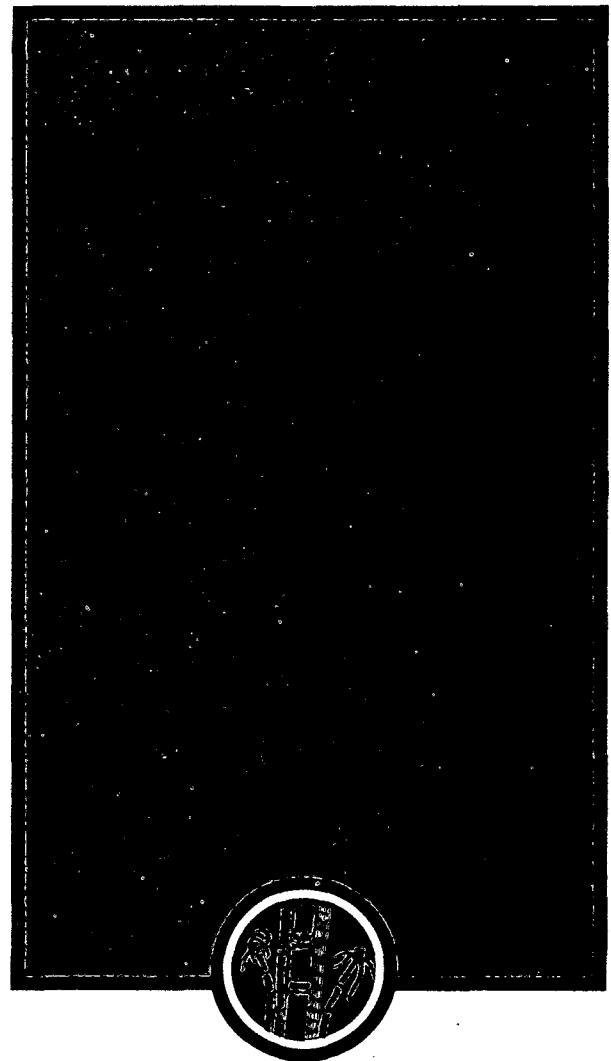


SEVENTY FIFTH

ANNUAL

REPORT

2008-2009



*Sir Shadi Lal
Enterprises Ltd.*



SIR SHADI LAL ENTERPRISES LIMITED

BOARD OF DIRECTORS : Shri Onke Aggarwal-Chairman
Shri Rajat Lal-Managing Director
Shri K.B.Lal-Sr.Executive Director-cum-Secretary
Shri Vivek Viswanathan-Executive Director
Shri Hemantpat Singhania
Smt. Sudha Singhania
Smt. Manjula Viswanathan
Shri R.L. Srivastava
Shri R.C. Sharma
Shri P.K. Viswanathan

BANKERS : State Bank of India
Punjab National Bank

AUDITORS : Messrs. Basant Ram & Sons
Chartered Accountants
A-18, Nizamuddin East,
Murli Marg, New Delhi-110 013

REGISTERED OFFICE : 4-A, Hansalaya, 15, Barakhamba Road,
New Delhi-110 001

MANUFACTURING UNITS : Upper Doab Sugar Mills
Shamli, Distt. Muzaffarnagar (U.P.)

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

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

Pilkhani Distillery & Chemical Works
Pilkhani, Distt. Saharanpur (U.P.)



SIR SHADI LAL ENTERPRISES LIMITED

SIR SHADI LAL ENTERPRISES LIMITED

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

NOTICE FOR THE 75th ANNUAL GENERAL MEETING

Notice is hereby given that the 75th Annual General Meeting of the Shareholders of Sir Shadi Lal Enterprises Limited will be held on Tuesday, the 22nd September, 2009 at 11.30 a.m. at PHD House, Opp. Asian Games Village, New Delhi-110016 to transact the following business :

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009, Profit & Loss Account for the year ended on that date, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R.L. Srivastava, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Onke Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.K. Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

B. SPECIAL BUSINESS:

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to approval of Central Government and subject to such approvals as may be necessary if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Vivek Viswanathan as Joint Managing Director of the Company for a period of five years w.e.f. 01.01.2010 on the terms, conditions and remuneration as are set out in the explanatory statement of this resolution".

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

monetary value thereof as specified in the explanatory statement to the extent the 'Remuneration Committee'/Board of Directors may consider appropriate, as may be permitted or authorized in accordance with any provision under the Companies Act, 1956 or schedule appended thereto for the time being in force or any statutory modification or re-enactment thereof and/or in rules or regulations promulgated thereunder".

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

"RESOLVED that the consent of the Company be and is hereby accorded under the provisions of Section 293 (1) (d) of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time such sums of money as they may deem requisite, for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall exceed the aggregate of the paid-up capital of the Company and its free reserves, i.e. to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be so borrowed by the Board of Directors shall not exceed a sum of Rs. 400 crores (Rupees Four Hundred Crores only) at any time".

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

"RESOLVED that pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary, the Board of Directors of the Company be and is hereby authorized to mortgage and/or charge all or any of the present and future movable and immovable properties of the Company, situated at Unn, District Muzaffarnagar (U.P.) in respect of its Unn Sugar Unit (UNN) and at Village Pilkhani and Ghosipura, Tehsil Nurk, District Saharanpur, (U.P.) in respect of its Pilkhani Distillery & Chemical Works unit (PDCW) and at Shamli, District Muzaffarnagar, (U.P.) in respect of its units namely Upper Doab Sugar Mills (UDSM) and Shamli Distillery & Chemical Works (SDCW) together with all buildings and structures thereon and



all plants and machinery attached to the earth both present and future and the whole of the undertaking of the Company relating to the said units together with the power to take over the management of the business and concern and/or undertaking of the Company relating to the aforesaid units in certain events of default for the purpose of securing the financial assistance from the respective lenders as mentioned below:-

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

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

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

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

otherwise considered by the Board of Directors to be in the best interest of the Company".

By order of the Board

Place : New Delhi
Dated : 18th July, 2009

K. B. Lal
Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under item Nos.6 to 8 set out above is annexed.
3. Information required pursuant to Clause 49 VI(A) of the Listing Agreement with Delhi Stock Exchange Ltd./ Bombay Stock Exchange Ltd. regarding the appointment of a Director or re-appointment of Directors is annexed.

CONTD.....



SIR SHADI LAL ENTERPRISES LIMITED

NOTICE CONTD.....

4. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2009 to 17th September, 2009 (both days inclusive).
5. Shareholders are requested to intimate to the Company or to the Share Transfer Agent of the Company, M/s. Alankit Assignments Limited, change if any, in their registered addresses.
6. Members who are holding shares in identical order of names in more than one folios are requested to write to the Company or to the Share Transfer Agent of the Company, M/s. Alankit Assignments Limited, to enable it to consolidate their holdings in one folio.
7. Members are requested to bring their copies of the Report and Accounts to the meeting.
8. Members who require any information about the accounts to be explained in the meeting are requested to inform the Company about the intended query atleast seven days in advance of the meeting.
9. Pursuant to Section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends declared for and up to the accounting period ended 31st March, 1995 have been transferred to the General Revenue Account of Central Government. Members, who have not yet encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies, National Capital Territory of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, New Delhi.
10. Pursuant to Section 205A and 205 C of the Companies Act, 1956, unpaid/unclaimed dividends for the year 1995-96, 1996-97, 1997-98, 1998-99, interim and final dividend of 1999-2000 & 2000-2001 have been transferred by the Company to "Investor Education & Protection Fund"(IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lie for the unclaimed dividend from IEPF by the shareholders.
11. Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2002 and thereafter which remain unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government

pursuant to Section 205C of the Companies Act, 1956 as detailed below:

Financial Year	Date of Declaration of Dividend	Due date for the transfer to IEPF.
2001-02	30.09.2002	05.11.2009
2003-04	16.09.2004	22.10.2011
2004-05	27.09.2005	02.11.2012
2005-06	25.09.2006	31.10.2013

Shareholders who have not so far encashed /claimed their dividend warrants for the financial year from 2001-2002 & from 2003-2004 to 2005-2006 are requested to approach the Company for re-validation of dividend warrants or for obtaining duplicate dividend warrants. Shareholders are requested to note that no claim shall lie against the Company or the said fund in respect of any amounts, which were, unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claim.

12. Section 109A of the Companies Act, 1956, has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular, those holding shares in single name, are requested to avail of the above facility by furnishing to the Company the particulars of their nominations. Shareholders may please write to the Company for the prescribed Nomination Form.

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

Item No. 6

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



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

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

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

PART-A:

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

PART-B:

- 1) **Company's contribution:** towards Provident Fund @ 12% of Salary and Superannuation Fund @ 15% of Salary.
- 2) **Gratuity:** As per Rules of the Company.

- 3) **Encashment of leave:** As per rules of the Company, leave accumulated but not availed of during his tenure may be allowed to be encashed as per rules of the Company.

PART-C:

- 1) **Car:** Provision of a chauffeur driven car for office use.
- 2) **Telephone:** Free telephone facility at residence, personal long distance calls to be paid by him.
- 3) **Entertainment Expenses:** Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.

Payments in Part-C will not be considered as perquisites for the purpose of ceiling under Sections 198 and 309 of the Companies Act, 1956.

OTHER TERMS APPLICABLE TO THE APPOINTMENT & MINIMUM REMUNERATION:

1. He will not be paid any "Sitting fee" for attending the meetings of the Board of Directors or Committee's thereof.
2. The Board/'Remuneration Committee' may revise the existing terms or allow any other facilities/perquisites, from time to time, within the overall ceiling.
3. In the event of absence or inadequacy of profits in any financial year, he will be paid the above remuneration excluding commission as minimum remuneration, subject to the overall ceilings laid down in Section-II of Part-II of Schedule XIII.

(In that event, contribution to Provident Fund and Superannuation Fund to the extent these are exempted under the Income-Tax Act, 1961 and gratuity payable at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites).

4. He will not become interested or otherwise concerned personally or through his relatives, in any selling agency of the Company, without the prior approval of the Company Law Board.
5. The appointment may be terminated by either party by giving six calendar months notice in writing or lesser notice as may be agreed to. In the event of termination of the appointment by the Company, he will be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

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

CONTD.....



SIR SHADI LAL ENTERPRISES LIMITED

NOTICE CONTD.....

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

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

Item NO. 7

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

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

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

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

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

None of the Directors is interested in this resolution.

Item No. 8.

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

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

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

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

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

Since mortgaging by the Company of its immovable and movable properties as aforesaid in favour of SBI and Central Government for SDF loan through IFCI acting as an Agent of Central Government and PNB may be regarded as disposal of the Company's properties/undertaking, it is necessary for the purpose to pass a resolution u/s 293 (1) (a) of the Companies Act, 1956, for such mortgage/charge.

None of the Directors is interested in this resolution.

INSPECTION:

A copy of the terms of appointment including payment of remuneration of Sh. Vivek Viswanthan, Joint Managing Director is available for inspection by the members of the Company at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m.

By order of the Board

Place : New Delhi
Dated : 18th July, 2009

K. B. Lal
Secretary



ANNEXURE TO THE A.G.M. NOTICE

INFORMATION PURSUANT TO CLAUSE 49 VI (A) OF THE LISTING AGREEMENT REGARDING APPOINTMENT OF A NEW DIRECTOR OR RE-APPOINTMENT OF A DIRECTOR.

Sl. No.	Name of the Director	Date of Birth	Date of Appointment	Specialised Expertise	Qualification	Directorship of other Companies as on 31.03.2009	Chairman/ Member of Committees of other Companies as on 31.03.2009
1	2	3	4	5	6	7	8
1	Sh. R.L. Srivastava	16.07.1939	28.09.1998	Ex. Executive Director of the IFCL Ltd., having rich and varied experience in the different fields of corporate financing and various aspects of Sugar Industry during his long and distinguished career with IFCL. Nominee Director of IFCL for 2 years and more than 11 years experience as Director of this Company.	M.Sc	Regency Hospital Ltd.	2
2	Sh. Onke Aggarwal	05.04.1930	31.03.1965	General Management more than 44 years experience as Director of this Company.	B.A.	Nil	Nil
3	Sh. P.K. Viswanathan	27.06.1934	04.01.2005	39 years experience as a Senior Executive of big business offices and more than 4 year experience as Director of this Company.	B.A (Hons.)	Nil	Nil
4	Sh. Vivek Viswanathan	07.11.1970	24.03.2001	More than six years service experience with M/S VST Industries Ltd. & Coca- Cola India Ltd. and more than 8 years experience as Director of this Company	B.A(Hons.) Post Graduate Programme in Management, MBA (USA)	Nil	Nil

By Order of the Board

Place : New Delhi
Dated : 18th July, 2009

K.B.Lal
Secretary



DIRECTORS' REPORT

DEAR SHAREHOLDERS,

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

FINANCIAL RESULTS:

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

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

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

(Rs. in Lakhs)

- Cash profit i.e. profit before providing for depreciation	1601.07	
- Less: Provision for depreciation	1644.41	
Net Loss Before Tax	43.34	
- Less : Provision for Deferred Tax Liability	456.47	
Fringe Benefit Tax	19.00	
Provision for Tax relating to earlier years	50.00	525.47
Net Loss Transferred to General Reserve	568.81	

DIVIDEND:

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

REVIEW OF OPERATIONS:

SUGAR DIVISION:

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

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

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

CANE DEVELOPMENT:

Undoubtedly, the disease free and healthy cane is a base for good sugar recovery. Your Directors are giving top priority to develop high yielding varieties of sugarcane in the reserved area of the factory. For this purpose, sizable expenses are also incurred on related activities, like development of roads in the area, supply of disease free cane seed & various pesticides at subsidized rates to the farmers besides educating them to grow such varieties of cane which are useful in the different parts of the cane crushing season.

**DISTILLERY DIVISION:**

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

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

MANAGEMENT ANALYSIS REPORT:

The detailed performance of both the businesses of the Company for the year ended 31st March, 2009 as required under Listing Agreement has been stated in the Management Discussion and Analysis Report in the section on Corporate Governance. Current Year Prospects have also been discussed under this section of Corporate Governance.

DIRECTORS:

The Board of Directors have extended the period of re-appointment of Sh. Onke Aggarwal as the Chairman of the Board of Directors for a period of three years w.e.f. 11.3.2009 to 10.3.2012. On the recommendations of "Remuneration Committee of Directors", the Board of Directors of the Company have decided to revise the remuneration payable to Sh. Vivek Viswanathan with effect from 01.04.2009 during the residuary term of his current appointment i.e. till 31.12.2009 from Rs. 80,000/- per month to Rs. 90,000/- per month and to increase the commission from 3% to 4.5%, subject to condition that the total remuneration by way of salary, perquisites and commission shall not exceed 4.5%. The Board of Directors on the recommendation of the 'Remuneration Committee' has also approved to re-appoint Sh. Vivek Viswanathan as Joint Managing Director for a further period of five years w.e.f. 01.01.2010 on the revised terms and conditions for your approval. The experience and qualification of Shri Vivek Viswanathan are given in the Notice convening this meeting against the relevant item of the Agenda. The following Directors of your Company are due to retire by rotation u/s 256 of the Companies Act, 1956. They are eligible for re-appointment and offer themselves for the same:-

1. Shri R.L. Srivastava
2. Shri Onke Aggarwal
3. Shri P.K. Viswanathan

The required information pursuant to Clause 49 VI A of the Listing Agreement regarding experience, qualifications, name of the companies in which the above Directors hold directorship and membership of the Committee of the Board are given in the notice convening this Annual General Meeting against the relevant item of the Agenda.

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

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

AUDITORS:

M/s. Basant Ram & Sons, Chartered Accountants, New Delhi, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect that their proposed re-appointment, if made, will be in accordance within the limits specified u/s 224 (1-B) of the Companies Act, 1956.

AUDITORS' REPORT:

There is no adverse observation in the Auditors' Report read with the relevant Notes to accounts in Schedule '16' of the Annual Accounts. The Auditors have given remarks disclosing the reason for change in the basis of valuation and its effect on increase in the value of closing stock by Rs. 1.98 Crores with a consequential affect to that extent in reduction in loss and provision for bad and doubtful debts short provided by Rs. 20.98 Lacs. Since the reason for change has already been explained in note No. 16 (B) (1) (c) (iii) and 16 (B) (1) (d) of Schedule 16 of Contingent Liabilities and Notes, therefore, do not require further explanation.

PUBLIC DEPOSITS:

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

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

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors), Rules, 1988 are given in 'Annexure 1' and forms part of this Report.

PARTICULARS OF EMPLOYEES:

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are given in 'Annexure 2' and forms part of this Report.

CORPORATE GOVERNANCE:

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.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed by the Company.
- (ii) that they have selected such accounting policies, applied them consistently, except in respect of valuation of closing stock of sugar, considering substantial difference in market rate of season wise sugar stock at the close of 31st March, 2009, the season wise lowest market rate prevailing at the close of the year has been considered 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 at the end of the financial year 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 Companies Act, 1956, for safeguarding the assets of the Company and for preventing & the detecting fraud and other irregularities; and
- (iv) that they have prepared the Annual Accounts on a going concern basis.

LISTING ARRANGEMENT:

The shares of the Company continue to remain listed with the Bombay Stock Exchange Limited and Delhi Stock Exchange Limited and the annual Listing Fee for the year 2009-2010 has been paid to both the exchanges.

CURRENT YEAR PROSPECTS:

The cultivation of cane has suffered between 2006-07 and 2008-09 resulting in decline of sugar cane production from a level of nearly 360 million tonnes to 280 million tonnes in the season 2008-09. Even in the coming sugar season the availability of cane is not likely to improve substantially and the sugar mills, particularly in U.P. will find it difficult to get cane to their capacity.

In the season 2006-07 the sugar production was 285 lac tonnes which declined to 263 lac tonnes during the season 2007-08. It has further reduced substantially during last sugar season 2008-09 to 147 lac tonnes due to decline in the sugar cane production.

Due to fall in the production of sugar from 285 lac tonnes in the season 2006-07 to 147 lac tonnes in the season 2008-09, the carry forward stocks of 80 lac tonnes of sugar from the previous season will be almost fully exhausted during the current year itself, to meet the consumption demand which is assessed at previous year level of 225 lac tonnes.

Thus, there have been a mis-match between the production and availability of sugar in the sugar season 2008-09. In such a scenario, prices of sugar have gone up to Rs.2200-2400/- per qtl. However, due to steep decline in sugar production the cost of production of sugar also increased substantially, mainly on account of under utilization of crushing capacity. The prices of sugar have improved in line with the increased cost of production.

The government has imposed restriction on export of sugar in an attempt to improve the availability of the sugar in the domestic market to bring down prices. The import of raw sugar has also been allowed under licence at zero duty. The government has also permitted import of specified quantity of white Sugar through specified agencies. In spite of the above measures taken by the Government including the imposition of stock holding limits and strict regulation of free sale releases, the availability of sugar is expected to remain tight for the current year.

For the season 2007-08 the State Government fixed the cane price of Rs.125/- per qtl. for general variety and Rs. 130/- per



qtl. for early maturing variety. The Sugar Mills have made payment @ Rs. 110/- per qtl. in compliance of Hon'ble High Court (Lucknow Bench) Interim Order dated 15.11.2007. The Hon'ble High Court Allahabad (Lucknow Bench) vide its Judgment Order dated 07.07.2008 dismissed the petition of Sugar Mills challenging the fixation of SAP for the season 2007-08 and upheld the SAP of Rs.125/- per qtl. for general variety and Rs.130/- per qtl. for early maturing variety as fixed by the State Government. Thereafter the Sugar Mills had filed an appeal with the Hon'ble Supreme Court of India and the Supreme Court passed an Order on 08.09.2008 that the interim price of Rs. 110/- per qtl. will continue for the season 2007-08. Your Company has, cleared the entire cane price @ Rs.110/-per qtl. for the season 2007-08 in respect of both the Sugar Units and accordingly provided the cane price liability for the quantity of sugar cane purchased from 1st April, 2008 to the close of season 2007-08 @ Rs.110/- per qtl. in compliance of Supreme Court Order.

The State Government enhanced the SAP for the season 2008-09 at Rs. 140/- per qtl. for general variety and Rs. 145/- per qtl. for early maturing variety of cane. However, due to shortage of cane there was heavy diversion of cane to other Gur & Khandsari Units in the area on much higher rates than the SAP fixed by the State Government. The cane growers were demanding additional cane price as an incentive from the Sugar Mills. The neighbouring Sugar factories paid additional cane price to the growers to retain the sugarcane during the crushing season 2008-09. To keep parity with other

neighbouring factories and to retain the sugarcane supply to our both the Sugar Mills, we also paid Rs.15/- per qtl. as an incentive to the growers w.e.f. 05.02.2009. Thereafter the neighboring Sugar Mills paid further higher price to attract the sugar cane from neighbouring areas, but could not get full supply of cane and closed early in the month of March, 2009.

INDUSTRIAL RELATIONS:

The industrial relations have been 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, Banks 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 : 18th July, 2009

Onke Aggarwal
Chairman



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, 2009

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken

In house modification/ alteration made towards Power and Steam conservation in both Sugar units enabled economising on steam and Power consumption and increased Bagasse Savings.

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

Additional Plans are under execution, during current off season, to achieve further improvement in Energy Conservation and increased Bagasse Saving. Crush Rate and Milling Efficiency, waste heat Recovery and replacement of Live Steam usage with exhaust/ vapour.

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

In Unn Sugar Unit an Evaporator Body (Vapour cell) is being installed to improve crush rate which will also lead to reduce Steam consumption.

With the installation of above equipments in Unn Sugar Unit steam consumption will come down to 45% on cane instead of 50% on cane at present, and there will be additional Bagasse Saving of approx. 3%.

d) Total Energy consumption and energy consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in the schedule thereto.

Particulars in respect of Sugar & Distillery Units of the Company as per Form 'A'.

	Sugar Units	Distillery Units	Sugar Units	Distillery Units
(A)	Current Year	Current Year	Previous Year	Previous Year
1. Electricity :				
a) Purchased (Units)	20,56,166	3,62,771	18,86,931	10,45,300
Total amount (Rs.)	1,16,38,012	28,74,199	98,06,648	67,02,633
Rate/Unit (Rs.)	5.66	7.92	5.20	6.41
b) Own Generation :				
i) Through Diesel Generator (Units)	7,58,738	5,68,067	5,90,964	17,17,612
Unit per Ltr. Of Diesel oil	3.06	3.06	2.74	3.42
Cost/Unit (Rs.)	12.38	10.47	11.46	8.53
ii) Through steam Turbine (Units)	2,99,50,452	50,66,162	3,94,60,309	26,96,832
Unit per pound of Steam	1.653	0.084	1.675	0.074
Cost/Unit (Rs.)	1.39	3.41	0.79	0.23
2. Coal (specify quality and where used) :				
a) Fire-wood used in Boilers:				
Quantity (MT)	NIL	30.26	NIL	26.90
Total value (Rs.)	NIL	78,126	NIL	69,451
Average Rate per MT (Rs.)	NIL	2,581.82	NIL	2,581.82
b) Saw Dust :				
Quantity (MT)	NIL	437.82	NIL	57.63
Total value (Rs.)	NIL	5,74,304	NIL	75,596
Average Rate (Rs.)	NIL	1,311.73	NIL	1,311.75
c) Rice Husk				
Quantity (MT)	NIL	NIL	NIL	11.34
Total value (Rs.)	NIL	NIL	NIL	34,020
Average Rate (Rs.)	NIL	NIL	NIL	3000.00
3. Furnace oil :				
Quantity (KL)	NIL	NIL	NIL	NIL
Total value (Rs.)	NIL	NIL	NIL	NIL
Average Rate per KL (Rs.)	NIL	NIL	NIL	NIL
4. Other (own bagasse) :				
Quantity (MT)	3,23,110	23,960.29	3,64,817	19,357
Total value (Rs.)*	44,90,38,464	3,68,43,080	36,18,20,161	2,55,09,788
Average Rate per MT (Rs.)	1,389.74	1,537.67	991.78	1,317.86

*Bagasse, a residual received after crush of cane, is used as fuel in boilers. The notional value of the same has been taken at average sale price for the year.

(B) Consumption per unit of production :

Products	11,11,485 Qtls.	87,23,299 BL	14,39,104 Qtls.	1,02,06,719 BL
Electricity KWH	29.479	0.506	29.14	0.539
Furnace oil KL	NIL	NIL	NIL	NIL
Fire-wood MT	NIL	NIL	NIL	NIL
Bagasse MT	0.291	0.003	0.254	0.002
Saw Dust	NIL	NIL	NIL	NIL
Rice Husk	NIL	NIL	NIL	NIL

**B. TECHNOLOGY ABSORPTION****EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM 'B'****I) Research & Development (R&D)**

- | | | |
|--|---|--|
| 1. Specific Areas in which R&D | : | The Company has been putting continuous efforts to develop disease free healthy cane of high yielding varieties in its area. |
| 2. Benefits derived as a result of the above R & D | : | Due to above we have been able to get adequate cane according to our requirement in spite of stiff competition from market forces. |
| 3. Future plan of action | : | The Company plans to continue Research & Development for disease free healthy and high yielding varieties of cane in its area. |
| 4. Expenditure on R & D: | | |
| a) Capital | | NIL |
| b) Recurring | | Rs. 3159385 |
| c) Total | | Rs. 3159385 |
| d) Total R & D expenditure as a Percentage of total turnover | | 0.08 % |

II) Technology absorption, adaptation and innovation:

- | | | |
|--|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Installation of Toothed Feed Roller, turboset nozzle plate modification, upgradation of Boiler, additional capacitor installation, modification in P.R.D.S. system, Electrical Heater of Sulphur Melting etc. are few steps being under taken in Unn Sugar Unit towards further Modernisation of Plant to improve its crush rate, efficiency and increased Bagasse Saving. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. | : | After implementation of above jobs in Unn Sugar Unit, the steam consumption will come down to 45% on cane. With the improvements of PF there will be direct saving of approx. 400 KW/hr. and Bagasse saving will increase from 6% to 9%. |
| 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished: | | |
| a) Technology imported | | |
| b) Year of import | | |
| c) Has technology been fully absorbed? | | |
| d) If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action | | |
- } No Technology has been imported during the last five years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | |
|---|---|--|
| a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and service and export plans. | : | There was no export of Company's own products during the year. |
| b) Total Foreign Exchange used and earned: | | |
| Used | | Rs. 41601 |
| Earned | | Rs. NIL |

For and on behalf of the Board

Place : New Delhi
Dated : 18th July, 2009

Onke Aggarwal
Chairman

**ANNEXURE '2' TO DIRECTORS' REPORT**

STATEMENT CONTAINING INFORMATION AS PER SECTION 217 (2A) (b) (ii) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975, AS AMENDED UP-TO-DATE, AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

A. EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION IN AGGREGATE OF NOT LESS THAN Rs. 24,00,000 PER ANNUM.

Sl. No.	Name	Age/ Years	Designation/ Nature of Duties	Qualification	Experi-ence (Years)	Date of commence-ment of employment	Remun-eration paid (Rs.)	Previous Employer
1	Mr. Rajat Lal	49	Managing Director	B.Com., B.S. (USA) MBA (USA)	26	16-05-1983	24,37,506	—

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR AND WERE IN RECEIPT OF REMUNERATION AT A RATE NOT LESS THAN Rs. 2,00,000 PER MONTH.

Sl. No.	Name	Age/ Years	Designation/ Nature of Duties	Qualification	Experi-ence (Years)	Date of commence-ment of employment	Remun-eration paid (Rs.)	Previous Employer
1	Mr. A.K. Aggarwal	50	President	B.Com., Chartered Accountants	26	12-09-2008	13,65,378	Oudh Sugar Mills Ltd. Delhi

Notes:

1. Remuneration includes Salary, Allowances, Medical Reimbursement, contribution to Provident Fund & Superannuation Fund and value of perquisites etc.
2. Shri Rajat Lal, Managing Director is related to Shri Hemantpat Singhania and Smt Sudha Singhania .
3. The above named employees are Whole-time employee of the company, nature of employment of Shri Rajat Lal, Managing Director is contractual for a period of five years on the terms and conditions approved by the shareholders.

For and on behalf of the Board

Place : New Delhi
Dated : 18th July, 2009

Onke Aggarwal
Chairman

ANNEXURE '3' TO THE DIRECTORS' REPORT ON CORPORATE GOVERNANCE

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The detailed report on Corporate Governance as prescribed by SEBI and incorporated in clause 49 of the listing agreement is set out below.

(1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy of Corporate Governance envisages the attainment of high level of transparency and accountability in the functioning of the Company and the conduct of its business with high standards of integrity, ethical behaviour, compliance of law and effective controls in all area of operations including its interaction with employees, shareholders, deposit holders, creditors, customers, bankers and financial institutions and community at large by placing due emphasis on regulatory compliances. The business operations are conducted not to benefit any particular group but for maximizing shareholders value in the long run.



(2) BOARD OF DIRECTORS:

Composition and Category:

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The present strength of the Board of Directors is ten, out of which four are independent Directors. The Chairman of the Board is the Non-Executive Director. The Board meets the requirement of not less than one- third being independent Directors. All our Directors inform the Company Secretary every year, about the Board membership and Board Committee membership, the Directors occupy in other companies including Chairmanship. They notify us of any change as and when they take place. Our Company Secretary places these disclosures before the Board. The category, composition, attendance of each Director at the Board Meetings, last Annual General Meeting and number of other Directorship and Chairmanship/ Membership of committees of each Director in various Companies is given hereunder:

Sl. No.	Name of Director	Category	Attendance at Board Meetings*	Attendance at last AGM Held on 17/09/2008	No. of other Directorship held		Membership/ Chairmanship in Committees of other Companies	
					Public	Private	Chairman	Member
1	Sh. Onke Aggarwal Chairman	Non-Executive Independent	5	Yes	-	-	-	-
2	Sh. Rajat Lal Managing Director	Promoter Executive	3	Yes	-	-	-	-
3	Sh. K.B. Lal Sr. Executive Director	Executive	5	Yes	-	-	-	-
4	Sh. Vivek Viswanathan Executive Director	Promoter Executive	5	Yes	-	-	-	-
5	Sh. Hemantpat Singhania	Non-Executive Independent	5	Yes	1	2	3	-
6	Smt. Sudha Singhania	Non-Executive	4	No	-	1	-	-
7	Smt. Manjula Viswanathan	Non-Executive	2	No	-	-	-	-
8	Sh. R.L. Srivastava	Non-Executive Independent	5	Yes	1	-	2**	-
9	Sh. R.C. Sharma	Non-Executive Independent	5	Yes	5	-	-	3
10	Sh. P.K. Viswanathan	Non-Executive	4	No	-	-	-	-

* During the financial Year 2008-2009 five Board Meetings were held on 31.05.2008, 26.07.2008, 17.09.2008, 20.12.2008 and 21.03.2009.

** Shri R.L. Srivastava is member/chairman of two committees of the same Company.

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Brief profile of all the Directors, nature of their expertise in specific functional area etc. have been put on the Company's Website.

Board Procedure :

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled of the meeting.

The information as specified in Annexure I to clause 49 of the Listing Agreement is regularly made available to the Board.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board meeting on the overall performance of the Company. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, capital expenditure budgets, new investments, compliance with statutory / regulatory requirements etc., are considered by the Board.

The Minutes of the Board Meeting are circulated in advance to all Directors and confirmed at subsequent meeting.

Details of Directors seeking re-appointment at the ensuing Annual General Meeting :

In respect of Directors seeking appointment or re-appointment, the Notice for the Annual General Meeting contains all the relevant information, like brief resume of the Directors, nature of their expertise in specific functional areas and name of the companies in which they hold Directorship and Membership of any Committee of the Board.

Code of Conduct for Board Members and Senior Management Team :

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. 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 2008-09 and a declaration to that effect signed by the Managing Director is detailed below and forms part of this report. A copy of Code of Conduct has also been put on the Company's Website - www.sirshadilal.com

DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Sir Shadi Lal Enterprises Limited, Code of Business Conduct and Ethics for the year ended March 31, 2009.

For and on behalf of the Board

Place : New Delhi

Dated : 18th July, 2009

RAJAT LAL

Managing Director

**(3) AUDIT COMMITTEE:****a) Composition:**

The Board has constituted Audit Committee consisting of following Directors:-

Sl.No.	Name of the Director	Category	Attendance at Audit Committee Meeting *
01.	Sh. R.L. Srivastava, Chairman	Non-Executive Independent Director	6
02.	Sh. Onke Aggarwal, Member	Non-Executive Independent Director	6
03.	Sh. R.C. Sharma, Member	Non-Executive Independent Director	5

All the members of the Audit Committee are financially literate and more than one member possesses accounting and related financial management expertise.

Sh. K.B. Lal, Secretary of the Company acts as Secretary of the Audit Committee.

The composition of the Audit Committee meets the requirements of Section 292(A) of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

* During the year six meetings of Audit Committee were held on 26.04.08, 25.07.08, 30.07.08, 17.09.08, 25.10.08 and 31.01.09.

b) Terms of Reference:

The Audit Committee has powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary. The terms of reference of the Audit Committee includes to exercise powers and discharge functions as stipulated in Clause 49 of the Listing Agreement.

The primary purpose of the committee is to monitor and provide effective supervision of the Company's financial reporting processes in order to ensure timely, accurate and proper disclosure and the transparency, integrity and quality of financial reporting. The Audit Committee besides other activities reviews the quarterly/Annual Financial Results which thereafter goes to Sub-Committee for consideration of unaudited quarterly financial results / Board for approval. The Audit Committee also reviews Management discussion and analysis of financial condition and result of operations and Statement of significant related party transactions and Directors responsibility statement included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.

(4) REMUNERATION COMMITTEE:**a) Composition & Terms of Reference:**

The Remuneration Committee consisting of the following Non-Executive Independent Directors was constituted/reconstituted to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration package for Executive Directors.

Sl.No.	Name of the Director	Category	Attendance at Remuneration Committee Meeting *
01.	Sh. Onke Aggarwal, Chairman	Non-Executive Independent Director	2
02.	Sh. R.L. Srivastava, Member	Non-Executive Independent Director	2
03.	Sh. R.C. Sharma, Member	Non-Executive Independent Director	2

*During the year two meetings of the Remuneration Committee were held on 25.07.2008 & 25.10.2008

Sh. K.B. Lal, Secretary of the Company acts as Secretary of the Remuneration Committee.

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b) Remuneration Policy:

Non-Executive Directors

The remuneration to the Non-executive Directors is decided and approved unanimously by the Board of Directors. The Non-Executive Directors are paid remuneration by way of sitting fees and commission not to exceed limits prescribed under the Companies Act, 1956.

The Non-Executive Directors are entitled to commission @ 1% of the Net Profit as approved by the shareholders and sitting fees @ Rs.8000/- for each meeting of the Board or any Committee thereof attended by them. All the non-executive Directors are paid equal commission. Those who have worked for part of the year are being paid proportionately.

No commission was paid to the Non-Executive Directors during the year because of inadequacy of profit.

Executive Directors

The remuneration committee has been constituted to decide and recommend to the Board of Directors the remuneration package for the Executive Directors, keeping in view the remuneration package offered by the other Corporate Houses of the industry. The policy, inter-alia, provides for the following:

- Salary and commission not to exceed limits prescribed under the Companies Act, 1956
- Revision from time to time depending upon the performance of the Company, individual Director's performance and prevailing industry norms.
- No sitting fees.

Presently, as the Company does not have any scheme of stock option plan, therefore the incentive by way of commission on profits has been considered for the Directors/Executive Directors in remuneration package.

c) Details of Remuneration to all the Directors for the year ended March 31,2009

i) Remuneration to Non-Executive Directors

During the Financial Year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors.

Sl.No.	Name of the Director	Category	Commission (Rs.)	Sitting fee (Rs.)	Total (Rs.)	For Service contract/ Notice period/ Severance fees	No. of Shares Held
01.	Sh. Onke Aggarwal Chairman	Non-Executive Independent	-	136000	136000	Retirement by Rotation	32110
02.	Sh. Hemantpat Singhania	Non-Executive Independent	-	40000	40000	Retirement by Rotation	-
03.	Smt. Sudha Singhania	Non-Executive	-	32000	32000	Retirement by Rotation	46167
04.	Smt. Manjula Viswanathan	Non-Executive	-	16000	16000	Retirement by Rotation	138105
05.	Sh. R. L. Srivastava	Non-Executive Independent	-	104000	104000	Retirement by Rotation	-
06.	Sh. R.C. Sharma	Non-Executive Independent	-	96000	96000	Retirement by Rotation	-
07.	Sh. P.K. Viswanathan	Non-Executive	-	32000	32000	Retirement by Rotation	-
	Total :-			456000	456000		

(ii) Managing and Whole-time Directors

Sl.No.	Name of the Director	Category	Salary (Rs.)	Perquisites* (Rs.)	Commission (Rs.)	Total (Rs.)	Service contract/ notice period/ severance fees
01.	Sh. Rajat Lal, Managing Director	Executive	1200000	1237506	-	2437506	Contractual**
02.	Sh. K.B. Lal, Sr. Executive Director	Executive	960000	1002320	-	1962320	Contractual***
03.	Sh. Vivek Viswanathan, Executive Director	Executive	960000	893278	-	1853278	Contractual**
	Total		3120000	3133104		6253104	

* Perquisites include house rent allowance, electricity & fuel charges, medical reimbursement, medi claim and personal accident insurance, Company's Contribution to provident fund and superannuation fund.

** Appointment is for five years period. Notice period is six calendar months, on either side.

*** Appointment of three years period, Notice period is six calendar months, on either side.

**(5) SHAREHOLDERS COMMITTEE:**

The Board of Directors has constituted the following Committees of shareholders:

- Shareholders/ Investors Grievance Committee.
- Share Transfer Committee.
- Sub Committee for consideration of unaudited Quarterly Financial Results.

The Shareholders/Investors Grievance Committee looks after the redressing of shareholders and investors complaints like non-receipt of Annual Report, non-receipt of declared dividend warrants and transfer of shares. Share transfers/transmissions are approved by the Share Transfer Committee and are placed at the Board Meeting from time to time.

a) Shareholders/Investors Grievance Committee:

Sl. No.	Name of the Director	Attendance at Shareholders / Investors Grievance Committee	Category
01.	Sh. Hemantpat Singhania, Chairman	—	Non-Executive Independent Director
02.	Smt. Sudha Singhania, Member	—	Non-Executive Director
03.	Smt. Manjula Viswanathan, Member	—	Non-Executive Director

Sh. K.B.Lal, Secretary of the Company acts as Compliance Officer and Secretary of the Shareholder/Investors Grievance Committee.

During the year no complaints were received from the shareholders, requiring attention of the Committee, therefore, no meeting was held. However, Company received five complaints of routine nature from the shareholders, and all of them were rectified and resolved to the satisfaction of shareholders. There was no investor complaint outstanding as on 31.03.2009.

b) Share Transfer Committee:

Sl.No.	Name of the Director	Designation	Category	Attendance at committee meeting*
01.	Sh. Rajat Lal	Managing Director	Executive Director	3
02.	Sh. K.B. Lal	Sr. Executive Director	Executive Director	3
03.	Sh. Vivek Viswanathan	Executive Director	Executive Director	1

* During the year three meetings of Share Transfer Committee were held on 26.04.08, 03.09.08 and 25.10.08.

Sh. K.B. Lal, Secretary of the Company acts as Secretary of the Share Transfer Committee.

The Company has registered and delivered to the shareholders all the valid applications received for transfer/transmission of shares during the year within the stipulated time, and there were no shares pending for transfer as on 31.03.2009.

c) Sub-Committee for consideration of Unaudited Quarterly Financial Results.

The above Committee looks after and considers Unaudited Quarterly Financial Results (Provisional) on quarterly basis, after the same has been approved by Audit Committee.

Sl.No.	Name of the Director	Designation	Category	Attendance at sub-committee meeting*
01.	Sh. Rajat Lal	Managing Director	Executive Director	4
02.	Sh. K.B. Lal	Sr. Executive Director	Executive Director	4
03.	Sh. Vivek Viswanathan	Executive Director	Executive Director	3
04.	Sh. Onke Aggarwal	Director	Non Executive Independent Director	4

Sh. K. B. Lal Secretary of the Company acts as Secretary of the Sub-Committee.

* During the year four Meetings of Sub-Committee were held on 26.04.08, 30.07.08, 25.10.08 and 31.01.09.

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(6) GENERAL BODY MEETINGS:

Location and time where last three Annual General Meetings were held as given below: -

Sl. No.	Particulars of Annual General Meeting	Date	Location of the Meeting	Time
01.	72 nd A.G.M. in respect of the year 2005-2006	25.09.2006	P.H.D. House, Opp. Asian Games Village, New Delhi – 110 016.	4.00 p.m.
02.	73 rd A.G.M. in respect of the Year 2006-2007	25.09.2007	P.H.D. House, Opp. Asian Games Village, New Delhi – 110 016.	4.00 p.m.
03.	74 th A.G.M. in respect of the Year 2007-2008	17.09.2008	P.H.D. House, Opp. Asian Games Village, New Delhi – 110 016.	11.30 a.m.

In the last three Annual General Meetings, three Special Resolutions were passed as per details given below :

72nd Annual General Meeting held on 25-9-2006.

1. The Capital clause of the Articles of Association was altered for reflecting increase in the authorized share capital from Rs.5,00,00,000 divided into 50,00,000 equity shares of Rs.10/- each to Rs.20,00,00,000 divided into 2,00,00,000 equity shares of Rs.10/- each.
2. A resolution authorizing issue and allotment of up to 17,50,000 equity shares of Rs.10/- each as bonus shares to the members of the Company.

73rd Annual General Meeting held on 25-9-2007.

Special Resolution approving re-appointment of Sh. K.B. Lal, Senior Executive Director-cum-Secretary was passed.

74th Annual General Meeting held on 17-9-2008.

No special resolution was passed.

There was no Extra Ordinary General Meeting held from the date of last Annual General Meeting.

No business, which required the members' approval through Postal Ballot, was transacted during the Financial Year 2008-09.

(7) DISCLOSURES:

a) Related Party Transactions

There are no transactions of the Company of material nature with promoters, directors, management, subsidiaries or relatives etc. which would have potential conflict with the interests of the Company at large.

b) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. There are no cases, wherein treatment different from that prescribed in Accounting Standards has been followed.

c) Risk Management

Business risk evaluation and management is an on going process within the Company, which is periodically reviewed by the Board of Directors for determining its effectiveness.

- d) There have been no instances of non-compliance, penalties, structures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

- e) The Company has fully complied with all the mandatory requirement of Clause 49 of the Listing Agreement of the Stock Exchange. The Company has submitted the quarterly compliance status report to the Stock Exchanges within the prescribed time limit.

- f) Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time, further the Company has adopted non-mandatory requirement of Clause 49 of Listing Agreement viz. Remuneration Committee of the Board which has been constituted to determine the remuneration package for the Executive Directors.

- g) The Company does not have any subsidiary Company.

**(8) MEANS OF COMMUNICATION:**

The Company's quarterly financial results are normally published in the "Money Maker" in English and "Bhagyodaya" in Hindi, News Papers. The quarterly/half yearly/annual financial results of the Company are regularly submitted to Delhi Stock Exchange Limited and Bombay Stock Exchange Limited where the shares of the Company are listed.

The Company's financial results are also displayed on the Company's website - www.sirshadilal.com

The Company has not issued any Press Release or made any presentation to the investors or analysts about its financial results during the year.

(9) MANAGEMENT DISCUSSION & ANALYSIS:**An Overview**

Your Company's operations are broadly divided into two business segments i.e. "Sugar" and "Alcohol". The by-product molasses is used in the distilleries for manufacture of alcohol & ethanol. The segment-wise performance has already been reported vide Note No.11 of Schedule-16 attached to the Annual Accounts under report.

The segment-wise detailed management discussion and analysis is stated below:

i) SUGAR

The sugar is an Agro-based Industry being its raw material is sugarcane, which is grown in the fields. The duration of crushing season and recovery of sugar from sugarcane depend upon the climatic conditions of the geographical area of sugar factory. The sugar industry is subject to number of controls by the State and Central Government, which includes allotment of cane area, fixation of effective rate of sugarcane price, levy sugar price and periodical quantity of release of sugar for sale.

Industry Overview

The sugar production has been very cyclical with few years of high production followed by years of low production. Cycles are lead either by cane arrears or climatic factors. The production of sugar fluctuates in response to crop to crop return, acreage yield and recovery percentage of cane.

The cultivation of cane has suffered between 2006-07 and 2008-09 resulting in decline of sugar cane production from a level of nearly 360 million tonnes to 280 million tonnes in the season 2008-09.

In the season 2006-07 the sugar production was 285 lac tonnes which declined to 263 lac tonnes during the season 2007-08. It has further reduced substantially during last sugar season 2008-09 to 147 lac tonnes due to decline in the sugar cane production

Realization of Sugar

Due to fall in the production of sugar in the season 2008-09, the carry forward stocks of 80 lac tonnes of sugar from the previous season will be almost fully exhausted during the current year itself, to meet the consumption demand which is assessed at previous year level of 225 lac tonnes.

Thus, there have been a mis-match between the production and availability of sugar in the sugar season 2008-09. In such a scenario, prices of sugar have now gone up to Rs.2200-2400/- per qtl. in Northern India. However, due to steep decline in sugar production the cost of production of sugar in Northern India has also increased substantially, mainly on account of under utilization of crushing capacity. The prices of sugar have improved in line with the increased cost of production.

The government has imposed restriction on export of sugar in an attempt to improve the availability of the sugar in the domestic market to bring down prices. The import of raw sugar has also been allowed under licence at zero duty. The government has also permitted import of specified quantity of white Sugar through specified agencies. In spite of the above measures taken by the Government including the imposition of stock holding limits and strict regulation of free sale releases, the availability of sugar is expected to remain tight for the current year.

Cane Price

Sugar mill in U.P. have had to pay much higher State Advised Price (SAP), than the statutory minimum price fixed by the Central Government for the year 2008-09.

For the season 2007-08 the State Government fixed the cane price of Rs.125/- per qtl. for general variety and Rs. 130/- per qtl. for early maturing variety. The Sugar Mills have made payment @ Rs. 110/- per qtl. in compliance of Hon'ble High Court (Lucknow Bench) Interim Order dated 15.11.2007. The Hon'ble High Court Allahabad (Lucknow Bench) vide its Judgment Order dated 07.07.2008 dismissed the petition of Sugar Mills challenging the

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fixation of SAP for the season 2007-08 and upheld the SAP of Rs.125/- per qtl. for general variety and Rs.130/- per qtl. for early maturing variety as fixed by the State Government. The Company, therefore, provided the cane price liability accordingly for the season 2007-08 for the quantity of cane purchased up to 31st March, 2008.

Thereafter the Sugar Mills had filed an appeal with the Hon'ble Supreme Court of India and the Supreme Court passed an Order on 08.09.2008 that the interim price of Rs. 110/- per qtl. will continue for the season 2007-08. Your Company has, cleared the entire cane price @ Rs.110/-per qtl. for the season 2007-08 in respect of both the Sugar Units and accordingly provided the cane price liability for the quantity of sugarcane purchased from 1st April 2008 to the close of season 2007-08 @ Rs.110/- per qtl. in compliance of Supreme Court Order.

The State Government enhanced the SAP for the season 2008-09 at Rs. 140/- per qtl. for general variety and Rs. 145/- per qtl. for early maturing variety of cane. However, due to shortage of cane there was heavy diversion of cane to other Gur & Khandsari Units in the area on much higher rates than the SAP fixed by the State Government. The cane growers were demanding additional cane price as an incentive from the Sugar Mills. The neighbouring Sugar factories paid additional cane price to the growers to retain the sugarcane during the crushing season 2008-09. To keep parity with other neighbouring factories and to retain the sugarcane supply to our both the Sugar Mills, we also paid Rs.15/- per qtl. as an incentive to the growers w.e.f. 05.02.2009. Thereafter the neighboring Sugar Mills paid further higher price to attract the sugar cane from neighbouring areas, but could not get full supply of cane and closed early in the month of March, 2009

Opportunities and Threats, Risks and Concerns.

Sugar being an agro-based commodity, it is natural that its price will react to supply volume during a season. The total area under the sugarcane during crushing season 2008-09 reduced substantially due to delay and dispute over the cane price, Sugarcane has lost parity with alternate crops, particularly the food crops such as Wheat, Rice and Soya etc with sharp increases in their support price announced by the Government. Sugarcane on the other hand, has not received any such consideration, as a result cultivation of sugarcane has suffered between 2006-07 and 2008-09. The Sugarcane production declined from a level of nearly 360 Million Tonnes to 280 Million tonnes in the year 2008-09.

In the season 2008-09, due to shortage of cane, there was heavy diversion of cane to other Gur & Khandsari Units in the area on much higher rate than the SAP fixed by the State Govt. The neighbouring Sugar factories paid an additional cane price to the growers to retain the sugarcane in their area. In spite of payment of additional cane price over SAP, all the sugar factories in U.P. could not get full supply of cane and closed early in the month of March, 2009. Due to shortage and diversion of cane and fall in recovery rate upto 1% the sugar production in U.P. is 40 lac tonnes in the season 2008-09 as against 73 lac tonnes in the last season 2007-08 i.e. a drop of 41% in production over the last season. The estimated production of sugar in the Country for the season 2008-09 will be around 147 lac tonnes as against the initial estimate of 200 lac tonnes and actual production of 263 lac tonnes during the previous season 2007-08. A sharp decline in sugar production by 116 lac tonnes in one single year has come as a surprise to all the concerned parties.

The carry forward stock of 80 lac tonnes from the previous season will be almost fully exhausted during the current year itself to meet the consumption demand which is assessed at the previous years level of 225 lac tonnes. Due to fall in production of sugar during the season 2008-09 the prices of sugar and molasses have shown firmness. The Government has imposed various restrictions such as fixing stock limit on whole seller and retailers, release of additional quota of sugar, restriction on exports, import of raw sugar under licence of zero duty, import of white Sugar through specified agencies and suspension of further trading in sugar. Apparently all these measures have initiated by the Government to regulate prices by regulating supply of sugar. However, in spite of all these measures, the availability of sugar is expected to remain tight for the current year.

Even in the coming sugar season the availability of cane is not likely to improve substantially and the sugar mills, particularly in U.P. will find it difficult to get cane to their capacity.

Performance and Outlook

SHAMLI SUGAR UNIT

During the Crushing Season 2008-2009 we crushed 7018461 Qtls. of sugar cane upto 13th April, 2009 at an average recovery of 8.95% producing 627842 Qtls. of Sugar in 135 days of working. During the earlier Sugar Season 2007-08 we had crushed 9520810 Qtls of Sugar Cane upto 10th May, 2008 with an average recovery of 9.60% and produced 913940 Qtls. of Sugar in 170 days of working. The average cane crush per day was 51989 Qtls. in 2008-09 season as compared to 56005 Qtls. in 2007-08 season.



UNN SUGAR COMPLEX

During the Crushing Season 2008-2009 we crushed 3160934 Qtls. of sugar cane upto 23rd March, 2009 at an average recovery of 8.95% producing 282904 Qtls. of Sugar in 114 days of working. During the earlier sugar season 2007-08 we had crushed 5265899 Qtls of Sugar Cane upto 25th April, 2008 with an average recovery of 9.81% and produced 516431 Qtls. of Sugar in 152 days of working. The average cane crush per day was 27830 Qtls. in 2008-09 season as compared to 34569 Qtls. in 2007-08 season.

As stated above, the lower cane crush in the season 2008-09 as compared to season 2007-08 is mainly due to shortage of cane and further compounded due to heavy diversion of cane to other Gur & Khandsari Units in the area on much higher rate than the rate fixed by the State Government. In spite of all the efforts to retain the sugar cane during the crushing season 2008-09 we also could not get full supply of cane and closed early.

(ii) ALCOHOL

The working of the Alcohol Industry is fully dependent upon the Excise Policies and the Excise Duty structure. The U.P. Alcohol Industry in the year under report had to face the problems of poor offtake of finished products due to growing competition, unremunerative prices, increased discounts and unfavourable Excise Duty structure in the Uttar Pradesh as compared to neighbouring States resulting in lower capacity utilization. Besides this existing distilleries have increased their capacity or even new distilleries have been set up adjacent to sugar factories resulting in the excessive production of Alcohol due to either capacity expansion or setting up of new distilleries.

The low capacity utilization in case of our Unit-Pilkhani Distillery & Chemical Works was mainly due to stoppage of plant on account of compliance of notice from the Central Pollution Control Board (CPCB), Delhi, due to which the fermentation of molasses and distillation of alcohol was stopped w.e.f. 1st October, 2007. Thereafter, in pursuance of directions from CPCB vide their letter dated 12.9.2008, the fermentation of Molasses and distillation of Alcohol commenced in Pilkhani Distillery & Chemical Works w.e.f. 22nd October, 2008.

Due to short duration of sugar season 2008-09 in U.P. the production of molasses was on lower side resulting in increase in price of molasses by more than Rs.200/- per qtl. The increase in price of molasses have resulted in the increased cost of production of spirit and had adversely its affects the supply of Ethanol to the Petroleum Companies, as per the contract price agreed with them.

The Company has entered into an agreement with M/s United Spirits Limited for bottling their IMFL Brands in Unit-Pilkhani Distillery & Chemical Works from April, 2008 onwards. The Company is making efforts for increasing the market share in Country Liquor to improve the capacity utilization of the Distillery Units.

Human Resources initiatives and Industrial Relations

The Company has, as always, stood by its commitment of harnessing and developing its people resources in the best possible manner for achievement of its business goals and objectives. All through the year the level of people engagement has been of the highest order, which has impacted the process of business growth and up-gradation of various systems in a significant way.

Training and Development

The process of training and development has continued with a view to upgrading skills and competencies of people. Employees across all levels including Senior, and Middle Management have been through various developmental programs customized to meet the individual and organizational needs. The organization has continuously worked towards providing an enabling work environment, which encourages people to acquire newer skills and knowledge so as to make them more effective, productive and tuned to the environmental changes.

Internal Control systems and their adequacy

The Company is conscious of the importance of internal processes and controls. Your Company has designed internal control systems to handle the requirements of businesses of the Company across various locations in regard to all business transactions - sales order to collections, purchase orders to payments, employee payments, expense payments, material and assets accounting etc.

We have an in-house internal audit department who carry out internal audit of all business areas who assess the design and implementation of all business processes, in addition to transaction audit. Observations made by internal audit are reviewed and discussed by the Audit Committee. The management gives lot of emphasis on continuous up-gradation of business processes and adherence to the designed system and processes.

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SIR SHADI LAL ENTERPRISES LIMITED

CORPORATE GOVERNANCE CONTD.....

(10) GENERAL SHAREHOLDERS INFORMATION:

a) Annual General Meeting:

Date, Time and Venue of
Next Annual General Meeting : 22nd September, 2009 at 11.30 a.m.
P.H.D. House, opposite Asian Games Village
New Delhi-110016

b) Financial Calendar (2009-2010):

Financial reporting for the
quarter ending 30th June, 2009 : End of July, 2009
Financial reporting for the quarter
ending 30th Sept., 2009 : End of October, 2009
Financial reporting for the
quarter ending 31st Dec., 2009 : End of January, 2010
Financial reporting for the
quarter ending 31st March, 2010 : End of April, 2010

c) Date of Books closure : 15th September, 2009 to 17th September, 2009 (Both days inclusive).

d) Dividend payment date : NIL

e) Listing on Stock Exchange : Delhi Stock Exchange Ltd. DSE House, 3/1, Asaf Ali Road, New Delhi-110002. Bombay Stock Exchange Ltd. 25th Floor, P.J. Tower, Dalal Street, Mumbai - 400001. The Company has paid the listing fee to both the Stock Exchanges for the financial year 2009-10.

f) Stock Code : 19174 of Delhi Stock Exchange Ltd. 532879 of Bombay Stock Exchange Ltd.

g) Corporate Identity Number (CIN) : Our Corporate Identity No. is L51909DL1933PLC009509, allotted by the Ministry of Company Affairs, Government of India and our Company Registration No. is 9509.

h) Market Price Data :

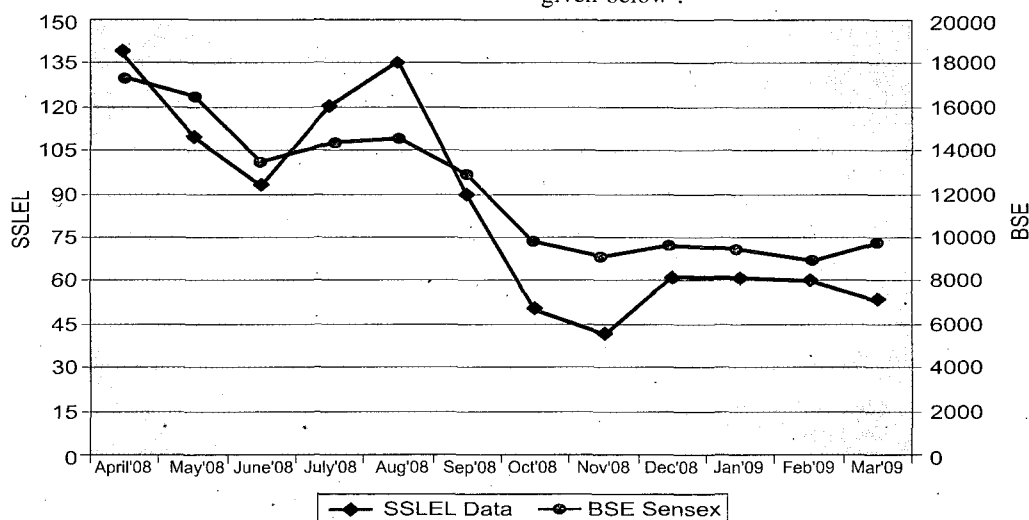
The Market Price Data and Volume from 1st April, 2008 to 31st March, 2009 on the Bombay Stock Exchange Limited, Mumbai are given below :

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded
April, 2008	150.00	93.50	10629
May, 2008	144.00	109.25	7020
June, 2008	117.00	95.00	1939
July, 2008	129.25	86.00	3750
August, 2008	156.00	121.70	21599
September, 2008	138.50	90.00	5292
October, 2008	96.50	47.90	4988
November, 2008	59.10	42.85	2435
December, 2008	63.45	38.90	5935
January, 2009	73.35	57.00	8672
February, 2009	70.95	55.80	4770
March, 2009	62.75	50.50	3052



i) BSE Sensex, Crisil Index etc.

Performance of share price of your Company in comparison to BSE Sensex during the period 01-04-2008 to 31-03-2009 is given below :



j) Registrar & Transfer Agent

M/s.Alankit Assignment Ltd., Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110 055 have been acting as the Registrar and Share Transfer Agent for shares of the Company.

k) Share Transfer System

The transfer of shares in physical form is processed by the Secretarial Department of the Company on the basis of data forwarded by the Share Transfer Agent, M/s Alankit Assignment Ltd. within the time prescribed. The Share Transfer Committee/ Board of Directors approves transfer of shares in physical form, transmission of shares, transposition of name, consolidation of share certificates and issue of duplicate share certificates in lieu of the lost/misplaced share certificates. The Share Transfer Committee of the Board of Directors meet as and when required to consider and approve the share transfer/transmission applications.

In case of shares in Electronic form the transfers are processed through Share Transfer Agent by NSDL/CDSL through respective Depository participants.

l) Distribution of Shareholding and Shareholding pattern as on 31.03.2009

(i) Distribution of Shareholding :

Category	No. of Shareholders	% age	Physical	NSDL Demat	CDSL Demat	Total No. of Shares	% age
1 to 500	1680	76.087	107252	56383	19330	182965	3.485
501 to 1000	224	10.145	81901	53738	17715	153354	2.921
1001 to 2000	119	5.390	90658	57569	16591	164818	3.140
2001 to 3000	56	2.536	68718	49478	22102	140298	2.672
3001 to 4000	31	1.404	43338	61047	6412	110797	2.110
4001 to 5000	11	0.498	26495	22493	0	48988	0.933
5001 to 10000	34	1.540	151252	49939	23523	224714	4.280
10001 and above	53	2.400	1902138	2321928	0	4224066	80.459
Total	2208	100.00	2471752	2672575	105673	5250000	100.00

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SIR SHADI LAL ENTERPRISES LIMITED

CORPORATE GOVERNANCE CONTD.....

(ii) Shareholding Pattern:

	Physical Form		Demat Form		Total	
	No. of	(%age) Shares	No. of	(%age) Shares	No. of	(%age) Shares
A. Promoters' Holding						
1. Indian Promoters	1530827	29.16	1257485	23.95	2788312	53.11
2. Foreign Promoters	-	-	-	-	-	-
Total (A)	1530827	29.16	1257485	23.95	2788312	53.11
B. Non- Promoters Holding						
(i) Institutional Investors						
1. Mutual Funds and UTI	-	-	-	-	-	-
2. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions, Non-Government Institutions)	-	-	682478	13.00	682478	13.00
3. FIIs	-	-	-	-	-	-
Sub-total (B- i)	-	-	682478	13.00	682478	13.00
(ii) Non-Institutionals						
1. Private Corporate Bodies	83422	1.59	172494	3.29	255916	4.88
2. Indian Public	855226	16.29	647048	12.32	1502274	28.61
3. NRIs	2277	0.04	18743	0.36	21020	0.40
Sub total (B - ii)	940925	17.92	838285	15.97	1779210	33.89
Total (B)	940925	17.92	1520763	28.97	2461688	46.89
GRAND TOTAL (A + B)	2471752	47.08	2778248	52.92	5250000	100.00

m) Dematerialisation

The Shares of the Company can be held in dematerialized mode with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN No. of the Company is INE 117 H 01019. As on 31.3.2009, 52.92 % of the Equity Shares of the Company were in dematerialised form and the balance 47.08% shares in physical form.

Status of Dematerialization/Physical Shares as on March 31, 2009

Particulars	No. of Shares	% of Total Capital	No. of Accounts
National Securities Depository Limited	2672575	50.91	819
Central Depository Services (India) Limited	105673	2.01	293
TOTAL DEMATERIALISED	2778248	52.92	1112
PHYSICAL	2471752	47.08	1096
GRAND TOTAL	5250000	100.00	2208



- n) **Outstanding GDRs/ADRs/ warrants or any convertible Instruments, Conversion Dates and likely impact on equity** : **The Company has not issued any GDRs/ADRs/Warrants Conversion or any convertible instruments**

Unclaimed Dividend :

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of 7 years from the date they became due for payment are required to be transferred by the Company to the Investor Education & Protection Fund (IEPF) administered by the Central Government, given below, are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF :

Financial Year	Date of declaration of Dividend	Due date for transfer to IEPF
2001-02	30.09.2002	05.11.2009
2003-04	16.09.2004	22.10.2011
2004-05	27.09.2005	02.11.2012
2005-06	25.09.2006	31.10.2013

- o) **Plant Location** :
- i) Upper Doab Sugar Mills,
SHAMLI - 247776,
Distt. Muzaffarnagar (U.P.)
 - ii) Unn Sugar Complex,
BLOCK UNN,
Distt. Muzaffarnagar (U.P.)
 - iii) Shamli Distillery & Chemical Works,
SHAMLI - 247776,
Distt. Muzaffarnagar (U.P.)
 - iv) Pilkhani Distillery & Chemical Works,
PILKHANI - 247032,
Distt. Saharanpur (U.P.)

- p) **Address for Correspondence** **REGISTERED OFFICE** **SHARE TRANSFER AGENT**

4-A, Hansalaya,
15, Barakhamba Road,
NEW DELHI-110001

Telephones:
011-23316409
011-23321827
011-23310414

Fax: 011-23722193

M/s. Alankit Assignments Ltd.,
'Alankit House' 2-E/21,
Jhandewalan Extn.
NEW DELHI-110055.

Telephones:
011-23541234
011-42541234

Fax: 011-42540064

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.

- q) **Secretarial Audit for reconciliation of capital** : As stipulated by SEBI, a practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL)

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and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This Audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the shares of the Company are listed. The Auditor certifies that the total listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL & CDSL) and total number of shares in physical form.

(11) Compliance Certificate of the Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors' Report on Corporate Governance.

The certificate from the Statutory Auditors will be sent to the listed Stock Exchanges alongwith Annual Report of the Company.

(12) CEO/CFO Certification

Pursuant to clause 49 of the Listing Agreement, the CEO/CFO have submitted the desired certificate to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 18th July, 2009.

For and on behalf of the Board

Place : New Delhi

Dated : 18th July, 2009

Onke Aggarwal

Chairman



**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To,

The Shareholders

SIR SHADI LAL ENTERPRISES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Sir Shadi Lal Enterprises Limited for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Delhi Stock Exchange Ltd. and Bombay Stock Exchange Ltd. have been complied with in all material respect by the Company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by Shareholders/Investor Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BASANT RAM & SONS
Chartered Accountants

Place : New Delhi
Dated : 18th July, 2009

H.K. Chadha
Partner
Membership No. 6470



AUDITORS' REPORT

To,
The Shareholders of
Sir Shadi Lal Enterprises Limited

1. We have audited the attached Balance Sheet of Sir Shadi Lal Enterprises Limited as at 31st March, 2009, and also the Profit and Loss Account & the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure 'A' statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;

- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, subject to note no.16(B) (c) (iii) in respect of valuation of closing stock of sugar, disclosing reasons for change in the basis of valuation and its effect of increase in value of Closing Stock by Rs.1.98 crores with a consequential effect to that extent in reduction of loss for the year *and note no. 16 (B) (d) in respect of bad and doubtful debts and advances short provided by Rs. 20.98 lacs*, the said accounts read together with the other notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For BASANT RAM & SONS
Chartered Accountants

H. K. Chadha
Partner

Place : New Delhi
Dated : 18th July, 2009

Membership No. 6470



ANNEXURE 'A' TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of Auditors' Report of even date to the Shareholders of Sir Shadi Lal Enterprises Limited on the accounts for the year ended 31st March, 2009)

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets except that cost and to date depreciation written off for certain assets, was available for group of assets.
- b) The Company's programme of physical verification of all its fixed assets once in three years, is in our opinion, reasonable having regard to the size of the Company and the nature of its fixed assets. We are informed that in accordance with the programme, no physical verification of fixed assets was carried out during the year under report.
- c) In our opinion, there was no substantial disposal of fixed assets during the year.
- ii. a) During the year, the inventories have been physically verified by the management except Material sent for job work and lying with third party. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
- iii. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 except demand loans/ fixed deposits.
- c) The demand loans/ fixed deposits were taken from twenty one parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and the maximum amount involved in the transactions during the year was Rs. 31.04 crores and the year end balance of such loans / deposits was Rs. 31.03 crores.
- d) In our opinion, the rate of interest and other terms and conditions of demand loans/ fixed deposits taken from Directors / Managing Director and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- e) The Company is regular in repayment of principal amount of demand loans/ fixed deposits and interest thereon.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and information and as per the explanations given to us, we have neither come across nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. a) In our opinion and according to the information and explanations given to us, the contracts and arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us, that during the year there were no transactions exceeding value of Rupees five lacs that need to be entered into the Register in pursuance of contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any

CONTD.....



SIR SHADI LAL ENTERPRISES LIMITED

other Tribunal, relevant to Sections 58A, 58AA or the other relevant provisions of the Act.

- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the Books of Account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a) According to the information and explanations given to us and according to the books and records examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues as applicable with appropriate authorities.
b) According to the records of the Company and the information and explanations given to us, there are no amounts in respect of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute, other than mentioned in 'Annexure-1' to this report.
- x. The Company does not have accumulated losses as at the end of the Financial Year 31st March, 2009. The Company has not incurred cash losses during the financial year ended 31-03-2009, but the Company has incurred cash losses amounting to Rs.3763.72 lacs during the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us by the Management, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- xii. According to the information and explanations given to us by the Management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/

ANNEXURE 'A' TO THE AUDITORS' REPORT CONTD.....

nidhi/ mutual benefit fund/societies are not applicable to the Company.

- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions. Accordingly, the provisions of clause 4(xv) of the Order, are not applicable to the Company.
- xvi. According to the information and explanations given to us, in our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and based on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis (excluding Working Capital) have been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the year and did not have any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For BASANT RAM & SONS
Chartered Accountants

H. K. Chadha
Partner

Place : New Delhi
Dated : 18th July, 2009

Membership No. 6470



(Annexure –1 as referred to in para ix. (b) of Annexure 'A' to the Auditors' Report of even date to the members of Sir Shadi Lal Enterprises Limited on the accounts for the year ended 31st March, 2009)

Following are the particulars of disputed dues (provided /considered contingent liability, as appropriate) as on 31.3.2009 on account of Income-Tax, Sales-Tax, and cess matters that have not been deposited on account of dispute:-

Name of the Statute	Nature of the Dues	A mount (Rs.in lacs)	Period to which the Amount relates	Forum where dispute is pending
Income Tax Act	Penalty	25.67	1999-2000	ITAT
	Penalty	11.67	2000-2001	ITAT
	Tax demand	150.49	2003-2004	CIT(A)
	Tax demand	56.40	2004-2005	CIT(A)
	Tax demand	83.89	2005-2006	CIT(A)
Sales Tax Act	Entry Tax	24.62	2005-2006	Commercial Tax Tribunal, MZN
	Interest	13.08	2005-2006	Commercial Tax Tribunal, MZN
Sales Tax Act	Tax demand	21.62	2002-2003	High Court at Allahabad
	Tax demand	12.38	2004-2005	Jt. Commissioner (Appeals) Commercial Taxes, MZN
	Tax demand	25.02	2003-2004	Commercial Tax Tribunal, MZN
	Entry Tax	93.83	2004-2005	High Court at Allahabad
Central Excise Act	Penalty/Reversal	2.01	2004-2005	Commissioner (Appeals) of Central Excise, Meerut
			2006-2007	
			2007-2008	
U.P. Molasses Control Act	Administrative Charges	3.85	1996-1997	High Court at Allahabad / Lucknow
		0.46	1997-1998	
		18.65	2008-2009	
Central Excise Act	Penalty/Reversal of Modvat Credit / Service Tax	0.13	2004-2005	Central Excise and Service Tax (Appellate) Tribunal, New Delhi
		1.39	2006-2007	
U.P. Excise Act	Penalty for Low recovery	1.85	1991-1992	Excise Commissioner Allahabad

We have been informed that apart from above, there are no dues in respect of Wealth-tax, Service-tax, Custom Duty which have not been deposited on account of any dispute.

For BASANT RAM & SONS
Chartered Accountants

H. K. Chadha
Partner

Membership No. 6470

Place : New Delhi
Dated : 18th July, 2009



SIR SHADI LAL ENTERPRISES LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	5,25,00,000	5,25,00,000
Reserves & Surplus	2	66,92,16,322	72,60,97,311
		72,17,16,322	77,85,97,311
Loan Funds			
Secured Loans	3	1,95,38,20,875	2,05,39,94,410
Unsecured Loans	4	45,26,91,411	31,19,12,113
		2,40,65,12,286	2,36,59,06,523
Total Funds Employed		3,12,82,28,608	3,14,45,03,834
Deferred Tax Assets		(7,29,22,760)	(11,85,69,366)
Total		3,05,53,05,848	3,02,59,34,468
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		2,01,67,02,665	2,00,39,07,074
Less: Depreciation		85,25,58,023	69,32,41,548
Net Block		1,16,41,44,642	1,31,06,65,526
Capital work in Progress		1,69,676	17,86,902
		1,16,43,14,318	1,31,24,52,428
Investments	6	1,38,030	40,030
Current Assets, Loans & Advances	7		
Inventories		2,23,05,11,728	2,22,57,90,076
Sundry Debtors		6,00,48,232	3,81,65,461
Cash and Bank Balances		13,93,07,735	6,92,76,383
Other Current Assets		5,50,15,729	5,33,25,868
Loans and Advances		4,10,94,944	5,01,66,965
		2,52,59,78,368	2,43,67,24,753
Less: Current Liabilities & Provisions	8		
Current Liabilities		24,73,41,766	31,91,92,742
Provisions		38,77,83,102	40,40,90,001
		63,51,24,868	72,32,82,743
Net Current Assets		1,89,08,53,500	1,71,34,42,010
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Total Assets (Net)		3,05,53,05,848	3,02,59,34,468
Contingent liabilities and Notes Forming Part of Accounts	16		

As per our report of even date
for BASANT RAM & SONS
Chartered Accountants

H.K. CHADHA
Partner

Membership No. 6470

Place : New Delhi

Date : 18th July, 2009

P.K. GOYAL
Vice President (Accounts)
Cum. Dy. Secretary

VIVEK VISWANATHAN
Executive Director

K.B. LAL
Secretary/
Sr. Executive Director

RAJAT LAL
Managing Director

Directors :

Sh. Onke Aggarwal
Sh. Hemantpat Singhania
Smt. Sudha Singhania
Smt. Manjula Viswanathan
Sh. R.L. Srivastava
Sh. R.C. Sharma
Sh. P.K. Viswanathan



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
INCOME:			
Gross Sales		4,13,87,34,554	2,52,88,35,746
Less : Excise Duty paid on Sales/Transfer		1,10,49,68,219	83,27,46,776
		3,03,37,66,335	1,69,60,88,970
Other Income	9	16,52,80,677	16,73,56,428
Variation in opening & closing stocks of finished & Semi-finished goods	10	(2,13,97,350)	70,91,11,319
		3,17,76,49,662	2,57,25,56,717
EXPENSES :			
Raw materials	11	1,95,03,24,504	2,01,65,50,937
Manufacturing Expenses	12	42,40,16,499	40,57,20,077
Salaries, Wages & Benefits	13	28,30,23,138	24,63,44,731
Administrative, Selling & Other Expenses	14	11,00,22,529	10,21,61,701
Interest & Finance Charges	15	25,02,96,173	17,80,19,210
		3,01,76,82,843	2,94,87,96,656
Profit/(Loss) Before Depreciation & Tax		15,99,66,819	(37,62,39,939)
Depreciation		16,44,41,323	11,79,63,072
Loss for the year before tax		44,74,504	49,42,03,011
Less/(Add) : Net excess of previous year's Income over Expenditure		1,40,121	(1,31,596)
Loss before Tax		43,34,383	49,43,34,607
Provision for Taxation		50,00,000*	3,10,00,000*
Provision for Deferred Tax (Asset)/Liability (Refer note no.9 in Schedule 16)		4,56,46,606	(15,52,56,252)
Fringe Benefit Tax		19,00,000	14,00,000
Loss after Tax		5,68,80,989	37,14,78,355
Net Deficit adjusted from General Reserve		5,68,80,989	37,14,78,355
Number of Shares		52,50,000	52,50,000
Earning per share		(-) 10.834	(-) 70.758

* Provision for taxation relates to earlier years.

Note : (1) Sales include Rs. 11,12,36,802. Inter-unit transfers (Previous Year Rs. 6,86,42,124).

(2) Figure in Bracket () denote minus figure.

As per our report of even date
for BASANT RAM & SONS
Chartered Accountants

H.K. CHADHA
Partner

Membership No. 6470

Place : New Delhi

Date : 18th July, 2009

P.K. GOYAL
Vice President (Accounts)
Cum. Dy. Secretary

VIVEK VISWANATHAN
Executive Director

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Secretary/
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Smt. Sudha Singhania

Smt. Manjula Viswanathan

Sh. R.L. Srivastava

Sh. R.C. Sharma

Sh. P.K. Viswanathan



SIR SHADI LAL ENTERPRISES LIMITED

SCHEDULE - 1 : SHARE CAPITAL

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Authorised :		
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	20,00,00,000
	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, subscribed and paid-up :		
52,50,000 Equity Shares of Rs. 10/- each fully paid-up	5,25,00,000	5,25,00,000
- 6,50,000 Equity Shares of Rs. 10/- each issued for cash	65,00,000	65,00,000
- 49,57,018 Equity Shares of Rs. 10/- each allotted as fully paid up Bonus Share by capitalization of General Reserve & Capital Redemption Reserve	4,95,70,180	4,95,70,180
	<u>5,60,70,180</u>	<u>5,60,70,180</u>
Less : 3,57,018 Equity shares of Rs. 10/- each bought back	35,70,180	35,70,180
	<u>5,25,00,000</u>	<u>5,25,00,000</u>
	<u>5,25,00,000</u>	<u>5,25,00,000</u>

SCHEDULE - 2 : RESERVES & SURPLUS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
General Reserves :		
As per last Balance Sheet	72,25,27,131	1,10,18,82,223
Less : Adjusted on account of Gratuity and Leave liability on revised Accounting Standard - 15 (Net of Tax Rs. NIL, Previous year Rs. 40,55,905)	-	78,76,737
	<u>72,25,27,131</u>	<u>1,09,40,05,486</u>
Less : Loss transferred from Profit & Loss Account	5,68,80,989	66,56,46,142
Capital Redemption Reserve	35,70,180	35,70,180
	<u>66,92,16,322</u>	<u>72,60,97,311</u>



SCHEDULE - 3 : SECURED LOANS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
A) From Banks :		
I Cash Credit :	1,16,07,07,262	1,15,16,05,712
(Secured against first parri passu charge by way of Hypothecation of entire current assets including Finished & Semi-finished stocks, raw materials, stores and receivables of the Company infavour of State Bank of India and Punjab National Bank and by way of Collateral Security on second pari passu charge on fixed assets of the Company at Shamli, Pilkhani and Unn.)		
II. Term Loan		
a) State Bank Of India	2,43,19,311	3,03,01,452
(Secured against first pari passu charge with Sugar Development Fund on the fixed assets of the company at Shamli and collaterally secured on first pari passu charge with Punjab National Bank on fixed Assets of Pilkhani Distillery-Unit)		
(Repayable within one year Rs. 59,32,000 Previous year Rs. 59,32,000)		
b) State Bank of India		
(Repayable within one year Rs. 7,50,00,000 Previous year Rs. 7,50,00,000)		
	35,98,82,979	45,45,92,386
c) Punjab National Bank		
(Repayable within one year Rs. 3,00,00,000 Previous year Rs. NIL)		
	15,14,70,501	15,15,98,467
(Secured against first pari passu charge of State Bank of India with Punjab National Bank on the entire Fixed Assests of Unn Sugar Unit and by way of Collateral Security on first pari passu charge on Fixed Assets at Pilkhani and second pari passu charge on Fixed Assets at Shamli)		
III. Financial Assistance to Sugar undertaking Scheme 2007		
(Secured against residual charge on the Fixed Assets of Sugar Unit at Shamli and Unn)		
a) State Bank of India		
(Repayable within one year Rs. 65,83,000 Previous year Rs. NIL)		
	15,90,81,105	15,94,02,521
b) Punjab National Bank		
(Repayable within one year Rs.26,87,500 Previous year Rs. NIL)		
	6,51,59,717	6,50,94,672
B) Sugar Development Fund :	3,32,00,000	4,13,99,200
(Secured against first pari passu charge on the Fixed Assets of the Company at Shamli and second pari passu charges on the entire current assets of the Company.)		
(Repayable within one Year Rs. NIL Previous Year Rs. 81,99,200).		
	<u>1,95,38,20,875</u>	<u>2,05,39,94,410</u>

**SCHEDULE - 4 : UNSECURED LOANS**

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
Fixed Deposits :		
From Directors	24,26,51,000	37,42,000
(Repayable within one Year Rs. 23,76,01,000 Previous Year Rs. 35,42,000)		
From others	16,63,23,000	14,92,16,000
(Repayable within one Year Rs. 8,01,00,000 Previous Year Rs. 8,59,47,000)		
Interest accrued and due on other Deposits repayable within One Year	40,597 16,63,63,597	60,292 14,92,76,292
Loan from Directors	3,93,83,225	15,14,38,521
Earnest Money and Security Deposits	42,93,589	74,55,300
	45,26,91,411	31,19,12,113

SCHEDULE- 5 : FIXED ASSETS

Nature of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As per last balance sheet 31.03.2008	Addition during the year	Sales & Adjustments during the year	Total Cost as on 31.03.2009	Depreciation written off upto 31.03.2008	Provided during the year	Deduction/ Adjustment during the year	Depreciation written off upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FIXEDASSETS										
Land (Free hold)	2,52,58,423	—	—	2,52,58,423	—	—	—	—	2,52,58,423	2,52,58,423
Land (Lease hold)	13,97,05,665	—	—	13,97,05,665	—	—	—	—	13,97,05,665	13,97,05,665
Buildings	24,45,10,781	42,37,788	5,53,014	24,81,95,555	4,90,62,108	1,41,58,138	86,461	6,31,33,785	18,50,61,770	19,54,48,673
Plant & Machinery	1,56,77,16,368	1,22,10,448	47,83,097	1,57,51,43,719	63,01,88,683	14,73,84,533	46,40,975	77,29,32,241	80,22,11,478	93,75,27,685
Railway sidings & Trolley lines	19,202	—	—	19,202	19,076	—	—	19,076	126	126
Furniture & Fixtures	51,60,956	4,83,531	61,055	55,83,432	40,66,690	3,18,485	41,279	43,43,896	12,39,536	10,94,266
Vehicles	1,05,07,174	16,62,299	4,01,309	1,17,68,164	58,68,011	13,81,620	3,56,133	68,93,498	48,74,666	46,39,163
Assets on rented Land	1,10,28,505	—	—	1,10,28,505	40,36,980	11,98,547	—	52,35,527	57,92,978	69,91,525
Total :	2,00,39,07,074	1,85,94,066	57,98,475	2,01,67,02,665	69,32,41,548	16,44,41,323	51,24,848	85,25,58,023	1,16,41,44,642	1,31,06,65,526
Previous Year	91,98,69,652	1,08,75,03,451	34,66,029	2,00,39,07,074	57,82,35,105	11,79,63,072	29,56,629	69,32,41,548		
Work in Progress									1,69,676	17,86,902
Total :									1,16,43,14,318	1,31,24,52,428

Note: Title deeds of land of the aggregate face value of Rs. 1,39,525 at Shamli are lodged as security with IFCI Ltd. Similarly title deeds of land of the aggregate face value of Rs. 16,45,44,636 at Pilkhani and Unn Sugar Unit are lodged as security against loans with State Bank of India, New Delhi.





SCHEDULE- 6 : INVESTMENTS
(Other than Trade Investments)

	As at 31.03.2009		As at 31.03.2008	
	Face Value	Book Value	Face Value	Book Value
	Rs.	Rs.	Rs.	Rs.
1 In Government Securities (at cost) :				
a) National Savings Certificates	1,38,000	1,38,000	40,000	40,000
2 In Shares Fully paid-up (at cost) :				
a) Shamli Co-operative Cane Development Union Limited (One Share)	10	10	10	10
b) Saharanpur Co-operative Cane Development Union Limited (One Share)	10	10	10	10
c) Indo International Distillers Association Pvt. Ltd. (58,500 Shares of Rs. 10/-each)	5,85,000	10	5,85,000	10
		<u>1,38,030</u>		<u>40,030</u>

NOTES :

- 1 Government Securities of the book value of Rs. 1,38,000 are lodged as security with different government departments for which confirmations from respective departments are still awaited (Previous Year Rs. 40,000).
- 2 All the above investments are unquoted.
- 3 The book value of 58,500 shares of M/s Indo International Distillers Association Pvt.Ltd. has been valued at nominal value of Rs. 10/-.



SCHEDULE- 7 : CURRENT ASSETS, LOANS & ADVANCES

	As at 31.03.2009		As at 31.03.2008	
	Rs.		Rs.	
CURRENT ASSETS :				
a) Stores and Stocks as per Inventories certified and valued by the management :				
Stores and Spares at average cost	8,99,90,906		9,13,47,402	
Loose Tools and Implements at average cost	29,07,537		28,89,763	
Finished Stocks at lower of cost and net realisable value	2,08,39,86,875		2,08,17,65,423	
Semi - finished stocks at estimated cost	2,00,25,161		2,21,78,725	
Raw materials at average cost	3,36,01,249	2,23,05,11,728	2,76,08,763	2,22,57,90,076
b) Sundry Debtors (Unsecured) :				
Debts outstanding for a period more than six months :				
Considered Good	8,81,309		17,99,978	
Considered Doubtful	2,51,67,352		2,40,14,116	
Less : Provision for doubtful debts	2,30,86,793	20,80,559	2,40,14,116	-
Other debts considered good	5,70,86,364	6,00,48,232	3,63,65,483	3,81,65,461
c) Cash and Bank Balances :				
Cash, Drafts and Stamps	16,78,637		24,42,212	
Balance with Scheduled Banks in current Account	9,82,66,142		2,82,10,468	
Balance with Scheduled Banks in Savings Bank Account	3,45,18,434		3,35,79,181	
Balance with scheduled Banks in Fixed Deposits*	48,44,522	13,93,07,735	50,44,522	6,92,76,383
d) Other Current Assets :				
Interest accrued	6,04,341		26,64,654	
Claims pending settlement	78,932		-	
Security Lodged	73,50,214		86,27,435	
Interest subsidy on Buffer Sugar Stocks	1,83,81,526		4,20,33,779	
Interest on Excise Loan recoverable	2,86,00,716	5,50,15,729	-	5,33,25,868
e) LOANS & ADVANCES :				
(Unsecured Considered good unless other wise specified)				
Due from a Co-operative Society bearing no interest	50,000		50,000	
Loan to employees	2,28,000		29,000	
Advances recoverable in Cash or in Kind or for value to be received :				
Considered good	1,08,08,687		1,64,82,322	
Considered Doubtful	2,35,548		1,87,192	
Less : Provision for doubtful advances	2,18,348	17,200	1,87,192	-
Recoverable or adjustable from Govt. Departments :				
Income Tax paid	59,040		-	
Sales Tax paid	14,00,000		14,00,000	
Excise Duty Deposited	2,46,77,913		2,29,34,002	
Prepaid Expenses	38,54,104	4,10,94,944	92,71,641	5,01,66,965
Total	2,52,59,78,368		2,43,67,24,753	

* Includes Rs. 47,94,522 as Security with various Government Departments(Previous year Rs. 50,44,522), Rs. 50,000 with Banks as margin money (Previous year Rs. 8,00,000 in Saving Bank Account)

**SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS**

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
A. CURRENT LIABILITIES :		
Sundry Creditors - Small Scale Industries*	2,32,324	15,31,335
- others	22,62,83,978	29,40,20,256
Interest accrued but not due	1,94,10,245	2,20,61,462
Unclaimed Dividends	14,15,219	15,79,689
	24,73,41,766	31,91,92,742
B. PROVISIONS FOR :		
Income Tax (Net)	-	2,16,374
Fringe Benefit Tax (Net)	25,956	5,274
Expenses	20,62,71,124	20,78,25,963
Gratuity	2,38,64,857	1,71,33,397
Leave Salary	1,56,31,897	1,34,88,343
Excise Duty on closing stock of Finished Goods	14,19,89,268	16,54,20,650
	38,77,83,102	40,40,90,001
	63,51,24,868	72,32,82,743

* Refer Note No. 12 in Schedule ' 16 '

Signature to Schedules 1 to 8 and 16 forming part of the Balance Sheet.

As per our report of even date
for BASANT RAM & SONS
Chartered Accountants

H.K. CHADHA
Partner

Membership No. 6470

Place : New Delhi

Date : 18th July, 2009

P.K. GOYAL
Vice President (Accounts)
Cum. Dy. Secretary

VIVEK VISWANATHAN
Executive Director

K.B. LAL
Secretary/
Sr. Executive Director

RAJAT LAL
Managing Director

Directors :

Sh. Onke Aggarwal
Sh. Hemantpat Singhania
Smt. Sudha Singhania
Smt. Manjula Viswanathan
Sh. R.L. Srivastava
Sh. R.C. Sharma
Sh. P.K. Viswanathan



SCHEDULE-9 : OTHER INCOME

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Interest Earned-Gross		
(Tax deducted at source Rs. 2,75,414 Previous year Rs. 2,47,887)		
i) From Banks	9,05,698	10,67,460
ii) From Others	2,26,152	11,31,850
Rent realized	1,57,265	2,66,663
Profit on sale of Fixed Assets	4,74,087	13,34,123
Profit on sale of Investments	—	18,91,299
Unclaimed Credit Balances written back	1,56,590	2,03,821
Sundry Receipts	5,63,813	37,33,475
Sale of Scrap	59,13,416	83,200
Expenses recovered from United Spirit Ltd. (Previous year B.D.A.)	56,26,302	93,200
Interest subsidy on Buffer Sugar Stock	1,14,97,428	1,70,814
Income from agricultural activity *	4,84,399	41,70,208
Provision for bad & doubtful debts provided in earlier years written back	10,49,865	—
Miscellaneous Sales :		
i) Sale of Bagasse	11,81,55,797	9,56,89,765
ii) Sale of Press Mud	1,41,48,697	1,39,00,999
iii) Sale of Bio-Compost	59,21,168	13,82,25,662
	<u>16,52,80,677</u>	<u>42,50,625</u>
		<u>11,38,41,389</u>

* Includes interunit income from Sugar cane Rs. NIL (Previous year Rs. 70,848)



SCHEDULE-10 : VARIATION IN OPENING AND CLOSING STOCKS OF FINISHED AND SEMI-FINISHED PRODUCTS

		For the year ended 31.03.2009 Rs.		For the year ended 31.03.2008 Rs.
Stocks at commencement :				
Finished Goods				
Manufactured Goods	2,04,25,59,434		87,03,65,959	
Traded Goods	3,92,05,989	2,08,17,65,423	-	87,03,65,959
Semi-finished Goods		2,21,78,725		1,14,13,741
		2,10,39,44,148		88,17,79,700
Add- Finished/Semi- finished Stocks Purchased	3,15,99,208		1,06,17,525	
Traded Goods	1,32,97,412	4,48,96,620	41,32,60,667	42,38,78,192
		2,14,88,40,768		1,30,56,57,892
Less : Stocks at Close :				
Finished Goods				
Manufactured Goods	2,08,28,68,778		2,04,25,59,434	
Traded Goods	11,18,097	2,08,39,86,875	3,92,05,989	2,08,17,65,423
Semi-finished Goods		2,00,25,161		2,21,78,725
		2,10,40,12,036		2,10,39,44,148
Excess of Closing Stocks over opening Stocks		(4,48,28,732)		79,82,86,256
Less:				
Variation in Excise Duty of Closing Stocks over opening Stocks		(2,34,31,382)		8,91,74,937
Net variation in Opening & Closing Stocks of Finished & Semi-Finished Goods		(2,13,97,350)		70,91,11,319

Note : (1) Previous year Purchase of traded goods includes Finished Sugar & Molasses for Rs. 40,60,72,978 at the time of acquisition of Unn Sugar Unit.

(2) Figure in Bracket () denote minus figure.

SCHEDULE-11 : RAW MATERIALS

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Raw Materials at Commencement	2,76,08,763	1,86,73,068
Add : Purchases during the year	1,95,63,16,990	2,02,54,86,632
	1,98,39,25,753	2,04,41,59,700
Less : At Close	3,36,01,249	2,76,08,763
Raw Materials consumed	1,95,03,24,504	2,01,65,50,937

Note : Purchases include Rs. 11,12,36,802 Inter - unit transfers (Previous Year Rs. 6,87,12,972).



SCHEDULE- 12 : MANUFACTURING EXPENSES

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Stores consumed	5,82,14,934	6,37,88,006
Power & Fuel	6,47,59,890	6,56,06,675
Packing & Forwarding	19,14,67,661	18,53,93,557
Repairs :		
Plant & Machinery	9,07,25,935	8,02,59,394
Buildings	1,07,73,637	39,04,174
Others	44,03,121	10,59,02,693
	<u>32,56,901</u>	<u>8,74,20,469</u>
Cane & Road Development	31,59,385	33,66,530
Expenses for Agriculture Activity	5,11,936	1,44,840
	<u>42,40,16,499</u>	<u>40,57,20,077</u>

SCHEDULE- 13 : SALARIES, WAGES & BENEFITS

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Salaries, Wages & Bonus	24,73,94,077	21,90,46,649
Contribution to Provident Fund and Family Pension Fund etc.		
(Including Rs.3,74,400 for Managerial Personnel -Previous year Rs. 3,74,400)	2,06,61,977	1,95,28,318
Contribution to Approved Superannuation Fund		
(Including Rs. 4,68,000 for Managerial Personnel -Previous Year Rs.4,68,000)	4,68,000	4,68,000
Provision/Contribution to Approved Gratuity Fund	1,11,19,862	39,29,313
Staff Welfare	33,79,222	33,72,451
	<u>28,30,23,138</u>	<u>24,63,44,731</u>



SCHEDULE-14 : ADMINISTRATIVE, SELLING & OTHER EXPENSES

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Rent	24,60,204	9,38,470
Rates & Taxes	1,16,63,681	1,69,96,803
Insurance	35,58,837	19,99,477
Travelling & Vehicles	1,03,22,822	84,32,830
Legal & Professional	52,75,104	66,38,206
Postage, Telegram and Telephones	21,40,043	23,65,095
Stationery & Printing	23,33,019	23,43,537
Subscription and Advertisement	24,27,642	10,84,640
General Charges	60,45,397	53,42,769
Managerial Remuneration :		
Salary	31,20,000	31,20,000
Perquisites (in addition to Rs. 8,42,400 towards Provident Fund & Superannuation Contribution-Previous Year Rs. 8,42,400)	22,90,704	21,82,760
Directors Fee	4,56,000	4,24,000
Directors Travelling	3,61,235	5,05,421
Charity & Donations	68,502	53,701
Bad Debts & Claims written off	39,953	1,91,832
Provision for Bad & Doubtful debts	1,53,698	1,52,42,293
Fines & Penalties	3,37,667	83,157
Audit Fee	2,50,000	1,75,000
Loss on Sale & Disposal of :		
Fixed Assets	5,03,817	2,20,086
Other Assets	14,80,459	7,73,626
Transportation & Selling	2,20,12,717	2,64,10,027
Commission on Sales	3,26,22,585	63,99,400
Transit Loss on Sales	98,443	2,38,571
	11,00,22,529	10,21,61,701



SCHEDULE-15 : INTEREST AND FINANCE CHARGES

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
Interest :		
Fixed Deposits/Term Loans	10,30,83,151	6,77,46,746
(Including Rs. 1,40,33,130 paid to Managerial Personnel Previous Year Rs. 5,42,566)		
Other Interest	14,27,51,905	24,58,35,056
(Including Rs. 1,11,76,442 paid to Managerial Personnel Previous year Rs. 1,21,64,772)	10,10,86,102	16,88,32,848
Bank Charges	44,61,117	91,86,362
	<u>25,02,96,173</u>	<u>17,80,19,210</u>

Signature to Schedules 9 to 15 forming part of the Profit & Loss Account.

As per our report of even date
for BASANTRAM & SONS
Chartered Accountants

H.K. CHADHA
Partner

Membership No. 6470

Place : New Delhi

Date : 18th July, 2009

P.K. GOYAL
Vice President (Accounts)
Cum. Dy. Secretary

VIVEK VISWANATHAN
Executive Director

K.B. LAL
Secretary/
Sr. Executive Director

RAJAT LAL
Managing Director

Directors :

Sh. Onke Aggarwal

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Smt. Sudha Singhania

Smt. Manjula Viswanathan

Sh. R.L. Srivastava

Sh. R.C. Sharma

Sh. P.K. Viswanathan



SCHEDULE - 16 : CONTINGENT LIABILITIES & NOTES

16. (A) CONTINGENT LIABILITIES NOT PROVIDED FOR:

	As on 31.03.2009	As on 31.03.2008
	Rs.	Rs.
(a) In respect of Statutory Liabilities :		
(i) Subjudice Income tax determined by Income tax department	3,28,10,709	3,97,25,984
(ii) Subjudice Sales tax and Entry Tax including interest	2,04,54,368	2,02,67,449
(iii) Excise Duty	7,02,377	7,15,242
(b) In respect of alleged claim of interest on arrears of late payment of cane price	73,08,696	73,08,696
(c) In respect of alleged lease rent of land demanded by Northern Railway	2,23,42,872	2,14,14,636
(d) In respect of administrative charges on inter-unit transfer of Molasses contested by the Company	22,96,436	4,31,450
(e) In respect of labour cases in dispute, the amount of which is not ascertainable		
(f) In respect of alleged claim of Stamping fee on vats amount of which is not ascertained as the detail has not been provided by Excise Department		

16. (B) NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT :

1. Significant Accounting Policies :

- (a) **Fixed Assets** : Fixed assets are recorded at acquisition/ construction cost including stamp duty less depreciation thereon. Interest on the term loans related to acquisition of fixed assets is capitalized upto the period such assets are ready for use.
- (b) **Depreciation** : (i) Depreciation is provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on assets on Rented land are amortized over the lease period.
- (iii) The exact written down value of some of the articles of meagre value written off under the head "Sales and Adjustments during the year" being not ascertainable, depreciation charged thereon in the previous years has been adjusted this year on proportionate basis.
- (c) **Inventory Valuation** : (i) Raw materials and stores & spares are valued at average cost.
- (ii) Stock-in-process is valued at estimated cost.
- (iii) Finished stocks are valued at "Lowest of Cost and net Realisable Value", except that by product Molasses has been valued at lower of estimated cost & net realisable value, because its exact cost price is not ascertainable. Upto last year "Realizable value of Sugar Stock" was arrived at considering lowest of market rate of sugar prevailing at the close of the year irrespective of the sugar season to which Stocks relate to. Whereas, considering substantial difference in Market rates of season wise sugar stock at the close of 31st March 2009, to present a fair financial position, this year



for arriving at "Realizable value of Sugar Stock" the season wise lowest market rate prevailing at the close of the year has been considered. This change in the basis of valuation has resulted in an increase in the value of closing stock by Rs. 1.98 crore, consequently loss for the year is reduced to that extent.

- (d) **Other Current Assets** : Current Assets, Loans and Advances are accounted for at their net realizable value, except that the provision for Sundry Debtors and Advances has been short provided by Rs. 20.98 Lacs.
- (e) **Investments** : Investments are accounted for at cost as reduced by amount written off.
- (f) **Sales** : Sales are recognized when supply of goods takes place and include Excise Duty but exclude Sales Tax.
- (g) **Recognition of Income/Expenditure** : Income/Expenditure are accounted for on accrual Basis.
2. The Company has provided the cane price liability for the season 2007-08 @ Rs. 125/- per qtl. for general variety and Rs. 130/- per qtl. for early maturing variety as per the State Advised price (SAP) for the financial year ending 31.03.2008. Thereafter on an appeal the Supreme Court has passed an interim order directing the Sugar Mills to pay @ Rs. 110/- per qtl. The Company has, therefore, decided not to provide the cane price liability in excess of Rs. 110/- per qtl. for sugar cane purchased during the period from 01.04.2008 to the end of the season 2007-08. The necessary adjustments shall be made on the final order of the Supreme Court.
3. **Retirement Benefits :**
- A. Defined Benefit Plans :**
- Provision made this year in the accounts in compliance with AS-15 (Revised) on account of Company's liability at the end of the year towards Gratuity and Leave encashment benefit payable to the employee is on the basis of actuarial valuation arrived at by using projected unit credit method.
- B. Defined Contribution Plan :**
- (i) Contribution to employees provident fund :
- Liability towards provident fund contribution is charged as accrued in accordance with applicable statute and deposited with the Regional Provident Fund Commissioner/ Approved Provident Fund Trust.
- (ii) Contribution to Superannuation Fund :
- Contribution to superannuation fund of key managerial personnel are made at predetermined rates to the superannuation fund trust and charged to the Profit and Loss account. There are no other obligations other than the contribution payable to the superannuation fund trust.
4. Estimated amount of contracts remaining to be executed on capital Account is Rs. 80,500 (Previous year Rs. 26,84,000) against which advance of Rs. 20,125 has been made (Previous Year Rs. 8,59,923).
5. In absence of balance confirmations from certain creditors, debtors and security lodged shown in Schedule '7' and '8', the Auditors have relied upon the figures appearing in the books of the Company.
6. Income Tax assessments have been completed upto the Accounting year 2005-2006 (Assessment Year 2006-2007). The Company has gone in appeal against certain such assessment orders and has been legally advised that in view of expected reliefs the provision for Income Tax made in accounts is considered adequate.
7. Certain 'C' forms in respect of inter-state sale will be collected in due course of time. Liability on account of Sales-Tax may arise on such inter-state sales relating to which 'C' forms are not received.

CONTD.....



SIR SHADI LAL ENTERPRISES LIMITED

SCHEDULE '16' CONTINGENT LIABILITIES & NOTES-CONTD.....

8. Additional information pursuant to the Provisions of Part II of the Schedule VI of the Companies Act, 1956.

Managerial Remuneration under Section 198 of the Companies Act, 1956 paid/provided.

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
a) Salary	31,20,000	31,20,000
b) Commission on profits	—	—
c) Provident Fund & Superannuation Fund	8,42,400	8,42,400
d) Perquisites	22,90,704	21,82,760
	62,53,104	61,45,160
e) Directors Fee	4,56,000	4,24,000
	67,09,104	65,69,160
A) Computation of profits U/S 309 (5) read with Section 198 & 349 of the Companies Act, 1956 :		
Profit/(Loss) as per Profit & Loss Account (Before Tax)	(43,34,383)	(49,43,34,607)
Add: Managerial Remuneration Paid/provided*	67,09,104	65,69,160
- Loss on sale of Assets	5,03,817	2,20,086
- Wealth tax paid	1,70,506	1,20,450
- Provision for leave encashment of Sr. Executive Director	1,12,000	—
- Provision for Bad & Doubtful debts	1,53,698	—
	76,49,125	1,52,42,293
	33,14,742	(47,21,82,618)
Less: Excess of expenditure over income of earlier years	(47,21,82,618)	—
Net profit for Managerial personnel commission	(46,88,67,876)	(47,21,82,618)
Commission to Managerial personnel :		
Because of inadequacy of Profit, no commission is payable.		
* Managerial Remuneration is exclusive of provision for gratuity and leave salary for which separte actuarial Valuation has not been provided by the Actuary		
B) Auditors' Remuneration :		
(I) Statutory Auditors		
(a) For Statutory Audit	2,50,000	1,75,000
(b) For Tax Audit	60,000	50,000
(c) For Audit of Trusts	15,000	15,000
(d) For certification	70,000	65,000
(e) Service Tax	39,552	37,680
	4,34,552	3,42,680
(f) Reimbursement of Travelling Expenses	3,761	—
(II) Cost Auditor		
(a) For cost Audit	40,000	35,000
(b) Service Tax	4,944	4,284
(c) Out of pocket Expenses	12,600	5,810
	57,544	45,094

SIR SHADI LAL ENTERPRISES LIMITED



C) Particulars of Capacity, Production, Stock and Sales of Salable Products :

	OPENING STOCKS		PRODUCTION	PURCHASES		TURNOVER		CLOSING STOCKS		LICENSED	INSTALLED
	QUANTITY QTLs.	VALUE Rs.	QUANTITY QTLs.	QUANTITY QTLs.	VALUE Rs.	QUANTITY QTLs.	VALUE Rs.	QUANTITY QTLs.	VALUE Rs.	CAPACITY (As Certified by the Management)	CAPACITY
For the Year ended 31.03.2009											
SUGAR										NOT	11250 MT
MANUFACTURED GOODS	12,47,418	1,94,54,41,233	11,15,338			13,78,949	2,43,12,61,731	9,83,807	1,87,84,73,626	APPLICABLE	CANE
TRADED GOODS	27,495	3,82,86,636				27,495	4,24,56,317				CRUSHED PER DAY
MOLASSES											
MANUFACTURED GOODS	3,14,101	5,91,29,617	6,07,810			6,35,981	25,80,79,113	2,37,493	12,28,43,125		
TRADED GOODS											
DISTILLERY PRODUCTS										40 LAKH	40 LAKH
MANUFACTURED GOODS		3,79,88,584			3,15,99,208		1,39,31,53,730		8,15,52,027	GALLONS	GALLONS
TRADED GOODS		9,19,353			1,32,97,412		1,37,83,663		11,18,097	PER ANNUM	PER ANNUM
OTHER SALES							13,82,25,662				
For the Year ended 31.03.2008											
SUGAR										NOT	11250 MT
MANUFACTURED GOODS	5,03,162	77,34,72,233	14,33,448			6,89,192	97,73,67,000	12,47,418	1,94,54,41,233	APPLICABLE	CANE
TRADED GOODS				2,45,260	40,35,74,440	2,17,765	31,47,95,403	27,495	3,82,86,636		CRUSHED PER DAY
MOLASSES											
MANUFACTURED GOODS	1,30,406	1,79,92,379	7,03,758			5,18,388	9,95,21,774	3,14,101	5,91,29,617		
TRADED GOODS				42,642	24,98,538	40,720	95,14,093				
DISTILLERY PRODUCTS										40 LAKH	40 LAKH
MANUFACTURED GOODS		7,89,01,347			57,12,300		1,12,13,69,140		3,79,88,584	GALLONS	GALLONS
TRADED GOODS					71,87,689		62,68,336		9,19,353	PER ANNUM	PER ANNUM
OTHER SALES							11,38,41,389				

NOTES :

- Quantitative figures of Distillery products are not ascertainable, because the basic product of spirits is converted later into various strengths with water dilution.
- Closing stock of Molasses arrived at after adjustment of wastage of 48,438 Qtls. Out of which normal wastage 9,156 qtls. (Previous year 3,597 Qtls.) & abnormal wastage due to bursting of tank 39,282 qtls. (Previous year NIL)
- Turnover includes inter-unit transfer of Rs. 11,12,36,802 (Previous year Rs. 6,86,42,124).

CONTD.....



SIR SHADI LAL ENTERPRISES LIMITED

SCHEDULE '16' CONTINGENT LIABILITIES & NOTES-CONTD.....

		For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
D) Other Information :			
(a) Value or imports calculated on CIF basis during the year		NIL	NIL
(b) Expenditure in Foreign Currency		41,601	34,850
(c) Value of imported/indigenous raw materials, spare parts; components consumed :			
	Quantity Qtls.		Quantity Qtls.
(I) Raw Materials including expenses thereon :			
(i) Sugarcane (100% indigenous)	1,24,79,843	1,81,34,74,078	1,46,95,534
(ii) Molasses (100% indigenous)	3,94,569	13,17,66,445	4,44,611
(iii) Malt (100% indigenous)	2,089	50,83,981	948
(iv) Cane Juice (100% indigenous)	NIL	NIL	3,824
			4,62,923
(II) Spare Parts and components :	% of total consumption		% of total consumption
(i) Indigenous	100	3,45,88,787	100
(ii) Imported	NIL	NIL	NIL
(d) Amount remitted during the year in Foreign Exchange on account of Dividend		NIL	NIL
(e) Earning in Foreign Currency		NIL	NIL

9. Deferred Tax Assets at the year end comprising timing difference on account of :

	As at 31.03.09	As at 31.03.08
(a) Depreciation	9,96,59,093	10,81,08,941
Less :- Expenditure/Provisions allowable on account of :		
- Employees Benefits	60,23,580	50,14,363
- Taxes, duties, cess etc	73,26,031	3,92,60,184
- Provision for Bad & doubtful debts.	52,242	51,80,855
- Assessed loss under Income Tax Act' 1961.	15,91,80,000	17,31,67,000
- Transitional Provision under revised AS-15	-	40,55,905
Net deferred tax Assets	7,29,22,760	11,85,69,366
(b) In accordance with "Accounting Standard-22" the company has recognized the deferred tax Liability Rs. 4,56,46,606 which has been adjusted in Profit & Loss account.		



10. Related parties' Disclosures :

I Relationship

A Key Management personnel :

1. Mr. Rajat Lal
2. Mr.K.B. Lal
3. Mr. Vivek Viswanathan

Designation

Managing Director
Sr. Executive Director
Executive Director

B Relatives of Key Management Personnel

1. Smt. Sudha Singhania
2. Smt. Poonam Lal
3. Sh. Rahul Lal
4. Ms. Pooja Lal
5. Smt. Nirmala Lal
6. Sh. Kapil Bhushan Lal
7. Smt. Aradhana
8. Smt. Minoo
9. Smt. Anjana Aggarwal
10. Sh. P.K. Viswanathan
11. Smt. Manjula Viswanathan
12. Smt. Radhika

Relation with Key Management Personnel

Sister of Shri Rajat Lal
Wife of Shri Rajat Lal
Son of Shri Rajat Lal
Daughter of Shri Rajat Lal
Wife of Shri K.B. Lal
Son of Shri K.B. Lal
Daughter of Shri K.B. Lal
Daughter of Shri K.B. Lal
Daughter of Shri K.B. Lal
Father of Shri Vivek Viswanathan
Mother of Shri Vivek Viswanathan
Sister of Shri Vivek Viswanathan

II Transactions of Expense/Income carried out during the year

	Remuneration	Directors' Fee	Interest on Deposits/Loans	Total
	Rs.	Rs.	Rs.	Rs.
A. Key Management Personnel :	62,53,104 (61,45,160)	— (—)	2,52,09,572 (1,27,07,339)	3,14,62,676 (1,88,52,499)
B. Relatives of Key Management Personnel	— (—)	48,000 (1,04,000)	21,89,444 (27,50,764)	22,37,444 (28,54,764)
TOTAL (A+B):	62,53,104 (61,45,160)	48,000 (1,04,000)	2,73,99,016 (1,54,58,103)	3,37,00,120 (2,17,07,263)

III Transactions of Loans and Deposits during the year

	Opening Balance As on 01.04.2008	Received	Repaid	Closing Balance As on 31.03.2009
	Rs.	Rs.	Rs.	Rs.
1 Loans				
- Key Management Personnel	14,63,18,795 (12,43,94,319)	13,16,07,175 (2,83,57,639)	23,98,67,778 (64,33,163)	3,80,58,192 (14,63,18,795)
- Relatives of Key Management Personnel	48,98,974 (63,78,188)	53,43,349 (1,61,09,232)	89,48,603 (1,75,88,446)	12,93,720 (48,98,974)
2 Deposits				
- Key Management Personnel	23,92,000 (1,01,88,000)	23,26,01,000 (23,92,000)	23,92,000 (1,01,88,000)	23,26,01,000 (23,92,000)
- Relatives of Key Management Personnel	1,72,97,000 (3,26,19,000)	1,82,54,000 (66,35,000)	1,10,63,000 (2,19,57,000)	2,44,88,000 (1,72,97,000)

Note : Figures in () denote Previous Year figures.

CONTD.....



SIR SHADI LAL ENTERPRISES LIMITED

SCHEDULE '16' CONTINGENT LIABILITIES & NOTES-CONTD.....

11. Segment Reporting :

The Company's operation predominantly relates to manufacture and sale of Sugar and Alcohol products. Accordingly the Sugar and Alcohol products primarily comprises the basis for primary and secondary for segment information :

SEGMENT INFORMATION-BUSINESS SEGMENT:

Particulars	Sugar Amount Rs.	Alcohol Amount Rs.	Total Amount Rs.
-Segment Revenue including Excise Duty			
External Revenue	2,62,05,60,359	1,40,69,37,393	4,02,74,97,752
	(1,33,25,56,146)	(1,12,76,37,476)	(2,46,01,93,622)
Inter-segment	11,12,36,802	-	11,12,36,802
	(6,86,42,124)	(-)	(6,86,42,124)
Total	2,73,17,97,161	1,40,69,37,393	4,13,87,34,554
	(1,40,11,98,270)	(1,12,76,37,476)	(2,52,88,35,746)
-Segment Result before interest & tax Profit/Loss (-)	27,01,79,486	34,84,583	27,36,64,069
	(-)(28,52,06,214)	(-)(1,52,65,640)	(-)(30,04,71,854)
Less : Unallocated expenses (Net of Unallocable Income)			3,21,63,397
			(2,50,29,905)
Less : Finance Charge			24,58,35,055
			(16,88,32,848)
Profit/(Loss) (-) before tax			(-) 43,34,383
			(-) (49,43,34,607)
- Segment assets	3,19,28,74,352	46,67,03,512	3,65,95,77,864
	(3,33,76,76,010)	(38,22,17,490)	(3,71,98,93,500)
Unallocated Assets			3,08,52,852
			(2,93,23,711)
Total Assets			3,69,04,30,716
			(3,74,92,17,211)
- Segment Liabilities	52,72,40,261	6,84,50,013	59,56,90,274
	(63,42,41,962)	(5,70,81,718)	(69,13,23,680)
Unallocated Liabilities			3,94,34,594
			(3,19,59,063)
Total Liabilities			63,51,24,868
			(72,32,82,743)
Segment capital expenditure	1,03,08,816	65,90,351	1,68,99,167
	(1,01,29,64,359)	(7,36,39,242)	(1,08,66,03,601)
Unallocated capital Expenditure			16,94,899
			(8,99,850)
Total capital expenditure			1,85,94,066
			(1,08,75,03,451)
-Segment Depreciation	13,47,67,822	2,84,24,370	16,31,92,192
	(8,93,74,155)	(2,72,44,211)	(11,66,18,366)
Unallocated Depreciation			12,49,131
			(13,44,706)
Total Depreciation			16,44,41,323
			(11,79,63,072)

Note : Figures in () denote Previous year figures.



12. Regarding the status of Suppliers the Small Scale Industrial undertakings to whom amounts are due for more than thirty days have been determined based on the information available with the Company are as follows :
 (a) M/s Akram Implex Pvt. Ltd. (b) M/S Century Instrument Pvt. Ltd. (c) M/s Vikram Chemical Industries
 (d) M/s Vikas Pump & Projects.
13. The Company, during the year, has reviewed the Carrying Value of the assets for finding out the impairment, if any. The review has not revealed any impairment of assets in terms of Accounting standard-28 issued by the Institute of Chartered Accountants of India.
14. Certain previous year figures have been rearranged to make them comparable with current year figures.
15. Figures have been rounded off nearest to rupee.
16. Cash Flow statement for the year ended 31st March, 2009 is enclosed in the statement annexed to these accounts as Annexure I.

17. Balance Sheet abstract and Company's General Business Profile :

I REGISTRATION DETAILS :

REGISTRATION NUMBER

9 5 0 9

STATE CODE

5 5

BALANCE SHEET DATE

3 1 - 0 3 - 2 0 0 9

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. LAKHS)

PUBLIC ISSUE

N I L

RIGHT ISSUE

N I L

BONUS ISSUE

N I L

PRIVATE PLACEMENT

N I L

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. LAKHS)

SOURCES OF FUNDS

TOTAL LIABILITIES

3 0 5 5 3 . 0 6

PAID UP CAPITAL

5 2 5 . 0 0

SECURED LOANS

1 9 5 3 8 . 2 1

DEFERRED TAX ASSETS

(7 2 9 . 2 3)

APPLICATION OF FUNDS

NET FIXED ASSETS

1 1 6 4 3 . 1 4

NET CURRENT ASSETS

1 8 9 0 8 . 5 4

ACCUMULATED LOSSES

N I L

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. LAKHS)

TURNOVER*

3 1 7 7 6 . 5 0

PROFIT(+)/LOSS(-) BEFORE TAX

(-) 4 3 . 3 4

EARNING PER SHARE IN RS.

(-) 1 0 . 8 3 4

TOTAL ASSETS

3 0 5 5 3 . 0 6

RESERVES AND SURPLUS

6 6 9 2 . 1 6

UNSECURED LOANS

4 5 2 6 . 9 2

INVESTMENTS

1 . 3 8

MISCELLANEOUS EXPENDITURE

N I L

TOTAL EXPENDITURE

3 1 8 1 9 . 8 4

PROFIT(+)/LOSS(-) AFTER TAX

(-) 5 6 8 . 8 1

DIVIDEND RATE %

N I L

*AFTER ADJUSTMENT OF OTHER INCOME AND VARIATION IN STOCKS.

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY (AS PER MONETARY TERMS)

ITEM CODE No. (ITC Code)

1 7 0 1 1 1 . 0 9

PRODUCT DESCRIPTION

C A N E S U G A R (O T H E R)

ITEM CODE No. (ITC Code)

2 2 0 8 7 0 . 0 0

PRODUCT DESCRIPTION

C O U N T R Y L I Q U O R

ITEM CODE No. (ITC Code)

2 2 0 7 1 0 . 0 0

PRODUCT DESCRIPTION

R E C T I F I E D S P I R I T A N D O T H E R S



SIR SHADI LAL ENTERPRISES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

ANNEXURE-1

	Year ended 31st March, 2009 (Rs. in lakhs)	Year ended 31st March, 2008 (Rs. in lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax as per Profit & Loss Account	(43.34)	(4,943.35)
Adjustments for : Depreciation	1,644.41	1,179.63
Interest (Net)	2,447.03	1,674.99
Bad debts & claims written off (Net)	1.94	154.34
(Profit)/Loss on sale & Disposal of Fixed Assets (Net)	0.30	0.16
Prior period adjustment (Net)	(1.40)	1.32
Unclaimed Credit Balances Written Back	(1.57)	(0.93)
Stores Written off	14.80	7.74
Operating Profit before working capital changes	4,062.17	(1,926.10)
Adjustment for : Trade and other receivables	(166.94)	(282.26)
Inventories	(62.02)	(12,686.97)
Trade Payables	(790.50)	13,658.77
Cash generated from operations	3,042.71	(1,236.56)
Prior period adjustment (Net)	1.40	(1.32)
Adjustment for Gratuity & Leave encashment liability for revised Accounting Standard 15	—	(119.33)
Interest paid	(1,614.98)	(1,051.09)
Direct tax paid (Net)	(71.54)	(41.77)
Net Cash from operating activities	1,357.59	(2,450.07)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (net of advance)	(169.77)	(5,157.76)
Sale of fixed assets 6.43	6.43 4.93	4.93
Investment in Securities	(0.99)	—
Interest received	31.92	12.61
Net Cash used in investing activities	(132.41)	(5,140.22)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from fixed Deposit/Directors Loan	1,439.41	(248.08)
Proceeds from Term Loan/Repayment of Finance Liability	(1,092.75)	7,668.38
Dividend paid	(1.64)	(2.49)
Interest paid	(869.88)	(663.04)
Net Cash used in Financing Activities	(524.86)	6,754.77
Net increase in Cash and Cash equivalents	700.32	(835.52)
Opening balance of Cash and Cash equivalents	692.76	1,528.28
Closing balance of Cash and Cash equivalents	1,393.08	692.76

Note : Figures in () denote Cash Outgo

As per our report of even date
for BASANT RAM & SONS
Chartered Accountants

PK. GOYAL
Vice President (Accounts)
Cum. Dy. Secretary

K.B. LAL
Secretary/
Sr. Executive Director

Directors :
Sh. Onke Aggarwal
Sh. Hemantpat Singhania
Smt. Sudha Singhania
Smt. Manjula Viswanathan
Sh. R.L. Srivastava
Sh. R.C. Sharma
Sh. P.K. Viswanathan

H.K. CHADHA
Partner

VIVEK VISWANATHAN
Executive Director

RAJAT LAL
Managing Director

Membership No. 6470

Place : New Delhi

Date : 18th July, 2009