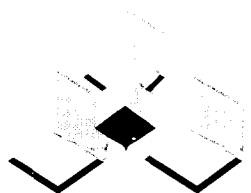


**Tenth Annual Report  
2002 - 2003**

**VISION** Vision without action is a daydream.



**ACTION** Action without vision is a nightmare.



**DWARIKESH SUGAR INDUSTRIES LIMITED**

**10<sup>TH</sup> ANNUAL REPORT 2002-2003**

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**DIRECTORS**

S K Neotia

M G Diwan

Vivek Saraogi

S S Vaidya

L N Heda

K P Medhekar

Yashpal Gupta

IDBI Nominee Director

G R Morarka

Chairman & Managing Director

**REGISTERED OFFICE & FACTORY**

Dwarikesh Nagar - 246 762

District: Bijnor

Uttar Pradesh

**GENERAL MANAGER**

Kulbansh Singh

**CORPORATE OFFICE**

511, Maker Chambers - V

221, Nariman Point

Mumbai - 400 021.

**GENERAL MANAGER - FINANCE**

V S Banka

**GENERAL MANAGER-CANE**

Nagendra Singh Shekhawat

**COMPANY SECRETARY &  
GENERAL MANAGER - TAXATION**

B J Maheshwari

**SOLICITORS**

Mulla & Mulla Craigie Blunt & Caroe

**AUDITORS**

Sharp & Tannan

**BANKERS**

Punjab National Bank

**DWARIKESH SUGAR INDUSTRIES LIMITED****NOTICE**

**NOTICE** is hereby given that the Tenth Annual General Meeting of the Company will be held on Monday, 29<sup>th</sup> March, 2004 at 10.00 a.m. at the Registered Office of the company at Dwarikesh Nagar - 246 762, Dist. Bijnor, Uttar Pradesh, to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt audited accounts for the year ended 30th September 2003, Directors Report and the Auditors' Report thereon.
2. To appoint auditors and fix their remuneration.
3. To declare dividend on preference shares.
4. To declare dividend on equity shares.
5. To appoint a Director in place of Mr. S.S. Vaidya, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. L.N. Heda, who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint a Director in place of Mr. Vivek Saraogi, who retires by rotation and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS :**

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act as amended and subject to such permissions, consents and approvals from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which the Board of Directors be and are hereby authorised to accept, the Company hereby accords its consent and approval to the re-appointment of Shri G. R. Morarka as Managing Director of the Company for a period of 3 (Three) years with effect from 19<sup>th</sup> April, 2004 to 31<sup>st</sup> March 2007, on such remuneration and the terms and conditions set out in the Explanatory Statement.

"RESOLVED FURTHER that in the event of any further relaxation by the Central Government in the guidelines or ceiling on managerial remuneration, the Board of Directors be and are hereby authorised to increase the remuneration and / or perquisites to Shri G.R. Morarka, Managing Director, if they in their absolute discretion think fit, within such guidelines or ceiling and for which consent of the Company as required under various applicable provisions of the Companies Act, 1956, be and is hereby granted".

**NOTES :**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Monday, 29<sup>th</sup> March, 2004, is fixed as record date for determining the eligible shareholders for payment of dividend on preference shares (both 12% and 11% Cumulative Redeemable Preference Shares) and equity shares.
4. Dividend on preference shares (both series) & equity shares, when declared, will be paid to those shareholders whose names shall appear on the Register of Members as on Monday, 29<sup>th</sup> March, 2004.
5. Members are requested to notify any change in their address immediately to the company.
6. Members/proxies are requested to bring their copy of Annual Report, while attending the Annual General Meeting.
7. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 8 is annexed hereto and forms part of this notice.

By Order of the Board  
For **DWARIKESH SUGAR INDUSTRIES LIMITED**

PLACE : Mumbai  
DATE : 21st February, 2004

**Registered Office:**

Dwarikesh Nagar - 246 762  
Dist. Bijnor  
Uttar Pradesh.

**B.J. MAHESHWARI**  
COMPANY SECRETARY &  
GENERAL MANAGER [TAXATION]

**10<sup>TH</sup> ANNUAL REPORT 2002-2003****ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 8 :**

Shri G.R. Morarka was reappointed as Managing Director w.e.f. 19<sup>th</sup> April, 1999 for a period of 5 years. The necessary consent under section 269 and other provision was obtained from shareholders in the Fifth Annual General Meeting of the Company held on Tuesday, 30<sup>th</sup> March, 1999. His Term as Managing Director expires on 18<sup>th</sup> April, 2004.

It is proposed to renew the appointment for a period of 3 years w.e.f. 19<sup>th</sup> April, 2004 & the term to expire on 31<sup>st</sup> March 2007.

It is proposed to fix the remuneration payable to Shri G.R. Morarka up to a maximum permissible limit of 5% of the net profits in terms of the provisions of Section 198 and section 309 of the Companies Act, 1956 subject to minimum remuneration as prescribed in part II of Schedule XIII of the Companies Act, 1956. Shri G R Morarka may be remunerated by way of salary, perquisites, commission etc, subject to the limits specified hereinabove.

The effective capital of the Company as per the last audited accounts for the year ending 30<sup>th</sup> September 2003 is in excess of Rs 50 crores but less than Rs 100 crores .Hence, Minimum remuneration in case of inadequacy of profits or loss is fixed as follows as per the eligibility under sub clause B of clause 1 of section II of part II of Schedule XIII:-

**I. Minimum Remuneration****CATEGORY A****1. REMUNERATION :**

a) **Salary:** Rs. 3,50,000/= per month

**b) Perquisites :****[i] Contribution to Provident Fund, Superannuation and Annuity Fund :**

The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per the rules of the Company as applicable to senior executives.

**[ii] Gratuity :**

As per the rules of the Company as applicable to the senior executives.

**[iii] Leave:**

Leave with full pay or encashment of leave at the end of the tenure of the contract.

**[iv] Other perquisites:**

Subject to overall ceiling on remuneration mentioned herein below, the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors may from time to time decide.

**Explanation :**

Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in absence of any such Rule, perquisites shall be evaluated at actual cost.

**c) Amenities :****[i] Conveyance facilities**

The Company shall provide suitable conveyance facilities as may be required by the Managing Director.

**[ii] Telephone, telefax, mobile and other communication facilities :**

The Company shall provide telephone, telefax , mobile and other communication facilities at the Managing Director's residence.

**CATEGORY 'B'****PROVIDENT FUND, SUPERANNUATION FUND AND GRATUITY :**

The Managing Director is entitled to the benefits under the Provident Fund Scheme and Superannuation Fund or Annuity Fund in accordance with the company's Rules and Regulations in force from time to time. Gratuity Payable should not exceed half month's salary for each completed year of service.

Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.

# DWARIKESH SUGAR INDUSTRIES LIMITED



## CATEGORY 'C'

Provision of Chauffer driven car on Company's business and Telephone, telefax, mobile and other communication facilities at residence will not be considered as perquisites. Personal Long distance calls and use of car for private purpose shall be billed by the Company to the Managing Director.

Salaries , Perquisites or amenities specified in Category B & Category C are not to be included in the computation of ceiling on minimum remuneration specified herein above.

## **II COMMISSION :**

1% of the amount of net profit as appearing in the audited annual Profit & Loss Account for each Corporate Accounting Year of the Company, unless otherwise decided by the Board for any Corporate Year subject, however, that the total remuneration (i.e. salary, perquisites, commission or in any other form) in any one Financial Year shall not exceed the maximum limits prescribed from time to time under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being, be in force.

## **III OVERALL REMUNERATION :**

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

## **IV MINIMUM REMUNERATION :**

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being, be in force.

## **Statement giving information as required in pursuance to the requirement of Section II of part II of Schedule XIII**

### **I. General Information**

- 1) Nature Of Industry: The Company is engaged in the manufacture & sale of Sugar & it's by products .The Company also generates & distributes power.
- 2) Date or Expected Date of Commencement of Commercial Production : It is a running Company which was set up on 5<sup>th</sup> December 1995.
- 3) In case of New Company , Expected date of Commencement of project : Not applicable.
- 4) Financial Performance : (Based on the accounts for year ending 30<sup>th</sup> September 2003)
 

Turnover	:	Rs 11784.30 Lacs
Profit before interest, Depreciation & Tax	:	Rs 1534.44 Lacs
Profit after Tax	:	Rs 205.93 Lacs
Net Worth	:	Rs 3084.29 Lacs
Capital Employed	:	Rs 11810.47 Lacs
- 5) Export performance & net foreign exchange collaborations : There were no exports during the year neither any out go on account of any foreign collaborations, as Company does not have any foreign collaborations.
- 6) Foreign Investments or Collaborators: The Company does not have any foreign investments or foreign Collaborators.

### **II. Information about the appointee.**

#### **1) Background details:**

Shri G R Morarka is the key promoter & Chairman & Managing Director of the Company & has set up & the Sugar plant in this company in December 1995 with initial capacity of 2500 TCD & with his dynamism & best efforts expanded the plant capacity to 6500 TCD. He belongs to Industrialists family of "Morarka's", which has interest in the field of Sugar, Construction, Engineering & Investments & Finance & Media.

**10<sup>TH</sup> ANNUAL REPORT 2002-2003****2) Past Remuneration :** As per Chart annexed.**Details of Past remuneration of Shri G R Morarka, Chairman & Managing director**

Date of Gen. Meeting	Number of Gen Meeting	Details of Minimum Remuneration	Amount Rs.p.m.	Remarks	Period
1/10/1994	EGM	Consolidated Salary	40000		1st October 1994 to 4th Dec 1995
1/10/1994	EGM	Salary * HRA	50000 25000		5th Dec 1995 to 18th April 1999
30/3/1999	Fifth	Salary * HRA	87500 43750		19th April 1999 to 31st Dec 2000
24/01/2001	Board Meeting	Salary *	150000	Govt. Notification no. 215(E) dt 21.03.2000 permitting increase	1st Jan 2001 to 31st Jan 2002
23/02/2002	Board Meeting			Govt .Notification no.	
27/03/2002	Eighth	Salary *	300000	36(E) dt 16.01.2002 permitting increase	1st February 2002 to 31st Mar 2003
31/05/2003	EGM	Salary	25000		1st March, 2003 to 31st March, 2004

\* Besides the above , Shri G R Morarka was entitled to Medical reimbursement for self & Family , LTC for self & family , Club fees of any two clubs , personal accident insurance, P.F , Superannuation as per the limits Specified in respective resolution. Besides the above, Shri G R Morarka was entitled to 1% Commission on the net profits of the Company subject to overall ceiling of remuneration of 5% of net profits

- 3) Recognition or Awards: Shri G R Morarka has been nominated as a member of governing body of Indian Council of agricultural Research(ICAR). He has been a member of Regional National Committee of the Confederation of Engineering Industries as also a member of Zonal Railway users consultative committee(ZRUCC). He is also recipient of Indira Gandhi Priyadarshini Award for Management.
- 4) Job Profile & his suitability : Shri G R Morarka is Chairman & Managing Director of the Company has overall control & Management of the Company, subject to supervision, control & Direction of the Board of Directors of the Company.The Company under the leadership of Mr Morarka has made commendable progress in operational efficiencies , as well as in expansion of capacity, foray into cogeneration & plans for Distillery for manufacture of Ethanol.
- 5) Remuneration proposed : As specified in the explanatory statement in detail.
- 6) Comparative Remuneration profile with respect to Industry , size of the company , profile of the position & person: It is difficult to find company with the same size & capacity for the purposes of Comparison. However, by and large compared with other companies in the same Industry , the remuneration is reasonable.
- 7) Pecuniary relationship directly or indirectly with the Company: Shri G R Morarka holds 33.24% of equity share capital of the Company & his wife including relatives hold 1.24% of the equity Share Capital.  
Shri G R Morarka and or his relatives do not have any direct pecuniary relationship with the Company except for receiving remuneration , interest from loan advanced to the Company , Dividend received by him or his family on the equity shares.  
However , Shri G R Morarka is a Director in Morarka Finance Limited , Dwarikesh Trading Company Limited , Dwarikesh Samvad Limited , where transactions with the company are made at arms length basis & purely on the Commercial & competitive basis.
- 8) Other information:
- Reasons of loss or inadequate profits : N.A.
  - Steps taken or proposed to be taken for improvement : Constant efforts have been made to improve the performance by cutting cost, improving efficiency, by expanding business into down stream projects, power generation , distillery for making ethanol etc.
  - Expected increase in productivity and profits in measurable terms : It is expected that the constant efforts, as aforesaid would yield positive and better results.

The terms contained in the resolution & the explanatory statement may be treated as an abstract of the Agreement as required under Section 302 of the Companies Act, 1956.

The Directors recommend passing of this resolution.

None of the directors except Shri G.R. Morarka, Managing Director is concerned or interested in the passing of the said resolution.

By Order of the Board  
For **DWARIKESH SUGAR INDUSTRIES LIMITED**

PLACE : Mumbai  
DATE : 21st February, 2004

**Registered Office :**  
Dwarikesh Nagar - 246 762  
Dist. Bijnor  
Uttar Pradesh.

**B.J. MAHESHWARI**  
COMPANY SECRETARY &  
GENERAL MANAGER [TAXATION]



## DWARIKESH SUGAR INDUSTRIES LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Industry Structure :

India is one of the major producers of sugar in the world. In all there are around 450 Sugar Factories located through out the country with major concentration in the states like Uttar Pradesh, Maharashtra, Tamil Nadu, Karnataka, Punjab & Gujarat. Out of which U.P. & Maharashtra put together account for 60% of the Country's total production.

Cane is transported by factory from the centers besides being delivered at the factory gate. The crushing season extends from November to April/May in North. However, the season is relatively longer in Southern States.

The Sugar Industry is basically cyclical in nature. Higher cane and sugar production has an effect on reduction in sugar price and impacting the financials of factories to pay cane dues to farmers. In number of states, as a result of cane arrears, farmers switch over to alternative crops. However, this leads to cane shortage by rotation and which leads to increase in cane and sugar price and farmers switch back to the cane crop.

Sugar is one of the most regulated commodities in the Indian Industries. However there have been some attempts on the part of the Government to progressively de-regulate the industry such as ratio of levy free sugar from 40:60 has been brought down to 10:90 in last couple of years.

The country has been witnessing high production of sugar consistently for past 5 years.

Season	Production (Lac Mt)	Consumption (Lac Mt)
1998-99	155.41	152.46
1999-00	182.00	161.67
2000-01	185.12	174.89
2001-02	185.29	175.74
2002-03	201.40	198.84
Source: ISMA		

The country has witnessed very low exports as compared to the total production on account of un-remunerative price prevailing abroad.

The year 2002-03 witnessed sharp fall in prices. The ex-factory sugar realization (excluding excise duty) is given below :

Year (as per sugar season)	Average Price (Rs./quintal)
1998-99	1320
1999-00	1338
2000-01	1316
2001-02	1268
2002-03	1119
Source: ISMA	

#### Cane Price :

Cane is one of the major components of cost of production in the sugar factory and constitutes around 70 % of total cost. The price of cane is related to recovery and State Administrated Price, which vary from state to state. The procurement price of cane by mills is controlled by Statutory Minimum Price, which is announced by Central Government on the basis of CACP studies and is linked to a sugar recovery of 8.5%. The price is suitably adjusted on Pro-rate basis for higher recoveries.

#### Dwarikesh's Business :

We are one of the medium size private sector Sugar manufacturers in India. We derive our Income from manufacture and sale of sugar. Besides, we also sell our by-products viz. molasses, power generated from the use of bagasse. Dwarikesh Sugar's crushing capacity is 6,500 TCD and has Co-generation capacity of 9 Megawatt. The Company is in the process of expanding its co-generation capacity from 9 Megawatt to 15

**10<sup>TH</sup> ANNUAL REPORT 2002-2003**

Mega Watt and also in the process of obtaining NOC's from the concerned departments & finalizing preliminary estimates for setting up of a distillery for manufacture and supply of ethanol.

**International Scenario :**

Sugar prices have been in the range of \$190 to \$210 in 2002-2003. Over the last 10 years, global sugar consumption has grown up by around 1.9%. In countries like US, Europe and other developed countries, sugar is a subsidized commodity and there by make these countries competitive to export sugar at lower prices to the rest of the world. However with WTO restrictions being phased out, it is hoped that by year 2005, the subsidies will be eliminated, which would enable the upcoming countries like India to compete on a level playing field with developed countries.

**Out Look :**

The year ahead is promising as the company wishes to focus on following areas :

- a) To optimize and efficiently run its sugar plant to the optimum capacity with minimum losses.
- b) To increase its co-generation capacity from 9 Mega Watt to 15 Mega Watt, which would help generate additional revenue and give value addition.
- c) To concentrate on obtaining of clearances from Pollution Board to exercise tying up funds requirements etc, thereby paving the way for setting up a distillery of 30,000 Litres a day.

This would help the company to manufacture ethanol, which is presently mandated to be blended with Petrol in 9 states including state of Uttar Pradesh. It is however expected that the Government may permit higher percentage of blending of ethanol with petrol in the time to come.

Sugar industry has now entered a phase of resurrection. Sugar price which is the major trigger for stoking the bottom-line of sugar industry has been on the upsurge. The Company is in the process of de-risking its sugar business with its foray in power and ethanol projects.

**Financial Results**

During the year ended 30<sup>th</sup> September 2003, there is drop in per quintal price of sugarcane from Rs 99.68 per qtl to Rs 91.30 per qtl and sales realization during the year also dipped from Rs. 1350/- to Rs. 1214/- per quintal. There was a drop of Rs. 136 per quintal in sugar sales realization.

Due to sustained efforts, the Company could bring down its Selling & administration expenses as there was drop in Selling and administration expenses from Rs. 456.18 lacs to Rs. 303.06 lacs.

During the year, the Company made all possible efforts to reduce costs & in its efforts have been able to reduce on interest and commitment charges from Rs. 861.10 lacs to Rs. 724.41 lacs.

An analysis of Balance Sheet reveals that Debt Equity ratio of the Company is at a level of 1.27: 1 as compared to 0.80:1 in the previous year. This is mainly on account of provision for Deferred Tax Liability upto 30<sup>th</sup> September 2003.

Current ratio at 1.29:1 as against the permissible limit of 1:1 is indicative of the robust health of the company.

Fixed Asset Coverage Ratio of 2.34 is at a comfortable level.

Earning per Share has shown a jump from 0.41 in 2001-02 to 1.75 in the year 2002-03 on account of higher profits during the year.

Book Value of the Company has decreased from Rs 45.94 per share to Rs 40.80 on account of reduction in general reserve due to provision of deferred tax liability.



**DWARIKESH SUGAR INDUSTRIES LIMITED****DIRECTOR'S REPORT**

The Members of the Company,

Your Directors take pleasure in presenting their Tenth Annual Report together with the audited accounts for the year ended 30<sup>th</sup> September 2003.

**1. FINANCIAL RESULTS**

	<b>Rs. in lacs</b>	Rs. in lacs
	<b>Year ended</b>	Year ended
	<b>30.09.2003</b>	30.09.2002
<b>Gross profit before depreciation, interest &amp; tax</b>	<b>1534.44</b>	1385.00
Less: Depreciation	<b>428.98</b>	429.82
Interest	<b>724.41</b>	861.10
<b>Profit before tax</b>	<b>381.05</b>	94.08
Less: Provision for taxes	<b>45.95</b>	(8.01)
Deferred tax	<b>129.16</b>	-
Profit after tax	<b>205.94</b>	102.09
Add: Balance brought forward from previous year	<b>350.96</b>	357.67
<b>Amount available for appropriation</b>	<b>556.90</b>	459.76
<b>Appropriations :</b>		
Interim Dividend on Preference Shares	<b>27.50</b>	27.42
Proposed Dividend		
- On equity Shares	<b>37.80</b>	37.80
- On preference Shares	<b>40.70</b>	40.78
Additional tax on dividend	<b>16.60</b>	2.80
Transfer to general reserve	-	-
<b>Balance carried forward to next year</b>	<b>434.30</b>	350.96
	<b>556.90</b>	459.76

**2. DIVIDEND**

Your directors are pleased to recommend payment of dividend @ 12% on 12%-Cumulative redeemable preference shares (Rs. 12/- per share of Rs. 100/- each), @ 11% on 11%-Cumulative redeemable preference shares (Rs. 11/- per share of Rs. 100/- each) and @ 5% on equity shares (Rs.0.50 per equity share of Rs. 10/- each).

The total amount on account of dividend outgo (including additional tax on dividend) will be Rs. 122.60 lacs.

**3. YEAR IN RETROSPECT****OPERATIONS :**

During the year, your company crushed 86.48 lac quintals of sugar cane and produced 8.81lac quintals of sugar as against 74.98 quintals of sugar cane crushed and 7.65 lac quintals of sugar produced in the previous year.

The recovery of 10.20% was recorded in the year 2002-03 as against recovery of 10.21% recorded in the last year.

**10<sup>TH</sup> ANNUAL REPORT 2002-2003****FINANCIAL PERFORMANCE :**

The Year under review was one of the most difficult years in the history of the Company .The year under review witnessed a drop in the profits of the Company. This was attributable to lower realisation in finished goods, by-products coupled with increase in raw material prices.

Sales recorded Rs. 8,683.21 lacs for the year under the review as against Rs. 13,106.88 lacs in the previous year. Profit after tax was higher at Rs. 205.93 lacs, as against Rs. 102.09 lacs during the previous year recording a growth of 101.71 %. Cash Profit at Rs. 634.91 lacs was 19.36% higher when compared to the cash profit of Rs. 531.91 lacs in 2001-2002.

**CANE & SUGAR POLICY :**

The salient features of the Sugar Policy for 2002-2003 are given below:

1. The ratio of levy and free sale sugar was 10:90.
2. The price of levy sugar for Central U.P. for the year 2002-03 was 1293.04 per qtl.
3. The statutory minimum price of sugar cane was initially fixed at Rs. 64.50 per qtl. But was revised by Hon'ble Prime Minister to Rs. 69.50 per qtl., linked to the sugar recovery of 8.5% with a premium for higher recovery.
4. The minimum statutory price in past 3 years along with the price applicable to the company on the basis of recovery are given below:

Season	SMP	Company's SMP
2000-01	59.50	70.00
2001-02	62.05	75.92
2002-03	64.50	78.18
2002-03 (Revised)	69.50	84.26

Besides, State Government granted a relief of Rs. 4.00 per qtl in the form of remission of Entry Tax(partly), Society commission and purchase tax(partly). However, this relief was passed on by way of additional payment to the farmers. In order to reduce carrying cost on holding excessive stock of sugar by industry, the Government created a buffer stock of 20 lac tones of sugar for one year effective from 18<sup>th</sup> December 2002.

**4. PERFORMANCE OF POWER UNIT**

During the year 29,733,327 kWh of power was generated as compared to 22,463,607 kWh in the previous year. The performance of the power unit is satisfactory in terms of established technical benchmarks in respect of power units in sugar industry.

**5. DIRECTORS**

The tenure of Shri G.R. Morarka, Chairman & Managing Director's reappointment expires on 18<sup>th</sup> April, 2004. His reappointment has been approved in the Meeting of Board of Directors of the company held on 21<sup>st</sup> February, 2004, subject to approval of Shareholder's in the ensuing General Meeting.

Pursuant to Article 146 of the Articles of Association of the company, Mr. S.S. Vaidya, Mr. L.N. Heda and Mr. Vivek Saraogi, retire in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

**6. STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Your Directors confirm that :

- (i) in the presentation of the annual accounts, applicable Accounting Standards have been followed.
- (ii) the accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year.
- (iii) proper & sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) annual accounts have been prepared on a going concern basis.