



28th Annual Report 2003-2004

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MADHYA PRADESH GLYCHEM INDUSTRIES LIMITED

Board of Directors

Shri Kailash Chandra Shahra	-	Chairman
Shri Suresh Chandra Shahra	-	Managing Director
Shri Manish Shahra	-	Executive Director
Shri Ashok Trivedi	-	Whole Time Director
Shri P. D. Nagar		
Shri P. S. Santhanakrishnan		
Shri Hemant Thakkar		
Shri Rakesh Khandelwal		

Company Secretary

Abhishek Singhai

Registered Office

610, Tulsiani Chambers,
Nariman Point, Mumbai - 400 021

Works

Sal Unit

Vill. Dobhi Distt. Mandla (M.P.)

Administrative & Corporate Office

201, Mahakosh House,
7/5, South Tukoganj, Indore - 452 001

Food Processing Unit

Vill. Kamti Teh. Gadarwara
Distt. Narsinghpur (M.P.)

Registrar & Share Transfer Agent

Sarthak Global Limited
170/10, Film Colony,
R.N.T. Marg,
Indore (M.P.) 452 001

Dairy (Milk Processing) Unit

Vill. Bilawali, Dewas Maksi Road,
Dewas (M.P.)

Haldia Unit

Bijoyramchak Ward No.9,
P.O. - Durgachak, Haldia
Distt. East - Midnapore (W.B.)

Auditors

Ashok Khasgiwala & Co.
Chartered Accountants
317, Chetak Centre Annex,
R.N.T. Marg, Indore (M.P.) 452 001

Bankers

Dena Bank
Punjab National Bank
Central Bank of India
Oriental Bank of Commerce
State Bank of Indore
State Bank of Travancore
State Bank of Bikaner & Jaipur
Bank of India
The Jammu & Kashmir Bank Ltd.
Syndicate Bank

**28th Annual General Meeting will be held at Sunville
Deluxe Pavilion, Sunville Building, 9, Dr. Annie
Besant Road, Worli, Mumbai-400 018 on 27th
September, 2004 at 11.45 a.m.**

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NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of Madhya Pradesh Glychem Industries Limited will be held at Sunville Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant Road, Worli, Mumbai-400018 on Monday, the 27th September, 2004 at 11.45 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended 31st March, 2004 together with the report of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Hemant Thakkar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Rakesh Khandelwal, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to appoint Shri Ashok Mehta as a Director of the company liable to retire by rotation."

REGD. OFFICE :

610, TULSIANI CHAMBERS
NARIMAN POINT
MUMBAI - 400 021

Place : Indore
Dated : 2nd September, 2004

By order of the Board of Directors
(SURESH CHANDRA SHAHRA)
Managing Director

MADHYA PRADESH GLYCHEM INDUSTRIES LIMITED**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out the material facts in respect of the business under item no.6 is annexed hereto.
3. Register of members and share transfer books of the company will remain closed from 20th September, 2004 to 25th September, 2004 (both days inclusive).
4. The company has already notified closure of register of members and transfer books thereof from Monday, the 20th September, 2004 to Saturday, the 25th September, 2004 (both days inclusive) for determining the name of members eligible for dividend, if approved, on equity shares. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the depositories for this purpose.
5. Members are requested to :
 - a. complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b. bring their copies of the annual report at the time of attending the annual general meeting.
 - c. send their questions atleast 10 days in advance before the annual general meeting about any further information on accounts so as to enable the company to answer their questions satisfactorily.
6. All documents referred to in the accompanying notice and explanatory statements are open for inspection at the registered office of the company on all working days except saturday between 11.00 a.m. to 1.00 p.m. upto the date of the annual general meeting.
7. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID Nos. for easy identification of attendance at the meeting.

ANNEXURE TO NOTICE

Explanatory Statement to special business pursuant to section 173(2) of The Companies Act, 1956;

ITEM NO. 6

Shri Ashok Mehta holding Fellow Membership of The Institute of Company Secretaries of India, is presently practicing as a Company Secretary and having vast experience in secretarial, legal and finance. He has hold various prestigious positions at Western Indian Regional Council of The Institute of Company Secretaries of India. Presently, he is a chairman of Western Indian Regional Council of The Institute of Company Secretaries of India. He is on the board of following companies.:

- Madhya Pradesh Stock Exchange (Public Nominee)
- Hod Laboratories Limited (Director)
- Brahma Interactive Limited (Director)
- D&H Secheron Electrodes Pvt. Limited (Director)

Your directors commend the resolution for your approval.

Under section 257 of the Companies Act, 1956 a notice in writing has been received from a member signifying his intention to propose appointment of Shri Ashok Mehta, as a director of the company along with a deposit of Rs.500/- as required under the aforesaid section.

None of the directors of the company is in any way concerned or interested in the resolution.

Regd. Office :

610, TULSIANI CHAMBERS,
NARIMAN POINT
MUMBAI - 400 021

Place : Indore

Dated : 2nd September, 2004

By order of the Board of Directors
(SURESH CHANDRA SHAHRA)
Managing Director

ANNUAL REPORT 2003 - 2004**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting Twenty Eighth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-04	(Rs.in Lacs) 2002-03
Sales and other Income	1,07,747.36	70,139.51
Gross Profit	2,423.38	1,318.60
Depreciation	492.55	266.89
Profit for the year	1,930.83	1,051.71
Prior period adjustment	(1.64)	4.63
Profit before tax	1,929.19	1,056.34
Provision for Taxation for the year	450.00	112.45
Provision for Deferred Taxation for the year	288.08	260.85
Income Tax adjustment for earlier years	(25.00)	(15.67)
Profit after Taxation	1,166.11	667.37
Balance brought forward from previous year	2,976.78	2,309.41
Amount available for appropriation	4,142.89	2,976.78
Transfer to General Reserve	29.15	----
Proposed Dividend on Equity Shares	232.21	----
Tax on Dividend	30.35	----
Surplus Carried to Balance Sheet	3,851.18	2,976.78
	4,142.89	2976.78

DIVIDEND

Your directors are pleased to recommend a dividend of 11% (Rs 1.10/- per equity share) for the year ended 31st March, 2004 on equity share capital of Rs.21.10 crores involving an outgo of Rs. 232.21 Lacs. Additionally, dividend distribution tax at 13.07% (including surcharge & cess) will involve an outlay of Rs. 30.35 Lacs which will be borne by the company.

OPERATIONS

During the year 2003-04, Indian economy witnessed a welcome return to growth. The strengthening rupee placed additional stress on the competitiveness of agri exports. In these circumstances, your company posted yet another year of handsome growth testifying to the robustness of the corporate strategy of pursuing multiple growth drivers.

Gross Turnover for the year 2003-04 grew by over 53.62 % to 1,07,747.36 Lacs. Profit before tax increased by nearly 82.63% to 1,929.19 Lacs, while Post tax profit at Rs.1,166.11 Lacs, registered a growth of more than 74.73 %.

FOREIGN EXCHANGE EARNINGS

Your company remain committed to enlarge foreign exchange earnings. Earnings from agri exports is an indicator of your company's contribution to the rural economy through effectively linking small farmers with international market. In this context, it is significant that during the year under review, your company's earnings from export of goods on FOB basis registered a robust growth of 433.12 % to Rs. 21,929 Lacs.

MADHYA PRADESH GLYCHEM INDUSTRIES LIMITED**NEW ACTIVITIES**

WIND POWER : Your company has forayed into electric power generation by commissioning wind based power project in Rajasthan. Your company see the ecological power generation as the sunrise industry of tomorrow and an opportunity to serve the society as well as bring profit to its shareholders. The foray is small right now and we are in the process of expanding this line of business in the years to come.

ACQUISITION OF ANIK BRAND : ANIK - More than 35 year old prestigious dairy brand was acquired by your company this year. We believe dairy is a growth sector and this brand will strengthen our milk processing business.

AWARD & RECOGNITION

Once again the efforts of the company has been recognised and the company has been conferred with following awards from SOPA (The Soybean Processors Association of India) for the financial year 2002-2003.

1. 3rd Highest Exporter of Soybean Meal in Private Sector (Manufacturer Exporter).
2. Certificate of Merit for Second Highest Sale of Soy Protein Concentrate / Isolet.
3. Certificate of Appreciation for Soyabean Development Work.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year under review.

INSURANCE

All properties and insurable interests of the company including Building and Plant & Machinery have been adequately insured.

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

Information as per section 217(1)(e) read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the annexure forming part of this report.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee covered under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

SEBI REGULATION AND LISTING FEES

Since SEBI has stipulated electronic filing of annual report, corporate governance report, share holding pattern, etc on website www.sebiedifar.nic.in, statements of your company can also be accessed at this website.

The annual listing fees for the year under review has been paid to The Stock Exchange, Mumbai and Madhya Pradesh Stock Exchange where your company's shares are listed.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreements with the stock exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of corporate governance are made a part of the annual report.

DIRECTOR'S RESPONSIBILITY STATEMENT

The company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the director hereby confirm that:

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- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) proper and sufficient care for 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 have been taken to the best of their knowledge and ability;
- (iv) the annual accounts have been prepared on a "going concern basis".

DIRECTORS

Your directors place on record their gratitude for guidance received by the board from Shri Ashok Phadnis as director, who cease to be a director w.e.f. 28th January, 2004. The directors wish him good health and success in all his future endeavours.

Shri Hemant Thakkar and Shri Rakesh Khandelwal, directors of the company retire by rotation in accordance with the provisions of the Articles of Association of the company and being eligible offer themselves for reappointment. Further, nomination has been received in respect of appointment of Shri Ashok Mehta, as a director of the company.

AUDITORS & AUDITORS REPORT

M/s. Ashok Khasgiwala & Co., Chartered Accountants, Statutory Auditors of the company, hold office until the conclusion of the forthcoming annual general meeting and are eligible for re-appointment. The company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956, for such appointment.

The notes to the accounts referred to in the auditors report are self explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENTS

The directors wish to convey their appreciation to all of the company's employees for their enormous personal efforts as well as their collective contribution during the year. The directors would also like to thank the shareholders, customers, suppliers, bankers, financial institutions and all other business associates for their continuous support given by them to the company and their confidence in the management.

For and on behalf of the Board of Directors

(KAILASH CHANDRA SHAHRA)
Chairman

Dated : 2nd September, 2004
Place : Indore

MADHYA PRADESH GLYCHEM INDUSTRIES LIMITED**ANNEXURE TO DIRECTORS' REPORT**

Information as per section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors') Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2004.

	<u>Current Year</u> <u>2003-04</u>	<u>Previous Year</u> <u>2002-03</u>
1. CONSERVATION OF ENERGY		
A. Power & Fuel Consumption		
1. Electricity		
(a) Units Purchased	90,73,836	56,27,555
Total Amount (Rs.)	4,48,15,102	2,81,89,145
Rate/Unit(Rs.)	4.94	5.00
(b) Own Generation		
Units produced	46,79,306	20,27,134
Total Amount (Rs.)	1,76,70,520	1,20,68,548
Rate / Unit (Rs.)	3.78	5.95
2. Coal		
Quantity (in MT)	26,766	13,059
Total Cost (Rs.)	4,88,93,449	2,41,35,913
Average Rate per MT (Rs.)	1826.69	1848.18
3 SKO / Furnance Oil		
Quantity in Ltrs	10,45,003	1,51,390
Total Cost (Rs.)	1,25,73,751	22,10,294
Rate Per Unit (Rs.)	12.03	14.60
B. Consumption per unit of production		
Electricity (Unit)	44.76	45.23
Furnace Oil (Ltrs)	6.82	5.99
Coal (MT)	0.09	0.08

2. TECHNOLOGY ABSORPTION

The company is keeping pace with the developments in the milk processing, solvent extraction and refining process and adapting its plants in line with these developments.

3. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange outgo was Rs.39,162 Lacs (Previous Year Rs. 31,298 Lacs) and the foreign exchange earning on exports on FOB basis was Rs. 21,929 Lacs (Previous year Rs. 4,113 Lacs).

For and on behalf of the Board of Directors

(KAILASH CHANDRA SHAHRA)
Chairman

Dated : 2nd September, 2004
Place : Indore

ANNUAL REPORT 2003 - 2004**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****A. Industry Structure and Developments**

In the financial year 2003-04 on the wave of favourable monsoon, the Indian economy has witnessed high rates of economic growth. Volatility in agricultural growth has continued to impact overall economic growth. The trend rate of growth in agriculture is a little over 2.5% compared to about 7% for the non-agricultural sector, this has resulted in declining share of agriculture in total GDP. Agriculture constitutes 23% of total GDP and it predominantly supports nearly 72% of India's population living in rural areas. In order to sustain high rates of economic growth and to support demand for industrial products and services, reforms in agri sector is required.

B. Opportunities & Threats**a. Seed Extraction, Oil and Vanaspati Business :**

After a dismal performance in the preceding year due to draught, oils seed production registered a remarkable recovery in 2003-04. According to The Central Organisation for Oil Industry & Trade estimates updated in June, 2004 oil seeds production in oil year 2003-04 is estimated at 239.00 lakh tonnes consisting of kharif 138.90 lakh tonnes and rabi 100.10 lakh tonnes. The availability of indigenous edible oils improved to 77.90 lakh tonnes from 51.50 lakh tonnes in the previous oil year. During November 2003 - June 2004 edible oil imports amounted to about 24 lakh tonnes as against 33 lakh tonnes in the comparative period last year.

After a downward trend in export of oil meals in the previous years, a steep increase has been registered in 2003-04. Export of oil meals jumped to 33.23 lakh tonnes in 2003-04 as compared to 18.96 lakh tonnes in 2002-03.

According to projections made by the Ministry of Agriculture, the targeted production of oil seeds is 262, 278 and 294 lakh tonnes in 2004-05, 2005-06 and 2006-07 against which the demand is projected at 358, 379 and 402 lakh tonnes respectively. This will result in a massive 27 percent shortage in each of the three seasons. This will result in increase in import of crude oil.

b. Dairy Business :

Dairy companies are increasingly coming up with new milk base beverages and the products are well accepted in the market place. Demand for western dairy products like cheese, butter and ice-cream is increasing year by year. However, greater demand for unadulterated liquid milk in poly pouches will be the thrust area for growth. Given the advantage that India is already one of the lowest cost producer of milk and with WTO coming into play, the subsidies by overseas government is gradually getting withdrawn and this should improve the long term competitiveness of India's dairy business.

c. Others :

On the strength of an excellent monsoon, the current year has seen exception growth in agri sector. The company took full advantage of the tremendous opportunity it afforded and given our core competence in import-export operations and experience in agri-industry. The company proposes to continue to recognize the full potential agro commodities offer.

Thus, the future performance of your company would depend to a large extent on its ability to successfully introduce and market refined vegetable oils, vanaspati & dairy products. We are hopeful that through the combination of market developments and expansion activity, there will be healthy growth over the next few years.

C. Segment-wise or product-wise performance

Your company has identified four business segments in line with the accounting standard on segment reporting. These are:

Oil	-	Crude Oil and Refined Oil
Vanaspati	-	Vanaspati
Seed Extraction	-	All types of Seed Extraction.
Dairy Products	-	Milk, Ghee, Milk Powder and other Dairy products.
Others	-	Wheat, Pulses, Kerosene (SKO), Coal etc.

MADHYA PRADESH GLYCHEM INDUSTRIES LIMITED

The segment wise performance in detail is given in Schedule 21, note 16 to the audited accounts of the company as available in this annual report.

D. Outlook

Eastern market of India has welcomed our edible oil products of Haldia unit. We are hopeful of increasing our presence in other parts of the India in the years to come.

After our successful foray into dairy and milk produce business, we have consolidated this year by acquiring ANIK the 40 year old prestigious dairy brand. This acquisition is a clear demonstration of our commitment to this line of business and the future that we see for our stakeholders in the same.

Further, we have also entered electric power generation by commissioning our first wind based power project in Rajasthan. We see ecological power generation as the sunrise industry of tomorrow and have positioned ourselves to save the nature and to reap the reward for our stakeholders.

With our strong focus on core business activities and our competitive position, better performance is expected in the years to come.

E. Risk and concerns

The major risk and concerns attributed to the performance of the company are :

- a. The company is exposed to risks from market fluctuation of foreign exchange. Hence the erratic movement in foreign exchange rates and international prices of edible oil may influence the performance of the company. Change in duty structure may affect adversely.
- b. Increase in input costs, change in tax structure, change in interest rates, changes in govt. policies / laws of land, development and stability of Indian economy against the negative external and internal forces may also impact the overall performance of the company.
- c. Profitability may be affected on account of competition from existing and prospective manufacturers of the company's products.

F. Internal control system and their adequacy

Your company has good and effective internal control system for its various units in respect of efficiency of operations, financial reporting, proper recording and safeguarding of assets, compliance with applicable laws and regulations, etc.

The adequacy of the same has been reported by the statutory auditors of your company in their report as required under the Companies (Auditors Report) Order, 2003.

G. Financials

(Rs. in Lacs)		
Balance Sheet	As at 31.03.04	As at 31.03.03
1. Share Capital	2,109.60	2109.39
2. Reserves and Surplus	5,910.43	5,006.46
3. Loans (Secured & Unsecured)	28,207.65	7,297.53
4. Deferred Taxation (Net)	1,253.76	965.69
5. Net Fixed Asset	8,517.38	7,129.66
6. Net Current Asset	28,897.33	7,338.32