



ANNUAL REPORT 1999-2000



**The India Sugars
& Refineries Limited**



THE INDIA SUGARS & REFINERIES LIMITED

BOARD OF DIRECTORS :

Sri. Rajendra Prasad R. Morarka Chairman cum Managing Director
Sri. Siddharth R. Morarka Executive Director
Sri G. S. Shekhawat Wholetime Director
Sri. Rahul R. Morarka
Sri. M. N. Medhekar
Sri. G. V. Shantharaju
Sri. K. P. Medhekar
Sri. A. Vamanan

COMPANY SECRETARY :

Sri. K. Sethuraman

AUDITORS :

M/s. M. S. Krishnaswami & Rajan,
Chartered Accountants,
22, Sambasivam Street, Chennai-600 017.

BANKERS :

State Bank of India

REGISTERED OFFICE :

Chitwadgi,
Hospet - 583211
Dist. Bellary
Karnataka

CORPORATE OFFICES :

Bank of Baroda Bldg., 5th Floor,
12, Mumbai Samachar Marg,
Fort, Mumbai - 400 023.

102, Midford House,
1, Midford Gardens,
Bangalore - 560001

STOCK EXCHANGE WHERE COMPANY'S SECURITIES ARE LISTED

Bangalore Stock Exchange Ltd.	Madras Stock Exchange Ltd.
Stock Exchange Towers	Exchange Bldg., P. B. No. 183,
51, 1st Cross, J. C. Road,	11, Second Line Beach,
Bangalore - 560 027.	Chennai - 600 001.

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street,
Mumbai - 400 001.



THE INDIA SUGARS & REFINERIES LIMITED

DIRECTORS' REPORT

TO:
THE MEMBERS

Your Directors present their SIXTY SIXTH ANNUAL REPORT and the Accounts of the Company for the year ended 30th September, 2000.

FINANCIAL RESULTS :

	1999-2000	(Rs. In Lakhs) 1998-99
Profit before Financial charges and Depreciation	94.13	103.97
Less : Financial charges	438.23	481.14
Depreciation	54.72	54.37
	<u>492.95</u>	<u>535.51</u>
Profit \ Loss (-)	(-) 398.82	(-) 431.54
Add : Transfer from Investment Allowance Reserve	-	2.71
Net Profit \ Loss (-)	(-) 398.82	(-) 428.83
Less : Provision for taxation	-	0.43
	<u>(-) 398.82</u>	<u>(-) 428.40</u>
Add : Profit/Loss(-)brought forward from the previous year	(-) 769.52	(-) 341.12
Balance of Profit / Loss (-)	(-) 1168.34	(-) 769.52
Carried to Balance Sheet	<u>(-) 1168.34</u>	<u>(-) 769.52</u>

In view of the losses, no dividend is recommended.

WORKING RESULTS :

The working figures of the company for the season 1999-2000 along with the figures of 1998-99 season are given below:

	1999-2000 season	1998-99 season
Date of Commencement of crushing operations	01-02-2000	15-12-1998
Date of Closure of crushing operations	24-06-2000	13-06-1999
Gross Season days	145	180
Sugarcane handled (Input) MT	2,05,931	2,49,672
Sugar produced (Output) Qtls.	1,98,465	2,47,255
Recovery	9.52 %	9.90 %

Your Company has crushed 2,05,931 MT of sugarcane and produced 19,847 MT of sugar during the year 1999-2000 as against 2,49,672 MT of sugarcane crushed and produced 24,726 MT of sugar during the corresponding previous year i.e., 1998-99.

Your Company's turnover was Rs.2894.82 lacs for the year 1999-2000 (previous year Rs.2071.00 lacs).

SUGARCANE POLICY AND SUGARCANE PRICE :

Government of India had fixed the Statutory Minimum Sugarcane Price (SMP) at Rs.561.00 per MT, linked to a basic recovery of 8.5% for the Season 1999-2000. On this basis, the Statutory Minimum Price applicable to your company works out to Rs.699.60 per MT. Ultimately, by compulsion the company had to pay the sugarcane price of Rs 800/- per MT, which includes the purchase tax rebate and unloading charges.

SUGAR POLICY AND SUGAR PRICE :

Government of India had continued the levy Sugar Price of the previous sugar season 1998-99 for the sugar season 1999-2000 also and accordingly the price applicable to your company was Rs.1028.37, per quintal.

Government of India subsequently revised the levy Sugar Price for 1999-2000 season and accordingly the price applicable to your company is Rs 1102.72 per quintal. The ratio of levy and free sale sugar has been changed from 40% : 60% to 30% : 70%, from 1-1-2000 onwards.

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**REVIVAL OF THE COMPANY :**

As informed in the last report, upon a reference made by your company under the Sick Industrial Companies (Special Provisions) Act, 1985, the Board for Industrial and Financial Reconstruction, declared your company as a "Sick" company.

Your company has subsequently submitted a rehabilitation scheme to the Operating Agency (State Bank of India) involving various monetary reliefs and concessions from Bank(s), Karnataka State Industrial Investment and Development Corporation Limited and Government of Karnataka. The above scheme has also been submitted by the Operating Agency to the Board for Industrial and Financial Reconstruction and the order/sanction is awaited.

PROSPECTS:

The rehabilitation scheme submitted to the Board for Industrial and Financial Reconstruction involves expansion cum modernisation of the plant capacity from 2000 TCD to 2500 TCD. Also, a letter of Intent has already been obtained, in this regard. Your company has already taken-up the upgradation and modernisation work in some section of the plant. Upon the sanction of the scheme by the Board for Industrial and Financial Reconstruction, the expansion will be carried out before the commencement of the next crushing season i.e. (2001-2002) and your company will also be able to achieve higher efficiency in operations gradually, in the years to come, subject to the availability of adequate sugarcane.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

Pursuant to Section 217 (1) (e) of the Companies Act, 1956, the particulars in respect of Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo are furnished in Annexure 'A'.

AUDITOR'S REPORT :

Regarding Auditor's comments in their report, these are dealt with by Notes on the Accounts, which are self-explanatory.

EMPLOYEES :

Your Directors place on record their appreciation for the contribution by the employees at all levels for the working of the Company. The company has no employee in respect of whom a statement under Section 217 (2A) of the Companies Act, 1956, is required to be annexed.

DIRECTORS:

Sriyuths K P Medhekar, Rahul R Morarka and A Vamanan Directors of the company retire by rotation under Article 105 & 106 of the Articles of Association of the company at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS :

M/S. M S Krishnaswami and Rajan, Chartered Accountants, Chennai, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the company to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

LISTING OF SHARES:

The Equity Shares of your company are listed on Bangalore Stock Exchange Ltd., Madras Stock Exchange Ltd. and The Stock Exchange, Mumbai. Necessary listing fee has been paid to the respective Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies (Second Amendment) Act, 2000, your Directors state that :

- i) In preparation of the Annual Accounts, the applicable accounting standards have been followed.



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- ii) Selected such Accounting Policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the Financial Year 30th September 2000, and of the Loss of your Company, for that period.
- iii) Have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) Have prepared the Annual Accounts of your Company on a "GOING-CONCERN" basis

ACKNOWLEDGEMENTS:

Your Directors place on record their thanks to the Banker(s) and the Karnataka State Industrial Investment and Development Corporation Limited, for their cooperation.

On Behalf of the Board
for The India Sugars & Refineries Ltd.

R P MORARKA
Chairman cum Managing Director

G S SHEKHAWAT
Director

Place : Chitwadgi
Date : 20th January, 2001

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ANNEXURE A

PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY:

Energy conservation is an on-going activity in the company and the efforts to conserve energy through improved operational methods and other means will continue. Total energy consumption and energy consumption per unit of production are furnished in the prescribed Form "A" below.

FORM-A(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. POWER AND FUEL CONSUMPTION :

	Current Year 1999-2000	Previous Year 1998-1999
1. ELECTRICITY :		
(a) Purchased		
Units-KWH	6,09,892.00	4,36,876.00
Total Amount (Rs)	24,85,005.00	19,54,412.00
Rate/Unit (Rs)	4.07	4.47
(b) Own Generation:		
(i) Through Diesel Generator		
Units-KWH	17,320.00	21,610.00
Unit per Ltr. of diesel oil	3.46	3.85
Cost/Unit (Rs.)	4.71	2.89
(ii) Through Steam Turbine/Generator		
Units-KWH	38,22,640.00	45,85,650.00
Unit per Ltr. of Fuel Oil/gas	NA	NA
Cost/Unit (Rs)	-	-
2. Coal (Specify quality and where used) :		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil		
Quantity (Kilo Ltrs.)	-	-
Total Amount	-	-
Average Rate	-	-

4. Others/Internal Generation

	BAGASSE		FIREWOOD		HUSK	
	99-2000	98-99	99-2000	98-99	99-2000	98-99
Quantity (MT)	61670.170	76397.69	10.00	19.27	225.72	65.97
Total Own Generation			12316.50	24602.08	129440.25	47175.30
Cost (Rs.)						
Rate/Unit (Rs/MT)	1231.65	1276.70	573.45	715.00

B. CONSUMPTION PER UNIT OF PRODUCTION :

	Standards (If any) Unit-Qtls.	Current Year 1999-2000	Previous Year 1998-1999
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PRODUCTS-SUGAR

Electricity (KWH)	-	20.35	19.54
Furnace Oil	-	-	-
Coal (Specify Quality)	-	-	-
Others: (Specify)			
Firewood (MT)	-	0.00005	0.000078
G N Husk (MT)	-	0.00114	0.000267
Bagasse (MT)	-	0.31073	0.30898

TECHNOLOGY ABSORPTION :

FORM - B
(See Rule 2)

Form for disclosure of particulars in respect to absorption

I. RESEARCH AND DEVELOPMENT (R & D) :

1. SPECIFIC AREAS :

- a) The Company had procured foundation seeds of sugarcane of sugar - rich varieties like CO 97009, CO 87025, CO 87044, CO 85002, CO 88028, CO 8371, CO 88121, CO 86032, CO 86010, CO 85019, CO 92020 from Sugarcane Breeding Institute, Coimbatore, Jamkhandi A.R.S. Sankeswar and Kathalgere etc., and multiplied in farmers fields, as per recommendations of the sugarcane experts of Sugarcane Breeding Institute, Coimbatore. Out of these varieties CO 97009 (MC 707), CO 85002 & CO 8371 are performing well in our area.



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Sugarcane varieties CO 8371 and COC 92061 are more attracted by the farmers. Stress is given for the multiplication of the said varieties.

- b) To control pests and disease incidences on sugarcane crop, the Parasite and natural enemies are procured from the biological control stations from time to time and released in pest affected sugarcane fields of farmers in the area for the control of pests in sugarcane crop.
- c) The early maturing varieties like CO 8201, COC 92061 and CO 85002 were introduced in the reserved area of the company. The demonstration plots were laid out in co-ordination with Department of Agriculture to an extent of 0.5 hectare for the benefit of farmers. Farmers are also visiting these plots and are convinced about performance.
- d) The low cost technology for supplying the nutrients to the sugarcane crop by the application of "BIOFERTILIZERS" like Trichodrium, Azotobacter and Azospirillum have been popularised, in co-ordination with agricultural department.

2. BENEFITS DERIVED:

- a) The latest sugarcane varieties foundation seeds are multiplied and distributed to the progressive farmers for further multiplication. The company has borne the transportation cost to import the latest sugarcane variety seeds from various research stations to the farmers fields whenever they desire. The pure, good and tender sugarcane seeds grown in farmers fields are purchased by the company and distributed to the farmers at subsidised rate in order to get healthy cane with high sucrose content. By this, both farmers and factory are benefited with high yield and high sugar.
- b) The release of predators in the field to control the pest periodically, has resulted in good yield and good quality of sugarcane to the factory for crushing. We are in regular touch with Central Pest Management Centre, Bangalore, on this matter.
- c) Introduction of early - rich varieties has enabled the factory to receive good quality cane and to maintain recovery throughout the crushing season.

- d) Use of bio-fertiliser has helped in improving soil fertility and minimised the chemical fertilizer expenditure and also improved the texture and productivity.

- e) The results of the demonstrations taken up in co-ordination with the fertilizer companies and agricultural department have given positive results.

3. PLAN OF ACTION :

- a) Heat treated (with AST Unit) sugarcane seeds of different varieties are multiplied in experimental farms and on selected farmers fields, under seed nursery programme. These seed materials will have good viability and are disease free. One more AST Unit sanctioned by the Government is installed in our factory in coordination with the Department of Agriculture, Government of Karnataka.
- b) Micro Nutrients are distributed to the farmers who are undertaking seed multiplication programme.

Introduction of early maturing sugar rich varieties as planned for sugar factory are as under :

	Actual (1999-2000)	Proposed (2000-2001)
Early varieties	17.29%	20%
Mid late varieties	7.49%	10%
Late varieties	75.22%	70%

4. EXPENDITURE ON RESEARCH & DEVELOPMENT:

(a) Capital	Rs.	Nil
(b) Recurring	Rs.	83,845.00
(c) Total	Rs.	83,845.00
(d) Total R & D expenditure as percentage of total turnover		0.03%