

17TH ANNUAL REPORT 2005-06

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GIRDHARILAL SUGAR AND ALLIED INDUSTRIES LIMITED

**SEVENTEENTH ANNUAL GENERAL MEETING
ON SATURDAY, 23RD DECEMBER 2006
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 JAGDISH GARWAL	-	(NOMINEE DIRECTOR, IFCI)
SHRI MURARI PRASAD	-	DIRECTOR

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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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.

17th ANNUAL REPORT 2005-2006**NOTICE**

NOTICE is hereby given that the 17th Annual General Meeting of the Members of Girdharilal Sugar And Allied Industries Ltd., will be held on Saturday, the 23rd December, 2006 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, 2006 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.

by order of the Board
Girdharilal Sugar And Allied
Industries Limited

DATE: 24.10.2006
PLACE: INDORE

RAJESH AGRAWAL
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 Monday, the 18th December, 2006 to Saturday, the 23rd December, 2006 (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.

by order of the Board
Girdharilal Sugar And Allied
Industries Limited

DATE: 24.10.2006
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**DIRECTORS' REPORT**

Dear Members,

Your Directors are presenting before you the 17th Annual Report of the Company along with the Audited Accounts for the year ended 31/03/2006.

FINANCIAL HIGHLIGHTS

	2005-2006 (Rs. in lacs)	2004-2005 (Rs. in lacs)
Sales (Gross)	2942	3147
Gross Profit / (Loss) before Interest & Depreciation and abnormal expenses	452	387
Interest & Financial Expenses	768	806
Depreciation	204	204
Previous Year Adjustments	4	2
Loss for the year	(524)	(625)
Extraordinary Items	0	1900
Balance Profit / (Loss)	(524)	1275
Add: Fringe Benefit Tax	(1)	-
Add/Less: Provision for Deferred Income Tax	172	(520)
Balance carried to Balance Sheet	(353)	755

OPERATIONAL HIGHLIGHTS & FUTURE PROSPECTS

During the year under consideration the company has achieved turnover of Rs.2942 Lacs as against Rs. 3147 Lacs in the previous year. The Gross Profit (PBID) for the year is Rs.452 lacs against Rs. 387 lacs during the previous year. The Net Loss for the year after interest and depreciation but before Deferred Tax Assets and extraordinary items is Rs. 524 Lacs as compared to Rs.625 Lacs in the previous year. After considering Extraordinary items of Rs. Nil in the current year (previous year Rs.1900 lacs and provisions for Deferred Tax Liabilities and Fringe Benefit Tax of Rs.172 lacs (previous year Deferred Tax Assets of Rs.520 lacs), the balance losses work out to Rs.353 lacs during the year, as against balance surplus of Rs.755 lacs in the previous year.

During the year, the company had crushed a higher quantity of 1.57 lac tones of Sugarcane as against 0.93 lacs tones in the previous year, registering a growth of around 68%. The prices of Sugarcane, however, had gone up to Rs.1235 per MT as against Rs.1125 per MT in the previous year. Your Directors however, are glad to inform that the average sale price of sugar in the current year was better at Rs.18495 per MT as against Rs.16314/- per MT in the previous year.

During the year, the company has partly arranged working capital finance from Private Body Corporates against pledge of warehousing receipts issued by Central Warehousing Corporation Ltd. (CWC) with which the company has made strategic arrangement. Your Directors are pleased to inform that inspite of liquidity crunch, the company has made timely payment to cane farmers against supplies which should induce them to increase area of sugarcane cultivation.

Your directors would also like to mention that the country has received normal rains during the season which will ensure a bumper sugarcane crop. This may, though lead to higher sugarcane crushing in the coming year, result in lower sales realisation due to higher production and export benefit.

The huge benefits of Sardar Sarovar Project on River Narmada will be visible in the coming years. It is expected to boost Sugarcane crop in the area, as the Sugarcane farmers will get sufficient water for irrigation through canals, tributaries, ground water etc. Your Directors expect better capacity utilization in future.

DIVIDEND

Due to operational losses 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. 3.09 lacs as against Rs.2.43 lacs in the previous year.

REFERENCE TO BIFR

The Company is once again revising its Draft Revival Package in view of OTS arrangement with FIs recently finalised and hope to submit the same shortly for BIFR approval. The company expects various reliefs and concessions as per Draft Revival Package.

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 Dr. S.R. Sharma, as Director of the company.

17th ANNUAL REPORT 2005-2006**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 16th General Meeting and being eligible, offer themselves for reappointment. The Directors recommend 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:

- 1) The Company has not made any adjustment in the Accounts towards interest of Rs.5541 lacs payable to IFCI in view of Company's fresh proposal for One Time Settlement of dues being considered by them.
- 2) In view of BIFR Order dated 17/9/02, the Company has, in the previous years, written back provisions for doubtful advances to the tune of Rs.336.24 lacs. Accordingly no fresh provision has been made in the matter which has been reported by way of Note.

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, 2006, and of the Loss after extraordinary items 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 2005-06 the Committee met 5 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/OUTGO

The Company has installed efficient equipment for energy conservation for electrical energy saving as well as fuel saving.

The Company has plan to install additional pollution control equipments for preventing Air and Water pollution.

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

DATE : 24.10.2006
PLACE : INDORE

RAJESH AGRAWAL
Chairman & Managing Director

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>2005-06</u>	<u>2004-05</u>		<u>2005-06</u>	<u>2004-05</u>
A. POWER & FUEL CONSUMPTION :			4. Fire Wood		
1. Electricity :			Quantity (M.T.)	48.190	87.535
a. Purchased			Total Amount (Rs.)	61295	113649
Unit KWH	125972	139489	Average Rate (Rs.)	1271.94	1298.00
Total Amount (Rs.)	828240	886303	5. Other / Internal Generation		
Average Rate / Unit (Rs.)	6.57	6.35	(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	56386	53854	Total Cost (Rs.)	N.A.	N.A.
Unit per Litre of Diesel Oil	2.32	2.00	Rate / Unit (Rs.)	N.A.	N.A.
Cost / Unit (Rs.)	13.94	14.39	B. CONSUMPTION PER UNIT OF PRODUCTION :		
ii. Through Steam			Products (with) details		
Turbine / Generator			SUGAR		
Unit KWH	3475560	2453400	Unit (M.T.)	15330.20	8705.50
Unit per Kg. of Bagasse	0.22	0.22	Electricity (Kwh.)	8.22	16.02
2. Coal (Specify Quality and where used)			Diesel (litre)	1.59	3.09
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.)	0.003	0.010
3. Furnace Oil			b. Bagasse (M.T.)	2.640	2.233
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 24330(26927) Litres Value Rs.785944/- (Rs.775183/-).
b. Bagasse Consumed 40510.225 (19438.682) 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 :24.10.2006

PLACE :INDORE

17th ANNUAL REPORT 2005-2006**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, 2006** 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 misstatement. 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. 6 (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 Subsection 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 (c) regarding non provision of difference interest liabilities of Rs. 5541 Lac (Previous Year Rs. 4480 Lac) in respect of Loan from IFCI only.
 - ii. Note No. 6 (b) for non provision of doubtful advance to the tune of Rs. 336.24 lac (Previous Year Rs. 336.24 lac)

We further report that had the observations made by us in paragraphs (i) & (ii) above been considered, the Loss for the year including prior year interest/adjustments would have been Rs. 6230.41 lac (as against the reported figure of Rs. 353.17 Lac Loss), debit balance of Profit & Loss Account would have been Rs. 8740.97 lac (as against the reported figure of Rs. 2863.73 lac), and read together with other notes thereon 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 31/03/2006.
 - 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) The nature of the company's business/activities during the year was such that clause (xii) (xiii) and (xiv) of the paragraph 4 of the companies (Auditors' Report) order 2003 are not applicable to the company.
 - (ii) (a) The company has maintained 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 of all the assets at reasonable intervals having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical verification were noticed.
 - (c) During the year the company has not sold substantial part of fixed assets.