



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

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

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

The Company continues to believe that good corporate governance is the function of adherence to ethical business practices and introduction of value based systems and procedures in the organisation. The corporate governance in this way shall usher in an era of enhancement of intrinsic strength of the organisation as also its stake holders. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company makes its best endeavor to uphold and nurture these core values in all aspects of its operations.

(2) BOARD OF DIRECTORS:

Composition and Category:

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The present strength of the Board of Directors is 8, out of which 4 are independent directors. The Chairman of the Board is the Non-Executive Director. The Board meets the requirement of not less than one- third being independent directors. All our Directors inform the Company Secretary every year about the Board membership and Board Committee membership the Directors occupy in other companies including Chairmanship. They notify us of any change as and when it takes place. Our Company Secretary places these disclosures before the Board. The category, composition, attendance of each director at the Board Meetings, last annual general meeting and number of other directorship and chairmanship/ membership of committees of each director in various Companies is given hereunder:

Sl. No.	Name of Director	Category	Attendance at Board Meetings*	Attendance at last AGM held on 24/09/2010	No. of other Directorship held		Membership/ Chairmanship in Committees of other Companies	
					Public	Private	Chairman	Member
1	Sh. Onke Aggarwal Chairman	Non-Executive Independent	5	Yes	–	–	–	–
2	Sh.Rajat Lal Managing Director	Promoter Executive	5	Yes	–	–	–	–
3	Sh.Vivek Viswanathan Joint Managing Director	Promoter Executive	5	Yes	–	–	–	–
4	Sh. Hemantpat Singhania	Non-Executive Independent	5	Yes	1	2	3	4
5	Smt. Sudha Singhania	Non-Executive	2	No	–	1	–	–
6	Smt.Manjula Viswanathan **	Non-Executive	4	Yes	–	–	–	–
7	Sh. R.L. Srivastava	Non-Executive Independent	5	Yes	1	–	1***	1
8	Sh.R.C. Sharma	Non-Executive Independent	5	Yes	5	–	–	6
9	Sh.P.K Viswanathan	Non-Executive	4	Yes	–	–	–	–
10.	Sh. K.B. Lal****	Executive	1	No	–	–	–	–



- * During the financial year 2010-11 five Board Meetings were held on 29.4.2010, 17.7.2010, 24.9.2010, 30.10.2010 and 30.01.2011. The Company has held at least one Board Meeting in every three months.
- ** Smt. Manjula Viswanathan, Director of the Company expired on 19.12.2010.
- *** Shri R.L. Srivastava is a member and chairman of one committee of the same company.
- **** Sh. K.B. Lal has ceased to be a Director on 30.4.2010.

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

The composition and structure of the Board is reviewed regularly by the Board keeping in mind the overall size of the Board, the balance between non-executive, independent and executive directors, age, experience and other attributes of the directors and changes in the Board.

Constitution of Nomination Committee

The Board of Directors has constituted Nomination Committee comprising of majority of independent directors including its Chairman. This committee comprises of five directors namely Sh. Rajat Lal, Managing Director, Sh. Vivek Viswanathan, Joint Managing Director, Sh. Onke Aggarwal, Sh. Hemantpat Singhania and Sh. R.C. Sharma, Independent Directors of the Company. Sh. Hemantpat Singhania is the Chairman of the Nomination Committee. Sh. Sunit Malhotra, Secretary of the Company will act as Secretary of the Nomination Committee. This committee will consider proposals for searching, evaluating and recommending appropriate Independent and Non-Executive Directors to the Board, based on an objective and transparent set of guidelines.

Board Procedure

All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/ decisions in the Board and Committee Meetings. All such matters are communicated to the Secretary in advance by the Departments /Divisions. Secretary segregates the ones that can be discussed and decided internally and ones which need to be put up before the Board, in consultation with the Chairman, Managing Director and/ or Joint Managing Director.

The Board meets atleast once in a quarter to review the quarterly performance, operational performance and the financial results of the company. The Board and Committee meetings are scheduled well in advance and a Calendar for the year of Board and Committee Meetings are circulated to all the Board and Committee members. The Notice and Agenda of each Board and Committee meeting is given in writing to each Director. All the items on the Agenda are accompanied by supporting papers giving comprehensive information on the related subject. The Agenda and the relevant supporting papers are sent in advance separately to each Director. The Agenda papers submitted to the Board clearly indicate what decision is required. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted with the permission of Chairman.

The information as specified in Annexure I to clause 49 of the Listing Agreement is regularly made available to the Board. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board meeting on the overall performance of the company. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, capital expenditure budgets, new investments, compliance with statutory / regulatory requirements etc., are considered by the Board. The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the Company, prepared by the Company, as well as steps taken by the Company to rectify instances of non-compliance.

The Chairman and/ or Managing Director or Joint Managing Director explains the proposal put up before the Board, the background and the expectations of the proposal in the short as well as the long term to contribute to the growth of the company. If need be, a presentation is made by the concerned executive and clarifications given. The Board then deliberates all these issues and come to a decision. The Chairman encourages participation and considers the views of all the Directors.

Secretary records the minutes of the proceedings of each Board and Committee meeting. The minutes recorded are self explanatory and decision arrived at the meeting are properly recorded. Draft minutes are circulated to all the members of the Board/ Committee for their comments. The minutes are entered in the Minute Book within 30 days from conclusion of the meeting and are confirmed at the subsequent meeting.

Board decisions are promptly and clearly communicated to the operating management for implementation. An Action Taken Report is submitted to the Board/Committee at the subsequent meetings till the decisions are fully implemented.

The Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and ensures is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued there-under, any amendment thereof and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

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

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

CONTD.....



Code of Conduct for Board Members and Senior Management Team

Code of Conduct for the Directors as well as for the members of the Senior Management of the company was adopted in the Board Meeting held on 4th April, 2005. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct states that each individual in the organisation must know and respect existing laws, accept and provide appropriate professional views and be upright in his conduct and observe corporate discipline. The said Code of Conduct has been circulated to all the Directors and Members of Senior Management and the compliance of the same has been affirmed by them in respect of the Financial Year 2010-11 and a declaration to that effect signed by the Managing Director is detailed below and forms part of this report. A copy of Code of Conduct has also been put on the Company's Website - www.sirshadilal.com

DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Sir Shadi Lal Enterprises Limited, Code of Business Conduct and Ethics for the year ended March 31, 2011.

For and on behalf of the Board

Place : New Delhi
Dated : 16th July, 2011

RAJATLAL
Managing Director

COMMITTEES OF THE BOARD

The Company has constituted following Board level Committees:

(3) AUDIT COMMITTEE:

(a) Composition:

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

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

All the members of the Audit Committee are financially literate and more than one member possesses accounting and related financial management expertise. The concerned officials responsible for the finance function and the head of internal audit are invitees to the Audit Committee.

The Chairman of the Audit Committee attended the Annual General Meeting held on 24.09.2010 to answer shareholders' queries.

Sh. K.B. Lal, Secretary of the Company was Secretary of the Audit Committee upto 30.04.2010. Thereafter, Sh. Sunit Malhotra has been appointed as Secretary of the Company w.e.f. 01.05.2010 and acts as Secretary of the Audit Committee since then.

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

* During the year six meetings of Audit Committee were held on 29.04.2010, 17.07.2010, 30.07.2010, 24.09.2010, 29.10.2010 and 29.01.2011.

(b) Terms of Reference:

The Audit Committee has powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary. The terms of reference of the Audit Committee includes to exercise powers and discharge functions as stipulated in clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The primary purpose of the Audit Committee is to monitor and provide effective supervision of the Company's financial reporting processes in order to ensure timely, accurate and proper disclosure and the transparency, integrity and quality of



financial reporting. The Audit Committee besides other activities reviews the quarterly/Annual Financial Results which thereafter goes to Sub-Committee for consideration of unaudited quarterly financial results / Board for approval.

The Audit Committee also reviews Management discussion and analysis of financial conditions and results of operations, Statement of significant related party transactions, Directors responsibility statement included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, Management Letters/ Letters of Internal Control Weaknesses issued by the Statutory Auditors and Internal Audit Reports relating to Internal Control Weaknesses.

Pursuant to the recent Circular No.52/5/CAB-2011 dated April 11, 2011 of Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi in regard to the appointment of Cost Auditors by Companies, the appointment of Cost Auditor is made on the recommendation of the Audit Committee of the Board of Directors. Audit Committee also ensures that the Cost Auditor is free from any disqualification u/s 233 B (5) read with Section 224 and sub section (3) or sub section (4) of Section 226 of the Companies Act, 1956. The Audit Committee also obtains a Certificate from the Cost Auditor certifying its independence and arms length relationship with the company. The Cost Auditors appointed by the Company attend the Audit Committee meeting, where Cost Audit Reports are discussed.

(4) REMUNERATION COMMITTEE:

a) Composition & Terms of Reference:

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

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

*During the year no meeting of the Remuneration Committee was held.

Sh. Sunit Malhotra, Secretary of the Company acts as Secretary of the Remuneration Committee.

b) Remuneration Policy:

Non-Executive Directors

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

The Non-Executive Directors are entitled to commission @ 1% of the Net Profit as approved by the shareholders and sitting fees @ Rs.12,000/- for each meeting of the Board or any Committee thereof attended by them. All the Non-Executive Directors are paid equal commission. Those who have worked for part of the year are being paid proportionately.

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

Executive Directors

The remuneration committee has been constituted to frame and implement on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors. The Remuneration Committee also consider, approve and recommend to the Board of Directors the designation and increase in salaries for the Executive Directors, keeping in view the remuneration package offered by the other Corporate Houses of the industry. The policy, inter-alia, provides for the following:

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

The remuneration paid to the Executive Directors of the Company is approved by the Board of Directors on the recommendations of the Remunerative Committee.

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

CONTD.....



c) **Details of Remuneration to all the Directors for the year ended March 31, 2011**

(i) **Remuneration to Non-Executive Directors**

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

Sl.No.	Name of the Director	Category	Commission (Rs.)	Sitting fee (Rs.)	Total (Rs.)	For Service contract/ Notice period/ Severance fees	No. of Shares Held
01	Sh. Onke Aggarwal Chairman	Non-Executive Independent	-	168000	168000	Retirement by Rotation	31710
02.	Sh. Hemantpat Singhania	Non-Executive Independent	-	60000	60000	Retirement by Rotation	-
03.	Smt. Sudha Singhania	Non-Executive	-	24000	24000	Retirement by Rotation	46167
04.	Smt. Manjula Viswanathan *	Non-Executive	-	48000	48000	Retirement by Rotation	138105
05.	Sh. R. L. Srivastava	Non-Executive Independent	-	156000	156000	Retirement by Rotation	-
06.	Sh. R.C. Sharma	Non-Executive Independent	-	132000	132000	Retirement by Rotation	-
07.	Sh. P.K.Viswanathan	Non-Executive	-	48000	48000	Retirement by Rotation	-
	Total			636000	636000		

* Smt. Manjula Viswanathan, Director of the Company expired on 19.12.2010.

(ii) **Managing and Whole-time Directors**

Sl.No.	Name of the Director	Category	Salary (Rs.)	Perquisites* (Rs.)	Commission (Rs.)	Total (Rs.)	Service contract/ notice period/ severance fees
01.	Sh.Rajat Lal, Managing Director	Executive	1200000	1135286	-	2335286	Contractual**
02.	Sh. Vivek Viswanathan, Joint Managing Director	Executive	1080000	1083670	-	2163670	Contractual**
03.	Sh. K.B. Lal, Sr. Executive Director***	Executive	80000	74897	-	154897	Contractual***
	Total		2360000	2293853	-	4653853	

* Perquisites include House Rent Allowance, Electricity & Fuel Charges, Medical Reimbursement, Medi-claim and Personal Accident Insurance Premium, Company's Contribution to Provident Fund and Superannuation Fund.

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

*** Sh. K.B. Lal, Sr. Executive Director ceased to be a member of the Board of Directors w.e.f. 01.05.2010. His appointment was for three years period which has ended on 30.04.2010. His notice period was six calendar months, on either side.

5) **SHAREHOLDERS COMMITTEES:**

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

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

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

**a) Shareholders/Investors Grievance Committee:**

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

Sh. Sunit Malhotra Secretary of the Company acts as Compliance Officer and Secretary of the Shareholder/Investor Grievances Committee.

* Smt. Manjula Viswanathan, Director of the Company expired on 19.12.2010.

During the year no complaints were received from the shareholders, requiring specific attention of the Committee, therefore, no meeting was held. However, Company received five complaints of routine nature from the shareholders, and all of them were rectified and resolved to the satisfaction of shareholders. There was no investor complaint outstanding as on 31.03.2011.

b) Share Transfer Committee:

Sl.No.	Name of the Director	Designation	Category	Attendance at committee meeting*
01.	Sh. Rajat Lal	Managing Director	Executive Director	4
02.	Sh. Vivek Viswanathan	Joint Managing Director	Executive Director	4

* During the year four meetings of Share Transfer Committee were held on 26.08.2010, 20.09.2010, 31.12.2010 and 22.03.2011.

Sh. Sunit Malhotra Secretary of the Company acts as Compliance Officer and Secretary of the Share Transfer Committee.

The Company has registered and delivered to the shareholders all the valid applications received for transfer/transmission of shares during the year within the stipulated time, and there were no shares pending for transfer as on 31.03.2011.

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

This Committee looks after and considers Unaudited Quarterly Financial Results on a quarterly basis, after the same has been approved by Audit Committee.

Sl.No.	Name of the Director	Designation	Category	Attendance at sub-committee meeting**
01.	Sh. Rajat Lal	Managing Director	Executive Director	3
02.	Sh. Vivek Viswanathan	Joint Managing Director	Executive Director	3
03.	Sh. K.B. Lal*	Sr. Executive Director	Executive Director	1
04.	Sh. Onke Aggarwal	Director	Non Executive Independent Director	3

* Sh. K.B. Lal, Sr. Executive Director has ceased to be member of Sub-committee on 30.04.2010. Sh. K. B. Lal Secretary of the Company was Secretary of this Sub-Committee upto 30.04.2010. Thereafter, Sh. Sunit Malhotra has been appointed as Secretary of the Company and acts as Compliance Officer and Secretary of the Sub-committee w.e.f. 01.05.2010.

** During the year three meetings of Sub-Committee were held on 29.04.2010, 30.07.2010 and 29.10.2010.

CONTD.....

**(6) CANE DEVELOPMENT COMMITTEE:**

The Board of Directors in its meeting held on 30.01.2011 has constituted Cane Development Committee comprising of three Directors viz. Sh. Rajat Lal, Managing Director, Sh. Vivek Viswanathan, Joint Managing Director and Sh. R.L. Srivastava, Independent Director of the Company to strengthen, guide and effectively monitor the efforts of the management in the matter of Cane Development.

Sl.No.	Name of the Director	Designation	Category	Attendance at Cane Development Committee meeting*
01.	Sh. Rajat Lal	Managing Director	Executive Director	2
02.	Sh. Vivek Viswanathan	Joint Managing Director	Executive Director	2
03.	Sh. R.L. Srivastava	Director	Non Executive Independent Director	2

*During the year two meetings of the Cane Development Committee were held on 22.02.2011 and 22.03.2011.

Sh. Sunit Malhotra, Secretary of the Company acts as Secretary of the Cane Development Committee.

(7) GENERAL BODY MEETINGS:

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

Sl.No.	Particulars of Annual General Meeting	Date	Location of the Meeting	Time
01.	74th A.G.M. in respect of the year 2007-2008	17.09.2008	P.H.D.House, Opp. Asian Games Village, New Delhi - 110 016.	11.30 A.M.
02.	75th A.G.M. in respect of the year 2008-2009	22.09.2009	P.H.D.House, Opp. Asian Games Village, New Delhi - 110 016.	11.30 A.M.
03.	76th A.G.M. in respect of the year 2009-2010	24.09.2010	P.H.D.House, Opp. Asian Games Village, New Delhi - 110 016.	11.30 A.M.

In the last three Annual General Meetings, no Special Resolution was passed as per details given below:

74th Annual General Meeting held on 17-09-2008.

No special resolution was passed.

75th Annual General Meeting held on 22-09-2009.

No special resolution was passed.

76th Annual General Meeting held on 24-09-2010.

No special resolution was passed.

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

In the last Annual General Meeting held on 24.09.2010, an Ordinary Resolution was passed for creation of mortgage /charge for availment of proposed term loan from State Bank of India and Central Government from Sugar Development Fund for modernisation and technology upgradation of Unn Sugar Unit. Such loan was not availed thus, there was no need to create mortgage/ charge against such proposed loan. The company, however, undertook the modernisation and upgradation of Unn Sugar unit from internal accruals.

The following business, which required the members' approval through Postal Ballot, was transacted during the Financial Year 2010-11.

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the consents, approvals and permissions as may be required; consent of the Company be and is hereby accorded to the Board of Directors of the Company ('the Board' which expression shall also include a Committee thereof) to sell, transfer, or otherwise dispose of the undertaking of the Company comprising its "Pilkhani Distillery & Chemical Works" unit as a going concern by way of slump sale or otherwise, to any party, at such price not lower than the value of the Net Block of the unit and the consideration for the net current assets transferred at Net Realisable Value and on such other terms and conditions as may be decided by the Board of Directors, with power to the Board of Directors to finalise and execute necessary documents including agreements, deeds of assignment/ conveyance and other documents with such modifications as may be required from time to time and to do all such acts, deeds, matters and things as may be deemed necessary and /or expedient in its discretion for completion of the transaction as aforesaid in the best interest of the Company."

(8) DISCLOSURES:**a) Related Party Transactions**

There are no transactions of the company of material nature with Promoters, Directors, Management, Subsidiaries or Relatives etc. which would have potential conflict with the interest of the company at large. Attention of members is drawn to the disclosure of transactions with the related parties set out in Notes on Accounts - Schedule-16, forming part of the Annual Report.



b) Disclosure of Accounting Treatment in preparation of Financial Statements

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

c) Risk Management

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

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

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

f) Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time. The Company has adopted non-mandatory requirement of Clause 49 of Listing Agreement viz. (i) Remuneration Committee of the Board which has been constituted to recommend/ review the remuneration package for the Executive Directors (ii) Nomination Committee to consider proposals for searching, evaluating and recommending appropriate and Independent Directors and Non-Executive Directors to the Board based on an objective and transparent set of guidelines.

g) The Company does not have any subsidiary Company.

(9) MEANS OF COMMUNICATIONS:

The Company's quarterly financial results are normally published in the "Money Maker" in English and "Bhagyodaya" in Hindi, News Papers. The Company's financial results are also displayed on the Company's website - www.sirshadilal.com

The quarterly/half yearly/annual financial results of the Company are regularly submitted to the Delhi Stock Exchange Limited and Bombay Stock Exchange Limited where the shares of the Company are listed.

The website also provides the basic information about the company e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances. The information provided on the website is being updated regularly.

The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the circular bearing no.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices/documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc) to their shareholders through electronic mode to the registered e-mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. We have received encouraging response from number of our Shareholders wherein they have given their consent to send the documents through electronic mode to enable us to send various notices/ documents etc. henceforth from time to time. We request the balance shareholders to also give their consent and join us in our initiative.

Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meeting. The same is also placed on the website of the company.

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

(10) MANAGEMENT DISCUSSION & ANALYSIS

An Overview

Your Company's operations are broadly divided into two business segments i.e. "Sugar" and "Alcohol.". The by-product molasses is used in the distilleries for manufacture of alcohol & ethanol. The segment-wise performance has already been reported vide Note No.13 of Schedule-16 attached to the Annual Accounts under report.

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

i) SUGAR

During the current Sugar Year beginning October, 2010, ICRA estimated the sugar production at 240-250 lakhs tonnes. It was around 32 to 35 % higher over the previous year, mainly on account of the improved cane acreage, adequate rains and in turn, increased productivity. However, with domestic consumption of around 230 lakhs tonnes and export at around 10-15 lakhs tonnes in sugar year 2010-11, total off-take is likely to match production. Thus the stock position at the end of sugar season 2010-11 is likely to report only a modest increase.

CONTD.....



Cane Pricing

The Central Government fixed Fair and Remunerative Price (FRP) for the sugar season 2010-11 of Rs. 139.12 per qtl. at 9.50% recovery with an increase of Rs. 1.46 per qtl. for 0.1% recovery as compared to the last sugar season. The U.P. Government fixed State Advised Price (SAP) of Rs. 205 per qtl. for general variety and Rs. 210 per qtl. for early maturing variety for the season 2010-11.

The Sugar recovery % of cane has further declined during the season 2010-11, as against season 2009-10 mainly in western U.P. The main reason for decline in recovery % at our sugar units was due to reduction of area under early maturing variety of cane. Further area under the variety CoSe 92423 for ratoon crop remained higher. The crop was also damaged by insects mainly White Grubs, Root Borers and Wilt, which resulted in fungus disease to the cane crop. The company has constituted a Cane Development Committee to identify the problems for low Sugar recovery and low Pol% in cane and also to take remedial steps for improvement in the Pol% in cane and to improve the recovery. The Committee has worked out an action plan in this regard which is being implemented.

Sugar Production

It is estimated that the production of sugar during the current season 2010-11 will be around 240 lakhs tonnes as against the earlier estimate of around 245 lakhs tonnes. The estimated production is still higher as compared to 190 lakhs tonnes in the sugar season 2009-10. With an opening stock of about 58 lakhs tones, sugar availability in current season would be comfortable at around 300 lakhs tonnes, which is more than the domestic consumption of around of 230 lakhs tonnes.

Sugar production in India is expected to touch 255 lakhs tonnes in the coming sugar season 2011-12, thereby keeping a lid on price increase.

Sugar Price

The Government of India revised levy ratio from 20% to 10% during the crushing season 2010-2011 and also increased the levy sugar price for the season 2010-11 from Rs.1742.95 to Rs.1832.60 per qtls.

Sugar prices fell sharply from their peak in late 2009/early 2010 and have been range-bound since then given higher than expected production in the current season. This has resulted in substantial losses for the sugar industry from the quarter ended March 31, 2010 onwards.

Going forward, any significant strengthening of domestic sugar prices in the near future (i.e. before the next season's production enters the market) is unlikely, unless Central Government relaxes the measures taken by it earlier to curb sugar prices.

Opportunities, Threats, Risks and Concerns.

Opportunities:

The long term outlook for sugar remains positive on account of:

- Continued efforts towards reduction in process energy consumption by adopting innovative process control methods.
- Growing energy consumption in India allowing the sugar industry to play a vital role.
- Environmental friendly power generated by Cogeneration Units equipped with high-pressure boilers and turbines that intelligently use the fuel to get optimum energy output.
- Usage of dry sugarcane trash to its full potential through better collection mechanism as bio-mass fuel for generating energy through incidental cogeneration plants.
- More emphasize on Bio-composting process and consequent efforts to convert organic and inorganic matter into bio-manure to ensure zero discharge from the distillery combining with press mud.
- Clearly defined Clean Development Mechanism and the expected flow of Carbon Credits.
- Implementation of Kyoto Protocol by India requiring fuel Ethanol blending with petrol and exploring the possibilities of enhancing the blending proportion.
- Growing demand for bio manure, which works as the perfect soil conditioner. Bio manure made from distillery and organic matter does not allow leaching of chemicals and hence can offer a solution to the problem of depletion of soil productivity.

Threats:

Sugar industry is at present confronted by the following threats:

- Continued impact on the industry on account of various controls and administrative measures by the Central and State Governments.
- Dearth in availability of farm labour for harvesting, transportation, loading and unloading of sugar cane and sugar.



- The spurt in cane procurement prices is expected to remain volatile for a couple of years.
- Cyclical nature of industry and local climatic conditions over the crop affecting both the quantity and quality of cane available.
- Sugar weightage in WPI.
- Short crushing season.

Future Outlook:

The future outlook of sugar would depend on the following:

- Volume of cane crushed and cane recovery.
- Agro-climatic conditions in major sugar producing countries.
- Fair and reasonable allotment of sugar for public distribution system considering the availability of sugar.
- Fixation of fair and remunerative prices for levy quota.
- Industry-friendly release mechanism to ensure standard and remunerative prices for sugar.
- Fixation of fair and remunerative prices for encouraging higher production of Ethanol and Energy.
- Total decontrol of sugar for sustained growth of sugar industry as the present trend is very much in favour of decontrol.

Performance and Outlook

SHAMLI SUGAR UNIT

The Crushing Season started on 24.11.2010 and closed on 21.04.2011. During the Crushing Season 2010-2011 we crushed 8133546 Quintals of sugar cane at an average recovery of 8.90% producing 723931 Quintals of Sugar in 149 days of working. Last Sugar Season 2009-10 started on 02.12.2009 and closed on 30.04.2010. During the last Sugar Season 2009-10 we had crushed 8142391 Quintals of Sugar Cane with an average recovery of 9.03% and produced 735392 Quintals of Sugar in 150 days of working. The average cane crush per day was 55173 Quintals in 2010-11 season as compared to 54831 Quintals in 2009-10 season.

UNN SUGAR COMPLEX

The Crushing Season started on 23.11.2010 and closed on 07.04.2011. During the Crushing Season 2010-2011 we crushed 4598019 Quintals of sugar cane at an average recovery of 8.89% producing 408673 Quintals of Sugar in 134 days of working. Last Sugar Season 2009-10 started on 03.12.2009 and closed on 22.04.2010. During the last sugar season 2009-10, we had crushed 4028743 Quintals of Sugar Cane with an average recovery of 9.23% and produced 371858 Quintals of Sugar in 140 days of working. The average cane crush per day was 34243 Quintals in 2010-11 season as compared to 28773 Quintals in 2009-10 season.

(ii) ALCOHOL

The Distillery Industry in the State of Uttar Pradesh is going through a difficult phase due to unfavourable policies of the State Government. The Country Liquor business has become un-remunerative. Net realisation on account of sale of Extra Neutral Alcohol and Rectified Spirit has also been adversely effected on account of higher rate of Export Duty levied in the State as compared to the neighboring States. The decision to continue with 5% mandatory blending of ethanol with petrol has been reiterated by the Government after detailed discussions. The oil marketing Companies have now come forward to procure their requirement of 5% mandatory blending during 2010-11 sugar season. Supplies of ethanol have began during the last week of October 2010. However, the ethanol continues to be supplied on a provisional price of Rs.27/- per Ltr. ex-factory as fixed by the Government.

The Company has sold its unit Pilkhani Distillery & Chemical Works by execution of the Slump Sale Deed on 26.02.2011 to M/s Sainov Spirit Pvt. Ltd, New Delhi. The sale of unit Pilkhani Distillery & Chemical Works was approved by the Board of Directors of the Company in their meeting held on 17.07.2010 and by the shareholders through Postal Ballot on 9.9.2010.

Human Resources Initiatives and Industrial Relations

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

Training and Development

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

CONTD.....

**Internal Control systems and their adequacy**

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

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

(11) GENERAL SHAREHOLDERS INFORMATION:**a) Annual General Meeting:**

Date, Time and Venue of : 22nd September, 2011 at 11.30 a.m.
Next Annual General Meeting : P.H.D. House, Opp. Asian Game Village, New Delhi - 110 016.

b) Financial Calendar (2011-2012):

Financial reporting for the : End of July, 2011
quarter ending 30th June, 2011
Financial reporting for the quarter : First week of November, 2011
ending 30th Sept., 2011
Financial reporting for the : End of January, 2012
quarter ending 31st Dec., 2011
Financial reporting for the : End of April, 2012
quarter ending 31st March, 2012

c) Date of Books closure : 9th September, 2011 to 15th September, 2011
(Both days inclusive)

d) Dividend payment date : -

e) Listing on stock Exchange : Delhi Stock Exchange Ltd.
DSE House, 3/1, Asaf Ali Road,
New Delhi-110002.
: Bombay Stock Exchange Ltd.
25th Floor, P.J. Tower, Dalal Street,
Mumbai - 400001.
The Company has paid the listing fee to both the Stock Exchanges
for the financial year 2011-12.

f) Stock Code : 19174 of the Delhi Stock Exchange Ltd.

: 532879 of Bombay Stock Exchange Ltd.

g) Corporate Identity Number (CIN) : Our Corporate Identity No. is L51909DL1933 PLC009509, allotted
by the Ministry of Corporate Affairs, Government of India and our
Company Registration No. is 9509.



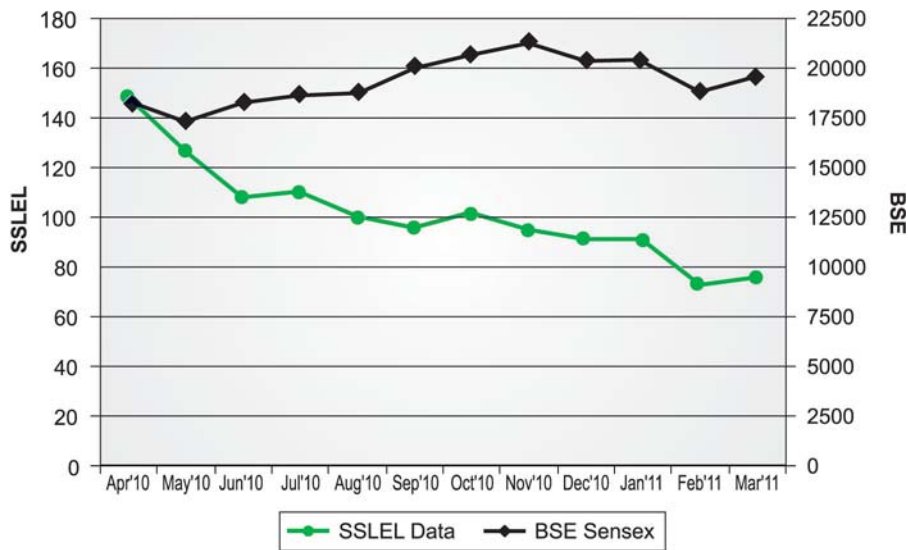
SIR SHADI LAL ENTERPRISES LIMITED

h) Market Price Data :

The Market Price Data and Volume from 1st April, 2010 to 31st March, 2011 on the Bombay Stock Exchange Limited, Mumbai is given below:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded
April, 2010	147.00	113.00	40755
May, 2010	125.00	91.45	36509
June, 2010	105.65	85.35	35714
July, 2010	109.00	91.00	29638
August, 2010	98.90	80.00	31976
September, 2010	94.75	80.00	90600
October, 2010	101.15	78.35	72794
November, 2010	93.95	70.25	127441
December, 2010	89.90	69.15	85229
January, 2011	90.00	64.40	17761
February, 2011	72.00	60.00	13666
March, 2011	74.95	55.05	110746

- i) **BSE Sensex, Crisil Index etc.** : Performance of share price of your company in comparison to BSE Sensex during the period 01-04-2010 to 31-03-2011 is given below :



- j) **Registrar & Transfer Agent** : M/s. Alankit Assignment Ltd., Alankit House, 2E/21, Jhandewalan Extension, New Delhi- 110 055 have been acting as the Registrar and Share Transfer Agent for shares of the company.
- k) **Share Transfer System** : The transfer of shares in physical form is processed by the Secretarial Department of the Company on the basis of data forwarded by the Share Transfer Agent, M/s Alankit Assignment Ltd. within the time prescribed. The Share Transfer Committee/Board of Directors approves transfer of shares in physical form, transmission of shares, transposition of name, consolidation of share certificates and issue of duplicate share certificates in lieu of the lost/misplaced share certificates. The Share Transfer Committee of the Board of Directors meet as and when required to consider and approve the share transfer/transmission applications.
In case of shares in Electronic form the transfers are processed through Share Transfer Agent by NSDL/CDSL through respective Depository participants and the details on a regular basis are placed before the Share Transfer Committee of the Board of Directors/Board of Directors.

CONTD.....



CORPORATE GOVERNANCE CONTD.....

The company obtains from a Company Secretary in practice half yearly certificate with the Share Transfer formalities as required under clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the Certificate with the Exchanges.

1) Distribution of Shareholding and Shareholding pattern as on 31.03.2011

(i) Distribution of Shareholding:

Category	No. of Shareholders	%age	Physical	NSDL Demat	CDSL Demat	Total No. of Shares	%age
1 to 500	2635	82.138	97500	91395	48343	237238	4.519
501 to 1000	234	7.294	67586	68450	30371	166407	3.170
1001 to 2000	132	4.115	75404	87007	22841	185252	3.529
2001 to 3000	63	1.964	54161	58945	44588	157694	3.004
3001 to 4000	33	1.029	32065	57729	27094	116888	2.226
4001 to 5000	15	0.468	26942	32597	8700	68239	1.300
5001 to 10000	41	1.278	149085	77093	43800	269978	5.142
10001 and above	55	1.714	1784156	2250175	13973	4048304	77.110
Total	3208	100.000	2286899	2723391	239710	5250000	100.000

(ii) Shareholding Pattern:

	Physical Form		Demat Form		Total	
	No. of Shares	(%age)	No. of Shares	(%age)	No. of Shares	(%age)
A. Promoters' Holding						
1. Indian Promoters	1534145	29.222	1311904	24.988	2846049	54.210
2. Foreign Promoters	–	–	–	–	–	–
Total (A)	1534145	29.222	1311904	24.988	2846049	54.210
B. Non-Promoters Holding						
(i) Institutional Investors						
1. Mutual Funds and UTI	–	–	–	–	–	–
2. Banks, Financial Institutions, Insurance Companies, (Central/State Government Institutions, Non-Government Institutions)	–	–	424120	8.079	424120	8.079
3. FIIs	–	–	–	–	–	–
Sub-total (B-i)	–	–	424120	8.079	424120	8.079
(ii) Non-Institutional						
1. Private Corporate Bodies	18676	0.356	308325	5.873	327001	6.229
2. Indian Public	731801	13.939	896436	17.075	1628237	31.014
3. NRIs	2277	0.043	22316	0.425	24593	0.468
Sub total (B-ii)	752754	14.338	1227077	23.373	1979831	37.711
Total (B)	752754	14.338	1651197	31.452	2403951	45.790
Grand Total (A+B)	2286899	43.560	2963101	56.440	5250000	100.000



m) Dematerialisation

The Shares of the Company can be held in dematerialised mode with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN No. of the Company is INE 117 H 01019. As on 31.3.2011, 54.440% of the Equity Shares of the company were in dematerialised form and the balance 43.560% shares in physical form.

Status of Dematerialisation/Physical Shares as on March 31, 2011

Particulars	No. of Shares	% of Total Capital	No. of Accounts
National Securities Depository Limited	2723391	51.874	1461
Central Depository Services (India) Limited	239710	4.566	680
TOTAL DEMATERIALISED	2963101	56.440	2141
TOTAL PHYSICAL	2286899	43.560	1067
GRAND TOTAL	5250000	100.000	3208

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

Unclaimed Dividend:

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

Financial Year	Date of declaration of Dividend	Due date for transfer to IEPF
2003-04	16.09.2004	22.10.2011
2004-05	27.09.2005	02.11.2012
2005-06	25.09.2006	31.10.2013
2009-10	24.09.2010	30.10.2017

- o) **Plant Location** :
- i) Upper Doab Sugar Mills, SHAMLI - 247776, Distt. Muzaffarnagar (U.P.)
 - ii) Unn Sugar Complex, Block Unn, Distt. Muzaffar Nagar (U.P.)
 - iii) Shamli Distillery & Chemical Works, SHAMLI - 247776, Distt. Muzaffarnagar (U.P.)

- p) **Address for Correspondence**
- | | |
|---|--|
| <p>REGISTERED OFFICE</p> <p>4-A, Hansalaya,
15, Barakhamba Road,
NEW DELHI-110001</p> <p>Telephones:
011-23316409
011-23310414
Fax: 011-23722193</p> | <p>SHARE TRANSFER AGENT</p> <p>M/s Alankit Assignments Ltd.,
'Alankit House'
2-E/21, Jhandewalan Extn.
NEW DELHI-110055.</p> <p>Telephones:
011-23541234
011-42541234
Fax: 011-42540064</p> |
|---|--|

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

CONTD.....



- q) **Secretarial Audit for reconciliation of capital** : As stipulated by SEBI, a practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This Audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the shares of the Company are listed. The Auditor certifies that the total listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL & CDSL) and total number of shares in physical form.
- r) **Unclaimed Equity shares to be transferred in "Unclaimed Suspense Account"** : As per the Circular issued by SEBI and insertion of Clause 5A to the Listing Agreement, three reminders were issued for shares issued in physical form, which remain unclaimed. These shares will be transferred into one folio in the name of Unclaimed Suspense Account in due course.
- (12) **Compliance Certificate of the Auditors** : The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors' Report on Corporate Governance.
- The certificate from the Statutory Auditors has also been forwarded to the Stock Exchanges where the shares of the company are listed.
- (13) **CEO/CFO Certification** : Pursuant to Clause 49 of the Listing Agreement, the Managing Director and the Chief Financial Officer of the company give Annual Certification on financial reporting and internal controls to the Board in terms of Clause 49. This certificate has been submitted to the Board of Directors and the same has been taken on record by the Board of Directors in their meeting held on 16th July, 2011.
- The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Committee of the Directors/ Board in terms of Clause 41 of the Listing Agreement.

For and on behalf of the Board

Place : New Delhi
Dated : 16th July, 2011

Onke Aggarwal
Chairman