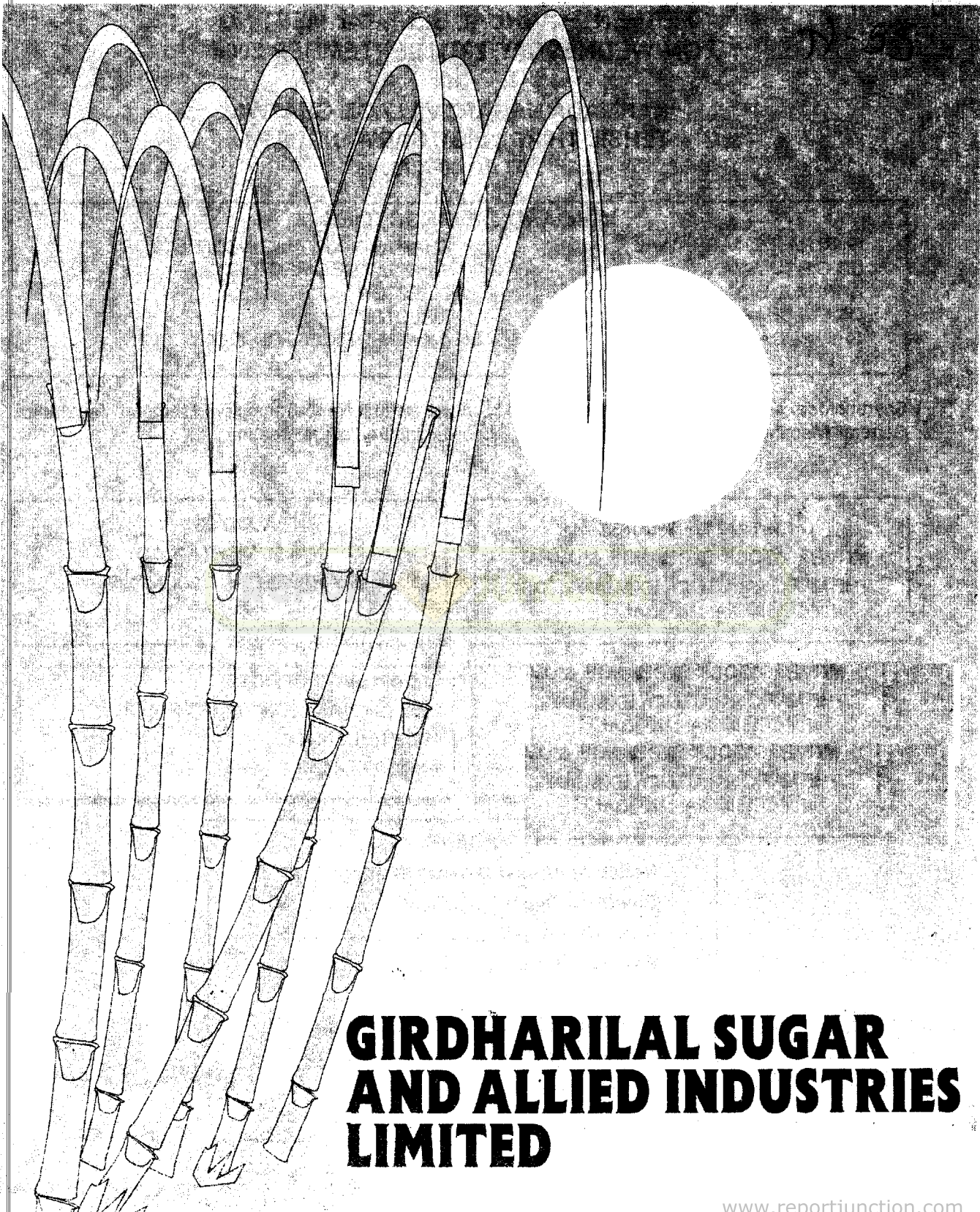


# 15TH ANNUAL REPORT 2003-04



**GIRDHARILAL SUGAR  
AND ALLIED INDUSTRIES  
LIMITED**

**FIFTEENTH ANNUAL GENERAL MEETING  
ON WEDNESDAY, 29TH SEPTEMBER 2004  
at  
"NARMADA NAGAR" VILLAGE GHATWA  
TEHSIL 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**

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 15th Annual General Meeting of the Members of Girdharilal Sugar And Allied Industries Ltd., will be held on Wednesday, the 29th September, 2004 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, 2004, 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 Dr. S.R. Sharma, 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 the reappointment of Shri Rajesh Agrawal as Managing Director of the Company and to fix the remuneration.

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 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 reappointed as Managing Director of the Company for further period of 5 years from 01/09/2004 to 31/08/2009 with a payment of remuneration on the terms and conditions set out as below :-"

**I. SALARY :** Salary of Rs.75,000/- P.M.(Rupees seventy five thousand only) in the grade of Rs.75,000 - 5000 - 100000.

**II. COMMISSION :** 1% of net profit in addition to salary & perquisites subject to ceilings laid down in Section 198 and 309 of the Companies Act.

**III. PERQUISITES :** In addition to the above, he shall be entitled to the following perquisites.

## CATEGORY A

## 1. HOUSING :

a) 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.

b) 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.

c) 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 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 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 enforce 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 Dr. G.P. Tulsyan, Director or Dr. S.R. Sharma, 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.

by order of the Board

**Girdharilal Sugar And Allied Industries Limited**

DATE : 31.07.2004

PLACE : INDORE

**RAJESH AGRAWAL**

Chairman & Managing Director

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



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

- 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.
- The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- Shareholders are requested to intimate change in their addresses, if any, immediately.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 23<sup>rd</sup> September, 2004 to Wednesday, the 29th September, 2004 (both days inclusive).
- 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**

**ITEM NO.4**

Shri Rajesh Agrawal was appointed as Managing Director of the Company in the meeting held on 16/07/1999 for a period of 5 years from 01/09/1999 to 31/08/2004 and Shareholders in their Annual General Meeting held on 29/09/1999 had approved the same.

The term of Appointment of Shri Rajesh Agrawal is going to be expired on 31/08/2004. The Board may consider re-appointment of him as Managing Director for further period of five years from 01/09/2004 to 31/08/2009 subject to approval of Shareholders in the ensuing Annual General Meeting.

A copy of terms and conditions of Appointment of Shri Rajesh Agrawal, as approved by the Board of Directors in their meeting held on 31.07.2004 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 :31.07.2004

**RAJESH AGRAWAL**

PLACE:INDORE

Chairman &amp; Managing Director

**Registered Office :-**

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

**DIRECTORS' REPORT**

Dear Members,

Your Directors are presenting before you the 15th Annual Report of the Company along with the Audited Accounts for the year ended 31/03/2004.

**FINANCIAL HIGHLIGHTS**

	2003-2004 (Rs. in lacs)	2002-2003 (Rs. in lacs)
Sales (Gross)	1910	2974
Gross Profit/(Loss) before Interest & depreciation and abnormal expenses	180	(21)
Interest & Financial Exp.	895	734
Depreciation	204	204
Previous Year Adjustments	2	2
Loss for the year	(921)	(961)
Deferred Tax Assets for the year	328	0
Net Loss for the year	(593)	(961)
Extraordinary items	0	229
Balance Profit / (Loss)	(593)	(732)
Brought Forward Losses	4144	3412
Deferred Tax Assets up to 31.03.03	1471	0
Balance carried to Balance Sheet	3266	4144

**OPERATIONAL HIGHLIGHTS & FUTURE PROSPECTS**

During the year under consideration the company has achieved turnover of Rs.1910 Lacs as against Rs. 2974 Lacs in the previous year. The Gross Profit (PBID) for the year is Rs.180 lacs against Gross Loss of Rs. 21 lacs during the previous year. The Net Loss for the year after interest and depreciation but before Deferred Tax Assets and extra ordinary items is Rs.921 Lacs as compared to Rs.961 Lacs in the previous year.

During the year, the Company had crushed a higher quantity of 1.73 lac Tons of Sugarcane as against 1.40 lac tons in the previous year, registering a growth of around 24%. The prices of Sugarcane, however, had gone up to Rs.945 per MT as against Rs.872 per MT in the previous year. Your Directors are glad to inform that the average sale price of Sugar in the current year was better at Rs.13213 per MT as against Rs.12680 per MT in the previous year.

Your Directors are further pleased to inform that the Company had made almost timely payment to Cane farmers and dues of workers, inspite of constraints of working capital which is managed by higher sale quantity with the help of interim court order.

Your Directors would like to mention that the Monsoon was normal in the year under consideration which resulted in higher crushing and growth. However, in the current year, till now, the Monsoon seems to be weak and unless the situation improves, the Company's operation may be effected in the coming year.

The production of Sugar in the Country is expected to be substantially lower in the Sugar season 2003-04 as compared to previous year and the same trend is expected to continue in the coming years. Due to shortfall in production, the sale price of Sugar had gone up in the market and the Company expects a better realization of Sugar in the coming year.

Your Directors are pleased to inform that Sardar Sarovar

Project on River Narmada has almost been completed, and the same will provide sufficient water for irrigation to the Sugarcane farmers of the area through canals, tributaries, ground water etc. This will increase Sugarcane crop in the area and your Directors expect better capacity utilization in future.

#### DIVIDEND

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

#### PUBLIC DEPOSIT

During the year the company did not invite any deposit from the public under section 58 A of the Companies Act, 1956. However the Company had obtained Inter Corporate Deposit from a Body Corporate.

#### FIXED ASSETS

During the year under review the company acquired assets worth Rs. 12.08 lacs as against Rs.2.34 lacs in the previous year.

#### REFERENCE TO BIFR

The Company was declared a Sick Unit by BIFR in the previous year. A Techno Economic Viability Study (TEVS) was conducted by Experts on the advice of BIFR and based on said TEVS, the Company had already submitted a rehabilitation package to IFCI (OA) which is under final appraisal.

#### DIRECTORS

Dr. S.R. Sharma, Director of the Company retire by rotation and being eligible, offer himself for reappointment. In view of the valuable contribution made by Dr. S. R. Sharma, the Board of Directors of your company recommend re-appointment of Shri S.R. Sharma, as Director of the company. Shri Rajesh Agrawal was earlier appointed Managing Director for a term of 5 years which expires on 31/8/04. Your Board recommends reappointment of Shri Rajesh Agrawal for a further period of 5 years as per fresh terms and conditions to be approved in the Annual General Meeting.

#### 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 15th Annual General Meeting and being eligible, offer themselves for reappointment. The Directors recommends for approving reappointment of M/s. M. Mehta & Co., 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:

- i) The Company has not made any adjustments in the Accounts towards enhanced liabilities to the tune of Rs.4339 Lacs payable to some FI's in view of OTS proposals submitted to FI's 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 dated 17/09/2002, the Company has in the previous year written back provisions for Doubtful Advances. Accordingly no fresh provision has been made for Doubtful Advances in view of the said order.
- iv) The net Deferred Tax Assets has been recognized on a prudent consideration in accordance with Accounting Standards-22.

#### 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, 2004, 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 Audit Committee constituted earlier is working satisfactorily. The Committee is quite helpful in strengthening the internal control procedures, MIS and other statutory matters.

During the year 2003-04 the Committee met 4 times.

Senior Executives of the Company, representatives from Statutory Auditors and Internal Auditors also attended the Committee Meeting, whenever necessary, to clarify the points being raised by the Committee Members.

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

#### 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 hereto 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

by Order of the Board  
Girdharilal Sugar And Allied  
Industries Limited

RAJESH AGRAWAL  
Chairman & Managing Director

DATE: 31.07.2004  
PLACE: INDORE

**GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED****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.

**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 conservations of energy.

	<u>2003-04</u>	<u>2002-03</u>		<u>2003-04</u>	<u>2002-03</u>
<b>A. POWER &amp; FUEL CONSUMPTION :</b>					
<b>1. Electricity :</b>			<b>4. Fire Wood</b>		
a. Purchased			Quantity (M.T.)	<b>45.27</b>	96.23
Unit KWH	<b>138718</b>	157213	Total Amount (Rs.)	<b>44368</b>	96225
Total Amount (Rs.)	<b>567176</b>	1018903	Average Rate (Rs.)	<b>980.08</b>	1000
Average Rate / Unit (Rs.)	<b>6.97</b>	6.48	<b>5. Other / Internal Generation</b>		
b. Own Generation			(Please give details)		
i. Through Diesel Generator			Steam used for driving prime movers &		
Unit KWH	<b>35250</b>	45892	used in process		
Unit per Litre of Diesel Oil	<b>1.89</b>	2.33	Quantity Bagasse (M.T.)	<b>N.A.</b>	N.A.
Cost / Unit (Rs.)	<b>11.88</b>	9.23	Total Cost (Rs.)	<b>N.A.</b>	N.A.
ii. Through Steam			Rate / Unit (Rs.)	<b>N.A.</b>	N.A.
Turbine / Generator			<b>B. CONSUMPTION PER UNIT OF PRODUCTION :</b>		
Unit KWH	<b>4150560</b>	2772220	Products (with) details		
Unit per Kg. of Bagasse	<b>0.22</b>	0.22	SUGAR		
<b>2. Coal (Specify Quality and where used)</b>			Unit (M.T.)	<b>17021</b>	13992.50
Steam Coal used in Boiler			Electricity (Kwh.)	<b>8.15</b>	11.24
Quantity (Tonnes)	<b>N.A.</b>	N.A.	Diesel (litre)	<b>1.09</b>	1.41
Total Cost (Rs.)	<b>N.A.</b>	N.A.	Furnace Oil (Litres)	<b>N.A.</b>	N.A.
Average Rate (Rs.)	<b>N.A.</b>	N.A.	Coal (Specify Quantity) (M.T.)	<b>N.A.</b>	N.A.
<b>3. Furnance Oil</b>			<b>Other (Specify)</b>		
Quantity (K.ltrs.)	<b>N.A.</b>	N.A.	a. Firewood (M.T.)	<b>0.003</b>	0.007
Total Cost (Rs.)	<b>N.A.</b>	N.A.	b. Bagasse (M.T.)	<b>2.643</b>	2.549
Average Rate (Rs.)	<b>N.A.</b>	N.A.			

Notes :- a. H.S.D. Oil consumed in Diesel Generator 18615(19665) Litres Value Rs.418744/- (Rs.423781/-).

b. Bagasse Consumed 45000.000 (35666.500) 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 RESEARCH AND 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 sugarcane 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 :** i) Earned : Rs. **NIL** ii) Out go : Rs. **NIL** For And On Behalf Of The Board

**Girdharilal Sugar And Allied Industries Limited**

**RAJESH AGRAWAL**

Chairman & Managing Director

DATE :31.07.2004

PLACE : INDORE

## AUDITORS' REPORT

To,  
The Members,  
Girdharilal Sugar And Allied Industries Limited,  
Village GHATWA, Dist. BARWANI (M.P.)

1. We have audited the attached Balance Sheet of **GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED, VILLAGE GHATWA** as at **31st March, 2004** and the relative Profit & Loss Account and the Cash Flow Statement for the Year ended on that date, which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis statement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
4. In our opinion, **Subject to note no.8 (b) regarding non provision of doubtful advances** proper books of account, as required by law, have been kept by the company, so far as appears from our examination of those books.
5. The Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
6. In our opinion the Balance Sheet and the Profit & Loss Account and the Cash Flow Statement dealt by this report are in compliance with the Accounting Standards referred to in Section 211 (3c) of the Companies Act 1956.
7. On the basis of written representation received from all the Directors of the Company and the information and explanation as made available, Directors of the Company do not prima facie have any disqualification as referred to in Clause (g) of Sub-Section (1) of the Section 274 of the Act, 1956.
8. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to :-
  - i. Note No. 4 (a) & (b) regarding non-provision of difference interest liabilities of Rs.4339 lacs. (Previous Year Rs. 3986 lacs.)
  - ii. Note No.5 for transferring of Funds of Investors Education & Protection Fund.
  - iii. Note No.8 (b) for non provision of doubtful advance to the tune of Rs.336.24 lacs (Previous Year Rs.336.24 lacs.)
  - iv. Note No.13 regarding accounting of Deferred tax assets.

We further report that without considering item mentioned at (ii) & (iv) above the effect of which is not there, had the observations made by us in paragraphs (i) & (iii) above been considered, the Loss for the year including prior year interest /adjustments would have been Rs.5267.97 lacs (as against the reported figure of Rs. 592.73 lacs), debit balance of Profit & Loss Account would have been Rs. 7940.88 lacs (as against the reported figure of Rs.3265.64 lacs), and read together with other notes there on give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

- a. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2004
  - b. In the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.  
and
  - c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.
- 9) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we further report that -
- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and unit wise situation of fixed assets.
  - (b) Physical verification of fixed assets was carried out during the year in accordance with the company's policy. In our opinion the frequency of verification is at reasonable intervals. No material discrepancies between the book records and the physical inventory were noticed.