

Annual Report

1998 - 1999



**Girdharilal Sugar
And Allied Industries Ltd.**

TENTH ANNUAL GENERAL MEETING
ON WEDNESDAY, 29TH SEPTEMBER, 1999
 at
“NARMADA NAGAR” VILLAGE GHATWA
TEHSIL THIKRI, DIST. BARWANI M.P.
AT 11.00 A.M.

BOARD OF DIRECTORS

| | | |
|----------------------|---|------------------------------|
| SHRI RAJESH AGRAWAL | - | CHAIRMAN & MANAGING DIRECTOR |
| DR.G.P.TULSYAN | - | WHOLE-TIME DIRECTOR |
| SHRI G.R.JOSHI | - | DIRECTOR |
| SHRI M.S. BIDASARIA | - | DIRECTOR |
| SHRI RAKESH KAPOOR | - | (NOMINEE DIRECTOR, IFCI) |
| SHRI R.KRISHNAMURTHY | - | (NOMINEE DIRECTOR, IREDA) |

Shareholders are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as Copies of the report will not be distributed at the meeting.

LISTING OF SHARES

M.P. STOCK EXCHANGE, INDORE
 MUMBAI STOCK EXCHANGE, MUMBAI

AUDITORS

M/S. M. MEHTA & CO.,
 CHARTERED ACCOUNTANTS
 INDORE.

REGISTERED OFFICE & WORKS :

NARMADA NAGAR
 VILLAGE GHATWA
 TEHSIL THIKRI
 DIST. BARWANI (M.P.)

CORPORATE OFFICE :

107, CHETAK CENTRE, 1ST FLOOR
 12/2, R.N.T. MARG,
 INDORE - 452001

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NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Members of Girdharilal Sugar And Allied Industries Limited will be held on Wednesday, the 29th September 1999 at the Registered Office of the Company at Narmada Nagar, Village - Ghatwa, Tehsil - Thikri, Distt. - Barwani-(M.P.) at 11.00 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 1999, and the Profit & Loss Account for the year ended on that date together with the Auditors Report and the Directors Report thereon.
2. To appoint a Director in place of Shri G.R.Joshi, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri M.S. Bidasaria, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :-**5. To Enhance the Borrowing Limits of the Board of the Company.**

To Consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:-

"RESOLVED THAT in Supersession of resolution passed by the Share-holders in their General Meeting held on 30/09/93 consent of the Company be and is hereby accorded in terms of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time Subject to any restriction imposed by the terms of the Agreements entered in to or may be entered into from time to time for grant of loans to the Company by Financial Institution/ Banks any sum of sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Banker in the Ordinary course of business) may exceed the aggregate of the paid-up Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed shall not at any time exceed the limit of Rs.75.00 Crores Rupees (Seventy Five Crores).

6. To Consider the re-appointment of Shri Rajesh Agrawal as Managing Director of the Company and to fix their remuneration.

To Consider and if thought fit, to pass with or without modification (s) the following resolution as Special Resolution:-

"RESOLVED THAT pursuant to the provisions of the sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with schedule XIII, as amended, of the Companies Act, 1956, approval of the Company be and is hereby accorded that Shri Rajesh Agrawal be and is hereby re-appointed Managing Director of the Company for further period of five years from 01/09/99 to 31/08/2004 with a payment of remuneration on the terms & Conditions set out as below :-

I. SALARY

Salary of Rs.50,000/- P.M. (Rupees fifty thousand only) in the grade of Rs.50,000 - 5000 - 87500.

II. COMMISSION

1% of net profits in addition to salary & perquisites subject to ceilings laid down in Section 198 and 309 of the Act.

III. PERQUISITES

In addition to the above he shall be entitled to the following perquisites.

CATEGORY A**1. HOUSING :**

- i. The expenditure by the company on hiring furnished accommodation for Shri Rajesh Agrawal will be subject

to the following ceiling i.e. 60% of the salary, over and above 10% payable by Shri Rajesh Agrawal.

- ii. In case the accommodation provided to Shri Rajesh Agrawal is owned by the Company, 10% of the salary of Shri Rajesh Agrawal shall be deducted by the Company.
- iii. In case no accommodation is provided by the company, Shri Rajesh Agrawal shall be entitled to House Rent Allowance subject to the ceilings as laid down in Housing(i).

Explanation :

The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall however, be subject to a ceilings of 10% of the salary of Shri Rajesh Agrawal.

2. Medical Reimbursement :

Expenditure incurred for the self and family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.

3. Leave Travel Concession :

For self and family once a year in accordance with the rules of the company.

4. Club Fees :

Fees of clubs subject to a maximum of 2 clubs. This will not include admission and life membership fees.

5. Personal Accident Insurance :

For an amount the premium in respect of which shall not exceed Rs.4,000/- per annum.

CATEGORY B

He shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration as mentioned above.

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together are not taxable under the Income Tax Act, 1961,
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c. Encashment of leave at the end of the tenure.

CATEGORY C

Provision of car with driver and telephone at residence, provided that personal long distance calls on telephone and use of car for private purpose shall be recovered by the company.

"Further resolved that Board of Director of the company be and are hereby authorised to vary and / or modify terms and conditions related to the remuneration, commission, perquisites and yearly increment to be provided to Shri Rajesh Agrawal, Managing Director of the company in accordance with and as may be permitted by the companies Act, 1956 and schedule XIII for the time being in force and / or any amendments and / or modifications, including any guidelines or modifications or notifications as may be made by the Central Government from time to time."

"RESOLVED FURTHER THAT Shri G.R. Joshi, Director or Dr. G.P. Tulsyan, Director be and are hereby authorised severally to take the necessary steps to give effect to above resolution and file the necessary forms/documents to Registrar of Companies, Madhya Pradesh".

None of the Directors except Shri Rajesh Agrawal may be deemed to be concerned or interested in the resolution.

For and on behalf of the Board

Girdharilal Sugar And Allied Industries Limited

DATE : 16.07.99

PLACE: INDORE

Registered Office :-

Narmada Nagar, Village - Ghatwa,

Tehsil - Thikri, Distt. - Barwani (M.P.)

RAJESH AGRAWAL

Chairman & Managing Director

GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED**NOTES:-**

1. Member entitled to attend and vote at the Meeting is also entitled to appoint a proxy to attend and vote at the Meeting in his place and the Proxy need not be a Member of the Company.
2. The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Shareholders are requested to intimate change in their addresses, if any, immediately.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 21st September, 1999 to Wednesday, the 29th September, 1999 (both days inclusive).
5. Any query on the Annual General Meeting should be submitted in writing so as to reach the Registered Office of the Company at least 10 days before the date of Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5**

The Chairman informed the Board that Consent of the Shareholders under Section 293 (1) (d) of the Companies Act, 1956 to borrow money in excess of aggregate of the Paid-Up Capital and Free Reserves of the Company for a Sum of Rs.50.00 Crores was sought in their fourth Annual General Meeting held on 30th September, 1993. The above said Borrowing Limit of Rs.50.00 Crores needs to be enhanced in view of further Working Capital requirements, rescheduling of Loans, Expansion etc. Hence it is propose to enhance the limit of Rs.50.00 Crores to 75.00 Crores and it is necessary to seek the Consent of Share-holders in their Annual General Meeting.

ITEM NO. 6

Shri Rajesh Agrawal was re-appointed Managing Director of the Company for five years w.e.f. 01/09/94 by the Shareholders in their meeting held on 30th June, 1994 without any remuneration and perquisites, since he was receiving remuneration as Managing Director of Premier Proteins Limited. His appointment was in line with the Provisions of schedule XIII of the Companies Act, 1956 in force at that time. The Board of Directors in their meeting held on 5th June, 1996 has fixed the remuneration and perquisites of Shri Rajesh Agrawal, Chairman & Managing Director within the limites prescribed in part II of the schedule XIII of the Act, for remainder of his tenure from 01/04/96 to 31/08/99 and his remuneration was discontinued from Premier Proteins Limited.

The term of appointment of Shri Rajesh Agrawal as Managing Director of the Company is going to be expired on 31/08/99 hence Board of Directors recommends his re-appointment as Managing Director of the Company for further period of five years from 01/09/99 to 31/08/2004.

A copy of terms and conditions of appointment of Shri Rajesh Agrawal as approved by the Board of Directors in their meeting held on 16.07.99 is available for inspection by the Members at the Registered Office of the Company between business hours on any working days and will also be available for inspection at the forthcoming Annual General Meeting. The Directors recommend the resolution for adoption.

None of the Directors except Shri Rajesh Agrawal may be deemed to be concerned or interested in the resolution.

By Order of the Board

Girdharilal Sugar And Allied Industries Limited

DATE : 16.07.99

PLACE: INDORE

RAJESH AGRAWAL

Chairman & Managing Director

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting before you the 10th Annual Report of the Company alongwith the audited accounts for the year ended 31/03/99.

FINANCIAL HIGHLIGHTS

| | 1998-99 (Rs.in lacs) | 1997-98 (Rs.in lacs) |
|---|-------------------------|-------------------------|
| Sales | 1739.13 | 2318.92 |
| Gross Profit before Interest & depreciation | 137.07 | 219.23 |
| Interest & Financial Exp. | 1004.58 | 1231.77 |
| Depreciation | 202.51 | 202.26 |
| Net Loss | 1070.02 | 1214.80 |
| Less: Previous year adjustment | — | 2.50 |
| Add: Provisions for Doubtful Advances | — | 229.95 |
| | 1070.02 | 1442.25 |
| Add/Less: Brought forward balance | 1812.52 | 370.26 |
| Balance carried to Balance Sheet | 2882.54 | 1812.51 |

OPERATIONAL HIGHLIGHTS & FUTURE PROSPECTS

During the year under consideration the company has achieved turnover of Rs.1739.13 Lacs as against Rs. 2318.92 Lacs in the previous year. The net loss for the year after interest and depreciation is Rs. 1070.02 Lacs as compared to Rs. 1442.25 Lacs in the previous year.

Your Directors have pleasure in informing that inspite of non-cooperation and lack of support from State Bank of India, the Company could crush 1.4 lac MT of Sugarcane during the year as against 1.0 lac ton in previous year. However, the crushing achieved is still not sufficient to meet the higher cost of interest and other inputs. Efforts has been made to make timely payment to cane farmers to avoid diversion of sugarcane to the neighbouring area. This was possible by way of continued persuasion and follow up with Central Govt. (Dept. of Sugar) for releases of additional quota and also by way of advance money received from some customers against supply of sugar by the Company.

The recovery of sugar was lower in this year at 7.616% in comparison to 8.635% in the previous year. This was due to deterioration in the quality of sugarcane throughout the State due to excessive rains and crop diseases, such as Rat Rot and Payarilla. Our Cane Department is putting in best possible efforts to educate the farmers to avoid such occurrences. Your Directors however, inform you that suitable deductions has been made from the cane bills of the suppliers due to such inferior quality.

Due to liberal and unfavourable Import Policy of Govt. of India for the Sugar Industry and sluggish international price of sugar, huge quantity of sugar were imported into the country which led to lower realisation of sugar than expected. The average sale price of Molasses was much low in comparison to last year due to excess production.

The sugarcane crushing would have been more, had State Bank of India released balance Working Capital to the Company. However, the Bank did not cooperated and started recovery proceedings. The Company also preferred to revoke the working capital agreement with the Bank. The Bank had also withdrawn the Guarantee issued in favour of Govt. of India against sugar cane development fund assistance of Rs. 269.00 lacs.

The Govt. had delicensed the sugar industry during last year. The Govt. has also imposed duty on sugar import. Moreover, there is some relaxations with regard to sales quota. All the aforesaid factors will have the effect of increasing the sales

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realisation price to a respectable level.

The Company expects higher sugarcane crushing in the next year due to timely payment of sugarcane due to the cane farmers who had reposed confidence in the company and are increasing the area under sugarcane cultivation. The Directors are also trying to tie up working capital requirements from other sources, besides efforts for higher release of sale quota and advances from parties.

DIVIDEND

Due to operational loss during the year, no dividend is declared.

PUBLIC DEPOSIT

The company did not invite or accept any deposit from the public during the year under section 58 A of the Companies Act 1956.

FIXED ASSETS

During the year under review assets worth Rs. 8.27 Lacs only were acquired.

REFERENCE TO BIFR

During last year your Directors had informed that the Company has become a "Sick Industrial Company" within the meaning of Section 3(1)(0) of Sick Industrial Companies (Special Provision) Act, 1985 and accordingly as per Provision of Section 15 of the said Act, a reference was made to Board for Industrial And Financial Reconstruction (BIFR). The said reference was however, not found maintainable by BIFR.

Your Directors would like to inform you that as on 31/3/99, the Company had become a sick Industrial Company within the meaning of Section 3(1)(0) of Sick Industrial Companies (Special Provision) Act, 1985 and accordingly as required under Section 15 of the said Act, a reference would required to be made to Board for Industrial And Financial Reconstruction (BIFR) for the determination of measures which shall be adopted with respect to the company.

DIRECTORS

Shri R.K. Sharma resigned from the Directorship of the Company and hence ceased to be Director of the Company w.e.f. 31/12/98. The Board placed on record the valuable contribution made and services rendered by Shri R.K. Sharma to the Company.

Shri G.R. Joshi and Shri M.S. Bidasaria, Directors of the company retire by rotation and being eligible, offer themselves for reappointment. In view of the valuable contribution made by Shri G.R. Joshi and Shri M.S. Bidasaria for the progress of the company, the Board of Directors of your company recommended to the shareholders to re-appoint Shri G.R. Joshi and Shri M.S. Bidasaria as Directors of the company.

During the year IDBI has withdrawn their nomination of Shri Bismillah on the Board of the Company w.e.f. 14/10/98 and the Board considered the same and accepted the withdrawal in their Meeting held on 31/12/98.

PARTICULARS OF EMPLOYEES

A statement pursuant to the provision of Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 is appended and forms part of this report.

AUDITORS

The Statutory Auditors M/s. M. Mehta & Company, Chartered Accountants retire at the conclusion of the 9th General Meeting and being eligible, offer themselves for reappointment. The Directors recommended for approving reappointment of M/s. M. Mehta & Company, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING/ OUTGO

The Company has installed efficient equipment for energy conservation for electrical energy saving as well as fuel saving. The plant & machinery as well as manufacturing process conforms to the latest technology and trend in the industry. The above measures would lead to all round saving in cost and improved performance of the plant.

The information required under section 217(i)(e) of the Companies Act, 1956 read with Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988 with respect to these matters is appended here to and form part of this report.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the support by the Company from financial institutions, Banks, Union and State Governments, Farmers and the Employees.

For and on behalf of the Board
Girdharilal Sugar And Allied Industries Limited

RAJESH AGRAWAL

PLACE : INDORE CHAIRMAN & MANAGING DIRECTOR
DATE : 16.07.99

ANNEXURE TO THE DIRECTORS REPORT

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 and forming part of this Report.

A) Employed throughout the year and in receipt of remuneration aggregating not less than Rs. 6,00,000/- per annum

| No. | Name | Age (Yrs.) | Designation | Qualification | Remuneration (Rs.) | Experience (Yrs.) | Date of Commence- ment of Employment | Previous Employment |
|-----|--------------------|---------------|------------------------------------|-------------------|-----------------------|----------------------|--|------------------------|
| 1. | Mr. Rajesh Agrawal | 36 | Chairman & Managing Director | B.Com., M.B.A. | 914489 | 12 | 1.4.96 | - |

B) Employed for part of the year and in receipt of remuneration aggregating not less than Rs. 50,000/- per month.

NONE

Notes : 1. Gross Remuneration includes Salary, HRA, Employer's contribution to PF & provision for gratuity and cost of perquisites to the Company.