

INDIAN SUCROSE LIMITED

13th

Annual Report 2003-2004

INDIAN SUCROSE LIMITED = _____ **ISL** = _____

(FORMERLY KNOWN AS OSWAL SUGARS LTD.)

MANAGEMENT

BOARD OF DIRETORS

| | |
|----------------------|-------------------|
| Sh. D. P. Singh | Chairman |
| Sh. Deepak Yadav | Managing Director |
| Sh. Jitander Singh | Director |
| Sh. Ashwani Dewan | Director |
| Sh. Sundeep Chawdhry | Director |
| Sh. H.S. Khorle | Director |

COMPANY SECRETARY

Sh. Anand Khandelwal

Auditors

M/s Garg R. Kumar & Associates
Chartered Accountants,
Ghaziabad.

BANKERS

Punjab Naional Bank

REGD. OFFICE & WORKS

G.T. Road
Mukerian - 144211.
Distt. Hoshiarpur (Pb.)

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INDIAN SUCROSE LIMITED**ISL****NOTICE**

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on Thursday, the 30th day of September, 2004 at 11:00 AM, at the Registered Office of the Company at G.T. Road, Mukerian-144211, Distt. Hoshiarpur (Punjab), to transact the following business:-

Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation"

By Order of the Board of Directors
For INDIAN SUCROSE LIMITED

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2004 and the Balance Sheet as on that date along with the Report of the Board of Directors and Auditors' thereon

Place : MUKERIAN
Date : 31st July ,2004

(Anand Khandelwal)
COMPANY SECRETARY

2. To appoint a Director in place of Sh. D.P. Singh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and for the purpose to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Garg R. Kumar & Associates, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration and other expenses, incidental to the audit, as may be fixed by the Chairman of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Sundeep Chowdhry, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office under section 260 of the Companies

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant records of the company open for inspection by members as per provisions of the Company Law can be inspected at the Registered Office of the company on any working day between 10:00 a.m. to 12:00 noon
3. The members are requested to notify the change in their addresses, if any to the company immediately.
4. Members desiring any information on the Accounts are requested to write the company at least 10 days prior to the date of this Meeting to enable the Management to keep the information ready at the time of meeting.
5. Members are requested to bring their copies of Annual Report at the Meeting.

INDIAN SUCROSE LIMITED ISL

6. The Register of Members and Share Transfer Books of the Company will remain close from Friday, 24th September 2004 to Thursday, 30th September 2004 (both days inclusive), for Annual Closing.
7. The members are requested to make their all correspondence with the Company at G.T. Road, Mukerian-144211, Distt. Hoshiarpur (Punjab)
8. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items as set out in Special Business, is annexed herewith.
9. Members are requested to furnish the Nomination Form in the prescribed Performa in case they wish to avail the Nomination facility given by the Companies Act, 1956.
10. Appointment/Re - appointment of Directors
At the ensuing Annual General Meeting Sh. D.P. Singh retire by rotation and have his desire to offer himself for re-appointment. The information or details to be provided for the aforesaid Director under Corporate Governance Code is as under :
 - a) Sh. D.P. Singh is an Ex-member of Parliament and industrialist. He is serving on the Board of various companies namely Yadu Sugar Limited, Dharamputra Builders Pvt. Ltd., Yadu Overseas Limited & Yadu Resorts (India) Limited.

As required under Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Sundeep Chawdhry as a Director alongwith a deposit of Rupees five hundred. Mr. Sundeep Chawdhry is by profession an advocate and have good experience in dealing with civil and other money related cases. The Board considers it desirable that the company should continue to avail the services of Mr. Sundeep Chawdhry.

By Order of the Board of Directors
For INDIAN SUCROSE LIMITED

Place : Mukerian
Date : 31st July ,2004

(Anand Khandelwal)
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Mr. Sundeep Chawdhry was appointed as an Additional Director of the Company on 15th day of November 2003 by the Board of Directors of the company. As per the provision of Section 260 of the Companies Act, 1956 he holds office as Director only upto the date of the ensuing Annual General Meeting.

INDIAN SUCROSE LIMITED**ISL****DIRECTORS' REPORT**

The Members,
Indian Sucrose Limited

Your Directors take great pleasure in presenting the 13th Annual Report of your company alongwith the Audited Statement of Accounts for the year ended on 31st March, 2004 and the Auditors' Report thereon.

1. NAME CHANGE :

During the year the name of the Company has been changed from Oswal Sugar s Limited to Indian Sucrose Limited with effect from 4th December 2003 as per resolution passed by the members in the last Annual General meeting and subsequent approval of Central Government dated 4th December 2003.

2. FINANCIAL RESULTS :

The Financial results for the year are as under :

| | (Rs. in Lacs) | |
|---|----------------------|----------------|
| | 2003-04 | 2002-03 |
| Turnover | 4569.81 | 3949.53 |
| Profit before Depreciation | 683.08 | 463.02 |
| Interest & Tax (PBDIT) | | |
| Interest & Financial Expenses | 202.27 | 124.97 |
| Profit before Depreciation & Tax (PBDT) | 480.81 | 338.05 |
| Depreciation | 259.27 | 211.24 |
| Profit before Tax (PBT) | 221.54 | 126.81 |
| Provision for tax | -- | -- |
| Profit after tax (PAT) | 221.54 | 126.81 |
| Earning per shares | 1.44 | 0.82 |

The turnover of the company , during the year, increased from previous year turnover of 3949.53 lacs to 4569.81 lacs, showing a total growth of 15.71% over the previous year.

During the year, the plant capacity had been expanded from 2500 TCD to 3500 TCD. The cost of expansion had partly been financed through Term Loan availed from Punjab National Bank. The amount of interest & other financial charges has been higher due to the fresh Term Loan and Cash Credit facility availed from Punjab National Bank. The Net Profit of the company has significantly increased to 221.54 lacs in this year as compared to 126.81 lacs in the previous year.

3. MANAGEMENT DISCUSSION & ANALYSIS REPORT**(a) OPERATIONAL REVIEW :**

During the year under review, your Company has crushed 3829284 QTLS of Sugarcane and produced 395491 BAGS of sugar in 166 crushing days, as compared to previous years crushing of 2658302 QTLS of sugarcane and production of 250801 BAGS of Sugar in 178 crushing days. The capacity utilization of the plant increased from 59.74% in the previous year to 65.91% in current year. The average recovery also have marginally improved from 9.52% to 10.34 % during the year under review.

(b) INDUSTRIAL SCENARIO :

Sugar Industry, in particular, have faced some of the toughest years ever faced by the industry. However., the things are coming on the track and sugar prices are surging to a remunerative level after witnessing a continuing lowest end price for last couple of years. Further liberalization policy of Government for releasing more quantity of non-levy sugar as well as no import policy shall add its best to the bottom line of the industry. The plant capacity of the company has been increased during the year from 2500 TCD to 3500 TCD to make it cost effective and competitive on operational front. However, the lower production of sugarcane has become a matter of worry compelling to decrease the number of crushing days to 166 days during this year, compared to 178 days during previous year.

(c) RESOURCE UTILISATION :

The position of liquidity and capital resources of the company is given below :

| | (Rs. in Lacs) | |
|------------------------------------|----------------------|----------------|
| Cash & Cash equivalents | 2003-04 | 2002-03 |
| Beginning of the year | 374.95 | 61.25 |
| End of the year | 245.53 | 374.95 |
| Net cash Provided (used) | | |
| Operating Activities | (82.03) | 1467.87 |
| Investing Activities | (1733.96) | (483.83) |
| Financing Activities | 1686.57 | (670.35) |

INDIAN SUCROSE LIMITED**ISL****(d) INTERNAL CONTROL SYSTEM :**

The company has well defined internal control system. The company takes abundant care to design, review and monitor the working of internal control systems. Internal Audit in the organization is an appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

(e) SIGNIFICANT DEVELOPMENTS & FUTURE PLANS

In the implementation of future plans, as announced last year, we are pleased to inform you that the company has acquired M/s Rangar Breweries Ltd., having distillery unit at Mehatpur, Distt. Una, Himachal Pradesh. With this acquisition M/s Rangar Breweries Ltd., has become the subsidiary of our company. This will help the company to strengthen the bottom line of the company through vertical integration as the molasses, which is the by product of sugar mill is the main raw material for the distillery. The company is also looking forward for acquisition of others sugar plant and /or to diversify in other related industries.

(f) LISTINGS :

As you are aware that the trading of the Shares of your Company had been suspended by the Bombay Stock Exchange since last couple of years. We are in regular conversation with Bombay Stock Exchange for the revocation of suspension and hope that the trading in the shares of the Company would be resumed in very near future. Further the company is complying with procedure to delist the Shares of the company from other Stock Exchanges. The Shares of your Company shall continue to be listed on Bombay Stock Exchange.

4. DIRECTORS

Sh. D.P. Singh, Director of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

During the year, Sh. Sundeep Chawdhry was

appointed by the Board of Directors of the Company as Additional Director. The term of Sh. Sundeep Chawdhry expires on the date of ensuing Annual General Meeting. A notice has been received from a member proposing him as a Director of the company. Your Director recommend his continuance as Director. Further, during the year Sh. M.K. Katara had resigned from the Directorship of the company. The Directors place on record their gratitude for the valuable services rendered by him during his tenure of Directorship.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have 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 at the end of the financial year and of the profit of the company for the period;
- iii) 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; and
- iv) the annual accounts have been prepared on a going concern basis.

6. FIXED DEPOSITS

your company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on Balance Sheet date.

INDIAN SUCROSE LIMITED**ISL****7. CORPORATE GOVERNANCE**

A separate section on Corporate Governance is including in the Annual Report under Annexure-II to this report. The certificate from the company's Auditors, confirming the terms of Corporate Governance as stipulated in the clause 49 of the listing Agreement with the Stock Exchange is annexed thereto.

8. AUDITORS

M/s Garg R. Kumar & Associates, Chartered Accountants, Ghaziabad, retire at the conclusion of the forthcoming Annual General Meeting and being, eligible, offer themselves for re-appointment.

9. AUDITORS' REPORT

The Auditors' Report on the Accounts is self explanatory and requires no comments.

10. COST AUDITORS

M/s V. Gupta & Company Cost Accountants, Bahadur Garh. For the Year. 2004-2005 has been appointed as the Cost Auditors for the year 2004-2005 and their report will be submitted to the Department of Company Affairs, Government of India, in accordance with the requirement of Law.

11. PARTICULARS OF EMPLOYEES U/S 217(2A)

The Company has not paid remuneration to any employee of the Company beyond the prescribed limit under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended to date. Hence no particulars are required to be given under this section.

12. DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 AND LISTING AGREEMENT OF STOCK EXCHANGES.

The company continued to maintain harmonious and cordial relation with its workers, which enabled it to achieve this turnaround of the company. On Human resources front, your company regards human capital as one of its

core assets and the reason of its stability and growth. Your company is keen to further develop the core strength and competencies of individuals to help them grow through training, motivation schemes and other skill development measures.

13. ACKNOWLEDGMENT

Your Directors are pleased to place on record their sincere gratitude to the Government Authorities & Bankers for their continued and valuable co-operation and support to the company.

Your Directors express their deep appreciation for the devoted and sincere efforts put in by the members of the team at all levels of operation in the company during the year.

For and on behalf of the Board

Place : MUKERIAN
Date : 31st July, 2004

(D.P. SINGH)
Chairman

INDIAN SUCROSE LIMITED**ISL****ANNEXURE - I TO DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2004

(A) CONSERVATION OF ENERGY

- (a) The Company has installed most modern equipments in the plant and is able to save and minimise energy consumption.
- (b) Total energy consumption and energy consumption per unit of production :

POWER AND FUEL CONSUMPTION

| | Current Year | Previous year |
|---|--------------|---------------|
| 1. ELECTRICITY | | |
| a) Purchased | | |
| Units | Nil | 720075 |
| Amount (in Lacs) | Nil | 26.52 |
| Rate/Unit(in Lacs) | Nil | 3.68 |
| b) Own Generation | | |
| i) Through Diesel Generator | | |
| Units | 715125 | 102830 |
| Unit per Ltr. of Diesel Oil | 4.09 | 5.25 |
| Rate/Unit (in Rs.) | 5.17 | 3.41 |
| ii) Through Steam Turbine Generation | | |
| Units | 17678958 | 13958006 |
| Units Per Ton of Fuel | 165.18 | 177.60 |
| Rate/Unit | Nil | Nil |
| (Being Generated out of steam required for process) | | |
| Bagasse | | |
| Quantity M.T. | 107028 | 78590 |
| Total Cost (Rs.In Lacs) | 536.14 | 395.15 |
| (Estimated due to own generation) | | |
| Average Rate (in Rs.) | 500.93 | 502.80 |

2. CONSUMPTION UNIT OF PRODUCTION

| | (IN M.T.) | | |
|---------------------|-----------|------------------|--------------------|
| | Standard | Actul Curent Yr. | Actul Previous Yr. |
| Electricity (Units) | 350 | 446.11 | 589.35 |
| Bagasse (M.T.) | 3.00 | 2.70 | 3.13 |

(B) TECHNOLOGY ABSORPTION (R&D)

1. Research & Development (R & D)
The Company is regularly carrying on research and development for the development of Sugar Cane in the area.
2. Agricultural implements, fertilizers, pesticides and cane seeds are supplied to the cane growers on loan basis and at subsidised rates.

3. Expenditure incurred on R & D

| | Current Year (Rs. in Lacs) | Previous Year (Rs. in Lacs) |
|--|-------------------------------|--------------------------------|
| a) Capital | -- | -- |
| b) Recurring | 18.93 | 12.14 |
| c) Total | 18.93 | 12.14 |
| 4. Total Expenditure as Percentage of turnover | 0.41 | 0.31 |
| | -- | -- |

5. Technology absorption, adoption and innovation:
- i) The Company has adopted latest technology in the plant to maximise production, better quality, and to minimise consumption of energy.
- ii) The Company has implemented its own Effluent Treatment Plant of latest technology.
- iii) Technology imported during the last five years - Nil

(C) FOREIGN EXCHANGE EARNING & OUTGO

- (a) Total Foreign Exchange earned Rs. Nil
(previous Years Rs. 117.35 Lacs)
- (b) Total Foreign Currency used- Nil

INDIAN SUCROSE LIMITED**ISL****CORPORATE GOVERNANCE****ANNEXURE-II TO DIRECTORS' REPORT****Company's Philosophy on Corporate Governance**

The concept of Corporate Governance assumes great deal of importance in the business life of the Company. Transparency and accountability leading to management reliability are the touchstone of Corporate Governance. The ultimate objective of Corporate Governance is to achieve higher levels of effectiveness at all levels of operations and thereby to enhance Shareholders value in the long term.

1. BOARD OF DIRECTORS**(a) Composition:**

As on March 31, 2004, the Board of Directors of the Company consists of six Directors, out of which three are independent Directors and one is Whole Time Director.

| Name of Director | Category | No. of other Directorship | No. of Other Committee Membership | No. of other Committee Chairmanship |
|----------------------|---------------------------------|---------------------------|-----------------------------------|-------------------------------------|
| Sh. D.P. Singh | Chairman | 4 | - | - |
| Sh. Deepak Yadav | Non Executive Managing Director | 2 | - | - |
| Sh. Jitender Singh | Non Executive | 5 | 2 | 1 |
| Sh. Ashwani Dewan | Independent | 6 | 2 | 1 |
| Sh. H.S. Khorle | Independent | - | - | - |
| Sh. Sundeep Chawdhry | Independent | - | - | - |

(b) Board Meetings :

During the financial year 2003-2004, nine meetings of the Board of Directors were held on 7th April, 25th June, 31st July, 15th Sep., 3rd Oct., 31st Oct., 15th Nov., 29th Dec., and 31st January and the attendance of the Directors in these meetings were as follows:

| Name of Director | Board Meeting | |
|------------------------|---------------|---------|
| | Held | Present |
| Sh. D.P. Singh | 9 | 3 |
| Sh. Deepak Yadav | 9 | 9 |
| Sh. Jitender Singh | 9 | 7 |
| Sh. H.S. Khorle | 9 | - |
| Sh. M.K. Katara* | 9 | 5 |
| Sh. Ashwani Dewan | 9 | 9 |
| Sh. Sundeep Chaudhary# | 2 | 2 |

* Resigned during the year

Appointed during the year

2. AUDIT COMMITTEE :**COMPOSITION, NAME OF MEMBERS & CHAIRMAN**

The Audit Committee of the company presently consists of 4 Non-Executive Directors out of which 3 are Independent Directors. During the year Mr. Sundeep Chawdhry was inducted as the member of the Committee. The Chairman of the Audit Committee is an independent Director.

The Composition of the Audit committee is as follows :

| | |
|----------------------|----------|
| Sh. Ashwani Dewan | Chairman |
| Sh. Jitender Singh | Member |
| Sh. H.S. Khorle | Member |
| Sh. Sundeep Chawdhry | Member |

(B) NUMBERS OF AUDIT COMMITTEE MEETINGS HELD, DATES AND PRESENCE

The Audit Committee met 4 times during the year on 25th Jun 2003, 31st July 2003, 31st Oct. 2003, and 31st January 2004. The attendance of the members of the committee is given below :

| Committee Members | Meetings Held | Meetings Attended |
|--|---------------|-------------------|
| Sh. Ashwani Dewan | 4 | 4 |
| Sh. Jitender Singh | 4 | 4 |
| Sh. H.S. Khorle | 4 | -- |
| Sh. Sundeep Chawdhry | 1 | 1 |
| Also Present: | | |
| Sh. K.K. Verma, Cost Auditor (on behalf of M/S Verma, Verma & Associates, Cost Accountants) | 4 | 2 |

(C) TERMS OF REFERENCE

The terms of reference of the Audit Committee are mainly to see the effectiveness of the operation of the audit function of the Company, review the systems and procedures of internal control, oversee the company's financial reporting process, review with management the periodical and annual statements before submission of the Board.

The Committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring that adequate followup action is taken by the management. In addition, the Committee reviews the performance of the Company's Auditors to ensure the effectiveness of the Audit procedure.