

70th

ANNUAL REPORT 2003-2004

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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 Rahul R Morarka
Sri M N Medhekar
Sri G V Shantharaju
Sri K P Medhekar
Sri A Vamanan
Sri C Pavan Kumar

AUDITORS :

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

BANKERS :

State Bank of India

REGISTERED OFFICE :

Chitwadgi,
Hospet - 583 211
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 - 560 001

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.

70th ANNUAL REPORT 2003-2004

DIRECTORS' REPORT

TO:
THE MEMBERS

Your Directors present their **SEVENTIETH ANNUAL REPORT** and the Accounts of the Company for the year ended **30th September, 2004**.

FINANCIAL RESULTS:	(Rs. in Lacs)	
	2003-04	2002-03
Profit before Financial Charges and Depreciation	482.19	161.02
Less: Financial Charges	525.65	559.10
Profit before Depreciation	(-) 43.46	(-) 398.08
Less: Depreciation	101.30	84.61
Profit / Loss (-)	(-) 144.76	(-) 482.69
Provision for Tax / Deferred Tax	59.72	93.46
Profit after Tax	(-) 204.49	(-) 389.23
Add: Profit / Loss (-) brought forward from the previous Year	(-) 1918.21	(-) 1528.98
Balance of Profit / Loss (-) carried to Balance Sheet	(-) 2122.70	(-) 1918.21

In view of the losses, no dividend is recommended.

WORKING RESULTS :

The working figures of the company for the season 2003-2004 along with the figures of 2002-2003 season are given below:

	2003-2004 Season	2002-2003 Season
Date of commencement of crushing operations	14-12-2003	07-12-2002
Date of Closure of crushing operations	05-03-2004	16-06-2003
Gross Season days	83	163
Sugarcane handled (Input) MT	1,44,945	3,08,369
Sugar produced (Output) Qtls.	1,44,000	3,04,300
Recovery	9.88 %	9.80%

Your Company has crushed 1,44,945 MT of sugarcane and produced 14,400 MT of sugar during the year 2003-2004 as against 3,08,369 MT of sugarcane crushed and produced 30,430 MT of sugar during the corresponding previous year i.e. 2002-2003. The company has paid the sugar cane price of Rs.840/- Per M.T which includes the purchase tax rebate and unloading charges.

Your Company's turnover was Rs.3,620.92 lakhs for the year 2003-2004 (previous year Rs.3,299.39 lakhs).

SUGAR POLICY AND SUGAR PRICE :

Government of India has fixed the levy Sugar Price for 2003-2004 season and the price applicable to your company is Rs.1290.68 per quintal. The ratio of levy and free sale sugar at 10% :90% is continued.

REVIVAL OF THE COMPANY :

Your Directors are pleased to inform that the company is under rehabilitation process as per the scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 12th February, 2002. The company has fully installed the capital equipments as envisaged in the scheme of modernization cum expansion. Your Directors are confident that the accumulated losses would be wiped out thus making the net worth positive.



THE INDIA SUGARS & REFINERIES LIMITED

PROSPECTS:

Factory:

Cane crushing for the season 2004-05 started on 30th December, 2004. The working of the Factory is smooth and all the efficiency parameters are within norms.

To ensure smooth and efficient running of the Factory following major works have been carried out during the Off Season 2004 in addition to regular overhauling.

- A new vibro screen is erected to improve the milk of lime quality.
- The damaged Economiser Coil and Air Heater tubes of 30 Tonne Boiler were replaced.
- 3 MW TG Set is commissioned on 2nd December 2004 and load trials were taken. The performance was satisfactory.
- Heating of Surface Evaporator of II and III bodies were increased and tube plate levels were aligned to achieve crushing rate of 2500 TCD.
- One 240 Sq. Mts. H.S. Vapor lime Juice Heater is added as waste heat recovery unit for primary juice heating.
- One New 50 MT "AVERY" make Weigh Bridge is installed in the factory.
- One bag stacker of 40 ft. is purchased for maximum capacity utilization of existing godowns.

Maximum care is taken to attend all the problems experienced during previous season, to ensure smooth and steady running of the Factory.

The working results are shown in the Tabulated form which is annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

Pursuant to Section 217 (1) (e) of the Companies Act, 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 Act, is required to be annexed.

DIRECTORS:

Sriyuths K.P.Medhekar, Rahul.R.Morarka & 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 (1) of the Act. With regard to the Auditors' comments in their report the Directors state as under—(a) Even though at present, due to the company's financial position, company's policy is to provide for gratuity and encashable leave salary on cash basis, necessary steps will be taken to change to accrual system once the financial position improves; (2) Provision for diminution in value of investments will be made when the real nature of diminution and the quantum thereof crystallized; (3) Provision for doubtful debts / advances will be made as and when the position of the debts/ advances gets crystallized; (4) Regarding the scope and coverage of the internal audit systems and the regularity in depositing undisputed statutory dues, reference is invited to the Auditors observations in regard to these items, which are self explanatory.



POST BALANCE SHEET EVENTS:

No material developments or commitments have accrued affecting the financial position of the company between September 30, 2004 and the date of this report.

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 Act, your Directors state that :

- i) In preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 2004, and of the Loss of your Company, for that period.

iii) We 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) We 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**

**C. Pavan Kumar
Director (Tech).**

Place: Bangalore
Date : 7th February, 2005.



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:

	Current Year 2003-2004	Previous Year 2002-2003
1. ELECTRICITY		
A Purchased		
Units – KWH	5,87,726	6,17,396
Total amount (Rs.)	28,27,129.00	28,66,514.00
Rate / Unit (Rs.)	4.81	4.64
B Own Generation :		
i) Through Diesel Generator		
Units – KWH	7,000	31,130
Unit per Ltr. Of diesel Oil	2.75	2.70
Cost / Unit (Rs.)	8.95	8.37
ii) Through Steam Turbine/Generator		
Units – KWH	24,27,540	51,37,870
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	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Quantity (MT)	41,373.42	89,519.07	17.820	20.000	63.810	107.570
Total Cost(Rs.)	Own Generation		19,203.44	25500.00	79,762.50	1,23,705.50
Rate/Unit/ (Rs./ M T)			1,089.86	1,275.00	1,250.00	1150.00

B. CONSUMPTION PER UNIT OF PRODUCTION:

	Standards (if any) Unit- Quintals	Current Year 2003-2004	Previous Year 2002-2003
PRODUCT – SUGAR			
Electricity(KWH)	--	17.68	17.67
Furnace Oil	--	--	--
Coal(specify quality)	--	--	--
Others(specify)			
Firewood (MT)	--	0.0000697	0.0000657
G N Husk (MT)	--	0.0004431	0.0003534
Bagasses (MT)	--	0.2873154	0.2941803

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 various sugarcane Research Stations such as CO 8371, CO 8014, CO 86032 & CO 92061 are picking up in our area of operation. CO 8371 is being discouraged as it is prone for pest attack.

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



- b) For control of pest like wooly aphids, dusting malathian and release of natural enemies from time to time in the pest affected sugarcane fields of farmers is advocated.

Wooly Aphids a sucking pest of sugarcane is noticed in our area. To control this pest Malathian 5% dust is purchased and distributed and dusted in the Infested fields free of cost. The infestation is checked considerably.

Natural enemies like Diphia aphidovora which feeds on white wooly aphids are collected from the fields of Belgaum District and released in the affected fields of our area.

Creating the awareness among the farmers that CO 92061 & CO 86032 varieties which have shown tolerance for white wooly as compared to other existing varieties of sugarcane and being insisted to farmers to take up cultivation of these varieties. Farmers are switching over to improved sugarcane varieties.

- c) The improved high yielding varieties like CO 8371, COC 92061 and CO 86032 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 supplementing the nutrients to the sugarcane crop by the application of "BIOFERTILIZERS" like Trichodrium, Azotobactor, Vermi compost and Azospirillum have been popularised in co-ordination with agricultural department.

2. BENEFITS DERIVED:

- a) In co-ordination with the Department of Agriculture farmers are being sent to Vasant Dada Institute, Pune for training programme of tissue culture in sugarcane Sponsored by the company.

- 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 Agricultural University Dharwad, Central Pest Management Centre, Bangalore, Sugarcane breeding Institute Coimbatore & Department of Agriculture Government of Karnataka 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-fertilizer 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.

- f) Use of post emergence weedicide demonstrations are being taken in farmers field with the help of Weedicide Company.

- g) Cane field staff and farmers training programme is arranged to train the staff and farmers in latest technology of sugarcane cultivation by the scientist from the University of Agricultural Sciences, Dharwad and Department of Agriculture Government of Karnataka.

- h) To develop the cane area, meetings are conducted at different villages of Kampli, Gangavathi & Koppal area and surrounding villages, where cane potential is there to educate the farmers about the sugarcane cultivation and the economic of supplying the sugarcane to the factory.

The ground water level has decreased drastically due to the continuous drought condition for the past 3 years. This has resulted in drying off the bore wells to some of the area.

3. PLAN OF ACTION :

- a) Heat treated (with AST Unit) sugarcane seeds of different varieties are Procured from Research Stations 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.



THE INDIA SUGARS & REFINERIES LIMITED

- b) F P Mud are distributed to the farmers at free of cost who are changing for improved sugar cane varieties.

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

	Actual (2004-05)	Proposed (2005-06)
Early varieties	25.63	30 %
Mid late varieties	16.12	40 %
Late varieties	58.25	30 %

4. EXPENDITURE ON RESEARCH & DEVELOPMENT::

- a) Capital Rs.Nil
 b) Recurring Rs.87,361
 c) Total Rs.87,361
 d) Total R&D expenditure as percentage of total turnover Not material

- b) Results of R & D carried out in other factories and Research Stations are applied in our farmers fields. The new early, sugar-rich cane varieties are introduced in the reserved area.

- c) Seed. Nursery Programme and Integrated Pests control Programme are taken up.

- d) Poly bag seedlings are being encouraged to fill gaps to Ratoon crop to cultivate high yield.

- e) The company is making efforts for introducing sugar rich early maturing and high yielding sugarcane varieties and also to improve technology in sugarcane cultivation.

2. IMPORTED TECHNOLOGY: Not Availed.

II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

1. EFFORTS MADE :

- a) The company has availed the consultancy services of Sugarcane Breeding Institute Coimbatore on "Varietal Management". The team of experts from Sugarcane Breeding Institute, Coimbatore has surveyed the reserved area of our factory and advised to take suitable measures by procuring improved cane varieties from Research Station and take up Adoptive Trials, Three Tier Seed Nursery programme etc.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Activities relating to exports : Nil

- b) Total Foreign Exchange :

Used Rs. : Nil
 Earned Rs.: Nil