computer Application. | Master in Economics B.A (Economics & Geography)-Punjab University<br><br>Technical Higher Secondary School Delhi Polytechnic | Nil  | Nil  |
| 05.     | Sh. K.B. Lal            | 22.09.1932    | 22.05.2002          | Working in this Company for more than 25 years as Sr. Executive Director-Cum-Company Secretary.<br><br>Having more than 46 years all round experience in General Management, Labour, Finance & Taxation and Company Laws etc. apart from practical experience of the working of the Sugar and Distillery Industries.  | B.Com. (Hons.), A.C.A., A.C.S., A.C.I.S. (London)  | Nil  | Nil  |

By Order of the Board

Place : New Delhi  
Dated : 22nd July, 2002**K.B. Lal**  
Secretary



## DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have the pleasure in placing before you their 68<sup>th</sup> Report together with audited Statements of Account of your Company for the year ended 31<sup>st</sup> March, 2002.

### FINANCIAL RESULTS :

We feel satisfaction in reporting to this august house that inspite of many adverse factors, which the Sugar & Alcohol Industry of U.P. had to face during the year, the Company's financial results are satisfactory and the year has been closed with reasonable profits, as evident from the following financial results achieved by your Company for the year ended 31<sup>st</sup> March, 2002:

|  | (Rs. in lakhs) |                |
|--|----------------|----------------|
|  | Current Year   | Previous Year  |
| - Cash profit, i.e. profit before providing for depreciation | 2272.72        | 2120.32        |
| - Less: Provision for Depreciation                           | <u>450.51</u>  | <u>414.54</u>  |
| - Profit before tax  | 1822.21        | 1705.78        |
| - Less : Provision for Income-tax                            | <u>695.06</u>  | <u>600.00</u>  |
| - Balance profits  | <u>1127.15</u> | <u>1105.78</u> |

### DIVIDEND:

Keeping in view the financial results achieved by the Company for the year ended 31<sup>st</sup> March, 2002 and the prospects for the current financial year, your Directors recommend a dividend of 35% ( subject to deduction of tax ) on the Equity Share Capital of Rs.350.00 Lakhs of the Company, which comes to Rs. 122.50 lakhs, which will be paid out of the above profits.

### RESERVES & SURPLUS :

It is a matter of satisfaction that the Reserves & Surplus of your Company are increasing year after year, which is an indication of the good financial health of the Company. The position of Reserves & Surplus as on 31<sup>st</sup> March, 2002 is as under:-

|  | (Rs. in Lakhs) |
|--|----------------|
| - Opening balance as on 1.4.2001   | 6580.55        |
| - Transferred from Profit & Loss Account   | <u>1004.65</u> |
|  | 7585.20        |
| - Less: Accumulated deferred tax liability to comply with the requirements of Accounting Standard -22 issued by The Institute of Chartered Accountants of India. | <u>491.79</u>  |
| - Closing balance as on 31.3.2002  | <u>7093.41</u> |

### SUGAR FACTORY :

Members are aware that the Management is making continuous investment on the modernisation of the machinery & plant to achieve good technical results. The investments made so far have paid rich dividend. The manufacturing results of your Sugar Factory for the Crushing Season 2001-2002, as compared to last Crushing Season, are as under:-

|  | Season<br>2001-2002 | Season<br>2000-2001 |
|--|---------------------|---------------------|
| - Gross Working days                     | 199                 | 194                 |
| - Down time(%)                           | 4.00                | 5.30                |
| - Total cane crushed(Qtls.)              | 1,03,94,602         | 97,01,845           |
| - Average cane crush per crop day(Qtls.) | 52,234              | 50,009              |
| - Manufacturing losses(%)                | 2.09                | 2.19                |
| - Average Sugar Recovery(%)              | 10.53               | 10.53               |
| - Total sugar produced                   | 10,94,485           | 10,21,605           |

It is evident from the above data that the Plant performance has shown all-round improvement during the Crushing Season 2001-2002. It is worth mentioning here that the total cane crush, down time percentage, average cane crush per crop day, manufacturing losses and the sugar production achieved during the Crushing Season 2001-2002 are ever best in the history of the Sugar Factory of your Company.

### DISTILLERIES :

In our last report, the members were informed that the Excise Duty structure and the procedure for sale of country liquor in the State of U.P. has been revised w.e.f. 1<sup>st</sup> April, 2001 and the changed policy is expected to be fair to all concerned. However, the cut-throat competition between the U.P. Distilleries has reduced the sale prices to the Rock bottom level, resulting into reduction in the margin of profits substantially. The increase in the rate of Excise Duty on country liquor w.e.f. 1.4.2002 may affect this business further. The rates of Excise Duty in respect of other Distillery products in U.P. are also higher as compared to other neighbouring States. It is feared that the high rate of Excise Duty in the State of U.P. may lead to import of liquor from other neighbouring States, which will be very much harmful to the U.P. Distilleries and Government revenue. All these factors resulted in the poor off-take of the Spirit.

CONTD.....





## SIR SHADI LAL ENTERPRISES LIMITED

*DIRECTORS' REPORT CONTD.*

With the help of the tie-up arrangement for production of Indian made Foreign Liquor and continuous hard efforts of the Management, your both the Distilleries have been able to produce 1,48,29,522 BL Spirit as against 1,71,02,828 BL in the previous year. In spite of all the odds, which the Industry has faced, your Distilleries have been able to contribute reasonably in the financial performance of the Company.

### **MODERNISATION :**

The improved Plant performance of your manufacturing Units is the result of continuous modernisation of plant & machinery by adopting the latest and modern technologies. 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 modernisation of machinery & plant including adoption of energy saving devices.

### **CANE DEVELOPMENT :**

Undoubtedly, the disease free and healthy cane is a base for good sugar recovery. Your Directors are giving top priority to develop high yielding varieties of sugarcane in the reserved area of the factory. For this purpose, not only a premium on the supply of early maturing varieties of cane is being paid to the growers but sizable expenses are also incurred on other related activities, like development of roads in the area, supply of disease free cane seed & various pesticides at subsidized rates to the farmers besides educating them to grow such varieties of cane which are useful in the different parts of the cane Crushing Season.

### **DIRECTORS :**

Due to sad and sudden demise of Sh. Narendra Lal, Chairman & Managing Director of the Company on 24.02.2001 the office of the Chairman of the Company has fallen vacant. The Board of Directors, in their meeting held on 12.03.2002 have appointed Sh. B.I. Patel as the Chairman of the Board of Directors of the Company for a period of three years.

With a view to make the composition of the Board of Directors more broad-based & professionalised, your Directors appointed Shri R.C. Sharma & Shri K.B. Lal as additional Directors u/s 260 of the Companies Act, 1956.

Shri K.B. Lal has been appointed as full-time Director as Sr. Executive Director-cum-Company Secretary. Both of them stand retired u/s 260 of the Companies Act, 1956, on the date of the Annual General Meeting. A Notice u/s 257 of the Companies Act, 1956, along with the requisite deposit has been received from a member proposing the appointment of Shri R.C. Sharma as a rotational Director and Shri K.B. Lal as a whole-time non-rotational Director. Their experience & qualifications are given in the Notice convening this meeting against the relevant items of the Agenda.

The following Directors of your Company retire by rotation u/s 256 of the Companies Act. They are eligible for re-appointment and offer themselves for the same:-

1. Smt. Sudha Singhania
2. Shri Hemantpat Singhania
3. Shri Onke Aggarwal

### **AUDITORS' 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.

### **PUBLIC DEPOSITS :**

We report with satisfaction that the confidence of the public in placing their deposits with your Company is constantly increasing. The total amount of fixed deposits as on 31<sup>st</sup> March, 2002 was Rs.1353.09 Lakhs as against Rs. 1124.29 Lakhs as on 31<sup>st</sup> March, 2001. Only a sum of Rs.0.85 Lakh relating to four depositors was not claimed on due dates upto the end of accounting year. Of these, deposits of Rs. 0.22 Lakh relating to two depositors have been claimed and paid subsequently. The balance amount of Rs. 0.63 Lakh to the remaining two depositors will be paid when claimed.

### **OTHER INFORMATION :**

Information pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in Annexure-1 of this report.

Information pursuant to sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies, (Particulars of Employees) Rules, 1975, as amended upto date, is given in Annexure -2 of this report.

**CORPORATE GOVERNANCE :**

The guidelines on Corporate Governance issued by Securities and Exchange Board of India (SEBI) are applicable to our Company from the financial year 2001-2002. Your Company has complied with the various recommendations made on Corporate Governance as incorporated in Clause 49 of the listing agreement with The Delhi Stock Exchange Association Limited, New Delhi, for which a detailed report is given in Annexure-3 of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Sub-section (2AA) of Section 217 of the Companies Act, 1956, the company hereby state and confirm that:-

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing the detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis.

**LISTING ARRANGEMENT :**

The shares of the Company are listed with The Delhi Stock Exchange Association Limited, "DSE House", 3/1, Asaf Ali Road, New Delhi- 110 002 and the listing fee for the year 2002-2003 has been paid to the said Stock Exchange.

**CURRENT YEAR PROSPECTS :**

In our last report, it was informed that the Sugar Industry is burdened with the excessive sugar stocks due to continuous higher production than the requirement of the country. The problem of excessive sugar stocks has been further increased in the current year. Presently, the sugar Industry in U.P. is passing through a severe financial crises due to incidence of high cane price and lower free sale sugar

realisation. Despite several representations by the Industry the sugarcane price was further increased by the State Government by Rs.5/- per quintal for the Crushing Season 2001-2002 ignoring the facts that the sale price of sugar has sharply declined. It is unfortunate that the Sugar Industry continue to be subject to adhoc decision & policies both by the Central as well as State Government. Instability of the Government itself also leads to the arbitrary and short term decisions which ultimately disturb the working and the liquidity position of the Sugar Factories which ultimately convert into cane arrears.

As reported above, the working results of the Sugar Industry are very much dependent on the conditions of cane crop and its cost as well as on the realisation from finished products. Working of Alcohol Industry is also fully dependent upon the State policies like Excise Duty structure, availability of molasses and sale realisation from country liquor etc. As the Government policy in respect of next Crushing Season is yet to be announced, it is too early to predict anything about the prospects of the next year. The Management of Company will, however, continue to put concentrated efforts to achieve good manufacturing results in all the Manufacturing Units. We are, therefore, hopeful that given the favourable circumstances, realistic cane price and reasonable Sugar & Alcohol Policy, the Company will be able to achieve reasonable financial results in the current financial year also.

**APPRECIATION :**

Your Directors wish to place on record their appreciation for the devoted services rendered by the employees of the Company at all levels. We also place on record our appreciation to the Financial Institutions, Banks and Government Authorities for their valuable co-operation and support from time to time. We would also like to express thanks to our Shareholders and Depositors for their continued confidence in the Company.

For and on behalf of the Board

Place : New Delhi  
Dated : 22nd July, 2002

**B.I. Patel**  
Chairman