



SRI CHAMUNDESWARI SUGARS LIMITED



**30th Annual Report
2002 - 2003**



CONTENTS

Particulars	Page No.
Corporate Data	1
Notice of the Annual General Meeting	2
Report of the Directors	4
Auditors' Report	7
Balance Sheet	9
Profit and Loss Account	10
Schedules to Balance Sheet	11
Schedules to Profit and Loss Account	15
Accounting Policies	17
Notes attached to and forming part of Accounts	18
Balance Sheet Abstract and Company's General Business Profile	22
Cash Flow Statement	23
Performance Report	24



Sri Chamundeswari Sugars Limited 30th Annual Report

Sri Chamundeswari Sugars Limited

Directors

ನಿರ್ದೇಶಕರುಗಳು

Dr. N. Mahalingam
Chairman

ಡಾ. ಎನ್. ಮಹಾಲಿಂಗಂ
ಅಧ್ಯಕ್ಷರು

Shri A. Alagappan
Executive Vice Chairman
ಶ್ರೀ ಎ. ಅಳಗಪ್ಪನ್
ಕಾರ್ಯನಿರ್ವಾಹಕ ಉಪಾಧ್ಯಕ್ಷರು

Shri M. Srinivaasan
Managing Director
ಶ್ರೀ ಎಂ. ಶ್ರೀನಿವಾಸನ್
ವ್ಯವಸ್ಥಾಪಕ ನಿರ್ದೇಶಕರು

Shri M. Manickam
ಶ್ರೀ ಎಂ. ಮಾಣಿಕಂ

Shri M. Balasubramaniam
ಶ್ರೀ ಎಂ. ಬಾಲಸುಬ್ರಹ್ಮಣ್ಯಮ್

Shri K.N.V. Ramani
ಶ್ರೀ ಕೆ.ಎನ್.ವಿ. ರಮಣಿ

Shri V.K. Swaminathan
ಶ್ರೀ ವಿ.ಕೆ. ಸ್ವಾಮಿನಾಥನ್

Shri C.R. Lingiah
ಶ್ರೀ ಸಿ.ಆರ್. ಲಿಂಗಯ್ಯ
(upto 5.5.2003)

Shri B. Appaji Gowda
ಶ್ರೀ ಬಿ. ಅಪ್ಪಾಜಿಗೌಡ

Dr. K.Krishnamurthy
ಡಾ. ಕೆ. ಕೃಷ್ಣಮೂರ್ತಿ

Dr. A. Selvakumar
ಡಾ. ಎ. ಸೆಲ್ವಕುಮಾರ್

Shri K. Prakash
ಶ್ರೀ ಕೆ. ಪ್ರಕಾಶ್

Shri N.U. Nampoothiri
Nominee IFCI
ಶ್ರೀ ಎನ್.ಯು. ನಂಪೂತಿರಿ
ಐ.ಎಫ್.ಸಿ.ಐ. ನಾಮ ನಿರ್ದೇಶನ

Shri A. Arjunaraj
Nominee IREDA
ಶ್ರೀ ಎ. ಅರ್ಜುನರಾಜ್
ಐ.ಆರ್.ಇ.ಡಿ.ಎ. ನಾಮ ನಿರ್ದೇಶನ

Company Secretary
Shri S. Subramonia Iyer
ಕಂಪನಿ ಕಾರ್ಯದರ್ಶಿ
ಶ್ರೀ ಎಸ್. ಸುಬ್ರಮೋಣಿಯ ಅಯ್ಯರ್

Auditors
P.N. Raghavendra Rao & Co.
Chartered Accountants,
Coimbatore
ಲೆಕ್ಕ ಪರಿಶೋಧಕರು
ಪಿ.ಎನ್. ರಾಘವೇಂದ್ರರಾವ್ ಅಂಡ್ ಕಂ.
ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್
ಕೊಯಮತ್ತೂರು

Internal Auditors
Shri G. Srinivas
Chartered Accountant
Gogeneni & Co.
Chartered Accountants,
Bangalore
ಆಂತರಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧಕರು
ಶ್ರೀ ಜಿ. ಶ್ರೀನಿವಾಸ್
ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್
ಗೋಗಿನೇನಿ ಅಂಡ್ ಕಂ.
ಚಾರ್ಟೆಡ್ ಅಕೌಂಟೆಂಟ್ಸ್
ಬೆಂಗಳೂರು

Bankers / ಬ್ಯಾಂಕರುಗಳು

State Bank of Mysore

ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಮೈಸೂರು

Vijaya Bank

ವಿಜಯ ಬ್ಯಾಂಕ್

Dena Bank

ದೇನಾ ಬ್ಯಾಂಕ್

Syndicate Bank

ಸಿಂಡಿಕೇಟ್ ಬ್ಯಾಂಕ್

State Bank of Travancore

ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಟ್ರಾವನ್ಕೋರ್

State Bank of Indore

ಸ್ಟೇಟ್ ಬ್ಯಾಂಕ್ ಆಫ್ ಇಂಡೋರ್

The Lakshmi Vilas Bank Ltd.

ದಿ ಲಕ್ಷ್ಮಿ ವಿಲಾಸ್ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್

Mandya District Co-operative

Central Bank Ltd., Mandya

ಮಂಡ್ಯ ಡಿಸ್ಟ್ರಿಕ್ಟ್ ಕೋ-ಆಪರೇಟಿವ್

ಸೆಂಟ್ರಲ್ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್, ಮಂಡ್ಯ

Registered Office

76, Ulsoor Road,
Bangalore - 560 042.

ನೋಂದಾಯಿತ ಕಛೇರಿ

76, ಅಲಸೂರು ರಸ್ತೆ ಬೆಂಗಳೂರು -42

Factory

Bharathinagara (K.M. Doddi),
Maddur Tq., Mandya Dist.
Karnataka State

ಕಾರ್ಖಾನೆ

ಭಾರತಿನಗರ (ಕೆ.ಎಂ. ದೊಡ್ಡಿ)

ಮದ್ದೂರು ತಾಲ್ಲೂಕು, ಮಂಡ್ಯ ಜಿಲ್ಲೆ

ಕರ್ನಾಟಕ ರಾಜ್ಯ



Sri Chamundeswari Sugars Limited

30th Annual Report

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the members of the Company will be held at N.D.K. Kalyana Mandira, 13th Main, HAL Second Stage, 100 Feet Road, Indiranagar, Bangalore 560 008 on Friday, the 26th September, 2003 at 2.30 P.M. to transact the following business :

1. To consider and adopt the Director's Report and the Audited Profit and Loss Account for the year ended 31-3-2003 and the Audited Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri M. Manickam who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Sri M. Balasubramaniam who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Dr. K. Krishnamurthy who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration and to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED that Messrs. P.N. Raghavendra Rao & Co., Chartered Accountants, Coimbatore be and are hereby re-appointed as the Auditors of the Company to hold the office till the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs. 1,50,000/- and out of pocket expenses and Managing Director be and is hereby authorised to pay such remuneration as mutually agreed upon."

Special Business :

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

RESOLVED that consent and approval be and is hereby accorded that Dr. N. Mahalingam who shall continue as Chairman of the Board of Directors be paid in consideration of his services as Non-Executive Chairman, remuneration by way of commission calculated at one percent of the net profits of the Company, computed in the manner laid down in Companies Act, 1956 for each financial year of the Company or part thereof (pro-rata) for a further period of five years commencing from 1st April, 2003 and that no sitting fee shall be paid to him for attending any meetings of the Board of Directors and Committee of the Board when he is in receipt of remuneration by way of commission.

7. To consider and if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolutions :

RESOLVED that consent/approval be and is hereby accorded pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and Schedule XIII and other provisions, if any, of the Companies Act, 1956 for the re-appointment of Sri A. Alagappan as Executive Vice Chairman of the Company for a period of five years with effect from 9th June, 2003 on the remuneration and other terms fixed by the Remuneration Committee, as follows :

(i) SALARY : Rs. 40,000/- per month.

(ii) PERQUISITES :

- (a) Contribution to Provident Fund to the extent not taxable under the Income Tax Act.
- (b) Gratuity at the rate of half a month's salary for each completed year of service.
- (c) Encashment of leave at the end of the tenure as per the rules of the Company.

(iii) OTHER PERQUISITES :

The Executive Vice Chairman shall also be entitled to perquisites such as company owned or hired furnished accommodation with gas, electricity, furniture, water and furnishings or alternatively monthly house rent allowance restricted to half a month salary, medical reimbursement for self, spouse, dependent children and dependent parents, one month earned leave per year on full pay and perquisites with liberty to accumulate such leave for a

maximum period of 120 days, casual and sick leave as applicable to other officers of the company, leave travel concessions and allowances for self, spouse, dependent children and dependent parents including foreign travel, club fees and Personal Accident Insurance.

Subject to the conditions that perquisites shall be restricted to an amount equal to Rs. 5,00,000/- per annum;

The above salary and perquisites may be paid as minimum remuneration even in the event of loss or inadequacy of profits in any year.

(iv) COMMISSION : 1% on the net profits of the company subject to the maximum ceiling specified in Section - I of part II of Schedule XIII to the Companies Act, 1956.

Further Resolved that the above remuneration payable to Sri A. Alagappan, Executive Vice Chairman will be subject to the approval of the members in their General Meeting, Financial Institutions, Banks and Central Government.

8. To consider and if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolutions :

RESOLVED that consent/approval be and is hereby accorded pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and Schedule XIII and other provisions, if any, of the Companies Act, 1956 for the re-appointment of Sri M. Srinivaasan as Managing Director of the Company for a period of five years with effect from 9th June, 2003 on the remuneration and other terms fixed by the Remuneration Committee, as follows :

(i) SALARY : Rs. 40,000/- per month.

(ii) PERQUISITES :

- (a) Contribution to Provident Fund to the extent not taxable under the Income Tax Act.
- (b) Gratuity at the rate of half a month's salary for each completed year of service.
- (c) Encashment of leave at the end of the tenure as per the rules of the Company.

(iii) OTHER PERQUISITES :

The Managing Director shall also be entitled to perquisites such as company owned or hired furnished accommodation with gas, electricity, furniture, water and furnishings or alternatively monthly house rent allowance restricted to half a month salary, medical reimbursement for self, spouse, dependent children and dependent parents, one month earned leave per year on full pay and perquisites with liberty to accumulate such leave for a maximum period of 120 days, casual and sick leave as applicable to other officers of the company, leave travel concessions and allowances for self, spouse, dependent children and dependent parents including foreign travel, club fees and Personal Accident Insurance.

Subject to the conditions that perquisites shall be restricted to an amount equal to Rs. 5,00,000/- per annum;

The above salary and perquisites may be paid as minimum remuneration even in the event of loss or inadequacy of profits in any year.

(iv) COMMISSION : 1% on the net profits of the company subject to the maximum ceiling specified in Section-I of Part II of Schedule XIII to the Companies Act, 1956.

Further Resolved that the above remuneration payable to Sri M. Srinivaasan, Managing Director will be subject to the approval of the members in their General Meeting, Financial Institutions, Banks and Central Government.

9. To consider and if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolutions :

RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging of all the



Sri Chamundeswari Sugars Limited

30th Annual Report

REPORT OF THE DIRECTORS

Your Directors present their 30th Annual Report together with Audited Financial Accounts of the Company for the year ended 31st March 2003.

Financial Results :

		Rs.
Profit as per Profit and Loss account		- 2,87,28,018
Add : Surplus from previous year	1,89,79,337	
Deferred Tax (Net)	1,24,19,125	3,13,98,462
		26,70,444
Less : Direct Taxes	2,46,908	
Provision for diminution in value of investments	10,29,087	12,75,995
Surplus carried to Balance Sheet		13,94,449

Review of Operations :

During the year under review, 6.76 lakh tonnes of sugarcane was crushed at an average recovery of 9.46%. The recovery was below optimal due to the prevailing drought. The annual crush was also below the estimated levels due to delayed start on account of local disturbances and lower yield due to drought. The sugar prices prevailed at uneconomical levels through out the year. The international price of sugar was also not encouraging. Karnataka Government has waived purchase tax on cane utilized for sugar export. The Central Government has notified transport subsidy and ocean freight subsidy for export of sugar. Your Company exported 39340 Qtls. of sugar to various countries during this year.

The Distillery Unit commenced operation in March 2003. The Distillery is being operated under lease arrangement.

In the current year, the sugar prices have marginally improved. The implementation of Co-generation project is in progress.

Statutory Minimum Cane Price :

The Statutory Minimum Cane Price notified by the Government of India as applicable to our Company is as follows :

Sugar Season 1-10-2001 to 30-9-2002 Rs. 730.00 per M.T.
 Sugar Season 1-10-2002 to 30-9-2003 Rs. 728.60 per M.T.

The ad-hoc additional increase in Statutory Minimum Price for sugarcane by Rs. 5/- per Qtl. announced is disputed and the matter is pending before the court.

Share Capital :

The equity share capital of the Company stands increased by Rs. 600 lakhs and share premium by Rs. 150 lakhs by issue of 60,00,000 equity shares of Rs. 10/- each at a premium of Rs. 2.50 each. The equity shares were allotted on 23-5-2003.

Levy Sugar Price :

The Government of India have fixed Levy price for sugar season as follows :

From 1-10-2001 to 30-9-2002 Rs. 1,181.80 per Qtl.

Deposits :

All Fixed Deposits and Cumulative Deposits matured and claimed as on 31-3-2003 have been paid.

Particulars of Employees :

During the year none of the employees in the company are covered under Section 217(2A) of the Companies Act.

Directors :

Sri M. Manickam, Sri M. Balasubramaniam and Dr. K. Krishnamurthy, are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Your Directors regret to inform that Sri C.R. Lingiah, Director, expired on 5th May 2003. We wish to place on record the very valuable services rendered by him during the tenure as Director.

Auditors :

M/s. P.N. Raghavendra Rao & Co., Chartered Accountants, who were appointed as Auditors at the previous Annual General Meeting hold office till the conclusion of this Annual General Meeting and are eligible for re-appointment.

Cost Audit :

Company has applied to Central Government seeking approval of appointment of Sri G.I. Srinivasa Murthy as Cost Auditor for the years ending 31st March 2003 and 31st March 2004.

Listing with Stock Exchanges :

The Company's shares are listed at the following Stock Exchanges :

1. Bangalore Stock Exchange Ltd.,
51, Stock Exchange Towers, 1st Cross, J.C. Road,
Bangalore - 560 027
2. Madras Stock Exchange Ltd.,
11, Second Line Beach, Chennai - 600 001.

The listing fees for these Stock Exchanges have been paid for 2003-2004.



Sri Chamundeswari Sugars Limited

30th Annual Report

Directors' responsibility statement :

Pursuant to requirements under Sec. 217(2AA) of the Companies Act 1956 with respect to Directors' responsibility statement, it is hereby confirmed :

- i. that in the preparation of the annual accounts for the financial year ending 31-3-2003, the applicable accounting standards had been followed.
- ii. that the directors had selected such accounting policies and applied them consistently and 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 or loss of the company for the year under review.
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies 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.

Conservation of Energy :

a. Energy Conservation measures taken in the factory :

1. RCC Cooling Towers with 4 cells has been introduced in place of 6 cells wooden cooling towers.
2. Mist condensers with automation has been introduced in Evaporators and Pan water injection system for better efficiency.
3. Diffusion Air bubbling system has been introduced in Effluent Treatment Plant.
4. Swing hammer fibrizer has been introduced in place of fixed hammer fibrizer to increase preparatory index from 75-76 to 85-86.
5. In place of lower efficiency single stage steam turbines, DC Electrical Drives has been introduced for 2 mills i.e. Mill No. 2 and 4.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

It is proposed to convert the existing steam turbine to electric drive. Replacing of old A centrifugal machine by installing higher capacity modern fully automatic machine.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

By the above measures the Company has achieved the following energy savings :

- By introducing RCC cooling towers with higher elevation, power consumption has come down from 210 HP to 140 HP.
- By adopting mist condensers with automation, connected load has reduced from 1050 HP to 450 HP.
- By adopting Diffusion Air bubbling system in place of aerators, connected load has reduced by 30 HP.
- By adopting swing hammer fibrizer and DC drives for mills, mill RME has been raised from 93+ to around 95 and it also brought down the load on mills by 5%.

The Company has been able to achieve improved crushing rate with better preparation of cane. Lower power consumption would enable us to export more power from the proposed Co-generation project thereby earning significant amount of money by sale of power. The average crushing rate of factory would also improve thereby increasing the total quantity of cane crushed.

Acknowledgement :

Board of Directors wish to express their thanks to all the cane growers, share holders, State and Central Governments, Financial Institutions, Consortium of Bankers, Local Authorities and also appreciation to the Employees at all levels for their services rendered to the Company.

For and on behalf of Board of Directors

Place : Coimbatore

N. MAHALINGAM

Date : 30th June 2003

Chairman

Addendum to Directors' Report :

With regard to Auditors' Report we wish to state that due to financial difficulties the delays in remittance of PF dues occurred. The arrears have been since cleared. We would be careful to see that no such delays occur in future.

For and on behalf of Board of Directors

Place : Coimbatore

N. MAHALINGAM

Date : 30th June 2003

Chairman



Sri Chamundeswari Sugars Limited

30th Annual Report

FORM - A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY (FROM 1-4-2002 TO 31-3-2003)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
A. POWER AND FUEL CONSUMPTION :		
I. Electricity :		
a. Purchased - Units	7,98,112	5,24,080
Total amount - Rs.	39,51,074	28,48,373
Rate per Unit - Rs.	4.95	5.43
b. Own Generation :		
i. Through Diesel Generator	47,242	19,421
Units per ltr. of diesel oil	3.0	3.0
Cost per unit - Rs.	6.58	6.30
ii. Through Steam Turbine/Generator	1,59,90,902	2,34,21,926
Units	77	77
Units/lit. of fuel oil	(Units per tonne of steam)	(Units per tonne of steam)
II. OTHERS/INTERNAL GENERATION :		
a. Bagasse - Qty. (MT)	198,120.450	289,836.670
Total cost - Rs.	(Own Bagasse used)	(Own Bagasse used)
b. Firewood - Qty. (MT)	NIL	NIL
CONSUMPTION PER UNIT OF PRODUCTION:		
Product	Sugar	Sugar
Units	Quintals	Quintals
Electricity - Units	25.90	25.20

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D) - (PROCESS SIDE) :

1. Specific areas in which R & D is carried out by the Company :

- a. The Company has been selected as one of the Regional Test Centres by Sugarcane Breeding Institute, Coimbatore for conducting field trials of the promising varieties and their suitability to the local areas.
- b. The Company also has been carrying out R & D activities on the application of bio-compost manufactured by using Press mud and distillery effluent as fertilizer for cane area.

2. Benefits derived as a result of the above R & D :

- a. The Company has been able to select promising new varieties which are suitable for local cultivation thereby enabling increase of yield and recovery of sugar.
- b. By providing bio-compost to the farmers the fertility of the soil has improved and the cost of cultivation has been considerably reduced consequent to the reduced dosage of chemical fertilizer.

3. Future Plan and Action :

The Company has plans to conduct R & D on the manufacture of refined sugar and other grades of sugar in order to add value to the end product.

4. Expenditure on R & D :

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R & D expenditure as a percentage of total turnover

NEGLIGIBLE.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

(CONSERVATION OF ENERGY)

1. Efforts in brief made towards technology absorption and innovation. NIL
2. Benefits derived as a result of the above efforts.
E.g., product development, import substitution, etc. NIL

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings :	Rs. in lakhs
1. Foreign Exchange earned during the year	220.90
Outgo	13.37