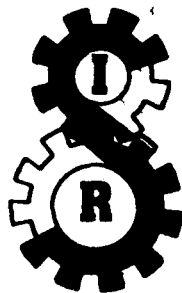


## **ANNUAL REPORT 2001-2002**

Report  junction.com



# **The India Sugars & Refineries Limited**



## THE INDIA SUGARS & REFINERIES LIMITED.

### BOARD OF DIRECTORS :

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

### AUDITORS :

M/s. M.S. Krishnaswami & Rajan,  
Chartered Accountants,  
New No.10 (Old No.22), Sambasivam Street,  
T'Nagar, 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 EXCHANGES WHERE COMPANY'S SECURITIES ARE LISTED

Bangalore Stock Exchange Ltd.  
Stock Exchange Towers  
51, 1st Cross, J.C. Road,  
Bangalore - 560 027

Madras Stock Exchange Ltd.  
Exchange Bldg., P B No.183  
11, Second Line Beach,  
Chennai - 600 001

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



## NOTICE

NOTICE is hereby given that the SIXTY EIGHTH ANNUAL GENERAL MEETING OF THE INDIA SUGARS & REFINERIES LIMITED will be held at the Registered Office of the Company at Chitwadgi Hospet-583211, Bellary District, Karnataka State, at 10.00 A M on Wednesday the 19<sup>th</sup> March, 2003 to transact the following business:

1. To receive, consider, and adopt the audited Profit and Loss Account of the Company for the year ended 30th September 2002 and the Balance Sheet as at that date and Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Shri K P Medhekar, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in place of Shri Rahul R Morarka, who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Shri A Vamanan, who retires by rotation and being eligible offers himself for re-appointment.

5. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as a "SPECIAL RESOLUTION".

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:

After Article 95 the following Article be inserted as Article 95A with Marginal Notes.

Passing 95A  
of  
resolution  
by Postal  
ballot

Notwithstanding any thing contained in the Articles of Association of the company, the company do adopt the mode of passing a resolution by the members of the company by means of a postal ballot and/ or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the company :

♦ any business that can be transacted by the company in General Meeting; and

♦ particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.

♦ The company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard.

By order of the Board

For: The India Sugars & Refineries Ltd.,

G. S Shekhawat

Director

Place : Chitwadgi

Date : 11<sup>th</sup> January, 2003



## THE INDIA SUGARS & REFINERIES LIMITED

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company.
2. Proxies in order to become effective must be received at the Registered Office of the Company not less than 48 hours before the scheduled commencement of the meeting.
3. The Explanatory Statement relating to Special Business mentioned in the Notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms as integral part of the Notice.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 12<sup>th</sup> March, 2003 to 19<sup>th</sup> March, 2003 (both days inclusive).
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the unpaid dividends shall be transferred to the "Investor Education and Protection Fund" established by the Central Government, after the expiry of seven years from the date of transfer to the unpaid dividend account as follows:

Date of Declaration	For the Financial Year	Due for Transfer on
26.09.1996	1995-96	11-11-2003
24.09.1997	1996-97	09-11-2004

Members who have not encashed their dividend warrants/demand drafts for the said years may approach the company for revalidation.

6. Members are requested to notify any change in their addresses, if any, quoting their Folio Number(s).

### ANNEXURE TO THE NOTICE:

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No 6:

By insertion of Section 192A to the Companies Act, 1956, shareholders of Public Listed Companies have given right to vote through postal ballot system for certain matters for which Notification has been issued by the Department of Company Affairs in this regard. The Articles of Association of the Company need to be amended as proposed in the resolution to be in line with the provisions of the Companies Act, 1956.

The Board recommends the resolution for the approval of the members.

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

Copies of documents referred to in the Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during the company's business hours on any working day upto the date of the Annual General Meeting.

By order of the Board  
For: The India Sugars & Refineries Ltd.,

G S Shekhawat  
Director

Place : Chitwadgi  
Date : 11<sup>th</sup> January, 2003



## DIRECTORS' REPORT

TO:

## THE MEMBERS

Your Directors present their SIXTY EIGHTH ANNUAL REPORT and the Accounts of the Company for the year ended 30th September, 2002.

## FINANCIAL RESULTS: (Rs. In Lacs)

	2001-02	2000-01
Profit before Financial Charges and Depreciation	404.20	6.68
Less: Financial Charges	381.38	512.11
Profit / Loss (-) before Depreciation	22.82	(-) 505.43
Less: Depreciation	67.97	60.97
Profit / Loss (-)	(-) 45.15	(-) 566.40
Provision for Tax / Deferred Tax	231.28	0.00
Profit/Loss (-) after Tax	186.13	(-) 566.40
Less: Transfer from Molasses Storage Fund Utilization Reserve	0.00	19.63
Net Profit / Loss (-)	186.13	(-) 546.77
Add: Profit / Loss (-) brought forward from the previous Year	(-) 1715.11	(-) 1168.34
Balance of Profit / Loss (-) carried to Balance Sheet	(-) 1528.98	(-) 1715.11

In view of the losses, no dividend is recommended.

## CHANGE IN SHARE CAPITAL:

Pursuant to the resolution passed at the Extra-ordinary General Meeting held on 31<sup>st</sup> May, 2002, the Authorised Share Capital was increased from Rs 2 Crores to Rs 3.50 Crores by creation of additional 15,00,000 equity shares of Rs 10/- each and the un-issued 15,000 preference shares of Rs 100/- each were cancelled.

In terms of the scheme of the rehabilitation sanctioned by the Board for Industrial and Financial Reconstruction (BIFR), out of the promoters contribution, Rs 126 lakhs was converted into equity shares and accordingly 12,60,000 equity shares of Rs 10/- each aggregating to Rs 1,26,00,000/- were allotted to the Promoter of the company by virtue of which the Paid-up Share Capital of the company increased to Rs 2,99,50,960/- consisting of 29,95,096 equity shares of Rs 10/- each

## WORKING RESULTS :

The working figures of the company for the season 2001-2002 along with the figures of 2000-2001 season are given below:

	2001-02 Season	2000-01 Season
Date of commencement of crushing operations	06-12-2001	15-03-2001
Date of Closure of crushing operations	16.04.2002	22-06-2001
Gross Season days	132	100
Sugarcane handled (Input) MT	2,18,362	1,36,878
Sugar produced (Output) Qtls.	2,35,228	1,31,565
Recovery	10.76%	9.58%



## THE INDIA SUGARS & REFINERIES LIMITED

Your Company has crushed 2,18,362 MT of sugarcane and produced 23,523 MT of sugar during the year 2001-2002 as against 1,36,878 MT of sugarcane crushed and produced 13,157 MT of sugar during the corresponding previous year i.e. 2000-2001.

Your Company's turnover was Rs 2741.46 lakhs for the year 2001-2002 (previous year Rs.1863.21 lakhs).

### SUGARCANE POLICY AND SUGARCANE PRICE :

Government of India had fixed the Statutory Minimum Sugarcane Price (SMP) at Rs 620.50 per M T, linked to a basic recovery of 8.5% for the Season 2001-2002. On this basis, the Statutory Minimum Price applicable to your company works out to Rs 700.80 per M T. Ultimately, by compulsion the company had to pay the sugarcane price of Rs 820/- per MT, which includes the purchase tax rebate and unloading charges.

### SUGAR POLICY AND SUGAR PRICE :

Government of India has fixed the levy Sugar Price for 2001-2002 season and the price applicable to your company is Rs 1181.80 per quintal. The ratio of levy and free sale sugar has been changed from 15% : 85% to 10% : 90% from 1<sup>st</sup> March, 2002 onwards.

### REVIVAL OF THE COMPANY :

Your Directors are pleased to inform that upon the submission of the sanctioned scheme duly modified by the Operating Agency, the Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 12<sup>th</sup> February, 2002 approved the sanctioned scheme of the company for implementation. Accordingly your company has started implementing the scheme for speedy rehabilitation. Your Directors are confident that the accumulated losses would be wiped out thus making the net worth positive.

### PROSPECTS:

For the season 2001-2002 the technical performance results were comparatively good. But in the field of capacity utilisation results were not up to the expectations. Hence during off-season major expansion and balancing of the unit was taken up.

Cane carrier has been extended by 6.5 meters, a new chopper has been added, new set of mill gears pending was erected, bagasse elevator was re-done, clarifier has been totally renewed, clear juice heater has been added, new juice sulphitation and syrup sulphitation units were added, heating surface in the evaporator were also increased, pans were modified for increasing capacity and new bin system has been added and enough work has been done in spray pond. With these modifications and unit expansion the results would be far better than previous seasons with the capacity of 2500 TCD from this season onwards.

Though there is draught prevailing in the entire country, the new areas have been identified where ground water potential and also tank fed areas and sugarcane development activities have been initiated by the company to meet the needs to crush maximum quantity of 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'.

### 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.

**COMPANY SECRETARY:**

The company is taking suitable steps for the appointment of a qualified full time Company Secretary.

**AUDITORS / THEIR REPORT :**

Messrs 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. With regard to the Auditors' comments in their report the Directors state as under—(a) For the present the company's policy is to provide for the liability for gratuity and encashable leave salary on cash basis. As and when the company's financial position improves a decision will be taken to fall in line with accrual system of accounting ; (b) Regarding the diminution in the value of investments necessary provision will be made as and when the quantum thereof gets crystallised; (c) Regarding non provision for debts / advances considered doubtful necessary provision will be made as and when the position of the debts / advances gets crystallised; (d) Necessary steps will be taken to enlarge the scope and coverage of the internal audit system; and (e) Provident Fund dues, which represents employer's contribution, are being paid as per the instalments granted by the authorities.

**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 Act, 1956, your Directors state that :

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

- 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 30<sup>th</sup> September 2002, and of the Profit 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 co-operation.

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 : 11<sup>th</sup> January, 2003



## THE INDIA SUGARS & REFINERIES LIMITED

### 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:

1. ELECTRICITY	Current Year	Previous Year
	2001-2002	2000-2001

A. Purchased		
Units - KWH	4,75,344.00	5,02,964.00
Total amount (Rs)	22,50,728.00	22,65,879.00
Rate / Unit (Rs)	4.73	4.50

##### B. Own Generation :

i) Through Diesel Generator		
Units - KWH	25,110.00	13,950.00
Unit per Ltr. Of diesel Oil	2.79	3.03
Cost / Unit (Rs.)	7.26	6.45

ii) Through Steam Turbo-Generator		
Units - KWH	36,59,890.00	24,48,940.00
Unit per Ltr. Of Fuel Oil / Gas	N A	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 :

	<u>BAGASSE</u>		<u>FIRE WOOD</u>		<u>HUSK</u>	
	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01
Quantity (MT)	60,560.64	42828.12	5.00	21.41	39.21	263.68
Total Cost(Rs) Own Generation			6500.00	29974.00	25486.50	115975.20
Rate/Unit/			1300.00	1400.00	650.00	440.00
(Rs/ M T)						

#### B.CONSUMPTION PER UNIT OF PRODUCTION:

Standards	Current	Previous
(if any)	Year	Year
Unit-Quintals	2001-2002	2000-2001

#### PRODUCT - SUGAR

Electricity(KWH)	—	16.16	19.67
Furnace Oil	—	—	—
Coal(specify quality)	—	—	—
Other (Specify)	—	—	—
Firewood (MT)	—	0.0000212	0.00016
Husk (MT)	—	0.000166	0.00200
Bagasse (MT)	—	0.2574	0.32552

#### 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 varieties procured from S B 1 Combators and Jamakhandi CO8371, 85002, 86032 & 92061 are picking up in our area of operation.

The farmers are happy with performance of CO8371, CO86032 and CO92061. The area under these varieties for commercial plantation is increasing substantially.