

**SIR SHADI LAL ENTERPRISES LIMITED**

BOARD OF DIRECTORS : Shri Onke Aggarwal-Chairman
Shri Rajat Lal-Managing Director
Shri Vivek Viswanathan-Joint Managing Director
Shri Rahul Lal-Executive Director
Shri Hemantpat Singhania
Shri R.L. Srivastava
Shri R.C. Sharma
Smt. Radhika Viswanathan Hoon

COMPANY SECRETARY : Shri P.K. Goyal

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-247 776 (U.P.)

Unn Sugar Complex
Block Unn, Distt. Shamli (U.P.)

Shamli Distillery & Chemical Works
Shamli-247 776 (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 79th ANNUAL GENERAL MEETING

Notice is hereby given that the 79th Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Monday the 23rd September, 2013 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, 2013, 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.C. Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Hemantpat Singhania, 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:

“RESOLVED THAT the consent of the Company be and is hereby accorded under the provisions of Section 293 (1) (d) and other applicable provisions, if any, 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 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. 500 crores (Rupees Five Hundred Crores only) at any time”.

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

“RESOLVED THAT Smt. Radhika Viswanathan Hoon, who was appointed as an Additional Director with effect from 30.10.2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 98 of Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice

has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing her candidature for the office of a Director, be and is hereby appointed as a director of the company, who will be liable to retire by rotation.”

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

“RESOLVED THAT Sh. Rahul Lal, who was appointed as an Additional Director with effect from 27.04.2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 98 of Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company, who will be liable to retire by rotation.”

8. 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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof) for the time being in force and subject to the approval of Central Government and such other approvals as may be required, the consent of the company be and is hereby accorded to the re-appointment of Shri Rajat Lal as Managing Director of the Company for a period of five years with effect from 01.04.2014 on the terms, conditions including as to remuneration as 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 authorised to alter, vary and modify the terms and conditions of the said re-appointment including as to 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 and as may be permitted or authorised in accordance with any provision under the Companies Act, 1956 or schedule appended thereto for the time being in force or any statutory modification or re-enactment thereof and/or in rules or regulations promulgated thereunder.”

9. 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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof) for



the time being in force and subject to the approval of Central Government, and such other approvals as may be required, the consent of the company be and is hereby accorded to the appointment of Shri Rahul Lal as Executive Director of the Company for a period of five years with effect from 01.07.2013 on the terms, conditions including as to remuneration as set out in the explanatory statement to this resolution.”

“Resolved further that the Remuneration Committee/Board of Directors of the company be and is hereby authorised to alter, vary and modify the terms and conditions of the said appointment including as to remuneration and perquisites as specified in the explanatory statement to the extent the Remuneration Committee/Board of Directors may consider appropriate and as may be permitted or authorised in accordance with the provisions of the Companies Act, 1956 and schedule XIII appended thereto for the time being in force or any statutory modification or re-enactment thereof and/or in rules or regulations promulgated thereunder.”

By order of the Board

Place : New Delhi
Dated : 27th July, 2013

P.K. Goyal
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.C. Sharma and Shri Hemantpat Singhania, Directors, retire by rotation at the ensuing meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends 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 appointment/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 16th September, 2013 to 21st September, 2013 (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 & 2004-05 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, 2006 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
2005-06	25.09.2006	31.10.2013
2009-10	24.09.2010	30.10.2017

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Shareholders who have not so far encashed/claimed their dividend warrants for the financial year 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 from the aforementioned respective date of transfer.

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. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue and against exchange of Attendance Slip.
20. 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.
21. 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 e-mail address for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail addresses for receiving electronic communications.
22. 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

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 22.09.2009, the Board of Directors were authorized to borrow money in excess of net worth of the Company but not exceeding Rs.400 crores.

The requirement of working capital limits for the Company has since increased. Further, the Company has also applied to banks for working capital term loan of Rs.100 crores to clear the cane price arrears for the sugar season 2012-13 to the cane growers. The management also plans to modernize and upgrade the crushing capacity and to enhance the capacity of distillery unit of the Company. Further, 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 caution, 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 working capital loans for payment of cane price arrears and proposed capital expenditure and working capital facilities will exceed Rs.400 crores, therefore the sanction of the shareholders is required to permit the Board of Directors to borrow money in excess of Rs.400 crores but not exceeding Rs.500 crores and accordingly recommend passing of this resolution.

None of the Directors is interested in this resolution.

ITEM NO. 6

The Board of Directors of the Company had appointed Smt. Radhika Viswanathan Hoon as an Additional Director w.e.f. 30.10.2012 u/s 260 of the Companies Act, 1956. Smt. Radhika Viswanathan Hoon holds office only upto the date of 79th Annual General Meeting of the Company. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member u/s 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Smt. Radhika Viswanathan Hoon as a Director of the Company, subject to retirement by rotation.

Your Directors recommend the appointment of Smt. Radhika Viswanathan Hoon as the Director of the Company.

Smt. Radhika Viswanathan Hoon and Sh. Vivek Viswanathan are interested in this resolution.

ITEM NO. 7

The Board of Directors of the Company had appointed Sh. Rahul Lal as an Additional Director u/s 260 of the Companies Act, 1956 w.e.f. 27.04.2013. Sh. Rahul Lal holds office only upto the date of 79th Annual General Meeting of the Company. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member u/s 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Sh. Rahul Lal as a Director of the Company, subject to retirement by rotation.

Your Directors recommend the appointment of Sh. Rahul Lal as the Director of the Company.

Sh. Rahul Lal and Sh. Rajat Lal are interested in this resolution.

**ITEM NO. 8**

Sh. Rajat Lal was appointed as Managing Director of the Company by the Shareholders of the Company in their meeting held on 17.09.2008 for a period of 5 years w.e.f. 01.04.2009 on the terms and conditions specified in the resolution.

The Board of Directors on the recommendations of the Remuneration Committee of Directors in their meeting held on 30.05.2013 noted that the Managing Director is highly qualified and have experience of more than 28 years as Wholtime Director of the Company. The Company has made significant progress and is being considered as one of the efficient and sound companies in the sugar industry in U.P. Sh. Rajat Lal has been discharging responsibilities of the office of the Managing Director successfully and efficiently. Therefore, on the recommendation of Remuneration Committee of Directors, the Board of Directors re-appointed Sh. Rajat Lal as Managing Director for a further period of five years w.e.f. 01.04.2014 on the terms and conditions and remuneration including commission and perquisites as set out under:-

Salary: Rs. 85,000/- per month

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.

Perquisites: Sh. Rajat Lal will be entitled to the following perquisites in addition to the above remuneration:-

PART-A:

- 1) Housing : Rs. 51,000 per month
(60% of the salary)
- 2) Gas, Electricity & Water : Rs. 4250 per month
(5% of the salary)
- 3) Medical Reimbursement : Expenses incurred for self and family, subject to a ceiling of one month salary per year or 5 months salary in a period of 5 years.
- 4) Personal Accident : Premium not to exceed Rs.10,000/-
Insurance & Medi-claim per year.
Insurance:

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 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 taken into account for computation of the ceiling on remuneration.
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 Central Government.
5. The appointment may be terminated by either party by giving six calendar month's notice in writing or lesser notice as may be agreed to.

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

Your Directors recommend the re-appointment of Sh. Rajat Lal as the Director and Managing Director of the Company.

Your Directors also request that the Board and/or the Remuneration Committee be authorized to vary the terms and conditions of re-appointment as indicated in the resolution.

This may also be treated as notice u/s 302 of the Companies Act, 1956, which have already been sent.

Sh. Rajat Lal, Sh. Hemantpat Singhania and Sh. Rahul Lal are interested in this resolution.

ITEM NO. 9

The Board of Directors in their meeting held on 30.05.2013 on the recommendations of the Remuneration Committee of Directors noted that Sh. Rahul Lal has done his graduation (B.Com.) from Delhi University in 2011. He has completed his MBA from New Haven University, USA. He has 16 months experience with M/s KPMG, Mumbai, Earnest Young, Gurgaon, J.P. Morgan, Mumbai and as Management Trainee with our Company. Taking these into account Board of Directors has on the recommendation of the Remuneration Committee, appointed Sh. Rahul Lal

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SIR SHADI LAL ENTERPRISES LIMITED

as Executive Director for a period of five years w.e.f. 01.07.2013 on the terms and conditions and remuneration including commission and perquisites as set out under:

Salary: Rs. 60,000/- per month

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 1% of the net profits as reduced by the amount paid to him by way of salary and perquisites.

Perquisites: Sh. Rahul Lal will be entitled to the following perquisites in addition to the above remuneration:-

PART - A

1. House Rent Allowance : Rs.36,000 per month (@60% of the salary)
2. Gas, Electricity & Water : Rs. 3,000 per month charges (@ 5% of the salary)
3. Medical Reimbursement : Expenses incurred for self & family, subject to a ceiling of one month salary per year or five months salary in a period of five years.
4. Personnel Accident Insurance & Mediclaim 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:** 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 under 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 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 taken into account for 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 Central Government.
5. The appointment may be terminated by either party by giving six calendar month's notice in writing or lesser notice as may be agreed to.

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

Your Directors recommend the appointment of Sh. Rahul Lal as the Director and Executive Director of the Company.

Your Directors also request that the Board and/or the Remuneration Committee be authorized to vary the terms and conditions of appointment as indicated in the resolution.

This may also be treated as notice u/s 302 of the Companies Act, 1956, which have already been sent.

Sh. Rahul Lal and Sh. Rajat Lal are interested in this resolution.

INSPECTION

A copy of the terms of re-appointment/appointment including payment of remuneration of Sh. Rajat Lal, Managing Director and Sh. Rahul Lal, 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. and 1.00 p.m.

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 : 27th July, 2013

P.K. Goyal
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 31.03.2013	Chairman/ Member of Committees of other Companies as on 31.03.2013
1	2	3	4	5	6	7	8
1.	Sh. R.C. Sharma	24.01.1939	22.05.2002	More than 38 years experience in highly responsible position in Police including Central Bureau of Investigation having high degree of professionalism and experience. Presently, working as President of Fore School of Management which is imparting professional management and career development programmes.	M.A. (Economics) B.A. (Economics and Geography) Punjab University Technical Higher Secondary School, Delhi Polytechnic	1. CHL Ltd. 2. H.B. Portfolio Ltd. 3. PCI Ltd. 4. Security & Intelligence Service (India) Limited 5. Indec Securities and Finance Limited 6. International Institute for Security and Safely Management	6
2.	Sh. Hemantpat Singhania	15.12.1930	20.12.1955	General Management more than 57 years experience as Director of various companies.	Intermediate	1. K.M. Sugar Mills Ltd. 2. Meenakshi Synthetics Pvt. Ltd. 3. Sharad Carriers Pvt. Ltd.	7
3.	Smt. Radhika Viswanathan Hoon	22.01.1967	30.10.2012	General Management as Chairperson of the Natya Ballet Centre, New Delhi.	S.Y.J.C., Diploma Holder in French	NIL	NIL
4.	Sh. Rajat Lal	04.09.1959	16.05.1983	General Management more than 28 years experience as Whole time Director of this company.	B.Com., B.S.(U.S.A.), M.B.A. (U.S.A.)	NIL	NIL
5.	Sh. Rahul Lal	18.07.1989	27.04.2013	16 months experience in finance & administration .	B.Com., M.B.A. (U.S.A.)	NIL	NIL

By Order of the Board

Place : New Delhi
Dated : 27th July, 2013

P.K. Goyal
Company Secretary



DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting the 79th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS:

During the year under review, the sugar segment of your Company passed through a difficult period. Your Company has been able to reduce the Loss during the year 2012-13 as compared to last year. The summarized financial results of the company are presented below:-

	(Rs. in Lacs)	
	For the Year ended March 31, 2013	For the Year ended March 31, 2012
Total Revenue	42,937.72	37,615.53
Loss before providing for Exceptional Item and Depreciation	604.23	4,453.11
Less: Exceptional Item (Profit on sale of Flats at Delhi Office)	456.24	—
Cash Loss	147.99	4,453.11
Add: Provision for depreciation as per Companies Act	893.67	1,054.40
- Loss before Tax	1,041.66	5,507.51
Add: Current Tax	—	40.00
Less: Deferred Tax Assets	116.25	1,609.54
- Net Loss for the year	925.41	3,937.97
Basic earnings per share of Rs 10/- each	(17.63)	(75.01)
Diluted earnings per share of Rs 10/- each	(17.63)	(75.01)

DIVIDEND:

In view of losses during the financial year 2012-13, your Directors regret their inability to recommend any dividend for the year ended 31st March, 2013.

REVIEW OF OPERATIONS:

SUGAR DIVISION:

The manufacturing results of both the sugar factories for the crushing season 2012-13 as compared to the last crushing season are as under :-

Particulars	Upper Doab Sugar Mills Season		Unn Sugar Complex Season	
	2012-13	2011-12	2012-13	2011-12
- Gross Working days	166	155	148	145
- Cane Crushed (Qtls.)	8653306	8241725	5163073	4517554
- Average Cane Crush per Crop day (Qtls.)	52128	53172	34793	31062
- Manufacturing losses (%)	1.98	2.08	2.03	2.04
- Steam Consumption cane (%)	51.58	50.94	45.68	45.16
- Average Sugar recovery (%)	9.14	8.78	9.00	8.59
- Total sugar produced (Qtls.)	790410	723617	464560	387921

The cane crushed during the sugar season 2012-13 as compared to the sugar season 2011-12 in both the sugar units is higher due to more crushing days.

The Sugar recovery % of cane has increased during the season 2012-13 as compared to the sugar season 2011-12. The increase in average sugar recovery % at Upper Doab Sugar Mills is 0.36% and in Unn Sugar Complex is 0.41% in the sugar season 2012-13 as compared to the sugar season 2011-12.

We are happy to report that the manufacturing losses in both the sugar units have reduced in the sugar season 2012-13 as compared to the sugar season 2011-12.

CANE DEVELOPMENT:

There has been down fall in the sugar recovery during the last 3-4 seasons in most of the sugar mills in western U.P. The main reason for the fall in the recovery is due to reduction in the area of early variety cane. We have prepared an action plan for proposed cane development activities to be undertaken during the spring planting 2013 and onwards as per MOU signed with IASR, Lucknow. Due to various measures taken for the cane development the recovery have improved in the current season, as against previous season.



DISTILLERY DIVISION:

The production in the Unit Shamli Distillery & Chemical Works in the Financial Year 2012-13 was 7333632 BL as compared to 7361596 BL in the Financial Year 2011-12.

There is a profit of Rs. 350.42 Lacs in the Financial Year 2012-13 as against profit of Rs. 285.45 Lacs in the Financial Year 2011-12 in the Distillery Division due to better efficiency.

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 BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR):

The accumulated losses of the Company as on 31.03.2012 resulted in more than 50% erosion of the peak Net Worth during the immediately preceding four financial years which in compliance of provisions of Section 23 (1) (a) (i) of the Sick Industrial Companies (Special Provisions) Act, 1985 was reported by the Company to BIFR on 03.10.2012. The Net Worth of the Company as on 31.03.2013 has been further reduced by Rs.9.25 Crores on account of loss during the year, however Net Worth of the Company as on 31.03.2013, is still positive.

DIRECTORS:

Smt. Radhika Viswanathan Hoon and Sh. Rahul Lal have been appointed as Additional Directors of the Company in the meeting of Board of Directors held on 30.10.2012 and 27.04.2013 respectively. In accordance with the provisions of the Companies Act, 1956 (The Act) and the Company's Articles of Association, Sh. R.C. Sharma and Shri Hemantpat Singhania, 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.

On the recommendation of "Remuneration Committee of Directors", the Board of Directors of the Company has re-appointed Sh. Rajat Lal as Managing Director of the Company for a period of five years w.e.f. 01.04.2014 to 31.03.2019 on the terms, conditions and remuneration as set out in the Notice, subject to your approval. The experience and qualification of Sh. Rajat Lal is given in the Notice convening this meeting against the relevant item of the Agenda.

On the recommendation of "Remuneration Committee of Directors", the Board of Directors of the Company has also appointed Sh. Rahul Lal as Executive Director of the Company for a period of five years w.e.f. 01.07.2013 to 30.06.2018 on the terms, conditions and remuneration as set out in the Notice, subject to your approval. The experience and qualification of Sh. Rahul Lal is given in the Notice convening this meeting against the relevant item of the Agenda.

The required information pursuant to clause 49 IV (G) of the Listing Agreement regarding their experience, qualifications, name of the companies in which the above 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 appointment/re-appointment of 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, 2013 except that the Company has not complied with the relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 because the Company has accepted/renewed deposit in excess of prescribed limits amounting to Rs.42.34 Lacs of deposit under rule 3 (2) (i), and amounting to Rs.190.93 Lacs covered under rule 3 (2) (ii). The notes on the Financial Statements referred to in the Auditors Report are self-explanatory. However, Company has refunded Rs. 36.54 Lacs of deposit under rule 3 (2) (i) and Rs. 91.98 Lacs under rule 3 (2) (ii) subsequently during the financial year 2013-14. The balance amount is also being refunded.

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 2012-13.

The Cost Audit Reports for the last audited accounts for the financial year ended March 31, 2012 was filed by the Cost Auditors with respect to Sugar and Industrial Alcohol business on 20.12.2012 which is within the due date.

CONTD.....



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, 2013 was Rs.2378.67 Lakhs as against Rs. 3075.28 Lakhs as on 31st March, 2012. Only a sum of Rs. 4.37 Lakhs relating to the 3 depositors was not claimed on the due dates up to the end of the financial year 2012-13. The deposits of Rs. 3.00 Lakhs relating to one depositor have been claimed and paid subsequently in the financial year 2013-14.

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, 2013 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 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, 2013, 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, 2013 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 2013-2014 has been paid to both the stock exchanges.

CURRENT YEAR PROSPECTS:

i) SUGAR

Cane Price

The U.P. Govt. has increased the State Advised Cane Price (SAP) for the sugar season 2012-13 by Rs.40/- per qtl. i.e. from Rs. 240/- per qtl. to Rs. 280/- per qtl. for general variety and from Rs. 250/- per qtl. to Rs. 290/- for early maturing variety. For the rejected varieties, the SAP was raised from Rs. 235/- per qtl. to Rs. 275/- per qtl. There is an increase of 17% as compared to the last year. The Fair and Remunerative Price (FRP) as declared by the Central Govt. is Rs.170/- per qtl. based on 9.50% recovery. Sugar Mills in U.P. pay SAP for sugar cane which historically is significantly higher than FRP fixed by the Central Govt.

Sugar Production & Consumption

Sugar production during the sugar season 2012-13 is projected to reach around 25 million tonnes as against estimated demand