



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 K. ADHIKARI

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, 2005

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 34th 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 Wednesday, the 28th September, 2005 at 4.30 P.M. to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2005 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 a Director in place of Shri B.N.Patodia, who retires by rotation and being eligible, offer himself for reappointment.
3. To appoint a Director in place of Shri S.S.Kothari, who retires by rotation and being eligible, offer himself for reappointment.
4. To appoint Auditors and fix their remuneration.

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

5. As an Ordinary Resolution :

“RESOLVED that Shri M. Dokania be and is hereby appointed a Director of the Company.”

6. As an Ordinary Resolution :

“RESOLVED that the Board of Directors of the Company be and is hereby authorised to pay to the Non-Executive Directors of the Company such fee, as it may determine from time to time not exceeding the limits prescribed under the Companies Act, 1956, for attending a Meeting of the Board and/or a Committee(s) thereof.”

7. As a Special Resolution :

“RESOLVED that pursuant to Section 309(4) read with Section 309(7) of the Companies Act, 1956, the Directors of the Company be and are hereby authorised to continue to receive a Commission, to be divided among them equally or in such manner as they may from time to time determine of 1% on the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the Companies Act, 1956, for a further period of 5 years commencing from 1st November, 2005.

RESOLVED FURTHER that the Directors be and are hereby authorised to decide that for any year or years such payment by way of commission be not paid or be foregone or rejected in respect of all the Directors or in respect of individual Director or Directors.”

11/1, Sarat Bose Road,
Kolkata, the 2nd day of August, 2005

By Order of the Board
K. ADHIKARI
Secretary



N O T E S :

1. **A member entitled to attend and vote at the meeting is entitled to appoint 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, 2005 to 28th September, 2005, (both days inclusive).
4. In accordance with the provisions of Section 205A of the Companies Act, 1956, the amount of dividend for the financial year ended 31.10.1997 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 31.10.1998 and onwards, are requested to claim the amount forthwith from the Company.

5. The information or details pertaining to reappointment and 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.
6. An Explanatory statement relating to the business under Item Nos. 5, 6 & 7 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. 5 :

Shri M.Dokania was appointed a Director of the Company to fill up the casual vacancy caused by the resignation of Shri B.K.Kanoria. By virtue of Section 262 (2) of the Companies Act, 1956, he holds office only upto the conclusion of the ensuing Annual General Meeting of the Company at which Shri B.K.Kanoria would have retired, had he not resigned. 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 deposit of Rs. 500. The Ordinary Resolution being Item No.5 set out in the foregoing notice is intended for the purpose.

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



Re: Item No. 6 :

According to the revised Clause 49 of the Listing Agreement with the Stock Exchange(s), all fees/compensation, if any paid to the Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in General Meeting.

Accordingly, approval of the members is being sought for payment to Non-Executive Directors, including Independent Directors of the Company of such fees as the Board may determine from time to time for attending the meeting of the Board and/or Committee(s) thereof within the limit prescribed under the Companies Act, 1956.

The Board of Directors recommend passing of this Resolution.

All the Non-Executive Directors of the Company are interested in the proposed Ordinary Resolution to the extent of the fees that may be paid to them.

Re: Item No. 7 :

By a Special Resolution passed at the General Meeting of the Company held on 23rd March, 2000, the Directors of the Company were authorised to continue to receive a commission, to be divided among them equally of 1% on the net profits of the Company for a period of 5 years commencing from 1st November, 2000. Pursuant to Section 309(7) of the Companies Act, 1956, this Special Resolution remains in force till 31st October, 2005.

As the Directors continue to render useful services, it is considered desirable that they do further continue to receive the commission of 1% on the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the Act for a further period of 5 years commencing from 1st November, 2005.

The Special Resolution seeks to obtain renewal of authority to the said payment of Commission to the Directors under Section 309(4) read with Section 309(7) of the Act.

The Special Resolution also provides that the Board of Directors of the Company may in any year determine that for any year or years such commission be not paid or be foregone or rejected in respect of all the Directors or individual Director or Directors.

All the Directors of the Company are interested in the Resolution to the extent of the Commissions which may be paid to them in accordance with the proposed Special Resolution.

11/1, Sarat Bose Road,
Kolkata, the 2nd day of August, 2005

By Order of the Board
K. ADHIKARI
Secretary



DIRECTORS' REPORT

Your Directors submit their Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

FINANCIAL RESULTS :

	<u>Rs.</u>	<u>Rs.</u>
Operating Profit before depreciation and taxes		5,90,16,466
Less : Depreciation		<u>2,85,40,566</u>
		3,04,75,900
Less : Differential cane price for the season (1996-97, 2002-03 & 2003-04)	6,81,96,860	
Provision for Taxation - Current Tax	—	
Deferred Tax	<u>(1,13,17,817)</u>	<u>5,68,79,043</u>
which leaves a deficit of		(2,64,03,143)
To this has been added the amount transferred to Molasses Fund		<u>38,582</u>
Making a total deficit of		(2,64,41,725)
which has been adjusted against the sum transferred from General Reserve		<u>2,05,64,886</u>
Balance Carried to Balance Sheet		<u>(58,76,839)</u>

DIVIDEND :

Your Board do not recommend any dividend.

OPERATIONS :

The production at Company's Sugar Mill for the season 2004-05 was 2,63,420 quintals while for the season 2003-04 it was 2,85,742 quintals.

The recovery stood at 9.71% for the season 2004-05 against 9.68% in the previous season. The recovery is expected to be still better in 2005-06 because of intensive cane development work in the cane area by planting better variety of cane. Lower production in the season 2004-05 was partly due to less sugarcane planting and partly due to unfavourable climatic conditions. However, during the year there was an operating cash profit of Rs. 5,90,16,466 as against the previous years Rs. 3,55,43,300.

The differential cane price for the earlier years i.e sugar season 1996-97, 2002-03 & 2003-04 amounting to Rs.6,81,96,860 has been provided/paid following Supreme Court Judgment that State Government has the right to fix State Advised Price (SAP). This heavy burden has affected the finances of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Industry Structure and Development :

The Sugar Industry was better during the year under review though successively production was lower. However, because of increased sugar price the Industry had a better time. But the present

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sugar price is not satisfactory considering the higher payment of cane price in season 2004-05. Sugar production in 2005-06 is expected to increase from about 125 lac tons to about 180 lac tons.

Outlook :

The future outlook will depend on State and Central Government policies. With realistic cane price i.e Statutory Minimum Price (SMP) and check on duties and taxes, the future outlook may be considered satisfactory.

Opportunities, Threats/Risks & Concerns :

- Dependence on State Government policies regarding molasses and cane price, Central Government policies on duties and taxes. Increase in excise duty in molasses price in the budget has affected the profitability of the Industry.
- Climatic conditions which may lead to heavy rise or fall in sugar production.

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.

Human Resources/Industrial Relations :

The industrial relations at the Company's Sugar Mill and Head Office were cordial throughout the year 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 B.N.Patodia and Shri S.S. Kothari retire from the office of Director at the forthcoming Annual General Meeting of the Company, but being eligible, offer themselves for reappointment.

Shri M. Dokania was appointed a Director of the Company on 20.5.2004 to fill up the casual vacancy caused by resignation of Shri B.K.Kanoria and he holds office only upto the next Annual General Meeting of the Company but being eligible, offer 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, 2005 and its loss for the year ended on that date;



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- (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 safe-guarding 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 :

A report on Corporate Governance vide Clause 49 of the Listing Agreement with the Stock Exchanges, along with a certificate of compliance from the Company's Auditors is annexed and forms part of this Report.

VOLUNTARY DELISTING OF THE COMPANY'S

EQUITY SHARES FROM JAIPUR STOCK EXCHANGE LIMITED :

Consequent upon the approval of the shareholders at the last Annual General Meeting held on 28th September, 2004 and in pursuance of the delisting guidelines issued by SEBI, the equity share of the Company was delisted from the Jaipur Stock Exchange Limited with effect from 19th February, 2005. The delisting will not adversely affect the shareholders of the Company as the equity shares continue to be listed on The Calcutta Stock Exchange Association Limited, Kolkata and the Stock Exchange, Mumbai.

AUDITORS :

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

Shri S.S.Kundu, Cost Accountant, Kolkata is the Cost Auditor of the Company.

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 year 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 21st day of June 2005

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

**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. Installing of High Pressure Boiler.
2. Power factor improved by addition of capacitors.
3. Replaced big size motors by small motors to save electrical energy.
4. Installation of bigger size, hydraulic cane unloaders, rotary-screens, juice flow stabilization system, sulphur burner, high efficiency centrifugal pumps, sugar bag conveying system, efficient and automatic centrifugal machines, semi-kesteners etc.
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 Year	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	6,18,175 KWH	7,24,660 KWH
Units per litre of Diesel Oil	3.06	3.12
Cost/Unit (Rs.)	7.18	6.09
(ii) Through Steam Turbine/Generator Units	47,40,750 KWH	70,19,800 KWH
Unit per quintal of bagasse } Cost/Unit	Steam produced by use of own bagasse	
2) Coal, Furnace Oil & Others	N.A.	N.A.
B) Consumption per unit		
Production (Sugar in Quintals)	2,63,420	3,55,932
Electricity	20.34	21.76
Furnace Oil	Nil	Nil
Coal in Kg.	Nil	Nil
Others (Specify)	Nil	Nil



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2. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :

The Research & Development wing is working closely with the cane growers to enhance the long term availability of sugar cane and sugar cane yield. The scheme of Research and Development conceived has the following major components :-

- i) Establishment of cane seed nurseries for providing better quality of seed material for the growers of the area to enhance cane yield and sugar percent cane.
- ii) In order to get better sugar recovery in the early part of the season Varietal Development Programme is also going on in the area with focus on early maturing high yielding sugarcane varieties.
- iii) Integrated nutrient management by tapping all the known sources of organic, inorganic and bio-fertilisers, including application of nitrogen fixing and phosphorous solubilising micro-organisms, in a judicious and systematic manner to maintain soil fertility and crop productivity.
- iv) Pest Control measures to protect cane from diseases.
- v) Improved ratoon management to increase productivity of cane per unit of land and cutting down cost of sugar production, and
- vi) Providing irrigation facilities to growers by distributing pumping sets and borings.

There was an involvement of Rs. 37.33 lacs on the above cane development measures. The Company has not imported any technology.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

There has been no foreign exchange earnings during the year. The foreign exchange outgo during the year amounted to Rs.71,400 towards travelling expenses.

11/1, Sarat Bose Road,
Kolkata, the 21st day of June, 2005

For and on behalf of the Board

P. K. KANORIA

Chairman