



SIR SHADI LAL ENTERPRISES LIMITED

BOARD OF DIRECTORS : Shri Onke Aggarwal-Chairman
Shri Rajat Lal-Managing Director
Shri Vivek Viswanathan-Joint Managing Director
Shri Hemantpat Singhanian
Smt. Sudha Singhanian
Shri R.L. Srivastava
Shri R.C. Sharma
Shri P.K. Viswanathan

COMPANY SECRETARY : Shri Sunit Malhotra

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. Prabhudh Nagar (U.P.)

Unn Sugar Complex
Block Unn, Distt. Prabhudh Nagar (U.P.)

Shamli Distillery & Chemical Works
Shamli, Distt. Prabhudh Nagar (U.P.)



SIR SHADI LAL ENTERPRISES LIMITED

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

NOTICE FOR THE 78th ANNUAL GENERAL MEETING

Notice is hereby given that the 78th Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Monday, the 10th September, 2012 at 11.30 a.m. at P.H.D. House, Opposite Asian Games Village, New Delhi - 110 016 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of 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 P.K. Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

SPECIAL BUSINESS:

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

Whereas the accumulated losses of the company as at 31st March, 2012 have resulted in more than 50% erosion of the peak Net Worth during the immediately preceding four (4) financial years and the company is required to report this fact of erosion of the peak Net Worth by more than 50% to the Board for Industrial and Financial Reconstruction under the provisions of Section 23 (1) (a) (i) of the Sick Industrial Companies (Special Provisions) Act, 1985.

And whereas the Board of Directors, after analyzing the reasons for such erosion and after discussing the matter in detail has come to the conclusion that erosion in Net Worth was mainly on account of higher sugar cane price declared by the U.P. Government, lower sugar recovery from cane, lower market price of the sugar and unfavourable Government policies for the sugar sector.

Further, with the visible improvement in the market price of sugar, steps taken by the company to arrest decline in the sugar recovery and to improve the same, the Company expects better financial results during the financial year 2012-13 and onwards.

And whereas the shareholders of the company have been informed of the said erosion of Net Worth and have considered the reasons for such erosion as detailed in the Explanatory Statement attached hereto.

“RESOLVED THAT in terms of the relevant provisions of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and other applicable Acts the Board for Industrial and Financial Reconstruction be informed of the fact of erosion of more than 50% of its peak Net Worth during the immediately preceding four financial years.”

“Further Resolved that the report of Board of Directors relating to the said erosion and the causes of such erosion as annexed is considered and approved.”

“Further Resolved that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute such deeds and documents as it may, in their absolute discretion, deem necessary, desirable or expedient in connection with and/or for the purpose to give effect to the Resolution.”

“Further Resolved that the Board of Directors of the Company be and is hereby authorized to delegate all or any of the powers herein conferred by this Resolution to any Director(s) or to any Committee of Directors or to any Officer(s) of the Company to give effect to these Resolutions.”

By order of the Board

Place : New Delhi
Dated : 14th July, 2012

Sunit Malhotra
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (“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. The Proxy form duly completed and signed, in order to be effective must be received at the registered office of the company not less than 48 hours before the commencement of the Meeting.



2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 98 of the Articles of Association of the Company, read with section 256 of the Companies Act, 1956 Shri R.L. Srivastava and Shri P.K. Viswanathan, Directors, retire by rotation at the ensuing meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective re-appointments.
4. As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief resume and functional expertise of directors proposed for re-appointment are annexed to this notice along with the details of the Companies in which they are Directors and the Board Committees of which they are members.
5. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2012 to 5th September, 2012 (both days inclusive).
7. Shareholders are requested to intimate to the Company/ Registrar and Share Transfer Agent, M/s Alankit Assignments Limited, change if any, in their registered addresses.
8. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
10. 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 Agent of the Company, M/s Alankit Assignments Limited, to enable it to consolidate their holdings in one folio.
11. Members are requested to bring their copies of the Report and Accounts to the meeting.
12. Members, who hold shares in dematerialized form, are requested to bring their depository account number (Client ID No.) for easier identification and recording of attendance at the meeting.
13. 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.
14. 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, 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110 019.
15. Pursuant to Section 205A and 205C 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, 2001-2002 & 2003-04 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.
16. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2005 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
2004-05	27.09.2005	02.11.2012
2005-06	25.09.2006	31.10.2013
2009-10	24.09.2010	30.10.2017

Shareholders who have not so far encashed/claimed their dividend warrants for the financial year from 2004-2005 to 2005-2006 and 2009-2010 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.

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17. 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.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent, M/s Alankit Assignments Limited.
19. The Notice of the Annual General Meeting will be sent to those members whose name will appear in the register of members as on 31st August, 2012 received from the Registrar.
20. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
21. For the security and safety of the Shareholders, no articles/baggage will be allowed at the venue of the meeting. The Members/Attendees are strictly requested not to bring any article/baggage etc. at the venue of the meeting.
22. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/ updating their e-mail addresses for receiving electronic communications.
23. Annual Report is also available at the website of the Company at www.sirshadilal.com in the Investors Relations section.

ANNEXURE TO NOTICE

(Explanatory statement under Section 173 (2) of the Companies Act, 1956)

ITEM NO. 5

In terms of provision under Section 23 of Sick Industrial Companies (Special provisions) Act 1985 (SICA), if the accumulated losses of an industrial Company as at the end of any financial year have resulted in erosion of 50 percent or more of its peak Net Worth during the immediately preceding 4 (four) financial years, the company is required to report the fact of such erosion of Net Worth to the Board for Industrial and Financial Reconstruction (BIFR) within the Specified time after finalization of duly audited accounts. Further, the shareholders of the Company are also required to consider such erosion of Net Worth.

The peak Net Worth of the company as per SICA as at end of the financial year 31st March 2010 was Rs. 83,29,57,572/- which after erosion, due to incurrence of losses during the last four years for the reasons explained below, has come down to Rs. 29,78,49,315/- as at end of the financial year 2011-12.

As the members are aware, the company's main business is production of Sugar and Distillery products. During the last four to five financial years due to higher sugar cane price fixed by the U.P. Government, decline in sugar recovery from cane, comparatively lower rate of sugar price in the market and unfavourable Government policies for the sugar sector, your company have suffered losses.

To overcome the adverse financial situation, the company has worked out a turnaround plan and identified the areas of intervention and actions required to be taken to ensure the long term viability of the operations of the Company. Through the various initiatives undertaken by the Company, the Company expects better operational and financial results during the financial year 2012-13 and onwards.

None of the Directors is concerned with or interested in the resolution.

**MEMBERS MAY PLEASE NOTE THAT NO GIFTS/
GIFT COUPONS SHALL BE DISTRIBUTED AT THE
VENUE OF THE MEETING.**

By order of the Board

Place : New Delhi
Dated : 14th July, 2012

Sunit Malhotra
Company Secretary



ANNEXURE TO THE A.G.M. NOTICE

INFORMATION PURSUANT TO CLAUSE 49 IV (G) 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 31.03.2012	Chairman/ Member of Committees of other Companies as on 31.03.2012
1	2	3	4	5	6	7	8
1.	Sh. R.L. Srivastava	16.07.1939	28.09.1998	Retired as an Executive Director of the IFCI Ltd.. Mr. Srivastava has rich experience in the different fields of corporate financing and various aspects of the Sugar Industry during his long and distinguished career with IFCI. Mr. Srivastava was a Nominee Director of IFCI for 2 years on the Board of the Company and has more than 14 years of experience as Director of this Company.	M.Sc.	Regency Hospitals Limited	2
2.	Sh. P.K. Viswanathan	27.06.1934	04.01.2005	Mr. P.K. Viswanathan has varied experience of 39 years as Senior Executive with the established corporate groups. Mr. Viswanathan has more than 7 year experience as Director of this Company.	B.A.(Hons.)	Nil	Nil

By Order of the Board

Place : New Delhi
Dated : 14th July, 2012

Sunit Malhotra
Company Secretary



DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting the 78th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS:

During the year under review, the sugar segment of your Company passed through a difficult period. The summarized financial results of the company are presented below:-

	For the Year ended March 31, 2012	For the Year ended March 31, 2011
		(Rs. in Lacs)
Total Revenue	37615.53	34782.19
Loss before Finance Cost, Depreciation and Exceptional Item	2129.38	1707.95
Add : Finance Cost	2323.74	1834.19
Depreciation	1054.40	1286.51
Loss before exceptional item	5507.51	4828.65
Less : Exceptional item	—	3102.94
- Loss before Tax	5507.51	1725.71
Add : Current Tax	40.00	200.00
Less : Deferred Tax Assets	1609.54	512.60
- Net Loss for the year	3937.97	1413.11
Basic earning per share of Rs 10/- each	(75.01)	(26.92)
Diluted earning per share of Rs 10/- each	(75.01)	(26.92)

DIVIDEND :

In view of losses during the financial year 2011-12, your Directors regret their inability to recommend any dividend for the year ended 31st March, 2012.

REVIEW OF OPERATIONS:

SUGAR DIVISION :

The manufacturing results of both the sugar factories for the crushing season 2011-12 as compared to the last crushing season are as under :-

Particulars	Upper Doab Sugar Mills		Unn Sugar Complex	
	Season		Season	
	2011-12	2010-11	2011-12	2010-11
- Gross Working days	155	149	145	134
- Cane Crushed (Qtls.)	8241725	8133546	4517554	4598019
- Average Cane Crush per Crop day (Qtls.)	53172	55173	31062	34243
- Manufacturing losses (%)	2.08	2.18	2.04	2.08
- Steam Consumption cane (%)	50.94	53.01	45.16	45.42
- Average Sugar recovery (%)	8.78	8.90	8.59	8.89
- Total sugar produced (Qtls.)	723617	723931	387921	408673

The cane crushed during the sugar season 2011-12 as compared to the sugar season 2010-11 in the Unit Upper Doab Sugar Mills is higher due to more crushing days.

In Unn Sugar Complex the cane crushed has declined during the sugar season 2011-12 as compared to the sugar season 2010-11 due to lower yield of cane in the area and lower crush rate per crop day.

The Sugar recovery % of cane has further declined during the season 2011-12 as compared to the sugar season 2010-11 in the entire western U.P. The reduction in average sugar recovery % at Upper Doab Sugar Mills is 0.12% and in Unn Sugar Complex is 0.30% in the sugar season 2011-12 as compared to the sugar season 2010-11.

We are happy to report that the steam consumption % cane and manufacturing losses have reduced in both the sugar units in the sugar season 2011-12 as compared to the sugar season 2010-11.



CANE DEVELOPMENT :

There has been a drastic reduction in the sugar recovery during the last 4-5 sugar seasons in most of the sugar mills in Western U.P. The sugar recovery for the sugar season 2011-12 has further come down in the sugar mills in Western U.P. as compared to the sugar season 2010-11.

The main reason for the fall in the recovery at our both the sugar units is due to further reduction in the area of early maturing variety of cane during the sugar season 2011-12. During the sugar season 2005-06 area under early maturing variety was 43% at Upper Doab Sugar Mills which came down to a level of 5% in the sugar season 2011-12. Similarly for Unn Sugar Complex, the area under early maturing variety came down to a level of 10% in the sugar season 2011-12. The early start of the crushing season 2011-12 at both the sugar units has further adversely affected the sugar recovery. The other factors adversely affecting sugar recovery are late planting of cane, lack of varieties with high pol%, poor crop husbandry, improper seed selection and treatment by cane growers, poor health of the soil, excessive use of Nitrogen fertilizer, incidence of white grubs & borers, stale cane, bad quality of cane etc.

We have prepared and implemented an action plan for the cane development activities. However, it would take three years to achieve a recovery of 9.5%.

DISTILLERY DIVISION:

The production in the Unit Shamli Distillery & Chemical Works in the Financial Year 2011-12 was 7361596 BL as compared to 7362188 BL in the Financial Year 2010-11.

There was a profit of Rs. 285.45 Lacs in the Financial Year 2011-12 as against profit of Rs. 73.36 Lacs in the Financial Year 2010-11 in the Distillery Division due to better realization of rectified spirit and ENA.

Further analysis of operating performance for sugar and distillery segment is covered under 'Management Discussion and Analysis' which forms part of this Report.

REFERENCE TO SICK INDUSTRIES & BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR) :

The accumulated losses of the Company as at 31st March, 2012 have resulted in more than 50% erosion of the peak Net Worth during the immediately preceding four financial years and the company is required to report this fact of erosion of the peak Net Worth by more than 50% to the BIFR under the provisions of Section 23 (1) (a) (i) of the Sick Industrial Companies (Special Provisions) Act, 1985.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 (The Act) and the Company's Articles of Association, Sh. R.L. Srivastava and Shri P.K. Viswanathan, Directors of the Company, retire by rotation u/s 256 of the Act, and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The required information pursuant to clause 49 IV (G) of the Listing Agreement regarding their experience, qualifications, name of the companies in which both the Directors hold directorship and membership of the Committee of the Board are detailed in the Notice convening this Annual General Meeting against the relevant item of the Agenda, which forms part of this Annual Report.

Necessary resolutions for the re-appointment of both the aforesaid directors have been included in the Notice convening the ensuing Annual General Meeting.

None of the Directors of the Company are disqualified from being appointed as directors as specified in terms of Section 274 (1) (g) of the Act.

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 re-appointment. They have furnished a certificate to the effect that they have subjected themselves to the peer review process of The Institute of Chartered Accountants of India and hold a valid certificate issued by the 'Peer Review Board' of the said institute and their proposed re-appointment, if made, will be in accordance within the limits specified u/s 224 (1-B) of the Act.

AUDITORS' OBSERVATIONS & AUDITORS REPORT:

There is no adverse observation in the Auditors' Report on the Accounts of the Company for the year ended March 31, 2012. The notes on the Financial Statements referred to in the Auditors Report are self-explanatory and therefore, do not call for any further explanations/comments.

COST AUDITORS:

The Central Government approved the appointment of Mr. Rishi Mohan Bansal as Cost Auditors for conducting Cost Audit for Sugar and Industrial Alcohol business for the Financial Year 2011-12.

The Cost Audit Reports for the last audited accounts for the financial year ended March 31, 2011 was filed by the Cost Auditors with respect to Sugar and Industrial Alcohol business on 24.9.2011, which is within the due date of 27.9.2011.

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FIXED DEPOSITS:

We report with satisfaction the confidence of the public in placing their fixed deposits with the Company. The total amount of fixed deposits as on 31st March, 2012 was Rs.3075.28 Lakhs as against Rs. 4629.76 Lakhs as on 31st March, 2011. Only a sum of Rs. 4.05 Lakhs relating to the 7 depositors was not claimed on the due dates up to the end of the financial year 2011-12. The deposits of Rs. 0.82 Lakhs relating to two depositors have been claimed and paid subsequently in the financial year 2012-13.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under Section 217(1)(e) of the Act, read with Companies (Disclosure of Particulars in the Report of the Board of Directors), Rules, 1988 are provided in 'Annexure 1' and forms part of this Report.

PARTICULARS OF EMPLOYEES:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The performance of both the business segments i.e. sugar and distillery segments of the Company for the year ended 31st March, 2012 and current year prospects as required under Clause 49 of the Listing Agreement has been detailed in the 'Management Discussion and Analysis Report' in the section on Corporate Governance.

CORPORATE GOVERNANCE:

Your company complies with all the mandatory requirements as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges. The separate section 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 Stock Exchanges is given in 'Annexure -3' and forms part of this Report.

CORPORATE GOVERNANCE - VOLUNTARY GUIDELINES:

The Board of Directors has taken cognizance of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. While the guidelines are recommendatory in nature, the board recognizes

the importance and need to constantly re-visit governance practices thereby ensuring a sustainable business environment that generates long term value to all key stakeholders. The board would consider adopting the relevant provisions of the said guidelines as and when deemed appropriate.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Sub-section 217(2AA) of the Act with respect to Directors' Responsibility Statement, the Directors confirm:

- i) that in the preparation of the Annual Accounts for the year ended March 31, 2012, the applicable Accounting Standards read with requirements set out under Schedule VI to the Act, have been followed and there are no material departures from the same;
- ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss of the Company for the year ended on that date;
- iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that they have prepared the Annual Accounts of the Company on a 'going concern' basis.

LISTING ARRANGEMENT:

The shares of the Company are listed with the Bombay Stock Exchange Limited and Delhi Stock Exchange Limited. The annual listing fee for the year 2012-2013 has been paid to both the stock exchanges.

CURRENT YEAR PROSPECTS:

i) SUGAR

Cane Price

The Uttar Pradesh (U.P.) Government through an order dated 8th November, 2011, raised the State Advised Cane Price (SAP) for the early maturing varieties from Rs. 205/- per quintal for the Sugar Season 2010-11 to Rs. 240/- per quintal for the Sugar Season 2011-12 and that for the early maturing varieties from Rs. 210/- per quintal to Rs.250/- per quintal. For the rejected varieties, the SAP was raised from Rs. 200/- per quintal to Rs. 235/- per quintal. Sugar Mills in U.P. pay SAP for sugar cane which historically is significantly higher than the FRP fixed by the Central Government.



Sugar Production & Consumption

Sugar production is estimated to close at 26 Million MT during the sugar season 2011-2012 from 24.4 Million MT in the sugar season 2010-11, on account of higher sugar production in U.P., while production in Maharashtra and Karnataka is expected to remain same compared to the previous sugar season.

Consumption is estimated to be around 22.5 Million MT. The Government had allowed quota based exports of 2 Million MT of sugar and subsequently removed the restriction on sugar exports to release the building of domestic inventory of sugar.

Trend in Domestic Sugar Prices

The Government of India increased the levy sugar price for the season 2011-12 from Rs.1832.60 to Rs.1889.85 per quintal.

The domestic sugar prices during the financial year 2011-12 remained subdued and range bound. Throughout the year price of free sale sugar hovered in the band of Rs. 2700 to Rs.3100 per quintal. The average realization in the Financial Year for free sale sugar in Upper Doab Sugar Mills during the financial year was Rs.2824.82 and in Unn Sugar Complex was Rs. 2819.24. For the fear of food inflation being stocked, Government policies aimed at pegging domestic sugar prices at lower level continued, regardless of the fact that the incidence of sugar price of inflation is miniscule. Going forward, any significant strengthening of domestic sugar prices in the near future is uncertain.

OUTLOOK AND CHALLENGES BEFORE THE INDUSTRY

The sugar Industry is currently going through one of the most challenging periods witnessed in the recent history, with sugar cane arrears to farmers being built up to record levels.

Recent changes in Indian Export policy for sugar augur well for the sugar Industry.

The Government has formed a committee headed by Mr. C. Rangarajan (Chairman - PMEAC), which will give the recommendations after hearing all the stakeholders views on the issues like levy obligation, release mechanism, export policy besides other issues ailing the sugar Industry.

The industry believes that any positive development on this front would also benefit the farmers as they would be adequately remunerated on the sugarcane sales.

ii) ETHANOL BLENDING

The ethanol blending programme is primarily based on indigenously produced ethanol from sugarcane molasses, which, besides augmenting fuel availability in the country, would also provide better returns for sugarcane farmers.

However, the process of pricing ethanol each year in itself is acrimonious and fraught with multiple problems. All three Ministries viz. the Food, Oil & Chemical Ministry are found wrangling with one another. A committee headed by Mr. Saumitra Chaudhuri, (Member - Planning Commission) and PMEAC has been formed to look into the pricing aspect and supply of ethanol on a sustainable basis. Ethanol usage can address the energy needs of the nation and resultantly foreign exchange reserves of the nation can be more gainfully deployed.

INDUSTRIAL RELATIONS:

The industrial relations remained cordial at all the plants of the Company during the year.

APPRECIATION:

Your Directors wish to place on record their sincere thanks and appreciation for the devoted services rendered by the employees of the Company at all levels. We also place on record our appreciation to the Financial Institutions, State Bank of India, Punjab National Bank, Zila Sahkari Bank Ltd. Ghaziabad, other Business Associates and Government Authorities for their valuable co-operation and support from time to time. We would also like to express our thanks to our Shareholders and Depositors for their continued confidence in the company.

For and on behalf of the Board

Place : New Delhi
Dated : 14th July, 2012

Onke Aggarwal
Chairman

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ANNEXURE '1' TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

Energy conservation is an on-going activity in the Company and the efforts to conserve energy through improved operational methods and other means are continuing on a regular basis. Details of measures taken for energy conservation during the financial year 2011-12 at the units, total energy consumption and energy consumption per unit of production are furnished in the prescribed form below.

Upper Doab Sugar Mills

- Installation of 4 nos. VFD's at I.D Fan of Boilers.
- Installation of Electric Boiler to generate Steam for Sulphur Burner.
- Auto Level Indicator cum controller for water service pump.
- Installation of water re-circulation pumps for cooling of Molasses storage tank 5, 6, & 7
- Two Nos. PTHE Installed for saving of steam at BH & C/F

Unn Sugar Complex

Installed 200 KVAR Power Capacitor at Power House & MCCS to increase the power factor 0.91 to 0.94 - 0.95.

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

Upper Doab Sugar Mills

- Planning to install the VFD'S at cane carriers & RJ/SJ/ CJ Pumps
- To reduce the Raw Water consumption by installing a new Tank of 35M³ capacity to collect the condensate over flow which is going in drain.

Unn Sugar Complex

- Installation of VFD at Cane Carrier.
- Installation of VFD at A.C. Sugar Centrifugal Machine.
- Plenty Gear Boxes on Crystallizers, Magma Mixers, Pugmil etc.
- Auto Power factor correction relay system to control the vector system.
- Reduction in Steam Consumption from 45% to 40% on cane.

Shamli Distillery & Chemical Works

Proposal is under consideration for plant capacity expansion from 25 KLPD to 60 KLPD with wash to ENA Multi pressure Distillation Technology, which will result in reduction of Steam and Power consumption per litre of product drastically.

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

Upper Doab Sugar Mills

- a) – Power saving 20% to 25% achieved by installing of VFD at Boiler.
- Steam saving 0.75% of Steam consumption achieved by installing of Electric Boiler.