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82nd

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ANNUAL

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REPORT

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2015-2016



*Sir Shadi Lal  
Enterprises Ltd.*

**SIR SHADI LAL ENTERPRISES LIMITED**

<b>BOARD OF DIRECTORS</b>	:	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.C. Sharma Smt. Radhika Viswanathan Hoon Shri Ajit Hoon
<b>CHIEF FINANCIAL OFFICER</b>	:	Shri P.K. Goyal
<b>COMPANY SECRETARY</b>	:	Shri Akhilesh Kumar Singh
<b>BANKERS</b>	:	State Bank of India Punjab National Bank
<b>AUDITORS</b>	:	Messrs Basant Ram & Sons, Chartered Accountants, A– 18, Nizamuddin East, Murli Marg, New Delhi– 110 013
<b>REGISTERED OFFICE</b>	:	4– A, Hansalaya, 15, Barakhamba Road, New Delhi– 110 001
<b>MANUFACTURING UNITS</b>	:	Upper Doab Sugar Mills, Shamli– 247 776 (U.P.)  Shamli Distillery & Chemical Works, Shamli– 247 776 (U.P.)



# **SIR SHADI LAL ENTERPRISES LIMITED**

(Corporate Identity No. L51909DL1933PLC009509)

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

Ph. 011– 23316409, Fax No. : 011-23722193 Email Id udsm\_shamli@sirshadilal.com, Website : www.sirshadilal.com

## **NOTICE FOR THE 82ND ANNUAL GENERAL MEETING**

Notice is hereby given that the 82nd Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Monday, the 26th September, 2016 at 11.00 a.m. at P.H.D. House, 4/2, Siri Institutional Area, August Kranti Marg, 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 2016, Statement of Profit and Loss account 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 Sh. Vivek Viswanathan, (DIN: 00141053) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Radhika Viswanathan Hoon, (DIN: 06436444) who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time; the appointment of M/s. Basant Ram & Sons, Chartered Accountants (Firm Registration No. 000569N), who were appointed as Auditors of the Company to hold office from the conclusion of 81st Annual General Meeting (AGM) till the conclusion of the eighty third AGM of the Company to be held in the year 2017 be and is hereby ratified for the year 2016-17, at such remuneration plus service tax, out-of-pocket and traveling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### **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 pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof, for the time being in force), payment of remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting to M/s Rishi Mohan Bansal, & Company (Firm Registration No. 000022), Cost Auditors, who were appointed by the Board

of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 be and is hereby ratified and approved .”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

By order of the Board

**Akhilesh Kumar Singh**

Company Secretary

ACS- 21730

Place : New Delhi

Dated : 29th July, 2016

### **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. **A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
3. 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.
4. In terms of Article 98 of the Articles of Association of the Company, read with section 152 of the Companies Act, 2013 Sh. Vivek Viswanathan and Smt. Radhika Viswanathan Hoon, Directors, retire by rotation at this meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their re-appointment.
5. As per Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2), 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.



6. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
7. The Register of Members and Share Transfer Books of the Company will remain closed from the 14th September 2016 to the 26th September, 2016 (both days inclusive).
8. Shareholders are requested to intimate to the Company/Registrar and Transfer Agent, M/s Alankit Assignments Limited, change if any, in their registered addresses.
9. 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.
10. 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.
11. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company or to the Share Transfer Agents of the Company, M/s Alankit Assignments Limited, to enable it to consolidate their holdings in one folio.
12. Members are requested to bring their copies of the Report and Accounts to the meeting.
13. 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.
14. Members who require any information about the accounts to be explained in the meeting are requested to inform the Company about their intended query at least seven days in advance of the meeting.
15. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to the financial year 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.
16. 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 & 2005-06 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. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 28th September, 2015 (date of last Annual General Meeting) on the website of the Company ([www.sirshadilal.com](http://www.sirshadilal.com)).
17. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2010 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 125 of the Companies Act, 2013 as detailed below:

Financial Year	Date of Declaration of Dividend	Due date for the transfer to IEPF
2009-10	24.09.2010	30.10.2017

Shareholders who have not so far encashed/claimed their dividend warrants for the financial year 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.

18. Section 72 of the Companies Act, 2013, 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 Form SH-13. Shareholders may please write to the company for the prescribed Nomination Form SH-13.
19. The Securities and Exchange Board of India (SEBI) has mandated that 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 or Registrar and Transfer Agent, M/s Alankit Assignments Limited.
20. Members are requested to provide us the following information which is mandatory to maintain the Register of Members pursuant to provision of section 88 (1)(a) of the Companies Act, 2013 and rule 3(1) of the Companies (Management and Administration) Rules, 2014, Email ID, CIN/ Registration No., Unique Identification No., Father's/Mother's/Spouse's Name, Status, Occupation, PAN No., in case member is a minor, name of the guardian, Date of Birth of minor, details of membership, date of becoming member, date of declaration under section 89, if applicable.
21. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
22. Entry to the Auditorium will be strictly against entry slip available at the counters at the venue against exchange of Attendance Slip. Photocopy of the Attendance Slip will not be entertained.
23. For the security and safety of the Shareholders, no articles/

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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.

24. Annual Report is also available at the website of the Company at [www.sirshadilal.com](http://www.sirshadilal.com) in the Investors Relations section.
25. In compliance with the provisions of section 108 of the Act, 2013 and the Rules framed there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

- i. Open the e-mail and also open PDF file namely "SSLEL e-voting. pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on Shareholder – Login.
- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- viii. Select "EVEN" (E-Voting Event Number) of Sir Shadi Lal Enterprises Limited. Now you are ready for e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [sunil.jain.sk@gmail.com](mailto:sunil.jain.sk@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and

e-voting user manual - Shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions:

- i. The e-voting period commences on 23rd September, 2016 (9.00 a.m. IST) and ends on 25th September, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 19th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 19th September, 2016.
- iii. Shri Sunil K. Jain, Prop. Sunil K. Jain & Associates Company Secretaries (Membership No. FCS 4089; C.P.No.4079), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.sirshadilal.com](http://www.sirshadilal.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the 82nd AGM of the Company on and communicated to the BSE Limited, where the shares of the Company are listed.

## **ANNEXURE TO NOTICE**

**(Explanatory statement under Section 102 (1) of the Companies Act, 2013)**

### **ITEM NO. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the



financial year ending 31st March, 2017 as per the following details:

#### Remuneration of Cost Auditor

##### For the product "Sugar" for Upper Doab Sugar Mills

Cost Audit Fee	Rs. 30,000
(inclusive of all incidental and traveling expenses)	per annum

##### For the product "Industrial Alcohol" for Shamli Distillery & Chemical Works

Cost Audit Fee	Rs. 20,000
	per annum
Extra Travelling Expenses and Incidental Expenses	Actual
for attending Audit Committee/ Board Meeting(s)	Rs. 2,000 per day

In accordance with the provisions of Section 148 of the Act read with

the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

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

Place : New Delhi  
Dated : 29th July, 2016

By order of the Board  
**Akhilesh Kumar Singh**  
Company Secretary  
ACS 21730

## ANNEXURE TO THE A.G.M. NOTICE

### INFORMATION PURSUANT TO REGULATION 36(3) OF THE LISTING REGULATIONS AND IN TERMS OF SECRETARIAL STANDARDS ON GENERAL MEETINGS( SS-2) REGARDING APPOINTMENT OF A NEW DIRECTOR OR RE-APPOINTMENT OF A DIRECTOR

Name of the Director	Sh. Vivek Viswanathan	Smt. Radhika Viswanathan Hoon
DIN of Director	00141053	06436444
Date of Birth	07.11.1970	22.01.1967
Age	46	49
Date of Appointment	24.03.2001	30.10.2012
Qualification and Nature of Expertise	B.A (Hons.) Post Graduate Programme in Management, MBA (USA) 15 years in Sugar and Distillery business. He has over 8 years of work experience with VST Industries (British American Tobacco) and Coca-Cola India in various functions including Sales, Marketing, Brand management.	S.Y.J.C. Diploma Holder in French  General Management as Chairperson of the Natya Ballet Centre, New Delhi
Directorship held in other Companies	VRD Power Project Limited Akshaysiddhi Investment Pvt. Ltd.	Nil
Membership / Chairmanship in committees	1	1
No. of Shares held in the Company	1296004	39132
Relationship	Brother of Smt. Radhika Viswanathan Hoon	Sister of Sh. Vivek Viswanathan & Wife of Sh. Ajit Hoon

Place : New Delhi  
Dated : 29th July, 2016

By order of the Board  
**Akhilesh Kumar Singh**  
Company Secretary  
ACS 21730





## DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors hereby present the 82nd Annual Report and the audited accounts of the Company for the year ended 31st March, 2016.

### FINANCIAL RESULTS:

Our Directors wish to inform that after a long period, the Company has been able to achieve nominal profit during the year. The financial results for the year under review are as follows:

	For the Year ended March 31, 2016 (Rs. in Lacs)	For the Year ended March 31, 2015* (Rs. in Lacs)
Total Revenue	27774.19	40251.97#
Profit before providing For Exceptional Item and Depreciation	(+) 166.41	(-) 6327.61
Add/Less : Exceptional item	192.21	1483.88
Cash Profit	(+) 358.62	(-) 4843.72
Less/Add : provision for depreciation	157.41	327.62
Less: Adjustment of Depreciation Relating to prior year on account of reversing excess depreciation already charged on the assets to comply with the requirement of Schedule II of the Companies Act, 2013.	-	153.11
Net Profit(+)/Loss (-) before Tax	(+) 201.21	(-) 5018.23
Less refund of Income tax	-	28.59
Less: provision for deferred Tax Assets	-	1895.56
Net Profit (+)/Loss (-): after Tax transferred to general Reserve	(+) 201.21	(-) 3094.08
Basic earnings per share of Rs.10/- each	3.833	(58.935)
Diluted earnings per share of Rs.10/- each	3.833	(58.935)
Transferred to Reserves: Profit for the year transferred to General reserve	Rs.201.21 Lacs	

\* Inclusive of financial figures of Unn Sugar unit for the period from 01.04.2014 to 30.09.2014.

# Turnover of Unn Sugar unit for the period from 01.04.2014 to 30.09.2014.  
Rs. 10191.90 Lacs

### DIVIDEND

In view of the previous carry forward losses, negative net worth and liquidity position, the company's financial conditions do not permit for payment of any dividend for the year ended 31st March, 2016.

### REFERENCE TO BIFR

The Company over the last few years has been incurring losses

due to which its net worth has been completely eroded. At the close of F.Y ended 31st March, 2014 the company has become sick industrial company under the provisions of Sick Industrial Companies (Special Provisions) Act 1985. This fact was reported to BIFR. Consequently the company has been registered with BIFR on 3rd February, 2016 as case No.23/2016.

### FINANCE

The Bankers have a view that in the absence of reasonable cane price formula which has made sugar production unviable in U.P. was mainly due to industry's inability to pay their debts. During the year 2014-15 SBI had approved renewal cum reduction proposal to reduce the working capital limit from Rs.104 Crores to Rs.70 Crores which was to be converted into WCTL. Due to security related issues, the conversion of CC limit of Rs.70 Crores into WCTL could not be completed by 31.03.2016, therefore the amount of Rs.60.35 Crores standing in the company's account is shown under the CC limit. The PNB has already renewed the limit of Rs.20 Crores for the year 2015-16. The District Coop. Bank, Ghaziabad have extended their CC limit of Rs.30 Crores for the season 2015-16. In this way the company got Rs.110.67 Crores as against the total requirement of Rs.160 Crores. The bankers fear about the increase in Non Performing Assets (NPA) after the Supreme Court order in October, 2014 up-holding the high Court decisions that farmers have the first right over the realization from sugar and not the bankers. After the Supreme Court verdict the bankers are virtually forced not to recon sugar as security and are asking promoters and directors of the sugar mills to give their personal guarantee or other collateral securities. Besides due to provision of NPA accounts in the bankers balance sheet, their losses are increasing and bankers are not increasing their exposures in the sugar industry.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

There have been no material changes and commitments affecting financial position between end of the Financial year and date of report. However, with a view to improve the financial position, the Company has entered into an MOU/Agreement with M/s. VRD Power Projects Ltd., for installation of a Power Project in the premises of Company's sugar unit at Shamli after approval of Board and shareholders by Postal Ballot.

### STATE OF THE COMPANY'S AFFAIRS

During the year under review, both the segments of your Company i.e. sugar and alcohol have shown profit after a long period.

The Sugar Industry in U.P. which has suffered heavy losses during the last five years due to combination of extraneous factors such as high sugarcane price and un-remunerative sugar price have now shown improvement due to improvement in the recovery percentage of sugar from the cane and increase in the sugar sale price realization during the season 2015-16. The all India sugar production in season 2015-16 is also expected to be around 252 Lac tonnes as against 283 Lac tonnes in the previous sugar season. The consumption of sugar in 2015-16 is expected at 256 Lac tonnes and export of 15 Lac tonnes the expected sugar stock at the close of September, 2016 is around 72 Lacs tonnes. The excess stock of sugar has come down which has also effect on the price of the sugar. The Ethanol price in distillery segment has also been increased which has positive effect on the overall results of the company.



## REVIEW OF OPERATIONS

The manufacturing results of the sugar unit Upper Doab Sugar Mills for the crushing season 2015-16 as compared to the last crushing season are as under:

	2015-16	2014-15
Gross working days	162	178
Cane crushed (Qtls)	8096851	9182539
Average Cane Crush per		
Crop Day (Qtls.)	49981	51587
Manufacturing losses (%)	1.90	1.89
Steam Consumption Cane (%)	54.74	53.55
Average sugar recovery (%)	10.11	9.34
Downtime (%)	4.10	7.21
Total Sugar production (Qtls.)	818886	857602

The recovery % Cane during the season 2015-16 is higher as compared to sugar season 2014-15 by 0.77% mainly due to increase in the early variety of cane and discourage of rejected variety cane as compared to last season and other Cane Development activities.

## CANE DEVELOPMENT

Due to vigorous efforts made by the Management and action plan made for sugarcane development, area under cultivation of high sugar varieties of cane has increased from 19% to 45% in unit Upper Doab Sugar Mills. Further due to increased area under improved variety, ensuring cane crop free from insects, pests, diseases and optimum uses of fertilizers in the season 2015-16. Pol% cane has increased by 0.78% i.e. from 11.23% to 12.01% this year. We are further making efforts to increase the area under high sugar variety cane from 45% to 75% as well as replacement of rejected varieties in the next season 2016-17. With this varietal balance cane cut to crush would be improved and supply of cane would be increased from 76.31% to 78.99% at Gate. Extraneous materials such as trashes, green tops, diseased cane, mud with cane supplies were closely monitored and extraneous material % is lower by 1.80%. By these efforts the Pol% cane would further increase to 12.70% in the coming season 2016-17.

## DISTILLERY UNIT

The production in the unit Shamli Distillery & Chemical Works is 5304161 AL as compared to 6060484 AL during the F.Y.2014-15. The fall in the production is mainly due to closure of distillery unit for three months from July, 2015 to September, 2015 due to rainy season and pollution and due to off-take problem of spirits. The Board have approved the expansion in the capacity of Distillery Unit from 25 KL per day to 45 KL per day which will help to improve the financial position of the Company.

Further analysis of operating performance for sugar and distillery segments are covered under "Management Discussion and Analysis" which form part of this Report.

## DIRECTORS

With profound grief the board places on record the sad demise of Sh.R.L.Srivastava, Director who passed away on 23.9.2015. His association with the company in the capacity of Director and Chairman of the Audit Committee since 1998 was valuable contribution to the growth of the Company.

The term of appointment of Sh. Onke Aggarwal as Chairman of the Board of Directors was expiring on 10.3.2016. The board of directors

of the company in their meeting held on 5th February, 2016 have re-appointed Sh.Onke Aggarwal as Chairman of Board of Directors of the Company for a period of one year from 11th March 2016.

In accordance with the provisions of Companies Act, 2013 (the Act) and the Company's Article of Association Sh.Vivek Viswanathan and Smt.Radhika Viswanathan Hoon who retire by rotation under section 152 of the Act, and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

The required information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 and SS-2 providing their experiences, 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 the annual general meeting against the relevant items of the agenda which forms part of this annual report.

Necessary resolutions for 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 is disqualified from being appointed as director as specified in terms of section 164(1) and (2) of the Companies Act, 2013.

## POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION AND OTHER DETAILS

### The guidelines for selection of director are set out below:

The Board's Nomination and Remuneration Committee oversees the Company's nomination process for directors. The Committee identifies and review individual qualified candidate to serve as a director on the board. The Committee may act on its own identifying the potential candidate. The Committee review and discuss pertaining to the candidate and conduct evaluation of candidates in accordance with the process that it seems fit and appropriate. Discuss with the promoters, and send its recommendation for nomination to the board based on the following guidelines.

## ATTRIBUTES

1. For Independent Directors the Committee seeks candidate who is not a nominee or related to promoter of the company. Such candidates shall possess integrity, leadership, skill, managerial qualities, foresight abilities and competency required to direct and oversee the Company's management in the best interest of stake holders i.e. shareholders, consumers, employees and the community it serves.
2. The candidate must be willing to regularly attend the meeting of the board and develop a strong understanding of the Company, its business and its need. He must contribute his/her time and knowledge in the Company and be prepared to exercise his/her duties with skill and care. Candidates should have understanding of governance concept and legal duties of a director.
3. The Candidate should preferably have sufficient experience on the board of a listed company.
4. For appointment of Executive Directors the Committee also seeks opinion of promoters.

## KEY MANAGERIAL PERSONNEL

The Board of Directors have appointed following Key Managerial Personnel as provided under section 203 of the Companies Act, 2013.

1. Sh. Rajat Lal, Managing Director

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2. Sh. Vivek Viswanathan, Jt. Managing Director
3. Sh. P.K.Goyal, Chief Financial Officer
4. Sh. Akhilesh Kr. Singh, Company Secretary

#### **INDEPENDENT DIRECTORS MEETING**

A separate meeting of the independent directors (Annual Independent Directors Meeting) was convened which reviewed the performance of Board as a whole and the non independent directors on the basis of Nomination and Remuneration Committee Report. The collective feed back of each independent director was discussed with the board covering performance of the board as a whole and performance of non independent directors.

#### **PERFORMANCE EVALUATION OF CHAIRMAN, DIRECTORS, BOARD AND COMMITTEES**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the performance evaluation of Non Independent Directors, Board and Committee was undertaken by the Nomination and Remuneration Committee for the year under review. The report of non independent directors as done by the Nomination and Remuneration Committee is reviewed by Independent Directors.

The performance Evaluation of Chairman and Independent Directors is done by the board and the report of nomination and remuneration committee for non independent director as reviewed by the independent director is placed before the board of directors. The criteria for Performance and evaluation is mentioned in the Corporate Governance in Annexure 5 of this Report.

The Evaluation frame work for assessing the performance of Directors, Board and Committee is done on the following parameters:

##### **A. Board Evaluation**

1. Attendance and active participation.
2. Knowledge of working of industry, experience in related issues.
3. Leadership and initiative.
4. Independent judgements on the board discussions utilizing his knowledge and experience especially on issues related strategy, operational performance and risk management.
5. Commitment to role and fiduciary responsibility as a board member.
6. Understanding the nature in director's role, demonstrate awareness and concern about norms related to corporate governance, disclosure and legal compliance.
7. Contribute new ideas/advise to management on business issues based on the management.

##### **B. Committee Performance**

1. The Committee is delivering on the defined objectives.
2. The Committee has the right composition to deliver its objective.

#### **REMUNERATION POLICY**

The Board on the recommendations of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report Annexure 5 of this report.

#### **MEETINGS**

The Calendar of the meeting is prepared and circulated in advance to the directors.

During the Financial Year 2015-16 Five Board Meetings were held on 29.05.2015, 25.07.2015, 28.09.2015, 30.10.2015 and 05.02.2016. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of sub-section 134(5) of the Act with respect to Directors' Responsibility Statement, the Directors confirm that:

- i) in the preparation of the Annual Accounts for the year ended March 31, 2016 the applicable Accounting Standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same, except change in the method of calculation of cost price for valuation of closing stock of sugar.
- ii) they have selected such accounting policies and applied them consistently and made judgements 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 31st March, 2016 and of the profit of the Company for the financial year ended on that date, except change in policy of valuation of bagasse at the close of financial year.
- iii) 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) they have prepared the Annual Accounts of the Company on a "going concern" basis.
- v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **RELATED PARTIES TRANSACTIONS**

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel and other designated persons which may have potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee and also Board for approval. The form for disclosure of particulars of Contract /arrangements entered into by the Company with related parties referred to sub section(1) of Section 188 of the Companies Act, 2013 in form AOC -2 is given below:

##### **FORM NO. AOC -2**

**(Pursuant to clause (b) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013



including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm length basis.**

SL. No.	Particulars	Details
a)	Names(s) of the related party & nature of relationship	NA
b)	Nature of contracts /arrangements/transaction	NA
c)	Duration of the contracts/arrangements/ transactions	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

**2. Details of material contracts or arrangements or transactions at arm length basis.**

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vivek Vishwanathan – Jt. MD
b)	Nature of contracts/arrangements/ transaction	Tenancy agreement
c)	Duration of the contracts/ arrangements/transaction	3 Years
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Area – 1333 Sq feet Rent Per month Rs.150 per Sq.feet Notice- 3 months from either side.
e)	Date of approval by the Board	27.04.2013 / 28.05.2016
f)	Amount paid as advances, if any	NIL

**PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS**

The Company has not made any loans or investment or given any guarantee during the year under review.

**SUBSIDIARY COMPANIES**

The company does not have any subsidiary, joint venture or associate Company.

**CODE OF CONDUCT**

Code of Conduct for the Directors as well as for the members of the Senior Management of the company was adopted in the Board Meeting held on 4th April, 2005 which was subsequently amended from time to time. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct states that each individual in the

organization must know and respect existing laws, accept and provide appropriate professional views and be upright in his conduct and observe corporate discipline. The said Code of Conduct has been circulated to all the Directors and members of Senior Management and the compliance of the same has been affirmed by them in respect of the Financial Year 2015-16. A copy of Code of Conduct has been put up on the Company's Website- www.sirshadilal.com. A declaration regarding compliance of Code of Conduct is given by the Managing Director under the head Code of Conduct that Board Members and Senior Management team have complied with the same, under Corporate Governance and forms part of this report.

**VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has a vigil mechanism named Whistle Blower Policy/Vigil Mechanism to deal with instance of fraud and mismanagement, if any.

A Vigilance Committee has been constituted which looks into the complaints raised. The Committee reports to the audit committee and the board.

The details are given in Corporate Governance.

**PREVENTION OF INSIDER TRADING**

The Company has adopted Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Directors and the designated employees have confirmed compliance with the Code.

**AUDITORS**

In terms of section 139 of the Companies Act, 2013 and rules made thereunder, M/s. Basant Ram & Sons, Chartered Accountants(firm Registration No. 000569N) were appointed as Auditors of the Company from the closure of 80th Annual General Meeting of the Company held on 22nd September, 2014 for a period of three years upto 83rd Annual General Meeting of the company to be held in the year 2017. The appointment of Auditors is subject to ratification on every Annual General Meeting of the Company. M/s. Basant Ram & Sons, Chartered Accountants, New Delhi are eligible for ratification of their appointment in this Annual General Meetings. They have furnished certificate to the effect that ratification of their appointment will be within the limits specified under section 159 of the Act.

**COMMENTS ON AUDITOR'S OBSERVATIONS**

- (i) Reply to paragraph No. 1 of "Emphasis of Matters" in Auditor's Report.

The Auditors have referred to note No.3.8 regarding other operating revenue includes reimbursement of society commission of Rs.1,60,30,339/- relating to Unn Sugar Complex, a former unit of the Company for the season 2012-13.

Note No. 3.8 is self-explanatory and does not require any further explanation.

CONTD.....