



GAYATRI SUGARS LIMITED



NINTH ANNUAL REPORT

2003-2004

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BOARD OF DIRECTORS

Dr T Subbarami Reddy
Sri T V Sandeep Kumar Reddy
Sri N S Venkatesh
Sri Y V Ramesh Naidu
Sri N Nageswara Rao
Dr C N Gangadharan
(upto 29.07.2004)
Sri T R Rajagopalan
Sri S Venkataswamy
Dr A K Bhattacharya
Sri T S C Bose

Chairman
Vice Chairman
IDBI Nominee
IFCI Ltd Nominee

Whole-time Director

COMPLIANCE OFFICER

Sri A P Sarma

General Manager (Fin & Accts)

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:23414827
Email : gayatrisugar@sancharnet.in

FACTORY

Adloor Yellareddy Village
Sadasivnagar Mandal
Nizamabad District
Andhra Pradesh
Phone: (08468) 248558
Fax : (08468) 248559
E-mal : ncssugar@rediffmail.com

Ninth 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 16.09.2004 to 30.09.2004 (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.

9th Annual General Meeting

Day : Thursday

Date : September 30, 2004

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 **Ninth Annual General Meeting** of the members of the Company will be held on **Thursday the 30th day of September, 2004** 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 31st March, 2004 and the Profit and Loss Account for the year ended on 31st March, 2004 and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri N Nageswara Rao who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Sri TV Sandeep Kumar Reddy who retires by rotation and being eligible offer himself for reappointment.

4. To consider and if thought fit, to pass the following resolution as special resolution.

"RESOLVED THAT M/s. C B Mouli & Associates, Chartered Accountants, Secunderabad be and are hereby reappointed 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".

FOR AND ON BEHALF OF THE BOARD

T SUBBARAMI REDDY
CHAIRMAN

Place : Hyderabad
Date : July 29, 2004

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Ninth Annual Report**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the Ninth Annual Report of your company along with the Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

(Rs in lacs)		
Description	2003-04	2002-03
Sales	7764.74	8887.30
Increase/(Decrease) in stocks	(1318.71)	(1573.29)
Profit/(Loss) before depreciation and interest	621.42	898.38
Interest	1104.54	1619.01
Depreciation	380.23	378.88
Profit/(Loss) before tax	(863.35)	(1099.51)
Provision for tax	0.00	0.00
Profit/(Loss) after tax	(863.35)	(1099.51)

REVIEW OF OPERATIONS**i. Performance of the Season 2003-04**

Your Directors are pleased to report that during the year under review, the company has commenced its crushing operations on 20th October 2003 and closed the season on 20th March 2004. During this period, the company has crushed 4,31,009 MT of cane with an average recovery of 10.36 %.

ii. Prospects for the next season 2004-05

The Company is estimating to crush 4.50 lac MT of sugar cane in the coming season.

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 2004-2005 has been paid to the Stock Exchanges at Hyderabad and Mumbai.

DIRECTORS

Sri N Nageswara Rao and Sri TV Sandeep Kumar Reddy will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

During the year, Dr C N Gangadharan has resigned from the Board and your Directors place on record

the services rendered by Dr C N Gangadharan to the Company during his tenure as Director of the Company.

PREFERENTIAL ALLOTMENT

The Company has allotted on preferential basis 1,79,93,140 equity shares of Rs.10/- each fully paid to Promoters and financial institutions in terms of CDR package on 15.03.2004.

The Company also allotted 95,36,813,6% cumulative redeemable preference shares (CRPS) of Rs.10/- each fully paid in exchange by conversion of the existing 13% cumulative redeemable preference shares together with the accumulated dividend/interest on the 13% CRPS.

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 reappointment 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 company for the year 2004-05.

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 consistently and made judgements 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 31.03.04 and of the profit or 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.

RESTRUCTURING OF DEBT

Corporate Debt Restructuring Cell (CDR) Mumbai, has approved a debt restructuring package to the company during the year and all the member banks and financial institutions have given their consent for the same. The package has been implemented.

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., CDR, 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 29, 2004

Ninth Annual Report**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"> 1. The company has modified 2 catchalls of evaporators to prevent entrainment and to re-circulate the condensate water to boiler feed water. 2. Improved drainage in the Mills by changing the groovings and adding one more DSM Screen. |
| b) | Additional Investment and Proposals, if any, being implemented for reduction of Consumption of energy | : | <p>Additional investment Rs.8.00 lacs
Energy Audit was conducted by CII and they have given number of recommendations and the company is planning to implement the following during the year.</p> <ol style="list-style-type: none"> 1. Arresting of air infiltration in Boilers. 2. Install auto PH control and maintain CJ PH at 7.1. 3. Rectify steam traps in sulphurmelting station. |
| c) | Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production | : | Results in savings of energy. |
| 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 & OUTGO :

- | | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------------------------------------------------------------------|
| f) | Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans. | : | Exported 2302 Mts. of Sugar through Indian Sugar Exim Corporation |
| g) | Total Foreign exchange used | : | Total Foreign Exchange used Rs.1.07 Lacs |

FORM A

(See Rule 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current year (2003-04)	Previous year (2002-03)
A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) PURCHASED		
Units KWH (lacs)	4.18	3.81
Total Amount (Rs Lacs)	20.92	21.26
Rate/Unit (Rs.)	5.00	5.58
b) OWN GENERATION		
i) Through Diesel Generator		
Units KWH (lacs)	0.09	0.18
Unit per Ltr. of Diesel Oil- KWH	2.01	2.37
Cost/Unit (Rs.)	10.92	8.37
ii) Through Steam Turbine/Generator		
Units KWH (lacs)	210.41	196.32
Units per ton of Bagasse/paddy husk	147	220
Cost/Unit (Rs.)	2.04	1.35
2) COAL		
Qty. (Tons)	Nil	Nil
Total Cost (Rs lacs)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
3) PADDY HUSK		
Qty. (Tons)	Nil	Nil
Total Cost (Rs Lacs)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
4) BAGASSE		
Qty. (Tons)	143181	88900
Total Cost (Rs Lacs)	429.54	266.70
Cost Per Ton (Rs.)	300	300
5) FURNACE OIL		
Qty. (Tons)	Nil	Nil
Total Cost (Rs lacs)	Nil	Nil
Average Rate (Rs.)	Nil	Nil
6) DIESEL OIL		
Qty. (Ltrs)	4460	7600
Total Cost (Rs. lacs)	0.98	1.51
Average Rate (Rs.)	22.30	19.93
B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity Per Ton of sugar (KWH)	220	192