



REPORTS & ACCOUNTS

FOR

THE PERIOD ENDED

31st MARCH, 2003

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THE PRATAPPUR SUGAR & INDUSTRIES LIMITED



THE PRATAPPUR SUGAR & INDUSTRIES LIMITED

DIRECTORS

SHRI P. K. KANORIA, *Chairman*
SHRI R. K. CHOUDHURY
SHRI S. S. KOTHARI
SHRI B. N. PATODIA
SHRI S. JAIN
SHRI V. M. PITTIE
SHRI B. K. KANORIA
SHRI K. M. BHANDARI

SECRETARY

SHRI N. BRAHMA

BANKER

CENTRAL BANK OF INDIA

AUDITORS

JAIN & CO.
CHARTERED ACCOUNTANTS
P-21/22, RADHA BAZAR STREET
KOLKATA- 700 001

REGISTERED OFFICE

IDEAL PLAZA, SOUTH BLOCK
11/1, SARAT BOSE ROAD
KOLKATA - 700 020

REGISTRARS

S.K. COMPUTERS
34/1A, SUDHIR CHATTERJEE STREET
KOLKATA 700 006

FACTORY

P.O. PRATAPPUR
DIST. DEORIA (U.P.)



THE PRATAPPUR SUGAR & INDUSTRIES LIMITED

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FOR

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THE PRATAPPUR SUGAR & INDUSTRIES LIMITED



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 32nd Annual General Meeting of the shareholders of The Pratappur Sugar & Industries Limited will be held at the Registered Office of the Company at Ideal Plaza, South Block, 11/1, Sarat Bose Road, Kolkata-700 020, on Friday, the 26th September, 2003 at 4.30 P.M. to transact the following business:-

1. To receive and adopt the Balance Sheet of the Company as at 31st March, 2003 and the Profit & Loss Account for the period from 1st November, 2001 to 31st March, 2003 together with the Reports of the Auditors and the Directors thereon.
2. To appoint Directors in place of Shri S.S.Kothari and Shri S.Jain, who retire by rotation, but being eligible, offer themselves for reappointment.
3. To appoint Auditors and fix their remuneration.

As Special Business to consider and, if thought fit, to pass with or without modification the following resolutions :-

4. As an Ordinary Resolution :

"RESOLVED that Shri V.M.Pittie be and is hereby appointed a Director of the Company"

5. As a Special Resolution :

"RESOLVED that in supersession of the previous resolution, in view of the appointment of M/s. S.K.Computers as Registrar and Share Transfer Agent of the Company with effect from 1st July, 2002, the approval of the Company be accorded to the keeping of the Register of Members, the Indexes thereof and copies of the Annual Returns and of Certificates and documents required to be annexed thereto at the office of the Registrars at 34/1A, Sudhir Chatterjee Street, Kolkata-700 006 from the above date."

11/1, Sarat Bose Road
Kolkata, the 8th day of August, 2003

By Order of the Board
N. BRAHMA
Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company.
2. Proxy Forms in order to be effective, must be properly signed and received by the Company not less than 48 hours before the time of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th September, 2003 to 26th September, 2003 (both days inclusive).
4. The Company has appointed M/s. S.K.Computers, 34/1A, Sudhir Chatterjee Street, Kolkata-700 006 as Physical-cum-Electronic Share Registrars.
5. In accordance with the provisions of Section 205A of the Companies Act, 1956, the amount of dividend for the financial year ended 31.8.1995 which remains



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unpaid or unclaimed for a period of seven years from the date of such payment or transfer to the Unpaid Dividend Account has been transferred by the Company to the Investor Education and Protection Fund of the Central Government, established under Section 205C.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.10.1996 and onwards, are requested to claim the amount forthwith from the Company.

6. The information or details pertaining to reappointment/appointment of Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement of Corporate Governance published in this Annual Report.
7. An Explanatory Statement relating to the business under Items No. 4 & 5 of the Notice as required under Section 173 (2) of the Companies Act, 1956, is enclosed.
8. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

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

Re: Item No.4 :

Shri V.M.Pittie was appointed as an additional Director of the Company. By virtue of Section 260 of the Companies Act, 1956, he holds office only upto the conclusion of the ensuing Annual General Meeting of the Company and is eligible for reappointment. The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose the above Director for the office of Director of the Company at the ensuing Annual General Meeting along with a deposit of Rs.500/-. The Ordinary Resolution being item No.4 set out in the foregoing notice is intended for the purpose.

Shri V.M.Pittie is deemed to be interested in the resolution. No other Director is concerned or interested in the resolution.

Re: Item No.5 :

The Company has appointed M/s. S.K.Computers, 34/1A, Sudhir Chatterjee Street, Kolkata-700 006 as the Registrar and Share Transfer Agent of the Company from 1st July, 2002. Pursuant to Section 163 of the Companies Act, 1956, the Register of Members, the Indexes thereof, the copies of Annual Return and the Certificates and Documents required to be annexed could be kept at a place other than the Registered Office of the Company provided such other place has been approved for the purpose by a Special Resolution passed by the Company in General Meeting. Hence this Resolution.

None of the Directors is concerned or interested in the resolution.

11/1, Sarat Bose Road
Kolkata, the 8th day of August, 2003

By Order of the Board
N. BRAHMA
Secretary

THE PRATAPPUR SUGAR & INDUSTRIES LIMITED

**DIRECTORS' REPORT**

The Directors of The Pratappur Sugar & Industries Limited submit their Report together with Audited Accounts of the Company for the period ended 31st March, 2003. The Company has changed its financial year ending from 31st October to 31st March.

FINANCIAL RESULTS

	Rs.	Rs.
Profit for the period before depreciation and tax		1,14,63,993
Less : Depreciation	4,63,61,701	
Deferred Tax Assets Created	(3,50,55,334)	
Income Tax for earlier years written back	<u>(1,83,600)</u>	<u>1,11,22,767</u>
Which leaves a surplus of		3,41,226
To this has been added :		
Last year's surplus brought forward		<u>15,922</u>
Making a total surplus of		<u>3,57,148</u>
Transfer to Molasses Fund		<u>1,44,689</u>
Balance carried to Balance Sheet		<u>2,12,459</u>

DIVIDEND :

In view of inadequacy of profits during the period, no dividend has been recommended.

OPERATIONS :

The production at Company's Sugar Mill for the season 2002-03 was 40,440 tons while for the season 2001-02 it was 38,473 tons. Recovery stood at 9.35% for 2002-03 as against 9.34% for 2001-02. Though the recovery was lower than earlier years due to climatic factors, it was amongst the best in the region. The results have been unfavourable because of a crisis in the sugar industry as explained in the Management Discussion and Analysis Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**Industry Structure and Development :**

The Sugar Industry faced a very difficult time during the period under review for a variety of reasons. The Industry was forced to pay un-economic cane price during the season 2001-02 as per the directive of the State Governments. There was a sharp fall in sugar prices by over Rs.2,000 per ton. The reasons for fall of sugar prices are (i) record production (ii) carryover of huge sugar stocks (iii) sugar imports in the past and (iv) complete disruption in monthly release mechanism.



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Excise Duty on Sugar & Molasses needs to be reduced drastically in addition to the other measures already taken by the Government to help the Industry.

Outlook :

The future outlook appears to be better because of –

- (i) With a view to stabilise sugar price the Government has amended the Essential Commodities Act for strict enforcement of monthly regulated release mechanism for free sale sugar without any interference by Court of Law.
- (ii) Steps have also been taken for making exports more attractive by Government's agreeing to provide reimbursement of internal transport cost upto the point of shipment and grant of subsidy towards ocean freight.
- (iii) The Government has created Buffer Stocks of 20 lac tons of sugar for period of one year which shall result in saving of interest, insurance etc.
- (iv) The cane crushing at Company's sugar mill during the season 2003-04 is expected to further improve. For achieving better recovery, steps have been taken for planting of higher sucrose contained varieties.

Opportunities, Threats/Risks & Concerns :

Sugar Industry through its efforts and support of the Government has been able to increase production by about 40% during the last decade but due to interference from politicians and pressure by the State Governments in paying uneconomic cane price, the industry is facing difficult times.

The Industry can still take the opportunity of becoming healthy through its skill and management with the support of the Government and right policies.

The areas of risk and concern causing threat to the industry are as follows :-

- (i) Dependence on Government policies because of regulation in the matter of cane price, sugar price and molasses.
- (ii) Climatic conditions which may lead to heavy fall or rise in sugar production.
- (iii) Political interference.

Segment-wise/Product-wise Performance :

Sugar remains Company's only area of business in the year under review.

Internal Control System :

The Company has adequate internal control system to ensure timely checking and reporting of transactions. Internal checks have been further strengthened by audit of various sections from time to time.

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**Human Resources/Industrial Relations :**

The industrial relations at the Company's Sugar Mill and Head Office were cordial throughout the period under review.

The Company continued its programme in providing training to the workers with a view to improve efficiency, quality of products and avoid break-downs.

Cautionary Statement :

The statements made above are based on prevailing industrial scenario as envisaged by us but results could differ from those expressed or implied.

DIRECTORS :

Shri S.S.Kothari and Shri S. Jain retire from the office of Director at the forthcoming Annual General Meeting of the Company, but being eligible, offer themselves for reappointment.

Shri V.M.Pittie was appointed as an additional Director of the Company on 26.2.2003 and he holds office only upto the next Annual General Meeting of the Company, but being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that-

- (a) the applicable accounting standards have been followed in the preparation of the annual accounts;
- (b) such accounting policies have been selected and applied consistently and judgements and estimates made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and its loss for the period ended on that date;
- (c) proper and sufficient care has been taken 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;
- (d) the annual accounts have been prepared on the basis of a going concern.

CORPORATE GOVERNANCE REPORT :

As reported last year, the code of Corporate Governance introduced by Clause 49 of the Listing Agreement with the Stock Exchanges where the Company's shares are listed has been implemented by the Company during the period under review. The Company has complied with all mandatory requirements as prescribed under the said clause of the Listing Agreement.

A report on the matters specified in the said code of Corporate Governance, alongwith



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a certificate from the Company's Auditors confirming compliance, is annexed and forms part of this Report.

SUBSIDIARIES :

The audited accounts of the Company's subsidiary Tarini Hydroelectric Power Limited, together with its Directors' and the Auditors' Reports thereon are attached. Consolidated accounts of the Company with its subsidiary in accordance with Accounting Standard 21 have been published in the Annual Report.

Pratappur Sugar Financial Services Limited ceased to be a subsidiary of the Company on and from 24.8.2002.

AUDITORS :

The Company's Auditors, M/s.Jain & Co., Chartered Accountants, Kolkata, retire at the forthcoming Annual General Meeting of the Company and are eligible for reappointment.

AUDITORS' REPORT :

Points raised in the Auditors' Report are mentioned in the Notes which are self-explanatory.

DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY ETC. :

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A' attached hereto and forms part of this report.

PARTICULARS OF EMPLOYEES :

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as none of the employees of the Company is in receipt of remuneration in excess of the limits laid down therein.

APPRECIATION :

The Directors appreciate the co-operation and assistance received from the Financial Institutions, Banks and the Government during the period under review.

The Directors also wish to place on record their appreciation of the devoted services rendered by the Company's staff at all levels.

11/1, Sarat Bose Road
Kolkata, the 30th day of June, 2003

For and on behalf of the Board
P. K. KANORIA
Chairman

THE PRATAPPUR SUGAR & INDUSTRIES LIMITED

**ANNEXURE - 'A'****Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988****1. Conservation of Energy :**

Company is continuously endeavouring to modernise plant and machinery at every station for fuel economy on a sustained basis. Some of the important measures taken for further conservation of energy include the following :-

1. Power factor improved by addition of capacitors.
2. Condensing System improved for better vacuum to reduce the water consumption as well as power.
3. Proper lagging in steam line and heat vessels provided.
4. Replaced big size motors by small motors to save electrical energy.
5. All steam and electrical parameters were maintained continuously throughout the season in order to draw more power upto the design value of Turbo Alternator sets.
6. The Company is continuously replacing high power bulbs with fluorescent tubes and vapour lamps using capacitors for lower energy consumption.

FORM - 'A'

A) Power and Fuel Consumption	Current Period	Previous Year
1) Electricity		
(a) Purchased Units	Nil	Nil
Total Amount (Rs.)	Nil	Nil
Rate per Unit (Rs.)	Nil	Nil
(b) Own Generation		
(i) Through Diesel Generator Sets—Units	9,16,220 KWH	6,14,923 KWH
Units per litre of Diesel Oil	3.36	2.70
Cost per Unit (Rs.)	5.14	6.79
(ii) Through Steam Turbine/Generator—Units	1,41,68,820 KWH	73,59,572 KWH
Unit per quintal of Bagasse }	Steam produced by use of own bagasse	
Cost per Unit		
2) Coal, Furnace Oil & Others	N.A.	N.A.
B) Consumption per unit		
Production (Sugar in Quintals)	7,20,654	3,18,842
Electricity	20.93	25.01
Furnace Oil	Nil	Nil
Coal (in Kg.)	Nil	Nil
Others (Specify)	Nil	Nil