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SEVENTY FIRST

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ANNUAL

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REPORT

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2004-2005

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*Sir Shadi Lal  
Enterprises Ltd.*

SIR SHADI LAL ENTERPRISES LIMITED



## SIR SHADI LAL ENTERPRISES LIMITED

BOARD OF DIRECTORS : Shri Bhanubhai I. Patel - Chairman  
 Shri Rajat Lal - Managing Director  
 Shri K.B. Lal - Whole Time Director-cum-Secretary  
 Shri Vivek Viswanathan - Whole Time Director  
 Shri Hemantpat Singhania  
 Shri Onke Aggarwal  
 Smt. Sudha Singhania  
 Smt. Manjula Viswanathan  
 Shri R.L. Srivastava  
 Shri R.C. Sharma  
 Shri P.K. Viswanathan

### BANKERS

State Bank of India  
 Punjab National Bank

### AUDITORS

Messrs. Basant Ram & Sons  
 Chartered Accountants  
 A-18, Nizamuddin East,  
 Murli Marg, New Delhi-110 013

### REGISTERED OFFICE

4-A, Hansalaya, 15, Barakhamba Road,  
 New Delhi-110 001

### MANUFACTURING UNITS

Upper Doab Sugar Mills  
 Shamli, Distt. Muzaffarnagar (U.P.)  
  
 Shamli Distillery & Chemical Works  
 Shamli, Distt. Muzaffarnagar (U.P.)  
  
 Pilkhani Distillery & Chemical Works  
 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 71ST ANNUAL GENERAL MEETING

Notice is hereby given that the 71st Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Tuesday the 27th September, 2005 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, consider and adopt the Balance Sheet as at 31st March 2005, 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 Shri B.I.Patel, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri R.C. Sharma, 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 2005-2006 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 up to which moneys may be so borrowed by the Board of Directors shall not exceed a sum of Rs. 200 crores (Rupees Two 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 Shri P.K. Viswanathan who was appointed as an Additional Director of the Company w.e.f. 4th January, 2005 and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member, proposing his candidature for the office of Director 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 resolutions 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(s) or re-enactment thereof for the time being in force) and subject to such approvals as may be necessary if required, the consent of the Company be and is hereby accorded to the appointment of Shri Vivek Viswanathan as Whole-time Director of the Company for a period of five years w.e.f. 1st January, 2005 on the terms and conditions including remuneration as are set out in the explanatory statement to this resolution.”

“RESOLVED further that the ‘Remuneration Committee’/ Board of Directors of the Company be and is hereby authorised to vary the terms and conditions of the said appointment and/or remuneration, commission 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 authorized 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 there under.”

By Order of the Board

Place : New Delhi  
Dated : 16th July, 2005

**K. B. Lal**  
Secretary

## SIR SHADI LAL ENTERPRISES 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 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, 8 & 9 set out above is annexed.

3. Information required pursuant to Clause 49 VI (A) of the listing agreement with Delhi Stock Exchange regarding the appointment of a Director or reappointment of Directors is annexed.

4. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2005 to 18th September 2005 (both days inclusive).

5. The dividend, if declared at the meeting, will be payable at the specified branches of State Bank of India, in India (as may be approved by the Bank) on or after 1st October 2005 to those members whose name stand on the Register of Members of the Company on 18th September, 2005.

6. Shareholders are requested to intimate to the Company change, if any, in their registered address.

7. 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.

8. Members are requested to bring their copies of the Report and Accounts to the meeting.

9. 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.

10. Pursuant to section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to the Accounting period ended 31st 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.

11. Pursuant to section 205A and 205C of the Companies Act, 1956, unpaid/unclaimed dividends for the year 1994-95, 1995-96 and 1996-97 have been 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.

12. Pursuant to the Provisions of section 205A(5) of the Companies Act, 1956, dividend for the Financial year ended 31st March, 1998 and thereafter which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Shareholders who have not so far encashed/claimed their dividend warrants for the Financial Year from 1997-98 to 2001-2002 & 2003-2004 are requested to approach the Company for revalidation of dividend warrants or for obtaining duplicate dividend warrants. Shareholders are requested to note that no claim shall lie against the company or the said fund in respect of any amounts, which were, unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claim.

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 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

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## SIR SHADI LAL ENTERPRISES LIMITED

Notice Contd. ....

plough back of the cash profits into the working of the Company, the present liquidity position of your company is comfortable the management of the company is incurring Capital expenditure in its Sugar and Distillery units for replacement of two boilers and increasing the capacity of Distillery units. 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/ Sugar Development Fund 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) up to 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 31.03.2005 is Rs. 92.33 crores. Your Directors feel that the existing borrowing of the company together with the proposed loans will exceed from the aggregate of the share 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. 200 crores and accordingly recommend 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 P.K. Viswanathan as an Additional Director u/s 260 of the Companies Act, 1956 w.e.f. 4th January, 2005. Shri P.K. Viswanathan holds office only up to the date of 71st Annual General Meeting of 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. P.K. Viswanathan, as a Director of the Company subject to retirement by rotation.

Shri. P.K. Viswanathan is of 70 years of age and he is B.A. (Hons.). He has more than 39 years experience as a Senior Executive of big business offices. He was also the alternate Director to Shri Vivek Viswanathan during his absence, when he had gone abroad for higher studies. It is

felt that his induction in the Board will be helpful and beneficial for the Company. The Directors recommend the appointment of Shri P.K. Viswanathan.

Smt. Manjula Viswanathan and Shri Vivek Viswanathan being related, are interested in this Resolution.

### Item No. 9

After the demise of Shri Narendra Lal, Chairman & Managing Director of the Company in February, 2001, Ms. Rupa Lal and Shri. Rajat Lal were working as the Managing Directors of the Company. Ms. Rupa Lal also expired in January, 2004 and since then Shri Rajat Lal is working as Managing Director of the Company. To fill-up the vacuum caused by the death of Ms. Rupa Lal, it was proposed that Shri Vivek Viswanathan may be taken in the active management in place of Ms. Rupa Lal.

Shri Vivek Viswanathan was appointed as a Director of the Company on 24th March, 2001 for a period of three years. He has been re-appointed as a Director of the Company in the Annual General Meeting held on 16th Sept., 2004 for another period of three years. He is B.A.(Hons.), has done his Post Graduate Diploma in Management and has completed his course of MBA from USA as a regular student. He has more than 6 years experience with M/s VST Industries Limited and M/s Coca Cola India Limited in the Management Cadre. Besides holding the Professional qualification & experience, he is having a large share holding of the Company.

The Board of Directors on the recommendation of the Remuneration Committee of the Board of Directors in their meeting held on 4th January, 2005 have considered the qualification, experience, shareholding and directorship in this Company and approved the appointment of Shri Vivek Viswanathan as Whole-time Director of the Company for a period of five years w.e.f. 1st January, 2005 on the terms & conditions including remuneration as given below:-

**SALARY PER MONTH : Rs 60,000/-**

**COMMISSION:** Remuneration by way of commission will also be allowed subject to the condition that the total remuneration by way of salary, perquisites and commission shall not exceed 1% of the net profits of the Company in a particular year, subject to overall limit of total remuneration as laid down in Sections 198 & 309 of the Companies Act, 1956, or any amendment thereto or any other provision as may be applicable.



## SIR SHADI LAL ENTERPRISES LIMITED



**PERQUISITES :** The above Managerial Personnel will be entitled to the following perquisites in addition to the above remuneration.

**PART-A:**

1. **HOUSING :** 40% of the Salary.
2. **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.
3. **PERSONAL ACCIDENT INSURANCE & MEDICLAIM INSURANCE:** Premium not to exceed Rs. 10,000/- per year.

**PART-B:**

1. **COMPANY'S CONTRIBUTION TOWARDS PROVIDENT FUND / SUPERANNUATION FUND :** Company Contribution towards Provident Fund @ 12% and Superannuation fund @ 15% of Salary.
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 his 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 by him.
3. **ENTERTAINMENT EXPENSES :** Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

(Payment in part-C will not be considered as perquisites for the purpose of ceiling under Sections 198 & 309 of the Companies Act, 1956.)

**OTHER TERMS APPLICABLE TO THE APPOINTMENT & MINIMUM REMUNERATION :**

1. He will not be paid any "Sitting Fee" for attending the meeting of the Board of Directors or Committees thereof.

2. The Board/ "Remuneration Committee" may revise the existing terms or allow any other facilities/perquisites from time to time within the overall ceiling.
3. In the event of absence or inadequacy of profits in any financial year, he will be paid the above remuneration excluding commission as minimum remuneration, subject to the overall ceiling laid down in Section-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, 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).

4. He will not become interested or otherwise concerned personally or through his relatives, in any Selling Agency of the Company, without the prior approval of the Company Law Board.
5. The appointment may be terminated by either party by giving six calendar months notice in writing or lesser as may be agreed to.

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

Shri P.K. Viswanathan and Smt. Manjula Viswanathan being related, are interested in this Resolution.

This may also be treated as compliance of section 302 of the Companies Act, 1956.

**INSPECTION :**

A copy of the terms of Appointment including payment of remuneration of Shri Vivek Viswanathan, Whole-Time Director is available for inspection by the Members of the Company at 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 : 16th July, 2005

**K. B. Lal**  
Secretary



## SIR SHADI LAL ENTERPRISES LIMITED

## 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 31.03.2005	Chairman/ Member of Committees of other Companies as on 31.03.2005
1	2	3	4	5	6	7	8
1	Sh. B.I. Patel	17.03.1928	02.12.1974	General Management having rich and varied experience of Industries as whole and more than 30 years experience as Director of this Company.	B.A. (Hons)	1. Elecon Engg. Co. Ltd. 2. Eimco Elecon (India) Ltd. 3. Kriti Industries (India) Ltd. 4. Power Build Ltd. 5. Narmada Travels Ltd. 6. Ringspann Elecon (India) Ltd. 7. PWH Materials Handling Ltd. 8. Power Build Elecon Gears Ltd. 9. Elecon Singapore Pte Ltd. 10. Elecon Australia Pty Ltd. 11. Elecon Africa Pty Ltd.	Nil
2	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 Vice President (Finance & Administration) which is imparting Professional & Post Management and Career Development Programmes in Computer Application & 3 years experience as Director of this Company	Master in Economics B.A. (Economics & Geography) Punjab University  Technical Higher Secondary School Delhi Polytechnic	1. CHL Ltd. 2. H.P. Portfolio Ltd. 3. PCI Ltd.	Nil
3	Smt. Sudha Singhania	03.04.1936	15.05.1983	General Management More than 22 years experience as Director of this Company.	Intermediate	1. Meenakshi Synthetics (P) Ltd.	Nil
4	Sh. Vivek Viswanathan	07.11.1970	24.03.2001	More than six years service experience with M/S VST Industries Ltd. & Coca-Cola India Ltd. and more than 4 years experience as Director of this Company	B.A.(Hons) Post Graduate Programme in Management, MBA (USA)	Nil	Nil
5	Sh. P. K. Viswanathan	27.06.1934	04.01.2005	39 years experience as a Senior Executive of big business offices. He has been alternate Director to Sh. Vivek Viswanathan during his absence from India	B.A.(Hons)	Nil	Nil

By Order of the Board

Place : New Delhi  
Dated : 16th July, 2005

**K.B.Lal**  
Secretary



## DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have the pleasure in presenting the 71st Annual Report along with Audited Accounts of your Company for the year ended 31st March, 2005.

### FINANCIAL RESULTS :

We feel satisfaction in reporting that inspite of substantial increase in the raw materials prices, payment of differential cane price of cane crushed in earlier years, availability of molasses at higher price, the company achieved its best-ever results during the year under review. The summarized results for the year under review are presented below:-

(Rs. in Lakhs)

- Profit before providing for	
Depreciation and Tax	3568.65
- Less provision for :	
• Depreciation	403.68
• Income Tax	1105.78
- Profit after Tax	2059.19

### DIVIDEND:

In view of the improved financial result achieved by the Company during the financial year 2004-05, your Directors recommend a dividend of Rs.5/- per share (50%) for the year ended 31.03.2005 on the equity share capital of Rs. 3,50,00,000/- of the company. The total pay out will be Rs. 1,99,54,375/- (including tax on dividend of Rs. 24,54,375/-).

The balance distributable profit of Rs. 18,59,64,213/- is being transferred to General Reserve to make the total Reserve and surplus as on 31st March, 2005 at Rs. 8883.38 lakhs.

### MANUFACTURING RESULTS:

#### (a) SUGAR :

The manufacturing results of your sugar factory for the crushing season 2004 - 2005 as compared

to last crushing season are as under :-

	Season 2004-05	Season 2003-04
- Gross Working days	209	187
- Total Cane Crushed (Qtls.)	1,05,88,422	1,00,61,748
- Average Cane Crush per Crop day (Qtls.)	50,662	53,861
- Manufacturing losses (%)	2.01	2.05
- Average sugar recovery (%)	10.36	10.34
- Total sugar produced (Qtls.)	10,96,734	10,40,535

From the data given above, it may be observed that inspite of fall in sugar production in the country as a whole we have been able to crush ever-highest cane and achieved highest sugar production in the history of the company with minimum of manufacturing losses.

#### (b) DISTILLERIES :

The Distilleries could not utilize full capacity mainly because of non-availability of raw materials as per requirement at reasonable prices and withdrawal of admixing of Petrol with Ethanol by the Government from July 2004 onwards.

With the help of tie-up arrangements for production of Indian Made Foreign Liquor, supply of country liquor in U.P. and supply of Anhydrous Alcohol to Petroleum Companies, your both the distilleries have produced 1,31,90,029 BL Spirit as against 1,53,10,780 BL in the previous year. Inspite of all the odds, which the industry has faced, your distillery units have been able to contribute in the financial performance of the Company.

#### 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 premium on the supply of early maturing varieties of cane is being paid to the growers but sizable developmental 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 to grow about such varieties of cane which are useful in the different parts of the cane crushing Season.

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## SIR SHADI LAL ENTERPRISES LIMITED

### DIRECTORS' REPORT CONTD.

#### MODERNISATION :

The modernisation of the Industry is a continuous process. To bring down the cost of production, to achieve better manufacturing results, to distribute and promote standard quality products in 1 Kg. packing of sugar and to comply with the requirement of Central Pollution Control Board for zero discharge of effluent by 2005, your Management has spent a sum of Rs. 286.27 lakhs during the year under consideration on modernisation of the manufacturing units.

In the sugar unit the Company has installed Air Pollution Control for Boilers. Machinery for 1 Kg packing of sugar, and Filtrate Polishing units for FCS. The company have also taken up the modernization in sugar unit by replacing the two boilers and other equipments for balancing the boiling house at an approximate cost of Rs 830 lakhs, which will be completed in off-season 2005.

In the distillery units the company has installed Bio Composting of press mud and ferti-irrigation as recommended by the Central Pollution Control Board.

#### DIRECTORS :

Ms. Rupa Lal and Sh. Rajat Lal were jointly working as the Managing Directors of the Company till Ms. Rupa Lal expired in January 2004 and since then Sh. Rajat Lal alone is working as Managing Director. To fill-up the vacuum caused by the death of Ms. Rupa Lal the Board of Directors of the Company in their meeting held on 4th Jan 2005 have appointed Sh. Vivek Viswanathan as the Whole Time Director of the Company w.e.f 1st January, 2005 subject to the approval of the Shareholders.

Sh. P.K. Viswanathan, who was appointed as an Alternate Director u/s 313 of the Compines Act in place of Sh. Vivek Viswanathan, who had gone abroad for higher studies, was appointed as Additional Director u/s 260 of the Companies Act, 1956 w.e.f. 4th January, 2005 after the return of Sh. Vivek Viswanathan from abroad. Sh. P.K. Viswanathan will hold office up to the date of the forthcoming Annual General Meeting. Requisite notice u/s 257 of the Companies Act, 1956 alongwith the requisite deposit has been received from a member proposing the appointment of Sh. P.K. Viswanathan as a rotational Director.

The Board of Directors also reappointed Sh.B.I. Patel as the Chairman of the Board of Director of the Company for a period of three years w.e.f. 12th March, 2005.

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. Sh. B.I. Patel
2. Sh. R.C. Sharma
3. Smt. Sudha Singhania

The required information pursuant to clause 49 VI (A) of the listing agreement regarding experience, qualifications, name of the companies in which the above Directors hold directorship and membership of the Committee of the Board are given in the notice convening this meeting against the relevant item of the agenda.

#### AUDITORS :

M/s. Basant Ram & Sons, Chartered Accountants, New Delhi, Auditors of the Company, retires at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. They have furnished a certificate to the effect that their proposed reappointment, if made, will be in accordance with the limits specified u/s 224 (1-B) of the Companies Act, 1956.

#### AUDITORS' REPORT :

There is no adverse observation in the Auditors' Report read with the relevant Notes to Accounts in Schedule 'F' of the Annual Accounts. Since such observations are of routine nature and self explanatory, therefore, do not require further explanation.

#### PUBLIC DEPOSITS :

We report with satisfaction about the growing confidence of the public in placing their deposits with your Company. The total amount of fixed deposits as on 31st March, 2005 was Rs. 2530.80 Lakhs as against Rs. 1878.30 Lakhs as on 31st March, 2004. Only a sum of Rs. 11.10 Lakhs relating to seven depositors was not claimed on due dates up to the end of the financial year. Out of these deposits a sum of Rs. 10.40 Lakhs relating to five depositors have been claimed and paid subsequently in the current financial year. The balance amount of Rs. 0.70 lakhs pertaining to the remaining two depositors will be paid when claimed. Necessary notice has been sent to them requesting them to claim their deposits.

## SIR SHADI LAL ENTERPRISES LIMITED



## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO :

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors), Rules, 1988 are given in 'Annexure 1' and forms part of this Report.

## PARTICULARS OF EMPLOYEES :

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are given in 'Annexure 2' and forms part of this Report.

## CORPORATE GOVERNANCE :

A separate report on "Corporate Governance" including a certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Delhi Stock Exchange Association Limited is given in 'Annexure 3' and forms part of this Report.

## DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, the Directors confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) That they had selected such accounting policies, applied them consistently, 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 of the Company for that period.
- (iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing & the detecting fraud and other irregularities.
- (iv) That they had prepared the annual accounts on a going concern basis.

## LISTING ARRANGEMENT :

The shares of the Company continue to remain listed with the Delhi Stock Exchange Association Limited and the annual listing fee for the year 2005-2006 has been paid.

## CURRENT YEAR PROSPECTS :

Your company's operations are broadly divided in two business segments i.e. "Sugar" and "Alcohol". The segment-wise performance has already been reported vide Note No. 11 of Schedule-F attached to the Annual Accounts under Report. The segment-wise detailed management discussion and analysis report is summarized below:

## SUGAR :

The sugar is an Agro-based Industry being its raw material is sugarcane, which is grown in the fields. The duration of crushing season and recovery of sugar from sugarcane depend upon the climatic conditions of the geographical areas of your sugar factory. Consequently, any interruption in sowing or harvesting of sugarcane could lead to a detrimental impact on the sugar industry at large and to our company. As a forward-looking Organization, we are actively engaged in mitigating foreseeable risk factors. In relation to fostering the availability of sugarcane in its 'command area', we protect farmer interest in a number of ways – ensuring consistent and equitable cane purchase from farmers, providing access to advanced farming best practices, arranging timely cane payment and taking a leadership position in community development. In turn, these initiatives encourage farmers to allocate a significant area towards the cultivation of sugarcane, making the arrangement mutually rewarding.

The sugar industry is subject to a number of controls by the State/Central Government, which includes fixation of effective rate of sugarcane price, levy sugar price and periodic release of quantity for sale. Due to drought in some parts of the country, there is significant fall in the cane production in the 2004-05 sugar season. With rising sugarcane prices and prompt payments to farmers, the sugarcane production is likely to go up over the next few years.

A turnaround in free sale sugar realization commenced in February, 2004, with subsequent increase in May, 2004 and January, 2005 (Indian Sugar Mills Association data).

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