



# GAYATRI SUGARS LIMITED



**EIGHTH ANNUAL REPORT  
2002-2003**

*Gayatri Sugars Limited*

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## **EIGHTH ANNUAL REPORT 2002-2003**

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### BOARD OF DIRECTORS

Dr T Subbarami Reddy	- Chairman
Sri T V Sandeep Kumar Reddy	- Vice Chairman
Sri N S Venkatesh	- IDBI Nominee
Sri Y V Ramesh Naidu	- IFCI Ltd Nominee
Sri N Nageswara Rao	
Sri C N Gangadharan	
Sri T R Rajagopalan	
Sri S Venkata Swamy	
Dr A K Bhattacharya	
Sri T S C Bose	- Wholetime Director

### COMPLIANCE OFFICER

Sri A P Sarma	- General Manager (Fin & Accts)
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### AUDITORS

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

### BANKERS

State Bank of India  
Bank of Baroda  
Andhra Bank  
Punjab National Bank

### REGISTERED OFFICE

Door No. 6-3-663/E  
Flat No. 301 Diamond House,  
Panjagutta, Hyderabad – 500 082  
Phones 23414821/23/24/25/26  
Fax No : 23414827  
Email : ncssugar@hd2.dot.net.in

### FACTORY

Adloor Yellareddy Village  
Sadasivanagar Mandal  
Nizamabad District  
Andhra Pradesh  
Phone No: (08468) 248558  
Fax No: (08468) 248559

### ***Eighth Annual Report***

1. A member 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. Members / Proxies are also requested to bring along with them the Annual Reports being sent to them.
2. Members are requested to notify immediately any change, in their address to the company at the Registered Office.
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 7 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 Register will be closed from 16.09.2003 to 30.09.2003 (Both days inclusive)
6. Members are requested to intimate the Registrars and share transfer agents of the Company, M/s Ikon Visions Private Limited, 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad immediately of any change in their address.

## **8th Annual General Meeting**

Day : Tuesday

Date : September 30, 2003

Time : 10.30 A.M

Venue : Door No: 6-3-663/E, Flat No.301,  
Diamond House, Behind Topaz Building,  
Panjagutta, Hyderabad-500 082

## NOTICE

NOTICE is hereby given that the **Eighth Annual General Meeting** of the members of the Company will be held on Tuesday **the 30<sup>th</sup> September, 2003** at the Registered Office of the company at Door No. 6-3-663/E, Flat No. 301, Diamond House, Panjagutta, Hyderabad - 500 082, Andhra Pradesh at **10.30 A M** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2003 and the Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2003 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr S Venkata Swamy, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Sri T R Rajagopalan, who retires by rotation and being eligible offer 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, with or without modification, the following resolution as Special Resolution.**

**"RESOLVED THAT**, pursuant to the provisions of section 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised share capital of the company i.e. Rs.42,00,00,000 (Rupees forty two crores only) divided into 3,40,00,000 equity shares of Rs.10/- each and 80,00,000 preference shares of Rs.10/- each be and is hereby increased to Rs.53,00,00,000 (Rupees fifty three crores only) divided into 4,30,00,000 equity shares of Rs.10/- each and 1,00,00,000 Preference shares of Rs.10/- each and consequently, Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by deleting the same and substituting in its place and stead, the following as new

clause V:

V The Authorised share capital of the Company is Rs.53,00,00,000 (Rupees fifty three crores only) divided into 4,30,00,000 (Four crores thirty lakhs only) equity shares of Rs.10/- each and 1,00,00,000 (One crore only) preference shares of Rs.10/- each with power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of the Association of the Company".

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

**"RESOLVED THAT**, in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the existing Article 4(a) of the Articles of Association of the Company be altered by deleting the same and substituting in its place as stead the following as new article 4(a) :

- 4 (a) The Authorised share capital of the Company is Rs.53,00,00,000 (Rupees fifty three crores only) divided into 4,30,00,000 (Four crores thirty lakhs only) equity shares of Rs.10/- each and 1,00,00,000 (One crore only) preference shares of Rs.10/- each with power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being be

**Eighth Annual Report**

provided by the Articles of Association of the Company and also to acquire, purchase, hold, resell any of its own fully / partly paid shares and/or preference shares whether redeemable or not and to make any payment out of capital or out of the funds at its disposal for in respect of such purchase subject to the provisions of the Act in force from time to time."

**FOR AND ON BEHALF OF THE BOARD**

**T SUBBARAMI REDDY**  
CHAIRMAN

Place: Hyderabad  
Date : July 31, 2003

**Notes :** Explanatory Statement Pursuant To Section 173(2) of The Companies Act, 1956 is enclosed.

**Explanatory statement pursuant to section 173(2) of the Companies Act, 1956:**

**Item No.5 & 6**

It may be informed that, as part of the proposed restructuring package under Corporate Debt Restructuring (CDR) Scheme, part of the loans are being converted into Equity and Preference capital. The proposed conversion will exceed the present Authorised Share Capital of the Company and hence the capital clause of the company needs to be amended.

**FOR AND ON BEHALF OF THE BOARD**

**T SUBBARAMI REDDY**  
CHAIRMAN

Place: Hyderabad  
Date : July 31, 2003

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## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Eighth Annual Report of your company along with the Audited Accounts for the year ended 31<sup>st</sup> March, 2003.

### FINANCIAL RESULTS

	(Rs in lacs)	
Description	2002-03	2001-02
Sales	8887.30	5630.54
Increase/(Decrease) in stocks	(1573.29)	45.75
Profit/(Loss) before depreciation and interest	898.38	617.76
Interest	1619.01	1524.51
Depreciation	378.88	341.57
Profit/(Loss) before tax	(1099.51)	(1248.32)
Provision for tax	0.00	0.00
Profit/(Loss) after tax	(1099.51)	(1248.32)

### REVIEW OF OPERATIONS

#### i. Performance of the Season 2002-03

Your Directors are pleased to report that during the year under review, the company has commenced its crushing operations on 21<sup>st</sup> October 2002 and closed the season on 23<sup>rd</sup> March 2003. During this period, the company has crushed 5,13,831 MT of cane with an average recovery of 10.08 %.

#### ii. Prospects for the next season 2003-04

The Company is confident of crushing 5.00 lac MT of sugar cane in the coming season despite, draught conditions in the state.

### LISTING OF SECURITIES

The company's shares are listed with The Hyderabad Stock Exchange Ltd and The Stock Exchange, Mumbai and the annual listing fee for the year 2003-2004 has been paid to the Stock Exchanges at Hyderabad and Mumbai.

### DIRECTORS

Mr S Venkata Swamy and Mr TR Rajagopalan will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

### PUBLIC DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

### PARTICULARS OF EMPLOYEES

There are no employees in the company who are drawing prescribed salary under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

### AUDITORS

The Auditors M/s. C.B. Mouli & Associates, Chartered Accountants, Secunderabad will retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

### COST AUDIT

The Central Government pursuant to Section 233 B of the Companies Act, 1956 has ordered that the company carries out an audit of cost accounts relating to sugar every year. Mr S P Sarma Cost Accountant was appointed as cost auditor for cost audit of accounts of the concern for the year 2002-03.

### CONSERVATION OF ENERGY ETC

Information relating to Conservation of energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure-A which forms part of this Report.

### CORPORATE GOVERNANCE CODE

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance and a certificate from the auditors of the company is given in the Annexure – B and Annexure–C respectively which forms part of this report.

### DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 your directors state:

1. That in preparation of the Annual Accounts the applicable Accounting Standards have been followed by the company;
2. That your directors have selected such accounting policies and applied them

**Eighth Annual Report**

consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31.03.2003 and of the loss of the company for the year ended on that date;

3. That your directors have taken Proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That your Directors have prepared annual accounts on a going concern basis.

**DIVIDEND**

Since, your company has not made any profits during the year under review, your directors have not recommended any dividend.

**INTIMATION TO BIFR**

On account of heavy interest and unremunerative prices, the company has incurred heavy losses during the last two years and resulted in erosion of more than 50% of its net worth and is a potentially sick company under the Sick Industrial Companies (Special provisions) Act, 1985.

A separate meeting of the members of the company (EGM) is being called to inform the potential sickness to the members of the company. The company is also intimating to Board for Industrial and Financial Reconstruction (BIFR) under the Sick Industrial Companies (special provisions) Act, 1985 of the erosion of more than 50 % of the net worth of the company

**RESTRUCTURING OF DEBT**

The company has approached Industrial Development Bank of India (IDBI), the lead financial institution of the company, for restructuring of its debt through Corporate Debt Restructuring (CDR) mechanism. IDBI has recommended our case to CDR and a restructuring package is being worked out.

**CHANGE IN THE NAME OF THE COMPANY**

The name of the Company has been changed from NCS Gayatri Sugars Limited to Gayatri Sugars Limited effective from 17.07.2003.

**INDUSTRIAL RELATIONS**

The Industrial Relations continued to be peaceful during the year.

**ACKNOWLEDGEMENTS**

The Board of Directors would like to place on record their appreciation of the assistance and guidance extended by the Financial Institutions/Banks viz, IDBI, IFCI Ltd., SBI, BOB, AB and PNB. Your Directors express their gratitude to the shareholders for the confidence reposed in the management. Your Directors also place on record their sincere appreciation of the total commitment and hard work put in by all the employees of the company.

**FOR AND ON BEHALF OF THE BOARD**

**T SUBBARAMI REDDY**  
CHAIRMAN

Place : Hyderabad  
Date : July 31, 2003



## Annexure - A to Directors' Report

Information required under Section 217(1)(e) Read with the Companies (Disclosure of Particulars in respect of Board of Directors) Rule, 1988.

## A. CONSERVATION OF ENERGY

- |   |   |   |
|---|---|---|
| a) Energy Conservation Measures taken during the year   | : | <ol style="list-style-type: none"> <li>1. The company has modified 3 catchalls of evaporators to reduce entrainment and save condensate water for re-circulation.</li> <li>2. The company had run a few crystallisers in star mode instead of delta mode and saved 50% energy of the drives.</li> </ol>   |
| b) Additional Investment and Proposals, if any, being implemented for reduction of Consumption of energy                | : | <p>No major investments proposed.</p> <ol style="list-style-type: none"> <li>1. It is proposed to carry out the modification for 2 catchalls of evaporators to prevent entrainment and to recirculate the condensate water to boiler feed water.</li> <li>2. It is proposed to improve drainage in the mills by changing the groovings and adding one more DSM screen.</li> </ol> |
| c) Impact of measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production | : | <ol style="list-style-type: none"> <li>1. Results in savings of power.</li> <li>2. Reduction of moisture in final bagasse by 0.5% and improvement on the calorific value of the bagasse.</li> </ol>   |
| d) Total energy consumption and energy consumption per unit of production as per Form A.                                | : | Enclosed  |

## B) TECHNOLOGY ABSORPTION:

- |   |   |  |
|---|---|--|
| e) Efforts made in technology as per Form B | : | Plant as per standard specifications of Government of India. |
|---|---|--|

## C) FOREIGN EXCHANGE EARNINGS &amp; OUTGO:

- |  |   |   |
|--|---|---|
| f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans. | : | Nil   |
| g) Total Foreign exchange used   | : | <p>Total Foreign Exchange used Rs.1.10 Lacs</p> <p>Total Foreign Exchange earned Rs.Nil</p> |