

14TH ANNUAL REPORT 2002-03

GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED

**FOURTEENTH ANNUAL GENERAL MEETING
ON MONDAY, 29TH SEPTEMBER 2003
at
"NARMADA NAGAR" VILLAGE GHATWA
THESIL THIKRI, DIST. BARWANI M.P.
AT 10.00 A.M.**

BOARD OF DIRECTORS

SHRI RAJESH AGRAWAL	-	CHAIRMAN & MANAGING DIRECTOR
DR.G.P.TULSYAN	-	WHOLE-TIME DIRECTOR
SHRI M.S. BIDASARIA	-	DIRECTOR
DR S.R.SHARMA	-	DIRECTOR
SHRI SUDAMA RAM	-	(NOMINEE DIRECTOR, IFCI)

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
THE NATIONAL STOCK EXCHANGE OF
INDIA, MUMBAI

AUDITORS

M/S.M. MEHTA & CO.
CHARTERED ACCCOUNTANTS
INDORE

REGISTERED OFFICE & WORKS :

NARMADA NAGAR,
VILLAGE - GHATWA,
TEH.- THIKRI, DISTT.- BARWANI(M.P.)

CORPORATE OFFICE :

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

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NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Girdharilal Sugar And Allied Industries Ltd., will be held on Monday, the 29th September, 2003 at the Registered Office of the Company at Vill. Ghatwa, Teh. Thikri, Dist. Barwani (M.P.) at 10.00 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, 2003, 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 M.S. Bidasaria who retires by rotation and being eligible offers himself for reappointment.
3. 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

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the Securities and Exchange Board of India (delisting of Securities) guidelines, 2003 and subject to such conditions and modifications as may be prescribed or imposed while granting such approval, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to delist the Equity Shares of the Company from all the Stock Exchanges but excluding the Stock Exchange, Mumbai and National Stock Exchange of India Ltd., where the companies shares are listed but including regional Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take all necessary steps in this regard in order to comply with the legal and/or procedural formalities, including authorising any committee of directors or any of the directors/officers/executives of the company to do all such acts, deeds or things to give effect to the above resolution.

By Order of the Board

**Girdharilal Sugar And Allied
Industries Limited**

DATE :29.08.2003

RAJESH AGRAWAL

PLACE:INDORE

Chairman & Managing Director

Registered Office :-

Narmada Nagar, Village - Ghatwa,
Tehsil - Thikri, Distt. - Barwani(M.P.)

NOTES:-

1. Members entitled to attend and vote at the Meeting are also entitled to appoint a proxy to attend and vote at the Meeting in their 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 Friday, the 26th September, 2003 to Monday, the 29th September, 2003 (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 OF THE COMPANIES ACT, 1956

Presently the Company's Equity Shares are listed on the following Stock Exchanges in India:

- 1) The Madhya Pradesh Stock Exchange, Indore, Regional Stock Exchange
- 2) The Stock Exchange, Mumbai
- 3) The National Stock Exchange of India Ltd., Mumbai
- 4) The Jaipur Stock Exchange Ltd., Jaipur
- 5) The Delhi Stock Exchange Association Ltd., Delhi
- 6) The Stock Exchange, Ahmedabad

The Securities And Exchange Board of India (SEBI) has vide SEBI (delisting of Securities) Guidelines issued in February, 2003 pursuant to which it is now proposed to seek the approval of the Members to delisting from all Stock Exchanges including regional Stock Exchange except BSE and NSE. With the wide and extensive networking of centres of BSE and NSE, the investors has access to online dealings in the Company's Shares across the country. The proposed voluntary delisting would further contribute to the cost reduction initiative taken across various functional areas of the Company. Pursuant to the SEBI (delisting of Securities) Guidelines, 2003 it is now proposed to seek the Member's approval by way of Special Resolution for voluntary delisting of Equity Shares of the company.

The proposed delisting is in interest of the Company and the Board recommends the resolution for acceptance by the Members.

None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board

**Girdharilal Sugar And Allied
Industries Limited**

DATE :29.08.2003

RAJESH AGRAWAL

PLACE:INDORE

Chairman & Managing Director

Registered Office :-

Narmada Nagar, Village - Ghatwa,
Tehsil - Thikri, Distt. - Barwani(M.P.)

GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED**DIRECTOR'S REPORT**

Dear Members,

Your Directors are presenting before you the 14th Annual Report of the Company along with the Audited Accounts for the year ended 31/03/2003.

FINANCIAL HIGHLIGHTS

	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
Sales	2974	1862
Gross Profit/(Loss) before Interest & depreciation and abnormal expenses	(21)	65
Interest & Financial Exp.	734	625
Depreciation	204	204
Stock Shortage written off	-	208
Previous Year Adjustments	2	60
Net Loss for the year	961	1032
Extraordinary items written off	(-) 229	(-) 2271
Balance (Profit)/Loss	732	(1239)
Brought Forward Losses	3413	4652
Balance carried to Balance Sheet	4145	3413

OPERATIONAL HIGHLIGHTS & FUTURE PROSPECTS

During the year under consideration the company has achieved turnover of Rs.2974 Lacs as against Rs. 1862 Lacs in the previous year. The Net Loss for the year after interest and depreciation but before extra ordinary items is Rs. 961 Lacs as compared to Rs.1032 Lacs in the previous year.

The Company, during the year, could crush a higher quantity of 1.40 lac Tons of Sugarcane as against 1.22 lac tons in the previous year. The Sugar recovery was also higher at 10% as against 9.95% in the previous year. Your Directors are glad to inform that the Company was able to bargain and reduce the average Sugarcane price to Rs.872/- PMT during the year as against Rs.1026 PMT in the previous year. The benefit of higher crushing, higher Sugar recovery and lower cane cost, however, could not be acquired by the Company due to the reason that the average sale price of Sugar was much lower at Rs.12680/- per MT in the current year as compared to Rs.13958/- per MT last year.

The lower sale price was mainly due to excess release of Sugar quantity in the market by a number of Sugar Mills including your Company with the help of Interim Orders obtained from the High Courts to make payments to Sugarcane farmers, in absence of availability of Working Capital.

Your Directors are pleased to inform you that in spite of aforesaid constraints and even in the absence of working capital facilities from bank, the company had almost made timely payments to cane farmers and workers of their dues. The company continues to manage working capital by adhering to customers' advance and suppliers' credit as in the earlier years.

The expected decontrol of sugar could not take place during the year. On the other hand the Central Govt. has recently tightened the norms of Sugar release.

Your Directors would like to mention that after a weak Monsoon for the last 2-3 years, the Monsoon seems to be normal till now in the current year and if the initial good spell of the rain

continues, the availability of sugarcane is likely to increase in the coming season which may improve the operations of the Company.

DIVIDEND

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

PUBLIC DEPOSIT

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

FIXED ASSETS

During the year under review the company acquired assets worth Rs. 2.34 lacs as against Rs.3.55 lacs in the previous year.

REFERENCE TO BIFR

During the year the Company was declared a Sick Unit by BIFR vide its order dated 17/9/02 in Case No.395/2000 BIFR had also appointed IFCI to act as an Operating Agency and to prepare and to submit a Techno Economic Viability Study (TEVS) of the Company. The TEVS is likely to be received shortly and immediately thereafter, the process of finalisation of Draft Revival Package will be expedited.

DIRECTORS

Shri M.S. Bidasaria, Director of the Company retire by rotation and being eligible, offer himself for reappointment. In view of the valuable contribution made by Shri M.S. Bidasaria, the Board of Directors of your company recommend re-appointment of Shri M.S. Bidasaria, as Director of the company.

Shri G.R. Joshi had recently submitted his resignation which was accepted by the Board in its Meeting held on 29th August 2003. The Board places on record its appreciation for the valuable contribution made by Shri G.R. Joshi towards various activities of the Company.

IREDA has also withdrawn the nomination of Shri R. Krishnamurthy from the Directorship of the Company and the same was accepted by the Board in its Meeting held on 29th August 2003. The Board places on record its appreciation for the valuable contribution made by Shri R. Krishnamurthy towards various activities of the Company.

PARTICULARS OF EMPLOYEES

The statement pursuant to the provision of Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 is not required since none of the employees has drawn not more than Rs.24,00,000/- per annum or Rs.2,00,000/- per month during the relevant year.

AUDITORS

The Statutory Auditors M/s. M. Mehta & Company, Chartered Accountants retire at the conclusion of the 14th 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.

AUDITORS REPORT

The Notes to the Accounts referred to in the Auditors Report are self explanatory and are properly dealt with in Schedule 'S' of the Annual Accounts. Your Directors, however, would like to briefly clarify the Auditors qualifications in Para '8' of the Report as follows:

- The Company has not made any adjustments in the Accounts towards enhanced liabilities to the tune of Rs.

3986 Lacs payable to sum FIs and also write back of interest written off in the previous year aggregating to Rs.2243 lacs payable to FIs in view of fresh OTS proposals being submitted to FIs as per the decision of the Board.

- (ii) The Company has already made requests to the Scheduled Banks for transferring unclaimed/unpaid Share Application Money to the credit of Investors Education and Protection Fund in compliance of Provision of Section 205C of the Companies Act, 1956.
- (iii) In view of BIFR order dt. 17/09/2002 the Company has (&) written back & provisions for doubtful advances of
- (iv) Rs.229.52 lacs. Accordingly provision for doubtful advances stands at Rs. NIL as on 31/03/2003.
- (v) The net deferred tax assets has not been recognized on a prudent consideration in absence of taxable income and in view of huge carried forward losses and unabsorbed depreciation.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the directors 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 March 31,2003, and of the Loss of the company for the year ended on that date.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company's Audit Committee constituted earlier with the independent Directors including Institutional nominees,

is working satisfactorily. The Audit Committee, in addition to its normal business, reviewed the Internal Audit systems and reporting, major accounting policies, quarterly results and annual accounts before submitting to the Board of Directors. During the year 2002-03, the Committee met 3 times.

Besides the Committee Members, President (Finance) of the Company and Senior representatives of Statutory Auditors firms an Internal Auditors Firms were also present at the Meeting to answer the queries raised by the Committee Members.

The Company is reviewing/finalising other aspects giving strength to the Corporate Governance in consultation with Auditors and Corporate Experts.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING /OUT GO

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
Chairman & Managing Director

DATE :29.08.2003
PLACE:INDORE

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.24,00,000/- per annum

NONE

B) Employed for part of the year and in receipt of remuneration aggregating not less than Rs.2,00,000/- 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.

GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED**INFORMATION REQUIRED UNDER THE COMPANIES
(DISCLOSURE OF PARTICULAR IN REPORT OF DIRECTOR) RULES, 1988****ANNEXURE****FORM-A**

Form for disclosure of particulars with respect to conservation of energy.

	<u>2002-03</u>	<u>2001-02</u>		<u>2002-03</u>	<u>2001-02</u>
A. POWER & FUEL CONSUMPTION :			4. Fire Wood		
1. Electricity :			Quantity (M.T.)	96.23	181.59
a. Purchased			Total Amount (Rs.)	96225.00	173234.00
Unit KWH	157213	221383	Average Rate (Rs.)	1000.00	953.99
Total Amount (Rs.)	1018903	1261440	5. Other / Internal Generation		
Average Rate / Unit (Rs.)	6.48	5.70	(Please give details)		
b. Own Generation			Steam used for driving prime movers & used in process		
i. Through Diesel Generator			Quantity Bagasse (M.T.)	N.A.	N.A.
Unit KWH	45892.00	48555.00	Total Cost (Rs.)	N.A.	N.A.
Unit per Litre of Diesel Oil	2.35	2.39	Rate / Unit (Rs.)	N.A.	N.A.
Cost / Unit (Rs.)	9.24	7.80	B. CONSUMPTION PER UNIT OF PRODUCTION :		
ii. Through Steam			Products (with) details		
Turbine / Generator			SUGAR		
Unit KWH	2772220	2772600	Unit (M.T.)	13992.00	12142.50
Unit per Kg. of Bagasse	0.22	0.22	Electricity (Kwh.)	21.26	18.23
2. Coal (Specify Quality and where used)			Diesel (litre)	1.41	1.67
Steam Coal used in Boiler			Furnace Oil (Litres)	N.A.	N.A.
Quantity (Tonnes)	N.A.	N.A.	Coal(Specify Quantity) (M.T.)	N.A.	N.A.
Total Cost (Rs.)	N.A.	N.A.	Other (Specify)		
Average Rate (Rs.)	N.A.	N.A.	a. Firewood (M.T.)	0.007	0.010
3. Furnance Oil			b. Bagasse (M.T.)	2.549	2.737
Quantity (K.ltrs.)	N.A.	N.A.			
Total Cost (Rs.)	N.A.	N.A.			
Average Rate (Rs.)	N.A.	N.A.			

Notes :-

- a. H.S.D. Oil consumed in Diesel Generator 19665 (20275) Litres Value Rs.423781/- (Rs.378737/-).
- b. Bagasse Consumed 35666.500 (33240.000) M.T.

FORM - B**1. CONSERVATION OF ENERGY :**

Bagasse generated out of cane crushing activities is being used by company for generation of power through steam turbine unit installed. Power thus generated is being used for captive consumption. Company has set up modern devices for saving energy.

2. TECHNOLOGY ABSORPTION AND RESEARCHED DEVELOPMENTS :

The company has put up technologically advanced modern sugar plant which will save energy and other input cost. Research and development activities in the area of sugar production as well as sugar cane cultivation is going on continuously. Results there of is satisfactory.

3. IMPACT OF MEASURES TAKEN :

The above measures would lead to all round saving in cost and improved performance of the plant.

4. FOREIGN EXCHANGE :

Earned : Rs. Nil
Out go : Rs. Nil

For And On Behalf Of The Board
Girdharilal Sugar And Allied Industries Limited

DATE :29.08.2003
PLACE:INDORE

RAJESH AGRAWAL
Chairman & Managing Director