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SEVENTY THIRD

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ANNUAL

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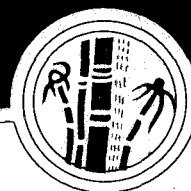
REPORT

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2006-2007



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*Sir Shadi Lal  
Enterprises Ltd.*

SIR SHADI LAL ENTERPRISES LIMITED



## SIR SHADI LAL ENTERPRISES LIMITED

**BOARD OF DIRECTORS** :

- Shri Onke Aggarwal-Chairman
- Shri Rajat Lal-Managing Director
- Shri K.B.Lal-Sr.Executive Director-cum-Secretary
- Shri Vivek Viswanathan-Executive Director
- Shri Hemantpat Singhanian
- Smt. Sudha Singhanian
- 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 73rd ANNUAL GENERAL MEETING**

Notice is hereby given that the 73<sup>rd</sup> Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Tuesday, the 25th September, 2007 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 31<sup>st</sup> March 2007, Profit & Loss Account for the year ended on that date, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Onke Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R.C. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.K. Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Basant Ram & Sons, Chartered Accountants, as Auditors of the Company for the year 2007-2008 and to fix their remuneration.

#### **B. SPECIAL BUSINESS:**

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

“RESOLVED that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorized to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at Village Pilkhani and Ghosipura, Tehsil Nukur, District Saharanpur, UP, in respect of its Pilkhani Unit and at Shamli, District Muzaffarnagar, UP, in respect of its Units namely Upper Doab Sugar Mills (UDSM) and Shamli Distillery & Chemical Works (SDCW) and Unn in respect of Unn Sugar Unit (being acquired) together with all buildings and structures thereon and all plants and machinery attached to the earth both present and future and the whole of the undertaking of the Company relating to the said Units together with the power to takeover the management of the business and concern and/or undertaking of the Company relating to the aforesaid Units in certain events of default for the purpose of securing the financial assistance from the

## SIR SHADI LAL ENTERPRISES LIMITED



respective lenders as mentioned below:

LENDER	FINANCIAL ASSISTANCE
1. <b>Central Government for its SDF loan</b> (Secured against first pari passu charge on the entire fixed assets of Company at Shamli i.e. Unit Upper Doad Sugar Mills and Unit Shamli Distillery & Chemical Works)	Term Loan of Rs. 7.42 Crores (Rs. 3.32 Crores and Rs. 4.10 Crores)
2. <b>Term Loans From :</b> State Bank of India and Punjab National Bank (Secured against first pari passu charge on the entire Fixed Assets of Company at Shamli and Pilkhani i.e. Upper Doab Sugar Mills, Shamli Distillery & Chemical Works and Pilkhani Distillery & Chemical Works and first pari passu charge on the entire Fixed Assets of the Unn Sugar Unit on acquisition by our Company)	Term loan of Rs.49.15 Crores. (Rs. 4.15 Crores & Rs. 45.00 Crores) Term loan of Rs.15.00 Crores.
3. <b>Working Capital Facilities From :</b> State Bank of India and Punjab National Bank (Secured against second pari passu charge on the entire Fixed Assets of Company at Shamli and Pilkhani i.e. Upper Doab Sugar Mills, Shamli Distillery & Chemical Works and Pilkhani Distillery & Chemical Works and second pari passu charge on the entire Fixed Assets of the Unn Sugar Unit on acquisition by our Company)	Rs. 74.50 Crores Rs.31.10 Crores

together with interest, compound interest, additional interest, further interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies, payable by the company to secure the financial facilities/borrowings availed or to be availed by the company from Banks/Central Government under their respective loan agreements/letter of sanctions."

"RESOLVED further that the Board of Directors be and is hereby authorized to finalise the documents to secure the facilities/borrowings as aforesaid and to do all such acts, deeds, matters and things as may be necessary, desirable, expedient for implementing the above Resolution and to resolve any question or difficulty which may arise in relation thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company".

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special 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 approval of Central Government and subject to such approvals as may be necessary if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri K.B. Lal, Sr. Executive Director-cum-Secretary for a period of three years w.e.f. 01.05.2007 on the terms, conditions and 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 authorized to vary the terms and conditions of the said appointment and/or 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 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 : 21st July, 2007

K. B. Lal  
Secretary

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## SIR SHADI LAL ENTERPRISES LIMITED

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### 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. 6 and 7 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 15th September, 2007 to 17th September, 2007 (both days inclusive).
5. Shareholders are requested to intimate to the Company or to the Share Transfer Agent of the Company, M/s. Alankit Assignments Limited, 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 or to the Share Transfer Agents of the Company, M/s. Alankit Assignments Limited, 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. Pursuant to section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to 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.
10. Pursuant to section 205A and 205C of the Companies Act, 1956, unpaid/unclaimed dividends for the year 1994-95,

1995-96, 1996-97, 1997-98, 1998-99 and interim dividend 1999-2000 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.

11. Pursuant to the Provisions of section 205A(5) of the Companies Act, 1956, final dividend for the Financial year ended 31<sup>st</sup> March, 2000 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 as detailed below:

Financial Year	Date of declaration of Dividend	Due date for the transfer to IEPF
1999-00 (Final)	27.09.2000	14.11.2007
2000-01	28.09.2001	03.11.2008
2001-02	30.09.2002	05.11.2009
2003-04	16.09.2004	22.10.2011
2004-05	27.09.2005	02.11.2012
2005-06	25.09.2006	31.10.2013

Shareholders who have not so far encashed/claimed their dividend warrant for the Financial Year from 1999-2000 to 2001-02 & from 2003-04 to 2005-06 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.

12. 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.



**SIR SHADI LAL ENTERPRISES LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 6**

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 Sugar Unit to further extend and expend the activities of the Company. In this process, the management of the Company has entered into an agreement with Monnet Sugar Limited for purchase of their Sugar Unit situated at Block-Unn, Distt. Muzaffarnagar. For the purpose of takeover of the business of Unn Sugar Unit, the Company has applied for term loan of Rs.60 Crores from State Bank of India and Punjab National Bank to part finance of the Project.

The State Bank of India and Punjab National Bank have sanctioned a term loan of Rs.45 crores and Rs.15 crores respectively and enhanced the Working Capital Limits by Rs.48 crores (from Rs.57.60 crores to Rs. 105.60 crores) for acquiring the business assets of the Unn Sugar Unit.

The Term Loans have been secured by way of 1<sup>st</sup> pari-passu charge basis on all the immovable and movable assets (save as otherwise the inventories and receivables already created/ to be created in favour of Company's Bankers as security for borrowing working capital requirement in the ordinary course of business) present and future of the Company as under :-

1. On the Units of the Company situated at Shamli (Upper Doab Sugar Mills and Shamli Distillery & Chemical Works) in favour of SBI for term loan of Rs.4.15 crores (Present balance Rs.3.17 crores) and Central Government of India for SDF loan of Rs. 7.42 crores.
2. All the Units of the Company (Upper Doab Sugar Mills, Shamli Distillery & Chemical Works and Pilkhani Distillery & Chemical Works) alongwith movable and immovable properties of Unn Sugar Factory (being acquired) in favour of State Bank of India for its term loan of Rs.45 crores and Punjab National Bank for a term loan of Rs.15 crores.

The Working Capital Facilities of Rs.105.60 crores sanctioned by the State Bank of India and Punjab National Bank are secured by way of 2<sup>nd</sup> Pari-passu charge on the immovable properties of all the existing units of the Company (UDSM, SDCW and PDCW) alongwith Unn Sugar Unit (to be acquired), in favour of State Bank of India and Punjab National Bank.

Since mortgaging by the Company of its immovable and movable properties as aforesaid in favour of State Bank of India and Central Government through IFCI acting as an Agent

of Central Government and Punjab National Bank may be regarded as disposal of the Company's properties/undertaking, it is necessary for the purpose to pass a resolution U/s 293(1)(a) of the Companies Act, 1956, for such mortgage/charge.

None of the Directors is interested in the resolution.

**Item No. 7**

Shri K.B. Lal, Sr. Executive Director-cum-Secretary of the Company was appointed by the Board as Whole-time Director of the Company in their meeting held on 22<sup>nd</sup> May, 2002 and was approved by shareholders vide resolution no. 11 dated 30<sup>th</sup> September, 2002, for a period of five years w.e.f. 1<sup>st</sup> May, 2002 on the terms and conditions mentioned therein.

On the recommendation of "Remuneration Committee" Board of Directors have revised and rationalized the remuneration of Shri K.B. Lal w.e.f. 1<sup>st</sup> January, 2006 for the remaining tenure of office upto 30.04.2007 on the terms & conditions mentioned therein, which was approved by the Shareholders vide Resolution No. 8 dated 25<sup>th</sup> September, 2006.

The tenure of office of Shri K.B. Lal as Whole-time Director has expired on 30.04.2007. Shri K.B. Lal, Sr.Executive Director-cum-Secretary is a Chartered Accountant and Company Secretary both from India & U.K. and is having more than 50 years experience. He joined the Company three decades back and having experience and professional expertise in the General Management, Labour Laws, Finance, Taxation and Corporate Laws related matters besides having practical experience of working of Sugar and Distillery Industries. The Company has made progress under his guidance. It is felt that his re-appointment as Sr.Executive Director w.e.f. 1.5.2007 will be beneficial to the Company and will add by way of a professional and experienced Director to the Board.

The Board of Directors on the recommendation of the "Remuneration Committee of Directors" in their meeting held on 24<sup>th</sup> March, 2007 have considered his contribution, qualification, experience and approved the reappointment as Sr. Executive Director-cum-Secretary for a period of three years subject to the approval of shareholders, Central Government and such necessary approval as may be required on the terms & conditions and existing remuneration as given below :-

Designation : Sr.Executive Director-Cum-Secretary

Tenure of Office : 01.05.2007 to 30.04.2010

Salary per month : Rs.80,000/-

**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

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## SIR SHADI LAL ENTERPRISES LIMITED

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1% of 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.

**Perquisites :-** Shri K.B. Lal, Sr.Executive Director will be entitled to the following perquisites in addition to the above remuneration :-

### PART-A

1. Housing : 60% of the Salary
2. Electricity & Water charges : 5% of the Salary
3. Medical Reimbursement : Expenses incurred for self and family, subject to a ceiling of one month salary per year or 3 months salary in a period of 3 years.
4. Personal Accident Insurance : Premium not to exceed & Medclaim Insurance. Rs.10000/- per year.

### PART-B

1. **Company's contribution** – towards Provident Fund @ 12% of Salary 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 during his tenure may be allowed to be encashed as per rules of the Company.

### PART-C

1. **Car** – Provision of 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 AND 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 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, 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 their 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 notice 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.

Except Shri K.B. Lal, none of the Directors is interested in this resolution.

### Inspection :

A copy of the terms of appointment including payment of remuneration of Shri K.B. Lal, Sr.Executive Director, is available for inspection by the members of the Company 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 : 21st July, 2007

**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 31.03.2007	Chairman/ Member of Committees of other Companies as on 31.03.2007
1	2	3	4	5	6	7	8
1	Sh. Onke Aggarwal	05.04.1930	31.03.1965	General Management more than 42 Years experience as Director of this Company.	B.A.	Nil	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 experience. 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.	Master in Economics B.A. (Economics & Geography)- Punjab University  Technical Higher Secondary School Delhi Polytechnic	1. CHL Limited 2. H.B. Portfolio Limited 3. PCI Limited. 4. SIS	4
3	Sh. P.K. Viswanathan	27.06.1934	04.01.2005	39 years experience as a senior Executive of big business offices and more than 2 years experience as Director of this Company.	B.A. (Hons.)	Nil	Nil
4	Sh. K.B. Lal	22.09.1932	22.05.2002	Working in the Company for more than 32 years as Sr.Executive Director-cum-Company Secretary. Having more than 50 years allround experience in General Management, Labour, Finance, Taxation and Corporate Laws etc. apart from practical experience of the working of Sugar and Distillery Industries.	B.Com(Hons.), ACA, ACS & ACIS (London)	Nil	Nil

By Order of the Board

Place : New Delhi  
Dated : 21st July, 2007

**K.B.Lal**  
Secretary





## SIR SHADI LAL ENTERPRISES LIMITED

### DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have the pleasure in presenting the 73<sup>rd</sup> Annual Report along with Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2007.

#### FINANCIAL RESULTS:

We feel satisfaction in reporting that inspite of all odds which the Sugar and Alcohol Industry in U.P. had to face during the year. Your Company has earned profit during the year. The summarized results for the year under review are presented below:-

	(Rupees in Lakhs)
Profit before Depreciation and Tax	809.59
Add: Net excess of previous year income over expenditure	10.11
	<u>819.70</u>
Less : Provision for :	
- Depreciation	482.55
- Income Tax	154.35
	<u>636.90</u>
Profit after Tax	<u>182.80</u>

#### ISSUE OF BONUS SHARES AND CHANGE IN PAID-UP SHARE CAPITAL:

Pursuant to the resolution passed by the Shareholders at the Annual General Meeting held on 25th September, 2006 approving the issue and allotment of Bonus Shares in the ratio of 1 : 2, allotment of 17,50,000 Equity Shares of Rs. 10 each of the Company was made on 26.12.2006. This resulted in the paid-up Equity Share Capital of Company increasing from Rs. 3,50,00,000 to Rs. 5,25,00,000 consisting of 52,50,000 Equity Shares of Rs. 10 each.

#### DIVIDEND:

Keeping in view the financial results for the year ended 31st March, 2007 and the prospects of the current year, your Directors express their inability to recommend any dividend for the year ended 31st March, 2007.

#### REVIEW OF OPERATIONS:

##### SUGAR DIVISION

The manufacturing results of your sugar factory for the crushing season 2006-2007 as compared to last

crushing season are as under :-

	Season 2006-07	Season 2005-06
Gross Working days	201	187
Total Cane Crushed (Qtls.)	11032834	10269506
Average Cane Crush per Crop day (Qtls.)	54890	54917
Manufacturing losses (%)	2.13	2.00
Steam Consumption cane (%)	53.93	53.36
Average sugar recovery (%)	9.59	9.61
Total sugar produced (Qtls.)	1056582	986590

From the data given above, it may be observed that in spite of reduction in the cane command area for our sugar factory due to green field projects of other sugar factories becoming operational near our sugar factory in the last crushing season, we have been able to crush 110.33 lakhs Qtls cane. However, the average recovery has declined in all over West UP mainly due to agro climatic conditions and longer duration of crushing season has also resulted in lower recovery for our sugar factory.

#### 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 them to grow such varieties of cane which are useful in the different periods of the cane crushing Season.

#### DISTILLERY DIVISION:

The Distilleries could not utilize full capacity mainly because of poor off take of finished goods due to competition, unremunerative prices, increased discounts, unfavourable excise duty structure as compared to neighbouring states. With the help of sale of Spirit, ENA, Supply of Country Liquor in U.P. and after great persuasion with the Government for supply of Anhydrous Alcohol to Petroleum Companies, your both the distilleries produced 14894123 BL Spirit as against 14763608 BL in the previous year, but since the margin remained under pressure of distillery products, your distillery units have not been able to contribute to the profitability of the Company.

#### MODERNISATION OF SUGAR & DISTILLERY DIVISION:

The modernization of the Industry is a continuous process. To bring down the cost of production, to achieve better manufacturing results, to produce standard quality of Spirit

## SIR SHADI LAL ENTERPRISES LIMITED



and to reduce cost of steam and power, your Management has spent a sum of Rs.1136.87 lakhs during the year under consideration on modernization of the manufacturing units.

In the sugar unit, the Company has already replaced two boilers and other incidental equipments of boiling house, the results of which have shown improvement in working.

In the distillery units the company has installed ENA Plant in both the distilleries and High Pressure Boilers and Turbine at both the distilleries are under Erection, Installation and Commissioning, which are expected to be completed shortly.

#### MANAGEMENT ANALYSIS REPORT:

The detailed performance of both the businesses of the Company for the year ended 31<sup>st</sup> March, 2007 as required under listing agreement has been stated in the Management Discussion and Analysis Report in the section on Corporate Governance. Current Year Prospects have also been discussed under this section of Corporate Governance.

#### CORPORATE DEVELOPMENTS & COMMITMENTS:

The Company has entered into an agreement with Monnet Sugar Limited to acquire the Business including the undertaking as going concern of their sugar unit situated at Block Unn, Distt. Muzaffarnagar (U.P.). The acquisition is subject to the approval of the Government of U.P. for transfer of lease hold land and on compliance of certain pre-conditions by Monnet Sugar Limited.

On acquisition of the sugar unit, 5000 TCD plant situated near to our existing sugar unit the total crushing capacity of our Company will increase to 11250 TCD and will further strengthen the position of our Company.

#### DIRECTORS:

The Board of Directors have extended the period of appointment of Shri Onke Aggarwal as the Chairman of the Board of Directors of Company for a further period of one more year. Earlier the Board has appointed Sh. Onke Aggarwal as Chairman of the Company for a period of two years from 11<sup>th</sup> March, 2006 to 10<sup>th</sup> March, 2008. Now the period has been extended for three years from 11<sup>th</sup> March, 2006 to 10<sup>th</sup> March, 2009.

On the recommendation of "Remuneration Committee of Directors", the Board of Directors of the Company have reappointed Shri K.B. Lal, Sr. Executive Director-cum-Secretary for a period of three years w.e.f. 01.05.2007 to 30.04.2010 on the existing terms, conditions and remuneration, subject to your approval. The experience, and qualification of Shri K.B. Lal is given in the Notice convening this meeting against the relevant item of the Agenda.

The following Directors of your Company are due to retire by rotation u/s 256 of the Companies Act 1956. They are eligible for re-appointment and offer themselves for the same :-

1. Sh. Onke Aggarwal
2. Sh. R.C. Sharma
3. Sh. P.K. Viswanathan

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 Annual General 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 conclusion of 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 '16' 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 continued confidence of the public in placing their deposits with your Company. The total amount of fixed deposits as on 31<sup>st</sup> March, 2007 was Rs. 1982.36 Lakhs as against Rs. 2405.56 Lakhs as on 31<sup>st</sup> March 2006. Only a sum of Rs. 1.66 Lakhs relating to five depositors was not claimed on due dates up to the end of the financial year. All these deposits of Rs. 1.66 Lakhs relating to five depositors have been claimed and paid subsequently in the current financial year.

#### 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 section on "Corporate Governance" including a certificate from the Auditors of the Company confirming

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