



REPORTS & ACCOUNTS
FOR

THE YEAR ENDED
31ST MARCH, 2004

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 K. M. BHANDARI

SHRI M. DOKANIA

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

REPORTS & ACCOUNTS

FOR

THE YEAR ENDED 31ST MARCH, 2004

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 33rd 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 Tuesday, the 28th September, 2004 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, 2004 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and the Directors thereon.
2. To appoint Directors in place of Shri K.M.Bhandari and Shri R.K. Choudhury, 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 a Special Resolution :**

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions thereunder, Shri Pawan Kumar Kanoria, the Chairman of the Company, be and the same is hereby authorised and empowered subject to the superintendence, control and direction of the Board of Directors of the Company to attend, carry on and conduct, supervise, direct and manage the day to day activities and all the affairs of the Company including the powers of engaging, promoting, suspending or dismissing managers, engineers, officers, clerks, assistance, etc., and all other employees of the Company, making, signing and negotiating for all contracts, drawing, accepting, endorsing, encashing bills of exchange, promissory notes, hundies, cheques, drafts, government promissory notes and other securities and negotiable instruments, delegate any of his powers to such Managers, Directors or other Officers or persons as he may deem fit and to grant such persons or delegates powers of attorney subject to approval of the Board of Directors and in general to have direction, management and control of the business of the Company at the remuneration as approved by Remuneration Committee and on the terms and conditions which are fully stated in the agreement dated 27th August, 2004 executed between the Company and the said Shri Pawan Kumar Kanoria.”

“RESOLVED FURTHER that the aforesaid powers and remuneration that are proposed to be given to Shri Pawan Kumar Kanoria will be valid for a period of five years from 1st July, 2004.”

“RESOLVED FURTHER that in the event of inadequacy or absence of profit in any financial year Shri Pawan Kumar Kanoria, Chairman, shall be paid the remuneration as stated in the



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Agreement dated 27th August, 2004, as minimum remuneration but subject to the ceiling limit, if any, prescribed under the Companies Act, 1956 from time to time.”

“RESOLVED FURTHER that in the event of loss of office as the Chairman, Shri Pawan Kumar Kanoria shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956.”

5. As a Special Resolution :

“RESOLVED THAT in terms of the Guidelines issued by the Securities and Exchange Board of India (SEBI), and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to “the Board” to delist the Company’s Equity shares from Jaipur Stock Exchange, Jaipur, on terms and conditions as may be stipulated and/or mutually agreed to in the best interests of the Company ;

RESOLVED FURTHER THAT “the Board” be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.”

By Order of the Board

11/1, Sarat Bose Road,
Kolkata, the 30th day of August, 2004

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 24th September, 2004, to 28th September, 2004, (both days inclusive).

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4. In accordance with the provisions of Section 205A of the Companies Act, 1956, the amount of dividend for the financial year ended 31.10.1996 which remains 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 31.10.1997 and onwards, are requested to claim the amount forthwith from the Company.
5. The information or details pertaining to reappointment 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.
6. An Explanatory statement relating to the business under Item Nos. 4 & 5 of the Notice as required under Section 173 (2) of the Companies Act, 1956, is enclosed.
7. 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 Pawan Kumar Kanoria, Chairman of the Company has been looking after the day to day activities and all the affairs of the Company. Shri Kanoria has been entrusted with all the substantial managerial powers. The present agreement with him has expired on 30th June, 2004. The Company requires the service of the Chairman even after the expiry of the said period. Accordingly, as per the decision taken by the Board of Directors in their meeting held on 28th June, 2004 a fresh Agreement for a further period of five years with effect from 1st July, 2004 has been executed with Shri Kanoria specifying the terms and conditions of his appointment and remuneration to be paid to him pursuant to Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956.

The Agreement between the Company and Shri Pawan Kumar Kanoria, inter alia, contains the following terms and conditions :

1. That Shri Pawan Kumar Kanoria shall continue to hold and exercise such powers for a period of five years with effect from 1st July, 2004.
2. That Shri Pawan Kumar Kanoria shall be entitled to the following emoluments, benefits and perquisites, subject to the ceiling limits laid down in Sections 198, 309 and Schedule XIII of the Companies Act, 1956 :



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- a) Salary : Rs.1,40,000 per month, with such increases or revisions for perquisites and/or allowances as may be determined by the Board from time to time, subject to a ceiling of Rs.1,50,000 per month or such higher amount of ceiling to which the Chairman may be entitled as per Schedule XIII of the Companies Act, 1956 or under any other applicable provision of the said Act.
- b) Commission : At the rate of 5% or such higher percentage as may be prescribed under the Companies Act, 1956 of the net profits of the Company in any financial year which together with the salary and monetary value of perquisites shall not exceed the overall ceilings laid down in Sections 198 and 309 of the Act.
- c) Perquisites : Unless the context otherwise requires the perquisites are classified into two Categories A & B and shall be evaluated as per Income Tax Rules, wherever applicable.

Category - A:

- (i) Company's contribution to Provident Fund and Superannuation Fund as per the Company's rules.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service.
- (iii) Fully paid leave of 45 days during each year of service which may be accumulated as per Company's Rules subject to the condition that encashment of leave at the end of the tenure.

Category - B :

- (i) The Chairman shall be allowed free use of Company owned furniture and other consumer durables, if required.
- (ii) Fees of Clubs subject to a maximum of two Clubs; this will not include Admission and/or Life Membership Fees.
- (iii) The Company shall provide a car with driver, and telephone facility at the residence of the Chairman. Provision of a car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Chairman.
- (iv) The Company may provide rent free accommodation or house rent allowance to the Chairman which, together with salary and other benefits, will be subject to a ceiling of Rs.1,50,000 per month or such higher amount of ceiling to which he may be entitled as per Schedule XIII of the Companies Act, 1956 or under any other applicable provision of the said Act.

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- (v) Reimbursement of medical expenses incurred in India or abroad including hospitalisation and surgical charges for self and family and travel relating thereto.
- d) Other Terms :
 - (i) In the event of inadequacy or absence of profit in any financial year the Chairman shall be paid the remuneration as stated hereinabove, as minimum remuneration but subject to the ceiling limit, if any, prescribed under the Companies Act, 1956 from time to time.
 - (ii) In the event of loss of office as the Chairman, Shri Kanoria shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956.
 - (iii) The amount of salary along with monetary value of perquisites except as mentioned in Category-A above will be subject to overall ceiling of Rs.1,50,000 per month or such higher amount of ceiling to which the Chairman may be entitled as per Schedule XIII of the Companies Act, 1956 or under any other applicable provision of the said Act.
 - (iv) In respect of reimbursement of medical expenses as per clause (v) of Category-B the same may be paid beyond the overall ceiling as per clause (d)(iii) subject to the approval of Central Government or other authority, if any.
 - (v) The Chairman shall have overall charge of the day to day management of the Company subject to the supervision, control and direction of the Board of Directors.

The copy of the Agreement referred to in the proposed Special Resolution may be inspected by any member at the Registered Office of the Company between 11 A.M. and 1 P.M. on any working day and also at the Annual General Meeting.

Except Shri Pawan Kumar Kanoria and Shri Sushil Jain who is related to Shri Pawan Kumar Kanoria, no other Director of the Company is in any way concerned or interested in the resolution.

The above may be treated as an abstract of the terms of the Agreement and Memorandum of concern or interest of the Directors therein pursuant to Section 302 of the Companies Act, 1956.

The Board recommends this resolution for your approval.

Re: Item No.5 :

The Company's Equity shares are presently listed on the Stock Exchanges at Kolkata, Mumbai and Jaipur.

SEBI has brought out revised guidelines in February 2003 regarding voluntary delisting of shares. According to the revised guidelines, your Company may delist from any one or more Stock Exchanges



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where the Company's Equity shares are listed, provided the Company's Equity shares are listed on either The Stock Exchange, Mumbai or the National Stock Exchange of India Limited.

With the networking of various centers with The Stock Exchange, Mumbai and/or the National Stock Exchange of India Limited, the members of the Company have access to online dealings in the Company's shares from any location in the country.

There have been no trades in Company's shares on the Jaipur Stock Exchanges at Jaipur for more than 5 years and no benefits are available to the shareholders of the Company by continuing the listing of the Company's Equity shares on the Exchange. The proposed voluntary delisting of the Company's Equity shares from the said Stock Exchange will not adversely affect any investors including the members located in the regions where the said Stock Exchange is situated.

This will also result in savings on payment of listing fee.

The Board after careful consideration, has decided, subject to the approval of the shareholders, to delist the Company's Equity shares from the Jaipur Stock Exchange.

As required under SEBI Regulations for voluntary delisting by the Company, members' approval by a Special Resolution is required for this purpose and hence the proposed resolution. In terms of the SEBI Regulations, as the Company's Equity shares shall continue to remain listed on The Stock Exchange, Mumbai, no exit option is required to be offered to the shareholders.

The above resolution is in the interest of the Company and the Board recommends the resolution for approval by the shareholders.

By Order of the Board

11/1, Sarat Bose Road,
Kolkata, the 30th day of August, 2004

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 year ended 31st March, 2004.

FINANCIAL RESULTS :	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Profit for the year before depreciation and tax			3,55,43,300
Less : Depreciation		3,19,94,386	
Provision for Taxation -			
Current Tax	2,72,823		
Deferred Tax	<u>1,41,14,838</u>	<u>1,43,87,661</u>	<u>4,63,82,047</u>
which leaves a deficit of			(1,08,38,747)
To this has been added the amount transferred to Molasses Fund			<u>99,083</u>
Making a total deficit of			(1,09,37,830)
and from this has been deducted last year's surplus brought forward			<u>2,12,459</u>
There remains a net deficit of			(1,07,25,371)
which has been adjusted against the sum transferred from General Reserve			<u>1,07,25,371</u>
Balance carried to Balance Sheet			<u><u>NIL</u></u>

DIVIDEND :

Your Board of Directors do not recommend any dividend.

OPERATIONS :

During the year there was a cash profit of Rs.3,55,43,300 against previous year's Rs.1,14,63,993. Production at Company's Sugar Mill for the season 2003-04 was 2,85,742 qtls; while for the season 2002-03, it was 4,06,115 qtls. Recovery stood at 9.68% for season 2003-04 against 9.35% for 2002-03. Lower production in the season 2003-04 was due to much less sugarcane planting and unfavourable climatic conditions.

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

The Sugar Industry was better during the year under review inspite of all India low production of about 150 lac tonnes against about 200 lac tonnes last season. But still the Industry had a better time because of better prices.