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KESAR ENTERPRISES LTD.

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KESAR ENTERPRISES LTD.

(Incorporated under the Indian Companies Act VII of 1913)

BOARD OF DIRECTORS : H. R. KILACHAND (*Chairman & Managing Director*)
M. M. NANAVATI
ANILKUMAR S. RUIA
ANIRUDH A. KILACHAND (*Expired on 23.11.2002*)
VIJAY KHOSLA (*Nominee of GICI Upto 31.7.2002*)
K. D. SHETH
B. M. KINI (*Nominee of UTI*)
MRS. S. VENKATARAMAN (*Nominee of GICI w.e.f. 31.7.2002*)

**SR. GENERAL MANAGER (LEGAL)
& COMPANY SECRETARY :** D. J. SHAH

BANKERS : Bank of Baroda
Uttar Pradesh Co-operative Bank Limited

AUDITORS : M/s. Chandabhoy & Jassoobhoy
Chartered Accountants

SUGAR FACTORY AND DISTILLERY : Baheri
Dist. Bareilly, U.P.

STORAGE INSTALLATIONS : Kandla, Gujarat

REGISTERED OFFICE : Oriental House
7, Jamshedji Tata Road
Churchgate
Mumbai - 400 020.

SUBSIDIARIES : KESAR MARBLE & GRANITE LIMITED (*upto 11.7.2002*)
AMBER DISTILLERIES LIMITED

REGISTRAR & TRANSFER AGENTS : SHAREX (INDIA) LTD.
17/B, Dena Bank Building
2nd Floor, Horniman Circle, Fort
Mumbai - 400 001.

AUDIT COMMITTEE MEMBERS : M. M. NANAVATI (*Chairman of the Committee*)
H. R. KILACHAND
ANILKUMAR S. RUIA (*w.e.f. 28.3.2002*)
K. D. SHETH

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NOTICE

NOTICE is hereby given that the **68th** Annual General Meeting of the Members of **KESAR ENTERPRISES LTD.** will be held on **Monday, the 30th December 2002** at 3:00 p.m. at **M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 30th June 2002 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. S. Venkataraman, who retires by rotation but being eligible offers herself for reappointment.
3. To appoint a Director in place of Shri Anilkumar S. Ruia, who retires by rotation but being eligible offers himself for reappointment.
4. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors plus reimbursement of traveling and other out-of-pocket expenses incurred by them in performance of their duties including auditing of the accounts at the factories of the Company."

SPECIAL BUSINESS

5. 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 Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 including, any statutory amendment, modification or re-enactment thereof and subject to approval of the Central Government and other requisite approvals as may be necessary, approval of the Members of the Company, be and is hereby accorded to the reappointment of Shri H. R. Kilachand as Chairman & Managing Director of the Company, on a remuneration as mentioned hereunder, for a period of five years, effective from 14th August 2002 on the terms and conditions in accordance with Schedule XIII to the Companies Act, 1956 as set out below:

I. SALARY:

Rs. 40,000/- per month which may be increased by such amount as the Board of Directors may determine from time to time in accordance with Schedule XIII to the Companies Act, 1956 as amended from time to time, subject to a maximum of Rs. 1,50,000/- per month.

II. COMMISSION:

Commission at the rate of (1%) one percent of the net profits of the Company for each financial year or part thereof computed in the manner as laid down under Section 349 of the Companies Act, 1956 and subject to the overall ceiling laid down under Section 198 and 309 of the Companies Act, 1956. For the purpose of calculating commission for any part of any financial year the net profit of the Company should be calculated in the same proportion of net profit for the financial year as the number of days in the part of the year bear to those in the whole of the year.

III. PERQUISITES:

1. HOUSING

- (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

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2. The expenditure incurred by the Company on reimbursement of expenditure incurred on electricity, water and furnishings which shall be valued as per the Income-tax Rules, 1962.
3. Reimbursement of medical expenses incurred for the Managing Director and his family, namely his wife, dependent children and dependent parents.
4. Leave Travel Concession for the Managing Director and his family namely his wife, dependent children and dependent parents as per the Rules of the Company.
5. Club fees, which will not include admission/ life membership fees.
6. Personal Accident Insurance.
7. Free use of Company's cars with driver and telephone at residence for the business of the Company. Charges for personal long distance calls on telephone and use of car for private purpose shall be borne by the Managing Director.

The Annual value of the above perquisites shall be restricted to an amount equal to the annual salary payable to the Managing Director. For the purpose of calculating the above Ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any applicable rules, perquisites shall be evaluated at actual cost. Provision of use of Company Car for official duties and telephone at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

8. Shri H. R. Kilachand shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the company.
9. Shri H. R. Kilachand shall be further eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, commission, perquisites, allowances etc.
 - i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund.
The same will not be included in the computation of the ceiling limit to the extent of the same either singly or put together are not taxable under the Income Tax Act.
 - ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - iii. Encashment of leave at the end of the tenure.

"RESOLVED FURTHER THAT Shri H. R. Kilachand shall not be regarded as a Director liable to retire by rotation."

"RESOLVED FURTHER THAT the aforesaid remuneration shall nevertheless be paid and allowed to the Managing Director as the minimum remuneration, but not exceeding ceiling limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of the Managing Director, the Company may have made no profits or its profits may be inadequate."

By Order of the Board of Directors

Registered Office:

Oriental House
7, Jamshedji Tata Road
Churchgate
Mumbai 400 020

28th November 2002.

D. J. SHAH
Sr. General Manager (Legal)
& Company Secretary

NOTES:

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- (b) The Register of Members and Share Transfer Books of the Company will remain closed between **Tuesday, the 17th December 2002 and Friday, the 20th December 2002 both days inclusive.** The shareholders are requested to inform of change in address, if any, at the earliest.

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- (c) The Unclaimed Dividends upto the financial year ended **31st March 1995** of the Company, have been transferred to the General Revenue Account of the Central Government pursuant to sub-section (5) of Section 205A of the Companies Act, 1956. The concerned members may therefore submit their claims in the prescribed manner/form to the Registrar of Companies, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai 400 033.
- (d) The Members may lodge their shares for transfer/transmission with the office of M/s. Sharex (India) Pvt. Ltd. the Registrar and Transfer Agents at 17/B Dena Bank Building, 2nd floor, Horniman Circle, Fort, Mumbai 400 001 or at Unit No. 1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai 400 072 or with the Company.
- (e) Reappointment of Directors retiring by rotation:
 - (i) Smt. S Venkataraman is representing General Insurance Corporation of India (GICI) as Director on the Board w.e.f. 31st July 2002 to fill the casual vacancy caused on resignation of Shri Vijay Khosla, representative of GICI, who was to retire by rotation, had he not resigned. She is working as Assistant General Manager in GICI.
 - (ii) Shri Anilkumar S. Ruia is on the Board as an Independent Director since 25th March 1985. Shri Anilkumar S. Ruia is a reputed Industrialist with vast knowledge of sugar & distillery industries. Shri Anilkumar Ruia is Director of 7 other Companies viz. The Kolhapur Sugar Mills Ltd., Unikol Bottlers Ltd., Ruarco Investments Pvt. Ltd., Ruia & Ruia Pvt. Ltd., Ruia Agro Industries Pvt. Ltd., Unipepsi Worth Investments Pvt. Ltd. and Rodal Investments Pvt. Ltd.

Annexure to the Notice

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

Item No. 5:

Shri H. R. Kilachand has been with the Company since August 1985 and during the last 17 years he has contributed vital services in the growth of the Company. He had joined the Company w.e.f. 8.8.1985 as "Executive" and subsequently, was appointed as Joint Managing Director of the Company w.e.f. 6.3.1997. After the death of his father and former Chairman & Managing Director Late Shri Rajnikant A. Kilachand on 6.7.1997, Shri H. R. Kilachand was appointed as Chairman & Managing Director of the Company for a period of 5 years w.e.f. 14.8.1997 on remuneration within the ceiling limits provided in Schedule XIII to the Companies Act, 1956.

Before expiry of his term of office, at the meeting held on 29.7.2002, a Committee consisting of three Non-Executive Independent Directors viz., Shri M. M. Nanavati, Shri Anilkumar S. Ruia and Shri K. D. Sheth, had recommended reappointment of Shri H. R. Kilachand as Chairman & Managing Director on a remuneration as specifically mentioned in the Resolution, which is within the ceiling limits provided in Schedule XIII to the Companies Act, 1956 subject to the necessary approval of the concerned authorities.

Subsequently, at the meeting held on 31.7.2002, the Board of Directors reappointed Shri H. R. Kilachand as Chairman & Managing Director on remuneration as mentioned in the Resolution, for a period of 5 years w.e.f. 14.8.2002, subject to the necessary approval of the concerned authorities.

The Members are requested to consider the resolution mentioned at item no. 5 of the Notice.

The above may be regarded as an abstract of the terms and Memorandum of interest under Section 302 (7) of the Companies Act, 1956 with respect to the reappointment of Shri H. R. Kilachand as Chairman & Managing Director of the Company.

Shri H. R. Kilachand shall not be regarded as a Director liable to retire by rotation.

None of the Directors of the Company except Shri H. R. Kilachand is in any way concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

Registered Office:

Oriental House
7, Jamshedji Tata Road
Churchgate
Mumbai 400 020
28th November 2002.

D. J. SHAH
Sr. General Manager (Legal)
& Company Secretary

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Directors' Report

To
The Shareholders
KESAR ENTERPRISES LTD.

Gentlemen,

Your Directors have pleasure in presenting to you the 68th Annual Report and Audited Statement of Accounts for year ended 30th June 2002.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2001-2002	2000-2001
The working of the year shows a Gross Profit before interest, depreciation & taxation		
	1,401.76	1,600.51
Less: Interest	902.56	1,107.54
Gross Profit	499.20	492.97
After providing:		
For Depreciation	478.61	431.41
For Taxation	0.45	21.07
Profit after current tax	20.14	40.49
Income tax – Deferred	80.83	—
Profit after deferred tax	100.97	40.49
Add (Less):		
Balance brought forward from previous year.	77.26	39.00
Net effect of adjustment for short/excess provisions and expenses and income relating to earlier years	(14.20)	(2.23)
Balance carried forward to Balance Sheet	164.03	77.26

From the above it will be observed that the Gross Profit before Depreciation and Taxation for the year ended 30th June 2002 has been Rs. 499.20 Lacs as against Rs. 492.97 Lacs in the previous year. The Net Profit has been Rs. 20.14 Lacs during the year as against Rs. 40.49 Lacs in the previous year.

DIVIDEND

Unfortunately, in view of inadequate profit during the year and to conserve the scarce resources, your Directors have not recommended any Dividend for the year 2001-2002.

WORKING OF THE DIVISIONS

Sugar Division

During the Crushing Season 2001-2002 (from 12.11.2001 to 14.5.2002), the plant crushed a quantity of 83.44 lac quintals of sugar cane in 184 days as against 64.45 lac quintals crushed in 143 days in the previous season. The sugar recovery was slightly lower at 9.82% as against 9.89% in the previous season. The production of sugar was higher at 8.20 lac quintals as against 6.43 lac quintals in the previous season. Molasses produced during the season 2001-2002 was 4.05 lac quintals as against 3.06 lac quintals in the previous season.

The Cane prices fixed by the U.P. State Government for normal and early maturing varieties were Rs. 95/- per quintal and Rs.100/- per quintal respectively during the season 2001-2002 as against Rs. 90/- and Rs. 95/- per quintal respectively for the previous season. Levy sugar price for the season 2001-2002 was announced by the Government at Rs.1,224.86 per quintal as against Rs.1,160.81 per quintal for the previous season. The Sugar prices, which were in the range of Rs. 1,345 per quintal in March 2002, came down to Rs. 1,185 in October 2002.

As mentioned in the Union Budget for the year 2002-2003, the proportion of Levy sugar was reduced from 15% to 10% effective from 1st March 2002.

Distillery Division

During the year under review, the overall working of the Distillery Division was satisfactory. The production of Rectified Spirit (RS) was higher at 142.32 lac litres as against 128.35 lac litres in the previous year. The production of Extra Neutral Alcohol (ENA) was lower at 39.23 lac litres as against 41.44 lac litres in the previous year. The quantity of Country Liquor supplied was higher at 182.12 lac litres as compared to 129.00 lac litres in the previous year. The production and sales of IMFL, including tie-up arrangements were lower at 2.57 lac cases as against 3.16 lac cases in the previous year.

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Storage Division

The Storage Division at Kandla has done reasonably well during the year considering the general industrial slow down. The damage, due to the earthquake as reported in the previous year, has been repaired during the course of the year.

SUBSEQUENT FINANCIAL YEAR 2002-2003

Sugar Division

The crushing for the season 2002-2003 has been delayed due to disputes on sugarcane pricing. The factory has started crushing on 27th November 2002. During this season, the sugar mills in U.P. are not in a position to pay even the statutory minimum price to cane growers due to the slump in the sugar prices. Against the cost of production of Sugar of Rs. 1,400/- per tonne, the market price has come down to Rs. 1,200/- per tonne and is still falling. The sugar mills are thus incurring a loss of Rs. 200/- per quintal on the production of sugar after paying the dues of the cane growers. The cane prices have been increased by the U.P. Government by 35% in the last 5 years whereas the free sale sugar prices have decreased from Rs. 1,450/- to Rs. 1,200/- per quintal. The sugar mills in U.P. therefore have decided to pay only the statutory minimum price to the cane growers. The Allahabad High Court has passed an Order that the State should not recommend a price above the statutory minimum price. The basic statutory minimum price for this year has been raised to Rs. 64.50 per quintal as compared to Rs. 62.05 per quintal based on 8.5% sugar recovery. In our case, the statutory minimum price comes to Rs. 75.14 per quintal of cane at the gate. The Levy Sugar price for the season 2002-2003 is yet to be announced by the Central Government.

Distillery Division

Due to a change in U.P. State Excise Policy for Country Liquor for the year 2002-2003, the Company has geared up for production and sales to cope up with the demand. The Company has also taken necessary steps to upgrade its Distillery to improve the quality of Alcohol. Arrangement for more contract bottling of IMFL has also been made. Thus, the overall performance of the Distillery Division for the year 2002-2003 is likely to be satisfactory.

Storage Division

The Storage Division at Kandla continues to do reasonably well during the current financial year also inspite of substantial diversion of liquid cargo to the new chemical port at Dahej and also the port of Mundra.

SALE OF SHARES OF KESAR MARBLE & GRANITE LIMITED

As suggested by Shareholders and as mentioned by the Chairman in the past at the Annual General Meetings, the Company had entered into an Agreement of Sale of its entire shareholding in its wholly owned Subsidiary Company, Kesar Marble & Granite Limited (KMGL) for a total consideration of Rs. 265 Lacs with a condition to first discharge the entire liabilities of KMGL. As per the said Agreement, KMGL had allotted 11,34,261 Equity Shares of Rs.100/- each to the Company by converting the interest free advances given by the Company. During the current Financial Year 2002-2003, the Company has sold its entire shareholding in KMGL. The resulting loss of Rs. 1,536.42 lacs would be adjusted in the Accounting Year 2002-2003 as mentioned in the Note No. 6(ii) to the Accounts. KMGL has ceased to be a Subsidiary of the Company w.e.f. 11th July 2002.

FINANCIAL INSTITUTIONS

As reported last year Industrial Development Bank of India (IDBI) & Unit Trust of India (UTI) have filed two cases in the Debt Recovery Tribunal, Mumbai (DRT) against the Company in the matter of outstanding amount of the term loan of Rs. 450 lacs under the Equipment Finance Scheme of IDBI and against the Non-Convertible Debentures of Rs. 800 Lacs (IDBI) and Rs. 200 Lacs (UTI). The Company is renegotiating the outstanding loans with the institutions and is hopeful of settling the above matter with IDBI & UTI shortly.

DEVELOPMENT OF LAND

As informed in the last report, the Company had entered into a Project Services Agreement with Mahindra Realty Infrastructure Developers Limited (MRIDL), a wholly owned subsidiary of Mahindra & Mahindra Ltd. for developing its land at Goregaon, Mumbai and constructing for sale, residential and commercial tenements. The Company had obtained necessary approvals from the Government to start construction activities. Further necessary approval from the various authorities are still awaited. Meanwhile, the Company is also exploring the possibility of selling its 50% share in the project to MRIDL/any other interested parties.

DIRECTORS

Shri Vijay Khosla ceased to be a Director upon withdrawal of his nomination by General Insurance Corporation of India and in his place Smt. Sushila Venkataraman was nominated as Director w.e.f. 31st July 2002. The Board has placed on record the valuable services rendered and able guidance given by Shri Vijay Khosla during the tenure of his office.

Your Directors have recorded with profound grief, the sad demise of Shri Anirudh A. Kilachand, Director of the Company on 23rd November 2002. He had joined the Board w.e.f. 17th September 1987. The Board has placed on record the valuable services rendered by Shri Anirudh A. Kilachand during the tenure of his office.

Smt. S. Venkataraman (as she was appointed to fill the casual vacancy caused on withdrawal of Nomination of Shri Vijay Khosla, who was due for retirement by rotation) and Shri Anilkumar S. Ruia retire by rotation and being eligible, offer themselves for reappointment.

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Shri H. R. Kilachand was appointed as Chairman & Managing Director of the Company w.e.f. 14th August 1997 for a period of 5 years. The Board had reappointed Shri H. R. Kilachand as Chairman & Managing Director of the Company for a further period of 5 years w.e.f. 14th August 2002. In the matter, the Company has made necessary application to the Central Government for their approval and the required resolution will be placed at the ensuing Annual General Meeting for the approval of the Members.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, the Directors state as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit for that period;
- (iii) that the Directors had 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) that the Directors had prepared the annual accounts on a going concern basis.

MD & AR and CORPORATE GOVERNANCE REPORT

As per Clause 49 of the Listing Agreement, the Management Discussion & Analysis Report and the Corporate Governance Report are enclosed herewith.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 relating to Consolidated Financial Statements, your Directors have pleasure in attaching the said Consolidated Financial Statements which form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from subsidiary companies, as approved by their respective Boards.

INSURANCE

The Company has taken appropriate steps to insure all the properties and insurable interest of the Company as required under the various legislative enactments.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Particulars with respect to conservation of energy, technology absorption and foreign exchange earning and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 are given in the Appendix 'A' forming part of this Report.

FIXED DEPOSITS

Fixed Deposits of Rs. 7,55,000 due for repayment on or before 30th June 2002, were not claimed by 20 depositors as on that date.

SUBSIDIARY COMPANIES

The information including Annual Accounts, Directors' Report and Auditor's Report in respect of the subsidiaries viz. Kesar Marble & Granite Limited and Amber Distilleries Ltd. as on 31st March 2002 are annexed as required under Section 212 of the Companies Act, 1956.

AUDITORS' REPORT

Referring to the remarks in the Auditors' Report, the Directors would like to refer to the Notes on Accounts Nos. 2(b), 6(i), 6(ii), 11, 17, 18, 20 and 21, which clarifies the Company's position, and are self-explanatory.

AUDITORS

You are requested to appoint M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai as Auditors of the Company from the conclusion of the 68th Annual General Meeting until the conclusion of the next Annual General Meeting.

EMPLOYEES

The relations with the employees remained cordial throughout the year. The Company has no employees who are covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Banks, the Financial Institutions and the U. P. Government, during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company for its success.

By Order of the Board of Directors

H. R. KILACHAND

Chairman & Managing Director

28th November 2002

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Appendix V pursuant to Section 217(1)(e) of the Companies Act, 1956 Forming part of the Directors' Report

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

CONSERVATION OF ENERGY

1.	We have installed a double effect system by using 15000 sq. ft. heating surface vapour cell as second effect as well as automation in PRD system to maintain 0.9 kg/sq. cm. exhaust steam pressure for sugar process to minimize steam consumption in process.			
2.	We are using waste continuous blow down water of 40 Ton Boiler for feed water storage tank to raise hot water temperature from 60° C. 90° C. to save bagasse.			
3.	Due to continuous improvement in the steam and power management, Bagasse saving has increased and co-generation is also planned for conservation of energy.			
A.	<u>Power and Fuel Consumption</u>		2001-2002	2000-2001
1.	Electricity			
(a)	Purchased			
	Unit	Kwh	566795	656649
	Total Amount	Rs.	3667806	4913862
	Rate/Unit	Rs.	6.47	7.48
(b)	Own Generation			
(i)	Through Diesel Generator			
	Unit	Kwh	1210030	1256010
	Units Per Ltr. of Diesel Oil	Kwh	3.17	3.09
	Rate/Unit	Rs.	5.81	5.40
(ii)	Through Steam Turbine			
	Unit	Kwh	23179438	17817655
	Units Per M. T. of Steam	Kwh	52.04	51.99
	Rate/Unit	Rs.	4.64	3.34
2.	Coal			
	Quantity	M.T.	104	—
	Cost	Rs.	570670	—
	Average Rate	Rs.	5487.21	—
3.	Other Fuel Bagasse (Own)			
	Quantity	M.T.	256116	186782
	Cost	Rs.	**	**
	Average Rate	Rs.	**	**
4.	Rice Husk			
	Quantity	M.T.	7384	13329
	Cost	Rs.	6922500	11171835
	Average Rate	Rs.	937.50	838.16
5.	Bagasse PITH (Purchased)			
	Quantity	M.T.	12433	6277
	Cost	Rs.	3278480	1789510
	Average Rate	Rs.	263.69	285.09
6.	H. S. Diesel			
	Quantity	Ltr.	382105	406462
	Cost	Rs.	7028495	6780223
	Average Rate	Rs.	18.39	16.68
**	Not applicable as this is a By-product			
B.	<u>Consumption per unit of production</u>			
	Product (Sugar)			
	Electricity	Kwh	208.22	202.70
	Bagasse	M.T.	3.13	2.93
	Diesel Oil	Ltr.	1.98	3.72
	Product (Industrial Alcohol) (In 000' Ltrs.)			
	Electricity	Kwh	226.38	208.31
	Coal	Qtls.	0.08	—
	Bagasse (PITH)	M.T.	1.01	0.49
	Rice Husk	M.T.	0.60	1.04
	Diesel Oil	Ltr.	17.88	13.20

FORM B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY, RESEARCH AND DEVELOPMENT

A. RESEARCH AND DEVELOPMENT

1. Tissue culture Techniques for the multiplication of high yielding cane varieties and to reduce the cost of production of plantlets.
2. Activities of Bio Control of Sugar Cane insects in Biological Laboratory.
3. Studies on the effect of Environmental parameters on the biometanisation process using Down flow stationary fixed film Reactor Technology.
4. Safe Disposal and economical utilisation of Distillery effluent in agriculture by using biocomposting process.
5. Colour removal of aerobically treated Distillery spent wash by selective microflora & chemicals.

B. BENEFITS DERIVED

1. Energy consumption has reduced by implementing certain modification in Sugar and Distillery manufacturing process.
2. Bagasse saving has increased due to improvement in steam and power Management.
3. Results of other R&D activities are awaited.

	2001-2002	(Rs. In lacs) 2000-2001
Expenditure of R & D		
(a) Capital	29.38	3.30
(b) Recurring	10.11	10.69
(c) Total	39.49	13.99
(d) Total R&D expenditure as a percentage of turnover	0.13%	0.09%

Technology absorption, adaption & innovation: The Company has not purchased/imported any technology hence not applicable.

Foreign Exchange Earnings and Outgo:

The information on foreign Exchange earnings and outgo is furnished in the Notes to the Accounts (Please refer to Note No. 26, Annexure 1 item D, E and F).

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Management Discussion and Analysis Report

Overall Review

The Company has 3 Divisions viz. Sugar & Distillery Divisions at Baheri in U. P. & Storage Division at Kandla in Gujarat. The Company is also developing its land at Goregaon.

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and accepted accounting standards. There are no material deviations from the accounting standards except those mentioned in the Auditors' Report. The segment performance has been explained in detail in the Directors' Report.

In India, there are about 450 sugar factories in public, co-operative and private sector and most of them operate for a maximum of 5 to 6 months in a year. Our factory is in Uttar Pradesh, which runs for a maximum period of 6 months. The Industry is facing a situation of over-production and huge carry forward stocks of sugar. As against the domestic demand of about 16 million tonnes per annum, the current production is slated to exceed 18 million tonnes. In addition, the factories had carry forward stocks of more than 11 million tonnes at the commencement of the season. The cost of production of sugar in India is higher due to high cost of sugarcane as compared to the sugar manufactured by other sugar producing countries. Hence, the Indian Sugar factories are not in a position to compete in the International markets.

As a process of decontrol of the sugar Industry, the Government of India has reduced the sugar levy quota to 10%, which could be brought to nil in the near future. The release mechanism for the sale of free sale sugar is likely to be dismantled once the forward markets are in place and a mechanism for fixing the sugarcane price is formalised. All these measures may affect the price realisation for free sale sugar in the domestic market for the present. However, in the long run, these measures will help the sugar industry to stabilise. In the meantime, consolidation is expected to take place within the sugar industry. In order to improve the performance of the sugar industry, the Government has also announced proposals for blending 5% Ethanol in motor spirit. The proposals are being studied and necessary measures are being taken for investment in additional facilities for production of Ethanol.

The Company has entered into a Project Services Agreement (PSA) with Mahindra Realty & Infrastructure Developers Ltd. (MRIDL). The Company has received the necessary permission from BMC in respect of part of the land covered under the PSA. There is a considerable delay in giving permission for development of the balance area of land by BMC.

The Company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, and that the transactions are authorised, recorded and reported correctly. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.