

SEVENTY FIFTH

ANNUAL

REPORT

2008-2009

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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 Singhania  
 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.)

Unn Sugar Complex  
 Block Unn, 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 75th ANNUAL GENERAL MEETING

Notice is hereby given that the 75th Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Tuesday, the 22nd September, 2009 at 11.30 a.m. at PHD House, Opp. 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, 2009, 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 R.L. Srivastava, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Onke Aggarwal, 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 Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting 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 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 Vivek Viswanathan as Joint Managing Director of the Company for a period of five years w.e.f. 01.01.2010 on the terms, conditions and remuneration as are set out in the explanatory statement of this resolution".

"RESOLVED further that the 'Remuneration Committee'/Board of Directors of the Company be and is hereby authorized to alter, vary and modify the terms and conditions of the said re-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 thereunder".

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. 400 crores (Rupees Four Hundred Crores only) at any time".

8. 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 Unn, District Muzaffarnagar (U.P.) in respect of its Unn Sugar Unit (UNN) and at Village Pilkhani and Ghosipura, Tehsil Nur, District Saharanpur, (U.P.) in respect of its Pilkhani Distillery & Chemical Works unit (PDCW) and at Shamli, District Muzaffarnagar, (U.P.) in respect of its units namely Upper Doab Sugar Mills (UDSM) and Shamli Distillery & Chemical Works (SDCW) together with all buildings and structures thereon and

## SIR SHADI LAL ENTERPRISES LIMITED



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 take over 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 respective lenders as mentioned below:-

Sl. No.	Lender	Financial Assistance
1	<b>Central Government for its SDF loan</b> (Secured against first pari passu charge on the entire fixed assets of the Company at Shamli i.e. Unit UDSM and Unit SDCW).	Term loan of Rs. 3.32 crores
2	<b>Term loan from State Bank of India</b> (Secured against first pari passu charge with SDF on the fixed assets of the company at Shamli and on the first pari-passu charge on entire fixed assets of its unit at Pilkhani i.e. PDCW).	Rs. 4.15 crores
3	<b>Term loan from State Bank of India &amp; Punjab National Bank</b> (Secured against first pari passu charge on the entire fixed assets of its unit at Unn i.e. Unn Sugar Complex and on first pari passu charge on the entire fixed assets of its unit at Pilkhani i.e. PDCW & Second pari passu charge on the entire fixed assets at Shamli i.e. UDSM & SDCW).	Rs. 45.00 crores Rs. 15.00 crores
4	<b>Financial Assistance to Sugar Undertaking Scheme 2007 from State Bank of India &amp; Punjab National Bank</b> (Secured against residual charge on the fixed assets of its sugar units at Shamli & Unn i.e. UDSM & UNN).	Rs. 15.80 crores Rs. 6.45 crores.
5	<b>Working Capital facilities from State Bank of India &amp; Punjab National Bank</b> (Secured against second pari passu charge on the entire fixed assets of the Company at its units at Shamli, Pilkhani & Unn i.e. UDSM, SDCW, PDCW & UNN).	Rs. 131.00 crores Rs. 53.60 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 the Banks/Central Government under their respective loan agreements/letter of sanctions."

"RESOLVED further that the mortgage(s)/Charge(s) created or to be created and/ or all Agreements/ Documents executed or to be executed and all acts done or to be done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified".

"RESOLVED further that the Board of Directors be and is hereby authorized to finalize 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".

By order of the Board

Place : New Delhi  
Dated : 18<sup>th</sup> July, 2009

**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 Nos.6 to 8 set out above is annexed.
3. Information required pursuant to Clause 49 VI(A) of the Listing Agreement with Delhi Stock Exchange Ltd./ Bombay Stock Exchange Ltd. regarding the appointment of a Director or re-appointment of Directors is annexed.

CONTD.....



## SIR SHADI LAL ENTERPRISES LIMITED

NOTICE CONTD.....

4. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2009 to 17th September, 2009 (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 addresses.
6. Members who are holding shares in identical order of names in more than one folios are requested to write to the Company or to the Share Transfer Agent 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 atleast 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 31st March, 1995 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 205 C of the Companies Act, 1956, unpaid/unclaimed dividends for the year 1995-96, 1996-97, 1997-98, 1998-99, interim and final dividend of 1999-2000 & 2000-2001 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 205 A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2002 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.
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 warrants for the financial year from 2001-2002 & from 2003-2004 to 2005-2006 are requested to approach the Company for re-validation 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.

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

#### Item No. 6

Shri Vivek Viswanathan, aged 38 years, graduated with a B.A. (Hons) degree in History from St. Stephen's College, Delhi University in 1992. He subsequently acquired an MBA degree from the International Management Institute (IMI), New Delhi in 1995. Sh. Vivek Viswanathan has over 6 years of work experience with VST Industries (British American Tobacco), and Coca-Cola India in various functions including Sales, Marketing, Brand Management, Key Account Management and Corporate Strategy. Sh. Vivek Viswanathan also earned a Masters Degree in International Affairs (MIA), with specialization in International Finance and Business from Columbia University, NY in 2005. Besides holding the professional qualification & experience, he is having a large share holding of the Company. He was appointed as a Director of the Company on 24th March, 2001. After the death of Ms. Rupa Lal, Sh. Vivek Viswanathan was taken in the active management, by the Board of Directors on the recommendation of the Remuneration Committee of the Board of Directors w.e.f. 1st January, 2005. His appointment as Whole-time Director





## SIR SHADI LAL ENTERPRISES LIMITED

was approved for a period of 5 years i.e. upto 31.12.2009 in the Annual General Meeting held on 27th September, 2005.

The Board of Directors on the recommendation of the Remuneration Committee of the Board of Directors in their meeting held on 18th July, 2009 reviewed that Sh. Vivek Viswanathan is highly qualified and have experience of more than 14 years in the management of the Company. The Company has made significant progress with his active involvement. Sh. Vivek Viswanathan has been discharging responsibilities of the office of the Executive Director efficiently. Therefore, the Board of Directors on the recommendation of the Remuneration Committee decided to revise the remuneration payable to Sh. Vivek Viswanathan with effect from 01.04.2009 during the residuary term of his current appointment i.e. till 31.12.2009 from Rs. 80,000/- per month to Rs. 90,000/- per month and to increase the commission from 3% to 4.5%, subject to condition that the total remuneration by way of salary, perquisites and commission shall not exceed 4.5%. The Board of Directors on the recommendation of the 'Remuneration Committee' has also approved to re-appoint Sh. Vivek Viswanathan as Joint Managing Director for a further period of five years w.e.f. 01.01.2010 on the revised terms and conditions and remuneration including commission and perquisites as set out hereunder:

- (a) **Salary :** Rs. 90,000/- per month.
- (b) **Commission:** Remuneration by way of commission will also be allowed subject to the limits of total remuneration as laid down in Section 198 & 309 read with Schedule XIII of the Companies Act, 1956 subject to the maximum of 4.5% of the net profits as reduced by the amount paid to him by way of salary and perquisites.
- (c) **Perquisites:** Shri Vivek Viswanathan, Joint Managing Director will be entitled to the following perquisites in addition to the above remuneration:-

### PART-A:

- 1) **Housing** : 60% of the salary.
- 2) **Gas, Electricity & Water** : 5% of the salary.
- 3) **Medical Reimbursement** : Expenses incurred for self and family, subject to a ceiling of one month's salary per year or five months salary in a period of five years.
- 4) **Personal Accident Insurance & Medi-claim Insurance** : Premium not to exceed Rs.10,000/- 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) **Encashment of 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.

Payments in Part-C will not be considered as perquisites for the purpose of ceiling under Sections 198 and 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 meetings of the Board of Directors or Committee's 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 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).

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 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.

This may also be treated as an abstract of terms and conditions governing the re-appointment and payment of remuneration of Sh. Vivek Viswanathan pursuant to the provisions of Section 302 of the Companies Act, 1956.

CONTD.....



## SIR SHADI LAL ENTERPRISES LIMITED

NOTICE CONTD.....

Your Directors recommend re-appointment of Sh. Vivek Viswanthan as the Director and the Joint Managing Director of the Company.

Sh. Vivek Viswanthan, Mrs. Manjula Viswanthan and Sh. P. K. Viswanthan being related are interested in this resolution.

### Item NO. 7

Under the provisions of the Companies Act, 1956, the Board of Directors of a public Company with the consent in general meeting can borrow moneys (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), beyond the aggregate of the paid up capital of the Company and its free reserves that is to say that the reserves not set apart for any specific purpose.

In the Annual General Meeting held on 27.9.2005, the Board of Directors were authorized to borrow money in excess of net worth of the Company but not exceeding Rs. 200 crores.

Your Company has thereafter acquired from M/s Monnet Sugar Ltd. their sugar unit situated at Block Unn, District Muzaffarnagar, (U.P.) as a going concern in the Financial Year 2007-08. The management plans to modernise and upgrade the crushing capacity of its Unn Sugar Unit and to enhance the capacity of its Distillery Units. The Company may have to borrow funds from Bankers/ Financial Institutions / SDF to part finance the capital expenditure for such proposed expansion.

The bankers of the Company have also advised that as per the recommendation of their legal department, the working capital facilities sanctioned by them and availed by the Company are not in the nature of temporary loans borrowed from the Company's bankers during the ordinary course of business and thus, as a matter of abundant precaution, the working capital facilities availed by the Company are also to be included for the borrowing limits under the provisions of Section 293 (1) (d) of the Companies Act.

Your Directors feel that the existing borrowing of the Company together with loans for proposed capital expenditure and working capital facilities will exceed Rs.200 crores, therefore, the sanction of the shareholders is required to permit the Board of Directors to borrow money in excess of Rs.200 crores but not exceeding Rs. 400 crores and accordingly recommend passing of this resolution.

None of the Directors is interested in this resolution.

### Item No. 8.

Your Company has availed term loan of Rs. 45.00 crores from State Bank of India (SBI) and Rs.15.00 crores from Punjab National Bank (PNB) for acquiring the business assets of the Unn Sugar unit.

Your Company has also availed interest free loan under Financial Assistance to Sugar Undertaking Scheme 2007 equivalent to the excise duty payable on the total production of sugar during the season 2006-07 and 2007-08 for clearance of cane price. The Company has received an amount of Rs. 15.80 crores from SBI and Rs. 6.45 crores from PNB for both the sugar units. The loan is for a duration of four years including two years moratorium and repayable in 24 monthly installments after a moratorium of two years.

Your Company has also availed term loan of Rs. 4.15 crores from SBI & Rs. 3.32 crores from Sugar Development Fund (SDF) for capital expenditure at its Shamli Sugar unit.

The term loans /excise loans have been secured by way of first pari passu charge/ second pari passu charge /residual charge basis on the entire fixed assets of the units of the Company situated at Shamli namely Upper Doab Sugar Mills (UDSM), Shamli Distillery & Chemical Works (SDCW) and at Pilkhani namely Pilkhani Distillery & Chemical Works (PDCW) and at Unn namely Unn Sugar Complx. (UNN).

The Working Capital Facilities of Rs. 184.60 crores sanctioned by the SBI and PNB are secured by way of 2nd Pari-passu charge on the immovable properties of all the existing units of the Company i.e. UDSM, SDCW, PDCW & UNN, besides secured against first pari passu charge by way of hypothecation of entire current assets including finished and semi-finished stocks, raw materials, stores, receivables of the Company in favour of SBI & PNB.

Since mortgaging by the Company of its immovable and movable properties as aforesaid in favour of SBI and Central Government for SDF loan through IFCI acting as an Agent of Central Government and PNB 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 this resolution.

### INSPECTION:

A copy of the terms of appointment including payment of remuneration of Sh. Vivek Viswanthan, Joint Managing 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 : 18<sup>th</sup> July, 2009

**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 RE-APPOINTMENT OF A DIRECTOR.**

Sl. No.	Name of the Director	Date of Birth	Date of Appointment	Specialised Expertise	Qualification	Directorship of other Companies as on 31.03.2009	Chairman/ Member of Committees of other Companies as on 31.03.2009
1	2	3	4	5	6	7	8
1	Sh. R.L. Srivastava	16.07.1939	28.09.1998	Ex. Executive Director of the IFCL Ltd., having rich and varied experience in the different fields of corporate financing and various aspects of Sugar Industry during his long and distinguished career with IFCL. Nominee Director of IFCL for 2 years and more than 11 years experience as Director of this Company.	M.Sc	Regency Hospital Ltd.	2
2	Sh. Onke Aggarwal	05.04.1930	31.03.1965	General Management more than 44 years experience as Director of this Company.	B.A.	Nil	Nil
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 4 year experience as Director of this Company.	B.A (Hons.)	Nil	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 8 years experience as Director of this Company	B.A(Hons.) Post Graduate Programme in Management, MBA (USA)	Nil	Nil

By Order of the Board

Place : New Delhi  
Dated : 18<sup>th</sup> July, 2009

**K.B.Lal**  
Secretary





## SIR SHADI LAL ENTERPRISES LIMITED

### DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting the 75<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

#### FINANCIAL RESULTS:

During the year under review, both the segments of your Company i.e. Sugar & Alcohol, passed through a very difficult period.

In case of U.P., the cost of production of sugar increased substantially in this financial year due to payment of high cane price. Besides high cane price, the sugar recovery percentage also declined.

However, inspite of sugar prices going up in the later part of this financial year, generally sugar factories were barely able to recover their cost. Rather sales in the earlier part of the financial year were undertaken by them at a sizeable loss because the prices then were lower. Your Company has earned cash profit during the financial year but has incurred loss before tax. The financial results of the year under review are as follows:-

	(Rs. in Lakhs)
- Cash profit i.e. profit before providing for depreciation	1601.07
- Less: Provision for depreciation	1644.41
Net Loss Before Tax	43.34
- Less : Provision for Deferred Tax Liability	456.47
Fringe Benefit Tax	19.00
Provision for Tax relating to earlier years	50.00
Net Loss Transferred to General Reserve	568.81

#### DIVIDEND:

Keeping in view the financial results for the year ended 31<sup>st</sup> March, 2009 and the present position of the current year, your Directors regret their inability to recommend any dividend for the year ended 31<sup>st</sup> March, 2009.

#### REVIEW OF OPERATIONS:

##### SUGAR DIVISION:

The manufacturing results of your both sugar factories for the crushing season 2008-09 as compared to last crushing season are as under :-

	Upper Doab Sugar Mills		Unn Sugar Complex	
	Season		Season	
	2008-09	2007-08	2008-09	2007-08
- Gross Working days	135	170	114	152
- Total Cane Crushed (Qtls.)	7018461	9520810	3160934	5265899
- Average Cane Crush per Crop day (Qtls.)	51989	56005	27830	34569
- Manufacturing losses (%)	2.09	2.11	1.96	1.97
- Steam Consumption cane (%)	54.50	54.21	50.56	50.00
- Average Sugar recovery (%)	8.95	9.60	8.95	9.81
- Total sugar produced	627842	913940	282904	516431

The cultivation of sugar cane has suffered, between 2006-07 & 2008-09 resulting in decline of sugar cane production from a level of nearly 360 million tonnes to 280 million tonnes for the 2008-09. Almost all the sugar mills in U.P. closed earlier due to shortage of sugar cane supply. Due to the insufficient cane availability your both the sugar units also crushed less cane in the shorter duration of the last crushing season.

##### 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, sizable expenses are also incurred on 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.



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### DISTILLERY DIVISION:

The Distilleries could not utilize full capacity mainly due to the poor off take of finished goods due to competition, un-remunerative prices, increased discounts, unfavorable excise duty structure as compared to the neighbouring states. On account of Sale of Spirit, ENA, supply of Country Liquor in U.P. and Anhydrous Alcohol to Petroleum Companies, your both the distilleries produced 8723299 BL Spirit as against 10206719 BL in the previous year.

Since the margin remained under pressure of distillery products, your distillery units have not been able to contribute to the profitability of the Company.

### MANAGEMENT ANALYSIS REPORT:

The detailed performance of both the businesses of the Company for the year ended 31st March, 2009 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.

### DIRECTORS:

The Board of Directors have extended the period of re-appointment of Sh. Onke Aggarwal as the Chairman of the Board of Directors for a period of three years w.e.f. 11.3.2009 to 10.3.2012. On the recommendations of "Remuneration Committee of Directors", the Board of Directors of the Company have decided to revise the remuneration payable to Sh. Vivek Viswanathan with effect from 01.04.2009 during the residuary term of his current appointment i.e. till 31.12.2009 from Rs. 80,000/- per month to Rs. 90,000/- per month and to increase the commission from 3% to 4.5%, subject to condition that the total remuneration by way of salary, perquisites and commission shall not exceed 4.5%. The Board of Directors on the recommendation of the 'Remuneration Committee' has also approved to re-appoint Sh. Vivek Viswanathan as Joint Managing Director for a further period of five years w.e.f. 01.01.2010 on the revised terms and conditions for your approval. The experience and qualification of Shri Vivek Viswanathan are 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. Shri R.L. Srivastava
2. Shri Onke Aggarwal
3. Shri 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.

Necessary resolutions for the re-appointment of the aforesaid Directors have been included in the notice convening the ensuing AGM.

None of the Directors of the Company is disqualified from being appointed as Director as specified in terms of Section 274 (1) (g) of the Companies Act, 1956.

### AUDITORS:

M/s. Basant Ram & Sons, Chartered Accountants, New Delhi, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their proposed re-appointment, if made, will be in accordance within 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. The Auditors have given remarks disclosing the reason for change in the basis of valuation and its effect on increase in the value of closing stock by Rs. 1.98 Crores with a consequential affect to that extent in reduction in loss and provision for bad and doubtful debts short provided by Rs. 20.98 Lacs. Since the reason for change has already been explained in note No. 16 (B) (1) (c) (iii) and 16 (B) (1) (d) of Schedule 16 of Contingent Liabilities and Notes, therefore, do not require further explanation.

### PUBLIC DEPOSITS:

We report with satisfaction the confidence of the public in placing their deposits with your Company. The total amount of fixed deposits as on 31st March, 2009 was Rs.4089.74 Lakhs as against Rs. 1529.58 Lakhs as on 31st March, 2008. Only a sum of Rs.1.95 Lakhs relating to five depositors was not claimed on due dates upto the end of financial year. The deposits of Rs. 1.45 Lakhs relating to four depositors have been claimed and paid subsequently in the current financial year.

CONTD.....