



# *Empee Sugars and Chemicals Limited*



*Annual Report 2002–2003*

<b>BOARD OF DIRECTORS</b>	Mr. M.P. Purushothaman Mrs. A.K. Aruna Mr. M. Ravindran Mr. M. K. Mohan	Chairman & Managing Director
<b>COMPANY SECRETARY</b>	Mr. Pradipta Kumar Das	
<b>AUDITORS</b>	Mr. R. Rajagopalan Chartered Accountant 15, Station Road West Mambalam Chennai – 600 033	
<b>BANKERS</b>	Indian Bank Union Bank of India Bank of Maharashtra Federal Bank Ltd.	
<b>REGISTERED OFFICE &amp; FACTORY</b>	Ayyapareddipalem Naidupet – 524 126 Nellore Dist. Andhra Pradesh	
<b>ADMINISTRATIVE OFFICE</b>	'Empee Towers' 59, Harris Road Pudupet Chennai – 600 002	

## NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the Thirteenth Annual General Meeting of Empee Sugars and Chemicals Limited will be held on Monday the 29th December 2003 at 11.00 a.m. at the Registered Office of the Company at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Pincode 524 126, Andhra Pradesh to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet of the Company as at 31st March 2003, the Profit and Loss Account for the year ended on that date, the report of the Auditor's and the Board of Directors thereon.
2. To appoint a Director in the place of Mr. M.Ravindran who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr. M.K.Mohan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration. Mr.R.Rajagopalan, Chartered Accountant, Chennai, who retires at this meeting, being eligible offers himself for reappointment.

/On behalf of the Board/

Place : Chennai  
Date : 27.11.2003

M. P. PURUSHOTHAMAN  
Chairman & Managing Director

### NOTE:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf and the proxy need not be a member. The proxy form duly completed and stamped must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Register of Members and Share Transfer Books of the Company were closed from 25th September 2003 to 29th September 2003, both days inclusive.
3. Members/Proxies should bring the attendance slip duly filed in for attending the meeting.
4. Members are requested to intimate change if any, in their address to the Company at its Registered Office quoting their folio numbers.
5. Members/ Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

## DIRECTORS REPORT

To the members,

Your Directors present the Thirteenth Annual Report together with the Audited Accounts for the financial year ended 31st March 2003.

### FINANCIAL RESULTS

	Financial year ended 31.3.2003 (Rs.'000)	Financial year ended 31.3.2002 (Rs.'000)
Sales	358611	363778
Profit before Interest and Depreciation	138742	69253
Interest	37890	50687
Operating Profit	100852	18565
Depreciation	19840	19586
Net Profit/(Loss)	81012	(1021)

### DIVIDEND

In view of the accumulated losses, the directors are not recommended for declaration of dividend for the year.

### OPERATIONS

#### (i) Sugar Division:

	Season 2002 - 2003	Season 2001 - 2002
Quantity of cane crushed (Tonnes)	341022.55	219610.28
Recovery (%)	9.14	8.38
Quantity of Sugar produced (Tonnes)	311208	185395

#### (ii) Industrial Alcohol Division:

	Year 2002 - 2003	Year 2001 - 2002
Quantity of RS produced (Ltrs)	4379516	2898907
Quantity of ENA produced by redistillation of the RS stock (Ltrs)	3595908	2596528

### PERFORMANCE OF THE COMPANY

During the year under review the sales turnover of the company appears to be less by Rs.51.67 lakhs compare

to the previous year due to low price for sugar prevailed in the market. With the receipt of insurance claim of Rs.915.38 lakhs and the profit on sale of share amounting to Rs.711.14 lakhs, the income of the company resulted in a profit of Rs.811.00 lakhs against the loss of Rs.10.21 lakhs of the previous year. The total cane crushed during the season 2002-03 increased to 3.41 lakhs mts against the 2.19 lakhs mts. for the previous season. Average recovery of sugar was 9.14% and average selling price was about Rs.1170 per quintal for the season 2002-03.

### DIRECTORS

Mr.M.Ravindran, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr.M.K.Mohan, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr.Shaji Purushothaman, Joint Managing Director cum Vice Chairman and Ms.Nisha Purushothaman, Director resigned from the office during the period. Your Directors place on record their appreciation of the valuable services rendered by the said Directors during the tenure of their office.

### AUDITORS

Mr. R. Rajagopalan, the Auditor of the Company retires at the ensuing Annual General Meeting and is eligible for reappointment.

### EMPLOYEES

Your Directors place on record their appreciation of the efforts put in by the employees at all levels of the Company.

There are no employees falling within the provision of Section 217(2A) of the Companies Act, 1956 read with companies (Particulars of Employees) Rules 1975.

### PUBLIC DEPOSIT

Your Company has not accepted any Deposit from the Public during the year under review.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information regarding conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules 1988 is annexed.

## EMPEE SUGARS AND CHEMICALS LTD.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the said Listing Agreement, (a) Management Discussion and Analysis, (b) the Report of the Directors on the practices prevalent on Corporate Governance in the Company and (c) the Auditors Certificate on compliance of mandatory requirements of Corporate Governance are given in the annexure to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- They have selected 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 or loss of the company for that period;

- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENT**

Your Directors are grateful to the valuable assistance and consistent support extended by the Banks, Financial Institutions, Cane Growers, Customers and Government authorities. We express our thanks to the shareholders for their forbearance and their faith in the management.

For and on behalf of the Board

Place : Chennai  
Date : 27.11.2003

M. P. PURUSHOTHAMAN  
Chairman & Managing Director

**ANNEXURE TO THE DIRECTOR'S REPORT**

Information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Director) Rules, 1988.

**A. CONSERVATION OF ENERGY**

The Company has installed necessary energy conserving machinery as per the standard specification list prescribed by the Government of India for the factory of its size.

**FORM A**

2002-2003 2001 - 2002

**(A) POWER AND FUEL CONSUMPTION**

1. Electricity			
a. Purchased units(Kwh)	1139990	812189	
Total Amount (Rs.)	5330323	4295599	
Rate / Unit (Rs.)	4.68	5.16	
b. Own generation			
(i) Through Diesel Generator			
Units (Kwh)	100412	37340	
Units/(litre) of Diesel Oil	2.60	2.34	
Cost / Unit (Rs.)	7.51	7.43	

(ii) Through steam turbine (generated out of our own bagasse Consumption) units (Kwh)	7979606	4492124	
2. Coal	Nil	Nil	
3. Furnace Oil	Nil	Nil	
4. Others/Internal generation			
a) Fire wood (MTs)	154.000	384.190	
Rate per Mt(Rs.)	700	800	
b) Husk (M.Ts)	7029.000	6938.389	
Rate per Mt (Rs.)	950	800	

**(B) CONSUMPTION PER QUINTAL OF SUGAR**

Sugar Produced (Qtl)	273968	173490
Electricity (Kwh/Qtl)	4.16	4.68
Coal (M.T/Qtl)	Nil	Nil
Furnace Oil (K.L/Qtl)	Nil	Nil
Fire wood (M.T/Qtl)	0.005	0.002

**(C) TECHNOLOGY ABSORPTION**

Nil

**(D) FOREIGN EXCHANGE EARNINGS & OUTGO**

Nil

For and on behalf of the Board

Place : Chennai  
Date : 27.11.2003

M. P. PURUSHOTHAMAN  
Chairman & Managing Director

## CORPORATE GOVERNANCE

Your Company has been observing some of the key principles of the code and is committed to take adequate measures towards achieving full compliance of the Corporate Governance code well before the stipulated time. The areas where the Company is observing the recommendation of SEBI code are given below:

### 1. BOARD OF DIRECTORS

The Company's Board of Directors consists of three executive Directors and 4 non-executive directors. All non-executive directors are independent and they have no pecuniary relationship with the Company in their capacity as Director. During the year 2002-2003 the Board met 5 times and the maximum gap between two meetings was less than three months. The above composition of the Board meets the recommendation of SEBI code.

#### Details of Board Meetings attended by Directors during 01/04/2002 to 31/03/2003

Sl. No.	Name	Designation	No. of meeting held	No of meeting present
1.	Mr. M. P. Purushothaman	Chairman & Managing Director	5	4
2.	Mrs.A. K. Aruna	Director	5	4
3.	Ms. Nisha Purushothaman	Director	5	5
4.	Mr. M. Ravindran	Director	5	4
5.	Mr.Shaji Purushothaman	JMD & VC	1	1
6.	Mr.R.Chandramohan	Director	4	4
7.	Mr. M. K. Mohan	Director	5	3

### 2. AUDIT COMMITTEE

The Audit Committee comprises of Mrs.A.K.Aruna, Chairman of the Committee, Mr.M.Ravindran and Mr.M.K.Mohan all being Non-Executive Directors. The terms of reference of this Committee are wide enough covering matters specified for Audit Committees under the Listing Agreement/ Companies Act, 1956.

### Meeting and the attendance during the year

Sl. No.	Name	Designation	No. of meeting held	No of meeting present
1.	Mrs.A. K. Aruna	Chairman	3	3
2.	Mr.M.Ravindran	Director	3	3
3.	Mr. M. K. Mohan	Director	3	3

### 3. SHAREHOLDERS' / INVESTORS' GRIEVANCES AND SHARE TRANSFER COMMITTEE

The shares received for physical transfer are processed and returned normally within a period of 30 days of receipt. The share transfer and share Registrar are being done in house by the Company.

If the shareholder wishes to dematerialise the shares and sends the Dematerialisation Request Form (DRF) through his Depository Participant (DP) within 15 days, the Company will confirm demat to the DP and the share(s) will be credited to the Shareholder's account with the DP. In case the option letter is not received within 15 days, the Company will return the physical shares duly transferred to the shareholder.

### 4. REMUNERATION TO DIRECTORS

a) The details of the remuneration paid to Whole time Directors during the year 2002-03 (w.e.f. 1.1.2003) are given below:

Name	Designation	Remuneration
Mr. M. P. Purushothaman	Chairman & Managing Director	Rs.3,00,000/-
Mr. Shaji Purushothaman	Jt. Managing Director & Vice Chairman	Rs.1,50,000/-

b) The details of payments to Non-Executive Directors during the year 2002-03 are given below:

Name of the Director	Sitting Fee(in Rs.)
1. Mrs.A.K.Aruna	8000
2. Mr.M.Ravindran	8000
3. Ms.Nisha Purushothaman	10000
4. Mr.M.K.Mohan	6000

**5. GENERAL BODY MEETINGS**

Year	Location	Date	Time
2000	Ayyapareddipalem Village Naidupet Mandal, Nellore District (A.P)	30.09.2000	11.00 a.m.
2001	-do-	29.09.2001	11.00 a.m.
2002	-do-	30.12.2002	11.00 a.m.

**6. DISCLOSURES**

During the last three years, there had been no penalties or strictures imposed on the Company by Stock Exchange, SEBI or any Statutory authority on any matter related to Capital markets. Quarterly financial results are normally published in News Today in English and Eenadu in Telugu.

**7. GENERAL SHAREHOLDERS INFORMATION**

Annual General Meeting : Monday, 29th December 2003 at 11.00 a.m. at the Registered Office at Ayyapareddipalem Village, Naidupet Mandal, Nellore District, Andhra Pradesh.

Book Closure for the purpose of Annual General Meeting was from 25th September, 2003 to 29th September, 2003 (both days inclusive).

**Listing on Stock Exchanges :**

Name	Fees paid upto
Hyderabad Stock Exchange Ltd	2003 - 2004
Madras Stock Exchange Ltd	2003 - 2004
The Stock Exchange, Mumbai	2003 - 2004

**Distribution of Shareholding as on March 31, 2003 :**

No. of Equity	No. of Folios	%	No. of shares	%
upto 5000	36210	99.740	6702630	15.99
5001 - 10000	55	0.150	418760	0.97
10001 - 20000	20	0.050	289410	0.69
20001 - 30000	9	0.020	240500	0.57
30001 - 40000	2	0.005	65800	0.16
40001 - 50000	7	0.020	334300	0.80
50001 - 100000	3	0.010	205100	0.49
100001 and above	2	0.005	33716400	80.33
<b>Grand Total</b>	<b>36308</b>	<b>100</b>	<b>41972900</b>	<b>100</b>

**Dematerialisation of Shares :**

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for demat facility. Nearly 3.50% of the total Equity Capital is held in dematerialised form as on 31st March 2003.

**Financial Calendar :**

The Company's financial year is 1st April to 31st March. Quarterly results are normally published in the last week of July, October, January and April.

**Compliance Certificate on Corporate Governance**

We have examined the compliance of conditions of corporate governance by Empee Sugars and Chemicals Ltd, for the year ended 31<sup>st</sup> March 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai  
Date : 27.11.2003

R.RAJAGOPALAN  
Chartered Accountant