

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

CHAIRMAN CUM MANAGING DIRECTOR

Shri Bimal Kumar Nopany

DIRECTORS

Shri Raj Kumar More - Whole Time Director

Shri Krishan Murari Shah

Shri Lakshmikant Tibrawalla

Shri Nikhil Merchant

Shri Subba Rao Petiti

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Ramesh Kr. Didwania

REGISTERED OFFICE :

'ChandraKunj' 4th Floor

3, Pretoria Street

Kolkata-700 017

Phone : (033) 2282-1169/1170

Fax : (033) 2282-1171/1172

REGISTRAR & SHARE TRANSFER AGENT :

M/s. Maheshwari Datamatics Pvt Ltd.

6, Mangoe Lane

Kolkata-700 001

Phone : (033) 22482248 / 2243 5029

Fax : (033) 2248 4787

STATUTORY AUDITORS :

M/s. Jainsarawgee & Co.

Chartered Accountants

32A, Chittaranjan Avenue

Trust House (2nd Floor)

Kolkata-700 012

BANKERS :

Andhra Bank

Central Bank of India

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Shree Hanuman Sugar & Industries Limited will be held on Thursday, the 31st December, 2009 at 11.00 A.M. at the Registered Office of the Company at 'Chandra Kunj', 3, Pretoria Street, 4th Floor, Kolkata – 700071 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 2009 together with Profit & Loss Account for the year ended on that date, and the reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Raj Kumar More, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

Appointment of Mr. Nikhil Merchant as Director

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

"RESOLVED THAT Mr. Nikhil Merchant, who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation."

Appointment of Ms. Pratima Srivastava as Director

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

"RESOLVED THAT Ms. Pratima Srivastava, who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing her candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation."

Appointment of Mr. Subbarao Peteti as Director

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

"RESOLVED THAT Mr. Subbarao Peteti, who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation."

Appointment of Mr. R. K. More as Wholetime Director

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

re-enactment thereof for the time being in force) the approval of the Company be and is hereby granted for appointment of Shri R. K. More as the Whole-time Director to be designated as 'Executive Director' of the Company for a period of 3 (three) years w.e.f. 1st October, 2009 on the terms, conditions and remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Director (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board
For **SHREE HANUMAN SUGAR & INDUSTRIES LIMITED**

B. K. NOPANY
Chairman cum Managing Director

Place : Kolkata

Date : 1st December, 2009

NOTES:

1. **A member entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the Company.**
2. **Proxies in order to be effective must be received by the Company at least 48 hours before the time of the Meeting.**
3. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto and form part of this Notice.
4. All documents referred to in the Notice and the Explanatory Statement are open 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. up to the date of the Meeting convened by this Notice.
5. The Register of Members and Share Transfer Book of the Company will remain closed from 23rd December, 2009 to 31st December, 2009 (both days inclusive).
6. The Members are requested to intimate change in their address, if any, quoting their registered Folio No.
7. Members are requested to furnish/update details of their Bank Account to the Company/Registrar & Transfer Agents/Depository Participants to enable the Company to print the same on the dividend warrants/to avail of ECS facility, whatever applicable.
8. The Members are requested to bring their copies of Annual Report to the Meeting, as the same will not be redistributed at the venue of Annual General Meeting.
9. The Members attending the General Meeting are requested to bring enclosed attendance slip, duly filled in.
10. Members, who hold share in de-materialised form, are requested to bring their client ID and DP-ID number for the purpose of identification and attendance at the meeting.
11. The dividend as recommended by the Board of Directors if declared at this Annual General Meeting shall be paid on or before 30th January, 2009 –
 - a. To those shareholders whose names appear on the Company's Register of Members after giving effect to all valid transfers in physical form lodged with the Registrar & Transfer Agents (R&T Agents) of the Company on or before 23rd December, 2009.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

- b. In respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of the business hours on 31st December, 2009.
12. Consequent upon the introduction of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the R&T Agents of the Company.
13. Pursuant to the provisions of section 205A (5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1995 and thereafter, which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government. Shareholders, who have not encashed their dividend warrants(s) so far for the financial year ended 30th June, 2002 or any subsequent financial years, are requested to make their claim to the R&T Agents of the Company. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.
14. As per SEBI directive, shares of all the Companies have to be traded compulsorily in dematerialized form by all investors, the Company has appointed M/s Maheshwari Datamatics Pvt Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata – 700001 as common agency to act as Registrars for the purpose of electronic connectivity for effecting dematerialization of shares as well as for transfer of physical shares.

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/RE-APPOINTED

Name	: Mr. Nikhil Merchant
Date of Birth	: 6th July, 1960
Qualification	: B S (Textile Engineering), M.E.P.,IIM Ahmedabad.
Profession	: Business
Expertise	: Strong techno commercial person, successfully handled assignments in strategic planning and projects, operations, implementation of projects from conceptual stage to commissioning.
Other Directorships	: Swan Energy Limited
Shareholding in the Company	: NIL

Name	: Ms. Pratima Srivastava
Date of Birth	: 2nd October, 1956
Qualification	: Post Graduate in Economics, Business Mgmt and studied finance at New York University.
Profession	: Financial Consultant
Expertise	: In the field of Finance with Publicity/Marketing and Sales.
Other Directorships	: Canthus Finvest Pvt Ltd.
Shareholding in the Company	: 25000 Equity Shares

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Name	:	Mr. Subbarao Peteti
Date of Birth	:	18th October, 1947
Qualification	:	B.Com, Fellow of Indian Institute of Chartered Accountants of India.
Profession	:	Business
Expertise	:	In the field of Banking & Finance. Expert in the area of Corporate Governance & Risk Management.
Other Directorships	:	NIL
Shareholding in the Company	:	NIL

Name	:	Mr. R. K. More
Date of Birth	:	15th August, 1944
Qualification	:	B. Com., LL.B.
Profession	:	Service
Expertise	:	Commercial, Finance & Legal
Other Directorships	:	Shree Milk & Food Industries Ltd Ginni Securities Limited Ginni Investment & Services Ltd Ajanta Commercial & Trading Co. Pvt Ltd CFM Developers Ltd Reform Flour Mills Pvt Ltd Vishnu Sugar Mills Ltd Mudit Investment & Trading Co. Ltd Mahalakshmi Knitfab Pvt Ltd
Shareholding in the Company	:	Nil

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Re. Item No. 5: Appointment of Mr. Nikhil Merchant as Director

Mr. Nikhil Merchant was co-opted as an Additional Director in the Board Meeting held on 29th September, 2009 and holds office upto the date of Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member alongwith requisite deposit, signifying his intention to propose the name of Mr. Merchant as a candidate for the office of Director of the Company. Mr. Nikhil Merchant aged about 49 years is a techno-commercial person having expertise in project work, has approx 27 years' experience to his credit. He has been associated with many renowned companies in senior position. The Board considers it desirable that the Company should continue to avail services of Mr. Merchant as a Director of the Company and accordingly recommends this resolution for your approval.

None of the Directors except Mr. Nikhil Merchant is concerned or interested in the said resolution.

Re. Item No. 6: Appointment of Ms. Pratima Shrivastav as Director

Ms. Pratima Shrivastav was co-opted as an Additional Director in the Board Meeting held on 4th May, 2009 and holds office upto the date of Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member alongwith requisite deposit, signifying his intention to propose the name of Ms. Pratima as a candidate for the office of Director of the Company. Ms. Pratima Shrivastav aged about 53 years has approx 30 years' experience in the field of Finance to her credit at national as well as international level. She has been associated with many renowned companies in senior position or as Director. The Board considers it desirable that the Company should continue to avail services of

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Ms. Pratima as a Director of the Company and accordingly recommends this resolution for your approval. None of the Directors except Ms. Pratima Shrivastav is concerned or interested in the said resolution.

Re. Item No. 7: Appointment of Mr. Subbarao Peteti as Director

Mr. Subbarao Peteti was co-opted as an Additional Director in the Board Meeting held on 29th September, 2009 and holds office upto the date of Annual General Meeting. The Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member alongwith requisite deposit, signifying his intention to propose the name of Mr. Subbarao as a candidate for the office of Director of the Company. Mr. Subbarao Peteti aged about 62 years has approx 40 years' experience in the field of Banking, Finance and Business to his credit. He has been associated with many renowned companies in senior position or as Director. The Board considers it desirable that the Company should continue to avail services of Mr. Subbarao as a Director of the Company and accordingly recommends this resolution for your approval.

None of the Directors except Mr. Subbarao Peteti is concerned or interested in the said resolution.

Re. Item No. 8: Appointment of Mr. R. K. More as Whotime Director of the Company

Pursuant to provisions of section 269 of the Companies Act, 1956 and also considering restructuring programme and growth plans of the Company, the Board of Directors at its meeting held on 29th September, 2009 appointed, subject to approval of members of the Company, Mr. R. K. More as Wholetime Director, to be designated as 'Executive Director' of the Company for a period of 3 (three) years w.e.f. 1st October, 2009, on the remuneration determined by the Remuneration Committee of the Board. The broad particulars of remuneration payable to and the terms of appointment of Mr. More are as under:

A) SALARY

Rs. 1,00,000/- per month.

B) PERQUISITES

Perquisites will be classified as follows:

i. Contribution to Provident Fund, Superannuation and Annuity Fund

The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per rules of the Company.

ii. Gratuity

As per Rules of the Company.

iii. Entertainment, Travelling and other Expenses

Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company.

iv. EXPLANATION

Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such Rule, perquisites shall be evaluated at cost.

C) AMENITIES

i. Conveyance Facilities

He will be provided with a car for use on Companies business. Provision of car for use on Company's business will not be considered as perquisites.

ii. Mobile, Telephone, Telefax and other Communication facilities

The Company shall provide mobile, Telephone, Telefax and other communication facilities at the Managing Directors' residence for the purpose of official use.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

D) OVERALL REMUNERATION

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act as may be in force from time to time.

E) MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Managing Director, the payment of salary, perquisites and other allowance shall be governed by the limits prescribed under Section II of Part II of Schedule XIII of Companies Act, 1956 including any Statutory modification or re-enactment hereof as may for the time being in force.

F) OTHER TERMS AND CONDITIONS

- i. The office of the Wholetime Director may be terminated by the Company or the concerned Wholetime Director by giving the other 3 (three) month's prior notice in writing.
- ii. The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied by the Board as it may, from time to time, deem fit.

Mr. R. K. More aged about 65 years has approx 43 years' experience in the field of Finance, Commerce and Legal to his credit. He has been associated with many renowned companies in senior position or as Director. A brief resume of Mr. More, nature of his experience and names of companies in which he hold directorship, as stipulated under Clause 49 of Listing Agreement with the Stock Exchange in India, are provided separately along with the accompanying notice.

The draft of the Agreement to be executed between Shri More and the Company as approved by the Remuneration Committee is available for inspection by the members at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of the Meeting and will also be available at the Meeting.

The Board recommends passing of the resolution set out at Item No. 8 of the accompanying notice.

Mr. R. K. More may be deemed to be concerned or interested in the resolution.

No other Director is interested in this resolution.

By order of the Board
For **SHREE HANUMAN SUGAR & INDUSTRIES LIMITED**

Place : Kolkata
Date : 1st December,2009

B. K. NOPANY
Chairman cum Managing Director

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Annual Report and the Audited Accounts of the Company for the financial year ended 30th June, 2009 :

FINANCIAL RESULTS	(Rs. in lacs)	
	2008-09	2007-08
Sales & Other Income	1572.10	1305.51
Profit / (Loss) before Interest, Depreciation and Tax	478.49	387.72
Less: Interest	42.80	41.03
Depreciation	131.31	125.89
Profit/(Loss) before tax	304.38	220.80
Less: Provisions for Tax (Including FBT)	22.48	15.02
Profit/(Loss) after tax	281.90	205.78
Add/Less: Balance brought forward from previous year	16.27	9.66
Profit available for appropriation	298.17	215.44
APPROPRIATIONS		
Dividend (including Tax)	56.16	35.80
Transfer to Special Reserve	99.75	113.37
Transfer to General Reserve	—	50.00
Balance Profit / (Loss) carried to Balance Sheet	142.26	16.27

PERFORMANCE:

The Company during the year registered improved turnover of Rs. 1471.68 lacs, showing an increase of 26.45%, compared to Rs. 1163.82 lacs during the previous Financial Year 2007-08. Net profit also increased by 37.00%, compared with that for the previous financial year, both on account of growth in volume and improvement in profit margin. Your Directors are confident to significantly improve the performance of the Company in the coming year by way of undertaking sugar manufacturing and construction activities followed by adoption of state-of-art technology, cost cutting measures and better financial management.

DIVIDEND:

Your directors, in view of improved performance and to maintain the past trend, are pleased to recommend a dividend @ 3% for the financial year 2008-09, i.e., Rs. 0.30 per equity share of Rs. 10/- each, on the enhanced capital, for your approval. The Proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of Rs. 56.16 lacs (including Corporate Dividend Tax of Rs. 8.16 lacs) out of the profits.

COMMENCEMENT OF SUGAR MANUFACTURING ACTIVITIES AND UNDERTAKING EXPANSION PROGRAMME THEREOF:

The Sugar Unit of the company was given on lease to Eastern Sugar & Industries Ltd (ESIL) in the year 1995. In the last few years ESIL has been facing financial problems. ESIL had not been able to utilize sugar production facility of 2500 TCD because of bottlenecks in some departments, primarily in the boiler house, and financial constraints. Under the current circumstances a unit of this size is not considered viable and it is necessary to expand the same to a minimum economic size of 6000 TCD, for which ESIL is not in position to raise funds due to default in repayment of dues of the Institutions.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

After due deliberations with ESIL, it had been mutually decided to determine the lease of the Sugar Mill. As per terms, the Company will take over entire gross block of ESIL for which lump sum payment will be made towards part payment. The balance consideration will be paid by the Company in yearly installments. The Company will also pay Block Usage Charges for use of assets of the Mill. The majority of capital expenditure for resuming operations at the Mill has already been incurred by the Company out of its own sources.

The Company has also chalked-out an expansion programme for initially increasing the sugar manufacturing capacity of the said Mill from 2500 TCD to 6000 TCD. The steps for raising need based fund for commencement of the programme are being taken.

Your directors are confident that these steps will increase business activities of the Company significantly followed by significant improvement in its financial performance.

POWER GENERATION

Your Directors are also pleased to inform you that steps are also being taken to produce electricity for our sugar mill operations. Electric power is proposed to be generated mainly through the burning of bagasse, a primary by-product of our sugar production process. Bagasse is a combustible material which when burned produces steam, which in turn is used to generate electric power. Installation of Co-generation facility at the Sugar Mill with a capacity of 20 MW per hour is being considered.

CONSTRUCTION ACTIVITIES

Your Company has also taken effective steps to diversifying into the business of construction and selling of residential houses. Mr. B. K. Nopany, the Chairman of the Company has long-term experience of real estate development. The proposed constructions activities are proposed to be financed entirely either out of internal resources or advance from customers.

During the year under review, sale of construction rights stood at Rs. 99.75 lacs compared to Rs. 113.38 lacs during the previous financial year 2007-08.

SHARE CAPITAL

The Company has allotted on 30.6.2009, 58,00,000 equity shares of Rs. 10/- per share at a premium of Rs. 10/- per share aggregating to Rs. 11.60 crores to the persons, including persons other than existing shareholders of the Company, by way of preferential issue, pursuant to the resolution passed by the shareholders of the Company in their Extra-ordinary General Meeting held on 26.6.2009.

SPLITTING OF EQUITY SHARES

As reported in the last Directors' Report, the resolution, proposed in the notice of the last Annual General Meeting held on 31st December, 2008, sub-dividing Equity Shares of the Company into the face value of Rs. 2/- could not be carried out at the said meeting in the absence of majority of votes.

FUTURE PROGRAMMES

After successful implementation of the proposed expansion programme increasing the sugar manufacturing capacity from 2500 TCD to 6000 TCD, the Company has programme for increasing in stages the said capacity to 7500 TCD in the coming years.

The Company, through continuous interaction with foreign agencies, agents and prospective buyers along with regular research through internet, will also take initiatives for availing an opportunity to export sugar, subject to prevailing regulatory conditions in the country. In this process, on the basis of research and interaction with foreign buyers/agencies/agents attempts will also be made through in-house research to develop products of foreign standard and global needs. The management is very hopeful to enter the foreign market soon.

DIRECTORS

Mr. R. K. More retire at the conclusion of ensuing Annual General Meeting and being eligible offer himself for re-appointment.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Pursuant to provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Nikhil Merchant, Ms. Pratima Srivastava and Mr. Subbarao Peteti were appointed as Additional Directors of the Company with effect from 29.9.2009, 4.5.2009 and 29.9.2009, respectively. They will hold office upto the date of the ensuing Annual General Meeting. The Company has received notices in writing from members proposing their candidature for the office of Director, liable to retire by rotation.

Mr. S. N. Mishra, who was appointed as an Additional Director and subsequently Wholetime Director of the Company w.e.f. 22.1.09, resigned from the Directorship of the Company w.e.f. 1.10.09. Consequent upon the resignation of Mr. Mishra from Directorship of the Company, he also ceased to be Wholetime Director of the Company, w.e.f. 1.10.2009. The Board put on records its appreciation for the valuable services and guidance received from him during his tenure.

Mr. N. R. Sewak, Director of the Company had resigned from the Directorship of the Company w.e.f. 12.5.2009. The Board put on records its appreciation for the valuable guidance received from him during his directorship.

In view of resignation by Mr. S. N. Mishra, considering increasing activities and growth plans of the Company and experience of Mr. R. K. More, Director of the Company, the Board of Directors at its meeting held on 29th September, 2009 appointed, subject to approval of members of the Company, him as Wholetime Director, designated as Executive Director, of the Company for a period of 3 (three) years w.e.f. 1st October, 2009, on the remuneration determined by the Remuneration Committee of the Board.

Brief resume of the Directors proposed to be appointed/re-appointed, as stipulated under clause 49 of the Listing Agreements with the Calcutta Stock Exchange Association Ltd are provided in the Notice forming part of this Annual Report.

AUDITORS

The Auditors of the company M/s Jainsarawgee & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956.

Notes forming part of accounts, which are specifically referred to by the Auditors in their report, are self explanatory and, therefore, do not call for any further comments.

FIXED DEPOSITS

During the year under review, the Company has not accepted public deposits under section 58-A of the Companies Act, 1956.

DE-MATERIALISATION OF SHARES

The Company's equity shares are available for de-materialization on both the depositories, viz., NSDL & CDSL. Shareholders may be aware that SEBI has made trading in your Company's shares mandatory, in de-materialized form. As on 30th June, 2009, 7209964 equity shares representing 45.06% of your Company's Equity Share Capital have been de-materialised.

LISTING AT STOCK EXCHANGE

The Shares of the Company are listed on The Calcutta Stock Exchange Association Ltd, Kolkata. The Company has paid annual listing fee to the Exchange for the year 2009-10.

STATUTORY INFORMATION

- There are no employees covered by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.
- During the year under review, the Company has not carried out any manufacturing activity. Therefore, there are no particulars to be disclosed as per the Companies (Disclosures of Particulars in the Report of the Board of Directors) rules, 1988.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

- The company had no foreign exchange earning and outgo during the year under report.
- Certificate received from the Auditors of the Company regarding Compliance of conditions of Corporate Governance, as required under clause 49 VII of the Listing Agreement, is annexed and forms part of this report.
- As required under 49 IV F of the Listing Agreement, Management Discussion and Analysis Report is annexed and forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to provisions of section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- in the preparation of the Annual Accounts for the year ended 30th June, 2009, the applicable accounting standards had been followed, along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financials year and the loss of the company for the year under review;
- the Directors 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 and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

EMPLOYEE RELATIONS

During the year under review, the relations between the Management and the workmen were cordial.

INVESTOR RELATIONS

Your Company always endeavors to keep the time of response to Shareholders' requests/grievance at the minimum. Priority is accorded to address all the issues raised by the Shareholders and provide them a satisfactory reply at the earliest possible time. The Shareholders' Grievance Committee of the Board meets periodically and reviews the status of the redressal of Shareholders' Grievances. The Shares of the Company continue to be traded in Electronic Form and the De-materialization arrangement exists with both the depositories, viz., National Securities Depository Limited and Central Depository Services (India) Limited.

ACKNOWLEDGEMENT

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the Company's team which has throughout the year remained active. Your Directors also take this opportunity to offer their sincere thanks to Financial Institutions, Banks, other Government Agencies, our valued customers and the investors for their continued support and assistance. The employees of your Company continued to display their unstinted devotion, co-operation. Your Directors take this opportunity to record their appreciation for the same. Your Directors also express their profound thanks to the Shareholders for their faith and continued support to the endeavors of the Company.

By order of the Board
For **SHREE HANUMAN SUGAR & INDUSTRIES LIMITED**
B. K. NOPANY
Chairman cum Managing Director

Place : Kolkata
Date : 1st December, 2009

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHYLOSOPHY ON CORPORATE GOVERNANCE

The Company considers Corporate Governance as an important tool for achieving all round excellence with ultimate objective of enhancing shareholders' value. The Company took initiative in practicing good Corporate Governance procedures, even before they were made mandatory.

It is firmly believed that Corporate Governance begins with Company's continuous review of its internal procedures and practices encompassing all its business areas in the most appropriate manner, which would spell fairness, transparency and accountability.

II. BOARD OF DIRECTORS

The Business of the Company is managed by the Board of Directors. The functions of the Board include formulation of strategic business plans, budgets, setting up goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. Directors along with a team of professionals manages the day-to-day operations of the Company. May of eminent professionals, drawn from amongst persons with experience in business, industry and finance. The Board of Directors has the ideal composition with more than half the Directors being non-executive Directors.

A. Composition of Directorships

The constitution of the Board as on June 30, 2009:

Executive Chairman
Mr. B. K. Nopany, Chairman cum Managing Director

Promoter Director	Executive Director	Non-Executive Director and Independent Director
Mr. B. K. Nopany	Mr. S. N. Mishra	Mr. R. K. More Mr. K. M. Shah Mr. L. K. Tibrawalla Ms. Pratima Srivastava

B. Pecuniary Relationship

There is no pecuniary relationship or transaction of the non-executive Directors vis-à-vis the Company.

C. Attendance records of Board Meetings

During the year under review, Seventeen Board meetings were held on 28.7.08, 22.9.08, 14.10.08, 15.10.08, 18.10.08, 30.10.08, 8.12.08, 30.12.08, 22.1.09, 29.1.09, 20.3.09, 29.4.09, 4.5.09, 1.6.09, 6.6.09, 20.6.09 and 30.6.09. The Board members are given appropriate documents and information in advance of each Board meeting.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

The attendance record of all the Directors on the Board is as under:-

Director	No. of Board meetings attended	Attendance at last AGM
Mr. B. K. Nopany	17	Yes
Mr. S. N. Mishra	8	No
Mr. R. K. More	15	Yes
Mr. K. M. Shah	14	Yes
Mr. L. K. Tibrawalla	17	Yes
Ms. Pratima Srivastava	4	No
Mr. N. R. Sewak	13	Yes

D. Directors of the Company having directorship in other Companies, Membership/Chairmanship in Committees (as prescribed under Corporate Governance) across all Companies in which there are directors as on 30.6.2009:

Name of Director	Category of Directorship	No. of other Directorships held in Other Public Companies*	No. of membership in other Companies Committees**	
			Member	Chairman
Mr. B. K. Nopany	Promoter & Executive Chairman	1	1	Nil
Mr. S. N. Mishra	Independent & Executive Director	1	1	Nil
Mr. R. K. More	Independent & Non-executive	6	Nil	Nil
Mr. K. M. Shah	Independent & Non-executive	Nil	Nil	Nil
Mr. L. K. Tibrawalla	Independent & Executive	N.A.	N.A.	N.A.
Ms. Pratima Srivastava	Independent & Executive	Nil	Nil	Nil

*This excludes directorship held on Private Companies, Foreign Companies and Companies formed under section 25 of the Companies Act, 1956

** The Committee of Directors includes Audit Committee, Shareholders/Investors' Grievance Committee and Remuneration Committee of Directors only. This does not include Memberships/Chairmanship in committees of Private Limited Companies.

III. BOARD PROCEDURES

The members of the Board have been provided with the requisite information as per the listing agreement well before the Board Meeting and the same was dealt with appropriately.

All the Directors who are in various committees are within the permissible limit of the listing agreement and none of the Directors are disqualified for appointment as director under any of the provisions of the Companies Act, 1956.

IV. AUDIT COMMITTEE

The Board of the Company has constituted Audit Committee comprising of three directors. Mr. K. M. Shah and Mr. L. K. Tibrawalla are independent and non executives.

The constitution of the Audit Committee meets the requirement of section 292A of the Companies Act, 1956 and the Listing Agreement. The power and role of the audit committee is as per the guidelines set out in the listing agreement and as prescribed under section 292A of the Companies Act, 1956.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

During the year under review, the Committee met Five times on 26.7.08, 13.10.08, 30.10.08, 29.1.09 and 28.4.09 and attendance of members at the meetings were as follows:

Name of Member	Status	No. of meetings attended
Mr. K. M. shah	Chairman	5
Mr. B. K. Nopany	Member	5
Mr. L. K. Tibrawalla	Member	5

V. REMUNERATION COMMITTEE

The Board of the Company has constituted Remuneration Committee, comprising of three directors. During the year under review, all the members of the committee viz. Mr. L. K. Tibrawalla, Mr. R. K. More and Mr. K. M. Shah were independent and non executives.

The Committee had been constituted to review and approve the annual salaries, commission, service agreement and other employment conditions for the executive directors.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice. During the year under review, three meetings of the Remuneration Committee on 14.10.08, 22.1.09 and 2.5.09 were held, in which all the members were present.

A. Details of the remuneration to the Executive Director provided as per accounts for the year ended 30th June, 2009 are given below:

Executive Director	Salary*(Rs.)	Commission(Rs.)	Service Contract
Mr. S. N. Mishra	12,15,800/-	Nil	Since resigned

*Salary includes basic salary, perquisites and allowances, contribution to provident fund etc.

B. Details of the remuneration to the Non-executive Directors provided as per accounts for the year ended 30th June, 2009 are given below:

Non-executive Director	Sitting Fee*(Rs.)	Commission(Rs.)	Total(Rs.)
Nil	Nil	Nil	Nil

VI. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board had constituted a Shareholders' Grievance Committee, comprising of three directors under the chairmanship of Mr. K. M. Shah. The other members in the committee being, Mr. B. K. Nopany and Mr. L. K. Tibrawalla.

The committee has been constituted to specifically look into redressal of shareholders' grievances such as transfer, dividend, de-materialization related matters. The Committee has also been delegated the power to approve transfer/transmission of shares, issue of new or duplicate certificates, sub-division of shares, split of share, review of dematerialization of shares and all matters related to shares.

During the year under review, the committee met Four times on 28.7.08, 30.10.08, 29.1.09 and 29.4.09. All the members were present in all the meetings held during the year.

Total number of letters and complaints received and replied to the satisfaction of shareholders during the year under review was Nil As on 30th June 2009, there are Nil complaints pending with the Company.

The Company has also adopted code of internal procedures and conduct for prevention of insider trading in the shares of the Company, pursuant to Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended. The Board has designated Company Secretary as the Compliance Officer for this purpose.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

VII. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:-

Year	Location	Date	Time	Special Resolutions Passed
2007-08	Regd. Office.: 12, Govt. Place East, 2nd Floor, Kolkata	31.12.2008	1.00 P.M.	N.A.
2006-07	- do -	30.12.2007	1.00 P.M.	N.A.
2005-06	- do -	07.09.2006	1.00 P.M.	One

During the last year no special resolution was put through postal ballot.

VIII. DISCLOSURES

A. Basis of related party transaction

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of company at large — Nil

B. Whistle Blower Policy

The company encourages an open door policy where employees have access to the Head of the business/Function. In terms of Company's Code of Conduct, any instance of non adherence to the code/ any other observed unethical behavior are to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of Corporate Human Resources. We hereby affirm that no personnel have been denied access to the audit committee.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years — Nil

The Company has complied with all mandatory requirements of the revised Clause 49 of the Listing agreement, which came into effect from 1st January 2006. Further, the Company has also complied with the nonmandatory requirement relating to constitution of Remuneration Committee, Shareholder Rights and establishing the Whistleblower Policy.

C. Code of Business Conduct and Ethics for Directors and management personnel

The Board has prescribed a Code of Conduct ("Code") for all Board members and senior management of the Company. The Code is provided elsewhere in this Annual Report. All Board members and senior management personnel have confirmed compliance with the Code for the year 2008-09. A declaration to this effect signed by the Chief Executive Officer of the Company is provided elsewhere in the Annual Report.

D. Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on 30th June 2009; there was no treatment different from that prescribed in an accounting standard that had been followed.

E. Board Disclosures – Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

F. Proceeds from Public Issues, Right Issues, Preferential Issues, etc.

During the year under review, the Company issued and allotted equity shares equivalent to Rs. 11.60 crores through preferential issues for strengthening its financial position and ratio by converting unsecured loans into equity and also for raising funds for its growth plans and general purposes, the uses/application of funds of which were disclosed to the Audit Committee as a part of their quarterly declaration of financial results. The funds were utilized for their intended purposes as disclosed in the notice calling general meeting seeking shareholders' permission for such issue. All such disclosures were duly certified by the statutory auditors.

Other than above, the Company has not raised any amount through Public Issue, Right Issue, etc.

IX. SUBSIDIARY MOTORING FRAMEWORK

The Company has no subsidiary.

X. MEANS OF COMMUNICATION

Immediately after the Board of Directors of the Company took note of Results for quarter ended 30th September 2008, 31st December 2008, 31st March 2009 and Audited Annual Accounts, the same were informed to the Calcutta Stock Exchange Association Ltd, Kolkata and are also were published in English newspaper (viz Business Standard/Financial Express in Kolkata) and 'Kalantar' in Bengali in Kolkata editions.

A management Discussion and Analysis report which forms part of the Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

XI. GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date	:	31st December, 2009
Day	:	Thursday
Time	:	11.00 A. M.
Venue	:	Regd. Office.: 'Chandra Kunj', 3, Pretoria Street, 4th Floor Kolkata – 700 071

2. Financial Calender

[Tentative and subject to change]

Financial Year	July 1, 2009 to June 30, 2010
First Quarter Results	End October, 2009
Second Quarter Results	End January, 2010
Third Quarter Results	End April, 2010
Fourth Quarter Results	End July, 2010

3. Date of Book closure

Wednesday, 23rd December, 2009 to Thursday, 31st December, 2009 (both days inclusive)

4. Dividend payment date

30th January, 2009

5. Listing on Stock Exchanges

The Shares of the Company are listed on The Calcutta Stock Association Ltd, Kolkata. Listing fees for the year 2009-10 has been paid to the Stock Exchange.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

6. Stock Codes

The Calcutta Stock Exchange Association Ltd :Scrip Code – 29132

ISIN Number for Dematerialized Shares : INE 101H01013

7. Stock Market Data

There was no record of any trading of Company's shares at the Calcutta Stock Exchange Association Ltd during the year ended 30th June, 2009

8. Registrar & Share Transfer Agent

M/s Maheshwari Datamatics Pvt Ltd

6, Mangoe Lane, 2nd Floor

Kolkata – 700001

Phone : 033-2248 2248

2243 5809

Fax : 033-2248 8787

E-mail : mdpl@cal.vsnl.net.in

9. Share Transfer system

Presently, the share certificates which are received for transfer in physical form are processed and are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

The transfers are approved in the Shareholders Grievance Transfer Committee which meets on a periodical basis.

10. Distribution of Shareholding as on 30th June, 2009

No. of shares held (Rs. 10/- paid up)	No. of Shareholders	% age of total	Total (Rs.)	% of total Shareholding
Upto 5000	435	71.7822	1096630	0.6854
5001 to 10000	60	9.9010	412500	0.2578
10001 to 20000	9	1.4851	147000	0.0919
20001 to 30000	3	0.4950	80000	0.0500
30001 to 40000	1	0.1650	34000	0.0212
40001 to 50000	1	0.1650	50000	0.0312
50001 to 100000	1	0.1650	98600	0.0616
100001 and above	96	15.8416	158081270	98.8008

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

11. Shareholding Pattern 30th June, 2009

Category Code	Category of Shareholder	Number of Shareholders	Total No. of Shares	Number of Shares held in demate realed form	Total Shareholding as percentage of total number of shares
(A)	Shareholding of Promoter and Promoter Group*				
(1)	Indian				
(a)	Individual/Hindu Undivided Family	12	4374782	3428242	27.34
(b)	Central Government/ State Government(s)	—	—	—	—
(c)	Bodies Corporate	5	2163998	1519920	13.53
(d)	Financial Institutions/Banks	—	—	—	—
(e)	Individual holding on behalf of Partnership Firm	—	—	—	—
	Sub-Total (A)	17	6538780	4948162	40.86
(2)	Foreign				
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	—	—	—	—
(b)	Bodies Corporate	—	—	—	—
(c)	Institutions	—	—	—	—
(d)	Any other (Society)	—	—	—	—
	Sub-Total (A) (2)	—	—	—	—
	Total Shareholding of Promoters (A)	17	6538780	4948162	40.86
(B)	Public Shareholding³				
(1)	Institutions				
(a)	Mutual Funds/UTI	—	—	—	—
(b)	Fianncial Institutions/Banks	2	173345	—	1.08
(c)	Central Government/State Government(s)	—	—	—	—
(d)	Venture Capital Funds	—	—	—	—
(e)	Insurance Companies	—	—	—	—
(f)	Foreign Institutional Investors	—	—	—	—
(g)	Foreign Venture	—	—	—	—
(h)	Capital Investors Any other (specify)	—	—	—	—
	Sub-Total (B) (1)	2	173345	—	1.08

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Category Code	Category of Shareholder	Number of Shareholders	Total No. of Shares	Number of Shares held in demate re-a-lised form	Total Shareholding as percentage of total number of shares
(2)	Non Institutions				
(a)	Bodies Corporate	15	6147482	1700312	38.42
(b)	Individual Shareholders				
	(i) holding nominal share capital upto Rs. 1 Lakh	506	177443	—	1.109
	(ii) holding Nominal Share capital in excess of Rs. 1 Lakh	66	2962950	516490	18.52
(c)	Any other (specify) - Foreign Company - Non-resident Individual	—	—	—	—
	Sub-Total (B) (2)	587	9287875	2261802	58.05
	Total Public Shareholding (B)	589	9461220	2261802	59.13
	TOTAL (A + B)	606	16000000	7209964	100.00
(C)	Shares held by Custodians and against which depository receipts have been issued	—	—	—	—
	GRAND TOTAL (A+B+C)	606	16000000	7209964	100.00

Plant Location :

Shree Hanuman Sugar & Industries Ltd.
P.O. Hanuman Sugar Mills
Motihari - 845401
District : East Champaran (Bihar)

Address for Correspondence :

The Secretary
12 No. Government Place East
2nd Floor, Kolkata-700 069
Phone:(033)22309336-39
Fax : (033) 2243-4284 / 5259
email : shsil@rediffmail.com

M/s Maheshwari Datamatics Pvt. Ltd.

(R & T Agent)
Unit: Shree Hanuman Sugar & Industries Ltd.
6, Mangoe Lane, 2nd Floor, Kolkata-700 001
Ph. No.(033) 22482248, 22435809
Fax No.(033) 22484787
Email: mdpl@cal.vsnl.net.in

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

12. Dematerialisation of Shares and liquidity

The dematting facility exists with both the NSDL and CDSL for the convenience of shareholders. As on 30th June 2009, 7209964 equity shares representing 45.06% of your Company's Equity shares capital have been de-materialised.

13. Plant location

P.O. Hanuman Sugar Mills
Motihari – 845401
Distt. East Champaran, Bihar

14. Investors correspondence may be addressed to –

Mr. Ramesh Kumar Didwania
'Chandra Kunj'
3, Pretoria Street, 4th Floor
Kolkata – 700 071

By order of the Board
For **SHREE HANUMAN SUGAR & INDUSTRIES LIMITED**
B. K. NOPANY
Chairman cum Managing Director

Place : Kolkata
Date : 1st December,2009

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Shree Hanuman Sugar & Industries Ltd.

We have examined the compliance of the conditions of Corporate Governance by **SHREE HANUMAN SUGAR & INDUSTRIES LIMITED** for the year ended on June 30, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by Investors' Grievance Committee, as on June 30, 2009 there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor that efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : 32A, Chittaranjan Avenue
Kolkata-700 012
Date : 29th September, 2009

For **JAINSARAWGEE & CO.**
Chartered Accountants
D. K. Sarawgee
Partner
Membership No. 10089

ANNEXURE TO CORPORATE GOVERNANCE CODE OF CONDUCT

1. Introduction :

This Code of Conduct and Ethics is made pursuant to Clause 49 (Corporate Governance) of the Listing Agreement with Stock Exchanges and shall hereinafter be known as "the Code". The Code will become effective from the date it is approved and adopted by the Board of Directors of the Company.

The objective of the Code is to promote and uphold the high standards of ethics observed by the Company in conducting its business. The Code lays down a broad policy for one's conduct in dealing with the Company, fellow directors and employees and the external environment in which the Company operates.

The Company believes in conducting its business with responsibility, transparency, empowerment, honesty and environmental consciousness. The Company seeks to be a leader in its chosen area of operation and to operate and achieve excellence in everything it does.

All concerned are expected to read and understand the Code, uphold the standards prescribed therein in letter and spirit and to act within the bounds of the authority conferred upon them with duty to make and enact informed decisions and policies which result in enhancement of the value of the Company to its shareholders and simultaneously enable the Company to fulfill its obligations to other stake holders such as customers, employees and financiers and to the society in general.

2. Applicability of the Code :

This Code applies to all the members of the Board of Directors and to senior management personnel of the Company. Senior management personnel shall mean personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all the members of management one level below the executive director, including all functional heads.

3. Respect for individual :

The Company's vision is based on inspiring and unleashing creative potential in human assets of the Company. This is possible in an environment where we all respect the rights of those around us. In this direction, we endeavour :

- a) To treat individuals in all aspects of employment solely on the basis of ability irrespective of race, caste, creed, religion, age, disability, gender, sexual orientation or marital status.
- b) Not to tolerate racial, sexual or any other kind of harassment.

4. Honest and Ethical Conduct:

The Directors and senior management personnel are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct while working for the Company.

We consider honest conduct to be conduct that is free from any fraud or deception. The ethical conduct is the conduct conforming to the accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

5. Conflicts of Interest:

Each of us has a responsibility to the Company, its shareholders and towards each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where conflict of interest might occur or appear to occur.

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. The Directors and senior management personnel must act at all times in the Company's best interests and avoid putting themselves in a position where their personal interests conflict or appears to conflict with the interest of the Company. The personal interests will

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

include those of their close relatives. Any Director or senior management personnel, who is aware of a conflict of interest or is concerned that a conflict might develop, is required to disclose the matter promptly to the Board of Directors in case of a Director and to the Chairperson in case of senior management personnel.

The Directors and senior management personnel shall not engage in any activity or enter into any relationship which might result in conflict of interest, either directly or indirectly. As illustrations only and not being exhaustive, some of the common instances of conflict of interest which should be avoided are given below :

- a) None shall receive a personal benefit from a person or any entity which is seeking to do business or does business with the Company. They shall not participate in any decision making process of the Board involving another entity/person in which they have direct or indirect interest.
- b) None shall receive remuneration, in any form, for service rendered for the Company from any source other than the Company.

6. Corporate Opportunities :

None shall exploit for their personal gain opportunity that is discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors declines to pursue such opportunity. The Directors and senior management personnel are prohibited from using corporate property, information or position for personal gain and from competing with the Company. Wherever, it is difficult to differentiate between personal and Company benefits or there are both personal and Company benefits in certain activities, the only prudent course of conduct for the Directors and senior management personnel is to make sure that any use of corporate property or services or such transactions that is not solely for the benefit of the Company has prior approval of the Board of Directors.

7. Confidential Information :

Confidentiality of information must be maintained by all concerned. Any information concerning the Company's business, its customers, suppliers etc., which has been received or to which one has access during the course of employment or dealing with the Company shall be considered as confidential unless such information is publicly available. Such information must be held in confidence and used only for the purpose of the business of the Company and not disclosed otherwise unless authorised to do so or required to do so under law. This obligation continues for three years even after one leaves or disassociated himself from the Company.

8. Prohibition of Insider Trading :

The Company has formulated a Code of Internal Procedure and Conduct for Prevention of Inside Trading and all concerned are required to comply with the requirements of the said Code. The Directors and senior management personnel and their close relatives shall not directly or indirectly derive or attempt to derive any benefit or assist others to derive benefit when in possession of any price sensitive/ unpublished information.

9. Fair Dealing

The Company does not seek competitive advantages through illegal and unethical business practices. Each Director and senior management personnel should endeavour to deal fairly with the Company's customers, service providers, suppliers, competitors and employees. None should take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice. The Directors and senior management personnel shall immediately bring to the notice of the Board any unethical behavior and actual or suspected fraud.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

10. **Protection and proper use of Company Assets :**

Protecting the assets of the Company is a key responsibility of every employee. The Directors and senior management personnel must safeguard and protect the assets of the Company against misappropriation, loss, damage and ensure their efficient use. They must ensure that assets are not put into use, sold, loaned or dealt with in any other manner without appropriate authorization. All Company assets should be accounted for used only for legitimate business purposes of the Company.

11. **Gifts and Donations :**

Through business gifts and donations are customary in many parts of the world they need to be viewed with caution. No Director or senior management personnel shall receive or offer, directly or indirectly, any gifts, donation or benefits which are intended or perceived to be intended to obtain unethical favour. Nominal gifts of commemorative nature for special events may be accepted.

12. **Corporate Social Responsibility :**

The Company is committed to serve the community around its area of operations. The Company believes that no organization can survive in isolation and it has a responsibility towards public at large. The Company aims to reach out to the neighbouring villages, conserve the environment and nurture young people. The Company shall take requisite community development initiatives around the areas of its operations.

13. **Safety, Health and Environment:**

The Company's vision envisages no compromise in its commitment to safety, health and responsibility care for the environment. Health and safety of the people in and around its area of operations are of paramount importance to the Company.

The Company is committed to environment protection, pollution control and maintenance of ecological balance. The Company shall maintain high standards of pollution control, environment protection and safety.

14. **Compliance with Laws, Rules and Regulations :**

The Company is committed to high standards of corporate governance and believes in compliance of all the laws, rules and regulations and other legal requirements directly or indirectly, effecting or concerning the Company and/or required to be observed in connection with the business and affairs of the Company. The Company has endeavoured in setting standards for itself, which are ahead of time and higher than those stipulated by law. All concerned are required to comply with the applicable laws, rules and regulations both in letter and spirit.

15. **Financial and Operational Integrity :**

The Company is committed to disclose in its financial statements all the information required to be disclosed under the relevant accounting standards or under any law or regulation. It is essential to record all the transactions fully and properly in the financial statements. The Company shall prepare and maintain accounts of its business affairs truly and fairly in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country. There shall be no willful omission of any transaction from the books and records of the Company.

No record, entry or document shall be false or misleading and no undisclosed or unrecorded account, fund or asset shall be established or maintained. The Auditors shall be provided full access to all information and records of the Company.

16. **Annual Review :**

The Directors and senior management personnel shall affirm in writing compliance with the Code on an

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

annual basis i.e. July each year.

17. **Disciplinary Actions :**

The matters covered the Code are of utmost importance to the Company and are essential to the Company's ability to conduct its business in accordance with the stated values. The Directors and senior management personnel are expected to adhere to the Code in carrying out their duties for the Company. Appropriate actions will be taken by the Board of Directors in case of Directors and by the Chairperson in case of senior management personnel for breach of the Code. Actions may include serious disciplinary action, removal from office as well other remedies to the extent permitted by law and as considered appropriate in the circumstances.

18. **Compliance Officer:**

The Company has appointed the Secretary as Compliance Officer for the purpose of the Code. The Compliance Officer will be available to the Directors and senior management personnel to resolve their queries and assist them in complying with the Code. Any question relating to how this Code should be interpreted or complied should be addressed to the Compliance Officer.

19. **Implementation/Modification :**

The decision of the Board of Directors with regard to all members relating to the Code will be final and binding on all concerned.

The Board of Directors of the Company shall have power to modify or replace the Code in part or in full, as they may deem fit from time to time in their absolute discretion.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

DECLARATION BY CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under clause 49 of the Listing Agreement with Stock Exchanges, it is hereby confirmed that for the year ended 30th June 2009, the Director's of Shree Hanuman Sugar & Industries Limited have affirmed compliance with the Code of Conduct for Board Members as applicable to them and members of the senior management have affirmed compliance with Employee Code of Conduct, as applicable to them.

Place : Kolkata

Date : 1st December, 2009

Sd/-

B. K. Nopany
Chairman

CEO AND CFO CERTIFICATION

We, B. K. Nopany, Chairman and Madhu Tiwari, Chief Financial Officer, responsible for the finance function certify that:

- a. We have reviewed the financial statements and cash flow statement for the year ended 30th June 2009 and to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading ;
 - II. These statements together, present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 30th June 2009 are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d. There has not been any significant change in internal control over financial reporting during the year under reference;
- e. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- f. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Kolkata

Date : 1st December, 2009

Sd/-

Madhu Tiwari
Chief Financial Officer

Sd/-

B. K. Nopany
Chairman cum Managing Director

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Although, presently company is mainly engaged in trading activities, the same is going to be significantly changed from subsequent year onwards due to undertaking of manufacturing of sugar and also construction activities.

SUGAR

Sugar is one of the essential items not only in the household sector but also in various industrial formulations in pharmaceutical sector, confectionery, soft drinks, sweets etc. The consumption of sugar in the country is on the increase due to population growth as also due to various development plans of the Government. Still the per capita sugar consumption in India is much lower than the world standard and even from the developing countries. However, the per capita consumption of sugar is on the increase on account of improved standard of living and the changing life style of rural masses which now prefers sugar than any other alternate sweetening material.

Global Sugar Industry

In the third assessment of the ISO, world sugar production is put at 161.527 mln tonnes. A significant production shortfall in India and a further contraction of production in the EU, on the one hand, and a continuing expansion of sugar output in Brazil, on the other hand, are the three major supply features of 2008/09. The combined effect of output reductions in the EU and India is expected to shave off a massive 7.084 mln tonnes from world sugar supply, despite record high growth in sugar output in Brazil. So far, a lowering in forecasted production in India (from 23.9 mln tonnes projected in August to the current projection of 19.55 mln tonnes) has been neatly matched by a practically identical increase in Brazil (from 33.22 mln tonnes to 37.54 mln tones). Meanwhile, global consumption is forecasted to grow at the rate of 2.19% to 165.801 mln tonnes, raw value. World production is now expected to be 4.274 mln tonnes lower than world consumption as against 3.626 mln tonnes projected in November. Consequently, the statistical outlook for the market till the end of the season in September 2009 remains constructive and supportive to world market values. The ISO puts world export availability for 2008/09 at 49.608 mln tonnes, raw value, as against 46.25 mln tonnes in the previous crop cycle. Smaller output in importing countries and in India, in particular, is expected to trigger additional import demand which is estimated to reach 49.621 mln tonnes, up 3.673 mln tonnes.

A summary of the third assessment of the world sugar balance in 2008/09 is provided in the table below.

World Sugar Balance

	2008-09	2007-08	change	
	(mln tonne, raw value)		In mln tonne	In % tage
Production	161.527	168.611	-7.084	-4.20
Consumption	165.801	162.241	3.560	2.19
Surplus/Deficit	-4.274	6.370		
Import demand	49.621	45.948	3.673	7.99
Export availability	49.608	46.245	3.363	7.27
End Stocks	66.272	70.533	-4.261	-6.04
Stock/consumption ratio (%)	39.97	43.47		

Source: ISO quarterly market outlook, February 2009

The world's largest consumers of sugar are India, China, Brazil, USA, Russia, Mexico, Pakistan, Indonesia, Germany and Egypt. According to USDA Foreign Agriculture Service, the consumption of sugar in Asian countries has increased at a faster rate, as a direct result of increasing population, increasing per capita income and increased availability.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Indian Sugar Industry

The Indian sugar industry is the second largest agro-industry located in the rural India. The Indian sugar industry has a turnover of more than Rs. 500 billion per annum and it contributes almost Rs. 22.5 billion to the central and state exchequer as tax, cess, and excise duty every year. With 566 operating sugar mills in different parts of the country, Indian sugar industry has been a focal point for socioeconomic development in the rural areas. About 50 million sugarcane farmers and a large number of agricultural labourers are involved in sugarcane cultivation and ancillary activities, constituting 7.5% of the rural population. Besides, the industry provides employment to about 2 million skilled/semi skilled workers and others mostly from the rural areas.

Production, Consumption & Closing Stock in India

[In million tones]

	2008-09 [E]	2007-08	2006-07	2005-06
Opening Stocks as on 1st October,	7.80	8.47	3.90*	4.00*
Production during season	18.50	26.33	28.30	19.27
Imports [Raw Sugar]	—	—	—	—
Total availability	26.30	34.80	32.20	23.27
Off -take				
- Internal Consumption	23.00	22.50	22.00	18.50
- Exports	—	4.50	1.73	1.13
Total off-take	23.00	27.00	23.73	19.63
Closing Stock on 30th September	3.30	7.80	8.47	3.64

* Adjustment as per Central Excise Certificate

Opportunities & Constraints

“Global sugar demand will exceed production by a wider margin than forecast three months ago because unusual weather is limiting cane harvests in India and Brazil, the International Sugar Organization said.

Production will trail consumption by 9.35 million tonnes in the year ending September 30, up from 7.8 million projected in May, Sergey Gudoshnikov, a senior economist at the London-based group, said Thursday. The deficit will reduce stockpiles to 38 per cent of projected global use, the lowest ratio in three years, Gudoshnikov said.

The price of raw sugar has jumped 92 per cent this year, reaching a 28-year high of 23.33 cents a pound last week on ICE Futures US in New York, as dry weather in India and excessive rain in Brazil threaten to prolong the shortfall into next year. Lower output in Mexico, China and Pakistan also spurred the rally, analysts said.

“Speculators are seeing blood out there,” said Scott Joss, the president of ClearTrade Inc in Chicago. “Funds are still active, and sugar at 30 cents is not out of the question.” Inventories are likely to shrink next year, Gudoshnikov said.” [Bloomberg/ August 21, 2009] [source: business-standard.com]

“Sugar may climb 80 percent to as high as 40 cents a pound on global supply shortages, said Singapore-based commodity hedge fund manager Michael Coleman. “Sugar is caught in a perfect storm,” he said. There is “a big hole” in world supply and no obvious solution in the next six to nine months, said Coleman, 49, managing director of Aisling Analytics, which runs a \$1.4 billion fund invested in energy and agriculture. The sweetener has already surged 88 percent this year, reaching a 28-year high, as India, the biggest consumer, had its driest June in 83 years and parts of Brazil, the largest grower, were drenched by rainfall four times more than normal, too wet to harvest. World demand will exceed output by as much as 5 million metric tons in the year ending September 2010, according to the International Sugar Organisation. “Is there a possibility of

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

reaching 40 cents a pound? Certainly," said Coleman, whose fund returned 24 percent in 2008. "From this point on, it depends how price affects demand." Sugar reached a peak of 23.33 cents a pound in New York on August 12.

Investor Jim Rogers and Rabobank Groep NV have said the rally may have some way to go. Rabobank said yesterday it anticipates the "bull" run may not be complete even if prices consolidate around 20 cents a pound.

India, Brazil

"Sugar is certainly going to go much, much higher during the course of the bull market," Rogers, chairman of Rogers Holdings, said in an August 6 interview in Singapore. "Sugar is still 70 percent below its all-time high and not many things in life are 70 percent below what they were in 1974."

The Indian crop, the world's second biggest, is "under stress" and "we think it is unlikely to be more than 15 million or 16 million tons" in 2009-2010, said Coleman.

India's monsoon season, which brings 73 percent of the nation's annual rainfall, may be the driest in seven years, a weather bureau official said.

"The world has to depend on Brazil," Coleman said. There was a question over how much of the country's cane crop can actually be turned into sugar, he said, as millers have invested heavily in ethanol and "somewhat neglected" the capacity for making sugar.

"Brazil seems to be fairly maxed out in the short to medium term" with "about 43 percent of its capacity able to be delivered to the market as sugar," Coleman said. Building capacity would take a year, he said, and "we're still living with the credit crunch so how does the Brazilian sugar refiner raise money? It's not as easy as it was three years ago."

Supply response

World farmers may raise output after prices jumped, he said. "There's probably a big bear market coming in 2011 because there will be a supply response," he said. "But it won't be in time for the first half of 2010."

The overall direction of commodities is a "macro call" about world economic growth and the direction of the dollar, and there is not too much clarity, he said. He is inclined to see the dollar stabilise at current levels, he said.

The Reuters-Jefferies CRB Index gained about 16 percent this year, aided by a weaker dollar as investors sought a hedge against inflation, and a recovering global economy. The dollar index, measuring the greenback against six major currencies, has dropped 3.5 percent this year. In other calls, Coleman said he was "moderately bullish" on the premium of white sugar over raw, and he was long "corn versus wheat" because wheat had large inventories and corn was in a position "to attract incremental demand from biofuel." [Zeb Eckert And Claire Leow /August 17, 2009][source: business-standard.com]

Indian Sugar Industry

India is the largest consumer and second largest producer of sugar in the world. The Indian sugar industry is one of the key drivers of rural development, supporting India's economic growth. The industry directly employs approximately 500,000 workmen, as well as many others in industries which utilize by-products of the sugar production process as raw material. Sugarcane is primarily grown in six states of India, namely, Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Uttar Pradesh and Tamil Nadu.

The sugar industry in India is highly fragmented. During 2007-2008 there were 619 installed sugar factories in the country out of which 240 were in the private sector, 62 in the public sector and 317 in the cooperative sector. Also, there are a number of companies in the unorganized segment who mainly produce jaggery and khandsari, which are less refined forms of sugar and act as substitutes.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

The sugar industry has a number of transformational opportunities. In addition to the potential to cater to the large and growing domestic sugar consumption, the industry can emerge as a carbon credit and power producer through co-generation. It is also in a position to support the ethanol blending programme of E5 (blending petrol with 5% ethanol).

Sugar Prices

The Government has been following a dual pricing policy for sugar, under which a fixed percentage (currently 10%) of total production is to be sold by sugar companies to the Public Distribution System ("PDS") set up by the Government at a fixed price referred to as levy sugar. This price is fixed with respect to each mill and varies from mill to mill. The balance sugar, called free sale sugar, can be sold in the open market.

The price of free sale sugar during the year depends on the demand supply situation. The movement in sugar price is determined by the net deficit or surplus in sugar (production plus import less domestic consumption less export) and stock-to-use ratio.

Sugarcane procurement and prices

India has a unique structure with respect to procurement of sugarcane. Every sugar mill is assigned a reserved area around the mill within which any sugarcane that is grown is required to be supplied to the mill, and the mill is obligated by law to crush the sugarcane available to it within the reserved area. The reserved area may change if a mill is unable to crush all of the cane within its reserved area and a portion of the reserved area may be allocated to a mill that is able to crush the sugarcane.

On an average, sugarcane cost constitutes approximately 70% of the total cost of producing sugar. The SMP set by the Central Government controls the sugarcane procurement price for sugar manufacturers. The SMP notifications are generally released at the beginning of each Sugar Season. For the 2008-2009 Sugar Season, the Government set the SMP of Rs.81.18 per quintal for a base recovery of 9% subject to a premium of Rs.0.90 for every 0.1% point increase in the recovery above that level. For the 2009-2010 Sugar Season, the Cabinet Committee on Economic Affairs has approved the SMP of Rs.107.76 per quintal of sugarcane for a base recovery rate of 9.5% subject to a premium of Rs.1.13 for every 0.1% point increase in the recovery above that level. Sugarcane prices tend to be higher for a sugarcane variety that has a higher sugar recovery. Most State Governments in north India fix the SAP to provide additional incentives to the farmers.

By-products opportunity

The main by-products in the production of sugar are molasses, bagasse, press mud and fly ash. Effective utilization of these by-products can de-risk the revenue stream of a sugar company and make it less cyclical.

Bagasse

Bagasse can be used for co-generation to meet the electricity and steam requirements of sugar mills.

Bagasse is burnt in a large furnace, which releases substantial amounts of heat for boiling water and generating high pressure steam. The steam is used to drive a turbine, which generates electricity. The residual low pressure steam is used in the sugar making process. The power produced by co-generation is used for captive consumption and excess power is sold to the State utilities distribution companies. The realization from exportable power is dependent on the long-term power purchase agreements with the Government and power companies. Co-generation also has proven revenue potential in Clean Development Mechanism ("CDM") based carbon credits. However, the potential for bagasse based co-generation of power is yet to be fully realized. According to ISMA, sugar units have currently set up a capacity to produce 2,635 MW of co-generated power and the potential to co-generate power by the sugar industry has been assessed to be much higher going forward. In addition, bagasse is also used for production of paper and particle boards.

Particle Board and Medium-Density Fibre Board

Bagasse is also used to produce particle board and medium-density fibre board, which are environmentally friendly substitutes for plywood. Although particle board and medium-density fibre board have been produced

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

in India for some time, these products were previously exclusively made by manufacturing plants which used wood as raw material. The production in India of particle board and medium-density fibre board from agricultural wastes such as bagasse using advanced manufacturing technologies only began in recent years.

Molasses

Molasses is extensively used for the manufacture of ethanol. These molasses are fermented with yeast to get ethyl alcohol or ethanol. The mixture is then distilled to separate the alcohol from the mixture.

Normally for every 1 ton of sugar produced, around 0.45 tons of molasses is generated as a by-product. One ton of molasses can produce around 225 litres of ethanol.

Ethanol is 99.5% pure alcohol and is used as feedstock for alcohol-based downstream chemicals like paints, inks and to manufacture potable alcohol. Ethanol is also becoming popular across the world as a fuel.

Ethanol is used as an additive in petrol to lessen vehicular pollution as it contains 35% oxygen, which helps complete combustion of fuel thus reducing harmful tailpipe emissions.

With a view to providing an incentive to the agricultural sector and reduce environmental pollution, the Government mandated 5% blending of ethanol with petrol across India except for certain states.

Additionally, 10% blending was proposed to come into force in October 2008, however such increase has not been made effective. The contracts with Indian oil companies are expiring in October 2009. However, the Government is likely to further extend the contract for the next two years beginning October 2009. Globally, Brazil is the leading country in terms of ethanol blending which is mandated at approximately 20%.

Sugar Outlook

The 2008-2009 Sugar Season is expected to be the first year of upturn in the sugar cycle, after two years (2006-2007 and 2007-2008 Sugar Seasons) of surplus production and rising sugar inventories.

Sugar production in the 2008-2009 Sugar Season is expected to fall in the range of 14 MMT to 15 MMT as against 26.3 MMT in the 2007-2008 Sugar Season. This is on account of a decline in the area under sugarcane cultivation caused due to sugarcane arrears and higher prices for alternative crops which led to farmers switching to other alternative crops and lower recovery on account of agro-climatic conditions.

Lower than expected production in the 2007-2008 Sugar Season, an expected further fall in production in the 2008-2009 Sugar Season coupled with steady growth in domestic demand will lead to depletion in domestic sugar inventories. These factors are also expected to result in India's raw sugar imports totaling approximately 2.5 million tons during the 2008-2009 Sugar Season. Inventory levels are expected to decline further in the 2009-2010 Sugar Season, leading to an improvement in sugar selling prices.

Domestic sugar prices (Mumbai M-30) which fell continuously for a 12 month period, from Rs.19,060 per metric ton in April 2006 to Rs.13,600 per metric ton in April 2007, and thereafter remained depressed until 70 the end of 2007, moved up to Rs.14,550 per metric ton in April 2008. The current prices (May 2009) are at 23,000 levels per ton and are expected to increase further which will improve the profitability of sugar mills.

CONSTRUCTION

The Company has also commenced the business of construction and selling of residential houses.

India is the world's largest democracy in terms of population with 1.2 billion people (estimate as at July 2008). Its GDP stood at approximately US\$1,237 billion in 2008 (estimates). This makes it the fourth largest economy in the world in terms of GDP (purchasing power parity) after the United States of America, China and Japan. (Source: CIA World Factbook)

India's GDP maintained its steady rise in 2007-08 to clock 9% growth. The average GDP for four years upto 2007-08 had been 8.6%, signifying stable economic growth and domestic demand. Although, because of global slowdown, sub-prime issues, high interest rate factors the GDP growth of Indian Economy was adversely effected in the year 2008-09, the growth momentum in the coming years is not expected to be completely

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

absent because of high domestic consumptions, corrective steps from time to time taken by the Indian Government and RBI for boosting consumptions and demands. The Government of India as well as analysts all over world targets a minimum of 7% GDP growth of the Indian Economy.

As mentioned above, in spite of the recent economic slowdown, India is expected to remain amongst the fastest growing economies of the world, leading to a significant increase in purchasing power of its population. As per a study conducted by Mckinsey Global Institute, the percentage of Middle Income Group (MIG) households is likely to increase from 6 per cent. in 2005 to 24 per cent. in 2015 and 45 per cent. In 2025.

Number of households (million)	2005	2015	2025
High Income Group	1.2	3.3	9.5
Middle Income Group	13.3	60.6	128.0
Low Income Group	192.4	180.1	143.0
Total	206.9	244.0	280.5

(Source: Mckinsey Global Institute)

As per the Ministry of Housing and Urban Poverty Alleviation (MHUPA), there was a shortage of 24.71 million dwelling units for 67.4 million households in India in 2007. Out of this, close to 99 per cent. of shortage is in the Economically Weaker Section (EWS) and LIG (Low Income Group) segment. Housing shortage is expected to increase to 26.53 million dwelling units for 75.01 million households by 2012, of which approximately 85 per cent. is expected to be in the EWS and LIG segment.

Category	Housing shortage (2007)
EWS	21.78
LIG	2.89
MIG + HIG	0.04
Total	24.71

(Source: Ministry of Housing and Urban Poverty Alleviation, India)

Opportunities, Threats and Outlook

This consistent growth of the economy has catapulted India as the fastest growing economy after China for the following reasons:

- Changing composition of GDP; reduced dependence on agriculture and growing industrial and services sectors
- Strong outsourcing growth momentum – IT and financial services, healthcare and manufacturing
- Strong improvement in the external sector and a gradual fiscal deficit correction

The Indian construction industry is an integral part of the Indian economy and an important portion of investments into the development of the Indian Economy takes place through the construction industry. The construction industry is expected to grow with further economic development, industrialisation, urbanisation and improvements in the standard of living.

According to Indian Infrastructure, the Indian construction industry accounts for more than 5% of India's GDP and is the second largest employer after agriculture, employing nearly 32 million people. In the course of liberalization of the Indian economy, the Government has placed a priority on infrastructure development and emphasised the involvement of private capital and management in order to respond to the growing demand for new infrastructure projects.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

According to the Indian Central Statistical Organisation, investments in construction in India grew at a compounded annual growth rate of 12% during the last ten years.

Ministry of Housing and Urban Poverty Alleviation, India (MHUPA) has framed the National Urban Housing and Habitat Policy, which carefully analyses ways and means of providing 'Affordable Housing to All' with special emphasis on the EWS and LIG segments. The new policy lays emphasis on earmarking of land for the EWS/LIG groups in new housing projects and also emphasizes on the Government retaining its role in social housing so that affordable housing is made available to EWS and LIG of the population as they lack affordability and are hopelessly out priced in urban land markets.

Government initiatives coupled with increasing per capita income in India on the back of high economic growth is expected to provide strong impetus to affordable housing demand.

REFORMS IN THE REAL ESTATE SECTOR

In recent years, various reforms have been initiated at the Central as well as State level which have led to greater organisation and transparency in the real estate sector. These include:

- Support from the Govt for the repeal of the Urban Land Ceiling Act (introduced in 1976), with nine State Governments having already repealed the Act. The law was repealed by the Central Government in 1999. However, land being a state subject, the law is still in force in some states like Andhra Pradesh, Assam, Bihar and West Bengal;
- Modifications in the rent control statutes to provide greater protection to homeowners wishing to rent out their properties;
- Rationalisation of property taxes in a number of States;
- The proposed conversion of land records into electronic form; and
- FDI being permitted in the real estate sector, subject to certain conditions.

Residential Development

The residential sector accounts for approximately 75-80 per cent. of the total real estate sector in the country. The growth in the residential real estate market in India has been largely driven by rising disposable incomes, a rapidly growing middle class and youth population, low interest rates, fiscal incentives on both interest and principal payments for housing loans, heightened customer expectations, and increased urbanisation and nuclearisation.

According to CRISIL Construction Annual Review, May 2007, over the period between 2006 to 2007 and 2010 to 2011, housing investments are expected to grow to Rs. 17,338 billion as compared with Rs. 9,810 billion invested in the previous five years.

A large proportion of the demand for residential developments, especially in urban centres is likely to be for high-rise residential buildings. Since this is a fairly new segment, the growth of the high-rise segment is expected to be faster than the growth of more traditional urban housing segments. The reasons for the anticipated demand are the lack of space in cities and proximity to offices and IT parks. The high-rise culture is gradually seeping into other cities such as Kolkata, Hyderabad and Chennai due to increasing affordability, nearness to IT or BPO parks and the township concept being embraced within close proximity to such IT and BPO parks.

The emergence of the integrated township format is another key highlight in the residential sector. Availability of large land parcels as well as office developments in major cities' peripheral areas have led to an increase in the number of integrated townships to accommodate the growing population of the city. These integrated townships offer consolidated development of commercial, retail, residential, and leisure facilities. The scope of development is estimated to be approximately 400 township projects over the next five years, spread across 30-35 cities, each having a population of 0.5 million. (Source: Cushman & Wakefield Report: India Gaining Momentum – Indian Real Estate Investment Dynamics).

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

The total demand estimated for the residential segment is estimated to be approximately 687 million square feet across India for the next five years, of which the top seven cities account for nearly 77 per cent. (Source: Cushman & Wakefield Report: The Metamorphosis – Changing Dynamics of the Indian Realty Sector, October 2008).

SEGMENTWISE PERFORMANCE

Presently, the Company mainly deals in trading activity. Therefore, it is not required to give segment wise performance.

RISKS & CONCERNS

Both sugar as well as construction business of the Company being undertaken have been rapidly growing because of urbanization and economic boom as discussed above. Further, performance of sugar industry is dependent upon demand-supply gap apart from crop level of sugarcane as discussed in the preceding paragraphs. The same rule of demand-supply gap apply to construction industry. As such, the continuance of economic slowdown and increased demand-supply gap may be main fears for both sugar as well as construction industries.

However, as mentioned in the preceding paragraphs India's GDP maintained its steady rise in 2007-08 to clock 9% growth. The average GDP for four years upto 2007-08 had been 8.6%, signifying stable economic growth and domestic demand. Although, because of global slowdown, sub-prime issues, high interest rate factors the GDP growth of Indian Economy was adversely effected in the year 2008-09, the growth momentum is since improved in the coming years is not expected to be completely absent because of high domestic consumptions, stimulus packages from time to time announced by the governments of various countries including India and other monetary and non-monetary corrective steps from time to time taken by them.

INTERNAL CONTROL SYSTEMS THEIR ADEQUACY

Your Company has a proper and adequate system of Internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorizedly recorded and reported correctly.

The Internal control system is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. There is an elaborate internal audit system which is done by Independent firm of Internal Auditors. Their reports on the internal controls and their adequacy are regularly discussed with the Management and corrective measures wherever required, are taken and continuously monitored.

The Audit Committee of the Board meets regularly to review the adequacy of internal controls, Internal audit findings and the corrective actions are taken, if necessary. The Management is reasonably satisfied about the adequacy of these internal control systems.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Revenue

The gross revenue of Rs. 1572.10 lacs was recorded in the financial year ended 30t June, 2009 as compared to Rs. 1305.51 lacs in the previous year, showing a growth of 20.42%.

Profits

The Company has earned Profit before Interest, Depreciation and Tax of Rs. 478.49 lacs during the financial year ended 30th June, 2009 which represents an increase of 23.41% on year to year basis. PAT increased to Rs. 281.90 lacs during the year under review, representing an increase of 37.00%, from Rs. 205.78 lacs in fiscal 2007-08.

Earnings Per Shares (EPS)

The Company recorded an EPS of Rs. 1.76 per equity shares of Rs. 10/- each during 2008-09.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Dividend

The Board has recommended a dividend of Rs. 0.30 per equity share (being 3% on the par value per equity share of Rs. 10/- each), to be appropriated from the profits of the Company for the financial year 2008-09.

Dividend Payout

The proposed dividend, if approved at the ensuing Annual General Meeting, would result in appropriation of Rs. 56.16 lacs (including Corporate Dividend Tax of Rs. 8.16 lacs) out of profits. The total appropriation of Dividend of Rs. 56.16 lacs gives 19.92 per cent payout on net profit of the Company.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

A cordial industrial relations environment prevailed in the Company during the year. There was constant focus on all round organizational development. Regular promotions are granted and succession plans are effectively implemented. Our system of compensation is as per the market trends and job requirements. Other benefits to employees are provided for motivation.

CAUTION STATEMENT

The above mentioned statements are only "forward looking statements" based on certain assumptions/expectations. The Company's actual performance could differ materially from those expressed/projected depending upon changes in various factors. The Company does not assume any responsibility to any change(s) in "forward looking statements", on the basis of subsequent development, information or events etc.

Place : Kolkata

Date : 1st December, 2009

Sd/-

B. K. NOPANY

Chairman cum Managing Director

CODE OF BUSINESS CONDUCT AND ETHICS

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **SHREE HANUMAN SUGAR & INDUSTRIES LIMITED** as at 30th June, 2009 and also the Profit & Loss Account for the year ended on that date annexed here to and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by Central Government of India, in terms of sub section (4A) of Section 227 of the Companies Act, 1956, and on the basis of the information and explanations given to us and the books and records examined by us in the normal course of our audit and to the best of our knowledge and belief, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that: -
 - a) We have, subject to **Note No. 13 on Schedule "K"**, obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, subject to **Note No 1(f) on Schedule "K"** regarding non maintenance of certain accounts on accrual basis, proper books of accounts, as required by law, have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account as submitted to us;
 - d) In our opinion the Balance Sheet, Profit & 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, subject to Note 7 with regard to the provision for Gratuity not done as prescribed in AS-15;
 - e) On the basis of written representations received from the individual directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2009 from being appointed as a director in terms of clause (g) of Sub - section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit & Loss Account and Cash Flow Statement read together with Note Nos. 3, 4, 5 & 7 in respect of maintenance of certain accounts on cash/acceptance basis and consequent non-provision of liability in respect of such accounts and other NOTES to Schedule "K" give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -

- i) in the case of Balance sheet, of the state of affairs of the Company as at 30th June, 2009;

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

- ii) in the case of Profit & Loss Account, of the **Profit** of the Company for the year ended on that date and
- iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Place : 32A, Chittaranjan Avenue
Kolkata-700 012
Date : 29th September, 2009

For **JAINSARAWGEE & CO.**
Chartered Accountants
D. K. Sarawgee
Partner
Membership No. 10089

REFERRED TO IN PARAGRAPH I OF THE AUDITORS' REPORT TO THE MEMBERS OF SHREE HANUMAN SUGAR & INDUSTRIES LIMITED ON ACCOUNTS FOR THE YEAR ENDED ON 30TH JUNE, 2009.

- (1) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. We are informed that all the fixed assets have been physically verified by the management at the year-end and no material discrepancies have been noticed on such verification. No disposal of a substantial part of the fixed assets of the Company has taken place during the reporting period.
- (2) The Company has not taken any secured or unsecured loan from companies, firms or other parties listed in the register maintained under Section 301 of the Act, during the year.
- (3) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act, during the year.
- (4) The Company has adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of trading goods, raw materials including components, plant and machinery, equipment and other assets and also for the sale of goods. We have not come across any major weaknesses in internal control.
- (5) Transactions that are required to be entered into the Register in pursuance of Section 301 of the Act have been so entered.
- (6) The company has not accepted any deposits from the public.
- (7) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (8) Provisions regarding Maintenance of the cost records u/s 209(1)(d) of the Companies Act, 1956 are not applicable for the period, as the Company did not carry on any manufacturing activity.
- (9) The Company is generally regular in depositing undisputed statutory dues, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues.
- (10) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Dividend Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 30th June, 2009 for a period of more than six months from the date they became payable.
- (11) According to the records of the Company, dues outstanding in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess on account of any dispute are as follows: -

Name of the Statute	Nature of Dues	Amount (Rs in lacs)	Forum where Dispute is pending
Income Tax Act, 1961	Income Tax	129.78	Kolkata High Court

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

- (12) The Company has neither accumulated losses till the immediately preceding Financial Year nor has incurred any cash loss during the current Financial Period and immediately preceding financial year under this Report.
- (13) The Company has not defaulted in repayment of the secured loan from a Financial Institution.
- (14) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (15) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- (16) In our opinion and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and therefore the provisions of Clause 4(xiv) of the order are not applicable. The securities and other investments have been held by the company in its own name.
- (17) The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the reporting period.
- (18) The Company has not raised any term loans, so the provisions are not applicable to the Company.
- (19) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term requirements.
- (20) During the period the Company has issued and allotted 58,00,000 Equity Shares at a premium of Rs.10/- per Share on preferential basis. As informed to us, the Company has created security in respect of Debentures issued and allotted in earlier years.
- (21) The Company has not raised any money during the year through any public issue.
- (22) No fraud on or by the Company has been noticed or reported during the course of our audit.

Place : 32A, Chittaranjan Avenue,
Kolkata-700 012
Date : 15th September, 2009

For **JAINSARAWGEE & CO.**
Chartered Accountants
D. K. Sarawgee
Partner
Membership No. 10089

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

BALANCE SHEET AS AT 30TH JUNE 2009

	Schedule	30 th June 2009 (Rs.in lacs)	30th June 2008 (Rs.in lacs)
I. Sources of funds			
Shareholders' Fund :			
Share Capital	A	1600.00	1020.00
Reserves & Surplus	B	4042.14	3236.39
 Loan Fund :			
Secured Loans	C	374.86	405.49
Unsecured Loans	D	825.70	1699.77
TOTAL :		<u>6842.69</u>	<u>6361.65</u>
 II. Application of Funds			
Fixed Assets :	F		
Gross Block		6068.79	3123.59
Less : Depreciation		1497.48	1366.16
Net Block		4571.31	1757.43
Capital Work-in-Progress		753.11	1472.60
		<u>5324.42</u>	<u>3230.03</u>
Investments	G	370.25	370.31
Current Assets,Loans & Advances	H	1615.84	3012.51
Less:			
Current Liabilities & Provisions:	E	467.81	251.20
Net Current Assets		1148.03	2761.31
TOTAL :		<u>6842.69</u>	<u>6361.65</u>
Notes on accounts	K		

The Schedules referred to above form an integral part of the financial statements

	As per our report attached	B. K. NOPANY
	JAINSARAWGEE & CO.	<i>Chairman cum Managing Director</i>
Place : 32-A Chittaranjan Avenue	Chartered Accountants	K. M. SHAH
Kolkata 700 012	D. K. Sarawgee	<i>Director</i>
Date : 29th September, 2009	<i>Partner</i>	
	Membership No 10089	

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

		For the year ended on 30.06.2009 (Rs.in lacs)	For the year ended on 30.06.2008 (Rs.in lacs)
INCOME			
Sales	J	1471.68	1163.82
Lease Rent		—	28.12
Profit on Sale of Construction Rights		99.75	113.38
Other Income		0.67	0.19
Increase / Decrease in Stock		125.25	(57.89)
		<u>1697.35</u>	<u>1247.62</u>
EXPENDITURE			
Raw Material Consumed		—	8.92
Purchases		1099.86	728.91
Manufacturing /Construction Expenses		15.40	—
Personnel Expenses	I	41.18	47.02
Administrative Expenses	I	61.95	65.52
Selling & Distribution Expenses	I	0.47	0.02
Deferred Revenue Expenditure W/Off		—	3.51
Preliminary Expenses W/Off		—	6.00
Interest		42.80	41.03
Depreciation		131.31	125.89
Total Expenditure		<u>1392.97</u>	<u>1026.82</u>
Profit/(Loss) before Tax		304.38	220.80
Add: Balance Brought Forward from Previous Year		16.27	9.66
Profit available for Appropriation		<u>320.65</u>	<u>230.46</u>
Less :			
Proposed Dividend		48.00	30.60
Provision for Income Tax		21.35	13.91
Provision for Dividend Tax		8.16	5.20
Provision for Fringe Benefit Tax		1.13	1.11
Transferred to General Reserve		—	50.00
Transferred to Special Reserve		99.75	113.37
		<u>178.39</u>	<u>214.19</u>
Balance carried to Balance Sheet		<u>142.26</u>	<u>16.27</u>

The Schedules referred to above form an integral part of the financial statements

	As per our report attached	
	JAINSARAWGEE & CO.	B. K. NOPANY
	Chartered Accountants	<i>Chairman cum Managing Director</i>
Place : 32-A Chittaranjan Avenue	D. K. Sarawgee	K. M. SHAH
Kolkata 700 012	<i>Partner</i>	<i>Director</i>
Date : 29th September, 2009	Membership No 10089	

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30.06.2009

	30.06.2009 (Rs. In lacs)	30.06.2008 (Rs. In lacs)
A) Cash Flow From Operating Activities		
a) Net Profit Before Tax & Extraordinary Item	304.38	220.80
Adjustment for :		
Interest Paid	42.80	41.03
Depreciation	131.31	125.89
Profit on sale of Investments	<u>—</u>	<u>—</u>
b) Operating Profit before Working Capital changes	478.49	387.72
Adjustment for :		
Trade and Other Receivable	297.18	167.03
Inventories	(247.25)	57.89
Trade Payable	<u>173.78</u>	<u>22.26</u>
c) Cash Generated From Operations	702.20	634.90
B) Cash Flow From Investment Activities		
Purchase of Fixed Assets	(2,347.71)	(170.12)
Sale of Fixed Assets	122.00	—
Sale of Investments	0.07	—
Loans & Advances	1,340.87	(602.02)
Deferred Revenue Expenditure	—	3.51
Preliminary Expenses	—	6.00
Taxes Paid	(5.20)	(6.00)
Dividend	<u>(30.60)</u>	<u>(30.60)</u>
Net Cashflow from Investing Activities	(920.57)	(799.23)
C) Cash Flow From Financing Activities		
Interest Paid	(42.80)	(41.03)
Unsecured Loan	(874.07)	2.21
Secured Loan	(30.63)	205.49
Share Application	<u>1,160.00</u>	<u>—</u>
D) Net Increase/(decrease) in Cash and Cash Equivalent	(5.87)	2.34
Cash and Cash Equivalent at the beginning of the Year	26.75	24.41
Cash and Cash Equivalent at the end of the year	20.88	26.75

As per our report attached
JAIN SARAWGEE & CO.

Chartered Accountants

D. K. Sarawgee

Partner

Membership No 10089

B. K. NOPANY

Chairman cum Managing Director

K. M. SHAH

Director

Place : 32-A Chittaranjan Avenue
Kolkata 700 012

Date : 29th September, 2009

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

SCHEDULE — A		30th June 2009	30th June 2008
		(Rs. in lacs)	(Rs. in lacs)
SHARE CAPITAL			
AUTHORISED			
40000000,	(Previous Year 125000000) Equity Shares of Rs.10/- each	<u>4000.00</u>	<u>1250.00</u>
		<u>4000.00</u>	<u>1250.00</u>
ISSUED ,SUBSCRIBED AND PAID UP			
16000000	(Previous Year 10200000) Equity shares of Rs.10/- each fully Paid Up (Out of the above 7450000 Shares were issued as Bonus Shares on Capitalisation of Reserves)	<u>1600.00</u>	<u>1020.00</u>
TOTAL		<u><u>1600.00</u></u>	<u><u>1020.00</u></u>
 SCHEDULE — B			
RESERVES & SURPLUS			
Revaluation Reserve			
	As per Last Balance Sheet	625.00	625.00
Capital Redemption Reserve:			
	As per Last Balance Sheet	22.50	22.50
Share Premium :			
	As per Last Balance Sheet	111.25	
	During the year	<u>580.00</u>	111.25
Debenture Redemption Reserve :			
	As per Last Balance Sheet	200.00	200.00
General Reserve:			
	As per Last Balance Sheet	2000.00	2000.00
Profit & Loss Account			
	Balance brought forward	142.27	16.27
Special Reserve			
	As per Last Balance Sheet	261.38	
	Transfer from Profit & Loss A/C	<u>99.75</u>	261.38
TOTAL		<u><u>4042.14</u></u>	<u><u>3236.39</u></u>

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

	30th June 2009 (Rs. in lacs)	30th June 2008 (Rs. in lacs)
SCHEDULE — C		
SECURED LOANS		
200000 17% Secured Redeemable Convertible Debentures of Rs. 100/- each (Refer Note No 10(I) on Schedule 'K')	200.00	200.00
From Orix Auto Business Solutions Ltd (Refer Note No 10(II) on Schedule 'K')	174.86	205.49
TOTAL	<u><u>374.76</u></u>	<u><u>405.49</u></u>
 SCHEDULE — D		
UNSECURED LOANS		
(Interest Free)		
Short term Loan from a Bank	6.20	9.65
From Body Corporates	78.50	548.12
From Directors	10.00	109.23
From Others	731.00	1023.77
TOTAL	<u><u>825.70</u></u>	<u><u>1699.77</u></u>
 SCHEDULE — E		
CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors	373.35	199.57
	<u>373.35</u>	<u>199.57</u>
B) Provisions		
Proposed Dividend	48.00	30.60
Provision for Taxation	36.60	15.25
Provision for Fringe Benefit Tax	1.70	0.57
Provision for Dividend Tax	8.16	5.20
	<u>94.46</u>	<u>51.62</u>
TOTAL	<u><u>467.81</u></u>	<u><u>251.20</u></u>

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

**SCHEDULE — F
FIXED ASSETS**

(Rs. in Lacs)

DESCRIPTION	GROSSBLOCK				DEPRECIATION			NET BLOCK		
	As at 01.07.2008 Rs.	Addition/ Revaluation Rs.	Sales/ adjust- ment Rs.	As at 30.06.2009 Rs.	Up to 01.07.2008 Rs.	For the year Rs.	Sales/ adjust- ment Rs.	Up to 30.06.2009 Rs.	As at 30.06.2009 Rs.	As at 30.06.2008 Rs.
A. FIXED ASSETS - OWN										
Land	745.96	—	—	745.96	—	—	—	—	745.96	745.96
Building	59.04	—	—	59.04	12.65	0.96	—	13.62	45.43	46.39
Construction Right	122.00	—	122.0	—	—	122.00	—	—	—	—
Plant & Machinery	1,754.33	3,066.95	—	4,821.27	1,128.89	79.81	—	1,208.69	3,612.58	625.44
Plant & Machinery (Leasehold)	335.00	—	—	335.00	146.36	41.88	—	188.24	146.76	188.64
Furniture & Fixtures	21.35	0.25	—	21.60	21.09	0.51	—	21.60	—	0.26
Vehicles	85.92	—	—	85.92	57.17	8.16	—	65.33	20.59	28.75
TOTAL	3,123.59	3,067.20	122.00	6,068.79	1,366.16	131.31	—	1,497.48	4,571.31	1,757.43
B. CAPITAL WORK IN PROGRESS										
Plant & Machinery (Leasehold)	474.49	—	474.49	—	—	—	—	—	—	474.49
Machinery under installation	815.43	—	245.00	570.43	—	—	—	—	570.43	815.43
Capital Work in Progress	10.40	—	—	10.40	—	—	—	—	10.40	10.40
Expenses Pending Allocation	172.28	—	—	172.28	—	—	—	—	172.28	172.28
GRAND TOTAL : (A+B)	4,596.19	3,067.20	719.49	6,821.90	1,366.16	131.31	—	1,497.48	5,324.42	3,230.02

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

SCHEDULE — G	Nominal Value	30th June 2009 (Rs. in lacs)	30th June 2008 (Rs. in lacs)
INVESTMENTS (AT COST)			
No of Shares (other than trade)			
UNQUOTED:			
N.S.C.(Deposited with Central Excise Authority)		0.12	0.12
100 3½% Unclassified Shares of of Bihar State Financial Corporation Ltd.	100	0.10	0.10
16.25 8% Debentures of Indian Chamber of Commerce	100	—	0.07
140 Equity Shares of Shree Milk & Food Industries Ltd.	10	0.01	0.01
11 Equity Shares of Shubham Holdings Private Limited	100	0.01	0.01
100000 Eq. Shares of Shruti Ltd.	10	370.00	370.00
TOTAL		<u>370.25</u>	<u>370.31</u>

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

SCHEDULE — H	30th June 2009 (Rs. in lacs)	30th June 2008 (Rs. in lacs)
CURRENT ASSETS, LOANS & ADVANCES		
A. Current Assets:		
Closing Stock of goods traded (As taken, valued and certified by the management)		
Stock in Process	—	12.32
Stores & Spares Parts	11.87	149.58
Construction Right	372.00	—
Work in Progress (construction)	25.28	—
Sundry Debtors (Unsecured, Considered good by the management)		
Exceeding Six months	—	261.68
Other Debts	475.80	511.30
Cash & Bank Balances		
Cash in hand (As certified by the management)	11.30	6.97
With Scheduled Banks on Current Accounts	9.59	19.78
TOTAL (A)	<u>905.83</u>	<u>960.62</u>
B. Loans & Advances:		
Loans (Considered good)	—	1089.48
Advances Recoverable in cash or in kind or for value to be received or pending adjustments	674.72	926.22
Due from employees	25.33	25.33
Securities & other Deposits	9.94	9.84
Income Tax Advance & TDS	0.02	0.02
TOTAL (B)	<u>710.01</u>	<u>2050.89</u>
TOTAL : (A+B)	<u><u>1615.84</u></u>	<u><u>3011.51</u></u>

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

	30th June 2009 (Rs. in lacs)	30th June 2008 (Rs. in lacs)
SCHEDULE — I		
OPENING STOCK		
Stock in Process	12.32	—
Stores	149.58	219.79
Construction Right	122.00	—
TOTAL	<u>283.90</u>	<u>219.79</u>
PERSONNEL EXPENSES		
Salary & Bonus etc.	38.90	46.44
Employees Welfare Expenses	2.28	0.59
TOTAL	<u>41.18</u>	<u>47.02</u>
ADMINISTRATIVE EXPENSES		
Rent	0.60	—
Insurance	0.68	1.22
Travelling Expenses	16.13	14.06
Miscellaneous Expenses	44.54	50.23
TOTAL	<u>61.95</u>	<u>65.52</u>
SELLING & DISTRIBUTION EXPENSES		
Others	0.47	0.02
TOTAL	<u>0.47</u>	<u>0.02</u>
SCHEDULE — J		
SALES		
(Less: Return, Rebate, Discount etc.)	1471.68	1163.82
CLOSING STOCK		
Stock in Process	—	12.32
Stores	11.87	149.58
Construction Right	372.00	—
Work in Progress(construction)	25.28	—
TOTAL	<u>409.15</u>	<u>161.90</u>

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

SCHEDULE – K NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

a. General :

The Company follows the Mercantile System of Accounting and recognises Income and Expenditure on Accrual basis unless otherwise stated. The Accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principles.

b. Fixed Assets :

Fixed Assets of the Company (except Land) are stated at cost of acquisition/ construction as reduced by depreciation.

c. Depreciation :

Depreciation on fixed assets is being provided on straight line method at the rates given below:

- (i) On assets acquired upto 30th June, 1987 at the rates applicable at the time of acquisition/ installation, in accordance with the circular 1/86 dated 21st May 1986 issued by the Company Law Board.
- (ii) On additions made after 30th June, 1987 as per Schedule XIV of the Companies Act, 1956.

d. Investments :

Investments are for long term purpose and stated at cost.

e. Inventories :

Inventories of goods traded are valued as under

- (i) Stock-in-Process – At estimated realisable value
- (ii) Stores – At cost or realizable value whichever is lower.
- (iii) Scrap – At estimated realizable value.
- (iv) Construction right – At cost.

f. Others :

- (i) Leave encashment by the employees of the Company except in the case of his/her death while in service is not allowed by the Company. Leave liability is, therefore, accounted for on cash basis.
- (ii) Interest and Penalty on T.D.S., Advance Tax, Income Tax dues and Dividend Tax are accounted for on cash basis.

g. Deferred Tax:

Deferred Income Tax is recognized for the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier year.

Deferred Tax Assets in respect of carry forward of unabsorbed depreciation and tax losses are recognized to the extent there is virtual certainty and in respect of other item, on the basis of reasonable certainty of their realization against future taxable profit.

h. Fringe Benefit Tax:

Fringe Benefit Tax has been calculated as per the Income Tax Act, 1961 as advised by the legal consultant of the Company.

i. Review of Assets for impairment:

The carrying value of assets of the company reviewed for impairment exists. The recoverable amount of these assets are estimated and impairment loss is recognized if the carrying amount

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use.

j. Contingent Liabilities :

The Contingent liabilities are separately disclosed by way of notes on accounts.

2. CONTINGENT LIABILITIES

- a) The company has given a guarantee to the Bank of India for cash credit facilities of Rs.250 lacs, Working Capital Term Loan for Rs.650 lacs and guarantee issue facility to the extent of Rs.150 lacs sanctioned to Eastern Sugar & Industries Limited.
 - b) The company has mortgaged, by way of deposit of title deeds, all immovable properties pertaining to its sugar division situated at Motihari, Champaran East, Bihar as security *interalia* for the punctual payment of Lease Rentals, Cost Compensatory and Finance Charges, expenses and other moneys payable by Eastern Sugar & Industries Limited to IDBI in respect of assistance granted under Equipment Lease Finance Scheme and Term Loan aggregating to Rs. 2625 lacs.
 - c) The Company had determined lease with The Eastern Sugar & Industries Ltd in the accounting year 2005 – 2006 and as per the terms and conditions of the agreement entered into with the said lessee company, all the fixed assets of the said lessee company will be acquired on deferred payment basis over a number of years by the Company at a value (to be ascertained) on the date of transfer. Such purchases shall be accounted for as and when the assets are acquired and the amount payable for such purchases/acquisition of fixed assets shall be adjusted against loans given to and other claims due from the lessee company. Contingent liability for such amount payable to the said Company for acquisition of its fixed assets has not therefore been provided in the books of the Company.
3. In some cases T. D. S. have not been deducted and deposited in time. Interest and penalty on T. D. S., Advance Tax & Income Tax dues, Dividend Tax if any, will be accounted for on cash basis.
 4. Leave encashment by the employees of the company except in the case of his or her death while in service is not allowed by the Company. Leave liability is, therefore, accounted for on cash basis.
 5. Professional Taxes and Trade License Fees are to be accounted for on cash basis.
 6.
 - i) Balance Confirmation Certificates from Debtors, Creditors and Banks are awaited from the respective parties.
 - ii) There is no amount due to Micro and Small Enterprises as on the Balance Sheet date in excess of Rupees One lac to the extent such parties have been identified from the available information/ documents.
 7. The Company has made an ad hoc provision for gratuity amounting to Rs. 33.25 lacs in the year 2006-07 on the basis of calculation made by the management and the same is considered adequate to cover liability on account of Gratuity. However, no actuarial valuation has been made as per AS – 15.
 8. Depreciation on fixed assets has been provided on straight-line basis as specified in clause 1(c) of Accounting Policies stated above.
 9. The company has revalued land by Rs.6.25 crores during the year 2006-07 as certified by the management which resulted in an increase in the value of fixed assets by the said amount and the same has been credited to Revaluation Reserve.
 10.
 - i) Debentures are secured by way of rent receivable by one of the associate concern.
 - ii) Loan from Orix Auto Business Solution Ltd. is secured against vehicles and machineries purchased under hire purchase.

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

12.	Auditors remuneration	2008-2009 (Rs.)	2007-2008 (Rs.)
	Audit Fee	16,000	16,000
	In other Capacity	1,978	1,978
		17,978	17,978

13. Additional information pursuant to the provisions of Paragraph 3 and 4C of Part II of Schedule VI to the Companies Act, 1956:

A. Quantitative Information	Current Year	Previous Year
i. Licensed capacity at the year end	5000 M.T.Crushing of sugar cane	5000 M.T.Crushing of sugar cane
ii. Installed capacity	2500 M.T.Crushing of sugar cane	2500 M.T.Crushing of sugar cane

Licensed & installed capacity are certified by the management and accepted as correct by the Auditors.

iii. Break up of Stock – in – Process and goods traded (as certified by the management), however, no quantitative information regarding Trading goods is available.

CLOSING STOCK (Rs. In lacs)

Unit	30.06.2009		30.06.2008	
	Qty.	Rs.	Qty.	Rs.
Stock-in-Process	—	—	912.80	12.32
Stores & Spare Parts	N.A.	11.87	N.A.	149.58
Construction Right	N.A.	372.00	N.A.	—
Work-in-progress (Construction)	N.A.	25.28	N.A.	—

SALES

Sugar(in quintals)	NIL	NIL	NIL	NIL
Stores	N.A.	1,471.68	NIL	1,163.82
GRAND TOTAL :		1,471.68		1,163.82

B. Raw Material Consumed

	Current Year		Previous Year	
	Qty. (in Qtl)	Amount (Rs. In lacs)	Qty. (in Qtl)	Amount (Rs. In lacs)
Sugar Cane	—	—	10,140	8.92

14. In accordance with the requirements under the Accounting Standard (AS-22), Deferred Tax Assets (net) at the year end arising out of carry forward Business losses, carry forward of Long Term Capital Loss and unabsorbed depreciation has not been recognized in the current year in the accounts. The accounting treatment is in line with prudential accounting norms and recommendations under AS-22.

15. There are no impairment of assets. The management expects to recover amount higher than the carrying value of fixed assets.

16. Segment Reporting:

The Company has operated in two segments during the year ended on 30th June, 2009 and segment as per AS-17 issued by the ICAI is given below: -

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Segment Revenue, Result and Capital employed

Particulars

As at 30.06.2009

1.	Segment Revenue	
	Net Sale/Income from each segment (including other operating income and other income)	
	(a) Sugar	1,472.35
	(b) Construction	99.75
	TOTAL REVENUE	<u>1,572.10</u>
2.	Segment Result	
	PBIT from each segment	
	(a) Sugar	247.43
	(b) Construction	99.75
	TOTAL	<u>347.18</u>
	Less:	
	Interest expense	42.80
	Interest income	—
	Unallocable Expenditure	—
	TOTAL PBT	<u>304.38</u>
3.	Capital Employed	
	(a) Sugar	5,523.55
	(b) Construction	122.00
	(c) Unallocated	—
	TOTAL	<u>5,645.55</u>

17. Related Party Disclosures

- a) Names of Related Parties: Nopany Investments Pvt Ltd
 Associate Companies: Shruti Ltd
 Eastern Sugar & Industries Ltd
 Key Management Personnel: Directors of the Company
 Enterprises over which Key Management Personnel exercise significant influence: Nopany & Sons
- b) During the period, the Company entered into the following related party transactions:
- | | | |
|-----|------------------------------|----------------------|
| i) | Unsecured loans repaid to: - | Amount (Rs. in lacs) |
| | Nopany & Sons | 301.77 |
| | Nopany Investments Pvt. Ltd | 63.12 |
| | Sri Bimal Kumar Nopany | 109.63 |
| | Shruti Limited | 300.00 |
| ii) | Interest paid to: - | |
| | Nopany Investments Pvt. Ltd. | 8.50 |

18. Basis for Calculation of Basic and Diluted Earnings per share in terms of Accounting Standard-20 is as under: -

	30.06.2009	30.06.2008
Profit after Tax as per Profit & Loss Account	2,76,70,000	2,00,58,079
Weighted Average No. of Equity Shares	1,60,00,000	1,02,00,000
Basic & Diluted Earning per Share	1.73	1.97

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

20. Figures of previous year have been re-arranged and re grouped wherever considered necessary and are compared with 3 month's figures for the period from 1st July, 2009 to 30th September, 2009.

Signatories to Schedules 'A' to 'J'

Place : 32-A Chittaranjan Avenue
Kolkata 700 012
Date : 29th September, 2009

JAIN SARAWGEE & CO.
Chartered Accountants
D. K. Sarawgee
Partner
Membership No 10089

B. K. NOPANY
Chairman cum Managing Director
K. M. SHAH
Director

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE PERIOD ENDED 30TH JUNE, 2009

I. Registration Details:

Registration No.: 7276
 State Code : 21
 Balance Sheet Date: 30.06.2009

II. Capital raised during the period (Amount in Rs. Thousand)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	980000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	686305	Total Assets	686305
-------------------	--------	--------------	--------

Sources of Funds:

Paid up Capital	160000	Reserve & Surplus	406249
Secured Loans	37486	Unsecured Loans	82570

Application of Funds:

Net Fixed Assets	532442	Investments	37024
Net Current Assets	116839	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Amount in Rs. Thousand)

Turnover (Total Income)	157210	Total Expenditure	126772
Profit /(Loss) before Tax	30438	Profit /(Loss) after Tax	27670
Earning per share (in Rs.)	1.73	Dividend Rate	3%

V. Generic Names of three principals / services of Company (as per monetary terms)

Product Description : White Crystal Sugar
 Item Code No : 170199-02
 Product Description : Molasses
 Item Code No : 170310-00

Place : 32-A Chittaranjan Avenue Kolkata 700 012	JAINSARAWGEE & CO. Chartered Accountants D. K. Sarawgee <i>Partner</i>	B. K. NOPANY <i>Chairman cum Managing Director</i> K. M. SHAH <i>Director</i>
Date : 29th September, 2009	Membership No 10089	

SHREE HANUMAN SUGAR & INDUSTRIES LIMITED

Regd. Office : 'ChandraKunj' 4th Floor, 3, Pretoria Street, Kolkata-700 017

FORM OF PROXY

I/We _____ of _____ being a member of the above-named Company, hereby appoint the following as my / our Proxy to attend and vote [on a poll]* for me / us and on my / our behalf at the 79th Annual General meeting of the Company, to be held on _____, 31st December, 2009 at _____ and at any adjournment thereof:

1. Mr. / Mrs. _____, _____ (signature), or failing him-
2. Mr. / Mrs. _____, _____ (signature), or failing him-
3. Mr. / Mrs. _____, _____ (signature),

*I/We direct my / our Proxy to vote on the Resolutions in the manner as indicated below :

Resolutions	For	Against
Resolution No. 1		
Resolution No. 2		
Resolution No. 3		
Resolution No. 4		
Resolution No. 5		

Number of Shares held _____

Affix
Revenue
Stamp

Signed this _____ day of _____ 2009

Reference Folio No. / DP ID & Client ID _____

Signature(s) of Member(s)

1. _____
2. _____
3. _____

Notes :

1. The Proxy, to be effective should be deposited at the Registered Office of the Company not less than Forty-Eight Hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. This form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.
6. *This is optional. Please put a tick mark () in the appropriate column against the Resolutions indicated in the Box. If a member leaves the 'For' or 'Against' column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he / she thinks appropriate. If a member wishes to abstain from voting on a particular Resolution, he / she should write "Abstain" across the boxes against the Resolution.
7. In case a member wishes his / her votes to be used differently, he / she should indicate the number of shares under the columns 'For' or against as appropriate.
8. The copy of the Annual Report may please be brought to the Meeting Hall.