



NCS GAYATRI SUGARS LIMITED

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FOURTH

ANNUAL REPORT 1998 - 1999

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BOARD OF DIRECTORS

Dr. T.Subbarami Reddy	- Chairman
Sri T.V.Sandeep Kumar Reddy	
Sri N.Nageswara Rao	
Sri E.Jagannadha Rao	
Sri C.N.Gangadaran	
Sri V.Ramakrishna Rao	
Sri T.S.C.Bose	- Wholetime Director

COMPLIANCE OFFICER

Sri V.S.Soma	- General Manager (Finance) & Company Secretary
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AUDITORS

M/s. C.B.Mouli & Associates
Chartered Accountants
Secunderabad

BANKERS

State Bank of India
Bank of Baroda
Andhra Bank
Canara Bank

REGISTERED & CORPORATE OFFICE

II Floor, TSR Towers
6-3-1090, Rajbhavan Road
Somajiguda
Hyderabad - 500 082
Andhra Pradesh

FACTORY

Adloor Yellareddy Village
Sadasivanagar Mandal
Nizamabad District
Andhra Pradesh

NCS Gayatri Sugars Limited

1. Members are requested to notify immediately any change in their address to the Company at the Registered Office.
2. Members/proxies are requested to bring along with them the Annual Reports being sent to them.
3. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the Company at least seven days before the date of the meeting, so that the information required by the members may be made available at the meeting.
4. Members holding more than one Share Certificate in the same name under different Folios are requested to apply for consolidation of such Folios in one Folio and send relevant Share Certificates to the Company.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September 1999 to 27th September 1999, both days inclusive.

4th Annual General Meeting

Day : Monday
Date : 27th September, 1999
Time : 4.00 p.m.
Venue : II Floor, TSR Towers, 6-3-1090,
Rajbhavan Road, Somajiguda,
Hyderabad - 500 082 Andhra Pradesh

NCS Gayatri Sugars Limited**NOTICE**

NOTICE is hereby given that the Fourth Annual General Meeting of the members of the Company will be held on Monday, the 27th September, 1999 at 4.00 P M at the Registered Office of the company at II Floor, TSR Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad - 500 082, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 1999 and the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. T Subbarami Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri C N Gangadharan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s.C.B.Mouli & Associates, Chartered Accountants, Secunderabad as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed to between the Board of Directors and the Auditors.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution, with or without modification, as Special Resolution.

RESOLVED, in partial modification of the Resolution passed at the Extra Ordinary General Meeting of the company held on April 24, 1997 and subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, that the Company hereby approves the revision in the limits of remuneration payable to Sri T.S.C. Bose, Wholetime Director with effect from such date as may be decided by the Board for the remaining period of his contract with the company and as set out in the Explanatory Statement to this Notice with liberty to the Board to fix the same from time to time within the said limits, as the Board may in its discretion deems fit in the interest of the Company, but subject always to the relevant

provisions in that behalf as contained in the said Act including Schedule XIII or any amendment thereof.

BY ORDER OF THE BOARD

Place: Hyderabad

Date: 31st July, 1999

V S SOMA

General Manager (Finance)
& Company Secretary

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 as set out above is annexed hereto.
2. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies duly stamped and signed must be deposited at the company's Registered Office not less than 48 hours before the time for holding the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM : 5**

At the Extra Ordinary General Meeting of the company held on April 24, 1997, the members had approved, inter alia, the terms of remuneration of Sri T.S.C. Bose, Wholetime Director of the company. Having regard to the experience, duties and responsibilities, it is thought fit to pass a resolution enabling the Board to revise the monthly remuneration to be paid to Sri T.S.C. Bose within the scale of Rs. 25,000 to Rs. 50,000 as may be determined by the Board from time to time. Apart from the above, all the other terms and conditions of the relevant contract with the Wholetime Director will remain as at present.

The Board accordingly recommends the resolution for approval of members.

No other Director is concerned or interested in the above resolution.

The above may also be treated as an abstract of the variation in the contract between the Company and Sri T.S.C. Bose, pursuant to Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD

Place: Hyderabad

Date: 31st July, 1999

V S SOMA

General Manager (Finance)
& Company Secretary

NCS Gayatri Sugars Limited**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Fourth Annual Report together with the Audited Accounts for the year ended 31st March 1999.

PERFORMANCE OF THE COMPANY

(Rs in lacs)		
Description	1998-99	1997-98
Turnover	5098.50	1432.18
Profit before depreciation and interest	1400.78	288.54
Interest	1088.92	209.98
Depreciation	280.01	68.27
Profit before tax	31.85	10.29
Provision for tax	3.35	1.08
Profit after tax carried forward	28.50	9.21

REVIEW OF OPERATIONS**Performance during the Season 1998-99**

The company has started crushing operations on November 8, 1998 as scheduled. The company could crush 3,54,501.922 tons of cane till closure of season on April 19, 1999 registering an average recovery of 10.13%. You will be pleased to note that the average recovery achieved is the highest in the region. The more significant aspect was its overall achievement of targeted quantitative parameters as promised at the time of Public Issue.

The company also made prompt cane payment to the growers during the season. The company was the first to announce the cane price before declaration by the State Government and paid the entire cane price (SAP and incentive) at one go within the stipulated time.

Promise Vs. Performance (Rs in lacs)

Particulars	Year Ended Projection	March 31, 1999 Actual
Cane Crushed (lac MT)	3.40	3.27
Recovery achieved	9.80%	10.08%
Turnover	4138	5098
Gross Profit	1432	1434
Profit Before Tax	246	32
Tax	26	3
Profit After Tax	220	29
Equity Share Capital	2500	2499
Net Worth	2937	2353
Book Value (Rs)	11.75	9.41
Earnings Per Share (Rs)	0.88	0.11

Note: The main reason for the shortfall in the Profit Before Tax was due to higher interest burden on term loans.

Sugar Industry Scenario

The sugar industry scenario has changed drastically during the year under review. The sugar production for the season was reported at 155 lac MT as against previous year production of 128 lac MT registering an increase of around 20%. The consumption on the other hand had not picked up substantially. Added to this, the sugar imports into India during the year under review were unabated. The imports are mainly from Pakistan, China, Brazil and Thailand. The Government's efforts to curb the imports did not yield tangible results. As a consequence, the sugar realisations suffered tremendously. The industry associations had been following up with the Government for the cause of the industry for bringing the importers under the regulatory mechanism to which the domestic mills are subjected. The industry analysts expect that the dumping of imports will be arrested in a couple of month's time.